

Exhibit C

ALL AMERICAN ASSET PURCHASE AGREEMENT

Execution Copy

ASSET PURCHASE AGREEMENT

between

GARDEN STATE PAPER COMPANY, LLC

and

ALL AMERICAN RECYCLING CORPORATION

DATED AS OF JANUARY 21, 2003

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of January 21, 2003 is entered into by and between GARDEN STATE PAPER LLC, a Delaware limited liability company ("Seller"), and ALL AMERICAN RECYCLING CORPORATION, a New Jersey corporation ("Buyer").

INTRODUCTION

A. Seller is engaged in the business of receiving, sorting and baling recyclable waste materials, including, old newspapers, at a facility located in Paterson, New Jersey identified in the Real Property Lease listed on Schedule 2.1(a) hereof (the "Recycling Business");

B. Seller commenced a case under chapter 11 of Title 11 of the United States Code, 11 U.S.C. Sections 101 *et seq.* (the "Bankruptcy Code") on December 17, 2001 (the "Petition Date"), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") as Case No. 01-16280 (AJG) (the "Case");

C. On or about and since December 7, 2001, Seller substantially reduced the Recycling Business operations;

D. The assets and liabilities of the Recycling Business are subject to the supervision and control of Seller as a debtor-in-possession subject and pursuant to the jurisdiction of the Bankruptcy Court; and

E. Pursuant to, *inter alia*, Sections 363 and 365 of the Bankruptcy Code and the applicable Federal Rules of Bankruptcy Procedure, Seller wishes to sell certain assets and assign certain liabilities of the Recycling Business to Buyer and Buyer wishes to purchase certain assets and assume certain liabilities of the Recycling Business from Seller, in each case as more fully stated herein and subject to the terms hereof.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereof, the parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

1.1 Defined Terms. As used herein, the terms below shall have the following respective meanings:

"Affiliate" of a Person shall mean any other Person that, directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first mentioned Person.

"Agreement" shall mean this Asset Purchase Agreement (together with all Schedules and Exhibits referenced herein).

"Business" shall mean the Recycling Business.

"Business Day" shall mean any day other than a Saturday, Sunday or a legal holiday on which banking institutions in the State of New York are not required to open.

"Consent" shall mean any consent, waiver, authorization, order or approval, or filing, registration or notification.

"Environmental Laws" shall mean any applicable Laws relating to the environment or pollution, thereof, in effect as of the Closing Date, including any applicable provisions of the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 et seq., the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. §§ 11001 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq., the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq., the Federal Insecticide, Fungicide, and Rodenticide Act, 7 U.S.C. §§ 136 et seq., the Clean Air Act, 42 U.S.C. §§ 7401 et seq., the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. §§ 1251 et seq., the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §§ 1801, et seq., ISRA, and the rules and regulations promulgated pursuant to any of the above statutes.

"Environmental Claims" means any claim; litigation; demand; action; cause of action or suit; loss; cost, including, but not limited to, attorneys' fees, and expert's fees; damage; punitive damage; fine; penalty, expense, liability, criminal liability, strict liability, judgment, governmental or private investigation and testing; notification by a Governmental Entity of status of being potentially responsible for clean-up of any facility or for being in violation of any Environmental Law; proceeding; consent or administrative orders, agreements or decrees; lien; personal injury or death of any person; or property damage, whether threatened, sought, brought or imposed, that is related to or that seeks to recover losses, damages, costs, expenses and/or liabilities related to, or seeks to impose liability for: (i) improper use or treatment of wetlands, pinelands or other protected land or wildlife; (ii) noise; (iii) radioactive materials (including naturally occurring radioactive materials); (iv) explosives; (v) pollution, contamination, preservation, protection, decontamination, remediation or clean-up of the air, surface water, groundwater, soil or protected lands; (vi) solid, gaseous or liquid waste generation, handling, discharge, release, threatened release, treatment, storage, disposal or transportation; (vii) exposure of persons or property to Materials of Environmental Concern and the effects thereof; (viii) the release or threatened release (into the indoor or outdoor environment), generation, extraction, mining, beneficiating, manufacture, processing, distribution in commerce, use, transfer, transportation, treatment, storage, disposal or remediation of Materials of Environmental Concern; (ix) injury to, death of or threat to the health or safety of any person or persons caused directly or indirectly by Materials of Environmental Concern; and (x) destruction of property caused directly or indirectly by Materials of Environmental Concern or the release or threatened release of any Materials of Environmental Concern or any property (whether real or personal) arising at any facility owned or operated by Seller.

“Governmental Entity” shall mean any (i) federal, state, local, municipal, foreign or other government; (ii) governmental or quasi-governmental authority of any nature (including any governmental agency, branch, department, official, or entity and any court or other tribunal); or (iii) body exercising, or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power of any nature, including any arbitral tribunal.

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and any successor Law and the rules and regulations thereunder or under any successor Law.

“ISRA” shall mean the New Jersey Industrial Site Recovery Act, N.J. Stat. Ann. §§ 13:1K-6 et seq.

“Law” shall mean any federal, state, local or foreign principle of common law or statute, law, ordinance, regulation, rule, code, or Order enacted, promulgated, issued, enforced or entered by any Governmental Entity, or other requirement or rule of law.

“Liabilities” shall mean, as to any Person, all debts, adverse claims, liabilities, commitments, responsibilities, and obligations of any kind or nature whatsoever, direct, indirect, absolute or contingent, of such Person, whether accrued, vested or otherwise, whether known or unknown and whether or not actually reflected, or required to be reflected, in such Person's balance sheets or other books and records.

“Lien” shall mean any claim, pledge, option, charge, hypothecation, easement, security interest, right-of-way, encroachment, mortgage, deed of trust or other encumbrance.

“Material Adverse Effect” shall mean a material adverse effect on the Business or any development which could be reasonably expected to materially and adversely affect the value of the Purchased Assets, taken as a whole; provided, however, a Material Adverse Effect shall not include any adverse change, effect, event or occurrence in any way relating to or arising or resulting from (a) changes or effects affecting generally the Recycling Business industry, (b) changes or effects in any way arising or resulting from or related solely to the commencement of the Case, its pendency and/or any and all proceedings therewith unless such proceedings cause the closure or material curtailment of the Recycling Business prior to the Closing or unreasonably delays the entry of the Approval Order, or (c) a conversion of the Case from a Chapter 11 proceeding to a Chapter 7 proceeding unless such conversion causes the closure or material curtailment of the Recycling Business prior to the Closing or unreasonably delays the entry of the Approval Order or (d) loss of employees as a result of Seller's delivery of WARN notices to all Employees pursuant to Section 7.2(h).

“Materials of Environmental Concern” means: (i) those substances included within the statutory and/or regulatory definitions or listings of “hazardous substance,” “medical waste,” “special waste,” “hazardous waste,” “extremely hazardous substance,” “regulated substance,” “solid waste,” “hazardous materials,” or “toxic substances,” under any Environmental Law; (ii) any material, waste or substance which is or contains: (A) petroleum, oil or a fraction thereof, (B) explosives, or (C) radioactive materials (including naturally occurring radioactive materials); and (iii) such other substances, materials, or wastes that are classified or regulated as hazardous or toxic under any applicable federal, state or local law or

regulation. To the extent that the laws or regulations of any applicable state or local jurisdiction establish a meaning for any term defined herein through reference to federal Environmental Laws which is broader than the meaning under such federal Environmental Laws, such broader meaning shall apply.

“Order” shall mean any judgment, order, injunction, writ, ruling, decree, stipulation or award of any Governmental Entity or private arbitration tribunal.

“Permitted Liens” shall mean (i) imperfections of title, easements, encumbrances, or restrictions which individually or in the aggregate do not impair in any material respect the use or ownership of the Purchased Assets, (ii) Liens for Taxes (whether federal, state, local or foreign) attributable to any taxable period beginning on or after the Closing Date and not yet due or payable as of the Closing Date; (iii) statutory Liens for water, sewer, and other utility services attributable to any period beginning on or after the Closing Date which Liens are not due and payable as of the Closing Date; and (iv) Liens of materialmen's, mechanics', carriers', workmen's, warehousemen's, repairmen's and other like Liens arising in the ordinary course of business attributable to any period beginning on or after the Closing Date the continued existence of which would not have, individually or in the aggregate, a Material Adverse Effect.

“Person” shall mean an individual, a partnership, a joint venture, an association, a corporation, a business trust, a limited liability company, a trust, an unincorporated organization, a joint stock company, a labor union, an estate, a Governmental Entity or any other entity.

“Post-Closing Tax Period” shall mean any Tax period ending after the Closing, including the portion of the Tax period that begins immediately after the Closing.

“Pre-Closing Tax Period” shall mean any Tax period ending on or before the Closing, and the portion of the Tax period in which the Closing Date occurs that ends at the Closing.

“Proceeding” shall mean any action, arbitration, audit, hearing, investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving, any Governmental Entity or arbitrator.

“Representative” shall mean, with respect to any Person, such Person's officers, directors, employees, agents and representatives (including any investment banker, financial advisor, accountant, legal counsel, agent, representative or expert retained by or acting on behalf of such Person or its subsidiaries).

“Tax” or “Taxes” shall mean any federal, state, county, local, foreign and other income, profits, gains, net worth, sales and use, ad valorem, gross receipts, business and occupation, license, premium, windfall profits, environmental (including taxes under § 59A of the Internal Revenue Code of 1986, as amended, and the Treasury regulations thereunder (the “Tax Code”)), estimated, stamp, custom duties, property (real or personal), franchise, capital stock, excise, transfer, registration, value added, alternative or add-on minimum, payroll, employees, severance, withholding, disability, social security (or similar), unemployment or other tax, any penalty, addition to tax and interest on the foregoing, whether disputed or not.

“Tax Return” or “Tax Returns” shall mean any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

“Transfer Tax” or “Transfer Taxes” shall mean any federal, state, county, local, foreign and other sales, use, transfer, conveyance, gross receipts, documentary transfer, recording or other similar tax, fee or charge imposed upon the sale, transfer or assignment of property or any interest therein or the recording thereof, and any penalty, addition to tax or interest with respect thereto, but such term shall not include any tax on, based upon or measured by, the net income, gains or profits from such sale, transfer or assignment of the property or any interest therein.

“WARN Act” shall mean the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any successor Law, and the rules and regulations thereunder and under any successor Law.

1.2 Other Defined Terms. The following additional terms shall have the meanings defined for such terms in the Sections set forth below:

<u>Term</u>	<u>Section</u>
Apportioned Obligations	6.11(a)
Approval Order	7.1(b)
Assumed Contracts	2.1(d)
Assumed Liabilities	2.3
Bankruptcy Code	Introduction
Bankruptcy Court	Introduction
Business	1.1
Buyer	Preamble
Case	Introduction
Claims	2.2(d)
Closing	3.1
Closing Date	3.1
Equipment and Fixed Assets	2.1(b)
ERISA	6.7(c)
Excluded Assets	2.2
Excluded Liabilities	2.4
Financing	5.6
Inventory	2.1(e)
NJDEP	7.1(e)
Permits	2.1(c)
Petition Date	Introduction
Purchased Assets	2.1
Purchase Price	3.2
Recycling Business	Introduction
Real Property Lease	2.1(a)

ARTICLE II
TRANSFER OF ASSETS AND LIABILITIES

2.1 Purchased Assets. Subject to Section 2.2, the other provisions of this Agreement, and the Approval Order, at Closing, Seller shall sell, convey, assign, transfer and deliver to Buyer, and Buyer shall purchase, acquire, assume, and accept all right, title, and interest of Seller in and to the following assets, property and rights (other than the Excluded Assets) which are used in the operation of the Recycling Business as the same shall exist as of the date hereof (collectively, the "Purchased Assets"):

(a) The lease listed on Schedule 2.1(a) (the "Real Property Lease") which, subject to the requirements of Section 7.1(b) below, shall be assumed by Seller and assigned to Buyer pursuant to the provisions of Sections 363 and 365 of the Bankruptcy Code;

(b) The fixtures, machinery, equipment, fixed assets, leasehold improvements (to the extent owned by Seller) furniture, tools, vehicles, maintenance equipment, computer hardware and other tangible personal property owned by Seller listed on Schedule 2.1(b) and the supplies and other consumables related thereto (collectively, the "Equipment and Fixed Assets"), and, to the extent transferable, all warranties, if any, express or implied, existing for the benefit of Seller in connection with the Equipment and Fixed Assets;

(c) Subject to the Consent of the appropriate Governmental Entity, if necessary, to the extent legally transferable or assignable, the licenses, permits, franchises and other authorizations of any Governmental Entity listed on Schedule 2.1(c) relating to the Purchased Assets and to the operation of the Business (collectively, the "Permits");

(d) Subject to applicable Law, obtaining any necessary Consents, and existing confidentiality obligations, the employment contracts, contracts for goods, materials and services, purchase orders, contracts and commitments for Inventory, and other contracts and agreements of Seller relating to the Purchased Assets and to the operation of the Business and listed on Schedule 2.1(d) (collectively, the "Assumed Contracts");

(e) The inventory, if any, held for sale and owned by Seller located at the property subject to the Real Property Lease (collectively, the "Inventory"), and all warranties, if any, express or implied, existing for the benefit of Seller in connection with the Inventory, to the extent transferable;

(f) Subject to applicable Law, obtaining any necessary Consents, and existing confidentiality obligations, the books, records, files or papers of Seller, whether in hard copy or electronic format, relating to the Purchased Assets or to the operation of the Business and located at the property leased pursuant to the Real Property Lease and at Seller's Paterson facility (the "Paterson Site"), including engineering information, sales and promotional literature, manuals and data, sales and purchase correspondence, customer lists, vendor lists, catalogs, databases, research material, technical information, trade secrets, technology, know-how, specifications, designs, drawings, processes and quality control data, if

any; provided, however, Seller shall be permitted to keep and maintain copies of any books, records, files or papers which are necessary or desirable to document, support or further the Seller's accounting, legal or Tax claims and Seller shall be permitted to keep the originals of any books, records, files or papers which are necessary or desirable to document, support or further the Seller's sale or liquidation of its assets at the Paterson Site;

2.2 Excluded Assets. It is expressly understood and agreed that the Purchased Assets shall not include any of Seller's right, title or interest in or to any assets or properties of Seller that are not expressly enumerated or included generally in Section 2.1, including any of Seller's right, title or interest in or to any of the following (collectively, the "Excluded Assets"):

(a) Cash and cash equivalents or similar type investments, uncollected checks, bank accounts, certificates of deposit, Treasury bills and other marketable securities;

(b) Any security, vendor, utility or other deposits, including any security deposits with any Governmental Entity and the security deposits listed on Schedule 2.2(b), except for the security deposit under the Real Property Lease in the amount of \$96,134.50 which shall be deemed transferred to Buyer upon Seller's assignment to Buyer and Buyer's assumption of the Real Property Lease and Buyer's payment at Closing of the amounts required under Section 3.2 of this Agreement;

(c) Any contracts, leases or agreements other than the Real Property Lease and the Assumed Contracts;

(d) All rights, demands, claims, actions and causes of action (collectively, the "Claims") that Seller or any of its Affiliates may have against any other Person with respect to Claims based on Chapter 5 of the Bankruptcy Code and for refund or credit of any type with respect to Taxes accrued with respect to periods ending on or prior to the Closing;

(e) Any refunds of Tax attributable to the Business or the Purchased Assets during the Pre-Closing Tax Period;

(f) All Claims which Seller may have against any other Person with respect to any Excluded Assets or the Business, including Claims for indemnity arising prior to the Closing and including claims against Philadelphia Newspapers, Inc. for reimbursement of monies pursuant to a certain agreement (the "PNI Contract") between GSP Recycling, a division of Garden State Paper Company, Inc., and Philadelphia Newspapers, Inc. relating to the purchase of two (2) balers;

(g) All Claims (other than warranty Claims relating to Equipment and Fixed Assets referred to in Section 2.1(c)) which Seller may have against any Person with respect to any Purchased Asset which Claims refer, relate to and arose prior to the Closing;

(h) All insurance policies and any Claims, proceeds, or rights to receive payment thereunder; provided, however, that to the extent, prior to the Closing, Seller was required pursuant to the Real Property Lease, any Assumed Contract or otherwise to provide and/or maintain insurance coverage in the name or for the benefit of any third party, whether as an additional named insured, as a loss payee or otherwise, the coverage provided under such insurance policies to such third parties shall continue to inure to the benefit of such

third parties (provided, however, nothing contained herein shall require Seller to pay any costs, premiums, expenses or other sums whatsoever in order to continue such coverage after Closing);

(i) The automobiles identified on Schedule 2.2(i);

(j) The two (2) balers located at Philadelphia Newspapers, Inc., that are the subject of the PNI Contract;

(k) Seller's patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications, tradenames, copyrights, copyright applications, or copyright registrations, registrations, confidentiality, research, and license agreements related to the Purchased Assets or Recycling Business ; and

(l) Accounts receivables arising from or in connection with the Business that have been earned and are outstanding and unpaid as of the Closing Date.

2.3 Assumed Liabilities. Effective as of the Closing Date, Buyer shall assume and agree to pay, to perform and to discharge when due the following Liabilities (collectively, the "Assumed Liabilities"):

(a) Liabilities under the Real Property Lease and the Assumed Contracts, whether arising before, on or after the Closing Date; provided, however, that all costs to cure any defaults necessary for the assumption and assignment of such Real Property Lease and the Assumed Contracts in accordance with the Bankruptcy Code shall be paid, in full, by Seller at the Closing;

(b) Liabilities with respect to the termination of employment by Buyer of any Person who becomes an employee of Buyer after the Closing, but not such Liabilities for the payment of vacation days, sick days or severance payments which are accrued and unpaid to Seller's employees, if any, as of the Closing Date;

(c) Accounts payable from the Recycling Business operations arising after the Closing Date; and

(d) Liabilities for any and all Taxes relating to the Business or the Purchased Assets (other than Apportioned Obligations for which Seller is responsible) which are solely attributable to the Post-Closing Tax Period;

2.4 Excluded Liabilities. Except as specifically provided for in Section 2.3, Buyer shall not and does not assume, agree to pay, perform or discharge or otherwise have any liability or responsibility for any Liabilities of Seller (collectively, the "Excluded Liabilities").

2.5 Procedures for Purchased Assets Not Transferable. If the Real Property Lease or the Permits are, notwithstanding the provisions of the Approval Order, not assignable or transferable to Buyer without the Consent of any Governmental Entity or third party, and such Consent has not been obtained prior to the Closing Date and if the Buyer otherwise elects to proceed with the Closing notwithstanding such lack of Consent with respect to the Real Property Lease, this Agreement shall not constitute an assignment or transfer of the Real Property Lease or the Permits unless and until such Consent is obtained. In such case, Seller shall use commercially reasonable efforts to obtain such Consent as soon as practicable after the Closing Date (without the obligation to pay any fees or penalties (first arising after the Closing Date) to any Governmental Entity or third party); provided, however, that Buyer shall cooperate with Seller in that endeavor, and Seller shall use commercially reasonable efforts to

provide Buyer the benefit of any such Real Property Lease, Equipment Lease, Assumed Contract or Permit and will, at Buyer's expense, cooperate in any commercially reasonable and lawful arrangement designed to provide such benefits to Buyer. Nothing contained in this Section 2.5 shall be interpreted to require Buyer to waive any of the Conditions to Obligations of the Parties provided for in Article VII of this Agreement.

ARTICLE III. CLOSING AND PURCHASE PRICE

3.1 Closing. Unless this Agreement shall have been terminated and the transactions herein contemplated shall have been abandoned pursuant to Article VIII, the closing of the transactions contemplated herein (the "Closing") shall take place on the first Business Day following the day on which all conditions set forth in Article VII shall have been satisfied or waived, or on such other date as the parties hereto shall mutually agree, such date to be as soon as practicable following entry of the Approval Order. The Closing shall be held at the offices of Connell Foley LLP, 85 Livingston Avenue, Roseland, New Jersey 07068, at 10:00 a.m., local time, unless the parties hereto otherwise agree. The actual time and date of the Closing are herein called the "Closing Date."

3.2 Purchase Price. In consideration for the Purchased Assets, and subject to the terms and conditions of this Agreement, Buyer shall assume the Assumed Liabilities as provided in Section 2.3(a) and at the Closing shall pay to Seller in immediately available funds, by wire transfer to an account or accounts designated by Seller, an amount in cash equal to **\$258,634.50**, which together with that certain certified check in the amount of **\$162,500.00** made payable by Buyer to Seller previously delivered by Buyer and being held in escrow by Seller's counsel (the "Check"), constitutes the purchase price of **\$325,000.00** (the "Purchase Price") and is inclusive of an adjustment for the credit due Seller for the security deposit under the Real Property Lease . Subject to Section 8.2, pending Closing, Seller's counsel shall continue to hold the Check in escrow. Upon Closing, the Check shall be deposited to the account of Seller; unless, in lieu of such deposit of the Check, Buyer includes in the aforementioned wire transfer to an account or accounts designated by Seller, an amount in cash equal to the amount of the Check.

3.3 Allocation of Purchase Price for Tax Purposes. The valuation of, and allocation of the consideration or tax basis among the Purchased Assets attributable to the transactions contemplated by this Agreement shall be determined jointly by Buyer and Seller consistent with Section 1060 of the Internal Revenue Code of 1986, as amended, and the Treasury regulations thereunder and shall be set forth in Schedule 3.3 for Tax purposes. Buyer and Seller shall follow such allocation in determining and reporting their liabilities for Taxes in Tax returns filed by them subsequent to the Closing Date and agree not to take, in any filing with or accompanying any Tax return reporting any part of the transaction undertaken herein, a position inconsistent with such allocations. If such allocation is disputed by any Governmental Entity, the party receiving notice of such dispute shall promptly notify the other parties hereto and shall cooperate with the other parties in resolving such dispute. In the event

that Buyer and Seller do not agree upon the valuation and allocation to be set forth in such Schedule 3.3, the valuation and allocation of the consideration or tax basis among the Purchased Assets shall be pro rata according to an appraisal by an independent third party appraiser approved by the parties hereto.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer, as of the date hereof and on the Closing Date, as follows:

4.1. Existence, Standing and Qualification. Seller 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 the Purchased Assets. Seller is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is necessary because of the property owned, leased or operated by it or because of the nature of its business as historically conducted, other than where the failure to be so qualified would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

4.2. Authority, Power and Binding Effect. Subject to the entry of the Approval Order, the execution and delivery of, and the performance of all obligations under, this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement to be executed and delivered by Seller and the consummation by Seller of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Seller. Subject to the entry of the Approval Order, Seller has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. Seller has duly executed and delivered this Agreement. Upon the entry of the Approval Order, this Agreement will be, and the other agreements, documents and instruments executed in connection herewith when executed and delivered will be, the legal, valid and binding obligations of Seller, enforceable in accordance with their respective terms.

4.3. Conflicts and Consents. Assuming, (i) the entry of the Approval Order, (ii) compliance with the requirements of the HSR Act and ISRA, if any, and (iii) obtaining the Consents set forth on Schedule 4.3, none of the execution and delivery of, or the performance of the obligations under, this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement to be executed and delivered by Seller and the consummation by Seller of the transactions contemplated hereby and thereby, will (a) materially conflict with or result in a material breach of the certificate of formation, operating agreement or other organizational document of Seller, (b) conflict with or result in a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination, under any agreement or other instrument to which Seller is a party or by which Seller or any of its respective properties or assets is bound, or (c) violate any Law applicable to

Seller or any of its respective properties or assets, except, with respect to clauses (b) and (c), such conflicts, breaches, defaults or violations that would not reasonably be expected to have a Material Adverse Effect. Except (A) the entry of the Approval Order, (B) filings or approvals required pursuant to the HSR Act and ISRA, if any, and (C) the Consents set forth on Schedule 4.3, no Consent from any Person, the absence of which would reasonably be expected to have a Material Adverse Effect, is required in connection with this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement and the consummation by Seller of the transactions contemplated hereby and thereby.

4.4. Title to Purchased Assets. All of Seller's right, title and interest in the Purchased Assets (or in the case of any leased or licensed Purchased Assets, Seller's rights under such leases or licenses) shall be transferred to Buyer or its designee at Closing free and clear of all Liens other than Permitted Liens.

4.5. Brokers and Finders. Seller (or its creditor's committee appointed in connection with the Case) has engaged Blackstone and Houlihan Lokey Howard & Zuckerman in connection with the matters contemplated by this Agreement and will pay the fees and expenses of such firms. Seller has not employed any other investment bank, broker or finder or incurred any liability for any other investment banking, brokerage, finders' or similar fees or commissions in connection with the transactions contemplated by this Agreement.

4.6. Litigation. Except as described on Schedule 4.6, Seller has not received any notice of any claims, suits, actions, Environmental Claims or proceedings pending against Seller before any court, governmental department, commission, agency, instrumentality, authority, or any mediator or arbitrator that would have a Material Adverse Effect on the Recycling Business. To the best of its knowledge, Seller is not a party to and is not subject to any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality, authority, or any mediator or arbitrator that would have a Material Adverse Effect on the Recycling Business

4.7. No Violation of Law; Compliance with Agreements. Seller has not been given notice or been charged with any violation of, any law, statute, order, rule, regulation, ordinance or judgment (including, without limitation, any applicable Environmental Law) of any governmental or regulatory body or authority, the consequence of which could have a Material Adverse Effect on its Recycling Business.

4.8. Insurance. Schedule 4.8 sets forth a list of all insurance policies owned by the Seller or by which Seller or any of the Purchased Assets is covered against present losses, all of which are now in full force and effect.

4.9. Non-Competition Agreements. Seller is not a party to any agreement which purports to restrict or prohibit Seller from, directly or indirectly, engaging in a recycling business at the property leased pursuant to the Real Property Lease.

4.10. No Sublease. Seller has not executed a sublease for the use or occupancy of the real property leased pursuant to the Real Property Lease (the "Paterson Site"). A true, correct

and complete copy of the Real Property Lease has been delivered to or made available for inspection by Buyer.

4.11. Environmental Matters. To the best of its knowledge, there are no Hazardous Substances in, on or under the Paterson Site that resulted from Seller's operation of the Recycling Business, except those that are in compliance with Environmental Laws in existence on the date hereof and with permits issued pursuant thereto (if such permits are required) and in amounts not in excess of that necessary to operate the Paterson Site. Seller has not installed, owned or operated any underground storage tank at the Paterson Site.

4.12 Limitations on Seller's Representations and Warranties. THE PURCHASED ASSETS ARE BEING CONVEYED "AS IS," "WHERE IS" AND "WITH ALL FAULTS" ON THE DATE HEREOF AND ON THE CLOSING DATE. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS ARTICLE IV OF THIS AGREEMENT, SELLER MAKES NO OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, INCLUDING REPRESENTATIONS OR WARRANTIES AS TO THE CONDITION OF THE PURCHASED ASSETS, THEIR CONTENTS, THEIR FITNESS FOR ANY INTENDED USE, THE INCOME DERIVED OR POTENTIALLY TO BE DERIVED FROM THE PURCHASED ASSETS OR THE BUSINESS, OR THE EXPENSES INCURRED OR POTENTIALLY TO BE INCURRED IN CONNECTION WITH THE PURCHASED ASSETS OR THE BUSINESS. SELLER IS NOT, AND WILL NOT BE, LIABLE OR BOUND IN ANY MANNER BY EXPRESS OR IMPLIED WARRANTIES, GUARANTEES, STATEMENTS, PROMISES, REPRESENTATIONS OR INFORMATION PERTAINING TO THE PURCHASED ASSETS OR THE BUSINESS, MADE OR FURNISHED BY ANY BROKER, AGENT, EMPLOYEE, SERVANT OR OTHER PERSON REPRESENTING OR PURPORTING TO REPRESENT SELLER, UNLESS THE SAME IS EXPRESSLY SET FORTH IN THIS AGREEMENT.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as of the date hereof and on the Closing Date as follows:

5.1 Existence and Standing. Buyer is a corporation validly existing and in good standing under the laws of the State of New Jersey, and has all requisite power and authority to own, lease and operate its assets.

5.2 Authority, Power and Binding Effect. The execution and delivery of, and the performance of all obligations under, this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement to be executed and delivered by Buyer and the consummation by Buyer of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action on the part of Buyer. Buyer has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement and all other agreements, documents and instruments

contemplated in connection with this Agreement to which it is a party and to consummate the transactions contemplated hereby and thereby. Buyer has duly executed and delivered this Agreement. This Agreement will be, and the other agreements, documents and instruments executed in connection herewith when executed and delivered will be, the legal, valid and binding obligations of Buyer, enforceable in accordance with their respective terms.

5.3 Conflicts and Consents. Assuming, (i) the entry of the Approval Order, (ii) compliance with the requirements of the HSR Act, if any, and (iii) obtaining the Consents set forth on Schedule 5.3, none of the execution and delivery of, or the performance of the obligations under, this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement to be executed and delivered by Buyer and the consummation by Buyer of the transactions contemplated hereby and thereby, will (a) materially conflict with or result in a material breach of the organizational documents of Buyer, (b) conflict with or result in a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination, under any agreement or other instrument to which Buyer is a party or by which Buyer or any of its respective properties or assets is bound, or (c) violate any Law applicable to Buyer or any of its respective properties or assets, except, with respect to clauses (b) and (c), such conflicts, breaches, defaults or violations that would not reasonably be expected to materially impair Buyer's ability to consummate the transactions contemplated hereby. Except (A) the entry of the Approval Order, (B) filings required pursuant to the HSR Act, if any, and (C) the Consents set forth on Schedule 5.3, no material Consent from any Person is required in connection with this Agreement and all other agreements, documents and instruments contemplated in connection with this Agreement and the consummation by Buyer of the transactions contemplated hereby and thereby.

5.4 Brokers and Finders. Buyer has not employed any broker or finder or incurred any liability for any brokerage fees, commissions, finders, or similar fees in connection with the transactions contemplated by this Agreement.

5.5 No Continuation of Business. Buyer's business is neither a continuation of, nor is it related to, the business of Seller, and Buyer covenants and agrees that it will not, in any way, represent that its business is a continuation of or related to the business of Seller.

5.6 Financing. Buyer has sufficient unrestricted funds on hand or committed lines of credit to consummate the transactions contemplated by this Agreement ("Financing").

5.7 Buyer's Independent Investigation. THE PURCHASED ASSETS ARE BEING CONVEYED "AS IS," "WHERE IS" AND "WITH ALL FAULTS" ON THE DATE HEREOF AND ON THE CLOSING DATE. EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE IV OF THIS AGREEMENT, SELLER MAKES NO OTHER EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, INCLUDING REPRESENTATIONS OR WARRANTIES AS TO THE CONDITION OF THE PURCHASED ASSETS, THEIR CONTENTS, THEIR FITNESS FOR ANY INTENDED USE, THE INCOME DERIVED OR POTENTIALLY TO BE DERIVED FROM THE PURCHASED ASSETS OR THE BUSINESS, OR THE EXPENSES INCURRED OR POTENTIALLY TO BE INCURRED IN CONNECTION WITH THE PURCHASED ASSETS OR THE BUSINESS. BUYER HEREBY ACKNOWLEDGES

THAT BUYER IS ACQUIRING THE PURCHASED ASSETS BASED SOLELY UPON BUYER'S OWN INDEPENDENT INVESTIGATIONS AND INSPECTIONS OF THE PURCHASED ASSETS AND NOT IN RELIANCE UPON ANY INFORMATION PROVIDED BY SELLER, ITS AFFILIATES, EMPLOYEES AND/OR AGENTS, EXCEPT AS OTHERWISE EXPRESSLY SET FORTH IN THIS AGREEMENT. BUYER ACKNOWLEDGES THAT SELLER SPECIFICALLY DISCLAIMS ANY WARRANTY, GUARANTY OR REPRESENTATION, ORAL OR WRITTEN, PAST OR PRESENT, EXPRESS OR IMPLIED, CONCERNING THE PURCHASED ASSETS OR SELLER'S TITLE THERETO.

ARTICLE VI COVENANTS OF THE PARTIES

6.1 Bankruptcy Actions. Seller has filed or, upon execution hereof, will make with the Bankruptcy Court a motion, pursuant to, among other things, §§363 and 365 of the Bankruptcy Code, seeking approval of the transactions contemplated hereby, subject to entry of higher and better offers, and the proposed Approval Order. Seller and Buyer shall use their reasonable best efforts to cooperate, assist and consult with each other to secure the entry of the Approval Order, and to consummate the transactions contemplated by this Agreement. Buyer shall not file any pleadings or take any position in the Case contrary to the approval of the Approval Order and the consummation of the transactions contemplated hereby unless Seller and Buyer approve such pleading or position. Notwithstanding the preceding sentence, in the event any third party tries to overbid this Agreement or make an offer for the Purchased Assets on different terms and conditions, Buyer reserves the right to compete with such overbid or alternative offer. In the event that any orders of the Bankruptcy Court relating to this Agreement shall be appealed by any Person (or a petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any such order), Seller and Buyer will cooperate in taking such steps to diligently defend against such appeal, petition or motion and Seller and Buyer shall use their reasonable best efforts to obtain an expedited resolution of any such appeal, petition or motion. The form and content of the motion seeking the Approval Order and the Approval Order shall be reasonably satisfactory to Buyer's counsel.

6.2 Conduct of Business Pending the Closing. Except as may be permitted under this Agreement, without the prior written consent of Buyer, Seller shall not (i) sell, lease or transfer any Purchased Assets, other than sales of Inventory in the ordinary course of business, (ii) sell, lease or transfer any right, title or interest in or to any of the real property included in the Real Property Lease, (iii) amend, modify or terminate (other than in accordance with its terms) any Real Property Lease or Assumed Contract; (iv) subject any of the Purchased Assets to any Lien other than Permitted Liens, (v) knowingly take any action that would cause the representations and warranties made by Seller in this Agreement not to be true and correct in all material respects as of the Closing Date, (vi) incur any Liabilities other than Liabilities

incurred in the ordinary course of business, or (vii) agree to take any action prohibited by this Section 6.2.

6.3 Access.

(a) From the date hereof until the Closing Date and subject to any existing confidentiality agreements, Seller shall allow Buyer's employees, agents and Representatives during regular business hours to have reasonable access to the Business and the Purchased Assets and Seller's books and records related thereto, for the purpose of facilitating the acquisitions contemplated by this Agreement. From and after the Closing Date, the parties agree that so long as any books, records or other files relating to the Purchased Assets or operation of the Business, to the extent that they pertain to such operations prior to the Closing Date, remain in existence and available, each party (at its expense) shall have the right to inspect and to make copies of the same at any time during regular business hours for any proper purpose, including in connection with any third-party claim in respect of which a party may have Liability hereunder.

(b) Buyer hereby acknowledges and agrees that it shall grant to Seller, from and after the Closing Date, access during normal business hours to any records or personnel related to Seller's operation of the Business prior to the Closing Date upon Seller's reasonable request.

6.4 Public Announcements. No party shall issue a press release or otherwise make any public statements with respect to the transactions contemplated hereby, except as may be required by the Bankruptcy Court or by applicable Law, or with respect to filings to be made with the Bankruptcy Court in connection with this Agreement (in which case the party required to make such public statement shall notify the other party prior to making such public statement), without the prior consent of the other party, which consent shall not be unreasonably withheld.

6.5 Reasonable Efforts. Upon the terms and subject to the conditions herein provided, each of the parties hereto agrees to use its respective reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties hereto in doing, all things necessary, proper or advisable under applicable Laws to ensure that the conditions set forth in this Agreement are satisfied and to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement.

6.6 Further Assurances. On and after the Closing Date, the parties shall take all appropriate action and shall execute all documents, instruments or conveyances of any kind that may be reasonably necessary to carry out any of the provisions hereof.

6.7 Employees.

(a) Seller has provided Buyer with accurate and complete information as to rates of compensation (whether in the form of salaries, bonuses, commissions or other supplemental compensation now or hereafter payable) for all current employees of Seller. With the exception of those employees identified on Schedule 6.7(a), who are covered by the labor agreements between Seller and Local Union No. 300, Seller has no employment contracts with any such employees. Seller has not, and as of the Closing Date shall not have incurred any liability or obligation under WARN.

(b) Seller acknowledges that Buyer has no obligation to employ or offer to employ any Employees and that Seller shall be responsible for satisfying in full all amounts owed to such Employees, including wages, salaries, severance pay, sick pay, accrued vacation, any employment, incentive, workers' compensation, compensation or bonus agreements or other benefits or payments whether or not pursuant to any employment plan or compensation arrangement through the termination of employment with Seller. Effective prior to the Closing Date, Seller shall terminate the employment of all Employees; provided, that Seller shall terminate the Employees listed on Schedule 6.7(b) no earlier than the day prior to the Closing.

(c) Schedule 6.7(c) hereto is a list of the benefit plans maintained by Seller in which employees of the Business participate, including but not limited to all pension plans, profit-sharing plans or other employee pension benefit plans and all bonus, incentive, insurance, medical, dental, disability or other employee benefit plans (including, without limitation, any such plan within the meaning of Section 3(2) or Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended and any successor and amended law and regulations), in which any employee of Seller participates.

(d) Seller will provide its employees with Forms W-2 disclosing all wages and other compensation paid for such calendar year through the date of their termination by Seller.

6.8. Transfer Taxes. All Transfer Taxes arising out of the transfer of the Purchased Assets and any Transfer Taxes required to effect any recording or filing with respect thereto shall be borne by Seller. Buyer and Seller hereby agree that the Transfer Taxes shall be calculated assuming that no exemption from Transfer Taxes is available, unless otherwise indicated in the Approval Order or, at Closing, Buyer shall provide an appropriate resale exemption certificate or other evidence acceptable to Seller of exemption from all or a portion of such Transfer Taxes. Seller and Buyer shall cooperate to timely prepare and file any returns or other filings relating to such Transfer Taxes, including any claim for exemption or exclusion from the application or imposition of any Transfer Taxes. Seller shall pay such Transfer Taxes and shall file all necessary documentation and returns with respect to such Transfer Taxes when due, and shall promptly following the filing thereof furnish a copy of such return or other filing and a copy of a receipt showing payment of any such Transfer Tax to Buyer.

6.9. Tax Records. Each party agrees to maintain all applicable Tax records for so long as practicable, but in no event longer than the expiration of the applicable statute of limitations, and furnish or cause to be furnished to the others, upon request, as promptly as practicable, such information and assistance relating to the Purchased Assets and the Business as is reasonably necessary for filing of all Tax returns, including any claim for exemption or exclusion from the application or imposition of any Taxes or making of any election related to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or proceeding relating to any Tax return.

6.10. Utilities. To the extent practicable, the parties shall notify the gas, water, telephone and electric utility companies that Buyer shall be responsible for the payment of all obligations incurred therefor (including deposits required thereby) on or after the Closing Date with respect to the operation of the Business. Seller shall request the gas, water and electric utility companies to cause meters to be read as of the Closing Date, and Seller shall be responsible for the payment of all charges for such services incurred and provided through the

Closing Date. Seller shall cause the telephone companies to render a bill for telephone service incurred through the Closing Date, and Seller shall be responsible for the payment of such bills. In the event that after the Closing Date, any provider of phone, gas, water or electric utilities seeks payment from Buyer of unpaid phone, gas, water or electric utilities provided to Seller prior to the Closing Date, Seller shall pay such unpaid amounts as promptly as is required (after reasonable notice from Buyer) to avoid any discontinuation of utility service to Buyer. To the extent that Buyer pays such unpaid amounts, Seller shall promptly reimburse Buyer for the cost of such payments.

6.11. Proration of Taxes and Certain Charges.

(a) Except as provided in Section 6.8, all real property, personal property, or similar ad valorem Tax obligations relating to the Business or the Purchased Assets for any taxable period which includes (but does not end on) the Closing Date (collectively, the "Apportioned Obligations") shall be apportioned between Seller and Buyer as of the Closing Date based on the number of days of such taxable period included in the Pre-Closing Tax Period and the number of days of such taxable period included in the Post-Closing Tax Period. The Seller shall be liable for the proportionate amount of such Taxes that is attributable to the Pre-Closing Tax Period, and Buyer shall be liable for the proportionate amount of such taxes that is attributable to the Post-Closing Tax Period. The Buyer shall prepare and timely file all Tax Returns required to be filed after the Closing Date with respect to the Purchased Assets, if any, and shall duly and timely pay all such Taxes shown to be due on such Tax Returns. The Buyer shall make such Tax Returns available for the Seller's review no later than 15 Business Days prior to the due date for filing such Tax Returns. Within 10 Business Days after receipt of such Tax Returns, the Seller shall pay to the Buyer its proportionate share of the Apportioned Obligations shown as due on such Tax Returns determined in accordance with this Section 6.11(a).

(b) Except as provided in Section 6.10, all installments of special assessments or other charges on or with respect to the Purchased Assets payable by Seller for any period in which the Closing Date shall occur, including base rent, common area maintenance, royalties, all municipal, utility or authority charges for water, sewer, electric or gas charges, garbage or waste removal, and cost of fuel, shall be apportioned as of the Closing Date and each party shall pay its proportionate share promptly upon the receipt of any bill, statement or other charge with respect thereto. If such charges or rates are assessed either based upon time or for a specified period, such charges or rates shall be prorated between Seller and Buyer on a per diem basis, based on the number of days such party owned the property divided by the total number of days in the relevant taxable period. If such charges or rates are assessed based upon usage of utility or similar services, such charges shall be prorated based upon meter readings taken on the Closing Date.

(c) All refunds, reimbursements, installments of base rent, additional rent, license fees or other use related revenue receivable by any party to the extent attributable to the operation of the Business for any period in which the Closing shall occur shall be prorated so that Seller shall be entitled to that portion of any such installment applicable to the period up to but not including the Closing Date and Buyer shall be entitled to that portion of any such

installment applicable to any period from and after the Closing Date, and if Buyer or Seller, as the case may be, shall receive any such payments after the Closing Date, they shall promptly remit to such other parties their share of such payments.

(d) The parties agree that the prorations pursuant to this Section 6.11 may be calculated after the Closing Date, as each item to be prorated (including any such Tax, obligation, assessment, charge, refund, reimbursement, rent installment, fee or revenue) accrues or comes due, provided that, in any event, any such proration shall be calculated not later than 30 days after the party requesting proration of any item obtains the information required to calculate such proration of such item.

6.12. HSR Act. Each party hereto agrees, if necessary, to make an appropriate filing of a notification and report form pursuant to the HSR Act with respect to the transactions contemplated hereby within five Business Days after the date hereof and to supply promptly any additional information and documentary material that may be requested pursuant to the HSR Act. In addition, each party agrees to promptly make any other filing that may be required under any other antitrust Law or by any antitrust authority. All such filings shall comply in all material respects with the requirements of the respective laws or regulations pursuant to which they are filed. Each party hereto shall promptly inform the other of any communication from any Governmental Entity regarding any of the transactions contemplated by this Agreement. If any party or Affiliate thereof receives a request for additional information or documentary material from any such Government Entity with respect to the transactions contemplated by this Agreement, then such party will use its reasonable efforts to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request. Seller shall bear all filing fees associated with the HSR filings.

6.13. Bulk Sales. Except as set forth in Section 7.1(f), each of the parties hereto waives compliance with the provisions of any applicable statutes relating bulk transfers or bulk sales.

6.14. Confidentiality.

(a) Buyer and Seller each agree that all financial or other information about Buyer or Seller or any of their Affiliates, or other information of a confidential or proprietary nature, disclosed to the other at any time in connection with this Agreement shall be kept confidential by the party receiving such information and shall not be disclosed to any person or used by the receiving party for a period of three years after the date hereof (other than to its Affiliates, agents, employees, lenders, and its professionals, or counsel or in connection with the transactions contemplated by this Agreement) except: (i) with the prior written consent of the disclosing party; (ii) as may be required by applicable law, court or administrative process including in connection with the Case; (iii) such information which may have been acquired or obtained by such party (other than through disclosure by the other party in connection with the transactions contemplated by this Agreement or resulting from the breach by a third party of a confidentiality agreement with knowledge by the receiving party of the breach); (iv) such information which is or becomes generally available to the public other than as a result of a

violation of this provision; or (v) as may be required to effectuate the transfer or assignment of the Permits.

(b) Buyer and Seller each acknowledge that each party's damages at law would be an inadequate remedy for the breach by the other party of any provision of this Section 6.14, and agree in the event of such breach that the non-breaching party may obtain temporary and permanent injunctive relief restraining such breaching parties from such breach, and, to the extent permissible under applicable statutes and rules of procedure, a temporary injunction may be granted immediately upon the commencement of any such suit. Nothing contained in this Agreement shall be construed as prohibiting a party from pursuing other remedies available at law or in equity for such breach or threatened breach of this Section 6.14.

6.15. Disclosure Supplements. From time to time prior to the Closing, Seller shall supplement the Schedules hereto with respect to any matter hereafter arising or any information obtained after the date hereof which, if existing, occurring or known at or prior to the date of this Agreement, would have been required to be set forth or described in the Schedules, or which is necessary to complete or correct any information in such Schedule or in any representation and warranty of Seller which has been rendered inaccurate thereby. For purposes of determining the satisfaction of the conditions set forth in Article VII hereof, no such supplement or amendment shall be considered.

6.16. Financing. From the date hereof until the Closing Date, Buyer agrees to use its best efforts to ensure Financing is available and continues to be available to Buyer and shall take all necessary actions to comply with its obligations under the terms of any Financing agreements or arrangements.

6.17. Seller shall expeditiously execute those documents requested and prepared by Buyer for submission to the appropriate Government Entities to make such applications as are necessary and appropriate, and perform all other reasonable actions necessary, to obtain or effect the transfer from Seller to Buyer of the Permits set forth on Schedule 2.1(c), which obligation of Seller shall survive the Closing for a period not to exceed one hundred fifty (150) days. Except as required by law, such applications by Buyer shall seek approval for operation of the Recycling Business as conducted by Seller, without change in use or scope, and shall not seek to change the operations or structures governed by the Permits without the express consent of Seller in its sole discretion, which shall not be unreasonably withheld or delayed.

ARTICLE VII.

CONDITIONS TO OBLIGATIONS OF THE PARTIES

7.1 Conditions Precedent to Obligations of Buyer and Seller. The respective obligations of Buyer, on the one hand, and Seller, on the other hand, to consummate the transactions contemplated under this Agreement shall be subject to the satisfaction at or prior to the Closing Date of the following conditions:

(a) No Injunction. No preliminary or permanent injunction or other Order issued by, and no Proceeding or Order by or before any Governmental Entity in the United States or by any United States Governmental Entity nor any Law or Order promulgated or

enacted by any United States Governmental Entity shall be in effect which materially delays, restrains, enjoins or otherwise prohibits the transactions contemplated hereby.

(b) The Approval Order. The Bankruptcy Court shall have approved and entered in the Case the Approval Order and no stay of the Approval Order shall have been issued by the Bankruptcy Court or any Court have appellate jurisdiction over the Bankruptcy Court. The “Approval Order” shall be an Order of the Bankruptcy Court approving this Agreement and all of the terms and conditions hereof, and approving and authorizing Seller to consummate the transactions contemplated hereby including the transfer of all of the Purchased Assets to Buyer. Without limiting the foregoing, the Approval Order shall authorize Seller's assumption and assignment to Buyer of the Real Property Lease and the Assumed Contracts in accordance with the terms and conditions of this Agreement. The Approval Order shall, among other things, determine, the amount necessary to cure all defaults under the Real Property Lease and the Assumed Contracts as of the Closing Date and require the payment thereof by Seller at Closing. The Approval Order shall find and provide, among other things, that (i) the transactions contemplated hereby and by all other agreements, documents and instruments contemplated in connection with this Agreement are in good faith and otherwise satisfy the provisions of Section 363, including Section 363(m), and 365 of the Bankruptcy Code and (ii) Seller has complied with the notice requirements of Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure and any applicable rules of the Bankruptcy Court with respect to the transactions contemplated by this Agreement and by all other agreements, documents and instruments contemplated in connection with this Agreement.

(c) HSR Act. Any applicable waiting period under the HSR Act, if required, shall have expired or shall have been earlier terminated.

(d) Permits, Consents and Approvals. All Consents as are set forth on Schedule 4.3 shall have been obtained, except (i) such Consents which are not required due to the entry by the Bankruptcy Court of the Approval Order; (ii) Consents required in connection with transfer of the Permits; and (iii) Consents the lack of which would not individually or in the aggregate result in a Material Adverse Effect.

(e) ISRA. Seller shall have received from the New Jersey Department of Environment Protection (“NJDEP”), pursuant to ISRA, and the regulations promulgated thereunder, and any successor or amended legislation or regulations, for the property which is the subject of the Real Property Lease, a letter indicating that ISRA does not apply to the transaction contemplated by this Agreement (a “Nonapplicability Letter”). In the event that the Closing is delayed because the Nonapplicability Letter shall not have been secured, then as long as Seller is proceeding to obtain same, Seller shall not be deemed in breach of this Agreement nor shall Buyer have the right to terminate this Agreement, except that either party shall have the option to terminate this Agreement if the Nonapplicability Letter is not obtained within forty-five (45) days after the execution of this Agreement. Seller shall provide to Buyer a copy of the application for the Nonapplicability Letter and, upon its receipt from the NJDEP, a copy of the Nonapplicability Letter.

(f) Notice of Sale, New Jersey Division of Taxation. Provided that within three (3) Business Days of Buyers' receipt of a filed stamped copy of the Approval Order, Buyer provides the State of New Jersey, Department of the Treasury, Division of Taxation, Bulk Sale Section (the "Division of Taxation") with a Notice of Sale, Transfer or Assignment in Bulk, then, in the event the Division of Taxation informs Buyer or Seller that a possible claim for tax or taxes due the Division of Taxation exists, the Seller shall comply with the requests and or requirements of the Division of Taxation regarding the escrowing of the sale proceeds, or a portion thereof, to secure such rights, if any, that the Division of Taxation has or may have therein and such escrowed funds shall be held by Seller until the claims of the Division of Taxation are paid or otherwise resolved. Seller shall timely provide Buyer with such information as may be required to complete the aforementioned Notice.

(g) No Material Adverse Effect. From September 30, 2002, until the Closing Date, no change shall have occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, a loss or damage to the Equipment and Fixed Assets or the premises that are the subject of the Real Property Lease that occurs after January 3, 2003 and that individually or in the aggregate has a repair or replacement cost (whichever is less) of \$50,000.00 or more shall be deemed to constitute a Material Adverse Effect. Any such loss or damage having a repair or replacement cost (whichever is less) of less than \$50,000 shall not constitute a Material Adverse Effect, provided, however, that at Closing Seller assigns to Buyer any insurance claims or proceeds relating to such loss or damage.

(h) WARN and COBRA Notices. Seller shall have (i) delivered to all appropriate parties any and all notices required under WARN and provided to Buyer both the form of notice and an affidavit reflecting Seller's prior delivery of such notices, including a list of names and addresses to whom such notices have been delivered and (ii) drafted a form notice that is required by and complies with the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA") to be delivered to all appropriate parties and shall have provided to Buyer both the notice and an affidavit reflecting Seller's intention to deliver, or Seller's prior delivery of, such notices, including a list of names and addresses to whom such notices have been delivered.

7.2 Conditions Precedent to Obligations of Buyer. The obligation of Buyer to consummate the transactions contemplated under this Agreement is subject to the satisfaction (or waiver by Buyer) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of Seller contained herein shall be true and correct in all material respects on the date hereof and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent (i) that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such date and (ii) that a failure of any such representation or warranty to be true and correct will not individually or in the aggregate result in a Material Adverse Effect.

(b) Performance of Agreements. Seller shall have performed in all material respects each of the covenants, obligations and agreements contained in this Agreement required to be performed by it prior to or at the Closing Date.

(c) Officer's Certificate. Buyer shall have received a certificate, dated as of the Closing Date, of an officer of Seller to the effect that the conditions specified in Sections 7.2(a) and (b) have been fulfilled.

(d) Deliveries. Seller shall have delivered board resolutions of Seller in form and substance reasonably acceptable to Buyer approving the transactions contemplated hereby, and all bills of sale, assignments, and other customary documents, certificates or instruments reasonably requested by Buyer.

7.3 Conditions Precedent to the Obligations of Seller. The obligation of Seller to consummate the transactions contemplated under this Agreement is subject to the satisfaction (or waiver by Seller) at or prior to the Closing Date of each of the following additional conditions:

(a) Accuracy of Representations and Warranties. The representations and warranties of Buyer contained herein shall be true and correct in all material respects on the date hereof and on and as of the Closing Date, with the same force and effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent (i) that any such representation or warranty is made as of a specified date, in which case such representation or warranty shall have been true and correct in all material respects as of such date and (ii) that a failure of any such representation or warranty to be true and correct will not individually or in the aggregate materially impair Buyers ability to consummate the transactions contemplated hereby.

(b) Performance of Agreements. Buyer shall have performed in all material respects each of the covenants, obligations and agreements contained in this Agreement required to be performed by it prior to or at the Closing Date.

(c) Officer's Certificate. Seller shall have received a certificate, dated as of the Closing Date, of an officer of Buyer to the effect that the conditions specified in Sections 7.3(a) and (b) have been fulfilled.

(d) Deliveries. Buyer shall have delivered board resolutions of Buyer in form and substance reasonably acceptable to Seller approving the transactions contemplated hereby, the Purchase Price in accordance with Section 3.2, and all other customary documents, certificates or instruments reasonably requested by Seller.

(e) The Closing of the transaction pursuant to and as defined in that certain Asset Purchase Agreement between Seller and Fiber Corporation of America shall occur simultaneously with the Closing hereunder.

ARTICLE VIII TERMINATION

8.1 Termination of Agreement. This Agreement may be terminated and the transactions contemplated hereby abandoned at any time prior to the Closing:

- (a) by mutual written agreement of Buyer and Seller;
- (b) by any party if the Closing shall not have occurred on or before 11:59 p.m. (Eastern time) on **January 31, 2003**; provided, however, that the right to terminate this Agreement pursuant to this Section 8.1(b) shall not be available to any party whose material failure to fulfill any obligation under this Agreement shall have been the cause of the failure of the Closing Date to have occurred on or prior to such date;
- (c) by written notice of Buyer to Seller, if Seller shall have materially breached its representations, warranties or agreements contained herein; provided that any such breach is not curable or, if curable, is not cured within 10 business days after Buyer gives Seller written notice identifying such breach or breaches and provided Buyer is not in breach in any material respect of any of its representations, warranties, covenants or agreements in this Agreement; or
- (d) by written notice of Seller to Buyer, if Buyer shall have materially breached its representations, warranties or agreements contained herein; provided that any such breach is not curable or, if curable, is not cured within 10 business days after Seller gives Buyer written notice identifying such breach or breaches and provided Seller is not in breach in any material respect of any of its representations, warranties, covenants or agreements in this Agreement.

8.2 Effect of Termination. Nothing in this Article VIII shall relieve any party of any liability for a breach of this Agreement prior to the termination hereof. Except as aforesaid, upon the termination of this Agreement in accordance with its terms, Seller shall promptly return the Check to Buyer and all rights and obligations of the parties hereunder shall terminate, except obligations under Sections 6.14, and 9.1 shall remain in full force and effect; provided, however, that notwithstanding the foregoing, if this Agreement is terminated by Seller pursuant to Section 8.1(d), Seller shall be entitled to keep the Check and cause it to be deposited to the account of Seller. Thereupon, Seller shall return to Buyer eighty percent (80%) of the proceeds of the Check and shall retain twenty percent (20%) of the proceeds of the Check as liquidated damages. The parties acknowledge and agree that the actual damages that would be suffered by Seller in the event Buyer does not close in accordance with this Agreement would be too difficult to precisely calculate and the amount set forth in the preceding sentence as liquidated damages is a reasonable and fair approximation of Seller's damages.

ARTICLE IX MISCELLANEOUS

9.1 Expenses. Except as set forth in this Agreement and whether or not the transactions contemplated hereby are consummated, each party shall bear all costs and expenses incurred or to be incurred by such party in connection with this Agreement and the consummation of the transactions contemplated hereby.

9.2 Survival. The representations, warranties and covenants contained in this Agreement or in any document, certificate or instruments delivered pursuant hereto or in connection herewith (unless otherwise expressly provided herein or therein) shall not survive

the Closing and there shall be no liability in respect thereof, whether such liability has accrued prior to the Closing Date or after the Closing Date, on the part of either party or its officers, directors, employees, agents and affiliates; provided, however, that Buyer shall be liable for any losses, claims, damages or liabilities resulting from a willful breach by Buyer of any of its representations, warranties, covenants or agreements under this Agreement.

9.3 Assignment. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by Seller without the prior written consent of Buyer which may be withheld in Buyer's sole and absolute discretion, or by Buyer without the prior written consent of Seller which may be withheld in Seller's sole and absolute discretion; provided, however; that this Agreement may be assigned to one or more trustees appointed by the Bankruptcy Court to succeed to the rights of Seller; and (ii) the Buyer may assign this Agreement to a wholly owned subsidiary or an affiliated corporation, limited partnership or limited liability company. In the case of a permitted assignment by either Seller or Buyer, the assignor shall remain liable for its obligations, representations, warranties and indemnities provided for in this Agreement. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and except as otherwise expressly provided herein, no other Person shall have any right, benefit or obligation hereunder.

9.4 Notices. Unless otherwise provided herein, any notice, request, instruction or other document to be given hereunder by any party to any other party shall be in writing and shall be delivered in person or by courier or facsimile transmission (with such facsimile transmission confirmed by sending a copy of such notice, request, instruction or other document by certified mail, return receipt requested) or mailed by certified mail, postage prepaid, return receipt requested (such mailed notice to be effective on the date such receipt is acknowledged), as follows:

If to Seller: Garden State Paper Company
 c/o Enron Corp.
 EES/EWS Legal Dept.
 1400 Smith Street
 Houston, Texas 77002
 Fax: (713) 646-2379
 Tel: (713) 853-7413
 Attention: Vicki Sharp, Esq., General Counsel

With a copy to: Connell Foley LLP
 85 Livingston Avenue
 Roseland, New Jersey 07068 Fax: (973) 535-9217
 Tel: (973) 535-0500
 Attention: Michael X. McBride, Esq.

With a copy to: Weil, Gotshal & Manges LLP
100 Crescent Court, Suite 1300
Dallas, Texas 75201
Fax: (214) 746-7777
Tel: (214) 746-7864
Attention: Mary R. Korby, Esq.

If to Buyer: ALL AMERICAN RECYCLING CORPORATION
One Ackerman Avenue
Clifton, New Jersey 07011
Tel: (973) 546-0030

With a copy to: Anthony J. Pasquariello & Associates, P.C.
271 Route 46 West
Suite F205
Fairfield, New Jersey 07004
Tel: (973) 276-5005
Fax: (973) 276-5055

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party. Rejection, any refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed to be receipt of the notice as of the date of such rejection, refusal or inability to deliver.

9.5 Governing Law; Jurisdiction. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW JERSEY, WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF. EACH PARTY HERETO IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY (AND AGREES NOT TO COMMENCE ANY LITIGATION RELATING THERETO EXCEPT IN THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK). IF FOR ANY REASON, THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK NO LONGER HAS JURISDICTION OVER THE CASE OR ANY LITIGATION ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREBY, THEN THE PARTIES HERETO MAY COMMENCE LITIGATION RELATING TO THIS AGREEMENT IN EITHER (i) THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; (ii) THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF NEW JERSEY; OR (iii) THE SUPERIOR

COURT OF NEW JERSEY.

9.6 Entire Agreement; Amendments and Waivers. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations, and discussions, whether oral or written, of the parties. Except as set forth herein or in any certificate delivered pursuant hereto, no party (or any employee or agent thereof) makes any representation or warranty, express or implied, to any other party with respect to this Agreement or the transactions contemplated hereby. No supplement, modification or waiver of this Agreement (including any Schedule hereto) shall be binding unless the same is executed in writing by all parties. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), and no such waiver shall constitute a continuing waiver unless otherwise expressly provided.

9.7 No Modification. Upon entry of the final Approval Order, the right of Buyer under this Agreement may not be amended, modified, restated, restructured, extended, impaired, or discharged pursuant to any plan of reorganization or liquidation proposed or confirmed in the Case and the Approval Order shall so provide.

9.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile shall be as effective as delivery of a manually executed counterpart of this Agreement. In proving this Agreement, it shall not be necessary to produce or account for more than one such counterpart signed by the party against whom enforcement is sought.

9.9 Headings. The table of contents and the headings of the Articles and Sections herein and Schedules and Exhibits hereto are inserted for convenience of reference only and are not intended to be a part of, or to affect the meaning or interpretation of, this Agreement.

9.10 Enforceability. It is the desire and intent of the parties hereto that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Accordingly, if any particular provision of this Agreement shall be adjudicated to be invalid or unenforceable, such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable, such deletion to apply only with respect to the operation of such provision in the particular jurisdiction in which such adjudication is made.

9.11 Benefits of Agreement. All of the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Agreement is for the sole benefit of the parties hereto and their respective successors and assigns and not for the benefit of any third party.

9.12 Specific Performance. Each of the parties hereto acknowledges and agrees that the other party hereto would be irreparably damaged in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or

were otherwise breached. Accordingly, each of the parties hereto agrees that each shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions thereof in any action instituted in any court of the United States or any state thereof having subject matter jurisdiction, in addition to any other remedy to which the parties may be entitled, at law, in equity or pursuant to this Agreement.

9.13 Exhibits and Schedules. The Exhibits and Schedules attached to, delivered with and identified to this Agreement are a part of this Agreement the same as if fully set forth herein.

9.14 Interpretation.

(a) Whenever the words “include,” “includes” or “including” are used in this Agreement they shall be deemed to be followed by the words “without limitation.”

(b) The words “hereof,” “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both singular and plural forms of such terms.

(d) Words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.

(e) A reference to any party to this Agreement or any other agreement or document shall include such party's successors and permitted assigns.

(f) A reference to any legislation or to any provision of any legislation shall include any modification or re-enactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto.

(g) All references to “\$” and dollars shall be deemed to refer to United States currency unless otherwise specifically provided.

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IN WITNESS WHEREOF, this Asset Purchase Agreement has been duly executed and delivered by the duly authorized officers of Seller and Buyer as of the date first above written.

**GARDEN STATE PAPER COMPANY,
LLC**

By: _____

Name: _____

Title: _____

**ALL AMERICAN RECYCLING
CORPORATION**

By: _____

Name: _____

Title: _____

SCHEDULE 2.1(a)

Real Property Leases

Paterson Recycling Center

PAR Realty Co., Landlord and Garden State Paper Company, Tenant

Dated 5/14/96

SCHEDULE 2.1(b)

Equipment and Fixed Assets

**ASSETS OF
G.S.P. RECYCLING
PATERSON, NEW JERSEY**

***SERIAL NUMBERS HAVE BEEN INCLUDED WITH ALL DESCRIPTIONS
UNLESS
UNAVAILABLE OR UNREADABLE.**

ITEM #	QTY	DESCRIPTION
1	1	INCLINED BELT CONVEYOR APPROXIMATELY 20" WIDE X 50' LONG, 5 HP
2	1	20" WIDE X 27" WIDE FLAT BELT CONVEYOR
3	1	36" DIAMETER X 10' LONG INCLINED ROTARY SCREEN WITH APPROXIMATELY 3" HOLES
4	1	ERIEZ MODEL 24IN.CM-8 MAGNA STYLE 1N953673 MAGNET
5	1	30" WIDE X 10' FLAT BELT CONVEYOR
6	1	5 HP EXHAUSTER/FAN
7	1	20" WIDE X 20' FLAT BELT CONVEYOR
8	1	APPROXIMATELY 10' X 10' CONICAL HOPPER
9	1	20" WIDE X 40' HIGH CLEATED BELT CONVEYOR, APPROXIMATELY 5 HP
10	1	HAZEMAG IMPACT CRUSHER/HAMMERMILL, ESTIMATED 15 HP, MODEL APS0403BA
11	1	3' DIAMETER X 12' ROTARY SCREEN
12	1	18" WIDE X 20' LONG FLAT BELT CONVEYOR
13	1	12" WIDE X 50' LONG INCLINED FLAT BELT CONVEYOR
14	1	20" WIDE X 100' LONG FLAT BELT CONVEYOR
15	2	24" WIDE X 50' LONG FLAT BELT CONVEYORS
16	1	30" WIDE X 50' LONG FLAT BELT CONVEYOR
17	3	WIRE CAGE SORTING BINS
18	1	20" WIDE X 20' LONG INCLINED FLAT BELT CONVEYOR
19	1	20" WIDE X 30' LONG INCLINED FLAT BELT CONVEYOR
20	1	20" WIDE X 50' LONG INCLINED FLAT BELT CONVEYOR
21	1	18" WIDE X 8' LONG FLAT BELT CONVEYOR
22	1	18" X 30' LONG INCLINED CLEATED BELT CONVEYOR

23	1	24" DIAMETER X 70' LONG INCLINED FLAT BELT CONVEYOR
24	5	WIRE MESH SORTING BINS APPROXIMATELY 20" WIDE X 20' HIGH
25	1	24" WIDE X 70' CLEATED BELT CONVEYOR (50' HORIZONTAL, 20' INCLINED)
26	1	36" WIDE X 120' LONG INCLINED CLEATED BELT CONVEYOR
27	1	36" WIDE X 40' LONG INCLINED CLEATED BELT CONVEYOR
28	1	36" WIDE X 120' LONG INCLINED CLEATED BELT CONVEYOR
29	2	48" DIAMETER X 15' LONG CLEATED FLAT BELT CONVEYORS
30	2	48" WIDE X 50' LONG CLEATED FLAT BELT CONVEYORS
31	2	48" WIDE X 30' LONG CLEATED FLAT BELT CONVEYORS
32	6	5' WIDE X 30' LONG SORTING BINS WITH 5' WIDE X 30' LONG FLAT BELT CONVEYORS
33	1	48" WIDE X 35' LONG FLAT BELT CONVEYOR
34	1	48" WIDE X 25' LONG INCLINED CLEATED BELT CONVEYOR
35	1	66" WIDE X 40' LONG INCLINED BELT CONVEYOR
36	1	BALER MANUFACTURED BY BOLLEGRAAF RECYCLING MACHINERY (HOLLAND) APPROXIMATELY 100 HP HYDRAULIC PACKAGE, AUTO TIE (MULTI DIRECTION) BALE SIZE 44" X 46" X VARIABLE LENGTH
37	1	STEEL DIESEL FUEL TANK APPROXIMATELY 4 X 3
38	1	1989 FORD F-150 XLT LARIAT 4X4 PICKUP TRUCK, VIN-1FTEF14NXLNA32798, BEDLINER, 76633 MILES, BENCH SEAT/CRUISE/AUTO/AC/AM-FM-CASS/ELEC. WINDOWS & DOOR UNLOCK/SNOW PLOW ATTACHMENT, NOTE: DRIVER DOOR & FRT. QTR. PANEL BODY DAMAGE
39	1	1977 OTTAWA YARD TRACTOR/TRAILER-JOCKEY, SINGLE AXLE, FIFTH WHEEL (HYDRAULIC-POWERED), M/N 30, S/N 51001, 5,373 ENGINE HRS., AUTOMATIC, CTR. REAR EXIT DOOR, AIR BRAKES (CO #2)
40	LOT	MISC. PLANT SUPPORT EQUIP. - 3 STEEL CARGO CONTAINERS W/CONTENTS OF MISC. SHOP EQUIPMENT, MISC. ATTACHMENTS, CABINETS, OFFICE FURNITURE, TRAILER JACK STANDS, STRAP DISPENSER., FACTORY CARTS, BATTERY CHARGER, SPARES, WORK BENCHES, SCALES, COIL REELS, FIRE EXTINGUISHERS, MANLIFT, SPARE UNI-LOADER TIRES & WHEELS, PALLET LIFTS, FANS, PALLET RACKING, ETC.

41	7	ASST. LARGE STEEL DUMP HOPPERS
42	4	ASST. SMALL STEEL DUMP HOPPERS
43	1	52" CAP. CORE UNWINDER (TAKES UP TO 3 CORES OF PAPER & UNWINDS TO OBTAIN CORE) NO MFG. PLATE
44	1	1996 CHAMPION 10 HP CENTURION TANK MOUNTED AIR COMPRESSOR, M/N HRV10-12, S/N RV30-1088
45	1	POWEREX TANK MOUNTED AIR COMPRESSOR, APPROX. 10 HP W/ATTACH AIRTEK AIR DRYER (NOTE: DISCONNECTED/NOT-IN-SERVICE - BUT APPROX. WAS TOLD BY VAN PETERSON THAT IT IS SUPPOSE TO BE IN WORKING CONDITION)
46	1	12' X 12' X 8' H PORTABLE PLANT OFFICE W/ WINDOWS, WINDOW TYPE AC & DOOR
47	LOT	CONTENTS OF PORTABLE PLANT OFFICE - DESKS, CHAIRS, COMPUTERS, PRINTERS, FILE CABINETS, CALCULATOR, ETC.
48	1	DIGITAL PLATFORM SCALE W/READOUT
49	LOT	CONTENTS OF MAIN OFFICES - INCL. BUT NOT LIMITED TO: ASST. DESKS, CHAIRS, FILE & STORAGE CABINETS, CREDENZAS, SYSTEMS FURNITURE, COMPUTERS, PRINTERS, COPIER, (LEASED), TABLES, REFRIGERATOR, TYPEWRITERS, AIR CLEANER, SAFE, MERLIN-LUCENT (22+1) TELEPHONE SYSTEM, KONICA 9750 FAX, CONFERENCE TABLE, TV'S, VCR, TABLES, COAT RACKS, CARTS, SHREDDER, VACUUM, BOOKCASES, LAMPS, ETC.
50	1	1997 CATERPILLAR 924-F WHEEL LOADER, S/N 5NN00101, 10,203 HRS., CAB ENCLOSER (CO #19)
51	1	1990 CASE 1845C HYDRAULIC UNI-LOADER, BUCKET/GRAPPLER ATTACHMENT, S/N JAF0068053, 63,435 HRS., MANDOOR, WINDSHIELD WASHER (CO #7)
52	1	1989 CASE 1845C HYDRAULIC UNI-LOADER, S/N JAF0040002, 48,179 HRS., MANDOOR, WINDSHIELD WASHER (CO #6)
53	1	1981 CASE 1845C HYDRAULIC UNI-LOADER, S/N 985339021, 7,012 HRS., MANDOOR, WINDSHIELD WASHER (POOR)(CO #8)
54	1	1997 CASE 1845C HYDRAULIC UNI-LOADER, BUCKET/GRAPPLER ATTACHMENT, S/N JAF0241998, 5,476 HRS., MANDOOR, WINDSHIELD WASHER (CO #15)
55	1	1997 CASE 1845C HYDRAULIC UNI-LOADER, S/N JAF0229688, 4,583 HRS., MANDOOR, WINDSHIELD WASHER (CO #14)

56	1	1998 CASE 85XT HYDRAULIC UNI-LOADER, BUCKET/GRAPPLER ATTACHMENT, S/N JAF0255800, 4,202 HRS., MANDOOR, WINDSHIELD WASHER (CO #17)
57	1	1998 CASE 1845C HYDRAULIC UNI-LOADER, BUCKET/GRAPPLER ATTACHMENT, S/N JAF0242958, 3,632 HRS., MANDOOR, WINDSHIELD WASHER (CO #16)
58	1	1999 CASE 1845C HYDRAULIC UNI-LOADER, BUCKET/GRAPPLER ATTACHMENT, S/N JAF0283156, 2,047 HRS., MANDOOR, WINDSHIELD WASHER (CO #18)
59	1	1996 CASE 1845C HYDRAULIC UNI-LOADER, BUCKET/GRAPPLER ATTACHMENT, S/N JAF0181476, 3,958 HRS., MANDOOR, WINDSHIELD WASHER (CO #12)
60	1	CATERPILLAR 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N V50E, S/N 3WK0078, 8,597 HOURS (CO #62)
61	1	CATERPILLAR 4,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N V40DSA, S/N 2NC01757, 6,725 HOURS (CO #60)
62	1	CATERPILLAR 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N V50DSA, S/N 2NC01755, 6,214 HOURS (CO #58)(POOR CONDITION)
63	1	CATERPILLAR 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N V50DSA, S/N 2NC01756, 6,039 HOURS (CO #59)
64	1	CATERPILLAR 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N V50DSA, S/N 2NC01754, 5,083 HOURS (CO #57)
65	1	DAEWOO 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N G25S, S/N 12-05262, 6,578 HOURS (CO #68)
66	1	DAEWOO 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N G25S, S/N 12-05263, 6,245 HOURS (CO #69)
67	1	DAEWOO 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N G25S-3, S/N 99-01278, 3,680 HOURS (CO #72)
68	1	DAEWOO 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N G25S-3, S/N 99-01277, 3,397 HOURS (CO #71)
69	1	DAEWOO 5,000 LB. 4-STAGE PROPANE RIDING FORKLIFT, M/N G25S-3, S/N 99-03483, 2,600 HOURS (CO #76)
70	1	1971 TRAILMOBILE 40' TANDEM AXLE FLATBED TRAILER, M/N TD718U, S/N G33447 (CO #19)
71	1	1969 BROWN 40' TANDEM AXLE FLATBED TRAILER, M/N 977TWX, S/N AR688954C (CO #20)
72	1	1987 GREAT DANE 40' FLATBED TRAILER, M/N TAA7601, S/N 1GRDM9022HM06920 (CO #GSP)
73	1	1988 MCCLAIN WALKING FLOOR TRAILER, M/N T263M2, VIN #1M2A0452CA620 (CO #44)
74	1	1989 MCCLAIN WALKING FLOOR TRAILER, M/N T758M2,

		VIN #1M2A0452CA618 (CO #45)
75	1	1984 SUMMIT WALKING FLOOR TRAILER, M/N T468KM, VIN #1S8AL4021E0005389 (CO #46)
76	1	1988 MCCLAIN WALKING FLOOR TRAILER, M/N T510KJ, VIN #1M2A0452CA618 (CO #47)
77	1	1985 FREUHAUF VAN TRAILER, M/N TAA7377, VIN #31H2V09524FH014802 (CO #61)
78	1	1985 FREUHAUF VAN TRAILER, M/N TAA7376, VIN #31H2V09524FH014803 (CO #62)
79	1	1985 FREUHAUF VAN TRAILER, M/N TAA7374, VIN #31H2V09524FH014805 (CO #64)
80	1	1985 FREUHAUF VAN TRAILER, M/N TAA7373, VIN #31H2V09524FH014806 (CO #65)
81	1	1985 FREUHAUF VAN TRAILER, M/N TAA7372, VIN #31H2V09524FH014807 (CO #66)
82	1	1985 FREUHAUF VAN TRAILER, M/N TAA7371, VIN #31H2V09524FH014808 (CO #67)
83	1	1985 FREUHAUF VAN TRAILER, M/N TAA7370, VIN #31H2V09524FH014809 (CO #68)
84	1	1985 FREUHAUF VAN TRAILER, M/N TAA7369, VIN #31H2V09524FH014810 (CO #74)

SCHEDULE 2.1(c)

Permits

Paterson:

Air Permit - NJDEP

Solid Waste Management Plan (plan inclusion) - Paterson/Passaic County/NJDEP

Life Hazard Use Certificate of Registration - NJ Department of Community Affairs

Bureau of Fire Safety Permit – Paterson

Municipal Certificate of Occupancy

Municipal Zoning Certificate

SCHEDULE 2.1(d)

Assumed Contracts

None, except for the Real Property Lease.

SCHEDULE 2.2(b)

Security Deposits

Security Deposits on Leased Real Property:

Carteret	\$23,193.23
Paterson	<u>96,134.50</u>
Total	<u>\$119,327.73</u>

Post petition Deposits:

PSE&G	\$134,032.16
VMI Waste	15,000.00
Trico	7,000.00
Hobart West	10,000.00
Van Dyk	6,000.00
BE Equipment	7,000.00
Waste MGMT	7,500.00
Boxes and Packaging	7,500.00
Foley	<u>5,000.00</u>
Total	<u>\$199,032.16</u>

SCHEDULE 2.2(i)Excluded Automobiles

Type	VIN	Lic. Plate
1999 Buick Century	2G4WY52M4X1403649	LK583S
1998 Oldsmobile Intrigue	1G3WS52KXWF329875	UK 223B
1999 Toyota Camry	JT2BF22K7XO172871	ZA537Y
2000 Mercury Grand Marquis	2MEFM74W8YX638093	JVB80H
2001 Toyota Camry	JT2BF22K710333534	LUW78R
1999 Nissan Maxima	JN1CA21D9XM408820	ZC756P
1995 Mercury Grand Marquis	2MELM75W4SX698140	UR487R
1999 Chevy Truck	1GBJK34R2XF034199	X86K61

SCHEDULE 3.3

Tax Basis and Consideration of Purchased Assets

Equipment and Fixed Assets	\$325,000.00
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SCHEDULE 4.3

Seller's Consents

1. Consents required in connection with the transfer of any of the Purchased Assets described in Section 2.1(f).
2. Consents required in connection with the transfer of the Permits.

SCHEDULE 4.6

Litigation

None.

SCHEDULE 4.8

Insurance

To be completed by Seller, within five (5) days.

SCHEDULE 5.3

Buyer's Consents

None.

SCHEDULE 6.7(a)

Employees Covered by Union Labor Agreements

Employees Covered by Labor Agreements between Seller and Local Union No. 300 (As of January 10, 2003):

Aliaga, Sofia
Alvarez, Maria
Cartagena, Jose
Cruz, Magdalena
De Jesus, Porfilio
Duran, Carlos
Duran, Pablo
Felix, Pedro
Flores, Raquel
Francisco, Teresa
Goitia, Rafael
Hernandez, Maria
Madera, Ada
Mendoza, Renee
OrellanaSalguero, Ricardo
Ortiz, Eleuterio
Pina, Radames
Ramos, Jose
Reed, Harry
Restrepo, Luz
Rosario, Nelson
Scott, Alvin
Sosa, Primitivo
Tavera, Paulino
Valenzuela, Janneth
Vargas, Martin

SCHEDULE 6.7(b)

Scheduled Employees

Robert Barnwell, Jr.
Joseph McNellis
Vandereof Peterson

SCHEDULE 6.7(c)

Employee Benefits and Pension Plans

Paper Industry Union-Management Pension Fund (under the Labor agreement between Local Union No. 300 and GSP)

Two Programs under Local Union No. 300 CBA regarding personal illness or injury.

Horizon Blue Cross Blue Shield of New Jersey
Group No. 00-089314 (Paterson only)

John Hancock Group Life, Accidental Death and Dismemberment Insurance Policy
Group No. 28379

Cigna Health (Carteret Only)

Standard Insurance Company Group Long Term Disability Insurance
Policy No. 640964-A

Care Plus NJ, Inc. – EAP America – Employee Assistance Program dated October 1, 2001

Defined Benefit Pension Plan & Trust

Garden State Paper Company, LLC 401(k) Plan (and the associated trust thereunder)