
ASSET PURCHASE AGREEMENT

By and Between

**CARABEL EXPORT & IMPORT, INC.
d/b/a ITALCERAMIC**

**QUATTRO GROUP CORPORATION
d/b/a NATIONAL CERAMICS**

**ARCHITECTURAL MATERIALS CORPORATION
d/b/a CARIBBEAN MARBLE & GRANITE**

MHD INVESTMENTS CORPORATION

(As Sellers)

and

CONTINENTAL TILES, INC.

(As Purchaser)

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of March 4, 2009 (the "Effective Date") by and between **Carabel Export & Import, Inc. d/b/a Italcera mica, Quattro Group Corporation d/b/a National Ceramics, Architectural Materials Corporation d/b/a Caribbean Marble & Granite and MHD Investments Corporation**, Puerto Rico corporations (the "Sellers") and **Continental Tiles, Inc.**, a Puerto Rico corporation (the "Purchaser").

RECITALS:

WHEREAS, Sellers are engaged in the retail sale and distribution of a variety of ceramic, marble and porcelain tiles, natural stone, stone slabs, products related to granite, marble, thin sets, grouts and related products with their offices at #1 Road, Km. 24.5, San Juan, Puerto Rico, 00921 (the "Business").

WHEREAS, Sellers operate several stores under the names of Italcera mica, National Ceramics and Caribbean Marble & Granite, with their corresponding equipment, Machinery and inventory, and own additional inventory at warehouse facilities all under lease agreements.

WHEREAS, Sellers filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§101-1532, as amended (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Puerto Rico (the "Bankruptcy Court") on December 30, 2008 (the "Bankruptcy Cases"), Cases No. 08-08956(ESL), 08-08958(ESL), 08-08960(ESL) and 08-089561(ESL).

WHEREAS, upon the terms and subject to the conditions set forth herein and as authorized under Sections 105, 363, and 365 of the Bankruptcy Code, Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, the Assets (as defined herein), in exchange of the payment to Sellers of the Purchase Price (as defined herein);

WHEREAS, Sellers believe, following consultation with Sellers' advisors and upon consideration of available alternatives and existing liens in favor of Westernbank, that, in light of Sellers' current liquidity and financial position, a sale of the Assets is necessary to maximize their value and is in the best interest of Sellers, Sellers' creditors and Sellers' shareholders; and

WHEREAS, the transactions contemplated by this Agreement (the "Transactions") are subject to the approval of the Bankruptcy Court and will be consummated only pursuant to a Sale Order (as defined herein) to be entered in the Bankruptcy Cases.

NOW, THEREFORE, in consideration of the premises and the mutual representations, warranties, covenants and agreements hereinafter contained, and intending to be bound hereby, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Defined Terms. Defined Terms used in this Agreement shall, unless the context otherwise requires, have the following meanings:

“Agreement” means this Asset Purchase Agreement by and between Sellers and Purchaser and the Schedules and Exhibits attached thereto, as amended, consolidated, supplemented, novated or replaced by the parties from time to time, as the same may be amended from time to time.

“Assets” has the meaning given such term in Section 2.1.

“Auction” means a public sale in which the Assets shall be offered for sale as a single, integrated transaction to a bidder or bidders making the highest or best offer to be scheduled by the Bankruptcy Court pursuant to Section 363 of the Bankruptcy Code by April 6, 2009.

“Auction Date” means the date of the Auction scheduled by the Bankruptcy Court pursuant to the Bidding Procedures Order.

“Bankruptcy Case” has the meaning given to such term in the Recitals.

“Bankruptcy Code” has the meaning given to such term in the Recitals.

“Bankruptcy Court” has the meaning given to such term in the Recitals.

“Bid Deadline” means a date no later than March 31, 2009, by which initial Qualified Bids must be submitted to the Sellers.

“Bidding Procedures Order” has the meaning given to such term in Section 9.2.

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to be closed in the United States territory of Puerto Rico.

“Claims” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Closing” shall mean the consummation of the sale and purchase of the Assets and all other transactions contemplated in this Agreement.

“Closing Date” means the date on or as of which the Closing occurs by, in no event later than April 15, 2009.

“Competing Transaction” has the meaning given such term in Section 9.1.

“Deposit” has the meaning given such term in Section 4.2.

“Encumbrances” means any security interest, lien, collateral assignment, right of setoff, debt, obligation, liability, pledge, levy, charge, escrow, encumbrance, option, right of first refusal, transfer restriction, conditional sale contract, title retention contract, mortgage, lease, deed of trust, hypothecation, indenture, security agreement, easement, servitude, proxy, voting trust or agreement, transfer restriction under any shareholder or similar agreement, or any other agreement, arrangement, contract, commitment, understanding or obligation of any kind whatsoever, whether written or oral.

“Final Order” means an Order of the Bankruptcy Court the 11th day after entry, the operation of which has not been modified or amended without the consent of Purchaser, reversed or stayed, as to which Order no appeal or motion, application, petition or writ seeking reversal, reconsideration, reargument, rehearing, *certiorari*, amendment, modification, a stay or similar relief is pending, and the time to file any such appeal or motion, application, petition or writ has expired.

“GAAP” means generally accepted accounting principles in the United States, consistently applied throughout the specified period.

“Governmental Authority” means any federal, state, local or Commonwealth of Puerto Rico court, tribunal, governmental department, agency, board or commission, regulatory authority, or other governmental body, subdivision or instrumentality.

“Initial Incremental Bid Amount” shall be \$100,000.00 in excess of Purchase Price herein.

“Incremental Bid Amount” shall be \$50,000.00 in excess of highest existing bid.

“Intellectual Property” means all intellectual property arising from or in respect of the following:

(a) all patents and applications therefor, including continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon;

(b) all trademarks, service marks, trade names, service names, brand names, all trade dress rights, logos, Internet domain names and corporate names and general intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof;

(c) copyrights and registrations and applications therefor and works of authorship, and mask work rights; and

(d) all Software of Sellers.

“Intellectual Property Rights” means (i) copyrights, patents, database rights and rights in business names, trademarks, trade names, designs (whether registered or unregistered) and rights in know-how; (ii) applications for registration, and the right to apply for registration, for any of these rights; (iii) rights to use any of the rights referred to in (i) and (ii); and (iv) all other

intellectual property rights and equivalent or similar rights or forms of protection existing anywhere in the world.

“Interest” shall mean an “interest in property” as such phrase is used in Section 363(f) of the Bankruptcy Code.

“Inventory” has the meaning given such term in Section 2.1.

“IRC” means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury regulations promulgated and the rulings issued there under.

“Law” means any federal, state, commonwealth, local or foreign law, statute, code, ordinance, rule or regulation or common law requirement.

“Lease” means all unexpired leases or other agreements, including all amendments, extensions, renewals, and guarantees with respect thereto, pursuant to which the Sellers holds or uses any real and/or personal property.

“Legal Proceeding” means any judicial, administrative or arbitral actions, suits, proceedings (public or private) or claims or any proceedings by or before a Governmental Authority.

“Legal Requirements” means any and all judicial decisions, orders, injunctions, judgments, decrees and writs, and any and all laws, statutes, rules, regulations, permits, certificates or ordinances of any governmental or municipal authority that are applicable to the Property.

“Lien” means, with respect to any of the Assets, regardless of whether created or incurred pre- or post- Petition Date, any lien, pledge, charge, option, right of first refusal, license to a third party, lease to a third party, security agreement, security interest, encumbrance or other adverse claim, restriction, interest or limitation of any kind in respect of any of the Assets or irregularities in title thereto. For the purposes of this Agreement, without limiting the definition of the term “Lien,” Lien shall also have the meaning set forth in Section 101(37) of the Bankruptcy Code and Sellers will be deemed to own subject to a Lien any asset which Sellers has acquired or held subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such asset.

“Liability” means any debt, liability or obligation (whether direct or indirect, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due), and including all costs and expenses relating thereto.

“Material Adverse Change” means any event, occurrence or effect (regardless of whether such event, occurrence or effect constitutes a breach of any representation, warranty or covenant of Sellers hereunder) that has had or would be reasonably likely to have, individually or when considered together with any other events, occurrences or effects (i) a material adverse change in the Business, Property, Improvements or the Assets, or other assets or property of Sellers and its Subsidiaries taken as a whole or (ii) a material adverse change in or to the ability of Sellers to

consummate the Transactions or perform their obligations under this Agreement, other than, in either case, to the extent such effect or change results from or relates to a matter not included in this Agreement, provided, however, that the act of filing a case under chapter 11 of the Bankruptcy Code by the Sellers does not and shall not constitute a Material Adverse Change.

“Material Decision” shall mean any of the following to the extent the same may affect the Business following the Closing Date: (i) entering into any Material Contract; (ii) terminating any Lease or Contract; (iii) making any material amendment or waiving any of Sellers’ rights in respect of the Property, the Improvements, the Assets or the Assumed Contracts, or (iv) taking any action to respond to any material customer or regulatory complaint outside of the normal course of business.

“Order” means any order, injunction, judgment, decree, ruling, writ, and assessment or arbitration award of a Governmental Authority.

“Ordinary Course of Business” means, except as otherwise ordered by the Bankruptcy Court, the ordinary course of business consistent with past prudent custom and practice by Sellers with respect to the ownership, maintenance and operation of that portion of the Business.

“Person” means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

“Personal Property” has the meaning given such term in Section 2.1.

“Petitions” means the voluntary petition for relief filed by Sellers under Chapter 11 of the Bankruptcy Code filed in the Bankruptcy Court.

“Petition Date” means December 30, 2008.

“Purchaser” has the meaning given such term in the Preamble.

“Purchase Price” has the meaning given such term in Section 4.1.

“Qualified Bid” has the meaning given in the Bidding Procedures.

“Qualified Bidder” has the meaning given in the Bidding Procedures.

“Sale Hearing” means the hearing before the Bankruptcy Court at which the sale of the Assets is approved by entry of the Sale Order in a form acceptable to Purchaser.

“Sale Motion” means the “Debtors’ Urgent Motion for Orders Pursuant to Sections 105, 363, and 365 of the Bankruptcy Code, Bankruptcy Rule 4001(c)(2) and Local Bankruptcy Rule 9013-1(f): (A) Authorizing the Sale of Certain of Debtors’ Assets, Free and Clear of all Liens, Claims, Interests and Encumbrances, Subject to the Terms of the Proposed Purchase Agreement Between Debtors and Continental Tiles, Inc. and Subject to Higher and/or Better Offers; (B) Authorizing and Approving The Purchase Agreement with Continental Tiles, Inc.; (C)

Authorizing Debtors to Consummate all Transactions Related to the Proposed Sale; and (D) Granting Other Relief Including Scheduling Auction, Approving Bidding Procedures” to be filed with the Bankruptcy Court in the Bankruptcy Cases, in form and substance acceptable to Purchaser.

“Sale Order” means an order issued by the Bankruptcy Court authorizing (i) the sale, transfer, assignment, conveyance and delivery of the Assets to Purchaser (or its successors or permitted assigns) free and clear of all Liens, Claims and Encumbrances and (ii) the assumption by Purchaser of the Assumed Contracts and Assumed Liabilities. The Sale Order shall contain, among others, the following provisions:

(a) The Bankruptcy Court will retain jurisdiction for the purpose of enforcing the provisions of the Sale Order and to determine disputes;

(b) The Sellers are authorized to proceed with the Sale pursuant to 11 U.S.C. §363(b), (f) and (m) free and clear of any and all Liens, Claims and Encumbrances;

(c) Neither the Sellers nor creditors of the Sellers shall have any Liens, Claims or Encumbrances against the Purchaser (or its successors or permitted assigns) or as to the Assets;

(d) The Purchaser has acted in “good faith” in connection with the Sale and is entitled to the protections of Section 363(m) of the Bankruptcy Code;

(e) No competitive bids have been received which meet the Bidding Procedures Order and which the Bankruptcy Court deems reasonable and appropriate or, if such bids have been received, Purchaser shall be the successful bidder at the Auction;

(f) The Purchase Price represents the fair value of the Assets;

(g) The Sale is in the best interests of the Sellers’ estates and their creditors;

(h) Due and adequate notice and an opportunity to be heard in accordance with all applicable law were given to all necessary parties in the Bankruptcy Case, including without limitation, all federal and state environmental and taxing authorities;

(i) Purchaser and Sellers are authorized to close the Sale immediately upon entry of the Sale Order;

(j) Upon failure to consummate their Sale because of a breach or failure on the part of the Purchaser, Sellers may select in their business judgment the next highest or otherwise best qualified bid(s) to be the successful bid(s) without further order of the Bankruptcy Court;

(l) Waiving the requirements of Bankruptcy Rule 6004(g);

(m) Purchaser has no successor liability to Sellers’ Employees’ Claims, and the Assets are being sold, transferred and conveyed to Purchaser free and clear of any all Employee Claims, Liens, Claims, Interests or Encumbrances of any of Sellers’ Employees, whether known or unknown, and whether *in rem* or otherwise; and

(n) The Bankruptcy Court shall retain jurisdiction over any and all Employee Claims and over all claims that may be removed to the Bankruptcy Court.

Without limiting the term, the term "Sale Order" shall also mean a final, non-appealable Order from the Bankruptcy Court, in form and substance acceptable to the Purchaser.

"Sellers" has the meaning given such term in the Preamble.

"Tax" or "Taxes" means all taxes, assessments, charges, duties, fees, levies or other governmental charges including, without limitation, all federal, state, local, foreign and other net or gross income, gross receipts, alternative or add-on minimum tax, franchise, profits, capital gains, capital, transfer, sales, use, *ad valorem*, occupation, premium, property, personal property (CRIM), excise, severance, environmental (including taxes under IRC §59A) or windfall profits tax, stamp, license, payroll, employment, withholding and other taxes, assessments, charges, customs, duties, fees, levies or other governmental assessments or charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest, whether disputed or not.

"Transactions" has the meaning given to such term in the Recitals.

1.2 Use Of Singular Or Plural. As used in this Agreement, the singular shall include the plural and the masculine gender shall include the feminine and neuter and *vice versa*, as the context requires.

1.3 Reference To Agreement. Words such as "herein," "hereinafter," "hereof," "hereto" and "hereunder," when used with reference to this Agreement, refer to this Agreement as a whole, unless the context otherwise requires.

1.4 Recitals, Schedules and Exhibits. The Recitals, Schedules and Exhibits annexed hereto, and the capitalized terms defined therein, are hereby incorporated by reference into the body of this Agreement as if the same were fully set forth herein.

1.5 Including. The term "including" shall be construed to mean "including without limitation."

ARTICLE II

PURCHASE AND SALE OF PROPERTY AND ASSETS EXCLUDED FROM PURCHASE AND SALE

2.1 Agreement to Purchase and Sell.

(a) At the Closing, and upon the terms and conditions herein set forth herein, Sellers shall sell, transfer, convey and deliver to Purchaser, and Purchaser shall purchase, acquire and accept from Sellers, all rights, title and interest of Sellers in, to and under the Assets, free and clear of all Liens, Claims, Interests and Encumbrances. Westernbank

Puerto Rico's liens will attach to the proceeds of the Sale and the Closing, as provided pursuant to Section 363 of the Bankruptcy Code.

(b) For all purposes of and under this Agreement, the term "Assets" shall mean all of Sellers' rights, title and interest in, to and under:

- i. All of Sellers' Merchandise Inventory, machinery and equipment, racks, cash registers, music system and signage equipment and all other known assets, excluding accounts receivable, as of the Closing Date.
- ii. The "Italceramica", "National Ceramics" and "Caribbean Mable & Granite" Trade Names, logos and their domain. After this transaction is authorized by the Bankruptcy Court, Sellers will transfer to Purchaser the exclusive right in perpetuity to the "Italceramica", "National Ceramics" and "Caribbean Mable & Granite" trade names and logos.
- iii. Transfer of all licenses and rights to all computer programs, software and POS systems currently in operation, as well as all representation agreements, licenses, franchises and distribution contracts.
- iv. To the extent assignable and transferable by Sellers, any permits, authorizations, consents, orders, rulings, decrees, licenses and approvals (collectively the "Permits and Licenses") related to the Assets, or used in connection with the operation of the Assets;
- v. To the extent assignable and transferable by Sellers, all nonproprietary operating software and MIS systems used with or related to the operation of the Assets.

ARTICLE III

EXCLUDED LIABILITIES

3.1 Excluded Liabilities.

Purchaser shall not assume or be liable for any liabilities and obligations of Sellers of any nature whatsoever, including without limiting the foregoing, to product liabilities, warranties, insurance, taxes, license fees, or other charges levied, assessed, accrued or imposed upon the businesses and any property of the Sellers prior to the Closing, employment or collective bargaining agreements, employee liabilities, severance obligations, workers' compensation claims, liabilities under or arising out of any employee benefit plans and liabilities arising from any and all claims or causes of action that any employee of Sellers may have, known or unknown, contingent or otherwise, resulting from the conduct by Sellers of their Businesses or

from any act or omission of Sellers which may arise as a result of Sellers' actions up and until this Agreement is approved by the Bankruptcy Court .

It is further understood and agreed that all of Sellers' liabilities and obligations shall be retained by and remain the obligations and liabilities of Sellers, and Purchaser shall not assume, or be responsible or liable with respect to, any and all of the liabilities and obligations of Sellers, whether or not relating to the Assets, whether fixed, contingent or otherwise, and whether known or unknown.

ARTICLE IV

CONSIDERATION AND DEPOSIT

4.1 Purchase Price. The purchase price (the "Purchase Price") to be paid by Purchaser for the Assets shall be TWO MILLION FIVE HUNDRED THOUSAND DOLLARS (\$2,500,000.00) (collectively referred to as the "Cash Consideration"). The Purchase Price shall be paid as follows:

- (a) The Deposit shall be established in accordance with Section 4.2 hereof, and;
- (b) The balance of the Cash Consideration (plus or minus adjustments provided in Section 5.9 hereof) shall be paid to Sellers at the Closing in immediately available U.S. dollars by check.

4.2 Deposit

(a) Upon the execution and delivery of this Agreement by the parties hereto, Purchaser shall deliver to Sellers, the sum of ONE HUNDRED AND TWENTY FIVE THOUSAND DOLLARS (\$125,000.00) (the "Deposit"), to be kept un escrow by Sellers pending Closing and subject thereto under the terms and conditions provided in this Section.

(b) If Purchaser is not deemed the Successful Bidder at the Auction, Sellers agree to return the ONE HUNDRED AND TWENTY FIVE THOUSAND DOLLARS (\$125,000.00) deposit to Purchaser.

(c) If this Agreement is terminated by Purchaser pursuant to Sections 12.1 and 17.1, the Deposit shall be returned to Purchaser within ten (10) days, whereupon neither the Sellers nor the Purchaser shall have any further liability to the others hereunder, except for surviving obligations hereunder.

(d) At the Closing, the Deposit shall be credited against the Purchase Price.

ARTICLE V

REPRESENTATIONS, WARRANTIES, COVENANTS, AND AGREEMENTS OF SELLERS

To induce Purchaser to enter into this Agreement and to consummate the sale and purchase of the Assets in accordance with this Agreement, Sellers represent and warrant the following to Purchaser, as of the date hereof and as of the Closing Date:

5.1 Organization and Standing Authority: Sellers are duly organized, validly existing and in good standing under the laws of Puerto Rico; Sellers are not "foreign persons" as defined in Section 1445 of the Internal Revenue Code and the regulations promulgated thereunder. Subject to the limitations imposed on Sellers under the Bankruptcy Code, Sellers have the requisite corporate power and authority to own, lease and operate their properties and to carry on their businesses as now conducted.

5.2 Authorization of Agreement. Subject to entry of the Sale Order and authorization as is required by the Bankruptcy Court:

(a) Sellers have the requisite power and authority, and all requirements for corporate action on the part of the Sellers have been complied with for Sellers to execute and deliver this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which they are a party and to perform their respective obligations hereunder and thereunder, and;

(b) this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which Sellers are a party, has been duly and validly executed and delivered by Sellers and (assuming the due authorization, execution and delivery by the other parties hereto) this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which they are a party constitutes legal, valid and binding obligations of Sellers enforceable against Sellers in accordance with its respective terms.

5.3 Conflicts; Consents of Third Parties.

(a) The execution and delivery by Sellers of this Agreement and each other agreement, document or instrument contemplated hereby or thereby, or compliance by Sellers with any of the provisions hereof do not conflict with, or result in any violation of or default (except for defaults of the type referred to in Section 365(b)(2) of the Bankruptcy Code), with or without notice or lapse of time, or both, under, or give rise to a right of termination or cancellation under any provision of:

(i) the certificate of incorporation and by-laws or comparable organizational documents of Sellers;

(ii) subject to entry of the Sale Order, any Assumed Contract, Lease or Permit which is related to the Assets;

(iii) subject to entry of the Sale Order, any Order of any Governmental Body applicable to Sellers or the Assets as of the date hereof; or

(iv) subject to entry of the Sale Order, any applicable Law, other than, in the case of clauses (i), (ii), (iii) and (iv), such conflicts, violations, defaults, terminations or cancellations that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Change.

(b) If the Sale Order is entered, no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Authority is required on the part of Sellers in connection with the execution and delivery of this Agreement or any other agreement, document or instrument contemplated hereby.

5.4 Title to Assets. Sellers either own or have the right to transfer the Assets, and, subject to the entry of the Sale Order, Purchaser will be vested with good title to the Assets, free and clear of all Liens, Claims, Interests and Encumbrances.

5.5 Litigation. Except for the Bankruptcy Cases, there are no Legal Proceedings pending or to Sellers' knowledge threatened against Sellers before any Governmental Authority, which relate to or have any material adverse effect on the Assets.

5.6 Brokers. Sellers have no obligation to pay any fees, commissions or other similar compensation to any broker, finder, investment banker, financial advisor or other similar Person in connection with this Agreement. Purchaser has no obligation to pay any fees, commissions or other similar compensation to any broker, finder, investment banker, financial advisor, attorney or other professional Person hired or retained by Sellers in connection with this Agreement or the Transactions contemplated by this Agreement.

5.7 Absence of Certain Changes. Except (a) the commencement or pendency of the Bankruptcy Cases and (b) the orders, writs, injunctions, decrees, statutes, rules, or regulations of general applicability to the Assets, since December 30, 2008, there have been no events or conditions that could constitute a Material Adverse Change.

5.8 Board Approval and Recommendation. The Boards of Directors of Sellers have determined that, based upon their consideration of the available alternatives, and subject to the approval of the Bankruptcy Court and the provisions in this Agreement regarding the solicitation of Competing Transactions, a sale, assignment and assumption of the Assets pursuant to this Agreement under Sections 105, 363 and 365 of the Bankruptcy Code is in the best interests of Sellers.

5.9 Payment of Prior Liabilities. Sellers certify that all Post-Petition monthly rents and utilities, including the Puerto Rico Electric Power Authority, the Puerto Rico Water Resources Authority, telephone, as well as any other services currently contracted for the premises, have been paid in full up to and including February 27, 2009. As such, Sellers shall provide Purchaser with evidence of such payments. If any of said services have not been paid in full up to the Closing Date then, in the alternative, Purchaser shall proceed to deduct said amounts from the final Purchase Price.

5.10 Additional Representations, Warranties and Acknowledgments.

(a) Sellers hereby acknowledge that, other than the obligations of Purchaser set forth in this Agreement, Purchaser does not have any obligation to further bid or overbid for the Assets. Nor does Purchaser have any obligation to participate in any auction at which Qualified Bidders bid to acquire the Assets.

(b) To Sellers' knowledge, there is no action, suit, proceeding or claim relating to the ownership, operation, use or maintenance of the Assets which is pending before any Governmental Authority nor, to Sellers' knowledge, is any such action, suit, proceeding or claim threatened.

(c) To Sellers' knowledge, there are no use restrictions affecting the Assets.

(d) Subject to the entry of the Sale Order, to Sellers' knowledge no consent, approval, waiver, permit, license or order of, or filing or registration with, any Governmental Authority or third party is required to be obtained by Sellers in connection with the consummation by Sellers of the transactions contemplated hereby.

(e) No party has any right of first refusal or right or option to acquire the Assets or any part thereof or any interest therein.

(f) All personal property included in this sale is now and at the Closing of this Agreement will be owned by the Sellers, free and clear of any conditional bills of sale, chattel mortgages, security agreements or financing statements or other security interests of any kind other than the Liens and Encumbrances identified on Section 1.1, which Liens and Encumbrances shall be extinguished upon the Closing of this Agreement and the Transactions. As such, sellers shall be responsible for the payment of all Personal property Taxes related to the Assets owed or accruing up to the Closing Date of this Agreement. Sellers shall provide Purchaser with evidence of payment of all such Personal Property Taxes.

ARTICLE VI

"AS IS" TRANSACTION

6.1 "As Is" Transaction. Except as may be expressly set forth in the Sale Order of this Agreement, Purchaser acknowledges and agrees that, notwithstanding anything to the contrary contained herein, it is acquiring the Assets on an "as is", "where is" and "with all faults" basis, without any other representation, warranty, covenant, or assurance of any kind whatsoever, whether expressed or implied, by any officers, directors, employees, agents, consultants, attorneys, or other representatives of Sellers, including, but not limited to, any representation, warranty or assurance concerning the value of the Assets, and in the case of the Equipment and Inventory, any implied warranty or merchantability and fitness of said Assets for any particular purpose. Purchaser knowingly and expressly waives all warranties against latent and hidden defects imposed by any applicable laws.

ARTICLE VII

REPRESENTATIONS, WARRANTIES, COVENANTS OF PURCHASER

Purchaser hereby represents and warrants to Sellers that:

7.1 Organization and Good Standing. Purchaser is an entity duly organized, validly existing and in good standing under the laws of Puerto Rico and has the requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

7.2 Authorization of Agreement. Purchaser has the requisite power and authority to execute and deliver this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which it is a party and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which it is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of Purchaser. This Agreement and each other agreement, document or instrument contemplated hereby or thereby to which Purchaser is a party has been duly and validly executed and delivered by Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto) this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which Purchaser is a party constitutes legal, valid and binding obligations of Purchaser enforceable against it in accordance with its respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement thereof or relating to creditors' rights generally and subject to the availability of equitable remedies and the effect of general principles of equity.

7.3 Conflicts; Consents of Third Parties. The execution and delivery by Purchaser of this Agreement and each other agreement, document or instrument contemplated hereby or thereby to which Purchaser is a party, the consummation of the transactions contemplated hereby and thereby, or compliance by Purchaser with any of the provisions hereof or thereof do not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination or cancellation under any provision of (i) its certificate of incorporation or by laws (ii) any Contract, Lease or Permit to which Purchaser is a party or by which any of its properties or assets are bound; (iii) any Order of any Governmental Body applicable to Purchaser or any of its properties or assets as of the date hereof; or (iv) any applicable Law, other than, in the case of clauses (ii), (iii) and (iv), such conflicts, violations, defaults, terminations or cancellations that would not reasonably be expected to cause, individually or in the aggregate, a material adverse effect on Purchaser.

7.4 Brokers. Purchaser does not have any obligation to pay any fees, commissions or other similar compensation to any broker, finder, investment banker, financial advisor or other similar Person in connection with the Transactions.

7.5 Defaults. Neither the execution of this Agreement nor the consummation by Purchaser of the Transactions contemplated hereby will conflict with or result in a breach of the

terms, conditions or provisions of or constitute a default, or result in a termination of any material agreement or instrument to which Purchaser is a party; or will violate any applicable local or federal law, decree, ordinance, order, rule or regulation that is likely to adversely affect in any manner the performance by Purchaser of this Agreement.

7.6 Litigation. There is no action, suit, proceeding or claim which is pending or, to Purchaser's knowledge, threatened in any court or by or before any federal, state, county or municipal department, commission, board, bureau or agency or other governmental instrumentality which would affect Purchaser's ability to perform its obligations under this Agreement.

ARTICLE VIII

OPERATIONS PENDING CLOSING

From the date hereof through the Closing Date, Sellers agree as follows:

8.1 Maintenance of Assets. Except for the filing of the Bankruptcy Case and subject to changes resulting from the filing of the Bankruptcy Case and the requirements of the Bankruptcy Code and the Bankruptcy Court, Sellers will manage, operate, repair and maintain the Assets in the Ordinary Course of Business and will keep the Assets in their present state of repairs, subject to normal wear and tear. Sellers shall not remove the Assets from their current locations.

8.2 No Sale Nor Encumbrances. Sellers shall not sell, mortgage or otherwise encumber or dispose of any interest in the Assets except sales in the ordinary course of business.

8.3 No New Contracts. Sellers shall not enter into any new contract or agreement related to the Assets without Purchaser's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed).

8.4 Reasonable Efforts. Sellers shall use commercially reasonable efforts to keep any Permits and Licenses in force and effect and to obtain any other licenses, permits, certificates, authorizations or approvals necessary for the ownership and operation of the Assets

8.5 Alteration of Property. Except in the Ordinary Course of Business, Sellers shall not alter the Assets.

8.6 Subsequent Conduct. It is understood and agreed that, from and after the date hereof and until the final execution of this transaction, Sellers will conduct its businesses only in the ordinary course and, as such, not engage or agree to engage in any extraordinary redistribution of merchandise; dispose of any of the assets listed in this document; initiate any "Going Out of Business" Sale or; make any "mark-downs" or reductions in sales price without the prior consent of Purchaser.

ARTICLE IX

BANKRUPTCY COURT MATTERS

9.1 Competing Transaction. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Sellers and the Bankruptcy Court of higher or better competing bids pursuant to Bidding Procedures substantially in the form set forth in **Exhibit VI** to the Sale Motion and incorporated herein. Such competing bids shall be referred to as Competing Transactions.

9.2 Bidding Procedures Order.

(a) Sellers agree:

(i) promptly following, but no later than three (3) days after the execution of this Agreement, to file the Sale Motion requesting a hearing date to approve the Bidding Procedures Order and for a hearing date to approve the Sale Order;

(ii) the hearing on the Bidding Procedures Order shall be scheduled as promptly as possible but in no event, not later than March 12, 2009;

(iii) the Sale hearing shall be scheduled as promptly as possible but in no event, not later than April 10, 2009; and

(iv) the Sale Order shall be entered not later than April 13, 2009.

(b) The Bidding Procedures Order which is incorporated herein.

(c) Sellers hereby agree not to change or modify any of the dates or procedures set forth in the Bidding Procedures Order, including without limitation (i) the dates of the Bid Deadline, Auction and Sale Hearing, (ii) the procedures for determining any Qualified Bid and Qualified Bidders, or (iii) the Initial Incremental Bid Amount and the Incremental Bid Amount and the Incremental Bid Amount, without the prior written consent of Purchaser.

(d) Sellers agree, and shall represent to the Bankruptcy Court, that Sellers actively solicited this "stalking horse" bid from the Purchaser.

9.3 Submission to Bankruptcy Court. Within three (3) days following the date hereof, Sellers shall file with the Bankruptcy Court this Agreement and such notices as may be appropriate in connection therewith. Purchaser shall cooperate with Sellers in obtaining Bankruptcy Court approval of the Bidding Procedures Order and the Sale Order.

9.4 Sale Order. Purchaser agrees that it will promptly take such actions as are reasonably requested by Sellers to assist in obtaining entry of the Sale Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by Purchaser under this Agreement and demonstrating that Purchaser is a "good faith" purchaser under section 363(m), or any other section, of the Bankruptcy Code and that the Purchase Price was not

controlled by an agreement in violation of Section 363(n), or any other section, of the Bankruptcy Code. The Sale Order shall be final upon its entry by the Bankruptcy Court.

In the event the entry of the Sale Order shall be appealed, Sellers and Purchaser shall use their respective reasonable efforts to defend such appeal.

ARTICLE X

COVENANTS OF THE PARTIES

10.1 Conduct Pending the Closing.

(a) Except as required by applicable Law, or as otherwise expressly contemplated by this Agreement, or with the prior written consent of Purchaser, during the period from the date of this Agreement to and through the Closing Date, Sellers shall, to the extent commercially reasonable, taking into account the filing of the Bankruptcy Cases, except for the filing of the Bankruptcy Cases and subject to changes resulting from the filing of the Bankruptcy Cases and the requirements of the Bankruptcy Code and the Bankruptcy Court, with regard to the Assets:

- (i) conduct their business only in the ordinary course; and
- (ii) use their commercially reasonable efforts to preserve the Assets,
- (iii) Sellers have not, and shall not file with the Bankruptcy Court a request or motion, or support any other request or motion as to the Assets,
 - (A) subject the Assets to any Lien, Interest or Encumbrance;
 - (B) waive or release any material right of Sellers related to the Assets;
 - (C) sell, pledge, dispose of, transfer, lease, license or encumber or permit to lapse or authorize the sale, pledge, disposition, transfer, lease, license, or encumbrance of the Assets;
 - (D) as to the Assets, transfer, dispose of, permit to lapse (except in accordance with the terms thereof) or grant any right or licenses under, or enter into any settlement regarding the breach or infringement of, any Intellectual Property, or modify any existing rights with respect thereto or enter into any material licensing or similar agreements or arrangements other than such licenses, agreements or arrangements entered into in the ordinary course of business consistent with past practices and as would not constitute a Material Adverse Change;

(E) adopt or propose any change in their certificates of incorporation or bylaws, except a change that would not constitute a Material Adverse Change;

(F) adopt or propose any change to, or fail to maintain, the current levels of insurance coverage related to the Assets;

(G) agree to do anything prohibited by this Agreement or applicable law or agree to do anything that would cause Sellers' representations and warranties herein to be false in any material respect; and

(iv) agree to notify Purchaser promptly in writing of any event that could constitute or result in a Material Adverse Change.

10.2 Best Efforts. Subject to the other provisions of this Agreement, Purchaser and Sellers shall use their commercially reasonable efforts to

(a) take all actions necessary or appropriate to consummate the Transactions and to obtain approval and entry of the Sale Order and the Bid Procedures Order

(b) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the Transactions.

10.3 Publicity. Until the Closing Date, none of the parties hereto shall issue any press release concerning this Agreement or the Transactions without obtaining the prior written approval of the other party hereto, which approval will not be unreasonably withheld or delayed, unless, in the sole judgment of Purchaser or Sellers, disclosure is otherwise required by applicable Law or by the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement, provided that the party intending to make such release shall use its commercially reasonable efforts consistent with such applicable law or Bankruptcy Court requirement to consult with the other party with respect to the text thereof.

10.4 Payment of Taxes. Sellers shall be responsible for paying or otherwise discharging all of their Taxes related in any way to the Assets for all periods (or portions thereof) accruing and/or ending on and/or prior to the Closing Date.

10.5 Motions, Orders, etc. Sellers shall promptly provide Purchaser with drafts of all documents, motions, orders, or pleadings that Sellers propose to file with the Bankruptcy Court which relate to the approval of this Agreement, the Assets, or the consummation of the Transactions, or any provision therein or herein, and shall provide Purchaser and its counsel with a reasonable opportunity to review and comment on such documents, motions, orders, or pleadings prior to Sellers' filing such documents, motions, order or pleading with the Bankruptcy Court.

10.6 Schedules and Exhibits. Sellers and Purchaser shall cooperate and work in good faith to complete any schedules and exhibits to be attached to this Agreement.

10.7 Further Assurances. Sellers and Purchaser each agree to execute and deliver (both before and after Closing and without charge to the requesting party) such other documents, certificates, agreements and other writings and to take such other actions as may be reasonably necessary in order to consummate or implement expeditiously the transactions contemplated by this Agreement and to vest in Purchaser good and marketable title to the Assets.

10.8 Certain Filings. Sellers shall reasonably cooperate with Purchaser:

(a) in determining whether any action by or in respect of, or filing with, any Governmental Entity is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with the consummation of the Transactions, and

(b) in taking such actions or making any such filings, furnishing information required in connection therewith and seeking timely to obtain any such actions, consents, approvals or waivers.

ARTICLE XI

EMPLOYEES AND EMPLOYEE BENEFITS

11.1 No Successor Liability To Sellers' Employees. Under no circumstances shall Purchaser assume or be obligated to pay, and neither shall the Assets be or become liable for or subject to, any claims of or liabilities of Sellers' Employees, including but not limited to, salaries, severance, vacations, sick pay, incentives, bonus, overtime, meal period, pension profit sharing retirement and/or deferred compensation and any other compensation or benefits (the "Employee Claims"), which Employee Claims shall be and remain the liability, responsibility and obligation of Sellers.

11.2 Employee Matters. Sellers shall comply, if applicable, with any required notices and any other requirements under the WARN Act and any similar state or local statute with respect to its Employees on or prior to the Closing Date.

11.3 "Patrono Sucesor". It is an essential condition for the presentation of Sellers' Purchase Offer, that Purchaser shall not be considered a "Patrono Sucesor" under the laws of the commonwealth of Puerto Rico and, as such, Purchaser shall not be responsible or assume any employee /employer related liabilities such as, but not limited to: claims for unjust dismissal, discrimination and/or any other type of claims arising from any state and/or federal labor laws or regulations. If the Bankruptcy Court does not approve this provision, Purchaser is entitled to terminate this Agreement.

11.4 Current and Former Employees. Sellers will notify all their current employees and all other persons who were employed by Sellers during the last three (3) years, that Purchaser will buy the Assets. As a material condition of this Agreement, Sellers shall be responsible for the transfer and/or dismissal of all current employees and supervisors currently working for Sellers and, as such, Sellers shall be responsible for the liquidation of all accrued

vacation and sick leave of said employees, as well as for any other claims arising from this Transaction or from any actions of Sellers occurring prior to the Closing Date.

ARTICLE XII

CONDITIONS TO CLOSING

12.1 Conditions to Purchaser's Obligations. The obligations of Purchaser to consummate the transactions contemplated hereby are subject to the satisfaction, as of the Closing, of all of the conditions contained in this Agreement, including each of the following conditions (any of which may be waived in whole or in part in writing by Purchaser at or prior to the Closing):

(a) The representations and warranties of Sellers set forth herein shall be substantially true and correct in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date.

(b) Sellers shall have substantially performed, observed, and complied with all of the material covenants, agreements, obligations and conditions required by this Agreement to be performed, observed and complied with by Sellers prior to or as of the Closing.

(c) Sellers shall have obtained the Bidding Procedures Order from the Bankruptcy Court by no later than March 12, 2009.

(d) The Sale Hearing shall occur by no later than April 10, 2009, with an Auction to occur no later than April 6, 2009.

(e) Sellers shall have executed any and all documents and instruments necessary to convey good and marketable title to the Assets to Purchaser.

(f) Sellers shall have delivered the items set forth in Section 12.4.

(g) No Liens, Claims or Encumbrances shall affect the Assets as of the Closing Date.

(h) No Order or other Legal Requirement preventing the consummation of the transaction contemplated by this Agreement shall be in effect.

(i) On or prior to the Closing Date, Sellers shall not have applied for or consented to the appointment of a receiver, trustee or liquidator for themselves or any of them or any of their assets unless the same shall have been discharged (with no right of appeal) prior to the Closing Date;

(j) The Bankruptcy Court shall have entered an order approving the sale of the Assets by no later than April 13, 2009, which shall include the approval of the rejection of all of

Debtors' leases of non-residential real properties with Debtors as lessees, Purchaser being free to negotiate, if necessary, with the landlords of premises where Debtors conduct their operations.

(k) At Closing, Sellers shall have obtained each and every other consent, approval, waiver, permit, license or order of, and made each filing or registration with, any Governmental Authority or third party required in connection with the consummation by Sellers of the transactions contemplated hereby.

(l) In the event that any of the foregoing conditions are not satisfied as of the Closing Date, Purchaser shall have the right at its option to terminate this Agreement as provided for in Article XVII hereof.

12.2 Purchaser's Obligations at the Closing. Purchaser shall deliver or cause to be delivered to Sellers the following items at the Closing:

(a) The Purchase Price required by Section 4.1 above by check in immediately available U.S. Dollars.

(b) A copy of the resolutions of the Board of Directors and such other documents and affidavits as may be required by this Agreement, in order to consummate the transactions contemplated by this Agreement.

12.3 Conditions to Sellers' Obligations. The obligations of Sellers to consummate the transactions contemplated hereby are subject to the satisfaction, as of the Closing, of all of the conditions contained in this Agreement, including each of the following conditions (any of which may be waived in whole or in part in writing by Sellers at or prior to the Closing):

(a) The representations and warranties of Purchaser set forth herein shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as if such representations and warranties had been made on and as of the Closing Date.

(b) Purchaser shall have performed, observed, and complied with all of the covenants, agreements, obligations and conditions required by this Agreement to be performed, observed and complied with by Purchaser prior to or as of the Closing.

(c) The Bankruptcy Court shall have issued the Sale Order and the Sale Order shall not be subject to any stay.

(d) The Bankruptcy Court shall have entered the Bidding Procedures Order, and the Bidding Procedures Order shall have become a final Order.

(e) Purchaser shall have paid the Purchase Price.

(f) On or prior to Closing Date, Purchaser shall not have applied for or consented to the appointment of a receiver, trustee or liquidator for itself or any of its assets unless the same shall have been discharged (with no right of appeal) prior to the Closing Date, or

no such receiver, liquidator or trustee shall have otherwise been appointed by the Bankruptcy Court, unless same shall have been discharged (with no right of appeal) prior to the Closing Date.

12.4 Sellers' Obligations at the Closing. Sellers shall deliver or cause to be delivered to Purchaser such other documents and affidavits as may be required by this Agreement in order to consummate this transaction.

ARTICLE XIII

CLOSING

13.1 Closing Date. If the Sale Order is entered, the consummation of the Transactions (the "Closing") shall take place no later than April 15, 2009, at O'Neill & Borges, American International Plaza, 250 Muñoz Rivera Street, Suite 800, San Juan, PR 00918-1913, commencing at 10:00 a.m. local time or such other date as the parties may mutually (and in a signed writing) determine (the "Closing Date").

ARTICLE XIV

TAXES

14.1 Cooperation and Audits. Purchaser and Sellers shall cooperate fully with each other regarding tax matters (including the execution of appropriate powers of attorney) and shall make available to the other as reasonably requested all information, records and documents relating to taxes governed by this Agreement until the expiration of the applicable statute of limitations or extension thereof or the conclusion of all audits, appeals or litigation with respect to such taxes.

ARTICLE XV

DAMAGE OR CONDEMNATION PRIOR TO THE CLOSING

15.1 Damage or Condemnation. The risk of material loss or material damage to the Assets by fire or other casualty prior to the Closing, shall be assumed by the Sellers and, upon the happening of any such event, Purchaser shall have the right to (i) terminate this Agreement without further liability hereunder in which case the Escrow Deposit shall be returned to Purchaser and the parties shall have no further rights or obligations hereunder other than surviving obligations or (ii) complete the transactions contemplated hereunder and receive the insurance monies or proceeds collectible by the Sellers for such loss or damage in connection therewith, Purchaser shall be responsible for any insurance deductible associated therewith and shall be entitled to a credit against the Purchase Price at Closing to the extent of any such deductible.

ARTICLE XVI

SURVIVAL

16.1 Survival. The covenants, agreements, representations, warranties and indemnities of the parties contained in this Agreement, or in any certificate or other writing delivered pursuant hereto or in connection herewith shall survive the Closing, except as otherwise set forth in this Agreement, and shall be binding upon the Debtor in Possession.

ARTICLE XVII

TERMINATION

17.1 Grounds for Termination. This Agreement may be terminated at any time prior to the Closing:

(a) By Purchaser or by Sellers, if the Closing shall not have occurred for any reason on or before April 15, 2009.

(b) By Purchaser, if one or more of the conditions of Sellers specified in this Agreement is not satisfied on the Closing.

(c) By Sellers, if one or more of the conditions specified of Purchaser in this Agreement is not satisfied at the Closing.

(d) By Purchaser, if (i) the Bidding Procedures Order has not been entered by the Bankruptcy Court by March 16, 2009, (ii) the Sale Order has not been entered by the Bankruptcy Court by April 13, 2009, or (iii) the Bankruptcy Court approves another Competing Transaction and said transaction is consummated.

(e) By the mutual written agreement of Purchaser and Sellers.

(f) By Sellers or Purchaser if the other materially breaches any of its obligations under this Agreement.

(g) By Purchaser or Sellers if any Governmental Entity shall have commenced litigation seeking to enjoin consummation of the Transactions.

17.2 Effect of Termination. If this Agreement is terminated as permitted herein, such termination shall be without liability of any party (or any stockholder, director, officer, employee, agent, consultant or representative of such party) to the other party to this Agreement; provided that if such termination shall result from the willful failure of any party to fulfill a condition to the performance of the obligations of another party, failure to perform a covenant of this Agreement or breach by any party to this Agreement of any representation or warranty or agreement contained in this Agreement, such failing or breaching party shall be fully liable for any and all losses incurred or suffered by the other party as a result of such failure or breach. If Purchaser breaches this Agreement, Sellers shall give Purchaser 20 days written notice to correct

the breach. If Purchaser fails to correct the breach, Sellers may terminate this Agreement by written notice and keep as its sole and exclusive remedy the Deposit.

ARTICLE XVIII

MISCELLANEOUS

18.1 Notices. All notices or other communications required or permitted to be given under this Agreement shall be in writing and shall be delivered by hand, sent by confirmed facsimile or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and shall be deemed given when so delivered by hand, confirmed faxed or if mailed, three days after mailing (one Business Day in the case of express mail or overnight courier service), as follows (or to such other address or telecopy number as the applicable party shall have notified the other party in writing in accordance with this Section). If given by certified or registered mail, the notice shall be deemed to have been given two days after such certified or registered letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail; and if given otherwise than by certified or registered mail, the notice shall be deemed to have been given when delivered to and received by the party to whom it is addressed. Such notices shall be given to the parties hereto at the following addresses or, if given by facsimile transmission at the following facsimile numbers:

If to Sellers, to:

Carabel Export & Import, Inc.
d/b/a Italceramica

Quattro Group Corporation
d/b/a National Ceramics

Architectural Materials Corporation
d/b/a Caribbean Marble & Granite

MHD Investments Corporation

PO Box 961
Caguas, PR 00921
Fax:787-790-0031

With a copy to:

Charles A. Cuprill, PSC, Law Offices

356 Fortaleza Street
Second Floor
San Juan, PR 00901
Attention: Charles A. Cuprill-Hernández, Esq.
Fax: 787-977-0518

If to Purchaser, to:

Continental Tiles, Inc.

With a copy to:

Enrique Nassar Rizek, Esq.
Enrique Nassar Rizek & Asociados
15 Quisqueya Street
Corner Uruguay Street
Hato Rey, P.R. 00918
Fax: 787-754-8760

18.2 Amendments and Waivers.

(a) Any provision of this Agreement may be amended or waived prior to the Closing Date if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement shall be cumulative and not exclusive of any rights or remedies provided by law.

18.3 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assign, including any Chapter 11 Trustee or Chapter 7 Trustee that may be appointed in Sellers' Bankruptcy Cases; provided that Sellers may not assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of the Purchaser. Purchaser may assign some or all of its rights and obligations hereunder to one or more subsidiaries formed by Purchaser prior to the Closing and/or, upon notice to Sellers, to one or more persons or entities that Purchaser may designate, in its sole discretion. No assignment of any obligations hereunder shall relieve the parties hereto of any such obligations. Upon any such assignment, the references in this Agreement to Sellers or Purchaser shall also apply to any such assignee unless the context otherwise requires.

18.4 Bulk Sales Laws. Purchaser and Sellers each waive compliance by Sellers with the provision of the "bulk sales", "bulk transfer" or similar laws of any State, if applicable.

18.5 Captions. The captions in this Agreement are included for convenience of reference only and shall be ignored in the construction or interpretation of this Agreement.

18.6 Incorporation by Reference. The Preamble and WHEREAS clauses set forth above and the Schedules referred to above are incorporated into this Agreement as if the same were fully set forth in this Agreement.

18.7 No Survival of Representations and Warranties. The parties hereto agree that, except as otherwise provided for in this Agreement, the representations and warranties contained in this Agreement shall not survive the Closing hereunder and no Person shall have any liability for any breach thereof. The parties hereto agree that the covenants contained in this Agreement to be performed at or after the Closing shall survive the Closing hereunder, and each party hereto shall be liable to the other after the Closing for any breach thereof.

18.8 Expenses. Except as otherwise provided in this Agreement, Sellers and Purchaser shall bear their own expenses incurred in connection with the negotiation and execution of this Agreement and any other agreement, document and instrument contemplated herein and the consummation of the Transactions.

18.9 Injunctive Relief. Damages at law may be an inadequate remedy for the breach of any of the covenants, promises or agreements contained in this Agreement, and, accordingly, any party hereto shall be entitled to injunctive relief with respect to any such breach, including without limitation specific performance of such covenants, promises or agreements or an order enjoining a party from any threatened, or from the continuation of any actual, breach of the covenants, promises or agreements contained in this Agreement.

18.10 Bankruptcy Court Jurisdiction. Without limiting any party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, including all employee related claims, any breach or default hereunder, or the Transactions, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 18.1 hereof; provided, however, that if the Bankruptcy Cases have closed, the parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of the United States District Court for the District of Puerto Rico and any appellate court thereof, for the resolution of any such claim or dispute. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

18.11 Third Party Beneficiaries. Nothing in this Agreement shall create or be deemed to create any third party beneficiary rights in any person or entity not a party to this Agreement.

18.12 Brokerage Fees and Commissions. No person or entity has been contracted by either Sellers or Purchaser to serve as broker, agent, finder or similar person in connection with the negotiation and execution of this Agreement and the transactions contemplated hereby.

18.13 Entire Agreement. This Agreement and its Exhibits and Schedules embody and constitute the entire understanding between the parties hereto with respect to the transactions

contemplated herein, and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are superseded by this Agreement.

18.14 Modification. Neither this Agreement nor any provision hereof may be waived, modified, amended, discharged or terminated except as provided herein or by an instrument in writing signed by the party against which the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

18.15 Applicable Law. This agreement shall be governed by and construed in accordance with the laws of Puerto Rico.

18.16 Timing. If the final date of any period which is set out in any provision of this Agreement or the Closing Date falls on a Saturday, Sunday or legal holiday under the laws of the Commonwealth of Puerto Rico, then the time of such period or the Closing Date, as the case may be, shall be extended to the next date which is not a Saturday, Sunday or legal holiday.

18.17 Invalid Provision. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be fully severable; this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by such illegal, invalid or unenforceable provision or by its severance from this Agreement.

18.18 Purchaser's Right to Waive Conditions. Purchaser shall have the right, in its sole and absolute discretion, to waive any conditions precedent or requirement of the Sellers. In no event shall Sellers be entitled to claim that such a waiver has occurred unless Purchaser has delivered a written notice thereof to Sellers.

18.19 Multiple Counterparts. This Agreement may be executed in a number of identical counterparts, each of which for all purposes will be deemed an original, and all of which constitute collectively one agreement.

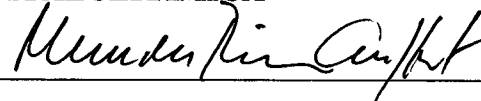
18.20 Further Assurances. On and after the Closing Date, each party shall take such other actions and execute such other documents and instruments of conveyance and transfer as may be reasonable requested by the other party from time to time to fully effectuate the transfer of the Assets to Purchaser in accordance with the terms of this Agreement.

IN WITNESS WHEREOF, Sellers and Purchaser have executed this Agreement on the date indicated above.

Witnesses:

Seller:

CARABEL EXPORT & IMPORT, INC.
d/b/a ITALCERAMICA

By: 

Name: Angel Crespo Crespo
Name: [Signature]

Name: Mercedes Rivera Auffant
Title: President
Date of Execution: 3/4/09

Witnesses:

Seller:

**QUATTRO GROUP CORPORATION
d/b/a NATIONAL CERAMICS**

Name: Angel Crespo Crespo
Name: [Signature]

By: [Signature]
Name: Mercedes Rivera Auffant
Title: President

Date of Execution: 3/4/09

Witnesses:

Seller:

**ARCHITECTUAL MATERIALS CORP.
d/b/a CARIBBEAN MARBLE & GRANITE**

Name: Angel Crespo Crespo
Name: [Signature]

By: [Signature]
Name: Mercedes Rivera Auffant
Title: President

Date of Execution: 3/4/09

Witnesses:

Seller:

MHD INVESTMENTS CORPORATION

Name: Angel Crespo Crespo
Name: [Signature]

By: [Signature]
Name: Mercedes Rivera Auffant
Title: President

Date of Execution: 3/4/09

Witnesses:

Purchaser:

CONTINENTAL TILES, INC.

Name: Angel Crespo Crespo
Name: [Signature]

By: [Signature]
Name: Helí Rivera
Title: President

Date of Execution: 3/4/09