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May 6, 1993

Ms. Marilyn K. Goldberg
U.S. Environmental Protection Agency
P.O. Box 221470
Chantilly, Va. 22022

Re: Section 104(e) Request for Information Concerning Solvents Recovery Service of New England - Brezner Tanning

Dear Ms. Goldberg:

On behalf of Feuer Leather Group ("Feuer"), which currently owns Allied Leather Corporation, we are supplementing Feuer's prior response to EPA's Section 104(e) request for information concerning the Solvents Recovery Service of New England site in Southington, Connecticut ("SRSNE"). Feuer received two Section 104(e) requests for information regarding shipments of hazardous waste from the Penacock, New Hampshire leather tannery, one directed to Allied Leather Corporation ("Allied") and the other to Brezner Tanning. In fact, Brezner Tanning and Allied are the same facility. Beginning in 1944, the tannery originally operated as Brezner Tanning. At some point in time Brezner Tanning was acquired by Cudahy Company, a wholly owned subsidiary of General Host Corporation. Cudahy operated the tannery through a division known as Allied Leather Company; in 1977, the name of the tannery was changed to Allied Leather. Feuer (previously known as Loewengart Corporation) purchased the tannery in 1978.

We recently received the enclosed documents which relate to Feuer's acquisition of Allied Leather on December 15, 1978. At that time, Feuer was operating as Loewengart Corporation. The Closing Report states that Cudahy Company formally incorporated the Allied Leather Company division under the laws of New Hampshire as Allied Leather Corporation. On December 7, 1978, Cudahy and Feuer executed a stock agreement whereby Feuer would purchase all of Allied Leather's shares of stock. The transaction was completed on December 15, 1978. Typically, under general principles of corporate law, a company that acquires the stock of another company does not acquire the liabilities of that company as well. See i.e. Louisiana Pacific Corp. v. Asarco, Inc., 909 F.2d 1260, 1263 (9th Cir. 1990).

Feuer denies any liability for the disposal practices of Brezner Tanning and any transactions involving Allied Leather prior to Feuer's acquisition. EPA's transactional review form identified thirteen waste shipments from April 18, 1967 through November 20, 1973 from Brezner Tanning to SRSNE. The enclosed documents demonstrate that Cudahy, a wholly owned subsidiary of General Host Corporation, owned the tannery prior to December 15, 1978 and arranged for the disposal of waste materials at SRSNE. It is Feuer's position that Cudahy and/or General Host Corporation are liable for any transactions relating to waste shipments to SRSNE prior to Feuer's acquisition of Allied Leather.

Please do not hesitate to call if you have any questions or need additional information.

Very truly yours,

JOHN L. WITTENBORN
CATHERINE M. POSTON

Enclosure

ELLENBOGEN & KLEIN
ATTORNEYS AT LAW

260 MADISON AVENUE, NEW YORK, N.Y. 10016
(212) 685-2647 CABLE: "QUADLEX"

December 19, 1978

Mr. Myron Feuer, President
Loewengart Corporation
Three Park Avenue
New York, New York

Mr. Irwin Feuer, President
Feuer Leather Corporation
Three Park Avenue
New York, New York

Re: Loewengart with Cudahy Company

Gentlemen:

We are reporting herewith regarding the acquisition by Loewengart Corporation ("Loewengart") of the total capital stock of Allied Leather Corporation, a New Hampshire corporation ("Allied") from Cudahy Company ("Cudahy"), and the Guaranty by Feuer Leather Corporation ("Feuer") of Loewengart's obligations to Cudahy in the foregoing transaction.

Closing took place at Loewengart's offices on Friday, December 15, commencing at 9:00 A.M., and was attended by William H. Bertin, Esq., and Joseph L. Falik, Esq., as attorneys for Cudahy, and Allan W. Steere and James C. Hull, respectively President and Vice President of Cudahy; and Myron Feuer, President of Loewengart, Irwin Feuer, President of Feuer Leather Corporation, Bob L. Ekstein of Ekstein, Ekstein and Schlenker, Certified Public Accountants; Franklyn Ellenbogen, Esq., and Howard L. Klein, Esq., attorneys for Loewengart and Feuer; Shumer Lonoff of Bear, Stearns & Company, broker; and John Mearns of Irving Trust Company.

Cudahy is a wholly-owned subsidiary of General Host Corporation which has conducted through a division, known as Allied Leather Company, the business of "purchasing skins and hides, tanning them into leather and selling the leather which was processed principally for use in the manufacture of footwear, with

lesser quantities going to the handbag, garment and personal leather goods trades" [General Host Form 10-K for 1977, page 11].

Prior to December 1, negotiations were conducted between you and representatives of Cudahy looking toward Loewengart's acquisition of the total business of the Allied division of Cudahy.

On December 1, 1978, Cudahy caused Allied to be formed under the laws of New Hampshire and thereupon subscribed for ten shares of its no par value capital stock at $100 per share, for which it paid $1,000 in cash. On December 2 Cudahy transferred and delivered to Allied the total assets of the Allied division, subject to its liabilities, as more particularly reflected in Allied's Balance Sheet as at December 2, 1978 [Schedule A].

STOCK PURCHASE AND SALE AGREEMENT

Under date of December 7, 1978, an agreement hereinafter referred to for convenience as the "Stock Agreement", was executed between Cudahy, as Seller, and Loewengart, as Buyer. Signed copies were heretofore furnished to you and Bob Ekstein. The salient provisions of the Stock Agreement are briefly as follows:

1. Loewengart purchased from Cudahy the aforementioned ten shares of Allied's capital stock which Cudahy represented constituted Allied's total outstanding shares.

2. The Purchase Price was $2,250,000, payable $1,000,000 by Federal funds on the Closing and therewith the delivery of Loewengart's Promissory Note in the principal amount of $1,250,000 payable in five installments of $250,000 each, the first installment to be paid on June 15, 1979, and the remaining four installments consecutively on December 15, 1979, 1980, 1981 and 1982, with interest at 7% per annum payable with each installment computed on the unpaid principal balance of the Note [¶ 1.2].

3. Inventories are to be evaluated jointly by Seller and Buyer as of the Closing Date. In the event of a differential of more than $25,000 between the "Base Valuation" and the "Closing Valuation", 75% of the excess or deficit is to be paid to or allowed by the Seller in adjustment of the Purchase Price [¶ 1.3(c)].

4. Seller furnished to Buyer a Pro Forma Unaudited Balance Sheet, which is Exhibit 2.3, and warranted against material liabilities as of the Closing, except as reflected in the Balance Sheet and otherwise as stated in ¶¶ 2.4 and 2.5.

5. Cudahy warranted good and marketable title to Allied's assets except as specified in ¶ 2.6. [Buyer should be alerted to possible tax liens and taxes otherwise payable on Allied's real property other than those reflected in the Balance Sheet.]

6. Buyer assumed certain leases of personal property which are described in Exhibit 2.7 and contracts, commitments and agreements described in Exhibit 2.8.

7. Trademarks owned and used by Cudahy in its Allied division are included in the assets transferable on the Closing by Cudahy to Allied. These are described in Exhibit 2.9 and to the extent that Buyer desires them, formal assignments of the registrations should be obtained and recorded in the United States Patent Office to show absolute legal title in Allied.

8. Allied is a party to a Collective Bargaining Agreement described in Exhibit 2.11, a copy of which was furnished to Mr. Ekstein. The Collective Bargaining Agreement, ERISA, continuation of employment and compensation and benefits available to employees after the Closing are provided for in Article IX. Appropriate adjustments should be made between Seller and Allied as provided in this Article.

9. Cudahy represented that there are no litigations or investigations pending or threatened except, however, that there does exist proceedings in connection with an Order made by the United States Environmental Protection Agency (EPA) dated December 23, 1977, which is described in Schedule B annexed hereto, which has been extracted from General Host's 1977 Form 10-K; also pending are negotiations with the State of New Hampshire regarding the Queen Street Disposal Site.

10. The Buyer acknowledged inspection of the building and plant and agreed to accept the same on the Closing "as is".

11. The Seller and the Buyer undertook to have their respective Boards of Directors authorize and approve the sale and

purchase of the Allied shares and the Stock Agreement and to have their respective counsel furnish legal opinions as stipulated in ¶¶ 5.4 and 6.4.

12. Performance by the Seller was made contingent on a waiver and consent of Irving Trust Company to permit the transaction contemplated by the Stock Agreement and acknowledging that consummation would not be in violation of the Loan Agreement dated as of May 9, 1978, between Karg Bros., Inc., as the Borrower, and Loewengart and Feuer, among others, as the Guarantors, and Irving Trust Company as the Lender. This document was obtained on the Closing and is annexed hereto as Schedule C.

13. Subject to a significant qualification, the Seller's representations and warranties shall survive for one year after the Closing Date [¶ 7.1].

14. Accounts receivable and accounts payable are treated at great length in Article VIII of the Stock Agreement and the Buyer is urged to direct its accountants, and executives responsible therefor, to deal with the receivables, all returns of goods, accounts payable and remittances to Seller in absolute compliance with the provisions of Article VIII.

15. Buyer acknowledged the services of Bear Stearns & Co. as broker and agreed to pay for their services and to hold the Seller harmless upon its representation that it has dealt with the Buyer directly.

STOCK AGREEMENT

ADDITIONS AND MODIFICATIONS

On December 7 when Seller and Buyer convened with their respective representatives to conclude the Stock Agreement questions arose regarding the interpretation and adequacy of various provisions in the Stock Agreement and the Promissory Note. These matters were mutually resolved and set forth in numerous letter agreements. Accordingly, the Stock Agreement as qualified by these letter agreements constitute one single agreement and must be read together. All of the documents are dated December 7, 1978:

A. Two-page letter agreement addressed by Cudahy to Loewengart.

B. Seven-page letter agreement addressed by Cudahy to Loewengart.

C. One-page letter agreement addressed by Cudahy to Loewengart to which is attached a Schedule of Employee Benefit Liability.

D. One-page letter agreement addressed by Cudahy to Loewengart and Feuer.

E. Four-page letter agreement addressed by Cudahy to Feuer and Loewengart.

NON-COMPETITION AGREEMENT

In the negotiations between Cudahy and Loewengart the latter made clear that it was unwilling to purchase the capital stock of Allied from Cudahy unless Cudahy and its parent and subsidiaries and affiliates would covenant not to compete in any manner, directly or indirectly, in the United States and Canada in the same or similar business conducted by Cudahy's Allied division and its transferee, Allied Leather Corporation, for a period of four years.

Cudahy was agreeable provided that an appropriate consideration was paid to it for the restrictive covenant and other obligations to be assumed by it, and after due bargaining Loewengart agreed to pay and Cudahy agreed to accept therefor a total consideration of $1,250,000 payable in installments over a period of four years.

At the Closing Cudahy and Loewengart entered into an agreement entitled "Non-Competition Agreement" made as of December 15, 1978, which briefly provides as follows:

(1) Neither Cudahy nor its parent, General Host Corporation and its subsidiaries and affiliates (collectively called "Associates"), will directly or indirectly prior to January 15, 1983 own or otherwise be connected with any enterprise engaged in the business of tanning and selling leather products in the United States and Canada, excluding, however, Cudahy's present connection with its Shain & Co. and Waterboro Company operations limited to the present extent of the operations of said companies; and none of said parties will disclose

any confidential information concerning Allied's operations, sources of supply, etc., nor employ any of Allied's personnel without Loewengart's consent or induce any of said personnel to voluntarily retire from employment with Allied.

(2) Further, Cudahy shall not use or permit General Host to use the name of "Allied" or any name similar thereto or any of the trademarks and trade names heretofore and currently used by Allied [Exhibit 2.9].

(3) As the total consideration for the restrictive covenant and all other obligations on Cudahy's part under this Agreement, Loewengart agreed to pay to Cudahy the aggregate sum of $1,250,000 in five installments of $250,000 each, without interest, the first installment to be paid on April 30, 1979, and the remaining four installments consecutively on January 15, 1980, 1981, 1982 and 1983. Cudahy expressly agreed that it will include as ordinary taxable income in its relevant income tax returns all payments received hereunder from Loewengart.

NON-COMPETITION AGREEMENT
ADDITIONS AND MODIFICATIONS

The letter agreements hereinabove described under the title, "STOCK AGREEMENT - ADDITIONS AND MODIFICATIONS", include in some instances qualifications of the Non-Competition Agreement and should be read in conjunction therewith.

FEUER'S GUARANTY OF LOEWENGART'S PERFORMANCE

(1) Feuer executed and delivered to Cudahy under date of December 15, 1978, Feuer's Guaranty of the prompt and complete performance by Loewengart of all of the covenants and conditions contained in the Stock Agreement (as amended), including the full and timely payment of the Promissory Note for $1,250,000 executed by Loewengart and delivered to Cudahy as part payment of the total Purchase Price of $2,250,000, and to secure its Guaranty Feuer undertook to furnish to Cudahy Financial Statements and Information similar to the Financial Statements and Information required to be furnished by Feuer to Irving Trust Company under the Loan Agreement dated as of May 9, 1978.

(2) The Guaranty also contains "Affirmative Covenants" and "Negative Covenants" which were extracted verbatim from the Irving Trust Loan Agreement.

(3) Feuer's Guaranty provides that a default in its obligations to Irving Trust Company shall constitute a default of its Guaranty to Cudahy, in which event if the default is not remedied after notice within a prescribed period, Cudahy may declare forthwith due and payable the unpaid principal of the Stock Agreement Promissory Note and interest [¶¶ 10 and 11].

(4) Feuer executed and delivered to Cudahy under date of December 15, 1978, Feuer's Guaranty of the prompt and full payment by Loewengart of the total consideration of $1,250,000, payable in installments as aforesaid, pursuant to the Non-Competition Agreement. This Guaranty contains otherwise the identical provisions of the Feuer Guaranty of the Stock Agreement.

REAL PROPERTY

Annexed as Schedule D is a letter agreement dated December 15, 1978, between Cudahy and Loewengart, which relates (a) to unpaid tax bills for 1976 and 1977 owing to the Town of Boscawen which are liens of record and Cudahy's obligation to pay 1978 taxes within a specified period; (b) to unpaid bills owing to the City of Concord which may be liens of record for 1976 and 1977 and Cudahy's obligation to pay similar charges for 1978; (c) to the exclusion of a part of Parcel VIII in Tract II; (d) to a UCC search made by C T Corporation System; and (e) to the delivery of documents pertaining to plans for construction of a sampling and metering station.

This letter agreement is in addition to the five Letter Agreements dated December 7, 1978.

Application has been made for title insurance in the amount of $463,500.

ASSIGNMENT TO LOEWENGART & CO. INC.

Loewengart Corporation made an absolute assignment to

Loewengart & Co. Inc. of the Allied shares and all rights, privileges and benefits under the Stock Agreement and the Non-Competition Agreement as supplemented by the Letter Agreements, and in consideration therefor the Assignee assumed performance and payment and agreed to perform all obligations and pay all considerations imposed upon Loewengart under those Agreements with Cudahy. Feuer, as the Guarantor, consented to the foregoing transaction which is evidenced by an Agreement between Loewengart Corporation and Loewengart & Co. Inc. dated December 15, 1978. Certificate No. 6 dated December 16 for ten Allied shares has been issued to the Assignee on a transfer of Loewengart's Certificate No. 5 which has been replaced in the corporate stock certificate book.

NEW DIRECTORS AND OFFICERS

On December 16, by appropriate Certificates of Loewengart & Co. Inc., as the sole stockholder, and of Irwin Feuer and Myron Feuer, as the sole directors, Allied accepted the resignations of the three former directors and removed, without cause, the five officers theretofore elected by the Cudahy directors; and thereupon Irwin Feuer and Myron Feuer were elected as the sole directors and Myron Feuer as President and Irwin Feuer as Secretary and Treasurer of Allied.

DOCUMENTS DELIVERED

Annexed Schedule E sets forth the documents delivered to Loewengart and Feuer with this report and also the documents retained for their account and instructions by Ellenbogen & Klein, Esqs.

MISCELLANEOUS

1. On the Closing the parties interchanged relevant written approvals of their respective Directors or Executive Committees to the execution of the Stock Agreement, the Non-Competition Agreement and the Letter Agreements supplementing the aforesaid Agreements, and the Guarantees by Feuer of the obligations of Loewengart to Cudahy, together with legal opinions of their respective attorneys attesting to the authority of the controlling entities to execute and deliver the two major Agreements, the Promissory Note, and the Letter Agreements.

2. C T Corporation System, 277 Park Avenue, New York, New York, is the Resident Agent of Allied in New Hampshire. They have been notified that all notices and reports should be sent to Ellenbogen & Klein, Esqs., as the superseding attorneys for Allied, and requested to send duplicate notices and reports to Ekstein Ekstein & Schlenker, Certified Public Accountants for Allied.

We trust that you will find this Report self-explanatory and, in any event, urge you to get back to us promptly should you have any uncertainty or questions regarding the matters contained therein.

We wish you success in this new venture and continued harmony for many years to come.

With warmest regards, I am

Sincerely,

Franklyn Ellenbogen

Enclosures

Ellenbogen & Klein, Esqs. have retained for their own file a complete set of the documents described in the Index to the Closing Report and also the corporate minute book, stock certificate book and seal of Allied Leather Corporation. In due course, we anticipate receiving either executed assignments of the registered trademarks running from Cudahy to Allied for recording in the United States Patent Office or proof of transmittal for recording such documents (which normally take three to four months for completion of recording). Additionally, as previously noted, application has been made for title insurance and in due course this policy should be issued in favor of Allied.

SCHEDULE A (a copy of the Balance Sheet as at December 2, 1978, will be found at Item 3 of the Bound Volume Report)

SCHEDULE C (a copy of Schedule C will be found at Item 7 of the Bound Volume Report)

SCHEDULE D (a copy of this letter agreement will be found at Item 8 of the Bound Volume Report)

SCHEDULE E is itemized in the two-page Index at the forepart of the Bound Volume Report.

On December 23, 1977, Allied Leather Company, a division of Cudahy Company, was ordered by the United States Environmental Protection Agency ("EPA") to cease interfering with the operation of the City of Concord's municipal waste treatment plant by discharging unpretreated wastewaters into the waste treatment plant. The order required Allied Leather to conduct a study to determine the steps necessary to abate the alleged interference with the operation of the waste treatment plant and to propose to the EPA a timetable for implementation of the steps necessary for abatement. After notifying the EPA that such a study was not possible until Allied Leather was advised as to the nature of the causes of the waste treatment plant's malfunctions and the changes required in Allied Leather's wastewater discharge to eliminate those malfunctions, Allied Leather, in February 1978, submitted to the EPA a study limited to an analysis of the wastewater discharge. The EPA has not yet taken any action in response to the study.

SCHEDULE B (see paragraph 9 on page 3 of Closing Report Letter)

Footwear and Apparel Materials

Allied Leather Company

Operations in footwear and apparel materials are conducted through Allied Leather Company, whose name was changed from Allied Kid Company in September 1974. Allied Leather Company is a division of Cudahy Company, the Company's wholly-owned subsidiary.

Allied Leather is principally engaged in the business of purchasing skins and hides, tanning them into leather and selling the leather. Leathers produced include side, patent and split leathers. The leathers processed by Allied Leather are sold principally for use in the manufacture of footwear, with lesser quantities going to the handbag, garment and personal leather goods trades. Allied Leather also purchases and resells fabrics and synthetic materials to footwear and garment manufacturers.

Allied Leather's products are distributed nationwide through its own salesmen and direct commission agents. The leather business is highly competitive, with many large and small competitors located throughout the country and abroad. Footwear manufacturers are the largest users of Allied Leather's products, and the ability to meet and anticipate style changes in footwear is an important aspect of Allied Leather's business. In addition, leather faces significant competition from other materials used in footwear manufacture, as well as from imports which now account for more than 50% of the shoes sold in the United States.

In December 1977, the United States Environmental Protection Agency cited Allied Leather for a violation of water pollution regulations at its Penacook, New Hampshire plant and ordered Allied Leather to determine what measures would be required to abate the violation. Allied Leather has denied the existence of a violation and any obligations which might be imposed on it to comply with pollution regulations cannot be predicted at this time.

Allied Leather Company in 1977 sold its administrative offices and certain other space in Boston, Massachusetts; Allied Leather's fabrics and synthetics operation now leases some of the space formerly owned in Boston and construction of new general offices in Penacook, New Hampshire was completed in late 1977. Allied Leather also owns tanneries in Wilmington, Delaware; and Penacook and Boscawen, New Hampshire; and a patent leather plant in Waterboro, Maine.

1977 was a year of extremely unsatisfactory operating results at Allied Leather. Volumes in both the side and patent leather operations were below satisfactory levels, leading the Company to suspend operations at its Wilmington tanning facility. In addition, the price of raw splits reached levels which caused Allied Leather to incur substantial losses in order to meet delivery commitments. A new chief operating officer has been appointed and an intensive examination of Allied Leather's operating problems is being conducted. This examination is geared to provide short-term improvements in Allied Leather's side and split leather marketing and production practices and to assist General Host management in evaluating prospects for the Allied Leather business.

Allied Leather employs approximately 460 people, about 66% of whom are presently represented by labor organizations.

RE: LOEWENGART'S ACQUISITION OF
ALLIED LEATHER CORPORATION
FROM CUDAHY COMPANY

CLOSED DECEMBER 15, 1978

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STOCK PURCHASE AND SALE AGREEMENT

Two signed copies of this Agreement dated December 7, 1978 made between Cudahy Company ("Seller") and Loewengart Corporation ("Buyer") were delivered to Bob Ekstein at the December 7 Contract Closing, at Three Park Avenue, New York, New York.

Annexed to this Agreement are numerous Exhibits including the Promissory Note (Exhibit 1.3) and the Pro Forma Balance Sheet (Exhibit 2.3). Note that these were replaced on the December 15 Closing and corrected copies appear elsewhere in this Closing Report.

Exhibit 2.9 is a list of trademarks and trade names. Cudahy is to furnish appropriate forms of assignment for recording in the United States Patent Office by Allied Leather Corporation as Assignee. The recording fee is $20 per assignment and, therefore, Loewengart should determine which specific registered trademarks justify this expenditure to effect record ownership by Allied Leather Corporation in the United States Patent Office.

Exhibit 2.8 is a list of contracts, commitments and agreements and commissions to agents.

Exhibit 2.11 makes references to the Collective Bargaining Agreement. This document was delivered to Bob Ekstein at the December 15 Closing.

STOCK PURCHASE AND SALE AGREEMENT

AGREEMENT made and entered into this 7th day of December 1978 by and between CUDAHY COMPANY, a Delaware corporation with principal executive offices in Phoenix, Arizona ("Seller"), and LOEWENGART CORPORATION, a Delaware corporation with principal executive offices in New York, New York ("Buyer").

WHEREAS, Seller is the owner of all of the outstanding common stock of Allied Leather Corporation, a New Hampshire corporation ("Allied"), and Allied is engaged in the business of tanning and selling leather products; and

WHEREAS, Seller has offered to sell the total stock of Allied and Buyer is agreeable thereto upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the mutual promises and undertakings set forth herein and subject to the conditions hereinafter set forth, the parties do hereby covenant and agree as follows:

ARTICLE I

Sale and Transfer of Stock

1.1 Transfer of Shares. At the Closing, as hereinafter defined, Buyer shall purchase from Seller and Seller shall sell and deliver to Buyer certificates representing ten (10) shares of the common stock of Allied, without par value, constituting 100% of the issued and outstanding stock of Allied ("Seller's Shares"). The certificates for Seller's Shares shall, upon deli-

very, be in negotiable form with all requisite stock transfer stamps.

1.2 Purchase Price. Consideration for the sale of the aforesaid ten (10) shares of stock of Allied shall be Two Million, Two Hundred and Fifty Thousand ($2,250,000) Dollars plus or minus the amount of any adjustment on account of the valuation of the inventories of Allied as of the Closing in accordance with Section 1.3(b) (the "Purchase Price").

1.3 Payment of Purchase Price.

(a) At the Closing, Buyer will:

(i) Pay to Seller the sum of $1,000,000; and

(ii) Deliver to Seller a promissory note in the form set forth in Exhibit 1.3(a)(ii) in the principal amount of $1,250,000 payable in five (5) installments of $250,000, together with interest on the unpaid principal balance at the rate of seven per cent (7%) per annum payable therewith, the first installment to be paid on June 15, 1979 and the remaining four installments on December 15, 1979; December 15, 1980; December 15, 1981 and December 15, 1982, respectively.

(b) Promptly following the closing of business on the date of the Closing, the value of the Inventories shall be determined by physical inventory, conducted under the joint supervision of Seller and Buyer, and by the pricing of the Inventories as of the date of Closing in accordance with Seller's customary method of inventory pricing, consistently applied (the "Closing Valuation").

(c) Within four (4) days after the completion of the Closing Valuation:

(i) If the Closing Valuation exceeds $4,418,435 (the "Base Valuation") by more than $25,000, Buyer promptly will pay to Seller seventy-five percent (75%) of the amount by which the Closing Valuation exceeds the Base Valuation or

(ii) If the Base Valuation exceeds the Closing Valuation by more than $25,000, Seller promptly will pay to Buyer seventy-five percent (75%) of the amount by which the Base Valuation exceeds the Closing Valuation.

(d) All payments to be made under this Agreement shall be by certified or bank check or by credit advice of receipt of wired Federal funds.

1.4 Closing Date and Closing Place. The closing hereunder shall be held at 10:00 a.m. at the offices of General Host Corporation, 22 Gate House Road, Stamford, Connecticut on December 15, 1978 or on such other day as Buyer and Seller shall mutually agree upon in writing (the "Closing").

ARTICLE II

Representations and Warranties of Seller

Seller hereby warrants and represents as follows:

2.1 Organization and Standing of Allied. Allied is

a corporation duly organized, validly existing and in good standing under the laws of the State of New Hampshire, and has requisite corporate power to carry on its business as it is now being conducted. True and complete copies of the presently effective Articles of Incorporation and By-Laws of Allied will be supplied to Buyer prior to the Closing.

2.2 Capitalization and Stock Ownership of Allied.

(a) The aggregate number of authorized shares of Allied is two hundred (200) shares of common stock, without par value. Seller owns of record and beneficially the Seller's Shares which constitute the total outstanding shares of all classes of Allied's capital stock.

(b) The Seller's Shares are validly issued, fully paid and non-assessable, and Seller has good and marketable title to all of the Seller's Shares free and clear of all liens, charges and encumbrances.

2.3 Financial Statements. Seller has furnished to Buyer a pro forma unaudited balance sheet for the business of Allied ("Allied Pro Forma Balance Sheet"), Exhibit V.3, and represents and warrants that such balance sheet was prepared in accordance with generally accepted accounting principles and fairly presents the pro forma financial position of the business of Allied.

2.4 Absence of Undisclosed Liabilities. Except for items listed in the schedule to be provided pursuant to 8.5(a) and obligations to be assumed pursuant to Sections 2.7 and 2.8, Allied as of the Closing will have no material liabilities, whether absolute, accrued, contingent or otherwise, whether due or to become due.

2.5 Absence of Certain Changes. Between the date hereof and the Closing there shall not have been:

(a) any change in the business, condition (financial or otherwise), assets or liabilities of Allied other than changes in the ordinary course of business, none of which, individually or in the aggregate, will have been materially adverse;

(b) any material increase in the total indebtedness or liabilities of Allied or any acceleration of the respective maturity dates hereof;

(c) any damage, destruction or loss (whether or not covered by insurance) which taken alone or in the aggregate will have had a materially adverse effect on the business, business prospects or any of the properties of Allied;

(d) any declaration, setting aside or payment of any dividend or other distribution in respect of any of the capital stock of Allied or any direct or indirect redemption, purchase or other acquisition of any stock of Allied;

(e) any labor trouble or any other event or condition whatsoever which will have, or is likely to have a materially adverse effect on the business or business prospects of Allied; and

(f) any general increase in wages payable to employees of Allied except increases mandated by any collective bargaining agreements.

2.6 Title to Assets. Allied has or, as of the date of Closing, will have good and marketable title to the assets reflected in the Allied Pro Forma Balance Sheet including the

parcels of land and the buildings erected thereon more particularly described in Exhibit 2.6 hereto free and clear of any lien or encumbrance or any security interest therein except for:

(a) those which have been sold or otherwise disposed of in the ordinary course of business;

(b) liens or encumbrances related to liabilities reflected in the Allied Pro Forma Balance Sheet;

(c) liens of current state or local property taxes not delinquent or subject to penalties;

(d) minor encumbrances of title or imperfections, if any, which (i) are not substantial in amount, (ii) do not materially detract from the value of the properties and assets subject thereto and (iii) do not materially impair the use thereof in current operations of Allied; and

(e) zoning ordinances, and other governmental rules and regulations, if any, none of which is violated by the use of the existing buildings as leather tanneries.

2.7 Leases. Allied has not entered into any lease of real or personal property except as set forth on Exhibit 2.7 hereto. True and complete copies of all of the leases set forth in Exhibit 2.7 will be made available to Buyer prior to Closing.

2.8. Contracts and Agreements. To the best of Seller's knowledge, a complete list of contracts, commitments and agreements (other than those described in other Exhibits hereto) is set forth in Exhibit 2.8 hereto. Buyer hereby agrees to assume such other contracts, commitments and agreements as are ordinary and usual in the business conducted by Allied and do not materially increase

the liabilities in the Allied Pro Forma Balance Sheet. True and complete copies of all of the written contracts, commitments and arrangements set forth in Exhibit 2.8 will be made available to Buyer prior to Closing.

2.9 Trademarks and Trade Names. Set forth in Exhibit 2.9 is a list of all trademarks and trade names (all collectively referred to as "Trademarks, etc.") presently used by Allied in the conduct of its business. Allied has good title to such Trademarks, etc. and none has been or is licensed by Allied to others and, to the knowledge, information and belief of Seller, their use by Allied does not conflict with the rights of others and have not been asserted by others to conflict with their rights, and are subject to no unusual restrictions.

2.10 Insurance. Insurance policies in blanket form held by Seller and its subsidiaries in effect on the date hereof and covering the assets and the business of Allied as presently conducted are, in the reasonable opinion of Seller's management, adequate both as to the type and amount of coverage. Seller will cause all of such policies or renewals thereof to continue in full force and effect up to and including 11:59 P.M. on the date of the Closing.

2.11 Employment Contracts and Compensation; Union Relationships. Except for the labor agreement referred to in Exhibit 2.11 hereto, a true copy of which will be provided to Buyer prior to Closing, there are no oral or written employment contracts under which Allied is a party or is bound, or agreements with labor unions or other organizations covering employees of Allied and to the best of Seller's knowledge, no demand for representation by any such organization has been made or threatened.

2.12 Litigation. There is no litigation, proceeding or investigation, pending or, to the best knowledge of Seller, threatened, which might result in any material adverse effect on the business, condition (financial or otherwise), properties or assets or liabilities of Allied, or which questions the validity of this Agreement or of any action taken or to be taken in connection with consummation of the transactions contemplated by this Agreement except for:

(a) proceedings in connection with a certain order of the United States Environmental Protection Agency, dated December 23, 1977 and

(b) negotiations with the New Hampshire State Bureau of Solid Waste Management regarding the Queen Street disposal site in Boscawen.

2.13 Breach of Agreements. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will conflict with or result in the breach of the terms, conditions or provisions of Seller's Certificate of Incorporation, or By-Laws, or any provision of, or result in the acceleration of any obligations under, any indenture, loan document, mortgage, lien, lease, agreement, instrument, order, arbitration award, judgment or decree to which Seller or Allied is a party or by which Seller or Allied is bound and will not violate any other restriction of any kind or character to which Seller or Allied is subject.

2.14 Minute Books. The Minute Books of Allied contain complete and accurate records of all meetings and other corporate actions of the directors and stockholders of Allied.

ARTICLE III

Representations and Warranties of Buyer

Buyer hereby warrants and represents as follows:

3.1 Organization and Standing of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware, and has all requisite corporate power and authority to enter into this Agreement, to pay the Purchase Price as set forth in Section 1.2 and to consummate the transactions expressly referred to herein to be consummated by it.

3.2 Corporate Action. The execution of this Agreement and consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action.

3.3 Note. The Note to be delivered pursuant to Section 1.2 hereof shall constitute a valid obligation of Buyer, binding upon it in accordance with the terms of such Note.

3.4 Breach of Agreements. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will conflict with or result in the breach of the terms, conditions or provisions of Buyer's Certificate of Incorporation, or By-Laws, or, except to the extent waived as provided in Section 6.5, any provision of, or result in the acceleration of any obligations under, any indenture, loan document, mortgage, lien, lease, agreement, instrument, order, arbitration award, judgment or decree to which Buyer is a party or by which Buyer is bound and will not violate any other restriction of any kind or character to which Buyer is subject.

2.15 Condition of Equipment. Buyer has inspected the premises, machinery, equipment, furniture, fixtures and other assets of Allied, or has caused an inspection thereof to be made on Buyer's behalf, and no responsibility is assumed by Seller to Buyer or any third party as to the condition of the premises or any buildings or improvements thereon or any machinery, equipment, furniture, fixtures or other assets of Allied, and Buyer agrees to take the same "as is."

ARTICLE IV

Conduct of Business Pending Closing

4.1 Corporate Changes. Seller covenants that between the date hereof and the Closing, unless consented to by Buyer:

(a) The business of Allied will be conducted only in its usual manner;

(b) No change will be made in the Articles of Incorporation, By-Laws or authorized or issued capital stock of Allied;

(c) No additional shares of Allied will be issued, nor any option granted to acquire any such shares; and

(d) No dividend or other distribution or payment shall be declared or made in respect of the stock of Allied.

4.2 Contracts and Commitments. Seller covenants that between the date hereof and the Closing, except as consented to by Buyer:

(a) No contract or commitment will be entered into by or on behalf of Allied or any subsidiary except those not of a material character which are in the ordinary course of business;

(b) No indebtedness for borrowed money will be assumed or incurred by Allied; and

(c) No sale, transfer or other disposition, of any assets will be made or entered into by or on behalf of Allied except those not of a material character which are in the ordinary course of business.

4.3 Management and Organization. Seller covenants that between the date hereof and the Closing, unless consented to by Buyer:

(a) Neither Seller nor Allied will institute any change with respect to Allied's management or supervisory personnel, and Seller will use its best efforts to preserve intact the business organization of Allied and to retain the services of the officers and key employees of Allied;

(b) Except in the ordinary course of business, Allied will institute no material change in existing indebtedness owed or guaranteed by Allied or Seller with respect to the obligations of Allied;

(c) No increase will be made in compensation payable or to become payable by Allied to any of its directors, officers or employees except such increases as may be required by applicable minimum wage laws or labor agreements; and

(d) Seller will exercise its best efforts to maintain the goodwill of the suppliers, customers and employees of, and others having business relations with, Allied.

4.4 Access to Information. Seller covenants that between the date hereof and the Closing, it will give Buyer full access during normal business hours to all of the assets, books, contracts, commitments and records of Seller relating to the business conducted by Allied, and to furnish all information concerning such business as Buyer may reasonably request.

ARTICLE V

Conditions Precedent to Buyer's Obligation

The obligations of Buyer under this Agreement are subject to satisfaction of the following conditions on or prior to the Closing, unless any such condition shall have been waived in writing by Buyer:

5.1 Litigation. No action or proceeding shall have been instituted, or, to the best knowledge of Seller, threatened against Allied which could materially affect the business, business prospects or financial condition of Allied, and no action or proceeding shall have been instituted or, to the best knowledge of Allied, threatened, by any governmental instrumentality or agency before any court or governmental agency to restrain, prevent or condition this Agreement or consummation of the transactions contemplated herein which, in the opinion of Buyer, make it inadvisable to consummate such transaction.

5.2 Representations and Warranties. All representations and warranties made by Seller in this Agreement shall be correct at and as of the Closing, with the same force and effect as though such representations and warranties had been made at and as of the Closing, and Buyer shall not have discovered any material error, misstatement or omission in the representations and warranties of Seller contained herein. Seller shall have

delivered to Buyer a certificate, dated as of the Closing, signed by an appropriate officer of Seller, certifying as to the compliance with and performance of such terms and conditions and to the correctness in all material respects of such representations and warranties as of the Closing.

5.3 Resolutions of Board of Directors. Seller shall have delivered to Buyer a true and complete copy of the resolutions of Seller's Board of Directors or the Executive Committee of such Board, under which the authorizations referred to in Section 2.1 were granted, duly certified by Seller's Secretary or Assistant Secretary.

5.4 Opinion of Counsel. Buyer shall have received an opinion of Louis A. Guzzetti, Jr., Esq., dated as of the Closing, and in form and substance satisfactory to Buyer, to the effect that:

(a) The corporate existence, good standing, corporate power and authority, and capitalization of Allied are as represented and warranted in Sections 2.1 and 2.2 of this Agreement;

(b) Consummation of the transactions contemplated by this Agreement will not violate any provision of the Certificate of Incorporation or By-Laws of Allied;

(c) Any and all consents or approvals required to be obtained in order to consummate the transactions contemplated hereby have been obtained; and

(d) Except as may be specified by such counsel, he does not know of any action, pending or threatened, relating to the transactions contemplated by this Agreement which is likely to have a materially adverse effect on the properties or business of Allied or the transactions

contemplated by this Agreement except those of which Buyer has been advised in writing or has knowledge prior to the date of this Agreement, and except those covered (after applicable deductible amounts) by Seller's insurance carrier or carriers.

ARTICLE VI

Conditions Precedent to Seller's Obligation

The obligations of Seller under this Agreement are subject to satisfaction of the following conditions on or prior to the Closing, unless any such condition shall have been waived in writing by Seller:

6.1 Litigation. No action or proceeding shall have been instituted, or, to the best knowledge of Buyer, threatened against Buyer by any governmental instrumentality or agency before any court or governmental agency to restrain, prevent or condition this Agreement or consummation of the transactions contemplated herein which, in the opinion of Seller, make it inadvisable to consummate such transaction.

6.2 Representations and Warranties. All representations and warranties made by Buyer in this Agreement shall be correct at and as of the Closing, with the same force and effect as though such representations and warranties had been made at and as of the Closing, and Seller shall not have discovered any material error, misstatement or omission in the representations and warran-

ties of Buyer contained herein. Buyer shall have delivered to Seller a certificate, dated as of the Closing, signed by an appropriate officer of Buyer, certifying as to the compliance with and performance of such terms and conditions and to the correctness in all material respects of such representations and warranties as of the Closing.

6.3 Resolutions of Board of Directors. Buyer shall have delivered to Seller a true and complete copy of the resolutions of Buyer's Board of Directors under which the authorizations referred to in Section 2.1 were granted, duly certified by Buyer's Secretary or Assistant Secretary.

6.4 Opinion of Counsel. Seller shall have received an opinion of Franklyn Ellenbogen, Esq., dated as of the Closing and in form and substance satisfactory to Seller, to the effect that:

(a) The corporate existence, good standing and power and authority of Buyer are as represented and warranted in Sections 3.1 and 3.2 of this Agreement;

(b) Consummation of the transactions contemplated by this Agreement will not violate any provision of Buyer's Certificate of Incorporation or By-Laws or, to the best of counsel's knowledge, any agreement by which it is bound or to which any of its assets are subject except to the extent covered by waivers obtained by Buyer as provided in Section 6.5;

(c) To the best of counsel's knowledge, any and all consents or approvals required to be obtained in order to consummate the transactions contemplated hereby have been obtained; and

(d) The Note to be delivered pursuant to Section 1.2 hereof shall, when executed and delivered, constitute a valid obligation of Buyer, binding upon Buyer in accordance with its terms.

6.5 Consent. Buyer shall have delivered to Seller a true and correct copy of a waiver and consent with respect to this Agreement and the transactions contemplated hereby from the lending institution(s) to which Buyer is indebted under the "fixed rate notes" to which reference is made in note 3 to the April 30, 1978 Consolidated Financial Statements of Buyer's parent corporation.

ARTICLE VII

Survival of Representations and Warranties.

7.1 The representations and warranties made by Seller in Article II (other than those in Sections 2.3 and 2.4) shall survive the Closing for a period of one (1) year; provided, however, that Seller shall in no event have any liability to Buyer for breach of any representations and warranties which shall have

been disclosed in writing to Buyer by Seller prior to the Closing, it being the intention of the parties that Buyer may elect a) to waive such disclosed breach, without Seller's liability therefore, and perform Buyer's obligations under the Agreement or b) to decline to perform its obligations under the Agreement in which event Buyer's sole and exclusive remedy for any disclosed breach shall be such declination to close and Seller shall thereby be released from any further obligation under this Agreement.

7.2 Seller shall in no event have any liability to Buyer for breach of any of the covenants contained in Article IV which shall have been disclosed in writing to Buyer by Seller prior to the Closing, it being the intention of the parties that Buyer may elect a) to waive such disclosed breach, without Seller's liability therefore, and perform Buyer's obligations under the Agreement or b) to decline to perform its obligations under the Agreement in which event Buyer's sole and exclusive remedy for any disclosed breach shall be such declination to close and Seller shall thereby be released from any further obligation under this Agreement.

ARTICLE VIII

Accounts Receivable and Accounts Payable

8.1 Uncollectable Accounts Receivable. On the 180th day after Closing, Buyer shall cause Allied to pay to Seller the amounts then due from Allied to Seller (i.e., the remaining balance of the amount "Due to Cudahy Company" on Allied's balance sheet) less only the amounts of trade accounts receivables or customer notes receivables of Allied transferred to Buyer pursuant to this Agreement (the "Receivables") which are agreed by the parties to be legitimately in dispute, or which are to be offset in accordance with Section 8.2. Accordingly, in the event that any of the Receivables of Allied are not collected in full within 180 days after the Closing, Buyer shall have the right, subject to the terms of Section 8.2, to require Seller, promptly after notice to that effect, to offset against amounts then due to Seller from Allied the aggregate uncollected amount of such Receivables; provided that Buyer theretofore has complied with its obligations, including the provision of any and all notices, schedules and reports under Section 8.2.

8.2 Collection of Trade Accounts Receivable.

(a) Within ten (10) days after the Closing, Seller shall furnish to Buyer an aged schedule of the Receivables showing the name and amount due from each trade debtor. Buyer shall use its best efforts (but without resort

to collection agencies or legal action) to collect the Receivables promptly in accordance with Buyer's ordinary and usual practices and shall apply all payments received by Buyer or any of its affiliates from any such trade debtor after Closing in respect of goods sold in the ordinary course of business to the satisfaction of the Receivables (except such portion of the Receivables as Buyer and Seller shall agree are legitimately in dispute) in order of age of the receivables of both Seller and Buyer, prior to applying such payments to any such obligation of the trade debtor to Buyer or any of its affiliates arising after the Closing.

(b) Within 180 days after the Closing, Buyer shall give notice in writing to Seller, accompanied by a certificate of an appropriate corporate officer identifying the names and unpaid balances of (i) those Receivables which it believes to be legitimately in dispute and proposes to offset against the amounts due from Allied to Seller; (ii) those which it has not collected and proposes to offset against the amounts due from Allied to Seller and (iii) those which it has not collected, proposes to retain and as to which it will forego an offset.

(c) Upon receipt of such notice, the parties shall mutually determine which of the Receivables shall be treated as legitimately in dispute.

(d) The Receivables which are not collected, though not legitimately in dispute and which Buyer proposes to offset against the payment of Allied's liability to Seller pursuant to Section 8.1 shall be the subject of (i) a representation by Buyer that Buyer and its affiliates no longer are

selling products similar in kind to those of Allied to the person owing such Receivables and (ii) an agreement by Buyer that neither Buyer nor any of its affiliates will, for at least six (6) months thereafter or until the Receivable due from any such person has been collected, compromised or settled, whichever occurs first, sell any products similar in kind to those of Allied to any such person.

(e) Upon acknowledgement by Seller of the propriety of any proposed offset by it for uncollected Receivables Buyer shall transfer and reassign to Seller the Receivables which have not been collected and for which an offset has been made, together with such other documents, if any, relating thereto; simultaneously with such transfer, Seller shall offset against amounts then due to Seller from Allied the amount due under this Section for uncollected Receivables.

(f) Whenever Buyer shall determine to discontinue selling to any trade debtor from whom a Receivable transferred under this Agreement is due and owing, Buyer shall, within a reasonable time thereafter, give notice to Seller of such determination and shall transfer and reassign the uncollected amount of the Receivable to Seller, and Seller shall offset against amounts then due to Seller from Allied the uncollected amount of the Receivable. Any such notice shall be accompanied by an agreement that neither Buyer nor any of its affiliates will, for at least six (6) months thereafter or until the Receivable due from any such trade debtor has been collected, compromised or settled,

whichever occurs first, sell any additional products to any such trade debtor.

(g) Buyer agrees that, in addition to using its best efforts to effect collection of the Receivables, it will not, either before or after any payment by Seller hereunder for uncollected Receivables, intentionally do anything or take any action which would in any way interfere with or hinder the collection of any of the Receivables by Buyer or Seller.

8.3 Reports and Inspection of Records. During the aforementioned 180 day period, Buyer, on the 15th day of each month, shall furnish to Seller a schedule of all of the uncollected Receivables as of the last day of the preceding month which shall indicate all payments received during the month and the balances owing with respect to each Receivable at the beginning and end of the month. Until the end of the 180 day period, and for a reasonable time thereafter, Seller, through its authorized agents or representatives, may enter upon Buyer's premises, during ordinary business hours, to inspect those records which relate to Allied's accounts receivable.

8.4 Returns and Credits.

(a) Anything in the foregoing to the contrary notwithstanding, in the event that any trade debtor from whom a Receivable is owing within 120 days after Closing shall return goods shipped prior to the Closing, Buyer may accept such return if, after reasonable inquiry and inspection, Buyer believes that the quality

of such goods under the circumstances justifies such acceptance; provided, that Buyer shall not accept such return of goods without obtaining the approval of Seller if (i) the amount of returned goods from any one customer exceeds $2,500 or (ii) the aggregate amount of all such returned goods theretofore accepted by Buyer without Seller's approval then exceeds $25,000.

(b) In the event of any such return of goods by customers with respect to which any portion of the Receivables is owing, Seller, in lieu of payment by Buyer of the amount of such Receivable, shall then (i) have the right to resell or (ii) direct Buyer to resell the goods and, in the latter event, shall be entitled to be paid by Buyer 85% of the amount for which Buyer, using its best efforts, is able to resell such goods less the actual cost to Buyer, if any, of reprocessing such goods.

8.5 Accounts Payable.

(a) Within ten (10) days after the Closing, Seller shall furnish an aged schedule of the accounts payable of Allied transferred to Buyer pursuant to this Agreement (the "Payables") showing the name and amount due to each creditor.

(b) Buyer shall satisfy the Payables when due, applying all amounts it has collected on account of the Receivables (and amounts to which Seller shall be entitled pursuant to Section 8.4 on account of the resale of re-

turned goods) to satisfaction of the Payables. In the event that the aggregate amount of the Payables due at any time exceeds by $50,000 the amounts collected on account of the Receivables which Buyer then has available for payment of such Payables (taking into account only amounts of Receivables theretofore collected and applied to satisfaction of the Payables), Seller, promptly upon written notice from Buyer to that effect, shall advance to Buyer the funds needed to pay the excess of the Payables then due over the amount then available from the Receivable collections.

8.6 Remittances to Seller. Commencing two (2) weeks after substantially all of the Payables are satisfied and every two (2) weeks thereafter, until the end of the 180 day period referred to in Section 8.1, Buyer shall remit to Seller all amounts collected by Buyer during each such two (2) week period on account of the Receivables, including the amounts to which Seller shall be entitled, pursuant to Section 8.4, on account of the resale of returned goods. At the end of such 180 day period, Buyer shall make the payment to Seller to which Section 8.1 makes reference, settling any remaining balance of the liability of Allied to Seller.

ARTICLE IX

Employees

9.1 Labor Agreement. Buyer shall use its best efforts

promptly after the Closing to obtain a novation with respect to the collective bargaining agreement described in Exhibit 2.11; in any event, Buyer hereby expressly assumes all of Seller's obligations thereunder (other than those retained by Seller pursuant to Section 9.3 hereof) including, without limitation, any obligation of Seller for unfunded accrued pension benefits under the pension plan maintained pursuant to such collective bargaining agreement (including, without limitation, any liability which may arise under Title IV of the Employee Retirement Income Security Act of 1974 or its equivalent) and Buyer agrees to indemnify and hold Seller harmless with respect to the same.

9.2 Compensation and Benefits.

(a) From and after the Closing, Buyer shall recognize and honor all accrued holiday, birthday and union vacation rights, if any, of each of the employees of Allied which may become Buyer's employees as of the Closing; provided, that adequate provision for accrued vacation rights of union employees shall be made in the balance sheet of Allied as of the Closing.

(b) Seller shall make final settlement with the employees of Allied as of the close of business on the date of Closing with respect to wages, salaries, bonus payments, union dues, contributions to welfare and employee benefit plans, payroll taxes, premium pay, and other liabilities relating to employment, to the extent earned through the date of Closing (except as

otherwise provided in Sections 9.1 and 9.2(a)] and vacation pay of non-union employees through December 31, 1978.

(c) Except as provided in Sections 9.1 and 9.2(a), Buyer shall have no responsibility for any employment contracts with any of Seller's employees or any pension, profit-sharing or other retirement, insurance, or other fringe benefits that Seller may be obligated to pay to any of the employees of Allied as of the Closing, and Seller agrees to indemnify and hold Buyer harmless with respect to the same.

9.3 Continuation of Employment.

(a) As between Buyer and Seller, Buyer shall have the right, as of the Closing, to employ any and all of the employees of Allied, other than Allan Steere.

(b) Seller shall make payment of severance to present employees of Allied terminated by Buyer before January 5, 1979 having aggregate base annual compensation of no more than $150,000; such payments shall be made to employees in the order in which Seller is notified they are to be terminated until such time as the aforesaid base annual compensation level is reached; thereafter Buyer agrees to make all severance payments to present employees in accordance with Allied's present severance policy and to to indemnify and hold Seller harmless with respect to the same.

(c) Seller shall pay one-half of the wages and payroll costs directly related thereto, accruing after the Closing, of the employees of Allied covered by Section 9.3(b) who are terminated by Buyer or Allied after December 25, 1978 and prior to January 5, 1979.

9.4 Unemployment Reserves. Seller, promptly following the Closing, will assign to Allied, unemployment reserve accounts, to the extent such accounts are assignable under state law.

ARTICLE X

Miscellaneous Provisions

10.1 Cooperation.

(a) Seller will deliver to Buyer the minute book and stock certificate book of Allied and all financial, accounting and tax books and records or portions thereof used exclusively by Allied, but Seller will retain copies of all such books and records which Seller, in its judgment, may need. Seller and Buyer agree to give each other access, at all reasonable times, for a period of six (6) years after the Closing, or until the completion of any pertinent tax audit, for the purpose of inspecting or obtaining copies of the documents and data pertaining to the operation, prior to the Closing, of Allied.

(b) Seller has prepared and delivered, or will promptly prepare and deliver, to Buyer such lists and copies of instruments and documents of Allied, complete and correct as of the dates thereof, as Buyer may from time to time request.

10.2 Notices. All notices, requests, consents, demands

and other communications required to be delivered hereunder shall be in writing and shall be deemed to have been duly given if delivered, or mailed by registered or certified mail, postage prepaid to the parties at the following addresses (or such other address as a party may specify by notice to the other):

(a) If to Seller, addressed to:

Cudahy Company
c/o General Host Corporation
22 Gate House Road
Stamford, Connecticut 06902

Attention: General Counsel

(b) If to Buyer, addressed to:

Loewengart Corporation
3 Park Avenue
New York, New York 10016

Attention: Mr. Irwin Feuer

with copy to: Mr. Bob L. Ekstein
97 North Main Street
Gloversville, New York 12078

10.3 Brokers. Buyer acknowledges that it has received the services of Bear, Stearns & Co., Inc. as broker in connection with this transaction, and that any fees payable to Bear, Stearns & Co., Inc. are payable solely by Buyer. Seller represents that it has dealt directly with Buyer in connection with this transaction, without the intervention of any person as a result of any act of Seller in such manner as to give rise to any valid claim against either of the parties hereto for a finder's fee, brokerage commission or other like payment. Each of the parties represents to the other that no state of facts exists which would give rise to any valid claim against either of them for any commission, broker's

fee or finder's fee by reason of the transactions contemplated hereby except as expressly set forth in this paragraph.

10.4 Expenses. Each party will pay all costs and expenses of its performance of and compliance with all agreements and conditions contained herein on its part to be performed or complied with, including fees, expenses and disbursements of its accountants and counsel.

10.5 Liabilities. If for any reason the transactions contemplated by this Agreement are not consummated by virtue of the inability of either party to perform the conditions precedent to the other party's obligations hereunder, neither Buyer nor Seller shall have any liability to the other for costs, expenses, loss of anticipated profits or otherwise.

10.6 Amendment. This Agreement may be amended or modified only by a written instrument duly executed by both Buyer and Seller, except that either party may, at its option, waive in writing any conditions to which its obligations hereunder are subject.

10.7 Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the substantive laws of the State of New York.

10.8 Assignment. The rights and obligations under this Agreement may not be assigned by either party hereto, except with the consent of the other party.

10.09 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original instrument but all of which together shall constitute but one instrument.

10.10 Headings. The headings of the articles and paragraphs of this Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise affect any of the terms and provisions hereof.

10.11 Press Release. Buyer and Seller agree that the execution of this Agreement and the sale of the Sellers' Shares hereunder shall not be announced to the public in other than a press release approved by both of the parties hereto; provided, however, that the provisions of this paragraph will not prevent the parties from taking such action as is necessary, in the opinion of their respective legal counsel, to comply with applicable securities and other laws.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first above written.

CUDAHY COMPANY

By: _____

LOEWENGART CORPORATION

By: _____ Treas.