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To the Honorable Commi

ched original documents or copy thereof.

100966229

1. Name of conveying party(ies):

Springs Industries, Inc.  
205 North White Street  
P. O. Box 70  
Fort Mill, SC 29716

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State: South Carolina
- Other \_\_\_\_\_

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other Asset Purchase Agreement (Assignment of rights in Title and Interest)

Execution Date: December 18, 1998

02/18/1999 SBURNS 00000057 75389772

01 FC:481 40.00 OP  
02 FC:482 100.00 OP

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)  
**SEE ATTACHED SCHEDULE 3.7 (iii)**

Name and address of receiving party(ies):

Name: Chiquola Industrial Products Group, LLC

Internal Address: P. O. Box 545

Street Address: Highway 178 South

City: Honea Path State: SC ZIP: 29654

- Individual(s) citizenship \_\_\_\_\_
- Association \_\_\_\_\_
- General Partnership \_\_\_\_\_
- Limited Partnership \_\_\_\_\_
- Corporation-State \_\_\_\_\_

Other - Limited Liability Company - Delaware

If assignee is not domiciled in the United States, a domestic representative designation is attached:

- Yes  No
- (Designations must be a separate document from Assignment)
- Additional name(s) & address(es) attached?  Yes  No

Additional numbers attached?  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Federal Research Corp.

1

Internal Address: \_\_\_\_\_

Street Address: 400 Seventh Avenue, N.W.

Suite 101

City: \_\_\_\_\_ State: DC ZIP: 20004

6. Total number of applications and registrations involved: 5

7. Total fee (37 CFR 3.41): \$140.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document

Daphne E. Schmitt  
Name of Person Signing

*[Signature]*  
Signature

January 13, 1999  
Date

Total number of pages including cover sheet, attachments and document:

107

**TRADE MARKS FOR CHIQUOLA INDUSTRIAL PRODUCTS GROUP, LLC**

Registration No.

**CHIQUOLA® INDUSTRIAL FABRICS**

2,141,366

**CHIQUOLA® YARNS**

**FIREGARD®**

**UNMATCHED PERFORMANCE™**

75/389772

**SENTRY SACT™**

2,102,166

**ENDOGARD®**

1,988,985

**SEN THE FIRE STOMPER™**

**CENTRAGARD®**

75/323272

**\*Firegard® is a Trademark in the following countries:**

Canada  
France  
G. Britain  
Italy

Japan  
Mexico  
Spain  
Taiwan

12/16 98 09:37 NO.108 03/29

864 369 3059

ASBEVILLE PLANT

## ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT (the "Agreement"), made this 18th day of December 1998, by and between CHIUOLA INDUSTRIAL PRODUCTS Group, LLC, a Delaware limited liability company ("Purchaser"), and SPRINGS INDUSTRIES, INC., a South Carolina corporation ("Seller").

### Background

Through its Industrial Products Division, Seller manufactures at its Abbeville Plant and Chiquola Plant (together, the "Plants"), markets and sells certain industrial products (the "Business"). Purchaser desires to purchase for cash substantially all of the assets of Seller used primarily in the Business and assume certain liabilities of Seller, and Seller desires to sell these assets and transfer these liabilities to Purchaser, all on the terms and conditions set forth in this Agreement.

### Terms

In consideration of the mutual covenants contained herein and intending to be legally bound, the parties hereto agree as follows:

**ARTICLE I****DEFINITIONS**

1.1 **Certain Definitions.** As used in this Agreement, the following terms shall have the respective meanings ascribed to them in this Section:

(a) "Accounts Receivable" is defined in Section 2.1(c).

(b) "Affiliate" of any Person means any Person, directly or indirectly controlling, controlled by or under common control with such Person.

(c) "Applicable Accounting Principles" are defined in Schedule 2.6(d).

(d) "Applicable Rate" means the reference rate plus .5%, as announced from time to time by LaSalle Business Credit, Inc..

(e) "Assigned Contracts" are defined in Section 2.1(g).

(f) "Assumed Liabilities" is defined in Section 2.3.

(g) "Authority" means any federal, state, local or foreign governmental or regulatory agency or authority.

(h) "Business" means the business of Seller's Industrial Division, which involves marketing and selling products manufactured at the Chiquola and Abbeville Plants.

- (i) "Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in New York City, New York are authorized or obligated by law or executive order to close.
- (j) "Closing" is defined in Section 2.5.
- (k) "Closing Date" means the date and time specified by Seller and Purchaser in writing as the effective date and time of the sale and purchase of assets as provided in this Agreement.
- (l) "Closing Statement" is defined in Section 2.6(e)(i)
- (m) "Code" means the Internal Revenue Code of 1986, as amended.
- (n) "Confidential Information" means any information concerning the Business that is not generally available to the public.
- (o) "Contributed Assets" is defined in Section 2.6(a).
- (p) "Direct Claim" is defined in Section 9.6(d).
- (q) "Employee Benefit Plan" means any Employee Pension Benefit Plan or Employee Welfare Benefit Plan or material fringe benefit plan or program.
- (r) "Employee Pension Benefit Plan" has the meaning set forth in ERISA Sec. 3(2).
- (s) "Employee Welfare Benefit Plan" has the meaning set forth in ERISA Sec. 3(1).

(t) "Engaging in Competition" is defined in Section 6.5(a).

(u) "Environmental, Health and Safety Laws" means the

Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended and all other laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees and rulings thereunder) of federal, state and local governments concerning pollution or protection of the environment or health and safety.

(v) Estimated Cash Purchase Price is defined in Section 2.6(c).

(w) Estimated Purchase Price" is defined in Section 2.6(d).

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

(y) "Excluded Assets" means the assets identified in Section 2.2 hereof.

(z) "Financial Statements" is defined in Section 3.4(a).

(aa) "GAAP" means Generally Accepted Accounting Principles as applied in the United States.

(bb) "HSR Act" is defined in Section 5.3

(cc) "Indemnity Payment", "Indemnatee", "Indemnification Party", and "Indemnifiable Losses" are defined in Section 9.2.

(dd) "Intellectual Property" means (a) all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (b) all trademarks, service marks, trade dress, logos, brand names and trade names including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, (d) all inventions, discoveries, know how, trade secrets and confidential business information, (e) all other proprietary rights, and (f) all copies and tangible embodiments thereof (in whatever form or medium).

(ee) "Inventory" is defined in Section 2.1(b).

(ff) "Liability" or "Liabilities" means any liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including any liability for Taxes.

(gg) "Lien" means any lien, charge, claim, pledge, security interest, mortgage, deed to secure debt, deed of trust or other encumbrance.

(hh) "Material Adverse Effect" means any material adverse change in the financial condition, profitability or results of operations of the Business, taken as a whole, as prevailing on October 3, 1998.

(ii) "Net Value of Purchased Assets" is defined in Schedule 2.6(d).

(jj) "Non-Competition Area" is defined in Section 6.5(a).

(kk) "Non-Competition Term" is defined in Section 6.5(c).

(ll) "Nonassignable Contract" is defined in Section 2.4.

(nn) "Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

(oo) "Permitted Encumbrances" are defined in Section 3.6(i)(A).

(pp) "Person" means an individual, a corporation, a partnership, an association, an Authority, a trust or other entity or organization.

(qq) "Plants" means Seller's Abbeville and Chiquola Plants.

(rr) "Preferred Stock" means the Series A Preferred Units of the Purchaser to be issued by Purchaser to Buyer having a liquidation value of \$2,000,000.

(ss) "Purchase Price" is defined in Section 2.6(d).

(tt) "Purchased Assets" is defined in Section 2.1.

(uu) "Purchased Real Property" means the real property identified on Schedule 3.6(i).

(vv) "Purchaser's Accountants" means Deloitte & Touche LLP or any firm of independent public accountants hereafter designated by Purchaser for purposes of this Agreement.

(ww) "Purchaser Notes" is defined in Section 2.6(c).



(xx) "Restricted Business" is defined in Section 6.5(a).

(yy) "Returns" is defined in Section 6.10.

(zz) "Seller's Accountants" means Deloitte & Touche LLP or any firm of independent public accountants hereafter designated by Seller for purposes of this Agreement.

(aaa) "Seller Delivered Agreements" is defined in Section 3.2.

(aaa) "Statement Date" is defined in Section 2.6(e)(i).

(bbb) "Third Accounting Firm" is defined in Section 2.6(e)(i).

(ccc) "Third Party Claim" is defined in Section 9.2(a).

(ddd) "Transfer Documents" is defined in Section 9.1(a).

## ARTICLE II

### THE TRANSACTION

2.1 Sale and Purchase of Assets. Subject to the terms and conditions of this Agreement, at Closing Seller shall cause to be sold, transferred and conveyed to Purchaser and Purchaser shall purchase and accept from Seller, the following assets and properties of Seller (other than any Excluded Assets) [collectively, the "Purchased Assets"]:

(a) All Purchased Real Property and all improvements, fixtures, furniture, machinery and equipment located at the Abbeville Plant or the Chiquola Plant;

(b) All inventory, including raw materials, work-in-process, finished goods, supplies and related packaging materials of Seller located at the Abbeville Plant or the Chiquola Plant and all other inventory of Seller used primarily in the Business (collectively, the "Inventory"). Schedule 2.1(b) sets forth the locations as of December 5, 1998 of the Inventory of Seller including Inventory located at vendors and at public warehouses;

(c) All notes and accounts receivable of Seller related solely to the Business which are less than 90 days past due or less than 120 days from invoice date (the "Accounts Receivable");

(d) All licenses, permits, consents, variances, and other like authorizations from any Authority possessed by Seller, which are related primarily to the Business, and which are necessary to the conduct of operations of the Business, to the extent assignable;

(e) All Intellectual Property used solely in the Business except the trademarks and patents identified on Schedule 2.1(e);

(f) The prepaid expenses and deposits identified on Schedule 2.1(f);

(g) The contracts, leases and subleases identified on Schedule 2.1(g) or entered into by Seller primarily with respect to the Business in the ordinary course of business and permitted under Section 5.5 (collectively the "Assigned Contracts");

(h) Original books and records of Seller maintained at the

Plants and related solely to the Business;

(i) All the rights in, to and under all contracts, purchase orders

and sales orders related solely to the Business;

(j) All advertising materials, sales literature, promotional

literature, catalogs and similar materials related solely to the Business;

(k) All rights, to the extent transferable, under or pursuant to all

warranties, representations and guaranties, if any, made by manufacturers, vendors

and suppliers in connection with products or services furnished to Seller primarily with

respect to the Business (provided; however, Seller, if it so elects, may assert any such

right under or pursuant to said warranties, representations and guaranties in order to

defend any claims arising out of Seller's operation of the Business);

(l) All telephone numbers relating primarily to the Business

other than Seller's tie line numbers;

(m) Seller's rights, if any, to the "Chiquola Industrial Products"

name; and

(n) All tangible or intangible assets either (i) located at the

Plants, or (ii) used exclusively in the Business, including, without limitation, the vehicles

identified on Schedule 2.1(n).

**2.2 Excluded Assets.** Any and all assets of Seller not specifically included in Section 2.1 shall be excluded from the Purchased Assets (the "Excluded Assets"), including without limitation:

- (a) Original copies of books and records that Seller is required to retain pursuant to any statute, rule, regulation or ordinance;
- (b) Original copies of general books of account and books of original entry that comprise Seller's permanent accounting or tax records and Seller's stock records and minute books;
- (c) All cash, cash equivalents and bank accounts of Seller (excluding Seller's petty cash account maintained at the Plants);
- (d) All assets of Seller not used solely in the Business other than Inventory and Equipment located at the Abbeville Plant and the Chiquola Plant;
- (e) Licenses, permits or other certificates of authority which, by their terms, are nonassignable, including those identified in Schedule 2.2(e) as being retained by the Seller;
- (f) All accounts receivable that are more than 90 days past due or more than 120 days from invoice date; and
- (g) The Contributed Assets.

**2.3 Obligations Under Assigned Contracts: Assumed Liabilities.**

Subject to the terms and conditions of this Agreement, at the Closing Seller will assign and transfer to Purchaser (a) the Assigned Contracts and (b) the liabilities identified on

Schedule 2.3(b) hereto (the Assigned Contracts and the liabilities identified on Schedule 2.3(b) are collectively referred to herein as the "Assumed Liabilities"), and Purchaser will assume all of the Assumed Liabilities in accordance with the respective terms thereof.

Notwithstanding the foregoing, no liabilities and obligations of the Business (whether accrued, absolute, known, unknown, contingent or otherwise) that are not expressly included among Assumed Liabilities shall be assumed by Purchaser and all such liabilities and obligations shall remain the sole and exclusive responsibility of Seller. This is an asset purchase transaction and Purchaser is not assuming, and shall not be liable for, any liabilities or obligations of the Business arising or relating to any period prior to the Closing, except for the Assumed Liabilities. Without limiting the foregoing, Purchaser is not assuming any product liability or warranty claims with respect to products shipped prior to the Closing Date.

2.4 Consent of Third Parties. Nothing in this Agreement shall be construed as an attempt by Seller to assign to Purchaser pursuant to this Agreement any contract, agreement, permit, franchise, claim or asset included in the Purchased Assets which is by its terms or by law nonassignable without the consent of any other party or parties, unless such consent or approval shall have been given, or as to which all the remedies for the enforcement thereof available to Seller would not by law pass to Purchaser as an incident of the assignments provided for by this Agreement (a "Non-Assignable Contract"). To the extent that the assignment or novation of any such

consent or approval in respect of a Non-Assignable Contract shall not have been obtained on or before the Closing, the parties hereto shall use reasonable efforts and shall cooperate in any reasonable arrangement to assure Purchaser the benefits of such Non- Assignable Contract to the extent permitted by law and Purchaser shall perform Seller's obligations under the Non-Assignable Contracts to the extent of any benefit received by Purchaser.

2.5 Closing and Deliveries. Subject to the terms and conditions of this Agreement, the closing of the sale and purchase of the Purchased Assets (the "Closing") shall take place at the offices of Seller, at 10:00 A.M. on December 18, 1998 or if the conditions to Closing set forth in Article VI of this Agreement shall not have been satisfied by such date, as soon as practicable after such conditions shall have been satisfied, provided that the Closing shall not be extended beyond January 15, 1999, without written consent of both parties, and shall be effective as of 11:59 p.m. on December 19, 1998.

Subject to the terms and conditions of this Agreement, at the Closing: (a) Seller shall deliver to Purchaser such instruments of transfer, including, without limitation, general warranty deeds for the Purchased Real Property, as shall be sufficient to vest in Purchaser good and marketable title to the Purchased Assets free and clear of all Liens (other than Permitted Encumbrances); and (b) Purchaser shall deliver to Seller appropriate instruments of assumption as to the Assumed Liabilities and the parties shall execute and deliver the agreements identified on Schedule 2.5.

2.6 Basic Transaction.

(a) Contribution of Assets. Subject to the terms of this Agreement and the Purchaser LLC Agreement dated December 18, 1998, among Purchaser, Seller and Marvin B. Fuller, et al, Seller shall contribute, as of the Closing Date on a tax-free basis in exchange for 200,000 Series A Preferred Units in Purchaser (\$2,000,000), machinery and equipment located at the Plants identified by Seller's property classification account number Class 0182 with a net book value of \$2,000,000, determined by starting with the earliest acquisition date on Seller's schedule of Class 0182 assets (together, the "Contributed Assets").

(b) Installment Sale. Seller shall convey as of the Closing Date the land and buildings included in the Purchased Real Property (the "Installment Sale Assets") to the Purchaser in consideration for delivery at Closing to Seller of Purchaser's note with a principal amount of \$3,500,000. The net book value of the Installment Sale Assets is \$3,438,414.

(c) Cash Purchase Price. The aggregate cash price to be paid by Purchaser for the purchase of the Purchased Assets other than the Installment Sale Assets shall be \$1,938,414 plus the Net Value of Purchased Assets as of the Closing Date, excluding the Installment Sale Assets. At the Closing, Purchaser shall deliver to Seller (i) \$\_\_\_\_\_ (the "Estimated Cash Purchase Price") in immediately available funds, by wire transfer to the account designated by Seller in writing to Purchaser prior to the Closing, and (ii) the Purchaser's note with a principal amount of

\$\_\_\_\_\_ (together with the \$3.5 million Purchaser's note referenced in Section 2.6(b) above, (the "Purchaser's Notes").

(d) Definitions.

(i) The "Estimated Purchase Price" equals the Estimated Cash Purchase Price plus the principal amount of the Purchaser's Notes.

(ii) The "Purchase Price" equals \$2,000,000 plus the Net Value of Purchased Assets .

(iii) The "Net Value of Purchased Assets" means the book value of Purchased Assets less Assumed Liabilities on the Closing Date, determined in accordance with the Applicable Accounting Principles, as defined in Schedule 2.6(d).

(e) Post-Closing Adjustment to Purchase Price.

(i) Within thirty (30) days after the Closing, Seller shall prepare and deliver to Purchaser a statement (the "Closing Statement") of Net Value of Purchased Assets as of the close of business on the Closing Date (the "Statement Date") determined, in accordance with the Applicable Accounting Principles.

(ii) Subject to this Section 2.6(e)(ii), the Closing Statement and calculation of Purchase Price delivered by Seller to Purchaser shall be deemed to be and shall be final, binding and conclusive on the parties hereto. Purchaser and Purchaser's Accountants shall be provided access to the workpapers of Seller's Accountants relating to their report referred to above and Purchaser may dispute any amounts reflected on the Closing Statement or in the calculation of



Purchase Price, but only on the basis that the Net Value of Purchased Assets was not prepared and presented in accordance with the Applicable Accounting Principles; provided, however, that Purchaser shall notify Seller in writing of each disputed amount, and specify the amount thereof in dispute, within 30 days of Purchaser's receipt of the Closing Statement. In the event of such a dispute, Seller and Purchaser shall attempt to resolve the differences and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties. If Seller and Purchaser are unable to reach a resolution to such effect within 10 days of receipt of Purchaser's written notice of dispute to Seller, Purchaser and Seller shall submit within 7 days following the end of the 10-day period the amounts remaining in dispute for resolution to an independent accounting firm identified on Schedule 2.6(e)(ii), to be selected as provided on Schedule 2.6(e)(ii) (such independent accounting firm being herein referred to as the "Third Accounting Firm"), which shall, within 30 days after such submission, determine and report to the parties upon such remaining disputed amounts. The determinations of the Third Accounting Firm shall be within the range of the parties' written positions regarding the matter in dispute and shall be final, binding and conclusive on the parties hereto. The fees and disbursements of the Third Accounting Firm shall be allocated between Purchaser and Seller so that Purchaser shall pay the percentage of such fees and disbursements obtained by dividing (A) the aggregate amount of such remaining disputed amounts so submitted by Purchaser to the Third Accounting Firm that is unsuccessfully disputed by Purchaser (as finally

determined by the Third Accounting Firm) by (B) the total amount of such remaining disputed amounts so submitted by Purchaser to the Third Accounting Firm and Seller shall pay the balance.

(iii) If the Purchase Price, as finally determined in accordance with Section 2.6(e)(ii), exceeds the Estimated Purchase Price, Purchaser shall pay Seller the difference in cash in immediately available funds by wire transfer. If the Estimated Purchase Price exceeds the Purchase Price, as finally determined in accordance with Section 2.6(e)(ii), Seller shall pay Purchaser the difference in cash in immediately available funds by wire transfer. Purchaser or Seller, as the case may be, shall make any payment required pursuant to this Section 2.6(e)(iii) within one business day after the Purchase Price has been finally determined in accordance with this Section 2.6(e), together with interest thereon at the Applicable Rate for the period commencing on the Closing Date through the date on which the required payment is paid, such interest to be calculated at the Applicable Rate based upon the actual number of days elapsed between the Closing Date and the date of payment and assuming a 360-day year.

2.7 Allocation of Purchase Price. The Seller and the Purchaser shall negotiate in good faith with respect to the allocation of the Purchase Price among the Purchased Assets, and if they are able to reach an agreement, either before or after the Closing with respect to such allocation, then the Purchaser and the Seller shall use such allocation for the purposes of complying with Internal Revenue Code Section 1060

and for filing Form 8594 with the Internal Revenue Service, and the Purchaser and the Seller agree that they will not take or cause to be taken any action that would be inconsistent with such allocation. Each of the parties to this Agreement agrees that all applicable tax returns made by such party, or by any person controlled by such party, will accurately reflect such allocation. If no agreement as to allocation can be reached, then the Purchaser and the Seller may each adopt different positions with respect to the allocation of Purchase Price among the Purchased Assets.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SELLER

Seller makes the following representations and warranties to Purchaser as of the date hereof and as of the Closing subject to amendment and qualification as provided in Section 5.7; all of which shall survive the Closing, subject to Section 9.1:

3.1 Organization and Good Standing.

Seller is a corporation validly existing and in good standing under the laws of the State of South Carolina and has all requisite corporate power and corporate authority to own, lease and operate its properties and assets as now owned, leased and operated and to carry on the Business as and where presently being conducted. Seller is qualified to transact business as a foreign corporation in all jurisdictions in which the ownership of its property or the conduct of its business

requires such qualification and in which the failure to qualify would have a Material Adverse Effect.

3.2 Authorization and Enforceability. Seller has full corporate power and corporate authority to make, execute, deliver and perform this Agreement and the other documents and instruments contemplated hereby (the "Seller Delivered Agreements"), and the execution, delivery and performance of this Agreement and the Seller Delivered Agreements by Seller have been duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller and constitutes, and the Seller Delivered Agreements will be, when executed and delivered by Seller and Purchaser, the valid and legally binding obligations of Seller enforceable against Seller in accordance with their respective terms, all subject as to enforceability to applicable bankruptcy, reorganization, insolvency and other similar laws affecting creditors' rights generally and general equitable principles.

3.3 No Violation of Laws or Agreements. The execution, delivery and performance of this Agreement and the Seller Delivered Agreements by Seller do not (a) subject to satisfaction of the requirements of the HSR Act, as defined in Section 5.3, violate any provision of applicable law, rule, regulation or ordinance, (b) violate any judgment, order, writ or decree of any court or other tribunal applicable to Seller, (c) violate or result in a default under any of the provisions of the certificate of incorporation or the bylaws of Seller or (d) except as set forth in Schedule 3.3, violate or otherwise

constitute a default or result in the creation or imposition of any Lien on any of the Purchased Assets (with or without the giving of notice or the lapse of time or both) under any material agreement, bond, note or indenture by which Seller or any of its properties or assets are bound.

3.4(a) Financial Statements. Attached hereto as Schedule 3.4(a) are the following financial statements (collectively the "Financial Statements") for the Business: (i) unaudited statement of the classes of assets to be purchased and certain liabilities and statement of sales and profit from operations as of and for the fiscal years ended January 3, 1998 and December 28, 1996; and (ii) a tentative statement of sales and profit from operations (the "Most Recent Income Statement") for the eleven-month period ended December 5, 1998 and (iii) an financial statement of the classes of assets to be purchased as of October 3, 1998. Except as set forth on Schedule 3.4(a), (i) the Financial Statements as of and for the fiscal year ended January 3, 1998 were included in the audited consolidated financial statements of Seller as of and for the respective year and include all necessary audit adjustments for purposes of the consolidation; (ii) the Financial Statements were prepared in accordance with the Applicable Accounting Principles and are consistent with the books and records of the Business; except as qualified in the Applicable Accounting Principles; and (iii) the Financial Statements fairly present the financial condition and results of operation of the Business as of and for the periods indicated; but the Financial Statements include certain

estimates and assumptions regarding intracompany transfers and do not purport to present the Business as an independent profit center or entity.

(b) Except as set forth on Schedule 3.4(b), since January 3, 1998, there has not been any material adverse change in the financial condition, operations, results of operations, or, to the knowledge of Seller, future prospects of the Business. With respect to the Business, except as set forth on Schedule 3.4(b), since January 3, 1998 :

(i) Seller has not sold, leased, transferred, or assigned any of the Business' assets, tangible or intangible, other than inventory for fair consideration in the Ordinary Course of Business;

(ii) Seller has not entered into any agreement, contract, lease, or license relating to the Business outside the Ordinary Course of Business;

(iii) No Lien has been imposed upon any of the Business' assets, tangible or intangible;

(iv) Seller has not made any capital expenditure relating primarily to the Business (or series of related capital expenditures) either involving more than \$50,000 or outside the Ordinary Course of Business;

(v) Seller has not delayed or postponed the payment of accounts payable and other Liabilities relating primarily to the Business outside the Ordinary Course of Business;

(vi) Seller has not granted any license or sublicense of any rights under or with respect to any Intellectual Property relating solely to the Business;

(vii) There has been no material damage, destruction, or loss (whether or not covered by insurance) to the Purchased assets of the Business;

(viii) Seller has not entered into any employment contract or collective bargaining agreement with respect to employees at the Business, written or oral, or modified the terms of any existing such contract or agreement;

(ix) Seller has not granted any increase in the base compensation, bonus arrangements or fringe benefits of any of the employees of the Business outside the Ordinary Course of Business; and

(x) Seller has not made any other change in employment terms for any of the officers and employees of the Business outside the Ordinary Course of Business;

(xi) Seller has not accelerated collection of accounts receivable outside the ordinary course of Business.

3.5 Legal Compliance. To the knowledge of Seller, Seller is in compliance with all applicable laws, regulations and orders of federal, state, and local governments with respect to the Business, except where noncompliance would not have a Material Adverse Effect, and, except for pending workers' compensation claims and litigation (the liability for which is being retained by Seller), no action, suit,

proceeding, hearing, investigation, charge, complaint, claim, demand or notice has been filed or commenced alleging any failure to comply.

3.6 Real Property.

(i) Schedule 3.6(i) lists and describes all real property included in the Purchased Assets (the "Purchased Real Property"). With respect to the Purchased Real Property , except as set forth on Schedule 3.6(i):

(A) Seller has good and marketable title to the Purchased Real Property, free and clear of any Lien, except for installments of real estate taxes not yet due and payable and recorded easements, covenants and other restrictions which do not materially impair the current use, occupancy or value of the parcel ("Permitted Encumbrances.");

(B) There are no pending or, to Seller's knowledge, threatened condemnation proceedings, lawsuits, or administrative actions relating to the Purchased Real Property, or other matters affecting materially and adversely the current use or occupancy thereof;

(C) All facilities located on the Purchased Real Property have received all material approvals of Authorities (including licenses and permits) required in connection with the ownership or operation thereof and to Seller's knowledge are operated and maintained in all material respects in accordance with applicable laws, rules, and regulations;



(D) As to the parcels of the Purchased Real Property that include the Plants, there are no leases, subleases, licenses, or other agreements, written or oral, granting to any party or parties the right of use or occupancy of any portion of the parcels;

(E) There are no outstanding options or rights of first refusal to purchase any of the Purchased Real Property, or any portion thereof or interest therein;

(ii) Schedule 3.6(ii) lists and describes briefly all leased or subleased real property included in the Purchased Assets. Seller has delivered to the Purchaser correct and complete copies of the leases and subleases listed in Schedule 3.6(ii) (as amended to date). With respect to each lease and sublease listed in the schedule:

(A) The lease or sublease is valid, binding, enforceable, and in full force and effect;

(B) Subject to obtaining any required consents, the lease or sublease will continue to be valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby;

(C) Seller is not, and to Seller's knowledge, no other party to the lease or sublease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(D) To Seller's knowledge no party to the lease or sublease has repudiated any provision thereof;

(E) All facilities leased or subleased thereunder have received all approvals of governmental authorities (including licenses and permits) required in connection with the operation thereof and have been operated and maintained in accordance with applicable laws, rules, and regulations;

3.7 Intellectual Property.

(i) Seller owns or has the right to use, pursuant to license or sublicense (which licenses and sublicenses are fully assignable to Purchaser without additional payment), agreement, or permission, all Intellectual Property necessary for the operation of the Business as presently conducted.

(ii) To Seller's knowledge, Seller has not in conducting the Business infringed or misappropriated any Intellectual Property rights of other Persons, and Seller has not received any charge, complaint, claim, demand, or notice alleging any such infringement or misappropriation. To Seller's knowledge, no third party has infringed upon, or misappropriated any Intellectual Property that Seller owns or uses in connection with the Business.

(iii) Schedule 3.7(iii) identifies each patent and trademark registration and application for patents and trademarks owned by Seller which is used primarily in the Business and each license, agreement, or other permission used primarily in or necessary for the Business which Seller has granted to any third party

with respect to any of its Intellectual Property (together with any exceptions). Seller has delivered to Purchaser correct and complete copies of all documents which evidence Seller's ownership of the Intellectual Property used primarily in the Business and of all licenses, agreements, and permissions (as amended to date) involving Intellectual Property used primarily in the Business owned by Seller.

(iv) Schedule 3.7(iv) identifies each item of Intellectual Property that any third party owns and that is used primarily in connection with the Business pursuant to license, sublicense, agreement, or permission. Seller has delivered to Purchaser correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date).

3.8 Tangible Assets. Seller owns or leases all machinery, equipment, and other tangible assets necessary for the conduct of the Business as presently conducted. Each tangible asset has been maintained in accordance with Seller's normal practice.

3.9 Inventory. The Inventory consists of raw materials and supplies, manufactured and purchased parts, goods in process, and finished goods, and its value on the Financial Statements is based on standard costs, which approximate current costs, in accordance with the past custom and practice of Seller for the Business.

3.10 Notes and Accounts Receivable. Accounts Receivable have been incurred in the normal course of business, are not to the knowledge of Seller subject to any valid defense or offset, and are reflected properly on its books and records in

accordance with GAAP and the past custom and practice of Seller and to the knowledge of Seller are collectible.

3.11 Contracts. Schedules 3.11 lists the following contracts and other agreements relating to the Business to which Seller is a party:

(i) the performance of which will involve consideration in excess of \$100,000, with respect to the Business, excluding contracts for sale of products and purchase of supplies and raw materials in the Ordinary Course of Business;

(ii) pursuant to which Seller has agreed not to compete with, or not to solicit employees of, another party with respect to the Business;

(iii) pursuant to which Seller has agreed to an employment contract with respect to any employee of the Business, other than an at will contract; and

(iv) each collective bargaining agreement to which Seller is a party and that covers employees of the Business.

Seller has delivered or made available to the Purchaser a correct and complete copy of each agreement listed in Schedule 3.11 . With respect to each agreement: (A) the agreement is valid and in full force and effect; (B) Seller is not, and to Seller's knowledge, no other party is in breach or default and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration under the agreement; and (C) to Seller's knowledge no party has repudiated any provision of the agreement.

3.12 Litigation. Except for pending workers' compensation claims and litigation (the liability for which is being retained by Seller), Schedule 3.12 sets forth each instance relating primarily to employees engaged in the Business, products sold by the Business, to the Business or to the Purchased Assets in which Seller or any of its Affiliates (i) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge, (ii) is a party to any action or proceeding, in, or before any court or quasi-judicial or administrative agency of any federal, state or local jurisdiction or before any arbitrator or (iii) to the knowledge of Seller, is threatened to be made a party to such an action or proceeding.

3.13 Product Warranty. To its knowledge, Seller has no Liability for replacement or repair of any product manufactured or sold by the Business. Schedule 3.13 sets forth the Business' standard terms and conditions of sale.

3.14 Product Liability. Except as set forth on Schedule 3.14, to its knowledge, Seller has no Liability arising out of any injury to any individuals or property as a result of the ownership, possession, or use of any product manufactured or sold by the Business.

3.15 Employees. Since January 1, 1996, Seller has no knowledge of any strikes, grievances, claims of unfair labor practices, or other collective bargaining disputes involving employees of the Business, and Seller has not committed any unfair labor practice. Seller has no knowledge of any organizational effort presently

being made or threatened by or on behalf of any labor union with respect to employees of the Business.

**3.16 Employee Benefits.**

Schedule 3.16 lists each Employee Benefit Plan that Seller maintains or to which Seller contributes with respect to employees of the Business. Seller does not contribute to any multiemployer plan, as defined in Section 4001 of ERISA, with respect to employees of the Business.

**3.17 Consents.** Except as set forth in Schedule 3.17 and except as contemplated by this Agreement, no consent, approval or authorization of, or registration or filing with, any Authority or other Person is required in connection with the execution and delivery of this Agreement or the Seller Delivered Agreements or the consummation of the transactions contemplated hereby.

**3.18 Environmental, Health and Safety.** To Seller's knowledge, with respect to the Business, except as disclosed on Schedule 3.18:

(a) Seller is in compliance with all Environmental, Health and Safety Laws, and no action, proceeding, claim, or notice is pending against Seller alleging any failure to comply.

(b) Seller is in material compliance with all of the terms and conditions of all material permits, licenses, and other authorizations which are required under any Environmental, Health and Safety Laws.

(c) Seller has no Liability arising under the Environmental, Health and Safety Laws as a result of Seller's improper handling, storage, use or disposal or arranging for disposal of any substance regulated under the Environmental, Health and Safety Laws or as a result of employee or other individual exposure to such substances.

(d) No reportable quantities of hazardous substances as defined in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("CERCLA") have been released by Seller or its predecessors in interest on the Purchased Real Property.

3.19 Brokerage. Seller has not made any agreement or taken any other action which might cause anyone to become entitled to a broker's fee or commission as a result of the transactions contemplated hereunder.

3.20 Major Customers and Suppliers. Schedule 3.20 sets forth (a) the name of each customer of the Business whose purchases of goods from Seller during the 12-month period ending January 3, 1998 equaled or exceeded \$500,000 , and (b) the name of, and a brief description of the goods or services supplied by, each supplier of goods or services to the Business to whom Seller paid \$300,000 or more during that 12-month period.

3.21 No Other Representations. Except as and to the extent specifically set forth in this Article III, or in documents executed by Seller transferring title of Purchased Assets or contributed Assets to Purchaser, Seller makes no representation

or warranties of any kind or nature unless expressly contained in another written document delivered in connection herewith.

ARTICLE IV  
REPRESENTATIONS AND WARRANTIES  
OF PURCHASER

Purchaser represents and warrants to Seller as of the date hereof as follows:

4.1 Organization and Good Standing. Purchaser is a Limited Liability Company validly existing and in good standing under the laws of the State of Delaware and has all requisite power and authority to own, lease and operate its properties and assets as now owned, leased and operated. Buyer is qualified to transact business as a foreign corporation in all jurisdictions in which the ownership of its property or the conduct of its business requires such qualification and in which the failure to qualify would have a material impact on Buyer's ability to satisfy its obligation under this Agreement.

4.2 Authorization and Enforceability. Purchaser has full corporate power and corporate authority to make, execute, deliver and perform, as applicable, this Agreement and the other documents and agreements executed and delivered by Purchaser pursuant to this Agreement (the "Purchaser Delivered Agreement") and the execution, delivery and performance of this Agreement and the Purchaser Delivered



Agreement have been duly authorized by all necessary corporate action on the part of Purchaser. This Agreement has been duly executed and delivered by Purchaser and constitutes, and the Purchaser Delivered Agreements will be when executed by Purchaser and Seller, valid and legally binding obligations of Purchaser enforceable against Purchaser in accordance with their respective terms subject as to enforceability to applicable bankruptcy, reorganization, insolvency and other similar laws affecting creditors' rights generally and general equitable principles.

4.3 Brokerage. Purchaser has not made any agreement or taken any other action which might cause anyone to become entitled to a broker's fee or commission as a result of the transactions contemplated hereunder.

4.4 Sufficient Funds. Purchaser has received commitment for, and shall obtain sufficient immediately available funds to pay in full at the Closing, the Estimated Purchase Price and to pay any additional amounts necessary to pay the Purchase Price pursuant to Section 2.6(e).

4.5 No Violation of Laws or Agreements. The execution, delivery and performance of this Agreement and the Purchaser Delivered Agreements by Purchaser does not (a), subject to satisfaction of the requirements of the HSR Act, as defined in Section 5.3, violate any provision of applicable law, rule, regulation or ordinance (other than the consents to be obtained as contemplated by this Agreement), (b) violate any judgment, order, writ or decree of any court or other tribunal applicable to Purchaser, (c) violate or result in a default under any of the provisions of the articles of incorporation or

the bylaws of Purchaser, or (d) except as set forth in Schedule 4.5, violate or otherwise constitute a default (with or without the giving of notice or the lapse of time or both) under any material agreement, bond, note or indenture by which Purchaser or any of its properties or assets are bound, except (other than with respect to clause (c) above) for any such violations or defaults which would not have a material adverse effect upon Purchaser's ability to consummate the transactions contemplated by this Agreement in accordance with the terms hereof.

4.6 Consents. Except as set forth in Schedule 4.6 and except as contemplated by this Agreement, no consent, approval or authorization of, or registration or filing with, any Authority is required in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby by Purchaser.

4.7 Purchaser's Knowledge of No Defaults. Marvin B. Fuller and Purchaser's legal counsel have no actual, present knowledge that any of Seller's representations or warranties are incorrect.

## ARTICLE V

### PRE-CLOSING COVENANTS

From the date of this Agreement to the Closing Date, Seller and Purchaser, as applicable, agree to the following covenants:

5.1 Assets of Business. From the date of this Agreement to the Closing Date, Seller agrees that it shall not, without the prior written consent of Purchaser, sell, lease, or otherwise dispose of, any of the Purchased Assets (other than (a) products sold to customers in the ordinary course of business and machinery and equipment sold and/or replaced in the ordinary course of business and (b) the sale of closeouts and discontinued items outside normal distribution channels).

5.2 Access, Information and Documents. Seller shall give Purchaser and its representatives (including Purchaser's accountants, counsel and employees), upon reasonable notice and during normal business hours, reasonable access to the properties, contracts, books, records and affairs of Seller relating primarily to the Business and cause its officers and employees to furnish to Purchaser all documents, records and information (or copies thereof) relating primarily to the Business as Purchaser may reasonably request. Prior to Closing and after any termination of this Agreement: (a) Purchaser shall keep confidential any non-public information obtained from Seller (except as may be specifically required to be disclosed by applicable law or administrative or legal process or pursuant to any securities exchange rules, it being understood that Purchaser will notify Seller in writing prior to any proposed disclosure of such confidential information in order to enable Seller to seek an appropriate protective order); and (b) if the Agreement is terminated, Purchaser shall return to Seller all documents (and reproductions thereof) supplied by Seller and shall destroy all

analyses, notes, charts and other documents compiled or prepared from information provided by Seller.

5.3 Hart Scott Rodino Act Filing. Seller, based on the following representations of Purchaser, and Purchaser have determined that it is not necessary to make any filing pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the regulations promulgated thereunder (the "HSR Act"). Purchaser represents that this transaction does not require notification to the Department of Justice and Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 (Section 7A of the Clayton Act). In particular, Purchaser represents that the size-of-person test under Section 7A(a)(2) of the Clayton Act is not met. Purchaser is an entity ultimately controlled by Marvin Fuller or defined in 16 C.F.R. §801.1. Mr. Fuller does not control any entity other than Purchaser, and Purchaser does not control any entity other than itself. Neither Mr. Fuller nor Purchaser has a regularly prepared balance sheet. In aggregate, Mr. Fuller and Purchaser do not hold assets of \$10 million or more and will not at the time of the acquisition hold assets of \$10 million or more after subtracting cash that will be borrowed by Purchaser to use as consideration for the assets purchased and cash that may be borrowed by Purchaser to use for expenses incidental to the acquisition in accordance with 16 C.F.R. §801.11(e).

5.4 Notices and Consents. Seller will use its best reasonable efforts to obtain any necessary third party consents but Seller will not be required to make any

payments to obtain consents. Each of the parties will give any notices to, make any filings with, and use its reasonable best efforts to obtain any necessary authorizations, consents, and approvals of governments and governmental agencies.

5.5 Operation of Business. Seller will not engage in any practice, take any action, or enter into any transaction with respect to the Business outside the Ordinary Course of Business.

5.6 Preservation of Business. Seller will use its best reasonable efforts, to keep the Business, Purchased Assets and related properties intact, including its present operations, physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers, Authorities, and employees.

5.7 Notice of Developments and Amendment of Schedules. Each party will give prompt written notice to the other party of any material adverse development causing a breach of any of its representations and warranties in Articles III and IV above. The notice shall identify the applicable representation or warranty and shall be deemed to have amended and qualified the applicable representation and warranty and to have cured any misrepresentation or breach of warranty that otherwise might have existed hereunder by reason of such event, occurrence or other information.

5.8 Exclusivity. Seller will not (i) solicit, initiate, or encourage the submission of any proposal or offer from any person relating to the acquisition of the Business or Purchased Assets or (ii) participate in any discussions or negotiations regarding or furnish any information with respect to any of the foregoing.

5.9 Public Announcement. No party hereto shall make or issue, or cause to be made or issued, any announcement or written statement concerning this Agreement or the transactions contemplated hereby for dissemination to the general public without the prior written consent of the other party, which consent shall not be unreasonably withheld (except to the respective directors, officers and creditors of the parties or as may be specifically (and only to the extent) required by applicable law or administrative or legal process or pursuant to any securities exchange rules).

5.10 Mutual Covenants. The parties mutually covenant and agree, as applicable, to use all reasonable efforts to obtain promptly the satisfaction of the conditions to the Closing set forth in Article VIII. Each party hereto shall furnish to the other party and to the other party's counsel all such information as may be reasonably required in order to effectuate the foregoing action.

5.11 Risk of Loss. Seller shall bear risk of loss of the Business and Purchased Assets to the Closing Date and Purchaser shall bear the risk of loss as to the Business and Purchased Assets on and after the Closing Date.

5.12 Compliance. The parties will comply with the requirements of Section 1445 of the Internal Revenue Code to the extent applicable to the transactions contemplated by this Agreement.

## ARTICLE VI

POST-CLOSING COVENANTS

The parties agree as follows with respect to the period following the Closing.

6.1 General. If at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the parties will take such further action (including the execution and delivery of such further instruments and documents) as the other party reasonably may request, at the sole cost and expense of the requesting party (unless the requesting party is entitled to indemnification therefor under Article IX below or unless such instrument or document was required to be obtained by the other party prior to Closing).

6.2 Litigation Support. If any party actively is contesting or defending against any action, investigation, claim, or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any circumstance or occurrence on or prior to the Closing Date involving the Business, the other party will cooperate with the contesting or defending party and its counsel in the contest or defense, make available its personnel, and provide such testimony and access to its books and records as shall be reasonably necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending party (unless the contesting or defending party is entitled to indemnification therefor under Article IX below).

6.3 Transition. Seller will not take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate in connection with the Business from maintaining the same business relationships with the Purchaser after the Closing as it maintained prior to the Closing. Seller will refer all customer inquiries relating primarily to the Business to the Purchaser from and after the Closing.

6.4 Confidentiality. Seller will treat and hold as confidential all Confidential Information and refrain from using any of the Confidential Information except in connection with this Agreement. Seller will give Purchaser 60 days' prior written notice before destruction of any Confidential Information in its possession and give Purchaser the opportunity to take delivery of the Confidential Information. If Seller is requested or required in any legal proceeding or by any Authority or court to disclose any Confidential Information, Seller will notify the Purchaser promptly of the request or requirement so that the Purchaser may seek an appropriate protective order or waive compliance with the provisions of this Section 6.4. If, in the absence of a protective order or the receipt of a waiver hereunder, Seller is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal, Seller may disclose the Confidential Information to the tribunal; provided, however, that Seller shall use its reasonable best efforts to obtain, at the request and expense of the Purchaser, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as the Purchaser shall designate.



**6.5 Covenant Not to Compete.**

(a) During the Non-competition Term (as defined below), Seller covenants that it shall not, either individually or as a partner, joint venturer, agent, consultant, shareholder or equity owner of another Person, or otherwise, directly or indirectly, (i) participate in, engage in, or have a financial or management interest in any business operation of any enterprise if such business operation engages in the business of designing, manufacturing or marketing (1) fabric for use in printers' blankets or (2) fire retardant fabrics for use as mattress covers or ticking (for purposes of this Section 6.13, the "Restricted Business") anywhere in the United States (the "Non-competition Area"); provided, however, that the Restricted Business shall not include bedding products sold into the home furnishings market, (ii) solicit any other Person to engage in the Restricted Business in the Non-competition Area, or (iii) assist any other Person to engage in the Restricted Business in the Non-competition Area, (such activities described in clauses (i), (ii) and (iii) shall hereinafter collectively be referred to as ("Engaging in Competition")); provided, however, that the direct or indirect ownership by Seller of an interest not constituting more than five percent (5%) in the aggregate of the outstanding voting capital stock in a corporation whose shares are traded on a recognized stock exchange or in the over-the-counter market shall not, of itself, constitute Engaging in Competition.

(b) Seller covenants, during the Non-competition Term, (i) not to induce directly or indirectly any individual who is as of the date hereof, or was during

the twelve (12) months prior to the date hereof, primarily employed in the Business to leave the employ of the Purchaser or to refuse employment by Purchaser.

(c) "Non-competition Term" means a period beginning on the Closing Date and continuing through and including the day before the fourth anniversary of the Closing Date. If during any calendar month within the Non-competition Term Seller is not in compliance with this Section 6.5, then Purchaser shall be entitled, among other remedies, to compliance by Seller with the terms of this Section 6.5 for an additional number of days that equals the number of days during which such noncompliance occurred. The term "Non-competition Term" shall also include this additional period.

(d) Seller hereby agrees that all restrictions in this Section 6.5, including, without limitation, those relating to duration and the restricted territory, are necessary and fundamental to the protection of the Restricted Business of Purchaser, and are reasonable and valid, and all defenses to the strict enforcement thereof by Purchaser are hereby waived by Seller. In the event the restrictions are held to be too broad or otherwise unenforceable by a court, the court shall give effect to the covenant not to compete to the greatest extent possible (i.e. "blue pencil.")

6.6 Employees and Employee Benefits. Purchaser and Seller agree to the provisions of Schedule 6.6 attached hereto and made a part of this Agreement.

6.7 Certain Taxes and Expenses. Purchaser shall pay all state and local sales, use, transfer and real property transfer taxes and fees and Seller shall pay

any documentary stamps and recording fees with respect to the sale and purchase of the Purchased Assets. Regardless of whether the transactions contemplated by this Agreement are consummated, Seller and Purchaser shall each bear its respective accounting, legal, financial advisory and other expenses incurred in connection with the transactions contemplated by this Agreement.

6.8 Access to Information. Seller and Purchaser shall reasonably cooperate with each other after the Closing so that (subject to any limitations that are reasonably required to preserve any applicable attorney-client privilege and subject to confidentiality agreements with third parties) each party has access to the business records, contracts and other information existing at the Closing Date and relating to the Purchased Assets, the Assumed Liabilities or the conduct of the Business (whether in the possession of Seller or Purchaser) as is reasonably necessary for (a) the preparation for or the prosecution or defense of any suit, action, litigation or administrative, arbitration or other proceeding or investigation (other than one by or on behalf of a party to this Agreement), (b) the preparation and filing of any tax return or election relating to the Purchased Assets, the Assumed Liabilities or the conduct of the Business and any audit by any taxing authority of any returns of Purchaser or Seller relating thereto, and (c) the preparation and filing of any other documents required by governmental or regulatory bodies. The party requesting such information and assistance shall reimburse the other party for all reasonable out-of-pocket costs and expenses incurred by such party in providing such information and in rendering such

assistance. The access to files, books and records contemplated by this Section 6.8 shall be during normal business hours and upon not less than two business days prior written request, shall be subject to such reasonable limitations as the party having custody or control thereof may impose to preserve the confidentiality of information contained therein, and shall not extend to material subject to a claim of privilege unless expressly waived by the party entitled to claim the same. In addition, Seller shall provide Purchaser on request copies of all records relating to the Business that are retained by Seller pursuant to Sections 2.1(h) or 2.2.

6.9 Receivables. Seller shall remit to Purchaser promptly, and in any event no less often than weekly, any payments relating to Accounts Receivable transferred to Purchaser and received by Seller.

6.10 Returns.

(a) Purchaser shall notify Seller of any return of any Business products shipped by Seller on or prior to the Closing Date as a result of any defect in the products or any error or omission by Seller (collectively, the "Returns").

(b) Purchaser shall use its commercially reasonable best efforts to supply services to the person making the Return and Seller, within 30 days following invoice from Purchaser, shall compensate Purchaser (at Purchaser's then-existing standard costs for such work) for all services performed pursuant to such work, to the extent the aggregate cost of performance in the twelve month period following the

Closing Date exceeds \$25,000; provided, however, Seller shall have no obligation to Purchaser regarding Returns after March 1, 2000.

6.11 Transition Services. Seller shall provide the transition services described on Schedule 6.11 at the rates and for the periods identified in Schedule 6.11 pursuant to an agreement in the form set forth on Schedule 6.11.

6.12 WARN Act. Seller and Purchaser agree that for purposes of the United States Worker Adjustment and Retraining Notification Act of 1989, as amended (the "WARN Act"), the Closing Date shall be the "effective date" as such term is used in the WARN Act. Purchaser agrees that it shall be responsible for compliance with the WARN Act with respect to employees of the Business for actions taken by the Purchaser after the Closing.

6.13 Abbeville Plant. Purchaser confirms that its intentions regarding the Abbeville Plant are to maintain and repair the facility and continue to operate it in a manner that will not materially alter the character of the project as an enterprise under Chapter 29 of Title 14 of the Code of Laws of South Carolina, 1976, as amended.

6.14 Apportionment and Adjustment.

(a) Real and personal property taxes, assessments and rentals in respect of the Purchased Assets will be apportioned to the Closing Date.

(b) Utilities, water, fuel and sewage expense in respect of the Purchased Assets will be apportioned to the Closing Date.

(c) Except as may otherwise be defined in the Applicable Accounting Principles, Assumed Liabilities will be apportioned to the Closing Date.

(d) As soon as practicable after the Closing Date, representatives of Seller and Purchaser will examine all relevant books and records as of the Closing Date in order to make the determination of the apportionments referred to in this Section 6.14. Payments in respect thereof shall be made by check (or by wire transfer if in excess of \$100,000) within ten days after such determination.

## ARTICLE VII

### CONDITIONS PRECEDENT

7.1 Conditions Precedent to Obligations of Purchaser. The obligations of Purchaser to purchase the Purchased Assets, assume the Assumed Liabilities and consummate the other transactions contemplated hereunder are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any one or more of which may be waived in whole or in part in writing by Purchaser in its sole discretion):

(a) The representations and warranties set forth in Article III above shall be true and correct in all material respects at and as of the date hereof and as of Closing Date; and

(b) Seller shall have performed and complied with all of its covenants hereunder in all material respects as of the Closing Date.

7.2 Conditions Precedent to Obligations of Seller. The obligations of Seller to sell the Purchased Assets and consummate the other transactions contemplated hereunder are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any one or more of which may be waived in whole or in part by Seller in its sole discretion):

(a) The representations and warranties set forth in Article IV shall be true and correct in all material respects as of the date hereof and as of the Closing Date; and

(b) Purchaser shall have performed or complied in all material respects with all agreements, covenants and conditions required by this Agreement to be performed or complied with by it at or prior to the Closing.

## ARTICLE VIII

### TERMINATION

8.1 (a) When Agreement May be Terminated. This Agreement may be terminated:

(i) By mutual written consent of Purchaser and Seller at any time prior to Closing;

(ii) By Purchaser or Seller if the Closing shall not have occurred by January 15, 1999; provided, however, a party may not terminate this Agreement pursuant to this Section 8.1(a)(ii) if the failure to close by such date has been caused by the party's failure to fulfill in any material respect any obligation of it under this Agreement.

(iii) By Purchaser, if Seller is in material breach of any representation, warranty, condition or covenant contained in this Agreement and Purchaser has given Seller at least five business days' prior written notice thereof and Seller has not cured such breach;

(iv) By Purchaser or Seller, if any action or proceeding shall be pending or if any governmental investigation shall have been instituted or threatened against any party to this Agreement to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the consummation of the transactions contemplated herein, which, in the good faith opinion of such party and its legal counsel, would cause the consummation of the transactions herein contemplated to subject that party to a significant risk of material loss;

(v) By Seller, if Purchaser is in material breach of any representation, warranty, condition or covenant contained in this Agreement and Seller has given Purchaser at least five business days' prior written notice thereof and Purchaser has not cured such breach; or



(vi) By Purchaser, if Seller provides written notification to

Purchaser pursuant to Section 5.7 of any amendment or qualification of Seller's representations or warranties contained in Article III; provided, that without the amendment or qualification, Seller would be in material breach of the applicable representation or warranty and that the subject of the notification represents a Material Adverse Effect with respect to the Business or the Purchased Assets.

(b) Effect of Termination. In the event of termination of this

Agreement by either Purchaser or Seller or both of them as provided in Section 8.1(a), this Agreement shall immediately terminate and be of no further force and effect, and there shall be no liability on the part of either Purchaser or Seller (except for liabilities arising from a willful breach of this Agreement prior to such termination); provided that Sections 5.2 and 5.11 and this Article VIII shall survive the termination hereof.

(c) Notwithstanding Section 8.1(b), if Purchaser is entitled to

terminate this Agreement pursuant to Section 8.1(a)(vi), then Seller shall reimburse Purchaser for Purchaser's reasonable out-of-pocket expenses incurred, after the date of execution of this Agreement and prior to the date of notice pursuant to Section 5.7, for investigation of title to the Purchased Real Property or for environmental audits with respect to the Purchased Real Property.

## ARTICLE IX

SURVIVAL AND INDEMNIFICATION

## 9.1 Survival of Representations and Warranties.

(a) Each of the representations and warranties contained in

Articles III and IV or in any documents transferring title to the Purchaser, except for deeds transferring title in the Purchased Real Property to Purchaser, ("Transfer Documents") pursuant hereto survive the Closing and remain in full force and effect for twenty four (24) months. Any claim for indemnification with respect to any of such matters which is not asserted by notice given as herein provided within the period of survival may not be pursued and shall be irrevocably waived after such time. Notice of any claim for indemnity pursuant to Section 9.3(a)(iv) or 9.4(a)(iv) must be given no later than twenty four (24) months following Closing or shall be irrevocably waived.

(b) Unless otherwise specified in this Agreement each covenant contained in this Agreement or in any Transfer Documents shall survive the Closing and remain in effect indefinitely.

9.2 Definitions, Limitations on Liability.

(a) For purposes of this Agreement, (i) "Indemnity Payment" means any amount of Indemnifiable Losses required to be paid pursuant to this Agreement, (ii) "Indemnitee" means any person or entity entitled to indemnification under this Agreement, (iii) "Indemnifying Party" means any person or entity required to provide indemnification under this Agreement, (iv) "Indemnifiable Losses" means any

and all damages, losses, liabilities, obligations, costs and expenses, and any and all claims, demands or suits (by any person or entity, including without limitation any governmental entity), including without limitation the costs and expense of any and all actions, suits, proceedings, demands, assessments, judgments, settlements and compromises relating thereto and including reasonable attorneys' fees and expenses in connection therewith, and (v) "Third Party Claim" means any claim, action or proceeding made or brought by any person or entity other than the Parties or their affiliates.

(b) Notwithstanding any other provision hereof or of any applicable law, no Indemnitee will be entitled to make a claim against an Indemnifying Party in respect of any breach of a representation or warranty pursuant to Paragraphs 9.3(a)(i) or 9.4(a)(i) except and to the extent the aggregate amount of claims in respect of breaches of representations and warranties which may be asserted for Indemnifiable Losses under Section 9.3(a)(i) or 9.4(a)(i), as applicable, exceeds \$200,000. Furthermore, in no event shall the respective Parties' indemnification liabilities under Sections 9.3(a)(i) and 9.4(a)(i) exceed the Purchase Price hereunder.

9.3 Indemnification by Seller.

(a) Subject to the terms and conditions of this Article IX, Seller will indemnify, defend and hold harmless Purchaser and its affiliates, directors, officers, partners, employees, agents and representatives from and against any and all Indemnifiable Losses to the extent relating to, resulting from or arising out of:

- (i) Any breach by Seller of any of the representations or warranties of Seller contained in this Agreement or in any Transfer Document;
- (ii) Any breach by Seller of any of the covenants of Seller contained in this Agreement or in any Transfer Document;
- (iii) Seller's compliance or noncompliance with the bulk transfer provisions of the Uniform Commercial Code or any comparable state law to which the transactions contemplated hereby may be subject; or
- (iv) Seller's conduct of the Business or use or ownership of the Purchased Assets prior to the Closing.

9.4 Indemnification by Purchaser.

(a) Subject to the terms and conditions of this Article IX, Purchaser will indemnify, defend and hold harmless Seller and its affiliates, directors, officers, partners, employees, agents and representatives from and against any and all Indemnifiable Losses to the extent relating to, resulting from or arising out of:

- (i) Any breach by Purchaser of any of the representations or warranties of Purchaser contained in this Agreement or in any Transfer Document;
- (ii) Any breach by Purchaser of any of the covenants of Purchaser contained in this Agreement or in any Transfer Document; and
- (iii) Any Assumed Liability;
- (iv) Purchaser's conduct of the Business or use or ownership of the Purchased Assets on or after the Closing;

(v) Purchaser's failure to perform and satisfy all its post closing liabilities and obligations.

9.5 The rights of Purchaser under clauses (i) through (v) of Section 9.3(a) and of Seller under clauses (i) through (v) of Section 9.4(a) are cumulative.

9.6 Defense of Claims.

(a) If any Indemnitee receives notice of the assertion or commencement of any Third Party Claim against such Indemnitee with respect to which an Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnitee will give such Indemnifying Party reasonably prompt written notice thereof, but in any event within 30 calendar days after receipt of such notice of such Third Party Claim (unless the claim or action reasonably requires a response in less than 20 days), provided that failure to give prompt notice shall not bar a claim for indemnity unless the Indemnifying Party is actually prejudiced. Such notice will describe the Third Party claim in reasonable detail, will include copies of all material written evidence thereof and will indicate the estimated amount, if reasonably determinable, of the Indemnifiable Loss expected to be sustained by the Indemnitee. The Indemnifying Party will have the right to participate in, or, by giving written notice to the Indemnitee, to assume, the defense of any Third Party Claim, at such Indemnifying Party's own expense and by such Indemnifying Party's own counsel (reasonably satisfactory to the Indemnitee), and the Indemnitee will cooperate in good faith in such defense.

(b) If, within fifteen (15) business days after giving notice of a Third Party Claim to an Indemnifying Party pursuant to Section 9.6(a), an Indemnitee receives written notice from the Indemnifying Party that the Indemnifying Party has elected to assume the defense of such Third Party Claim as provided in Section 9.6(a) (unless such Third Party Claim reasonably requires a response in less than such 15 days, in which event the Indemnifying Party shall provide such written notice within such required period), the Indemnifying Party will not be liable for any legal expenses subsequently incurred by the Indemnitee in connection with the defense thereof; provided, however, that if the Indemnifying Party fails to take reasonable steps necessary to defend diligently such Third Party Claim within 15 business days after receiving written notice from the Indemnitee that the Indemnitee believes the Indemnifying Party has failed to take such steps or if the Indemnifying Party has not undertaken fully to indemnify the Indemnitee in respect of all Indemnifiable Losses, relating to the matter, the Indemnitee may assume its own defense, and the Indemnifying Party will be liable for all reasonable costs or expenses paid or incurred in connection therewith. Without the prior written consent of the Indemnitee, the Indemnifying Party will not enter into any settlement of any Third Party Claim which would lead to liability or create any financial or other obligation on the part of the Indemnitee for which the Indemnitee is not entitled to indemnification hereunder. If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnitee for which the Indemnitee

is not entitled to indemnification hereunder and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party will give written notice to the Indemnitee to that effect. If the Indemnitee fails to consent to such firm offer within five business days after its receipt of such notice, the Indemnitee may continue to contest or defend such Third Party Claim and, in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim will not exceed the amount of such settlement offer, plus costs and expenses reasonably paid or incurred by the Indemnitee through the end of such five business day period.

(c) A failure to give timely notice or to include any specified information in any notice as provided in Section 9.6(a) and (b) will not affect the rights or obligations of any party hereunder except and only to the extent that, as a result of such failure, any party which was entitled to receive such notice was deprived of its right to recover any payment under its applicable insurance coverage or was otherwise damaged as a result of such failure.

(d) The Indemnifying Party will have a period of 30 calendar days within which to respond in writing to any claim by an Indemnitee on account of an Indemnifiable Loss which does not result from a Third Party Claim (a "Direct Claim"). If the Indemnifying Party does not so respond within such 30 calendar day period, the Indemnifying Party will be deemed to have rejected such claim, in which event the Indemnitee will be free to pursue such remedies as may be available to the Indemnitee on the terms and subject to the provisions of this Article IX.

(e) If the amount of any Indemnifiable Loss, at any time subsequent to the making of an Indemnity Payment, is reduced by recovery, settlement or otherwise under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement, or payment by or against any other entity which is not an affiliate of the Indemnitee, the amount of such reduction, less any costs, expenses, premiums or taxes incurred in connection therewith, together with interest thereon from the date of payment thereof at a rate (assuming a 360 day year) equal to the Applicable Rate.

(f) Upon making any Indemnity Payment, the Indemnifying Party will, to the extent of such Indemnity Payment, be subrogated to all rights of the Indemnitee against any third party that is not an affiliate of the Indemnitee in respect of the Indemnifiable Loss to which the Indemnity Payment relates; provided, however, that (i) the Indemnifying Party shall then be in compliance with its obligations under this Agreement in respect of such Indemnifiable Loss and (ii) until the Indemnitee recovers full payment of its Indemnifiable Loss, any and all claims of the Indemnifying Party against any such third party on account of said Indemnity Payment will be subrogated and subordinated in right of payment to the Indemnitee's rights against such third party. Without limiting the generality or effect of any other provision hereof, each such Indemnitee and Indemnifying Party will duly execute upon request all instruments reasonably necessary to evidence and perfect the above-described subrogation and subordination rights.



9.7 Release of Seller's Officers, Directors and Employees. Purchaser acknowledges that it shall have no claims for indemnification against Seller's officers, directors and employees and hereby releases them from any claims related to the Business.

## ARTICLE X

### MISCELLANEOUS

10.1 Notices. Any notice or other communication required or permitted to be given to any party hereunder shall be in writing and shall be deemed given only if delivered to the party personally or sent to the party by telecopy (followed by hard copy sent by registered or certified mail) or by registered or certified mail (return receipt requested) with postage and registration or certification fees thereon prepaid, addressed to the party as set forth below:

If to Purchaser:

Chiquola Industrial Products Group, LLC  
P.O. Box 545  
Highway 178 South  
Honea Path, SC 29654  
Fax: (310) 921-3540  
Attention: Marvin B. Fuller

with a copy to:

Gardner F. Davis  
Foley & Lardner  
Greenleaf Building  
200 Laura Street  
Jacksonville, FL 32202-3510

Fax: 904/359-8700

If to Seller:

Springs Industries, Inc.  
205 North White Street  
PO Box 70  
Fort Mill, SC 29716  
Fax: 803-547-3707  
Attention: Robert W. Moser, Executive Vice President

with a copy to:

Springs Industries, Inc.  
205 North White Street  
P.O. Box 70  
Fort Mill, SC 29716  
Fax: (803) 547-3766  
Attention: Legal Department

Any notice shall be deemed given when personally delivered, five business days after being deposited in the United States mail or when electronic confirmation of receipt is received if sent by telecopy or telegram.

10.2 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the other party hereto, which consent shall not be unreasonably withheld.

10.3 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, without giving effect to the conflict of laws provisions thereof.

10.4 Entire Agreement. This Agreement and the exhibits and schedules hereto and thereto between the parties, constitutes the entire understanding of the parties, supersedes any prior agreements or understandings, written or oral, between the parties with respect to the subject matter hereof, and is not intended to confer upon any Person other than the parties hereto any benefit, right or remedy. The parties hereby agree that 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.

10.5 Further Assurances. Each party shall cooperate and take such action as may be reasonably requested by the other party in order to carry out the provisions and purposes of this Agreement and the transactions contemplated hereby.

10.6 Agreement for Sole Benefit of the Parties. This Agreement is for the sole benefit of the parties hereto and their permitted assigns and nothing herein expressed or implied shall give or be construed to give to any person or entity, other than the parties hereto and such assigns, any legal or equitable rights hereunder.

10.7 Amendment and Waiver. The parties may, by mutual agreement, amend this Agreement in any respect, and any party, as to such party, may (a) extend the time for the performance of any of the obligations of the other party; (b) waive any inaccuracies in representations and warranties by the other party; (c) waive compliance by the other party with any of the agreements contained herein and performance of any obligations by the other party; and (d) waive the fulfillment of any condition that is

precedent to the performance by such party of any of its obligations under this Agreement. To be effective, any such amendment or waiver must be in writing and be signed by the party against whom enforcement of the same is sought.

10.8 Consent to Jurisdiction. Purchaser and Seller each irrevocably submits to the jurisdiction of (a) the courts of the State of South Carolina, and (b) the United States District Court for the District of South Carolina, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby.

10.9 Counterparts and Headings. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument. The headings preceding the text of the sections and subsections hereof are inserted solely for convenience of reference, and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

10.10 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

10.11 Bulk Sales Laws. The parties hereby waive compliance with the provisions of any and all applicable "bulk sale" and similar laws applicable to this Agreement and the transactions contemplated hereby.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day and year first written above.

CHIQUEOLA INDUSTRIAL PRODUCTS, LLC

By: *Mark S. Tullh*

Title: *CEO*

SPRINGS INDUSTRIES, INC.

By: *Robert W. Morey*

Title: \_\_\_\_\_

**Schedule 2.1(b)**

**Locations of Inventory**

Abbeville Plant  
Highway 178 South  
Honea Path, SC 29654

Chiquola Plant  
410 Chiquola Avenue  
Honea Path, SC 29654

In addition, in the ordinary course of the Business, certain de minimis work-in-process (less than \$50,000) may be off-site on a temporary basis for specialized processing.

**Schedule 2.1(e)**

**Excluded Patents and Trademarks**

All patents used in the Business

FLIEGUARD trademark

**Schedule 2.1(f)**

**Prepaid Expenses**

None



SCHEDULE 2.1(g)  
ASSIGNED CONTRACTS

Chiquola / Abbeville Plant

I Page 1 of 3

1998 Rental / Lease Agreements

Vendor	Description of Lease	Quantity	Frequency
Extra Lease	Trailer Rental	4	Monthly
Tandem Corp	Tandem System 9956	1	Monthly
Ikon Office Solutions ( M.O.M. )	Copy Machine	1	Monthly
Mobile Communications	Personal Pagers	28	Monthly
Pitney Bowes	Postage Meter	1	Quarterly
Carolina Mountain Water	H2O Coolers + Bottle Deposits	2	Monthly
Textile Corp	Mats, Towels and Mops	Varies	Monthly
Safety Kleen	Part Cleaning Machines	9	Monthly
<b>Total</b>			

1998 Service Contracts

Vendor	Description of Service	P.O. #	Expiration Date
Alpha Technology	Maintenance on Tensometer	385063	1/30/99
Catholic Protection	Maintenance on Cathodic Protection Equip	473858	12/31/98
Cincinnati Systems	Master Clock	510612	2/15/99
Container Corp	Cont. & Disposal of Waste @ Abbeville	408662	4/30/99
Container Corp	Cont. & Disposal of Waste @ Chiquola	408654	4/30/99
Douglas Pest Control	Yearly Warehouse Inspection @ Chiquola	575058	10/31/99
Edgar B. Heape ( Toledo )	Maintenance on Scales at Chiquola	463207	12/31/98
Gregory Pest Control	Pest Control @ Abbeville Plant	463195	12/31/98
John D. Hollingsworth	Maintenance Contract on Balematic	443981	12/31/99
Honeywell	Maintenance on Slasher	573150	12/08/99
Intelligent Technologies	Maintenance on Security System	575062	10/31/99
Key Communication	Emergency Stoppage Equipment	563855	9/30/01
Lawson Hemphill	Maintenance on Classifault	575057	11/11/99
Modem Office Machines	Maintenance on Copy Machines	138278	4/30/99
M & M	Ground Maintenance	489325	2/28/99
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348579	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348106	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	349101	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348578	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348574	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348575	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348103	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348577	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348573	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348105	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	350181	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	350180	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	348104	12/31/98

1998 Service Contracts Cont'd

TRADEMARK

REEL: 1856 FRAME: 0065

Vendor	Description of Service	P.O. #	Expiration Date
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	524828	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	524825	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	524826	12/31/98
Piedmont Clarklift	P.Maintenance on Material Handling Equip.	524827	12/31/98
<b>Piedmont Clarklift Sub Total</b>			
Pitney Bowes	Maintenance and Miscellaneous	508885	2/15/99
Southeastern System Service	Maintenance on Card Room Fire Equip.	573155	2/28/00
Simplex	Time Machine at Chiquola	489333	1/31/99
Simplex	Clock at Abbeville	552538	7/31/99
OO Machine	Maintenance on 10 Typewriters	577319	10/6/99
TBG	Maintenance on AC at Abbeville	490853	2/28/99
Uster Testing Equipment	Maintenance on Lab Equip at Chiquola	554892	8/31/99
Wilkinson Scale	Maintenance on Scales at Abbeville & Chiq	478500	12/31/98
<b>Total Contracts</b>			

## 1998 Blanket Purchase Orders

Vendor	Description of Service	P.O. #	Expiration Date
Anderson Auto Parts	Miscellaneous Parts	432413	1/30/99
Anderson Fire & Safety	Fire Suppression Supplies	552118	6/30/01
Brooks Exxon	Gas & Oil	355324	12/31/98
Carolina Mountain Water	Bottled Water @ Chiquola	580147	11/30/99
Carolina Mountain Water	Bottled Water @ Abbeville	580146	11/30/99
Colonial Oil	# 5 Fuel Oil	563845	8/30/99
Robetex	72" Tubing	563848	9/30/99
Darby Electric	New Motors	477970	12/31/98
Darby Electric	Motor Repair	477969	12/31/98
Defender	Cleaning Contracts	488732	12/31/98
Dillard Paper	Housekeeping Supplies	435863	5/31/99
Day International	Cots & Aprons	490855	2/28/99
Day International	Gray Cots & Top & Bottom Aprons	490855	2/28/99
Day International	Gray Cots	490855	2/28/99
Day International	Top & Bottom Aprons	490855	2/28/99
Day International	Back Roll Cots	593633	12/31/99
Forms and Supplies	Office Supplies	358357	12/31/98
Honea Path Hardware	Miscellaneous Parts	478963	12/31/98
Iron Age	Safety Shoes	258623	4/30/99
Lehigh	Safety Shoes	258625	4/30/99
McCoy Lumber	Building Materials	432414	6/30/99
Materials Sourcing	Tubes Recycled	478965	12/31/98

1998 Blanket Purchase Orders Cont'd

Vendor Description of Service

Expiration  
**TRADEMARK**  
 REEL: 1856 FRAME: 0066

Mid Carolina	30" White 48" Poly	448136	12/31/98
Newton Shoes	Safety Shoes	258624	4/30/99
National Welders	Welding Gases	531081	12/31/99
Odell Oil	# 2 Fuel Oil	575084	9/30/99
Odell Oil	Oil for Weave Room	511238	3/31/99
Paper Stock Dealers	Trailer for Card Board	531083	5/31/99
Pierce wire Products	Wire Bales	531088	5/31/99
Piedmont Natural Gas	Propane Gas	478962	12/31/98
Rochester Midland	Sanor HX	430365	5/31/99
Rogers and Callicutt	Testing	473857	12/31/98
Safety Disposal	Dusthouse Sweeps	482195	12/31/98
Safety Kleen	Disposal of Waste Oil	554352	7/31/99
Sybron Chemicals	Markpel 451	530679	7/01/99
Soydell Wooley	Size	482193	12/31/98
Safety Eyewear	Safety Glasses	512408	3/31/00
Star Paper Tube	Cloth Tubes	482614	12/31/98
Safeco	Plant Safety Supplies	527602	4/30/91
Robotex	108X112 Bags	554351	8/31/00
Unisource	Burlap	531085	5/31/99
Western Auto	Miscellaneous Parts	575063	10/31/99
White Jones	Miscellaneous Parts	484327	12/31/98
Willamette Ind	Computer Paper	484741	12/31/99

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TRADEMARK

REEL: 1856 FRAME: 0067

SCHEDULE 2.1(h)  
MOTOR VEHICLES

	<u>Property Ledger Number</u>	<u>Cost</u>	<u>NBV</u>
1989 Ford Pick-Up VIN 1FTDF15Y5KNB59400	120700	\$10,008	\$0
1994 Ford Flatbed Dump Truck VIN 1FDWF70J5RVA33436	140180	\$21,517	\$0

21700

**Schedule 2.2(e)**

NPDES General Permits for stormwater for the Abbeville Plant and Chiquola Plant

## Schedule 2.3(b)

## Liabilities Assumed by Purchaser

The liabilities to be assumed by Purchaser at Closing will include the following, determined in accordance with the Applicable Accounting Principles as defined on Schedule 2.6(b):

1. Amounts included in Seller's accounts payable system of amounts due as contained in the following organization groupings: 026, 029, 504, and 520.
2. The value of the post retirement benefits under FASB 106 for active associates, determined by the Seller's actuary as the Accrued Post Retirement Benefit Cost for the Business.
3. Pro-rata portion of property tax based on the annual property tax assessments.
4. Pro-rata portion of salaried payroll and related employer payroll taxes for the month.
5. Accrued bonus for salaried associates to be employed by the Buyer who participate in Seller's Achievement Incentive Plan.
6. Accrued profit sharing based on the minimum employer contribution required for associates to be employed by Buyer.
7. Accrued vacation pay.
8. Accrued holiday pay.

## Schedule 2.6(d)

**Applicable Accounting Principles**

- 1 The term "Net Value of Assets" shall mean the dollar amount by which the net book value of the Purchased Assets exceeds the net book value of the Assumed Liabilities. Book value shall be determined in accordance with the Applicable Accounting Principles.
2. The term "Applicable Accounting Principles" shall mean generally accepted accounting principles in the United States ("GAAP") applied on a consistent basis subject to the following:
- (a) Purchased accounts receivable shall only include those balances less than 90 days past due or less than 120 days from invoice date. The amount for accounts receivable will not include any reserves or allowances.
  - (b) A physical count of inventory shall be taken as of the Closing Date.
  - (c) Inventory shall be valued in the aggregate at the lower of standard cost or market subject to a reserve of \$110,000.
  - (d) The hourly employee vacation pay accrual included in the Assumed Liabilities as of the Closing Date shall be an amount based on the annual estimated vacation pay for associates to be employed by Buyer, prorated based upon the number of days employed by the Seller versus the number of days employed by the Buyer, less amounts paid prior to closing, all determined on a calendar year basis.
  - (e) The hourly employee holiday pay accrual included in the Assumed Liabilities as of the Closing Date shall be the 1998 holiday expense ratably accrued to Closing Date by the Seller, less amounts paid prior to closing.
  - (f) Accrued profit sharing included in the Assumed Liabilities as of the Closing Date shall be an amount based on the minimum employer contribution required for associates to be employed by Buyer accrued through closing date.
  - (g) The accrued bonus for associates to be employed by the Buyer under the Achievement Incentive Plan (AIP) shall be determined using the associate's base compensation through the closing date and following the formula of the plan. For purposes of calculating ROAE, Divisional income through closing will be annualized, and average assets for the year will be determined using actual assets through the closing date, and assuming the value of assets of the closing date for the remainder of the year.
  - (h) The accrued payroll for salaried employees included in the Assumed Liabilities as of the Closing Date shall be an amount based on the monthly base pay and related employer payroll taxes for the associates to be employed by Buyer, prorated based

## Schedule 2.6(d)

upon the number of days during the month employed by the Seller versus the number of days employed by the Buyer.

- (i) The property tax accrual included in the Assumed Liabilities as of the Closing Date shall be an amount based on the annual property tax amount, multiplied by a fraction that has as the numerator the number of days prior to the Effective date of the Closing, with 365 as the denominator.
- (j) Accounts payable to be included in the Assumed Liabilities as of the Closing Date shall be an amount based on the amounts included in Seller's accounts payable system of amounts due as contained in the following organization groupings: 026, 029, 504 and 520.
- (k) Real property and all improvements, fixtures, furniture, machinery and equipment included in the Purchased Assets shall be valued at the depreciated value contained in the applicable detailed property subsidiary ledger as of October 3, 1998, adjusted for the cost of subsequent additions and construction in progress.
- (l) The value of the post retirement benefits under FASB 106 for active associates included as Assumed Liabilities will be determined by the Seller's actuary as the Accrued Post Retirement Benefit Cost for the Business.

3 The statements of sales and profit from operations reflect the operating results of the Business for the periods indicated, in a manner consistent with the books and records and past practice of the Seller. These statements include certain intra-company income and expense allocations and adjustments, and omit other information related to intra-company transactions. The statements of sales and profit from operations for any period in 1998 do not reflect any depreciation expense. The tentative statement of sales and profit from operations for the period ended December 5, 1998 may also be subject to other normal year end adjustments.



**Schedule 2.6(e)(ii)**

**Independent Accounting Firms**

Arthur Andersen and Co.

KPMG Peat Marwick LLP

**Schedule 3.3**

**Defaults or Liens**

None

**Schedule 3.4(a)**

1. The financial statements for 1998 reflect a reversal of depreciation.

*Chiquita + Asheville*

SPRINGS INDUSTRIES, INC.  
SPGS 5001  
PR20 VERSION 1

PROJECT SUMMARY REPORT  
BY PLANT  
REPORT DATE 120598

CURRENT DATE 12/05/1998 PAGE 21  
CURRENT PERIOD 11/1998  
SYSTEM DATE 12/09/1998

SEQUENCE : PR-GL-SUBL PR-GL-CM PROJECT  
026 9998

PROJECT	NAME DESCRIPTION	O O O O A C E F	EST-CMP DATE	AUTHORIZED ATH CAPITAL ATH EXPENSE	COMMITTED CAPITAL CMT EXPENSE CMT	OVER/UNDER CAPITAL EXPENSE	EXPENDED CAPITAL EXP EXPENSE EXP	FORECAST COST	PCT CMT CMP
0269998220	PURCHASE 10 AIR JET LOOMS	Y Y	03/30/99	860,000 820,000 40,000	941,379 907,287 34,092	81,379 87,287 -5,908	941,379 907,287 34,091		0 109 0
0269998221	DRAW FRAMES (3)	Y Y Y	04/30/99	243,500 238,500 5,000	258,029 239,323 18,706	14,529 825 13,706	258,029 239,322 18,706		0 106 0
0269998237	INVENTORY TRACKING		08/19/98	25,000 25,000 0	25,587 23,587 0	-1,413 -1,413 0	25,587 23,587 0		0 94 0
0269998244	TIE-IN MACHINE	Y Y	10/30/98	53,000 53,000 0	56,834 56,834 0	3,834 3,834 0	52,423 52,423 0		0 107 0
0269998249	MURATA JET SPINNING FRAME	Y	05/30/99	1,056,209 974,325 81,884	626,561 282,070 166,690	-629,648 -692,855 63,206	395,848 254,857 140,990		0 40 0
0269998257	IMPROVE SECURITY		10/06/98	59,444 59,444 0	54,605 54,605 0	-4,839 -4,839 0	54,605 54,604 0		0 92 0
0269998258	INVERTER DRIVES/OPENERS	Y Y	11/30/98	25,300 25,300 2,000	26,525 24,888 1,637	1,225 1,588 -363	20,025 18,387 1,636		0 105 0
0269998256	UPGRADE ACCOUNTING SYSTEM		11/11/98	25,000 25,000 0	16,008 16,008 0	-8,992 -8,992 0	16,008 16,007 0		0 64 0
0269998257	NETWORK UPGRADE	Y Y	10/30/98	31,550 31,550 0	33,434 33,434 0	1,884 1,884 0	33,434 33,433 0		0 106 0
0269998258	FINISHING RESTRUCTURING	Y Y	09/30/99	1,096,000 1,076,000 22,000	1,126,960 1,119,257 7,703	30,960 45,257 -14,297	1,092,785 1,085,082 7,702		0 103 0
0269998259	FILTRATION PROJECT	Y Y Y	01/30/99	272,511 267,898 4,613	297,838 274,049 23,792	25,327 6,169 19,179	273,867 250,075 23,791		0 109 0

SPRINGS INDUSTRIES, INC.  
SPGS 5001  
PR20 VERSION 1

PROJECT SUMMARY REPORT  
BY PLANT  
REPORT DATE 120598

CURRENT DATE 12/05/1998 PAGE 22  
CURRENT PERIOD 11/1998  
SYSTEM DATE 12/09/1998

SEQUENCE : PR-GL-SUBL PR-GL-CM PROJECT  
026 9998

PROJECT	NAME DESCRIPTION	O O O O A C E F	EST-CMP DATE	AUTHORIZED ATH CAPITAL ATH EXPENSE	COMMITTED CAPITAL CMT EXPENSE CMT	OVER/UNDER CAPITAL EXPENSE	EXPENDED CAPITAL EXP EXPENSE EXP	FORECAST COST	PCT CMT CMP
0269998261	UPGRADE BREAKERS		03/30/99	6,600 0 6,600	6,600 0 6,600	0 0 0	0 0 0		0 100 0
0269998263	UPGRADE WAPER CREEL	Y Y	05/30/99	80,000 80,000 0	87,923 87,923 0	7,923 7,923 0	22,310 22,309 0		0 110 0
0269998264	UPGRADE BEAMCR FRONT END		03/30/99	15,000 15,000 0	13,780 13,780 0	-1,220 -1,220 0	13,780 13,780 0		0 92 0
0269998265	REPLACE WORN ACCUMULATORS	Y Y	05/30/99	40,000 40,000 0	43,553 43,553 0	3,553 3,553 0	43,553 43,553 0		0 109 0
0269998267	UPGRADE SLASKER HOIST		03/30/99	19,000 19,000 0	0 0 0	-19,000 -19,000 0	0 0 0		0 0 0
0269998268	UPGRADE WEAVE ROOM HOIST		03/30/99	48,000 48,000 0	15,649 15,649 0	-32,351 -32,351 0	5,525 5,525 0		0 33 0
0269998270	RETURNABLE YARN PACKS	Y Y	05/30/99	10,000 0 10,000	10,625 0 10,625	625 0 625	6,375 0 6,375		0 104 0
0269998273	REPLACE WATER LINE		03/30/99	20,000 0 20,000	16,202 0 16,202	-3,798 0 -3,798	16,202 0 16,201		0 81 0
0269998274	FLUSHING INVESTIGATION		03/30/99	24,000 0 24,000	22,029 0 22,029	-1,971 0 -1,971	17,049 0 17,048		0 92 0
0269998275	PURCHASE SPINNING BOBBINS	Y Y	05/30/99	10,000 0 10,000	11,270 0 11,270	1,270 0 1,270	11,270 0 11,270		0 113 0
0269998277	DIRECT CAPITAL 1998		12/30/98	30,000 30,000 0	24,834 24,834 0	-5,166 -5,166 0	22,030 22,029 0		0 83 0

Schedule 3.4(b)

1. 1998 revenues from operations are down by more than 10% from the comparable period in 1997.
2. Attached is a list of open capital projects as of December 5, 1998.

SPRINGS INDUSTRIES, INC.  
SPGS 001  
CPR20 VERSION 1

PROJECT SUMMARY REPORT  
BY PLANT  
REPORT DATE 120598

CURRENT DATE 12/05/1998 PAGE 23  
CURRENT PERIOD 11/1998  
SYSTEM DATE 12/09/1998

SEQUENCE : PR-GL-SUBL PR-GL-CN PROJECT  
025 9998

PROJECT	NAME DESCRIPTION	D A	D C	D E	D F	EST-CMP DATE	AUTHORIZED ATH CAPITAL ATH EXPENSE	COMMITTED CAPITAL CMT EXPENSE CMT	OVER/UNDER CAPITAL EXPENSE	EXPENDED CAPITAL EXP EXPENSE EXP	FORECAST COST	PCT CMT CMP
0269998278	SURGE PROTECTION		Y			05/30/99	10,000 5,000 5,000	8,289 8,289 0	-1,711 3,289 -5,000	5,539 5,539 0	0	83 0
0269998285	REPAIR BIG ELEVATOR					07/30/99	82,600 0 82,600	22,775 0 22,775	-59,825 0 -59,825	22,775 0 22,775	0	28 0
0269998286	PC'S FOR WINDOWS 95					09/30/99	60,000 40,000 20,000	11,340 11,340 0	-48,660 -28,660 -20,000	11,340 11,339 0	0	19 0
0269998204	MURATA WINDER DRUMS	Y	Y			08/30/99	72,000 0 72,000	79,200 0 79,200	7,200 0 7,200	79,200 0 79,200	0	110 0
----- TOTAL -----							AUTHORIZED ATH CAPITAL ATH EXPENSE	TOTAL COMMITTED CAPITAL CMT EXPENSE CMT	TOTAL OVER/UNDER CAPITAL EXPENSE	TOTAL EXPENDED CAPITAL EXP EXPENSE EXP	----- TOTAL ----- FORECAST COST	
PR-GL-CN 9998							4,274,714 3,869,617 405,097	3,635,629 3,236,708 398,921	-639,085 -632,909 -6,176	3,436,937 3,059,147 377,790		0
PR-GL-SUBL 026							4,274,714 3,869,617 405,097	3,635,629 3,236,708 398,921	-639,085 -632,909 -6,176	3,436,937 3,059,147 377,790		0

CIP @ 12/5/98 - \$ 1,150,356  
 5,186  
 -----  
 1,155,542  
 Medical equipment project -

## SCHEDULE 3.6(i)

1. Lot 276 containing 0.058 acres between Trussel St. and Cox Street, Town of Honeca Path, Anderson County.
2. 0.103 Acres along Carolina Avenue, Town of Honeca Path, Anderson County.
3. 0.052 Acres (Water Tank Lot), Town of Honeca Path, Anderson County.
4. Lot 235 (0.215 Acres), Lot 236 (0.166 Acres), Lot 238 (0.236 Acres), Lot 239 (0.301 Acres) along Chiquola Avenue, Town of Honeca Path, Anderson County. Also Lot 234 (0.156 Acres) along Beacham St., Town of Honeca Path, Anderson County.
5. Lot 56 containing 0.396 Acres, Branch St. and Serrinc St., Town of Honeca Path, Anderson County.
6. Chiquola Plant, Town of Honeca Path, County of Anderson, including parking lots (.53 ac. and .64 ac.)
7. Abbeville Plant, Donalds Township, County of Abbeville

SCHEDULE 3.6(ii)

NONE



**Schedule 3.7 (ii)**

**Intellectual Property Used in the Business**

See Attached pages

<u>Patent Number</u>	<u>Description</u>	<u>Product(s) Covered</u>
4,921,756	Non-lively core spun yarn, formed on a Murata air jet spinning machine, which has a fiberglass core with a sheath of low-temperature resistant fibers.	Firegard Mattress Ticking Firegard F-187 upholstery barrier Firegard KI-163 Knit Interliner Firegard SS-207 seating support Flame Blocker 2-200 (for Uniroyal) Firegard EndoGard™ Knit Barrier Firegard LWB (lightweight barrier) Firegard Industrial Barrier Decorative Upholstery Barrier
4,927,698	Fabric formed of core spun yarns having pucker and shrink resistance imparted by coating the fabric with a curable cross-linkable composition.	Glass-core wovens only: Firegard Mattress Ticking Decorative Upholstery Barrier
4,996,099	Fire-resistant fabric suitable for use as a flame barrier comprising a flame durable textile fabric substrate formed of core spun yarns. the yarns comprise a core of flame resistant fiber and a sheath of modacrylic intumescent staple fibers.	Firegard KI-163 Knit Interliner Firegard SentrySac™ Firegard EndoGard Knit Barrier Centragard
5,091,243	Fire-resistant fabric suitable for use as a flame barrier comprising a flame durable textile fabric substrate formed of core spun yarns, and an intumescent coating carried by one surface of the textile substrate.	Firegard F-187 upholstery barrier

**SCHEDULE 3.7(iv)**

**INTELLECTUAL PROPERTY USED IN BUSINESS  
PURSUANT TO LICENSE AND SUBLICENSE AGREEMENTS**

None

**Schedule 3.11**

**Contracts**

(i) None

(ii) Springs Industries, Inc. entered into a noncompetition agreement with Interface, Inc. and Interintek Acquisition Corp. A copy of this noncompetition agreement is attached hereto. (Springs Industries, Inc. is referred to as "Seller".)

(iii) None

(iv) None

after the Effective Time, Hired Employees shall be covered by a severance plan providing no less favorable benefits than provided by Seller immediately prior to the date hereof.

(iv) Each of the Hired Employees (and their dependents) shall be immediately eligible to participate in Purchaser's health insurance plan (comparable to the Guilford of Maine, Inc. health insurance plan), except that those Hired Employees (and their dependents) with pre-existing health conditions (defined as health conditions for which such person has received medical treatment or filed a claim within the twelve months preceding the Effective Time) will be subject to a twelve month waiting period before they are eligible for participation with respect to such health condition. Each of the Hired Employees eligible for participation in Purchaser's health insurance plan shall be credited under Purchaser's health insurance plan for deductible payments credited to such Hired Employee under Seller's health insurance plan in respect of 1995. Purchaser agrees to reimburse Hired Employees for COBRA payments, including a tax gross-up, made by Hired Employees with pre-existing conditions who elect COBRA coverage during the period immediately following the Closing Date until their eligibility to participate in Purchaser's health insurance plan with respect to such pre-existing health condition.

### 3.7 Competition by Seller.

(a) Seller recognizes and acknowledges that Seller has confidential information and trade secrets relating to the business and operations of Intek, including (but not by way of limitation) sources of supply, customer lists, information relating to special needs and requirements of particular customers served by Intek, and customer trade secrets and confidential information, the use or disclosure of which would cause injury and loss to Purchaser. In order to induce Purchaser to enter into this Agreement and purchase the Transferred Assets provided herein, and in partial consideration thereof, Seller covenants and agrees that it shall not in any manner, directly or indirectly, for the period commencing at the Effective Time and ending on the fifth anniversary thereof, engage in the business of manufacturing, marketing or selling products of the types sold by Intek during any of the 12 months preceding the Effective Time, for use in the contract office furniture market (other than window treatment products), or any products competitive therewith for use as office panel fabric, acoustical panel fabric or seating interliner flammability barrier fabric (collectively, "Prohibited Acts"), with the following exceptions:

- (i) Fiberglass barrier fabric of the type presently produced and sold under the Uniguard trademark by Seller's Clark-Schwebel, Inc. subsidiary;

- (ii) Fabric of the type currently sold by Seller as a backing for Naugahyde to Uniroyal using the patents included within the Licensed Patents;
- (iii) Greige upholstery fabric of the type currently sold by Seller to Hi-Tex using the patents included within the Licensed Patents but not as an interliner fabric;
- (iv) Fabric of the type currently sold by the Intek Business under Intek Style No. 8500 or SS-207 as a seating support fabric; and
- (v) Fabrics covered under the Licensed Patents and sold for use as mattress ticking and bedding flame barrier products;

provided however, that Seller may (a) own up to five percent of the publicly-traded common stock of a company engaged in Prohibited Acts, and (b) purchase all of the stock or assets of a company engaged in Prohibited Acts which collectively account for less than \$500,000 of such company's annual sales and less than three percent of such company's annual sales.

The five year period described in the preceding sentence shall be tolled during any period that Seller is in breach of this Paragraph 3.7. This Paragraph 3.7(a) shall in no way limit Seller's right to manufacture and sell fabrics using the patents included within the Licensed Patents for uses other than as prohibited by this Paragraph 3.7(a). "Licensed Patents" as used herein shall have the same meaning as in the Intellectual Property Licenses attached hereto as Exhibit A and Exhibit B.

(b) Seller recognizes and agrees that the ascertainment of damages in the event of its breach of any covenant or agreement contained in this Paragraph 3.7 would be difficult, if not impossible. Seller therefore agrees that Purchaser, in addition to and without limiting any other remedy or right which it may have, shall have the right to an injunction issued by a court of competent jurisdiction enjoining any such breach, and Seller hereby waives any defenses that Purchaser has or will then have an adequate remedy of law with respect to any such breach.

### 3.8 Payments Received.

(a) Except for payments relating to Accounts Receivable, any payments received by Purchaser for Seller's account (e.g., relating to products shipped by Seller, or refunds or rebates relating to periods prior to the Effective Time) shall be remitted as directed by Seller no later than five business days after receipt. Similarly, any payments received by Seller for

**Schedule 3.12**

**Litigation**

Lollis, Debbie R. v. Springs Industries, Inc.; Charge No. 146980612

EEOC claim of sex, disability and retaliatory discrimination filed with Greenville, SC offices of EEOC on September 1, 1998.

Lollis, Timmy v. Springs Industries, Inc.; Charge No. 146980611

EEOC claim of disability and retaliatory discrimination filed with Greenville, SC offices of EEOC on September 1, 1998.

SCHEDULE 3.13

PRODUCT WARRANTY

**CHIQUOLA INDUSTRIAL FABRICS**

**RETURN POLICY**

**Chiquola Industrial Fabrics will, for a period of not more than six months from the date of receipt by customer, accept for return any material that does not meet previously agreed upon and/or acceptable Quality Standards provided that the material has not been altered in any way. After receipt of returned material and verification of returned yardage a credit will be issued and a replacement roll will be sent to customer.**



**Schedule 3.14**  
**Product Liability**

None

**Schedule 3.16****Employee Benefit Plans**

1. Springs of Achievement Partnership Plan
2. Comprehensive Plan for Administration and Operation of Associate Welfare Plans
  - Medical
  - Dental
  - Basic Group Term Life Insurance
  - Accidental Death & Dismemberment
  - Short Term Disability
  - Long Term Disability
  - Supplemental Life Insurance
  - Supplemental Accidental Death & Dismemberment
3. Cafeteria Plan
4. Severance Plan
5. Income Extension Aid Plan (hourly)
6. Deferred Compensation Plan
7. Incentive Stock Plan
8. Springs of Achievement Excess Benefit Partnership Plan
9. Deferred Compensation Plan for Non AIP Highly Compensated Employees
10. Education Reimbursement
11. Excess LTD

**Schedule 3.17**

**Consents**

None

**Schedule 3.18****Environmental, Health and Safety**

To Seller's knowledge, there are no outstanding claims for violations of any Environmental, Health and Safety Laws with respect to the operation of the Business. As a result of the Business disposing of waste material (hazardous and nonhazardous) and given the presence of hazardous materials within the workplace (ie. asbestos, solvents) unknown potential liabilities exist with respect to the Business.

Schedule 3.20

Major Customers

12/15/98

INDUSTRIAL PRODUCTS CUSTOMER LIST

Customer Number	Customer Name	Attention	Phone	Address	City	State	Zip
1000149	BEDDING SPECIALISTS	DAVE	920 231 3987	2420 MINERVA	OSKOSH WI		54901
1000783	STANDARD COOSA	BELINDA ACC PAY	423-493-1852	P O BOX 791	CHATTANOOGA TN		37401
1001027	AMERICAN	ROBERT A BAKER	423 397 0177	P O BOX 1249	DANDRIDGE TN		37725
1002385	IBC GROUP, INC	FRED HAUSMAN	954 977 3094	730 W MCNAB ROAD	FORT LAUDERDALE FL		33309
1002995	EXPLAN INT'L TRADE	MAX SOLOMON	954 370 9889	1035 SHOTGUN ROAD	SUNRISE FL		33326
1003373	KENDALL COMPANY	MARtha	256 891 8315	127 TEXTILE AVENUE	ALBERTVILLE AL		35950
1003391	MONARCH HOSIERY	PAM SMITH	336-584-0361	P O BOX 1205	BURLINGTON NC		27716
1003978	AVONDALE MILLS	JOYCE HIGGINS	205-245-5221		SYLACAUGA AL		35150
1004657	MERIDIAN INDUSTRIES,	LINDA PITTMAN	864 242 9260	FRANKLIN DYED	GREENVILLE SC		29602
1006558	BOB BARKER CO., INC	TONNETTE X826	919 552 3431	P O BOX 429	FUQUAY-VARINA NC		27526
1015834	COATINGS INC & CO.	DARLENE X223	787-740-2811	85 E. ST	BAYAMON PR		00959
1019056	DAY INTERNATIONAL	CAROL QUAKE A/P	616-279-5161	111 DAY DRIVE	THREE RIVER MI		49093
1019057	DAY INTERNATIONAL	JEANETTE MORGAN	704-687-2485	P.O. BOX 1077	ARDEN NC		28704
1024835	DAVID M		407-365-7117	(DAY INTL)	LONGWOOD FL		32750
1027104	ROYERSFORD SPRING	SANDY BXT. 15	610-948-4440	98 MAIN ST	ROYERSFORD PA		19468
1027463	MORPHEUS INC	KEITH SIMON	415 369 5838	1040 HIGH ROAD	WOODSIDE CA		94062
1028652	H GOODMAN INC	KELLY	216-341-0200	3201 HARVARD AVE	CLEVELAND OH		44105
1039092	KINYO VIRGINIA INC	THERESA EXT 19	757-888-2221	290 ENTERPRISE DR	NEWPORT NEWS VA		23603
1045131	POLYFIBRON	DONNA	978-439-2116	P. T. I.	ADAMS MA		01220
1045132	POLYFIBRON	DONNA	978-439-2116	P. Y. I.	MORRISTOWN TN		37814
1059460	RAPIDTEC INC., DBA IPT DENICE	BETTY SLATTON/K	770-787-5080	ROTATION	COVINGTON GA		30209
1060120	REEVES BROS INC	BETTY SLATTON/K	864-576-9210	P O BOX 1898	SPARTANBURG SC		29304
1063209	INTEK INC	KELLY	910 944 4300	SUBSIDIARY OF	ABERDEEN NC		28315
1067607	SLEEPMASTER L.L.C.	A/P EXT 5054	712-381-5000	SERTA MATTRESS	LINDEN NJ		07036-6320
1071253	SUN GRAPHICS INC	LYNN	954-974-0217	1820 NV 21ST STREET	POMPANO BEACH FL		33060

TRADEMARK

REFL 1856 FRAME: 0093

INDUSTRIAL PRODUCTS DIVISION  
ACCOUNTS PAYABLE VENDORS  
SEPTEMBER 1998

Schedule 3.20

VENDOR	DESCRIPTION	Major Suppliers
HOHENBERG BROTHERS	REGULAR COTTON	
J. G. BOSWELL	PIMA COTTON	
NANYA PLASTICS CORP	POLYESTER	
LENZING	RAYON	
CLARK SCHWEDEL (PPG)	FIBERGLASS	
ACORDIS/COURTAULDS	TENCEL	
DIXIE YARN	PROTEX	
BEAL MANUFACTURING	PURCHASED YARN	
PHARR YARN	PURCHASED YARN	
SHUFORD MILLS	PURCHASED YARN	
SEYDEL WOOLEY	STARCH & SIZE	
AMERICAN SIZE	STARCH & SIZE	
RIDDLE FABRIC BELDING	TAPE & THREAD	
DUKE ENERGY	ELECTRICITY	
TOWN OF HONEA PATH	WATER/SEWER	
DONALD DUE WEST-WATER SEWER AUTHORITY	WATER/SEWER	
PIEDMONT NATURAL GAS	FUEL-GAS	
COMMISSIONERS OF PUBLIC WORKS GREENWOOD	FUEL-GAS	
DEFENDER INDUSTRIES	CLEANING-JANITORIAL & MACHINE	
M&M PARTNERS	GROUNDS KEEPING	
UPS FEDERAL EXPRESS GOLDSTAR LOGISTICS PITNEY BOWLES	POSTAGE/FREIGHT	
FORMS AND SUPPLIES	SUPPLIES	
MOBIL COMMUNICATIONS SOUTHERN BELL AT&T	TELECOMMUNICATIONS	

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**Schedule 6.6      Employee Matters.**

(a) Purchaser shall offer employment to substantially all of the employees of Seller engaged primarily in the Business on terms substantially equivalent to their current employment including, without limitation, job responsibilities, wages and compensation. Effective as of the Closing Date, all such employees who accept Purchaser's offer of employment will become employees of Purchaser ("Hired Employees"). Other employees of Seller who, with the consent of Seller are hired by Purchaser within three (3) months after the Closing Date, shall also be referred to as Hired Employees.

(b) In any termination or layoff by Purchaser of any Hired Employee after the Closing, Purchaser will comply fully, if applicable, with the Worker Adjustment and Retraining Notification Act of 1988 ("WARN") and all other applicable Federal, state and local laws, including those prohibiting discrimination and requiring notice. Purchaser will bear the cost of compliance with (or failure to comply with) any such laws.

(c) Except as set forth herein, Purchaser is not assuming and will not have any responsibility for the continuation of, any Employee Benefit Plan, and Purchaser will not be deemed a successor employer to Seller with respect to any Employee Benefit Plan. Except as set forth herein, no Employee Benefit Plan adopted or maintained by Purchaser with respect to the Business will be deemed a successor plan of Seller. Except as specifically set forth herein, no assets held in trust for any Employee Benefit Plan shall be transferred to Purchaser or to any plan adopted or maintained by Purchaser.

(d) Seller shall perform and satisfy all obligations under its medical and dental benefit plans with respect to any Hired Employees for claims incurred on or before the Closing Date.

Within three months from the Closing Date, and without any waiting period, and for a period of not less than 36 months, Purchaser will provide all Hired Employees (and their dependents if covered by Seller's plans at Closing ("Covered

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Dependents")) with medical, dental, life and disability benefits under plans maintained, established or contributed to by Purchaser which are substantially equivalent in the aggregate to plans provided by Seller to its employees. As to any Hired Employee (or Covered Dependent) who was covered by medical and dental plans of Seller immediately prior to the Closing, Purchaser shall waive any preexisting condition exclusions contained in its applicable medical and dental plans.

(e) Seller will bear the entire cost and expense of all workers' compensation claims arising out of injuries incurred by Hired Employees on or before the Closing Date. Purchaser will bear the entire cost and expense of all workers' compensation claims arising out of injuries incurred by Hired Employees after the Closing Date.

(f) Any liabilities, costs or expenses incurred by Purchaser associated with the termination of employment of any Hired Employee by Purchaser shall be the responsibility of Purchaser.

(g) Neither Purchaser nor Seller intends this Schedule 6.6 to create any rights or interest, except as between Purchaser and Seller and no present or future employees of either party (or any dependents of such employees) will be treated as third party beneficiaries in or under this Agreement.

(h) Effective as of the Closing Date, the Continuing Employees shall cease being covered under the "Springs Industries, Inc. Continued Medical Sharing Plan" and any other employee welfare benefit plan (as such term is defined in Section 3(1) of ERISA) maintained by Seller that provides similar benefits (collectively, the "Seller's Retiree Medical Plan") as sponsored and maintained by Seller. Effective as of the Transition Time, the Continuing Employees shall be provided with retiree health coverage substantially equivalent to retiree coverage provided by Seller.

(i) Effective as of the Transition Time, the Continuing Employees shall cease being covered under the life and disability components of the "Comprehensive Health Care, Life and Disability Plan of Springs Industries, Inc.", the "Springs of Achievement Long Term Disability Excess Plan", the "Long Term Disability Plan of Springs Industries, Inc. and Affiliates" and under any other employee welfare



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benefit plan (as such term is defined in Section 3(1) of ERISA) maintained by Seller that provides similar benefits (collectively, the "Seller's Life and Disability Plan").

(j) Springs of Achievement Partnership Plan.

(i) Effective as of the Closing Date, the Purchaser shall adopt as a participating employer the "Springs of Achievement Partnership Plan" (the "Seller's Defined Contribution Plan"). Seller shall permit Purchaser to remain as a participating employer under the Seller's Defined Contribution Plan until June 30, 1999 (the "Transition Date"). Purchaser shall pay all costs and expenses related to accounts of its employees under Seller's Defined Contribution Plan.

(ii) No later than the Transition Date, Purchaser shall adopt and maintain a defined contribution plan (the "Purchaser's Defined Contribution Plan") intended to be qualified under Section 401(a) of the Code that is substantially similar to the Seller's Defined Contribution Plan, has features concerning the timing and method of distributions such that a mandatory transfer from the Seller's Defined Contribution Plan to the Purchaser's Defined Contribution Plan of account balances attributable to the Continuing Employees will not cause a violation of Section 411(d)(6) of the Code, and credits the Continuing Employees with all of their years of service with Seller for all purposes under the Purchaser's Defined Contribution Plan. As soon as practicable after the adoption of the Purchaser's Defined Contribution Plan, Purchaser shall submit the Purchaser's Defined Contribution Plan to the IRS for a favorable determination that the Purchaser's Defined Contribution Plan is qualified under Section 401(a) of the Code.

(iii) In accordance with the applicable provisions of Section 414(l) of the Code, Seller shall, after Purchaser receives a favorable determination from the IRS regarding qualification of Purchaser's Defined Contribution Plan, cause the assets of the Seller's Defined Contribution Plan attributable to the accounts of each Continuing Employee who is employed by the Purchaser on the date of transfer of the assets (the "Transfer Date") (or the beneficiaries or alternate payee(s) of each Continuing Employee) to be transferred by the trustee of the Seller's Defined Contribution Plan to the trustee of the Purchaser's Defined Contribution Plan. As of the valuation date under the Seller's Defined Contribution Plan that immediately precedes

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such transfer, Seller shall cause the assets of the Seller's Defined Contribution Plan attributable to such accounts that are invested in stock of Seller to be reinvested in equivalent amounts of cash; and the transfer of such assets from the Seller's Defined Contribution Plan to the Purchaser's Defined Contribution Plan shall be made in cash. Except as provided in the foregoing sentence, any transfer of assets from the Seller's Defined Contribution Plan to the Purchaser's Defined Contribution Plan made pursuant to the terms of this Agreement shall be in cash or in kind (except that in all events any promissory notes or other evidences of indebtedness with respect to outstanding loans made to Continuing Employees shall be transferred to the Purchaser's Defined Contribution Plan), as mutually agreed by Seller and Purchaser, or in cash if no such agreement is made, and shall be made as of and as soon as practicable after a valuation date under the Seller's Defined Contribution Plan occurring coincident with or immediately preceding the Transition Date, or as of such later valuation date as may be mutually selected by Seller and Purchaser, but not before (i) Purchaser receives a favorable determination letter from the IRS that its Defined Contribution Plan is qualified under Section 401(e) of the Code and (ii) 30 days after Seller and the Company shall have complied with any requirement to file IRS Forms 5310-A with the IRS.

(iv) From the Transition Date until the Transfer Date, Purchaser shall make continuous payroll deductions each pay period from the pay of each Continuing Employee who has a loan(s) outstanding from the Seller's Defined Contribution Plan of amounts sufficient to pay the installment payments of principal and interest on each such loan as required by the promissory note or other evidence of indebtedness relating to such loan. Such deducted amounts shall be paid by the Company to the Seller's Defined Contribution Plan for a credit against such loan.

(v) On or prior to the Closing Date, Seller shall cause the Company to make a contribution to the Seller's Defined Contribution Plan of the amounts of any salary reduction contributions and matching contributions attributable to or payable on account of any Continuing Employee under the terms of the Seller's Defined Contribution Plan for any time period ending on the Closing Date.

(vi) Notwithstanding the foregoing, if Seller shall determine that a transfer of the assets described in subparagraph (iii) above represented by any

12/18/98

insurance company guaranteed investment contract would result in a loss of the contract rate of interest for any period during such contract's stated term or the imposition of a penalty or market value adjustment under any such contract, the assets represented by such contract shall not be so transferred but shall be held under the Seller's Defined Contribution Plan and administered pursuant to the terms thereof, as in effect on the Closing Date, until the term of such contract shall end, at which time the assets held thereunder on behalf of the Continuing Employees shall be transferred to the Purchaser's Defined Contribution Plan.

(k) Purchaser shall use its reasonable good faith efforts to enter into acceptable employment contracts with Harold McCarty for a term of at least 3 years and with Ken Ramsey, Tom Smith, Wayne Jennings, and Steve Peahuff for a term of at least 1 year.

## SCHEDULE 6.11

**TRANSITION SERVICES AGREEMENT**

This Transition Services Agreement (this "Agreement") is made as of December 18, 1998, by and between Springs Industries, Inc., a South Carolina corporation ("Springs") and Chiquola Industrial Products Group, LLC, a Delaware limited liability company ("Purchaser"). Springs and Purchaser are referred to herein collectively as the "Parties" and individually as a "Party".

WHEREAS, pursuant to the Asset Purchase Agreement, dated as of December 18, 1998, by and between Springs and Purchaser, Springs has agreed to sell its Industrial Products Division (the "Business") to Purchaser; and

WHEREAS, in connection with the sale Springs has agreed to provide (or cause its affiliates to provide) to Purchaser certain transition services to assist with the smooth transition of the Business from Springs to Purchaser and to assist Purchaser with various administrative and support functions post-closing until Purchaser can make alternative arrangements, all as set forth herein.

NOW THEREFORE, in consideration of the premises and covenants set forth herein and for other good and valuable consideration, Springs and Purchaser agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein have the meanings given to such terms in the Asset Purchase Agreement;

2. Transition Services. Upon the terms and subject to the conditions set forth in this Agreement, Springs shall provide, or cause its Affiliates to provide, to Purchaser the "Transition Services" relating to the operation of the Business described on Schedule A attached hereto. Transition Services shall be in the manner and at a relative level of service consistent in all material respects with that provided by Springs to the Business during the twelve months immediately preceding the Closing with only such modifications and changes as shall reasonably and in good faith be appropriate given Purchaser's status as a newly formed business venture rather than a division of Springs. To the extent practicable, Purchaser shall provide Springs with reasonable notice of its requirements for engineering-related Transition Services in order to facilitate an efficient allocation of Springs' resources and personnel to the performance of such Transition Services. The parties agree to act reasonably, cooperatively and in good faith to fully implement the desired objectives of this Agreement.

3. Billing and Payment. Springs shall invoice Purchaser for each Transition Service provided under this Agreement at the end of each fiscal month of Springs during which Springs provides such service. Invoices shall set forth in reasonable detail the services provided during such period and the charges therefor, in accordance with the applicable amount set forth on Schedule A attached hereto. The amounts listed on Schedule A are intended to be the same as the amounts charged to the Business by

Springs for the same services provided to the Business by Springs in the twelve months immediately preceding the date of this Agreement. All invoices shall be paid to Springs not later than ten (10) days following receipt by Purchaser of Springs' invoice.

4. Representatives. Springs and Purchaser shall each designate a representative to act as the primary contact person for the provision of all of the Transition Services (collectively, the "Coordinators"). The initial Coordinators shall be **Harold McCarty for Purchaser and Richard McRae for Springs.** Springs and Purchaser shall advise each other in writing of any change of their respective Coordinators. Springs and Purchaser agree that to the extent practicable all communications relating to the provision of the Transition Services shall be directed to the Coordinators.

5. Limitation of Liability. Purchaser acknowledges that Springs is providing services under this agreement as an accommodation to Purchaser at Springs' costs. In no event shall Springs be liable for indirect damages, lost profits, lost savings or consequential or incidental damages related to or arising out of Springs' acts or omissions in performance of the services, provided that Springs has acted in good faith and in a commercially reasonable manner.

6. Supply Services. With respect to the Transition Services that involve the procurement for, or supply to, a Party of raw materials or other goods, the quantity of such raw materials or other goods to be procured or supplied on an annual basis shall not be materially greater than the quantity procured or supplied to the Business during the twelve months immediately preceding the date of this Agreement and the type of such raw materials or other goods to be procured or supplied shall not be materially different from the type procured or supplied to the Business during the twelve months immediately preceding the date of this Agreement.

7. Accounts Payable. With respect to the accounts payable services which Springs is providing for Purchaser, Springs shall have no obligation to pay any account unless the money is available in Purchaser's account to make such payment.

8. Termination. Purchaser shall have no obligation to continue to use any of the Transition Services. Any or all of the Transition Services may be terminated by Purchaser at any time upon three months written notice to Springs. Springs may terminate any or all Transition Services upon three months written notice to Purchaser, but in no event may the date of termination be sooner than nine months from the date of this Agreement.

9. Assignment. This Agreement shall not be assignable in whole or in part by any party hereto without the prior written consent of the other party hereto.

10. Confidentiality. Each party and its Affiliates shall, and shall use best efforts to cause each of their respective officers, directors, employees and advisors to, hold all nonpublic information relating to the business of the other party disclosed to

such person by reason of this Agreement confidential and will not disclose any of such information to any person unless legally compelled to disclose such information; provided, however, that to the extent that any of them may become so legally compelled they may only disclose such information if they shall first have used reasonable efforts to obtain, and, if practicable, shall have afforded the other party the opportunity to obtain, an appropriate protective order or other satisfactory assurance of confidential treatment for the information required to be so disclosed. This Section 10 shall survive any termination or expiration of this Agreement of any of the Transition Services.

11. Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of South Carolina applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

12. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

13. Notices. Unless otherwise indicated herein, all notices, requests, demands or other communications to the respective parties hereto shall be deemed to have been given or made when deposited in the mails, registered or certified mail, return receipt requested, postage prepaid, or by means of overnight delivery service when delivered to such service addressed or by facsimile to the respective party at the following address:

Springs: Springs Industries, Inc.  
205 North White Street  
Fort Mill, SC 29715  
Attention: General Counsel

Purchaser: Chiquola Industrial Products  
Group, LLC  
P.O. Box 545  
Highway 178 South  
Honea Path, SC 29654  
Attn: Harold McCarty

14. Modification; Nonwaiver; Severability. Neither this Agreement nor any part hereof may be changed, altered or amended orally. Any modification must be by written instrument signed by the parties, except that any Transition Period may be terminated early by Purchaser in accordance with Section 8 hereof. Failure by either party to exercise promptly any right granted herein or to require strict performance of any obligation imposed hereunder shall not be deemed a waiver of such right. If any provision of this Agreement is held ineffective for any reason, the other provisions shall remain effective.

15. Interpretation. The headings and captions contained in this Agreement and in the schedules attached hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The use of the word "including" herein shall mean "including without limitation." In connection with any dispute arising between the Parties relating to the subject matter of any Transition Service or the terms and conditions governing the provision of any Transition Service, the Parties agree to negotiate in good faith to resolve such dispute as soon as reasonably practicable.

16. No Strict Construction. The language used in this Agreement shall be deemed to be the language chosen by the parties hereto to express their mutual intent, and no rule of strict construction shall be applied against any person.

17. Entire Agreement. This Agreement contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, whether written or oral relating to such subject matter.

18. Relationship of Parties. Except as specifically provided herein, none of the parties shall act or represent or hold itself out as having authority to act as an agent or partner of the other parties, or in any way bind or commit the other party to any obligations. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture, agency, trust or other association of any kind, each party being individually responsible only for its obligations as set forth in this Agreement.

19. Force Majeure. If Springs is prevented from complying, either totally or in part, with any of the terms or provisions of this Agreement by reason of fire, flood, storm, strike, lockout or other labor trouble, any law, order, proclamation, regulation, ordinance, demand or requirement of any governmental authority, riot, war, rebellion or other causes beyond the reasonable control of Springs or other acts of God, then upon written notice to Purchaser, the affected provisions and/or other requirements of this Agreement shall be suspended during the period of such disability and Springs shall have no liability to Purchaser or any other party in connection therewith; provided that Springs shall promptly resume the performance of suspended services when such disability is removed. Springs shall make all reasonable efforts to remove any such disability as soon as reasonably possible.

20. Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in Charlotte, North Carolina in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Any award rendered pursuant to such arbitration shall be final and binding on the Parties and judgment upon such award may be entered in any court having jurisdiction thereof.

IN WITNESS WHEREOF, the parties have caused this Transition Services Agreement to be executed as of the date first set forth above.

SPRINGS INDUSTRIES, INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_

CHIQUEOLA INDUSTRIAL PRODUCTS  
GROUP, LLC

By: \_\_\_\_\_

Its: \_\_\_\_\_



## SCHEDULE A

SPRINGS INDUSTRIES, INC.  
Industrial Products  
1999 Shared Services Charges

	Total	Weekly Charge
<b><u>MARKETING FIXED</u></b>		
General Accounting	\$ 27,500	\$ 529
<b><u>CAPITAL CHARGES &amp; SHARED SERVICES</u></b>		
VP - Controller:		
General ledger/financial reporting	38,275	736
Accounts receivable	45,700	879
Accounts payable	36,316	698
Payroll	40,416	777
Property records	25,522	491
Electronic system fees to mfg. Systems	4,361	84
Credit	40,174	773
Human Resources:		
Compensation	6,449	124
Benefits	20,000	385
Telecommunications	62,713	1,206
Environmental Services	21,893	421
<b><u>CHIQUEOLA/ABBEVILLE PLANT</u></b>		
Manufacturing Systems	82,733	1,591
Cost Accounting	14,550	280
Cost Accounting	7,570	146
Engineering	102,882	1,979
Circuit Board Repairs	20,298	390
Data circuits		
Paid by Springs IS	8,424	162
Paid by Chiquola	60,076	1,155
ERP equipment maintenance	32,824	631
Routers & Servers	3,363	65
	\$702,038	\$13,501

## Purchaser's Schedules to Asset Purchase Agreement

**Schedule 4.5 – No Violation**

**“The execution, delivery and performance of this Agreement and the Purchaser Delivered Agreements by Purchaser does not (a), subject to satisfaction of the requirements of the HSR Act, as defined in Section 5.3, violate any provision of applicable law, rule, regulation or ordinance (other than the consents to be obtained as contemplated by this Agreement), (b) violate any judgment, order, writ or decree of any court or other tribunal applicable to Purchaser, (c) violate or result in a default under any of the provisions of the articles of incorporation or bylaws of Purchaser, or (d) except as set forth in Schedule 4.5, violate or otherwise constitute a default (with or without giving of notice or the lapse of time or both) under any material agreement, bond, note or indenture by which Purchaser or any of its properties or assets are bound, except (other than with respect to clause (c) above) for any such violations or defaults which would not have a material adverse effect upon Purchaser’s ability to consummate the transactions contemplated by this Agreement in accordance with the terms hereof.”**

**NONE.**

Purchaser's Schedules to Asset Purchase Agreement

**Schedule 4.6 – Consents**

“Except as set forth in Schedule 4.6 and except as contemplated by this Agreement, no consent, approval or authorization of, or registration or filing with, any Authority is required in connection with the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby by Purchaser.”

**NONE.**