TRADEMARK ASSIGNMENT

Electronic Version v1.1
Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Asset Purchase Agreement

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
LCR-M CORPORATION	FORMERLY Your Other Warehouse	10/02/2001	CORPORATION: LOUISIANA

RECEIVING PARTY DATA

Name:	Homer TLC, Inc.
Also Known As:	AKA Home Depot USA, Inc.
Street Address:	1007 Orange Street
Internal Address:	Nemours Building, Suite 1424
City:	Wilmington
State/Country:	DELAWARE
Postal Code:	19801
Entity Type:	CORPORATION: DELAWARE

PROPERTY NUMBERS Total: 5

Property Type	Number	Word Mark
Registration Number:	2994889	ELIZABETHAN CLASSICS
Registration Number:	2843188	ABERDEEN
Registration Number:	2817384	BELLE FORET COLLECTION
Registration Number:	2722881	ELIZABETHAN CLASSICS
Registration Number:	2029990	YOUR "OTHER" WAREHOUSE

CH $140.00 2994889

CORRESPONDENCE DATA

Fax Number: (770)384-5831
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
Phone: 770 433 8211
Email: sheldon_shorter@homedepot.com
Correspondent Name: Issac T. Lin
Address Line 1: 1007 Orange Street
Address Line 2: Nemours Building, Suite 1424

Address Line 4:	Wilmington, DELAWARE 19801
NAME OF SUBMITTER:	Issac T. Lin
Signature:	/Issac T. Lin/
Date:	05/18/2009

Total Attachments: 67
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EXECUTION COPY

ASSET PURCHASE AGREEMENT

by and between

HOME DEPOT U.S.A., INC.

and

LCR-M CORPORATION

October 2, 2001

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of October 2, 2001, is made and entered into by and between HOME DEPOT U.S.A., INC., a Delaware corporation (the "Buyer"), and LCR-M CORPORATION, a Louisiana corporation (the "Company"). The Buyer and the Company are sometimes individually referred to herein as a "Party" and collectively as the "Parties".

W I T N E S S E T H:

WHEREAS, the Company is engaged in the Business and the Retained Business (each as defined below);

WHEREAS, the Parties desire to enter into this Agreement pursuant to which the Company proposes to sell to the Buyer, and the Buyer proposes to purchase from the Company (the "Acquisition"), the Business (as defined herein) and the assets used or held for use by the Company in the conduct of the Business, and the Buyer proposes to assume certain of the liabilities and obligations of the Company related to the Business; and

WHEREAS, concurrently with the execution of this Agreement, the Buyer has entered into (i) an employment agreement with Claude T. Bromley, III (the "TB Employment Agreement"), (ii) a consulting agreement with John D. Lyle (the "DL Consulting Agreement"), (iii) a Louisiana Noncompete Agreement with Claude T. Bromley, III, (iv) a Noncompete Agreement and a Louisiana Noncompete Agreement with certain Persons affiliated with the Company, (v) a Colburn Undertaking and Noncompete Agreement and a Colburn Louisiana Noncompete Agreement with certain Persons affiliated with the Company, (vi) a Shareholder Undertaking with certain shareholders of the Company, (vii) a Supply Agreement between the Buyer and the Company (the "Supply Agreement"), each of which will become effective upon the closing of the transactions contemplated by this Agreement, and (viii) a Transition Services Agreement (the "Transition Services Agreement"), which is effective as of the date hereof, pursuant to which the Company will provide certain services to the Buyer or its Affiliates after the Closing;

WHEREAS, the Parties desire to make certain representations, warranties and agreements in connection with the Acquisition;

NOW, THEREFORE, in consideration of the foregoing and the respective representations, warranties, covenants and agreements contained in this Agreement and intending to be legally bound hereby, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1. Definitions. The following terms, as used herein, have the following meanings:

"ADA" means the United States Americans with Disabilities Act.

"ADEA" means the United States Age Discrimination in Employment Act.

"Affiliate" of any specified Person means any other Person directly or indirectly Controlling or Controlled by or under direct or indirect common Control with such specified Person.

"Agreement Termination Date" means the date at or prior to the Closing when this Agreement is terminated in accordance with Article IX.

"Arbitrator" means Ernst & Young, independent public accountants.

"Bank Account" means the lock box account maintained by the Company for the benefit of the Business.

"Business" means the business conducted by the Company under the name "Your Other Warehouse" and all activities related thereto, including the Company Activities.

"Business Contracts" means those contracts listed on Schedule 5.19 and those contracts that relate to the Business and are not required to be listed on Schedule 5.19.

"Business Day" means any day except Saturday, Sunday or any day on which banks are generally not open for business in Atlanta, Georgia.

"Buyer Ancillary Documents" means any certificate, agreement, document or other instrument, other than this Agreement, to be executed and delivered by the Buyer in connection with the transactions contemplated by this Agreement.

"Buyer Indemnified Parties" means the Buyer and its Affiliates, each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Buyer Losses" means the claims, liabilities, obligations, losses, costs, expenses, penalties, fines and damages of the Buyer Indemnified Parties as to which the Buyer Indemnified Parties are entitled to indemnification under Section 10.1.

"Claims Period" means the period during which a claim for indemnification may be asserted under this Agreement by an Indemnified Party.

"Closing" means the consummation of the transactions contemplated by this Agreement.

"Closing Date" means the date on which the Closing occurs.

"COBRA Coverage" means continuation coverage required under Section 4980B of the Code and Part 6 of Title I of ERISA.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company Activities" means the warehousing and redistribution of special order decorative plumbing supplies (including plumbing fixtures, faucets and related parts and accessories) to wholesalers, retailers (including home centers) and/or, in the case of any Person, its Affiliates and facilities.

"Company Ancillary Documents" means any certificate, agreement, document or other instrument, other than this Agreement, to be executed and delivered by the Company in connection with the transactions contemplated by this Agreement.

"Company Benefit Plan" means each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by the Company or to which the Company makes or has made, or has or has had an obligation to make, contributions at any time.

"Company Charter Documents" means the articles of incorporation and bylaws of the Company.

"Company Indemnified Parties" means the Company, its Affiliates and each of their respective officers, directors, employees, agents and representatives and each of the heirs, executors, successors and assigns of any of the foregoing.

"Company Losses" means the claims, liabilities, obligations, losses, costs, expenses, penalties, fines and damages of the Company Indemnified Parties as to which the Company Indemnified Parties are entitled to indemnification under Section 10.2.

"Confidential Information" means all data or information of the Company (including, without limitation, trade secrets) which is valuable to the operation of the Business and not generally known to competitors.

"Control," when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise.

"Customers" means each customer of the Business that paid the Company more than $1,000,000 during the 8-month period ended August 31, 2001.

"DEA" means the United States Drug Enforcement Administration.

"Employee Benefit Plan" means with respect to any Person each written or material oral plan, fund, program, agreement, arrangement or scheme, in each case, that is currently or subsequent to January 1, 1998, was sponsored or maintained or required to be sponsored or maintained by such Person or to which such Person makes or has subsequent to January 1, 1998 made, or has or has had subsequent to January 1, 1998 an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former employees, officers, contingent workers or leased employees of such Person or the dependents of any of them, including, without limitation, each written or material oral deferred compensation, bonus, incentive compensation, pension, retirement, stock purchase, stock option and other equity compensation plan, "welfare" plan (within the meaning of Section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA); each "pension"

plan (within the meaning of Section 3(2) of ERISA, determined without regard to whether such plan is subject to ERISA); each severance plan or agreement; and each health, vacation, summer hours, supplemental unemployment benefit, hospitalization insurance, medical, dental, legal program, agreement or arrangement.

"Employment Agreements" means all employment contracts, consulting agreements, termination or severance agreements, change of control agreements or any other agreement or understanding (written or oral) respecting the terms and conditions of employment or of a consulting or independent contractor relationship in respect to any current or former individual officer, employee, consultant or independent contractor.

"Environmental Laws" means all local, state and federal laws, statutes, by-laws and regulations relating to protection of the environment, pollution control, product registration and Hazardous Materials pertaining to the Business, the Assets or the Real Property.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means any Person (whether incorporated or unincorporated), that together with the Company would be deemed a "single employer" within the meaning of Section 414 of the Code.

"ERISA Affiliate Plan" means each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by any ERISA Affiliate, or to which such ERISA Affiliate makes or has made, or has or has had an obligation to make, contributions at any time.

"Escrow Agreement" means the form of Escrow Agreement attached hereto as Exhibit A.

"Financial Statements" means the unaudited balance sheets of the Business at December 31, 2000, December 31, 2001, May 31, 2001 and August 31, 2001, and the unaudited statements of income of the Business for December 31, 1998, December 31, 1999, December 31, 2000, December 31, 2001, May 31, 2001 and August 31, 2001.

"FLSA" means the United States Fair Labor Standards Act.

"FMLA" means the United States Family and Medical Leave Act.

"GAAP" means generally accepted accounting principles as applied in the United States.

"Governmental Entity" means any federal, state or local or foreign government or any court, administrative or regulatory agency or commission or other governmental authority or agency.

"Hazardous Materials" means any waste, pollutant, contaminant, hazardous substance, toxic, ignitable, reactive or corrosive substance, hazardous waste, special waste, industrial substance, by-product, process intermediate product or waste, petroleum or petroleum-derived substance or waste, chemical liquids or solids, liquid or gaseous products, or any constituent of

any such substance or waste, the use, handling or disposal of which by the Company is in any way governed by or subject to any applicable Environmental Law.

"HSR Act" means the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, or any successor law, and regulations and rules promulgated pursuant to that act or any successor law.

"Indemnified Party" means a Buyer Indemnified Party or a Company Indemnified Party, as the case may be.

"Knowledge" with respect to the Company means all facts actually known by any officer or director of the Company or any of those additional individuals listed on Exhibit B on the date hereof after due inquiry and diligence with respect to the matters at hand.

"Labor Laws" means all laws, regulations and orders and all contracts or collective bargaining agreements governing or concerning labor relations, unions and collective bargaining, conditions of employment, employment discrimination and harassment, wages, hours or occupational safety and health, including, without limitation, ERISA, the Immigration Reform and Control Act of 1986, the National Labor Relations Act, the Civil Rights Acts of 1866 and 1964, the Equal Pay Act, ADEA, ADA, FMLA, WARN, the Occupational Safety and Health Act, the Davis Bacon Act, the Walsh-Healy Act, the Service Contract Act, Executive Order 11246, FLSA and the Rehabilitation Act of 1973 and all regulations under such acts.

"Lease Agreement" means the form of Lease Agreement attached hereto as Exhibit C pursuant to which the Buyer or its Affiliate will lease the Little Cayman Warehouse in Baton Rouge, Louisiana from the Company.

"Leased Real Property" means all parcels of real property used or held for use in connection with the Business and leased by the Company (together with all fixtures and improvements thereon).

"Legal Dispute" means any action, suit or proceeding between or among the Parties and their Affiliates arising in connection with any disagreement, dispute, controversy or claim arising out of or relating to this Agreement or any related document.

"Licenses" means all notifications, licenses, permits (including, without limitation, environmental, construction and operation permits), franchises, certificates, approvals, exemptions, classifications, registrations and other similar documents and authorizations issued by any Governmental Entity.

"Liens" mean all mortgages, liens, pledges, security interests, charges, claims, restrictions and encumbrances of any nature whatsoever, but excluding Permitted Liens.

"Material Adverse Effect" means any state of facts, change, event, effect or occurrence (when taken together with all other states of fact, changes, events, effects or occurrences) that is or may be reasonably likely to be materially adverse to the financial condition, results of operations, properties, assets or liabilities (including, without limitation, contingent liabilities) of the Business or the Assets. A Material Adverse Effect shall also include any state of facts,

change, event or occurrence that shall have occurred or been threatened that (when taken together with all other states of facts, changes, events, effects or occurrences that have occurred or been threatened) (i) is or would be reasonably likely to prevent or materially delay the performance by the Company of any of its obligations under this Agreement or the consummation of the transactions contemplated hereby, (ii) has had or would be reasonably likely to have a significant adverse effect on the operation, functionality or storage or shipping capacity of the Little Cayman warehouse in Baton Rouge or the Company's call center or order taking facility or capability, (iii) has had or would be reasonably likely to have a significant adverse effect on the reputation of the Business or of the Buyer and its Affiliates as a result of the acquisition of the Business, (iv) would prevent Tom Bromley from acting as chief executive officer of the Business following the Closing, (v) would reduce by more than 40% the sales of the Business in any 12-month period or (vi) would increase by more than 40% the expenses of the Business in any 12 month period, other than increases attributable to increases in sales during such 12 month period. Notwithstanding the foregoing, a "Material Adverse Effect" shall not include (i) any adverse change, event or effect or occurrence that is demonstrated to be primarily caused by conditions affecting the United States economy as a whole, (ii) any adverse change, event, effect or occurrence that is demonstrated to be primarily caused by conditions generally affecting the plumbing products industry and (iii) any adverse change, event, effect or occurrence that is demonstrated to be primarily caused by any decision by home center customers to no longer purchase plumbing products from the Company.

"Net Working Capital" means the current assets included in the Assets less the current liabilities included in the Assumed Liabilities, as reflected on the Statement of Working Capital.

"NLRB" means the United States National Labor Relations Board.

"Non-Assignable Contracts" means Business Contracts which require third party consents for assignment that have not been obtained by the Company as of the Closing.

"Noncompete Period" means the period beginning on the Closing Date and continuing for a period of five (5) years from the Closing Date.

"Owned Real Property" means all parcels of real property owned by the Company and used or held for use in connection with the Business (together with all improvements thereon).

"OSHA" means the Occupational Safety and Health Administration.

"Permitted Liens" means (i) Liens for taxes not yet due and payable, (ii) statutory Liens of landlords, (iii) Liens of carriers, warehousemen, mechanics, materialmen and repairmen incurred in the ordinary course of business consistent with past practice and not yet delinquent and (iv) zoning, building, or other restrictions, variances, covenants, rights of way, encumbrances, easements and other minor irregularities in title, none of which, individually or in the aggregate, (1) interfere in any material respect with the present use of or occupancy of the affected parcel by the Company, (2) have more than an immaterial effect on the value thereof or its use or (3) would impair the ability of such parcel to be sold for its present use.

"Person" means any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"Real Property" means the Owned Real Property together with the Leased Real Property.

"Receivables" means the Company's accounts receivable related to the Business, other than accounts receivable that are Excluded Assets.

"Retained Business" means the wholesale/retail plumbing supply business conducted by the Company through approximately 55 plumbing supply branches located in Texas, Louisiana, Mississippi and Arkansas.

"Software License Agreement" means the form of Software License Agreement attached hereto as Exhibit D.

"Statement of Working Capital" means a statement of the current assets included in the Assets and the current liabilities included in the Assumed Liabilities as of the close of business on the Closing Date prepared in accordance with GAAP applied on a basis consistent with the year-end Financial Statements, as finally determined pursuant to Section 3.3.

"Sublease Agreement" means the form of Sublease Agreement attached hereto as Exhibit E.

"Suppliers" means each supplier related to the Business paid by the Company more than $2,000,000 during the 8-month period ended August 31, 2001.

"Surviving Obligations" means the indemnification obligations described in Sections 10.1(a) (Excluded Liabilities), 10.1(b) (events relating to the Business prior to the Closing Date), 10.1(d) (breach of any covenant by the Company) to the extent such obligation is required to be performed after the Closing, and 10.1(e) (fraud).

"Surviving Representations" means the representations and warranties in Section 5.2 (Authority), Sections 5.3(a) and (c) (Absence of Restrictions and Conflicts), the third sentence of Section 5.10 (Title to Assets; Related Matters), the second sentence of Section 5.11(a) (Real Property), Section 5.12 (Environmental, Health and Safety Matters), Section 5.15 (Company Benefit Plans), Sections 5.16(a), (b), (h), (i), (j), (l), (n), (p), (q) and (t) (Labor Relations) and Section 5.18 (Tax Returns; Taxes).

"Target Working Capital" means an amount equal to $27,850,000.

"Taxes" means all taxes, assessments, charges, duties, fees, levies or other governmental charges (including interest, penalties or additions associated therewith), including income, franchise, capital stock, real property, personal property, tangible, withholding, employment, payroll, social security, social contribution, unemployment compensation, disability, transfer, sales, use, excise, gross receipts, value-added and all other taxes of any kind for which the Company may have any liability imposed by any Governmental Entity, whether disputed or not, and any charges, interest or penalties imposed by any Governmental Entity.

"Tax Return" means any report, return, declaration or other information required to be supplied to a Governmental Entity in connection with Taxes, including estimated returns and reports of every kind with respect to Taxes.

"Territory" means the United States of America, Canada and Mexico, such area being where any customer or actively sought prospective customer of the Business is located.

"WARN" means the United States Worker Adjustment and Retraining Notification Act.

"Working Capital Deficit" means the amount by which the Net Working Capital calculated in accordance with Section 3.3 is less than the Target Working Capital.

"Working Capital Surplus" means the amount by which the Net Working Capital calculated in accordance with Section 3.3 exceeds the Target Working Capital.

Section 1.2. Other Definitions. Each of the following terms is defined in the Section set forth opposite such term:

Term	Section
Acquisition	Recitals
Agreement	Preamble
Assets	2.1
Assumed Liabilities	2.4(b)
Business Employees	7.10(a)(i)
Buyer	Preamble
Buyer Basket	10.5
Buyer Cap	10.5
Buyer Group Health Plan	7.10(c)(i)
CERCLA	5.12(b)(ii)
Closing Date Balance Sheet	3.3(b)
Company	Preamble
Company 401(k) Plan	5.15(b)(iii)
Company Group Health Plan	7.1(c)(i)
Company Intellectual Property	5.17(b)
Company Software	5.17(i)(i)
Copyrights	5.17(a)(iii)
DL Consulting Agreement	Recitals
Escrow Amount	3.2(a)(i)
Excluded Assets	2.3
Excluded Liabilities	2.5
Indemnifying Party	10.3(a)
Intellectual Property	5.17
Inventory	2.2(b)(iii)
Marks	5.17(a)(i)
Mask Works	5.17(a)(v)
Patents	5.17(a)(ii)
Parties	Preamble

Section 1.3. Laws. References herein to laws, regulations, rules or similar items shall not include any amendments thereto after the Closing Date.

ARTICLE II
PURCHASE AND SALE

Section 2.1. Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, at the Closing and except as otherwise specifically provided in this Article II, the Company will grant, sell, assign, transfer and deliver to the Buyer, and the Buyer will purchase and acquire from the Company, all right, title and interest of the Company in and to (a) the Business and (b) except for the Excluded Assets, all of the assets, properties and rights of every kind and description, real, personal and mixed, tangible and intangible, wherever situated of the Company used or held for use (in whole or in part) in the operation of the Business as of the Closing Date (which assets, properties and rights are collectively referred to in this Agreement as the "Assets"), free and clear of all Liens, and the Buyer will assume the Assumed Liabilities.

Section 2.2. Assets. Except as otherwise expressly set forth in Section 2.3, the Assets shall include, without limitation, the following assets, properties and rights of the Company:

(a) all assets of every kind and description situated at the Leased Real Property or at the Little Cayman warehouse in Baton Rouge;

(b) all Software owned by the Company; and

(c) the following assets, properties and rights of the Company relating to or used or held for use in the operation of the Business as of the close of business on the Closing Date:

(i) all accounts receivable, notes receivable and other receivables and any security therefor;

(ii) all deposits, advances, prepaid expenses and credits;

(iii) all inventory (the "Inventory");

(iv) all machinery, equipment, business machines, computer hardware, vehicles, furniture, fixtures, parts and other tangible property (excluding those located at the Company's headquarters at Siegen Lane);

(v) all rights of the Company under the Business Contracts (other than those Business Contracts identified on Schedule 5.19 (or any Schedule incorporated therein by reference) as not being assumed by Buyer);

(vi) all buildings, structures, fixtures and improvements, to the extent owned by the Company and located on the Leased Real Property, and all licenses, permits, approvals, qualifications, easements and other rights relating thereto;

(vii) all goodwill, patents, patent applications, copyrights, copyright applications, methods, know-how, software, technical documentation, processes, procedures, inventions, trade secrets, trademarks, trade names (including "Your Other Warehouse" and "Do Dads"), service marks, service names, registered user names, technology, research records, data, designs, plans, drawings, distribution and purchasing know-how and formulas, whether patentable or unpatentable, and other intellectual or proprietary rights or property (and all rights thereto and applications therefor), including, without limitation, the Company Intellectual Property;

(viii) all rights to causes of actions, lawsuits, judgments, claims and demands of any nature available to or being pursued by the Company, whether arising by way of counterclaim or otherwise, except to the extent related to an Excluded Asset or an Excluded Liability;

(ix) all rights in and under all express or implied guarantees, warranties, representations, covenants, indemnities and similar rights with respect to the Assets in favor of the Company;

(x) all Licenses to the extent that they are assignable, including, without limitation, those set forth on Schedule 5.7 (unless otherwise indicated thereon);

(xi) the Bank Account;

(xii) all information, files, correspondence, records, data, plans, reports, contracts and recorded knowledge, including customer, supplier, price and mailing lists, and all accounting or other books and records in whatever media retained or stored, including, without limitation, computer programs and disks, provided that the Company may retain copies of these items to the extent used in the Retained Business; and

(xiii) all other tangible and intangible assets of any kind or description, wherever located, that are carried on the books of the Company or which are owned by the Company.

Section 2.3. Excluded Assets. Notwithstanding anything to the contrary set forth in this Agreement, the Assets will not include the following assets, properties and rights of the Company (collectively, the "Excluded Assets"):

(a) all Owned Real Property;

(b) any License that by its terms is not transferable to the Buyer, including those indicated on Schedule 5.7 as not being transferable;

(c) the corporate seals, articles of incorporation, bylaws, minute books, stock ledger records, tax returns, books of account or other constituent records relating to the corporate organization of the Company;

(d) all ownership and other rights with respect to the Company Benefit Plans;

(e) any assets used or held for use exclusively in the Retained Business (including any asset which may have an incidental use in the Business, but excluding the Assets described in Sections 2.2(a) and 2.2(b));

(f) the rights that accrue to the Company under this Agreement;

(g) all incentive receivables;

(h) all rights to the "LCR-M" name; and

(i) those other assets, properties and rights listed on Schedule 2.3.

Section 2.4. Assumption of Assumed Liabilities.

(a) Except to the extent specified in Section 2.4(b), the Buyer will not assume, in connection with the transactions contemplated by this Agreement, any liability or obligation of the Company whatsoever, and the Company will retain responsibility for all of its liabilities and obligations and all liabilities and obligations arising from the operations of the Business or otherwise prior to or on the Closing Date, whether or not accrued and whether or not disclosed.

(b) As the sole exception to the provisions in Section 2.4(a), effective as of the close of business on the Closing Date, the Buyer will assume and agree to pay, discharge or perform, as appropriate, the following liabilities and obligations of the Company existing as of or on the Closing Date and arising out of the conduct of the Business prior to or on the Closing Date (collectively, the "Assumed Liabilities"):

(i) obligations of the Company under the Business Contracts to the extent such obligations are not required to be performed prior to the Closing Date,

are disclosed on the face of such Business Contracts and accrue and relate to the operations of the Business subsequent to the Closing Date; provided that the Buyer will not assume any liabilities or obligations under those Business Contracts identified on Schedule 5.19 (or any Schedule incorporated therein by reference) as not being assumed by the Buyer;

(ii) those current liabilities of the Company reflected on the Statement of Working Capital;

(iii) obligations of the Company resulting from returns of or warranty claims with respect to any product sold by the Business in the ordinary course of business consistent with past practice;

(iv) obligations of the Company resulting from claims asserted by any vendor of the Business in the ordinary course of business consistent with past practice, other than claims for incentive payments relating to sales occurring prior to the Closing; and

(v) obligations of the Company resulting from claims asserted by any customer of the Business in the ordinary course of business consistent with past practice, but not including (A) any product liability claim, (B) any preference claim arising out of any bankruptcy or similar proceedings by or involving a customer, (C) any matter listed on Schedule 5.8 or (D) any claim by any Person listed on Schedule 2.3 or any of their respective Affiliates.

Section 2.5. Excluded Liabilities. Specifically, and without in any way limiting the generality of Section 2.4(a), the Assumed Liabilities will not include, and in no event will the Buyer assume, agree to pay, discharge or perform or incur any liability or obligation under this Agreement or otherwise become responsible in respect of, the following (together with all other liabilities of the Company that are not Assumed Liabilities, the "Excluded Liabilities"):

(a) any liability relating to, resulting from or arising out of (i) claims made in pending or future suits, actions, investigations, or other legal, governmental or administrative proceedings or (ii) claims based on violations of law as in effect on or prior to the Closing, breach of contract, employment practices, or environmental, health and safety matters or any other actual or alleged failure of the Company to perform any obligation, in each case arising out of or relating to events which shall have occurred, or services performed, or the operation of the Business, prior to the Closing;

(b) any liability or obligation arising out of or with respect to any third party or governmental claim pending on the Closing Date or thereafter initiated based on or arising out of the operation of the Business prior to or on the Closing Date;

(c) any liability or obligation of the Company arising or incurred in connection with the negotiation, preparation and execution of this Agreement and the transactions contemplated by this Agreement and any fees and expenses of counsel, accountants, brokers, financial advisors or other experts of the Company;

(d) any liability for or relating to borrowed money;

(e) any liability pertaining to any Excluded Asset, except to the extent reflected as a current liability on the Statement of Working Capital;

(f) any liability relating to, resulting from or arising out of any former operations of the Company that have been discontinued or disposed of prior to the Closing;

(g) any liability under or relating to any Company Benefit Plan, whether or not such liability or obligation arises prior to or after the Closing Date, except to the extent reflected as a current liability on the Statement of Working Capital; and

(h) any liability for Taxes with respect to any period.

Such Excluded Liabilities shall include all claims, actions, litigations and proceedings relating to any or all of the foregoing and all costs and expenses in connection therewith.

ARTICLE III
PURCHASE PRICE; ADJUSTMENTS; ALLOCATIONS

Section 3.1. Purchase Price. Subject to adjustment pursuant to Section 3.3 and to the indemnification obligations under Sections 10.1 and 10.2, the aggregate amount to be paid by the Buyer for the Assets shall be One Hundred Twenty-Six Million Dollars ($126,000,000) (the "Purchase Price"). In addition to the foregoing payment, as consideration for the grant, sale, assignment, transfer and delivery of the Assets, the Buyer shall assume and discharge the Assumed Liabilities.

Section 3.2. Payment of Purchase Price.

(a) On the Closing Date, the Buyer shall

(i) deposit in escrow with the escrow agent identified in the Escrow Agreement Six Million Seven Hundred Fifty Thousand Dollars ($6,750,000) (the "Escrow Amount"), which amount shall be held and disbursed in accordance with the terms of the Escrow Agreement; and

(ii) pay or cause to be paid to the Company or to such third parties as the Company may designate in accordance with Section 3.2(e) an amount equal to the Purchase Price minus the Escrow Amount.

(b) Within five (5) Business Days after the final determination of the Statement of Working Capital in accordance with Section 3.3:

(i) if there is a Working Capital Deficit, then the Company shall pay to the Buyer an amount equal to the Working Capital Deficit. If a dispute exists between the Parties regarding the amount of the Working Capital Deficit, the

Party owing payment shall pay to the other Party the uncontested amount prior to the determination of the disputed amount; and

(ii) if there is a Working Capital Surplus, then the Buyer shall pay to the Company an amount equal to the Working Capital Surplus. If a dispute exists between the Parties regarding the amount of the Working Capital Surplus, the Party owing payment shall pay to the other Party the uncontested amount prior to the determination of the disputed amount; and

(c) All payments required under this Section 3.2 shall be made in cash by wire transfer of immediately available funds to such bank account(s) as shall be designated in writing by the recipient(s) at least three (3) Business Days prior to the applicable payment date. In addition to such payment, the payor shall pay simple interest from the Closing Date up to but not including the date of such payment at an annual rate equal to the prime rate as published in the "Money Rates" table of The Wall Street Journal on the Closing Date. The Buyer may, at its sole discretion, claim any payment due to it from the Company under this Section 3.2 either directly from the Company or from the Escrow Amount pursuant to the terms of the Escrow Agreement.

Section 3.3. Adjustment of Purchase Price.

(a) As promptly as practicable but in any event within ninety (90) calendar days following the Closing Date, the Company will prepare a balance sheet of the Business as of the close of business on the Closing Date prepared in accordance with GAAP applied on a basis consistent with the year-end Financial Statements; provided that if any historic practices (other than those specified on Schedule 5.4(a)) are inconsistent with GAAP, GAAP shall control. Unless the parties mutually decide otherwise, the Company shall retain RGIS to count the Inventory as of the Closing, and the Buyer and the Company shall share the costs thereof equally. Such Inventory count will occur on the first Saturday following the Closing Date, and the results of such count will be used as the basis for the Inventory in the balance sheet (subject to adjustments and reserves).

(b) The balance sheet as prepared by the Company shall be delivered to an auditing team from KPMG designated by the Buyer. KPMG shall be granted full access to the personnel and books and records of the Company for the purposes of auditing such balance sheet. Upon completion of its audit, KPMG shall deliver to the Company and the Buyer its audit report (including the audited balance sheet as of the Closing Date (the "Closing Date Balance Sheet")) and the Statement of Working Capital derived from the Closing Date Balance Sheet. The costs of KPMG shall be shared equally by the Buyer and the Company.

(c) Each of the Company and the Buyer will have twenty (20) calendar days following receipt of the Statement of Working Capital during which to notify the other party of any dispute of any item contained therein, which notice will set forth in reasonable detail the basis for such dispute. During such 20-day period, the Company and the Buyer shall each have full access to the work papers of KPMG and (in the case of

the Buyer) the books and records of the Company. If neither party notifies the other of any dispute within such twenty (20) calendar day period, the parties will be deemed to have accepted the Statement of Working Capital. The Buyer and the Company will cooperate in good faith to resolve any dispute as promptly as possible.

(d) If the Buyer and the Company are unable to resolve any dispute regarding the Statement of Working Capital within fifteen (15) calendar days (or such longer period as the Buyer and the Company shall mutually agree in writing) of notice of a dispute, the dispute shall be submitted to the Arbitrator to resolve all issues having a bearing on such dispute and such resolution shall be final and binding on the Parties. The Arbitrator shall use commercially reasonable efforts to complete its work within thirty (30) calendar days of its engagement. The expenses of the Arbitrator shall be shared equally by the Company and the Buyer.

Section 3.4. Allocation of Purchase Price. The Company shall prepare and deliver a proposed statement allocating the Purchase Price among the Assets to the Buyer at least ten (10) Business Days before the Closing Date. If the Buyer disagrees with the proposed allocation statement, the parties shall negotiate to resolve such disagreement. In the event the parties reach an agreement prior to the Closing Date, the agreed-upon allocation statement shall be signed by both parties at Closing, and the Buyer and the Company shall file all Tax Returns on the basis of such allocation statement.

Section 3.5. Allocation of Certain Items. With respect to certain expenses incurred in the operation of the Business, the following allocations will be made between the Buyer and the Company:

(a) Taxes. Real and ad valorem property taxes will be apportioned at the Closing based upon current tax bills if available; and if not available, such apportionment will be based on the most recent tax bills available, with appropriate subsequent adjustment when bills for 2001 are received.

(b) Utilities. Utilities, water and sewer charges will be apportioned based upon the number of operating days occurring before and after the Closing Date during the billing period for each such charge.

(c) Method of Payment. Appropriate cash payments by the Buyer or the Company, as the case may require, shall be made hereunder from time to time as soon as practicable after the facts giving rise to the obligation for such payments are known in the amounts necessary to give effect to the allocations provided for in this Section 3.5; provided, however, that such payments shall not be required to the extent an accrued expense or prepaid expense is adequately reflected with respect to such item on the Statement of Working Capital.

ARTICLE IV
CLOSING

The Closing will occur within five (5) Business Days following the satisfaction or waiver of the conditions set forth in Article VIII, or on such other date as the Parties may agree. The Closing will take place at the offices of King & Spalding, 191 Peachtree Street, Atlanta, Georgia, or at such other place as the Parties may agree.

ARTICLE V
COMPANY REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Buyer that:

Section 5.1. Organization. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Louisiana and has all requisite corporate power and authority to own, operate and lease its property and to carry on its business as now being conducted. The Company is qualified to conduct business as a foreign corporation in each jurisdiction in which the ownership or leasing of its properties or the conduct of its business requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the business. Schedule 5.1 sets forth a list of all jurisdictions in which the Company is qualified to do business. The Company does not own, directly or indirectly, any capital stock or any other equity or debt securities of or in any Person. The Company has furnished or made available to the Buyer true and complete copies of the Company Charter Documents. The minutes of directors' and stockholders' meetings of the Company that previously have been delivered to or reviewed by the Buyer are the complete, true and correct records of directors' and stockholders' meetings during the past five (5) years in all material respects.

Section 5.2. Authority. The Company has the requisite corporate power and authority to execute and deliver this Agreement and the Company Ancillary Agreements and to fully perform its obligations hereunder and thereunder, and the execution and delivery of this Agreement and the Company Ancillary Agreements by the Company and its performance of the transactions contemplated herein and therein have been duly authorized by all requisite corporate and stockholder action. This Agreement has been, and the Company Ancillary Documents will be as of the Closing Date, duly executed and delivered by the Company and do or will, as the case may be, constitute the valid and binding agreements of the Company, enforceable against it in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 5.3. Absence of Restrictions and Conflicts. The execution, delivery and performance of this Agreement and the Company Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Company Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Company Ancillary Documents do not or will not (as the case may be), with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, permit the acceleration of any obligation under or create in any

party the right to terminate, modify or cancel, (a) any term or provision of the Company Charter Documents, (b) except as indicated on Schedule 5.19, any Business Contract required to be listed on Schedule 5.19, (c) any judgment, decree or order of any court or governmental authority or agency to which the Company or by which the Company or any of its respective properties are bound or (d) provided that the Company's ultimate parent makes any filing required pursuant to the HSR Act, any statute, law, rule, regulation or arbitration award applicable to the Company or the Business. No consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required with respect to the Company in connection with the execution, delivery or performance of this Agreement or the Company Ancillary Documents or the consummation of the transactions contemplated thereby, except pursuant to the HSR Act.

Section 5.4. Financial Statements.

(a) The Company has delivered to the Buyer the Financial Statements. The Financial Statements have been prepared from, and are in accordance with, the books and records of the Company, which books and records are maintained in accordance with GAAP (except as expressly noted on Schedule 5.4(a)) consistently applied throughout the periods indicated, and such books and records have been maintained on a basis consistent with the past practice of the Company. Each of the balance sheets included in such Financial Statements fairly presents the financial position of the Business as of the date of such balance sheet, and each of the statements of income included in such Financial Statements fairly presents the results of operations of the Business for the periods set forth therein, in each case in accordance with GAAP (except as expressly noted therein or on Schedule 5.4(a)) consistently applied during the periods involved. Since December 31, 1999, there has been no change in any of the accounting (and tax accounting) policies, practices or procedures of the Company.

(b) The Company has delivered to the Buyer the internal management financial statements, reports and metrics of the Company referenced in Schedule 5.4(b), which have been prepared in accordance with prior practice of the Company in the preparation of internal financial reports and all of which fairly represent the financial information covered therein. All forward looking statements in such internal management financial statements are made in good faith and are based upon assumptions which the Company believes to be reasonable; however, the Buyer acknowledges that such forward looking statements and reports do not constitute assurance of future performance.

Section 5.5. [INTENTIONALLY OMITTED]

Section 5.6. Absence of Certain Changes. Since December 31, 2000 and except as set forth in Schedule 5.6, there has not been (i) any Material Adverse Effect, (ii) any damage, destruction, loss or casualty to property or assets of the Company used in connection with the Business (including the Assets) with a value in excess of $50,000 in the aggregate, whether or not covered by insurance, (iii) any change in the conduct of the Business other than in the ordinary course on a basis consistent with past practice or any agreement, transaction, activity or commitment entered into or made with respect to the Business or the Assets, except those in the ordinary course of business consistent with past practice, (iv) any material change in the

goodwill and business organization of the Business, (v) any change in the maintenance of supplies and inventory relating to the Business other than in the ordinary course of business consistent with past practice or (vi) any increase in reserves for contingent liabilities related to the Business (excluding any adjustment to bad debt reserves or inventory reserves in the ordinary course of business consistent with past practice).

Section 5.7. Licenses. Schedule 5.7 is a true and complete list of all material Licenses held by the Company and used in connection with the Business or the Assets. The Company owns or possesses all of the material Licenses which are necessary to enable it to carry on the Business as presently conducted. All Licenses used in connection with the Business or the Assets are valid, binding, and in full force and effect. The Company has taken all necessary action to maintain each License used in connection with the Business or the Assets, except where the failure to so act is not likely to have a material adverse effect on the Business. No loss or expiration of any material License used in connection with the Business or the Assets is threatened, pending, or reasonably foreseeable (other than expiration upon the end of any term).

Section 5.8. Legal Proceedings. Except as set forth in Schedule 5.8, there are no suits, actions, claims, arbitration, proceedings or investigations pending or, to the Knowledge of the Company, threatened against, relating to or involving the Business or the Assets before any Governmental Entity. No suit, action, claim, proceeding or investigation, if finally determined adversely, is reasonably likely, individually or in the aggregate with all other suits, actions, claims, proceedings or investigations, to have a material adverse effect on the Business. The Company is not subject to any judgment, decree, injunction, rule or order of any court or arbitration panel related to the Business or the Assets.

Section 5.9. Inventory. The Inventory (a) is sufficient for the operation of the Business in the ordinary course consistent with past practice, (b) consists of items which are good and merchantable within normal trade tolerances (subject to applicable reserves, which with respect to the Inventory on the Closing Date shall be those reserves reflected on the Statement of Working Capital), (c) is of a quality and quantity presently usable or saleable in the ordinary course of business of the Company (subject to applicable reserves, which with respect to the Inventory on the Closing Date shall be those reserves reflected on the Statement of Working Capital), (d) is valued on the books and records of the Business at weighted average cost consistent with past practice and (e) is subject to reserves determined in accordance with the Company's past practices. No previously sold inventory related to the Business is, to the Knowledge of the Company, expected to be returned at rates in excess of those historically experienced by the Business.

Section 5.10. Title to Assets; Related Matters. Except as set forth on Schedule 5.10, the Assets constitute all of the assets necessary and sufficient to conduct the operations of the Business in accordance with the Company's past practices. Except as set forth on Schedule 5.10(a), the Assets constitute all assets, properties and rights of the Company used or held for use in connection with the Business at any time since August 1, 2001. Except as set forth in Schedule 5.10(b), the Company has (and will convey to the Buyer at the Closing) good and marketable title to the Assets, free and clear of all Liens. All equipment and other items of tangible personal property and assets included in the Assets (a) are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted and (b) are usable

in the regular and ordinary course of business, ordinary wear and tear excepted and excluding routine repair requirements not materially in excess of past experience. To the Knowledge of the Company, (a) the equipment and other tangible property installed at the Little Cayman warehouse has operated substantially in accordance with the Company's expectations and (b) there are no material problems with such equipment or property. No Person other than the Company owns any equipment or other tangible personal property or assets situated on the premises of the Company which are necessary to the operation of the Business, except for the leased items that are subject to personal property leases. Schedule 5.10(c) sets forth a true, correct and complete list and general description of each item of tangible personal property of the Company related to the Business (other than merchandise inventory) having a book value of more than $4,000 as of the date set forth thereon.

Section 5.11. Real Property.

(a) Schedule 5.11(a) sets forth a true and correct description of the Owned Real Property used in the Business. The Company has good and marketable title to each parcel of the Owned Real Property used in the Business, free and clear of all Liens.

(b) Schedule 5.11(b) sets forth a description of the Leased Real Property. The Company has a valid leasehold interest in the Leased Real Property, and such leases are in full force and effect.

(c) No portion of the Real Property, or any of the buildings and improvements located thereon, violates in any material respect any law, rule, regulation, ordinance or statute, including those relating to zoning, building, land use, environmental, health and safety, fire, air, sanitation and noise control. Except for the Permitted Liens, no Real Property is subject to (i) any governmental decree or order or, to the Knowledge of the Company, threatened or proposed order to be sold or taken by public authority or (ii) any rights of way, building use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever.

(d) The improvements and fixtures on the Real Property are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted and excluding routine repair requirements not materially in excess of past experience, and are adequate and suitable for the purposes for which they are presently being used.

Section 5.12. Environmental, Health and Safety Matters.

(a) The Company acknowledges that the Buyer intends to perform Phase II environmental testing at the Company's facility in Lacombe, Louisiana, and that the results of such testing and the environmental conditions relating thereto are not deemed disclosed on Schedule 5.12, and the Buyer retains all rights to assert a breach of the representations and warranties in this Section 5.12 based on the results of such testing.

(b) Except as set forth in Schedule 5.12:

(i) The Company is in full compliance in all material respects with, all Environmental Laws in connection with the Business or the Assets, and the

Company is in compliance in all material respects with all applicable limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in those laws or contained in any law, regulation, code, plan, order, decree, judgment, notice, permit or demand letter issued, entered, promulgated or approved thereunder in connection with the Business or the Assets;

(ii) The Company has not received notice of actual or threatened liability under the Federal Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or any similar state or local statute or ordinance from any Governmental Entity or any third party in connection with the Business or the Assets, and there are no facts or circumstances which could reasonably form the basis for the assertion of any claim against the Company under any Environmental Laws in connection with the Business or the Assets including, without limitation, CERCLA or any similar local, state or foreign law with respect to any on-site or off-site location;

(iii) The Company has not entered into or agreed to enter into and the Company does not contemplate entering into, any consent decree or order in connection with the Business or the Assets, and the Company is not subject to any judgment, decree or judicial or administrative order relating to compliance with, or the cleanup of Hazardous Materials under, any applicable Environmental Laws in connection with the Business or the Assets;

(iv) The Company has not been alleged to be in violation of, and has not been subject to any administrative or judicial proceeding pursuant to, applicable Environmental Laws or regulations either now or any time during the past five (5) years in connection with the Business or the Assets;

(v) The Company is not subject to any claim, liability, loss, damage or expense of whatever kind or nature, contingent or otherwise, incurred or imposed or based upon any provision of any Environmental Law or arising out of any act or omission of the Company, or the Company's employees, agents or representatives or arising out of the ownership, use, control or operation by the Company of any plant, facility, site, area or property (including, without limitation, any plant, facility, site, area or property currently or previously owned or leased by the Company) from which any Hazardous Materials were released into the environment, in each such case in connection with the operation of the Business (the term "release" meaning any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment, and the term "environment" meaning any surface or ground water, drinking water supply, soil, surface or subsurface strata or medium, or the ambient air);

(vi) The Company has heretofore made available to the Buyer true, correct and complete copies of all reports, correspondence, memoranda, computer data and the complete files relating to environmental matters in connection with

the Business or the Assets. The Company has not paid any fines, penalties or assessments within the last five (5) years with respect to environmental matters relating to the Business, the Assets or the Real Property;

(vii) Neither the Real Property, improvements or equipment included within the Assets contain any asbestos, PCBs, underground storage tanks or open or closed pits, or under any such Assets. To the Knowledge of the Company, none of the buildings and improvements owned or utilized by the Company is constructed of, or contains as a component part thereof, any other material which, either in its present form or as such material could reasonably be expected to change through aging and normal use and service, releases any substance, whether gaseous, liquid or solid, which is or may be, either in a single dose or through repeated and prolonged exposure, injurious or hazardous to the health of any individual who may from time to time be in or about such buildings or improvements. There are no condemnation or expropriation or similar proceedings pending or, to the Knowledge of the Company, threatened against any of the Real Property or the improvements thereon; and

(viii) The Company has not imported, manufactured, stored, used, operated, transported, treated or disposed of any Hazardous Materials in connection with the Business or the Assets other than in compliance with all Environmental Laws.

Section 5.13. Compliance With Laws Generally. Except as set forth on Schedule 5.13, the Company is and the Assets are (and have been at all times during the past five (5) years) in compliance in all material respects with all applicable laws (including, without limitation, applicable laws relating to zoning, environmental matters and the safety and health of employees), ordinances, regulations and orders of all Governmental Entities with respect to the Business and the Assets. Except as set forth in Schedule 5.13, (a) the Company has not been charged with and, to the Knowledge of the Company, is not now under investigation with respect to, a violation in any material respect of any applicable law, regulation, ordinance, order or other requirement of a Governmental Entity with respect to the Business or the Assets, (b) the Company is not a party to or bound by any order, judgment, decree, injunction, rule or award of any Governmental Entity with respect to the Business or the Assets and (c) the Company has filed all reports required to be filed with any Governmental Entity with respect to the Business and the Assets on or before the date hereof. The representations and warranties in this section shall not cover the matters addressed in Sections 5.12 (environmental, health and safety matters), 5.15 (Company benefit plans), 5.16 (labor relations) or 5.18 (tax returns; taxes).

Section 5.14. Officers and Employees. Schedule 5.14 contains a true and complete list of (a) all of the officers of the Company engaged in any respect in the operations of the Business, and (b) all of the employees (whether full-time, part-time or otherwise) and independent contractors of the Company engaged in any respect in the operations of the Business, specifying their position, together with an appropriate notation next to the name of any officer or other employee on such list who is subject to any written employment agreement or any other written term sheet or other document describing the terms and/or conditions of employment of such employee or of the rendering of services by such independent contractor. Schedule 5.14 also

identifies any officers and employees who devote business time or efforts to both the Business and the Retained Business. Except as set forth on Schedule 5.14, the Company is not a party to or bound by any Employment Agreements related to the operations of the Business. The Company has not received a claim from any Governmental Entity to the effect that the Company has improperly classified as an independent contractor any person named on Schedule 5.14. The Company has not made any verbal commitments to any such officers, employees or former employees, consultants or independent contractors with respect to compensation, promotion, retention, termination, severance or similar matters in connection with the transactions contemplated by this Agreement or otherwise. Except as indicated on Schedule 5.14, all officers and employees of the Company related to the operations of the Business are active on the date set forth herein.

Section 5.15. Company Benefit Plans.

(a) Schedule 5.15(a) contains a true and complete list of each Company Benefit Plan or ERISA Affiliate Plan that currently provides for employee benefits or the remuneration of the employees, former employees, directors, officers, consultants, independent contractors, contingent workers or leased employees engaged in any respect in the operations of the Business or the dependents of any of them.

(b) Except as set forth in Schedule 5.15(a),

(i) With respect to each Company Benefit Plan identified on Schedule 5.15(a), the Company has heretofore delivered or made available to the Buyer a copy of the material provisions of the most recent applicable summary plan descriptions and any applicable personnel manuals, the most recent determination letter received from the Internal Revenue Service with respect to each such plan intended to qualify under Section 401 of the Code.

(ii) Except as provided in Schedule 5.15(b)(ii), no Company Benefit Plan or ERISA Affiliate Plan that provides or provided for employee benefits or the remuneration of the employees or former employees engaged in any respect in the operations of the Business or the dependents of any of them is or was subject to Title IV of ERISA or Section 412 of the Code, nor is any such Company Benefit Plan or ERISA Affiliate Plan a "multiemployer pension plan", as defined in Section 3(37) of ERISA, or subject to Section 302 of ERISA. The Company does not have an obligation to reimburse another employer, either directly or indirectly, including through indemnification or otherwise, for making contributions to a plan that is or was subject to Title IV of ERISA. The Company has not incurred, and no facts exist that reasonably could be expected to result in, liability to the Company as a result of a termination, withdrawal or funding waiver with respect to a Company Benefit Plan or an ERISA Affiliate Plan.

(iii) The Corporation Retirement Savings Plan (the "Company 401(k) Plan") satisfies in all material respects the requirements of Section 401(a) of the Code and related Code Sections and has received a favorable determination letter indicating that it is "qualified" and no fact or circumstance exists that could

adversely affect the tax-exempt status of such plan. The assets of the Company 401(k) Plan are reported at their fair market value on the financial statements of such plan. There are no pending, threatened (in writing), or to the Knowledge of the Company, anticipated claims, investigations, examinations, audits or other proceedings or actions by, against, involving or on behalf of the Company 401(k) Plan by any Governmental Entities, and there exists no state of facts which after notice or lapse of time or both reasonably could be expected to give rise to any material claim, investigation, examination, audit or other proceeding.

(iv) Any obligation to provide notice of COBRA Coverage or COBRA Coverage in respect of any employee, former employee, consultant, independent contractor, contingent worker or leased employee engaged in any respect in the operations of the Business or the dependents of any of them has been satisfied in full to the extent required by COBRA.

(v) Provided that the Buyer offers employment to the Business Employees on terms sufficient to avoid unemployment compensation or WARN Act liability, the execution, delivery and performance of, and consummation of the transactions contemplated by, this Agreement will not (1) entitle any current or former employee, director, officer, consultant, independent contractors, contingent worker or leased employee (or any of their dependents, spouses or beneficiaries) of the Company to severance pay, unemployment compensation or any other payment, or (2) accelerate the time of payment or vesting (except with respect to the Company 401(k) Plan), or increase the amount of compensation due any such individual.

Section 5.16. Labor Relations. Except as set forth in Schedule 5.16:

(a) the Company's employees related to the operations of the Business have not been, and currently are not, represented by a labor organization or group which was either certified or voluntarily recognized by any labor relations board, including, without limitation, the NLRB, or certified or voluntarily recognized by any other Governmental Entity;

(b) the Company has not been and is not a signatory to a collective bargaining agreement with any trade union, labor organization or group related to the operations of the Business;

(c) no representation election petition or application for certification has been filed by employees of the Company related to the operations of the Business or is pending with the NLRB or any other Governmental Entity and, to the Knowledge of the Company, no union organizing campaign or other attempt to organize or establish a labor union, employee organization or labor organization or group involving employees of the Company related to the operations of the Business has occurred, is in progress or is threatened;

(d) the Company has not engaged in any material unfair labor practice related to the operations of the Business, and the Company is not aware of any pending or, to the Knowledge of the Company, threatened labor board proceeding of any kind, including any such proceeding against the Company or any trade union, labor union, employee organization or labor organization representing the Company's employees;

(e) no material grievance or arbitration demand or proceeding, whether or not filed pursuant to a collective bargaining agreement, has been filed or is pending or, to the Knowledge of the Company, is threatened against the Company related to the operations of the Business ;

(f) no labor dispute, walk out, strike, slowdown, hand billing, picketing, work stoppage (sympathetic or otherwise), or other "concerted action" involving the employees of the Company related to the operations of the Business has occurred, is in progress or, to the Knowledge of the Company, has been threatened;

(g) no material breach of contract and/or denial of fair representation claim has been filed or is pending or, to the Knowledge of the Company, threatened against the Company and/or any trade union, labor union, employee organization or labor organization representing the Company's employees related to the operations of the Business;

(h) no material claim, complaint, charge or investigation for unpaid wages, bonuses, commissions, employment withholding taxes, penalties, overtime, or other compensation, benefits, child labor or record keeping violations has been filed or is pending or, to the Knowledge of the Company, threatened under the Fair Labor Standards Act, Davis-Bacon Act, Walsh-Healey Act, or Service Contract Act or any other federal, state, local or foreign law, regulation or ordinance;

(i) no discrimination and/or retaliation claim, complaint, charge or investigation has been filed or is pending or, to the Knowledge of the Company, threatened against the Company related to the operations of the Business under the 1866 or 1964 Civil Rights Acts, the Equal Pay Act, the ADEA, the ADA, the FMLA and the FLSA, ERISA or any other federal law or comparable state fair employment practices act or foreign law;

(j) the Company is not a federal or state contractor obligated to develop and maintain an affirmative action plan;

(k) since January 1, 2000, no citation related to the operations of the Business has been issued by OSHA against the Company and no notice of contest, claim, complaint, charge, investigation, or other administrative enforcement proceeding involving the Company and related to the operations of the Business has been filed or is pending or, to the Knowledge of the Company, threatened against the Company under OSHA or any other applicable law relating to occupational safety and health;

(l) since January 1, 2000, no workers' compensation or retaliation claim, complaint, charge or investigation has been filed or is pending against the Company related to the operations of the Business;

(m) since January 1, 2000, no citation of the Company or, to the Knowledge of the Company, investigation related to the operations of the Business has occurred and no enforcement proceeding has been initiated or is pending or threatened under federal or foreign immigration law;

(n) no wrongful discharge, retaliation, libel, slander or other claim, complaint, charge or investigation that arises out of the employment relationship between the Company and its respective employees related to the operations of the Business since January 1, 2000 has been filed or is pending or, to the Knowledge of the Company, threatened against the Company under any applicable law;

(o) the Company has maintained and currently maintains adequate insurance as required by applicable law with respect to workers' compensation claims and unemployment benefits claims related to the operations of the Business;

(p) the Company is in compliance in all material respects with all applicable Labor Laws related to the operations of the Business;

(q) the Company is not liable for any liabilities, judgements, decrees, orders, arrearage of wages or taxes, fines or penalties for failure to comply with any of the Labor Laws related to the operations of the Business;

(r) the Company has provided the Buyer with a copy of the policy of the Company for providing leaves of absence under the FMLA, and Schedule 5.16 identifies, as of the date set forth thereon, each employee related to the operations of the Business who, to the Knowledge of the Company, is expected to be on FMLA leave at the Closing Date and each employee related to the operations of the Business who, to the Knowledge of the Company, has requested FMLA leave to begin after the Closing Date;

(s) the Company has paid or accrued all current assessments related to the operations of the Business under workers' compensation legislation, and the Company has not been subject to any special or penalty assessment under such legislation which has not been paid; and

(t) except with respect to the transactions contemplated hereby, the Company has not taken any action that would constitute a "mass layoff", "mass termination" or "plant closing" within the meaning of WARN or otherwise triggered notice requirements or liability under any federal, local, state or foreign plant closing notice or collective dismissal law.

Section 5.17. Intellectual Property.

(a) Definition of Intellectual Property. The term "Intellectual Property" means:

(i) the name "Your Other Warehouse", all fictitious business names, trading names, registered and unregistered trademarks (including common law marks), trade dress, service marks, and Internet domain names (including all U.S. federal, state and foreign registrations with respect to any of the foregoing, and applications for registration of any of the foregoing) (collectively, the "Marks");

(ii) all patents (including all reissues, divisions, continuations, continuations in part, and extensions thereof), patent applications, and inventions and discoveries that may be patentable (collectively, the "Patents");

(iii) all copyrights in both published and unpublished works (including all U.S. and foreign registrations and applications for registration of the foregoing) (collectively, the "Copyrights");

(iv) all computer software (in both source code and object code), including (A) any and all software implementations of algorithms, models and methodologies, whether in source code (where available) or object code, (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, (C) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, (D) the technology supporting any Internet site(s) operated by or on behalf of the Company, (E) all Worldwide Web addresses, URLs, and sites, and (F) all documentation, including system documentation, user manuals and training materials, relating to any of the foregoing (collectively, "Software");

(v) all rights in mask works and registrations and applications for registration thereof (collectively, "Mask Works"); and

(vi) all know-how, trade secrets, confidential information, customer lists, compilations, techniques, processes, procedures, programs, or codes, whether tangible or intangible (collectively, "Trade Secrets");

in each case, owned by the Company, used (or intended to be used) by the Company, or licensed by the Company as licensee or licensor.

(b) Ownership of Intellectual Property. The Company owns, or has the right to use pursuant to license, sublicense, agreement, or permission, all Intellectual Property reasonably necessary for the operation of the Business (the "Company Intellectual Property"). Assuming that the Parties obtain all consents set forth on Schedule 5.19, the consummation of the transactions provided for under this Agreement will not result in the loss or impairment of any of the Company Intellectual Property, and each item of Company Intellectual Property owned or used by the Company immediately prior to the

Closing will be owned or available for use by the Company on identical terms and conditions immediately subsequent to the Closing.

(c) Infringement of Third Party Intellectual Property Rights. Neither the Company nor the operation of the Business has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties. The Company has not ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation in connection with the operation of the Business (including any claim that the Company must license or refrain from using any Intellectual Property rights of any third party).

(d) Infringement of Company Intellectual Property Rights. To the Knowledge of the Company, no third party (including any present or former employee, consultant, or stockholder) has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Company Intellectual Property.

(e) Owned Intellectual Property. Schedule 5.17(e) lists each registration that has been issued to the Company with respect to any of its Company Intellectual Property, and identifies each application for registration that the Company has made with respect to any of its Company Intellectual Property (including registrations of Marks, Copyrights and Mask Works and all applications for any such registrations). The Company has delivered to the Buyer correct and complete copies of all such registrations, and applications (as amended to date) and has made available to the Buyer correct and complete copies of all other material written documentation evidencing ownership and prosecution (if applicable) of each such item. Schedule 5.17(e) also identifies (A) each trade name or unregistered trademark used by the Company in connection with the Business or the Assets, and (B) all Software owned by the Company (whether or not the Copyright therein has been registered). With respect to each item of Intellectual Property required to be identified in Schedule 5.17(e):

(i) The Company possesses all right, title, and interest in and to the item, free and clear of any Lien.

(ii) The item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge.

(iii) No action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or threatened which challenges the legality, validity, enforceability, use, or ownership of the item.

(iv) The Company has not ever agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(v) The Company is not under any obligation to grant any right, license or permission to use, or with respect to, any of the Company Intellectual Property.

(f) Patents. The Company does not hold any Patents that are used in the Business.

(g) Marks. With respect to the Marks required to be disclosed on Schedule 5.17(e):

(i) All Marks that have been registered with the United States Patent and Trademark Office are currently in compliance with all formal legal requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications), are valid, subsisting and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within one year after the Closing.

(ii) No Mark has been or is now involved in any opposition, invalidation, or cancellation proceeding and no such action or proceeding is threatened with respect to any of the Marks.

(iii) To the Knowledge of the Company, there is no potentially interfering trademark or trademark application of any third party.

(h) Copyrights. The Company does not hold any registered Copyrights that are used in the Business.

(i) Software.

(i) The Software owned or purported to be owned by the Company and used or held for use in connection with the Business (the "Company Software") was either (A) developed by employees of the Company within the scope of their employment, (B) developed by independent contractors or consultants who have assigned all of their rights in and to the Company Software to the Company pursuant to written agreements, or (C) otherwise acquired by the Company from a third party pursuant to a valid written assignment of rights to the Company.

(ii) The Company has no obligation to provide maintenance or support services with respect to any Company Software to any third party.

(iii) The Company has not placed any source code into any source code escrow or similar arrangement under which a third party would have the right to obtain the source code for any of the Company Software.

(iv) The system documentation for the Company Software owned by the Company is accurate. The source code and system documentation relating to that Company Software (A) has at all times been maintained in strict confidence (although the Company has not obtained nondisclosure agreements from employees), (B) has been disclosed only to employees who have a need to know in connection with the performance of their duties to the Company, and (C) has

not been disclosed to any third party not under an obligation to maintain the confidential nature of such information.

(v) To the Knowledge of the Company, (A) there are no defects, programming errors, viruses or limiting routines with respect to the Software used in the operation of the Business that have had since May 1, 2001, or are likely to have in the future, any significant adverse impact on the Business as a whole or on the operations, functionality or storage or shipping capacity of the Little Cayman warehouse and (B) the Software used in the Business contains the functional capability to support the Business in a manner substantially similar to the manner in which the Business has been conducted since May 1, 2001.

(vi) The Company has taken reasonable precautions to protect the confidentiality of the Company Software and the Company's confidential data.

(j) Royalties and other Payment Obligations. The Company is not obligated to make any payments by way of any royalties, fees or otherwise to any owner, licensor or other claimant to any Company Intellectual Property rights for the ownership, transfer or use thereof other than as expressly required under any license, sublicense, agreement or permission expressly disclosed on Schedule 5.19.

(k) Agreements with Employees. To the Knowledge of the Company, no employee of the Company has entered into any agreement that restricts or limits in any way the scope or type of work in which the employee may be engaged or requires the employee to transfer, assign or disclose information concerning his work to anyone other than Company.

Section 5.18. Tax Returns; Taxes. Except as otherwise disclosed in Schedule 5.18: (i) the Company has filed all Tax Returns that it was required to file, and has paid all Taxes shown thereon as owing; (ii) Schedule 5.18 lists all Tax Returns filed with respect to the Company for taxable periods ended on or after December 31, 1998, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit; (iii) the Company has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency; (iv) the Company is not a party to any Tax allocation or sharing agreement; (v) the Company has not been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was the Company); (vi) the Company has delivered to the Buyer correct and complete copies of all U.S. federal income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by the Company since December 31, 1998, (vii) all deficiencies asserted as a result of any examination of Tax Return have been paid in full, accrued on the books of the Company, or finally settled, and no issue has been raised in any such examination which, by application of the same or similar principles, reasonably could be expected to result in a proposed deficiency for any other period not so examined and (viii) no claims have been asserted and no proposals or deficiencies for any Taxes are being asserted, proposed or threatened, and no audit or investigation of any Tax Return is currently underway, pending or threatened.

Section 5.19. Business Contracts. Schedule 5.19 sets forth a true, correct and complete list of the following contracts or agreements (written or oral) related to or utilized in the Business (other than the Company Benefit Plans set forth on Schedule 5.15(a)):

(a) any bond, debenture, note, loan, credit or loan agreement or loan commitment, mortgage, indenture, guarantee or other contract imposing any Lien on the Assets;

(b) any lease relating to the Leased Real Property or other lease or license relating to the Business or the Assets involving an annual commitment or payment of more than $10,000 individually by the Company;

(c) any contract or agreement which limits or restricts the Business or, to the Knowledge of the Company, any officer or key employee of the Business from engaging in any business in any jurisdiction;

(d) any contract or agreement for capital expenditures or the acquisition or construction of fixed assets in excess of, in the aggregate, $100,000;

(e) any contract that provides for an increased payment or benefit, or accelerated vesting, upon the execution of this Agreement or the Closing or in connection with the transactions contemplated hereby;

(f) any contract or agreement granting any Person a Lien on all or any part of any Assets;

(g) any contract or agreement for the cleanup, abatement or other actions in connection with any Hazardous Materials, the remediation of any existing environmental condition or relating to the performance of any environmental audit or study;

(h) any contract or agreement granting to any Person an option or a first refusal, first-offer or similar preferential right to purchase or acquire any Assets;

(i) any contract or agreement that is not terminable without penalty on twelve months' or less notice;

(j) any contract or agreement for the granting or receiving of a license (including any license of Intellectual Property), sublicense or franchise or under which any Person is obligated to pay or has the right to receive a royalty, license fee, franchise fee or similar payment;

(k) any contract providing for the indemnification or holding harmless of any officer, director, employee or other Person;

(l) any joint venture or partnership contract or other contract providing for the sharing of any profits;

(m) any agreement of any kind with any "big box" competitor of the Buyer or any customer contract for the provision of goods or services by the Company, other than customer purchase orders in the ordinary course of business, or providing for any cooperative advertising;

(n) any vendor buying agreement, co-op agreement, rebate agreement or similar arrangement with any Person, other than annual rebate terms in favor of the Business or customary terms and conditions of sale;

(o) any outstanding power of attorney empowering any Person to act on behalf of the Company; and

(p) other than contracts described in subparagraphs (b) and (d) above that fall below the respective thresholds specified therein and contracts expressly excluded from subparagraphs (m) and (n) above, any existing contract or commitment to which the Company is a party or by which its properties or assets are bound involving an annual commitment or annual payment to or from the Company of more than $50,000 individually or which is otherwise material to the Business (individually or in the aggregate with other contracts not listed on Schedule 5.19).

True, correct and complete copies of all Business Contracts listed on Schedule 5.19 have been delivered to the Buyer or its counsel, except to the extent noted on Schedule 5.19. The Business Contracts are legal, valid, binding and enforceable in accordance with their respective terms with respect to the Company and each other party to such Business Contracts. There are no existing defaults or breaches of the Company (other than warranty claims in the ordinary course of business) under any Business Contract (or events or conditions which, with notice or lapse of time or both would constitute a default or breach) and, to the Knowledge of the Company, there are no such defaults (or events or conditions which, with notice or lapse of time or both, would constitute a default or breach) with respect to any third party to any Business Contract. Schedule 5.19 (or Schedules incorporated therein by reference) identifies with an asterisk each Business Contract set forth therein that requires the consent of or notice to the other party thereto to avoid any breach, default or violation of such contract, agreement or other instrument in connection with the transactions contemplated hereby, including the assignment of such Business Contract to the Buyer. Schedule 5.19 also specifically identifies any of the Business Contracts that are also related to or utilized in the Retained Business. The Company has performed in full all of its payment obligations and other material obligations under the contract with Carl E. Woodward, Inc. relating to the construction of the Little Cayman warehouse.

Section 5.20. Insurance. Schedule 5.20 contains a complete and correct list of all insurance policies carried by or for the benefit of the Company related to the Business or the Assets, specifying the insurer, amount of and nature of coverage, the risk insured against, the deductible amount (if any) and the date through which coverage will continue by virtue of premiums already paid. All insurance policies and bonds with respect to the Business and Assets are in full force and effect and will be maintained by the Company in full force and effect as they apply to any matter, action or event relating to the Company occurring through the Closing Date and the Company has not reached or exceeded its policy limits for any insurance policies in effect at any time during the past five (5) years.

Section 5.21. Notes; Accounts Receivable.

(a) Notes. All notes receivable of the Company owing by any director, officer, stockholder or employee of the Company have been paid in full prior to the date hereof or shall have been paid in full prior to the Closing Date.

(b) Accounts Receivable. The Company has delivered to the Buyer a true and complete schedule of the Receivables as of October 1, 2001, showing the amount of each receivable and an aging of amounts due thereunder, which schedule is true and complete as of that date. Except as set forth in Schedule 5.21(b), all Receivables and all accounts receivable which will be reflected on the Statement of Working Capital (net of any reserves shown thereon) (i) are valid (with all required documentation to enforce collection) and existing, (ii) represent monies due for goods sold and delivered or services rendered in the ordinary course of business and (iii) are not subject to any security interests or other encumbrances. Except as set forth in Schedule 5.21(b), all such Receivables are current, and there are no disputes regarding the collectibility of any such Receivables. The Company has not factored any of its Receivables.

Section 5.22. Customer and Supplier Relations. Schedule 5.22 contains a complete and accurate list of the names of the Customers and Suppliers. The Company maintains good relations with each of its Customers, and, to the Knowledge of the Company, no event has occurred that would materially and adversely affect the Company's relations with any such Customer (other than warehouse home center customers). Except as set forth in Schedule 5.22, no Customer (or material former customer) during the last twelve (12) months has canceled, terminated or made any threat to materially decrease its usage of the Company's services or products. Except as disclosed on Schedule 5.22, the Company has no Knowledge to the effect that any current Customer or Supplier is considering terminating or materially adversely altering its business relations with the Company, either as a result of the transactions contemplated by this Agreement or otherwise. The information regarding the relationship of the Business with its vendors and suppliers included in the report attached to Schedule 5.22 is accurate and complete.

Section 5.23. Nondisclosed Payments. Neither the Company nor the officers or directors of the Company, nor anyone acting on behalf of any of them, has made or received any material payments not correctly categorized and fully disclosed in the Company's books and records in connection with or in any way relating to or affecting the Business or the Assets.

Section 5.24. Bank Accounts. Schedule 5.24 sets forth a true, correct and complete list and description of the Bank Accounts.

Section 5.25. Transactions with Affiliates. Except as set forth in Schedule 5.25, no officer or director of the Company, or, to the Knowledge of the Company, any person with whom any such officer or director has any direct or indirect relation by blood, marriage or adoption, or any entity in which any such person, owns any beneficial interest (other than a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market and less than five percent (5%) of the stock of which is beneficially owned by all such Persons in the aggregate) or any Affiliate of any of the foregoing or any Affiliate of the Company has any interest in: (a) any contract, arrangement or understanding with, or relating to,

the Business, the Assets or the Assumed Liabilities; (b) any loan, arrangement, understanding, agreement or contract for or relating to the Business or the Assets; or (c) any property (real, personal or mixed), tangible or intangible, used or currently intended to be used by the Company in connection with the Business or the Assets. Schedule 5.25 also sets forth a complete list of all accounts receivable, notes receivable and other receivables and accounts payable owed to or due from any Affiliate to the Company related to the Business or the Assets and all such receivables arose in connection with the sale of products in the ordinary course of business.

Section 5.26. No Broker Involved. Neither the Company, nor any officers, directors or employees of the Company nor any Affiliate of the Company, has employed any broker, finder or investment banker or incurred any liability for any investment banking fees, financial advisory fees, brokerage fees or finders' fees in connection with the transactions contemplated by this Agreement.

Section 5.27. Disclosure. Prior to the execution of this Agreement, the Company has delivered to the Buyer or its counsel true and complete copies of all documents or instruments referred to in any Schedule to this Agreement, except to the extent noted on Schedule 5.19.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE BUYER

The Buyer represents and warrants to the Company that:

Section 6.1. Organization. The Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted.

Section 6.2. Authorization. The Buyer has full corporate power and authority to execute and deliver this Agreement and the Buyer Ancillary Documents, to perform its obligations under this Agreement and the Buyer Ancillary Documents and to consummate the transactions contemplated by this Agreement and the Buyer Ancillary Documents. The execution and delivery of this Agreement and the Buyer Ancillary Documents by the Buyer, the performance by the Buyer of its obligations under this Agreement and the Buyer Ancillary Documents, and the consummation of the transactions provided for in this Agreement and the Buyer Ancillary Documents have been duly and validly authorized by all necessary corporate action on the part of the Buyer. This Agreement has been and, as of the Closing Date, the Buyer Ancillary Documents will be, duly executed and delivered by the Buyer and do or will, as the case may be, constitute the valid and binding agreements of the Buyer, enforceable against the Buyer in accordance with their respective terms, subject to applicable bankruptcy, insolvency and other similar laws affecting the enforceability of creditors' rights generally, general equitable principles and the discretion of courts in granting equitable remedies.

Section 6.3. Absence of Restrictions and Conflicts. The execution, delivery and performance of this Agreement and the Buyer Ancillary Documents, the consummation of the transactions contemplated by this Agreement and the Buyer Ancillary Documents and the fulfillment of and compliance with the terms and conditions of this Agreement and the Buyer

Ancillary Documents do not or will not (as the case may be), with the passing of time or the giving of notice or both, violate or conflict with, constitute a breach of or default under, result in the loss of any benefit under, or permit the acceleration of any obligation under, (a) any term or provision of the charter documents of the Buyer, (b) any contract to which the Buyer is a party, (c) any judgment, decree or order of any Governmental Entity to which the Buyer is a party or by which the Buyer or any of its properties is bound or (d) any statute, law, rule or regulation applicable to the Buyer.

ARTICLE VII
CERTAIN COVENANTS AND AGREEMENTS

Section 7.1. Conduct of Business. From the date hereof until the Closing Date, the Company shall, except as expressly required by this Agreement and except as otherwise consented to in advance in writing by the Buyer:

(a) conduct the Business in the ordinary course on a basis consistent with past practice and not engage in any new line of business or enter into any agreement, transaction or activity or make any commitment with respect to the Business or the Assets, except those in the ordinary course of business and not otherwise prohibited under this Section 7.1;

(b) use its reasonable best efforts to preserve intact the goodwill and business organization of the Business, keep the officers and employees of the Company available to the Buyer and preserve the relationships and goodwill of the Business with customers, distributors, suppliers, employees and others having business relations with the Company related to the Business, provided that the Company is not obligated to spend funds to do so, except in the ordinary course of business consistent with past practice;

(c) maintain its existence and good standing in its jurisdiction of organization and in each jurisdiction in which the conduct of the Business requires such qualification;

(d) duly and timely file or cause to be filed all reports and returns relating to the Business or the Assets required to be filed with any governmental body, agency or authority and promptly pay or cause to be paid when due all taxes, assessments and governmental charges relating to the Business or the Assets, including interest and penalties levied or assessed, unless diligently contested in good faith by appropriate proceedings;

(e) maintain in existing condition and repair (ordinary wear and tear excepted), consistent with past practices, all buildings, offices, shops and other structures located on the Real Property relating to the Business or the Assets, and all equipment, fixtures and other tangible personal property located on the Real Property relating to the Business or the Assets;

(f) not dispose of or permit to lapse any rights to the use of the tradename "Your Other Warehouse", or dispose of or disclose to any Person, any trade secret, formula, process, technology or know-how of the Company used in connection with the

Business or the Assets not heretofore a matter of public knowledge, except in the ordinary course of business consistent with past practices;

(g) not (i) sell or transfer any assets related to or used or held for use in the Business, other than finished goods sold in the ordinary course of business, (ii) create, incur or assume any indebtedness secured by any of the Assets, (iii) grant, create, incur or suffer to exist any Liens on any of the Assets which did not exist on the date hereof, (iv) incur any liability or obligation related to the Business or the Assets (absolute, accrued or contingent) except in the ordinary course of business consistent with past practice, (v) write-off any guaranteed checks, notes or accounts receivable related to the Business or the Assets except in the ordinary course of business consistent with past practice, (vi) write-down the value of any asset or investment related to the Business (including, without limitation, any of the Assets) on the books or records of the Company, except for depreciation and amortization, inventory and accounts receivable in the ordinary course of business and consistent with past practice, (vii) cancel any material debt or waive any material claims or rights related to the Business, (viii) make any commitment related to the Business for any capital expenditure to be made on or after the Closing Date in excess of $25,000 in the case of any single expenditure or $50,000 in the case of all capital expenditures or (ix) enter into any material contract or agreement related to the Business;

(h) not increase in any manner the base compensation of, or enter into any new bonus or incentive agreement or arrangement with, any of its employees, directors or consultants used in connection with the Business, except in the ordinary course of business consistent with the past practice of the Company;

(i) not pay or agree to pay any additional pension, retirement allowance or other employee benefit under any Company Benefit Plan to any employee used in connection with the Business, whether past or present, except in the ordinary course of business to the extent consistent with the past practice of the Company;

(j) not adopt, amend or terminate any Company Benefit Plan or increase the benefits provided under any Company Benefit Plan, or promise or commit to undertake any of the foregoing in the future;

(k) not enter into any collective bargaining agreement;

(l) not amend or terminate any existing employment, severance, consulting, or other compensation agreement relating to the Business or enter into any new employment, severance, consulting or other compensation agreement relating to the Business, except in the ordinary course of business consistent with the past practice of the Company;

(m) maintain supplies and inventory relating to the Business at levels that are in the ordinary course of business and consistent with past practice;

(n) continue to extend customers of the Business credit, collect accounts receivable relating to the Business and pay accounts payable and similar obligations relating to the Business in the ordinary course of business consistent with past practice;

(o) perform its obligations under all, and not default or suffer to exist any event or condition which with notice or lapse of time or both would constitute a default under, any Business Contract (except those being contested in good faith) and not enter into, assume or amend any contract or commitment that is or would be an Business Contract other than ordinary course of business consistent with past practice;

(p) not pay, discharge or satisfy any claim, liability or obligation (absolute, contingent or otherwise) other than the payment, discharge or satisfaction in the ordinary course of business consistent with past practice of claims, liabilities and obligations reflected or reserved against in the unaudited balance sheet of the Business at December 31, 2000 or incurred in the ordinary course of business consistent with past practice;

(q) not increase any reserves for contingent liabilities related to the Business (excluding any adjustment to bad debt reserves or inventory reserves in the ordinary course of business consistent with past practice);

(r) maintain in full force and effect and in the same amounts policies of insurance comparable in amount and scope of coverage to that now maintained by or on behalf of the Company and related to the Business or the Assets;

(s) continue to maintain its books and records in accordance with GAAP consistently applied and on a basis consistent with the Company's past practice;

(t) continue its cash management practices in the ordinary course of business consistent with past practice; and

(u) not authorize, or commit or agree to take, any of the foregoing actions.

In connection with the continued operation of the Business between the date hereof and the Closing Date, the Company will confer in good faith on a regular and frequent basis with the Buyer regarding operational matters and the general status of on-going operations of the Company promptly. The Company acknowledges that the Buyer does not and will not waive any rights it may have under this Agreement as a result of such consultations. The Company shall not take any action that would, or that could reasonably be expected to, result in any of the representations and warranties of the Company set forth in this Agreement becoming untrue.

Section 7.2. Inspection and Access to Information. From the date hereof to the Closing Date or until this Agreement is terminated as provided in Article IX, the Company will (and will cause its respective officers, directors, employees, auditors and agents to) provide the Buyer and its accountants, investment bankers, counsel, environmental consultants and other authorized representatives full access, during reasonable hours and under reasonable circumstances, to any and all of its premises, employees (including executive officers), properties, contracts, commitments, books, records and other information related to the Business or the Assets (including tax returns filed and those in preparation) and will cause its officers to furnish to the

Buyer and its authorized representatives, promptly upon request therefor, any and all financial, technical and operating data and other information pertaining to the Company and the Business and otherwise fully cooperate with the conduct of due diligence by the Buyer and its representatives.

Section 7.3. Notices of Certain Events. The Company shall promptly notify the Buyer of:

(a) any changes or events which, individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect on the Business, the Assets or the Assumed Liabilities or otherwise result in any representation or warranty of the Company under this Agreement being inaccurate in any material respect;

(b) any notice or other communication from any Person alleging that the consent of such Person is or may be required in connection with the transactions contemplated by this Agreement;

(c) any notice or other communication from any Governmental Entity in connection with the transactions contemplated by this Agreement;

(d) any actions, suits, claims, investigations or proceedings commenced or, to its knowledge, threatened against, relating to or involving or otherwise affecting the Company, the Business or the Assets that, if pending on the date of this Agreement, would have been required to have been disclosed pursuant to Section 5.8 or that relate to the consummation of the transactions contemplated by this Agreement; and

(e) the damage or destruction by fire or other casualty of any of the Assets or part thereof or in the event that any of the Assets or part thereof becomes the subject of any proceeding or, to the Knowledge of the Company, threatened proceeding for the taking thereof or any part thereof or of any right relating thereto by condemnation, eminent domain or other similar governmental action.

The Company acknowledges that the Buyer does not and will not waive any rights it may have under this Agreement as a result of such notifications.

Section 7.4. Interim Financials. As promptly as practicable after each regular accounting period subsequent to the end of the most recent fiscal year and prior to the Closing Date, the Company will deliver to the Buyer periodic financial reports in the form which it customarily prepares for its internal purposes concerning the Business and, if available, unaudited statements of the financial position of the Business as of the last day of each accounting period and statements of income for the period then ended. The Company covenants that such interim statements (i) will present fairly the financial condition of the Business as of their respective dates and the related results of operations for the respective periods then ended, and (ii) will be prepared on a basis consistent with prior interim periods.

Section 7.5. No Solicitation of Transactions. Neither the Company nor any of its Affiliates will, directly or indirectly, through any officer, director or agent of any of them or otherwise, initiate, solicit or encourage (including by way of furnishing non-public information

or assistance), or enter into negotiations of any type, directly or indirectly, or enter into a confidentiality agreement, letter of intent or purchase agreement, merger agreement or other similar agreement with any Person, firm or corporation other than the Buyer with respect to a sale of all or any substantial portion of the Assets, or a merger, consolidation, business combination, sale of all or any substantial portion of the capital stock of the Company prior to Closing, or the liquidation or similar extraordinary transaction with respect to the Company prior to Closing. The Company will notify the Buyer orally (within one (1) Business Day) and in writing (as promptly as practicable) of all relevant terms of any proposals by a third party to do any of the foregoing which the Company or any of its Affiliates or any of their respective officers, directors, partners, employees, investment bankers, financial advisors, attorneys, accountants or other representatives may receive relating to any of such matters and, if such proposal is in writing, the Company will deliver to the Buyer a copy of such inquiry or proposal.

Section 7.6. Reasonable Efforts; Further Assurances; Cooperation. Subject to the other provisions of this Agreement, the Parties will each use their reasonable, good faith efforts to perform their obligations under this Agreement and to take, or cause to be taken, and do, or cause to be done, all things necessary, proper or advisable under applicable law to obtain all consents required as described on Schedule 5.19 and all regulatory approvals and to satisfy all conditions to their respective obligations under this Agreement and to cause the transactions contemplated in this Agreement to be effected as soon as practicable in accordance with the terms of this Agreement and will cooperate fully with each other and their respective officers, directors, employees, agents, counsel, accountants and other designees in connection with any steps required to be taken as a part of their respective obligations under this Agreement, including, without limitation:

(a) Each of the Parties promptly will make their respective filings and submissions and will take all actions necessary, proper or advisable under applicable laws and regulations to obtain any required approval of any Governmental Entity with jurisdiction over the transactions contemplated by this Agreement (except that the Buyer shall have no obligation to take or consent to the taking of any action required by any such Governmental Entity that is reasonably likely to have more than a de minimus effect on the Business, the Assets or the transactions contemplated by this Agreement or the Buyer Ancillary Documents). Each of the Parties will furnish all information required for any application or other filing to be made pursuant to the rules and regulations of any applicable law in connection with the transactions contemplated by this Agreement.

(b) In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person is commenced which questions the validity or legality of the Acquisition or any of the other transactions contemplated by this Agreement or seeks damages in connection therewith, the Parties agree to cooperate and use all reasonable efforts to defend against such claim, action, suit, investigation or other proceeding and, if an injunction or other order is issued in any such action, suit or other proceeding, to use all reasonable efforts to have such injunction or other order lifted and to cooperate reasonably regarding any other impediment to the consummation of the transactions contemplated by this Agreement.

(c) The Company will give any notices to third parties and use its reasonable best efforts (in consultation with the Buyer) to obtain any third party consents (i) necessary, proper or advisable to consummate the transactions contemplated by this Agreement, (ii) disclosed or required to be disclosed in the Schedules to this Agreement, including, without limitation, the consents described in Schedule 5.19, (iii) required to avoid a breach of or default under any Business Contracts in connection with the consummation of the transactions contemplated by this Agreement or (iv) required to prevent a Material Adverse Effect, whether prior to or after the Closing Date. Notwithstanding the foregoing, the Company shall have no obligation to expend any funds to obtain any consents to the extent such funds will be more than a de minimus amount in relation to the respective contract.

(d) The Parties will give prompt notice to the other Party or Parties of (i) the occurrence, or failure to occur, of any event which occurrence or failure would be likely to cause any representation or warranty of the Company or the Buyer, as the case may be, contained in this Agreement to be untrue or inaccurate at any time from the date hereof to the Closing Date or that will or may result in the failure to satisfy any of the conditions specified in Article VIII of this Agreement and (ii) any failure of the Company or the Buyer, as the case may be, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by any of them under this Agreement. The Company acknowledges that the Buyer does not and will not waive any rights it may have under this Agreement as a result of such notifications.

Section 7.7. Consents. The Company shall, during the remaining term of the Non-Assignable Contracts, use all commercially reasonable efforts to (a) obtain the consent of the applicable third party, (b) make the benefit of such Non-Assignable Contracts available to the Buyer so long as the Buyer fully cooperates with the Company and promptly reimburses the Company for all payments made by the Company in connection therewith and indemnify the Company with respect thereto, and (c) enforce at the request of the Buyer and at the expense and for the account of the Buyer, any rights of the Company arising from such Non-Assignable Contracts against the other party or parties thereto (including the right to elect or terminate any such Non-Assignable Contracts in accordance with the terms thereof). Notwithstanding the foregoing, the Company shall have no obligation to expend any funds to obtain any consents to the extent such funds will be more than a de minimus amount in relation to the respective contract. The Company will not take any action or suffer any omission which would limit or restrict or terminate in any material respect the benefits to the Buyer of such Non-Assignable Contracts unless, in good faith and after consultation with and prior written notice to the Buyer, the Company is ordered orally or in writing to do so by a Governmental Entity of competent jurisdiction or the Company is otherwise required to do so by law; provided that if any such order is appealable, the Company will, at the Buyer's cost and expense, take such actions as are requested by the Buyer to file and pursue such appeal and to obtain a stay of such order. With respect to any such Non-Assignable Contract as to which the necessary approval or consent for the assignment or transfer to the Buyer is obtained following the Closing, the Company shall transfer such Non-Assignable Contract to the Buyer by execution and delivery of an instrument of conveyance reasonably satisfactory to the Buyer and the Company within three (3) business days following receipt of such approval or consent. Notwithstanding the foregoing, the Company shall not be indemnified to the extent of any losses which result from (i) the

Company's failure to take any lawful action in accordance with the Buyer's reasonable instructions or (ii) the Company's gross negligence or willful misconduct.

Section 7.8. Public Announcements. The timing and content of all announcements regarding any aspect of this Agreement to the financial community, government agencies, employees or the general public shall be mutually agreed upon in advance (unless the Buyer is advised by counsel in writing that any such announcement or other disclosure not mutually agreed upon in advance is required to be made by law or applicable rule of the New York Stock Exchange, and then only after consulting with the other party and making reasonable efforts to comply with the provisions of this Section and only disclosing the minimum amount of information required to be disclosed by such law or applicable rule of the New York Stock Exchange).

Section 7.9. Supplements to Schedules. From time to time up to the Closing Date, the Company will promptly supplement or amend the Schedules which they have delivered pursuant to this Agreement with respect to any matter first existing or occurring after the date hereof which, if existing or occurring at or prior to the date hereof, would have been required to be set forth or described in such Schedules or which is necessary to correct any information in such Schedules which has been rendered inaccurate thereby. No supplement or amendment to any Schedule will have any effect for the purpose of determining satisfaction of the conditions set forth in Section 8.1.

Section 7.10. Employees.

(a) General.

(i) On the Closing Date, the Company will terminate all of its employees who are used exclusively in the operation of the Business and whose principal place of employment is at the Real Property (the "Business Employees"), a current list of which is attached as Schedule 7.10(a)(i). The Buyer or its Affiliate has entered into the TB Employment Agreement with Claude T. Bromley, III, and commencing on the Closing Date will offer employment, on an at will basis, to all of the other Business Employees who are actively at work on the Closing Date.

(ii) Schedule 7.10(a)(ii) sets forth (A) the employee that the Buyer will offer to hire upon the completion of the IT Environmental Services and/or the Transition Services (each as defined in the Transition Services Agreement) pursuant to the Transition Services Agreement (the "Transition Date"), and (B) those categories of employees the Buyer may offer to hire after the Transition Date. On or before the Transition Date, the Buyer shall notify the Company of the number of employees from the categories listed on Schedule 7.10(a)(ii)(B) that it desires to hire following such Transition Date (which shall not exceed 10 employees in the aggregate and which shall not leave the Company with insufficient employees with appropriate training to perform the necessary tasks for the Retained Business at their current volumes), (together with the employee named on Schedule 7.10(a)(i), the "Transition Employees"). On the Transition

Date, the Company will terminate the number and categories of the Transition Employees no longer needed to perform services under the Transition Agreement after such date and the Buyer or its Affiliate will offer employment, on an at will basis, to each such Transition Employee who is actively at work on the Transition Date.

(iii) The Company will use good faith efforts to cause each Business Employee and each Transition Employee to accept employment with the Buyer or its Affiliate and will not take any actions to retain the services of any Business Employee or Transition Employee. Such employment will be at substantially the same rate of base pay as in effect on the Closing Date for each Business Employee, or in the case of a Transition Employee, his or her actual termination of employment (in each case, the "Termination Date") and the Buyer and or one of its Affiliates shall (A) give credit for service with the Company for work assignments and for eligibility and vesting purposes under their benefit plans, (B) waive pre-existing conditions for health insurance coverage and (C) provide substantially the benefits set forth on Schedule 7.10(a)(iii) (which benefits the Buyer will have the absolute right to amend in its sole discretion following the Closing). Business Employees and Transition Employees who accept such offer are, as of the time they first perform services for the Buyer, referred to herein as the "Transferred Employees."

(iv) The Buyer shall have no obligation of any kind to offer employment or otherwise with respect to any Business Employee or Transition Employee who is not actively at work on his Termination Date, and each such Business Employee or Transition Employee shall remain an employee of the Company unless otherwise agreed in writing by the Buyer. For these purposes "actively at work" includes any Business Employee or Transition Employee who is (A) absent on his Termination Date due to the FMLA or similar state laws; (B) absent on his Termination Date due to maternity leave under the Company's maternity leave policy; (C) absent on his Termination Date due to military duty; (D) absent on his Termination Date due to jury duty; and (E) absent on his Termination Date due to vacation or personal days consistent with the Company's employment policies.

(b) Buyer Benefit Plans Other than Group Health Plans and 401(k) Plan.

(i) With respect to each benefit identified on Schedule 7.10(a)(iii) as a "Buyer provided benefit," each Transferred Employee who as of his Termination Date satisfied the service requirement to be eligible for such benefit under a Company Benefit Plan shall be eligible to participate in the Buyer's or an Affiliate's benefit plan providing such benefit as soon as practicable following the date he first becomes a Transferred Employee effective retroactive to the date he first becomes a Transferred Employee provided he otherwise satisfies the eligibility requirements of such plan (other than service in excess of thirty (30) days). Each Transferred Employee who as of his Termination Date did not satisfy the service requirement to be eligible for a Buyer-provided benefit under a

Company Benefit Plan shall be eligible to participate in the Buyer's or an Affiliate's benefit plan providing such benefit following the completion of thirty (30) days of service (taking into account his service with the Company) and satisfaction of any eligibility requirements under such plan (other than service in excess of thirty (30) days).

(ii) With respect to each benefit identified on Schedule 7.10(a)(iii) as a "voluntary benefit," the Buyer or its Affiliate shall provide an opportunity to elect and each Transferred Employee may elect to participate in the Buyer's or Affiliate's plan providing such voluntary benefit within thirty-one (31) days of the date he first becomes a Transferred Employee, such participation to be effective retroactive to the date he first becomes a Transferred Employee provided he otherwise satisfies the eligibility requirements of such plan (other than service in excess of thirty (30) days). Each Transferred Employee who fails to elect participation in such plan within such thirty-one (31) day period shall be eligible to participate in such plan after he satisfies the service requirements under such plan (taking into account his service with the Company) and any eligibility requirements of such plan (other than service in excess of thirty (30) days).

(iii) With respect to each other benefit identified on Schedule 7.10(a)(iii) (other than group health benefits and the 401(k) plan), each Transferred Employee shall be eligible to participate in the plan of the Buyer or its Affiliates providing such benefit after he satisfies the eligibility requirements for coverage under such plan (taking into account his service with the Company).

(c) Group Health Plans and COBRA Coverage.

(i) The Company shall be solely responsible for offering and providing any COBRA Coverage with respect to any "qualified beneficiary" who is covered by a Company Benefit Plan that is a "group health plan" (a "Company Group Health Plan") and who experiences a "qualifying event" while covered under a Company Group Health Plan. The Buyer shall be solely responsible for offering and providing any COBRA Coverage required with respect to any Transferred Employees (or other "qualified beneficiaries") who become covered by a group health plan sponsored by the Buyer or its Affiliates (a "Buyer Group Health Plan") and who experiences a "qualifying event" while covered under a Buyer Group Health Plan. "Qualified beneficiary," "group health plan" and "qualifying event" are as defined in Section 4980B of the Code.

(ii) Subject to Section 7.2(c)(iii), for each Transferred Employee whose Termination Date is before January 1, 2002, the Buyer or its Affiliate shall subsidize the COBRA premium under the Company Group Health Plans for the period that begins on such Transferred Employee's Termination Date and ends at midnight on December 31, 2001 ("Subsidized COBRA Period"); provided (A) such Transferred Employee elects COBRA Coverage for the Transferred Employee and his qualified dependents within seven (7) days after the date he first becomes a Transferred Employee with such coverage to be effective as of his

Termination Date and (B) agrees to continue to pay the active employee premium for such coverage through payroll deduction from the date he first becomes a Transferred Employee. Buyer shall make a monthly cash payment (inclusive of the employee portion of the premium deducted from each such Transferred Employee's pay and the Buyer's subsidy) to the Company for each calendar month during the Subsidized COBRA Period equal to the total COBRA premium due for all Transferred Employees described in this Section 7.2(c)(ii) covered for such month and such payment shall be made no later than the last day of the calendar month following the month for which such COBRA Coverage was provided. Nothing herein is intended to provide a longer period of COBRA Coverage to a Transferred Employee described in this Section 7.2(c)(ii) than would otherwise be required under applicable law.

(iii) The Buyer shall not be required to subsidize the COBRA premium (A) for a Transferred Employee described in Section 7.2(c)(ii) who does not elect COBRA Coverage within seven (7) days after he first becomes a Transferred Employee or does not agree to payroll deduction for such COBRA Coverage from the date he first becomes a Transferred Employee, (B) for a Transferred Employee other than a Transferred Employee described in Section 7.2(c)(ii), (C) for any period after a Transferred Employee's Subsidized COBRA Period, if any or (D) for vision coverage or medical flexible spending account coverage. Except as described in Section 7.2(c)(ii) or unless otherwise subsidized by the Buyer, a Transferred Employee shall be solely responsible for the entire cost of COBRA Coverage under a Company Group Health Plan.

(iv) At least fifteen (15) days prior to the Closing Date for each Business Employee employed by the Company on such date, the Company shall provide the Buyer with the following information for each such Business Employee: the Business Employee's name, the coverage options (e.g. medical, dental, prescription drug and the specific type of medical coverage option) in effect for such Business Employee, the type of coverage for each such option (e.g. single or family), the payroll deduction frequency for premium deductions for each such coverage option, the active employee premium for each such coverage option and the COBRA premium (inclusive of the 2% administrative fee) for each such coverage option. Within two (2) business days after the Closing, the Company shall supplement such list as needed to reflect such information for those Business Employees actively at work on the Closing Date.

(v) Prior to the Closing Date, the Company will provide the Buyer with the opportunity to review and comment on the COBRA notice and election form to be provided to the Transferred Employees and the Company agrees to make such modifications to such notice and election form as may be reasonably requested by the Buyer to minimize any confusion for the Transferred Employees. The Buyer will assist the Company in distributing the COBRA notices and election forms to the Transferred Employees and assist the Transferred Employees in completing and returning the COBRA election to the Company.

(vi) Each Transferred Employee described in Section 7.2(c)(ii) shall be eligible to participate in the Buyer Group Health Plans effective as of January 1, 2002 (without regard to whether he elects COBRA Coverage under the Company Group Health Plans) provided he satisfies any eligibility requirements of such plan (other than service in excess of thirty (30) days). Each Transferred Employee other than a Transferred Employee described in Section 7.2(c)(ii) shall be eligible to participate in the Buyer Group Health Plans following the completion of thirty (30) days of service (taking into account his service with the Company) provided he satisfies any eligibility requirements of such plan (other than service in excess of thirty (30) days). With respect to those Transferred Employees hired by the Buyer after December 31, 2001, the Buyer either shall (A) cause the Buyer Group Health Plans to give credit to such Transferred Employees for deductibles incurred and co-payments made under the Company Group Health Plans during the calendar year in which the Transferred Employee first becomes a Transferred Employee or (B) provide the economic equivalent thereof, including by subsidizing such Transferred Employee's COBRA premiums.

(d) Information. The Company shall provide the Buyer all information relating to each Transferred Employee as the Buyer may reasonably require in connection with its employment of such persons, including, without limitation, initial employment dates, termination dates, reemployment dates, hours of service, compensation and tax withholding history in a form that will be usable by the Buyer and such information shall be true and correct in all respects.

(e) Company 401(k) Plan. On or prior to the Termination Date, the Company shall take whatever action is necessary to cause the each Transferred Employee who is a participant in the Company's 401(k) Plan to be fully vested in his accounts under the Company's 401(k) Plan, to terminate his active participation in the Company's 401(k) Plan, and to cause the Company's 401(k) Plan to permit a distribution to such participant of his vested account balances as soon as practicable after his Termination Date. Each Transferred Employee who has satisfied the service requirement to participate in the Company's 401(k) Plan as of his Termination Date shall be eligible to participate in the Buyer's 401(k) Plan as soon as practicable following the date he first becomes a Transferred Employee. Each Transferred Employee who satisfies the service requirement to participate in the Company's 401(k) Plan after the Closing Date but on or before January 1, 2002 shall be eligible to participate in the Buyer's 401(k) Plan effective as of January 1, 2002. Each Transferred Employee who had not satisfied the service requirement to participate in the Company's 401(k) Plan as of his Termination Date or January 1, 2002, whichever is last to occur, will be eligible to participate in the Buyer's 401(k) Plan on the entry date following his completion of one year of service (taking into account service with the Company). The Buyer's 401(k) Plan shall accept "eligible rollover distributions" (within the meaning of Section 402(c) of the Code) from the Company's 401(k) Plan, made by or on behalf of Transferred Employees eligible to participate in the Company's 401(k) Plan, including participant loans whose term is not longer than five (5) years; provided, however, that such eligible rollover distributions are made in cash and do not include after-tax contributions or loans the term of which is

longer than five (5) years and that the Company provides reasonable evidence, as determined by the Buyer, of the qualified status of the Company's 401(k) Plan.

(f) Dependent Care Spending Account. The Company shall permit each Transferred Employee to continue to submit claims for reimbursement under the Company's dependent care spending account plan through the end of the plan year in which his Termination Date occurs based on amounts credited to such Transferred Employee's account under such plan as of his Termination Date.

(g) Division of Responsibility. The Company shall be solely responsible for all liabilities based upon, arising out of or relating to the Company Benefit Plans or the employment of the Transferred Employees by the Company, whether asserted prior to, on or after the Termination Date. The Buyer or one of its Affiliates shall be solely responsible for all liabilities based upon, arising out of or relating to the employee benefit plans of the Buyer or its Affiliates, as applicable, or the employment of the Transferred Employees by the Buyer or its Affiliates, as applicable, after such Transferred Employee first becomes a Transferred Employee.

(h) Vacation. Within fifteen (15) days after a Transferred Employee's Termination Date, the Company will pay each Transferred Employee cash in an amount equal to the value of his earned but unused vacation for the year in which the Termination Date occurs (subsequent to customary payroll deductions). Each Transferred Employee will be covered under the vacation policy of the Buyer or one of its Affiliates following the date such Transferred Employee first becomes a Transferred Employee; provided, that each Transferred Employee shall have at least the same number of annual vacation days as the number of vacation days such Transferred Employee would have under the Company vacation policy based on such Transferred Employee's service with the Company prior to the Transferred Employee's Termination Date and provided further that the utilization of such days shall be governed by the vacation policy of the Buyer or its Affiliates, as applicable.

Section 7.11. Transfer Taxes; Expenses. Any sales taxes, real property transfer or gains taxes, recording fees or any other taxes payable as a result of the Acquisition or any other action contemplated by this Agreement (other than any federal, state, local or foreign taxes measured by or based upon income or gains imposed upon the Buyer) will be paid fifty percent (50%) by the Company and fifty percent (50%) by the Buyer. The Parties will cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use, transfer, value added, stock transfer and stamp taxes, any transfer, recording, registration and other fees and any similar taxes which become payable in connection with the transactions contemplated hereby that are required or permitted to be filed on or before the Closing.

Section 7.12. Insurance. If requested by the Buyer, the Company shall in good faith cooperate with the Buyer and take all actions reasonably requested by the Buyer that are necessary or desirable to permit the Buyer to have available to it following the Closing the benefits (whether direct or indirect) of the insurance policies maintained by or on behalf of the Company related to the Business or the Assets that are currently in force provided that such

actions do not adversely affect the insurance coverage available to the Retained Business. All costs relating to the actions described in this Section 7.12 shall be borne by the Buyer.

Section 7.13. Non-Disclosure; Non-Competition.

(a) Confidential Information. The Company agrees that it shall hold in confidence at all times after the date hereof all Confidential Information, and shall not disclose, publish or make use of any Confidential Information at any time after the date hereof without the prior written consent of the Buyer, except as required by law. Each of the Buyer and the Company agree that each of them shall hold in confidence the financial terms of the Acquisition and related transactions, except as required by law.

(b) Noncompetition.

(i) The Company hereby acknowledges that the Business conducts Company Activities throughout the Territory. The Company acknowledges that to protect adequately the interest of the Buyer in the Business, it is essential that any noncompete covenant with respect thereto cover all Company Activities and the entire Territory, except as provided herein.

(ii) The Company hereby agrees that it shall not (nor shall any Person Controlled by the Company), during the Noncompete Period, in any manner, directly or indirectly or by assisting others, engage in any of the Company Activities within the Territory or have an equity or profit interest in, or render services (of an executive, marketing, manufacturing, research and development, administrative, financial or consulting nature) to, any Person or business that conducts any of the Company Activities in the Territory. The Company acknowledges and agrees that Company Activities include the redistribution of decorative plumbing supplies anywhere in the Territory on the basis described in the definition of such term, regardless of the jurisdiction in which the warehouse is located from which such products are shipped.

(iii) Notwithstanding the foregoing, the Company and Persons Controlled by it shall not be prohibited from (A) continuing the Company's regional internal distribution of products among its plumbing supply locations substantially consistent with past practice in terms of volume (taking into account any change in the number of locations), (B) warehousing and redistributing any product not regularly distributed by the Business, (C) acquiring or owning all or an interest in any Person or business that derives either less than 25% or less than $15 million of its annual revenues from Company Activities (at the time of acquisition) so long as the Company does not materially expand such Person's or business's geographic scope, warehousing, order processing or other relevant capabilities (either by new capital investment or integration with affiliated businesses) such that such Person or business expands its capabilities to compete

against the Business or (D) owning less than 5.0% of any class of securities that is traded on the NASDAQ Stock Market or a national securities exchange.

(iv) Notwithstanding clauses (B) and (C) of paragraph (iii) above, the Company shall be in breach of this Section 7.13(b) if at any time during the Noncompete Period (A) Tom Bromley or any of his current direct reports is employed by or acts as a consultant to the Company or any Person Controlled by it with respect to any Company Activities, (B) the Company or any Person Controlled by it acquires directly or indirectly the Plumb Source business and fails to divest such business within 12 months following the date of such acquisition or (C) the Company or any Person Controlled by it acquires any Person or business primarily engaged in the Company Activities.

(c) Employee Nonsolicitation. The Company hereby agrees neither it nor any Person Controlled by it shall, prior to the second (2nd) anniversary of the Closing Date, in any manner, directly or indirectly or by assisting others, recruit or hire away or attempt to recruit or hire away, on its behalf or on behalf of any other Person, any employee of the Company who is hired by the Buyer or its Affiliate pursuant to this Agreement. The foregoing shall not prohibit the Company or any Person Controlled by it from running general solicitation advertisements or conducting broad-based recruiting not targeted at the Business (e.g., job fairs) or from recruiting or hiring any Person who has not been employed by the Buyer for at least two months.

(d) Customer Nonsolicitation. The Company hereby agrees that for a period of five (5) years following the date of the Closing, neither it nor any Person Controlled by it shall for its own benefit or the benefit of others, other than for the Buyer and its Affiliates, solicit a customer of the Business for the purpose of providing the Company Activities (except as permitted by Section 7.13(b)(iii)).

(e) Supplier Non-Interference. The Company hereby agrees that neither it nor any Person Controlled by it shall, directly or indirectly or by assisting others, interfere with the relationship between the suppliers of the Business and the Buyer or its Affiliates following the Closing, except in a manner consistent with the best interests of the Buyer and its Affiliates.

(f) Activities in Louisiana. Notwithstanding the foregoing, the provisions of Sections 7.13(b), 7.13(c), 7.13(d) and 7.13(e) shall be inapplicable and of no effect with respect to any activities of the Company in the State of Louisiana, which activities are restricted by a separate agreement.

(g) Severability. If a judicial or arbitral determination is made that any of the provisions of this Section 7.13 constitutes an unreasonable or otherwise unenforceable restriction against the Company, the provisions of this Section 7.13 shall be rendered void only to the extent that such judicial or arbitral determination finds such provisions to be unreasonable or otherwise unenforceable with respect to the Company. In this regard, the Parties hereby agree that any judicial authority construing this Agreement shall be

empowered to sever any portion of the Territory, any prohibited business activity or any time period from the coverage of this Section 7.13 and to apply the provisions of this Section 7.13 to the remaining portion of the Territory, the remaining business activities and the remaining time period not so severed by such judicial or arbitral authority. Moreover, notwithstanding the fact that any provision of this Section 7.13 is determined not to be specifically enforceable, the Buyer shall nevertheless be entitled to recover monetary damages as a result of the breach of such provision by the Company. The time period during which the prohibitions set forth in this Section 7.13 shall apply shall be tolled and suspended for a period equal to the aggregate time during which the Company violates such prohibitions in any respect.

(h) Injunctive Relief. The Company hereby agrees that any remedy at law for any breach of the provisions contained in this Section 7.13 shall be inadequate and that the Buyer shall be entitled to injunctive relief in addition to any other remedy the Buyer might have under this Agreement.

(i) Termination of Noncompete. If (i) the Supply Agreement is no longer in effect and (ii) the Buyer refuses to supply special order decorative plumbing products to the Company on terms and prices competitive with its competitors, then the provisions of Sections 7.13(b) shall no longer be applicable with respect to the Company's internal warehousing and redistribution of special order decorative plumbing products to its Affiliates or facilities. If the Company believes that the Buyer has refused to supply products on competitive terms and prices, it shall give notice to the Buyer to that effect prior to engaging in Company Activities that are otherwise prohibited by Section 7.13(b). In addition, if (i) the Supply Agreement is no longer in effect and (ii) over any 12 month period the sales of the Buyer to non-Affiliates of the Buyer of products sold by the Business is less than $35 million, then the provisions of Sections 7.13(b) and (d) shall no longer be applicable to the Company.

Section 7.14. Risk of Loss. The risk of loss with respect to the Assets shall remain with the Company until the Closing. Until the Closing, the Company shall maintain in force all the policies of property damage insurance under which any of the Assets is insured. If before the Closing any of the Assets are lost, damaged or destroyed and the loss, damage or destruction would likely result in a Material Adverse Effect, then:

(a) the Buyer may terminate this Agreement in accordance with the provisions of Section 9.1(d); or

(b) the Buyer may require the Company to assign to the Buyer the proceeds of any insurance payable as a result of the occurrence of such loss, damage or destruction and to reduce the Purchase Price by the amount of the replacement cost of the Assets which were lost, damaged or destroyed less the amount of any proceeds of insurance payable as a result of the occurrence.

Section 7.15. Access. Following the Closing, the Buyer shall maintain the books and records included within the Assets for the greater of five years or the period that the Buyer would

retain them in accordance with its customary document retention practices. The Buyer shall provide the Company reasonable access to, and copies of, those books and records to the extent needed by the Company in connection with Taxes, Tax Returns and other reasonable business purposes.

Section 7.16. Power of Attorney. At and following the Closing, the Buyer shall execute such documents and take such actions as are reasonably requested by the Buyer to permit the Buyer to negotiate any checks payable to the Company that are delivered to the Bank accounts following the Closing. The Buyer shall remit to the Company within ten (10) Business Days of receipt any checks for payment of accounts receivables or incentive receivables that are Excluded Assets.

ARTICLE VIII
CONDITIONS TO CLOSING

Section 8.1. Conditions to Obligations of the Buyer. The obligations of the Buyer to consummate the transactions contemplated by this Agreement will be subject to the fulfillment at or prior to the Closing of each of the following additional conditions:

(a) Injunction. There will be no effective injunction, writ or preliminary restraining order or any order of any nature issued by a Governmental Entity of competent jurisdiction to the effect that the Acquisition may not be consummated as provided in this Agreement, no proceeding or lawsuit will have been commenced by any Governmental Entity for the purpose of obtaining any such injunction, writ or preliminary restraining order and no written notice will have been received from any Governmental Entity indicating an intent to restrain, prevent, materially delay or restructure the transactions contemplated by this Agreement, in each case where the Closing would (or would be reasonably likely to) result in a material fine or penalty payable by the Buyer or any of its Affiliates or to impose a more than a de minimus restraint or restriction on Buyer's operation of the Business following the Closing.

(b) Governmental Consents. All consents, approvals, orders or authorizations of, or registrations, declarations or filings with, any Governmental Entity required in connection with the execution, delivery or performance of this Agreement will have been obtained or made, except where the failure to have obtained or made any such consent, approval, order, authorization, declaration or filing would not result in a material fine or penalty payable by the Buyer or any of its Affiliates or any adverse effect on the assets, liabilities, results of operations, business or prospectus of the Business after the Closing.

(c) Representations and Warranties. The representations and warranties of the Company set forth in Article V (other than clause (i) of Section 5.6) shall have been true and correct as of the date hereof and shall be true and correct as of the Closing Date as though made on and as of the Closing Date, except insofar as such inaccuracies, individually or in the aggregate, would not have or result in a Material Adverse Effect (which, for the purposes of this Section 8.1(c), shall include only a Material Adverse Effect as defined in the first and third sentence of the definition thereof);

(d) Performance of Obligations of the Company. The Company shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement on or prior to the Closing Date;

(e) No Material Adverse Effect. Between the date hereof and the Closing Date, there shall not have occurred (nor shall the Buyer have become aware of) any Material Adverse Effect or any development likely to result in a Material Adverse Effect (which, for the purposes of this Section 8.1(e) shall include only a Material Adverse Effect as defined in the second and third sentences of the definition thereof);

(f) Company Certificate. The President and Chief Financial Officer of the Company shall have executed and delivered to the Buyer a certificate as to compliance with the conditions set forth in Sections 7.2(c) and(d);

(g) Consents. The Company shall have obtained and delivered to the Buyer the written consents (or waivers with respect thereto) as described on Schedule 8.1(g) in form reasonably acceptable to the Buyer, which with respect to the consent for any real property lease shall be in substantially the form attached hereto as Exhibit F, and all such consents shall be in full force and effect;

(h) Warehouse Consents. The Company shall have either (i) obtained and delivered to the Buyer the written consents as described on Schedule 8.1(h) in the form attached hereto as Exhibit F (all such consents shall be in full force or effect) or (ii) for each consent listed on Schedule 8.1(h) not obtained, obtained, at the Company's sole cost, a lease of a comparable warehouse in the same area (such warehouse space and lease terms to be approved in advance by the Buyer) and, at the Company's sole cost, relocated the relevant Assets and operations of the Business to the new warehouse with minimal disruption to the Business, all on a basis satisfactory to the Buyer;

(i) Software Consents. The Company shall have obtained and delivered to the Buyer the written consents and approvals of vendors as described on Schedule 8.1(i), and the Buyer and the Company shall have obtained all other consents and approvals and licenses reasonably satisfactory to the Buyer necessary to permit the Company to perform all of its obligations under the Transition Services Agreement and to permit the Buyer to create and operate the Buyer IT Environment (as defined in the Transition Services Agreement) and to operate the Business following the Closing consistent with past practice;

(j) Transition Services. The Buyer and the Company shall have completed all necessary actions such that the Company is able to commence the provision of Transition Services (as defined in the Transition Services Agreement) to the Buyer in accordance with the terms of the Transition Services Agreement immediately following the Closing.

(k) Release of Liens. The Company shall have delivered to the Buyer satisfactory evidence that all Liens affecting the Assets have been released, including all Liens in favor of Bank One, Inc.;

(l) Bank Accounts. Each person requested by the Buyer will have been removed as a signatory on the Bank Account;

(m) Opinion of Company's Counsel. The Buyer shall have received an opinion of Troutman Sanders LLP, counsel to the Company, dated the Closing Date, in the form attached hereto as Exhibit G;

(n) Ancillary Documents. The Company shall have delivered, or caused to be delivered, to the Buyer the following documents duly executed by all parties other than Buyer and its Affiliates:

(i) the Escrow Agreement;

(ii) the Lease Agreement;

(iii) the Sublease Agreement;

(iv) executed deeds, bills of sale, instruments of assignment, certificates of title and other conveyance documents, dated the Closing Date, transferring to the Buyer all of the Company's right, title and interest in and to the Assets, together with possession of the Assets;

(v) documents evidencing the assignment of the Business Contracts that are to be assigned to the Buyer and the assignment of any assignable Licenses;

(vi) a certificate by the Secretary or any Assistant Secretary of the Company, dated the Closing Date, as to (1) the good standing of the Company in its jurisdiction of incorporation, (2) no amendments to the Company's charter documents that would adversely affect the Company's obligations under this Agreement and (3) the effectiveness of the resolutions of the board of directors and the stockholders of the Company authorizing the execution, delivery and performance of this Agreement by the Company passed in connection with this Agreement and the transactions contemplated hereby; and

(vii) all other documents required to be entered into by the Company pursuant to this Agreement or reasonably requested by the Buyer to convey the Assets to the Buyer or to otherwise consummate the contemplated transactions in accordance with the terms of this Agreement.

Section 8.2. Conditions to Obligations of the Company. The obligations of the Company to consummate the transactions contemplated by this Agreement will be subject to the fulfillment at or prior to the Closing of each of the following conditions:

(a) Injunction. There will be no effective injunction, writ or preliminary restraining order or any order of any nature issued by a Governmental Entity of competent jurisdiction to the effect that the Acquisition may not be consummated as provided in this Agreement, no proceeding or lawsuit will have been commenced by any

Governmental Entity for the purpose of obtaining any such injunction, writ or preliminary restraining order and no written notice will have been received from any Governmental Entity indicating an intent to restrain, prevent, materially delay or restructure the transactions contemplated by this Agreement, in each case where the Closing would (or would be reasonably likely to) result in a material fine or penalty payable by the Company or a material restriction on the Company's operations as a result of such matter.

(b) Governmental Consents. All consents, approvals, orders or authorizations of, or registrations, declarations or filings with, any Governmental Entity required in connection with the execution, delivery or performance of this Agreement will have been obtained or made, except where the failure to have obtained or made any such consent, approval, order, authorization, declaration or filing would not result in a material fine or penalty payable by the Company or a material restriction on the Company's operations.

(c) Representations and Warranties. The representations and warranties of the Buyer set forth in Article VI shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date, except that those representations and warranties that by their terms are qualified by materiality shall be true and correct in all respects;

(d) Performance of Obligations by the Buyer. The Buyer shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement on or prior to the Closing Date;

(e) Certificates. The Buyer shall have delivered to the Company a certificate of an authorized officer as to compliance with the conditions set forth in Sections 8.2(c) and (d); and

(f) Ancillary Documents. The Buyer shall have delivered, or caused to be delivered, to the Company the following documents duly executed by Buyer or its Affiliates:

(i) documents evidencing the assumption of the Business Contracts and the Assumed Liabilities;

(ii) a certificate by the Secretary or any Assistant Secretary of the Buyer, dated the Closing Date, as to (1) the good standing of the Buyer in its jurisdiction of incorporation and (2) the effectiveness of the resolutions of the board of directors of the Buyer or committee thereof authorizing the execution, delivery and performance of this Agreement by the Buyer passed in connection with this Agreement and the transactions contemplated hereby;

(iii) the Escrow Agreement;

(iv) the Sublease Agreement;

(v) the Software License Agreement; and

(vi) all other documents required to be entered into or delivered by the Buyer at or prior to the Closing pursuant to this Agreement.

(g) Opinion of Buyer's Counsel. The Company shall have received an opinion of counsel to the Buyer, dated the Closing Date in the form attached hereto as Exhibit H.

ARTICLE IX
TERMINATION

Section 9.1. Termination. This Agreement may be terminated:

(a) in writing by mutual consent of the Parties;

(b) by written notice from the Company to the Buyer, if the Buyer (i) fails to perform in any material respect any of its agreements contained in this Agreement required to be performed by it on or prior to the Closing Date or (ii) materially breaches any of its representations and warranties contained in this Agreement, which failure or breach is not cured within ten (10) days after the Company has notified the Buyer of its intent to terminate this Agreement pursuant to this subparagraph (b);

(c) by written notice from the Buyer to the Company, if the Company (i) fails to perform in any material respect any of its agreements contained in this Agreement required to be performed by it on or prior to the Closing Date or (ii) materially breaches any of its representations and warranties contained in this Agreement, which failure or breach is not cured within ten (10) days after the Buyer has notified the Company of its intent to terminate this Agreement pursuant to this subparagraph (c);

(d) by written notice from the Buyer to the Company under the circumstances described in Section 7.14; or

(e) by written notice by the Company to the Buyer or the Buyer to the Company, as the case may be, if the Closing has not occurred on or prior to December 31, 2001 for any reason other than delay or nonperformance of the Party seeking such termination.

Section 9.2. Specific Performance and Other Remedies. The Parties each acknowledge that the rights of each Party to consummate the transactions contemplated by this Agreement are special, unique and of extraordinary character and that, in the event that any Party violates or fails or refuses to perform any covenant or agreement made by it in this Agreement, the non-breaching Party may be without an adequate remedy at law. The Parties agree, therefore, that in the event that any Party violates or fails or refuses to perform any covenant or agreement made by such Party in this Agreement, the non-breaching Party or Parties may, subject to the terms of this Agreement and in addition to any remedies at law for damages or other relief, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other equitable relief.

Section 9.3. Effect of Termination. In the event of termination of this Agreement pursuant to this Article IX, this Agreement will forthwith become void and there will be no liability on the part of any Party or its respective partners, officers, directors or stockholders, except for obligations under Section 7.8 (Public Announcements), Section 7.13(a) (Confidential Information), Section 11.1 (Notices), Section 11.6 (Controlling Law; Amendment), Section 11.14 (Transaction Costs), Section 11.15 (Consent to Jurisdiction, Etc.) and this Section 9.3, all of which will survive the Agreement Termination Date. Notwithstanding the foregoing, nothing contained in this Agreement will relieve any Party from liability for any breach of this Agreement.

ARTICLE X
INDEMNIFICATION

Section 10.1. Indemnification Obligations of the Company. The Company will indemnify, defend and hold harmless the Buyer Indemnified Parties from, against and in respect of any and all claims, liabilities, obligations, losses, costs, expenses, penalties, fines and judgments (at equity or at law) and damages whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to:

(a) any liability or obligation of the Company of any nature whatsoever, except the Assumed Liabilities;

(b) events or circumstances occurring or existing with respect to the ownership, operation and maintenance of the Business and the Assets on or prior to the Closing (other than Assumed Liabilities);

(c) any breach or inaccuracy of any representation or warranty made by the Company in this Agreement or in the Company Ancillary Documents;

(d) any breach of any covenant, agreement or undertaking made by the Company in this Agreement or in the Company Ancillary Documents;

(e) any fraud of the Company in connection with this Agreement or the Company Ancillary Documents; or

(f) non-compliance by the Parties with any applicable bulk sales law.

Section 10.2. Indemnification Obligations of the Buyer. The Buyer will indemnify and hold harmless the Company Indemnified Parties from, against and in respect of any and all claims, liabilities, obligations, losses, costs, expenses, penalties, fines and judgments (at equity or at law, including statutory and common) and damages whenever arising or incurred (including, without limitation, amounts paid in settlement, costs of investigation and reasonable attorneys' fees and expenses) arising out of or relating to:

(a) the Buyer's failure to perform, discharge or satisfy the Assumed Liabilities;

(b) events or circumstances occurring or existing with respect to the ownership, operation and maintenance of the Business and the Assets exclusively after the Closing; provided that the Company Indemnified Parties shall not be entitled to seek or obtain recovery under this Section 10.2(b) for any Company Losses arising out of or relating to any facts or circumstances that constitute a breach or inaccuracy of any representation, warranty or covenant of the Company contained in this Agreement;

(c) any breach or inaccuracy of any representation or warranty made by the Buyer in this Agreement or in any of the Buyer Ancillary Documents;

(d) any breach of any covenant, agreement or undertaking made by the Buyer in this Agreement or in any of the Buyer Ancillary Documents;

(e) any fraud of the Buyer in connection with this Agreement or the Buyer Ancillary Documents;

(f) (i) any failure with respect to the transactions contemplated hereby to advance notice of any "mass layoff," "mass termination" or "plant closing" within the meaning of WARN or otherwise triggered notice requirements or liability under any federal or state plant closing notice or collective dismissal law, or (ii) any claims under unemployment compensation law as a result of the employment offers intended by the Buyer which claims result in the receipt of unemployment compensation by a Business Employee; or

(g) workers' compensation claims asserted after the Closing by any Business Employee who accepts employment with the Buyer, regardless of when the injury or illness occurred.

Section 10.3. Indemnification Procedure.

(a) Promptly after receipt by an Indemnified Party of notice by a third party (including any Governmental Entity) of any complaint or the commencement of any audit, investigation, action or proceeding with respect to which such Indemnified Party may be entitled to receive payment from the other Party for any Buyer Losses or the Company Losses (as the case may be), such Indemnified Party will notify the Buyer or the Company, as the case may be (the "Indemnifying Party"); provided, however, that the failure to so notify the Indemnifying Party will relieve the Indemnifying Party from liability under this Agreement with respect to such claim only if, and only to the extent that, such failure to notify the Indemnifying Party results in the forfeiture by the Indemnifying Party of, or otherwise materially adversely affects, the rights and defenses otherwise available to the Indemnifying Party with respect to such claim. The Indemnifying Party will have the right, upon written notice delivered to the Indemnified Party within ten (10) days thereafter assuming full responsibility for any Buyer Losses or Company Losses (as the case may be) resulting from such audit, investigation, action or proceeding, to assume the defense of such audit, investigation, action or proceeding, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. In the event, however,

that the Indemnifying Party declines or fails to assume the defense of the audit, investigation, action or proceeding on the terms provided above or to employ counsel reasonably satisfactory to the Indemnified Party, in either case within such ten (10)-day period, then such Indemnified Party may employ counsel to represent or defend it in any such audit, investigation, action or proceeding and the Indemnifying Party will pay the reasonable fees and disbursements of such counsel as incurred. In any audit, investigation, action or proceeding for which the Indemnifying Party has assumed the defense, the Indemnified Party will have the right to participate in such matter and to retain its own counsel at the Indemnified Party's own expense. The Indemnifying Party will at all times use reasonable efforts to keep the Indemnified Party reasonably apprised of the status of the defense of any matter the defense of which the Indemnifying Party has assumed and to cooperate in good faith with the Indemnified Party with respect to the defense of any such matter.

(b) No Indemnified Party may settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder without the prior written consent of the Indemnifying Party, unless (i) the Indemnifying Party fails to assume and maintain the defense of such claim pursuant to Section 10.3(a) or (ii) such settlement, compromise or consent includes an unconditional release of the Indemnifying Party and its officers, directors, employees and Affiliates from all liability arising out of such claim. An Indemnifying Party may not, without the prior written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment with respect to which indemnification is being sought hereunder unless (x) such settlement, compromise or consent includes an unconditional release of the Indemnified Party and its officers, directors, employees and Affiliates from all liability arising out of such claim, (y) does not contain any admission or statement suggesting any wrongdoing or liability on behalf of the Indemnified Party and (z) does not contain any equitable order, judgment or term which in any manner affects, restrains or interferes with the business of the Indemnified Party or any of the Indemnified Party's Affiliates.

(c) In the event an Indemnified Party claims a right to payment pursuant to this Agreement, such Indemnified Party will send written notice of such claim to the appropriate Indemnifying Party. Such notice will specify the basis for such claim. As promptly as possible after the Indemnified Party has given such notice, such Indemnified Party and the appropriate Indemnifying Party will establish the merits and amount of such claim (by mutual agreement, litigation, arbitration or otherwise) and, within five (5) Business Days of the final determination of the merits and amount of such claim, the Indemnifying Party will pay to the Indemnified Party immediately available funds in an amount equal to such claim as determined hereunder.

Section 10.4. Claims Period. The Claims Periods under this Agreement shall begin on the date hereof and terminate as follows:

(a) with respect to Buyer Losses arising under (i) Section 10.1(c) with respect to any breach or inaccuracy of any Surviving Representations or (ii) with respect to the Surviving Obligations, the Claims Period shall continue indefinitely;

(b) with respect to Company Losses arising under Sections 10.2(a), 10.2(b), 10.2(d) or 10.2(e), the Claims Period shall continue indefinitely; and

(c) with respect to all other Buyer Losses or Company Losses arising under this Agreement, the Claims Period shall terminate on June 30, 2003.

Notwithstanding the foregoing, if, prior to the close of business on the last day of the applicable Claims Period, an Indemnifying Party shall have been properly notified of a claim for indemnity hereunder and such claim shall not have been finally resolved or disposed of at such date, such claim shall continue to survive and shall remain a basis for indemnity hereunder until such claim is finally resolved or disposed of in accordance with the terms hereof.

Section 10.5. Liability Limits. Notwithstanding anything to the contrary set forth herein, the Buyer Indemnified Parties shall not make a claim against the Company for indemnification under this Article X for Buyer Losses unless and until the aggregate amount of such Buyer Losses exceeds Six Hundred Fifty Thousand Dollars ($650,000) (the "Buyer Basket"), in which event the Buyer Indemnified Parties may claim indemnification for all Buyer Losses including the initial $650,000; provided, however, the Surviving Obligations, the Surviving Representations and the representations in Sections 5.16(c), (d), (e), (f), (g), (k), (m), (o), (r) and (s) shall not be subject to the Buyer Basket. The total aggregate amount of the Company's liability for Buyer Losses shall be limited to Sixty-Seven Million Five Hundred Thousand Dollars ($67,500,000) (the "Buyer Cap"); provided, however, the Surviving Obligations, the Surviving Representations and the representations in Sections 5.16(c), (d), (e), (f), (g), (k), (m), (o), (r) and (s) shall not be subject to the Buyer Cap.

Section 10.6. Exclusivity. The provisions set forth in Article X, together with any right to equitable remedies as provided in Section 7.13(g), shall be the exclusive remedy of the Company, the Buyer, their Affiliates and any Indemnified Party for any of the matters described in Section 10.1 or Section 10.2.

ARTICLE XI
MISCELLANEOUS

Section 11.1. Notices. All notices, communications and deliveries hereunder shall be made in writing signed by or on behalf of the party making the same, shall specify the Section hereunder pursuant to which it is given or being made, and shall be delivered personally or by telecopy transmission or sent by registered or certified mail (return receipt requested) or by any national overnight courier service (with postage and other fees prepaid) as follows:

If to the Buyer:

The Home Depot, Inc.
2455 Paces Ferry Road
Atlanta, Georgia 30339-4024
Attention: Senior Vice President, Legal
Telecopy No.: (770) 384-5842

With a copy to:

King & Spalding
191 Peachtree Street
Atlanta, Georgia 30303-1763
Attention: Michael J. Egan III
Telecopy No.: (404) 572-5146

If to the Company:

LCR-M Corporation
6232 Siegen Lane
Baton Rouge, Louisiana 70809
Attention: President
Telecopy No.: (225) 292-7572

With a copy to:

Troutman Sanders LLP
600 Peachtree Street
Atlanta, Georgia 30308-2216
Attention: W. Brinkley Dickerson, Jr.
Telecopy No.: (404) 885-3822

or to such other address or to such other person or persons designated in writing by such party or counsel, as the case may be. Any such notice, communication or delivery shall be deemed given or made (a) on the date of delivery if delivered in person, (b) on the first business day after delivery to a national overnight courier service, (c) upon transmission by facsimile if receipt is confirmed by telephone or (d) on the fifth business day after it is mailed by registered or certified mail.

Section 11.2. Schedules and Exhibits. The Schedules and Exhibits to this Agreement are hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement

Section 11.3. Assignment; Successors in Interest. No assignment or transfer by any Party of such Party's rights and obligations under this Agreement will be made except with the prior written consent of the other Parties to this Agreement; provided that the Buyer shall, without the obligation to obtain the prior written consent of any other Party to this Agreement, be entitled to assign this Agreement or all or any part of its rights or obligations hereunder to one (1) or more Affiliates of the Buyer and further provided that, in such event, the Buyer shall not be released from its obligations hereunder. This Agreement will be binding upon and will inure to the benefit of the Parties and their successors and permitted assigns, and any reference to a Party will also be a reference to a successor or permitted assign.

Section 11.4. Interpretation. Whenever the context so requires, the singular number will include the plural and the plural will include the singular, and the gender of any pronoun will include the other genders. Whenever used in this Agreement, the words "including", "includes" or "included" shall be deemed to be followed by the words "without limitation."

Section 11.5. Captions. The titles, captions and table of contents contained in this Agreement are inserted in this Agreement only as a matter of convenience and for reference and in no way define, limit, extend or describe the scope of this Agreement or the intent of any

provision of this Agreement. Unless otherwise specified to the contrary, all references to Articles and Sections are references to Articles and Sections of this Agreement and all references to Schedules or Exhibits are references to Schedules and Exhibits, respectively, to this Agreement.

Section 11.6. Controlling Law; Amendment. This Agreement will be governed by and construed and enforced in accordance with the internal laws of the State of Georgia without reference to its choice of law rules. This Agreement may not be amended, modified or supplemented, except by written agreement of the Parties.

Section 11.7. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by law, the Parties waive any provision of law which renders any such provision prohibited or unenforceable in any respect.

Section 11.8. Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which will be deemed an original, and it will not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) of such counterparts.

Section 11.9. Enforcement of Certain Rights. Nothing expressed or implied in this Agreement is intended, or will be construed, to confer upon or give any Person other than the Parties, and their successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, or result in such Person being deemed a third party beneficiary of this Agreement.

Section 11.10. Waiver. Any agreement on the part of a Party to any extension or waiver of any provision of this Agreement will be valid only if set forth in an instrument in writing signed on behalf of such Party. A waiver by a Party of the performance of any covenant, agreement, obligation, condition, representation or warranty will not be construed as a waiver of any other covenant, agreement, obligation, condition, representation or warranty. A waiver by any Party of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

Section 11.11. Integration. This Agreement and the documents executed pursuant to this Agreement supersede all negotiations, agreements and understandings among the Parties with respect to the subject matter of this Agreement, except for that certain Confidentiality Agreement, dated March 1, 2001, by and between the Buyer and the Company (which shall terminate at the Closing), and constitutes the entire agreement between the Parties.

Section 11.12. Compliance with Bulk Sales Laws. The Parties hereby waive compliance by the Parties with the bulk sales laws and any other similar laws in any applicable jurisdiction in respect of the transactions contemplated by this Agreement.

Section 11.13. Cooperation Following the Closing. Following the Closing, each of the Parties shall deliver to the others such further information and documents and shall execute and deliver to the others such further instruments and agreements as the other Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement or to assure to the other Party the benefits of this Agreement.

Section 11.14. Transaction Costs. Except as provided above or as otherwise expressly provided herein, (a) the Buyer will pay its own fees, costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees, costs and expenses of its financial advisors, accountants and counsel, and (b) the Company will pay the fees, costs and expenses of the Company incurred in connection with this Agreement and the transactions contemplated by this Agreement, including the fees, costs and expenses of its financial advisors, accountants and counsel. Notwithstanding the foregoing, the Company and the Buyer shall share equally the cost of making any filing pursuant to the HSR Act in connection with the transactions contemplated hereby.

Section 11.15. Consent to Jurisdiction, Etc. Each of the Parties hereby irrevocably consents and agrees that judicial proceedings with respect to a Legal Dispute shall be brought only to the exclusive jurisdiction of the courts of the State of Delaware or the federal courts located in the State of Delaware. The Parties agree that, after a Legal Dispute is before a court as specified in this Section 11.15 and during the pendency of such Legal Dispute before such court, all actions, suits or proceedings with respect to such Legal Dispute or any other Legal Dispute, including, without limitation, any counterclaim, cross-claim or interpleader, shall be subject to the exclusive jurisdiction of such court. Each of the Parties hereby waives, and agrees not to assert, as a defense in any legal dispute, that such Party is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in such court or that such Party's property is exempt or immune from execution, that the action, suit or proceeding is brought in an inconvenient forum or that the venue of the action, suit or proceeding is improper. Each Party hereto agrees that a final judgment in any action, suit or proceeding described in this Section 11.15 after the expiration of any period permitted for appeal and subject to any stay during appeal shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable laws.

Section 11.16. Representation by Counsel; Interpretation. The Buyer and the Company acknowledge that they have been represented by counsel in connection with this Agreement and the transactions contemplated hereby. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the party that drafted it has no application and is expressly waived.

IN WITNESS WHEREOF, the Parties have executed or caused to be executed this Agreement effective as of the day and year first above written.

HOME DEPOT U.S.A., INC.

Name: Dennis J. Carey
Office: Executive Vice President of Business Development, Strategy and Corporate

LCR-M CORPORATION

Name: John D. Lyle
Office: Chairman

IN WITNESS WHEREOF, the Parties have executed or caused to be executed this Agreement effective as of the day and year first above written.

HOME DEPOT U.S.A., INC.

Name: Dennis J. Carey
Office: Executive Vice President of Business Development, Strategy and Corporate

LCR-M CORPORATION

Name: John D. Lyle
Office: Chairman