
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED): JUNE 13, 2003

OXFORD INDUSTRIES, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

GEORGIA	001-04365	58-0831862
(STATE OR OTHER JURISDICTION OF INCORPORATION)	(COMMISSION FILE NO.)	(IRS EMPLOYER IDENTIFICATION NUMBER)

222 PIEDMONT AVENUE NE, ATLANTA GEORGIA 30308
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

(404) 659-2424
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NONE
(FORMER NAME OR FORMER ADDRESS, IF CHANGED SINCE LAST REPORT.)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS.

On June 13, 2003, Oxford Industries, Inc. ("Oxford") completed the previously announced acquisition of all of the outstanding capital stock of Viewpoint International, Inc. ("Viewpoint"), pursuant to a stock purchase agreement, dated as of April 26, 2003.

Oxford purchased Viewpoint for \$240 million in cash and \$10 million of Oxford common stock. In addition, Oxford entered into an earnout agreement with the selling stockholders of Viewpoint, pursuant to which the selling stockholders will be entitled to earn up to an additional \$75 million, in the aggregate, over the four years following the closing date of the acquisition based on Viewpoint's achievement of certain performance targets. Oxford financed the cash portion of the purchase price with the net proceeds of its previously announced and closed offering of \$200 million aggregate principal amount of senior notes due 2011, borrowings under its new senior secured revolving credit facility (described below) and cash on hand.

Simultaneously with the closing of the acquisition, Oxford entered into a new \$275 million senior secured credit facility with SunTrust Robinson Humphrey Capital Markets, a division of SunTrust Capital Markets, Inc., and Merrill Lynch Capital, a division of Merrill Lynch Business Financial Services, Inc., as joint lead arrangers, SunTrust Bank as sole administrative agent, Merrill Lynch Capital as sole syndication agent, SunTrust Bank and Merrill Lynch Capital as lenders, and other lenders named in the new senior secured revolving credit facility. The new senior secured revolving credit facility has a five year term and bears interest, at Oxford's option, at rates determined from time to time based upon (1) the higher of the federal funds rate or the applicable prime rate plus a spread or (2) LIBOR plus a spread. Borrowings under the new senior secured revolving credit facility are subject to a borrowing base calculation based on Oxford's inventories, real property and accounts receivable.

Oxford also entered into a registration rights agreement, dated as of June 13, 2003, with the selling stockholders of Viewpoint, pursuant to which Oxford has agreed to register for resale, on one or more shelf registration statements, the shares of Oxford common stock issued to the selling stockholders pursuant to the stock purchase agreement and the shares of Oxford common stock that may be issued to the selling stockholders from time to time pursuant to the earnout agreement.

At the time of the acquisition there were no material relationships between Oxford, or any of its affiliates, any directors or officers, or any associate of such director or officer, on the one hand, and Viewpoint or the selling stockholders of Viewpoint, on the other hand.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS.

(a) Financial statements of business acquired

INDEPENDENT AUDITOR'S REPORT

To the Shareholders
Viewpoint International, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of Viewpoint International, Inc. and Subsidiaries as of March 31, 2002 and 2001, and the related consolidated statements of income, shareholders' equity (deficiency) and cash flows for each of the three years in the period ended March 31, 2002. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Viewpoint International, Inc. and Subsidiaries as of March 31, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

/s/ Mahoney Cohen & Company, CPA, P.C.

New York, New York
June 6, 2002

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
MARCH 31, 2002 AND 2001

2002	2001	-----	-----	(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
ASSETS (NOTES 7 AND 9) Current assets:				
Cash and cash				
equivalents.....				\$ 2,620 \$
6,093 Cash equivalent -- restricted (Note				
9).....	8,197	15,114	Due from factor (Note	
4).....			40,605	38,527
Accounts receivable, net of allowance for doubtful				
accounts of approximately \$45 in 2002 and \$59 in 2001...				
3,053	6,973	Royalties receivable -- Paradise Shoe Company		
		LLC (Note		
6).....				722 373
Inventories.....				
	24,671	22,378	Prepaid income	
taxes.....			1,835 --	
			Deferred income taxes (Note	
12).....	353	1,986	Prepaid expenses	
and other current assets.....			5,512	6,235 ---
			-----	-----
			Total current	
assets.....			87,568	97,679
Property and equipment, net (Note				
5).....	18,388	16,095	Other assets:	
			Goodwill,	
net.....			5,537	
			5,537	Deferred financing costs,
net.....			857	1,071
			Royalties	
			receivable -- Paradise Shoe Company LLC (Note	
6).....				
	187	211	Investment in Paradise Shoe Company LLC (Note	
6).....			496	536
			Deferred income taxes (Note	
12).....			1,855	986
			Marketable	
			securities (Note 11).....	617 --
			Security deposits and other	
assets.....			595	339
			-----	-----
			Total other assets.....	
10,144	8,680	-----	\$116,100	\$122,454
=====			LIABILITIES AND DEFICIENCY	Current liabilities:
Accounts payable (Notes 3 and				
13).....			\$ 19,355	\$ 16,742
			Notes and	
			bankers acceptances payable (Note 7).....	23,262
			29,926	Long-term debt -- current portion (Note
			8).....	7,500 7,580
			Income taxes	
payable.....			38	11,193
			Loans payable -- shareholders (Notes 9 and	
10).....	10,103	16,579	Accrued expenses and other	
current liabilities (Note 9)...	10,098	10,357	-----	--
			-----	-----
			Total current	
liabilities.....			70,356	92,377
Long-			term debt (Note 8).....	
			21,875	29,375
			Deferred rent (Note	
13).....			1,086	629
			Deferred compensation (Note	
11).....			617 --	Subordinated
			notes payable -- shareholders (Note 9).....	25,448
			24,572	Minority interests in
			subsidiaries.....	137 224
Commitments and contingencies (Notes 9, 11 and 13)				
Deficiency: Class A Voting Common Stock -- \$.0001 par				
value: Authorized -- 40,000,000 shares Issued --				
29,325,000	shares.....		3	3
Class				
B Non-Voting Common Stock -- \$.0001 par value: Authorized				
-- 675,000	shares Issued --		675,000	
shares.....			--	--
Class C				
Voting Common Stock -- \$.0001 par value: Authorized --				
6,200,000	shares Issued and outstanding --		5,948,067	
shares.....			1	1
Additional paid-in				
capital.....			29,714	29,714
Retained earnings and members'				
interests.....			67,064	43,146
			-----	-----
--	96,782	72,864	Less: Treasury stock, at cost (Note	
10).....			100,201	97,587
			-----	-----
			Total deficiency.....	
(3,419)	(24,723)	-----	\$116,100	\$122,454
			=====	=====

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000

2002	2001	2000	

- (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) Net sales: Wholesale (Note 3)..... \$ 189,879 \$ 189,657 \$ 106,755 Retail and restaurant..... 95,074 64,809 40,844 -----			
Total net sales.....			
284,953	254,466	147,599	Cost of goods sold (Note 3)..... 138,503 134,789 79,354 -----
Gross profit.....			
146,450	119,677	68,245	Licensing income (Note 6)..... 2,434 1,234 536 --- -----
148,884 120,911 68,781 Operating expenses: Retail and restaurant..... 43,037 30,536 17,620 Selling and shipping..... 25,989 22,121 16,979 General and administrative..... 34,883 26,440 12,843 -----			
Total operating expenses.....			
103,909	79,097	47,442	-----
----- Operating income..... 44,975 41,814 21,339 Other expense (income): Interest expense, net of interest income of approximately \$563 in 2002, \$524 in 2001 and \$123 in 2000 (Note 9)..... 7,517 2,725 1,535 Equity in loss (income) of Paradise Shoe Company LLC (Note 6)..... 291 (80) (111) Other income (Note 11)..... (14) (32) (5) --- -----			
Net other expense..... 7,794 2,613 1,419 -----			
Income before provision for income taxes and minority interests in net loss (income) of subsidiaries..... 37,181 39,201 19,920 Provision for income taxes (Note 12)..... 13,350 14,665 6,553 -----			
Income before minority interests in net loss (income) of subsidiaries.....			
23,831	24,536	13,367	Minority interests in net loss (income) of subsidiaries.....
87	(512)	(893)	-----
Net income.....			
\$ 23,918	\$ 24,024	\$ 12,474	=====
===== Net income per common share -- basic..... \$ 1.41 \$.85 \$.42			
===== Net income per common share -- diluted..... \$ 1.40 \$.85 \$.42 =====			
Weighted-average common shares outstanding -- basic.... 16,994,476 28,218,421 30,000,000			
===== Weighted-average common shares outstanding --diluted... 17,096,505 28,232,398 30,000,000 =====			
=====			

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000

COMMON STOCK -----

-- CLASS A CLASS B CLASS C

ADDITIONAL -----

PAID-IN SHARES AMOUNT SHARES AMOUNT
SHARES AMOUNT CAPITAL -----

- (\$ IN THOUSANDS,
EXCEPT PER SHARE AMOUNTS) Balance,
April 1, 1999.....
29,325,000 \$ 3 675,000 \$ -- -- \$ --
\$ 1,885 Net

income.....

-- Balance, March 31,
2000..... 29,325,000 3
675,000 -- -- 1,885 Issuance of
5,948,067 shares of Class C Common
Stock on February 9, 2001 for cash
(at \$5.15 per share), net of
related fees and expenses of
approximately

\$3,320.....
5,948,067 1 27,304 Repurchase of
18,278,591 shares of Class A Common
Stock on February 9, 2001 for cash
of \$79,112 and issuance of
subordinated notes of \$15,000
(total at \$5.15 per

share).....

-- -- -- -- -- Repurchase of
675,000 shares of Class B Common
Stock on February 9, 2001 for cash
(at \$5.15 per share).....
-- -- -- -- -- To allocate proceeds
of subordinated notes payable to
detachable warrants to purchase
102,222 shares of Class C Common
Stock.....

-- -- -- -- 525 Net

income.....

-- Balance, March 31,
2001..... 29,325,000 3
675,000 -- 5,948,067 1 29,714
Adjustment to treasury stock
purchase price (Note

10).....

-- -- -- -- Net

income.....

-- Balance, March 31,
2002..... 29,325,000 \$ 3
675,000 \$ -- 5,948,067 \$ 1 \$29,714

=====

=====

=====

RETAINED EARNINGS AND TREASURY

STOCK MEMBERS' -----

----- INTERESTS SHARES

AMOUNT TOTAL -----

- (\$ IN THOUSANDS,
EXCEPT PER SHARE AMOUNTS) Balance,
April 1, 1999..... \$
6,648 -- \$ -- \$ 8,536 Net

income.....

12,474 -- -- 12,474 -----

----- Balance,

March 31, 2000.....
19,122 -- -- 21,010 Issuance of
5,948,067 shares of Class C Common
Stock on February 9, 2001 for cash
(at \$5.15 per share), net of
related fees and expenses of
approximately

\$3,320.....

27,305 Repurchase of 18,278,591
shares of Class A Common Stock on
February 9, 2001 for cash of

\$79,112 and issuance of
 subordinated notes of \$15,000
 (total at \$5.15 per
 share).....
 -- 18,278,591 (94,112) (94,112)
 Repurchase of 675,000 shares of
 Class B Common Stock on February 9,
 2001 for cash (at \$5.15 per
 share)..... -- 675,000 (3,475)
 (3,475) To allocate proceeds of
 subordinated notes payable to
 detachable warrants to purchase
 102,222 shares of Class C Common
 Stock..... -- --
 525 Net
 income.....
 24,024 -- -- 24,024 -----
 ----- Balance,
 March 31, 2001.....
 43,146 18,953,591 (97,587) (24,723)
 Adjustment to treasury stock
 purchase price (Note
 10)..... -- --
 (2,614) (2,614) Net
 income.....
 23,918 -- -- 23,918 -----
 ----- Balance,
 March 31, 2002.....
 \$67,064 18,953,591 \$(100,201) \$
 (3,419) =====
 =====

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000

	2002	2001	2000	
				(\$ IN THOUSANDS)
Cash flows from operating activities: Net income.....	\$ 23,918	\$ 24,024	\$ 12,474	
Adjustments to reconcile net income to net cash provided by operating activities: Provision for doubtful accounts.....	(14)	59	--	
Depreciation and amortization.....	3,841	2,739		
Interest amortization of discount on notes payable and deferred financing costs.....	329	36	--	
Accrued interest on subordinated notes payable -- shareholders.....	761	97	--	
Deferred income taxes.....	764	(2,557)		
Deferred rent.....			456	
Equity in loss (income) of Paradise Shoe Company LLC... 291 (80) (111) Gains on marketable securities.....	(14)	--	--	
Minority interests in net income (loss) of subsidiaries.....	(87)	512	893	
Change in assets and liabilities: Due from factor.....	(2,078)	(5,089)	(17,490)	
Accounts receivable.....			3,934	
Royalties receivable -- Paradise Shoe Company LLC....	(325)	(210)	(373)	
Inventories.....	(2,293)	(5,157)	(8,293)	
Due from vendor.....	--	8,338	--	
Prepaid income taxes.....	(1,835)	--	--	
Prepaid expenses and other current assets.....	722	(5,186)	729	
Security deposits and other assets.....	(272)	(45)	49	
Accounts payable.....	3,175			
Income taxes payable.....	4,277	4,731		
Accrued expenses and other current liabilities.....	(261)	4,510	3,869	
Deferred compensation.....	617	--	--	
Net cash provided by operating activities.....	20,475	23,142	719	
Cash flows from investing activities: Purchase of minority interest.....	--	(7,449)	--	
Purchases of property and equipment.....	(6,118)	(9,517)		
Investment in Paradise Shoe Company LLC.....	(250)	--	(250)	
Purchase of marketable securities.....	--	--	(608)	
Sales of marketable securities.....	5	--	--	
Net cash used in investing activities.....	(6,971)	(16,966)	(2,964)	
Totals carried forward.....	\$ 13,504	\$ 6,176	\$ (2,245)	

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONCLUDED)
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000

2002	2001	2000	
			(\$ IN THOUSANDS)
			Totals brought
forward.....			\$ 13,504 \$
6,176	\$(2,245)		Cash flows from financing activities:
			Purchase of restricted cash
equivalent.....			-- (15,000) -- Proceeds
from restricted cash equivalent.....			6,917 -
			- -- Payment of deferred financing
costs.....			-- (1,107) -- Increase
(decrease) in cash overdraft.....			(560)
(2,079)	1,710		Proceeds from (repayments of) notes and
			acceptances payable,
net.....			(6,664)
	8,120	7,834	Proceeds from long-term
debt.....			-- 37,500 273
			Repayments of long-term
debt.....			(7,580) (1,894) (733)
			Repayment of loan payable --
member.....			-- (175) -- Proceeds from
(repayments of) loans payable -- shareholders,			
net.....			(9,090) 12,648 185
			Proceeds from subordinated notes payable --
shareholders.....			-- 10,000 --
			Issuance of common
stock.....			-- 27,305 --
			Purchase of treasury
stock.....			-- (82,587) -- ----
			----- Net cash provided by (used in)
			financing
activities.....			(16,977)
(7,269)	9,269		----- Net increase
(decrease) in cash and cash equivalents.....			(3,473)
(1,093)	7,024		Cash and cash equivalents, beginning of
year.....			6,093 7,186 162 ----- --
			----- Cash and cash equivalents, end of
year.....			\$ 2,620 \$ 6,093 \$ 7,186
=====	=====	=====	SUPPLEMENTAL DISCLOSURES OF
			CASH FLOW INFORMATION Cash paid during the year for:
Interest.....			\$ 6,282 \$ 2,434 \$ 1,393 Income
taxes.....			\$
			25,557 \$ 13,983 \$ 4,308

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

In connection with an adjustment to the purchase price of treasury stock during the year ended March 31, 2002, the Company issued loans payable to shareholders totalling \$2,615.

In connection with the purchase of treasury stock during the year ended March 31, 2001, the Company issued subordinated notes payable to several shareholders totalling \$15,000.

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

NOTE 1 -- NATURE OF BUSINESS

Viewpoint International, Inc. (the "Company") is an importer of men's and women's sportswear sold primarily to retail stores in the United States. Its wholly-owned subsidiaries, Tommy Bahama R&R Holdings, Inc. and Tommy Bahama R&R Holdings II, Inc. (collectively "Tommy Bahama Retail"), operate, through their wholly-owned subsidiaries, retail restaurants and clothing stores that sell products by and promote the "Tommy Bahama" brand name in the United States. The Company's majority-owned subsidiary, Paradise Neckwear Co. LLC is a manufacturer of men's neckwear sold primarily to retail stores in the United States.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of the Company, Tommy Bahama R&R Holdings, Inc. and its twenty-three wholly-owned subsidiaries, Tommy Bahama R&R Holdings II, Inc. and its four wholly-owned subsidiaries and Paradise Neckwear Co. LLC (hereinafter referred to collectively as the "Companies"). All significant intercompany transactions and balances have been eliminated in consolidation. Effective March 31, 2002, Tommy Bahama R&R Holdings II, Inc. was merged with and into Tommy Bahama R&R Holdings, Inc.

NOTE 2 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

The Companies consider cash on hand, deposits in banks and short-term investments, with maturities of three months or less when purchased, as cash and cash equivalents.

INVENTORIES

Substantially all inventories are finished goods and are stated at the lower of cost (first-in, first-out method) or market. At March 31, 2002 and 2001, inventory in-transit was approximately \$3,207 and \$3,805, respectively.

PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost. Expenditures for major additions and betterments are capitalized. Maintenance and repairs are charged to operations as incurred. Depreciation of property and equipment is computed by both the straight-line and accelerated methods over the assets' estimated lives ranging from three to seven years. Leasehold improvements are amortized over the lesser of the lease terms or the assets' useful lives. Upon sale or retirement of equipment, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in operations.

GOODWILL

Goodwill represents the aggregate excess of the acquired cost of the minority interest in two retail stores over the fair value of their net assets on the date of acquisition. Commencing April 1, 2001, with the Company's adoption of SFAS No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), goodwill is no longer amortized and the Company is required to complete a test for impairment of goodwill annually, as well as a transitional goodwill impairment test within six months from the date of adoption. The Company has concluded its testing, on an individual store basis, as required by SFAS 142. The results of these tests did not indicate any impairment of the Company's recorded goodwill. SFAS 142 also requires disclosure of what net income would have been in all periods presented had SFAS 142 been in

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

effect. The following table is provided to disclose what net income would have been had SFAS 142 been adopted in prior periods.

FOR THE YEAR ENDED MARCH 31, -----				
----- 2002 2001 2000 -----				
				Reported net
income.....	\$23,918			
	\$24,024	\$12,474		Add back: Goodwill
amortization.....	-- 205 --			
				Adjusted net
income.....	\$23,918			
	\$24,229	\$12,474		===== Net
				income per common share -- basic, as
reported.....				
\$ 1.41 \$.85 \$.42				===== Net
				income per common share -- diluted, as
reported.....				
\$ 1.40 \$.85 \$.42				===== Adjusted net income per common share --
				basic..... \$ 1.41 \$.86 \$.42
				===== Adjusted net income per common share --
diluted... \$ 1.40 \$.86 \$.42				===== =====

DEFERRED FINANCING COSTS

Costs incurred in the issuance of the subordinated notes payable -- shareholders, principally professional fees, are amortized by the straight-line method over the term of the notes (see Note 9).

SFAS No. 141, "Business Combinations" ("SFAS 141"), specifies certain criteria for identifying, valuing and recording intangible assets separate from goodwill. SFAS 142 also prescribes the disclosure requirements for intangible assets that meet these criteria. The following schedule details the Company's deferred financing costs, which are included in the accompanying balance sheets at March 31:

2002 2001 -----				Deferred financing
costs.....				
	\$1,107	\$1,107		Less: Accumulated
amortization.....	250			
	36			----- Net carrying
amount.....				
	\$ 857	\$1,071		===== =====

Amortization expense for the years ended March 31, 2002 and 2001 was approximately \$214 and \$36, respectively.

The future amortization expense for each of the four succeeding years relating to the deferred financing costs currently recorded on the balance sheet is estimated to be the following:

	YEAR ENDING MARCH 31, - -----
2003.....	\$214
2004.....	\$214
2005.....	\$214
2006.....	\$214

REVENUE RECOGNITION

Net sales from wholesale products are recognized upon transfer of title and risk of ownership to customers. Net sales from retail and restaurant sales are recognized when payment is tendered at the point

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

of sale. Revenue is recorded net of discounts, as well as provisions for estimated returns, allowances and doubtful accounts. Licensing revenue is recognized as earned.

INCOME TAXES

The Company and Tommy Bahama Retail file consolidated income tax returns.

The wholly-owned subsidiaries of Tommy Bahama Retail are all either limited liability companies or limited partnerships (collectively referred to as the "LLCs"). Limited liability companies and limited partnerships are not tax paying entities at the corporate level. Each member/partner is individually responsible for their share of the Companies' income or loss for income tax reporting purposes. Tommy Bahama Retail includes its respective share of the income and losses of the LLCs in its income tax returns.

SHIPPING AND HANDLING COSTS

The Company includes shipping and handling costs in selling and shipping expense. Shipping and handling costs for the years ended March 31, 2002, 2001 and 2000 amounted to approximately \$3,619, \$3,237 and \$2,326, respectively.

ADVERTISING EXPENSES

Advertising expenses are charged to operations in the period in which they are incurred. Advertising expenses for the years ended March 31, 2002, 2001 and 2000 were approximately \$2,084, \$2,023 and \$731, respectively.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company estimates the carrying value of its financial instruments approximates the fair value at the balance sheet date except for its \$25,000 of subordinated notes payable -- shareholders (see Note 9). The estimated fair value of these notes are approximately \$28,000 at March 31, 2002 based upon management's best estimate of interest rates that would be available to the Company for similar debt obligations.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

NET INCOME PER SHARE

In accordance with SFAS No. 128, "Earnings Per Share," basic and diluted income per common share has been computed using the weighted-average number of shares of common stock outstanding during the period. Potentially dilutive securities outstanding at March 31, 2002 and 2001 which convert to common share equivalents consist of common stock warrants to purchase 102,222 shares of the Company's Class C Common Stock.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the entity either settles the obligation for the amount recorded or incurs a gain or loss. SFAS 143 is effective for fiscal years beginning after June 15, 2002. Management believes that the adoption of this statement will not have a material effect on the Company's future results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of," ("SFAS 121") and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business." The FASB issued SFAS 144 to establish a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale. SFAS 144 broadens the presentation of discontinued operations in the income statement to include a component of an entity (rather than a segment of a business). A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. SFAS 144 also requires that discontinued operations be measured at the lower of the carrying amount or fair value less cost to sell. SFAS 144 is effective for fiscal years beginning after December 15, 2001 and should be applied prospectively. Management is evaluating the effect of this statement on the Company's results of operations and financial position.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44 and 64, Amendment of FASB Statement No. 13 and Technical Corrections" ("SFAS 145"), which clarifies the criteria under which extinguishment of debt can be considered as extraordinary and rescinds the related SFAS Nos. 4 and 64 in addition to SFAS 44 and also makes technical corrections to other Statements of Financial Accounting Standards. The Company adopted SFAS 145 effective with the year ending March 31, 2002. The adoption of this statement had no immediate impact on the Company.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), which is effective for exit or disposal activities that are initiated after December 31, 2002, with earlier application encouraged. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of SFAS 146 are to be applied prospectively from the date of adoption. The Company has not yet assessed any potential impact the issuance of this standard may have on its financial position or future results of operations.

NOTE 3 -- CONCENTRATIONS OF RISK

CASH AND CASH EQUIVALENTS

The Companies are subject to a concentration of credit risk with respect to their cash and cash equivalents in excess of federally insured amounts.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

ACCOUNTS RECEIVABLE

The concentration of credit risk in the Company's accounts receivable is mitigated by the sale of a substantial portion of its accounts receivable to a commercial factor. The remaining accounts receivable are subject to the Company's credit evaluation process, reasonably short collection terms and the geographical dispersion of revenue. Credit losses have been within management's expectations.

MAJOR CUSTOMERS

During the year ended March 31, 2002, two customers accounted for approximately 13% and 10%, respectively, of the Company's sales. During the year ended March 31, 2001, one customer accounted for approximately 13% of the Company's sales.

MAJOR SUPPLIERS

During the years ended March 31, 2002, 2001 and 2000, 42%, 48% and 53%, respectively, of purchases were from two suppliers. At March 31, 2002 and 2001, the amounts due to these suppliers were approximately \$4,932 and \$6,152, respectively, and are included in accounts payable. Management believes that other suppliers could provide the materials on comparable terms.

NOTE 4 -- DUE FROM FACTOR

The Company sells a substantial portion of its trade receivables to a commercial factor, without recourse, up to maximum credit limits established by the factor for each individual account. Receivables sold in excess of these limitations are subject to recourse in the event of non-payment by the customer. At March 31, 2002 and 2001, receivables subject to recourse were approximately \$8,081 and \$5,277, respectively. Under a tri-party agreement with the bank (see Note 7) all factor proceeds are assigned to the bank.

NOTE 5 -- PROPERTY AND EQUIPMENT

At March 31, property and equipment consists of:

2002	2001	-----	-----	Office machinery and
equipment.....				\$ 771 \$ 643
			Furniture and	
fixtures.....				
		6,743	5,401	Computer
equipment.....				
		2,767	1,782	Leasehold
improvements.....				
		16,470	12,537	Kitchen
equipment.....				
		1,547	1,489	Construction in
progress.....				67 395
-----	-----	28,365	22,247	Less: Accumulated
depreciation and amortization.....				9,977
6,152	-----	\$18,388	\$16,095	=====
		=====		

NOTE 6 -- INVESTMENT IN PARADISE SHOE COMPANY LLC

The Company has a 50% interest in Paradise Shoe Company LLC ("Paradise") which is accounted for under the equity method. Under this method, the Company's investment is adjusted for its

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

proportionate share of Paradise's undistributed earnings or losses. The Company also has a royalty agreement with Paradise based on a percentage of net sales. Royalties are payable 50% at the end of each quarter with the balance due eighteen months later. During the years ended March 31, 2002, 2001 and 2000, the Company charged Paradise royalties of approximately \$519, \$549 and \$373, respectively.

NOTE 7 -- NOTES AND BANKERS ACCEPTANCES PAYABLE

The Company has a financing agreement providing for a term loan (see Note 8) and a revolving line of credit. The agreement is renewable on an annual basis through March 31, 2006 provided that on each renewal date the Company is in compliance with the terms of the agreement. The revolving line of credit is subject to the following sublimits:

JUNE- NOVEMBER- OCTOBER MAY	-----	-----	Maximum
amount available under the revolving line of credit	.....	.....	.....
\$40,000	\$52,500	Maximum amount of bankers acceptances	\$35,000 \$45,000
		Maximum amount of cash advances	\$15,000 \$20,000

Borrowings are based on eligible factored accounts receivable and inventory, as defined, and bear interest at the 4-month LIBOR rate plus 2.75%, which on a weighted-average annual basis, amounted to 4.88% and 6.4% as of and for the year ended March 31, 2002, respectively. The agreement includes various covenants, as defined. The Company was in compliance with these covenants as of March 31, 2002. The Company has pledged substantially all of its assets as collateral and the debt is guaranteed by Tommy Bahama Retail and its wholly-owned subsidiaries.

NOTE 8 -- LONG-TERM DEBT

At March 31, long-term debt consists of:

2002	2001	-----	-----	Term loan payable (see Note 7) in monthly installments of \$625 through February 2006; plus interest at the 3-month LIBOR rate plus 3% (4.89% at March 31, 2002)
		.....	.....	\$29,375 \$36,875
				Loans payable in monthly installments of \$8, including interest at 5.6%
--	80	-----	-----	29,375 36,955
				Less: Current portion
7,500	7,580	-----	-----	\$21,875 \$29,375
		=====	=====	

At March 31, 2002, maturities of long-term debt are as follows:

YEAR ENDING MARCH 31, -	-----
2003	.....
	\$ 7,500
2004	.....
	7,500
2005	.....
	7,500
2006	.....
	6,875 ----- \$29,375 =====

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

NOTE 9 -- RELATED PARTY TRANSACTIONS

LOANS PAYABLE -- SHAREHOLDERS

During the year ended March 31, 2001, the Company borrowed \$15,000 from four shareholders to purchase a certificate of deposit, which is pledged as collateral on the Company's credit facility. The deposit, which is in an automatically renewed 7-day certificate of deposit, earns interest at 2.39% at March 31, 2002. The shareholders are entitled to interest earned and, accordingly, interest expense charged to operations for the years ended March 31, 2002 and 2001 was approximately \$378 and \$114, respectively. In June 2001, the Company repaid three of the shareholders \$7,170 plus accrued interest of approximately \$126. At March 31, 2002 and 2001, loans payable -- shareholders includes approximately \$367 and \$114, respectively, of accrued interest.

Additionally, included in loans payable -- shareholders at March 31, 2002 and 2001 is approximately \$515 and \$1,465, respectively, of a loan payable to a shareholder, which bears interest at the rate of 6% per annum and is due on demand. Included in the total is approximately \$515 and \$465 of accrued interest at March 31, 2002 and 2001, respectively. Interest expense charged to operations for the years ended March 31, 2002, 2001 and 2000 was approximately \$50, \$148 and \$210, respectively.

SUBORDINATED NOTES PAYABLE -- SHAREHOLDERS

At March 31, 2002 and 2001, the Company has notes payable to several shareholders, which bear interest at 16% (effective rate of 17.05%), are due on March 31, 2006 and are subordinated to the Company's credit facility. Interest is payable quarterly at the rate of 13% and the remaining 3% accrues and is paid upon maturity. Interest expense charged to operations for the years ended March 31, 2002 and 2001 in connection with these notes was approximately \$4,176 and \$515, respectively. Included in accrued expenses and other current liabilities at March 31, 2002 and 2001 is approximately \$824 and \$418, respectively, of accrued interest. The notes include various covenants and restrictions, as defined. The Company has pledged substantially all of its assets as collateral and the debt is guaranteed by Tommy Bahama Retail and its wholly-owned subsidiaries.

At March 31, subordinated notes payable -- shareholders is comprised of the following:

	2002	2001	-----	-----	Face
value.....					.....
	\$25,000	\$25,000			Unamortized
discount.....					(410)
			(525)		Accrued
interest.....					.....
	858	97	-----	-----	\$25,448 \$24,572 =====
			=====		

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

EMPLOYMENT CONTRACTS

The Company has entered into employment contracts with three shareholders and a key employee expiring in 2006 that provide for minimum annual salaries and incentives based on the Company's attainment of specified levels of sales and earnings. The future minimum salaries are as follows:

YEAR ENDING MARCH 31, - - - - -	
2003.....	\$2,400
2004.....	2,400
2005.....	2,400
2006.....	2,000 ----- \$9,200 =====

Salaries and incentives to shareholders charged to operations for the years ended March 31, 2002 and 2001 amounted to approximately \$3,178 and \$3,811, respectively.

CONSULTING CONTRACT

The Company has entered into a consulting contract with a director expiring in 2006. Future minimum payments are as follows:

YEAR ENDING MARCH 31, - - - - -	
2003.....	\$ 850
2004.....	850
2005.....	850
2006.....	708 ----- \$3,258 =====

Consulting fees to the related party charged to operations for the year ended March 31, 2002 were approximately \$1,349.

MANAGEMENT CONTRACT

The Company has entered into a management contract with a shareholder calling for an advisory fee in annual payments of \$300. The fee will be reduced to \$200 per annum at such time as the shareholder and all of its affiliates collectively own less than 50% of the shares of the Company's Class C Common Stock.

Advisory fees to the shareholder charged to operations for the years ended March 31, 2002 and 2001 amounted to approximately \$300 and \$50, respectively.

NOTE 10 -- SHAREHOLDERS' EQUITY

COMMON STOCK

On February 7, 2001, the Company amended and restated its Articles of Incorporation creating an additional class of Common Stock (Class C) and authorizing additional shares of Class A and B. Each existing share was converted into 20,000 shares of the same class. Accordingly, the accompanying consolidated financial statements give effect to the conversion for all periods presented.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
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CONVERSION RIGHTS

Each Class B share is convertible into one share of Class A at the option of the holder immediately prior to a public offering. If the offering does not occur, the conversion option is voided.

Each Class C share is convertible into one share of Class A at the option of the holder at anytime. The convertible number of shares will be adjusted for any stock dividends, distributions, splits or mergers, as defined.

LIQUIDATION PREFERENCE

In the event of any liquidation, dissolution or winding up of the affairs of the Company, holders of Class C Common Stock are entitled to the greater of (a) the amount they would receive after conversion of all shares to Class A Common Stock or (b) an amount equal to a compounded annual rate of return of 14.5% of the original purchase price of each share from the date of issuance (\$5.15 per share) as adjusted for stock splits, dividends, combinations and the like, reduced by the aggregate amounts of dividends or other distributions paid to them from the original issue date through liquidation date.

TREASURY STOCK

At March 31, treasury stock consisted of the following:

SHARES	2002	2001	-----
-----			-----
Class A voting common stock.....			
18,278,591	\$ 96,726		
\$94,112 Class B non-voting common stock.....			
675,000	3,475	3,475	---
-----			-----
- 18,953,591	\$100,201		
\$97,587	=====		
=====	=====		

In November 2001, the Company adjusted the purchase price of various shares purchased on February 9, 2001 by approximately \$2,614. At March 31, 2002, approximately \$1,392 of this amount was unpaid and is included in loans payable -- shareholders on the accompanying consolidated balance sheet.

WARRANTS

At March 31, 2002, there are outstanding warrants to purchase 102,222 shares of Class C Common Stock at \$.01 per share. The warrants are exercisable anytime after August 9, 2002 and expire on February 9, 2008.

NOTE 11 -- EMPLOYEE BENEFIT PLANS

401(K) PLAN

The Company has a 401(k) plan for all eligible employees. Matching contributions to the plan are at the discretion of the Company. For the years ended March 31, 2002, 2001 and 2000, employer contributions to the plan were approximately \$321, \$258 and \$208, respectively.

DEFERRED COMPENSATION PLAN

During the year ended March 31, 2002, the Company began a non-qualified, deferred compensation plan (the "Plan") for all eligible highly compensated employees, as defined. Participants may contribute up to 100% of their annual compensation, as defined. Participants are immediately vested in their contributions plus actual earnings thereon. Employer contributions are based on a discretionary

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

matching contribution. Participants become 100% vested in employer contributions after five years of service. There were no employer contributions during the year ended March 31, 2002.

The assets of the Plan have been invested, as directed by employees, in marketable securities consisting primarily of mutual funds, and have been classified as trading securities, which are recorded at fair value on the consolidated balance sheet with the change in fair value during the period included in earnings. Included in other income on the accompanying consolidated statement of income for the year ended March 31, 2002 is approximately \$13 of unrealized gains on these securities.

NOTE 12 -- INCOME TAXES

The provision for income taxes for the years ended March 31, 2002, 2001 and 2000 consists of:

2002	2001	2000	-----	-----	-----	Federal:
Current.....						
	\$11,743	\$16,355	\$6,292			
Deferred.....						
	704 (1,872)	(382)			12,447	
	14,483	5,910				State and
						local:
Current.....						
	843	867	676			
Deferred.....						
	60 (685)	(33)			903 182 643	
					\$13,350 \$14,665 \$6,553	
	=====	=====	=====			

Reconciliations of the United States federal statutory income tax rates and the Company's effective tax rates are summarized as follows:

FOR THE YEAR ENDED MARCH 31, -----	2002
2001 2000 -----	-----
rate.....	35.0%
35.0% 35.0% State and local income taxes -- net of	
benefit.....	1.6 .3 2.1 Other,
net.....	(.7) 2.1 (4.2) -----
rate.....	35.9%
	37.4% 32.9% =====

Deferred income tax assets and liabilities are computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Significant components of the deferred income tax assets as of March 31, 2002 and 2001 are as follows:

2002	2001	-----	-----	Current portion: Inventory		
uniform capitalization.....	\$ 164	\$				
	153			Inventory		
reserves.....	--	760				
				Accrued		
compensation.....	194					
	1,051					
Other.....						
(5) 22 -----	353	1,986	-----	Long-term		
				portion: Depreciation and		
amortization.....	1,197	747				
				Deferred rent		
obligation.....	413	239				
				Deferred		
compensation.....	245	--				
-----	1,855	986	-----	\$2,208	\$2,972	
	=====	=====				

NOTE 13 -- COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Companies lease office, showroom, store space and equipment under operating leases expiring in various years through 2019. The rental payments under store facility leases are based upon a minimum rental plus a percentage of the stores' sales in excess of stipulated amounts. Only the minimum rental portions are included in future commitments.

At March 31, 2002, the aggregate approximate minimum annual rental commitments under non-cancelable leases are as follows:

YEAR ENDING MARCH 31, -	-----
2003.....	\$ 7,949
2004.....	8,482
2005.....	7,865
2006.....	7,463
2007.....	6,957
Thereafter.....	30,745 ----- \$69,461 =====

Rent expense for the years ended March 31, 2002, 2001 and 2000 amounted to approximately \$9,720, \$6,262 and \$3,222, respectively. Rent expense for the years ended March 31, 2002, 2001 and 2000 also includes straight-line adjustments in accordance with Statement of Financial Accounting Standards No. 13 of approximately \$456, \$378 and \$251, respectively. As of March 31, 2002 and 2001, obligations of approximately \$1,086 and \$629, respectively, representing future payments are reflected in the accompanying consolidated balance sheets.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

LETTERS OF CREDIT

At March 31, 2002, the Company had approximately \$7,641 of outstanding letters of credit under its credit facility. In addition, the Company has recorded approximately \$2,516 of outstanding letters of credit as in-transit inventory, which is included in accounts payable on the accompanying consolidated balance sheet.

In addition, the Company has issued three standby letters of credit totalling approximately \$824 as security deposits for two of its leased premises and as collateral on a surety bond used for its insurance plan.

SELF-INSURANCE PROGRAM

The Company provides its employees basic and major medical insurance coverage through a limited self-insurance program. Claims processed and paid are reimbursed to a maximum per participant per contract year. Benefits in excess of this limit are covered by stop-loss insurance coverage.

LITIGATION

The Company is a defendant in various lawsuits which arose in the ordinary course of business. Management is vigorously defending the lawsuits and believes the outcomes will not have a material effect on the Company's financial condition.

NOTE 14 -- SEGMENTS

The Company's business segments are wholesale and retail and restaurant operations. The wholesale operations consist of the importing of men's and women's sportswear sold primarily to retail stores throughout the United States. The retail and restaurant operations consist of retail clothing and restaurants that sell products by and promote the "Tommy Bahama" brand name in the United States.

The accounting policies of the segments are consistent with those described in Note 2. All intercompany revenue and profits or losses are eliminated in consolidation. We evaluate each segment based upon earnings before interest and income taxes.

RETAIL AND WHOLESALE

RESTAURANT ELIMINATIONS TOTAL

---- ----- March 31, 2002:

Net

sales.....
 \$221,760 \$95,074 \$(31,881)
 \$284,953 Depreciation and
 amortization... \$ 1,084 \$
 2,757 \$ -- \$ 3,841 Earnings
 before interest and income
 taxes..... \$
 40,422 \$ 4,837 \$(688) \$
 44,571 Total

assets.....
 \$106,183 \$38,739 \$(28,822)
 \$116,100 Purchases of
 property and
 equipment.....
 \$ 1,793 \$ 4,325 \$ -- \$ 6,118
 March 31, 2001: Net

sales.....
 \$212,808 \$64,809 \$(23,151)
 \$254,466 Depreciation and
 amortization... \$ 637 \$
 2,102 \$ -- \$ 2,739 Earnings
 before interest and income
 taxes..... \$
 41,104 \$ 2,697 \$(2,423) \$
 41,378 Total

assets.....
 \$113,858 \$38,836 \$(30,240)
 \$122,454

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
 FOR THE YEARS ENDED MARCH 31, 2002, 2001 AND 2000
 (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

RETAIL AND WHOLESALE
 RESTAURANT ELIMINATIONS TOTAL

----- Purchases of		
property and		
equipment.....		
\$ 1,215	\$ 8,302	\$ -- \$ 9,517
March 31, 2000: Net		
sales.....		
\$121,240	\$40,844	\$(14,485)
\$147,599	Depreciation and	
	amortization.... \$ 251	
1,465	\$ --	\$ 1,716
Earnings		
before interest and income		
taxes..... \$		
16,627	\$ 4,791	\$(856)
20,562 Total		
assets..... \$		
70,985	\$18,928	\$(11,960)
77,953 Purchases of property		
and		
equipment.....		
\$ 593	\$ 2,121	\$ -- \$ 2,714

NOTE 15 -- SUMMARIZED QUARTERLY DATA (UNAUDITED)

The following is a summary of the quarterly results of operations for the periods ended March 31, 2002 and 2001:

MARCH 31, DEC. 31, SEPT.
 30, JUNE 30, 2002 2001
 2001 2001 TOTAL -----

----- Net		
sales.....		
\$92,850	\$62,253	\$52,364
\$77,486	\$284,953 Gross	
profit.....		
\$46,871	\$34,135	\$25,463
\$39,981	\$146,450 Net	
earnings		
(loss).....	\$10,467	
\$ 5,945	\$(240)	\$ 7,746
\$ 23,918 Basic earnings		
(loss) per common		
share.....	\$	
.62	\$.35	\$(.01) \$.45
\$ 1.41 Diluted earnings		
(loss) per common		
share.....	\$	
.61	\$.35	\$(.01) \$.45
\$ 1.40		

MARCH 31, DEC. 31, SEPT.
 30, JUNE 30, 2001 2000
 2000 2000 TOTAL -----

----- Net		
sales.....		
\$98,446	\$65,448	\$32,726
\$57,846	\$254,466 Gross	
profit.....		
\$44,482	\$33,366	\$15,904
\$25,925	\$119,677 Net	
earnings.....		
\$ 9,060	\$ 8,141	\$ 445
6,378	\$ 24,024 Basic	
earnings per common		
share.....		
\$.40	\$.27	\$.01 \$.21
.85 Diluted earnings per		
common		
share.....		
\$.40	\$.27	\$.01 \$.21
.85		

UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

VIEWPOINT INTERNATIONAL, INC.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
UNAUDITED
DECEMBER 31, 2002 AND 2001

2002	2001		
----- (\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) ASSETS			
Current assets: Cash and cash equivalents..... \$ 7,247 \$			
	3,331	Cash equivalent --	
restricted.....	8,147	Due from factor.....	23,463
19,730		Accounts receivable, net of allowance for doubtful accounts of approximately \$59 in 2002 and \$98 in 2001...	
3,654	688	Royalties receivable -- Paradise Shoe Company LLC.....	515 856
Inventories.....	40,230	24,603	Prepaid income
taxes.....	5,619		
		Deferred income	
taxes.....	582	1,474	
		Prepaid expenses and other current	
assets.....	6,640	5,046	-----
		Total current assets.....	
	82,331	69,494	Property and equipment,
net.....	25,327	18,608	Other
		assets: Goodwill,	
net.....	5,537		
	5,537	Deferred financing costs,	
net.....	696	910	Royalties
receivable -- Paradise Shoe Company LLC.....	251	174	
		Investment in Paradise Shoe Company	
LLC.....	654	506	Deferred income
taxes.....	2,343	1,545	
		Marketable	
securities.....	799	307	
		Security deposits and other	
assets.....	575	532	-----
		Total other assets.....	
10,855	9,511		\$118,513 \$ 97,613 =====
===== LIABILITIES AND EQUITY (DEFICIENCY) Current			
liabilities: Accounts			
payable.....		\$	
	31,905	\$ 20,699	Notes and bankers acceptances
payable.....	5,744	11,271	Long-term debt
-- current portion.....	7,589	7,508	
		Income taxes	
payable.....	3,244	--	
		Loans payable --	
shareholders.....	59	12,271	
		Accrued expenses and other current	
liabilities.....	10,216	9,363	-----
		Total current liabilities.....	
	58,757	61,112	Long-term
debt.....	16,427		
	23,750	Deferred	
rent.....	1,452		
	928	Deferred	
compensation.....	799		
	307	Subordinated notes payable --	
shareholders.....	26,114	25,233	Minority
		interests in subsidiaries.....	17
169		Commitments and contingencies	Equity (deficiency):
		Class A Voting Common Stock -- \$.0001 par value:	
		Authorized -- 40,000,000 shares	Issued -- 29,325,000
		shares.....	3 3
		Class B Non-	
		Voting Common Stock -- \$.0001 par value: Authorized --	
		675,000 shares	Issued -- 675,000
		shares.....	-- --
		Class C	
		Voting Common Stock -- \$.0001 par value: Authorized --	
		6,200,000 shares	Issued and outstanding -- 5,948,067
		shares.....	1 1
		Additional paid-in	
capital.....	29,714	29,714	
		Retained earnings and members'	
interests.....	85,430	56,597	-----
	-- 115,148	86,315	Less: Treasury stock, at
cost.....	100,201	100,201	-----
		Total equity	
(deficiency).....	14,947	(13,886)	--
		\$118,513 \$ 97,613 =====	=====

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME
 UNAUDITED
 FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001

2002	2001	(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) Net sales:	
Wholesale.....		\$ 140,900	\$ 123,399
Retail.....		84,554	68,704
sales.....		225,454	192,103
		Cost of goods	
sold.....		110,893	
		92,524	
profit.....		114,561	99,579
income.....			
1,682		117,293	101,261
		expenses: Retail and	
restaurant.....		31,930	
		32,140	
shipping.....		20,027	
		17,192	
administrative.....		33,607	
		25,283	
expenses.....		85,564	74,615
		Operating	
income.....		31,729	
26,646		Other expense (income): Interest expense, net of	
		interest income of approximately \$46 in 2002 and \$504 in	
2001.....		4,613	5,816
		Equity in	
loss (income) of Paradise Shoe Company LLC.....		(158)	
		280	
income.....			
(227)	(88)	Net other	
expense.....		4,228	6,008
		Income before provision for income	
taxes and minority interests in net loss of			
subsidiaries.....		27,501	20,638
for income taxes.....		9,187	
7,242		Income before minority	
		interests in net loss of	
subsidiaries.....			
18,314	13,396	Minority interests in net loss of	
subsidiaries.....		52	55
		Net	
income.....			
\$ 18,366	\$ 13,451	Net income per	
common share -- basic.....		\$ 1.08	\$
.79		Net income per common share -	
- diluted.....		\$ 1.07	\$.79
		Weighted-average common shares outstanding --	
basic.....		16,994,476	16,994,476
		Weighted-average common shares outstanding --	
diluted.....		17,096,505	17,096,505

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIENCY)
UNAUDITED

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001

COMMON STOCK -----

CLASS A CLASS B CLASS C
ADDITIONAL -----

----- PAID-IN
SHARES AMOUNT SHARES
AMOUNT SHARES AMOUNT
CAPITAL -----

----- (\$ IN
THOUSANDS, EXCEPT PER
SHARE AMOUNTS) Balance,
April 1, 2002.....
29,325,000 \$3 675,000 \$--
5,948,067 \$1 \$29,714 Net
income.....

----- Balance,
December 31,

2002.....
29,325,000 \$3 675,000 \$--
5,948,067 \$1 \$29,714

===== == ===== ==

Balance, April 1,
2001..... 29,325,000 \$3
675,000 \$-- 5,948,067 \$1
\$29,714 Adjustment to
treasury stock purchase
price.....

- - - - - Net
income.....

----- Balance,
December 31,

2001.....
29,325,000 \$3 675,000 \$--
5,948,067 \$1 \$29,714

===== == ===== ==

RETAINED EARNINGS AND
TREASURY STOCK MEMBERS' -

----- INTERESTS SHARES
AMOUNT TOTAL -----

-- (\$ IN THOUSANDS,
EXCEPT PER SHARE AMOUNTS)
Balance, April 1,
2002..... \$67,064
18,953,591 \$(100,201) \$
(3,419) Net
income.....

18,366 -- -- 18,366 -----

----- Balance, December
31,

2002.....
\$85,430 18,953,591
\$(100,201) \$ 14,947

===== =====

Balance, April 1,
2001..... \$43,146
18,953,591 \$ (97,587)
\$(24,723) Adjustment to
treasury stock purchase
price.....

(2,614) (2,614) Net
income.....

13,451 -- -- 13,451 -----

----- Balance, December
31,

2001.....
\$56,597 18,953,591
\$(100,201) \$(13,886)

=====
=====
=====
=====

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001

2002	2001		
			(\$ IN THOUSANDS)
			Cash
			flows from operating activities: Net
			income.....
\$ 18,366	\$ 13,451		Adjustments to reconcile net income
			to net cash provided by operating activities:
			Provision for doubtful
		14 39	Depreciation
			and amortization..... 3,105
		2,830	Interest amortization of discount on notes
			payable and deferred financing
		238 238	Accrued
			interest on subordinated notes payable --
		589 584	shareholders.....
			Deferred income
		(717) (47)	taxes.....
			Deferred
			rent..... 366
299			Equity in loss (income) of Paradise Shoe Company
			LLC... (158) 280 Losses (gains) on marketable
		156 (14)	securities.....
			Minority
			interests in net loss of subsidiaries..... (52)
			(55) Gain on purchase of minority
		(37) --	interest.....
			Change in assets
			and liabilities: Due from
		17,142	factor.....
			18,797 Accounts
			receivable..... (615)
6,246			Royalties receivable -- Paradise Shoe Company
		143 (446)	LLC....
			Inventories.....
		(15,559) (2,225)	Prepaid income
		1,835 (5,619)	taxes.....
			Prepaid expenses and other current assets.....
		(1,128) 1,188	Security deposits and other
		19 (193)	assets.....
			Accounts
		12,550	payable.....
			3,957 Income taxes
		3,206	payable.....
			(11,193) Accrued expenses and other current
		121 (995)	liabilities.....
			Deferred
		181 307	compensation.....

			Net cash provided by operating
		39,765 27,429	activities.....

			Cash flows from investing activities: Purchases of
			property and equipment..... (9,734)
			(5,342) Purchase of marketable
			securities..... (337) (298)
			Purchase of minority
		(31) --	interest.....
			Sales
			of marketable securities.....
			-- 5 Investment in Paradise Shoe Company
			LLC..... -- (250) -----
			Net
			cash used in investing activities.....
			(10,102) (5,885) -----
			Totals carried
			forward..... \$
		29,663 \$ 21,544	-----

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF CASH FLOWS (CONCLUDED)
 UNAUDITED
 FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001

2002	2001	-----	-----	(\$ IN THOUSANDS)	Totals
brought forward.....					\$
29,663	\$ 21,544			Cash flows from financing activities:	
				Proceeds from restricted cash	
equivalent.....	8,197	6,967		Repayments of	
notes and acceptances payable, net.....	(17,518)			Repayments of long-term	
	(18,655)			debt.....	(5,670) (5,696)
				Repayments of loans payable -- shareholders,	
net.....	(10,045)	(6,922)		Net cash	
				used in financing activities.....	(25,036)
(24,306)				Net increase (decrease) in	
				cash and cash equivalents.....	4,627 (2,762)
				Cash and cash equivalents, beginning of year.....	2,620
6,093				Cash and cash equivalents, end of	
period.....	\$ 7,247	\$ 3,331	=====		
				===== SUPPLEMENTAL DISCLOSURES OF CASH FLOW	
				INFORMATION Cash paid during the period for:	
Interest.....	\$ 3,207	\$ 3,949		Income	
				taxes.....	\$
	4,931	\$ 24,443			

SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES

In 2002, the Company incurred long-term debt of \$310 in connection with the acquisition of capitalized equipment.

In 2001, in connection with an adjustment to the purchase price of treasury stock, the Company issued loans payable to several shareholders totalling \$2,615.

See accompanying notes.

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
UNAUDITED
FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

NOTE 1 -- BASIS OF PRESENTATION

The accompanying unaudited, consolidated financial statements were prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and note disclosures normally included in audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been omitted. In the opinion of management, all adjustments consisting of normal, recurring adjustments necessary for a fair presentation of (a) the results of operations for the nine months ended December 31, 2002 and 2001, (b) the financial position at December 31, 2002 and 2001 and (c) cash flows for the nine months ended December 31, 2002 and 2001, have been made. The results of operations for the nine months ended December 31, 2002 and 2001 are not necessarily indicative of those to be expected for the entire year.

The accompanying consolidated financial statements and notes should be read in conjunction with the audited consolidated financial statements and notes of the Company for the fiscal year ended March 31, 2002. Any material facts that have changed from those footnotes are discussed herein, or are a normal result of transactions during the interim period.

NOTE 2 -- ACCOUNTING POLICIES

The summary of the Company's significant accounting policies in its audited consolidated financial statements for the fiscal year ended March 31, 2002 describes its accounting policies. Except as noted below, accounting policies are the same as the fiscal year ended March 31, 2002.

NOTE 3 -- RECENT ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations" ("SFAS 143"). SFAS 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred. When the liability is initially recorded, the entity capitalizes the cost by increasing the carrying amount of the related long-lived asset. Over time, the liability is accreted to its present value each period and the capitalized cost is depreciated over the useful life of the related asset. Upon settlement of the liability, the entity either settles the obligation for the amount recorded or incurs a gain or loss. SFAS 143 is effective for fiscal years beginning after June 15, 2002. Management believes that the adoption of this statement will not have a material effect on the Company's future results of operations.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS 121"), and the accounting and reporting provisions of Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations -- Reporting the Effects of Disposal of a Segment of a Business." The FASB issued SFAS 144 to establish a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale. SFAS 144 broadens the presentation of discontinued operations in the income statement to include a component of an entity (rather than a segment of a business). A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. SFAS 144 also requires that discontinued operations be measured at the lower of the carrying amount or fair value less cost to sell. The Company adopted SFAS 144 on April 1, 2002. The provisions of this statement for assets held for sale or other disposal generally are required to be applied prospectively after the adoption date to newly initiated disposal activities and, therefore, will depend on future actions initiated by management. As a result, the

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

UNAUDITED

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001
(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Company cannot determine the potential effects that adoption of SFAS 144 will have on its consolidated financial statements with respect to future disposal decisions, if any.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("SFAS 146"), which is effective for exit or disposal activities that are initiated after December 31, 2002, with earlier application encouraged. This statement addresses financial accounting and reporting for costs associated with exit or disposal activities and nullifies Emerging Issues Task Force ("EITF") Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." The provisions of SFAS 146 are to be applied prospectively from the date of adoption. The Company has not yet assessed any potential impact the issuance of this standard may have on its financial position or future results of operations.

NOTE 4 -- NET INCOME PER SHARE

In accordance with SFAS No. 128, "Earnings Per Share," basic and diluted income per common share has been computed using the weighted-average number of shares of common stock outstanding during the period. Potentially dilutive securities outstanding at December 31, 2002 and 2001 which convert to common share equivalents consist of common stock warrants to purchase 102,222 shares of the Company's Class C Common Stock.

NOTE 5 -- SEGMENTS

The Company's business segments are wholesale and retail and restaurant operations. The wholesale operations consist of the importing of men's and women's sportswear sold primarily to retail stores throughout the United States. The retail and restaurant operations consist of retail clothing and restaurants that sell products by and promote the "Tommy Bahama" brand name in the United States.

The accounting policies of the segments are consistent with those described in our audited consolidated financial statements for the fiscal year ended March 31, 2002. All intercompany revenue and profits or losses are eliminated in consolidation. We evaluate each segment based upon earnings before interest and income taxes. Effective April 1, 2002, the Company began allocating corporate overhead

VIEWPOINT INTERNATIONAL, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

UNAUDITED

FOR THE NINE MONTHS ENDED DECEMBER 31, 2002 AND 2001

(\$ IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

expenses to each segment based upon each segment's usage of corporate resources. The amount allocated to the retail and restaurant segment for the nine months ended December 31, 2002 was \$3,536.

RETAIL AND WHOLESALE
RESTAURANT ELIMINATIONS TOTAL

----- December 31,		
2002: Net		
sales.....		
\$169,616	\$84,554	\$(28,716)
\$225,454	Depreciation and	
	amortization....	\$ 1,029
2,076	\$ --	\$ 3,105
	Earnings	
	before interest and income	
	taxes.....	\$
28,060	\$ 3,720	\$ 225
	\$ 32,005	
	Total	
assets.....		
\$100,177	\$66,449	\$(48,113)
\$118,513	Purchases of	
	property and	
equipment.....		
\$ 4,122	\$ 5,612	\$ --
	\$ 9,734	
	December 31, 2001: Net	
sales.....		
\$144,815	\$68,704	\$(21,416)
\$192,103	Depreciation and	
	amortization....	\$ 788
2,042	\$ --	\$ 2,830
	Earnings	
	before interest and income	
	taxes.....	\$
23,591	\$ 3,017	\$(260)
	\$	
	26,348	Total
assets.....		\$
84,372	\$55,475	\$(42,234)
97,613	Purchases of property	
	and	
equipment.....		
\$ 1,531	\$ 3,811	\$ --
	\$ 5,342	

UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION

GENERAL

The unaudited pro forma combined statement of earnings for the year ended May 31, 2002 gives effect to the following events as if each had occurred on June 2, 2001 (with respect to Oxford) and April 1, 2001 (with respect to Viewpoint). The unaudited pro forma combined statement of earnings for the nine months ended February 28, 2003 gives effect to the following events as if each had occurred on June 1, 2002 (with respect to Oxford) and April 1, 2002 (with respect to Viewpoint). The unaudited pro forma balance sheet gives effect to the following events as if each had occurred on February 28, 2003:

- the issuance of \$200 million of notes on May 16, 2003;
- the acquisition of Viewpoint;
- borrowings under our new senior secured revolving credit facility, as necessary to consummate the acquisition of Viewpoint and repay all amounts due under notes payable related to our accounts receivable securitization facility; and
- the issuance to Viewpoint stockholders of 388,200 shares of our common stock (with a market value of \$10.0 million).

The acquisition of Viewpoint will be accounted for using the purchase method of accounting. The fair value of Viewpoint's assets and related liabilities are based on preliminary estimates. Additional analysis will be required to determine the fair value of Viewpoint's assets and liabilities, primarily with respect to inventory, property, plant and equipment, intangible assets and certain assumed liabilities. Viewpoint's accounts will change from the amounts shown based on the valuations. The final allocation of the acquisition consideration may result in significant differences from the pro forma amounts reflected in the unaudited pro forma combined financial statements.

The unaudited pro forma combined financial statements are based on assumptions that we believe are reasonable under the circumstances and are intended for informational purposes only. They are not necessarily indicative of our future financial position or results of operations or of the financial positions or results of operations that would have actually occurred had the acquisition of Viewpoint taken place as of the dates or for the periods presented.

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

PRO FORMA OXFORD VIEWPOINT COMBINED YEAR ENDED MAY 31, 2002	YEAR ENDED MARCH 31, 2002	PRO FORMA YEAR ENDED MAY 31, 2002
ADJUSTMENTS MAY 31, 2002 -----		
----- (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) Net		
sales.....		\$
677,264	\$284,953	\$ -- \$ 962,217
Cost of goods sold.....		
544,016	138,503	-- 682,519 -----
----- Gross		
profit.....		
133,248	146,450	-- 279,698
Licensing revenue.....		-- 2,434
-- 2,434	Selling, general and administrative... 115,729	103,909
(3,051)(1)	216,587	Earnings before interest and taxes.... 17,519
3,051	65,545	Other
expense.....		--
277	-- 277	Interest expense, net..... 243
19,960(2)	27,720	Minority interest in net loss of
subsidiaries.....		
-- 87	-- 87	-----
----- Earnings before income taxes.....	17,276	37,268
(16,909)	37,635	Income
taxes.....		6,704
13,350	(6,561)(3)	13,493 -----
----- Net		
earnings.....		\$
10,572	\$ 23,918	\$(10,348) \$ 24,142
=====	=====	=====
===== PRO FORMA EARNINGS PER SHARE		
Basic.....		
	\$ 1.41	\$ 3.04
Diluted.....		
	\$ 1.40	\$ 3.01
PRO FORMA SHARES OUTSTANDING		
Basic.....		
7,493,678	459,982(4)	7,953,660
Diluted.....		
7,549,277	459,982(4)	8,009,259

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

PRO FORMA COMBINED OXFORD VIEWPOINT NINE NINE MONTHS NINE MONTHS MONTHS ENDED ENDED ENDED FEBRUARY 28, DECEMBER 31, PRO FORMA FEBRUARY 28, 2003 2002 ADJUSTMENTS 2003 ----- -----				
----- (IN THOUSANDS, EXCEPT PER SHARE AMOUNTS) Net				
sales.....				\$
566,529	\$225,454	\$ --	\$ 791,983	Cost
of goods sold.....				
447,968	110,893	--	558,861	-----
----- Gross				
profit.....				
118,561	114,561	--	233,122	Licensing
revenue.....				-- 2,732
-- 2,732	Selling, general and			
administrative....	92,462	85,564	--	
178,026	Earnings before interest and			
taxes.....	26,099	31,729	--	57,828
Other				
(income).....				--
(385)	--	(385)	Interest expense,	
net.....	149	4,613		
14,352(5)	19,114	Minority interest in		
net loss of				
subsidiaries.....				
-- 52	-- 52	-----		
--	----- Earnings before income			
taxes.....	25,950	27,553		
(14,352)	39,151	Income		
taxes.....				
10,250	9,187	(5,669)(6)	13,768	-----
----- Net				
earnings.....				\$
15,700	\$ 18,366	\$ (8,683)	\$ 25,383	
=====				
===== PRO FORMA EARNINGS PER				
SHARE				
Basic.....				
	\$ 2.09	\$ 3.23		
Diluted.....				
	\$ 2.08	\$ 3.21	PRO FORMA SHARES	
OUTSTANDING				
Basic.....				
7,516,526	350,140(7)	7,866,666		
Diluted.....				
7,557,633	350,140(7)	7,907,773		

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET

PRO FORMA OXFORD VIEWPOINT
 PRO FORMA COMBINED FEBRUARY
 28, 2003 DECEMBER 31, 2002
 ADJUSTMENTS FEBRUARY 28, 2003

----- (DOLLARS IN THOUSANDS) ASSETS Current		
Assets: Cash and cash equivalents.....	\$ 6,526	\$ 7,247
Receivables.....	149,880	27,632
Inventories.....	98,885	40,230
Other Current		
Assets.....	9,515	7,222
-- 16,737	-----	-----
----- Total current assets.....	\$264,806	\$ 82,331
\$347,137 Property, plant and equipment... 23,573	25,327	-- 48,900
Other assets.....	3,897	4,622
Intangible assets, net.....	5,839	5,537
175,170(9) 186,546 Deferred financing costs, net... --	696	15,130
-----	-----	-----
Total Assets.....	\$298,115	\$118,513
\$606,376	=====	=====
=====	=====	=====
===== LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities: Notes payable.....	\$ 10,000	\$ 5,803
\$ -- Senior credit facility.....	62,941	(12) 62,941
Trade accounts payable.....	58,758	31,905
-- 90,663 Current maturities of long-term debt.....	128	7,589
(7,589)(13) 128 Accrued compensation.....	19,208	-- -- 19,208
Other accrued expenses.....	19,231	13,460
(861)(14) 31,830	-----	-----
-----	-----	-----
- Total current liabilities.....	\$107,325	\$ 58,757
\$204,770 Long-term debt, less current maturities.....	29	16,427
Notes payable to shareholders... --	26,114	(26,114)
(16) -- Notes offered hereby.....	-- --	200,000
(17) 200,000 Other noncurrent liabilities....	4,500	2,251
(1,452)(18) 5,299		
Minority interest.....	-- 17	-- 17
Stockholders' equity Common stock.....	7,520	4
428(19) 7,952 Additional paid in capital....	14,705	29,714
(20,146)(20) 24,273		
Retained earnings.....	164,036	85,430
(85,430) (21) 164,036		
Treasury stock.....	--	(100,201)
100,201(22) --	-----	-----
-----	-----	-----
-- Total stockholders' equity.....	186,261	14,947

(4,947)	196,261	-----	-----
		-----	Total
Liabilities and Stockholders'			
Equity.....		\$298,115	
\$118,513	\$189,748	\$606,376	
=====	=====	=====	
	=====		

See accompanying notes to Unaudited Pro Forma Combined Financial Statements.

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

YEAR ENDED MAY 31, 2002 UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

- (1) Reflects the elimination of \$1.0 million of financing costs under Oxford's accounts receivable securitization facility, which was terminated in connection with entering into Oxford's new senior secured revolving credit facility, and the elimination of \$2.0 million of Oxford's goodwill to reflect the pro forma adoption on June 2, 2001 of SFAS 142. SFAS 142 requires that goodwill, including previously existing goodwill and intangible assets with indefinite useful lives not be amortized, but instead tested for impairment at the adoption and at least annually thereafter.
- (2) Reflects the adjustment of interest expense to give effect to (i) borrowings under Oxford's new senior secured revolving credit facility, (ii) the issuance of \$200 million of notes, (iii) amortization of debt issuance costs of \$2.4 million and (iv) the elimination of Viewpoint's interest expense. Debt issuance costs are amortized on a straight line method which approximates an effective interest method over the terms of the related debt facilities.
- (3) Tax effects of the pro forma adjustments have been calculated based on Oxford's statutory rate of 38.8% during the period presented.
- (4) Reflects the issuance of 459,982 shares of Oxford's common stock with a total market value of \$10.0 million, based on a market price of \$21.74 per share. The price per share reflects the average high and low trading prices of Oxford's stock for the ten trading days prior to the beginning of Oxford's fiscal year ended May 31, 2002.

NINE MONTHS ENDED FEBRUARY 28, 2003 UNAUDITED PRO FORMA COMBINED STATEMENT OF EARNINGS

- (5) Reflects the adjustment of interest expense to give effect to (i) borrowings under Oxford's new senior secured revolving credit facility, (ii) the issuance of \$200 million of notes, (iii) amortization of debt issuance costs of \$1.8 million and (iv) the elimination of Viewpoint's interest expense. Debt issuance costs are amortized on a straight line method which approximates an effective interest method over the terms of the related debt facilities.
- (6) Tax effects of the pro forma adjustments have been calculated based on Oxford's statutory rate of 39.5% during the period presented.
- (7) Reflects the issuance of 350,140 shares of Oxford's common stock with a total market value of \$10.0 million, based on a market price of \$28.56 per share. The price per share reflects the average high and low trading prices of Oxford's stock for the ten trading days prior to the beginning of the nine months ended February 28, 2003.

UNAUDITED PRO FORMA COMBINED BALANCE SHEET AS OF FEBRUARY 28, 2003

- (8) Reflects the deferred tax effect of the pro forma adjustments.
- (9) Oxford's acquisition of Viewpoint will be accounted for by the purchase method of accounting, pursuant to which the acquisition consideration is allocated among the acquired tangible and intangible assets and assumed liabilities in accordance with their estimated fair values on the date of acquisition. The

NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

acquisition consideration and estimated allocation of the acquisition consideration, which does not reflect up to \$75.0 million of potential contingent consideration, are as follows (dollars in thousands):

Acquisition consideration:	
Cash consideration.....	\$240,000
Estimated working capital adjustment to cash consideration.....	(5,700)
Fair value of shares of common stock issued.....	10,000
Transaction related fees.....	2,815

Total acquisition consideration.....	\$247,115
	=====
Allocation of acquisition consideration:	
Net assets of Viewpoint based on historical carrying amounts as of December 31, 2002.....	\$ 14,947
Existing Viewpoint indebtedness to be repaid by Viewpoint stockholders at closing.....	55,933
Accrued interest expense on Viewpoint's debt included in accrued liabilities to be funded by Viewpoint stockholders at closing (Note 14).....	861
Increase (decrease) in net assets to reflect estimated fair value adjustments under the purchase method of accounting:	
Elimination of Viewpoint deferred financing costs (Note 10).....	(696)
Deferred rent (Note 18).....	1,452
Deferred tax effect of the pro forma adjustments (Note 8).....	(552)
Elimination of Viewpoint's existing goodwill of \$5.5 million and the estimated increase in intangible assets of \$180.7 million related to the acquisition...	175,170

	\$247,115
	=====

- (10) Reflects estimated financing fees and expenses related to the notes and Oxford's new senior secured revolving credit facility, which will be capitalized and amortized over their respective terms, and the elimination of \$696,000 of unamortized deferred financing costs related to Viewpoint debt that will be repaid at closing from the cash consideration.
- (11) To eliminate Oxford's short term debt and Viewpoint's short term debt.
- (12) To reflect borrowings under Oxford's new senior secured revolving credit facility simultaneous with Oxford's acquisition of Viewpoint.
- (13) To eliminate Viewpoint's current maturities of long-term debt.
- (14) To eliminate the accrued interest on Viewpoint's debt.
- (15) To eliminate Viewpoint's long term debt.
- (16) To eliminate Viewpoint's notes payable to shareholders.
- (17) To reflect the issuance of \$200 million of notes.
- (18) To eliminate Viewpoint's deferred rent.
- (19) To eliminate Viewpoint's common stock and to record the issuance of 431,648 shares of Oxford's common stock based on a market price of \$23.167 per share at \$1 par value and the associated paid in capital. The price per share reflects the average high and low trading prices of Oxford's stock for the ten days prior to the beginning of the nine months ended February 28, 2003.
- (20) To eliminate Viewpoint's additional paid in capital of \$29.7 million and to record \$9.6 million in paid in capital for the issuance of 431,648 shares of our common stock.
- (21) To eliminate the retained earnings of Viewpoint.
- (22) To eliminate Viewpoint's treasury stock.

(c) Exhibits

2.1* Stock Purchase Agreement, dated as of April 26, 2003, among Viewpoint International, Inc., the Stockholders of Viewpoint International, Inc. and Oxford Industries, Inc.

2.2* Earnout Agreement, dated as of June 13, 2003, among the Stockholders of Viewpoint International, Inc. and Oxford Industries, Inc.

2.3 Registration Rights Agreement, dated as of May 16, 2003, among Oxford Industries, Inc., Lionshead Clothing Company, Inc., Merona Industries, Inc., Oxford Carribean, Inc., Oxford Garment, Inc., Oxford Private Limited of Delaware, Inc., Oxford Receivables Company, Piedmont Apparel Corporation, Oxford Clothing Corporation, Oxford International, Inc., Oxford of South Carolina, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and SunTrust Capital Markets, Inc.

23.1 Consent of Mahoney Cohen & Company, CPA, P.C.

99.1 Text of press release dated June 13, 2003.

99.2 Text of press release dated April 27, 2003 (Incorporated by reference to Exhibit 99.1 to Oxford's Form 8-K filed April 27, 2003).

99.3 Text of press release dated April 27, 2003 (Incorporated by reference to Exhibit 99.2 to Oxford's Form 8-K filed April 27, 2003).

* Pursuant to Item 601(b)(2) of Regulation S-K, the Registrant agrees to furnish supplementally to the Securities and Exchange Commission, upon request, any omitted schedules or similar attachments.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OXFORD INDUSTRIES, INC.

By: /s/ Ben B. Blount, Jr.

Ben B. Blount, Jr.
Executive Vice President and Chief Financial
Officer

Date: June 26, 2003

=====

STOCK PURCHASE AGREEMENT

among

VIEWPOINT INTERNATIONAL, INC.,

THE STOCKHOLDERS OF
VIEWPOINT INTERNATIONAL, INC.

and

OXFORD INDUSTRIES, INC.

Dated as of April 26, 2003

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STOCK PURCHASE AGREEMENT

This STOCK PURCHASE AGREEMENT (this "Agreement") is made as of the 26th day of April, 2003, among Viewpoint International, Inc., a Delaware corporation (the "Company," and unless the context requires otherwise, the term Company shall include the Subsidiaries of Viewpoint International, Inc.), each holder of Shares and/or Warrants of the Company listed on Schedule 1 (each, a "Seller" and collectively, the "Sellers"), and Oxford Industries, Inc., a Georgia corporation (the "Buyer").

RECITALS

1. Each of the Sellers respectively owns the number of issued and outstanding shares (the "Shares") of Class A Common Stock of the Company, \$.0001 par value per share ("Class A Common Stock") and Class C Common Stock of the Company, \$.0001 par value per share ("Class C Common Stock" and, together with the Class A Common Stock, the "Common Stock"), in each case as set forth opposite such Seller's name on Schedule 1. The Class A Common Stock is held by S. Anthony Margolis, the Margolis Family Stock Trust u/a/d May 1, 2001, Lucio Dalla Gasperina, Bonita Beach Blues, Inc., a Florida corporation, and Whole Duty Investment, Ltd., a Hong Kong corporation. The Class C Common Stock is held by SKM-TB, LLC, a Delaware limited liability company. Certain Sellers hold \$25,000,000 in aggregate principal amount of Senior Subordinated Notes of the Company issued on February 9, 2001 (the "Senior Subordinated Notes").

2. The Sellers desire to sell and transfer the issued and outstanding Shares to the Buyer and the Buyer desires to acquire such Shares from the Sellers, and the holder of the Warrant desires to cancel such Warrant, all upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

Therefore, in consideration of the foregoing and the mutual agreements and covenants set forth below, the parties hereto hereby agree as follows:

1. DEFINITIONS. For purposes of this Agreement:

1.1. Cross Reference Table. The following terms defined elsewhere in this Agreement in the Sections set forth below shall have the respective meaning therein defined

Term - - - - -	Definition - - - - -
"AAA"	Section 3.6.4
"Acquisition Proposal"	Section 7.12
"Agreement"	Preamble
"Arbitration Rules"	Section 3.6.4
"Arbitrator"	Section 3.6.4
"Assets"	Section 5.7
"Assumed Net Working Capital"	Section 3.6.2.3

Term	Definition
- - - - -	- - - - -
"Bonus Employees"	Section 1.2.5
"Bonus Payments"	Section 1.2.5
"Bonus Withholding Amounts"	Section 1.2.5
"Bridge Commitment Letter"	Section 6.2
"Bridge Financing"	Section 6.2
"Buyer"	Preamble
"Buyer Indemnitees"	Section 10.2
"2003 Capital Expenditures Budget"	Section 5.5.3
"2004 Capital Expenditures Budget"	Section 5.5.3
"Cash Equity Amount"	Section 3.1
"Cash Purchase Price"	Section 3.1
"Class A Common Stock"	Recitals
"Class C Common Stock"	Recitals
"Closing"	Section 3.4
"Closing Date"	Section 3.4
"Closing Date Accounts Receivables"	Section 7.16
"Common Stock"	Recitals
"Company"	Preamble
"Company Auditors"	Section 7.13
"Company Deferred Compensation Plans"	Section 5.18.6
"Company Employee Plan"	Section 5.18.1
"Contracts"	Section 5.13
"Credit Facility Commitment Letter"	Section 6.2
"Credit Facility Engagement Letter"	Section 6.2
"Credit Facility Financing"	Section 6.2
"Current Assets"	Section 3.6.1
"Current Liabilities"	Section 3.6.1
"Debt Payoff Amount"	Section 3.1
"Earnout Agreement"	Section 3.3
"Earnout Amount"	Section 3.3
"Escrow Account"	Section 3.1
"Escrow Agreement"	Section 3.1
"ERISA Affiliate"	Section 5.18.2
"Estimated Closing Statement"	Section 3.6.2.1
"Estimated Net Working Capital"	Section 3.6.2.2
"Estimated Working Capital Deficit"	Section 3.6.2.3
"Estimated Working Capital Surplus"	Section 3.6.2.3
"Exchange Act"	Section 6.8
"Final Closing Statement"	Section 3.6.4
"Final Tax Return"	Section 7.10.3
"Financial Statements"	Section 5.3.1.2
"Fully Diluted Shares"	Section 1.2.40
"Hazardous Substance"	Section 5.19
"Indemnified Party"	Section 10.6
"Indemnifying Party"	Section 10.6

Term - - - - -	Definition - - - - -
"Insurance Policies"	Section 5.16
"Interim Financials"	Section 5.3.1.2
"IRS"	Section 5.17.4
"Leases"	Section 5.10.2
"Licenses"	Section 5.12.2
"Maximum Aggregate Loss"	Section 10.3
"Merrill Lynch"	Section 6.2
"Minimum Aggregate Loss"	Section 10.3
"Net Working Capital"	Section 3.6.1
"New York Lawsuit"	Section 5.11
"Noncompetition / Nonsolicitation and Nondisclosure Agreements"	Section 8.14
"Notes"	Section 6.2
"Oxford Securities"	Section 3.2
"PCBs"	Section 5.19
"Pension Plan"	Section 1.2.17
"Proposed Closing Statement"	Section 3.6.3
"Proposed Tax Return"	Section 7.10.3
"Registration Rights Agreement"	Section 8.20
"Required Pro Forma Financials"	Section 7.13
"Review Period"	Section 3.6.4
"SEC"	Section 6.8
"SEC Reports"	Section 6.8
"Seller Indemnities"	Section 10.1
"Seller" or "Sellers"	Preamble
"Sellers' Representatives"	Section 7.7
"Senior Subordinated Notes"	Recitals
"Shanghai Commercial Bank"	Section 1.2.4
"Shares"	Recitals
"Stock Equity Amount"	Section 3.2
"SunTrust"	Section 6.2
"Surplus Payment"	Section 3.6.5.2
"Surviving Representations, Warranties and Obligations"	Section 10.3
"Tax Arbitrator"	Section 7.10.3
"Tax Item"	Section 7.10.3
"Tax Review Period"	Section 7.10.3
"Third Party Claim"	Section 10.6
"Unaudited Buyer Financial Information"	Section 6.9
"Uncollected Receivables"	Section 7.16
"Welfare Plan"	Section 1.2.17
"Working Capital Deficit"	Section 3.6.5.1
"Working Capital Guidelines"	Section 3.6.1
"Working Capital Payment"	Section 3.6.5.1
"Working Capital Surplus"	Section 3.6.5.2

Term - - - - -	Definition -----
"Year End Financials"	Section 5.3.1.1

1.2. Certain Definitions. The following terms shall have the following meanings:

1.2.1. "Action" shall mean (i) any judicial or administrative action, (ii) any suit or proceeding, or (iii) to the extent within the Knowledge of the Company, any audit or investigation brought or conducted by a third-party or any Governmental Authority.

1.2.2. "Affiliate" shall mean, as to the Company (or other specified Person), each Person directly or indirectly controlling or controlled by or under common control with the Company (or such specified Person). For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, contract or otherwise.

1.2.3. "Balance Sheet Date" shall mean March 31, 2002.

1.2.4. "Bank Debt" shall mean all Debt (including all outstanding principal, prepayment premiums or penalties, if any, and accrued interest, fees and expenses related thereto) of the Company under the Credit Agreement, dated as of January 26, 2001, by and between the Company and Shanghai Commercial Bank Limited, New York Branch ("Shanghai Commercial Bank").

1.2.5. "Bonus Employee Amounts" shall mean the cash bonuses to the employees identified on Schedule 7.2 (the "Bonus Employees") in the amounts specified therein, less the amounts required to be withheld, under applicable law, for purposes of income and payroll Taxes (the "Bonus Withholding Amounts") (the sum of the Bonus Employee Amounts and the Bonus Withholding Amounts being referred to herein as the "Bonus Payments").

1.2.6. "Business" shall mean the business of the Company as such business is currently conducted.

1.2.7. "Business Day" shall mean any day on which banking institutions in New York, New York are customarily open for the purpose of transacting business.

1.2.8. "By-laws" shall mean the corporate by-laws of a corporation, as from time to time in effect.

1.2.9. "Capital Expenditures" shall mean any expenditure that would be classified as a capital expenditure on a statement of cash flows of the Company prepared in accordance with GAAP on a basis consistent with the Financial Statements.

1.2.10. "Charter" shall mean the certificate or articles of incorporation or organization or other charter or organizational documents of any Person (other than an individual), each as from time to time in effect.

1.2.11. "Closing Date Liabilities" shall mean the amounts payable on the Closing Date pursuant to Section 3.1(i), 3.1(ii), 3.1(iii), 3.1(iv) and 3.1(v).

1.2.12. "Code" shall mean the federal Internal Revenue Code of 1986, as amended and as in effect as of the date hereof.

1.2.13. "Compensation" shall mean, as applied to any Person, all salaries, compensation, remuneration or bonuses, and all retirement, vacation, insurance or other fringe benefits paid or provided, directly or indirectly, by the Company to such Person or members of the immediate family of such Person.

1.2.14. "Contractual Obligation" shall mean, with respect to any Person, any oral or written contract, agreement, deed, mortgage, lease, license, indenture, note, bond, loan, insurance policy, sales order, purchase order or other document or instrument (including any document or instrument evidencing any indebtedness but excluding the Charter and By-laws of such Person) to which or by which such Person is legally bound.

1.2.15. "Debt" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the Ordinary Course of Business), (iv) under capital leases, (v) for bankers acceptances payable (other than bankers acceptances payable incurred in the Ordinary Course of Business), (vi) for "off-balance sheet" financing arrangements or (vii) in the nature of Guarantees of the obligations described in clauses (i) through (vi) above of any other Person.

1.2.16. "Distribution" shall mean, with respect to the capital stock of, partnership interest of or other evidence of beneficial interest in any Person, (i) the declaration or payment of any dividend on or in respect of any shares of any class of such capital stock or beneficial interest; (ii) the purchase, redemption or other retirement of any shares of any class of such capital stock or beneficial interest, directly, or indirectly through a Subsidiary or otherwise; and (iii) any other distribution on or in respect of any shares of any class of such capital stock, partnership interest or other beneficial interest, or on or in respect of any stock appreciation or similar right.

1.2.17. "Employee Plan" shall mean any (i) welfare benefit plan within the meaning of Section 3(1) of ERISA (a "Welfare Plan"); (ii) pension benefit plan within the meaning of Section 3(2) of ERISA (a "Pension Plan"); (iii) stock bonus, stock purchase, stock option, restricted stock, stock appreciation right or similar equity-based plan; or (iv) other deferred-compensation, retirement, welfare-benefit, bonus, incentive, severance, health, vacation, supplemental unemployment, hospitalization, medical, dental, legal or fringe-benefit plan, fund, program, agreement, arrangement or scheme (whether within or outside the United States of America and whether written or unwritten, to the extent that, if unwritten, it provides for benefits having a value greater than \$100,000 to any individual or greater than \$1,000,000 to individuals in the aggregate) maintained or required to be maintained by a Person or to which such Person makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former

employees, directors, managers, officers, consultants, independent contractors, contingent workers or leased employees of such Person or the dependents of any of them.

1.2.18. "Enforceable" shall mean, with respect to any Contractual Obligation, that such Contractual Obligation is the legal, valid and binding obligation of the Person in question, enforceable against such Person in accordance with its terms.

1.2.19. "Enforcement Exceptions" shall mean except as enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and general principles of equity (whether considered in a proceeding at law or in equity).

1.2.20. "Environmental Laws" shall mean any federal, state, local or municipal law, statute, regulation or ordinance of any Governmental Authority imposing liability or establishing standards of conduct for protection of the environment.

1.2.21. "ERISA" shall mean the federal Employee Retirement Income Security Act of 1974 or any successor statute, as amended.

1.2.22. "GAAP" shall mean generally accepted accounting principles in the United States as in effect from time to time.

1.2.23. "Governmental Authority" shall mean any domestic or foreign national, state, multi-state or municipal or other local government or any subdivision, agency, commission or authority or regulatory or administrative agency thereof.

1.2.24. "Governmental Order" shall mean any ruling, award, decision, injunction, judgment, order, decree, subpoena entered, issued or made by any Governmental Authority.

1.2.25. "Guarantee" shall mean (i) any guarantee of the payment or performance of, or any contingent obligation in respect of, any indebtedness or other obligation of any other Person, (ii) any other arrangement whereby credit is extended to one obligor on the basis of any promise or undertaking of another Person (A) to pay the indebtedness of such obligor, (B) to purchase any obligation owed by such obligor, (C) to purchase or lease assets (other than inventory in the Ordinary Course of Business) under circumstances that would enable such obligor to discharge one or more of its obligations, or (D) to maintain the capital, working capital, solvency or general financial condition of such obligor, and (iii) any liability as a general partner of a partnership or as a venturer in a joint venture in respect of indebtedness or other obligations of such partnership or venture.

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

1.2.27. "Intangibles" shall mean (a) all inventions, patent registrations and applications, and related filings, and all rights therein provided by statute, international treaties or conventions and all improvements to the inventions disclosed in each such registration, application or filing; (b) all computer software and source codes; (c) all trade names, trademarks,

service marks, trade dress, configurations, design marks, logos or slogans, registered or pending and applications thereof, including any foreign, U.S. federal and state filings and all rights therein provided by statute, international treaties or conventions, as well as all related common law rights; (d) all domain names, whether or not registered; (e) all proprietary customer lists; and (f) all copyrights, including registrations and pending applications for registration thereof, and all rights therein provided by statute, international treaties or conventions.

1.2.28. "Interim Balance Sheet" shall mean the unaudited consolidated balance sheet of the Company as of February 28, 2003, a copy of which is attached to Schedule 5.3.

1.2.29. "Investment" shall mean (i) any share of capital stock, partnership or other equity interest, evidence of indebtedness or other security issued by any other Person, (ii) any loan, advance, prepayment or extension of credit to, or contribution to the capital of, any other Person (other than the creation of receivables in the Ordinary Course of Business), (iii) any acquisition of a business of any other entity or (iv) any commitment or option to acquire or make any of the foregoing.

1.2.30. "Knowledge" shall mean, with respect to a Person, the knowledge after reasonable inquiry of the specified Person. In the case of the Knowledge of the Company, "Knowledge" shall mean the knowledge after reasonable inquiry of each of S. Anthony Margolis, Lucio Dalla Gasperina, Robert Emfield, Ken S. Kong, Tony Yeung, Brad Goldstein, Doug Wood, John F. Megrue, Jr., David J. Oddi, W.C. Wells, Stephanie McKinney, George Santacroce, Gail Vasquez, Tim Fleming, Joan Wright, and Julie Nardi. In the case of Knowledge of the Buyer, "Knowledge" shall mean the knowledge after reasonable inquiry of each of J. Hicks Lanier, Ben B. Blount, Jr., Thomas C. Chubb, III, J. Reese Lanier, Jr., K. Scott Grassmyer and Ann Shoemaker.

1.2.31. "Legal Requirement" shall mean any federal, state, local, municipal, foreign, international or multinational constitution, treaty, statute, ordinance, code, rule or regulation, or any Governmental Order, or any license, franchise, consent, approval, permit or similar right granted under any of the foregoing, including the Textile Fiber Products Identification Act (Pub. L. 85-897, Sec. 2, Sept. 2, 1958, 72 Stat. 1717) and United States customs laws and regulations.

1.2.32. "Lien" shall mean any mortgage, pledge, lien, security interest, attachment or other similar encumbrance.

1.2.33. "Loans" shall mean all obligations of the Company (including bankers' acceptances) for borrowed money (including all outstanding principal, prepayment premiums or penalties, if any, and accrued interest, fees and expenses related thereto) other than the Bank Debt and the Senior Subordinated Notes.

1.2.34. "Loss" shall mean any and all losses, damages, deficiencies, awards, assessments, judgments, civil or criminal fines, civil or criminal penalties, costs and expenses; provided, however, that the amount of any such Losses for the purposes of indemnification hereunder shall be determined net of the sum of any amounts that are in fact recoverable by the

Indemnatee under insurance policies that were in effect on or prior to the Closing Date with respect to such Loss.

1.2.35. "Management Agreement" shall mean the Management Agreement dated as of February 9, 2001 between the Company and Saunders Karp & Megrue, L.P.

1.2.36. "Material Adverse Effect" shall mean any result, occurrence, change, event, effect or circumstance (a) that individually or in the aggregate with any such other result, occurrence, change, effect, event or circumstance is or is reasonably likely to be adverse to the assets, liabilities, financial condition or results of operations of the Company or the Business and which could reasonably result in a loss to the Company, either individually or in the aggregate, of more than \$2,500,000, or a reduction in income of the Company, either individually or in the aggregate, of more than \$2,500,000 over any consecutive 12-month period, or (b) that materially and adversely affects the ability of the Sellers or the Company to perform their respective obligations under this Agreement and consummate the transactions contemplated hereby; provided, however, that notwithstanding the foregoing, the term "Material Adverse Effect" shall not include the impact of (i) changes in Legal Requirements or interpretations thereof by courts or any Governmental Authority, (ii) changes in GAAP, (iii) actions or omissions of one or more Sellers, the Company or any Subsidiary taken with the written consent of the Buyer in contemplation of the transactions contemplated hereby, (iv) general economic conditions and events or conditions generally affecting the apparel wholesale, specialty retail or restaurant industries, (v) current national or international hostilities (without any escalation thereof), and (vi) this Agreement or the announcement thereof.

1.2.37. "Ordinary Course of Business" shall mean the ordinary course of the Business, consistent with past practices.

1.2.38. "Person" shall mean any individual, partnership, limited liability company, corporation, association, trust, joint venture, unincorporated organization, labor union or other entity other than any Governmental Authority.

1.2.39. "Permitted Liens" shall mean (i) statutory liens for Taxes to the extent that the payment thereof is not in arrears or otherwise due, (ii) encumbrances in the nature of zoning restrictions, easements, rights or restrictions of record on the use of real property if the same do not materially impair the use of such property in the Business, (iii) liens to secure landlords, lessors or renters under leases or rental agreements confined to the premises rented, to the extent that the payment thereof is not in arrears, (iv) deposits or pledges made in connection with, or to secure payment of, worker's compensation, unemployment insurance, old age pension programs mandated under applicable Legal Requirements or other social security regulations, (v) liens in favor of carriers, warehousemen, mechanics and materialmen, liens to secure claims for labor, materials or supplies and other similar liens to the extent that the payment thereof is not in arrears, (vi) restrictions on transfer of securities imposed by applicable state and federal securities laws, (vii) liens securing only Bank Debt, and (viii) liens securing only the Senior Subordinated Notes.

1.2.40. "Price Per Common Share" shall mean an amount equal to (a) an amount equal to (i) the Cash Equity Amount plus the aggregate exercise price of the Warrant less (ii) the

sum of the amounts payable pursuant to Sections 3.1(i), 3.1(ii), 3.1(iii), 3.1(iv) and 3.1(v) divided by (b) the number which is the sum of (y) the number of shares of Common Stock which are issued and outstanding immediately prior to the Closing and (z) the number of shares of Common Stock subject to the Warrant outstanding immediately prior to the Closing (the sum of (y) and (z) shall be referred to herein as the "Fully Diluted Shares").

1.2.41. "Reference Balance Sheet" shall mean the audited consolidated balance sheet of the Company as of March 31, 2002, a copy of which is attached to Schedule 5.3.

1.2.42. "Required Sellers" shall mean such Sellers who, as of the date hereof, hold an aggregate of at least 70% of the Fully Diluted Shares, except that with respect to Section 12, "Required Sellers" shall mean such Sellers who, as of the date hereof, hold an aggregate of more than 50% of the Fully Diluted Shares.

1.2.43. "Securities Act" shall mean the Securities Act of 1933, as amended.

1.2.44. "Seller's Percentage" shall mean, as to each Seller (calculated as of the Closing Date), a percentage equal to (i) the sum of (a) the number of shares of Common Stock owned by such Seller and (b) the number of shares of Common Stock subject to the Warrant owned by such Seller divided by (ii) the Fully Diluted Shares.

1.2.45. "Senior Lenders" shall mean the lenders under the Loans.

1.2.46. "Signing Date Average Oxford Trading Price" shall be \$25.76.

1.2.47. "Stockholders Agreement" shall mean the Company's Stockholders Agreement dated as of February 9, 2001, as amended from time to time.

1.2.48. "Subordinated Lenders" shall mean the holders of the Senior Subordinated Notes.

1.2.49. "Subsidiary" shall mean any Person of which the Company (or other specified Person) shall own directly or indirectly through a Subsidiary, a nominee arrangement or otherwise at least a majority of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally or otherwise have the power to elect a majority of the board of directors or similar governing body or the legal power to direct the business or policies of such Person; provided, however, that, with respect to the Company, the term Subsidiary shall not include The Paradise Shoe Company, LLC.

1.2.50. "Tax" shall mean any federal, state, local or foreign income, gross receipts, franchise, withholding, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, ad valorem, excise, severance, stamp, occupation, premium, windfall profit, custom, duty, real property, personal property, capital stock, social security, employment, unemployment, disability, payroll, license, employee or other tax, including all interest, fines, penalties and additions with respect to any of the foregoing.

1.2.51. "Tax Benefit" shall mean any Tax refund, Tax credit or reduction in Tax actually realized by the Buyer or its Subsidiaries (including for all periods after the Closing Date, the Company).

1.2.52. "Tax Return" shall mean any federal, state, local and foreign return, report, statement or form relating to any Tax and any claim for refund of Tax, and any declaration of estimated Tax, and any schedule or attachment to any of the foregoing or amendment thereto, including, where permitted or required, any consolidated, combined or unitary returns for any group of entities.

1.2.53. "Transaction Expenses" shall mean (i) all fees and expenses incurred by the Company, to the extent not paid prior to the Closing Date, in connection with the negotiation and preparation of this Agreement, related agreements and the transactions contemplated hereby and thereby, including the fees and expenses of Ropes & Gray, Goldman, Sachs & Co., Ernst & Young LLP, Alston & Bird LLP and Mahoney Cohen & Co., CPA, P.C., (ii) all penalties, fees and expenses associated with the termination of the Management Agreement, and (iii) all penalties, fees and expenses associated with the termination of any employment or consulting agreements of the Company.

1.2.54. "Warrant" shall mean the Contingent Warrant to Purchase Shares of Class C Common Stock of the Company, issued to SKM-TB, LLC on February 9, 2001.

1.2.55. "Warrant Consideration" shall mean (i) the Price Per Common Share less the exercise price of the Warrant multiplied by (ii) the number of shares of Common Stock subject to the Warrant.

1.3. Certain Matters of Construction. In addition to the definitions referred to or set forth in this Section 1:

1.3.1. The words "hereof", "herein", "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof.

1.3.2. The words "party" and "parties" shall refer to the Sellers, the Company and the Buyer.

1.3.3. Definitions shall be equally applicable to both the singular and plural forms of the terms defined, and references to the masculine, feminine or neuter gender shall include each other gender.

1.3.4. Accounting terms used herein and not otherwise defined herein are used herein as defined by GAAP in effect as of the date hereof, consistently applied.

1.3.5. The word "including" shall mean including without limitation.

1.3.6. All references herein to "dollars" or "\$" shall refer to United States dollars.

2. ACQUISITION.

Upon the terms, subject to the conditions, and in reliance on the representations, warranties and covenants set forth herein, each of the Sellers and the Buyer hereby agree that on the Closing Date: (i) each of the Sellers severally will sell, transfer and deliver to the Buyer, free and clear of any Liens, the number of Shares of Class A Common Stock and Class C Common Stock set forth opposite such Seller's name on Schedule 1, (ii) the Warrant shall be terminated as described in Section 3.5, (iii) the Buyer will pay the Cash Equity Amount in accordance with Section 3.1 hereof (and accordingly, the Buyer, on behalf of the Company, will pay the Closing Date Liabilities and the Buyer will pay the Cash Purchase Price to the Sellers), (iv) the Buyer will pay the Stock Equity Amount in accordance with Section 3.2 hereof, (v) the Buyer will purchase and acquire from each Seller, the number of shares of Class A Common Stock and Class C Common Stock set forth opposite such Seller's name on Schedule 1, (vi) the Buyer, the Sellers and the Sellers' Representatives shall enter into the Earnout Agreement and (vii) the Buyer, the Sellers, the Sellers' Representatives and JPMorganChase Bank shall enter into the Escrow Agreement.

3. PAYMENT AND CLOSING.

3.1. Cash Equity Amount. The aggregate cash amount to be paid by the Buyer at the Closing shall be Two Hundred Forty Million Dollars (\$240,000,000), less any Estimated Working Capital Deficit or plus any Estimated Working Capital Surplus pursuant to Section 3.6.2.3 (such net amount being referred to herein as the "Cash Equity Amount"). At the Closing, the Buyer shall pay the Cash Equity Amount as follows: by wire transfer of immediately available funds (i) to such account or accounts as the Company specifies, an amount sufficient to pay the Transaction Expenses, (ii) to such account or accounts as the Company specifies, an amount sufficient to pay the Bonus Payments, (iii) to such account or accounts as the Company specifies, the insurance premiums payable to obtain the insurance coverage required under Section 7.9 hereof, (iv) to such account or accounts as Shanghai Commercial Bank specifies, an amount sufficient to prepay in full all outstanding principal and accrued interest on the Company's outstanding Bank Debt (including all prepayment premiums and penalties and any fees and expenses associated with such prepayment), (v) to such account or accounts as the Subordinated Lenders specify, an amount sufficient to prepay in full all outstanding principal and accrued interest on the Senior Subordinated Notes (including all prepayment premiums and penalties and any fees and expenses associated with such prepayment) (the amounts to be paid under this Section 3.1(iv) and (v) sometimes being referred to herein as the "Debt Payoff Amount"), (vi) to such account or accounts as the holder of the Warrant specifies to the Buyer in writing at least three Business Days prior to the Closing, an amount sufficient to pay the aggregate Warrant Consideration and (vii) to such account or accounts as each Seller specifies to the Buyer in writing at least three Business Days prior to the Closing, an amount equal to (A) the Price Per Common Share multiplied by (B) the number of Shares of Common Stock owned by such Seller immediately prior to the Closing (the Cash Equity Amount, less the amounts described in clauses (i), (ii), (iii), (iv) and (v) above, is referred to herein as the "Cash Purchase Price"); provided, that the Sellers agree that Twenty-Two Million Five Hundred Thousand Dollars (\$22,500,000) of the Cash Purchase Price (allocated in accordance with each Seller's respective Seller's Percentage) shall be deposited into an escrow account (the "Escrow Account") pursuant to the terms and conditions of an Escrow Agreement substantially in the

form attached hereto as Exhibit 3.1 (the "Escrow Agreement") to satisfy any potential obligations of the Sellers pursuant to Sections 3.6.5.1 and 10.2. Pursuant to the terms of the Escrow Agreement, \$2.5 million of the escrow amount minus the amount of the Working Capital Deficit, if any, will be released upon finalization of the Final Closing Statement.

3.2. Stock Equity Amount. At the Closing, the Buyer will issue to the Sellers, in the aggregate, 388,200 shares of common stock of the Buyer (which constitutes the number of shares of common stock of the Buyer equal to Ten Million Dollars (\$10,000,000) divided by the Signing Date Average Oxford Trading Price) (such number of shares of common stock of Buyer being referred to herein as the "Stock Equity Amount" or the "Oxford Securities"), which shares shall be issued to the respective Sellers pro rata based upon the respective Seller's Percentage of each Seller. The number of shares of common stock of the Buyer included in the Stock Equity Amount shall be equitably adjusted as necessary to reflect the effect of any forward or reverse stock split, stock dividend, recapitalization or other similar change with respect to common stock of the Buyer which has an applicable record date occurring during the period commencing the date hereof and ending on the Closing Date.

3.3. Earnout Agreement. At the Closing, the Buyers and the Sellers will enter into an Earnout Agreement in the form of Exhibit 3.3 hereto (the "Earnout Agreement"), pursuant to which the Sellers shall be entitled to receive up to an additional Seventy-Five Million Dollars (\$75,000,000) (the "Earnout Amount") in consideration for the Shares and the Warrant. The Earnout Amount, if any, shall be payable in accordance with, and subject to the terms and conditions of, the Earnout Agreement.

3.4. Time and Place of Closing. The consummation of the transactions described above (the "Closing") shall take place at the offices of King & Spalding LLP, 1185 Avenue of the Americas, New York, New York 10036, at 10:00 a.m. (local time) on (a) the later of (i) June 3, 2003 and (ii) the third Business Day after (1) the satisfaction or waiver of all conditions precedent to Closing as set forth in Sections 8 and 9 which can be satisfied prior to Closing and (2) the Buyer has sold \$175,000,000 in principal amount of notes (as contemplated by the Bridge Commitment Letter) or SunTrust and/or Merrill Lynch are prepared to loan \$175,000,000 to the Buyer (contemporaneously with the Closing) as contemplated by the Bridge Commitment Letter and SunTrust and/or Merrill Lynch (and other participating lenders) are prepared to loan up to \$295,000,000 to the Buyer (contemporaneously with the Closing) as contemplated by the Credit Facility Commitment Letter, or (b) such earlier date, after the satisfaction or waiver of all conditions precedent to Closing as set forth in Sections 8 and 9, as may be agreed to in writing by the Buyer and the Sellers' Representatives (the day on which the Closing takes place being referred to herein as the "Closing Date").

3.5. Delivery. At the Closing: (a) each of the Sellers shall deliver to the Buyer the certificate or certificates evidencing all of the Shares of Common Stock owned by such Seller, together with a duly executed stock power; (b) the holder of the Warrant shall deliver to the Buyer evidence of the cancellation of the Warrant owned by such holder; and (c) each party will deliver to the other such certificates, opinions and other documents as are contemplated hereby.

3.6. Adjustments to Purchase Price.

3.6.1. Definition of "Net Working Capital." For purposes of this Section 3.6, the term "Net Working Capital" means (i) the aggregate amount of the "Current Assets" (as defined below) of the Company less (ii) the "Current Liabilities" (as defined below) of the Company, both determined as of 11:59 p.m., Hawaiian Standard Time, on the Closing Date after giving effect to the payments described in Section 3.1 and any resulting Tax Benefits. As used herein, the term "Current Assets" means those assets of the Company and each of its Subsidiaries of the type listed on Part I of Exhibit 3.6 hereto, and the term "Current Liabilities" means those liabilities of the Company and each of its Subsidiaries of the type listed on Part II of Exhibit 3.6. The Current Assets and the Current Liabilities will be calculated in accordance with the guidelines (the "Working Capital Guidelines") set forth on Part III of Exhibit 3.6.

3.6.2. Preparation and Delivery of Estimated Closing Statement.

3.6.2.1 Not less than five (5) Business Days prior to the Closing Date, the Company shall prepare in good faith and deliver to the Buyer, at the sole expense of the Company, an estimated closing statement of the Company as of Closing Date (the "Estimated Closing Statement"), which Estimated Closing Statement shall set forth the proposed estimation of the Current Assets, the Current Liabilities, and the Net Working Capital.

3.6.2.2 The Estimated Closing Statement and the estimated Net Working Capital as of the Closing Date (the "Estimated Net Working Capital") reflected on the Estimated Closing Statement shall be subject to the approval of the Buyer, which approval shall not be unreasonably withheld.

3.6.2.3 The parties hereto acknowledge that the consideration being paid to Sellers pursuant to Section 3.1 is based on the assumption that the Net Working Capital of the Company shall be equal to Forty One Million Nine Hundred Thousand Dollars (\$41,900,000) (the "Assumed Net Working Capital"). Accordingly, the parties hereto agree that if the Estimated Net Working Capital is less than the Assumed Net Working Capital (the amount of such shortfall, if any, is hereinafter referred to as the "Estimated Working Capital Deficit"), the Buyer shall deduct from the Cash Equity Amount, on a dollar for dollar basis, the Estimated Working Capital Deficit. If the Estimated Net Working Capital is greater than the Assumed Net Working Capital (the amount of such excess is hereinafter referred to as the "Estimated Working Capital Surplus"), the Buyer shall add to the Cash Equity Amount, on a dollar for dollar basis, the Estimated Working Capital Surplus.

3.6.3. Preparation of Proposed Closing Statement. Within one hundred twenty (120) days after the Closing Date, the Buyer shall prepare and deliver to the Sellers' Representatives a closing statement of the Company as of Closing Date (the "Proposed Closing Statement"), which Proposed Closing Statement shall set forth the proposed calculation of the Current Assets, the Current Liabilities, and the Net Working Capital.

3.6.4. Examination of Proposed Closing Statement. The Sellers' Representatives shall review the Proposed Closing Statement to confirm the accuracy of the Proposed Closing Statement and of the Buyer's calculation of the Net Working Capital. In connection with such

review, the Buyer will provide the Sellers' Representatives and their representatives with reasonable access to appropriate personnel, books, records, documents and other information of the Company. If the Sellers' Representatives fail to give the Buyer written notice of any disputed amounts within fifteen (15) days after the Sellers' Representatives receive the Proposed Closing Statement (the "Review Period"), then the Proposed Closing Statement shall become the "Final Closing Statement" (as defined below) for purposes hereof. If the Sellers' Representatives give the Buyer written notice of any disputed items within the Review Period, the Sellers' Representatives and the Buyer shall attempt in good faith to agree on any adjustments that should be made to the Proposed Closing Statement in order to reflect the Net Working Capital. If the Sellers' Representatives and the Buyer are unable to resolve any disputed amounts within forty-five (45) days after the Sellers' Representatives receive the Proposed Closing Statement, the Buyer and the Sellers' Representatives shall submit their final calculations of the items in dispute to an arbitrator (the "Arbitrator") who shall be, or shall have previously been, an audit partner in a nationally recognized independent accounting firm and who shall be appointed by agreement of the Buyer and the Sellers' Representatives or, failing such agreement, by the American Arbitration Association (the "AAA") in accordance with the Commercial Arbitration Rules (the "Arbitration Rules") of the AAA. The Arbitrator shall review such final calculations and make a selection as to which of the final calculations presented to it is, in the aggregate, more accurate. The decision of the Arbitrator shall be made in accordance with the Arbitration Rules and in accordance with the terms of this Agreement, including the procedures set forth on Exhibit 3.6. The decision of the Arbitrator shall be made within thirty (30) days after being engaged, or as soon thereafter as reasonably practicable, and shall be final and binding on the parties. The costs and expenses of the Arbitrator shall be paid by the party whose proposed calculation is not selected by the Arbitrator. The Buyer and the Sellers' Representatives shall make available to the Arbitrator all relevant books and records relating to the calculations submitted and all other information reasonably requested by the Arbitrator. The Proposed Closing Statement shall be revised, if necessary, to reflect the final determination of the Net Working Capital (the final form of the Proposed Closing Statement, including any revisions which are made thereto pursuant to this Section 3.6.4, is referred to herein as the "Final Closing Statement").

3.6.5. Adjustments.

3.6.5.1 If the Net Working Capital as reflected on the Final Closing Statement is less than the Estimated Net Working Capital (the amount of such shortfall, if any, is hereinafter referred to as the "Working Capital Deficit"), the Sellers shall be obligated on a joint and several basis to pay to the Buyer, on a dollar for dollar basis, an amount equal to the Working Capital Deficit (such payment shall be hereinafter referred to as a "Working Capital Payment"). The Working Capital Payment, if any, shall be paid in cash by the Sellers to the Buyer within ten (10) days of the final determination of the Final Closing Statement; provided, however, that if any Working Capital Payment is due to the Buyer pursuant to this Section 3.6.5.1, the Buyer shall first seek to recover up to \$2,500,000 of such payment from the Escrow Account pursuant to the terms of the Escrow Agreement. Subject to the foregoing, the Buyer may, at its sole discretion, claim all or any part of any Working Capital Payment due to it from any Seller pursuant to this Section 3.6.5.1 either directly from such Seller or from the Escrow Account pursuant to the terms of the Escrow Agreement or may set off such amount from any Earnout Amount pursuant to the terms of the Earnout Agreement.

3.6.5.2 If the Net Working Capital as reflected on the Final Closing Statement is greater than the Estimated Net Working Capital (the amount of such excess is hereinafter referred to as the "Working Capital Surplus"), the Buyer shall pay the Sellers, on a dollar for dollar basis, pro rata according to each Seller's Seller's Percentage, an amount equal to the Working Capital Surplus (such payment shall be hereinafter referred to as a "Surplus Payment"). The Surplus Payment, if any, shall be paid in cash by the Buyer to the Sellers within ten (10) days of the final determination of the Final Closing Statement.

3.6.5.3 The determination of the Working Capital Payment or the Surplus Payment, as the case may be, shall be made by the Buyer and the Sellers' Representatives immediately following the final determination of the Final Closing Statement. Any amounts required to be paid pursuant to Section 3.6.5 shall accrue simple interest thereon at a rate of 5% per annum commencing on the Closing Date and continuing to and including the date of payment, and such interest shall be paid together with the adjustment amount being paid.

4. REPRESENTATIONS AND WARRANTIES OF THE SELLERS. Each of the Sellers, solely as to itself, represents and warrants that:

4.1. Organization and Authority. In the case of a Seller that is not an individual, such Seller is an entity duly formed, legally existing and in good standing under the laws of the jurisdiction of its organization. Such Seller has full power, capacity and authority to enter into this Agreement and to perform its obligations hereunder and to consummate the transactions contemplated hereby. The equity holders of each Seller that is not an individual are set forth on Schedule 4.1. Each Seller that is an individual has caused his spouse to execute a consent in the form attached hereto as Exhibit 4.1.

4.2. Authorization and Enforceability. This Agreement has been duly authorized, executed and delivered by such Seller and, assuming the due authorization, execution and delivery by the other parties hereto, is enforceable against such Seller.

4.3. Non-Contravention, etc. Except as set forth on Schedule 4.3, the execution and delivery of this Agreement by such Seller and the consummation by such Seller of the Closing hereunder in accordance with the terms and conditions of this Agreement do not and will not conflict with or result in the breach of any of the terms or provisions of, or constitute a default under, (a) any provision of the organizational documents of such Seller, if applicable, (b) any Contractual Obligation to which such Seller is a party or by which such Seller is, the Shares to be sold by such Seller hereunder are or the Warrant to be cancelled by such Seller is, bound or (c) any Legal Requirement applicable to such Seller, to the Shares to be sold by such Seller or to the Warrant to be cancelled by such Seller. Assuming expiration or termination of all applicable waiting periods under the HSR Act and except as set forth on Schedule 4.3, no consent or approval is required to be obtained by such Seller in connection with the execution, delivery and performance of this Agreement by such Seller, the sale of the Shares to be sold by such Seller or the cancellation of the Warrant by such Seller, all as contemplated hereby.

4.4. Title to Securities. Except as set forth on Schedule 4.4, such Seller is the record and beneficial owner of and has good and valid marketable title to the Shares of Common Stock and/or Warrant set forth opposite such Seller's name on Schedule 1, free and clear of any Liens,

except as created by the Stockholders Agreement (which Lien shall be terminated at or prior to Closing). Each Seller has the exclusive right, power and authority to vote and transfer the Shares owned by such Seller and/or to cancel the Warrant owned by such Seller. At the Closing, each Seller will transfer and convey, and the Buyer will acquire, good and valid marketable title to the Shares of Common Stock, free and clear of any and all Liens, other than applicable securities laws. At the Closing, the Seller which owns the Warrant will duly cancel the Warrant pursuant to Section 3.5 without any remaining obligation of the Company thereunder.

4.5. Voting Trusts, etc. Except as set forth on Schedule 4.5, there are no voting trusts, shareholder agreements, commitments, undertakings, understandings, proxies or other restrictions to which such Seller is a party which directly or indirectly restrict or limit in any manner, or otherwise relate to, the voting, sale or other disposition of any shares of capital stock of the Company or the Warrant.

4.6. Brokers, etc. Except as contemplated by Section 5.30, no broker, finder, investment bank or similar agent is entitled to any brokerage or finder's fee from the Company or such Seller in connection with the transactions contemplated by this Agreement based upon agreements or arrangements made by or on behalf of such Seller.

4.7. Amounts Owed to Sellers. Except as set forth on Schedule 4.7, the Company does not owe and is not obligated to pay such Seller any amount and such Seller has no claim of any kind against the Company or any officer or director of the Company.

4.8. Investment and Securities Matters.

4.8.1. No Registration. Such Seller acknowledges and understands that the (i) issuance of the Oxford Securities will not be registered under the Securities Act, or any other applicable securities laws and (ii) issuance of the Oxford Securities is intended to be exempt from registration under the Securities Act and any other applicable securities laws by virtue of certain exemptions thereunder, including Section 4(2) of the Securities Act and the provisions of Regulation D promulgated thereunder, and, therefore, the Oxford Securities cannot be resold unless registered under the Securities Act and any other applicable securities laws or unless an exemption from registration is available.

4.8.2. Reliance on Representations. Such Seller acknowledges that Buyer and its advisors will rely on the representations and warranties of such Seller contained in this Section 4.8 for purposes of determining whether the issuance of the Oxford Securities is exempt from registration under the Securities Act and any other applicable securities laws.

4.8.3. Restricted Securities/Rule 144. Such Seller understands that the Oxford Securities will be characterized as "restricted securities" under the Securities Act. In this connection, such Seller represents that such Seller is familiar with Rule 144 promulgated under the Securities Act and understands that Rule 144 is not presently available with respect to sales of the Oxford Securities.

4.8.4. Acquiring For Own Account. Such Seller is acquiring the Oxford Securities solely for his or its own account for investment purposes and not with a view toward any distribution.

4.8.5. Review of Reports. Such Seller has reviewed the SEC Reports.

4.8.6. Financial Ability. Such Seller (i) has the financial ability to bear the economic risk of the investment in the Oxford Securities, (ii) has adequate means for providing for his or its current needs and contingencies, (iii) has no need for liquidity with respect to the investment in the Oxford Securities, and (iv) can afford a complete loss of the investment in the Oxford Securities at this time and in the foreseeable future.

4.8.7. Knowledge and Experience. Such Seller has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in Oxford Securities and of making an informed investment decision with respect thereto.

4.8.8. Tax Consequences. Such Seller understands that the transactions contemplated by this Agreement are not structured to obtain "tax-free" treatment under the Code. Accordingly, such Seller may be required to recognize taxable gain based on the fair market value of the Oxford Securities as of the date received even though it will likely not be permissible to liquidate the Oxford Securities in order to pay such taxes.

4.8.9. Accredited Investor. Such Seller is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

4.8.10. Further Limitations on Dispositions. Without in any way limiting the representations set forth above, such Seller further agrees not to make any disposition of all or any portion of the Oxford Securities unless and until:

(i) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) (A) such Seller shall have notified the Buyer of the proposed disposition and shall have furnished the Buyer with a statement of the circumstances surrounding the proposed disposition and (B) unless waived by the Buyer, the Buyer shall have received an opinion of counsel to the Buyer providing that such disposition will not require registration of such securities under the Securities Act or any other applicable securities laws.

Notwithstanding any other provision in this Agreement or the Registration Rights Agreement, such Seller agrees not to sell, transfer or otherwise dispose of (a) any of the Oxford Securities issued to such Seller pursuant to Section 3.2 of this Agreement prior to the six month anniversary of the Closing Date and (b) more than one-half of the Oxford Securities issued to such Seller pursuant to Section 3.2 of this Agreement prior to the first anniversary of the Closing Date.

4.8.11. Legend. Such Seller acknowledges and agrees that the certificates representing the Oxford Securities shall bear substantially the following legend:

The shares represented by this certificate have not been registered under the

Securities Act of 1933, as amended (the "Securities Act"), or under any other applicable securities laws in reliance upon various exemptions therefrom. These shares have been acquired for investment and may not be offered for sale, sold, transferred, or otherwise disposed of, nor will any assignee or transferee thereof be recognized by the Corporation as having any interest in such shares, in the absence of (i) an effective registration statement with respect to the shares under the Securities Act or (ii) an opinion of Corporation's counsel to the effect that the transaction by which such shares will be offered for sale, sold, transferred, or otherwise disposed of, is exempt from or otherwise in compliance with the registration requirements of the Securities Act and any other applicable securities laws. The shares represented by this certificate may not be sold, transferred, or otherwise disposed of, nor will any assignee or transferee thereof be recognized by the Corporation as having any interest in such shares, unless such sale, transfer or disposition is otherwise in accordance with the terms of the Stock Purchase Agreement, dated as of April 26, 2003, among Viewpoint International, Inc., the stockholders of Viewpoint International, Inc. and the Corporation.

5. REPRESENTATIONS AND WARRANTIES RELATING TO THE COMPANY. The Company represents and warrants that:

5.1. Organization, Power, Standing and Authority. Each of the Company and its Subsidiaries is a corporation or a limited liability company duly organized, validly existing and in good standing under the laws of the states in which each has been organized, and has all requisite power and authority to execute, deliver and perform this Agreement, to own its property, to carry on the Business and to consummate the transactions contemplated hereby. The Company has heretofore made available to the Buyer a true and complete copy of (a) the Charter and By-laws of the Company and the organizational documents of each of its Subsidiaries, (b) the minute books of the Company and each of its Subsidiaries, and (c) the stock ledger and the stock books (or equivalent documents) of the Company and each of its Subsidiaries, each of which is accurate and complete through the date hereof. The Company and each of its Subsidiaries is duly qualified or licensed to do business as a foreign corporation or limited liability company, and is in good standing as such, in each jurisdiction where the failure to be so qualified or licensed and in good standing could reasonably be expected to have a Material Adverse Effect. Schedule 5.1 contains a true and correct list of the jurisdictions in which the Company and each of its Subsidiaries is qualified or licensed to do business as a foreign corporation or limited liability company. The execution, delivery and performance of this Agreement by the Company have been duly authorized by all necessary corporate (or other) action of the Company. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, is the legal, valid and binding obligation of the Company, Enforceable against the Company in accordance with its terms.

5.2. Capitalization and Investments.

5.2.1. As of the date hereof, and as of the Closing Date, the authorized capital stock of the Company consists and will consist of 40,000,000 shares of Class A Common Stock,

675,000 shares of Class B Common Stock and 6,200,000 shares of Class C Common Stock. As of the date hereof, and as of the Closing Date, the total capital stock issued and outstanding of the Company (including a list of the record holders of the outstanding capital stock of the Company and the number of shares held) is, and will be as, set forth on Schedule 1. All of such outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable. As of the date hereof, and as of the Closing Date, the Shares shown as outstanding on Schedule 1 hereto constitute, and shall constitute, all of the issued and outstanding shares of capital stock of the Company.

5.2.2. Except as set forth on Schedule 5.2, there is no Contractual Obligation, Charter, or By-law provision (including any subscription, option, convertible security, call, put, right, warrant, or other agreement, claim, or commitment of any nature whatsoever) which obligates the Company to issue, purchase or redeem, or make any payment in respect of, any shares of capital stock or other securities convertible into or exchangeable for shares of capital stock or partnership interests or which provides for any stock appreciation or similar right or grants any right to share in the equity, income, revenues or cash flow of the Company. Additionally, except as set forth on Schedule 5.2, there are no Distributions that have accrued or been declared but are unpaid on the capital stock or equity of the Company.

5.2.3. Except as set forth on Schedule 5.2, there are no voting trusts, shareholder agreements, commitments, undertakings, understandings, proxies or other restrictions to which the Company is a party which directly or indirectly restrict or limit in any manner, or otherwise relate to, the voting, sale or other disposition of any shares of capital stock of the Company.

5.2.4. Schedule 5.2 sets forth a list of each of the Subsidiaries of the Company. Except as set forth on Schedule 5.2, the Company owns all of the capital stock and other equity interests in each such Subsidiary, free and clear of any Liens, restrictions on transfer or restrictions on voting, other than restrictions on transfer imposed by applicable securities laws. All of the issued and outstanding equity interests in the Subsidiaries are duly authorized, validly issued, fully paid and non-assessable. Except as set forth on Schedule 5.2, there is no Contractual Obligation, Charter, or By-law provision (including any subscription, option, convertible security, call, put, right, warrant, or other agreement, claim, or commitment of any nature whatsoever) which obligates any Subsidiary to issue, purchase or redeem, or make any payment in respect of, any shares of capital stock or other securities convertible into or exchangeable for shares of capital stock or partnership interests or which provides for any stock appreciation or similar right or grants any right to share in the equity, income, revenues or cash flow of such Subsidiary. Except as set forth on Schedule 5.2 or with respect to Distributions from wholly-owned Subsidiaries of the Company to the Company or to other wholly-owned Subsidiaries of the Company, there are no Distributions that have accrued or been declared but are unpaid on the capital stock or equity of any Subsidiary.

5.2.5. Except as set forth on Schedule 5.2, neither the Company nor any of its Subsidiaries has an Investment in any Person that is not a Subsidiary of the Company other than Investments in (a) demand deposit or money market accounts and (b) cash equivalents (i.e., marketable obligations issued or guaranteed by the government of the United States that mature within 180 days of the acquisition thereof or money market funds that invest in securities similar to such United States government securities).

5.3. Financial Statements, etc.

5.3.1. Financial Information. The Company has heretofore delivered to the Buyer true and complete copies of each of the following:

5.3.1.1 The audited consolidated balance sheets of the Company as of March 31, 2000, 2001 and 2002, and the consolidated statements of operations, of stockholders' equity (deficiency), and of cash flow for the respective fiscal years ended March 31, 2000, 2001 and 2002, together with the notes thereto, each accompanied by the audit report of Mahoney Cohen & Co., CPA, P.C. (the "Year End Financials").

5.3.1.2 An unaudited financial statement of the Company, consisting of the Interim Balance Sheet and related consolidated statements of operations, of stockholders' equity (deficiency), and of cash flow for the 11 month period ending on February 28, 2003 (collectively, the "Interim Financials" and together with the Year End Financials, the "Financial Statements"). Copies of the Financial Statements are attached to Schedule 5.3.

5.3.2. Character of Financial Information. The Financial Statements have been prepared from, and are in accordance with, the books and records of the Company. Except as set forth on Schedule 5.3, the Financial Statements (including the notes thereto) were prepared in accordance with GAAP consistently applied throughout the periods specified therein, and are correct and complete and present fairly, in all material respects, the financial position and results of operations of the Company for the periods specified therein, subject in the case of the Interim Financials to an absence of notes and normal year-end adjustments.

5.3.3. Offering Memorandum. To the Knowledge of Doug Wood, Ken Kong and Geoff Martin, the Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company beginning on page 64 and ending on page 74 of the Buyer's preliminary offering memorandum relating to the Buyer's offering of notes in connection with the transactions contemplated by this Agreement does not include any untrue statement of a material fact or omit to state a material fact necessary to make such statements, in light of the circumstances in which they were made, not misleading.

5.3.4. Final Closing Statement. To the Knowledge of the Company, the Final Closing Statement, as finalized in accordance with Section 3.6.4 hereof, shall have been prepared, and shall be accurate and complete, in accordance with the Working Capital Guidelines. For the purposes of this Section 5.3.4, any item in the Final Closing Statement which has been accounted for in accordance with the final decision of the Arbitrator pursuant to Section 3.6.4 shall be deemed to be accurate and complete for purposes of this Agreement.

5.4. Inventories. Except as set forth on Schedule 5.4 hereto or as otherwise reflected in the Financial Statements, the inventories of the Company (a) are sufficient for the operation of the Company in the Ordinary Course of Business, (b) consist of items that are good and merchantable within the Company's normal tolerances, (c) conform to the specifications therefor within the Company's normal tolerances, (d) are of a quality and quantity presently usable or

saleable in the Ordinary Course of Business (subject to applicable reserves) and (e) are not obsolete, damaged or defective outside the Company's normal tolerances.

5.5. Accounts Receivable; Accounts Payable; Capital Expenditures.

5.5.1. The accounts receivable of the Company arose from bona fide transactions in the Ordinary Course of Business, have been executed on terms consistent with the past practice of the Company in all material respects and are reflected properly on the books and records of the Company.

5.5.2. The accounts payable of the Company arose from bona fide transactions in the Ordinary Course of Business, have been executed on terms consistent with the past practice of the Company in all material respects, are reflected properly on the books and records of the Company and are valid payables in accordance with GAAP. Except as set forth on Schedule 5.5.2 hereto, none of the accounts payable reflected on the Interim Balance Sheet shall have been outstanding more than the shorter of (a) their scheduled due date in the Ordinary Course of Business or (b) thirty (30) days after the respective invoice date for such account payable.

5.5.3. Attached to Schedule 5.5.3(a) hereto is a true and complete copy of the Company's Capital Expenditures budget (the "2003 Capital Expenditures Budget") for April 1, 2002 through March 31, 2003 as well as a true and complete summary of those budgeted Capital Expenditures which were actually incurred by the Company during the period from April 1, 2002 through February 28, 2003. Attached to Schedule 5.5.3(b) hereto is a true and complete copy of the Company's Capital Expenditure budget (the "2004 Capital Expenditures Budget") for each month from April 1, 2003 through March 31, 2004.

5.6. No Undisclosed Liabilities. Except as set forth on Schedule 5.6, the Company does not have any liabilities or obligations required under GAAP to be reflected on its consolidated balance sheet or in the notes thereto which are not adequately reflected or provided for on the Financial Statements, except liabilities and obligations incurred since the date of the Interim Financials in the Ordinary Course of Business, none of which, either individually or in the aggregate, will have a Material Adverse Effect.

5.7. Title to Assets; Sufficiency of Assets.

(a) The Company has good and marketable title to or, in the case of property held under lease or any other Contract, a valid and Enforceable (subject to Enforcement Exceptions) right to use, all of the properties, rights and assets reflected on the Reference Balance Sheet (collectively, the "Assets"), except for inventory which has been sold or otherwise disposed of since the Balance Sheet Date in the Ordinary Course of Business or as described on Schedule 5.15 hereto. The Assets are not subject to any Lien other than Permitted Liens and Liens described on Schedule 5.7. Except as disclosed on Schedule 5.7, upon payment of the Debt Payoff Amount by the Buyer and application of the Cash Equity Amount as contemplated by Section 3.1, all Liens disclosed on Schedule 5.7 will be released.

(b) The tangible Assets are in good working order, operating condition and state of repair, ordinary wear and tear excepted. The Assets, together with all other assets used by the Company pursuant to the Contracts, constitute all of the assets and properties necessary to permit the Company to conduct the Business.

5.8. Licenses, Permits, Compliance with Laws, etc. The Company holds, and Schedule 5.8 sets forth, all material licenses, permits, franchises and other authorizations under any Legal Requirement necessary for the conduct of the Business as currently conducted. All such licenses, permits, franchises and other authorizations are current and valid, and neither the execution and delivery of this Agreement nor the consummation by the Company of any of the transactions contemplated hereby does or will constitute, result in or give rise to a violation under any such license, permit, franchise or other authorization. The operations of the Business as heretofore or currently conducted were not and are not in violation of, nor is the Company in default or violation under, any Legal Requirement. The merchandise imported by the Company (i) has been appraised in all material respects in accordance with section 402 of the Tariff Act of 1930, as amended by the Trade Agreements Act of 1979 (19 U.S.C. Section 1401a), (ii) has been classified in all material respects in accordance with the Harmonized Tariff Schedule of the United States (pursuant to the publication authority of 19 U.S.C. Section 1202), (iii) has not been imported in a manner that is a material violation of 19 U.S.C. Section 1592, and (iv) has been properly entered in all material respects in accordance with 19 U.S.C. Section 1484.

5.9. Non-Contravention, etc. Neither the execution and delivery of this Agreement nor the consummation by the Company of any of the transactions contemplated hereby does or will constitute, result in or give rise to (a) a breach of or a default or violation under any provision of the Charter or By-laws of the Company or (b) except as set forth on Schedule 5.9, (i) a breach or violation under any provision of any Contract of the Company or a "change of control" under any Contract of the Company, (ii) the acceleration of the time for performance of any obligation under any such Contract, (iii) the imposition of any Lien upon or the forfeiture of any asset of the Company (including any such asset held under a lease or license), (iv) a requirement that any consent under, or waiver of, any such Contract, Charter or By-law provision be obtained, or (v) a violation of any Legal Requirement applicable to the Company.

5.10. Real Property.

5.10.1. Schedule 5.10 sets forth a list of the addresses of each location at which any furniture, fixtures, equipment or inventory is located or where the Company has an office or other place of business.

5.10.2. The Company does not and has never owned any real property. Schedule 5.10 lists all contracts for the lease or sublease of real property by the Company currently in effect (the "Leases"). The Company has made available to the Buyer correct and complete copies of the Leases (as amended to date). With respect to each Lease:

5.10.2.1 to the Knowledge of the Company, the Lease is Enforceable (subject to Enforcement Exceptions);

5.10.2.2 except as set forth on Schedule 5.10, neither the Company nor, to the Knowledge of the Company, any other party to the lease or sublease is in breach or default, and, to the Knowledge of the Company, no event has occurred (including the failure to obtain any consent) which, with notice or lapse of time or both, would constitute a breach or default or permit termination, modification, or acceleration thereunder or impair any right of the Company to exercise and obtain the benefit of any options contained in such Lease;

5.10.2.3 with respect to each Lease that is a sublease, the representations and warranties set forth in subsections 5.10.2.1 through 5.10.2.2 above are true and correct with respect to the underlying Lease;

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

5.10.2.5 to the Knowledge of the Company, all facilities leased or subleased abut on and have direct vehicular access to a public road or have access to a public road via a permanent, irrevocable, appurtenant easement benefiting such facilities; and

5.10.2.6 to the Knowledge of the Company, all facilities leased or subleased thereunder are in a good condition and state of repair, ordinary wear and tear excepted.

5.11. Litigation, etc. Except as set forth on Schedule 5.11, (i) there is no Action pending or, to the Knowledge of the Company, otherwise threatened, against the Company or any property or assets of the Company and (ii) the Company is not subject to any judgment, decree, writ, injunction or order of any Governmental Authority. The Company has provided the Buyer with complete and correct copies of all material written materials related to each Action set forth on Schedule 5.11.

5.12. Intellectual Property Rights.

5.12.1. Owned Intangibles. Schedule 5.12(a) lists all Intangibles that are owned by the Company. Except as disclosed on Schedule 5.12(a), (i) the Company possesses all right, title and interest in and to each Intangible listed on Schedule 5.12(a), free and clear of any Lien other than Permitted Liens, (ii) the ownership and uses, as the case may be, by the Company of any Intangibles does not infringe any rights of any third party, (iii) such Intangibles are not subject to any outstanding injunction, judgment, order, decree or ruling, (iv) no Action is pending or, to the Knowledge of the Company, threatened which challenges the legality, validity, enforceability, use or ownership of such Intangibles, (v) there is no license or other Contractual Obligation under which the Company is a licensor with respect to any such Intangible (except as disclosed in Section 12 of Schedule 5.13), (vi) to the Knowledge of the Company, no activity of any third party infringes upon or misappropriates the rights of the Company with respect to any such Intangible, (vii) to the Knowledge of the Company, all authorized third-party uses are being

exercised within the limitations set forth in the respective agreements, (viii) the Company, in connection with any Debt, has not granted to any third party, including Shanghai Commercial Bank, any security interest in any trademark applications, and (ix) to the extent that any Intangible has been developed or created by a third party for the Company, the Company has a written agreement with such third party with respect thereto and the Company thereby either (A) has obtained ownership of, or (B) has obtained a license (sufficient for the conduct of the Business as currently conducted and as proposed to be conducted) to use such Intangible.

5.12.2. Licensed Intangibles. Schedule 5.12(b) lists all Intangibles not owned by the Company which are used in the Business, other than commercially available computer software programs licensed under "shrink wrap" or other off-the-shelf standard form software licenses, and lists each license or other Contractual Obligation under which any such Intangible is used by the Company (collectively, the "Licenses"). Additionally, to the Knowledge of the Company, (i) the use by the Company of the Intangibles listed on Schedule 5.12(b) does not infringe any rights of any third party, (ii) each License is enforceable (subject to Enforcement Exceptions) and in full force and effect, (iii) no party to a License is in breach or default thereof, (iv) the Intangibles underlying each License are not subject to any outstanding injunction, judgment, order, decree or ruling and (v) no activity of any third party infringes upon the rights of the Company with respect to any of the Licenses; and (vi) except as set forth on Schedule 5.12(b), nothing in any of the Licenses listed on Schedule 5.12(b) prohibits the Company from transferring its rights in the Licenses listed on Schedule 5.12(b), or otherwise limits the Company's transfer of such rights.

5.12.3. Intangibles Disputes. Except as set forth on Schedule 5.12(c), there is no domestic or foreign action pending, and there is no demand, proceeding, claim, assertion or dispute made or, to the Knowledge of the Company, threatened by any third party which could have the effect of diminishing any right, interest or title of the Company to the Intangibles listed on Schedule 5.12(a). With respect to the items disclosed on Schedule 5.12(c), the Company has taken, is taking and will take reasonable actions necessary to protect its right, title and interest to each Intangibles owned by the Company.

5.13. Contracts, etc. Set forth on Schedule 5.13 hereto is a true and complete list of all of the following Contractual Obligations of the Company (collectively, the "Contracts"):

5.13.1. all Contractual Obligations involving collective bargaining agreements and other labor agreements, all employment or consulting agreements, termination or severance agreements, change-of-control agreements and all other plans, agreements, arrangements, practices or other Contractual Obligations (other than any Company Employee Plan) respecting the terms and conditions of employment, a consulting arrangement or Compensation or benefits, including post-retirement benefits, to any of the current or former officers, employees, consultants or independent contractors of the Company, except for obligations arising generally in connection with employment at-will relationships;

5.13.2. all Contractual Obligations under which the Company is or may become obligated to pay any brokerage, finder's or similar fees or expenses in connection with, or has incurred any severance pay or special Compensation obligations which would become payable

by reason of, this Agreement or consummation of the transactions contemplated hereby, other than any such fees payable to Goldman, Sachs & Co;

5.13.3. all Contractual Obligations (including options) to sell or otherwise dispose of any assets other than in the Ordinary Course of Business;

5.13.4. all Contractual Obligations under which the Company has or will have after the Closing any liability or obligation to or for the benefit of any stockholder, any Affiliate of any stockholder or any other Affiliate of the Company;

5.13.5. all Contractual Obligations under which the Company currently has or during the prior two years has had any liability or obligation to or for the benefit of any stockholder, any Affiliate of any stockholder or any other Affiliate of the Company;

5.13.6. all Contractual Obligations (other than Leases) under which the Company has any liability or obligation for any Debt (including the Bank Debt and the Senior Subordinated Notes) or constituting a Guarantee of any liability or obligation of any Person, or under which any Person has any liability or obligation constituting a Guarantee of any liability or obligation of the Company (including partnership and joint venture agreements), in each case having a value of at least \$100,000 in any year or \$1,000,000 in the aggregate;

5.13.7. all Contractual Obligations under which the Company is or may become obligated to pay any amount in respect of deferred or conditional purchase price (other than ordinary trade terms), indemnification obligations, purchase price adjustment or otherwise in connection with any (i) acquisition or disposition of all or substantially all of the assets or securities constituting a line of business of any Person, (ii) merger, consolidation or other business combination, or (iii) series or group of related transactions or events of a type specified in subclauses (i) and (ii);

5.13.8. all Contractual Obligations for the sale or purchase of products or provision of services by or to the Company (other than ordinary course purchase orders or sales orders) that (i) involve products or services having a value of at least \$100,000 in any year or \$1,000,000 in the aggregate, (ii) have a term extending more than one year after the Closing Date, or (iii) to which the United States federal government or any state, local or foreign government or any agency or department of any of the foregoing is a party;

5.13.9. all Contractual Obligations relating to advertising having a value of at least \$100,000 in any year or \$1,000,000 in the aggregate;

5.13.10. all Contractual Obligations having a value of at least \$100,000 in any year or \$1,000,000 in the aggregate under which any tangible personal property is held or used by the Company;

5.13.11. all Contractual Obligations having a value of at least \$100,000 in any year or \$1,000,000 in the aggregate under which the Company is liable as lessor or lessee with respect to any tangible personal property;

5.13.12. all Contractual Obligations under which the Company is a licensor or licensee (or a sublicensor or sublicensee) with respect to any Intangibles or otherwise grants or receives any franchise or similar rights having a value of at least \$100,000 in any year or \$1,000,000 in the aggregate;

5.13.13. all Contractual Obligations under which the Company or any employee/designer is or may be prohibited or restricted from competing (i) in any business, (ii) in any geographic area and/or (iii) for any current or potential wholesale customers anywhere in the world;

5.13.14. all Contractual Obligations under which the Company is a joint venturer or partner or under which the Company shares profits, losses, costs, or liabilities with any other Person; and

5.13.15. all other Contractual Obligations (other than Leases and ordinary course purchase orders or sales orders and other than Contractual Obligations of the type described in Section 5.13.8) which individually have a value in excess of \$100,000 in any year or \$1,000,000 in the aggregate.

Except as otherwise noted on Schedule 5.13 hereto, the Company has heretofore made available to the Buyer a true and complete copy of each of the Contracts, or a narrative description of those Contracts that are not in writing. Subject to the Enforcement Exceptions, each Contract is Enforceable by the Company, except for such failures to be so Enforceable as have not had and would not reasonably be expected to have in the aggregate a Material Adverse Effect. Except as set forth on Schedule 5.13 hereto, no breach or default by the Company under any Contract has occurred and is continuing, and no event has occurred which with notice or lapse of time would constitute such a breach or default. To the Knowledge of the Company, except as set forth on Schedule 5.13 hereto, no breach or default by any other Person under any Contract has occurred and is continuing, and no event has occurred which with notice or lapse of time would constitute such a breach or default.

5.14. Debt. The Company does not have any Debt outstanding other than the Bank Debt, the Senior Subordinated Notes, capital leases set forth on Schedule 5.14 hereto and Guarantees entered into in the Ordinary Course of Business. The Company does not have any Loans outstanding.

5.15. Change in Condition. From and after the Balance Sheet Date, the Company has conducted its Business only in the Ordinary Course of Business and, except as set forth on Schedule 5.15, has maintained its relationships with wholesale customers, distributors, suppliers, vendors, employees, agents and others consistent with past practice. Without limiting the generality of the foregoing, except as set forth on Schedule 5.15, since the Balance Sheet Date the Company has not:

5.15.1. (i) entered into any transaction otherwise than on an arms' length basis, (ii) entered into any transaction with any Affiliate, any of its stockholders or any Affiliate thereof, or (iii) made or committed to make any Distributions or any other payments or transfers

of assets to any stockholder or Affiliate of the Company other than Compensation paid in the Ordinary Course of Business;

5.15.2. incurred or otherwise become liable in respect of any Debt (other than Bank Debt and Guarantees issued in connection with new leases of the Company), except for borrowings and deferred purchase payments in the Ordinary Course of Business that do not exceed \$4,000,000 in the aggregate;

5.15.3. created or suffered the imposition of any Lien (other than Permitted Liens) upon any assets, whether tangible or intangible, of the Company;

5.15.4. (i) sold, leased to others or otherwise disposed of any of its assets other than in the Ordinary Course of Business, (ii) entered into any Contractual Obligation relating to (A) the purchase of any capital stock of or interest in any Person (other than in connection with the formation of any wholly-owned Subsidiaries of the Company), (B) the purchase of assets constituting a business or (C) any merger, consolidation or other business combination, (iii) canceled or compromised any Debt or claim (other than compromises of accounts receivable in the Ordinary Course of Business), (iv) waived or released any right of material value or (v) instituted, settled or agreed to settle any material Action;

5.15.5. (i) made any changes in the rate of Compensation of any director, officer, employee, or consultant to, or agent of the Company, except for changes in the Ordinary Course of Business to the Compensation of Persons other than directors, officers and Affiliates of the Company, or (ii) paid or agreed to pay any Compensation in connection with the transactions contemplated hereby;

5.15.6. suffered any material damage, destruction or loss (whether or not covered by insurance) to any of its assets, whether tangible or intangible;

5.15.7. made any change in its customary methods of accounting or accounting practices, pricing policies or payment or credit practices, or granted any extensions of credit other than in the Ordinary Course of Business;

5.15.8. made any change in the Company's cash management, including with respect to payment of Debt, collection of receivables, payment of payables or maintenance of working capital levels;

5.15.9. adopted, amended or terminated any Company Employee Plan;

5.15.10. except in the Ordinary Course of Business, sold any material amount of product of the Company or its Subsidiaries (i) with payment terms longer than terms customarily offered by the Company or its Subsidiaries for such product, (ii) at a discount from the listed price materially differing from any discounts customarily offered by the Company or its Subsidiaries for such product, or (iii) with shipment terms materially differing from the shipment terms customarily offered by the Company or its Subsidiaries for such product;

5.15.11. entered into any Contractual Obligation to do any of the things referred to in clauses 5.15.1 through 5.15.10 above;

5.15.12. otherwise taken any action of the type described in Section 7.2 which, if such action were to occur after the date hereof, would be in violation of such Section; or

5.15.13. suffered or incurred any Material Adverse Effect, nor any event or events which in the aggregate would reasonably be expected to have a Material Adverse Effect.

5.16. Insurance. Set forth on Schedule 5.16 is a list of all liability (including public liability, products liability and automobile liability), workers' compensation, property, casualty, directors and officers, errors and omissions and other policies by which the Company has been insured since March 31, 2002 (the "Insurance Policies"), copies of which have been made available to the Buyer. All premiums for such policies have been timely paid, such policies are in full force and effect and there has been no threatened termination or modification of any such policy. The Company is not in default under any such policy and no event has occurred which with notice or lapse of time, or both, would permit termination or modification of any such policy. Such list includes the type of policy, form of coverage, policy number and insurer, coverage dates, named insured, limit of liability and deductible.

5.17. Tax Matters. Except as set forth on Schedule 5.17:

5.17.1. all income Tax returns and other material Tax Returns that are required to have been filed by or with respect to the Company and each Subsidiary have been duly and timely filed; all such Tax Returns were correct and complete in all material respects; no written claim has been made and, to the Knowledge of the Company, no other claim has been made by any taxing authority in a jurisdiction where the Company or any Subsidiary does not file Tax Returns that the Company or any Subsidiary is or may be subject to taxation by that jurisdiction;

5.17.2. all Taxes shown as due and payable on any Tax Return in respect of the Company and each Subsidiary have been paid in full;

5.17.3. the unpaid Taxes of the Company and each Subsidiary did not, as of the date of the Balance Sheet Date, exceed the reserve for Taxes on the Reference Balance Sheet.

5.17.4. no Tax Return referred to in Section 5.17.1 is currently or has been (for a period with respect to which the statute of limitations has not expired) the subject of examination or audit by the Internal Revenue Service ("IRS") or the appropriate state, local or foreign taxing authority;

5.17.5. no deficiencies have been asserted in writing, and, to the Knowledge of the Company, no other deficiencies have been asserted or assessments made in writing as a result of any examinations of the Tax Returns referred to in Section 5.17.1 by the IRS and/or a state, local or foreign taxing authority;

5.17.6. there is no action, suit, proceeding, claim, deficiency or assessment pending (or, to the Knowledge of the Company, threatened) with respect to any Taxes of the Company or any Subsidiary, and there are no Liens on any of the assets of the Company or any Subsidiary that arose in connection with any failure (or alleged failure) to pay any Tax other than for current Taxes not yet due and payable;

5.17.7. no waivers of statutes of limitations (other than waivers no longer in force) have been given or requested in writing by or with respect to any Taxes of the Company or any Subsidiary, and the Company and the Subsidiaries are not currently a party to any agreement extending the time with respect to a Tax assessment or deficiency;

5.17.8. no powers of attorney with respect to Taxes of the Company or any Subsidiary are currently in force;

5.17.9. the Company does not have any equity interest in another entity (other than the Subsidiaries and the Paradise Shoe Company, LLC) that is classified for tax purposes as a corporation or partnership;

5.17.10. none of the Company and the Subsidiaries has any liability for the Taxes of any Person (other than members of the affiliated group of corporations of which the Company is the parent) under Treas. Reg. Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise, and is not a party to or bound by any Contractual Obligation relating to any allocation or sharing of Taxes;

5.17.11. the Company has made available to the Buyer true and complete copies of all material income Tax Returns filed by it or a Subsidiary with taxing authorities for tax periods ending on or after March 31, 1999 and all requests for extensions or waivers and notices or claims given or received with respect thereto;

5.17.12. no consent to the application of Section 341(f) of the Code has been made by or on behalf of the Company or any Subsidiary with regard to any assets or property held, acquired or to be acquired by the Company or a Subsidiary;

5.17.13. the Company is not as of the Closing, and has not been during the five-year period ending on the Closing Date, a United States real property holding corporation, and none of the securities issued by the Company pursuant to this transaction either constitute United States real property interest or are being issued in exchange for United States real property interest, in each case as determined under Section 897 of the Code;

5.17.14. each of the Company and the Subsidiaries has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party;

5.17.15. none of the Company and the Subsidiaries has made any payments, is obligated to make any payments, or is a party to any agreement that under any circumstances could obligate it to make any payments the deductibility of which could be limited under Section 280G of the Code;

5.17.16. none of the Company and the Subsidiaries has engaged in a transaction within the six-year period ending on the date of this Agreement that, if such transaction were entered into on or after February 28, 2003, would constitute a "listed transaction", a "transaction with contractual protection," a "loss transaction," a "transaction involving a brief asset holding period," or, except for transactions disclosed on the Tax Returns made available to Buyer

pursuant to Section 5.17.11, a "transaction with a significant book-tax difference," all within the meaning of Treasury Regulation Section 1.6011-4(b).

5.17.17. the accounting methods used by the Company and the Subsidiaries in computing their tax liabilities have at all times complied with Section 446 of the Code and the Treasury Regulations thereunder.

5.18. Employee Benefit Plans.

5.18.1. Disclosure. Set forth on Schedule 5.18(a) is a list of all Employee Plans currently sponsored, maintained or contributed to by the Company (each a "Company Employee Plan") identifying each Company Employee Plan and whether any Company Employee Plan is intended to be "qualified" under Section 401(a) of the Code or to constitute a Voluntary Employees Beneficiary Association under Section 501(a)(9) of the Code. With respect to each Company Employee Plan and each Employee Plan sponsored, maintained, or contributed to by the Company within the six (6) year period ending on the Closing Date, the Company has used its reasonable best efforts to make available, and to the Company's Knowledge has made available to the Buyer true and complete copies of each of the following: (i) where the Employee Plan has been reduced to writing, the Employee Plan document together with all amendments; (ii) where the Employee Plan has not been reduced to writing, a written summary of all material Employee Plan terms; (iii) where applicable, any trust agreements, custodial agreements, insurance policies, administration agreements and similar agreements, and investment management or investment advisory agreements; (iv) any summary Employee Plan descriptions, employee handbooks or similar employee communications; (v) in the case of any Employee Plan that is intended to be qualified under Section 401(a) of the Code, the most recent determination letter, if any, from the IRS and, a copy of any request for such a determination and nondiscrimination and coverage tests for the past six plan years; (vi) in the case of any funding arrangement intended to qualify as a VEBA under Section 501(c)(9) of the Code, the IRS letter determining that it so qualifies; and (vii) in the case of any Employee Plan for which Forms 5500 are required to be filed, the six most recently filed Forms 5500, with schedules attached.

5.18.2. No Defined Benefit Pension Plans. None of the Company nor any corporation, trust, partnership or other entity that would be considered as a single employer with the Company under Section 4001(b)(1) of ERISA or Sections 414(b), (c), (m) or (o) of the Code (an "ERISA Affiliate") has within the six years preceding the date hereof maintained or been required to contribute to any Employee Plan subject to Title IV of ERISA.

5.18.3. Employee Plan Qualification; Employee Plan Administration; Certain Taxes and Penalties. Except as previously disclosed to Buyer or as set forth on Schedule 5.18(a), (i) each Company Employee Plan that is intended to be qualified under Section 401(a) of the Code is so qualified, (ii) each Company Employee Plan and each other Employee Plan sponsored, maintained or contributed to by the Company within the six year period ending on the Closing Date, including any associated trust or fund, has been established, registered, qualified, invested, operated and administered in all respects in accordance with its terms and in compliance with ERISA, the Code and other applicable Legal Requirements and (iii) the Company has not incurred, nor is it reasonably expected to incur any liability to the Pension Benefit Guaranty Corporation with respect to any Company Employee Plan (including any

former Company Employee Plan) or any Employee Plan sponsored or maintained at any time by any ERISA Affiliate (other than to pay premiums, contributions or benefits in the ordinary course). Each Pension Plan that permits participants to direct the investments thereof, if any, is intended to constitute an "ERISA Section 404(c) Plan" within the meaning of Department of Labor Regulation Section 1.404(c)-1. The Company's records accurately reflect the employment or service histories of its employees, independent contractors, contingent workers and leased employees, including their hours of service for the period beginning January 1, 2000 through the date hereof and all such records are maintained in a usable form. The assets of each Company Employee Plan are reported at their fair market value on the financial statements of each such plan.

5.18.4. All Contributions and Claims and Premiums Paid.

Except as previously disclosed to Buyer or as set forth on Schedule 5.18(a), (i) all required contributions, assessments and premium payments required to be made by the Company on account of each Company Employee Plan have been made in a timely fashion in accordance with ERISA, the Code and other applicable Legal Requirements, (ii) there are no existing (or, to the Knowledge of the Company, threatened) lawsuits, claims or other controversies relating to a Company Employee Plan, other than routine claims for information or benefits in the normal course, (iii) no Company Employee Plan is or within the last six calendar years has been the subject of examination, audit, investigation or other proceeding by a government agency or a participant in a government sponsored amnesty, voluntary compliance or similar program or is any such examination, audit, investigation, compliance or other proceeding pending or, to the Knowledge of the Company, threatened, and (iv) to the Knowledge of the Company, there exists no state of facts that after notice or lapse of time or both reasonably could be expected to give rise to any situation referred to in (ii) or (iii). Contributions or premiums will be paid or accrued by the Company for the period up to the Closing even though not otherwise required to be made until a later date.

5.18.5. Retiree Benefits; Certain Welfare Plans. Other than

as required under Section 601 et seq. of ERISA, no Company Employee Plan that is a Welfare Plan provides benefits or coverage following retirement or other termination of employment. Each welfare benefit trust or fund that constitutes or is associated with a Company Employee Plan and that is intended to be exempt from federal income tax under Section 501(c)(9) of the Code is so exempt. No Company Employee Plan or is or was a "multiple employer welfare arrangement" (as defined in Section 3(40) of ERISA).

5.18.6. Deferred Compensation Plans. Schedule 5.18(b) sets

forth (i) a list of each Company Employee Plan or former Company Employee Plan that is a deferred compensation plan ("Company Deferred Compensation Plans"), (ii) a list of the name of each employee of the Company and the amounts payable to such employee as of March 31, 2003 under each Company Deferred Compensation Plan and (iii) the balance, as of March 31, 2003 of all amounts held in the rabbi trust established to fund the Company's obligations under the Company Deferred Compensation Plans. Schedule 5.18(b) has been certified as true and complete by the administrator of the Company Deferred Compensation Plans.

5.19. Environmental Matters. There is no Action pending or, to the

Knowledge of the Company, threatened, against the Company in respect of (a) noncompliance by the Company with any Environmental Law or (b) release into the environment of any pollutant, contaminant or

toxic or hazardous material, substance or waste, whether solid, liquid or gas, (each, a "Hazardous Substance") on, at or from any property presently or formerly occupied or operated by the Company. Except as set forth on Schedule 5.19, there has been no release or threatened release of Hazardous Substances on, upon, into or from any site currently or heretofore owned, leased or otherwise used by the Company. Except as set forth on Schedule 5.19, there have been no Hazardous Substances generated by the Company that have been disposed of or come to rest at any site that has been included in any published U.S. federal, state or local "superfund" site list or any other similar list of hazardous or toxic waste sites published by any governmental authority in the United States. Except as set forth on Schedule 5.19, there are no underground storage tanks located on, no polychlorinated biphenyls ("PCBs") or PCB-containing equipment used or stored on, and no hazardous waste as defined by the Resource Conservation and Recovery Act, as amended, stored on, any site owned or operated by the Company, except for the storage of hazardous waste in quantities that are used by the Company in the Ordinary Course of Business. Schedule 5.19 lists all environmental audits, inspections, assessments or similar reports in the Company's possession or of which the Company has Knowledge relating to the Company or any predecessor.

5.20. Labor Relations. The Company is not a party to any collective bargaining agreement, contract or legally binding commitment to any trade union or employee organization or group in respect of or affecting employees; the Company is not currently engaged in any labor negotiation; the Company has not engaged in any unfair labor practice, and, except as set forth on Schedule 5.20, there is no pending or, to the Knowledge of the Company, threatened complaint regarding any alleged unfair labor practices; there is no strike, labor dispute, work slow down or stoppage pending or, to the Knowledge of the Company, threatened against the Company; there is no grievance or arbitration proceeding arising out of or under any collective bargaining agreement which is pending or, to the Knowledge of the Company, threatened against the Company; the Company has not experienced any material work stoppage; and the Company is not the subject of any union organization effort. To the Knowledge of the Company, goods produced on the Company's behalf by contract manufacturers have been produced in compliance with all labor laws in the host country, including those related to minimum working age and the payment of wages and benefits. To the Knowledge of the Company, no goods produced on the Company's behalf have been produced using forced or prison labor.

5.21. Officers, Directors and Employees. Schedule 5.21 sets forth: (a) the name, title and total Compensation of each officer of the Company; and (b) the name, title and total Compensation of each other employee, consultant, agent or other representative of the Company whose total Compensation for the calendar year 2002 exceeded or whose current or committed annual rate of Compensation (including bonuses and commissions) exceeds \$250,000. Except as contemplated by this Agreement, none of such persons has stated orally or in writing to the Company that he or she is planning to terminate such person's employment or service relationship with the Company. Schedule 5.21 also sets forth the name of each director of the Company.

5.22. Customers and Suppliers. Schedule 5.22 contains a complete and accurate list of the ten largest, in terms of volume, distributors, wholesale customers, vendors and suppliers of the Company and its Subsidiaries. To the Knowledge of the Company, no event has occurred that could adversely affect the relations of the Company and its Subsidiaries with any material

distributor, wholesale customer, vendor or supplier. Except as set forth on Schedule 5.22, no distributor, wholesale customer, vendor or supplier (or former distributor, wholesale customer, vendor or supplier) during the prior eighteen (18) months has canceled, terminated or made any threat in writing or, to the Knowledge of the Company, in any other manner to cancel or otherwise terminate, any of its contracts, agreements or other arrangements with the Company or any of its Subsidiaries or to decrease its usage or supply of the products or services of or to the Company or its Subsidiaries. No significant vendor (or group of vendors which in the aggregate is significant) of the Business has given the Company notice or has taken any other action which has given the Company any reason to believe that such vendor (or group of vendors) will cease to supply or adversely change its price or terms to the Company of products or services. The Company does not have any Knowledge to the effect that any current distributor, wholesale customer, vendor or supplier may terminate or materially alter its business relations with the Company or its Subsidiaries, either as a result of the transactions contemplated hereby or otherwise. The Company has timely paid all trade accounts to vendors and suppliers as they come due and in accordance with their terms.

5.23. No Governmental Consent or Approval Required. Except as disclosed on Schedule 5.23 and except for (a) filings required by the HSR Act or (b) any authorizations, consents, approvals, permits, filings or notifications as shall have been obtained or made at or prior to Closing, no authorization, consent, approval or other order of, declaration to, or filing with, any Governmental Authority by or on behalf of the Company is required for or in connection with the authorization, execution, delivery and performance by the Sellers or Company of their respective obligations under this Agreement.

5.24. Books and Records. The books and all corporate records (including minute books and stock record books) and financial records of the Company and its Subsidiaries are complete and correct in all material respects and have been maintained in accordance with applicable Legal Requirements.

5.25. Acceleration, Etc. of Certain Payments. Except as set forth on Schedule 5.25, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will (either alone or in conjunction with any other event) result in, cause the accelerated vesting or delivery of, or increase the amount or value of, any payment or benefit to any director, officer, employee or independent contractor of the Company.

5.26. Nondisclosed Payments. Since July 23, 1992, neither the Company nor any director, officer, or employee of the Company, or, to the Knowledge of the Company, any other Person associated with or acting for or on behalf of the Company, has in violation of any Legal Requirement directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other similar payment to any person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of the Company or any Affiliate of the Company, or (b) established or maintained any fund or asset that has not been recorded in the books and records of the Company.

5.27. Unsanctioned Boycotts; Transactions in Certain Countries.

Neither the Company nor any director, officer, agent, or employee of the Company, or any other Person associated with or acting for or on behalf of the Company, has, since the inception of its business, through the Company (a) taken any action in furtherance of any boycott not sanctioned by the United States of America; or (b) entered into any contract or agreement to conduct any transaction with any Governmental Authority, agent, representative or resident of, or any Person based or resident in, any of the following countries: Afghanistan; Angola (UNITA); Burma (Myanmar); Cuba; Iran; Iraq; Libya; North Korea; Sudan; Syria; and the Federal Republic of Yugoslavia (Serbia and Montenegro).

5.28. Product and Service Warranties; Product Liability. Except as set forth in Schedule 5.28, neither the Company nor any of its Subsidiaries makes any express warranties or guaranties on its own behalf as to goods sold or services provided by the Company or any of its Subsidiaries, and there is no pending or, to the Knowledge of the Company, threatened claim alleging any breach of any such warranty or guaranty.

5.29. Disclosure. No representation, warranty, or covenant made by the Sellers or the Company in this Agreement (including the Schedules hereto) contains an untrue statement of a material fact or omits to state a material fact required to be stated herein or therein or necessary to make the statements contained herein or therein not misleading.

5.30. Financial Advisory, Finder's or Broker's Fees. No financial advisor, finder agent or similar intermediary other than Goldman, Sachs & Co. has acted on behalf of the Sellers or the Company in connection with this Agreement or the transactions contemplated hereby, and there are no brokerage commissions, finders' fees or similar fees or commissions payable in connection therewith based on any agreement, arrangement or understanding with the Sellers or the Company or on any action taken by the Sellers or the Company other than fees and commissions that will be paid to Goldman, Sachs & Co. pursuant to Section 3.1.

6. REPRESENTATIONS AND WARRANTIES OF THE BUYER. The Buyer represents and warrants that:

6.1. Corporate Matters, etc.

6.1.1. Organization, Power and Standing of the Buyer. The Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has full power and authority, corporate and otherwise, to enter into this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby.

6.1.2. Authorization and Enforceability. This Agreement has been duly authorized, executed and delivered by the Buyer and, assuming the due authorization, execution and delivery by the other parties hereto, is enforceable against, the Buyer.

6.1.3. Non-Contravention, etc. The execution, delivery and performance of this Agreement by the Buyer and the consummation by the Buyer of the Closing hereunder in accordance with the terms and conditions of this Agreement does not and will not conflict with or result in the breach of any terms or provisions of, or constitute a default under, any

Contractual Obligation or the Charter or By-laws of the Buyer or a breach of any Legal Requirement applicable to the Buyer. Assuming expiration or termination of all applicable waiting periods under the HSR Act, no approval, consent, waiver, authorization or other order of, and no declaration, filing, registration, qualification or recording with, any Governmental Authority is required to be obtained or made by or on behalf of the Buyer in connection with the execution, delivery or performance of this Agreement and the consummation of the transactions contemplated hereby, except (a) for items which shall have been obtained or made on or prior to, and shall be in full force and effect at, the Closing Date and (b) where failure to obtain such approval, consent, waiver, authorization or other order, or to make such declaration, filing, registration, qualification or recording, would not adversely affect the Buyer's ability to consummate the Closing hereunder in accordance with the terms and conditions of this Agreement and would not prevent the Buyer from performing in all material respects any of its other obligations under this Agreement.

6.2. Financial Condition, etc. The Buyer has received (i) a commitment letter (the "Credit Facility Commitment Letter") and engagement letter (the "Credit Facility Engagement Letter"), each dated as of April 26, 2003, from SunTrust Bank ("SunTrust") and Merrill Lynch Capital ("Merrill Lynch"), pursuant to which SunTrust and Merrill Lynch have committed, subject to the terms and conditions set forth therein, to provide the Buyer at Closing debt financing in connection with the transactions contemplated by this Agreement (the "Credit Facility Financing") and (ii) a commitment letter (the "Bridge Commitment Letter"), dated as of April 26, 2003, from SunTrust and Merrill Lynch, pursuant to which SunTrust and Merrill Lynch have committed, subject to the terms and conditions set forth therein, to provide the Buyer at Closing bridge financing in connection with the transactions contemplated by this Agreement (the "Bridge Financing"). A true and complete copy of the Credit Facility Commitment Letter, the Credit Facility Engagement Letter and the Bridge Commitment Letter have been furnished to the Company. Upon receipt of the funds to be advanced pursuant to the Credit Facility Financing and the Bridge Financing, the Buyer will have funds in an amount sufficient to pay the Cash Equity Amount. The Buyer shall use its commercially reasonable efforts (a) to sell \$175,000,000 in principal amount of notes (the "Notes") (as contemplated by the Bridge Commitment Letter) as soon as possible following the date hereof, and if the Notes have not been sold by June 3, 2003, to borrow \$175,000,000 from SunTrust and/or Merrill Lynch as contemplated by the Bridge Commitment Letter as soon as possible thereafter, and (b) to borrow up to \$295,000,000 (or as much thereof as shall be necessary, when combined with other funds available to the Buyer, to close the transactions contemplated hereunder) from SunTrust and/or Merrill Lynch (and other participating lenders) as contemplated by the Credit Facility Commitment Letter as soon as possible following the date hereof.

6.3. Investment Intent. The Buyer is acquiring the Shares for its own account for the purpose of investment and not with a view to, or for sale in connection with, any distribution thereof. The Buyer can bear the risk of loss of the entire value of its purchase of the Shares. The Buyer acknowledges that the Shares have not been registered or qualified under any federal or state securities laws, and may not be offered, sold, transferred, pledged, hypothecated or otherwise assigned unless they are registered under the Securities Act, and any applicable "Blue Sky" laws of any state or an exemption from such registration is available. The Buyer has been provided access to such information and documents regarding the Company as it has requested and has been afforded an opportunity to ask questions of, and receive answers from,

representatives of the Company concerning the terms and conditions of this Agreement and the Shares.

6.4. Investigation; No Additional Representations; No Reliance, etc. The Buyer acknowledges that neither the Sellers nor the Company or any of their respective partners, directors, officers, employees, advisors, agents, stockholders, consultants, investment bankers, brokers, representatives or controlling persons, or any Affiliate of any of the foregoing, have made nor shall any of them be deemed to have made, nor has the Buyer relied on, any representation, warranty, covenant or agreement, express or implied, with respect to the Company, the Business or the transactions contemplated by this Agreement, other than those explicitly set forth herein. The Buyer acknowledges and agrees that it (a) has made its own inquiry and investigation into, and based thereon has formed an independent judgment concerning, the Business and the Company, (b) has been furnished with or given adequate access to such information about the Business and the Company as it has requested and (c) to the extent it has deemed appropriate, has addressed in this Agreement, or the agreements contemplated hereby, any matters arising out of its investigation and the information provided to it.

6.5. Litigation. There is no Action pending or threatened in writing (a) against the Buyer or any of its Affiliates which has had or would reasonably be expected to have a material adverse effect on the ability of the Buyer to perform its obligations under this Agreement or (b) which seeks rescission of or seeks to enjoin the consummation of this Agreement or any of the transactions contemplated hereby

6.6. Brokers, etc. Except for fees payable to the Buyer's financial advisors, no broker, finder, investment bank or similar agent is entitled to any brokerage or finder's fee in connection with the transactions contemplated by this Agreement based upon agreements or arrangements made by or on behalf of the Buyer or any of its Affiliates.

6.7. Oxford Securities. The Oxford Securities will be, when issued in accordance with this Agreement or the Earnout Agreement, duly authorized, validly issued, fully paid, and nonassessable and will not be issued in violation of any preemptive rights.

6.8. Reports, Financial Statements and SEC Reports. The Buyer has timely filed all required registration statements, prospectuses, reports, schedules, forms, statements, and other documents required to be filed by it with the United States Securities and Exchange Commission (the "SEC") since January 1, 2000 (collectively, including all exhibits thereto, the "SEC Reports"). The Buyer has previously furnished or made available to the Sellers complete and accurate copies, as amended or supplemented, of the SEC Reports. As of their respective dates, none of the SEC Reports contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the financial statements (including the related notes) included in the SEC Reports presents fairly, in all material respects, the consolidated financial position and consolidated results of operations and cash flows of the Buyer and its wholly owned subsidiaries as of the respective dates or for the respective periods set forth therein, all in conformity with GAAP consistently applied during the periods involved, except as otherwise noted therein, and subject, in the case of the unaudited interim financial statements, to normal and recurring year-end adjustments. All of such SEC Reports, as of their

respective dates (and as of the date of any amendment to the respective SEC Report), complied as to form in all material respects with the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

6.9. Other Information. The Buyer has heretofore delivered to the Sellers true and complete copies of Buyer's consolidated statements of operations, of stockholders' equity (deficiency), and of cash flow for the nine month period ended February 28, 2003 (the "Unaudited Buyer Financial Information"). The Unaudited Buyer Financial Information has been prepared from, and is in accordance with, the books and records of the Buyer, was prepared in accordance with GAAP consistently applied throughout the periods specified therein, and is correct and complete and presents fairly, in all material respects, the financial position and results of operations of the Buyer and its Subsidiaries for the periods specified therein, subject to the absence of notes and normal year end adjustments. The Buyer makes no representation or warranty with respect to any financial projection or other forward looking statement contained in any information provided or disclosed to the Sellers.

6.10. Final Closing Statement. To the Knowledge of the Buyer, the Final Closing Statement, as finalized in accordance with Section 3.6.4 hereof, shall have been prepared, and shall be accurate and complete, in accordance with the Working Capital Guidelines. For the purposes of this Section 6.10, any item in the Final Closing Statement which has been accounted for in accordance with the final decision of the Arbitrator pursuant to Section 3.6.4 shall be deemed to be accurate and complete for purposes of this Agreement.

7. CERTAIN AGREEMENTS OF THE PARTIES.

7.1. Payment of Transfer Taxes and Other Charges. The Buyer and Sellers shall be equally responsible for and shall jointly pay all stock transfer taxes, real property transfer taxes, sales taxes, documentary stamp taxes, recording charges and other similar Taxes (exclusive of any Taxes based on income), if any, arising in connection with the transactions contemplated by this Agreement. Each of the parties hereto shall prepare and file, and shall fully cooperate with each other party with respect to the preparation and filing of, any Tax Returns and other filings relating to any such Taxes or charges as may be required.

7.2. Operation of Business, Related Matters. From the date hereof through the earlier of the date this Agreement is terminated pursuant to Section 12 or the Closing Date, unless the Buyer shall otherwise agree and except as otherwise permitted or required by this Agreement, the Company will (A) conduct the Business in the Ordinary Course of Business and substantially in the same manner as presently operated and use reasonable commercial efforts to maintain the value of the Business as a going concern, (B) duly and timely file or cause to be filed all reports and returns required to be filed with any Governmental Authority and promptly pay or cause to be paid when due all taxes, assessments, and governmental charges, including interest and penalties levied or assessed, unless diligently contested in good faith by appropriate proceedings and (C) manage its working capital, including cash, receivables, other current assets, trade payables and other current liabilities, in a fashion consistent with past practice, including by selling inventory and other property in an orderly and prudent manner and paying outstanding obligations, trade accounts and other Debts as they become due and in accordance with their

terms. Except as set forth on Schedule 7.2, from the date hereof and prior to the Closing Date, the Company shall not, without the prior written consent of Buyer, which will not be unreasonably withheld or delayed:

7.2.1. enter into any transactions with any Seller or any other Affiliate of the Company (other than as contemplated by this Agreement and transactions in the Ordinary Course of Business by the Company);

7.2.2. make any changes in the rate of Compensation of any director, officer, employee or agent of, or consultant to, the Company, except for changes in the Ordinary Course of Business to the Compensation of Persons other than directors, officers and Affiliates of the Company; provided, however, that the Company may pay cash bonuses to the employees identified on Schedule 7.2 in the amounts specified therein immediately prior to, and in connection with, the Closing.

7.2.3. incur any Debt except (i) capital leases listed on Schedule 5.10 or capital leases which individually have a value of less than \$100,000 in any year or \$1,000,000 in the aggregate, (ii) Guarantees issued in connection with new leases of the Company and (iii) related to the Bank Debt and the Senior Subordinated Notes, in each case, which is incurred in the Ordinary Course of Business;

7.2.4. amend the Charter or By-laws of the Company or sell, lease or otherwise dispose of any material assets except (i) for sales or other dispositions of inventory or excess equipment in the Ordinary Course of Business and (ii) as may otherwise be permitted by the terms of this Agreement;

7.2.5. (i) sell, lease to others or otherwise dispose of any of its assets other than in the Ordinary Course of Business, (ii) enter into any Contractual Obligation relating to (A) the purchase of any capital stock of or interest in any Person (other than in connection with the formation of any wholly-owned Subsidiaries of the Company), (B) the purchase of assets constituting a business or (C) any merger, consolidation or other business combination, (iii) cancel or compromise any Debt or claim (other than compromises of accounts receivable in the Ordinary Course of Business), (iv) waive or release any right of material value or (v) institute, settle or agree to settle any material Action;

7.2.6. incur Liens, except for Permitted Liens and Liens securing Debt permitted by Section 7.2.3;

7.2.7. make any change in the Company's customary methods of accounting or accounting practices, pricing policies or payment or credit practices, or grant any extensions of credit other than in the Ordinary Course of Business;

7.2.8. make any change in the Company's cash management, including with respect to payment of Debt, collection of receivables, payment of payables or maintenance of working capital levels; provided, however, that nothing herein shall prevent the Company from making any payments in respect of the Bank Debt and the Senior Subordinated Notes;

7.2.9. declare, set aside, or pay any dividend or make any Distribution with respect to its capital stock or the Warrant or redeem, purchase, or otherwise acquire any of its capital stock;

7.2.10. cancel or reduce the benefits under any of the Insurance Policies (other than changes made in benefits in the Ordinary Course of Business in connection with the renewals of Insurance Policies);

7.2.11. incur any Capital Expenditures other than in accordance with the 2004 Capital Expenditures Budget and other than Capital Expenditures less than \$100,000 individually or \$1,000,000 in the aggregate;

7.2.12. enter into any lease or sublease of real property except as set forth on Schedule 7.2; or

7.2.13. enter into any Contractual Obligation to do any of the actions referred to in this Section 7.2.

7.3. Preparation for Closing. The Buyer on the one hand and the Company and the Sellers on the other hand will each use all commercially reasonable efforts to bring about the fulfillment of each of the conditions precedent to the obligations of the other set forth in this Agreement, subject to the following:

7.3.1. Regulatory Compliance. Promptly upon execution and delivery of this Agreement, each of the Buyer and the Company will use their commercially reasonable efforts to prepare and file as promptly as possible, or cause to be prepared and filed, with the appropriate Governmental Authorities, a notification with respect to the transactions contemplated by this Agreement pursuant to the HSR Act, supply all information requested by Governmental Authorities in connection with the HSR Act notification and cooperate with each other in responding to any such request. The Buyer shall be solely responsible for all filing fees required to be paid in connection therewith. The parties will use their respective commercially reasonable efforts and will cooperate fully with one another to comply as promptly as practicable with all governmental requirements applicable to the transactions contemplated by this Agreement and to obtain promptly all approvals, orders, permits or other consents of any applicable Governmental Authorities necessary for the consummation of the transactions contemplated by this Agreement. Each of the parties will furnish to the other parties and, upon request, to any Governmental Authorities such information and assistance as may be reasonably requested in connection with the foregoing, including by responding promptly to and complying fully with any request for additional information or documents under the HSR Act. The parties will use their respective commercially reasonable efforts to resolve favorably any review or consideration of the antitrust aspects of the transactions contemplated hereby by any Governmental Authority with jurisdiction over the enforcement of any applicable antitrust laws. Notwithstanding the foregoing, in connection with any filing or submission required or action to be taken by a party to consummate the transactions contemplated by this Agreement, (i) no party nor any Affiliate of any party is required to become subject to any requirement or condition that it divest or "hold separate" any assets or businesses or any similar transaction or restriction, (ii) no party nor any Affiliate of any party is required to divest or hold separate or otherwise take (or refrain from taking) or commit

to take (or refrain from taking) any action that limits its freedom of action with respect to, or its ability to retain, any of the businesses, product lines or assets of such party or any of its Affiliates and (iii) no party nor any Affiliate of any party is required to litigate or otherwise contest in any judicial proceeding any adverse determination by any Governmental Authority with respect to this Agreement or the transactions contemplated by this Agreement.

7.3.2. Consents, etc. Prior to the Closing Date, upon the Buyer's written request and at the Company's expense, the Company shall use its commercially reasonable efforts (but the Sellers shall have no obligation to pay any fees or incur any expenses) to assist the Buyer in securing such written consents or waivers under or with respect to the Contracts that the Buyer reasonably requests in connection with the consummation of the transactions contemplated by this Agreement, including written consents or waivers under or with respect to the Contracts set forth on Schedule 7.3.2.

7.4. Further Assurances. Each party, upon the request from time to time of any other party hereto after the Closing, and at the expense of the requesting party but without further consideration, will take such actions as may be necessary or reasonably requested to consummate the transactions contemplated hereby in an orderly fashion.

7.5. Access to Properties and Records; Access to Customers, Supplier, and Vendors. Subject to the provisions of Section 13.7, the Company will permit the Buyer and its appropriate representatives to have reasonable access, prior to the Closing Date, to the wholesale customers, employees, properties and books and records of the Company, during normal working hours and upon reasonable notice, to familiarize itself with the Company's respective wholesale customers, properties, business and operating and financial conditions; provided, however, that the Buyer and its representatives shall not unreasonably disrupt the personnel and operations of the Company.

7.6. Stockholders Agreement. The Company and each of the Sellers hereby agree to take all actions necessary to cause the Stockholders Agreement to terminate as of the Closing Date (except for the indemnification provisions set forth therein, which shall continue in full force and effect after the Closing) and to thereafter be of no further force and effect. The Sellers shall deliver written evidence reasonably satisfactory to the Buyer of such termination. Notwithstanding any provision in this Agreement or the Stockholders Agreement, no provision in the Stockholders Agreement shall limit in any way the rights of any Buyer Indemnitee or the obligation of any Seller pursuant to Article 10 of this Agreement.

7.7. Sellers' Representatives. Without any further act of the Sellers and unless otherwise specified herein, David J. Oddi and S. Anthony Margolis (acting jointly and not separately) are hereby constituted and appointed by the Sellers as the representatives of the Sellers (the "Sellers' Representatives") to act as agents for and on behalf of the Sellers, to give and receive notices and communications, to agree to, negotiate or enter into any settlement, compromise or submission to arbitration of any claim hereunder, or the determination of any other matter requiring consent or approval of the Sellers or their assigns pursuant to this Agreement, the Earnout Agreement, the Escrow Agreement, the Registration Rights Agreement or any other agreement entered into in connection with the transactions contemplated by this Agreement. Unless otherwise specified herein, the Buyer and the Company shall be fully

authorized to act on the joint written consent or approval of the Sellers' Representatives. The identity of the Sellers' Representatives may be changed by the Required Sellers from time to time.

7.8. Real Property Holding Corporation Certificate. The Company shall provide the Sellers with a certificate pursuant to Treas. Reg. Sections 1.897-2(h) and 1.1445-2(c)(3) (in a form reasonably satisfactory to the Sellers) to the effect that the Company is not, and has not been at any time during the previous five years, a United States real property holding corporation within the meaning of Section 897 of the Code. The certificate shall be signed by a duly authorized officer of the Company under penalties of perjury and dated as of the Closing Date. In connection with such certification, the Company shall comply with the notification requirements of Treas. Reg. Section 1.897-2(h)(2). The Sellers shall provide such certificate to the Buyer in order for the Buyer not to withhold tax from the sales proceeds under Section 897 and Section 1445 of the Code.

7.9. Indemnification of Directors, Officers and Employees. The parties agree that (a) at the Closing, the Buyer shall pay to the Company (or to a third party at the direction of the Company) pursuant to Section 3.1(iii) an amount sufficient to enable the Company to purchase "tail" coverage for a period of six years under the directors and officers liability insurance policy of the Company, as in effect on the Closing Date, and (b) following the Closing, the Company shall, and the Buyer shall cause the Company to, ensure that no change will be made to the Company's Charter or By-laws that would adversely affect any director's or officer's right to indemnification under the Delaware General Corporation Law or otherwise with respect to any periods prior to the Closing. This Section 7.9 shall be for the benefit of, and shall be enforceable by, the individuals who were directors, officers and employees of the Company prior to the Closing Date, and their respective heirs and estates. Notwithstanding any provision in this Agreement or the insurance policies contemplated by this Section 7.9, no provision or indemnification right in such insurance policies shall limit in any way the right of any Buyer Indemnitee or the obligation of any Seller pursuant to Article 10 of this Agreement.

7.10. Tax Matters.

7.10.1. Tax Periods Ending on or Before the Closing Date.

Subject to Section 7.10.3, the Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns of the Company and the Subsidiaries for all periods ending on or prior to the Closing Date which are due to be filed after the Closing Date. The Sellers shall reimburse the Buyer, on a pro rata basis according to each Seller's Seller's Percentage, for Taxes of the Company and the Subsidiaries with respect to such periods reflected on a Final Tax Return (as defined below) to the extent such Taxes are not reflected in the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Final Closing Statement. The Sellers shall make such reimbursement within fifteen (15) days after the later to occur of (a) the date an applicable Final Tax Return becomes final pursuant to Section 7.10.3 hereof, or (b) the date the Final Closing Statement becomes final pursuant to Section 3.6.4 hereof. All Tax Returns will be prepared in a manner reasonably consistent with prior practice of the Company and the Subsidiaries, to the extent such prior practices are in compliance with all applicable Legal Requirements.

7.10.2. Tax Periods Beginning Before and Ending After the Closing Date. Subject to Section 7.10.3, the Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the Company and the Subsidiaries for Tax periods which begin before the Closing Date and end after the Closing Date. The Sellers shall pay to the Buyer, on a pro rata basis according to each Seller's Seller's Percentage, an amount equal to the portion of such Taxes which relates to the portion of such Taxable period ending on the Closing Date reflected on a Final Tax Return to the extent such Taxes are not reflected in the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Final Closing Statement. The Sellers shall make such reimbursement within fifteen (15) days after the later to occur of (a) the date an applicable Final Tax Return becomes final pursuant to Section 7.10.3 hereof, or (b) the date the Final Closing Statement becomes final pursuant to Section 3.6.4 hereof. For purposes of this Section 7.10.2, in the case of any Taxes that are imposed on a periodic basis and are payable for a Taxable period that includes (but does not end on) the Closing Date, the portion of such Tax which relates to the portion of such Taxable period ending on the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income or receipts, be deemed to be the amount of such Tax for the entire Taxable period multiplied by a fraction the numerator of which is the number of days in the Taxable period ending on the Closing Date and the denominator of which is the number of days in the entire Taxable period, and (y) in the case of any Tax based upon or related to income or receipts, be deemed equal to the amount which would be payable if the relevant Taxable period ended on the Closing Date. Any credits relating to a Taxable period that begins before and ends after the Closing Date shall be taken into account as though the relevant Taxable period ended on the Closing Date. All determinations necessary to give effect to the foregoing allocations shall be made in a manner consistent with prior practice of the Company and the Subsidiaries.

7.10.3. Tax Returns. Not less than sixty (60) days prior to the due date (including extensions) of any Tax Return to be filed by the Buyer pursuant to Section 7.10.1 or 7.10.2, the Buyer shall deliver to the Sellers' Representatives a copy of such Tax Return (a "Proposed Tax Return") for their review and comment. The Sellers' Representatives shall have fifteen (15) days after the date of receipt of the Proposed Tax Return (the "Tax Review Period") to give the Buyer written notice of any disputed amounts or positions (each a "Tax Item") with respect to such return. If the Sellers' Representatives fail to give written notice of any disputed Tax Item with respect to a Proposed Tax Return during the Tax Review Period, then the Proposed Tax Return shall become a Final Tax Return (as defined below) for purposes hereof. If the Sellers' Representatives give the Buyer written notice of any disputed Tax Item within the Review Period, the Sellers' Representatives and the Buyer shall attempt in good faith to agree on any adjustments that should be made to the Proposed Tax Return. If the Sellers' Representatives and the Buyer are unable to resolve any disputed Tax Item within twenty (20) days after the Sellers' Representatives receive the Proposed Tax Return, the Buyer and the Sellers' Representatives shall submit (as soon as practicable, but in any event, within two (2) days of the end of such 20 day period) their final calculations of the Tax Item in dispute to an arbitrator (the "Tax Arbitrator") who shall be, or shall have previously been, a tax partner in a nationally recognized independent accounting firm and who shall be appointed by agreement of the Buyer and the Sellers' Representatives or, failing such agreement, by the AAA in accordance with the Arbitration Rules of the AAA. The Arbitrator shall review the calculations of the Buyer and the Sellers' Representatives with respect to the disputed Proposed Tax Return

and make a selection for each disputed Tax Item as to which of the final calculations presented to it is, in the aggregate, more accurate. The decision of the Arbitrator shall be made in accordance with the Arbitration Rules and in accordance with the terms of this Agreement. The decision of the Arbitrator shall be made within twenty (20) days after being engaged, or as soon thereafter as reasonably practicable, and shall be final and binding on the parties. The costs and expenses of the Arbitrator shall be paid by the party whose proposed calculations are, in the aggregate, more accurate, or, if it is not clear which party's calculations are, in the aggregate, more accurate (as determined by the Arbitrator), the costs and expenses shall be shared equally by the Buyer on the one hand and the Sellers, on a pro rata basis based on each Seller's Seller's Percentage, on the other hand. The Buyer and the Sellers' Representatives shall make available to the Arbitrator all relevant books and records relating to the calculations submitted and all other information reasonably requested by the Arbitrator. A Proposed Tax Return shall be revised, if necessary, to reflect the final determination of the Tax Items with respect to such return (the final form of the Proposed Tax Return, including any revisions which are made thereto pursuant to this Section 7.10.3, is referred to herein as a "Final Tax Return").

7.10.4. Tax Reimbursements by Buyer. The Buyer shall reimburse the Sellers, on a pro rata basis according to each Seller's Seller's Percentage, the amount, if any, by which the reserves shown on the face of the Final Closing Statement with respect to Taxes exceed the aggregate amount actually paid by or on behalf of the Company and/or the Subsidiaries for Taxes that are reflected on a Final Tax Return for all Tax periods contemplated by Section 7.10.1 and for the portion of such Tax periods contemplated by Section 7.10.2 ending on the Closing Date. The Buyer shall make such reimbursement within fifteen (15) days after the later to occur of (a) the date an applicable Final Tax Return becomes final pursuant to Section 7.10.3 hereof, or (b) the date the Final Closing Statement becomes final pursuant to Section 3.6.4 hereof.

7.10.5. Tax Refunds. The Sellers shall be entitled to all refunds of Taxes of the Company, and any amounts credited against Taxes to which the Company becomes entitled, to the extent such refunds or credits relate to Tax periods or portions thereof that end on or before the Closing Date. The Sellers shall not be entitled to any refunds or credits attributable to carrybacks from Tax periods or portions thereof that began after the Closing Date. If the Buyer or the Company receives any refund or credit to which the Sellers are entitled under this Section 7.10.5, the Buyer shall within fifteen (15) days of receipt pay in cash (or cause the Company to pay) the amount of such refund or credit to the Sellers in accordance with each Seller's respective Seller's Percentage.

7.10.6. Cooperation. The Sellers and the Buyer shall cooperate fully with each other and make available to each other in a timely fashion such Tax data and other information as may be reasonably required by the Sellers or the Buyer for the preparation of any Tax Returns required to be prepared and filed by the Required Sellers or the Buyer hereunder, or in connection with the preparation or filing of any election, consent, certification, information statement or similar document or in preparing for any audits or disputes with any taxing authorities after the Closing Date. The Buyer will cause the Company to provide to the Sellers full access, at any reasonable time and from time to time, at the business location at which the books and records are maintained, to such Tax data of the Company as the Sellers may from time to time reasonably request. The Buyer agrees to retain all books and records provided to it with respect to Tax matters pertinent to Company or the Sellers relating to any taxable period

beginning before the Balance Sheet Date until the expiration of the applicable statute of limitations (and, to the extent notified by a Seller, any extensions thereof) of the respective taxable periods. The Buyer and each Seller further agrees, upon request, to use their commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

7.11. Employee Benefits.

(a) The Buyer agrees that for purposes of participation, vesting and accrual of vacation time and other benefits, as applicable (i) service under any qualified defined contribution plans of the Company shall be treated as service under the Buyer's qualified defined contribution plans, and (ii) service under any other employee benefit plans of the Company shall be treated as service under any corresponding employee benefit plans maintained by the Buyer. The Buyer shall cause the Buyer's welfare benefit plans that cover the Company's employees after the Closing to (i) waive any waiting period and restrictions and limitations for pre-existing conditions or insurability (except for pre-existing conditions that were excluded under the Company's welfare benefit plans), and (ii) cause any deductible, co-insurance or maximum out-of-pocket payments made by the Company's employees under the Company's welfare benefit plans to be credited to such employees under the Buyer's welfare benefit plans, so as to reduce the amount of any deductible, co-insurance or maximum out-of-pocket payments payable by the Company's employees under the Buyer's welfare benefit plans.

(b) Following the Closing, the Buyer shall cause the Company to continue the employment of those individuals listed on Schedule 7.11(b) hereto until at least the first anniversary of the Closing Date on terms at least as favorable as the terms of employment for such individuals as of the date hereof. Notwithstanding the foregoing, the Company shall retain the right to terminate the employment of any such individual for appropriate cause.

7.12. No Solicitation; Acquisition Proposals. The Company and the Sellers agree that from the date hereof through the Closing Date or the date of termination of this Agreement in accordance with Section 12.1, as the case may be, neither the Company nor any Seller will, directly or indirectly, through any officer, director, employee, leased employee, partner, stockholder, agent, or Affiliate or otherwise, except in furtherance of the transactions contemplated by this Agreement (a) solicit, initiate, or encourage submission of proposals or offers from any Person relating to any transactions contemplated herein or to the direct or indirect purchase of a material amount of the assets of, or any equity interest in, or any merger, consolidation, or business combination with, the Company (collectively, an "Acquisition Proposal"), (b) participate in any discussions or negotiations regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way with or assist, facilitate, or encourage, any Acquisition Proposal by any Person, (c) enter into any agreement, arrangement, or understanding with respect to an Acquisition Proposal, or (d) sell, transfer, or otherwise dispose of, or enter into any agreement, arrangement, or understanding with respect to, any interest in the assets, capital stock or other equity interests of the Company.

7.13. Audit of Year-End Financial Statements. If requested by the Buyer, the Company and the Sellers shall (a) use their commercially reasonable efforts to cause the Company's independent auditors (the "Company Auditors") to deliver such representations, reports, and consents as are requested by the Buyer in order to comply with the rules and regulations of the SEC and other Legal Requirements applicable to the Buyer and (b) if any pro forma financial statements are required by such SEC rules and regulations or other Legal Requirements (the "Required Pro Forma Financials"), use their commercially reasonable efforts to, and use their commercially reasonable efforts to cause the Company Auditors to, assist with and facilitate the completion and audit of such Required Pro Forma Financials prior to the sixtieth (60th day) following the Closing Date.

7.14. Interim Financials; Cooperation with Financing. During the period prior to the Closing Date, the Company shall provide to the Buyer consolidated monthly balance sheets, statements of operations, stockholders' equity (deficiency), and cash flow within 10 Business Days after the end of each month. Further, the Company shall provide, and shall cause the Subsidiaries to provide, all reasonable cooperation in connection with the arrangement of the Buyer's financing including (a) promptly providing to the Buyer's financing sources all material financial information in their possession with respect to the Company and the transactions contemplated by this Agreement reasonably requested by the Buyer, including information and projections prepared by the Company relating to the Company and the transactions contemplated in this Agreement, (b) causing the Company's senior officers and other Company representatives to be reasonably available to the Buyer's financing sources in connection with such financing, to reasonably participate in due diligence sessions and to reasonably participate in presentations related to such financing, including "road show" presentations to rating agencies, potential lenders and other investors, (c) reasonably assisting in the preparation of one or more appropriate offering documents and assisting the Buyer's financing sources in preparing other appropriate marketing materials, in each case to be used in connection with such financing and (d) providing necessary consents and approvals reasonably requested by the Buyer or the Buyer's financing sources in connection with such financing.

7.15. Notification of Certain Matters. During the period prior to the Closing Date, the Company shall give prompt written notification to the Buyer of (a) the occurrence, or failure to occur, of any event that would be likely to cause any representation or warranty made by such party contained in this Agreement to be materially untrue or inaccurate and (b) any failure of the Company or the Sellers, or of any officer, director, employee or agent thereof, to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder. No such notification will have any effect with respect to claims for indemnification pursuant to Section 10 for the purpose of determining satisfaction of the conditions to Closing set forth in this Agreement. For purposes of determining whether there is any misrepresentation or breach of a representation, warranty, covenant or agreement by the Sellers or the Company hereunder, the Schedules delivered by the Sellers and the Company shall be deemed to include only the information contained therein on the date of this Agreement.

7.16. Accounts Receivables Collections. Following the Closing, the Buyer shall cause the Company to use its commercially reasonable efforts (consistent with past practice) to collect all accounts receivables which are outstanding as of the Closing Date (the "Closing Date Accounts Receivables") (it being understood that the Closing Date Accounts Receivables shall

be reflected on the Final Closing Statement). Any Closing Date Accounts Receivables which remain unpaid as of the date of the determination of the Final Closing Statement in accordance with Section 3.6 hereof and which, in accordance with the Working Capital Guidelines, shall be fully reserved for on the Final Closing Statement shall be referred to herein as the "Uncollected Receivables." Within five (5) Business Days of receipt by the Buyer of any portion of the Uncollected Receivables, the Buyer shall pay to the Sellers such amount received on a pro rata basis according to each Seller's Seller's Percentage.

7.17. Oxford Disposition Legal Opinion. If any Seller proposes to make a disposition of Oxford Securities in accordance with Section 4.8.10(ii) herein, the Buyer shall use its commercially reasonable efforts to obtain the opinion of counsel to the Buyer contemplated by Section 4.8.10(ii)(B) herein.

7.18. Employee Cash Bonus Plan. The parties agree that immediately prior to or at the Closing, the Company shall adopt a written employee cash bonus plan (the "Plan"), which shall be in form and substance reasonably satisfactory to the Buyer and which will be administered by the President of the Company. Pursuant to the terms of the Earnout Agreement, certain funds which become due and payable under the Earnout Agreement shall be paid to the Plan and distributed under the terms of the Plan.

8. CONDITIONS TO THE OBLIGATION TO CLOSE OF THE BUYER. The obligations of the Buyer to consummate the Closing under this Agreement are subject to the satisfaction, at or prior to the Closing, of all of the following conditions, compliance with which, or the occurrence of which, may be waived prior to the Closing by the Buyer in its sole discretion:

8.1. Representations, Warranties and Covenants. All representations and warranties of the Sellers and the Company contained in this Agreement that are qualified by materiality shall be true and correct in all respects and all representations and warranties of the Sellers and the Company contained in this Agreement that are not qualified by materiality shall be true and correct in all respects except, in both cases, for inaccuracies that in the aggregate do not have, and would not reasonably be expected to have, a Material Adverse Effect, in either case as of the Closing Date as if made on the Closing Date, except for (a) changes expressly permitted or required by this Agreement and (b) those representations and warranties which address matters only as of a particular date (which, as of such date, shall be true and correct to the same extent as set forth above). The Sellers and the Company shall have performed and satisfied, in all material respects, all covenants and agreements required by this Agreement to be performed or satisfied by them at or prior to the Closing. The Sellers shall have furnished to the Buyer a certificate, signed by or on behalf of each of the Sellers, dated as of the Closing Date, to the effect that the conditions specified in this Section, to the extent relating to representations, warranties, covenants and agreements of the Company and such Seller, have been satisfied.

8.2. Legality; Governmental Authorization; Litigation. The acquisition of the Shares and the consummation of the other transactions contemplated hereby, shall not be prohibited by any Legal Requirement, and all necessary filings, if any, pursuant to the HSR Act shall have been made and all applicable waiting periods thereunder shall have expired or been terminated. No nonfrivolous Action shall have been instituted at or prior to the Closing by any Person other than a party hereto or any Affiliate thereof, or instituted by any Governmental Authority, relating

to this Agreement or any of the transactions contemplated hereby, the result of which would prevent or make illegal the consummation of any such transaction.

8.3. General. All corporate proceedings required to be taken on the part of the Company in connection with the transactions contemplated by this Agreement shall have been taken. The Buyer shall have received copies of such officers' certificates, good standing certificates, incumbency certificates and other customary closing documents as the Buyer may reasonably request in connection with the transactions contemplated hereby.

8.4. Opinions of Counsel. The Sellers shall have delivered to the Buyer the opinions, dated the Closing Date, of Alston & Bird LLP and Ropes & Gray, special counsel to the Company and certain Sellers, in forms reasonably satisfactory to the Buyer.

8.5. Pay-Off Letter for the Bank Debt. The Company and the Buyer shall have received a letter from Shanghai Commercial Bank stating (a) the aggregate amount of any outstanding Bank Debt as of the Closing Date (including all prepayment premiums and penalties and fees and expenses associated with prepayment), (b) that, if such aggregate amount so identified is paid to Shanghai Commercial Bank on the Closing Date, the Bank Debt will be paid in full (including all prepayment premiums and penalties and fees and expenses associated with prepayment) and (c) that, if such aggregate amount so identified is paid to Shanghai Commercial Bank on the Closing Date, Shanghai Commercial Bank will release any and all Liens and guaranties that it or its Affiliates may have with respect to the Company or any of its assets and will take all actions necessary to effectuate such release (including executing and delivering to the Buyer all reasonably necessary documentation in form suitable for filing with all appropriate government Persons).

8.6. Pay-Off Letter for the Senior Subordinated Notes. The Company and the Buyer shall have received a letter from each Subordinated Lender stating (a) the prepayment amount of the outstanding Senior Subordinated Notes held by such Subordinated Lender as of the Closing Date (including all prepayment premiums and penalties and fees and expenses associated with prepayment), (b) that, if such aggregate amount so identified is paid to such Subordinated Lender on the Closing Date, such Senior Subordinated Notes will be paid in full (including all prepayment premiums and penalties and fees and expenses associated with prepayment) and (c) that, if such prepayment amount so identified is paid to such Subordinated Lender on the Closing Date, such Subordinated Lender will release any and all Liens and guaranties that it or its Affiliates may have with respect to the Company or any of its assets and will take all actions necessary to effectuate such release (including executing and delivering to the Buyer all reasonably necessary documentation in form suitable for filing with all appropriate government Persons).

8.7. Governmental Consents and Approvals. The Company shall have received, each in form and substance reasonably satisfactory to the Buyer, all authorizations, consents, orders and approvals of Governmental Authorities set forth on Schedule 8.7.

8.8. Consents. The Company shall have received, each in form and substance reasonably satisfactory to the Buyer, such written consents or waivers under or with respect to the Contracts set forth on Schedule 7.3.2.

8.9. Management Agreement. The Management Agreement shall have been terminated, and the Buyer shall have received written evidence of such termination reasonably satisfactory to Buyer.

8.10. Resignation of Directors and Officers. The Buyer shall have received the resignation, effective upon the Closing, of all officers and directors of the Company specified in writing at least five Business Days prior to the Closing by the Buyer.

8.11. Escrow Agreement. Each Seller shall have executed and delivered to the Buyer the Escrow Agreement, in substantially the form as set forth in Exhibit 3.1.

8.12. Earnout Agreement. Each Seller shall have executed and delivered to the Buyer the Earnout Agreement, in substantially the form as set forth in Exhibit 3.3.

8.13. Non-Competition Agreements. Each of S. Anthony Margolis and Lucio Dalla Gasperina shall have executed and delivered to the Buyer a Noncompetition Agreement, in substantially the form as set forth in Exhibit 8.13(a), each of Bonita Beach Blues, Inc. and Robert Emfield shall have executed and delivered to the Buyer a Noncompetition Agreement, in substantially the form as set forth in Exhibit 8.13(b), each of Tony Yeung and Whole Duty Investment, LTD shall have executed and delivered to the Buyer a Nonsolicitation and NonDisclosure Agreement, in substantially the form as set forth in Exhibit 8.13(c), and SKM-TB, LLC shall have executed and delivered to the Buyer a Nonsolicitation and Nondisclosure Agreement, in substantially the form as set forth in Exhibit 8.13(d) (together, the "Noncompetition / Nonsolicitation and Nondislosure Agreements").

8.14. Employment and Consulting Agreements. At the written request of the Buyer, the Company shall have terminated (effective as of the Closing Date) the respective employment and/or consulting agreements currently in effect between the Company and each of S. Anthony Margolis, Lucio Dalla Gasperina, Robert Emfield, Ken S. Kong and Tony Yeung. In addition, S. Anthony Margolis shall have entered into an employment agreement with the Company, in substantially the form as set forth in Exhibit 8.14(a); Lucio Dalla Gasperina shall have entered into an employment agreement with the Company, in substantially the form as set forth in Exhibit 8.14(b); Ken S. Kong shall have entered into an employment agreement with the Company, in substantially the form as set forth in Exhibit 8.14(c); Robert Emfield shall have entered into a consulting agreement with the Company, in substantially the form as set forth in Exhibit 8.14(d); and Tony Yeung shall have entered into a consulting agreement with the Company, in substantially the form as set forth in Exhibit 8.14(e).

8.15. Cancellation of Warrant. The Company and the holder of the Warrant shall have taken all necessary actions to terminate the Warrant as of the Closing, and the Buyer shall have received written evidence of such termination reasonably satisfactory to Buyer.

8.16. Transfer of Shares. The Buyer shall have received from the Sellers duly executed stock certificates evidencing all of the Shares.

8.17. Statements for Section 3.1 Fees and Expenses. The Company shall have caused to be delivered to the Company and the Buyer statements (or letters) related to the payments contemplated by Section 3.1(i), Section 3.1(ii) and Section 3.1(iii), which statements (or letters)

shall acknowledge that, upon payment of the amounts specified therein, such party shall have been paid in full by the Company and the Sellers.

8.18. Sellers' Release. Each of the Sellers shall have delivered to the Buyer a release executed by such Seller in the form of Exhibit 8.18.

8.19. Termination of Financing. The Bridge Commitment Letter and the Credit Facility Commitment Letter shall not have been terminated by SunTrust or Merrill Lynch; provided, that the Buyer shall not be entitled to rely on this Section 8.19 unless it has fully complied with the provisions of Section 13.13.1.

8.20. Registration Rights Agreement. Each Seller shall have executed and delivered to the Buyer a Registration Rights Agreement (the "Registration Rights Agreement") in substantially the form as set forth in Exhibit 8.20.

9. CONDITIONS TO THE OBLIGATION TO CLOSE OF THE COMPANY AND THE SELLERS. The obligations of the Company and the Sellers to consummate the Closing under this Agreement are subject to the satisfaction, at or prior to the Closing, of all of the following conditions, compliance with which, or the occurrence of which, may be waived prior to the Closing by the Company and the Sellers in their sole discretion:

9.1. Representations, Warranties and Covenants. All representations and warranties of the Buyer contained in this Agreement that are qualified by materiality shall be true and correct in all respects and all representations and warranties of the Buyer contained in this Agreement that are not qualified by materiality shall be true and correct in all respects except, in both cases, for inaccuracies that do not have, and would not reasonably be expected to have, a Material Adverse Effect, in either case as of the Closing Date as if made on the Closing Date, except for changes expressly permitted or required by this Agreement. The Buyer shall have performed and satisfied, in all material respects, all covenants and agreements required by this Agreement to be performed or satisfied by the Buyer at or prior to the Closing. The Buyer shall have furnished to the Company a certificate signed by the President or any Vice President of the Buyer, dated as of the Closing Date, to the effect that the conditions specified in this Section have been satisfied.

9.2. Legality; Government Authorization; Litigation. The Sellers' consummation of the transactions contemplated hereby shall not be prohibited by any Legal Requirement, and all necessary filings, if any, pursuant to the HSR Act shall have been made and all applicable waiting periods thereunder shall have expired or been terminated. No nonfrivolous Action shall have been instituted at or prior to the Closing by any Person other than a party hereto or any Affiliate thereof, or instituted by any Governmental Authority, relating to this Agreement or any of the transactions contemplated hereby, the result of which would prevent or make illegal the consummation any such transaction.

9.3. General. All corporate proceedings required to be taken by the Buyer in connection with the transactions contemplated by this Agreement shall have been taken. The Sellers shall have received copies of such officers' certificates, good standing certificates,

incumbency certificates and other customary closing documents as the Sellers may reasonably request in connection with the transactions contemplated hereby.

9.4. Escrow Agreement. The Buyer shall have executed and delivered to the Sellers the Escrow Agreement, in substantially the form as set forth in Exhibit 3.1.

9.5. Earnout Agreement. The Buyer shall have executed and delivered to the Sellers the Earnout Agreement, in substantially the form as set forth in Exhibit 3.3.

9.6. Payments. The Buyer shall have paid the Cash Equity Amount in accordance with Section 3.1 and the Stock Equity Amount in accordance with Section 3.2.

9.7. Opinion of Counsel. The Buyer shall have delivered to the Sellers the opinion, dated the Closing Date, of King & Spalding LLP, counsel to the Buyer, in a form reasonably satisfactory to the Sellers.

9.8. Registration Rights Agreement. The Buyer shall have executed and delivered to the Buyer the Registration Rights Agreement in substantially the form as set forth in Exhibit 8.21.

10. INDEMNIFICATION.

10.1. Buyer's Indemnification. Subject to the limitations set forth in this Section 10, from and after the Closing, each of the Buyer and the Company shall jointly and severally indemnify, defend and hold harmless, to the fullest extent permitted by law, the Sellers (collectively, the "Seller Indemnitees") from, against and in respect of Losses incurred as a result of any of the following:

10.1.1. any breach or default in performance by the Buyer of any covenant or agreement of the Buyer contained in this Agreement and any breach or default in performance by the Company of any covenant or agreement made by the Company contained in this Agreement that is to be performed after the Closing; or

10.1.2. any breach of, or inaccuracy in, any representation or warranty made by the Buyer in this Agreement (for purposes of this Article 10, representations and warranties shall be read without reference to materiality, or similar phrases).

10.2. Sellers' Indemnification. Subject to the limitations set forth in this Section 10, and except as set forth in Section 3.6.5.1, from and after the Closing, each of the Sellers shall severally (but not jointly) indemnify, defend and hold harmless, to the fullest extent permitted by law, the Buyer and the Company (collectively, the "Buyer Indemnitees") from, against and in respect of:

10.2.1. Losses incurred as a result of any breach or default in performance by such Seller of any covenant or agreement of such Seller contained in this Agreement;

10.2.2. Losses incurred as a result of any breach of, or any inaccuracy in, any representation or warranty made by such Seller in Section 4 of this Agreement;

10.2.3. Losses incurred as a result of such Seller's fraud or criminal activity;

10.2.4. Losses incurred as result of any breach or default in performance by such Seller of any representation, warranty, covenant or agreement of such Seller contained in any of the Noncompetition / Nonsolicitation and Nondisclosure Agreements;

10.2.5. such Seller's Seller's Percentage of Losses incurred as a result of any breach or default in performance by the Company of any covenant or agreement of the Company contained in this Agreement;

10.2.6. such Seller's Seller's Percentage of Losses incurred as a result of any breach of, or any inaccuracy in, any representation or warranty made by the Company in this Agreement (for purposes of this Article 10, representations and warranties shall be read without reference to materiality, Material Adverse Effect or similar phrases);

10.2.7. such Seller's Seller's Percentage of Losses incurred as a result of the Company's fraud or criminal activity;

10.2.8. such Seller's Seller's Percentage of Losses attributable to any liability of the Company or the Subsidiaries for Taxes with respect to any Tax period or portion thereof ending on or before the Closing Date (or for any Tax period beginning before and ending after the Closing Date to the extent allocable (determined in a manner consistent with Section 7.10.2) to the portion of such period beginning before and ending on the Closing Date) to the extent such Taxes are not reflected in the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) shown on the face of the Final Closing Statement; and

10.2.9. such Seller's Seller's Percentage of Losses attributable to any liability of the Company or the Subsidiaries relating to, resulting from or arising out of any failure of any Employee Plan to comply with any Legal Requirement in respect of or relating to any period ending on or prior to the Closing Date.

10.3. Monetary Limitations. Notwithstanding any other provision of this Agreement, (i) no Seller shall have any obligation to indemnify any Buyer Indemnitee pursuant to Section 10.2.6 (other than with respect to breaches or inaccuracies of the representations and warranties contained in Sections 5.1, 5.2, 5.7(a), 5.14, 5.17, 5.18 and 5.30) unless and until, and only to the extent that, the aggregate of all such individual Losses incurred or sustained by all Buyer Indemnites with respect to which Buyer Indemnites are entitled to indemnification under Section 10.2.6 (other than with respect to breaches or inaccuracies of the representations and warranties contained in Sections 5.1, 5.2, 5.7(a), 5.14, 5.17, 5.18 and 5.30) exceeds Two Million Dollars (\$2,000,000) (the "Minimum Aggregate Loss"), in which case the Sellers shall only be liable for the amount by which all such Losses exceed the Minimum Aggregate Loss and (ii) the aggregate liability of the Sellers to indemnify the Buyer Indemnites for Losses under Section 10.2.6 (other than with respect to breaches or inaccuracies of the representations and warranties contained in Sections 5.1, 5.2, 5.7(a), 5.14, 5.17, 5.18 and 5.30) shall in no event exceed Forty Million Dollars (\$40,000,000) (the "Maximum Aggregate Loss"). Notwithstanding the foregoing, it is understood that the Sellers' obligations to indemnify any Buyer Indemnitee

pursuant to Section 10.2.6 with respect to breaches or inaccuracies of the representations or warranties contained in Sections 5.1, 5.2, 5.7(a), 5.14, 5.17, 5.18 or 5.30 or pursuant to Sections 10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.7, 10.2.8 or 10.2.9 (together, the "Surviving Representations, Warranties and Obligations") shall not be subject to the Minimum Aggregate Loss or the Maximum Aggregate Loss. It is further understood and agreed that the sole source of payment for any Buyer Indemnitee against, and the sole responsibility of, any Seller for indemnification pursuant to this Article 10 (except for claims for breaches of the Surviving Representations, Warranties and Obligations) shall be from such Seller's Seller's Percentage of the Escrow Account pursuant to the Escrow Agreement and from amounts due to such Seller pursuant to the Earnout Agreement. In no event shall the aggregate liability of any Seller for indemnification pursuant to this Article 10 exceed the aggregate consideration received by such Seller pursuant to this Agreement, the Earnout Agreement and the Escrow Agreement.

10.4. Time Limitations. Regardless of any investigation made at any time by or on behalf of any party hereto or of any information any party may have in respect thereof, no claim for indemnification pursuant to this Article 10 (other than (i) for breach of the representations and warranties contained in Sections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 5.1, 5.2, 5.7(a) and 6.1 and (ii) claims pursuant to Section 10.2.3, 10.2.4, 10.2.7, 10.2.8 and 10.2.9 which shall survive indefinitely, subject to any applicable statutes of limitation) shall be valid unless notice thereof, describing with reasonable specificity (in light of the facts then known) the amount and basis of such claim, is delivered to the relevant indemnifying parties on or prior to the close of business on the second anniversary of the Closing Date.

10.5. Limitation on Remedies. From and after the Closing, the sole and exclusive remedy of each Seller Indemnitee and Buyer Indemnitee as against any Person, with respect to all claims relating to the subject matter of this Agreement, shall be pursuant to the indemnification provisions set forth in this Section 10, other than with respect to such Person's fraud or criminal activity.

10.6. Third Party Claims. Promptly after the receipt by any Person entitled to indemnification pursuant to this Section 10 (the "Indemnified Party") of notice of the commencement of any action, including the commencement of any audit or other proceedings conducted by Tax authorities, against such Indemnified Party by a third party (such action, a "Third Party Claim"), such Indemnified Party shall, if a claim with respect thereto is to be made against any party obligated to provide indemnification pursuant to this Section 10 (the "Indemnifying Party"), give such Indemnifying Party written notice of such Third Party Claim in reasonable detail in light of the circumstances then known to such Indemnified Party. The failure to give such notice shall not relieve any Indemnifying Party from any obligation hereunder except to the extent that such failure prejudices such Indemnifying Party. Such Indemnifying Party shall have the right to defend such Third Party Claim, at such Indemnifying Party's expense and with counsel of its choice reasonably satisfactory to the Indemnified Party, provided that the Indemnifying Party conducts the defense of such Third Party Claim actively and diligently. If the Indemnifying Party assumes the defense of such Third Party Claim, the Indemnified Party agrees to reasonably cooperate in such defense at the expense of the Indemnifying Party. So long as the Indemnifying Party is conducting the defense of such claim actively and diligently, the Indemnified Party may retain separate co-counsel at its sole cost and expense and may participate in the defense of such Third Party Claim, and neither any

Indemnifying Party nor any Indemnified Party will consent to the entry of any judgment or enter into any settlement with respect to such Third Party Claim without the prior written consent of the other, which consent will not be unreasonably withheld, unless (i) the proposed settlement imposes only monetary payment obligations less than the indemnification obligations of the Indemnifying Party to the Indemnified Party pursuant to Section 10, and (ii) such settlement includes a full release of the Indemnified Party in respect of all indemnifiable Losses resulting therefrom, related thereto or arising therefrom. In the event the Indemnifying Party does not or ceases to conduct the defense of such Third Party Claim actively and diligently, (x) the Indemnified Party may defend against, and, with the prior written consent of the Indemnifying Party (which consent shall not be unreasonably withheld), consent to the entry of any judgment or enter into any settlement with respect to, such Third Party Claim (provided that the Indemnifying Party may retain separate co-counsel at its sole cost and expense and may participate in the defense of such Third Party Claim), (y) the Indemnifying Party will reimburse the Indemnified Party for the costs of defending against such Third Party Claim to the extent provided in this Section 10 and (z) the Indemnifying Party will remain responsible for any Losses the Indemnified Party may suffer as a result of such Third Party Claim to the extent provided in this Section 10.

10.7. Tax Benefits. At such time, if ever, as the Buyer or its Subsidiaries (including, for all periods after the Closing Date, the Company) realizes a Tax Benefit as a result of a Loss for which the Buyer has been indemnified by the Sellers hereunder (any such Tax Benefit to be determined after taking into consideration any Tax effect of the indemnification payment made to Buyer with respect to such Loss), the Buyer shall pay an amount equal to such Tax Benefit to the Sellers (on a pro rata basis based on their respective Seller's Percentage) who indemnified the Buyer with respect to such Loss.

10.8. Cash Purchase Price Adjustment. Any indemnification payment made by the Company, the Buyer or the Sellers pursuant to this Agreement shall be treated by the Buyer and the Sellers as an adjustment to the Cash Purchase Price for Tax purposes.

11. CONSENT TO JURISDICTION; JURY TRIAL WAIVER.

11.1. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (a) hereby irrevocably submits, and agrees to cause each of its Subsidiaries to submit, to the exclusive jurisdiction of the state courts of the State of New York located in New York County or the United States District Court for the Southern District of New York for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (b) hereby waives, and agrees to cause each of its Subsidiaries to waive, to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its Subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such court and (c) hereby agrees not to commence or to permit any of its Subsidiaries to commence any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or

relating to the subject matter hereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named court whether on the grounds of inconvenient forum or otherwise. Each party hereby consents to service of process in any such proceeding in any manner permitted by New York law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 13.6 is reasonably calculated to give actual notice.

11.2. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH OF THE PARTIES HERETO HEREBY WAIVES, AND AGREES TO CAUSE EACH OF ITS SUBSIDIARIES TO WAIVE, AND COVENANTS THAT NEITHER IT NOR ANY OF ITS SUBSIDIARIES WILL ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, ACTION, CLAIM, CAUSE OF ACTION, SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. THE BUYER ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE SELLERS THAT THIS SECTION 11.2 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THE SELLERS ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT AND ANY OTHER AGREEMENTS RELATING HERETO OR CONTEMPLATED HEREBY. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 11.2 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

12. TERMINATION.

12.1. Termination of Agreement. This Agreement may be terminated by the parties only as provided below:

12.1.1. The Buyer and the Required Sellers may terminate this Agreement by mutual written consent at any time prior to the Closing.

12.1.2. The Buyer may terminate this Agreement by delivering written notice to the Sellers at any time prior to the Closing in the event the Sellers or the Company are in material breach of any representation, warranty, covenant or agreement contained in this Agreement, the Buyer has notified the Sellers and the Company of the breach in writing, there is a reasonable likelihood that such breach (unless cured, if curable) will result in an inability of the Sellers or the Company to satisfy the conditions set forth in Section 8 and such breach, if curable, has continued without cure for a period of 30 days after delivery of such notice of breach.

12.1.3. The Required Sellers may terminate this Agreement by delivering written notice to the Buyer at any time prior to the Closing in the event the Buyer is in material breach of any representation, warranty, covenant or agreement contained in this Agreement, the Sellers have notified the Buyer of the breach in writing, there is a reasonable likelihood that such breach will (unless cured, if curable) result in an inability of the Buyer to satisfy the conditions set forth in Section 9 and such breach, if curable, has continued without cure for a period of 30 days after delivery of such notice of breach.

12.1.4. The Buyer or the Required Sellers may terminate this Agreement by providing written notice to the other at any time on or after June 30, 2003, if the Closing of the transactions contemplated by this Agreement shall not have occurred by reason of the failure of any condition set forth in Section 8, in the case of the Buyer, or Section 9, in the case of the Required Sellers, to be satisfied (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement).

Further, notwithstanding anything else contained in this Agreement, the right to terminate this Agreement under this Section 12.1 shall not be available to any party (a) that is in material breach of its obligations hereunder or (b) whose failure to fulfill its obligations or to comply with its covenants under this Agreement has been the cause of, or resulted in, the failure to satisfy any condition to the obligations of either party hereunder.

12.2. Effect of Termination. In the event of the termination of this Agreement pursuant to Section 12.1, all obligations of the parties hereunder (other than obligations under Sections 11 and 12, which shall survive termination) shall terminate without any liability of any party to any other party, except for liabilities with respect to breaches by any party on or prior to the date of termination of any covenants or agreements contained herein.

13. MISCELLANEOUS.

13.1. Entire Agreement; Waivers. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), shall constitute a continuing waiver unless otherwise expressly provided nor shall be effective unless in writing and executed (a) in the case of a waiver by the Buyer, by the Buyer, and (b) in the case of a waiver by the Sellers, by the Required Sellers.

13.2. Amendment or Modification. The parties hereto may amend or modify this Agreement only by a written instrument executed by the Buyer and the Required Sellers, and any such amendment or modification shall be enforceable against the Buyer and all the Sellers.

13.3. Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall (to the extent permitted under applicable law) be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any

respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

13.4. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted transferees and assigns (each of which transferees and assigns shall be deemed to be a party hereto for all purposes hereof); provided, however, that (a) no transfer or assignment by any party hereto shall be permitted without the prior written consent of the other parties hereto and any such attempted transfer or assignment without consent shall be null and void and (b) no transfer or assignment by any party shall relieve such party of any of its obligations hereunder; provided, further, that Buyer may assign its rights, but not its obligations, under this Agreement, in whole or in part, to any Affiliate; and provided, further, that after the Closing, the Buyer may assign its rights under this Agreement (i) to any lender providing financing to the Buyer in connection with the transactions contemplated by this Agreement, or (ii) to any purchaser of all or substantially all capital stock or assets of the Company.

13.5. Action by the Required Sellers. Any action taken by the Required Sellers or Sellers' Representatives in accordance with and pursuant to the terms of this Agreement shall bind and otherwise affect any rights and obligations of each Seller hereunder.

13.6. Notices. Any notices or other communications required or permitted hereunder shall be deemed to have been properly given and delivered if in writing by such party or its legal representative and delivered personally or sent by nationally recognized overnight courier service guaranteeing overnight delivery, or registered or certified mail, postage prepaid, addressed as follows:

If to the Company, before the Closing, to:

Viewpoint International, Inc.
1071 Avenue of the Americas
New York, NY 10018
Attention: Anthony Margolis

With a copy to:

Alston & Bird LLP
90 Park Avenue
New York, New York 10016
Attn: William S. Sterns, III, Esq.

and

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Daniel S. Evans, Esq.

If to any Seller to:

The address of such Seller set forth on the signature pages hereto

With a copy to:

Alston & Bird LLP
90 Park Avenue
New York, New York 10016
Attn: William S. Sterns, III, Esq.

and

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Daniel S. Evans, Esq.

If to the Buyer or, after the Closing,
the Company, to:

Oxford Industries, Inc.
222 Piedmont Avenue, N.E.
Atlanta, Georgia 30308-3391
Attention: Thomas C. Chubb, III, Esq.

With a copy to:

King & Spalding LLP
191 Peachtree Street, N.E.
Atlanta, Georgia 30303-1763
Attention: Russell B. Richards, Esq.

Unless otherwise specified herein, such notices or other communications shall be deemed given (a) on the date delivered, if delivered personally, (b) one Business Day after being sent by a nationally recognized overnight courier guaranteeing overnight delivery, and (c) five Business Days after being sent, if sent by registered or certified mail. Each of the parties hereto shall be entitled to specify a different address by delivering notice as aforesaid to each of the other parties hereto.

13.7. Public Announcements. No party hereto will issue or make any report, statement or release to the public (including employees, customers and suppliers of the parties) with respect to this Agreement or the transactions contemplated hereby without the consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed. If any party hereto is unable to obtain, after reasonable effort, the approval of its public report, statement or release from the other parties hereto and such report, statement or release is, in the opinion of legal counsel to such party, required by law in order to discharge such party's disclosure obligations, then such party may make or issue the legally required report, statement or release and promptly furnish the other parties with a copy thereof. Each party hereto will also obtain the prior approval by the other parties hereto of any press release to be issued announcing the consummation of the transactions contemplated by this Agreement, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing and any confidentiality provision of any other agreement between the parties hereto, each party hereto (and each employee, representative, or other agent thereof) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated by this Agreement and all materials of any kind (including opinions or other tax analyses) that are provided to any party hereto relating to such tax treatment and tax structure.

13.8. Headings, etc. Section and subsection headings are not to be considered part of this Agreement, are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction hereof.

13.9. Disclosure. Any item listed or referred to in any Schedule pursuant to any Section of this Agreement shall be deemed to have been listed in or incorporated by reference into any other Schedule to the extent that the applicability of the information disclosed to such other representation and warranty or Schedule is reasonably apparent from the face of such disclosure.

13.10. Third Party Beneficiaries. Except as otherwise set forth herein, nothing in this Agreement is intended or shall be construed to entitle any Person, other than the parties hereto, their respective transferees and assigns permitted hereby, to any claim, cause of action, remedy or right of any kind.

13.11. Counterparts. This Agreement and any claims related to the subject matter hereof may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

13.12. Governing Law. This Agreement and any claims related to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of New York, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

13.13. Expenses. Whether or not the transactions contemplated hereby are consummated, all Transaction Expenses shall be paid by the Company and/or the Sellers (including payment from the Cash Equity Amount in the manner contemplated by Section 3.1) and all fees and expenses incurred by the Buyer in connection with the negotiation and preparation of this Agreement, related agreements and the transactions contemplated hereby and thereby shall be paid by the Buyer.

13.13.1. Notwithstanding anything else contained herein, in the event the Closing does not occur as a result of the termination of:

13.13.1.1 the Bridge Commitment Letter (unless such termination thereunder is pursuant to Section 7 due to the failure to satisfy or waive the condition(s) set forth in (i) paragraph (a) of Exhibit C thereof, (ii) any other paragraph of Exhibit C thereof to the extent that termination under such paragraph results from the failure by the Company or any of the Sellers or any of their representatives or advisors to undertake any actions required to be taken by them thereunder (or the taking of any actions not permitted to be taken by them thereunder), (iii) paragraph (b) of Exhibit C thereof to the extent that the event or condition giving rise to any such "Material Adverse Effect" referred to in paragraph (b) of Exhibit C thereof is an event or condition referred to in paragraph (a) of Exhibit C thereof, (iv) Section 3(i) to the extent such failure relates to a condition in the Interim Loan Agreement that is substantially identical to paragraph (a) of Exhibit C thereof or otherwise results from the failure by the Company or any of the Sellers or any of their representatives or advisors to undertake any actions required to be

taken by them thereunder (or the taking of any actions not permitted to be taken by them thereunder), (v) Section 3(ii) thereof to the extent that the concurrent funding referred to therein has not occurred as a result of an event or condition referred to in paragraph (a) of Exhibit C, a "Material Adverse Effect" referred to in paragraph (b) of Exhibit C caused by an event or condition referred to in paragraph (a) of Exhibit C or otherwise as a result of the failure by the Company or any of the Sellers or any of their representatives or advisors to undertake any actions required to be taken by them thereunder (or the taking of any actions not permitted to be taken by them thereunder), or (vi) Section 3(iii) thereof to the extent such failure results from the failure by the Company or any of the Sellers or any of their representatives or advisors to undertake any actions required to be taken by them thereunder (or the taking of any actions not permitted to be taken by them thereunder)); or

13.13.1.2 the Credit Facility Commitment Letter (unless such termination thereunder is pursuant to (i) Section D(ii)(b) thereof, (ii) Section D(ii)(a) thereof to the extent that the event or condition giving rise to any "Material Adverse Change" referred to in Section D(ii)(a) thereof is an event or condition referred to in Section D(ii)(b) thereof), or (iii) Section D(iii) thereof to the extent such termination relates to information provided in writing to the Buyer by the Company or any of the Sellers).

then the Buyer shall, within five (5) days of such termination, reimburse the Company and the Sellers for all fees and expenses incurred by the Company and the Sellers (up to a maximum of \$1,000,000 in the aggregate) in connection with the negotiation and preparation of this Agreement, related agreements and the transactions contemplated hereby.

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

THE COMPANY: VIEWPOINT INTERNATIONAL, INC.

By: /s/ S. Anthony Margolis

Name: S. Anthony Margolis
Title: President and Chief Executive Officer

THE SELLERS: SKM-TB, LLC

By: SKM EQUITY FUND III, L.P.

By: SKM PARTNERS, L.L.C.

By: /s/ David J. Oddi

Name: David J. Oddi
A duly authorized signatory
c/o Saunders Karp & Megrue, LLC
262 Harbor Drive
Stamford, Connecticut 06902

WHOLE DUTY INVESTMENT, LTD.

By: /s/ CT Yeung

Name: CT Yeung
A duly authorized signatory
1384 Broadway, 19th Floor
New York, New York 10018

/s/ S. Anthony Margolis

S. Anthony Margolis
c/o Viewpoint International, Inc.
1809 Seventh Avenue, Suite 806
Seattle, Washington 98101

MARGOLIS FAMILY STOCK TRUST u/a/d
May 1, 2001

By: /s/ William S. Sterns, III

Name: William S. Sterns, III, Esq.
Title: Trustee
c/o Alston & Bird LLP
90 Park Avenue
New York, New York 10016

/s/ Lucio Dalla Gasperina

Lucio Dalla Gasperina
c/o Viewpoint International, Inc.
1809 Seventh Avenue, Suite 806
Seattle, Washington 98101

BONITA BEACH BLUES, INC.

By: /s/ Robert Emfield

Name: Robert Emfield
Title: President
3040 Northview Road
Minnetonka Beach, Minnesota 55361

THE BUYER:

OXFORD INDUSTRIES, INC.

By: /s/ J. Hicks Lanier

Name: J. Hicks Lanier
Title: Chairman, President & Chief Executive
Officer

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EARNOUT AGREEMENT

AMONG

THE STOCKHOLDERS OF
VIEWPOINT INTERNATIONAL, INC.

AND

OXFORD INDUSTRIES, INC.
DATED AS OF JUNE 13, 2003

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EARNOUT AGREEMENT

This EARNOUT AGREEMENT (this "Agreement") is made as of the 13th day of June, 2003, among each holder of Shares and/or Warrants of VIEWPOINT INTERNATIONAL, INC., a Delaware corporation (the "Company") listed on Schedule 1 hereto (each, a "Seller" and collectively, the "Sellers"); S. Anthony Margolis, an individual resident of Connecticut and David J. Oddi, an individual resident of Connecticut, as the Sellers' Representatives (the "Sellers' Representatives"); and OXFORD INDUSTRIES, INC., a Georgia corporation (the "Buyer").

W I T N E S S E T H:

WHEREAS, Buyer, the Company, and the Sellers entered into a Stock Purchase Agreement (the "Purchase Agreement"), dated as of April 26, 2003, pursuant to which the Sellers agreed to sell, and Buyer agreed to purchase, all of the outstanding stock and equity interests of the Company on the terms and conditions set forth in the Purchase Agreement;

WHEREAS, pursuant to Section 8.13 and Section 9.5 of the Purchase Agreement, the parties agreed to enter into this Agreement as a condition to consummation of the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and mutual promises contained herein, the parties hereto, intending to be legally bound, hereby agree as follows:

1. DEFINITIONS. For purposes of this Agreement:

1.1. Certain Definitions. The following terms shall have the following meanings:

1.1.1. "Accelerated Stock Amount" shall mean (a) with respect to a Full Accelerated Payment (i) the applicable Sellers Stock Amount divided by the Agreed Closing Oxford Stock Value plus (ii) the applicable Buyer Stock Amount divided by the applicable Average Oxford Trading Price; (b) with respect to a Pro-Rata Accelerated Payment due in FY 2005, (i) the applicable Sellers Stock Amount divided by the Agreed Closing Oxford Stock Value plus (ii) the applicable Buyer Stock Amount divided by the Average Oxford Trading Price and (c) with respect to a Pro-Rata Accelerated Payment due in either FY 2006 or FY 2007, the applicable Buyer Stock Amount divided by the applicable Average Oxford Trading Price.

1.1.2. "Accelerated Stock Percentage" shall have the meaning set forth in Section 2.2 hereof.

1.1.3. "Additional Earnout Payment" shall have the meaning set forth in Section 2.2 hereof.

1.1.4. "Additional Earnout Payment Calculations" shall mean the amounts for the Four-Year Period Adjusted PBT, the Four-Year Period Target PBT and the Additional Earnout Payment.

1.1.5. "Adjusted PBT" for a Fiscal Year shall mean the applicable EBIT for such Fiscal Year less the applicable Company Capital Charge for such Fiscal Year.

1.1.6. "Affiliate" shall mean, as to the Buyer (or other specified Person), each Person directly or indirectly controlling or controlled by or under common control with the Buyer (or such specified Person). For purposes of this definition, the term "control" (including the terms "controlling," "controlled by" and "under common control with") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, contract or otherwise.

1.1.7. "Agreed Closing Oxford Stock Value" shall be \$25.76 per share, subject to adjustment to reflect the effect of any forward or reverse stock split, stock dividend, recapitalization or other similar change with respect to the Oxford Securities occurring after the date hereof and prior to the applicable issuance of Oxford Securities.

1.1.8. "Arbitrator" shall mean a person who shall be, or shall have been, an audit partner in a nationally recognized independent accounting firm and who shall be appointed by agreement of the Buyer and the Sellers' Representatives or, failing such agreement, by the American Arbitration Association (the "AAA") in accordance with the Commercial Arbitration Rules of the AAA.

1.1.9. "Available Amount" shall have the meaning set forth in Section 2.4.1.2 hereof.

1.1.10. "Average Oxford Trading Price" shall mean the average of the high and low per share sales prices of Oxford Securities during the regular trading sessions on the applicable Stock Exchange for each of the ten (10) full trading days (the "10 Trading Days") immediately preceding (but not including) the applicable Payment Date. For purposes of this definition, "Stock Exchange" shall mean (a) the New York Stock Exchange or (b) if Oxford Securities are not listed on the New York Stock Exchange at the time of any payment pursuant to Section 2.3, another national securities exchange on which shares of Oxford Securities are listed. The "Average Oxford Trading Price" shall be adjusted as necessary to reflect the effect of any forward or reverse stock split, stock dividend, recapitalization or other similar change with respect to the Oxford Securities effective during the applicable 10 Trading Days during which the applicable "Average Oxford Trading Price" is determined.

1.1.11. "Basic Earnout Payment" and "Basic Earnout Payments" shall have the respective meanings set forth in Section 2.1.1 hereof.

1.1.12. "Basic Earnout Payment Calculations" shall mean, for each Fiscal Year, the amounts for the applicable Adjusted PBT, the applicable Target PBT and the applicable Basic Earnout Payment.

1.1.13. "Bonus Plan" shall mean the Employee Cash Bonus Plan established pursuant to Section 7.18 of the Purchase Agreement.

1.1.14. "Business Day" shall mean any day on which banking institutions in New York, New York are customarily open for the purpose of transacting business.

1.1.15. "Buyer Accelerated Stock Percentage" shall have the meaning set forth in Section 2.4.2 hereof.

1.1.16. "Buyer Stock Amount" shall mean (a) with respect to a Basic Earnout Payment, (i) for each of FY 2004 and FY 2005, respectively, the Basic Earnout Payment for such Fiscal Year multiplied by the FY 04/05 Buyer Percentage for such Fiscal Year, and (ii) for each of FY 2006 and FY 2007, respectively, the Basic Earnout Payment for such Fiscal Year multiplied by the FY 06/07 Buyer Percentage for such Fiscal Year; (b) with respect to a Full Accelerated Payment, the Full Accelerated Payment multiplied by the FY04/05 Accelerated Buyer Percentage; and (c) with respect to a Pro-Rata Accelerated Payment, (i) for FY 2005, the Pro-Rata Accelerated Payment multiplied by the FY 04/05 Accelerated Buyer Percentage for such Fiscal Year, and (ii) for each of FY 2006 and FY 2007, respectively, the Pro-Rata Accelerated Payment multiplied by the Buyer Accelerated Stock Percentage.

1.1.17. "Cash Amount" shall mean (a) with respect to a Basic Earnout Payment, a cash payment equal to the Basic Earnout Payment for the applicable Fiscal Year multiplied by the applicable Cash Percentage; (b) with respect to a Full Accelerated Payment, a cash payment equal to the Full Accelerated Payment multiplied by the applicable Cash Percentage; and (c) with respect to a Pro-Rata Accelerated Payment, a cash payment equal to the Pro-Rata Accelerated Payment multiplied by the applicable Cash Percentage.

1.1.18. "Cash Percentage" shall mean (a) with respect to a Basic Earnout Payment (i) for each of FY 2004 and FY 2005, respectively, 100% minus the sum of the applicable Sellers Stock Percentage and the applicable FY 04/05 Buyer Percentage for such Fiscal Year, and (ii) for each of FY 2006 and FY 2007, respectively, 100% minus the applicable FY 06/07 Buyer Percentage for such Fiscal Year; (b) with respect to a Full Accelerated Payment, 100% minus the sum of the applicable Accelerated Stock Percentage and the applicable FY 04/05 Accelerated Buyer Percentage; and (c) with respect to a Pro-Rata Accelerated Payment, (i) for FY 2005, 100% minus the sum of the applicable Accelerated Stock Percentage and the applicable FY 04/05 Accelerated Buyer Percentage, and (ii) for each of FY 2006 and FY 2007, respectively, 100% minus the applicable Buyer Accelerated Stock Percentage.

1.1.19. "Closing" shall mean the closing of the transactions contemplated by the Purchase Agreement.

1.1.20. "Company Accounting Entities" shall mean those entities set forth on Schedule 1.1.20 hereto.

1.1.21. "Company Capital Charge" for a Fiscal Year shall mean the product of (a) the average of the month-end "Adjusted Net Assets" included in such Fiscal Year (for purposes of clarity, Exhibit 1.1.21 sets forth the months and weeks in each Fiscal Year and (b) 0.1. "Adjusted Net Assets" shall be determined in accordance with the guidelines set forth in Schedule 1.1.21 hereto.

1.1.22. "Credit Facility" shall mean the "Senior Debt," as that term is defined in the Earnout Subordination Agreement (the "Subordination Agreement"), dated as of June 13, 2003, among SunTrust Bank, as Agent for the "Lenders" (as defined in the Subordination

Agreement), SunTrust Bank, as Trustee for the Noteholders (as defined in the Subordination Agreement), the Sellers and the Buyer.

1.1.23. "EBIT" for a Fiscal Year shall be equal to net after tax income of the Company Accounting Entities calculated on a stand-alone basis without giving effect to the impact from the payments contemplated in this Agreement or the Purchase Agreement (including the payments pursuant to Section 3.1 of the Purchase Agreement and any fees and expenses of Buyer) plus (a) state and federal income taxes plus (b) interest expense or financing fees included in such interest expense plus (c) amounts paid or payable to the Buyer which are in excess of those which would be incurred on an arm's length basis for services performed by the Buyer to Company plus (d) any other amounts paid or payable to Buyer for services or charges not historically incurred by the Company Accounting Entities prior to the Closing less (e) Other Income (Plus Expense) as consistent with past practice.

1.1.24. "Fiscal Year" shall mean, as the case may be, FY 2004, FY 2005, FY 2006 or FY 2007.

1.1.25. "Foreign Accounts Payable Monthly Average" shall have the meaning set forth in Section 2.5.4.5 hereof.

1.1.26. "Four-Year Period" shall have the meaning set forth in Section 2.1.1 hereof.

1.1.27. "Four-Year Period Adjusted PBT" shall mean the sum of the Adjusted PBT for FY 2004, the Adjusted PBT for FY 2005, the Adjusted PBT for FY 2006, and the Adjusted PBT for FY 2007, each as finally determined pursuant to Section 2.3 for the applicable Fiscal Year's Basic Earnout Payment.

1.1.28. "Four-Year Period Excess Amount" shall mean the Four-Year Period Adjusted PBT less the Four-Year Period Target PBT.

1.1.29. "Four-Year Period Target PBT" shall mean the sum of the FY 2004 Target PBT and \$177,800,000.

1.1.30. "Full Accelerated Payment" shall have the meaning set forth in Section 2.5.8.2.1 hereof.

1.1.31. "Fully Diluted Shares" shall mean 17,096,698 Shares of Common Stock. It is understood that the respective Shares of Common Stock shown as owned by the Sellers on Schedule 1 have been determined based on a fully diluted basis.

1.1.32. "FY 04/05 Accelerated Buyer Percentage" shall have the meaning set forth in Section 2.4.1.2 hereof.

1.1.33. "FY 04/05 Buyer Percentage" with respect to a Basic Earnout Payment for FY 2004 and FY 2005, as applicable, shall have the meaning set forth in Section 2.4.1.2 hereof.

1.1.34. "FY 06/07 Buyer Percentage" with respect to a Basic Earnout Payment for FY 2006 and FY 2007, as applicable, shall have the meaning set forth in Section 2.4.2 hereof.

1.1.35. "FY 2004" shall mean the period beginning on the date hereof and ending May 28, 2004.

1.1.36. "FY 2004 Target PBT" shall mean \$42,300,000 multiplied by a fraction (a) the numerator of which shall be the number of actual days in FY 2004 and (b) the denominator of which shall be 365.

1.1.37. "FY 2005" shall mean the fiscal year beginning May 29, 2004 and ending June 3, 2005.

1.1.38. "FY 2005 Target PBT" shall mean \$50,000,000, as adjusted pursuant to Section 2.1.2.4 herein.

1.1.39. "FY 2006" shall mean the fiscal year beginning June 4, 2005 and ending June 2, 2006.

1.1.40. "FY 2006 Target PBT" shall mean \$58,100,000, as adjusted pursuant to Section 2.1.3.4 herein.

1.1.41. "FY 2007" shall mean the fiscal year beginning June 3, 2006 and ending June 1, 2007.

1.1.42. "FY 2007 Target PBT" shall mean \$69,700,000, as adjusted pursuant to Section 2.1.4.4 herein.

1.1.43. "GAAP" shall mean generally accepted accounting principles in the United States as in effect as of the date hereof, consistently applied.

1.1.44. "Governmental Authority" shall mean any domestic or foreign national, state, multi-state or municipal or other local government or any subdivision, agency, commission or authority or regulatory or administrative agency thereof.

1.1.45. "Minimum Foreign Accounts Payable" shall have the meaning set forth in Section 2.5.4.5 hereof.

1.1.46. "Maximum Amount" shall have the meaning set forth in Section 2.4.1.1 hereof.

1.1.47. "Oxford Limit" shall have the meaning set forth in Section 2.4.1.2 hereof.

1.1.48. "Oxford Securities" shall mean shares of common stock, par value \$1.00 per share, of the Buyer.

1.1.49. "Payment Date" shall mean, with respect to each Fiscal Year, the date on which the Buyer pays an applicable Basic Earnout Payment to the Sellers in accordance with Section 2.3 herein.

1.1.50. "Person" shall mean any individual, partnership, limited liability company, corporation, association, trust, joint venture, unincorporated organization, labor union or other entity other than any Governmental Authority.

1.1.51. "Pro-Rata Accelerated Payment" shall have the meaning set forth in Section 2.5.8.2.2 hereof.

1.1.52. "Sale Notice" is defined in Section 2.5.8.2.1.

1.1.53. "Sale Transactions" is defined in Section 2.5.8.2.1.

1.1.54. "Seller's Percentage" shall mean, as to each Seller (calculated as of the date hereof), a percentage equal to (a) the sum of (i) the number of shares of Common Stock owned by such Seller and (ii) the number of shares of Common Stock subject to the Warrant owned by such Seller divided by (b) the Fully Diluted Shares. For all purposes of this Agreement, the respective Seller's Percentage for each Seller shall be as set forth on Schedule 1 hereto.

1.1.55. "Sellers Stock Amount" shall mean (a) with respect to a Basic Earnout Payment, for each of FY 2004 and FY 2005, respectively, the Basic Earnout Payment for such Fiscal Year multiplied by the Sellers Stock Percentage for such Fiscal Year; (b) with respect to a Full Accelerated Payment, the Full Accelerated Payment multiplied by the Accelerated Stock Percentage; and (c) with respect to a Pro-Rata Accelerated Payment due in FY 2005, the Pro-Rata Accelerated Payment multiplied by the Accelerated Stock Percentage.

1.1.56. "Sellers Stock Percentage" shall have the meaning set forth in Section 2.4.1.1 hereof.

1.1.57. "Senior Lenders" shall mean the lenders under the Credit Facility.

1.1.58. "Shares" shall mean the issued and outstanding shares of Class A Common Stock of the Company, \$.0001 par value per share ("Class A Common Stock"), and Class C Common Stock of the Company, \$.0001 par value per share ("Class C Common Stock" and, together with the Class A Common Stock, the "Common Stock"), assuming for this purpose the full exercise of the Warrants and the issuance of all Shares issuable thereunder.

1.1.59. "Stock Amount" shall mean (a) with respect to each of FY 2004 and FY 2005, respectively, (i) the Sellers Stock Amount for such Fiscal Year divided by the Agreed Closing Oxford Stock Value plus (ii) the Buyer Stock Amount for such Fiscal Year divided by the Average Oxford Trading Price for such Fiscal Year and (b) with respect to each of FY 2006 and FY 2007, respectively, the Buyer Stock Amount for such Fiscal Year divided by the Average Oxford Trading Price for such Fiscal Year.

1.1.60. "Subsidiary" shall mean any Person of which any specified Person shall own directly or indirectly through a Subsidiary, a nominee arrangement or otherwise, at least a majority of the outstanding capital stock (or other shares of beneficial interest) entitled to vote generally or otherwise have the power to elect a majority of the board of directors or similar governing body or the legal power to direct the business or policies of such Person.

1.1.61. "Target PBT" shall mean, as the case may be, the FY 2004 Target PBT, the FY 2005 Target PBT, the FY 2006 Target PBT, or the FY 2007 Target PBT.

1.1.62. "Warrants" shall mean the Contingent Warrants to Purchase Shares of Class C Common Stock of the Company, issued to SKM-TB, LLC on February 9, 2001.

1.2. Certain Matters of Construction. In addition to the definitions referred to or set forth in this Section 1:

1.2.1. The words "hereof", "herein", "hereunder" and words of similar import shall refer to this Agreement as a whole and not to any particular Section or provision of this Agreement, and reference to a particular Section of this Agreement shall include all subsections thereof.

1.2.2. The words "party" and "parties" shall refer to the Sellers and the Buyer.

1.2.3. Definitions shall be equally applicable to both the singular and plural forms of the terms defined, and references to the masculine, feminine, or neuter gender shall include each other gender.

1.2.4. Accounting terms used herein and not otherwise defined herein are used herein as defined by GAAP in effect as of the date hereof, consistently applied.

1.2.5. The word "including" shall mean including without limitation.

2. EARNOUT PAYMENTS.

2.1. Basic Earnout Payment.

2.1.1. Generally. The Buyer will pay the Sellers up to an aggregate of Twelve Million Five Hundred Thousand Dollars (\$12,500,000) (individually, a "Basic Earnout Payment," and collectively, the "Basic Earnout Payments") with respect to each of FY 2004, FY 2005, FY 2006, and FY 2007 (collectively, the "Four-Year Period"), in each case, subject to the review and dispute procedures set forth in Section 2.3, based on the achievement of the performance targets for the applicable periods specified below. The aggregate Basic Earnout Payments paid to all the Sellers with respect to the entire Four-Year Period shall not in the aggregate exceed Fifty Million Dollars (\$50,000,000).

2.1.2. FY 2004 Basic Earnout Payment.

2.1.2.1 If, for FY 2004, Adjusted PBT is equal to or less than 90% of the FY 2004 Target PBT, then no Basic Earnout Payment will be earned with respect to FY 2004.

2.1.2.2 If, for FY 2004, Adjusted PBT is greater than 90% of the FY 2004 Target PBT but less than 100% of the FY 2004 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the following total amount will be earned with respect to FY 2004: \$12,500,000 multiplied by a fraction (a) the numerator of which shall be (i) the Adjusted PBT for FY 2004 minus (ii) the product of (1) the FY 2004 Target PBT multiplied by (2) 0.9 and (b) the denominator of which shall be the FY 2004 Target PBT multiplied by 0.1.

2.1.2.3 If, for FY 2004, Adjusted PBT is greater than or equal to 100% of the FY 2004 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the total amount of \$12,500,000 will be earned with respect to FY 2004.

2.1.2.4 If, for FY 2004, Adjusted PBT is less than the FY 2004 Target PBT, then the FY 2005 Target PBT shall be increased by the amount by which the Adjusted PBT for FY 2004 is less than the FY 2004 Target PBT. If, for FY 2004, Adjusted PBT is greater than the FY 2004 Target PBT, then the FY 2005 Target PBT shall be decreased by an amount equal to the lesser of (a) the amount by which the Adjusted PBT for FY 2004 is greater than the FY 2004 Target PBT or (b) the amount equal to the FY 2005 Target PBT prior to any adjustment pursuant to this Section 2.1.2.4.

2.1.3. FY 2005 Basic Earnout Payment.

2.1.3.1 If, for FY 2005, Adjusted PBT is equal to or less than 90% of the FY 2005 Target PBT, then no Basic Earnout Payment will be earned with respect to FY 2005.

2.1.3.2 If, for FY 2005, Adjusted PBT is greater than 90% of the FY 2005 Target PBT but less than 100% of the FY 2005 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the following total amount will be earned with respect to FY 2005: \$12,500,000 multiplied by a fraction (a) the numerator of which shall be (i) the Adjusted PBT for FY 2005 minus (ii) the product of (1) the FY 2005 Target PBT multiplied by (2) 0.9 and (b) the denominator of which shall be the FY 2005 Target PBT multiplied by 0.1.

2.1.3.3 If, for FY 2005, Adjusted PBT is greater than or equal to 100% of the FY 2005 Target PBT, then a Basic Earnout Payment payable to the Sellers,

in accordance with Section 2.3 and Section 2.4 herein, in the total amount of \$12,500,000 will be earned with respect to FY 2005.

2.1.3.4 If, for FY 2005, Adjusted PBT is less than the FY 2005 Target PBT, then the FY 2006 Target PBT shall be increased by the amount by which the Adjusted PBT for FY 2005 is less than the FY 2005 Target PBT. If, for FY 2005, Adjusted PBT is greater than the FY 2005 Target PBT, then the FY 2006 Target PBT shall be decreased by an amount equal to the lesser of (a) the amount by which the Adjusted PBT for FY 2005 is greater than the FY 2005 Target PBT or (b) the amount equal to the FY 2006 Target PBT prior to any adjustment pursuant to this Section 2.1.3.4.

2.1.4. FY 2006 Basic Earnout Payment.

2.1.4.1 If, for FY 2006, Adjusted PBT is equal to or less than 90% of the FY 2006 Target PBT, then no Basic Earnout Payment will be earned with respect to FY 2006.

2.1.4.2 If, for FY 2006, Adjusted PBT is greater than 90% of the FY 2006 Target PBT but less than 100% of the FY 2006 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the following total amount will be earned with respect to FY 2006: \$12,500,000 multiplied by a fraction (a) the numerator of which shall be (i) the Adjusted PBT for 2006 minus (ii) the product of (1) the FY 2006 Target PBT multiplied by (2) 0.9 and (b) the denominator of which shall be the FY 2006 Target PBT multiplied by 0.1.

2.1.4.3 If, for FY 2006, Adjusted PBT is greater than or equal to 100% of the FY 2006 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the total amount of \$12,500,000 will be earned with respect to FY 2006.

2.1.4.4 If, for FY 2006, Adjusted PBT is less than the FY 2006 Target PBT, then the FY 2007 Target PBT shall be increased by the amount by which the Adjusted PBT for FY 2006 is less than the FY 2006 Target PBT. If, for FY 2006, Adjusted PBT is greater than the FY 2006 Target PBT, then the FY 2007 Target PBT shall be decreased by an amount equal to the lesser of (a) the amount by which the Adjusted PBT for FY 2006 is greater than the FY 2006 Target PBT or (b) the amount equal to the FY 2007 Target PBT prior to any adjustment pursuant to this Section 2.1.4.4.

2.1.5. FY 2007 Basic Earnout Payment.

2.1.5.1 If, for FY 2007, Adjusted PBT is equal to or less than 90% of the FY 2007 Target PBT, then no Basic Earnout Payment will be earned with respect to FY 2007.

2.1.5.2 If, for FY 2007, Adjusted PBT is greater than 90% of the FY 2007 Target PBT but less than 100% of the FY 2007 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the following total amount will be earned with respect to FY 2007: \$12,500,000 multiplied by a fraction (a) the numerator of which shall be (i) the Adjusted PBT for FY 2007 minus (ii) the product of (1) the FY 2007 Target PBT multiplied by (2) 0.9 and (b) the denominator of which shall be the FY 2007 Target PBT multiplied by 0.1.

2.1.5.3 If, for FY 2007, Adjusted PBT is greater than or equal to 100% of the FY 2007 Target PBT, then a Basic Earnout Payment payable to the Sellers, in accordance with Section 2.3 and Section 2.4 herein, in the total amount of \$12,500,000 will be earned with respect to FY 2007.

2.2. Additional Earnout Payment. The Buyer will pay the Sellers a total of up to Twenty-Five Million Dollars (\$25,000,000) (the "Additional Earnout Payment") with respect to the Four-Year Period, subject to the review and dispute procedures set forth in Section 2.3, based on the achievement of the following performance targets for the Four-Year Period:

2.2.1. If, during the Four-Year Period, the Four-Year Period Adjusted PBT is equal to or less than 100% of the Four-Year Period Target PBT, then no Additional Earnout Payment will be earned.

2.2.2. If, during the Four-Year Period, the Four-Year Period Adjusted PBT is greater than 100% of the Four-Year Period Target PBT, then the Buyer shall pay the Sellers, in the aggregate, an Additional Earnout Payment equal to: the lesser of (a) the Four-Year Period Excess Amount multiplied by 0.3333 or (b) Twenty-Five Million Dollars (\$25,000,000).

2.3. Review and Dispute Procedures. Within seventy-five (75) days of the end of each Fiscal Year, the Buyer shall submit to the Sellers' Representatives in writing the proposed figures for the applicable Basic Earnout Payment Calculations for the most recently ended Fiscal Year and, with respect to FY 2007, the Additional Earnout Payment Calculations (collectively, the "Earnout Calculations"), together with all supporting documentation necessary for a review of such Earnout Calculations. The Buyer shall give the Sellers' Representatives and other appropriate representatives of the Sellers such access during normal business hours to the books and records of each of the Buyer and the Company as the Sellers' Representatives shall reasonably request in order to evaluate such Earnout Calculations. If the Sellers' Representatives object to any of the Earnout Calculations within thirty (30) days of delivery thereof, they will deliver to the Buyer a notice of objection (an "Objection Notice") with respect to such Earnout Calculations. If no Objection Notice is delivered to the Buyer within such thirty (30) day period or if the Sellers' Representatives deliver to the Buyer a notice of acceptance of such calculations

(the "Acceptance"), the applicable Earnout Calculations for such Fiscal Year shall be final and binding, and any Basic Earnout Payment and, if applicable, any Additional Earnout Payment shall be paid to the Sellers by the Buyer in accordance with Section 2.4 herein within the later of (a) ten (10) Business Days after the earlier of (i) the expiration of such thirty (30) day period or (ii) the date the Acceptance is delivered to the Buyer, as the case may be, and (b) with respect to FY 2004 and FY 2005, ten (10) Business Days following the Buyer's receipt of the Sellers Stock Percentage pursuant to Section 2.4.1.1. If an Objection Notice is given, the Buyer and the Sellers' Representatives shall attempt in good faith to resolve the objection. If the Buyer and the Sellers' Representatives are unable to reach agreement within twenty (20) days after an Objection Notice has been given, the parties shall submit their final calculations of the items in dispute to the Arbitrator as soon as practical following the end of such twenty (20) day period, but in any event within thirty-five (35) days after the applicable Objection Notice has been received by the Buyer. The Arbitrator will be directed to review such final calculations and, within fifteen (15) days, make a selection as to which of the final calculations presented to it is, in the aggregate, more accurate and to provide a written report that sets forth the Arbitrator's determination of the applicable Earnout Calculations for such Fiscal Year. The resolution of the dispute by the Arbitrator will be final and binding on the parties hereto. The fees and expenses of the Arbitrator shall be paid by the party whose proposed calculation is not selected by the Arbitrator. Within the later of (a) ten (10) Business Days after the final determination of the Earnout Calculations by the Arbitrator and (b) with respect to FY 2004 and FY 2005, ten (10) Business Days following the Buyer's receipt of the Sellers Stock Percentage pursuant to Section 2.4.1.1, the Buyer shall pay, in accordance with Section 2.4 herein, to the Sellers any Basic Earnout Payment and, if applicable, any Additional Earnout Payment which is payable hereunder. Each Seller acknowledges that receipt of the applicable Adjusted PBT for any Fiscal Year, to the extent not already disclosed to the public, may constitute receipt of material, non-public information concerning the Buyer. Each Seller acknowledges that they are prohibited from (a) purchasing or selling securities of the Buyer until such information (or financial information of Buyer covering the relevant time period) is disclosed to the public and (b) communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to purchase or sell securities of the Buyer until such information is disclosed to the public.

2.4. Payment of Earnout Payments; Form of Consideration.

2.4.1. FY 2004 and 2005 Election.

2.4.1.1 Sellers Stock Percentage. If any Basic Earnout Payment shall be due and payable for FY 2004 or FY 2005 pursuant to Section 2.3 hereof, the Sellers' Representatives may elect (on behalf of all of the Sellers as a whole), at their sole option, that up to 50% of such Basic Earnout Payment for such applicable Fiscal Year be paid by the Buyer through the issuance of Oxford Securities valued at the Agreed Closing Oxford Stock Value (such percentage, as selected for FY 2004 or FY 2005, as the case may be, is referred to herein as the "Sellers Stock Percentage"). The Sellers' Representatives shall submit the applicable Sellers Stock Percentage to the Buyer within five (5) Business Days after the date of the determination of the final Earnout Calculations for FY 2004 or FY 2005, as applicable, pursuant to Section 2.3 herein. Notwithstanding the foregoing, in the event a Full Accelerated Payment or

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Pro-Rata Accelerated Payment shall be due and payable for FY 2004 or FY 2005 pursuant to Section 2.5.8.2, the Sellers' Representatives may elect (on behalf of all of the Sellers as a whole), at their sole option and subject to the last sentence of this Section 2.4.1.1, that up to 50% of such Full Accelerated Payment or Pro-Rata Accelerated Payment, as the case may be, be paid by the Buyer through the issuance of Oxford Securities valued at the Agreed Closing Oxford Stock Value (such percentage is referred to herein as the "Accelerated Stock Percentage"). The Sellers' Representatives shall submit the Accelerated Stock Percentage applicable to the Full Accelerated Payment or a Pro-Rata Accelerated Payment, as the case may be, to the Buyer within five (5) Business Days after receipt of the Sale Notice. Notwithstanding any other provision in this Agreement, (a) the aggregate amount of all Basic Earnout Payments, Full Accelerated Payments and Pro-Rata Accelerated Payments payable by the Buyer to the Sellers in accordance with this Section 2.4.1.1 through the issuance of Oxford Securities valued at the Agreed Closing Oxford Stock Value shall not exceed \$12,500,000 (the "Maximum Amount") and (b) if the Sellers Stock Percentage or the Accelerated Stock Percentage, as the case may be, otherwise selected by the Sellers' Representatives would otherwise result in the issuance, in the aggregate, of Oxford Securities in accordance with this Section 2.4.1.1 in excess of the Maximum Amount, then the Sellers Stock Percentage or the Accelerated Stock Percentage, as the case may be, shall be deemed for all purposes hereunder to be adjusted downward as necessary to limit such issuance, in the aggregate, to the Maximum Amount.

2.4.1.2 FY 04/05 Buyer Percentage. If any Basic Earnout Payment shall be due and payable for FY 2004 or FY 2005 and the Sellers Stock Percentage for such applicable Fiscal Year is less than 50% (the difference, if any, between such percentages being referred to herein as the "Available Buyer Percentage"), the Buyer may elect, at its sole option, to pay up to the Available Buyer Percentage of such Basic Earnout Payment for such applicable Fiscal Year by issuing Oxford Securities to the Sellers valued at the applicable Average Oxford Trading Price (such percentage, as selected for FY 2004 or FY 2005, as the case may be, is referred to herein as the "FY 04/05 Buyer Percentage"). For such Fiscal Years, the Buyer shall submit the FY 04/05 Buyer Percentage to the Sellers' Representatives within five (5) Business Days after the Buyer receives the applicable Sellers Stock Percentage from the Sellers' Representatives pursuant to Section 2.4.1.1. Notwithstanding anything in this Agreement to the contrary, if and to the extent that the Buyer is precluded under the terms of the Credit Facility from paying in cash any Basic Earnout Payment otherwise payable for FY 2004 or FY 2005, then, at the written request of the Sellers' Representatives, the Buyer shall be required to pay the full Available Buyer Percentage of such Basic Earnout Payment for such applicable Fiscal Year by issuing Oxford Securities to the Sellers valued at the Applicable Average Oxford Trading Price (and, if required, the Buyer shall as soon as possible take all commercially reasonable efforts necessary to obtain approval of the stockholders of the Buyer to issue such Oxford Securities). Notwithstanding the foregoing, in the event a Full Accelerated Payment or a Pro-Rata Accelerated Payment shall be due and payable for FY 2004 or FY 2005 pursuant to Section 2.5.8.2 and the Accelerated Stock Percentage applicable to such payment is less than 50% (such difference, if any, the "Available Amount"), the Buyer may elect, at its sole option, to pay up to the Available Amount of such Full Accelerated Payment or Pro-Rata

Accelerated Payment, as the case may be, by issuing Oxford Securities to the Sellers valued at the Average Oxford Trading Price (such percentage is referred to herein as the "FY 04/05 Accelerated Buyer Percentage"). The Buyer shall submit the FY 04/05 Accelerated Buyer Percentage applicable to the Full Accelerated Payment or Pro-Rata Accelerated Payment, as the case may be, to the Sellers' Representatives within five (5) Business Days after receipt of the Accelerated Stock Percentage. Notwithstanding any other provision in this Agreement, (a) the aggregate amount of all Basic Earnout Payments, Full Accelerated Payments and Pro-Rata Accelerated Payments payable by the Buyer to the Sellers in accordance with this Section 2.4.1.2 and/or Section 2.4.2 hereof through the issuance of Oxford Securities valued at the Average Oxford Trading Price shall not exceed the Oxford Limit and (b) if the FY 04/05 Buyer Percentage, the FY 04/05 Accelerated Buyer Percentage, the FY 06/07 Buyer Percentage or the Buyer Accelerated Stock Percentage, as the case may be, otherwise selected by the Buyer would otherwise result in the issuance, in the aggregate, of Oxford Securities in accordance with this Section 2.4.1.2 and/or Section 2.4.2 hereof in excess of the Oxford Limit, then the FY 04/05 Buyer Percentage, the FY 04/05 Accelerated Buyer Percentage, the FY 06/07 Buyer Percentage or the Buyer Accelerated Stock Percentage, as the case may be, shall be deemed for all purposes hereunder to be adjusted downward as necessary to limit such issuance, in the aggregate, to the Oxford Limit. As used herein, the term "Oxford Limit" shall mean an amount equal to (i) \$25,000,000 less (2) the cumulative amount of Basic Earnout Payments, Full Accelerated Payments and Pro-Rata Accelerated Payment which the Sellers' Representatives have elected to have paid by the Buyer through the issuance of Oxford Securities valued at the Agreed Closing Oxford Stock Value in accordance with Section 2.4.1.1.

2.4.2. FY 2006 and 2007 Election. If any Basic Earnout Payment shall be due and payable for FY 2006 or FY 2007 pursuant to Section 2.3 hereof, the Buyer may elect, at its sole option, to pay up to 50% of the amount of such Basic Earnout Payment by issuing Oxford Securities to the Sellers valued at the applicable Average Oxford Trading Price (such percentage, as selected for FY 2006 or FY 2007, as the case may be, is referred to herein as the "FY 06/07 Buyer Percentage"). The Buyer shall submit the FY 06/07 Buyer Percentage to the Sellers' Representatives within five (5) Business Days after the date of the determination of the final Earnout Calculations for a particular Fiscal Year pursuant to Section 2.3 herein. Notwithstanding anything in this Agreement to the contrary, if and to the extent that the Buyer is precluded under the terms of the Credit Facility from paying in cash any Basic Earnout Payment otherwise payable for FY 2006 or FY 2007, then, at the written request of the Sellers' Representatives, the Buyer shall be required to pay the full FY 06/07 Buyer Percentage of such Basic Earnout Payment for such applicable Fiscal Year by issuing Oxford Securities to the Sellers valued at the Applicable Average Oxford Trading Price (and, if required, the Buyer shall as soon as possible take all commercially reasonable efforts necessary to obtain approval of the stockholders of the Buyer to issue such Oxford Securities). Notwithstanding the foregoing, in the event a Pro-Rata Accelerated Payment shall be due and payable in FY 2006 or FY 2007 pursuant to Section 2.5.8.2, the Buyer may elect, at its sole option, to pay up to 50% of such Pro-Rata Accelerated Payment by issuing Oxford Securities to the Sellers valued at the Applicable Oxford Trading Price (such percentage is referred to herein as the "Buyer Accelerated Stock Percentage"). The Buyer shall submit the Buyer Accelerated Stock Percentage applicable to the

Pro-Rata Accelerated Payment to the Sellers' Representatives within five (5) Business Days after delivery of the Sale Notice.

2.4.3. Payment of Earnout Amounts.

2.4.3.1 Basic Earnout Payments. At such time as any Basic Earnout Payment shall be due and payable pursuant to Section 2.3, the Buyer shall pay and issue to each Seller, to such account or accounts (or address) as specified by the Sellers' Representatives to the Buyer in writing from time to time (a) such Seller's Seller's Percentage of the Cash Amount and (b) subject to Section 2.4.4 hereof, such Seller's Seller's Percentage of the number of shares of Oxford Securities equal to the Stock Amount.

2.4.3.2 Full Accelerated Payment. At such time as any Full Accelerated Payment shall be due and payable pursuant to Section 2.5.8.2.1, the Buyer shall pay and issue to each Seller, to such account or accounts (or address) as specified by the Sellers' Representatives to the Buyer in writing from time to time (a) such Seller's Seller's Percentage of the Cash Amount and (b) subject to Section 2.4.4 hereof, such Seller's Seller's Percentage of the number of shares of Oxford Securities equal to the Accelerated Stock Amount.

2.4.3.3 Pro-Rata Accelerated Payment. At such time as any Pro-Rata Accelerated Payment shall be due and payable pursuant to Section 2.5.8.2.2, the Buyer shall pay and issue to each Seller, to such account or accounts (or address) as specified by the Sellers' Representatives to the Buyer in writing from time to time (a) such Seller's Seller's Percentage of the Cash Amount and (b) subject to Section 2.4.4 hereof, such Seller's Seller's Percentage of the number of shares of Oxford Securities equal to the Accelerated Stock Amount.

2.4.4. Additional Provisions Relating to Oxford Securities.

2.4.4.1 The number of Oxford Securities to be issued pursuant to Section 2.4.3 of this Agreement based upon the Buyer's election pursuant to Section 2.4.1.2 or Section 2.4.2, if any, shall be adjusted as necessary to reflect the effect of any forward or reverse stock split, stock dividend, recapitalization, or other similar change with respect to the Oxford Securities occurring during or after the 10 Trading Days during which the Average Oxford Trading Price is determined and prior to the applicable issuance of Oxford Securities (with any such adjustment to be determined in recognition of any related adjustment being made to the applicable Average Oxford Trading Price).

2.4.4.2 No fractional shares of Oxford Securities shall be issued pursuant to this Agreement. In lieu thereof, each Seller who would otherwise be entitled to receive a fraction of a share of Oxford Securities shall be entitled to receive, within two (2) Business Days following the date on which any Basic Earnout Payment, Full Accelerated Payment or Pro-Rata Accelerated Payment shall be due and payable pursuant to Section 2.3 or Section 2.5.8.2, as applicable, an amount of cash equal to (a)

the Average Oxford Trading Price (except with respect to any issuance of Oxford Securities attributable to the Sellers Stock Percentage or Accelerated Stock Percentage of any Basic Earnout Payment for each of FY 2004 or FY 2005 or any Full Accelerated Payment or Pro-Rata Accelerated Payment, in which case the value for this subpart (a) shall be the Agreed Closing Oxford Stock Value) multiplied by (b) the fraction of a share of Oxford Securities to which such Seller otherwise would be entitled.

2.4.4.3 As soon as practicable following the date on which any Basic Earnout Payment, Full Accelerated Payment or Pro-Rata Accelerated Payment shall be due and payable pursuant to Section 2.3 or Section 2.5.8.2, and subject to each Seller complying with Section 2.4.9 of this Agreement, if the FY 04/05 Buyer Percentage, the FY 06/07 Buyer Percentage, the FY 04/05 Accelerated Buyer Percentage, the Buyer Accelerated Stock Percentage, the Sellers Stock Percentage or the Accelerated Stock Percentage, as the case may be, is greater than 0%, the Buyer will issue and deliver to the Sellers stock certificates representing the applicable Oxford Securities.

2.4.5. Additional Earnout Payment. At such time as any Additional Earnout Payment shall be due and payable pursuant to Section 2.3 herein, the Buyer shall pay to each Seller, to such account or accounts as specified by the Sellers' Representatives to the Buyer in writing from time to time, a cash payment equal to such Seller's Seller's Percentage of the Additional Earnout Payment.

2.4.6. Restrictions on Payment of Earnout Payments. Notwithstanding anything to the contrary herein, except as provided in the immediately following sentence, the Buyer shall not be required to pay any portion of any Basic Earnout Payment or any portion of the Additional Earnout Payment if (a) any of the Senior Lenders restrict such payments due to a default under the Credit Facility (or such payment would otherwise result in a default under the Credit Facility) or (b) payment of any Basic Earnout Payment or Additional Earnout Payment would prevent the Buyer from making the minimum level of capital expenditures not to exceed \$2 million within twelve (12) months following such payment that the Buyer reasonably determines are necessary for the operation of the Buyer's and/or the Company's business in a manner consistent with past practice. The Buyer shall not under any circumstance be permitted to defer or withhold pursuant to this Section 2.4.6 any amount otherwise payable as a Full Accelerated Payment or a Pro-Rata Accelerated Payment. The Buyer shall notify the Sellers' Representatives as soon as is reasonably practicable after the Buyer becomes aware of circumstances that would permit non-payment of any Basic Earnout Payment or Additional Earnout Payment pursuant to the first sentence of this Section 2.4.6. The parties agree that payment of a Basic Earnout Payment or Additional Earnout Payment that is due and payable pursuant to Section 2.3, as applicable, shall have priority and be paid prior to any dividend to the Buyer's shareholders. If payment of all or any portion of a Basic Earnout Payment or an Additional Earnout Payment is withheld pursuant to this Section 2.4.6, then interest, compounded on an annual basis, will accrue on the unpaid balance at the rate of 12.5% per annum from the date such payment is due until the date such payment is made. Any payment withheld pursuant to clause (a) of the first sentence of this Section 2.4.6 shall be paid by the Buyer at the earliest date as of which such payment can be made without being in violation of the standards set forth in such clause (a). Any payment withheld pursuant to clause (b) of the first

sentence of this Section 2.4.6 shall be payable in any event as of the earlier of (i) one (1) year after such payment was originally payable hereunder or (ii) such date as of which the Buyer has made capital expenditures of at least \$2 million following the last day of the Fiscal Year to which such Basic Earnout Payment or Additional Earnout Payment relates.

2.4.7. Offset. The Buyer shall have the right to offset from any Basic Earnout Payment, Additional Earnout Payment, Full Accelerated Payment and/or Pro-Rata Accelerated Payment (including the amount of any accelerated payments pursuant to Section 2.5.8.2 hereof) then due and payable to the Sellers (a) up to the full amount due and payable to the Buyer from the Sellers for any purchase price adjustment pursuant to Section 3.6.5.1 of the Purchase Agreement, (b) up to the full amount of any shortfall in the Foreign Accounts Payable Monthly Average in accordance with Section 2.5.4.5 hereof and Schedule 2.5.4.5 hereto, and (c) for any indemnification claims against the Sellers by the Buyer pursuant to Section 10.2 of the Purchase Agreement on the terms and subject to the limitations set forth therein. The offset rights of the Buyer pursuant to this Section 2.4.7 shall be in addition to any rights of the Buyer pursuant to the Escrow Agreement.

2.4.8. Tax Treatment. Any payment of Basic Earnout Payment, Additional Earnout Payment, Full Accelerated Payment and/or Pro-Rata Accelerated Payment (other than payments made to the Bonus Plan) shall be treated as an adjustment to the Cash Purchase Price (as defined in the Purchase Agreement) in the Purchase Agreement for tax purposes.

2.4.9. Investment and Securities Matters. Each Seller, solely as to itself, hereby represents and warrants to the Buyer (and prior to each issuance of Oxford Securities pursuant to this Agreement, each Seller hereby agrees to issue the Buyer a certificate certifying as of such date to) the following:

2.4.9.1 No Registration. Each Seller acknowledges and understands that the (a) issuance of the Oxford Securities pursuant to this Agreement will not be registered under the Securities Act of 1933, as amended, (the "Securities Act"), or any other applicable securities laws and (b) issuance of the Oxford Securities pursuant to this Agreement is intended to be exempt from registration under the Securities Act and any other applicable securities laws by virtue of certain exemptions thereunder, including Section 4(2) of the Securities Act and the provisions of Regulation D promulgated thereunder, and, therefore, the Oxford Securities issued pursuant to this Agreement cannot be resold unless registered under the Securities Act and any other applicable securities laws or unless an exemption from registration is available.

2.4.9.2 Reliance on Representations. Each Seller acknowledges that the Buyer and its advisors will rely on the representations and warranties of such Seller contained in this Section 2.4.9 for purposes of determining whether the issuance of the Oxford Securities pursuant to this Agreement is exempt from registration under the Securities Act and any other applicable securities laws.

2.4.9.3 Restricted Securities/Rule 144. Each Seller understands that the Oxford Securities issued pursuant to this Agreement will be characterized as "restricted securities" under the Securities Act. In this connection, each Seller

represents that such Seller is familiar with Rule 144 promulgated under the Securities Act.

2.4.9.4 Acquiring For Own Account. Each Seller is acquiring the Oxford Securities issued pursuant to this Agreement solely for his or its own account for investment purposes and not with a view toward any distribution.

2.4.9.5 Financial Ability. Each Seller (a) has the financial ability to bear the economic risk of the investment in the Oxford Securities issued pursuant to this Agreement, (b) has adequate means for providing for his or its current needs and contingencies, (c) has no need for liquidity with respect to the investment in the Oxford Securities issued pursuant to this Agreement, and (d) can afford a complete loss of the investment in the Oxford Securities issued pursuant to this Agreement at this time and in the foreseeable future.

2.4.9.6 Knowledge and Experience. Each Seller has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in Oxford Securities issued pursuant to this Agreement and of making an informed investment decision with respect thereto.

2.4.9.7 Tax Consequences. Each Seller understands that the transactions contemplated by this Agreement are not structured to obtain "tax-free" treatment under the federal Internal Revenue Code of 1986, as amended from time to time. Accordingly, such Seller may be required to recognize taxable gain based on the fair market value of the Oxford Securities issued pursuant to this Agreement as of the date received even though it will likely not be permissible to liquidate such Oxford Securities in order to pay such taxes.

2.4.9.8 Accredited Investor. Each Seller is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Securities Act.

2.4.9.9 Further Limitations on Dispositions. Without in any way limiting the representations set forth above, each Seller further agrees not to make any disposition of all or any portion of the Oxford Securities issued pursuant to this Agreement unless and until:

(a) there is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(b) (i) such Seller shall have notified the Buyer of the proposed disposition and shall have furnished the Buyer with a statement of the circumstances surrounding the proposed disposition and (ii) unless waived by the Buyer, the Buyer shall have received an opinion of counsel to the Buyer providing that such disposition will not require registration of such securities under the Securities Act or any other applicable securities laws.

2.4.9.10 Legend. Each Seller acknowledges and agrees that the certificates representing the Oxford Securities issued pursuant to this Agreement shall bear substantially the following legend:

The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under any other applicable securities laws in reliance upon various exemptions therefrom. These shares have been acquired for investment and may not be offered for sale, sold, transferred, or otherwise disposed of, nor will any assignee or transferee thereof be recognized by the Corporation as having any interest in such shares, in the absence of (i) an effective registration statement with respect to the shares under the Securities Act or (ii) an opinion of the Corporation's counsel to the effect that the transaction by which such shares will be offered for sale, sold, transferred, or otherwise disposed of, is exempt from or otherwise in compliance with the registration requirements of the Securities Act and any other applicable securities laws. The shares represented by this certificate may not be sold, transferred, or otherwise disposed of, nor will any assignee or transferee thereof be recognized by the Corporation as having any interest in such shares, unless such sale, transfer or disposition is otherwise in accordance with the terms of the Earnout Agreement, dated as of June 13, 2003, among Viewpoint International, Inc., the stockholders of Viewpoint International, Inc. and the Corporation.

2.4.9.11 Oxford Disposition Legal Opinion. If any Seller proposes to make a disposition of Oxford Securities in accordance with Section 2.4.9.9(b) herein, the Buyer shall use its commercially reasonable efforts to obtain the opinion of counsel to the Buyer contemplated by Section 2.4.9.9(b) herein.

2.4.10. Payment Allocation. Notwithstanding anything herein to the contrary, each Basic Earnout Payment, Additional Earnout Payment, Full Accelerated Payment and Pro-Rata Accelerated Payment otherwise payable to the Sellers pursuant to this Agreement shall be payable in the respective amounts and to the respective parties as shall be specified in Schedule 2.4.10 hereto, and any resulting Tax Benefit to the Company or the Buyer resulting from any such payments (including Tax Benefits resulting from subsequent payments of such amounts from the Bonus Plan to the employee beneficiaries thereof) shall be promptly paid by the Buyer to the Sellers in accordance with their respective Seller's Percentages.

2.5. Operating and Accounting Procedures of the Company.

2.5.1. Generally. The parties agree that the guidelines and rules set forth in this Section 2.5 shall be used in calculating the Adjusted PBT, the Basic Earnout Payments, and the Additional Earnout Payment. The Buyer shall use its commercially reasonable efforts to enable the Company to achieve the earnout targets contemplated by this Agreement, including taking all

reasonable steps to provide the Company with sufficient liquidity in order to make the capital expenditures contemplated in the agreed-upon budgets of the Company; provided, however, that nothing contained in this Agreement shall be construed to restrict in any way the Buyer's management from operating the Buyer's business (including the business of the Company) in the manner which the Buyer's management and board of directors deem most beneficial for the Buyer and the Buyer's shareholders. For the purposes of this Section 2.5, unless the context requires otherwise, references to "the Company" shall include all the Company Accounting Entities.

2.5.2. Accounting Standards. Unless otherwise agreed to in writing by the parties, all financial statements of the Company for all times from and after the Closing shall be prepared in accordance with GAAP applied on a basis consistent with the Company's past practices set forth on Exhibit 2.5.2 hereto in a manner such that Adjusted PBT, any Basic Earnout Payment and any Additional Earnout Payment will be reasonably determinable pursuant to the terms of this Agreement. All matters relating to the calculation of Adjusted PBT, any Basic Earnout Payment, and the Additional Earnout Payment (including the determination with respect to capitalization or expense of various items and related depreciation or amortization periods, reserve methods for accounts receivable and inventory, and the treatment of other unusual or extraordinary items) shall be determined in accordance with the Company's past practices set forth on Exhibit 2.5.2 hereto.

2.5.3. Corporate Administrative Charges. Throughout the Four-Year Period, intercompany charges for services provided by the Buyer or any of its Affiliates to the Company will not exceed then current market rates for arms-length transactions with third parties for such services. The Company will only be charged for services actually rendered by the Buyer or any of its Affiliates. No "general corporate administrative" charge will be levied during the Four-Year Period.

2.5.4. Management of Company. Following the Closing, the Company will be subject to all policies, procedures, and requirements applicable to the Buyer's operating units, as communicated to the Company by the Buyer from time to time. Such requirements will include, among other things, detailed budget review meetings at least twice per year, a meeting to review in detail the Company's strategy at least once per year and other mutually-agreed upon meetings between the Buyer and the Company to discuss the Company's business. Without limiting the foregoing, it is specifically understood that:

2.5.4.1 The Company will review and discuss with the Buyer the Company's recommendations for opening any new company-owned stores, including the proposed locations, detailed financial projections (including required capital expenditures), detailed monthly projected income statements (including an appropriate charge for the capital invested in such store), cash flow statements and balance sheets. The Company and the Buyer shall work together to select only new store locations that are reasonably projected to provide a return on the capital employed in accordance with the guidelines set forth on Schedule 2.5.4.1(a) (the "Required Return on Capital"). For a proposed store to meet the required threshold standards for the Required Return on Capital, the projections for a proposed store must be reasonable in light of the recent historical performance of comparable stores and such projections must reasonably

substantiate that the proposed store will achieve at least 90% of the annual and cumulative ROI's reflected on Schedule 2.5.4.1(a). Except as otherwise indicated on Schedule 2.5.4.1(a), the Buyer will advise the Sellers' Representatives in writing whether or not the Buyer approves each of the Company's proposed store openings, and the Company shall not open any such store or commit to any lease or other capital expenditure in the absence of such written approval from the Buyer. In the event the Company proposes a new store opening and the Buyer does not give approval for such opening as provided in this Section 2.5.4.1 and (a) the Company has achieved at least 90% of the cumulative Target PBT for each of the preceding Fiscal Years prior to such proposal and (b) the proposed store is reasonably projected to meet the Required Return on Capital, (as provided in this Section 2.5.4.1 and as provided in Schedule 2.5.4.1(a) then the Target PBT for each subsequent year following such proposal will be adjusted as provided in Schedule 2.5.4.1(a). Schedule 2.5.4.1(b) sets forth the proposed timetable for projected new stores. It is understood that in no event will adjustments for a proposed store be made prior to its projected opening date consistent with the timetable set forth on Schedule 2.5.4.1(b).

2.5.4.2 The Company will review and discuss with the Buyer the Company's future product sourcing plans and will at all times take reasonable steps to ensure that all of its suppliers comply with the Standards for Business Partners attached hereto as Exhibit A.

2.5.4.3 The Company will review and discuss with the Buyer the Company's future product pricing plans, and the Buyer and the Company will work together to ensure that such product pricing plans are consistent with preserving the reputation and market position of the "Tommy Bahama" brand and other brands owned by the Company.

2.5.4.4 The Company will review and discuss with the Buyer the Company's recommendations for any new licenses or extensions of existing licenses, including the proposed licensee, products, territory, royalties and other terms. The Company and the Buyer will work together to enter into only licenses that provide appropriate royalty income and also maintain and enhance the reputation and market position of the "Tommy Bahama" brand and other brands owned by the Company. The Buyer will advise the Sellers' Representatives in writing whether or not the Buyer approves each of the Company's proposed licenses, and the Company shall not enter into any new license or license extension in absence of such written approval from the Buyer.

2.5.4.5 The Company will be expected to maintain a minimum monthly-average accounts payable (the "Foreign Accounts Payable") balance for goods purchased from non-U.S. suppliers and for buying agent commissions payable in connection with such goods (the "Foreign Accounts Payable Monthly Average") of at least \$12,500,000 (the "Minimum Foreign Accounts Payable"), all as determined in accordance with Schedule 2.5.4.5 hereto. To the extent the Foreign Accounts Payable Monthly Average during any Fiscal Year is less than the Minimum Foreign Accounts Payable (as adjusted pursuant to Schedule 2.5.4.5 hereto), the Buyer shall have the right

to offset any shortfall (except the amount of such shortfall, if any, caused by a reduction in the Foreign Accounts Payable at the sole direction of the Buyer) against any Basic Earnout Payment and/or Additional Earnout Payment otherwise payable hereunder in accordance with Schedule 2.5.4.5 hereto.

2.5.5. Business Practices. Unless the Company has received prior written authorization from the Buyer, the Company shall not accelerate or delay the recognition of revenue or expense or delay investment in working or fixed capital, but shall account for such items on a basis consistent with the Buyer's past practices. If any such acceleration, deferral, or change occurs (without written authorization of the Buyer), Adjusted PBT, any Basic Earnout Payment, and the Additional Earnout Payment will be adjusted to negate the effects thereof.

2.5.6. Internal Control. The Company shall be subject to a system of internal accounting controls consistent with the system of internal accounting controls applicable to the Buyer from time to time.

2.5.7. Changes in GAAP. The parties agree that any changes in GAAP accounting rules from and after the date hereof shall not affect the calculation of any Basic Earnout Payment or any Additional Earnout Payment. The parties shall use the GAAP rules, regulations and standards in effect as of the date hereof as a basis for calculation of all Basic Earnout Payments and any Additional Earnout Payment.

2.5.8. Acquisitions or Sale of Company.

2.5.8.1 Acquisitions by Company. Nothing in this Agreement shall be interpreted as a restriction or limitation on the Buyer and its Affiliates' or its representative shareholders right and ability (a) to acquire by purchase, exchange, or otherwise, any other Person, whether or not engaged in a business similar or related to the business of the Company (an "Acquired Business"), provided, however, that the Buyer shall account for such Acquired Business such that Adjusted PBT, any Basic Earnout Payment, and any Additional Earnout Payment will continue to be reasonably determinable pursuant to the terms of this Agreement, or (b) to sell all or any shares of capital stock of the Buyer or any of its Affiliates, to sell all or any all of the assets of the Buyer or any of its Affiliates, or to merge with another Person. Unless the Company operates an Acquired Business, as determined by the Buyer, the Company shall have no rights or interests in or relating to any Acquired Business. If the Company operates an Acquired Business, the Company shall account for such Acquired Business separate from its business as of the Closing such that Adjusted PBT, any Basic Earnout Payment, and any Additional Earnout Payment will in no way be affected by such Acquired Business.

2.5.8.2 Sale of Company.

2.5.8.2.1. In the event that all or substantially all of the assets or stock of the Company are sold, transferred or otherwise disposed of by the Buyer (a "Sale Transaction") prior to the end of FY 2004 to any Person other than a wholly-owned subsidiary of the Buyer, the Buyer shall, within one Business

Day of the consummation of such Sale Transaction, deliver written notice of such Sale Transaction to the Sellers' Representatives (such notice, the "Sale Notice"). Within fifteen (15) days of such Sale Transaction, the Buyer shall pay to the Sellers, in accordance with Section 2.4.3.2, Thirty Seven Million Five Hundred Thousand Dollars (\$37,500,000) (the "Full Accelerated Payment") (which amount consists of \$25,000,000 as an acceleration of one-half of the maximum total Basic Earnout Payments which could otherwise be earned by the Sellers hereunder and \$12,500,000 as an acceleration of one-half of the maximum Additional Earnout Payment which could otherwise be earned by the Sellers hereunder). All future Basic Earnout Payments and any Additional Earnout Payment which thereafter otherwise become due pursuant to the terms of this Agreement shall be reduced by the aggregate amount paid to the Sellers pursuant to this Section 2.5.8.2.1 prior to the Buyer paying the Sellers any future Basic Earnout Payment or any Additional Earnout Payment. For purposes of clarification, Exhibit 2.5.8.2.1 sets forth an example.

2.5.8.2.2. In the event of a Sale Transaction after the end of FY 2004 but prior to the end of FY 2007 to any Person other than a wholly-owned subsidiary of the Buyer, the Buyer shall, within one Business Day of the consummation of such Sale Transaction, deliver a Sale Notice to the Sellers' Representatives. Within fifteen (15) days of such Sale Transaction, the Buyer shall pay to the Sellers, in accordance with Section 2.4.3.3, an amount (the "Pro-Rata Accelerated Payment") equal to (a)(i) the average percentage of the maximum potential Basic Earnout Payment earned under this Agreement for each of the preceding Fiscal Year(s) prior to such sale, transfer or disposition multiplied by (ii) the maximum potential remaining amount of all future Basic Earnout Payments and Additional Earnout Payment which could become due pursuant to the terms of this Agreement multiplied by (b) 50%. All future Basic Earnout Payments and any Additional Earnout Payment which thereafter otherwise become due pursuant to the terms of this Agreement shall be reduced by the aggregate amount paid to the Sellers pursuant to this Section 2.5.8.2.2 prior to the Buyer paying the Sellers any future Basic Earnout Payment or any Additional Earnout Payment. For purposes of clarification, Exhibit 2.5.8.2.2 sets forth an example.

2.5.8.2.3. The Buyer shall not consummate a Sale Transaction if the Buyer would be precluded, under the terms of the Credit Facility, from paying in full, as and when due hereunder, any Full Accelerated Payment or Pro-Rata Accelerated that would otherwise become payable by the Buyer hereunder as a result of such Sale Transaction.

3. MISCELLANEOUS.

3.1. Sellers' Representatives. The appointment and removal of the Sellers' Representatives, as well as the authority of the Company and the Buyer to rely on the consent and approval of the Sellers' Representatives, shall be governed by Section 7.7 of the Purchase

Agreement. Any action taken by the Sellers' Representatives with respect to this Agreement shall bind and otherwise affect any rights and obligations of each Seller hereunder.

3.2. Entire Agreement; Waivers. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter. No waiver of any provision of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), shall constitute a continuing waiver unless otherwise expressly provided nor shall be effective unless in writing and executed (a) in the case of a waiver by the Buyer, by the Buyer, and (b) in the case of a waiver by the Sellers, by the Sellers' Representatives.

3.3. Amendment or Modification. The parties hereto may amend or modify this Agreement only by a written instrument executed by the Buyer and the Sellers' Representatives, and any such amendment or modification shall be enforceable against the Buyer and all the Sellers.

3.4. Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall (to the extent permitted under applicable law) be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

3.5. Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective permitted transferees and assigns (each of which transferees and assigns shall be deemed to be a party hereto for all purposes hereof); provided, however, that (a) no transfer or assignment by any party hereto shall be permitted without the prior written consent of the other parties hereto and any such attempted transfer or assignment without consent shall be null and void and (b) no transfer or assignment by any party shall relieve such party of any of its obligations hereunder; provided, further, that Buyer may assign its rights, but not its obligations, under this Agreement, in whole or in part, to any Affiliate; and provided, further, that after the Closing, the Buyer may assign its rights under this Agreement to any Senior Lender; and provided, further, that the Buyer may assign its rights and obligations under this Agreement to any purchaser of all or substantially all capital stock or assets of the Company.

3.6. Notices. Any notices or other communications required or permitted hereunder shall be deemed to have been properly given and delivered if in writing by such party or its legal representative and delivered personally or sent by nationally recognized overnight courier service guaranteeing overnight delivery, or registered or certified mail, postage prepaid, addressed as follows:

If to any Seller or the
Sellers' Representatives:

c/o Viewpoint International, Inc.
1071 Avenue of the Americas
New York, NY 10081
Attn: S. Anthony Margolis

and

c/o Saunders Karp & Megrue LLC
262 Harbor Drive
Stamford, CT 06902
Attn: David J. Oddi

With a copy to:

Alston & Bird LLP
90 Park Avenue
New York, New York 10016
Attn: William S. Sterns, III, Esq.

and

Ropes & Gray
One International Place
Boston, MA 02110
Attention: Daniel S. Evans, Esq.

If to the Buyer:

Oxford Industries, Inc.
222 Piedmont Avenue, N.E.
Atlanta, Georgia 30308-3391
Attention: Thomas C. Chubb, III, Esq.

With a copy to:

King & Spalding LLP
191 Peachtree Street, N.E.
Atlanta, Georgia 30303-1763
Attention: Russell B. Richards, Esq.

Unless otherwise specified herein, such notices or other communications shall be deemed given (a) on the date delivered, if delivered personally, (b) one Business Day after being sent by a nationally recognized overnight courier guaranteeing overnight delivery, and (c) five Business Days after being sent, if sent by registered or certified mail. Each of the parties hereto shall be entitled to specify a different address by delivering notice as aforesaid to each of the other parties hereto.

3.7. Headings. Section and subsection headings are not to be considered part of this Agreement, are included solely for convenience, are not intended to be full or accurate descriptions of the content thereof and shall not affect the construction hereof.

3.8. Third-Party Beneficiaries. Except as otherwise set forth herein, nothing in this Agreement is intended or shall be construed to entitle any person, other than the parties hereto,

their respective transferees and assigns permitted hereby, to any claim, cause of action, remedy or right of any kind.

3.9. Counterparts. This Agreement and any claims related to the subject matter hereof may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument.

3.10. Governing Law. This Agreement and any claims related to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of New York, without giving effect to any choice or conflict of law provision or rule that would cause the application of the laws of any other jurisdiction.

3.11. Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (a) hereby irrevocably submits, and agrees to cause each of its Subsidiaries to submit, to the exclusive jurisdiction of the state courts of the State of New York located in New York County or the United States District Court for the Southern District of New York for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (b) hereby waives, and agrees to cause each of its Subsidiaries to waive, to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its Subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof may not be enforced in or by such court and (c) hereby agrees not to commence or to permit any of its Subsidiaries to commence any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Each party hereby consents to service of process in any such proceeding in any manner permitted by New York law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 3.6 is reasonably calculated to give actual notice.

3.12. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH OF THE PARTIES HERETO HEREBY WAIVES, AND AGREES TO CAUSE EACH OF ITS SUBSIDIARIES TO WAIVE, AND COVENANTS THAT NEITHER IT NOR ANY OF ITS SUBSIDIARIES WILL ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, ACTION, CLAIM, CAUSE OF ACTION, SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. THE BUYER

ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE SELLERS THAT THIS SECTION 3.12 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THE SELLERS ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT AND ANY OTHER AGREEMENTS RELATING HERETO OR CONTEMPLATED HEREBY. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 3.12 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

[SIGNATURE PAGES FOLLOW.]

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

THE SELLERS: SKM-TB, LLC

By: SKM EQUITY FUND III, L.P.

By: SKM PARTNERS, L.L.C.

By: /s/ David J. Oddi

Name: David J. Oddi

A duly authorized signatory

WHOLE DUTY INVESTMENT, LTD.

By: /s/ CT Yeung

Name: CT Yeung

A duly authorized signatory

/s/ S. Anthony Margolis

S. Anthony Margolis

MARGOLIS FAMILY STOCK TRUST u/a/d
May 1, 2001

By: /s/ William S. Sterns, III

Name: William S. Sterns, III

Title: Trustee

/s/ Lucio Dalla Gasperina

Lucio Dalla Gasperina

BONITA BEACH BLUES, INC.

By: /s/ Robert Emfield

Name: Robert Emfield
Title: President

SELLERS'

REPRESENTATIVES:

/s/ David J. Oddi

David J. Oddi

/s/ S. Anthony Margolis

S. Anthony Margolis

THE BUYER:

OXFORD INDUSTRIES, INC.

By: /s/ J. Hicks Lanier

Name: J. Hicks Lanier
Title: Chairman, President and Chief
Executive Officer

[Schedules and similar attachments omitted pursuant to Item 601(b)(2) of Regulation S-K.

Document	Description
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SCHEDULE 1	Sellers' Stock Ownership
SCHEDULE 1.1.20	Company Accounting Entities
SCHEDULE 1.1.21	Company Capital Charge Guidelines
SCHEDULE 2.4.10	Payment Schedule
SCHEDULE 2.5.4.1(a)	Adjustments to Target PBT
SCHEDULE 2.5.4.1(b)	New Store Timetable
SCHEDULE 2.5.4.5	Minimum Foreign Accounts Payable
EXHIBIT 1.1.21	Fiscal Year Month Ends
EXHIBIT 2.5.2	Accounting Standard
EXHIBIT 2.5.8.2.1	Acceleration of Earnout Payments Example For Sale prior to FY 2004
EXHIBIT 2.5.8.2.2	Acceleration of Earnout Payments Example for Sale after FY 2004
EXHIBIT A	Standards for Tommy Bahama Business Partners]

Registration Rights Agreement

Dated As of May 16, 2003

among

OXFORD INDUSTRIES, INC.
(a Georgia corporation),

and

LIONSHEAD CLOTHING COMPANY, INC.
(a Delaware corporation),

and

MERONA INDUSTRIES, INC.
(a Delaware corporation),

and

OXFORD CARIBBEAN, INC.
(a Delaware corporation),

and

OXFORD GARMENT, INC.
(a Delaware corporation),

and

OXFORD PRIVATE LIMITED OF DELAWARE, INC.
(a Delaware corporation),

and

OXFORD RECEIVABLES COMPANY
(a Delaware corporation),

and

PIEDMONT APPAREL CORPORATION
(a Delaware corporation),

and

OXFORD CLOTHING CORPORATION
(a Georgia corporation),

and

OXFORD INTERNATIONAL, INC.
(a Georgia corporation),

and

OXFORD OF SOUTH CAROLINA, INC.
(a South Carolina corporation),

and

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,

and

SUNTRUST CAPITAL MARKETS, INC.

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into this day of May, 2003, among Oxford Industries, Inc., a Georgia corporation (the "Company"), Lionshead Clothing Company, Inc., a Delaware corporation, Merona Industries, Inc., a Delaware corporation, Oxford Caribbean, Inc., a Delaware corporation, Oxford Garment, Inc., a Delaware corporation, Oxford Private Limited of Delaware, Inc., a Delaware corporation, Oxford Receivables Company, a Delaware corporation, Piedmont Apparel Corporation, a Delaware corporation, Oxford Clothing, a Georgia corporation, Oxford International, Inc., a Georgia corporation and Oxford of South Carolina, a South Carolina Corporation (collectively, the "Guarantors") and Merrill Lynch, Pierce, Fenner & Smith Incorporated, and SunTrust Capital Markets, Inc. (collectively, the "Initial Purchasers").

This Agreement is made pursuant to the Purchase Agreement, dated May 16, 2003, among the Company, the Guarantors and the Initial Purchasers (the "Purchase Agreement"), which provides for the sale by the Company to the Initial Purchasers of an aggregate of \$200 million principal amount of the Company's 8% Senior Notes due 2011 (the "Notes"). The obligations of the Company under the Notes will be fully and unconditionally guaranteed by the Guarantors (the "Guarantees"). The Notes and the Guarantees are collectively referred to herein as the "Securities." In order to induce the Initial Purchasers to enter into the Purchase Agreement, the Company and the Guarantors have agreed to provide to the Initial Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreement.

In consideration of the foregoing, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 Act" shall mean the Securities Act of 1933, as amended.

"1934 Act" shall mean the Securities Exchange Act of 1934, as amended.

"Agreement" shall have the meaning set forth in the preamble.

"Closing Date" shall mean the Closing Time as defined in the Purchase Agreement.

"Company" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"Depository" shall mean The Depository Trust Company, or any other depository appointed by the Company and the Guarantors, provided, however, that such depository must have an address in the Borough of Manhattan, in the City of New York.

"Exchange Offer" shall mean the exchange offer by the Company and the Guarantors of Exchange Securities for Registrable Securities pursuant to Section 2.1 hereof.

"Exchange Offer Registration" shall mean a registration under the 1933 Act effected pursuant to Section 2.1 hereof.

"Exchange Offer Registration Statement" shall mean an exchange offer registration statement on Form S-4 (or, if applicable, on another appropriate form or on any successor form used for substantially the same transactions), and all amendments and supplements to such registration statement, including the Prospectus contained therein, all exhibits thereto and all documents incorporated by reference therein.

"Exchange Period" shall have the meaning set forth in Section 2.1 hereof.

"Exchange Securities" shall mean, collectively, the 8 7/8% Senior Notes due 2011, issued by the Company under the Indenture and the related guarantees issued by the Guarantors under the Indenture, containing terms identical to the Securities in all material respects (except for references to certain interest rate provisions, restrictions on transfers and restrictive legends), to be offered to Holders of Securities in exchange for Registrable Securities pursuant to the Exchange Offer.

"Guarantors" shall have the meaning set forth in the preamble and shall also include the Guarantors' successors.

"Holder" shall mean an Initial Purchaser, for so long as it owns any Registrable Securities, and each of its successors, assigns and direct and indirect transferees who become registered owners of Registrable Securities under the Indenture and each Participating Broker-Dealer that holds Exchange Securities for so long as such Participating Broker-Dealer is required to deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of such Exchange Securities.

"Indenture" shall mean the Indenture relating to the Securities, dated as of May 16, 2003, among the Company, the Guarantors and SunTrust Bank, as trustee, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof.

"Initial Purchaser" or "Initial Purchasers" shall have the meaning set forth in the preamble.

"Majority Holders" shall mean the Holders of a majority of the aggregate principal amount of Outstanding (as defined in the Indenture) Registrable Securities; provided that whenever the consent or approval of Holders of a specified percentage of Registrable Securities is required hereunder, Registrable Securities held by the Company, the Guarantors and other obligors on the Securities or any Affiliate (as defined in the Indenture) of the Company or any Guarantor shall be disregarded in determining whether such consent or approval was given by the Holders of such required percentage amount.

"NASD" means National Association of Securities Dealers, Inc.

"Participating Broker-Dealer" shall mean any of Merrill Lynch, Pierce, Fenner & Smith Incorporated and SunTrust Capital Markets, Inc. and any other broker-dealer which makes a market in the Securities and exchanges Registrable Securities in the Exchange Offer for Exchange Securities.

"Person" shall mean an individual, partnership (general or limited), corporation, limited liability company, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"Private Exchange" shall have the meaning set forth in Section 2.1 hereof.

"Private Exchange Securities" shall have the meaning set forth in Section 2.1 hereof.

"Prospectus" shall mean the prospectus included in a Registration Statement, including any preliminary prospectus, and any such prospectus as amended or supplemented by any prospectus supplement, including any such prospectus supplement with respect to the terms of the offering of any portion of the Registrable Securities covered by a Shelf Registration Statement, and by all other amendments and supplements to a prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

"Purchase Agreement" shall have the meaning set forth in the preamble.

"Registrable Securities" shall mean, collectively, the Securities, and, if issued, the Private Exchange Securities; provided, however, that Securities, and, if issued, the Private Exchange Securities, shall cease to be Registrable Securities when (i) a Registration Statement with respect to such Securities shall have been declared effective under the 1933 Act and such Securities shall have been disposed of pursuant to such Registration Statement, (ii) such Securities have been sold to the public pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the 1933 Act, (iii) such Securities shall have ceased to be outstanding or (iv) the Exchange Offer is consummated (except in the case of Securities purchased from the Company and the Guarantors and continued to be held by the Initial Purchasers or Securities which may not be exchanged in the Exchange Offer).

"Registration Default" shall have the meaning set forth in Section 2.5 hereof.

"Registration Expenses" shall mean any and all expenses incident to performance of or compliance by the Company and the Guarantors with this Agreement, including without limitation: (i) all SEC, stock exchange or NASD registration and filing fees, including, if applicable, the fees and expenses of any "qualified independent underwriter" (and its counsel) that is required to be retained by any holder of Registrable Securities in accordance with the rules and regulations of the NASD, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws and compliance with the rules of the NASD (including reasonable fees and disbursements of counsel for any underwriters or Holders in connection with blue sky qualification of any of the Exchange Securities or Registrable Securities and any filings with the NASD), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all fees and expenses incurred in connection with the listing, if any, of any of the Registrable Securities on any securities exchange or exchanges, (v) all rating agency fees, (vi) the fees and disbursements of counsel for the Company and the Guarantors and of the independent public accountants of the Company and the Guarantors, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, (vii) the fees and expenses of the Trustee, and any escrow agent or custodian, (viii) the reasonable fees and expenses of the Initial Purchasers in connection with the Exchange Offer, including the reasonable fees and expenses of one counsel to the Initial Purchasers in connection therewith, if any, (ix) the reasonable fees and disbursements of special counsel representing the Holders of Registrable Securities in connection with any shelf registration statement hereunder and any fees and disbursements of the underwriters customarily required to be paid by issuers or sellers of securities and the fees and expenses of any special experts retained by the Company and the

Guarantors in connection with any Registration Statement, but excluding underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder.

"Registration Statement" shall mean any registration statement of the Company and the Guarantors which covers any of the Exchange Securities or Registrable Securities pursuant to the provisions of this Agreement, and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"SEC" shall mean the Securities and Exchange Commission or any successor agency or government body performing the functions currently performed by the United States Securities and Exchange Commission.

"Shelf Registration" shall mean a registration effected pursuant to Section 2.2 hereof.

"Shelf Registration Statement" shall mean a "shelf" registration statement of the Company and the Guarantors pursuant to the provisions of Section 2.2 of this Agreement which covers all of the Registrable Securities or all of the Private Exchange Securities on an appropriate form under Rule 415 under the 1933 Act, or any successor or similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"TIA" has the meaning set forth in Section 3(n) of this Agreement.

"Trustee" shall mean the trustee with respect to the Securities under the Indenture.

2. Registration Under the 1933 Act.

2.1 Exchange Offer. Unless the Exchange Offer shall not be permitted by applicable federal law or SEC policy, the Company and the Guarantors shall, at their own expense, (A) file with the SEC an Exchange Offer Registration Statement with respect to a proposed Exchange Offer and the issuance and delivery to the Holders, in exchange for the Registrable Securities (other than Private Exchange Securities), of a like principal amount of Exchange Securities, (B) use their reasonable best efforts to cause the Exchange Offer Registration Statement to be declared effective under the 1933 Act, (C) use their reasonable best efforts to keep the Exchange Offer Registration Statement effective until the closing of the Exchange Offer and (D) use their reasonable best efforts to cause the Exchange Offer to be consummated not later than September 30, 2004. The Exchange Securities will be issued under the Indenture. Upon the effectiveness of the Exchange Offer Registration Statement, the Company and the Guarantors shall promptly commence the Exchange Offer, it being the objective of such Exchange Offer to enable each Holder eligible and electing to exchange Registrable Securities for Exchange Securities (assuming that such Holder (a) is not an affiliate of the Company or any of the Guarantors within the meaning of Rule 405 under the 1933 Act, (b) is not a broker-dealer tendering Registrable Securities acquired directly from the Company or any of the Guarantors for its own account, (c) acquired or will acquire the Exchange Securities in the ordinary course of such Holder's business and (d) has no arrangements or understandings with any Person to participate in the Exchange Offer for the purpose of distributing the Exchange Securities) to transfer such Exchange Securities from and after their receipt without any limitations or restrictions under the 1933 Act and under state securities or blue sky laws.

In connection with the Exchange Offer, the Company and the Guarantors shall:

(a) mail, as promptly as practicable, to each Holder a copy of the Prospectus forming part of the Exchange Offer Registration Statement, together with an appropriate letter of transmittal and related documents;

(b) keep the Exchange Offer open for acceptance for a period of not less than 30 calendar days after the date notice thereof is mailed to the Holders (or longer if required by applicable law) (such period referred to herein as the "Exchange Period");

(c) utilize the services of the Depository for the Exchange Offer;

(d) permit Holders to withdraw tendered Registrable Securities at any time prior to 5:00 p.m. (Eastern Time), on the last business day of the Exchange Period; and

(e) otherwise comply in all respects with all applicable laws relating to the Exchange Offer.

If, prior to consummation of the Exchange Offer, the Initial Purchasers hold any Securities acquired by them and having the status of an unsold allotment in the initial distribution, the Company upon the request of any Initial Purchaser shall, simultaneously with the delivery of the Exchange Securities in the Exchange Offer, issue and deliver to such Initial Purchaser in exchange (the "Private Exchange") for the Securities held by such Initial Purchaser, a like principal amount of debt securities of the Company on a senior basis, guaranteed by the Guarantors, that are identical (except that such securities shall bear appropriate transfer restrictions) to the Exchange Securities (the "Private Exchange Securities").

The Exchange Securities and the Private Exchange Securities shall be issued under (i) the Indenture or (ii) an indenture identical in all material respects to the Indenture and which, in either case, has been qualified under the Trust Indenture Act of 1939, as amended (the "TIA"), or is exempt from such qualification and shall provide that the Exchange Securities shall not be subject to the transfer restrictions set forth in the Indenture but that the Private Exchange Securities shall be subject to such transfer restrictions. The Indenture or such indenture shall provide that the Exchange Securities, the Private Exchange Securities and the Securities shall vote and consent together on all matters as one class and that none of the Exchange Securities, the Private Exchange Securities or the Securities will have the right to vote or consent as a separate class on any matter. The Private Exchange Securities shall be of the same series as and the Company and the Guarantors shall use all commercially reasonable efforts to have the Private Exchange Securities bear the same CUSIP number as the Exchange Securities.

As soon as practicable after the close of the Exchange Offer and/or the Private Exchange, as the case may be, the Company and the Guarantors shall:

(i) accept for exchange all Registrable Securities duly tendered and not validly withdrawn pursuant to the Exchange Offer in accordance with the terms of the Exchange Offer Registration Statement and the letter of transmittal which shall be an exhibit thereto;

(ii) accept for exchange all Securities properly tendered pursuant to the Private Exchange;

(iii) deliver, or cause to be delivered, to the Trustee for cancellation all Registrable Securities so accepted for exchange; and

(iv) cause the Trustee promptly to authenticate and deliver Exchange Securities or Private Exchange Securities, as the case may be, to each Holder of Registrable Securities so accepted for exchange in a principal amount equal to the principal amount of the Registrable Securities of such Holder so accepted for exchange.

Interest on each Exchange Security and Private Exchange Security will accrue from the last date on which interest was paid on the Registrable Securities surrendered in exchange therefor or, if no interest has been paid on the Registrable Securities, from the date of original issuance. The Exchange Offer and the Private Exchange shall not be subject to any conditions, other than (i) that the Exchange Offer or the Private Exchange, or the making of any exchange by a Holder, does not violate applicable law or any applicable interpretation of the staff of the SEC, (ii) the due tendering of Registrable Securities in accordance with the Exchange Offer and the Private Exchange, and (iii) that no action or proceeding shall have been instituted or threatened in any court or by or before any governmental agency with respect to the Exchange Offer or the Private Exchange which, in the Company's and the Guarantors' judgment, would reasonably be expected to impair the ability of the Company and the Guarantors to proceed with the Exchange Offer or the Private Exchange. Each Holder of Registrable Securities that wishes to participate in the Exchange Offer shall have represented that all Exchange Securities to be received by it shall be acquired in the ordinary course of its business and that at the time of the consummation of the Exchange Offer it shall have no arrangement or understanding with any person to participate in the distribution (within the meaning of the 1933 Act) of the Exchange Securities and shall have made such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to render the use of Form S-4 or other appropriate form under the 1933 Act available. The Company and the Guarantors shall inform the Initial Purchasers of the names and addresses of the Holders to whom the Exchange Offer is made, and the Initial Purchasers shall have the right to contact such Holders and otherwise facilitate the tender of Registrable Securities in the Exchange Offer.

2.2 Shelf Registration. (i) If, because of any changes in law, SEC rules or regulations or applicable interpretations thereof by the staff of the SEC, the Company or the Guarantors are not permitted to effect the Exchange Offer as contemplated by Section 2.1 hereof, (ii) if for any other reason the Exchange Offer is not consummated on or prior to September 30, 2004, (iii) upon the reasonable written request of any of the Initial Purchasers within 20 business days following the consummation of the Exchange Offer if any such Initial Purchaser shall hold Registrable Securities which it acquired directly from the Company and if such Initial Purchaser is not permitted, in the opinion of counsel to such Initial Purchaser, pursuant to applicable interpretation of the staff of the SEC to participate in the Exchange Offer or (iv) if a Holder (other than any Initial Purchaser) is not permitted by applicable law to participate in the Exchange Offer or does not receive fully tradeable Exchange Securities pursuant to the Exchange Offer, then in case of each of clauses (i) through (iv) the Company and the Guarantors shall, at their cost:

(a) As promptly as practicable, file with the SEC no later than the later of (i) September 30, 2004 and (ii) 30 days after the date of the relevant occurrence under clauses (i) - (iv) above, a Shelf Registration Statement relating to the offer and sale of the Registrable Securities by the Holders from time to time in accordance with the methods of distribution elected by the Majority Holders participating in the Shelf Registration and set forth in such Shelf Registration Statement.

(b) Use their reasonable best efforts to cause the Shelf Registration Statement to be declared effective under the 1933 Act by the 180th day after the Shelf Registration Statement is initially filed with the SEC.

(c) Use their reasonable best efforts to keep the Shelf Registration Statement continuously effective in order to permit the Prospectus forming part thereof to be usable by Holders for a period of two years from the date the Shelf Registration Statement is declared effective by the SEC, or for such shorter period that will terminate when all Registrable Securities covered by the Shelf Registration Statement have been sold pursuant to the Shelf Registration Statement or cease to be outstanding or otherwise to be Registrable Securities (the "Effectiveness Period"); provided, however, that the Effectiveness Period in respect of the Shelf Registration Statement shall be extended to the extent required to permit dealers to comply with the applicable prospectus delivery requirements under the 1933 Act and as otherwise provided herein.

(d) Notwithstanding any other provisions hereof, use their reasonable best efforts to ensure that (i) any Shelf Registration Statement and any amendment thereto and any Prospectus forming part thereof and any supplement thereto complies in all material respects with the 1933 Act and the rules and regulations thereunder, (ii) any Shelf Registration Statement and any amendment thereto does not, when it becomes effective, contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading and (iii) any Prospectus forming part of any Shelf Registration Statement, and any supplement to such Prospectus (as amended or supplemented from time to time), does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements, in light of the circumstances under which they were made, not misleading.

The Company and the Guarantors further agree, if necessary, to supplement or amend the Shelf Registration Statement, as required by Section 3(b) below, and to furnish to the Holders of Registrable Securities copies of any such supplement or amendment promptly after its being used or filed with the SEC. No Holder of Registrable Securities shall be entitled to include any of its Registrable Securities in any Shelf Registration pursuant to this Agreement unless such Holder furnishes to the Company and the Trustee in writing, within 28 calendar days after receipt of a written request therefor, such information as the Company and the Trustee may reasonably request for inclusion in any Shelf Registration Statement or Prospectus included therein with regard to information relating to Holders that would be required by the SEC to be included in such Shelf Registration Statement or Prospectus included therein.

2.3 Expenses. The Company and the Guarantors shall pay all Registration Expenses in connection with the registration pursuant to Section 2.1 or 2.2. Each Holder shall pay all expenses of its counsel (other than as set forth in the preceding sentence), underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Shelf Registration Statement.

2.4. Effectiveness. (a) The Company and the Guarantors will be deemed not to have used their reasonable best efforts to cause the Exchange Offer Registration Statement or the Shelf Registration Statement, as the case may be, to become, or to remain, effective during the requisite period if the Company or any Guarantor voluntarily takes any action that would, or omits to take any action which omission would, result in any such Registration Statement not being declared or remaining effective or in the Holders of Registrable Securities covered thereby not being able to exchange or offer and sell such Registrable Securities during that period as and to the extent contemplated hereby, unless such action or omission is required by applicable law.

(b) An Exchange Offer Registration Statement pursuant to Section 2.1 hereof or a Shelf Registration Statement pursuant to Section 2.2 hereof will not be deemed to have become effective

unless it has been declared effective by the SEC; provided, however, that if, after it has been declared effective, the offering of Registrable Securities pursuant to an Exchange Offer Registration Statement or a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Registration Statement will be deemed not to have become effective during the period of such interference, until the offering of Registrable Securities pursuant to such Registration Statement may legally resume.

2.5 Interest. The Indenture executed in connection with the Securities will provide that in the event that either (a) the Exchange Offer is not consummated on or prior to September 30, 2004, or (b) a Shelf Registration Statement is not declared effective on or prior to the 180th calendar day following the date a Shelf Registration Statement is required to be filed pursuant to Section 2.2 hereof (each such event referred to in clauses (a) and (b) above, a "Registration Default"), the interest rate borne by the Securities shall be increased ("Additional Interest") by two percent per annum upon the occurrence of each Registration Default. Following the cure of all Registration Defaults the accrual of Additional Interest will cease and the interest rate will revert to the original rate.

If the Shelf Registration Statement is unusable by the Holders for any reason, and the aggregate number of days in any consecutive twelve-month period for which the Shelf Registration Statement shall not be usable exceeds 60 days in the aggregate, then the interest rate borne by the Securities will be increased by 0.25% per annum of the principal amount of the Securities for the first 90-day period (or portion thereof) beginning on the 61st such date that such Shelf Registration Statement ceases to be usable, which rate shall be increased by an additional 0.25% per annum of the principal amount of the Securities at the beginning of each subsequent 90-day period, provided that the maximum aggregate increase in the interest rate will in no event exceed one percent (1%) per annum. Any amounts payable under this paragraph shall also be deemed "Additional Interest" for purposes of this Agreement. Upon the Shelf Registration Statement once again becoming usable, the interest rate borne by the Securities will be reduced to the original interest rate if the Company is otherwise in compliance with this Agreement at such time. Additional Interest shall be computed based on the actual number of days elapsed in each 90-day period in which the Shelf Registration Statement is unusable.

The Company shall notify the Trustee within three business days after each and every date on which an event occurs in respect of which Additional Interest is required to be paid (an "Event Date"). Additional Interest shall be paid by depositing with the Trustee, in trust, for the benefit of the Holders of Registrable Securities, on or before the applicable semiannual interest payment date, immediately available funds in sums sufficient to pay the Additional Interest then due. The Additional Interest due shall be payable on each interest payment date to the record Holder of Securities entitled to receive the interest payment to be paid on such date as set forth in the Indenture. Each obligation to pay Additional Interest shall be deemed to accrue from and including the day following the applicable Event Date.

3. Registration Procedures. In connection with the obligations of the Company and the Guarantors with respect to Registration Statements pursuant to Sections 2.1 and 2.2 hereof, the Company and the Guarantors shall:

(a) prepare and file with the SEC a Registration Statement, on the appropriate form under the 1933 Act, which form (i) shall be selected by the Company and the Guarantors, (ii) shall, in the case of a Shelf Registration, be available for the sale of the Registrable Securities by the selling Holders thereof, (iii) shall comply as to form in all material respects with the requirements of the applicable form and include or incorporate by reference all financial statements required by the SEC to be filed therewith or incorporated by reference therein, and (iv) shall comply in all respects with the requirements of

Regulation S-T under the 1933 Act, and use their reasonable best efforts to cause such Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary under applicable law to keep such Registration Statement effective for the applicable period; and cause each Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provision then in force) under the 1933 Act and comply with the provisions of the 1933 Act, the 1934 Act and the rules and regulations thereunder applicable to them with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holders thereof (including sales by any Participating Broker-Dealer);

(c) in the case of a Shelf Registration, (i) notify each Holder of Registrable Securities, at least five business days prior to filing, that a Shelf Registration Statement with respect to the Registrable Securities is being filed and advising such Holders that the distribution of Registrable Securities will be made in accordance with the method selected by the Majority Holders participating in the Shelf Registration; (ii) furnish to each Holder of Registrable Securities and to each underwriter of an underwritten offering of Registrable Securities, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or underwriter may reasonably request, including financial statements and schedules and, if the Holder so requests, all exhibits in order to facilitate the public sale or other disposition of the Registrable Securities; and (iii) subject to the penultimate paragraph of this Section 3, hereby consent to the use of the Prospectus or any amendment or supplement thereto by each of the selling Holders of Registrable Securities in connection with the offering and sale of the Registrable Securities covered by the Prospectus or any amendment or supplement thereto;

(d) use their reasonable best efforts to register or qualify the Registrable Securities under all applicable state securities or "blue sky" laws of such jurisdictions as any Holder of Registrable Securities covered by a Registration Statement and each underwriter of an underwritten offering of Registrable Securities shall reasonably request by the time the applicable Registration Statement is declared effective by the SEC, and do any and all other acts and things which may be reasonably necessary to enable each such Holder and underwriter to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company and the Guarantors shall not be required to (i) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), or (ii) take any action which would subject it to general service of process or taxation in any such jurisdiction where it is not then so subject;

(e) notify promptly each Holder of Registrable Securities under a Shelf Registration or any Participating Broker-Dealer who has notified the Company and the Guarantors that it is utilizing the Exchange Offer Registration Statement as provided in paragraph (f) below and, if requested by such Holder or Participating Broker-Dealer, confirm such advice in writing promptly (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of any request by the SEC or any state securities authority for post-effective amendments and supplements to a Registration Statement and Prospectus or for additional information after the Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, (iv) in the case of a Shelf Registration, if, between the effective date of a Registration Statement and the closing of any sale of Registrable Securities covered thereby, the representations and warranties of the Company or any Guarantor contained in any

underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects, (v) of the happening of any event or the discovery of any facts during the period a Shelf Registration Statement is effective which makes any statement made in such Registration Statement or the related Prospectus untrue in any material respect, in the case of the Prospectus, in light of the circumstances under which they were made, or which requires the making of any changes in such Registration Statement or Prospectus in order to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading, (vi) of the receipt by the Company or any Guarantor of any notification with respect to the suspension of the qualification of the Registrable Securities or the Exchange Securities, as the case may be, for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose and (vii) of any determination by the Company or any Guarantor that a post-effective amendment to such Registration Statement would be appropriate;

(f) (A) in the case of the Exchange Offer

Registration Statement (i) include in the Exchange Offer Registration Statement a section entitled "Plan of Distribution" which section shall be reasonably acceptable to Merrill Lynch on behalf of the Participating Broker-Dealers covering the use of the Prospectus included in the Exchange Offer Registration Statement by broker-dealers who have exchanged their Registrable Notes for Exchange Notes for the resale of such Exchange Notes, (ii) furnish to each Participating Broker-Dealer who has delivered to the Company and the Guarantors the notice referred to in Section 3(e), without charge, as many copies of each Prospectus included in the Exchange Offer Registration Statement, including any preliminary prospectus, and any amendment or supplement thereto, as such Participating Broker-Dealer may reasonably request, (iii) subject to the penultimate paragraph of this Section 3, hereby consent to the use of the Prospectus forming part of the Exchange Offer Registration Statement or any amendment or supplement thereto, by any Person subject to the prospectus delivery requirements of the SEC, including all Participating Broker-Dealers, in connection with the sale or transfer of the Exchange Securities covered by the Prospectus or any amendment or supplement thereto, and (iv) include in the transmittal letter or similar documentation to be executed by an exchange offeree in order to participate in the Exchange Offer (x) the following provision:

"If the exchange offeree is a broker-dealer holding Registrable Securities acquired for its own account as a result of market-making activities or other trading activities, it will deliver a prospectus meeting the requirements of the 1933 Act in connection with any resale of Exchange Securities received in respect of such Registrable Securities pursuant to the Exchange Offer;" and

(y) a statement to the effect that by a broker-dealer making the acknowledgment described in clause (x) and by delivering a Prospectus in connection with the exchange of Registrable Securities, the broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the 1933 Act; and

(B) to the extent any Participating Broker

Dealer participates in the Exchange Offer, the Company agrees to deliver to the Initial Purchasers on behalf of the Participating Broker-Dealers upon the effectiveness of the Exchange Offer Registration Statement if the Initial Purchasers request a comfort letter or comfort letters in customary form to the extent permitted by Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accountants (or if such a comfort letter is not permitted, an agreed upon procedures letter in customary form) from the Company's independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) comparable in scope and coverage as the comfort letter or comfort letters delivered to the Initial Purchasers in connection with the initial sale of the Securities to the Initial Purchasers provided that no such comfort letter shall be required to be addressed to any such Participating Broker-Dealer unless such Participating

Broker-Dealer provides such letters of representations to the independent certified public accountants delivering such comfort letter as are in form and substance reasonably acceptable to such accountants;

(g) (i) in the case of an Exchange Offer, furnish counsel for the Initial Purchasers and (ii) in the case of a Shelf Registration, furnish counsel for the Holders of Registrable Securities copies of any comment letters received from the SEC or any other request by the SEC or any state securities authority for amendments or supplements to a Registration Statement and Prospectus or for additional information;

(h) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment;

(i) in the case of a Shelf Registration, furnish to each Holder of Registrable Securities, and each underwriter, if any, without charge, at least one conformed copy of each Registration Statement and any post-effective amendment thereto, including financial statements and schedules (without documents incorporated therein by reference and all exhibits thereto, unless requested);

(j) in the case of a Shelf Registration, cooperate with the selling Holders of Registrable Securities to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations (consistent with the provisions of the Indenture) and registered in such names as the selling Holders or the underwriters, if any, may reasonably request at least three business days prior to the closing of any sale of Registrable Securities;

(k) in the case of a Shelf Registration, upon the occurrence of any event or the discovery of any facts, each as contemplated by Sections 3(e)(v) and 3(e)(vi) hereof, as promptly as practicable after the occurrence of such an event, use their reasonable best efforts to prepare a supplement or post-effective amendment to the Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Securities or Participating Broker-Dealers, such Prospectus will not contain at the time of such delivery any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or will remain so qualified. At such time as such public disclosure is otherwise made or the Company determines that such disclosure is not necessary, in each case to correct any misstatement of a material fact or to include any omitted material fact, the Company and the Guarantors agree promptly to notify each Holder of such determination and to furnish each Holder such number of copies of the Prospectus as amended or supplemented, as such Holder may reasonably request;

(l) in the case of a Shelf Registration, a reasonable time prior to the filing of any Registration Statement, any Prospectus, any amendment to a Registration Statement or amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Registration Statement or a Prospectus after initial filing of a Registration Statement, provide copies of such document to the Initial Purchasers on behalf of such Holders; and make representatives of the Company and the Guarantors as shall be reasonably requested by the Holders of Registrable Securities, or the Initial Purchasers on behalf of such Holders, available for discussion of such document;

(m) obtain a CUSIP number for all Exchange Securities, Private Exchange Securities or Registrable Securities, as the case may be, not later than the effective date of a Registration Statement, and provide the Trustee with printed certificates for the Exchange Securities, Private Exchange Securities or the Registrable Securities, as the case may be, in a form eligible for deposit with the Depository;

(n) (i) cause the Indenture to be qualified under the TIA in connection with the registration of the Exchange Securities or Registrable Securities, as the case may be, (ii) cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for the Indenture to be so qualified in accordance with the terms of the TIA and (iii) execute, and use its reasonable best efforts to cause the Trustee to execute, all documents as may be required to effect such changes, and all other forms and documents required to be filed with the SEC to enable the Indenture to be so qualified in a timely manner;

(o) in the case of a Shelf Registration, enter into agreements (including underwriting agreements) and take all other customary and appropriate actions in order to expedite or facilitate the disposition of such Registrable Securities and in such connection whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration:

(i) make such representations and warranties to the Holders of such Registrable Securities and the underwriters, if any, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings as may be reasonably requested by them;

(ii) obtain opinions of counsel to the Company and the Guarantors and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, and the holders of a majority in principal amount of the Registrable Securities being sold) addressed to each selling Holder and the underwriters, if any, covering the matters customarily covered in opinions requested in sales of securities or underwritten offerings and such other matters as may be reasonably requested by such Holders and underwriters;

(iii) obtain "cold comfort" letters and updates thereof from the Company's and the Guarantors' independent certified public accountants (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements are, or are required to be, included in the Registration Statement) addressed to the underwriters, if any, and use reasonable efforts to have such letter addressed to the selling Holders of Registrable Securities (to the extent consistent with Statement on Auditing Standards No. 72 of the American Institute of Certified Public Accountants), such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters to underwriters in connection with similar underwritten offerings provided that no such comfort letter shall be required to be addressed to any selling Holder unless such selling Holder provides such letters of representations to such accountants as are in form and substance reasonably acceptable to such accountants;

(iv) enter into a securities sales agreement with the Holders and an agent of the Holders providing for, among other things, the appointment of such agent for the selling Holders for the purpose of soliciting purchases of Registrable Securities, which agreement shall be in form, substance and scope customary for similar offerings;

(v) if an underwriting agreement is entered into, cause the same to set forth indemnification provisions and procedures substantially equivalent to the indemnification provisions and procedures set forth in Section 4 hereof with respect to the underwriters and all other parties to be indemnified pursuant to said Section or, at the request of any underwriters, in the form customarily provided to such underwriters in similar types of transactions; and

(vi) deliver such documents and certificates as may be reasonably requested and as are customarily delivered in similar offerings to the Holders of a majority in principal amount of the Registrable Securities being sold and, if appropriate, the managing underwriters, if any.

The above shall be done at (i) the effectiveness of such Registration Statement (and, if appropriate, each post-effective amendment thereto) and (ii) each closing under any underwriting or similar agreement as and to the extent required thereunder;

(p) in the case of a Shelf Registration or if a Prospectus is required to be delivered by any Participating Broker-Dealer in the case of an Exchange Offer, make available for inspection at the offices where normally kept, during regular business hours, by representatives of the Holders of the Registrable Securities, any underwriters participating in any disposition pursuant to a Shelf Registration Statement, any Participating Broker-Dealer and any counsel or accountant retained by any of the foregoing, all financial and other records, pertinent corporate documents and properties of the Company and the Guarantors reasonably requested by any such persons, and cause the respective officers, directors, employees, and any other agents of the Company and the Guarantors to supply all information reasonably requested by any such representative, underwriter, special counsel or accountant in connection with a Registration Statement, and make such representatives of the Company and the Guarantors available for discussion of such documents as shall be reasonably requested by the Initial Purchasers; provided, however, that such Persons shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company as confidential at the time of delivery of such information shall be kept confidential by such Persons, in accordance with a customary confidentiality agreement under the circumstances; and provided, further, that the foregoing inspection shall be coordinated on behalf of such Holders and any such confidential information shall be available from such representative to such Holders so long as any Holder agrees to be bound by such confidentiality agreement. Each Holder and each underwriter participating in any disposition pursuant to a Shelf Registration Statement will be required to further agree that it will, upon learning that disclosure of such information is sought by a court or administrative order or regulatory authority, give notice to the Company and use its reasonable best efforts to allow the Company, at its expense, to undertake appropriate action to prevent disclosure of the information deemed confidential;

(q) (i) in the case of an Exchange Offer Registration Statement, a reasonable time prior to the filing of any Exchange Offer Registration Statement, any Prospectus forming a part thereof, any amendment to an Exchange Offer Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Initial Purchasers and to counsel to the Holders of Registrable Securities and make such changes in any such document prior to the filing thereof as the Initial Purchasers or counsel to the Holders of Registrable Securities may reasonably request and, except as otherwise required by applicable law, not file any such document in a form to which the Initial Purchasers on behalf of the Holders of Registrable Securities and counsel to the Holders of Registrable Securities shall not have previously been advised and furnished a copy of or to which the Initial Purchasers on behalf of the Holders of Registrable Securities or counsel to the Holders of Registrable Securities shall reasonably object, and make the representatives of the Company and the Guarantors available for discussion of such documents as shall be reasonably requested by the Initial Purchasers; and

(ii) in the case of a Shelf Registration, a reasonable time prior to filing any Shelf Registration Statement, any Prospectus forming a part thereof, any amendment to such Shelf Registration Statement or amendment or supplement to such Prospectus, provide copies of such document to the Holders of Registrable Securities, to the Initial Purchasers, to counsel for the Holders and to the underwriter or underwriters of an underwritten offering of Registrable Securities, if any, make such changes in any such document prior to the filing thereof as the Initial Purchasers, the counsel to the

Holders or the underwriter or underwriters reasonably request and not file any such document in a form to which the Majority Holders, the Initial Purchasers on behalf of the Holders of Registrable Securities, counsel for the Holders of Registrable Securities or any underwriter shall not have previously been advised and furnished a copy of or to which the Majority Holders, the Initial Purchasers on behalf of the Holders of Registrable Securities, counsel to the Holders of Registrable Securities or any underwriter shall reasonably object, and make the representatives of the Company and the Guarantors available for discussion of such document as shall be reasonably requested by the Holders of Registrable Securities, the Initial Purchasers on behalf of such Holders, counsel for the Holders of Registrable Securities or any underwriter.

(r) in the case of a Shelf Registration, use its reasonable best efforts to cause the Registrable Securities to be rated by the appropriate rating agencies, if so requested by the Majority Holders, or if requested by the underwriter or underwriters of an underwritten offering of Registrable Securities, if any;

(s) otherwise comply with all applicable rules and regulations of the SEC and make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least 12 months which shall satisfy the provisions of Section 11(a) of the 1933 Act and Rule 158 thereunder; and

(t) cooperate and assist in any filings required to be made with the NASD and, in the case of a Shelf Registration, in the performance of any due diligence investigation by any underwriter and its counsel (including any "qualified independent underwriter" that is required to be retained in accordance with the rules and regulations of the NASD).

In the case of a Shelf Registration Statement, the Company and the Guarantors may (as a condition to such Holder's participation in the Shelf Registration) require each Holder of Registrable Securities to furnish to the Company and the Guarantors such information regarding the Holder and the proposed distribution by such Holder of such Registrable Securities as the Company and the Guarantors may from time to time reasonably request in writing.

In the case of a Shelf Registration Statement, each Holder agrees that, upon receipt of any notice from the Company and the Guarantors of the happening of any event or the discovery of any facts, each of the kind described in Section 3(e)(v) hereof, such Holder will forthwith discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(k) hereof, and, if so directed by the Company and the Guarantors, such Holder will deliver to the Company and the Guarantors (at their expense) all copies in such Holder's possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. The Company may notify the Holders of its suspension of any Shelf Registration Statement (and, upon receipt of such notice, the Holders shall not be authorized to resell and shall not resell Registrable Securities pursuant to such Shelf Registration Statement during such period of suspension) if the Board of Directors of the Company determines in good faith that there is a valid purpose for the suspension (which notice may be given twice during any 365-day period and no such suspension may exceed 45 days), and such suspensions shall not give rise to any right to receive additional interest pursuant to Section 2.5 hereof.

If any of the Registrable Securities covered by any Shelf Registration Statement are to be sold in an underwritten offering, the underwriter or underwriters and manager or managers that will manage such offering will be selected by the Majority Holders of such Registrable Securities included in such offering and shall be acceptable to the Company and the Guarantors. No Holder of Registrable

Securities may participate in any underwritten registration hereunder unless such Holder (a) agrees to sell such Holder's Registrable Securities on the basis provided in any underwriting arrangements approved by the persons entitled hereunder to approve such arrangements and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements.

4. Indemnification; Contribution.(a) The Company and the Guarantors agree, jointly and severally, to indemnify and hold harmless the Initial Purchasers, each Holder, each Participating Broker-Dealer, each Person who participates as an underwriter (any such Person being an "Underwriter") and each Person, if any, who controls any Holder or Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement (or any amendment or supplement thereto) pursuant to which Exchange Securities or Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading, or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 4(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by Merrill Lynch), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company or the Guarantors by the Holder or Underwriter expressly for use in a Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(b) Each Holder severally, but not jointly, agrees to indemnify and hold harmless the Company, the Guarantors, the Initial Purchasers, each Underwriter and the other selling Holders, and each of their respective directors and officers, and each Person, if any, who controls the Company, any of the Guarantors, the Initial Purchasers, any Underwriter or any other selling Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act, against any and all loss, liability, claim,

damage and expense described in the indemnity contained in Section 4(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Shelf Registration Statement (or any amendment thereto) or any Prospectus included therein (or any amendment or supplement thereto) in reliance upon and in conformity with written information with respect to such Holder furnished to the Company or the Guarantors by such Holder expressly for use in the Shelf Registration Statement (or any amendment thereto) or such Prospectus (or any amendment or supplement thereto); provided, however, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Registrable Securities pursuant to such Shelf Registration Statement.

(c) Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action or proceeding commenced against it in respect of which indemnity may be sought hereunder, but failure so to notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action and may assume the defense thereof with counsel satisfactory to such indemnified party, and shall pay the fees and expenses of such counsel; provided, however, (i) if the indemnifying party fails to assume such defense in a timely manner or (ii) if there exists or is reasonably likely to exist in the opinion of the indemnified party a conflict of interest or different defenses that would make it inappropriate in the judgment of such indemnified party for the same counsel to represent both the indemnified party and the indemnifying party, then such indemnified party shall be entitled to retain its own counsel at the expense of the indemnifying party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 4 (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 4(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in this Section 4 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of the Company and the Guarantors on the one hand and the Holders and the Initial Purchasers on the other hand in connection

with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative fault of the Company and the Guarantors on the one hand and the Holders and the Initial Purchasers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, the Guarantors, the Holders or the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Guarantors, the Holders and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 4 were determined by pro rata allocation (even if the Initial Purchasers were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 4. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 4 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 4, no Initial Purchaser shall be required to contribute any amount in excess of the amount by which the total price at which the Securities sold by it were offered exceeds the amount of any damages which such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution under this Section 4 from any Person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 4, each Person, if any, who controls an Initial Purchaser or Holder within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Initial Purchaser or Holder, and each director of the Company or any Guarantor, and each Person, if any, who controls the Company or any Guarantor within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company or such Guarantor. The Initial Purchasers' respective obligations to contribute pursuant to this Section 7 are several in proportion to the principal amount of Securities set forth opposite their respective names in Schedule A to the Purchase Agreement and not joint.

5. Miscellaneous.

5.1 Rule 144 and Rule 144A. For so long as the Company or any Guarantor is subject to the reporting requirements of Section 13 or 15 of the 1934 Act, the Company and each Guarantor covenants that they will file the reports required to be filed by them under the 1933 Act and Section 13(a) or 15(d) of the 1934 Act. If the Company and the Guarantors cease to be so required to file such reports, the Company and the Guarantors covenant that they will upon the written request of any Holder of Registrable Securities (a) make publicly available such information as is necessary to permit sales pursuant to Rule 144 under the 1933 Act, (b) deliver such information to a prospective purchaser as is necessary to permit sales pursuant to Rule 144A under the 1933 Act and will take such further action as any Holder of Registrable Securities may reasonably request, and (c) take such further action that is reasonable in the circumstances, in each case, to the extent required from time to time to enable such

Holder to sell its Registrable Securities without registration under the 1933 Act within the limitation of the exemptions provided by (i) Rule 144 under the 1933 Act, as such Rule may be amended from time to time, (ii) Rule 144A under the 1933 Act, as such Rule may be amended from time to time, or (iii) any similar rules or regulations hereafter adopted by the SEC. Upon the request of any Holder of Registrable Securities, the Company and the Guarantors will deliver to such Holder a written statement as to whether they have complied with such requirements.

5.2 No Inconsistent Agreements. The Company and each Guarantor have not entered into and the Company and each Guarantor will not after the date of this Agreement enter into any agreement which is inconsistent with the rights granted to the Holders of Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not and will not for the term of this Agreement in any way conflict with the rights granted to the holders of the Company's and each Guarantors' other issued and outstanding securities under any such agreements.

5.3 Amendments and Waivers. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company and the Guarantors have obtained the written consent of Holders of at least a majority in aggregate principal amount of the outstanding Registrable Securities affected by such amendment, modification, supplement, waiver or departure.

5.4 Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (a) if to a Holder, at the most current address given by such Holder to the Company and the Guarantors by means of a notice given in accordance with the provisions of this Section 5.4, which address initially is the address set forth in the Purchase Agreement with respect to the Initial Purchasers; and (b) if to the Company or any Guarantor, initially at the Company's or such Guarantor's address set forth in the Purchase Agreement, and thereafter at such other address of which notice is given in accordance with the provisions of this Section 5.4.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; two business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Trustee under the Indenture, at the address specified in such Indenture.

5.5 Successor and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; provided that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Registrable Securities in violation of the terms of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Registrable Securities, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such person shall be entitled to receive the benefits hereof.

5.6 Third Party Beneficiaries. The Initial Purchasers (even if the Initial Purchasers are not Holders of Registrable Securities) shall be third party beneficiaries to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Holders, on the other hand, and shall have the right to enforce such agreements directly to the extent they deem such enforcement necessary or advisable to protect their rights or the rights of Holders hereunder. Each Holder of Registrable Securities shall be a third party beneficiary to the agreements made hereunder between the Company and the Guarantors, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights hereunder.

5.7. Specific Enforcement. Without limiting the remedies available to the Initial Purchasers and the Holders, the Company and the Guarantors acknowledge that any failure by the Company and the Guarantors to comply with their obligations under Sections 2.1 through 2.4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it would not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's and the Guarantors' obligations under Sections 2.1 through 2.4 hereof.

5.8 Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

5.9 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

5.10 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE PRINCIPLES OF CONFLICT OF LAWS THEREOF.

5.11 Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Very truly yours,

OXFORD INDUSTRIES, INC.

By /s/ Ben B. Blount, Jr.

Name: Ben B. Blount, Jr.
Title: Executive Vice President--Finance,
Planning & Administration and
Chief Financial Officer

Lionshead Clothing Company, Inc.
Merona Industries, Inc.
Oxford Caribbean, Inc.
Oxford Garment, Inc.
Oxford Private Limited of Delaware, Inc.
Oxford Receivables Company
Piedmont Apparel Corporation
Oxford Clothing Corporation
Oxford International, Inc.
Oxford of South Carolina, Inc.

By /s/ Thomas C. Chubb III

Name: Thomas C. Chubb III
Title: Acting in the capacities identified
on Appendix I hereto with respect
to each of the Guarantors

APPENDIX I

Guarantor	Position of Thomas C. Chubb III
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Lionshead Clothing Company, Inc.	Board Member President and Secretary
Merona Industries, Inc.	Board Member President and Secretary
Oxford Caribbean, Inc.	Board Member President and Secretary
Oxford Garment, Inc.	Board Member President and Secretary
Oxford Private Limited of Delaware, Inc.	Board Member President and Secretary
Oxford Receivables Company	Board Member President and Secretary
Piedmont Apparel Corporation	Board Member President and Secretary
Oxford Clothing Corporation	Board Member and Secretary
Oxford International, Inc.	Board Member and Secretary
Oxford of South Carolina, Inc.	Board Member and Secretary

CONFIRMED AND ACCEPTED,
as of the date first above written:

MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
SUNTRUST CAPITAL MARKETS, INC.

By: MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED

By /s/ David Tuvlin

Authorized Signatory

INDEPENDENT AUDITORS' CONSENT

We consent to the use of our report dated June 6, 2002, relating to the consolidated financial statements of Viewpoint International, Inc. and subsidiaries in this Current Report on Form 8-K.

/s/ Mahoney Cohen & Company, CPA, P.C.

New York, New York
June 26, 2003

FOR IMMEDIATE RELEASE -- June 13, 2003

OXFORD INDUSTRIES COMPLETES ACQUISITION OF VIEWPOINT INTERNATIONAL AND TOMMY BAHAMA(R)

ATLANTA, GA. - Oxford Industries, Inc. (NYSE: OXM) announced today that it has completed the previously announced acquisition of all of the outstanding capital stock of Viewpoint International, Inc., owner of the Tommy Bahama brand.

Oxford also announced today that it entered into its new \$275 million secured senior credit facility, which has a 5 year term and bears interest, at Oxford's option, at rates determined from time to time based upon (1) the higher of the federal funds rate or the applicable prime rate plus a spread or (2) LIBOR plus a spread. Borrowings under the new senior secured credit facility are subject to a borrowing base calculation based on the company's inventories, real property and accounts receivable.

Oxford also announced today that, in connection with the completion of the Viewpoint acquisition, the net proceeds from its previously announced and closed \$200 million senior notes offering were released from escrow. The senior notes bear interest at an annual rate of 8.875% and mature on June 1, 2011. Oxford used the net proceeds from this senior notes offering, together with limited borrowings under its new senior credit facility and cash on hand, to finance the cash portion of the purchase price for the Viewpoint acquisition.

The senior notes were offered in an unregistered offering pursuant to Rule 144A and Regulation S under the Securities Act of 1933. The senior notes have not been registered under the Securities Act of 1933 or the securities laws of any state, and may not be offered or sold in the United States or outside the United States absent registration or an applicable exemption from the registration requirements under the Securities Act and any applicable state securities laws. Oxford intends to offer to exchange the unregistered senior notes for substantially identical registered senior notes.

Oxford Industries, Inc. is a diversified international manufacturer and wholesale marketer of branded and private label apparel for men, women and children. With manufacturing and sourcing operations in over 40 countries around the globe, Oxford provides retailers and consumer with a wide variety of apparel products and services to suit their individual needs. Major licensed brands include Tommy Hilfiger(R), Nautica(R), Geoffrey Beene(R), Slates(R), and Oscar de la Renta(R). Oxford's private label customers are found in every major channel of distribution including national chains, specialty catalogs, mass merchandisers, department stores, specialty stores and Internet retailers.

Viewpoint International, Inc. is the owner of the Tommy Bahama brand of lifestyle apparel and home furnishings which includes upscale men's and women's sportswear, swimwear, accessories and a complete home collection. Viewpoint also produces two additional collections under the Tommy Bahama labels, Indigo Palms(TM) and Island Soft(TM). It operates over 30 Tommy Bahama retail locations across the country, including six retail/restaurant compounds.

Oxford's stock has traded on the NYSE since 1964 under the symbol OXM. Please visit our website at www.oxfordinc.com.