ASSET PURCHASE AGREEMENT

dated as of April 20, 2007

among

INTERNATIONAL AUTOMOTIVE COMPONENTS GROUP NORTH AMERICA, INC.

as Purchaser

and

COLLINS & AIKMAN CORPORATION

and

THE OTHER ENTITIES IDENTIFIED HEREIN,

as Sellers

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT is dated as of April 20, 2007, between Collins & Aikman Corporation, a Delaware corporation ("Parent"), its Subsidiaries set forth on the signature page hereto (each a "Company," collectively, the "Companies" and the Companies, together with Parent, "Sellers") and International Automotive Components Group North America, Inc., a Delaware corporation ("Purchaser"). (Each of Sellers and Purchaser is a "Party" and collectively they are the "Parties" to this Agreement.)

W I T N E S S E T H:

WHEREAS, Sellers (other than the Mexican Subsidiaries and the Canadian Subsidiaries) are debtors-in-possession under title 11 of the Bankruptcy Code, 11 U.S.C. §§ 101—1330 (the "Bankruptcy Code"), and filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code on May 17, 2005 (the "Petition Date"), in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") (Case No. 05-55927 (SWR)) (the "Bankruptcy Case");

WHEREAS, the Companies presently conduct the Business; and

WHEREAS, Sellers desire to sell, transfer and assign to Purchaser, and Purchaser desires to purchase, acquire and assume from Sellers, (i) pursuant to Sections 363 and 365 of the Bankruptcy Code, all of the Purchased Assets and Assumed Liabilities (excluding the Canadian Purchased Assets and the Canadian Assumed Liabilities and excluding the Mexican Purchased Assets and the Mexican Assumed Liabilities) and (ii) the Canadian Purchased Assets and the Canadian Assumed Liabilities and all of the Mexican Purchased Assets and Mexican Assumed Liabilities, in each case, upon the terms and subject to the conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Accounts Receivable" means all accounts receivable or other receivables or rights to receive payment as of the Closing, including trade accounts and notes receivable, tooling and molding receivables (i.e., "A/R – trade tooling") and other miscellaneous receivables Related to the Business as of the Closing arising out of the sale or other disposition of goods or services Related the Business including those arising out of any Assumed Contracts.

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct

or cause the direction of the management and policies of such Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" means this Agreement, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Alternative Transaction" means any sale, transfer, lease or other disposition, directly or indirectly, including through an asset sale, stock sale, merger, reorganization, or other similar transaction, of all or substantially all or a material portion of the Purchased Assets in a transaction or series of transactions, in any case, with any Person other than Purchaser, whether effected through a Section 363 sale, a plan of reorganization or liquidation or other transaction in whatever form, that is reasonably likely to preclude the transaction contemplated hereby or prevent Sellers from fully performing their obligations hereunder and, involves selling a material portion of the assets of the Business as a going concern; provided, however, that any such transfer, lease or other disposition to an Affiliate of Purchaser shall not constitute an Alternative Transaction.

"Ancillary Agreements" means, collectively, the Bills of Sale, Assignment and Assumption Agreements, Intellectual Property License Agreement, Transition Services Agreement, Equity Agreement, Canadian Asset Purchase Agreement and Mexican Asset Purchase Agreement.

"Assumed Contracts" means the Contracts of the Sellers Related to the Business other than any Contract relating to Indebtedness of the Business, as adjusted pursuant to Section 2.5 hereof.

"Balance Sheet Date" means January 31, 2007.

"Bankruptcy-Related Fees" means any fees and expenses (including out of pocket expenses) incurred by or otherwise due from (whether or not billed) a Seller or any Subsidiary of a Seller related to the Bankruptcy Case, and regardless of when incurred or accrued, including the fees and expenses for any of the following: (i) counsel for Parent or any of its Affiliates; (ii) financial advisors to Parent or any of its Affiliates; (iii) counsel for the Committee of Unsecured Creditors (the "Committee"); (iv) consultants, financial advisors, and/or accountants for the Committee; (v) any claims, noticing, and/or balloting agent or agents; (vi) the Escrow Agent; (vii) any professional retained in the Bankruptcy Case; and (viii) the members of the Committee. For the avoidance of doubt, Bankruptcy-Related Fees do not cover any fees and expenses incurred by Purchaser.

"Business" means the "Carpet & Acoustics" business as conducted by Sellers as of the Closing Date, including the manufacture of a variety of automotive flooring and acoustics products; including molded, non-woven and tufted carpet, accessory mats, alternative molded flooring, absorbing materials, damping materials, engine compartment noise vibration and harshness systems and interior insulators.

"Business Day" means any day of the year, other than a Saturday or Sunday, on which national banking institutions in New York City are open to the public for conducting business and are not required or authorized to close.

"C&A Canada" means Collins & Aikman Canada Inc., a corporation organized under the laws of the province of Ontario.

"C&A Holdings Canada" means Collins & Aikman Holdings Canada Inc., a corporation organized under the laws of Canada.

"Canadian Assumed Liabilities" means, collectively, the Assumed Liabilities of the Canadian Subsidiaries.

"Canadian Purchased Assets" means, collectively, the Purchased Assets of the Canadian Subsidiaries.

"Canadian Minority Interest" means any interest in C&A Canada International Holdings Limited, a corporation organized under the laws of Ontario.

"Canadian Subsidiaries" means C&A Holdings Canada and C&A Canada.

"Cash" means cash and cash equivalents (including marketable securities and short-term investments valued at the lower of cost or market value as of the relevant date) other than customer deposits and advances and other restricted cash balances, calculated net of any outstanding checks and on a basis in accordance with GAAP.

"Chapter 5 Causes of Action" means any and all avoidance or other causes of action to recover transfers in connection with the Business arising under sections 502(d), 510, 544 through 550 and 553 of the Bankruptcy Code or under similar state laws.

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

"Competition Act" means the Competition Act (Canada).

"Compromised Liabilities" means Liabilities existing prior to the filing of the Bankruptcy Case that are subject to compromise under the Bankruptcy Case.

"Contract" means any indenture, note, bond, mortgage, deed of trust, deed of constitution of mortgage, mortgage note pledge agreement, loan agreement, franchise agreement, lease, sublease, license, sublicense, purchase order and other contract, agreement, arrangement, commitment or instrument, whether written or oral, to which any Seller is a party or by which it may be bound, or to which its properties are or may be subject.

"Designated Chapter 5 Causes of Action" means any Chapter 5 Causes of Action against a Material Vendor of the Business for which the Debtors, based on the advice of counsel retained in connection with such action, do not believe that they have a sustainable demand or claim in controversy in excess of $25,000, taking into consideration any valid defenses to such Chapter 5 Cause(s) of Action that have been confirmed by the Debtors and their counsel on the basis of records and information deemed reliable by the Debtors and such counsel.

"Documents" means all files, documents, instruments, papers, books, reports, records, tapes, microfilms, photographs, letters, budgets, forecasts, ledgers, journals, title policies,

customer lists, regulatory filings, operating data and plans, technical documentation (design specifications, functional requirements, operating instructions, logic manuals, flow charts, etc.), user documentation (installation guides, user manuals, training materials, release notes, working papers, etc.), marketing documentation (sales brochures, flyers, pamphlets, web pages, etc.) and other similar materials to the extent Related to the Business, in each case whether or not in electronic form.

"Employees" means all individuals, as of the date hereof, including employees on short-term leave, and other types of leave who possess re-employment rights with the Business under any assumed Labor Agreement, who are employed by any of the Companies primarily in connection with the Business, together with individuals who are hired exclusively in respect of the Business after the date hereof and prior to the Closing in the Ordinary Course of Business and otherwise in accordance with the terms hereof. A list of Employees as of the date hereof is attached hereto as Schedule 1.1(a).

"Environmental Claims" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, notice of violation, judicial or administrative proceeding, judgment, letter or other communication from any governmental agency, department, bureau, office or other authority, or any third party involving violations of Environmental Laws or Releases of Hazardous Materials from (i) any assets, properties or businesses of the Business or any predecessor in interest; (ii) from adjoining properties or businesses; or (iii) from or onto any facilities which received Hazardous Materials generated by the Business or any predecessor in interest.

"Environmental Laws" includes (A) the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. 9601 et seq., as amended; the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et seq., as amended; the Clean Air Act, 42 U.S.C. 7401 et seq., as amended; the Clean Water Act, 33 U.S.C. 1251 et seq., as amended; the Occupational Safety and Health Act, 29 U.S.C. 655 et seq., and any other foreign, federal, state, local or municipal laws, statutes, regulations, rules or ordinances imposing liability or establishing standards of conduct for protection of the environment; and (B) all applicable Canadian, foreign, federal, provincial, state, municipal, or local laws, statutes or by laws or ordinances relating to the environment, occupational safety, health, product liability, and transportation, including, without limitation, the following: the Environmental Quality Act (Quebec) R.S.Q. c.Q 2, the Hazardous Products Act, R.S. C. 1985, c. H 3, the Canadian Environmental Protection Act 1999, (Canada) S.C. 1999, c. 33, the Environmental Protection Act (Ontario), R.S.O. 1990, ch. E19, the Ontario Water Resources Act, R.S.O. 1990, c. O.40 and any other applicable environmental Laws, in each case as amended from time to time.

"Environmental Liabilities" means any obligations, losses, liabilities (including strict liability), damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable out-of-pocket fees, disbursements and expenses of counsel, out-of-pocket expert and consulting fees and out-of-pocket costs for environmental site assessments, remedial investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any Environmental Claim filed by any Governmental Body or any third party which relate to any violations of Environmental Laws, Remedial Actions, Releases or threatened Releases of Hazardous Materials from or onto (i) any property presently or formerly

owned or operated by any of the Sellers or any of their respective Subsidiaries or a predecessor in interest, or (ii) any facility which received Hazardous Materials generated by the Business or any of the Companies or a predecessor in interest.

"Equipment" means all machinery, equipment, furniture, fixtures, furnishings, vehicles, leasehold improvements and other tangible personal property (other than Inventory) Related to the Business, including, without limitation, all such artwork, desks, chairs, tables, Hardware, copiers, telephone lines and numbers, facsimile machines and other telecommunication equipment, cubicles and miscellaneous office furnishings and supplies, wherever located.

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

"ERISA Affiliate" means any trade or business (whether or not incorporated) that is part of the same controlled group, or under common control with, or part of an affiliated service group that includes any of the Companies, within the meaning of Code Section 414(b), (c), (m), or (o) or ERISA Section 4001(a)(14).

"Escrow Agreement" means that certain Escrow Agreement to be entered into at Closing by the Parties, in form and substance reasonably satisfactory to the Parties.

"Excluded Matter" means any one or more of the following: (i) the effect of any change in general economic or securities or financial market conditions in the United States; (ii) the effect of any change that generally affects the industry in which the Business operates, (iii) the effect of any change arising in connection with any escalation or material worsening of any earthquakes, hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; (iv) the effect of any changes in applicable Laws or GAAP; or (v) any effect proximately caused by the public announcement of this Agreement; provided, that, with respect to clause (i) through (iv) such effect, change, escalation or worsening does not disproportionately adversely affect the Business or Purchased Assets as compared to businesses of similar size operating in the same industries and geographic areas in which the Business operates.

"Facilities" means, collectively, those facilities set forth on Schedule 1.1(b).

"Final Order" means an order of the Bankruptcy Court or other court of competent jurisdiction: (a) as to which no appeal, notice of appeal, motion to amend or make additional findings of fact, motion to alter or amend judgment, motion for rehearing or motion for new trial, request for stay, motion or petition for reconsideration, application or request for review, or other similar motion, application, notice or request (collectively, a "Challenge") has been timely filed, or, if any of the foregoing has been timely filed, it has been disposed of in a manner that upholds and affirms the subject order in all material respects without the possibility for further Challenge thereon; (b) as to which the time for instituting or filing a Challenge shall have expired; and (c) as to which no stay is in effect; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous

rule under the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure, may be filed with respect to such Order shall not prevent such Order from being deemed a Final Order.

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

"Governmental Body" means any government or governmental or regulatory body thereof, or political subdivision thereof, whether foreign, federal, state, provincial or local, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

"Hardware" means any and all computer and computer-related equipment, including, without limitation, computers, servers, facsimile servers, scanners, color printers, laser printers, handheld computerized devices and networks and all network, communications and telecommunications equipment.

"Hazardous Materials" shall include, without regard to amount and/or concentration (a) any element, compound, or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substances, extremely hazardous substance or chemical, hazardous waste, medical waste, biohazardous or infectious waste, special waste, or solid waste under Environmental Laws; (b) petroleum, petroleum-based or petroleum-derived products; (c) polychlorinated biphenyls; (d) any substance exhibiting a hazardous waste characteristic including but not limited to corrosivity, ignitibility, toxicity or reactivity as well as any radioactive or explosive materials; and (e) any raw materials, building components, including but not limited to asbestos-containing materials and manufactured products containing Hazardous Materials.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indebtedness" means (i) all Liabilities for borrowed money, whether current or funded, secured or unsecured, all obligations evidenced by bonds, debentures, notes or similar instruments, and all liabilities in respect of mandatorily redeemable or purchasable capital stock or securities convertible into capital stock; (ii) all Liabilities for the deferred purchase price of property; (iii) all Liabilities in respect of any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which liabilities or any portion thereof are required to be classified and accounted for under GAAP as capital leases; (iv) all Liabilities for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction securing obligations of a type described in clauses (i), (ii) or (iii) above to the extent of the obligation secured, and all Liabilities as obligor, guarantor, or otherwise, to the extent of the obligation secured; and (v) any other obligation that would be required to be reflected as debt on a balance sheet of the Business prepared in accordance with GAAP as of the relevant date.

"Intellectual Property" means (i) foreign and domestic inventions, discoveries and ideas, whether patentable or not, and all patents and applications therefor, including, without limitation, continuations, divisionals, continuations-in-part, or reissues of patent applications and patents issuing thereon (collectively, "Patents"), (ii) foreign and domestic trademarks, service marks, trade names, service names, brand names, all trade dress rights, logos, Internet domain

names, corporate names and general intangibles of a like nature and other indicia of origin, together with the goodwill associated with any of the foregoing, and all applications, registrations, extensions, modifications and renewals thereof, (collectively, "Trademarks"), (iii) foreign and domestic published and unpublished works and authorship, whether copyrightable or not, copyrights therefrom and thereto and registrations and applications therefor, all renewals, extensions, restorations and reversions thereof, and all mask-work rights, registrations and applications (collectively, "Copyrights"); (iv) Software and Technology; (v) industrial designs; and (vi) claims or causes of action arising out of or related to any infringement, misappropriation or other violation of any of the foregoing, including, without limitation, rights to recover for past, present and future violations thereof.

"Intercompany Payables" means obligations owed by any Seller or any of its Subsidiaries to any of such Seller's or such Subsidiary's Affiliates.

"Intercompany Receivables" means obligations owed to any Seller or any of its Subsidiaries by any of such Seller's or such Subsidiary's Affiliates.

"Inventory" means all inventory Related to the Business, including finished goods, work in process, raw materials, goods in transit, goods at customer sites and other inventory or goods held for sale of a person in all forms, wherever located, now or hereafter existing.

"Knowledge of Sellers" means the actual knowledge and awareness of the persons identified on Schedule 1.1(c), and any new officers and directors of Parent and Sellers hired after the date hereof and prior to the Closing (the "Knowledge Persons").

"Labor Agreements" means all Contracts between any Seller and any certified or lawfully recognized labor organization representing Employees employed at, or in connection with, the Facilities.

"Law" means any statute, law, ordinance, regulation, rule, code or other requirement enacted, issued, promulgated, enforced or entered by a Governmental Body having jurisdiction over any of the Sellers or Canadian Subsidiaries or Mexican Subsidiaries.

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

"Liability" means any debt, liability, commitment or obligation of any kind (whether direct or indirect, known or unknown, fixed, absolute or contingent, matured or unmatured, asserted or not asserted, accrued or unaccrued, liquidated or unliquidated, determined, determinable or otherwise or due or to become due and whether or not the same would be required by GAAP to be reflected in financial statements or disclosed in the notes thereto).

"Licensed Business Intellectual Property" means Intellectual Property Related to the Business that any of the Sellers is licensed or otherwise permitted by other Persons to use.

"Lien" means any lien, encumbrance, pledge, mortgage, deed of trust, security interest, conditional sales agreement, lease, charge, option to purchase or lease or otherwise acquire any interest, right of first refusal or first offer, proxy, voting trust or agreement or

transfer restriction under any shareholder or similar agreement or encumbrance, but does not include any restriction under licenses of, or other agreements related to, Intellectual Property.

"Material Adverse Effect" means any change or effect that, individually or in the aggregate, has or is reasonably likely to: (i) have a material adverse effect on the business, assets, properties, operations, results of operations or condition (financial or otherwise) of the Business (taken as a whole) or (ii) prevent or materially impair or delay the ability of Parent or any Seller to consummate the transactions contemplated by this Agreement or perform their obligations under this Agreement, other than, solely in the case of clause (i), an effect proximately caused by an Excluded Matter.

"Mexican Assumed Liabilities" means, collectively, the Assumed Liabilities of the Mexican Subsidiaries.

"Mexican Competition Law" means the Mexican Federal Law on Economic Competition.

"Mexican Purchased Assets" means, collectively, the Purchased Assets of the Mexican Subsidiaries.

"Mexican Subsidiaries" means, collectively, Collins & Aikman Carpet and Acoustics, S.A. de C.V. and Collins & Aikman Servicios, S.A. de C.V.

"Mexico" means the United Mexican States.

"Most Recent Balance Sheet" means the unaudited consolidated balance sheet of the Business as of the Balance Sheet Date, a copy of which balance sheet is attached hereto on Schedule 1.1(d).

"Order" means any order, injunction, judgment, decree, award, ruling, writ, assessment or arbitration award entered, issued or enforced by or with any Governmental Body.

"Ordinary Course" or "Ordinary Course of Business" means the conduct of the Business in a manner that is consistent in nature, scope and magnitude with the past practices of the Business since the filing of the Bankruptcy Case and is taken in the ordinary course of the normal, day-to-day operations of the Business.

"Owned Business Intellectual Property" means Intellectual Property Related to the Business that is owned by any of the Sellers.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates issued by or obtained from a Governmental Body.

"Permitted Exceptions" means: (i) with respect to Owned Real Property and leasehold improvements with respect to the Leased Real Property (as the case may be) (a) all easements, covenants, conditions, restrictions, rights of way, agreements with any municipal, state/provincial or federal governments or authorities or any public utilities including, without limitation, subdivision agreements, development agreements, site control agreements,

engineering, grading, landscaping or similar agreements, or other encumbrances, and other similar matters affecting title to such Real Property (hereinafter defined) and other title defects which do not or would not materially impair the use or occupancy of such Real Property, or the operation of the Business; (b) matters that would be disclosed by an accurate survey or inspection of the Real Property; and (c) zoning, entitlement, building codes and other land use and environmental laws, regulations, by-laws and ordinances of any Governmental Body, provided that such regulations have not been violated by existing usage or occupancy of such Real Property or the operation of the Business; provided, however, that in the case of this clause (i) none of the foregoing, individually or in the aggregate, materially interfere with the current use of the applicable Real Property, require the removal, alteration or loss of any material improvement located thereon (including, without limitation, paved parking areas) or materially interfere with the use of the affected asset or Real Property as the Business is currently conducted; (ii) statutory liens for current Taxes not yet delinquent or which are being contested by appropriate proceedings; (iii) mechanics', carriers', workers', repairers', construction and similar Liens arising or incurred in the Ordinary Course of Business for sums not yet delinquent; (iv) any Lien arising under the terms of an Assumed Contract of Assumed Liability; and (v) any other Liens that will be irrevocably released in full prior to Closing in connection with the Sale Order or any other actions of the Bankruptcy Court. Notwithstanding any provision of this Agreement to the contrary, any statutory lien arising under Sections 302 or 4068 of ERISA or Section 412 of the Code with respect to any Benefit Plan in favor of such plan or PBGC shall not be a Permitted Exception.

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

"Plastics APA" means the Asset Purchase Agreement, dated as of March 30, 2007, by and among Cadence Innovation LLC, as Purchaser, and Collins & Aikman Corporation, Collins & Aikman Products Co., Collins & Aikman Automotive Exteriors Inc., and Collins & Aikman Automotive Interiors Inc., as Sellers.

"Plastics Business" has the meaning set forth in the Plastics APA.

"Post-Closing Tax Period" means any Tax period beginning after the Closing Date and that portion of any Straddle Period beginning after the Closing Date.

"Pre-Closing Tax Period" means any Tax period ending on or before the Closing Date and that portion of any Straddle Period ending on the Closing Date.

"Pre-Petition Liability" means any "claim", as such term is defined in Section 101(5) of the Bankruptcy Code, against or obligation of any Seller or any Subsidiary of a Seller arising or occurring on or before the Petition Date.

"Product Liability Claim" means any Legal Proceeding or action taken or otherwise sponsored by a customer arising out of, or otherwise relating to in any way in respect of claims for personal injury, wrongful death or property damage resulting from exposure to, or any other warranty claims, refunds, rebates, property damage, product recalls, defective material

claims, merchandise returns and/or any similar claims with respect to, Products or items purchased, sold, consigned, marketed, stored, delivered, distributed or transported by the Business, any Seller or any of its Subsidiaries, whether such claims are known or unknown or asserted or unasserted.

"Products" means any and all products developed, designed, manufactured, marketed or sold in connection with the Business, including all parts and components of the foregoing manufactured or licensed by any Seller.

"Purchased Intellectual Property" means the Owned Business Intellectual Property and the Licensed Business Intellectual Property, collectively; subject to (A) any rights previously granted to a third party in any of the foregoing, and (B) the rights in the Shared Intellectual Property granted to Sellers pursuant to the Intellectual Property License Agreement.

"Purchased Intellectual Property Contracts" means all Assumed Contracts that concern the Purchased Intellectual Property, including, without limitation, Assumed Contracts granting Sellers rights to use the Licensed Business Intellectual Property, and Assumed Contracts granting other Persons the rights to use the Owned Business Intellectual Property.

"Related to the Business" means used in, held for use by or related to, the Business as presently conducted; provided, however, that with respect to Intellectual Property, "Related to the Business" shall mean primarily used in or primarily related to the Business.

"Release" means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping, or disposing of Hazardous Materials (including the abandonment or discarding of barrels, containers or other closed receptacles containing Hazardous Materials) into the environment.

"Remedial Action" means all actions taken to (i) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (ii) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (iv) any other actions authorized by 42 U.S.C. 9601 or the equivalent Laws of Canada or Mexico.

"Representatives" means with respect to any Person, any officer, director or employee of, or any investment banker, attorney, accountant, consultant or other advisor, agent or representative of such Person.

"Schedule" means the disclosure schedules attached hereto and made a part hereof.

"Shared Intellectual Property" means the Purchased Intellectual Property that was not used by the Sellers exclusively in connection with the Business.

"Software" means any and all (i) computer programs, including, without limitation, program interfaces and any and all software implementations of algorithms, models

and methodologies (including, without limitation, all of the foregoing that is installed on Hardware), whether in source code or object code, (ii) databases and compilations, including, without limitation, any and all data and collections of data, whether machine readable or otherwise, (iii) descriptions, flow-charts and other work product used to design, plan, organize and develop any of the foregoing and (iv) all documentation, including, without limitation, user manuals and other training documentation related to any of the foregoing.

"Specified Contract" means any Contract (i) entered into or assumed following the Petition Date that is set forth on Schedule 5.8(a) or (ii) entered into or assumed in the Ordinary Course of Business following the date hereof and otherwise in compliance with the terms of this Agreement.

"Straddle Period" means any Tax period beginning before and ending after the Closing Date.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or other business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof and for this purpose, a Person or Persons own a majority ownership interest in such a business entity (other than a corporation) if such Person or Persons shall be allocated a majority of such business entity's gains or losses or shall be or control any managing director or general partner of such business entity (other than a corporation). The term "Subsidiary" shall include all Subsidiaries of such Subsidiary, and specifically includes the Canadian Subsidiaries and the Mexican Subsidiaries.

"Tax Authority" means any federal, state, provincial, local or foreign government, or agency, instrumentality or employee thereof, charged with the administration of any law or regulation relating to Taxes.

"Tax Return" means any report, declaration, return, information return, Tax-related form, claim for refund or statement relating to Taxes, including any transfer pricing reports, schedule or attachment thereto and any amendments thereof.

"Taxes" means (i) all federal, state, provincial, local or foreign taxes, charges or other assessments, including, without limitation, all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes and (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any Tax Authority in connection with any item described in clause (i).

"Technology" means, collectively, all proprietary designs, formulae, algorithms, procedures, methods, techniques, know-how, research and development, technical data, programs, subroutines, tools, materials, specifications, processes, inventions (whether patentable or unpatentable and whether or not reduced to practice), apparatus, creations, improvements, works of authorship and other similar materials, and all recordings, graphs, drawings, reports, analyses, and other writings, and other embodiments of the foregoing, in any form whether or not specifically listed herein, all confidential and proprietary information, and all related technology that are used in, incorporated in, embodied in, displayed by or relate to, or are used or useful in the design, development, reproduction, maintenance or modification of, any of the Products.

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and the rules and regulations thereunder.

1.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have meanings set forth in the sections indicated:

Term	Section
Actual Deficit	3.5(b)
Actual Surplus	3.5(b)
Antitrust Division	8.4(a)
Antitrust Laws	8.4(a)
Assignment and Assumption Agreement	4.2(e)
Assumed Liabilities	2.3
Balance Sheet Schedule	3.5(b)
Bankruptcy Case	Recitals
Bankruptcy Code	Recitals
Bankruptcy Court	Recitals
Bid Protections	4.6(c)
Bidding Procedures Order	7.1(a)
Bills of Sale	4.2(b)
Breakup Fee	4.6(c)
Buyer Group	8.1

Term	Section
C&A 401(k) Plan	9.3(b)
Canadian Asset Purchase Agreement	4.2(c)
Capex Plan	5.18
Closing	4.1
Closing Date	4.1
Collective Bargaining Agreements	10.2(c)
Company	Recitals
Confidential Information	8.8(c)
Confidentiality Agreement	8.8(a)
Contingent Amount	3.1
Copyrights	1.1 (See "Intellectual Property")
Credit Enhancement	8.7(a)
Credit Support Instruments	5.4(b)
Customer	7.11
DOJ	8.9
Designated Contracts	2.5
Designated Firm	3.5(c)
Employee Plans	5.11(a)
Equity Agreement	4.2(r)
Escrow Account	3.4
Escrow Agent	3.2
Escrowed Funds	3.2
Excess Amount	3.4(a)
Excluded Assets	2.2

Term	Section
Excluded Liabilities	2.4
Expense Reimbursement	4.6(b)
Final DIP Order	4.6(c)
Financial Statements	5.4(a)
FCC	8.4(a)
FTC	8.4(a)
GSTD	5.4(a)
Insider Related Party Transactions	5.19
Intellectual Property License Agreement	4.2(f)
Joint Venture	2.1(h)
Knowledge Persons	1.1 (See "Knowledge of Sellers")
List Delivery Date	7.11(b)
Litigation and Investigation	8.9
Leased Real Property	2.1(b)
Lenders	4.6(c)
Material Contracts	5.8(a)(xxi)
Material Customers	5.10(a)
Material Suppliers	5.10(a)
Material Vendor	7.11(b)
Material Vendor Preference Action List	5.22
Mexican Asset Purchase Agreement	4.2(d)
Net Working Capital	3.5(a)
Order Entry Date	4.4(l)
Owned Real Property	2.1(b)

Term	Section
Parent	Recitals
Parent Indemnitees	8.7(c)
Party	Recitals
Patents	1.1 (See "Intellectual Property")
PBGC	8.12
Petition Date	Recitals
Plastics APA Termination Notice	8.19
Plastics Purchaser	8.19
Policy	5.20
Post-Closing Escrow Agent	3.4
Post-Closing Escrow Agreement	3.4
Post-Closing Escrowed Funds	3.4
Preference Action Delivery Date	5.22
Prepetition Agent	4.2(r)
Purchase Price	3.1
Purchased Assets	2.1
Purchaser	Recitals
Purchaser Confirmation Letter	8.22
Purchaser Documents	6.2
Purchaser 401(k) Plan	9.3(b)
Purchaser Plans	9.3(a)
Purchaser's FSA	9.3(d)
Real Property	5.6(c)
Real Property Leases	5.6(c)

Term	Section
Reimbursable Expenses	4.6(b)
Released Party	8.7(a)
Relevant Owned Real Property	5.6(a)
Remedies Exception	5.2
Requested Party	8.9
Required Working Capital	3.5
Retained Names	2.2(m)
Sale Motion	7.1(a)
Sale Order	7.1(a)
SEC	8.9
Seller Documents	5.2
Sellers	Recitals
Sellers' FSA	9.3(d)
Specified Contracts	2.5
Suits	5.7(b)
Termination Date	4.4(a)
Trademarks	1.1 (See "Intellectual Property")
Transferred Employees	9.1(a)
Transfer Taxes	11.1
Transition Services Agreement	8.22
Unions	10.1(i)

1.3 Other Definitional and Interpretive Matters.

(a) Unless otherwise expressly provided, for purposes of this Agreement, the following rules of interpretation shall apply:

Calculation of Time Period. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

Dollars. Any reference in this Agreement to $ shall mean U.S. dollars.

Exhibits/Schedules. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any matter disclosed in a Schedule by a Party shall be deemed to constitute disclosure against all other representations and warranties of such Party to the extent it is reasonably apparent on the face of such disclosure that the matter disclosed is relevant to such other representations and warranties of the Party. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

Gender and Number. Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

Headings. The provision of a Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Section" are to the corresponding Section of this Agreement unless otherwise specified.

Herein. The words such as "herein," "hereinafter," "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear unless the context otherwise requires.

Including. The word "including" shall mean "including, without limitation."

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the Parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

ARTICLE II

PURCHASE AND SALE OF ASSETS; ASSUMPTION OF LIABILITIES

2.1 Purchase and Sale of Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall purchase, acquire and accept from the Sellers, and Sellers shall sell, transfer, assign, convey and deliver to Purchaser all of Sellers' right, title and interest in, to and under the Purchased Assets, free and clear of all Liens, other than Permitted Exceptions. "Purchased Assets" shall mean all assets, properties, interests and rights of Sellers and their respective Subsidiaries, as of the Closing, Related to the Business, excluding the Excluded Assets, including:

(a) all Assumed Contracts;

(b) all tooling and molding assets, excluding any items that would be classified on Sellers' books as "Accounts Receivable – trade tooling";

(c) all of Sellers' owned real property Related to the Business other than real property located in Zanesville, Ohio (the "Owned Real Property"), including that set forth on Schedule 2.1(c), and all of Sellers' leasehold interests in real property Related to the Business leased or subleased (the "Leased Real Property"), including that set forth on Schedule 2.1(c);

(d) all of Sellers' rights and interest in the Purchased Intellectual Property;

(e) all Inventory;

(f) all of Sellers' right, title and interest (which, for the avoidance of doubt, shall, with respect to leased Equipment, be Sellers' leasehold interest) in Equipment, including the Equipment set forth on Schedule 2.1(f);

(g) all deposits, credits, prepayments, prepaid rent, prepaid charges and expenses, supplies inventory and other prepaid assets listed on Schedule 2.1(g);

(h) defenses, counterclaims, rights of recovery, rights of setoff and rights of recoupment, in each case (i) to the extent set forth on Schedule 2.1(h) or (ii) to the extent related to Assumed Liabilities;

(i) all equity interests in Synova Carpets, LLC held by any Seller (the "Joint Venture");

(j) all Documents of whatever nature and wherever located that are Related to the Business, including those in the possession or control of Parent or any of its Subsidiaries, except to the extent provided in Section 2.1(j);

(k) all Permits (and applications therefor) owned, held or maintained by Sellers or any of their respective Subsidiaries to the extent assignable and Related to the Business and the Purchased Assets;

(l) any interest in and to any refund of Taxes, but only to the extent the Taxes to be refunded were paid at any time by Purchaser or any of its Affiliates;

(m) all petty cash at the Business' operating facilities;

(n) all guarantees and warranties of third parties that relate primarily to the Purchased Assets, to the extent assignable or transferable; and

(o) any claim or cause of action, other than arising under this Agreement against Purchaser or any of its Affiliates.

2.2 Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to Purchaser, and Sellers shall retain all right, title and interest to, in and under the Excluded Assets. "Excluded Assets" shall mean the following assets of Sellers and their respective Subsidiaries (but excluding the Purchased Assets):

(a) Accounts Receivable, Intercompany Receivables, and Intercompany Payables;

(b) any and all rights under this Agreement;

(c) subject to Section 7.11, all Chapter 5 Causes of Action;

(d) all Contracts that are not Assumed Contracts as of the Closing Date;

(e) all shares of capital stock or similar equity interests in any Subsidiaries of Parent (including, for the avoidance of doubt, the Mexican Subsidiaries and Canadian Subsidiaries, but excluding the Joint Venture);

(f) any restricted cash balances, deposits (including customer deposits and security deposits), claims, credits, prepayments, advances to vendors for inventory purchases, prepaid rent, prepaid charges and expenses, deferred charges, refunds or claims of refunds, or other prepaid assets that are not set forth on Schedule 2.1(g);

(g) any and all Cash, including the Purchase Price, except for petty cash at the Business' operating facilities as described in Section 2.1(m);

(h) to the extent relating to (A) any Excluded Assets or (B) liabilities of Sellers to the extent such liabilities are not Assumed Liabilities, all rights (i) under Sellers' insurance policies relating to the Business (including, without limitation, health insurance, worker's compensation insurance and life insurance), and any right to refunds due with respect to such insurance policies and (ii) of Sellers under or pursuant to all warranties (express or implied), representations and guarantees made by third parties;

(i) any and all Intellectual Property rights owned by any of the Sellers, or licensed to any of the Sellers (including under a Purchased Intellectual Property Contract), other than the Purchased Intellectual Property;

(j) any: (i) confidential personnel and medical records pertaining to any Employee; (ii) other books and records that the Companies are required by Law to retain or that the Companies determine are necessary or advisable to retain including, without limitation, Tax Returns, financial statements and corporate or other entity filings; provided that Purchaser shall have the right to make copies of any portions of such retained books and records that relate to the Business or any of the Purchased Assets or Assumed Liabilities; (iii) any information management systems of Sellers or their respective Subsidiaries, to the extent not used in the conduct of the Business; and (iv) minute books, stock ledgers and stock certificates of Parent or any of its Subsidiaries;

(k) any claim, right or interest of any of the Companies in or to any refund, rebate, abatement or other recovery for Taxes, together with any interest due thereon or penalty arising therefrom, for any Pre-Closing Tax Period;

(l) except as set forth in Section 2.1, any rights, claims or causes of action of any of the Companies against third parties arising out of events or occurring on or prior to the Closing Date;

(m) all Permits other than those set forth in Section 2.1(j);

(n) all Trademarks owned by Sellers that include the names "Collins & Aikman" or "C&A," and any derivatives thereof (collectively, the "Retained Names" and each individually, a "Retained Name"); and

(o) those assets set forth on Schedule 2.2(o).

2.3 Assumption of Liabilities. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall assume, effective as of the Closing, and shall timely perform and discharge in accordance with their respective terms, the Assumed Liabilities. "Assumed Liabilities" shall mean only the following liabilities (other than the Excluded Liabilities):

(a) All Liabilities under the Assumed Contracts;

(b) each of the following Liabilities to the extent they are included in the finally determined Net Working Capital:

(i) all accrued payroll obligations of Transferred Employees to the extent reflected in the Most Recent Balance Sheet or incurred in the Ordinary Course of Business since the Balance Sheet Date (but excluding any severance or other obligations arising from the termination by the Seller of employment of any current or former employees of the Business in connection with the transactions contemplated by this Agreement and excluding any other liabilities or obligations arising under any Employee Plan (including, for the avoidance of doubt, any liabilities or obligations under the KERP)),

(ii) other than Intercompany Payables or the Pre-Petition Liabilities, all accounts payable incurred in the Ordinary Course of Business after the Petition Date (including, for the avoidance of doubt, (i) invoiced accounts payable and (ii) accrued but uninvoiced accounts payable), and

(iii) accrued expenses as set forth on Schedule 2.3(b)(iii);

(c) all other Liabilities with respect to the Business, the Purchased Assets or the Transferred Employees arising after the Closing;

(d) all Transfer Taxes applicable to the transfer of the Purchased Assets pursuant to this Agreement, in an amount not to exceed $250,000 in the aggregate; and

(e) all Environmental Liabilities which arise as a result of Purchaser's ownership or operation of the Purchased Assets after the Closing Date.

2.4 Excluded Liabilities. Notwithstanding anything in this Agreement to the contrary, other than the Assumed Liabilities, Purchaser shall not assume, and shall be deemed not to have assumed, any Liabilities of any Seller or otherwise arising out of, or relating to, the Business (the "Excluded Liabilities"). The Excluded Liabilities shall include, but shall not be limited to, the following:

(a) all Liabilities arising out of, or associated with, any Excluded Assets, including Contracts that are not Assumed Contracts;

(b) except for Permitted Exceptions and Liabilities or Liens under any Assumed Contract, all Liabilities arising out of or related to (i) any Indebtedness of any Seller or any of its Subsidiaries or (ii) any Lien on any Purchased Asset;

(c) all Liabilities for expenses of Parent or any of its Affiliates (i) for the negotiation and preparation of this Agreement, (ii) relating to the transactions contemplated hereby or (iii) incurred in connection with the commencement and continuance of the Bankruptcy Case (including Bankruptcy Related Fees);

(d) except as otherwise provided in Section 2.3 and ARTICLE XI other than Taxes relating to the Purchased Assets for taxable periods (or portions thereof) ending after the Closing Date, all Liabilities for Taxes of any Seller or any of its Subsidiaries or otherwise relating to the Purchased Assets or the Business;

(e) except as otherwise provided in Section 2.3, any Liabilities of any Seller or any of its Subsidiaries to current or former officers, employees, consultants or independent contractors of any Seller or any of the Selling Subsidiaries or ERISA Affiliates of any Seller related to or arising out of any period ending on or prior to, or following, the Closing or related to or arising out of any act or omission during such period, including, without limitation, arising out of any severance plan or policy, employment Contract, unlawful discrimination, wrongful termination, violations of Law, any Employee Plan, failure to pay or discharge such employees wages or benefits when due, or any obligation to indemnify, reimburse or advance any amounts to such officers, employees, consultants or independent contractors;

(f) except as otherwise provided in Section 2.3(b)(i) and ARTICLE IX, any and all Liabilities or obligations of any Seller or any Subsidiary or ERISA Affiliate of Seller related to or arising under any Employee Plan;

(g) Compromised Liabilities;

(h) Liabilities owed by Sellers on account of the (a) final order entered by the Bankruptcy Court on August 11, 2005 Docket No. 922, (b) final order entered by the Bankruptcy Court on August 11, 2005 Docket No. 916 and (c) order entered by the Bankruptcy Court on October 14, 2006 Docket No. 1554;

(i) all Liabilities (including Product Liability Claims and claims pursuant to product warranties, product returns and rebates) arising from the sale of Products or Inventory in the Ordinary Course of Business, at or prior to the Closing, other than Compromised Liabilities;

(j) any Liability arising out of or relating to any violation of any law, rule, regulation, judgment, injunction, order or decree occurring or arising out of or relating to any event or condition occurring or existing at or prior to the Closing;

(k) all Pre-Petition Liabilities;

(l) any Liability that is not an Assumed Liability under Section 2.3 hereof;

(m) all cure costs related to the Assumed Contracts;

(n) all Liabilities relating to amounts required to be paid by Sellers under this Agreement;

(o) all Liabilities the existence of which constitutes a breach of any provision of this Agreement by Sellers; and

(p) any Transfer Taxes in excess of $250,000 in the aggregate.

2.5 Purchaser's Election Right. Notwithstanding anything to the contrary in this Agreement and subject to the receipt of any required third-party consents, Sellers shall assume and assign to Purchaser the Assumed Contracts. Purchaser shall have the right, by written notice delivered to Sellers at any time during the period from and after the date hereof until the date which is three Business Days prior to the date of the hearing to approve the Sale Order, to: (i) add any Contract Related to the Business to Schedule 2.5, making such Contract an Assumed Contract; and (ii) remove any Contract (other than any Specified Contract) from Schedule 2.5, eliminating such Contract's designation as an Assumed Contract and making it an Excluded Asset. Purchaser shall have the right, by written notice delivered to Sellers at any time three Business Days prior to the date of the hearing to approve the Sale Order, to remove items from Schedule 2.1(g), thereby making such items Excluded Assets.

2.6 Further Conveyances and Assumptions.

(a) From time to time following the Closing, Sellers shall, or shall cause their Affiliates to, make available to Purchaser such non-confidential data in personnel records of Transferred Employees as are reasonably necessary for Purchaser to transition such employees into Purchaser's records.

(b) From time to time following the Closing, Sellers and Purchaser shall, and shall cause their respective Affiliates to, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to assure fully to Purchaser and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Purchaser under this Agreement and the Ancillary Agreements and to assure fully to Sellers and their Affiliates and

their successors and assigns, the assumption of the Assumed Liabilities and obligations intended to be assumed by Purchaser under the Ancillary Agreements, and to otherwise make effective the transactions contemplated hereby and thereby.

2.7 Bulk Sales Laws. Purchaser hereby waives, in connection with the transactions contemplated by this Agreement, compliance by Sellers with the requirements and provisions of any "bulk-transfer" provision of Article 6 of the Uniform Commercial Code as it is in effect in the states where Sellers own assets to be conveyed to Purchaser hereunder and other similar bulk transfer notice provisions or Laws of any jurisdiction that may otherwise be applicable with respect to the sale and transfer of any or all of the Purchased Assets to Purchaser other than bulk-transfer tax notice provisions.

2.8 Non-Assignability of Purchased Assets. Nothing herein shall be deemed to require the conveyance, assignment or transfer of any Purchased Asset that by its terms or by operation of Law cannot be conveyed, assigned, transferred or assumed without approval or consent. Notwithstanding anything in this Agreement to the contrary, to the extent that the sale, assignment, license, sublicense, transfer, conveyance or delivery or attempted sale, assignment, transfer, conveyance or delivery to Purchaser of any asset that would be a Purchased Asset or any claim or right or any benefit arising thereunder or resulting therefrom is prohibited by any applicable Law or would require any governmental or third party authorizations, approvals, consents or waivers and such authorizations, approvals, consents or waivers shall not have been obtained prior to the Closing, the Closing shall proceed without the sale, assignment, transfer, conveyance or delivery of such asset unless such failure causes a failure of any of the conditions to Closing set forth in ARTICLE IV, in which event the Closing shall proceed only if the failed condition is waived by the party entitled to the benefit thereof. In the event that the failed condition is waived and the Closing proceeds without the transfer or assignment of any such asset, then following the Closing, Purchaser and each Seller shall use commercially reasonable efforts, and cooperate with each other, to obtain promptly such authorizations, approvals, consents and waivers. Pending such authorization, approval, consent or waiver, the parties shall cooperate with each other in any mutually agreeable arrangement designed to provide Purchaser with all of the benefits of use of such asset and to the applicable Seller(s) the benefits, including any indemnities, that they would have obtained had the asset been conveyed to Purchaser at the Closing. Once authorization, approval, consent or waiver for the sale, assignment, transfer, conveyance or delivery of any such asset not sold, assigned, transferred, conveyed or delivered at Closing is obtained, Sellers shall or shall cause the relevant Affiliates to assign, transfer, convey and deliver such asset to Purchaser at no additional cost. To the extent that any such asset cannot be transferred or the full benefits or use of any such asset cannot be provided to Purchaser following the Closing pursuant to this Section 2.8, then Purchaser and the applicable Seller(s) shall enter into such arrangements (including subleasing, sublicensing or subcontracting) to provide to the parties hereto the economic (taking into account Tax costs and benefits) and operational equivalent, to the extent permitted, of obtaining such authorization, approval, consent or waiver and the performance by Purchaser of the obligations thereunder. Sellers shall hold in trust for and pay to Purchaser promptly upon receipt thereof, all income, proceeds and other monies received by any Seller or any of its Affiliates derived from its use of any Purchased Asset in connection with the arrangements under this Section 2.8.

ARTICLE III

CONSIDERATION

3.1 Consideration. The aggregate consideration for the Purchased Assets shall be (a) an amount in cash equal to $134,000,000 (the "Purchase Price"), which shall be allocated among the Sellers as set forth on Schedule 3.1(a), subject to adjustment as provided in Sections 3.5 and 3.6, plus (b) the assumption of the Assumed Liabilities, plus, if payable, (c) the amount payable on the terms and subject to the conditions set forth in Schedule 3.1(c) (the "Contingent Amount").

3.2 Purchase Price Deposit. Pursuant to the terms of the Escrow Agreement, within two Business Days after the entry of the Bidding Procedures Order, Purchaser shall deposit with LaSalle Bank, in its capacity as escrow agent (the "Escrow Agent") $5.0 million by wire transfer of immediately available funds (the "Escrowed Funds"), to be released by the Escrow Agent and delivered to either Purchaser or Parent, in accordance with the provisions of the Escrow Agreement. Pursuant to the Escrow Agreement, the Escrowed Funds (together with all accrued investment income or interest thereon) shall be distributed as follows:

(a) if the Closing shall occur, the Escrowed Funds shall be applied towards the Post-Closing Escrow, provided that if the Escrowed Funds exceed the Post-Closing Escrow Amount, such excess funds shall be applied toward the Purchase Price payable by Purchaser to Sellers under Section 3.2 hereof, and all accrued investment income or interest thereon, shall be delivered to Purchaser at the Closing;

(b) if this Agreement is terminated by Sellers pursuant to Section 4.4(f), the Escrowed Funds, together with all accrued investment income or interest thereon, shall be delivered to Sellers; or

(c) if this Agreement is terminated for any reason other than by Sellers pursuant to Section 4.4(f), the Escrowed Funds, together with all accrued investment income or interest thereon, shall in each case be returned to Purchaser.

3.3 Payment of Purchase Price. On the Closing Date, Purchaser shall pay to Sellers, by wire transfer of immediately available funds into an account designated by Parent, the Purchase Price (less the Escrowed Funds), subject to adjustment in accordance with Sections 3.5, and 3.6.

3.4 Post-Closing Escrow. Upon Closing, $5.0 million (the "Post-Closing Escrowed Funds"), which shall be funded from the Escrowed Funds, shall be deposited at an account (the "Escrow Account") with LaSalle Bank, as escrow agent ("Post-Closing Escrow Agent"), pursuant to an escrow agreement mutually agreed to by Purchaser, Parent and Post-Closing Escrow Agent (the "Post-Closing Escrow Agreement"). The Post-Closing Escrow Funds shall be used to reimburse Purchaser for any Transfer Taxes paid or payable by Purchaser in excess of $250,000, deficits for Net Working Capital and deficits in capital expenditures in relation to the Capex Plan. The Post-Closing Escrowed Funds shall be distributed as follows:

(a) in the event that Purchaser paid or is obligated to pay any Transfer Taxes in excess of $250,000 in the aggregate (the "Excess Amount"), an amount equal to the Excess Amount shall be transferred from the Escrow Account to an account or accounts designated by Purchaser within five days after Purchaser's request therefor, subject to the dispute provisions set forth in the Post-Closing Escrow Agreement;

(b) in the event of a Purchase Price adjustment pursuant to Section 3.6(b), an amount equal to such adjustment shall be paid to Purchaser within five days after Purchaser's request therefor, subject to the dispute provisions set forth in the Post-Closing Escrow Agreement;

(c) in the event of a Purchase Price adjustment pursuant to Section 3.6(c), an amount equal to such adjustment shall be paid to Parent within five days after Parent's request therefor;

(d) within five Business Days after the calculation of the Balance Sheet Schedule becomes binding and conclusive on the parties pursuant to Section 3.5(c), Sellers or Purchaser, as the case may be, shall make (or shall cause the Escrow Agent to make) the payment described below by wire transfer of immediately available funds to the account or accounts designated in writing by the party entitled to receive such payment to the party required to make such payment:

(i) In the event of an Actual Deficit, an amount equal to the Actual Deficit shall be distributed from the Post-Closing Escrowed Funds, together with all accrued investment income or interest on the Post-Closing Escrowed Funds, by the Post-Closing Escrow Agent to Purchaser and, in the event the Actual Deficit is greater than the amount of the Post-Closing Escrowed Funds, Sellers shall pay the amount equal to the Actual Deficit less the amount of the Post-Closing Escrowed Funds.

(ii) In the event of an Actual Surplus, Purchaser shall pay to Sellers an amount equal to the Actual Surplus.

(e) To the extent there are any remaining amounts, including all accrued investment income or interest on the Post-Closing Escrowed Fund, in the Post-Closing Escrow Funds after satisfying all of the payments pursuant to Section 3.4(a), (b) and (c), then the remainder shall be distributed to Sellers; provided, however, if there is a shortfall of funds in the Post-Closing Escrow, Sellers shall still be obligated to pay to Purchaser any adjustments set forth in Sections 3.5 and 3.6.

3.5 Net Working Capital Adjustment. The Purchase Price shall be increased or decreased, as the case may be, on a dollar for dollar basis, to the extent that the Net Working Capital as of the Closing Date is greater or less than $3,563,000 (the "Required Working Capital").

(a) For purposes of this Agreement, the term "Net Working Capital" means the excess of (i) the aggregate current assets included in the Purchased Assets as of the Closing Date over (ii) the aggregate current liabilities included in the Assumed Liabilities as of the Closing Date. The Net Working Capital shall be determined in accordance with GAAP except as

otherwise as set forth on Schedule 3.5 and shall consist only of those accounts set forth on Schedule 3.5 hereto.

(b) Not later than 30 days following the Closing Date, Purchaser shall prepare and deliver to Sellers a schedule setting forth the Net Working Capital as of the Closing Date determined in accordance with this Section (the "Balance Sheet Schedule"). The Balance Sheet Schedule also shall set forth, as the case may be: (i) the amount by which Net Working Capital is less than Required Working Capital (such amount, the "Actual Deficit") or (ii) the amount by which Net Working Capital is greater than Required Working Capital (such amount, the "Actual Surplus"). Upon receipt of the Balance Sheet Schedule, Sellers shall be given reasonable access to all of Purchaser's books and records relating to the Balance Sheet Schedule during reasonable business hours for the purpose of verifying the Balance Sheet Schedule.

(c) If within 30 days following delivery of the Balance Sheet Schedule Sellers have not given Purchaser written notice of their objection as to the Balance Sheet Schedule (which notice shall state with reasonable specificity the basis of Sellers' objection), then the Balance Sheet Schedule shall be binding and conclusive on the Parties and be used in computing the amount of the adjustment to the Purchase Price, if any, as set forth in Section 3.4(d). If Sellers duly give Purchaser such notice of objection, and if Sellers and Purchaser fail to resolve the issues outstanding with respect to the calculation of the Balance Sheet Schedule within 30 days of Purchaser's receipt of Sellers' objection notice, Sellers and Purchaser shall submit the issues remaining in dispute to any nationally recognized accounting firm designated jointly by Purchaser and Sellers (the "Designated Firm") for resolution. Purchaser and Sellers shall request that the Designated Firm render a determination (which determination shall be solely based on whether Purchaser's Balance Sheet Schedule was prepared in accordance with the terms of this Section 3.5 or whether a mathematical error was made) within 30 days after its retention. Purchaser and Sellers shall cooperate fully with the Designated Firm so as to enable it to make such determination as quickly and as accurately as practicable. The Designated Firm's determination as to the calculation of the Final Inventory Amount submitted to it shall be (i) based solely on presentations by Purchaser and Sellers that are in accordance with the guidelines and procedures set forth in this Agreement (i.e., not on the basis of an independent review), (ii) in writing and (iii) conclusive and binding upon Purchaser and Sellers, and the Balance Sheet Schedule shall be modified to the extent necessary to reflect such determination. The Designated Firm shall consider only the remaining items of dispute and the Designated Firm may not assign a value to any item of dispute greater than the greatest value assigned by Purchaser, on the one hand, or Sellers, on the other hand, or less than the smallest value for such item assigned by Purchaser, on the one hand, or Sellers, on the other hand. The fees of the Designated Firm shall be allocated among Purchaser and Sellers in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Designated Firm that are unsuccessfully disputed by each such party as finally determined by the Designated Firm bears to the total amount of such remaining disputed items.

(d) Sellers, Purchaser, and their respective accountants and other representatives shall cooperate with the other and the Designated Firm in the preparation and review of the Balance Sheet Schedule including, without limitation, providing reasonable access to accountant's work papers relevant to the Balance Sheet Schedule as well as the books and records related thereto.

3.6 Capex Adjustment.

(a) No later than five Business Days before the Closing, Sellers shall provide to Purchaser a good faith estimate of Sellers' capital expenditures for the Business from January 1, 2007 through the Closing Date. Such estimate shall be subject to Purchaser's reasonable approval. If Sellers and Purchaser agree on the amount of the estimated capital expenditures (the "Capex Estimated Amount"), the Purchase Price shall be reduced, on a dollar for dollar basis, by the amount, if any, by which (i) the capital expenditures contemplated to have been made by such date in the Capex Plan exceeds (ii) the Capex Estimated Amount. The Closing shall be delayed until Sellers and Purchaser have agreed on the Capex Estimate Amount.

(b) If the capital expenditures actually made by Sellers as of the Closing Date are less than the Capex Estimated Amount, then the Purchase Price shall be reduced, on a dollar for dollar basis, by an amount equal to the shortfall.

(c) If the capital expenditures actually made by Sellers as of the Closing Date exceed the Capex Estimated Amount, then the Purchase Price shall be increased, on a dollar for dollar basis, by an amount equal to the excess.

ARTICLE IV

CLOSING AND TERMINATION

4.1 Closing Date. The closing of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities provided for in ARTICLE II hereof (collectively, the "Closing") shall take place at the offices of Jones Day located at 222 East 41st Street, New York City, New York (or at such other place as the Parties may designate in writing) at 10:00 a.m. (New York time) on the date that is two Business Days following the satisfaction or waiver of the conditions set forth in ARTICLE X to be fulfilled or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of such conditions) or (ii) such other date as agreed to in writing by the Parties. The date on which the Closing shall be held is referred to in this Agreement as the "Closing Date." The Closing shall be deemed to have occurred at 11:59:59 p.m. (New York time) on the Closing Date.

4.2 Deliveries by Sellers. At the Closing, Sellers shall deliver to Purchaser:

(a) a duly executed quit claim deed in a form reasonably acceptable to the Parties;

(b) duly executed bills of sale or invoices complying with all applicable Laws (the "Bills of Sale") in form and substance reasonably satisfactory to the Parties;

(c) a duly executed purchase agreement, in form and substance reasonably acceptable to the Parties containing the terms set forth on Exhibit A hereto, in connection with the purchase of the Canadian Purchased Assets and the assumption of the Canadian Assumed Liabilities (the "Canadian Asset Purchase Agreement");

(d) a duly executed purchase agreement, in form and substance reasonably acceptable to the Parties containing the terms set forth on Exhibit B hereto, in connection with the purchase of the Mexican Purchased Assets and the assumption of the Mexican Assumed Liabilities (the "Mexican Asset Purchase Agreement");

(e) duly executed assignment and assumption agreements (the "Assignment and Assumption Agreements") in form and substance reasonably acceptable to the Parties, duly executed assignments of the registered Trademarks and issued Patents included in the Owned Business Intellectual Property (and applications therefor), in a form suitable for recording in the United States Patent and Trademark Office, and a duly executed assignment of the registered Copyrights included in the Owned Business Intellectual Property (and applications therefor), in a form suitable for recording in the United States Copyright Office and comparable assignments in forms suitable for recording in the Canadian Intellectual Property Office and Mexican equivalent, as applicable;

(f) a duly executed Intellectual Property License Agreement;

(g) the certificates evidencing the ownership of any joint venture and other entity described in Section 2.1(i);

(h) all notifications, consents, waivers and approvals obtained by Sellers and their respective Subsidiaries that are required by the terms of this Agreement;

(i) certified copies of the Sale Order and the docket of the Bankruptcy Court (and such other court to which the Sale Order may have been appealed or a petition for certiorari or reargument may have been filed) evidencing that the Sale Order has become a Final Order;

(j) certified copies of a vesting order, in form and substance reasonably satisfactory to the Purchaser, wherein the Canadian Purchased Assets are vested in the Purchaser and such vesting order shall be a Final Order;

(k) a duly executed Transition Services Agreement;

(l) the certificate of incorporation (or equivalent organizational document) for Sellers, certified as of a recent date by the relevant Governmental Authority of the applicable jurisdiction of organization;

(m) a certificate of the Secretary of State or comparable Governmental Body of each jurisdiction in which any Seller is organized as to the good standing as of a recent date in such jurisdiction or similar certificates in jurisdictions where certificates of good standing are not issued by the applicable Governmental Body;

(n) a certificate of an officer of Sellers given by such officer on behalf of Sellers and not in such officer's individual capacity, certifying as to bylaw extracts relating to the execution of documents (or equivalent governing document) of Sellers and as to resolutions of the board of directors (or equivalent governing body) of Sellers authorizing this Agreement and any related documents and the transactions contemplated hereby and thereby;

(o) affidavits dated as of the Closing Date, in the form required by the Treasury regulations issued under Section 1445 of the Code, to the effect that Sellers, other than the Canadian Subsidiaries and Mexican Subsidiaries, are not foreign persons for purposes of Section 1445 of the Code;

(p) the officer's certificate required to be delivered pursuant to Sections 10.1(a) and (b);

(q) all other instruments of conveyance and transfer, in form and substance reasonably acceptable to Purchaser, as may be necessary to convey the Purchased Assets to Purchaser;

(r) one or more duly executed subscription agreements and other agreements in respect of the related equity investments (collectively, the "Equity Agreement"), in form and substance reasonably acceptable to the Parties and to JPMorgan Chase Bank, N.A., as agent for the Sellers' prepetition senior secured lenders (the "Prepetition Agent"), containing the terms set forth on Exhibit C hereto, in connection with an opportunity for prepetition, senior secured lenders of Sellers to purchase up to 25% of the equity interests of Purchaser's parent;

(s) a certificate of an officer of Sellers given by such officer on behalf of Sellers and not in such officer's individual capacity, certifying that Sellers made capital expenditures in respect of the Business in accordance with the Capex Plan;

(t) an updated list of Employees as of the Closing Date;

(u) a document, in the form of Exhibit G, expressly authorizing the Purchaser to dismiss with prejudice any Designated Chapter 5 Cause of Action that has been filed with any Governmental Body, including, without limitation, the Bankruptcy Court, and specifically listing each such Designated Chapter 5 Cause of Action; and

(v) such other duly executed documents, instruments and certificates as may be necessary or appropriate to be delivered by any Seller or any Subsidiary of a Seller pursuant to this Agreement.

4.3 Deliveries by Purchaser.

(a) At the Closing, Purchaser shall deliver to the Sellers:

(i) the Closing Date Amount by wire transfer of immediately available funds into an account designated by Parent at least two Business Days prior to the Closing Date;

(ii) duly executed Assignment and Assumption Agreements;

(iii) a duly executed Canadian Asset Purchase Agreement;

(iv) a duly executed Mexican Asset Purchase Agreement;

(v) a duly executed Intellectual Property License Agreement;

(vi) a duly executed Transition Services Agreement;

(vii) a duly executed Purchaser Confirmation Letter, if applicable;

(viii) the officer's certificate required to be delivered pursuant to Sections 10.2(a) and 10.2(b);

(ix) a duly executed Equity Agreement; and

(x) such other duly executed documents, instruments and certificates as may be necessary or appropriate to be delivered by Purchaser pursuant to this Agreement.

(b) At the Closing, Purchaser shall deliver to the Escrow Agent the Escrowed Funds in accordance with Section 3.3.

4.4 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) by Purchaser or Sellers, if the Closing shall not have occurred by the close of business on July 31, 2007 (the "Termination Date"); provided, however, that if the Closing shall not have occurred due to the failure of the Bankruptcy Court to enter the Sale Order and if all other conditions to the respective obligations of the Parties to close hereunder that are capable of being fulfilled by the Termination Date shall have been so fulfilled or waived, then no Party may terminate this Agreement prior to September 30, 2007; provided further, that if the Closing shall not have occurred on or before the Termination Date due to a material breach of any representations, warranties, covenants or agreements contained in this Agreement by Purchaser or Sellers, then the breaching party may not terminate this Agreement pursuant to this Section 4.4(a);

(b) by mutual written consent of Sellers and Purchaser;

(c) by Purchaser, if any of the conditions to the obligations of Purchaser set forth in (i) Section 10.1 or (ii) 10.3 shall have become incapable of fulfillment other than as a result of a breach by Purchaser of any covenant or agreement contained in this Agreement, and such condition is not waived by Purchaser;

(d) by Sellers, if any condition to the obligations of Sellers set forth in Section 10.2 or 10.3 shall have become incapable of fulfillment other than as a result of a breach by any Seller of any covenant or agreement contained in this Agreement, and such condition is not waived by Sellers;

(e) by Purchaser, if there shall be a breach by any Seller of any representation or warranty, or any covenant or agreement contained in this Agreement, which would result in a failure of a condition set forth in Section 10.1(a) or 10.1(b), and which breach cannot be cured or

has not been cured by the earlier of (i) 10 Business Days after the giving of written notice by Purchaser to Sellers of such breach and (ii) the Termination Date;

(f) by Sellers, if there shall be a breach by Purchaser of any representation or warranty, or any covenant or agreement contained in this Agreement, which would result in a failure of a condition set forth in Section 10.2(a) or 10.2(b), and which breach cannot be cured or has not been cured by the earlier of (i) 10 Business Days after the giving of written notice by Sellers to Purchaser of such breach and (ii) the Termination Date;

(g) by Sellers or Purchaser, if there shall be in effect a final nonappealable Order of a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby; it being agreed that the Parties hereto shall promptly appeal any adverse determination that is not nonappealable (and pursue such appeal with reasonable diligence);

(h) by Purchaser or Sellers, if the Bankruptcy Court shall enter an Order approving a proposed Alternative Transaction, subject to the limitations set forth in the Bidding Procedures Order and Purchaser's right in respect of the Expense Reimbursement in accordance with the provisions of Section 4.6; provided that Sellers' right to terminate this Agreement pursuant to this Section 4.4(h) will be subject to the prior payment of the Expense Reimbursement due pursuant to Section 4.6.

(i) by Purchaser, if any Seller shall have entered into a definitive agreement with respect to any Alternative Transaction;

(j) by Purchaser, if the Sale Motion has not been filed with the Bankruptcy Court within two Business Days of the date hereof;

(k) by Purchaser, if the Court does not enter the Bidding Procedures Order (in the form attached hereto or otherwise modified in a manner that is in Purchaser's reasonable opinion not adverse to Purchaser) or if such order shall not have become a Final Order within 30 calendar days of the date hereof;

(l) by Purchaser, (1) subject to Section 4.4(a), if the Sale Order shall not have become a Final Order within 60 calendar days of the date hereof; (2) if the Sale Order is entered in a form modified from the form attached hereto in a manner adverse to Purchaser in Purchaser's reasonable opinion; or (3) if another order is entered supplementing, amending or modifying the Sale Order in a manner that is in the Purchaser's reasonable opinion adverse to the Purchaser; provided, however, that Purchaser's right to terminate this Agreement pursuant to each of clauses (1), (2), and (3) must be exercised within 5 Business Days after each such right arises, but Purchaser's failure to exercise its right to terminate this Agreement pursuant to any one of such clauses shall not be a waiver of its right to terminate this Agreement under the other such clauses or any other provision of this Agreement;

(m) by Purchaser, if the Bankruptcy Case, or any bankruptcy case of any Seller which is jointly administered as part of the Bankruptcy Case, is converted to a case under Chapter 7 of the Bankruptcy Code or is dismissed, or a trustee or examiner with expanded powers to operate or manage the financial affairs, the business or the reorganization or

liquidation of any Seller is appointed in the Bankruptcy Case or any bankruptcy case of such Seller;

(n) by Purchaser, upon notice to Sellers given on or prior to the later of (i) May 2, 2007 and (ii) two Business Days after entry of the Bidding Procedures Order on the docket of the Bankruptcy Court, if Purchaser is not, in its sole discretion, satisfied with its due diligence review of the Business or any other matters it determines to be material to the transactions contemplated hereby; and

(o) by Purchaser or Sellers, if the Court denies the Sale Motion after the Parties have taken all reasonable efforts to get the Sale Motion approved.

4.5 Procedure Upon Termination. In the event of termination and abandonment by Purchaser or Sellers, or both, pursuant to Section 4.4 hereof, written notice thereof shall forthwith be given to the other Party or Parties, and this Agreement shall terminate, and the purchase of the Purchased Assets hereunder shall be abandoned, without further action by Purchaser or Sellers.

4.6 Effect of Termination.

(a) In the event that this Agreement is validly terminated as provided herein and the transactions contemplated hereby are not consummated, this Agreement shall become null and void and of no further force and effect and, except as otherwise provided in this Section 4.6, there shall be no Liability on the part of any Party hereto (or any shareholder, director, officer, partner, employee, agent, consultant or representative of any such party); provided, however, that (i) the obligations of the Parties set forth in ARTICLE XII hereof shall survive any such termination and shall be enforceable hereunder; and (ii) nothing in this Section 4.6(a) shall relieve Purchaser or Sellers of any liability for a willful breach of this Agreement prior to the date of termination. For the avoidance of doubt and notwithstanding the foregoing, in no event shall Purchaser be liable for any damages that exceed the Post-Closing Escrowed Funds and in no event shall Sellers be liable for any damages other than those set forth in Section 4.6(b) and Section 4.6(c).

(b) In the event this Agreement is terminated after entry of the Bidding Procedures Motion pursuant to any Section hereof other than Section 4.4(f), Sellers shall pay Purchaser (to the extent not previously reimbursed) an amount equal to the reasonable, out-of-pocket documented costs and expenses (including, without limitation, the fees and expenses of outside counsels, financial advisors and other consultants), incurred by Purchaser and/or its Affiliates since November 1, 2005 in connection with its due diligence investigation of the Sellers, including the negotiation and execution of this Agreement and furtherance of the transactions contemplated hereby (the "Reimbursable Expenses"), up to a maximum amount of costs and expenses equal to $3 million (the "Expense Reimbursement"); provided, that the Expense Reimbursement in the event that the Purchaser terminates this Agreement pursuant to Section 4.4(n) shall (a) be made only in respect of one-half of the Reimbursable Expenses incurred since November 1, 2006 and (b) in no event exceed $750,000 in the aggregate.

(c) Except as otherwise provided in this Agreement, payment of all or any part of the Expense Reimbursement shall be made by Sellers no later than two Business Days following the date of termination of this Agreement. In addition, if at any point within 12 months following any termination of this Agreement pursuant to Sections 4.4(h) and (i) any Seller enters into an agreement with any Person other than the Purchaser with respect to any Alternative Transaction, the Expense Reimbursement, to the extent not already received, and an amount equal to 1% of the Purchase Price (the "Breakup Fee"), to the extent owed, shall be paid directly to Purchaser as part of and upon the consummation of such Alternative Transaction. All and any part of the Expense Reimbursement and the Breakup Fee (the "Bid Protections"), as well as any other amounts owed by any Seller to Purchaser under this Agreement, shall be entitled to administrative expense claim status under sections 363(b) and 503(b) of the Bankruptcy Code in the Bankruptcy Case and the bankruptcy case of each Seller, and shall be payable without further order of the Bankruptcy Court or any other court, if the Bidding Procedure Order has been entered by the Bankruptcy Court. Notwithstanding anything to the contrary herein, an order approving the sale of the Purchased Assets, the final order dated July 28, 2005 approving the Debtors' post-petition financing Docket No. 809 (the "Final DIP Order"), or any other order of this Court entered in the Bankruptcy Case or the bankruptcy case of any Seller, the Bid Protections shall be a carve-out from any liens and security interests of the pre- and post-petition lenders and other parties subject to the Final DIP Order (the "Lenders") in the Purchased Assets, and all amounts owing in respect of the Bid Protections must be paid to the Purchaser before any distribution can be made to any Lender from the Purchased Assets. The obligation to pay in full in cash when due any amount owed by any Seller to Purchaser under this Agreement, including any part of the Bid Protections, shall not be discharged, modified or otherwise affected by any plan of reorganization or liquidation for any Seller. The Bid Protections are in the nature of liquidated damages and are lieu of any other payments or damages hereunder except as otherwise expressly provided in this Agreement.

(d) The Confidentiality Agreement and this Section 4.6 shall survive any termination of this Agreement and nothing in this Section 4.6 shall relieve Purchaser or Sellers of such obligations.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers hereby represent and warrant to Purchaser that:

5.1 Organization and Good Standing. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and each of the other Sellers is duly organized, validly existing and in good standing under the laws of its respective jurisdiction of formation as identified on Schedule 5.1, and has all requisite power and authority to own, lease and operate its properties and to carry on its business as now conducted. Each Joint Venture is duly organized, validly existing and in good standing under the laws of its respective state of formation as identified on Schedule 5.1. Schedule 5.1 identifies the only jurisdictions in which the ownership, use or leasing of such Seller's and Joint Venture's assets and properties, or the conduct or nature of its business, makes such qualification, licensing or admission necessary, other than those jurisdictions the failure to be so qualified, licensed or

admitted has not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.2 Authorization of Agreement. Each Seller has all requisite power and authority to execute and deliver this Agreement and each Seller has all requisite power and authority to execute and deliver each of the Ancillary Agreements and such other agreements, documents, instruments or certificates contemplated by this Agreement or to be executed by such Seller in connection with the consummation of the transactions contemplated by this Agreement (the "Seller Documents"), to perform their respective obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby has been, and the Seller Documents and the consummation of the transactions contemplated thereby will be, duly authorized by all requisite corporate action on the part of each Seller. This Agreement has been, and each of the Seller Documents will be at or prior to the Closing, duly executed and delivered by each Seller which is a party thereto and (assuming the due authorization, execution and delivery by the other parties hereto and thereto, the entry of the Sale Order, and, with respect to Sellers' obligations under Section 3.2(c), 4.4-4.6 and ARTICLES VIII, IX, XI, and XII, the entry of the Bidding Procedures Order) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with their respective terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a proceeding at law or in equity) (the "Remedies Exception").

5.3 Conflicts; Consents of Third Parties.

(a) Except as set forth on Schedule 5.3(a), none of the execution and delivery by Sellers of this Agreement and the Seller Documents, the consummation of the transactions contemplated hereby or thereby, or compliance by Sellers with any of the provisions hereof or thereof will conflict with, or result in any breach, violation of or default (with or without notice or lapse of time, or both) under or give rise to a right of termination, suspension, revocation, or cancellation under any provision of (i) the certificate of incorporation and by-laws or comparable organizational documents of any Seller or any of its Subsidiaries; (ii) subject to entry of the Sale Order, any Assumed Contract as of the date hereof or Permit listed on Schedule 5.14(b); or (iii) subject to entry of the Sale Order, any applicable Law, except with respect to the clauses (ii) and (iii) above where any event, action, right or occurrence described in this Section 5.3(a) would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) Except as set forth on Schedule 5.3(b), no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Governmental Body is required on the part of any Seller or any of its Subsidiaries in connection with the execution and delivery of this Agreement or the Seller Documents, the compliance by any Seller with any of the provisions hereof or thereof, the consummation of the transactions contemplated hereby or the taking by any Seller of any other action contemplated hereby, except

for (i) compliance with the applicable requirements of the HSR Act, the Competition Act and the Mexican Competition Law, (ii) the entry of the Sale Order and (iii) the entry of the Bidding Procedures Order with respect to Sellers' obligations under this Agreement, except as would not reasonably be expected to have a Material Adverse Effect.

5.4 Financial Statements; Internal Controls; Indebtedness; Surety Bonds.

(a) Schedule 5.4(a) sets forth the unaudited Soft Trim Division financial statements (the "Financial Statements"), representing the unaudited December 31, 2006 Balance Sheet and the unaudited Income Statement for the year ended December 31, 2006. The Financial Statements have been prepared in a manner consistent with the historical methods used to report Global Soft Trim Division ("GSTD") results within the consolidated Parent, which is more particularly described on Schedule 5.4(a)(i). Except as described in Schedule 5.4(a)(ii), such statements (i) to the Knowledge of Sellers, comply with GAAP in all material respects, and (ii) fairly present in all material respects the financial position and results of operations of the Business as of the dates and for the periods covered thereby. GSTD is considered an operating segment of the consolidated financial reporting for Parent for which separate financial information is available.

(b) Schedule 5.4(b) sets forth a true and complete list, as of the date hereof, of all Credit Enhancement instruments or arrangements used in the operation of the Business (the "Credit Support Instruments").

5.5 Title to Purchased Assets. Except with respect to real property, which is addressed in Section 5.6, Intellectual Property, which is addressed in Section 5.7, or as set forth on Schedule 5.5:

(a) Sellers have good and valid title to, or a valid license to or leasehold interest in, each of the Purchased Assets;

(b) The machinery, equipment, personal property and other tangible assets of the Business (including building structures) have generally been maintained in accordance with normal industry practice, and are in reasonable operating condition and repair for the purposes for which they are used (in each case subject to normal wear and tear); and

(c) Except for (i) the services and assets contemplated to be performed and provided to Purchaser pursuant to the Transition Services Agreement and (ii) the assets contemplated to be transferred to Purchaser pursuant to the Canadian Asset Purchase Agreement and the Mexican Asset Purchase Agreement, the Purchased Assets constitute all assets, properties and rights reasonably necessary to conduct the Business as currently conducted on the date hereof, immediately prior to the Closing and immediately after the Closing.

5.6 Real Property.

(a) Except as otherwise described on Schedule 2.1(c), with respect to the Owned Real Property (the "Relevant Owned Real Property"):

(i) the Seller specified as the owner of such Relevant Owned Real Property, as set forth in Schedule 2.1(c), owns fee simple title to such Relevant Owned Real Property, free and clear of any Lien, except for Permitted Exceptions;

(ii) subject to the application of any bankruptcy or other creditor's rights laws, Sellers have not received any written notice of, or, to the Knowledge of Sellers, there are no threatened condemnation, taking, or eminent domain proceedings, lawsuits or administrative actions relating to the Relevant Owned Real Property;

(iii) no Person (other than the Companies) is in possession of any of the Relevant Owned Real Property and no Seller or any Subsidiary of a Seller has leased or licensed to any other Person, or otherwise granted to any Person the right to use or occupy, any Relevant Owned Real Property or any portion thereof or interest therein; and

(iv) other than the rights of Purchaser pursuant to this Agreement, Sellers are not a party to any unrecorded/unregistered and outstanding options, rights of first offer or rights to purchase, lease or use, or right of first refusal or first offer to purchase, such lease or otherwise occupy or use any Relevant Owned Real Property or any portion thereof or interest therein, or contract relating to the right to receive any portion of the income or profits from the sale, operation or development thereof;

(b) Sellers do not own, lease or sublease any real property used in the operation of the Business as currently conducted, except as set forth on Schedule 2.1(c);

(c) Schedule 2.1(c) sets forth a true and complete list of all real property lease and sublease Contracts related to the use or occupancy of real property entered into by any Seller or any of its Subsidiaries Related to the Business (indicating which such Person is party thereto, and each amendment, extension, renewal, assignment and guaranty relating to each lease) and the locations or municipal address of such real properties are described thereon, together with all modifications thereof (collectively, the "Real Property Leases"). Sellers have delivered to Purchaser a true and complete copy of each Real Property Lease, as amended to date. Except to the extent that such modifications, amendments or assignments are listed on Schedule 2.1(c), none of the Real Property Leases have been modified, amended or assigned in any material respect. With respect to each of the Real Property Leases, to the knowledge of Sellers, each such Contract is in full force and effect against the Sellers, subject to proper authorization and execution of such Real Property Lease by the other party thereto and the application of any bankruptcy or other creditor's rights laws, and the Seller indicated opposite such Lease on Schedule 2.1(c) holds a leasehold interest under such Real Property Lease, subject only to Permitted Exceptions for the term set forth thereon. The Relevant Owned Real Property and the Leased Real Property are sometimes hereinafter referred to collectively as the "Real Property."

5.7 Intellectual Property.

(a) Schedule 5.7(a) sets forth a true and complete list of all registered Owned Business Intellectual Property.

(b) Except as set forth on Schedule 5.7(b), (i) one or more Sellers owns and possess all right, title and interest in and to (or has the right to use pursuant to a license

agreement or other permission) all Purchased Intellectual Property, (ii) the Owned Business Intellectual Property is not subject to any outstanding order, judgment or decree restricting its use or adversely affecting Sellers' rights thereto (other than an Order of the Bankruptcy Court), and (iii) there are no outstanding suits, actions, arbitrations, mediations, oppositions, cancellations, interferences, or similar formal proceedings (collectively, "Suits") currently pending involving any claim that Sellers have violated any Intellectual Property rights of any Person.

(c) Except as (i) set forth on Schedule 5.7(c), and (ii) to the Knowledge of Sellers:

(i) Sellers' use of the Purchased Intellectual Property is not violating and has not violated any Intellectual Property rights of any other Person;

(ii) The Purchased Intellectual Property, together with the Intellectual Property to be licensed under the Intellectual Property License Agreement and to be provided under the Transition Services Agreement, constitutes all Intellectual Property that is reasonably necessary to conduct the Business as currently conducted on the date hereof, immediately prior to the Closing, and (subject to the receipt of any required third-party consents) immediately after the Closing;

(iii) no Person is violating any Owned Business Intellectual Property;

(iv) subject to the receipt of any required third-party consents, the Purchased Intellectual Property shall be owned by or available for use by the Purchaser immediately after the Closing Date on terms and conditions substantially the same as those under which the Sellers owned or used the Purchased Intellectual Property immediately prior to the Closing Date;

(v) no Person other than Sellers has any ownership interest in, or a right to receive a royalty or similar payment with respect to, any of the Owned Business Intellectual Property; and

(vi) the Companies have not received any written notice of any default or any event that with notice or lapse of time, or both, would constitute a default under any Purchased Intellectual Property Contract that is a Material Contract required to be listed on Schedule 5.8(a).

5.8 Material Contracts.

(a) Schedule 5.8(a) sets forth a true and correct list of the following Contracts Related to the Business in effect as of the date of this Agreement:

(i) each written employment agreement with an Employee requiring annual compensation valued in excess of $100,000;

(ii) each management, personal service, consulting, or other similar type of contract under which there exists an aggregate future liability in excess of

$100,000 per contract (other than those that are or at the Closing Date will be terminable at will or upon not more than 90 days' notice by the Business without any liability or penalty to any of the Companies except with respect to services rendered prior to Closing);

(iii) any Contracts with an Affiliate,

(iv) all distribution, joint marketing or development Contracts,

(v) all Labor Agreements;

(vi) any Contract containing any covenant limiting the freedom of any Seller or any of its Affiliates (or any of their future Affiliates) or otherwise of the Business to solicit for employment or hire any Person for employment or consultancy;

(vii) any Contract involving a covenant not to compete or any other material restriction on the ability of the Business or any of the Sellers to compete or provide any products or services generally or in any market segment or geographic area or pursuant to which the Business or any of the Sellers has granted or is the beneficiary of rights of exclusivity, "most favored nation" status or "take-or-pay" commitment;

(viii) each operating lease (as lessor or lessee) of tangible personal property (other than any such lease calling for payments of less than $200,000 per year);

(ix) each Contract with a Material Customer or Material Supplier;

(x) each material radio, television or newspaper advertising agreement (other than those that are or at the Closing Date will be terminable at will or upon not more than 90 days' notice by the respective Seller without any liability or penalty, except with respect to services rendered or products sold prior to Closing);

(xi) each agreement for the purchase of supplies or products that (a) calls for performance over a period of more than one year (other than any such agreement calling for payments of less than $100,000 per year or those agreements that are or at the Closing Date will be terminable at will or upon not more than 90 days' notice by the respective Seller without any liability or penalty to the respective Seller except with respect to services or products purchased prior to Closing);

(xii) each Contract evidencing a Credit Support Instrument or Indebtedness used in the Business;

(xiii) each foreign exchange hedging Contract, currency or interest rate swap or "collar" or "hedge" used in the Business;

(xiv) each Contract pursuant to which a Seller or any of its Subsidiaries is obligated to indemnify any Person pursuant to an outstanding indemnification obligation that is either uncapped or capped at a value in excess of $200,000 (other than

customary indemnification provisions included in customer or supplier Contracts in the Ordinary Course of Business);

(xv) any Contract under which the Business or any of the Sellers has advanced or loaned (or committed to take any such action) to any Person in the aggregate exceeding $100,000;

(xvi) all strategic alliance, joint venture, partnership agreement, limited liability company agreement, cooperation agreement and any other similar Contract involving a sharing of profits or losses, costs or Liabilities by Sellers or any of their respective Affiliates with any other Person directly related to the Business;

(xvii) any outstanding power of attorney executed on behalf of any Seller or otherwise in respect of the Business (other than those entered into in the Ordinary Course of Business in connection with intellectual property or Tax matters);

(xviii) each Contract involving the payment of brokerage commissions or finder's fees;

(xix) each Contract other than any Lease of Real Property requiring consent upon a change of control;

(xx) each material Purchased Intellectual Property Contract, excluding any licenses of commercially available, off-the-shelf shrinkwrap or click-through Software; and

(xxi) each other agreement or contract not made in the Ordinary Course of Business (the Contracts existing on the date hereof and required to be disclosed on Schedule 5.8(a)) pursuant to clauses (i) to (xx) above, together with all Contracts entered into after the date hereof that, had they been entered as of the date hereof, would have been required to be disclosed on such Schedule, the "Material Contracts").

(b) Except as set forth on Schedule 5.8(b), (i) Sellers have delivered or made available to Purchaser a correct and complete copy of each written Material Contract, together with all written amendments, waivers or other changes thereto, and accurate written descriptions of all material terms of all oral Material Contracts, (ii) each Material Contract is in full force and effect and is valid, binding and enforceable against the parties thereto in accordance with its terms, subject to the Remedies Exceptions, (iii) there does not exist under any Material Contract any violation, breach or event of default, or conflict or event or condition that, after notice or lapse of time or both, would constitute a violation, breach or event of default thereunder or result in the termination of or a right of termination or cancellation under, accelerate the performance required by, or result in the creation of any Lien upon any of the Purchased Assets, except for such immaterial violations, breaches or events of default that have not had, and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on the Business and (iv) no party to any Material Contract has given written notice of its intention to cancel or terminate.

5.9 Absence of Changes. Except as set forth on Schedule 5.9, since December 31, 2006, Sellers and their respective Affiliates have conducted the Business only in the Ordinary Course of Business, and the Business has not experienced any event or condition, and, to the Knowledge of Sellers, no event or condition is threatened, that, individually or in the aggregate, has had or is reasonably likely to have, a Material Adverse Effect. Since December 31, 2006, no Seller has taken any action that, if taken following the execution of this Agreement, would have violated Section 8.2 hereof.

5.10 Customers and Suppliers.

(a) Except as set forth on Schedule 5.10(a), since January 1, 2006, none of the top ten customers (the "Material Customers") of, or top ten suppliers or vendors to (the "Material Suppliers"), the Business, measured by dollar volume for the twelve-month period ended December 31, 2006 has (i) notified any Seller or any Subsidiary of a Seller in writing that such Material Customer or Material Supplier, as applicable, intends to discontinue its relationship with the Business or (ii) materially changed the written terms on which it is prepared to purchase from, trade with or supply any Seller, any Subsidiary of a Seller or the Business.

(b) Schedule 5.10(b)(i) set forth a true and complete list, as of the date hereof, of all discounts and other incentives currently provided to customers by Parent on behalf of the Business. Schedule 5.10(b)(ii) set forth a true and complete list, as of the date hereof, of all discounts and other incentives currently provided by vendors or suppliers to Parent on behalf of Business.

5.11 Employee Benefits.

(a) Schedule 5.11(a) sets forth a true and complete list of each material "employee benefit plan" (as defined in Section 3(3) of ERISA) and each other material employee benefit plan, agreement, program, policy or other arrangement (including any employment or severance agreement or policy), whether or not subject to ERISA, that any Seller, or any Subsidiary or any ERISA Affiliate of a Seller maintains, is a party to, participates in, contributes, or has an obligation to contribute, to, or has any Liability under with respect to any of its current or former United States employees, independent contractors or directors, who provide or have provided services for the Business and their beneficiaries and dependents (collectively, the "Employee Plans"). Sellers have made available to Purchaser true and complete copies of each Employee Plan and, to the extent applicable, (i) the current summary plan description, and (ii) the most recent determination letter or opinion letter received from the Internal Revenue Service.

(b) Except as set forth on Schedule 5.11(b), each Employee Plan which is intended to be qualified within the meaning of Section 401(a) of the Code has received a favorable determination letter or opinion letter as to its qualification or has requested such a favorable determination letter within the remedial amendment period of Section 401(b) of the Code, and nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such qualification excluding immaterial actions, events, incidents or occurrences that have since been corrected.

(c) The consummation of the transactions contemplated by this Agreement, either alone or in combination with another event, will not result in any payment becoming due to any employee, consultant or director of any Seller or any Subsidiary of a Seller, increase any benefits or result in the acceleration or creation of any rights of any person to benefits under any Employee Plan (including but not limited to, the acceleration of the vesting or exercisability of any stock options or the acceleration of the accrual or vesting of any benefits). No payment or benefit to be provided to any person in connection with the consummation of the transactions contemplated by this Agreement, either alone or in combination with another event will result in an "excess parachute payment" within the meaning of Section 280G of the Code.

(d) Except as set forth on Schedule 5.11(d), neither the Parent nor any of its Subsidiaries or ERISA Affiliates is required with respect to the Business to contribute to, or during the five-year period ending on the Closing Date will have been required to contribute to, any "multiemployer plan", as such term is defined in Section 4001(a)(3) of ERISA, and neither the Parent nor any of its Subsidiaries or ERISA Affiliates is subject to any withdrawal or partial withdrawal liability within the contemplation of Section 4201 of ERISA with respect to the Business and will not become subject thereto as a result of the transactions contemplated by this Agreement. To the Knowledge of Sellers, no U.S. multiemployer plan is insolvent or is in reorganization status under ERISA Section 4241.

(e) With respect to each Employee Plan, (i) each Employee Plan has been operated and administered in material compliance with its terms and all applicable requirements of ERISA and the Code.

5.12 Labor Relations.

(a) Schedule 5.12(a) sets forth a true, complete and correct list of all of Sellers Employees (with respect to the Business) earning in excess of $100,000 per annum, containing the following details with respect of each Employee: (i) name, (ii) the start date and term of service, (iii) the total annual gross salary for the most recently completed and current fiscal year, (iv) the total bonus and other incentive compensation for the most recently completed fiscal year and the projected bonus and incentive compensation for the current fiscal year, and (v) if applicable, the effective date on which any fixed term employment Contract ends or the effective date on which any employment Contract of any Employee ends where notice has been given or received to terminate such employment contract.

(b) Schedule 5.12(b) sets forth a true, complete and correct list, for each relevant jurisdiction separately, of all collective bargaining agreements with respect to the Employees to which any of Sellers (with respect to the Business) are a party or by which any of them are bound. Except as set for in Schedule 5.12(b), Sellers have no duty to bargain with a labor organization (with respect to the Business), and no labor organization is certified as the collective bargaining representative for any Employees of the Business..

(c) All payments to Employees and social security authorities relating to salaries, wages, or severance payments in context of earlier termination, and premiums for insured benefits or employer contributions to pension schemes under any Benefit Plans, in each case due prior to the Closing, and all income tax deductions for which the employer is

responsible under applicable Law, have been made by the Seller (to the extent applicable to Employees) in a timely manner and in the correct amount; and no social security or tax authority has issued a notice of deficiency with respect to such payment, except as reflected on the Most Recent Balance Sheet as required by Section 2.3(c)(i) of this Agreement.

(d) Except as set forth on Schedule 5.12(d), there are no ongoing or threatened strikes, slow downs, work stoppages, lockouts or other similar labor relations problems with respect to the Business and no such disputes have occurred within the past twelve (12) months. To the Knowledge of Sellers, no event has occurred that may provide the basis for any such work stoppage or labor dispute. There is no lockout of any Employees by any of the Sellers, and none of the Sellers contemplates such action.

(e) Except as set forth on Schedule 5.12(e), to the Knowledge of Sellers, there is not (i) any organizing campaign or organizing activities by a labor organization directed at any Employees; (ii) any representation proceedings or petitions filed by a labor organization to seek representation of any Employees; and (iii) any written demand by a labor organization against Sellers that Sellers recognize such labor organization as the bargaining representative of any Employees. Purchaser has been supplied with all collective bargaining agreements, which would include the "agreements" enumerated above.

(f) Except as set forth on Schedule 5.12(f), there is no unfair labor practice charge or complaint or other proceeding pending or, to the Knowledge of Sellers, threatened against Sellers relating to the Business, nor are there any material grievances, or material arbitration proceedings pending or, to the Knowledge of Sellers, threatened against Sellers relating to the Business.

(g) Except as disclosed in Schedule 5.12(g), there are no employment-related change-in-control Contracts or Contracts with change-in-control provisions in place which give rise to any payment or benefit to any Employee as a result of the transactions contemplated under this Agreement and for which any of the Sellers are or would be liable.

5.13 Litigation. Except for the Bankruptcy Case or as set forth on Schedule 5.13, there are no Legal Proceedings pending or, to the Knowledge of Sellers, threatened against any Seller or any of its Subsidiaries pertaining to the Business or otherwise related to the Purchased Assets, which, if adversely determined, would reasonably be expected to have a Material Adverse Effect. There is no outstanding Order against any Seller or any Subsidiary of a Seller pertaining to the Business, any of the Purchased Assets or Assumed Liabilities or otherwise.

5.14 Compliance with Laws.

(a) Except as described in Schedule 5.14(a) and solely with respect to the Business: (i) each Seller and each Subsidiary of a Seller has operated in compliance in all material respects with all applicable material Laws; and (ii) to the Knowledge of Sellers, none of the Sellers or any Subsidiary of a Seller has received any written notice within the past 12 months relating to any material violations or alleged violations or defaults under any Order or any Permit, license or other authority from, any Governmental Body where the failure to cure would result in a Material Adverse Effect;

(b) Sellers and their respective Subsidiaries have all material Permits reasonably necessary to conduct the Business as presently conducted and Sellers have delivered copies of such material Permits to Purchaser. Except as set forth on Schedule 5.14(b), to the Knowledge of Sellers all such material Permits are in full force and effect and are assignable. A true and complete list of all material Permits is set forth on Schedule 5.14(b).

5.15 Financial Advisors. (a) Except as set forth on Schedule 5.15, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for any Seller in connection with the transactions contemplated by this Agreement and (b) no Person acting on behalf of any Seller is entitled to any fee or commission or like payment from Purchaser in respect thereof.

5.16 Environmental Matters. Except as set forth in Schedule 5.16:

(a) the operations of the Business are in compliance in all material respects with Environmental Laws;

(b) the Business has obtained and is in compliance in all material respects with all necessary Permits that are required under Environmental Laws to operate the facilities, assets and business of the Business;

(c) Except as set forth on Schedule 5.16(c), there have been no Releases at any of the properties owned or operated by the Business;

(d) no Environmental Claims have been asserted or are pending against the Business or, to the Knowledge of Sellers, threatened against the Sellers and/or the Business that are reasonably likely to result in, material Environmental Liabilities of the Business;

(e) no Environmental Claims have been asserted or are pending or, to the Knowledge of Sellers, are threatened against any facilities that may have received Hazardous Materials generated by the Business or any predecessor in interest that have resulted in, or are reasonably likely to result in, material Environmental Liabilities; and

(f) Sellers have delivered to Purchaser true and complete copies of all Permits, written environmental reports, studies, investigations or no further-action letters regarding any Environmental Liabilities of the Business or any environmental conditions at any of the Relevant Owned Real Property listed on Schedule 2.1(c) or Leased Real Property listed on Schedule 2.1(c) that, to the Knowledge of Sellers, are in possession of any Seller, any Affiliate of a Seller or any agents thereof.

5.17 Inventory. All Inventory acquired by Purchaser at Closing or owned or held by any of the Sellers at Closing will be of a quality and quantity saleable in the Ordinary Course of Business subject to the reserve for inventory writedown reflected on the Financial Statements . The aggregate value at which the Inventory will be carried on the books of the Business as of the Closing Date will reflect the normal and consistent inventory valuation method of the Business in accordance with current and past practice and with appropriate allowances for obsolescence.

5.18 Capital Expenditures. Schedule 5.18 sets forth a true and complete list, as of the date hereof, of all capital expenditures in excess of $100,000 relating to the Business, the

Purchased Assets or the Assumed Liabilities since January 1, 2006. Schedule 5.18 sets forth the aggregate capital expenditures budgeted for the fiscal year ending December 31, 2007 relating to the Business by calendar month (the "Capex Plan"). As of March 31, 2007, Sellers have made capital expenditures for the benefit of the Business in amounts equal to or greater than the amounts set forth in the Capex Plan.

5.19 Transactions with Related Parties. No Contract is currently in effect and no transaction has been entered into since January 1, 2006 between any Seller or any of their respective Subsidiaries, on the one hand, and any Seller or any of its Affiliates (including any stockholder, director, officer or key employee of any Seller or any of its Affiliates, or any relative or spouse (or relative of such spouse) of any such Person), on the other hand, in each case, pertaining to the Business (an "Insider Related Party Transaction"), other than those employment agreements set forth on Schedule 5.11(a) or as otherwise set forth on Schedule 5.19.

5.20 Insurance. Schedule 5.20 lists all material insurance policies Related to the Business (including policies providing property, casualty, liability and workers' compensation coverage) (each a "Policy" and collectively, the "Policies"). All such Policies or renewals thereof are in full force and effect; there have been no claim denials or reservation of rights letters issued by any insurance carrier; policy limits have not been exhausted or materially diminished. As of the date hereof, Sellers have not received written notice of cancellation or non-renewal of any Policy. True, correct and complete copies of each Policy have previously been delivered or made available to Purchaser (including, without limitation, copies of all written amendments, supplements and other modifications thereto or waivers of rights thereunder). Each Policy is valid and enforceable and is in full force and effect, all premiums with respect thereto are currently paid.

5.21 Taxes. Except as disclosed on Schedule 5.21, each Seller, except where actions or failures to act would not, individually or in the aggregate, reasonably be likely to have, a Material Adverse Effect, has timely filed all Tax Returns and to the Knowledge of Sellers such Tax Returns are correct and complete; all Taxes required to be paid by any Seller with respect to the periods covered by the Tax Returns have been paid in full; no Tax Liens have been filed and no claims are being asserted with respect to any Taxes of any Seller; no claims are being asserted with respect to any Taxes of any Seller, and no examination, audit or inquiry is currently being conducted by any Taxing authority with respect to any Seller; and each Seller has complied with all applicable Laws relating to the payment and withholding of Taxes.

5.22 Chapter 5 Causes of Action. As of the date of this Agreement, neither the Debtors nor any other party has filed a complaint or motion against any vendor or Customer related to the Business asserting any Chapter 5 Cause of Action, except that the official Creditors' Committee filed a motion seeking authority to assert Chapter 5 Causes of Action against certain of the Customers. No Material Vendor or Customer of the Business has ceased doing business with the Debtors as a result of any demand letter with respect to a Chapter 5 Cause of Action.

5.23 No Other Representations or Warranties; Schedules. Except for the express representations and warranties contained in this Agreement (as modified by the Schedules hereto) and in the Ancillary Agreements and any other document, certificate or agreement

entered into or delivered pursuant hereto or thereto, neither Sellers nor any other Person makes any other express or implied representation or warranty or condition with respect to Sellers, the Business, the Purchased Assets (including, without limitation, the value, condition or use of any Purchased Asset), the Assumed Liabilities or the transactions contemplated by this Agreement, and Sellers disclaim any other representations or warranties, whether made by Sellers, any Affiliate of Sellers or any of their respective officers, directors, employees, agents or representatives. Except for the express representations and warranties contained in this Agreement (as modified by the Schedules hereto) and in the Ancillary Agreements and any other document, certificate or agreement entered into or delivered pursuant hereto or thereto, each Seller (i) expressly disclaims and negates any representation or warranty or condition, expressed or implied, at common law, by statute or otherwise, relating to the condition of the Purchased Assets (including, without limitation, any implied or expressed warranty or condition of merchantability or fitness for a particular purpose, or of the probable success or profitability of the ownership, use or operation of the Purchased Assets by Purchaser after the Closing), and (ii) disclaims all liability and responsibility for any representation, warranty, projection, forecast, statement or information made, communicated or furnished (orally or in writing) to Purchaser or its Affiliates or representatives in respect of the Business (including, without limitation, any opinion, information, projection or advice that may have been or may be provided to Purchaser by any director, officer, employee, agent, consultant or representative of any Seller or any of their Affiliates), other than liability for fraud or intentional misrepresentation. Sellers make no representations or warranties to Purchaser regarding the probable success or future profitability of the Business. The disclosure of any matter or item in any Schedule hereto shall not be deemed to constitute an acknowledgment that any such matter is required to be disclosed or is material or that such matter would result in a Material Adverse Effect.

5.24 Survival of Representations and Warranties. Except as may otherwise be provided in the Mexican Asset Purchase Agreement and Canadian Asset Purchase Agreement pursuant to legal requirements in the relevant jurisdictions, none of the representations or warranties of Sellers set forth in this Agreement or in the Ancillary Agreements or any other document, certificate or agreement entered into or delivered pursuant hereto or thereto shall survive the Closing and Sellers shall have no liability after the Closing Date for any breach of any representation or warranty. Notwithstanding any other provision of this Agreement, nothing herein will relieve any person or entity from liability for actual fraud of this Agreement.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Sellers that:

6.1 Organization and Good Standing. Purchaser is a corporation or other legal entity duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate its properties, to carry on its business as now conducted and to perform its obligations under this Agreement and the Purchaser Documents.

6.2 Authorization of Agreement. Purchaser has the requisite power and authority to execute and deliver this Agreement and each of the Ancillary Agreements and such other agreement, document, instrument and certificates contemplated by this Agreement or to be executed by Purchaser in connection with the consummation of the transactions contemplated by this Agreement (the "Purchaser Documents"), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery by Purchaser of this Agreement and the Purchaser Documents and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on behalf of Purchaser. This Agreement has been, and each Purchaser Document will be at or prior to the Closing, duly executed and delivered by Purchaser and (assuming the due authorization, execution and delivery by the other parties hereto and thereto) this Agreement constitutes, and each Purchaser Document when so executed and delivered will constitute, the legal, valid and binding obligations of Purchaser, enforceable against Purchaser in accordance with their respective terms, subject to the Remedies Exception.

6.3 Conflicts; Consents of Third Parties.

(a) Except as set forth on Schedule 6.3(a), none of the execution and delivery by Purchaser of this Agreement or the Purchaser Documents, the consummation of the transactions contemplated hereby or thereby, or compliance by Purchaser with any of the provisions hereof or thereof will conflict with, or result in any breach, violation of or default (with or without notice or lapse of time, or both) under or give rise to a right of termination, suspension, revocation or cancellation under any provision of (i) the certificate of incorporation and by-laws of Purchaser, (ii) any Contract or Permit to which Purchaser is a party or by which Purchaser or its properties or assets are bound or (iii) any applicable Law other than, in the case of clauses (ii) and (iii), such conflicts, violations, terminations or cancellations that would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or to consummate the transactions contemplated hereby.

(b) Except as set forth on Schedule 6.3(b), no consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of Purchaser in connection with the execution and delivery of this Agreement or the Purchaser Documents, the compliance by Purchaser with any of the provisions hereof or thereof, the consummation of the transactions contemplated hereby or the taking by Purchaser of any other action contemplated hereby, or for Purchaser to conduct the Business, except for compliance with the applicable requirements of the HSR Act, the Competition Act and the Mexican Competition Law.

6.4 Litigation. There are no Legal Proceedings pending or, to the knowledge of Purchaser, threatened against Purchaser, or to which Purchaser is otherwise a party before any Governmental Body, which, if adversely determined, would reasonably be expected to have a material adverse effect on the ability of Purchaser to perform its obligations under this Agreement or the Purchaser Documents or to consummate the transactions hereby or thereby. Purchaser is not subject to any Order of any Governmental Body except to the extent the same would not reasonably be expected to have a material adverse effect on the ability of Purchaser to

perform its obligations under this Agreement or the Purchaser Documents or to consummate the transactions contemplated hereby or thereby.

6.5 Financial Advisors. Except as set forth on Schedule 6.5, no Person has acted, directly or indirectly, as a broker, finder or financial advisor for Purchaser in connection with the transactions contemplated by this Agreement as a result of which any such Person is entitled to any fee or commission or like payment from any Seller in respect thereof.

6.6 Financial Capability. Purchaser or its shareholders (i) have, and at Closing shall have, sufficient financial resources available to pay the Purchase Price and any expenses incurred by Purchaser in connection with the transactions contemplated by this Agreement, (ii) have, and at the Closing shall have, the resources and capabilities (financial or otherwise) to perform its obligations hereunder and (iii) have not, and at the Closing shall not have incurred any obligation, commitment, restriction or Liability of any kind, that would impair or adversely affect such resources and capabilities.

6.7 Condition of the Business. Notwithstanding anything contained in this Agreement to the contrary, Purchaser acknowledges and agrees that Sellers are not making any representations or warranties whatsoever, express or implied, beyond those expressly contained in this Agreement (as modified by the Schedules hereto as supplemented or amended) and in the Ancillary Agreements and any other document, certificate or agreement entered into or delivered pursuant hereto or thereto and Purchaser acknowledges and agrees that, except for the representations and warranties contained therein, the Purchased Assets and the Business are being transferred on a "where is" and, as to condition, "as is" basis. Any claims Purchaser may have for breach of representation or warranty shall be based solely on the representations and warranties contained in this Agreement (as modified by the Schedules hereto as supplemented or amended). Purchaser represents that neither Sellers nor any of their Affiliates nor any other Person has made any representation or warranty, express or implied, as to the accuracy or completeness of any information regarding Sellers, the Business, or the transactions contemplated by this Agreement not expressly set forth in this Agreement, and none of the Sellers, any of their Affiliates or any other Person shall have or be subject to any liability to Purchaser or any other Person resulting from the distribution to Purchaser or its representatives or Purchaser's use of, any such information, including, any confidential memoranda distributed on behalf of Sellers relating to the Business or other publications or data room information provided to Purchaser or its representatives in connection with the sale of the Business and the transactions contemplated hereby. Purchaser further represents that it is a sophisticated entity that was advised by knowledgeable counsel and financial and other advisors and hereby acknowledges that it has conducted its own independent investigation of the Business, the Purchased Assets and the Assumed Liabilities and, in making the determination to proceed with the transactions contemplated by this Agreement, Purchaser has relied solely on the results of its own independent investigation.

6.8 Adequate Assurances Regarding Executory Contracts. Purchaser is and will be capable of satisfying the conditions contained in Section 365(f)(2)(B) of the Bankruptcy Code with respect to the applicable Assumed Contracts.

6.9 No Other Representations or Warranties. Except for the representations and warranties contained in this Agreement (as modified by the Schedules hereto) and in the Ancillary Agreements and any other document, certificate or agreement entered into or delivered pursuant hereto or thereto, neither Purchaser nor any other Person makes any other express or implied representation or warranty with respect to Purchaser or the transactions contemplated by this Agreement, and Purchaser disclaims any other representations or warranties, whether made by Purchaser, any Affiliates of Purchaser or any of their respective officers, directors, employees, agents or representatives.

6.10 Survival of Representations and Warranties. Except as may otherwise be provided in the Mexican Asset Purchase Agreement and Canadian Asset Purchase Agreement pursuant to legal requirements in the relevant jurisdictions, none of the representations or warranties of Purchaser set forth in this Agreement shall survive the Closing and Purchaser shall have no liability after the Closing Date for any breach of any representation or warranty. Notwithstanding any other provision of this Agreement, nothing herein will relieve any person or entity from liability for actual fraud of this Agreement.

ARTICLE VII

BANKRUPTCY COURT MATTERS

7.1 Bankruptcy Actions.

(a) No later than two Business Days after the execution of this Agreement, Sellers shall file with the Bankruptcy Court a motion in the form of Exhibit D hereto (the "Sale Motion") seeking, among other things, entry of (i) an order in the form of Exhibit E hereto (the "Bidding Procedures Order"), and (ii) an order in the form of Exhibit F hereto (the "Sale Order").

(b) Sellers and the Selling Subsidiaries acknowledge that this Agreement is the culmination of an extensive process undertaken by Sellers and the Selling Subsidiaries to identify and negotiate a transaction with a bidder who was prepared to pay the highest and best purchase price for the Purchased Assets while assuming or otherwise satisfying the Assumed Liabilities in order to maximize the value of those assets. This Agreement is subject to competitive bidding as provided in the Bidding Procedures Order and approval by the Bankruptcy Court at a hearing under Sections 105, 363 and 365 of the Bankruptcy Code.

(c) Sellers agree to take all actions necessary to exclude Purchaser's rights under this Agreement and the Ancillary Agreement from any release or similar provision for the benefit of the Sellers contained in any plan of reorganization or liquidation proposed by any Seller or confirmed by the Bankruptcy Court, and no obligation of Sellers under this Agreement or the Ancillary Agreements, or claim of Purchaser arising under or relating to this Agreement or the Ancillary Agreements, shall be discharged or enjoined as a result of the confirmation of any plan of reorganization or liquidation for any U.S. Seller pursuant to Section 1141 of the Bankruptcy Code or otherwise.

7.2 Actions of Sellers. Sellers shall use their reasonable best efforts to have the Bankruptcy Court (i) schedule a hearing on the Sale Motion, (ii) enter the Bidding Procedures Order as soon as practicable following the date hereof, and (iii) enter the Sale Order as and when contemplated by the Bidding Procedures Order. Sellers shall use their reasonable best efforts to cause the Bidding Procedures Order and the Sale Order to become Final Orders as soon as possible after their entry. Furthermore, Sellers shall use their reasonable best efforts to obtain any other approvals or consents from the Bankruptcy Court that may be reasonably necessary to consummate the transactions contemplated in this Agreement.

7.3 Purchaser Actions. Purchaser agrees that it will promptly take such actions as are reasonably requested by Sellers to assist in obtaining the Sale Order and the Bidding Procedures Order, including, without limitation, 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) of the Bankruptcy Code.

7.4 Adequate Assurances. With respect to each Assumed Contract, Purchaser shall use commercially reasonably efforts to provide adequate assurance of the future performance of such Assumed Contract by Purchaser.

7.5 Support of Sale Order. Purchaser shall not, without the prior written consent of Sellers, file, join in, or otherwise support in any manner whatsoever any motion or other pleading relating to the sale of the Purchased Assets (excluding the Mexican Purchased Assets and the Canadian Purchased Assets) hereunder, other than in support of this Agreement. In the event the entry of the Sale Order or the Bidding Procedures Order shall be appealed, Sellers and Purchaser shall use their respective reasonable efforts to defend such appeal. The Sellers shall promptly provide the Purchaser with drafts of all documents, motions, orders, filings, or pleadings that the Sellers or any Affiliate propose to file with the Bankruptcy Court or any other court or tribunal which relate in any manner, directly or indirectly, to (i) this Agreement or the transactions contemplated thereby; (ii) the Sale Motion; or (iii) entry of the Bidding Procedures Order or the Sale Order; and, if practicable, will provide the Purchaser with a reasonable opportunity to review such documents in advance of their service and filing. To the extent practicable, Sellers shall consult and cooperate with Purchaser, and consider in good faith the views of Purchaser, with respect to all such filings.

7.6 Assignment of Contracts. At Closing, pursuant to Sections 363 and 365 of the Bankruptcy Code, the applicable Seller shall assume, assign and sell to Purchaser and Purchaser shall assume and purchase from the applicable Seller, the applicable Assumed Contracts.

7.7 Cure of Defaults. The U.S. Sellers shall, at or prior to Closing, cure any and all defaults under the Assumed Contracts, which defaults are required to be cured under the Bankruptcy Code, so that such Assumed Contracts may be assumed by Sellers and assigned to Purchaser in accordance with the provisions of Section 365 of the Bankruptcy Code.

7.8 Bankruptcy Notices. The U.S. Sellers shall comply with all requirements of the Bankruptcy Code and Federal Rules of Bankruptcy Procedure in connection with obtaining approval of the sale of the Purchased Assets (including the assumption and assignment to

Purchaser of any Assumed Contracts) to Purchaser pursuant to this Agreement. Notice of the hearings on the request for entry of the Bidding Procedures Order and the Sale Order pursuant to the Sale Motion, notice of any hearings at which objections to proposed cure amounts or other issues regarding the proposed assumption and assignment of the Assumed Contracts pursuant to the Sale Motion, and notice of the deadline for all objections to entry of the Bidding Procedures Order, the Sale Order, or any other order related thereto or to the Sale Motion shall be properly served by the Sellers in accordance with all applicable Federal Rules of Bankruptcy Procedure and all applicable local rules and standing orders of the Bankruptcy Court on all parties required to receive such notices, including, without limitation, all parties who have asserted Liens in the Purchased Assets, all parties to Assumed Contracts, counsel to any statutory committee appointed in the Bankruptcy Case, the Office of the United States Trustee for the Eastern District of Michigan, all indenture trustees for debt issued by the Sellers, all parties filing notices of appearance or requests for papers in the Bankruptcy Case, the Internal Revenue Service, the U.S. Environmental Protection Agency and any applicable Michigan environmental agency, the Pension Benefit Guaranty Corporation, and, to the extent required, each of each Seller's creditors. In addition, notice of the Sale Motion and the hearing on the request for entry of the Sale Order and the objection deadline for such hearing shall be given by the Sellers, in a form reasonably satisfactory to Parent and Purchaser, by publication of a notice in the Wall Street Journal National Edition and the Detroit Free Press at a time reasonably in advance of such objection deadline and hearing.

7.9 Competing Transaction.

(a) Sellers shall not, and shall cause their Affiliates not to, directly or indirectly, through any officer, director, employee, agent, representative, shareholder, or otherwise, solicit or initiate any Alternative Transaction prior to the entry of the Bidding Procedures Order by the Bankruptcy Court and thereafter, any such solicitation and initiation may only be completed in accordance with the Bidding Procedures Order. Seller shall not provide any non-public information with respect to such Seller and its Affiliates or the transactions contemplated by this Agreement to any Person that expresses a bona fide interest in making a bid in accordance with the terms of the Bidding Procedures Order unless: (i) such non-public information is provided pursuant to a customary confidentiality agreement (with terms regarding the protection of the confidential information at least as restrictive as the terms of the Confidentiality Agreement previously entered into by Affiliates of the Parties); and (ii) such non-public information has been delivered or previously made available to Purchaser or will be made available to Purchaser. Such Seller may not release any Person from, or waive any provisions of, any such confidentiality agreement to which such Seller is a party.

(b) Upon receipt of a proposal for an Alternative Transaction, Sellers will (i) promptly (but in no event later than 24 hours after receipt) notify the Purchaser in writing that it has received such a proposal and (ii) forward a copy of any such proposal to Purchaser within one (1) Business Day following the Bid Deadline (as defined in the Bidding Procedures Order).

7.10 Assignment of Contracts.

(a) Sellers and Purchaser shall use commercially reasonable efforts to have included in the Sale Order an authorization for Sellers to assume and assign or otherwise transfer

to Purchaser all Assumed Contracts. Without limiting the foregoing, Sellers shall use commercially reasonable efforts to ensure that the Sale Order provides that (i) all right, title, and interest of the Sellers under each of the applicable Assumed Contracts shall, upon Closing, be transferred and assigned to and fully and irrevocably vest in the Purchaser; (ii) each Assumed Contract is in full force and effect and is an executory contract or unexpired lease of the Seller under Section 365 of the Bankruptcy Code; (iii) the Sellers may assume each Assumed Contract pursuant to Section 365 of the Bankruptcy Code; (iv) the U.S. Sellers may assign each Assumed Contract to Purchaser pursuant to Section 365 of the Bankruptcy Code free and clear of all Liens (other than Permitted Exceptions) and any provisions in any such Assumed Contract which purport to prohibit or condition the assignment of such contract constitute unenforceable anti-assignment provisions which are void and of no force or effect; (v) all other requirements and conditions of Section 365 of the Bankruptcy Code for the assumption by the Sellers and assignment to the Purchaser of each Assumed Contract have been satisfied; (vi) upon Closing, in accordance with Section 365 of the Bankruptcy Code, the Purchaser shall be fully and irrevocably vested in all right, title, and interest of each Assumed Contract and that following the Closing, each such contract shall remain in full force and effect; (vii) the assignments of each Assumed Contract to Purchaser is in good faith under Sections 363(b) and 363(m) of the Bankruptcy Code; and (viii) the Sellers gave due and proper notice of such assumption and assignment to each party to an Assumed Contract.

7.11 Chapter 5 Causes of Action.

(a) From the date of this Agreement, neither the Debtors, their estates, nor any successor to the Debtors or their estates shall assert any Chapter 5 Cause of Action against any Person that is a vendor or original equipment manufacturer customer ("Customer") of the Business, including serving a complaint or motion against any such Person for any Chapter 5 Cause of Action, except that (1) the Debtors may file (but not serve) complaints against such Persons in order to preserve such causes of action pursuant to Section 546(a) of the Bankruptcy Code or applicable state law, and (2) after the List Delivery Date there shall be no limitation on the pursuit of Chapter 5 Causes of Action other than Designated Chapter 5 Causes of Action. The Debtors shall use their best efforts to oppose the assertion or suit prior to the Closing by any other Person of Chapter 5 Causes of Action on behalf of the Debtors or the estates against any Person that is a vendor or Customer of the Business.

(b) No later than 10 days prior to the Closing (the "List Delivery Date"), the Debtors shall provide Purchaser with a list of all Persons against which they have filed or intend to file Chapter 5 Causes of Action for which the defendant is a vendor of the Business from which the Debtors purchased more than $1,900,000 in goods or services during calendar year 2006 (a "Material Vendor"). Such list shall include, by Person, at least (i) the name of such Person, (ii) the Chapter 5 Cause of Action(s) to be asserted, (iii) the amount of the potential demand or claim in controversy, taking into consideration any valid defenses to such Chapter 5 Cause of Action(s) that have been confirmed by the Debtors and their counsel on the basis of records and information deemed reliable by the Debtors and such counsel, and (iv) the dollar amount of purchases by the Business from such vendor during calendar year 2006.

(c) The Sale Order shall provide that, as of the Closing, all Designated Chapter 5 Causes of Action shall be deemed released with prejudice.

ARTICLE VIII

COVENANTS

8.1 Access to Information. Sellers agree that, prior to the Closing, Purchaser and its Affiliates shall be entitled, directly, through their respective Representatives and/or through any entities providing or arranging financing for Purchaser (the "Buyer Group"), to make such reasonable investigation of the assets, properties, offices, facilities, employees, businesses and operations of the Business, and such examination of the Contracts, Documents and other books and records of the Business, the Purchased Assets and the Assumed Liabilities as any member of the Buyer Group reasonably requests and to make extracts and copies of such books and records. Any such investigation and examination shall be conducted during regular business hours upon reasonable advance notice and shall be subject to restrictions under applicable Law. Each of the Sellers shall, and shall cause its respective Subsidiaries to, cause their respective Representatives to cooperate with the members of the Buyer Group in connection with such investigations, examinations and assessments, and the members of the Buyer Group shall cooperate with Sellers and its representatives and shall use their reasonable efforts to minimize any disruption to the Business. Notwithstanding anything herein to the contrary, no such investigation or examination shall be permitted to the extent that it would require Sellers to disclose information subject to attorney-client privilege or conflict with any confidentiality obligations to which any Seller is bound (so long as Sellers have made reasonable efforts to obtain a waiver regarding the possible disclosure from the third party to whom the applicable Seller or Subsidiary of a Seller owes a duty of confidentiality.) Purchaser or any of its Affiliates shall not contact any employee, customer or supplier of Sellers with respect to this Agreement or any of the documents or transactions contemplated hereby without the prior written consent of Sellers. Purchaser agrees to repair at its sole cost any damage to each Facility due to investigation and to indemnify and hold Sellers harmless of any from any claim for physical damages or physical injuries arising from Purchaser's investigation of each Facility, and notwithstanding anything to the contrary in this Agreement, such obligations to repair and to indemnify shall survive Closing or any termination of this Agreement. Sellers shall notify Purchaser of any material business development concerning the Business or the Purchased Assets.

8.2 Conduct of the Business Pending the Closing.

(a) Prior to the Closing, subject to any obligations as debtors-in-possession under the Bankruptcy Code (in the case of the Purchased Assets other than the Mexican Purchased Assets and the Canadian Purchased Assets) and except (1) as set forth on Schedule 8.2(a), (2) as required by applicable Law, (3) as otherwise expressly contemplated by this Agreement, or (4) with the prior written consent of Purchaser which shall not be unreasonably withheld or delayed, Sellers shall, and shall cause each of their respective Subsidiaries to (in each case, solely in respect of the Business):

(i) conduct the Business in the Ordinary Course and preserve and maintain the Purchased Assets in the condition in which they were existing as of the date hereof, normal wear and tear excepted; and

(ii) use their commercially reasonable efforts to (A) preserve the present business operations, organization and goodwill of the Business and (B) preserve the present relationships with customers, suppliers, partners, employees, lessors, licensors, licensees, distributors and other non-Affiliated Person with which Sellers or their respective Subsidiaries has significant business relationships. For avoidance of doubt, Seller shall cooperate reasonably with Purchaser to enter into discussions with Purchaser and any customer that Purchaser believes is reasonably likely to terminate or materially, adversely modify its relationship with the Business or the Sellers, as applicable.

(b) Subject to any obligations as debtors-in-possession under the Bankruptcy Code (in the case of the Purchased Assets other than the Mexican Purchased Assets and the Canadian Purchased Assets) and except (1) as set forth on Schedule 8.2(b), (2) as required by applicable Law, (3) as otherwise contemplated by this Agreement or (4) with the prior written consent of Purchaser which shall not be unreasonably withheld or delayed, Sellers shall not, and shall cause each of their respective Subsidiaries not to (in each case, solely in respect of the Business):

(i) (A) increase the compensation or benefits of any Employee or any Employee's beneficiary or dependent (except as required by any Employee Plan, Labor Agreement or other agreement applicable to any Employee as in effect on the date hereof or except in the Ordinary Course with respect to Employees that make or would make less than $150,000 per year in total compensation), or (B) enter into, amend or modify any Employee Plan to increase or accelerate any benefits or increase any benefit costs; or (C) enter into any employment agreement, retention agreement, stock option agreement, change in control agreement, severance agreement, or other similar arrangement with or grant any severance or termination pay to any current or former employee or independent contractor of the Business, or (D) grant any unusual or extraordinary bonus, benefit or other direct or indirect compensation to any Employee;

(ii) sell, lease, sublease, transfer, license, subject to a Lien other than any Permitted Exception, alienate, surrender or dispose of any material asset constituting a Purchased Asset, except for sales of Inventory and licenses or sublicenses (as applicable) of Purchased Intellectual Property granted in the Ordinary Course;

(iii) (A) except for the purchase of Inventory and supplies in the Ordinary Course, acquire, license, or otherwise purchase any material assets that would constitute Purchased Assets if owned by any Seller as of the Closing Date; (B) fail to make capital expenditures in respect of the Business in accordance with the Capex Plan; or (C) commit the Business to make any capital expenditures after the Closing exceeding $75,000 individually or $500,000 in the aggregate, except as would be consistent in timing and amount with the expenditures contemplated by the Capex Plan;

(iv) (A) (1) except in the Ordinary Course, modify or amend in any material respect, or terminate, release, assign, settle or waive any material rights or claims under, any Material Contract or material Assumed Contract, or (2) enter into or assume any Material Contract or material Assumed Contract (other than purchase orders

with customers or suppliers in the Ordinary Course that are terminable within 90 days' notice by the Business without any liability or penalty to the Business) (it being understood that "Material Contract" and "Assumed Contract" include contracts relating to the Contingent Programs (as defined in Schedule 3.1(c)) and that it would be reasonable for Purchaser to withhold consent to any action with respect to such contract based on the economic basis for the Contingent Programs Payments described in Schedule 3.1(c))or (B) waive, amend or modify any rights under any confidentiality agreement related to a sale of all or a portion of the Business;

(v) fail to make timely payment of, or to comply with the obligations under, each material Assumed Contract;

(vi) Except (A) as required by applicable law and/or (B) pursuant to an applicable Labor Agreement, enter into, modify, terminate, renew or incur any material Liability to any labor organization in respect of any Labor Agreement;

(vii) change any annual Tax accounting period, adopt or change any method of Tax accounting, file any amended Return, enter into any closing agreement, settle any Tax claim or assessment, surrender any right to claim a Tax refund, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment fail to prepare any Tax return in accordance with prior customs and practices, fail to timely file any Tax return, fail to timely pay any taxes that come due, or take or omit to take any other action, if any such action or omission would have the effect of materially increasing the Tax liability;

(viii) acquire or agree to acquire, by merging or consolidating with, or by purchasing an equity interest in, a portion of the assets of, or by any other manner, any business or any Person or organization or division thereof which unless otherwise disposed prior to the Closing will constitute Purchased Assets on the Closing Date;

(ix) fail to use commercially reasonable efforts to maintain any Credit Support Instrument;

(x) (A) make any change in accounting methods, principles or credit policies or procedures, except as required by a concurrent change in GAAP, (B) delay or postpone the payment of any accounts payable or other accrued expenses (other than those being contested in good faith) beyond the date such expenses would have customarily been paid, (C) fail to continue making payments in respect of pre-paid inventory as required to support inventory purchases on terms provided by vendors, (D) accelerate the collection of, or discount, any accounts receivable or deferred revenue or otherwise accelerate cash collections of any type, or (E) reduce or increase the level of inventory or the mix of types of inventory or components thereof other than in the Ordinary Course of Business;

(xi) (i) enter into any material settlement or release with respect to any Legal Proceeding relating to or affecting the Purchased Assets, other than in the Ordinary Course of Business or as required by Law or (ii) pay any amount, perform any obligation

or agree to pay any amount or perform any obligation, in settlement or compromise of any suits or claims of liability Related to the Business or any of the officers, members, managers, employees, directors, independent contractors or agents of any Seller in excess of $100,000;

(xii) except in the Ordinary Course, cease or reduce the production by the Business of any Products or the provision by the Business of any services that Sellers or any of their respective Subsidiaries produced or provided during the six (6) month period ended on the date hereof, or announce (publicly or internally) its intention to do so; or

(xiii) reject pursuant to the Bankruptcy Code or terminate any Assumed Contract, permit any Assumed Contract to be deemed rejected pursuant to the Bankruptcy Code, or fail to use commercially reasonable efforts to oppose any action by a third party to terminate, or seek Bankruptcy Court approval to reject or terminate, any Assumed Contract.

8.3 Third-Party Consents. Without limiting the effect of Sections 10.2 and 10.3 and subject to the application of any bankruptcy or other creditor's rights laws, Sellers shall use commercially reasonable efforts to promptly obtain all authorizations, consents, approvals and waivers of, and give all notices to, each third party that may be necessary for the consummation of the transactions contemplated by this Agreement and the Ancillary Agreements; provided, however, nothing in this Agreement shall obligate any Seller to incur any expense or cost as direct payment for such consent.

8.4 Regulatory Approvals.

(a) If necessary, Purchaser and Sellers shall (i) make or cause to be made all filings required of each of them or any of their respective Subsidiaries or Affiliates under the HSR Act, the Competition Act, the Mexican Competition Law or other Antitrust Laws with respect to the transactions contemplated hereby as promptly as practicable and, in any event, within ten (10) Business Days after the date of this Agreement in the case of all filings required under the HSR Act, the Competition Act and the Mexican Competition Law or by other Antitrust Laws, (ii) comply at the earliest practicable date with any request under the HSR Act, the Competition Act and the Mexican Competition Law or other Antitrust Laws for additional information, documents or other materials received by each of them or any of their respective Subsidiaries from the Federal Trade Commission (the "FTC"), the Antitrust Division of the United States Department of Justice (the "Antitrust Division"), the Canadian Competition Bureau, the Mexican Federal Competition Commission (the "FCC") or any other Governmental Body in respect of such filings or such transactions and (iii) cooperate with each other in connection with any such filing (including, without limitation, to the extent permitted by applicable law, providing copies of all such documents to the non-filing Parties prior to filing and considering all reasonable additions, deletions or changes suggested in connection therewith) and in connection with resolving any investigation or other inquiry of any of the FTC, the Antitrust Division, the Canadian Competition Bureau, the FCC or other Governmental Body under any Antitrust Laws with respect to any such filing or any such transaction. Purchaser shall pay the filing fees required to be paid by Purchaser and Sellers under the HSR Act and other

Antitrust Laws in connection with such filings. Each such Party shall use commercially reasonable efforts to furnish to each other all information required for any application or other filing to be made pursuant to any applicable law in connection with the transactions contemplated by this Agreement. Each such Party shall promptly inform the other Parties of any oral communication with, and provide copies of written communications with, any Governmental Body regarding any such filings or any such transaction. To the fullest extent reasonably practicable, no Party hereto shall independently participate in any formal meeting with any Governmental Body in respect of any such filings, investigation or other inquiry without giving the other Parties prior notice of the meeting and, to the extent permitted by such Governmental Body, the opportunity to attend and/or participate. Subject to applicable law, the Parties will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any Party relating to proceedings under the HSR Act, the Competition Act, the Mexican Competition Law or other Antitrust Laws. Sellers and Purchaser may, as each deems advisable and necessary, reasonably designate any competitively sensitive material provided to the other under this Section 8.4 "outside counsel only." Such materials and the information contained therein shall be given only to the outside legal counsel of the recipient and will not be disclosed by such outside counsel to employees, officers or directors of the recipient, unless express written permission is obtained in advance from the source of the materials (Sellers or Purchaser, as the case may be).

(b) Each of Purchaser and Sellers shall use its commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Body with respect to the transactions contemplated by this Agreement under the HSR Act, the Competition Act, the Mexican Competition Law, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and any other United States federal or state or foreign statutes, rules, regulations, orders, decrees, administrative or judicial doctrines or other laws that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade (collectively, the "Antitrust Laws"). In connection therewith, if any Legal Proceeding is instituted (or threatened in writing to be instituted) challenging that any transaction contemplated by this Agreement is in violation of any Antitrust Law, each of Purchaser and Sellers shall cooperate and use its commercially reasonable efforts to contest and resist any such Legal Proceeding, and to have vacated, lifted, reversed or overturned any decree, judgment, injunction or other order whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents or restricts consummation of the transactions contemplated by this Agreement, including by pursuing all reasonably available avenues of administrative and judicial appeal and all reasonably available legislative action, unless, by mutual agreement, Purchaser and Sellers decide that litigation is not in their respective best interests. Each of Purchaser and Sellers shall use its commercially reasonable efforts to take such action as may be required to cause the expiration of the notice periods under the HSR Act, the Competition Act, the Mexican Competition Law or other Antitrust Laws with respect to such transactions as promptly as possible after the execution of this Agreement. Notwithstanding any other provision herein, in no event will Purchaser or any of its Affiliates be required hereunder or otherwise (1) to agree to any hold-separate, divestiture or other order, decree or restriction on the Business or any other business, the conduct thereof or future transactions or (2) to pay any amount or agree to any action to obtain any consent or approval required or contemplated hereby.

8.5 Further Assurances. Each of the Sellers and Purchaser shall use its commercially reasonable efforts to (i) take all actions necessary or appropriate to consummate the transactions contemplated by this Agreement and (ii) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations to consummate the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, Purchaser shall negotiate in good faith with the Unions to achieve new collective bargaining agreements satisfactory to Purchaser, and Sellers shall provide reasonable cooperation with respect to such negotiations.

8.6 Assumed Liabilities. Subsequent to the Closing, Purchaser agrees to pay, perform and discharge the Assumed Liabilities as they become due.

8.7 Bonds, Letters of Credit, Etc.

(a) As promptly as possible following the date hereof, Purchaser shall use commercially reasonable efforts to complete the foregoing obligations prior to the Closing: (i) releasing Parent and its Affiliates (each, "Released Party") from obligations under indemnities, sureties, bonds, letters of credit, indemnity agreements, and other credit enhancement arrangements (each, a "Credit Enhancement") as set forth on Schedule 8.7, and (ii) removing each Released Party as a guarantor, obligor, surety, indemnitor or credit enhancement party from the applicable Credit Enhancement or Credit Enhancements. Until each Released Party has been released in all respects from a applicable Credit Enhancement or Credit Enhancements, Purchaser agrees not to withdraw any cash collateral contributed by Purchaser, if any, pursuant to such Credit Enhancement or Credit Enhancements, or to take any other action that would be reasonably likely to diminish the security of the applicable Released Party with respect to its obligations arising from the Credit Enhancement or Credit Enhancements.

(b) If Purchaser fails to complete its obligations set forth in this Section 8.7(b) in good faith, it (i) shall use commercially reasonable efforts to complete its obligations 30 days following the Closing, (ii) agrees not to permit, cause or allow any additional Credit Enhancement to be issued by or on behalf of the Business, if any Released Party could incur obligations or liabilities arising from such additional Credit Enhancement, and (iii) shall provide, or cause to be provided, a letter of credit, cash escrow, or similar credit enhancement arrangements (A) the beneficiaries of which shall be the applicable Released Party or the Released Parties and (ii) in an aggregate amount not less than the aggregate amount of each Released Party's obligations and liabilities pursuant to the Credit Enhancements (less the amount of any cash collateral contributed by Purchaser, if any, under the Credit Enhancements), but in any event no more than $100,000. If a Released Party has not been released in all respects from a Credit Enhancement or Credit Enhancements within 180 days after the Closing, such Released Party can terminate its obligations under the Credit Enhancement or Credit Enhancements without incurring any liability or obligation whatsoever to Purchaser, to any of its Affiliates, or to any other Person or Persons by reason of the termination of any Credit Enhancement in accordance with the terms of this Section 8.7(b).

(c) As of and following the Closing, Purchaser shall indemnify Parent and each Affiliate thereof that is a party to any Credit Enhancement (collectively, "Parent Indemnitees"), and hold each Parent Indemnitee harmless against any Loss that any Parent Indemnitee suffers, sustains or becomes subject to, resulting from (i) any Credit Enhancement,

including any claim made by any customer of the Business or any other Person pursuant to which such Credit Enhancement is applicable, (ii) such Parent Indemnitee's participation in or provision of such Credit Enhancement, or (iii) any breach of this Section 8.7(c) by Purchaser. Each Parent Indemnitee, to the extent not a party to this Agreement, shall be a third party beneficiary of this Section 8.7(c).

8.8 Confidentiality.

(a) Purchaser acknowledges that the information provided to it in connection with this Agreement, including under Section 8.1, and the consummation of the transactions contemplated hereby, is subject to the terms of the confidentiality agreement previously entered into by Affiliates of the Parties (the "Confidentiality Agreement"), the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing, the Confidentiality Agreement shall terminate with respect to information directly related to the Business, the Purchased Assets; provided, however, that Purchaser acknowledges that any and all other information provided to it by any Seller or its representatives concerning any business other than Business, Sellers, and their Subsidiaries shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing Date.

(b) After the Closing, the Companies will, and cause their respective Affiliates and Representatives to, hold in confidence and not use in any manner detrimental to the Business all Confidential Information concerning the Business or the Purchased Assets, except to the extent that such information can be shown to have been (i) in the public domain prior to the Closing, (ii) in the public domain at or after the Closing through no fault of Parent or any of its Affiliates or any of their respective Representatives, or (iii) lawfully acquired after the Closing by Parent or any of its Affiliates or any of their respective Representatives from sources other than Purchaser or any of its Affiliates or any of their respective Representatives. If, after the Closing, Parent or any of its Affiliates or any of their respective Representatives are legally required to disclose any such confidential or proprietary information, Parent shall (A) promptly notify Purchaser to permit Purchaser, at its expense, to seek a protective order or take other appropriate action and (B) cooperate as reasonably requested by Purchaser in Purchaser's efforts to obtain a protective order or other reasonable assurance that confidential treatment will be accorded such Confidential Information, but only at Purchaser's sole cost and expense. If, after the Closing and in the absence of a protective order, Parent or any of its Affiliates or any of their respective Representatives are compelled as a matter of Law to disclose any such confidential information to a third party, such Person may disclose to the third party compelling disclosure only the part of such Confidential Information as is required by Law to be disclosed; provided, however, that, prior to any such disclosure, such Person consults in good faith with Purchaser and its legal counsel as to such disclosure and the nature and wording of such disclosure. Notwithstanding the foregoing, Sellers shall not be precluded from disclosing Confidential Information to any potential purchaser of the Sellers' other businesses, or in connection with the exercise of the Sellers' rights to use or sublicense the Shared Intellectual Property, as long as Purchaser is entitled to enforce any confidentiality agreement relating to such disclosure.

(c) For purposes of Section 8.8(b), "Confidential Information" shall mean any confidential information concerning the Business and the Purchased Assets, including, without limitation, methods of operation, customers, customer lists, Products, prices, fees, costs,

Technology, inventions, trade secrets, know-how, Software, marketing methods, plans, personnel, suppliers, competitors, markets or other specialized information or proprietary matters.

(d) Sellers and Purchaser agree to hold in confidence the contents of Schedule 3.1(c) and Annex A and B from the date of this Agreement until the Closing except to the extent disclosure is required (i) by a valid and effective subpoena issued by a court of competent jurisdiction or (ii) by a Governmental Body to disclose any of the contents for any purpose, including for any regulatory approval of this transactions contemplated by this Agreement.

8.9 Preservation of Records. For a period ending on the later of (i) the closing of the Bankruptcy Case and (ii) seven years after the Closing Date (or such longer period as may be required by any Governmental Body or ongoing claim), each Party (the "Requested Party") shall allow the other Party (including, for clarity, any trust established under a chapter 11 plan of the Sellers or any other successors of the Sellers) and any of its directors, officers, employees, counsel, representatives, accountants and auditors, at the requesting Party's sole cost and expense, reasonable access during normal business hours, and upon reasonable advance notice, to all employees and files of the Requested Party and any books and records and other materials included in the Purchased Assets relating to periods prior to the Closing Date in connection with (A) the general business purposes of the Sellers, whether or not relating to or arising out of this Agreement or the transactions contemplated hereby, including, but not limited to, the preparation of tax returns, amended tax returns or claim for refund (and any materials necessary for the preparation of any of the foregoing), financial statements for periods ending on or prior to the Closing Date, the management and handling of any audit, investigation, litigation or other proceeding in, whether such audit, investigation, litigation or other proceeding is a matter with respect to which indemnification may be sought hereunder), and complying with the rules and regulations of the Internal Revenue Service, the Securities and Exchange Commission or any other Governmental Body or otherwise relating to Sellers' other businesses or operations or such causes of action; (B) the prosecution, investigation or resolution of (i) any pending or potential causes of action held by the Sellers or any such trust or successor, and (ii) any litigation and investigation brought by the Department of Justice ("DOJ") and the Securities and Exchange Commission ("SEC") against certain former officers, directors, and employees of the Sellers (the DOJ and SEC litigation and investigation, the "Litigation and Investigation"); (C) the collection by Sellers of Accounts Receivable that constitute Excluded Assets; or (D) otherwise in connection with carrying out the functions of any such trusts or successors, provided that after the Closing Date, any Party in possession of such books and records and other materials may dispose of such books and records and other materials after such Party gives the other Party a reasonable opportunity, at such other Party's expense, to segregate and remove such books and records and other materials as such Party may select. The Purchaser hereby agrees that it shall make a reasonable effort to make Transferred Employees available to participate in the Litigation and Investigation to the extent at the request of the DOJ or SEC at Seller's cost and expense.

8.10 Publicity. Neither Sellers nor Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby 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 or by the applicable rules of any stock exchange on which Purchaser or Sellers list securities or in order to enforce rights hereunder, provided that the Party intending to make such release shall use commercially reasonable efforts consistent with such applicable Law or Bankruptcy Court requirement to consult with the other Party with respect to the text thereof.

8.11 Supplemental and Amendment of Schedules. Sellers may, at their option, include in the Schedules items that are not material to avoid any misunderstanding, and such inclusion, or any references to dollar amounts, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard or materiality or to define further the meaning of such terms for purposes of this Agreement. Information disclosed in these Schedules shall constitute a disclosure for all purposes of this Agreement notwithstanding any reference to a specific section, and all such information shall be deemed to qualify the entire Agreement and not just such section. From time to time prior to Closing, Sellers shall have the right to supplement or amend the Schedules with respect to any matter hereafter arising or discovered after the delivery of the Schedules pursuant to this agreement. No such supplement or amendment shall have any effect on the satisfaction of the conditions to Closing set forth in Section 10.1(a) other than any such supplement or amendment made on or prior to April 20, 2007 with respect to Schedules 1.1(a), 2.1(f), 5.3(a), 5.8(a), 5.13, 5.14(a) and 5.21.

8.12 Cooperation with the PBGC. Purchaser shall take commercially reasonable steps to cooperate with the Pension Benefit Guaranty Corporation (the "PBGC") and its agents in connection with their activities in respect of Sellers' Employee Plans which are subject to Title IV of ERISA and persons or groups of persons at any time covered by, or beneficiaries of, such Employee Plans. Without limiting the generality of the foregoing, Purchaser shall, at the PBGC's request and at PBGC's cost, use any of the Purchased Assets (including, without limitation, records, computers, computer software and rights under Assumed Contracts) to make any calculation necessary or desirable, or to provide any information necessary or desirable, to the administration of any Employee Plan, the making of any benefit determination or the taking by the PBGC of any action it reasonably determines to take in respect of any person or group of persons at any time covered by, or a beneficiary of, any Employee Plan. Notwithstanding the foregoing, nothing in this Agreement is intended or will be interpreted as imposing any liability or obligation on Purchaser or any of its Affiliates in respect of any Sellers' PBGC or other employee liabilities in respect of retirement income or welfare benefits, including, without limitation, any liabilities of Sellers arising under any Employee Plan listed on Schedule 8.12.

8.13 Post-Closing Amounts Received and Paid. All amounts that are received by a Seller or any of its Subsidiaries in respect of any of the Purchased Assets shall be received by such Person as agent, in trust for and on behalf of Purchaser, and following the Closing, Sellers shall, on a monthly basis, pay, or cause to be paid, by wire transfer of immediately available funds to Purchaser all such amounts received by or paid to any such Seller or any of their respective Subsidiaries, and shall provide Purchaser with information as to the nature and source of all such payments, including any invoice related thereto. All amounts that are received by Purchaser or any of its Affiliates following the Closing in respect of any Excluded Assets shall be received by such Person as agent, in trust for and on behalf of Sellers, and Purchaser shall, on a monthly basis, pay or cause to be paid all such amounts over to Sellers by wire transfer of

immediately available funds and shall provide Seller with information as to the nature and source of all such payments, including any invoice relating thereto.

8.14 Assistance in Transfer of Licenses, Permits and Registrations. Each Seller will use commercially reasonable efforts to assist Purchaser in obtaining the transfer of any Permits capable of being transferred to Purchaser in connection with the Closing, including promptly after the date hereof directing its employees to cooperate with such transfer and making all notifications required to be sent by Sellers or any of its Subsidiaries prior to the Closing. No Seller shall have any Liability for the failure to obtain the transfer of any such Permit, other than by virtue of Sellers' representations and warranties in ARTICLE V.

8.15 Intellectual Property.

(a) At the Closing, Sellers and Purchaser shall enter into an intellectual property license agreement, in form and substance reasonably satisfactory to the parties ("Intellectual Property License Agreement"), pursuant to which:

(i) Purchaser and its Affiliates shall grant to Sellers a perpetual, worldwide, non-exclusive, irrevocable, fully transferable (in whole or in part), fully paid-up, royalty-free right and license (including the right to sublicense) to use, in any business other than in connection with the development, manufacture and sale of "Carpet & Acoustics" products, including the manufacture of a variety of automotive flooring and acoustics products; including molded, non-woven and tufted carpet, accessory mats, alternative molded flooring, absorbing materials, damping materials, engine compartment noise vibration and harshness systems and interior insulators, the Shared Intellectual Property; and

(ii) Sellers shall grant to Purchaser and its Affiliates a perpetual, worldwide, non-exclusive, irrevocable, fully transferable (in whole or in part), fully paid-up, royalty-free right and license (including the right to sublicense) to the Intellectual Property owned by Sellers or licensed to Sellers (to the extent Sellers have the right to grant sublicenses) that was used in the development, manufacture and sale of "Carpet & Acoustics" products, including the manufacture of a variety of automotive flooring and acoustics products; including molded, non-woven and tufted carpet, accessory mats, alternative molded flooring, absorbing materials, damping materials, engine compartment noise vibration and harshness systems and interior insulators, prior to the Closing but is not included in the Purchased Intellectual Property.

(b) Purchaser agrees that it shall, (i) as soon as practicable after the Closing Date and in any event within 180 days following the Closing Date, cease to make any use of the Retained Name, and (ii) immediately after the Closing Date, cease to hold itself out as having any affiliation with Sellers. Purchaser shall remove, strike over or otherwise obliterate the Retained Name from all materials, including, without limitation, any vehicles, business cards, schedules, stationery, packaging materials, displays, signs, promotional materials, manuals, forms, computer software and other materials; provided that Purchaser may during the 180-day period following the Closing Date continue to use any such material containing a Retained Name to the extent that it is not practicable to remove or coverup such Retained Name.

Notwithstanding the above, Purchaser shall have a right to sell off existing inventory of products which products bear any Retained Name for a period of one year. Any use of the Retained Name by Purchaser pursuant to this Section shall: (x) be in conformity with the practices of Sellers as of the Closing Date, (y) be in a manner that does not in any way harm or disparage Sellers or the reputation or goodwill of the Retained Name and (z) be contingent on Purchaser maintaining the quality of goods and services used in connection with the Retained Name at a standard at least as high as that of the goods and services offered and sold by Sellers as of the Closing Date.

8.16 Notices of Certain Events. From the date hereof until the Closing,

(a) Sellers shall promptly notify Purchaser of:

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

(ii) any written notice or other written communication from any Governmental Body in connection with the transactions contemplated by this Agreement and the Ancillary Agreements; and

(iii) any change or fact to any of Sellers' representations, warranties or obligations hereunder of which it is aware that, with notice or lapse of time or both, will or is reasonably likely to result in a material breach by Sellers of this Agreement or otherwise result in any of the conditions set forth in ARTICLE X becoming incapable of being satisfied.

(b) Purchaser shall promptly notify Sellers of:

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

(ii) any written notice or other written communication from any Governmental Body in connection with the transactions contemplated by this Agreement and the Ancillary Agreements; and

(iii) any change or fact to any of Purchaser's representations, warranties or obligations hereunder of which it is aware that, with notice or lapse of time or both, will or is reasonably likely to result in a material breach by Purchaser of this Agreement or otherwise result in any of the conditions set forth in ARTICLE X becoming incapable of being satisfied.

No disclosure by any Party pursuant to this Section 8.16 shall be deemed to amend or supplement the Sellers Disclosure Schedule or Purchaser Disclosure Schedule, as applicable, with respect thereto or prevent or cure any misrepresentation or breach of warranty for purposes of this Agreement.

8.17 Interim Financial Statements. From the date hereof and until the Closing, Sellers will deliver to Purchaser within fifteen days after the end of each calendar month unaudited financial statements (including statements of net assets and income statements) for the Business for such calendar month, prepared on a basis consistent with the Financial Statements.

8.18 Intercompany Agreements and Accounts. Effective as of the Closing Date and subject to the Bankruptcy Court Orders, (i) all agreements or contracts between the Parent and any of its Affiliates, on the one hand, and the Parent or any of its Affiliates on the other hand, that involve or are related to the Business shall be terminated, unless otherwise requested in writing by Purchaser, and (ii) all intercompany receivables, payables, loans and investments then existing between or among Sellers shall be netted against each other, and without further action, terminated, forgiven or settled.

8.19 Option Regarding Plastics Business. If the sale of the Plastics Business is not consummated pursuant to the applicable bidding procedures order and the sale order, then Parent shall promptly notify Purchaser of such termination (the "Plastics APA Termination Notice"). Purchaser or an Affiliate designated by Purchaser (Purchaser or such Affiliate, the "Plastics Purchaser") and the Sellers shall have the obligation, commencing on the date Purchaser receives the Plastics APA Termination Notice and ending on the 7th day following such receipt, to negotiate exclusively with respect to a possible purchase of the Plastics Business on terms and conditions (including price) that will be subject to mutual agreement between Parent and the Plastics Purchaser; provided that neither Parent nor Plastics Purchaser will have any obligation to complete a purchase of the Plastics Business, or any other transaction, unless and until a binding agreement with respect to such a transaction is entered into between Parent and Plastics Purchaser.

8.20 Co-Investment Equity Agreement. The Parties shall negotiate in good faith (and, in the case of the Purchaser, shall cause its parent to negotiate in good faith) to enter into the Equity Agreement on or before the Closing.

8.21 Canadian Agreement and/or Mexican Agreement. The parties hereto acknowledge and agree that they shall forthwith prepare, execute and deliver separate purchase and sale agreement(s) dealing with (i) the sale by the Sellers to the Purchaser of the Canadian Assets and the assumption by the Purchaser of the Canadian Assumed Liabilities in connection therewith and all other matters reasonably related thereto, including any requirements of applicable Law, and/or (ii) the sale by the Sellers to the Purchaser of the Mexican Assets and the assumption by the Purchaser of the Mexican Assumed Liabilities in connection therewith and all matters reasonably related thereto, including any requirements of applicable Law, any such agreement to be consistent with the terms and conditions hereof in all material respects, except to the extent specifically set forth on Exhibits A and B, and, in the event of any inconsistency between the terms and conditions of any such agreement and this Agreement, the terms and conditions of this Agreement shall prevail, except to the extent specifically set forth on Exhibits A and B.

8.22 Purchaser Confirmation Letter. Before the Closing, if Seller proposes to enter into a pricing agreement in respect of one or more of the Contingent Programs (as defined in Schedule 3.1(c) hereto) and Purchaser intends to honor such pricing agreement after the Closing,

Purchaser shall confirm in writing prior to the Closing (the "Purchaser Confirmation Letter") that it agrees to accept such pricing agreement.

8.23 Transition Services. At the Closing, Seller and Purchaser shall enter into a transition services agreement reasonably satisfactory to the Parties (the "Transition Services Agreement"), pursuant to which Sellers will provide Purchaser (or its assignees) with such assets and services as are reasonably necessary to permit Purchaser to conduct the Business after the Closing in substantially the manner it had been conducted prior to the Closing and to permit Purchaser to transition the provision of such assets and services in an orderly manner to other providers. Purchaser shall reimburse Sellers their actual costs incurred in providing such assets and services, provided that Purchaser shall not be obligated to reimburse Sellers for any costs of administering or winding down the Bankruptcy Cases.

8.24 Certain Reimbursements. Purchaser will promptly reimburse Sellers for up to $500,000 in product claims described in Section 2.4(i) and actually funded by Sellers after the Closing and up to $250,000 in cure costs described in Section 2.4(m) and actually funded by Sellers after the Closing. Any request for reimbursement must be accompanied by evidence of payment that is reasonably satisfactory to Purchaser. Purchaser will also promptly reimburse Sellers for the cost of any prepaid items not included in the Purchased Assets to the extent Purchaser after Closing received credit for or received the value of goods in exchange for payments actually made by Sellers prior to the Closing, and such reimbursements shall be discounted by 2.5%. Purchaser will reasonably cooperate with Sellers regarding the repayment to Sellers of any amounts related to prepaid expenses that are Excluded Assets pursuant to Section 2.2(f), provided that Purchaser and the Business after Closing is not, in Purchaser's reasonable judgment, detrimentally impacted by such cooperation.

ARTICLE IX

EMPLOYEES AND EMPLOYEE BENEFITS

9.1 Employment.

(a) Sellers shall terminate all Employees, on the Closing Date and Purchaser shall offer full-time employment effective as of the Closing to the specific Employees designated by Purchaser in its sole discretion; provided, however, that Purchaser shall provide sufficient numbers of employment offers at sufficient terms and conditions of employment so as to give rise to no obligations or Liability to Sellers under the WARN Act; and provided further that, on or before the Closing Date, Sellers shall provide Purchaser with a list of employee layoffs, by location, implemented by Sellers in the 90-day period preceding the Closing Date, as well as a complete headcount of Sellers' employees at each of the Facilities as of the Closing. Such employees who accept Purchaser's offer of employment and commence employment with Purchaser shall be referred to as the "Transferred Employees." To facilitate Purchaser's obligations under this Section 9.1(a), Sellers shall provide Purchaser within a reasonable period prior to the Closing a true and correct list of all Employees, including with respect to any inactive Employee, the reason for such inactive status and, if applicable, the anticipated date of return to active employment.

(b) Purchaser agrees to assume and adopt the Labor Agreements disclosed on Schedule 5.12(b).

(c) Except as may be required by non-U.S. law with respect to non-U.S. bargaining unit Employees of the Sellers, from and after the Closing Date, and notwithstanding any other provision of this Agreement, the management and direction of the Business and its workforce, and the terms and conditions thereof, including all wage and salary programs (including bonuses, and incentive compensation), medical and other benefit programs, other compensation and benefit programs and the establishment of procedures, policies and protocols for hiring, disciplining and firing employees and setting general employee standards, shall be determined by the Board of Directors of Purchaser (as delegated to the officers of the Purchaser).

9.2 Plant Closing Laws. Purchaser shall be responsible for providing any notice required, pursuant to the WARN Act, any successor United States federal law, and any similar or comparable state, local or provincial plant closing notification Law with respect to a mass layoff or plant closing relating to the Business that occurs after the Closing Date.

9.3 Employee Benefits.

(a) Effective as of the Closing Date, Purchaser shall cause the Transferred Employees who were covered under the Employee Plans immediately prior to the Closing Date to be covered under employee benefit plans, programs and arrangements maintained or established by Purchaser (the "Purchaser Plans"). The Purchaser Plans shall recognize the Transferred Employees' prior service that is recognized under the Employee Plans (including prior service with predecessor employers to the extent such prior service is recognized under the Employee Plans) for eligibility and vesting purposes and, in the case of vacation or severance benefits, for purposes of determining the amount of benefits so long as Seller furnishes Purchaser with all information necessary to implement their recognition of service; provided that such service shall not be recognized for purposes of any defined benefit pension plan or to the extent such recognition results in duplication of benefits.

(b) As soon as practicable following the Closing Date, Purchaser shall take all action necessary or appropriate to cause a defined contribution plan adopted or maintained by Purchaser (the "Purchaser 401(k) Plan") to recognize prior service with Parent or any of its Subsidiaries for purposes of eligibility and vesting. Parent shall permit and Purchaser shall cause the Purchaser 401(k) Plan to accept a "rollover" of any Transferred Employees' account balances (including loans to Transferred Employees) under the 401(k) Plan of the Parent and its Affiliates, as amended from time to time (the "C&A 401(k) Plan") to the Purchaser 401(k) Plan. In connection with any such rollover elected by any such Transferred Employee, Purchaser shall allow any such Transferred Employee's outstanding loan and related promissory note under the C&A 401(k) Plan to be rolled over into the Purchaser 401(k) Plan.

(c) As of the Closing Date, Purchaser agrees to take any and all actions necessary or appropriate to provide that Purchaser shall assume and maintain all liabilities with respect to wages, holiday pay or vacation pay for each Transferred Employee that as of the Closing Date have accrued but are not yet payable in the ordinary course and that Parent and its Subsidiaries shall have no further liability with respect thereto.

(d) Effective as of the Closing, Purchaser shall establish flexible spending accounts for health and dependent care expenses under a new or existing plan ("Purchaser's FSA"), and each Seller shall spin-off and Purchaser shall assume the health and dependent care account balances (and related assets and liabilities) for each Transferred Employee who, on or prior to the Closing Date, is a participant under Sellers' flexible benefits plan ("Sellers' FSA"). Subject to Purchaser being provided all information reasonably necessary to permit the administrator of Purchaser's FSA to accommodate the inclusion of the Transferred Employees in Purchaser's FSA on the basis described herein, Purchaser shall credit or debit, as applicable, effective as of the Closing Date, the applicable account of each Transferred Employee under Purchaser's FSA with an amount equal to the balance of each such Transferred Employee's account under Sellers' FSA as of immediately prior to the Closing Date. As soon as practicable after the Closing, (i) each Seller shall pay to Purchaser in cash the amount, if any, by which aggregate contributions made to accounts under Sellers' FSA exceeded the aggregate benefits provided as of the Closing, or (ii) Purchaser shall pay to Sellers in cash the amount, if any, by which aggregate benefits provided from accounts under Sellers' FSA exceeded the aggregate contributions made through the Closing Date.

(e) Sellers shall be responsible for providing all employees of the Business (and their dependents) with any notices required by the Consolidated Omnibus Budget Reconciliation Act or similar state Law with respect to qualifying events that occur on or prior to the Closing Date or in connection with the transactions contemplated by this Agreement.

(f) Nothing herein is intended to, and shall not be construed to, create any third party beneficiary rights of any kind or nature, including, without limitation, the right of any Transferred Employee or other individual to seek to enforce any right to compensation, benefits, or any other right or privilege of employment with Sellers or Purchaser.

ARTICLE X

CONDITIONS TO CLOSING

10.1 Conditions Precedent to Obligations of Purchaser. The obligation of Purchaser to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser in whole or in part to the extent permitted by applicable Law):

(a) each of the representations and warranties of Sellers set forth in this Agreement qualified as to materiality shall be true and correct, and those not so qualified shall be shall be true and correct in all material respects as of the date hereof and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date) and Purchaser shall have received a certificate signed by an authorized officer of Parent on behalf of Sellers, dated the Closing Date, to the foregoing effect;

(b) Sellers shall have performed and complied in all material respects with all obligations and agreements required in this Agreement to be performed or complied with by any

of them prior to the Closing, and Purchaser shall have received a certificate signed by an authorized officer of Parent on behalf of Sellers, dated the Closing Date, to the foregoing effect;

(c) (i) subject to the application of any bankruptcy or other creditor's rights laws, those consents, authorizations, approvals and filings listed on Schedule 10.1(c) required to be obtained from or filed with a Governmental Body or required to be obtained from any other Person shall have been obtained or made, and (ii) all other consents, authorizations, approvals and filings required to be obtained from or filed with a Governmental Body or required to be obtained from any other Person shall have been obtained or made, other than those, with respect to this clause (ii), the failure of which to obtain or make prior to the Closing would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect;

(d) Sellers shall have delivered, or caused to be delivered, to Purchaser all of the items set forth in Section 4.2;

(e) No event, occurrence, fact, condition, change, development or effect shall have come to exist since the date hereof that in the aggregate has constituted or resulted in, or is reasonably likely to constitute or result in, a Material Adverse Effect;

(f) Sellers have provided to Purchaser orders of the Ontario Court and the Quebec Superior Court in form, substance and upon such notice acceptable to Purchaser (acting reasonably) vesting the Canadian Purchased Assets in Purchaser free and clear of all claims and encumbrances;

(g) No Seller shall have received written or, to the knowledge of Sellers, oral notice from a customer of the Business or of the Sellers who in the aggregate shall have accounted for $50,000,000 or more of the revenues set forth in the Financial Statements that such customer is reasonably likely to terminate or materially, adversely modify its relationship with the Business or the Sellers, as applicable;

(h) No program or project undertaken by the Sellers with respect to the Business representing $10,000,000 or more in annual sales shall have been terminated by any counterparty thereto; and

(i) Purchaser shall have entered into ratified and binding collective bargaining agreements with the unions currently representing workers in Sellers' Springfield and Canton facilities (the "Unions"), such agreements to be satisfactory to Purchaser in its sole discretion, that are applicable to the bargaining units at the Springfield and Canton locations; and

(j) Purchaser shall have, with respect to each of the Assumed Contracts that is material to the operation of the Business and that requires third party consent to transfer or assign, either (A) received such third-party consent or (B) entered into alternative arrangements with Sellers (including pursuant to Section 2.8) that provide Purchaser with substantially the same benefits as were provided under such Assumed Contract without imposing any additional costs or risks.

10.2 Conditions Precedent to Obligations of Sellers. The obligations of Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction,

prior to or on the Closing Date, of each of the following conditions (any or all of which may be waived by Sellers in whole or in part to the extent permitted by applicable Law):

(a) each of the representations and warranties of Purchaser set forth in this Agreement qualified as to materiality shall be true and correct, and those not so qualified shall be shall be true and correct in all material respects as of the date hereof and as of the Closing Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date), and Sellers shall have received a certificate signed by an authorized officer of Purchaser, dated the Closing Date, to the foregoing effect;

(b) Purchaser shall have performed and complied in all material respects with all obligations and agreements required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing, and Sellers shall have received a certificate signed by an authorized officer of Purchaser, dated the Closing Date, to the foregoing effect;

(c) Purchaser shall have either (i) agreed to assume the collective bargaining agreements for the Sellers' Springfield and Canton facilities (the "Collective Bargaining Agreements") or (ii) entered into ratified and binding collective bargaining agreements with the Unions that expressly terminate the Collective Bargaining Agreements and any obligations of the Sellers thereunder to require Purchaser's assumption of such Collective Bargaining Agreements; and

(d) Purchaser shall have delivered, or caused to be delivered, to Sellers all of the items set forth in Section 4.3.

10.3 Conditions Precedent to Obligations of Purchaser and Sellers. The respective obligations of Purchaser and Sellers to consummate the transactions contemplated by this Agreement are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions (any or all of which may be waived by Purchaser and Sellers in whole or in part to the extent permitted by applicable Law):

(a) there shall not be in effect any Order by a Governmental Body of competent jurisdiction restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;

(b) the Bankruptcy Court shall have entered the Sale Order in form and substance reasonably acceptable to Sellers and Purchaser, and the Sale Order shall have become a Final Order and is full force and effect;

(c) Subject to Section 8.4(b), other than with respect to the Competition Act (which is dealt with separately below), the applicable waiting period, if any, under the Antitrust Laws shall have expired or been waived or terminated, and all other required regulatory approvals shall have been received, including, in respect of the European Union, if applicable, (A) a decision by the European commission under the European Community Merger Regulation that the European Commission has decided not to oppose the proposed concentration and has declared it to be compatible with the common market, or (B) the time limit (including any

applicable extensions) for the taking by the European Commission of a decision under Article 6(1) of the European Community Merger Regulation having passed with no such decision having been taken.

(d) Subject to Section 8.4(b), in respect of Canada, if a pre-merger notification filing under Part IX of the Competition Act (Canada) (the "Canadian Competition Act") is required, (i) the Commissioner of Competition (the "Canadian Commissioner") appointed under the Competition Act shall have issued an advance ruling certificate under Section 102 of the Competition Act, or (ii) the applicable waiting period under Section 123 of the Competition Act shall have expired, been terminated or been waived, and Purchaser shall have received a "no-action" letter from the Canadian Commissioner, which letter confirms that the Canadian Commissioner is of the view that there are not sufficient grounds to initiate proceedings before the Competition Tribunal under the merger provisions of the Competition Act and which does not contain any qualifications, conditions, restrictions or requirements (other than the normal qualification that such proceedings may be initiated at any time up to three years after the relevant transactions have been substantially completed) that are not reasonably satisfactory to Purchaser, and such "no-action" letter remains in full force and effect; and

(e) all of the Ancillary Agreements shall have been finalized in form and substance reasonably satisfactory to Purchaser and Sellers; provided that Sellers may not waive the requirements set forth in Section 4.2(r) without the consent of the Prepetition Agent.

10.4 Frustration of Closing Conditions. Neither Sellers nor Purchaser may rely on the failure of any condition set forth in Section 10.1, 10.2 or 10.3, as the case may be, if such failure was caused by such Party's failure to comply with any provision of this Agreement.

ARTICLE XI

TAXES

11.1 Transfer Taxes. Sellers shall pay any sales, value added, excise, use, stamp, Canadian GST, documentary stamp, filing, recording, transfer or similar fees or taxes or governmental charges (including any interest and penalty thereon) payable in connection with the transactions contemplated by this Agreement ("Transfer Taxes"), except for any value added taxes payable and reimbursable in Mexico which shall be the responsibility of the Purchaser. Sellers will seek to include in the Sales Order a provision that provides that the transfer of the Purchased Assets shall be free and clear of any stamp or similar taxes under Section 1146(c) of the Bankruptcy Code. To the extent that any Transfer Taxes are required to be paid by Sellers (or such Transfer Taxes are assessed against Sellers or any of their Affiliates), Purchaser shall promptly reimburse Sellers, as applicable, for such Transfer Taxes up to a maximum of $250,000 in the aggregate. Sellers and Purchaser shall cooperate and consult with each other prior to filing any Tax Returns in respect of Transfer Taxes; provided, Sellers shall initially pay any Transfer Taxes (other than the Mexican value added taxes) (for which Purchaser shall promptly reimburse Sellers) and, thereafter, in reliance on Section 1146(c) of the Bankruptcy Code (if applicable) apply for a refund (which refund shall be remitted to the Purchaser to the extent such Transfer Taxes were previously reimbursed by Purchaser). Sellers and Purchaser shall cooperate and

otherwise take commercially reasonable efforts to obtain any available refunds for Transfer Taxes.

11.2 Prorations. All real and personal property Taxes or similar ad valorem obligations levied with respect to the Purchased Assets for any taxable period that includes periods both prior to and on or after Closing, whether imposed or assessed before or after the Closing Date, shall be prorated between Sellers on the one hand and Purchaser on the other hand as of the Closing Date and such prorations shall be subtracted from the cash portion of the Purchase Price if Purchaser is entitled to a credit therefor, or added to the cash portion of the Purchase Price if Sellers are entitled to a credit therefor. Absent manifest error, such proration shall be binding, conclusive and used for purposes of the apportionment provided herein. In the event such proration cannot be agreed to by Purchaser and Sellers, a final determination of such proration shall be referred to the Designated Firm, whose determination shall be binding on the Parties. The fees of the Designated Firm shall be allocated among the Purchaser and Sellers in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Designated Firm that are unsuccessfully disputed by each such party as finally determined by the Designated Firm bears to the total amount of such remaining disputed items.

ARTICLE XII

MISCELLANEOUS

12.1 Expenses. Except as otherwise provided in this Agreement, Sellers and Purchaser shall bear their own expenses, including attorney's fees, incurred in connection with the negotiation and execution of this Agreement and each other agreement, document and instrument contemplated by this Agreement and the consummation of the transactions contemplated hereby and thereby; it being understood that Purchaser as acquiring Party, shall solely be responsible for paying the HSR Act, the Competition Act and the Mexican Competition Law filing fees. Notwithstanding the foregoing, in the event of any action or proceeding to interpret or enforce this Agreement, the prevailing party in such action or proceeding (i.e., the party who, in light of the issues contested or determined in the action or proceeding, was more successful) shall be entitled to have and recover from the non-prevailing party such costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may incur in the pursuit or defense thereof.

12.2 Submission to Jurisdiction; Consent to Service of Process.

(a) 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, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby expressly and irrevocably consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive notices at such locations as indicated in Section 12.6 hereof; provided, however, that if the Bankruptcy Case has closed, the Parties agree to unconditionally and irrevocably submit to the exclusive jurisdiction of any state or federal court located in the State of Michigan and any appellate court from any 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.

(b) Each of the Parties hereby consents to process being served by any Party in any suit, action or proceeding by delivery of a copy thereof in accordance with the provisions of Section 12.6.

12.3 Waiver of Right to Trial by Jury. Each Party to this Agreement waives any right to trial by jury in any action, matter or proceeding regarding this Agreement or any provision hereof.

12.4 Injunctive Relief. Damages at law may be an inadequate remedy for the breach of any of the covenants, promises and 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. The rights set forth in this Section 12.4 shall be in addition to any other rights which a Party may have at law or in equity pursuant to this Agreement.

12.5 Entire Agreement; Amendments and Waivers. This Agreement (including the schedules and exhibits hereto), the Ancillary Agreements, any other documents, agreements or certificates entered into in connection therewith and the Confidentiality Agreement represent the entire understanding and agreement between the Parties with respect to the subject matter hereof. This Agreement can be amended, supplemented or changed, and any provision hereof may be waived, only by written instrument making specific reference to this Agreement signed by the Party against whom enforcement of any such amendment, supplement, modification or waiver is sought. No action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any Party, shall be deemed to constitute a waiver by the Party taking such action of compliance with any representation, warranty, covenant or agreement contained herein. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. No failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. Notwithstanding anything contained in this Agreement to the contrary, terms, conditions, and provisions of this Agreement shall not be binding on the Sellers until the entry of the Bidding Procedures Order; upon the entry of the Bidding Procedures Order, and from the day of the entry of the Bidding Procedures Order and prior to the date of the entry of the Sale Order, the Agreement is binding to the Sellers only to the extent of the terms, conditions, and provisions that are approved in the Bidding Procedures Order.

12.6 Governing Law. This Agreement shall be governed by and construed in accordance with the Bankruptcy Code and to the extent not consistent with the Bankruptcy Code, the internal laws of the State of Michigan applicable to contracts made and performed in such State (without regard to principles of conflicts of laws).

12.7 Notices. All notices and other communications under this Agreement shall be in writing and shall be deemed given (i) when delivered personally by hand (with written confirmation of receipt), (ii) when sent by facsimile (with written confirmation of transmission) or (iii) one Business Day following the day sent by overnight courier (with written confirmation of receipt), in each case at the following addresses and facsimile numbers (or to such other address or facsimile number as a party may have specified by notice given to the other party pursuant to this provision):

If to any Seller, to:

Collins & Aikman Corporation
26553 Evergreen Road, Suite 900
Southfield, Michigan 48076
Attn: General Counsel
Telephone: (248) 824-1762
Facsimile: (248) 824-1882

With a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022
Attn: Richard M. Cieri
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

Kirkland & Ellis LLP
200 East Randolph Drive
Chicago, Illinois 60601
Attn: David L. Eaton
Ray C. Schrock
Telephone: (312) 861-2000
Facsimile: (312) 861-2200

If to Purchaser, to:

International Automotive Components Group North America, Inc.
5300 Auto Club Drive
Dearborn, Michigan 48126
Attn: General Counsel

Telephone: (313) 240-3201
Facsimile: (313) 240-3270

and
WL Ross & Co. LLC
600 Lexington Avenue
New York, New York 10017
Attn: Stephen J. Toy
Telephone: (212) 826-1100
Facsimile: (212) 317-4891

With a copy (which shall not constitute notice) to:

Jones Day
222 East 41st Street
New York, New York 10017
Attn: Robert A. Profusek
Telephone: (212) 326-3939
Facsimile: (212) 755-7306

Jones Day
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Attn: David G. Heiman
Telephone: (216) 586-3939
Facsimile: (216) 579-0212

12.8 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any law or public policy, all other terms or provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable, so that the outcome of any such modifications is an amended provision that comes closest under applicable Law to expressing the intention of the invalid or unenforceable term or provision as of the date hereof, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

12.9 Binding Effect; Assignment.

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as set forth in Section 12.9(c) and as otherwise expressly provided in this Agreement, nothing herein shall create or be

deemed to create any third party beneficiary rights in any Person or entity not a Party to this Agreement. This Agreement shall not be assignable by either party without the prior written consent of the other parties, except that at or prior to the Closing, Purchaser may assign its rights and delegate its duties under this Agreement to one or more Affiliates; provided, that such assignment shall not discharge the obligations of Purchaser hereunder until the Closing Date, after which such obligations shall be the sole responsibility of the assignee of Purchaser.

(b) The Parties acknowledge and agree that, upon the effective date of the Parent's chapter 11 plan, the Post-Consummation Trust referred to in such Plan shall succeed to any and all continuing rights and obligations of the Sellers under this Agreement. Without limiting the foregoing, on and after the effective date of such plan, (i) all payments to be made to the Sellers hereunder shall be made to the Post-Consummation Trust, (ii) all entitlements and remedies available to, and all elections and determinations to be made by and all obligations to be undertaken by, the Sellers shall be available to, made by and undertaken by the Post-Consummation Trust and (iii) the Post-Consummation Trust shall be entitled to enforce all such rights and undertake such obligations in its own name.

(c) The Parties acknowledge and agree that the Prepetition Agent is a third party beneficiary of, and shall be entitled to enforce in its own name, (i) the requirement for delivery of an Equity Agreement in accordance with Section 4.2(r) (it being agreed by the Parties that such requirement shall not be waived by Sellers without the consent of the Prepetition Agent) and (ii) the provisions of Section 8.20.

12.10 Non-Recourse. No past, present or future director, officer, employee, incorporator, member, partner, limited partner or equityholder (other than Parent) of any Seller or Purchaser shall have any liability for any obligations or liabilities of Sellers or Purchaser under this Agreement or the Seller Documents or Purchaser Documents of or for any claim based on, in respect of, or by reason of, the transactions contemplated hereby and thereby.

12.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Agreement and all of which, when taken together, will be deemed to constitute one and the same agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed by their respective officers thereunto duly authorized, as of the date first written above.

PURCHASER:

INTERNATIONAL AUTOMOTIVE
COMPONENTS GROUP NORTH AMERICA, INC.

By:_____
Name:
Title:

SELLERS:

COLLINS & AIKMAN CORPORATION

By:_____
Name:
Title:

UNITED STATES:

COLLINS & AIKMAN PRODUCTS CO.

By:_____
Name:
Title:

JPS AUTOMOTIVE, INC.

By:_____
Name:
Title:

COLLINS & AIKMAN ACCESSORY MATS, INC.

By:_____
Name:
Title:

COLLINS & AIKMAN CARPET & ACOUSTICS (TN), INC.

By:_____
Name:
Title:

CANADA:

COLLINS & AIKMAN CANADA, INC.

By:_____
Name:
Title:

MEXICO:

COLLINS & AIKMAN CARPET AND ACOUSTICS SA de C.V.

By:_____
Name:
Title:

Exhibit A

Exhibit A

Further to Section 8.21 of the Asset Purchase Agreement, among International Automotive Components Group North America, Inc., Collins & Aikman Corporation and certain of its subsidiaries (the "Asset Purchase Agreement"), the parties agree that the Canadian Asset Purchase Agreement shall be consistent with the terms and conditions in the Asset Purchase Agreement in all material respects, except to the extent otherwise required under applicable Canadian Law and except for the following additional terms and conditions:

1. The Canadian Asset Purchase Agreement shall be conditional upon, inter alia, the Canadian Purchased Assets being conveyed to the Purchaser pursuant to orders of the Ontario Court and the Quebec Superior Court in form, substance and upon such notice acceptable to the Purchaser (acting reasonably) vesting the Canadian Purchased Assets in the Purchaser free and clear of all claims and encumbrances.

2. The Canadian Purchased Assets shall consist of all Purchased Assets of the Canadian Subsidiaries. The Canadian Assumed Liabilities shall consist of all Assumed Liabilities of the Canadian Subsidiaries (other than the GAAR Tax Liability, as defined below) and the other liabilities detailed in the Other Canadian Liabilities Schedule dated April 20, 2007.

3. Purchaser shall offer employment to those non-union Employees of the Canadian Business ("**Canadian Non-Unionized Employees**") as Purchaser may determine in its absolute discretion, effective as of the Closing Date, on such terms and conditions of employment as Purchaser may determine in its absolute discretion; provided, however, that with respect to (i) those Canadian Non-Unionized Employees to whom Purchaser does not make any offer of employment, and (ii) those Canadian Non-Unionized Employees to whom Purchaser makes an offer of employment on terms and conditions of employment that are not substantially similar in the aggregate to those currently enjoyed by such Canadian Non-Unionized Employees and such Canadian Non-Unionized Employees do not accept such offers of employment, Purchaser shall indemnify and save the Canadian Subsidiaries harmless from any and all costs (including reasonable legal costs), claims and damages of any kind whatsoever, related to, or arising therefrom. Purchaser shall be entitled to participate in the defence, negotiation and/or settlement of any termination or severance costs arising as aforesaid. Purchaser also acknowledges and agrees that Purchaser shall become the employer of all employees whose terms of employment with the Canadian Subsidiaries are governed by the Canadian Labour Agreements (the "Canadian Unionized Employees") and shall assume and be bound by all obligations thereunder.

   The Canadian Asset Purchase Agreement shall also provide that (i) Purchaser shall assume sponsorship of the Canadian Hourly Plans (as hereinafter defined) as of the Closing Date and at all times thereafter, discharge, satisfy, perform and fulfill in a timely manner and to the complete exoneration of the Canadian Subsidiaries, all of the employer's and administrator's (where applicable) obligations arising under or related to the Canadian Hourly Plans, (ii) Purchaser shall establish non-pension Employee Plans for the Canadian Unionized Employees necessary to satisfy the obligations set out in the

Canadian Labour Agreement covering such Employees, and (iii) Canadian Non-Unionized Employees who become Transferred Employees shall cease to participate in and accrue benefits under the Employees Plans in which such Canadian Non-Unionized Employees participate and shall commence participation in Purchaser Plans. For purposes hereof, the "Canadian Hourly Plans" means, collectively, the "Pension Plan for Hourly Employees of Collins & Aikman at its Ingersoll and Scarborough Plants", the "Pension Plan for Hourly Employees of Collins & Aikman Canada Inc. at its Kitchener Plant" and the "Régime de retraite des Salariés horaires de Collins & Aikman Canada inc. á ses usines de Farnham et Lacolle". With respect to the "Pension Plan for Hourly Employees of Collins & Aikman at its Ingersoll and Scarborough Plants", the Canadian Subsidiaries shall indemnify and save harmless Purchaser for all pension administrative costs, including actuarial and consulting fees, related to the partial wind-up of such pension plan as a result of closure of the Scarborough Plant.

All Canadian Non-Unionized Employees who accept the offers of employment to be made by Purchaser hereunder and all Canadian Unionized Employees of C&A Canada are hereinafter referred to as "Canadian Transferred Employees".

4. The Canadian Subsidiaries shall provide the following information in a schedule to the Canadian Purchase Agreement:

   (a) subject to paragraph 8 hereof (privacy), the names and titles of all Employees together with the location of their employment;

   (b) the date each Employee was hired;

   (c) a list of all written employment contracts with any Employee;

   (d) the rate of annual remuneration or hourly wage rate of each Employee at the date hereof, any bonuses paid since the end of the last completed financial year and all other bonuses, incentive schemes and benefits to which each Employee is entitled;

   (e) the names of all retired employees who are entitled to benefits and the nature of such benefits;

   (f) the names of all non-active Employees, the reason they are non-active, whether they are expected to return to work and if so, when, and the nature of any benefits to which such non-active employees are entitled; and

   (g) particulars of all other material terms and conditions of employment or engagement of the Employees(to the extent not previously disclosed in the Asset Purchase Agreement).

5. The Canadian Asset Purchase Agreement shall require the Canadian Subsidiaries to represent, warrant and covenant that:

   (a) there are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and

insurance/workers' compensation legislation in respect of the Canadian Business and the Canadian Subsidiaries have not been reassessed in any material respect under such legislation during the past three (3) years;

(b) to the knowledge of the Sellers, no audit of the Canadian Business is currently being performed pursuant to any applicable workplace safety and insurance/workers' compensation legislation;

(c) there are no claims or potential clams which may materially adversely affect the Canadian Subsidiaries' accident cost experience in respect of the Canadian Business;

(d) Sellers obtain and provide to the Purchaser purchase or clearance certificates confirming that the workers' compensation accounts of the Canadian Subsidiaries are in good standing;

(e) the Canadian Subsidiaries do not or will not at Closing have any consultants or independent contractors; and

(f) none of the Canadian Employees are entitled to carryover ("bank") vacation days and such employees have taken, or will take, such vacation days, in the ordinary course of business in calendar year 2007.

6. The Canadian Asset Purchase Agreement shall include the following tax representations and warranties:

(a) the Canadian Subsidiaries, as the seller of the Canadian Assets, are not non-residents of Canada for the purposes of the *Income Tax Act* (Canada); and

(b) the Canadian Subsidiaries and the purchaser of Canadian Purchased Assets are registrants for the purposes of: (i) Part IX of the *Excise Tax Act* (Canada) ("ETA") as amended from time to time; and (ii) the Act respecting the *Québec Sales Tax Act.*

7. The Canadian Asset Purchase Agreement shall include a covenant to the effect that the Canadian Subsidiaries and the purchaser of the Canadian Purchased Assets shall, on the Closing Date, elect jointly under subsection 167(1) of the ETA, and under any similar provision of any applicable provincial legislation, in the form prescribed for the purposes of such provisions, in respect of the sale and transfer of the Canadian Purchased Assets, and the purchaser of the Canadian Purchased Assets shall file such election(s) within the time periods prescribed under such legislation.

8. The Canadian Purchase Agreement shall include a covenant to the effect that the Canadian Subsidiaries and the Purchaser shall comply with applicable Canadian privacy Laws.

9. The Canadian Asset Purchase Agreement shall be governed by the laws of Ontario and the federal laws of Canada applicable therein except as otherwise agreed to by the Canadian Subsidiaries and the Purchaser.

10. "GAAR Tax Liability" means claims by Her Majesty in Right of Canada for taxes, interest and penalties arising out of Notices of Assessment issued by the Canada Revenue Agency ("CRA") in 2000 against Collins& Aikman Holdings Canada Inc, Collins& Aikman Canada Inc and Collins& Aikman Products Co with respect to the Canadian Subsidiaries' 1994 and 1995 taxation years, such Notices of Assessment being issued under Section 245 of the Income Tax Act (Canada), such Section being commonly referred to as the general anti-avoidance rule ("GAAR"), as such claims are more fully described in the Notices of Appeal filed by the taxpayers in the Tax Court of Canada in March 2006 as Court File # 2006-722 (IT) (G), 2006-723 (IT) (G) and 2006-724 (IT) (G).

Exhibit B

Exhibit B

Further to Section 8.21 of the Asset Purchase Agreement, among International Automotive Components Group North America, Inc., Collins & Aikman Corporation and certain of its subsidiaries (the "Asset Purchase Agreement"), the parties agree that the Mexican Asset Purchase Agreement shall include the following terms and conditions (defined terms used in the Asset Purchase Agreement shall have the same meanings when used herein).

1. Definitions.

   (a) "C&A Mexico" means Collins & Aikman Carpet and Acoustics, S.A. de C.V.

   (b) "C&A Servicios" means Collins & Aikman Servicios, S.A. de C.V.

2. The Mexican Asset Purchase Agreement shall be drafted to be consistent with the Asset Purchase Agreement, save and except to the extent there are unique requirements or circumstances relating to Mexican Laws, the Mexican Purchased Assets, the Mexican Assumed Liabilities or other matters relating to the Business as conducted by the Mexican Subsidiaries ("**Mexican Business**"); such Agreement shall be governed by Mexican Law, unless the Parties to the Asset Purchase Agreement otherwise agree.

3. For purposes of the Mexican Subsidiaries, Environmental Laws (as such term is defined in the Asset Purchase Agreement) shall mean all Mexican federal, state, and municipal regulations, laws, Mexican official norms, and other provisions having the force or effect of Law in Mexico, in connection with environmental matters.

4. The Mexican Purchased Assets shall consist of all assets of the Mexican Subsidiaries related to the Mexican Business, including all Mexican Contracts, excluding any and all Accounts Receivable (for avoidance of doubt, Accounts Receivable shall include Intercompany Receivables). The Mexican Assumed Liabilities shall consist of all ordinary course liabilities of the Mexican Subsidiaries (other than any Intercompany Payables).

   The consideration (the "Purchase Price") payable by Purchaser to the Mexican Subsidiaries for the Mexican Purchased Assets is equal to the sum of the Asset Price (defined below) and the applicable VAT Amount (defined below). The total purchase price for the Mexican Purchased Assets (the "Asset Price") will be shown on an exhibit of the Mexican Asset Purchase Agreement and

will be allocated among the following subcategories of the Mexican Purchased Assets: (1) Mexican Purchased Assets owned by C&A Servicios; (2) Mexican Assets currently imported under a temporary import program authorized by the Mexican Department of Economy (the "Mexican Assets Imported Temporarily"), owned by C&A Mexico; and (3) the remainder of Mexican Purchased Assets owned by C&A Mexico. An exhibit of the Mexican Asset Purchase Agreement will show the value added tax applicable to the sale of the Mexican Purchased Assets, except for Mexican Assets Imported Temporarily (the "VAT Amount").

5. Any time prior to the Closing, Purchaser or its Mexican subsidiary that will own and/or use the Mexican Assets Imported Temporarily shall (i) have its own and activated IMMEX Program authorized by the Mexican Department of the Economy; (ii) have a customer broker listed before the Mexican customs authorities; (iii) be listed in the customs system of the Mexican customs authorities; (iv) be listed in both the General Importers Registry and Industry Specific Importers Registry; and (v) there shall be no action or threatened action by and Governmental Body to suspend, cancel or revoke its IMMEX Program or any other import/export license. C&A Mexico and Purchaser or its corresponding Mexican subsidiary agree that following the Closing Date, they will take all reasonable steps to complete the virtual transfer of the Mexican Assets Imported Temporarily from C&A Mexico's IMMEX Program to Purchaser or its corresponding Mexican subsidiary IMMEX Program, including the submission to Mexican customs, the Mexican Treasury Department and the Mexican Department of the Economy all such documents, customs declarations, import and export documents (*pedimentos*), manifests, invoices, notices and other material necessary to effect such transfer.

6. Effective as of the Closing Date, Purchaser or its Mexican subsidiary will become the employer of all Mexican Employees employed by C&A Servicios by carrying out an "employer substitution" as provided for in the Mexican Federal Labor Law and Social Security Law pursuant to the execution of Employer Substitution Agreements, whereby the Purchaser or its Mexican subsidiary will maintain the labor conditions and recognize the seniority of all the Mexican Employees and agrees to pay them after the Closing Date upon the same basis as the salaries, fringe benefits and any other compensation, which they are receiving at the Closing Date.

7. On or before the Closing Date, Mexican Subsidiaries shall deliver to Purchaser the following documents: (a) evidence of ownership by lessor of the Mexican Leased Real Property described in Schedule 2.1(c); and (b) written consent from lessor of such Mexican Leased Real Property, authorizing assignment of the relevant lease agreements to Purchaser or any company appointed by Purchaser for such effects.

8. On the Closing Date, Mexican Subsidiaries will deliver to Purchaser or its Mexican subsidiary the following documents: (a) formal invoices issued by Mexican Subsidiaries as owner of the Mexican Purchased Assets in accordance with applicable Mexican tax legislation; (b) assignment agreements of the Mexican Leased Real Property agreements signed by the Mexican Subsidiaries and lessor under the relevant lease agreements (the "Assignment Agreements"); and (c) Employer Substitution Agreements signed by the Mexican Subsidiaries.

9. On the Closing Date, Purchaser or its Mexican subsidiary will deliver to Mexican Subsidiaries the following documents: (a) Assignment Agreements signed by Purchaser or its relevant Mexican subsidiary; and (b) Employer Substitution Agreements signed by Purchaser or the corresponding Mexican subsidiary.