

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN BANKRUPTCY AND INSOLVENCY

*IN THE MATTER OF THE BANKRUPTCY OF WATERFORD WEDGWOOD
CANADA INC.*

MOTION RECORD
(Motion of the Trustee Deloitte & Touche Inc.)
(Returnable March 30, 2009)

March 27, 2009

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**ONTARIO
SUPERIOR COURT OF JUSTICE
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IN BANKRUPTCY AND INSOLVENCY

*IN THE MATTER OF THE BANKRUPTCY OF WATERFORD WEDGWOOD
CANADA INC.*

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TAB 1

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN BANKRUPTCY AND INSOLVENCY

*IN THE MATTER OF THE BANKRUPTCY OF WATERFORD WEDGWOOD
CANADA INC.*

NOTICE OF MOTION
(Motion of the Trustee Deloitte & Touche Inc.)
(Returnable March 30, 2009)

THE MOVING PARTY, Deloitte & Touche Inc., the trustee in bankruptcy (in said capacity the “Trustee”) for Waterford Wedgwood Canada Inc. (“Waterford”) will make a motion before the Honourable Justice Lederman on Monday, the 30th day of March, 2009 at 10:00 a.m., or as soon after that time as the motion can be heard, at 330 University Avenue, Toronto, Ontario.

PROPOSED METHOD OF HEARING: The motion is to be heard orally.

THE MOTION IS FOR:

1. An Order, if necessary, abridging the time for service of this Notice of Motion and the Motion Record herein, and directing that any further service of the Notice of Motion and the Motion Record be dispensed with;
2. An Order approving the Report of the Trustee, dated March 27, 2009, as included in the Motion Record;
3. An Order authorizing and directing that the Trustee enter into the Trustee Transition Agreement (as defined below); and
4. Such further and other relief as counsel may request and this Honourable Court may deem just.

THE GROUNDS FOR THE MOTION ARE:

1. Waterford, a manufacturer and distributor of crystal and ceramics is a federal company incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44;
2. On March 26, 2009, pursuant to an Order (the “**Receivership Order**”) of Justice Lederman of the Ontario Superior Court, Commercial List (the “**Court**”), Deloitte & Touche Inc. (“**Deloitte**”) was appointed the interim receiver and receiver (in said capacity being the “**Receiver**”) of the assets, property and undertakings of Waterford under section 47(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and section 101 of the *Courts of Justice Act* (Ontario);
3. Pursuant to an agreement of purchase and sale made as of March 27, 2009 (the “**Purchase Agreement**”), WWRD Canada, Inc. (the “**Purchaser**”) agreed to purchase from the Receiver, and the Receiver agreed to convey to the Purchaser all of the Receiver’s and Waterford’s right, title and interest, if any, in and to certain of Waterford’s assets (the “**Transaction**”);
4. On March 27, 2009, pursuant to an Order of Justice Lederman of the Court, (the “**Approval and Vesting Order**”), the Receiver was authorized to enter into the Purchase Agreement and to complete the Transaction;
5. The Transaction closed on March 27, 2009;
6. On March 27, 2009, pursuant to authority given to it in the Approval and Vesting Order, and following the closing of the Transaction, the Receiver filed an assignment in bankruptcy in respect of Waterford and Deloitte & Touche Inc. was appointed as Trustee;
7. Pursuant to the Purchase Agreement, the Receiver, Waterford and the Purchaser entered into an Interim Transition Agreement in respect of Waterford’s leased premises;
8. The Interim Transition Agreement was approved by the Court in the Approval and Vesting Order, an executed copy of which is attached as an Appendix to the Report of the Trustee filed with this motion;

9. On its terms, the Access Period in the Interim Transition Agreement expires upon the Trustee entering into a replacement transition agreement (the “**Trustee Transition Agreement**”) applicable to the period after the appointment of the Trustee;

10. The Trustee Transition Agreement, a copy of which is attached as an Appendix to the Report of the Trustee filed on this motion, is on substantially the same terms as the Interim Transition Agreement;

11. It is necessary that the Trustee enter into the Trustee Transition Agreement in order for certain post-closing aspects of the Transaction to be completed and to protect the assets located on the leased premises;

12. It is just and convenient that the Order sought be granted;

13. Section 19.1 of the BIA;

14. Rules 1.04, 2.03, 3.02 and 37 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended; and

15. Such further and other grounds as counsel may advise and this Honourable Court may permit.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of this motion:

16. The Report of the Trustee, dated March 27, 2009 and the Appendices thereto, including a copy of the Trustee Transition Agreement;

17. Such further and other materials as counsel may advise and this Honourable Court may permit.

March 27, 2009

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Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

NOTICE OF MOTION
(Motion of the Trustee Deloitte & Touche Inc.)
(Returnable March 30, 2009)

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and Receiver, Deloitte & Touche Inc.

TAB 2

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN BANKRUPTCY AND INSOLVENCY

*IN THE MATTER OF THE BANKRUPTCY OF WATERFORD WEDGWOOD CANADA
INC.*

FIRST REPORT OF THE TRUSTEE

DELOITTE & TOUCHE INC.

MARCH 27, 2009

1. Waterford Wedgwood Canada Inc. (the “**Company**”) is a sales/distribution entity that sold branded products to the Canadian market on a wholesale basis, through selected department and specialty store groups. The Company operated out of a leased office and warehouse location located at 20 West Beaver Creek Road in Richmond Hill, Ontario.
2. Pursuant to an Order of Justice Lederman of the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) made on the 26th day of March, 2009 (the “**Receivership Order**”), Deloitte & Touche Inc. (“**Deloitte**”) was appointed the interim receiver and receiver (in said capacity being the “**Receiver**”) of the assets, property and undertakings of the Company under section 47(1) of the *Bankruptcy and Insolvency Act* (the “**BIA**”) and section 101 of the *Courts of Justice Act* (Ontario).
3. On March 27, 2009, Justice Lederman of the Court approved an agreement of purchase and sale (the “**Purchase Agreement**”) between WWRD Canada, Inc. (the “**Purchaser**”) and the Receiver, for all of the Receiver and the Company’s right, title and interest, if any, in and to certain of the assets of the Company (the “**Transaction**”), more particularly described in the Purchase Agreement, pursuant to the terms of an approval and vesting order (the “**Approval and Vesting Order**”). A copy of the executed

Purchase Agreement is attached as Appendix "A". A copy of the issued and entered Approval and Vesting Order is attached as Appendix "B". The Transaction closed on March 27, 2009.

4. It is a term of the Purchase Agreement that the Purchaser and the Receiver enter into an interim transition agreement (the "**Interim Transition Agreement**") in respect of the leased premises of the Company. A copy of the Interim Transition Agreement, executed on March 27, 2009, is attached as Appendix "C".

5. The Interim Transition Agreement was approved by the Court pursuant to the Approval and Vesting Order, and is described in paragraph 63(m) of the Report of Deloitte, as proposed Receiver, dated March 26, 2009 (the "**Receiver's Report**") which was filed with the Court on the application appointing the Receiver and the motion approving the Purchase Agreement. A copy of the Receiver's Report (without appendices) is attached as Appendix "D".

6. On March 27, 2009, pursuant to the authority given to it in the Approval and Vesting Order and following the closing of the Transaction, the Receiver filed an assignment in bankruptcy in respect of the Company (the "**Bankruptcy Assignment**") and Deloitte was appointed as trustee of the Company's estate (the "**Trustee**").

7. The Purchase Agreement stipulates that following the Bankruptcy Assignment, the Purchaser shall enter into a trustee transition agreement (the "**Trustee Transition Agreement**") with the Trustee to replace the Interim Transition Agreement. A copy of the proposed Trustee Transition Agreement is attached as Appendix "E". The Trustee Transition Agreement is on substantially the same terms as the Interim Transition Agreement. The Trustee Transition Agreement is on substantially the same terms as the Interim Transition Agreement. All of the estimated occupancy costs for a 90 day period have been funded by the Purchaser to the Receiver, who will provide funds to the Trustee as needed to cover the occupancy costs associated with this arrangement.

8. The Trustee Transition Agreement is required for the 90 day period after the Bankruptcy Assignment to allow the Purchaser access to the leased premises to complete certain post-closing aspects of the Transaction.

9. This Report is filed in support of the Trustee's motion to enter into the Trustee Transition Agreement and for no other or improper purpose. It is the Trustee's belief that it is necessary that the

Trustee enter into the Trustee Transition Agreement in order for certain post-closing aspects of the Transaction to be completed and to protect the assets located on the leased premises.

Dated at Toronto, in the Province of Ontario, this 27th day of March, 2009.

DELOITTE & TOUCHE INC.

In its capacity as Trustee of the Estate of
Waterford Wedgwood Canada Inc., a bankrupt,
and not in its personal capacity



Huey Lee, MBA, CMA, CIRP
Vice President

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

REPORT OF THE TRUSTEE
(March 27, 2009)

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F# 1115333

TAB A

AGREEMENT OF PURCHASE AND SALE

Made as of the 27th day of March, 2009

Between

**DELOITTE & TOUCHE INC., in its capacity as
the interim receiver and receiver of WATERFORD WEDGWOOD CANADA INC.
and ROYAL DOULTON CANADA LIMITED**

and

WWRD CANADA, INC.

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AGREEMENT OF PURCHASE AND SALE

This Agreement is made as of the _____ day of March, 2009, between

**DELOITTE & TOUCHE INC., in its capacity as
the interim receiver and receiver of WATERFORD WEDGWOOD CANADA INC.
and ROYAL DOULTON CANADA LIMITED
(the Vendor)**

and

**WWRD CANADA, INC.
(the Purchaser)**

RECITALS

A. The Bank of America (BOA) will seek an order (the **Receivership Order**) of the Ontario Superior Court of Justice (Commercial List) (the **Court**), wherein the BOA will request that the Vendor be appointed as the interim receiver of the assets of Waterford Wedgwood Canada Inc. and Royal Doulton Canada Limited (each, a **Company**, and together, the **Companies**).

B. Contemporaneously with the Receivership Order, BOA will seek a further order of the Court (the **Approval and Vesting Order**) to authorize the Vendor to enter into this Agreement and to complete the sale and purchase transaction contemplated by this Agreement (the **Transaction**).

C. Subject to the making of the Receivership Order and the Approval and Vesting Order, the Purchaser wishes to purchase and the Vendor wishes to sell the Purchased Assets, as more particularly set out herein, on the terms and conditions hereof.

FOR VALUE RECEIVED, the parties agree as follows:

SECTION 1 – INTERPRETATION

1.1 Definitions

In this Agreement:

- (a) **Accounts Payable** means any and all accounts payable of the Companies arising from the conduct of the Business or otherwise prior to the Closing Date;
- (b) **Action** means any claim, action, complaint, suit, litigation, arbitration, appeal, petition, demand, inquiry, hearing, proceeding, investigation or other dispute, whether civil, criminal, administrative or otherwise, at law or in equity, by or before any Governmental Authority or any third person;
- (c) **Affiliate** means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person;

- 2 -

- (d) **Agreement** means this agreement of purchase and sale, including all schedules and all amendments and restatements, as permitted, and references to "Section" means the specified Section of this agreement of purchase and sale;
- (e) **Approval and Vesting Order** has the meaning given to it in Recital B and is more fully described in Section 4.1(c);
- (f) **Assigned Contract** means any Contract (i) concerning Transferred Intellectual Property, (ii) relating to the Leased Real Property, (iii) related to the Royal Doulton Benefit Plans, and (iv) that is otherwise related to, or is used in or held for use in, the Business that is not an Excluded Contract;
- (g) **Assumed Liabilities** means the liabilities and obligations of the Vendor or the Companies that are Assumed Obligations and that are incurred, accrued or owing to any Person as at Closing;
- (h) **Assumed Obligations** has the meaning given to it in Section 2.2;
- (i) **BOA** has the meaning given to it in Recital A;
- (j) **Branded Inventory** means all properties or assets to which Licensed Intellectual Property has been applied and are in existence on Closing and owned or held by the Companies for which a consent, approval, or waiver is required (and not yet obtained) from a third party for the assignment or transfer to the Purchaser of the right to sell such properties or assets; provided, that once such consent, approval or waiver is obtained any such properties or assets shall no longer be considered Branded Inventory;
- (k) **Business** means the business carried out by or on behalf of Royal Doulton or Waterford, relating to the designing, distributing, sourcing, marketing and selling (including through wholesale, retail and direct channels) of dinnerware, stemware, fine crystal and beverage ware, flatware, giftware, other tableware and related decorative products, wherever carried on;
- (l) **Business Claims** means any actual or potential claim, or right to make a claim, in relation to or in connection with the Business which arises out of events occurring prior to Closing (other than claims in respect of the Owned Intellectual Property or under manufacturers' or suppliers' warranties included in the Purchased Assets) including the proceeds of any litigation;
- (m) **Business Day** means a day on which banks are open for business in the City of Toronto but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario;
- (n) **Closing** means the successful completion of the Transaction;
- (o) **Closing Date** means the Business Day following the Court Approval Date, or such other date as may be agreed between the parties;

- (p) **Collective Agreement** means the collective agreement relating to the Business by which Royal Doulton is bound;
- (q) **Company and Companies** have the meanings set out in Recital A;
- (r) **Company Expenses** means any costs and expenses (including all legal, accounting, financial advisory, valuation, investment banking and other third party advisory or consulting fees and expenses) incurred by or on behalf of the Vendor, the Companies or their Affiliates in connection with the Transaction;
- (s) **Consignee** has the meaning given to it in Section 5.2(g);
- (t) **Contracts** means any contract, arrangement, note, bond, commitment, purchase order, sales order, franchise, guarantee, indemnity, indenture, instrument, lease, license or other agreement, understanding, instrument or obligation, whether written or oral, including all amendments, supplements and modifications of or for any of the foregoing and all rights and interests arising thereunder or in connection therewith;
- (u) **control (including the terms controlled by and under common control with)**, with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee, personal representative or executor, of the power to direct or cause the direction of the affairs, policies or management of a Person, whether through the ownership of voting securities, as trustee, personal representative or executor, by contract, credit arrangement or otherwise;
- (v) **Corporate Name** has the meaning given to it in Section 6.3(a);
- (w) **Court** has the meaning given to it in Recital A;
- (x) **Court Approval Date** has the meaning given to it in Section 4.1(c);
- (y) **Designated Contract** has the meaning given to it in Section 2.4(c);
- (z) **Designated Period** has the meaning given to it in Section 2.4(c);
- (aa) **Employees** means the Companies' employees;
- (bb) **Employee Plan** means all the employee benefit, fringe benefit, supplemental unemployment benefit, bonus, incentive, profit sharing, deferred profit sharing, termination, change of control, pension, supplemental pension, retirement, stock option, stock or unit purchase, stock or unit appreciation, phantom stock or unit, health, welfare, medical, dental, disability, life insurance, severance or termination pay, and similar plans, programmes, arrangements or practices relating to the current or former directors, officers or employees of the Companies (or relating to any consultant or other independent contractor who currently provides or formerly provided services to the Companies) maintained, sponsored, contributed to, or required to be contributed to, or funded by the Companies, whether written or oral, funded or unfunded, insured or self-insured, registered or

unregistered under which the Companies may have any liability, contingent or otherwise;

- (cc) **Enforcement Sale Agreements** has the meaning given to it in the Share and Business Sale Agreement;
- (dd) **Environmental Law** means all federal, provincial local and foreign Laws, statutes, ordinances, rules, regulations, permits, licenses, registrations, Orders, judgments, decrees, injunctions, or legally enforceable requirements of any Governmental Authority which are in effect on or prior to the Closing Date, and all final court orders and decrees and arbitration awards imposing Liability or establishing standards of conduct for protection of the environment and human health and safety;
- (ee) **Environmental Liability** means all Liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, natural resource damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants and costs of investigations and feasibility studies), fines, penalties, sanctions and interest of the Companies arising under Environmental Laws, or otherwise incurred as a result of any claim or demand by any Governmental Authority or any third party, and which relate to any environmental condition, violation or alleged violation of Environmental Laws or Releases of Hazardous Materials at or from: (i) any of the Leased Real Property or any other assets, properties or businesses of any Company or any of their respective predecessors in interest (including any Excluded Site); (ii) adjoining properties or businesses; or (iii) any facilities which received Hazardous Materials generated by any Company or any predecessor in interest of any Company;
- (ff) **ETA** means the *Excise Tax Act* (Canada);
- (gg) **Excluded Assets** has the meaning given to it in Section 2.1(b);
- (hh) **Excluded Contract** means: (i) any Contract described on Schedule 1.1(hh); (ii) any Contract with an Employee; (iii) any Contract with WW or its Affiliates (other than any Sale Group Companies (as defined in the Share and Business Sale Agreement), Enforcement Sale Group Companies (as defined in the Share and Business Sale Agreement) and Spring USA Inc.), other than Contracts for the purchase of Inventory entered into in the ordinary course of Business that shall be assigned to Affiliates of the Purchaser in the Main Transaction; (iv) Contracts entered into in connection with the Senior Credit Facilities, the HY Indenture and any related agreements, guarantees, instruments or documents; and (v) Contracts related to any Employee Plan, other than the Royal Doulton Benefit Plans;
- (ii) **Excluded Liabilities** means:
 - (i) all Taxes other than Transfer Taxes which the Purchaser has agreed, or is otherwise liable to pay, pursuant to Section 2.15;

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- (ii) any Liabilities relating to, or arising out of, the Excluded Assets;
 - (iii) except as otherwise expressly agreed to in this Agreement, all Accounts Payable;
 - (iv) any accrued expenses of the Companies except to the extent specifically assumed pursuant to Section 2.2;
 - (v) the Vendor's and the Companies' obligations under this Agreement and any ancillary agreements hereto, if any;
 - (vi) any Environmental Liabilities in respect of the Leased Real Property and any area used pursuant to the Permits and Licenses relating to the Business, or Hazardous Material or environmental conditions that exist on or prior to the Closing Date;
 - (vii) any Liabilities arising as a result of any Action initiated at any time, to the extent related to the Business or the Purchased Assets, on or prior to the Closing Date, including any Actions in tort or for breach of contract;
 - (viii) all Liabilities arising out of, relating to or with respect to (A) the employment or performance of services, or termination of employment or services by, the Companies or any of their Affiliates of any Employee on or before the Closing Date, (B) each of the Employee Plans or other benefit or compensation plan, program, agreement or arrangement at any time maintained, sponsored, contributed or required to be contributed to by any Companies or any Affiliate of any Company, or with respect to which any Company or any Affiliate of any Company has any Liability or otherwise (other than in respect of the Royal Doulton Benefit Plans), (C) workers' compensation claims against the Companies or any of their Subsidiaries that relate to the period ending on the Closing Date, irrespective of whether such claims are made prior to or after the Closing; or (D) any employment related Law, relating to the Companies' actions or omissions occurring prior to the Closing Date;
 - (ix) any Liabilities arising under Intercompany Loans and all promissory notes related thereto, except for Transferred Intercompany Loans;
 - (x) all Liabilities arising under or with respect to Indebtedness;
 - (xi) all Liabilities with respect to Company Expenses; and
 - (xii) any Liabilities with respect to any violation of an applicable Law or Order prior to the Closing by any of the Vendor or the Companies;
- (jj) **Excluded Site** means each retail outlet, store, warehouse or other facility utilized by the Business that is not a Leased Real Property and is subject to a real property lease that is an Excluded Contract;

- (kk) **GAAP** means Canadian generally accepted accounting principles in effect from time to time throughout the periods involved;
- (ll) **Governmental Authority** means any federal, national, supranational, foreign, state, provincial, local, county, municipal or other government, any governmental, regulatory or administrative authority, agency, department, bureau, board, commission or official or any quasi governmental or private body exercising any regulatory, taxing, importing or other governmental or quasi governmental authority, or any court, tribunal, judicial or arbitral body;
- (mm) **GST** means all Canadian goods and service taxes and harmonized sales taxes payable under the ETA;
- (nn) **Hazardous Material** means, without regard to amount and/or concentration: (i) any element, compound, or chemical that is defined, listed or otherwise classified as a contaminant, pollutant, toxic pollutant, toxic or hazardous substances, extremely hazardous substance or chemical, hazardous waste, medical waste, biohazardous or infectious waste, special waste, or solid waste under Environmental Laws; (ii) petroleum, petroleum based or petroleum derived products; (iii) polychlorinated biphenyls; (iv) any substance exhibiting a hazardous waste characteristic including corrosivity, ignitibility, toxicity or reactivity as well as any radioactive or explosive materials; and (v) any raw materials, building components including asbestos containing materials and manufactured products containing Hazardous Materials;
- (oo) **HY Indenture** means the agreement dated December 1, 2003 by and between WW, the Bank of New York, London, Kredietbank S.A. Luxembourgeoise and various Guarantors (as defined in the HY Indenture);
- (pp) **Indebtedness** means, other than those that are Assumed Obligations, any liabilities or obligations, whether contingent or otherwise (including penalties, interest and premiums), including any of the following: (i) in respect of borrowed money or with respect to advances of any kind; (ii) evidenced by bonds, notes, debentures or similar instruments; (iii) for the payment of money relating to any capitalized lease obligation (as determined in accordance with GAAP); (iv) for the deferred purchase price of goods or services or for trade or barter arrangements, excluding trade accounts payable and other accrued liabilities incurred in the ordinary course of business; (v) evidenced by a letter of credit or reimbursement obligation with respect to any letter of credit; (vi) under interest rate, currency or commodity hedging, swap or similar derivative transactions; (vii) all guarantees, assumptions, endorsements or other agreements and arrangements having the economic effect of a guarantee of any Person by the Companies; (viii) in respect of the HY Indenture and the Senior Credit Facilities; and (ix) all liabilities and other obligations of others of the kind described in clauses (i) to (viii) that are secured by a Lien on any properties or assets of the Companies;
- (qq) **Intellectual Property** means intellectual property rights, whether registered or not, owned, used or held, including: (i) Trademarks; (ii) foreign and domestic

patentable inventions, and all patents, registrations, and applications therefore, including divisions, continuations, continuations in part and renewal applications, and including renewals, extensions and reissues; (iii) foreign and domestic published and unpublished copyrightable works of authorship and registrations and applications therefore, and all renewals, extensions, restorations and reversions thereof; and (iv) all industrial designs and design patents and any registrations and applications throughout the world;

- (rr) **Intercompany Loans** means, with respect to each Company, any intercompany Indebtedness related to the Business between any such Company and the other Company or Affiliates thereof, whether or not evidenced by promissory notes and/or recorded on the books and records of such Companies;
- (ss) **Inventory** means all inventory and all finished goods, merchandise, samples, supplies, spare parts, shipping materials and packaging materials and other consumables relating to the Business and current Rosenthal inventory located in the Leased Real Property and Excluded Sites, but excluding any Branded Inventory;
- (tt) **Law** means any federal, national, supranational, foreign, state, provincial, local, county, municipal or similar statute, law, common law, writ, injunction, decree, guideline, policy, ordinance, regulation, rule, code, Order, constitution, treaty, requirement, judgment or judicial or administrative doctrines enacted, promulgated, issued, enforced or entered by any Governmental Authority;
- (uu) **Leased Real Property** means the leasehold interests of the Companies in the properties listed in Schedule 1.1(uu), together with all of the Companies' interests in (i) options to renew, extend or purchase relating to the foregoing and (ii) all buildings and other structures, facilities or improvements located on such properties, all fixtures, systems and items of personal property of the Companies used or useful in the Business attached or appurtenant to such properties and all easements, rights of way, options, renewal rights, licenses, rights and appurtenances relating to such properties;
- (vv) **Liabilities** means any and all debts, liabilities, obligations to perform services and other obligations, whether accrued or fixed, absolute or contingent, matured or unmatured, known or unknown or determined or determinable, including those arising under any Law, Action or Order and those arising under any Contract and **Liability** means any one of them;
- (ww) **Licensed Intellectual Property** means all Intellectual Property, including that identified on Schedule 1.1(ww), used in connection with the Business that any of the Companies is licensed to use or is otherwise permitted by other Persons to be used by the Companies immediately prior to Closing;
- (xx) **Liens** means any mortgage, deed of trust, pledge, assignment, security interest, encumbrance, lien, charge, hypothecation, deemed trust, Action, easement, charge or otherwise, or claim of any kind or nature whatsoever in respect of any property, other than any license of Intellectual Property, including any of the foregoing

created by, arising under, or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of a financing statement naming the owner of the property as to which such lien relates as the debtor under the *Personal Property Security Act* (Ontario) or any comparable Law in any other jurisdiction;

- (yy) **Losses** means all losses, liabilities, costs (including reasonable legal costs and experts' and consultants' fees), charges, expenses, actions, proceedings, claims and demands;
- (zz) **Main Transaction** has the meaning given to it in US Sale Agreement;
- (aaa) **Main Transaction Agreement** has the meaning given to it in US Sale Agreement;
- (bbb) **Material Adverse Change** means the damage or destruction of:
 - (i) Inventory equal in amount to 25% or more of the aggregate Inventory owned by Companies at the date of this Agreement; and/or
 - (ii) all or a substantial part of the warehouse facilities of the Companies and/or equipment located at such facilities, which damage or destruction results in all or a substantial part of such warehouse and/or equipment being reasonably likely to be unavailable for a period of 30 Business Days or more from the date of this Agreement;
- (ccc) **Memorandum of Agreement** has the meaning given to it in Section 2.11(a);
- (ddd) **Non-Unionized Employees** has the meaning given to it in Section 2.11(b);
- (eee) **Order** means any order, writ, judgment, injunction, decree, rule, ruling, directive, stipulation, determination or award made, issued or entered by or with any Governmental Authority, whether preliminary, interlocutory or final;
- (fff) **Owned Intellectual Property** means all Intellectual Property, including that Intellectual Property identified on Schedule 1.1(fff), that is used or useful in connection with the Business that is owned by the Companies, directly or indirectly, jointly between the Companies or individually, immediately prior to Closing;
- (ggg) **Performance Obligations** has the meaning given to it in Section 2.4(e);
- (hhh) **Permits and Licenses** means all of the rights and benefits accruing under any franchises, permits, consents, certificates, clearances, approvals, exceptions, variances, permissions, filings, publications, declarations, notices, licenses, agreements, waivers and authorizations, including environmental permits, of or with any Governmental Authority held, used or made by any of the Companies in connection with the Business;

- (iii) **Person** means any individual, partnership, firm, corporation, limited liability company, association, joint venture, trust, Governmental Authority, unincorporated organization or other entity, as well as any syndicate or group;
- (jjj) **Pre-Closing Period** means any taxable period (or portion thereof) ending on or prior to the Closing Date;
- (kkk) **Property Taxes** means real and personal ad valorem property Taxes and any other Taxes imposed on a periodic basis and measured by the value of any item of property;
- (lll) **Purchase Price** has the meaning given to it in Section 2.12;
- (mmm) **Purchased Assets** has the meaning given to it in Section 2.1(a);
- (nnn) **Purchaser** has the meaning given to it in the Recitals;
- (ooo) **Purchaser Group Entity** means any of the corporate entities listed in Schedule 2.1(a) and **Purchaser Group Entities** means all of them, as may be amended by the Purchaser prior to Closing, provided any such amendment does not adversely affect or delay the Closing;
- (ppp) **Receivables** means any and all accounts receivable, notes and other amounts receivable from third parties, including customers, arising from the conduct of the Business before the Closing, whether or not in the ordinary course of business, together with any unpaid financing charges accrued thereon, other than any and all accounts receivable, notes and other amounts receivable from Affiliates of the Companies whose securities the Purchaser or any of its Affiliates will not acquire pursuant to the Enforcement Sale Agreements, the Share and Business Agreement or the US Sale Agreement;
- (qqq) **Receivership Order** has the meaning given to it in Recital A;
- (rrr) **Release** means any spilling, leaking, pumping, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping, or disposing of Hazardous Materials (including the abandonment or discarding of barrels, containers or other closed receptacles containing Hazardous Materials) into the environment in violation of Environmental Laws;
- (sss) **Remedial Action** means all actions taken to: (i) clean up, remove, remediate, contain, treat, monitor, assess, evaluate or in any other way address Hazardous Materials in the indoor or outdoor environment; (ii) prevent or minimize a Release or threatened Release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment; (iii) perform pre-remedial studies and investigations and post-remedial operation and maintenance activities; or (iv) any other actions authorized or required by any Environmental Law or Governmental Authority;

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- (ttt) **Representatives** means, with respect to a particular Person, any director, officer, employee, contractor, consultant or other representative of such Person, including such Person's financial, legal or other advisors;
- (uuu) **Royal Doulton** means Royal Doulton Canada Limited;
- (vvv) **Royal Doulton Benefit Plans** means the following non-pension benefit plans: (i) the group life, health, dental, long term disability and short term disability benefit plans under Manulife Financial Policy G0029129; (ii) the critical illness and long term disability benefit plans under Royal Bank of Canada Policy G0001000416; (iii) the travel accident and accidental benefit plans, death and dismemberment benefit plans under Lloyds of London Policy 056/011934A; (iv) the employee assistance plan under the Shepell - FGI agreement; and (v) the cost-plus benefits plan under Manulife policy G0029129;
- (www) **Senior Credit Facilities** means the €200,000,000 and US\$60,000,000 facility agreement dated December 10, 2005 (as amended from time to time) and entered into between, among others, WW and certain of its Affiliates as borrowers, and guarantors, and Bank of America, N.A. as agent;
- (xxx) **Share and Business Sale Agreement** means the agreement dated February 27, 2009 between Angus Martin, Neville Khan, Nicholas Dargan and Dominic Wong, as joint administrators of the Administrative Sellers (as defined therein) and David Carson, as receiver of the Receivership Sellers (as defined therein), the Sellers (as defined therein) and WWRD Holdings Limited (as defined therein) relating to the sale and purchase of certain companies and assets of the Waterford Wedgwood Group in the United Kingdom and Ireland;
- (yyy) **Straddle Period** means any taxable period beginning on or prior to the Closing Date and ending after the Closing Date;
- (zzz) **TA Contracts** has the meaning given to it in Section 2.4;
- (aaaa) **Tax or Taxes** means any and all taxes, assessments, duties, levies or other governmental charges, including, without limitation, all federal, state, provincial, local, foreign and other income, franchise, profits, gross receipts, capital gains, capital stock, transfer, property, sales, use, value added, occupation, property, excise, severance, windfall profits, stamp, license, payroll, social security, withholding and other taxes, assessments, duties, levies, goods and services, employment insurance premium, Canada pension, capital or other governmental charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a Tax Return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest and shall include any liability for such amounts as a result either of being a member of a combined, consolidated, unitary or affiliated group or of a contractual obligation to indemnify any person or other entity;
- (bbbb) **Tax Act** means the *Income Tax Act* (Canada), as amended;

- (cccc) **Tax Returns** includes returns, reports, declarations, elections, notices, filings, forms, statements and other documents (whether in tangible, electronic or other form) and including any amendments, schedules, attachments, supplements, appendices and exhibits thereto, made, prepared, filed or required to be made, prepared or filed by applicable law in respect of Taxes;
- (dddd) **Temporary Transferred Employees** has the meaning given to it in Section 2.11(c);
- (eeee) **Termination Date** means April 15, 2009;
- (ffff) **Third Party Consents** means all consents, licences, approvals, permits, authorisations or waivers required from third parties for the assignment or transfer to the Purchaser of any of the Assigned Contracts, and **Third Party Consent** means any one of them;
- (gggg) **Time of Closing** means 12:01 a.m. (Eastern time) on the Closing Date or such other time on the Closing Date as the parties may mutually agree;
- (hhhh) **Trademarks** means the foreign and domestic trademarks, service marks, brand names, Internet domain names, logos, symbols, trade dress, assumed names, fictitious names and trade names, all applications and registrations for all of the foregoing, and all goodwill associated therewith and symbolized thereby, including all extensions, modifications and renewals of same;
- (iiii) **Transaction** has the meaning given to it in the Recitals;
- (jjjj) **Transfer Taxes** means GST and all provincial and federal sales (including, without limitation, bulk sales), use, value added, documentary, stamp, gross receipts, registration, transfer, real property transfer, conveyance, excise, recording, firearm, ammunition, license and other similar taxes, charges and fees imposed by any Governmental Authority with respect to the transfer of property or assets including all interest, penalties, fines, additions to tax or other additional amounts imposed with respect to such amounts;
- (kkkk) **Transferred Employees** has the meaning given to it Section 2.11(b);
- (llll) **Transferred Intellectual Property** means all Owned Intellectual Property and all Licensed Intellectual Property;
- (mmmm) **Transferred Intercompany Loans** means any Intercompany Loan payable by a Company that is transferred to an Affiliate of the Purchaser pursuant to the Main Transaction;
- (nnnn) **Union** means the National Automobile, Aerospace, Transportation and General Workers Union of Canada (CAW-Canada), Local 414;
- (oooo) **Unionized Employees** has the meaning given to it in Section 2.11(a);

(pppp) **US Sale Agreement** has the meaning given to such term in the Share and Business Sale Agreement;

(qqqq) **Waterford** means Waterford Wedgwood Canada Inc.;

(rrrr) **WW** means Waterford Wedgwood plc; and

(ssss) **Vendor** has the meaning given to it in the Recitals.

1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement. The terms "this Agreement", "hereof", "herein" and "hereunder" and similar expressions refer to this Agreement and not to any particular section hereof.

1.3 Extended Meanings

Words importing the singular include the plural and vice versa, words importing gender include all genders. The term "including" means "including, without limitation," and such terms as "includes" have similar meanings.

1.4 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule 1.1(hh)	-	Excluded Contracts
Schedule 1.1(uu)	-	Leased Real Property
Schedule 1.1(ww)	-	Licensed Intellectual Property
Schedule 1.1(ff)	-	Owned Intellectual Property
Schedule 2.1(a)	-	Purchaser Group Entities
Schedule 2.4	-	Form of Interim Transition Agreement
Schedule 2.11(a)	-	Memorandum of Agreement
Schedule 2.14	-	Allocation of Purchase Price
Schedule 4.1(b)	-	Receivership Order
Schedule 4.1(c)	-	Approval and Vesting Order
Schedule 5.2(c)	-	Form of Bill of Sale, Assignment and Assumption
Schedule 5.2(d)	-	Form of Omnibus Assignment and Assumption of Leases

SECTION 2 – SALE, PURCHASE AND ASSIGNMENT

2.1 Sale, Purchase and Assignment of the Purchased Assets

- (a) Upon the terms and subject to the conditions of this Agreement, at the Closing the Vendor shall sell, assign, transfer, convey and deliver to the Purchaser, and the Purchaser agrees to purchase (or to designate such other Purchaser Group Entity to purchase) and acquire from the Vendor, all of the Vendor's and the Companies' right, title and interest, if any, as of the Closing Date, in and to any and all assets, properties, rights and claims of any kind or nature, whether tangible or intangible, real, personal or mixed, wherever located and whether or not carried or reflected on the books and records of any of the Companies, whether now existing or hereinafter acquired, which relate to the Business or which are used in or held for use in, or were acquired in connection with, the operation of the Business, excluding the Excluded Assets (such assets, properties, rights and claims, collectively, the **Purchased Assets**). The Purchased Assets shall include the following:
- (i) the Leased Real Property;
 - (ii) all tangible personal property relating to, or used or useful in or held for use in the conduct of, the Business, including equipment, machinery, tools, supplies, spare parts, trucks, cars, other vehicles and rolling stock, furniture, fixtures, trade fixtures, leasehold improvements, office materials and supplies, and other tangible personal property located on, or off, the Leased Real Property and each Excluded Site;
 - (iii) the Inventory;
 - (iv) the Receivables;
 - (v) all files, operating data, books of account, general, financial and Tax (other than income Tax) records, personnel records of the Transferred Employees and the Temporary Transferred Employees, invoices, shipping records, supplier lists, customer lists, price lists, vendor lists, mailing lists, catalogues, sales and promotional literature, advertising materials, brochures, standard forms of documents, manuals of operations or business procedures, research materials, contracts, instruments, filings, administrative and pricing manuals, correspondence, memoranda, architectural plans, drawings, plans and specifications, environmental reports, maintenance or service records, soil tests, engineering reports, expired purchase orders, operating records, operating safety manuals, and other material and documents, books, records and files (whether or not in the possession of any of the Vendor or the Companies or their respective Representatives, stored in hardcopy form or on magnetic, optical or other media) and any rights owned in relation to the above, associated with or used by the Companies in the conduct of the Business or otherwise related to the Purchased Assets or the Assumed Obligations;

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- (vi) all goodwill associated with the Purchased Assets;
 - (vii) the Owned Intellectual Property;
 - (viii) the Assigned Contracts;
 - (ix) the Permits and Licenses;
 - (x) any assets related to the Royal Doulton Benefit Plans;
 - (xi) the full benefit of all representations, warranties, guarantees, indemnities, undertakings, certificates, covenants, agreements and all security therefor received by any of the Companies with respect to any of the Purchased Assets; and
 - (xii) all confidentiality, non-competition, non-solicitation and similar restrictive agreements entered into by any of the Companies or any of their respective Representatives relating to the Business.
- (b) Notwithstanding Section 2.1(a), the Vendor shall not sell, convey, assign, transfer or deliver, nor cause to be sold, conveyed, assigned, transferred or delivered, to the Purchaser, and the Purchaser shall not purchase or acquire, and the Purchased Assets shall not include, the Vendors' or the Companies' right, title and interest in and to the following assets of the Vendor or the Companies (collectively, the **Excluded Assets**):
- (i) cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of the Companies;
 - (ii) all documents and other items related solely to the organization, existence or capitalization of the Companies including the company seal, charter documents, securities registers and such other similar books and records (including applicable portions of minute books);
 - (iii) all rights of the Vendor and the Companies under this Agreement;
 - (iv) any rights to Tax refunds;
 - (v) Tax Returns of the Companies (other than the copies of such Tax Returns obtained pursuant to this Agreement or otherwise);
 - (vi) any Excluded Contract and rights thereunder;
 - (vii) the Branded Inventory;
 - (viii) the Employee Plans and any assets related thereto (other than in respect of the Royal Doulton Benefit Plans);

- (ix) all current and prior insurance policies of any of the Companies and all rights and benefits of any nature with respect to such policies including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries;
- (x) any rights, demands, claims, credits, allowances, rebates, or rights of set-off (other than against the Companies or any of their Affiliates) arising out of or relating to any of the Purchased Assets to the extent arising prior to the Closing Date or otherwise relating to the period prior to the Closing Date;
- (xi) all deposits received by any of the Companies from any subtenants with respect to any subleases of Leased Real Property;
- (xii) all prepaid and deferred items that relate to the Purchased Assets, including all prepaid rentals and unbilled charges, fees and deposits; and
- (xiii) the benefit of any Business Claims.

2.2 Assumption and Exclusion of Liabilities and Obligations

The Purchaser shall assume no liability or obligation of the Vendor or the Companies except the liabilities and obligations expressly set forth in this Section 2.2 (collectively, the **Assumed Obligations**), which the Purchaser shall assume and pay, perform and discharge in accordance with their respective terms, subject to any defences or claimed offsets asserted in good faith against the obligee to whom such liabilities or obligations are owed:

- (a) all Liabilities of the Vendor or the Companies under the Assigned Contracts, in each case arising and relating to the period from and after the Closing and not to the extent arising out of any breach or default thereof or other activities prior to the Closing (other than any breach or default thereof or other activities resulting or arising from (i) the transactions contemplated in this Agreement, or (ii) the performance by the Vendor of its obligations under this Agreement);
- (b) all Liabilities in respect of Permits and Licenses, in each case arising and relating solely to the period from and after the Closing and not to the extent arising out of any breach or default thereof or other activities prior to the Closing (other than any breach or default thereof or other activities resulting or arising from (i) the transactions contemplated in this Agreement, or (ii) the performance by the Vendor of its obligations under this Agreement);
- (c) all Liabilities relating to any gift certificates, gift cards, store credit notes, customer rebates or similar customer vouchers or certificates issued by the Companies in connection with the Business prior to the Closing;
- (d) all Liabilities relating to the Business in connection with (i) the replacement, repair or repayment of the purchase price of any product, arising in the ordinary course of Business from claims of wholesale, retail or online customers under product warranties, product return policies or other wholesale, retail or online

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customer programs, and (ii) any customer loyalty programs, vendor rebate programs, deposits or layaways, sales force incentive or "SPIFF" programs (including the "Dollar a Dozen" program), co-operative advertising programs, placement allowances (including room rentals) and other such similar customer programs;

- (e) all Liabilities arising from the conduct of the Business, including in connection with the ownership of, or interest in, the Purchased Assets to the extent arising from and after the Closing;
- (f) all Liabilities with respect to Transferred Intercompany Loans; and
- (g) all Liabilities with respect to Transferred Employees and Temporary Transferred Employees in accordance with Section 2.11,

but shall not include the Excluded Liabilities.

2.3 Assignment and Assumption of Assigned Contracts

Subject to the conditions and terms hereof and in accordance with applicable Law, the Vendor shall assign to the Purchaser all of the Companies' and the Vendor's right, title and interest, if any, in and to the Assigned Contracts and the Purchaser shall assume the obligations and liabilities of the Companies and the Vendor under the Assigned Contracts to the extent arising and relating solely to the period from and after the Closing and not to the extent arising out of any breach or default thereunder or default thereof or other activities prior to the Closing (other than any breach or default thereof or other activities resulting or arising from (i) the transactions contemplated in this Agreement, or (ii) the performance by the Vendor of its obligations under this Agreement).

The Purchaser hereby accepts the risk that some or all of the Assigned Contracts may already have been breached or terminated and the other contracting party may refuse to continue with the performance of its contractual obligations on the same terms or at all or may refuse to continue such performance unless the Purchaser is willing to remedy such breach and further that such other contracting party may exercise or purport to exercise rights of set-off or counterclaim against the Purchaser; provided that nothing contained in this Section 2.3 shall require the Purchaser to assume or be responsible for any Liability that is not an Assumed Obligation.

This Agreement and any document delivered under this Agreement shall not constitute an assignment or an attempted assignment of any Assigned Contract contemplated to be assigned to the Purchaser under this Agreement which is not assignable without the consent of a third party if such consent has not been obtained and such assignment or attempted assignment would constitute a breach of such Assigned Contract.

2.4 Obligation to Obtain Third Party Consents

- (a) All Assigned Contracts that are capable of transfer to the Purchaser without a Third Party Consent shall be assigned by this Agreement to the Purchaser on Closing.

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- (b) In relation to any Assigned Contract that is not assignable without a Third Party Consent, the Purchaser shall, from the date of this Agreement and at its own expense, use commercially reasonable efforts to obtain such consent as soon as possible and the Vendor shall use commercially reasonable efforts to assist in obtaining such consent (at the Purchaser's expense). The Purchaser shall promptly provide copies of all such consents and any assignments or novations to the Vendor. The Vendor shall execute (at the Purchaser's expense) such assignments or novations as the Purchaser may reasonably require, provided that they impose no new liability on the Vendor or the Companies.
- (c) In respect of each Assigned Contract (other than in respect of Leased Real Property) for which a Third Party Consent has not been obtained by the Purchaser at the Time of Closing (each, a **Designated Contract** and collectively, the **Designated Contracts**), for the period (the **Designated Period**) commencing on the Closing Date until the earliest of (A) 180 days from the Closing Date, (B) the receipt of such consent, (C) the expiry of such Designated Contract in accordance with its terms, and (D) the termination of such Designated Contract by the Vendor pursuant to Section 2.4(e) or at the direction of the Purchaser pursuant to Section 2.5, the Vendor shall, as directed by the Court under the Approval and Vesting Order and at the Purchaser's sole risk and expense:
- (i) hold such Designated Contracts in trust for the Purchaser;
 - (ii) to the extent within its control and possible given the completion of the transaction contemplated by this Agreement, comply with the terms and provisions of such Designated Contracts as an agent for the Purchaser at the Purchaser's cost and for the Purchaser's benefit;
 - (iii) cooperate with the Purchaser in any reasonable and lawful arrangements designed to provide the benefits of such Designated Contracts to the Purchaser; and
 - (iv) enforce, at the request of the Purchaser and at the sole risk and expense and for the account of the Purchaser, any rights of the Vendor or the Companies arising from such Designated Contracts against any third party, including the right to elect, exercise, extend or terminate any such rights in accordance with the terms of such Designated Contracts upon the written direction of the Purchaser.
- (d) During the Designated Period, in order that the full value of the Designated Contracts may be realized for the benefit of the Purchaser, the Vendor shall, as directed by the Court under the Approval and Vesting Order, at the request, risk and expense, and under the direction of, the Purchaser, cooperate with the Purchaser and use its commercially reasonable efforts to implement a mutually agreeable arrangement with the Purchaser to take all such action and to do or cause to be done all such things as are reasonably necessary or proper in order that the obligations of the Vendor or Companies under such Designated Contracts may be performed in such manner that the value of such Designated Contracts is preserved and enures to the benefit of the Purchaser, and that any amounts due

and payable and to become due and payable to the Purchaser in and under the Designated Contracts are received by the Purchaser. The Vendor shall not agree to any modification of any right in the course of the Purchaser obtaining the consents and approvals referenced in Section 2.4(b) without the prior written consent of the Purchaser, such consent not to be unreasonably withheld or delayed.

- (e) The Vendor has the right to require the Purchaser to perform any or all of the obligations (collectively, the **Performance Obligations**) of the Vendor or the Companies under any Designated Contract during the Designated Period if such performance by the Purchaser would be required for the Vendor or the Companies to comply with their obligations under Section 2.4(c) or 2.4(d). If the Purchaser fails to perform any Performance Obligations in respect of a Designated Contract, the Vendor may: (i) suspend the Vendor's performance of its obligations under Section 2.4(c) and Section 2.4(d) in respect of such Designated Contract which is the subject of such failure to perform unless and until such situation is remedied; and (ii) if permitted by the terms of such Designated Contract and after giving reasonable notice to the Purchaser during which time the Purchaser may remedy such situation, and if the Purchaser fails to remedy during such notice period, the Vendor may give notice to the other party or parties to the Designated Contract to terminate the same or may agree with such other party or parties to terminate the same. Any such termination of a Designated Contract by the Vendor shall not entitle the Purchaser to any compensation, damages or reduction in or repayment of the Purchase Price paid or payable or entitle the Purchaser to rescind or terminate this Agreement, all rights to which are expressly waived and released by the Purchaser.
- (f) The Purchaser hereby indemnifies and keeps indemnified the Vendor and the Companies against all Liabilities and Losses incurred by any of the Companies or the Vendor arising from the failure by the Purchaser to assume, carry out, perform or discharge such obligations or otherwise arising under or in connection with each Designated Contract during the Designated Period; provided, however, that the Purchaser shall not indemnify and keep indemnified the Vendor and the Companies against any Liabilities or Losses incurred as a result of the gross negligence or wilful misconduct of the Vendor or the Companies in respect of the Designated Contracts during the Designated Period.
- (g) In respect of:
 - (i) any Assigned Contract in respect of Leased Real Property for which a Third Party Consent has not been obtained by the Purchaser at the Time of Closing; and
 - (ii) any Contract relating to the occupation of the real property comprising an Excluded Site,(each, a TA Contract and collectively, the TA Contracts)

the parties shall enter into the interim transition agreement, the form of which is attached as Schedule 2.4, pursuant to which the Purchaser shall have the rights under the TA Contracts and shall indemnify and keep indemnified the Vendor and the Companies against (in accordance with and subject to the limitations set forth in the interim transition agreement) all Liabilities and Losses incurred by any of the Companies or the Vendor arising from the failure by the Purchaser to assume, carry out, perform or discharge such obligations or otherwise arising under or in connection with each such TA Contract for the period from Closing to: (i) in the case of any Assigned Contract in respect of Leased Real Property for which a Third Party Consent has not been obtained by the Purchaser at the Closing, the earlier of the receipt of such consent or the termination of such Assigned Contract pursuant to Section 2.5; and (ii) in the case of any Contract relating to an Excluded Site, the earlier of 90 days or its termination following a request for such termination by the Purchaser pursuant to the interim transition agreement.

- (h) The Purchaser covenants that after the Closing and upon the appointment of a trustee in bankruptcy for the Companies it shall enter into a replacement transition agreement with such trustee in bankruptcy of the Companies which shall replace the interim transition agreement and shall be substantially similar to the interim transition agreement.

2.5 Failure to Obtain Third Party Consents

- (a) If a Third Party Consent is refused or otherwise not obtained on terms reasonably acceptable to the Vendor within the Designated Period, the Vendor shall be entitled to terminate the subject Designated Contract and the obligations of the parties under this Agreement in relation to such Designated Contract shall cease forthwith, save that the indemnity given by the Purchaser in Section 2.4(f) shall survive.
- (b) Any failure to assign or novate any Designated Contract shall not entitle the Purchaser to any compensation, damages or reduction in or repayment of the Purchase Price paid or payable or entitle the Purchaser to rescind or terminate this Agreement, all rights to which are expressly waived and released by the Purchaser.

2.6 Benefit of the TA Contracts

Subject to the performance by the Purchaser of its obligations under Section 2.4 and the termination rights of the Vendors pursuant to Section 2.5, in respect of the TA Contracts, the Purchaser shall be entitled to retain all benefits under the TA Contracts arising in the period from Closing to the date of assignment or novation of the relevant contract.

2.7 Prepayments, Deposits and Trust Amounts

- (a) Any prepayment or deposit received by the Companies or the Vendor prior to Closing or any sums held in trust by the Companies in respect of any Assigned Contract shall remain the property of, or in possession of, the Companies or the Vendor, as the case may be, and the Purchaser shall not be entitled to any refund

or other allowances in respect of any such prepayment, deposit or sums held in trust.

- (b) Any sums held by or on behalf of the Companies or the Vendor in trust for any counterparty to a Assigned Contract shall be retained by the Companies or the Vendor for application in accordance with the trust. The Purchaser shall promptly provide the Vendor evidence satisfactory to the Vendor, acting reasonably, of each relevant Assigned Contract to enable the Vendor to release the associated deposit or other trust funds from the trust.

2.8 Permits and Licenses

Commencing on the date of this Agreement, at the Purchaser's sole cost and expense, the parties, cooperating in good faith, shall use commercially reasonable efforts to take such steps, including the filing of any required applications with Governmental Authorities, as may be necessary (a) to effect the transfer of the Permits and Licenses to the Purchaser on or as soon as practicable after the Closing Date, to the extent such transfer is permissible under applicable Law, and (b) to enable the Purchaser to obtain, on or as soon as practicable after the Closing Date, any additional licenses, permits, approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise) as may be necessary for the lawful operation of the Business from and after the Closing Date.

2.9 "As is, Where is"

The Purchaser acknowledges and agrees that the Vendor is selling the Purchased Assets on an "as is, where is" basis as the Purchased Assets shall exist on the Closing Date. The Purchaser further acknowledges that it has entered into this Agreement on the basis that neither the Vendor nor the Companies guarantee title to the Purchased Assets and that the Purchaser has conducted such inspections of the condition of and title to the Purchased Assets as it deemed appropriate and has satisfied itself with regard to these matters. No representation, warranty or condition, whether statutory, express or implied, oral or written, legal, equitable, conventional, collateral or otherwise, as to title, encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendor to sell or assign same, save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in this Agreement and the Schedules is for the purpose of identification only. No representation, warranty or condition has or will be given by the Vendor concerning completeness or the accuracy of such descriptions.

2.10 Branded Inventory

- (a) The Purchaser shall, following Closing:
 - (i) at its own expense, store, maintain and insure any Branded Inventory collected from any of the Excluded Sites and/or any of the Leased Real Property and shall, insofar as reasonably practical, separate and clearly

identify such Branded Inventory separate and apart from the Purchaser's inventory;

- (ii) subject to any relevant Third Party Consents, registrations or licences having been secured by the Purchaser pursuant to Section 2.10(b), not sell or lease, offer or expose for sale or lease, distribute, charge, assign, pledge, create or permit the creation of a Lien on or otherwise encumber any of such Branded Inventory and shall indemnify, defend and hold harmless the Vendor and the Companies against all Liabilities incurred by the Vendor or the Companies arising by reason directly or indirectly of the transfer of the Branded Inventory to the Purchaser or their purported sale under this Agreement or the use of them by the Purchaser or by any transferee or licensee from the Purchaser, including any royalty payments payable in connection therewith; and
 - (iii) allow the Vendor and its Representatives to have access to the Branded Inventory located at the Excluded Sites at any reasonable time, to enable them to inspect, remove or otherwise deal with such Branded Inventory.
- (b) Following Closing, where the Purchaser can demonstrate to the Vendor that it has secured any necessary consents, registrations or licences from any relevant third parties for the transfer to the Purchaser (at the Purchaser's expense) of any rights, title and/or interest, if any, held by the Companies or the Vendor in any Branded Inventory, or the Purchaser can demonstrate to the Vendor that no further consent or licence is required from any third party for the Vendor to transfer such rights, title and/or interests to the Purchaser, the Vendor shall transfer to the Purchaser any such rights, title and/or interests held by the Companies or the Vendor, if any, in such Branded Inventory.
- (c) The Purchaser agrees not to sell or distribute any Branded Inventory without first obtaining any necessary consents, licenses or registrations.

2.11 Employee Obligations

- (a) The Purchaser shall, effective from the Closing Date, and subject to the terms and conditions provided in the memorandum of agreement between the Vendor, Purchaser and the Union, dated March 13, 2009 and attached as Schedule 2.11(a) (the **Memorandum of Agreement**), become the employer of the Employees covered by the Collective Agreement (the **Unionized Employees**), and shall be bound by and comply with the terms of the Collective Agreement as amended pursuant the Memorandum of Agreement.
- (b) The Purchaser shall offer employment in writing the majority of Employees who are not covered by the terms of the Collective Agreement (the **Non-Unionized Employees**) effective from the Closing Date. Such offers of employment shall be on terms and conditions of employment, including salary, incentive compensation, and benefits, which are substantially similar to those currently available to such Non-Unionized Employees. All of the Unionized Employees and the Non-Unionized Employees who accept the offer of employment made by

the Purchaser hereunder, are collectively referred to herein as the **Transferred Employees**. The Purchaser shall recognize all prior service of the Transferred Employees.

- (c) The Purchaser shall also offer employment in writing to a number of Non-Unionized Employees on a temporary basis to assist with the transition and amalgamation of operations between the Companies. Such offers shall be on terms and conditions that are in the sole discretion of the Purchaser. All of the Non-Unionized Employees who accept the offer of temporary employment made by the Purchaser hereunder are collectively referred to herein as the **Temporary Transferred Employees**.
- (d) The Approval and Vesting Order will authorize the Companies to terminate the employment of all Non-Unionized Employees who are not offered employment by the Purchaser or who do not accept employment with the Purchaser. For greater certainty, the Purchaser shall have no liability for wages, salaries, bonuses and commissions owing to the Employees prior to the Closing Date, save and except for vacation pay accruals for the Transferred Employees and the Temporary Transferred Employees, which shall be the obligation and liability of the Purchaser.
- (e) All costs, obligations and liabilities relating to all Employees who are neither Transferred Employees nor Temporary Transferred Employees, including accrued and unpaid wages, bonuses, commissions, vacation pay, termination pay and severance pay, shall be the obligations and liabilities of the Companies.
- (f) All costs, obligations and liabilities relating to the Transferred Employees and Temporary Transferred Employees, that arise following the Closing Date, including accrued and unpaid vacation pay, termination pay and severance pay, shall be the obligations and liabilities of the Purchaser.

2.12 Purchase Price

- (a) Subject to the adjustments contemplated by Section 2.12(b), the purchase price (the **Purchase Price**) for the Purchased Assets, exclusive of all Transfer Taxes, shall be a total of: (A) cash in the amount of €9,010,999 plus (B) the amount of the Assumed Liabilities, to be allocated as follows:
 - (i) €6,048,999 plus 66.67% of the amount of the Assumed Liabilities in respect of the Purchased Assets of Royal Doulton; and
 - (ii) €2,962,000 plus 33.33% of the amount of the Assumed Liabilities in respect of the Purchased Assets of Waterford.

If the Purchase Price is adjusted pursuant to the adjustments contemplated by Section 2.12(b), the Purchase Price allocated to the Purchased Assets of Royal Doulton shall be reduced or increased, as applicable, by 66.67% of the amount of such adjustments and the Purchase Price allocated to the Purchased Assets of

Waterford shall be reduced or increased, as applicable, by 33.33% of the amount of such adjustments.

- (b) If the Cash Adjustment Amount is a positive amount, the Purchase Price shall be reduced by an amount equal to the Cash Adjustment Amount. If the Cash Adjustment Amount is a negative amount, the Purchase Price shall be increased by an amount equal to the absolute amount of the Cash Adjustment Amount. No adjustment shall be made to the Purchase Price as a result of the Cash Adjustment Amount being a positive or a negative amount unless the absolute amount of such adjustment shall be greater than €30,000. For purposes of this Agreement, **Cash Adjustment Amount** (which could be a positive or a negative amount) means an amount equal to (i) the aggregate of the cash receipts received by any of the Vendor and/or the Companies in the ordinary course of Business during the period from 12:01 a.m. (Eastern time) on March 26, 2009 up to and until 12:01 a.m. (Eastern time) on the Closing Date; less (ii) any expenses incurred by any of the Vendor and/or the Companies in the ordinary course of Business (including without limitation any payroll expenses) during the period from 12:01 a.m. (Eastern time) on March 26, 2009 up to and until 12:01 a.m. (Eastern time) on the Closing Date. For greater certainty, the expenses described in the preceding clause (ii) shall not include any Assumed Liabilities (other than trade payables and other expenses arising from the ordinary course of Business) or Company Expenses.
- (c) No later than five Business Days after the Closing Date, the Purchaser shall prepare a calculation of the Cash Adjustment Amount and deliver such calculation to the Vendor. Following the delivery of such calculation, the Vendor may, within two Business Days, object by written notice, which notice shall specify in reasonable detail those items or amounts as to which the Vendor objects (during such two Business Day period, the Vendor shall be provided with access to the Purchaser's Representatives and be permitted access to the papers of the Purchaser used in connection with the calculation of the Cash Adjustment Amount and such other documents as may be reasonably requested). In the event a notice of objection is delivered, the Vendor and the Purchaser shall cooperate and act in good faith in resolving the final determination of the Cash Adjustment Amount as soon as possible. If no objection notice is delivered within the two Business Day period, if the Vendor delivers a notice of acquiescence prior to the end of the two Business Day period or if the Vendor and the Purchaser otherwise agree on the determination of the Cash Adjustment Amount, then the Cash Adjustment Amount shall be deemed to be final and any amount payable resulting from the adjustment to the Purchase Price under Section 2.12(b) shall be paid by the Vendor or the Purchaser, as the case may be, to the other party

2.13 Payment of the Purchase Price

Subject to this Agreement, on or prior to the Time of Closing, the Purchaser shall pay the Purchase Price to the Vendor by (a) wire transfer the cash portion of the Purchase Price in immediately available funds, into an account designated by the Vendor, and (b) the assumption of the Assumed Liabilities.

2.14 Allocation of Purchase Price

The Purchase Price shall be allocated in accordance with the provisions of Schedule 2.14 and each of the Vendor and the Purchaser shall report the purchase and sale of the Purchased Assets in any Tax Return in accordance with the provisions of Schedule 2.14.

2.15 Taxes

- (a) The Purchaser shall pay upon Closing to the Vendor, in the case of GST and directly to the appropriate Governmental Authority in the case of all other Transfer Taxes, in addition to the Purchase Price, all Transfer Taxes exigible in connection with the purchase and sale of the Purchased Assets. Alternatively, where applicable, the Purchaser shall have the option to furnish the Vendor with appropriate exemption certificates. For greater certainty, GST shall be payable by the Purchaser to the Vendor in Canadian dollars and shall be computed as if the Purchase Price were converted into Canadian dollars on the Closing Date at the exchange rate set by the Purchaser's counsel's bank on the Closing Date, such rate to be evidenced by written confirmation by the Purchaser's counsel's bank and delivered to the Vendor.
- (b) The parties acknowledge that GST will not be payable upon Closing in respect of:
 - (i) the purchase of the Intellectual Property on behalf of a Purchaser Group Entity that is neither a resident of Canada, nor registered, for the purposes of the ETA; or
 - (ii) the purchase of any of the Purchased Assets in circumstances to which Section 5.2(g) applies.
- (c) The Purchaser agrees to and hereby indemnifies and saves the Vendor harmless from and against all claims and demands for payment of the above-mentioned Transfer Taxes including penalties and interest thereon and any liability or costs incurred as a result of any failure to pay such Transfer Taxes when due.
- (d) In accordance with the requirements of the Tax Act, the regulations thereunder, the administrative practice and policy of the Canada Revenue Agency and any applicable equivalent or corresponding provincial or territorial legislative, regulatory and administrative requirements, the Vendor and the Purchaser shall make and file in a timely manner a joint election(s) to have the rules in subsection 20(24) of the Tax Act and any equivalent or corresponding provision under applicable provincial or territorial tax legislation apply to the obligations of the Vendor in respect of undertakings which arise from the operation of the Business and to which paragraph 12(1)(a) of the Tax Act applies. The Purchaser and the Vendor acknowledge that the Vendor is transferring assets to the Purchaser which have a value equal to the elected amount as consideration for the assumption by the Purchaser of such obligations of the Vendor.
- (e) In respect of the purchase and sale of the Purchased Assets under this Agreement, the Purchaser shall not require the Vendor to comply, or to assist the Purchaser to comply, with the requirements of section 6 of the *Retail Sales Tax Act* (Ontario) and any equivalent or corresponding provisions under any other applicable legislation.

SECTION 3 – REPRESENTATIONS AND WARRANTIES**3.1 Purchaser's Representations**

The Purchaser represents and warrants to the Vendor that:

- (a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of New Brunswick;
- (b) the Purchaser has all necessary corporate power, authority and capacity to enter into this Agreement and to perform its obligations and the execution and delivery of this Agreement and the consummation of the transactions contemplated have been duly authorized by all necessary corporate action on the part of the Purchaser;
- (c) the Purchaser is not a party to, bound or affected by or subject to any indenture, agreement, instrument, charter or by-law provision, order, judgment or decree which would be violated, contravened or breached by the execution and delivery by it of this Agreement or the performance by it of any of the terms contained herein;
- (d) there is no suit, action, litigation, arbitration proceeding or governmental proceeding, including appeals and applications for review, in progress, pending or, to the Purchaser's knowledge after reasonable inquiry, threatened against or relating to the Purchaser or any judgment, decree, injunction, rule or order of any court, governmental department, commission, agency, instrumentality or arbitrator which, in any case, might adversely affect the ability of the Purchaser to enter into this Agreement or to consummate the transactions contemplated and the Purchaser is not aware of any existing ground on which any action, suit or proceeding may be commenced with any reasonable likelihood of success;
- (e) this Agreement and all other documents contemplated hereunder to which the Purchaser is or will be a party have been or will be, as at the Time of Closing, duly and validly executed and delivered by the Purchaser and constitutes or will, as at the Time of Closing, constitute legal, valid and binding obligations of the Purchaser, as the case may be, enforceable in accordance with the terms hereof or thereof;
- (f) the Purchaser is a non-Canadian person as defined in the *Investment Canada Act*; and
- (g) the Purchaser is registered under Part IX of the ETA.

SECTION 4 – CONDITIONS

4.1 Mutual Conditions

The obligations of the Vendor and the Purchaser under this Agreement are subject to the following conditions:

- (a) prior or contemporaneous closing of transactions contemplated under the US Sale Agreement, Enforcement Sale Agreements and the Share and Business Sale Agreement;
- (b) that the Receivership Order shall have been made substantially in the form attached as Schedule 4.1(b);
- (c) that the Approval and Vesting Order shall have been made by the Court on or before March 27, 2009 (the **Court Approval Date**) approving this Agreement and the Transaction (including the interim transition agreement scheduled to this Agreement), authorizing and directing the Vendor to enter into this Agreement and to conclude the Transaction pursuant to the terms of this Agreement and vesting in the Purchaser all of the right, title and interest of the Companies and the Vendor, if any, in the Purchased Assets free and clear of all Liens, security interests and other encumbrances, such order to be substantially in the form attached as Schedule 4.1(c);
- (d) that neither the Receivership Order nor the Approval and Vesting Order shall have been stayed, varied or vacated, and no order shall have been issued which restrains or prohibits the completion of the Transaction; and
- (e) that each party shall have received from the other party on Closing the deliverables contemplated by Section 5.2 and Section 5.3, as applicable.

The parties hereto acknowledge and agree that, with the exception of Sections 4.1(c) and 4.1(e), which shall be for the benefit of each party in relation to the other party's obligations, the foregoing conditions are for the mutual benefit of the Vendor and the Purchaser.

4.2 Commercially Reasonable Efforts

Each of the Vendor and the Purchaser shall use commercially reasonable efforts to satisfy the conditions set out in Section 4.1.

4.3 Conditions for the Benefit of the Purchaser

The obligations of the Purchaser under this Agreement are subject to the conditions that: (i) no Material Adverse Change shall have occurred since the date of this Agreement; and (ii) on or prior to the Closing Date the Purchaser receives confirmation in form and substance satisfactory to the Purchaser, acting reasonably, that the following have been paid: (A) all accrued wages and incentive compensation for Employees and (B) all GST and provincial sales Tax payable by the Companies.

4.4 Non-Satisfaction of Conditions

If any conditions set out in Section 4.1 or 4.3 are not satisfied or performed on or prior to the Closing Date, the party for whose benefit the condition is inserted may:

- (a) waive compliance with the condition in whole or in part in its sole discretion by written notice to the other party and without prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part; or
- (b) elect on written notice to the other party to terminate this Agreement before Closing.

SECTION 5 – CLOSING

5.1 Closing

The completion of the Transaction shall take place at Osler, Hoskin & Harcourt LLP (Toronto Office) at the Time of Closing.

5.2 Purchaser's Deliveries on Closing

At or before the Time of Closing, the Purchaser shall execute and/or deliver to the Vendor the following, each of which shall be in form and substance satisfactory to the Vendor, acting reasonably:

- (a) the payment of the Purchase Price;
- (b) the payment or evidence of payment of applicable federal and provincial Taxes or alternatively, appropriate exemption certificates, as required by Section 2.15;
- (c) a bill of sale, assignment and assumption substantially in the form attached as Schedule 5.2(c);
- (d) an omnibus assignment and assumption of the Leased Real Property substantially in the form attached as Schedule 5.2(d);
- (e) a certificate, dated the Closing Date, confirming that (i) all of the representations and warranties of the Purchaser contained in this Agreement are true as of the Closing Date, with the same effect as though made on and as of the Closing Date, and (ii) the Purchaser has performed or complied with all of its obligations, covenants and agreements contained in this Agreement;
- (f) an interim transition agreement substantially in the form set out in Schedule 2.4;
- (g) if the Purchaser designates one or more Purchaser Group Entities that is a non-resident of Canada, is not registered under Part IX of the ETA and is not a consumer of the Purchased Assets for the purposes of the ETA to purchase any of the Purchased Assets in accordance with Section 2.1(a) and that non-resident Purchaser Group Entity(ies) directs that physical possession of those Purchased

Assets be transferred at a place in Canada to a Person who is registered under Part IX of the ETA (the Consignee), then the Consignee shall deliver to the Vendor a certificate described in subsection 179(2) of the ETA in respect of those Assets; and

- (h) such other documentation as the Vendor may reasonably require to give effect to this Agreement.

5.3 Vendor's Deliveries on Closing

At or before the Time of Closing, the Vendor shall execute and deliver to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- (a) a bill of sale, assignment and assumption substantially in the form attached as Schedule 5.2(c);
- (b) an omnibus assignment and assumption of the Leased Real Property substantially in the form attached as Schedule 5.2(d);
- (c) the Receiver's Certificate, as referred to in the Approval and Vesting Order;
- (d) an interim transition agreement substantially in the form set out in Schedule 2.4;
- (e) a statutory declaration confirming that neither the Vendor nor either of the Companies is a non-resident for purposes of the Tax Act; and
- (f) such other documentation as the Purchaser may reasonably require to give effect to this Agreement.

5.4 Purchaser's Acknowledgement

The Purchaser acknowledges that the Vendor is selling its and the Companies' right, title and interest, if any, in and to the Purchased Assets pursuant to the Approval and Vesting Order. The Purchaser agrees to purchase and accept the right, title and interest in and to the Purchased Assets pursuant to and in accordance with the terms of this Agreement, the bill of sale, assignment and assumption and the Approval and Vesting Order and the other documents to be delivered pursuant to this Agreement.

5.5 Possession of Purchased Assets

At the Time of Closing, the Purchaser shall, at its own cost and expense, take possession of the Purchased Assets wherever situated. The Purchaser acknowledges that the Vendor and the Companies have no obligation to deliver physical possession of the Purchased Assets to the Purchaser. At the Time of Closing, the Vendor shall take such action that may be required or reasonably requested by the Purchaser to effect such transfer of possession and control, at the Purchaser's cost and expense. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the Purchaser has satisfied all delivery requirements outlined in Section 5.2. The Purchaser shall promptly notify the Vendor and the Companies of

any Excluded Assets which may come into the possession or control of the Purchaser, and shall promptly release such Excluded Assets to the Companies, or to such other person as directed in writing.

The Purchaser may have reasonable access to the Purchased Assets located at the premises of the Companies, as the case may be, during normal business hours prior to the Time of Closing for the purpose of enabling the Purchaser to conduct such inspections of the Purchased Assets as it deems appropriate. Such inspection shall only be conducted in the presence of a Representative of the Companies, if so required at the discretion of the Companies or the Vendor. The Purchaser agrees to indemnify and save the Vendor harmless from and against all claims, demands, losses, actions and costs incurred or arising from or in any way directly related to the inspection of the Purchased Assets or the attendance of the Purchaser, its Employees or agents at the premises of the Companies, as the case may be.

The parties hereto will provide the other parties with such cooperation and information as may be reasonably requested in preparing or finalizing any financial statements or accounting records or filing any Tax Return, amended Tax Return or claim for refund, determining any liability for Taxes or a right to a refund of Taxes or participating in or conducting any audit or other proceeding in respect of Taxes relating to the Purchased Assets or the Business. Such cooperation and information shall include providing reasonable access to accounting systems and records and providing copies of relevant Tax Returns or portions thereof, together with accompanying schedules and related work papers and documents relating to rulings or other determinations by taxing authorities. Each of the parties will make themselves (and their respective employees and Representatives) reasonably available, on a mutually convenient basis, to provide explanations of any documents or information provided under this Section 5.5 and to provide reasonable assistance with the preparation or finalization of any financial statements or accounting records. In the event that a Company is liquidated or otherwise ceases to be a going concern and such Company's Tax documents are not retained by any such Company's Affiliate, the Vendor shall offer the Purchaser the opportunity to copy such Tax documents (at Purchaser's expense). If it is not practical to give the other party the right to retain Tax documents, the other party may instead be given a reasonable opportunity to make copies, at its own expense of such Tax documents. Any information obtained under this Section 5.5 shall be kept confidential, except as may be otherwise required in connection with the filing of Tax Returns or claims for refund or in conducting an audit or other proceeding.

5.6 Risk

The Purchased Assets shall be and remain at the risk of the Companies until Closing and at the risk of the Purchaser from and after Closing.

5.7 Dispute Resolution

If any dispute arises (a) under Section 5.6 as to whether any damage or destruction is substantial or with respect to the amount of any abatement, or (b) with respect to any other matter related to the Transaction, such dispute will be determined by the Court in the receivership proceedings relating to the Companies, or by such other person or in such other manner as the Court may direct.

5.8 Termination

- (a) This Agreement may be terminated by either party at any time prior to the Closing:
 - (i) if either the Vendor or the Purchaser validly terminates this Agreement pursuant to the provisions of Section 4.4(b);
 - (ii) automatically and without further action of the parties upon termination of the Share and Business Sale Agreement in accordance with its terms;
 - (iii) by either the Vendor or the Purchaser if the Closing shall not have occurred by the Termination Date; or
 - (iv) by the Purchaser or Vendor by giving written notice to the other as contemplated by Section 4.4(b).
- (b) In the event that this Agreement shall be terminated pursuant to this Section 5.8, at the time of such termination, all obligations of the Vendor and the Purchaser pursuant to this Agreement shall be at an end (other than Sections 6.1, 6.4, 6.5, 6.11, 6.12, 6.13, 6.14, 6.15, 6.17 and this Section 5.8), and neither party shall have any right to specific performance or other remedy against, or any right to recover damages or expenses from, the other.

SECTION 6 – GENERAL

6.1 Wrong Payments

- (a) If either of the Companies, any successor of the Companies or the Vendor receives after Closing any monies in error from a third party in respect of any amount owed to, or in respect of any Purchased Assets acquired by, the Purchaser, a Purchaser Group Entity or any of their Affiliates (including in respect of Receivables or Assigned Contracts included in the Purchased Assets), such Company, successor to the Companies or the Vendor, as the case may be, shall remit the received amount to the Purchaser or such other person as the Purchaser may direct as soon as practicable in accordance with the payment instructions provided to the Vendor by the Purchaser from time to time.
- (b) If the Purchaser, a Purchaser Group Entity or any of their Affiliates receives after Closing any monies in error from a third party in respect of any amount owed to either Company, any successor of the Companies or the Vendor in respect of any Excluded Asset, the Purchaser shall remit the received amount to the Vendor or such other person as the Vendor may direct as soon as practicable in accordance with the payment instructions provided to the Purchaser by the Vendor from time to time.

6.2 Expenses

Except as otherwise specified in this Agreement, all costs and expenses, including fees and disbursements of counsel, financial advisors, accountants and other advisors, incurred in connection with this Agreement and the Transaction shall be paid by the party incurring such costs and expenses, whether or not the Closing shall have occurred.

6.3 Corporate Names; Intellectual Property

- (a) As of and from the Closing Date, the Vendor shall not use any corporate name, "doing business as" name, trade name and any other similar corporate identifier (each, a **Corporate Name**) that contains any of the Trademarks comprising the Transferred Intellectual Property, except to the extent necessary to wind down and liquidate, wind up or administer the receivership or bankruptcy of each Company.
- (b) As the Corporate Names of the Companies and their Affiliates include names which are included in the Owned Intellectual Property, the Purchaser hereby grants, and shall cause any of its Affiliates to whom ownership of the Owned Intellectual Property is transferred to grant, with effect from the Closing Date, the Vendor (or any trustee in bankruptcy of the Companies) a non-exclusive, non-transferable, non-sublicensable, royalty-free limited license to use the Corporate Names as part of the Corporate Names in relation to the liquidation, winding up, receivership or bankruptcy of the Companies and/or their assets.
- (c) The Purchaser hereby grants, and shall cause any of its Affiliates to whom ownership of the Owned Intellectual Property is transferred to grant, with effect from the Closing Date, each of the Companies and the Vendor a non-exclusive, non-transferable, non-sublicensable, royalty-free limited license to use any Owned Intellectual Property in order to sell to any third party any Excluded Asset to which any of the Owned Intellectual Property has been applied.
- (d) The Purchaser acknowledges that the Owned Intellectual Property and the Licensed Intellectual Property may be subject to restrictions or deficiencies which have not been disclosed by the Companies, and that they may or may not be sufficiently transferable to the Purchaser to enable the Business to be carried on efficiently or at all. The Purchaser undertakes to make its own enquiries in this regard.

6.4 Non-disclosure

The Vendor shall not disclose to the public or to any third party any material non-public information concerning or relating to the Purchaser, other than with the express prior written consent of the Purchaser or except as may be required by applicable Law (which shall include any court process in connection with the Receivership Order, Approval and Vesting Order or in respect of the appointment of a trustee in bankruptcy or the bankruptcy of the Companies), in which event the contents of any proposed disclosure shall be delivered to the Purchaser before its release, to the extent practicable. For the avoidance of doubt, as of the Closing, the Purchased Assets and the Assumed Obligations (and any material non public information in relation to the Purchased Assets and the Assumed Obligations) shall be deemed the non-public information of

the Purchaser, and the Vendor and the Companies shall maintain the confidentiality thereof in accordance with the terms of this Section 6.4.

6.5 No Third Party Beneficiaries

This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

Subject to the terms of this Agreement, the Purchaser may charge and/or assign the benefit of this Agreement to any bank or financial institution or other person by way of security or otherwise for the purposes of or in connection with the financing or refinancing (whether in whole or in part) by the Purchaser of the acquisition of the Purchased Assets and provided that the Vendor and the Companies shall incur no greater liability than if any such charge or assignment had not taken place and the Purchaser shall remain responsible for the obligations pursuant to this Agreement and the Transaction.

6.6 Further Assurances

Except as might be otherwise specifically provided for in this Agreement, each of the parties shall, from time to time after the Closing Date, at the request and expense of the other, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such documents and further assurances as may be reasonably necessary to give effect to this Agreement.

6.7 Preservation of Records

The Purchaser shall preserve and keep the records relating to the Purchased Assets for a period of seven years following the Closing Date, and shall make such records and personnel available to Vendor and the Companies as may be reasonably required in connection with, among other things, any insurance claims by, actions or Tax audits against, or governmental investigations of the Companies or any of their respective Affiliates or in order to enable the Vendor to comply with its obligations under this Agreement and each other agreement, document, or instrument contemplated hereby or thereby. In the event the Purchaser wishes to destroy such records before or after that time, it shall first give 90 days prior written notice to the Vendor and the Companies and the Vendor or either of the Companies shall have the right at its option and expense, upon prior written notice given to Purchaser within such 90-day period, to take possession of the records within 180 days after the date of such notice.

6.8 Notice

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted electronically, addressed in the case of the Purchaser, as follows:

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WWRD Canada, Inc.
c/o KPS Capital Partners, LP
485 Lexington Avenue, 31st Floor
New York, New York 10017
Facsimile: 646.307.7100
Attention: Jay Bernstein

with a copy to:

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022
Facsimile: 212.446.6460
Attention: Armand A. Della Monica

with a copy to:

Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6
Facsimile: 416.979.1234
Attention: L. Joseph Latham and Gesta A. Abols
Telephone: 416.597.4211

and, in the case of the Vendor, as follows:

Deloitte & Touche Inc. as interim receiver of
Royal Doulton Canada Limited and
Waterford Wedgwood Canada Inc.
Brookfield Place
181 Bay Street, Suite 1400
Toronto, ON M5J 2V1
Facsimile: 416.601.6690
Attention: Brent Houlden
Telephone: 416.643.8788

with a copy to:

Osler, Hoskin & Harcourt LLP
1 First Canadian Place, P.O. Box 50
Toronto, ON M5X 1B8
Facsimile: 416.862.6666
Attention: Marc Wasserman and David Hanick
Telephone: 416.862.4908 and 416.862.5979

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted electronically before 5:00 p.m. (Eastern time) on a Business Day, will be deemed to have been given on the Business

Day, and if transmitted electronically after 5:00 p.m. (Eastern time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.

6.9 Time

Time shall be of the essence of this Agreement both in regard to any dates, times and periods mentioned and in regard to any dates, times and periods which may be substituted for them in accordance with this Agreement or by agreement in writing between the parties.

6.10 Currency

Except where otherwise indicated, all references herein to money amounts are in Canadian currency.

6.11 Survival

The representations and warranties of the Purchaser contained in this Agreement shall survive Closing.

6.12 Entire Agreement

This Agreement, the attached Schedules and the agreements contemplated by this Agreement constitute the entire agreement between the parties with respect to the subject matter and supersede all prior negotiations and understandings. This Agreement may not be amended or modified in any respect except by written instrument executed by the parties, the Administrators (as defined in the Share and Business Sale Agreement) and the Receiver (as defined in the Share and Business Sale Agreement).

6.13 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with the Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

6.14 Severability

If any provision of this Agreement or any document delivered in connection with this Agreement is partially or completely invalid or unenforceable, the invalidity or unenforceability of that provision shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall be construed and enforced as if that invalid or unenforceable provision were omitted. The invalidity or unenforceability of any provision in one jurisdiction shall not affect such provision's validity or enforceability in any other jurisdiction.

6.15 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein and each of the parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

6.16 Non-Recourse

No past, present, or future director, officer, employee, incorporator, member, partner, shareholder, or equityholder of the Companies or the Vendor shall have any liability for any obligations or liabilities of the Companies or the Vendor under this Agreement or of or for any claim based on, in respect of, or by reason of the transactions contemplated hereby and thereby.

6.17 Vendor's Capacity

The Vendor acts solely in its capacity as Court-appointed interim receiver of the assets, properties and undertakings of the Companies and shall have no personal or corporate liability under this Agreement or otherwise in connection with the Transaction.

6.18 Commission

The Purchaser acknowledges that there are no agent or broker fees or other commissions payable by the Vendor on the Purchase Price or otherwise in connection with the Transaction, and the Purchaser agrees to indemnify the Vendor against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction.

6.19 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

[This space left intentionally blank. Signature page follows]

The parties have executed this Agreement.

DELOITTE & TOUCHE INC., in its capacity as interim receiver and receiver of the assets of WATERFORD WEDGWOOD CANADA INC. and ROYAL DOULTON CANADA LIMITED, and not in its personal capacity

Per: 

Name: ~~Brent Houlden~~

Title: Vice-President

I have authority to bind the Corporation.

WWRD CANADA, INC.

Per: _____

Name:

Title:

I have authority to bind the Corporation.

The parties have executed this Agreement.

DELOITTE & TOUCHE INC., in its capacity as interim receiver and receiver of the assets of WATERFORD WEDGWOOD CANADA INC. and ROYAL DOULTON CANADA LIMITED, and not in its personal capacity

Per: _____

Name: Brent Houlden

Title: Vice-President

I have authority to bind the Corporation.

WWRD CANADA, INC.

Per: _____

Name: Michael Psaros

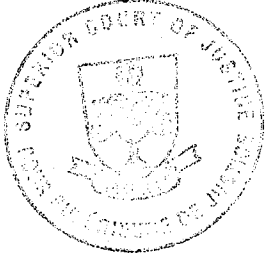
Title: President and Chief Executive Officer

I have authority to bind the Corporation.

TAB B

Court File No. CV-09-8103-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST



THE HONOURABLE MR.
 JUSTICE LEDERMAN

)
)
)

FRIDAY, THE 27TH
 DAY OF MARCH, 2009

IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47(1)
 OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS
 AMENDED

AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE
 ACT, R.S.O. 1990, c. C.43, AS AMENDED

BANK OF AMERICA, N.A.

Applicant

and

ROYAL DOULTON CANADA LIMITED AND WATERFORD WEDGWOOD
 CANADA INC.

Respondents

APPROVAL AND VESTING ORDER

THIS MOTION, made by the Applicant Bank of America, N.A. for an order, *inter alia*, approving the sale transaction (the "**Transaction**") contemplated by the Agreement of Purchase and Sale made as of March 27, 2009 (as amended from time to time, the "**Sale Agreement**") between WWRD Canada, Inc. (the "**Purchaser**") and Deloitte & Touche Inc., in its capacity as

v. f. m. v.
the interim receiver and receiver ("**Deloitte**" or "**Receiver**") of Waterford Wedgwood Canada Inc. and Royal Doulton Canada Limited (collectively the "**Debtors**") and appended as Exhibit "3" to the Report of Deloitte, as proposed interim receiver and receiver, dated March 26, 2009 (the "**Report**"), and vesting in the Purchaser all of the Debtors' and the Receiver's right, title and interest, if any, in and to the Purchased Assets described in the Sale Agreement, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Affidavit of Robert M. Scalzitti sworn March 25, 2009 and the Exhibits thereto, filed, and the Report and the Exhibits thereto, filed, and on hearing the submissions of counsel for the Bank of America, N.A., the Receiver, the Purchaser and other counsel, no one appearing for any other person on the service list attached hereto as Schedule A, although properly served as appears from the Affidavit of Service of Katie Legree sworn March 26, 2009 filed:

1. **THIS COURT ORDERS** that all capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed thereto in the Sale Agreement.
2. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved and that the Sale Agreement is commercially reasonable and in the best interests of the Debtors and their stakeholders. The Receiver is hereby authorized and directed to execute the Sale Agreement and to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.
3. **THIS COURT ORDERS** that the interim transition agreement between the Receiver, the Purchaser and the Debtors, dated March 27, 2009 (the "**Interim Transition Agreement**") is hereby approved. The Receiver and the Debtors are hereby authorized and directed to execute the Interim Transition Agreement, to perform their respective obligations thereunder, and to take such additional steps and execute such additional documents as may be necessary or desirable in connection with the Interim Transition Agreement and their respective obligations thereunder.
4. **THIS COURT ORDERS AND DECLARES** that, upon the delivery of a Receiver's certificate to the Purchaser substantially in the form attached as Schedule B hereto (the

“Receiver’s Certificate”), all of the Debtors’ and the Receiver’s right, title and interest, if any, in and to the Purchased Assets described in the Sale Agreement shall vest, without further instrument of transfer or assignment, absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “Claims”), including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable Mr. Justice Lederman dated March 26, 2009; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “Encumbrances”, which term shall not include the permitted liens and permitted encumbrances that are set out in Schedule C hereto) and for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

5. **THIS COURT ORDERS** that where any real property leases of the Debtors are not, in accordance with their terms, transferable or assignable to the Purchaser without first obtaining the consent of the applicable landlord, none of such real property leases shall be transferred, conveyed, assigned or vested in the Purchaser by operation of this Order.

6. **THIS COURT ORDERS** that, for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Receiver’s Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

7. **THIS COURT ORDERS AND DIRECTS** the Receiver to file with the Court a copy of the Receiver’s Certificate, forthwith after delivery thereof to the Purchaser.

8. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the Canada *Personal Information Protection and Electronic Documents Act*, the Receiver is authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Debtors' records pertaining to the Debtors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Debtors.

9. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) in respect of the Debtors and any bankruptcy order issued pursuant to any such applications; and
- (c) any assignment in bankruptcy made in respect of the Debtors;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of the Debtors and shall not be void or voidable by creditors of the Debtors, nor shall they constitute nor be deemed to be a settlement, fraudulent preference, assignment, fraudulent conveyance or other reviewable transaction under the *Bankruptcy and Insolvency Act* (Canada) or any other applicable federal or provincial legislation, nor shall they constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

10. **THIS COURT ORDERS AND DECLARES** that the Transaction is exempt from the application of the *Bulk Sales Act* (Ontario) and any equivalent or applicable legislation under any other province or territory in Canada.

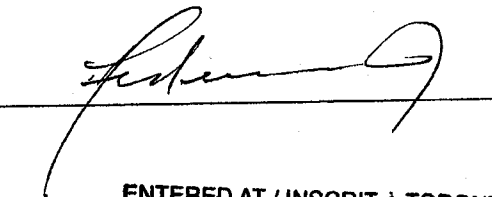
11. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada against all persons, firms, corporations, governmental, municipal and regulatory authorities against whom it may otherwise be enforceable.

12. **THIS COURT ORDERS** that, forthwith after the closing of the Transaction, the Receiver is hereby authorized and directed to file an assignment in bankruptcy on behalf of each of the Debtors for the general benefit of their creditors pursuant to the *Bankruptcy and Insolvency Act* (Canada), and Deloitte is hereby authorized to act as the trustee in bankruptcy of each of the Debtors, it being understood that, as such trustee, Deloitte will as soon as possible seek approval to enter into the form of Transition Agreement attached as Exhibit 5 to the Report.

13. **THIS COURT ORDERS** that the Receiver is hereby authorized and directed to perform its obligations under Sections 2.4(c) and (d) of the Sale Agreement in respect of the Designated Contracts, and to take such additional steps and execute such additional documents as may be necessary or desirable in connection with such obligations.

14. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada, the United Kingdom or in the United States or elsewhere, to give effect to this Order and to assist the Receiver and its agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance as may be necessary or desirable to give effect to this Order.

15. **THIS COURT HEREBY** approves the activities of the Receiver as set out in the Report.



ENTERED AT / INSCRIT A TORONTO
ON / BOOK NO:
LE / DANS LE REGISTRE NO.:

MAR 27 2009

PER / PAR: 

Schedule A – Service List**ROYAL DOULTON CANADA LIMITED
WATERFORD WEDGWOOD CANADA INC.****SERVICE LIST**

TO: Ogilvy Renault LLP
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, ON M5J 2Z4

Mario Forte
Tel: 416.216.4870
Fax: 416.216.3930
Email: mforte@ogilvyrenault.com

Tony Reyes
Tel: 416.216.4825
Fax: 416.216.3930
Email: treyes@ogilvyrenault.com

Solicitors for Bank of America, N.A.

AND TO: Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman
Tel: 416.862.4908
Fax: 416.862.6666
Email: mwasserman@osler.com

Alexander Cobb
Tel: 416.862.5964
Fax: 416.862.6666
Email: acobb@osler.com

Solicitors for Deloitte & Touche Inc., in its capacity as the Interim Receiver and Receiver of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc.

- 2 -

AND TO: **Goodmans LLP**
Barristers & Solicitors
250 Yonge Street, Suite 2400
Toronto, ON M5B 2M6

L. Joseph Latham
Tel: 416.597.4211
Fax: 416.979.1234
Email: jlatham@goodmans.ca

Derek Bulas
Tel: 416.597.5914
Fax: 416.979.1234
Email: dbulas@goodmans.ca

Solicitors for WWRD Canada, Inc.

AND TO: **Falls Management Group L.P.**
2300 Yonge Street, #409
P.O. Box 2343
Toronto, ON M4P 1E4

Ray Casey
Email: rcasey@fallsmanagement.com

AND TO: **Canada Revenue Agency**
c/o Department of Justice
The Exchange Tower
130 King Street West, Suite 3400
Toronto, ON M5X 1K6

Diane Winters
Tel: 416.973.3172
Fax: 416.973.0810
Email: diane.winters@justice.gc.ca

AND TO: **Ontario Ministry of Finance**
Legal Services Branch
33 King Street West
6th Floor
Oshawa, ON L1H 8H5

Kevin O'Hara
Tel: 905.433.6934
Fax: 905.436.4510
Email: kevin.ohara@ontario.ca

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AND TO: **British Columbia Ministry of Finance**
Revenue, Taxation
P.O. Box 9289 Stn Prov Govt
Victoria, BC V8W9J7

Jeff Pottinger
Tel: 250.356.8845
Fax: 250 387-0700
Email: jeff.pottinger@gov.bc.ca

AND TO: **Ivanhoe Cambridge II Inc.**
95 Wellington Street West, Suite 300,
Toronto, ON M5J 2R2

Kevin Cascone
Email: kcascone@ivanhoecambridge.com

AND TO: **White Oaks Mall Holdings Inc.**
c/o Redcliff Realty Management Inc.
40 University Avenue, Suite 1200
Toronto, ON M5J 1T1

Jim Hewer
Email: jhewer@redcliffrealty.com

AND TO: **West Edmonton Mall Property Inc.**
#3000, 8882-170th Street
Edmonton, AB T5T 4M2

Dean Shaben
Email: dean.shaben@wem.ca

AND TO: **Market Mall Leaseholds Inc.**
c/o The Cadillac Fairview Corporation Limited
20 Queen St. West
5th Floor
Toronto, ON M5H 3R4

Nassim Jaffer
Email: nassim.jaffer@cadillacfairview.com

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AND TO: **OBP Realty (Pickering Centre) Inc.**
c/o 20 VIC Management Inc.
900-20 Victoria St.
Toronto, ON M5C 2N8

Jim Hedrich
Email: jhedrich@20vic.com

AND TO: **Guildford Town Centre Limited Partnership**
c/o Ivanhoe Cambridge II Inc.
95 Wellington Street West, Suite 300
Toronto, ON M5J 2R2

Riordan McCarthy
Email: rmccarthy@ivanhoecambridge.com

AND TO: **Regent Mall Shopping Centre Limited**
c/o The Cadillac Fairview Corporation Limited
20 Queen St. West
5th Floor
Toronto, ON M5H 3R4

Christian Vezina
Email: vezinac@cadillacfairview.com

AND TO: **Ontrea Inc., by its duly authorized agent,
The Cadillac Fairview Corporation Limited**
c/o The Cadillac Fairview Corporation Limited
20 Queen St. West
5th Floor
Toronto, ON M5H 3R4

Lisa Piazza
Email: piazzal@cadillacfairview.com

AND TO: **Cookstown Holdings Ltd.**
c/o Great Oak Capital Corp.
#1160-36 Toronto St.
Toronto, ON M5C 2C5

Kathy Forgarty
Email: kforgarty@tiholdings.com

- 2 -

AND TO: **St. Jacobs Countryside Inc. and Sunlife Assurance Company of Canada**
1386 King Street North
St. Jacobs, ON N0B 2N0

Lynn Wolf
Email: lwolf@stjacobs.com

AND TO: **Vaughan Mills Shopping Centre Corporation (Ivanhoe Cambridge)**
1300 Wilson Blvd.
Suite 400
Arlington, Virginia
U.S.A. 22209

Mary Cipriano
Email: mcipriano@ivanhoecambridge.com

AND TO: **Vaughan Mills Shopping Centre Corporation**
c/o Ivanhoe Cambridge
95 Wellington Street West, Suite 300
Toronto, ON M5J 2R2

Mary Cipriano
Email: mcipriano@ivanhoecambridge.com

AND TO: **Ivanhoe Cambridge II Inc.**
95 Wellington Street West, Suite 300
Toronto, ON M5J 2R2

Jelena Pukli
Email: jpukli@ivanhoecambridge.com

AND TO: **Falls Management Group L.P.**
c/o Falls Management Company
2300 Yonge Street, Suite 409, P.O. Box 2343
Toronto, ON M4P 1E4

Ray Casey
Email: rcasey@fallsmanagement.com

AND TO: **Southworks Outlet Mall Inc.**
64 Grand Ave. South
Cambridge, ON N1S 2L8

Sharlene Erashus
Email: sharlene@southworks.ca

- 2 -

AND TO: **305 Milner Avenue Inc.**
c/o Gulf Pacific Investments (1982) Inc.
305 Milner Ave.
Suite 219
Toronto, ON M1B 3V4

Moez Jiwa
Tel: 416.292.2817
Fax: 416.292.2894
Email: moezj.305milner@gulfpacific.ca

AND TO: **The Gulf Pacific Group**
#310 - 260 West Esplanade
North Vancouver, BC V7M 3G7

Tel: 604.9901500
Fax: 604.990.1766
Email: info@gulfpacific.ca

AND TO: **Pensionfund Realty Limited**
c/o Morguard Investments Limited
800 - 55 City Centre Drive
Mississauga, ON L5B 1M3

John Borrelli
Tel: 905.281.4791
Fax: 905.281.1800
Email: jborrelli@morguard.com

AND TO: **Burlingpark Investments Ltd.**
25 Imperial Street , Suite 200
Toronto, ON M5P 1B9

Lorne Schiff
Email: lorne@tabera.com

Schedule B – Form of Receiver's Certificate

Court File No. CV-09-8103-00CL

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE MR. JUSTICE LEDERMAN)))	_____, THE ____ DAY OF MARCH, 2009
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IN THE MATTER OF AN APPLICATION PURSUANT TO SECTION 47(1)
OF THE BANKRUPTCY AND INSOLVENCY ACT, R.S.C. 1985, c. B-3, AS
AMENDED

AND IN THE MATTER OF SECTION 101 OF THE COURTS OF JUSTICE
ACT, R.S.O. 1990, c. C.43, AS AMENDED

BANK OF AMERICA, N.A.

Applicant

and

ROYAL DOULTON CANADA LIMITED AND WATERFORD WEDGWOOD
CANADA INC.

Respondents

RECEIVER'S CERTIFICATE**RECITALS**

A. Pursuant to an Order of the Honourable Mr. Justice Lederman of the Ontario Superior Court of Justice (the "Court") dated March 26, 2009, Deloitte & Touche Inc. was appointed as

the interim receiver and receiver (the "**Receiver**") of Waterford Wedgwood Canada Inc. and Royal Doulton Canada Limited (collectively, the "**Debtors**").

B. Pursuant to an Order of the Honourable Mr. Justice Lederman of the Court dated March 27, 2009, the Court, *inter alia*, approved the Agreement of Purchase and Sale made as of March 27, 2009 (the "**Sale Agreement**") between WWRD Canada, Inc. (the "**Purchaser**") and Deloitte & Touche Inc., in its capacity as the interim receiver and receiver (the "**Receiver**"), and provided for, among other things, the vesting in the Purchaser of all of the Debtors' and the Receiver's right, title and interest, if any, in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Receiver to the Purchaser of a certificate confirming that the Receiver has received written confirmation from the Purchaser that, other than the delivery of the Receiver's Certificate, the conditions to Closing as set out in section [5] of the Sale Agreement have been satisfied or waived.

C. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE RECEIVER CERTIFIES the following:

1. The Receiver has received written confirmation from the Purchaser that, other than the delivery of the Receiver's Certificate, the conditions to Closing as set out in section [5] of the Sale Agreement have been satisfied or waived by the Purchaser.
2. This Certificate was delivered by the Receiver at _____ [TIME] on March ____, 2009.
3. The Transaction has been completed to the satisfaction of the Receiver.

**DELOITTE & TOUCHE INC., in its capacity
as the interim receiver and receiver of
WATERFORD WEDGWOOD CANADA
INC. and ROYAL DOULTON CANADA
LIMITED and not in its personal capacity**

Per: _____
Name:
Title:

Schedule C – Permitted Liens

“Permitted Liens” means:

Personal Property Security Liens

BASE REGISTRATION # & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
Alberta			
98062419662 Date: Jun. 24, 1998 Expiry: Jun. 24, 2013 (including renewals)	Royal Doulton Canada Limited	PHH Vehicle Management Services Inc.	General Collateral: Motor vehicles (including, without limitation, truck tractors, truck trailers, truck chassis, or truck bodies), automotive equipment (including, without limitation, trailers, boxes and refrigeration units), and materials-handling equipment leased by the Debtor from the Secured Party together with all attachments, accessions, appurtenances, accessories or replacement parts Proceeds all of the debtor's present and after acquired personal property including, without limitation, goods, securities, instruments, documents of title, chattel paper, intangibles and money.
British Columbia			
7728413 Date: Jun. 24, 1998 Expiry: Jun. 24, 2013 (including renewals)	Royal Doulton Canada Limited	PHH Vehicle Management Services Inc.	General Collateral: Motor vehicles (including, without limitation, truck tractors, truck trailers, truck chassis, or truck bodies), automotive equipment (including, without limitation, trailers, boxes and

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LEASE REGISTRATION # & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
			<p>refrigeration (sic) units), and materials handling equipment leased by the Debtor from the Secured Party together with all attachments appurtenances, accessories or replacement parts.</p> <p>Proceeds all of the Debtors present and after acquired personal property including, without limitation, goods, securities, instruments, documents of title, chattel paper, intangibles and money.</p> <p>Vehicle Collateral:</p> <p>2005 Chev Equinox, VIN listed</p>
Manitoba			
<p>Reg. No.: 980625110062</p> <p>Date: June 25, 1998</p> <p>Expiry: June 25, 2011</p>	<p>Royal Doulton Canada Ltd.</p>	<p>AB212 PHH Vehicle Management Services Inc.</p>	<p>General Collateral:</p> <p>Motor vehicles (including, without limitation, passenger automobiles, vans, trucks, truck tractors, truck trailers, truck chassis or truck bodies), automotive equipment (including, without limitation, trailers, boxes and refrigeration (sic) units) and materials handling equipment leased by us to Lessee, together with all present and future attachments, accessions, appurtenances, accessories and replacement parts, and all proceeds of or relating to any of the foregoing</p>

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BASE REGISTRATION # & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
			<p>Serial Numbered Goods:</p> <p>1997 Chevrolet Lumina N/A, VIN listed</p> <p>Notes from prior law:</p> <p>Collateral classification: Mixed</p> <p>Proceeds claimed</p> <p>See microfilm record for Additional General Schedule of Collateral.</p>
Ontario			
<p>File No: 650082582</p> <p>Reg. No.: 20081121 1150 1616 3602</p> <p>Reg. 4 years</p>	<p>Royal Doulton Canada Limited</p>	<p>Bodkin Leasing Corporation</p>	<p>Equipment, Other, Motor Vehicles</p> <p>2009 Ford Escape Limited AWD, VIN listed</p> <p>Includes proceeds in any form whatsoever including, but not limited to insurance proceeds. The assets also secure other obligations of the Debtor to the secured party under cross collateral provisions in Security Agreements.</p>
<p>File No: 648210609</p> <p>Reg. No.: 20080903- 1436 1616 1481</p> <p>Reg. 4 years</p>	<p>Royal Doulton Canada Limited</p>	<p>Bodkin Leasing Corporation</p>	<p>Equipment, Other, Motor Vehicles</p> <p>2009 Mercedes-Benz C350W, VIN listed</p> <p>Includes proceeds in any form whatsoever including, but not limited to, insurance proceeds.</p>
<p>File No: 641303487</p>	<p>Royal Doulton</p>	<p>Hewlett-Packard Financial Services</p>	<p>Equipment, Other</p>

LEASE REGISTRATION & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
Reg. No.: 20071211 1037 8077 6972 Reg. 25 years	Canada Limited	Canada Company	Master Lease. Any and all equipment, tangible and intangible, leased pursuant to schedules under Master Lease Agreement No. 104312 and any proceeds therefrom.
File No: 641229291 Reg. No.: 20071206 1955 1531 7039 Reg. 6 years	Royal Doulton Canada Limited	De Lage Landen Financial Services Canada (CAD)	Equipment, Other
File No.: 638106147 Reg. No. 20070813 1038 1616 9855 Reg. 3 years	Royal Doulton Canada Limited	Bodkin Leasing Corporation	Equipment, Other, Motor Vehicles 2008 Toyota Highlander V6, VIN listed Includes proceeds in any form whatsoever including, but not limited to, insurance proceeds
File No.: 635893614 Reg. No.: 20070601 1031 1616 7401 Reg. 5 years	Royal Doulton Canada Limited	Bodkin Leasing Corporation	Equipment, Other, Motor Vehicles 2007 Pontiac G6 Sedan, VIN listed Includes proceeds in any form whatsoever including, but not limited to, insurance proceeds.
File No.: 634600188 Reg. No.: 20070423 1526 4043 0194 Reg. 4 years	Royal Doulton Canada Limited	GE VFS Canada Limited Partnership	Equipment, Other
File No.: 630289872 Reg. No.: 20061102	Royal Doulton Canada Limited	Citicorp Vendor Finance, Ltd.	Equipment, Other One (1) Konica Minolta

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BASE REGISTRATION # & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
1406 1862 2950 Reg. 3 years			Bizhub 600 System with all accessories, attachments and proceeds thereof.
File No.: 802486836 Reg. No.: 19921001 2147 1513 2902 Reg. 4 years	Royal Doulton Canada Limited	PHH Vehicle Management Services Inc.	<p>Equipment, Other, Motor Vehicles</p> <p><i>2000 Jeep Grand Cherokee, VIN listed</i> <i>2001 Dodge Caravan, VIN listed</i> <i>2001 Oldsmobile Alero, VIN listed</i> <i>2001 Sienna, VIN listed</i> <i>2x2002 Chevrolet Malibu, VINs listed</i> <i>2004 Mazda RX-8, VIN listed</i> <i>2005 Infiniti Infiniti, VIN listed</i> <i>2005 Toyota Highlander, VIN listed</i> <i>2004 Pontiac Grand AM, VIN listed</i></p> <p>All present and future motor vehicles (including, without limitation, passenger automobiles, trucks, truck tractors, truck trailers, truck chassis, or truck bodies), automotive equipment (including, without limitation, trailers, boxes and refrigeration units), and materials-handling equipment leased from time to time by the secured party to the Debtor, together with all present and future attachments, accessions, appurtenances, accessories and replacement parts, and all proceeds of or relating to any of the foregoing.</p>

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BASE REGISTRATION # & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
File No. 647078202 Reg. No.: 20080721 1405 1462 7363 Reg. 4 years	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Equipment, Other, Motor Vehicles, Amount Secured: \$26,500 2008 Jeep Compass Sport, VIN listed
File No.: 645994845 Reg. No.: 20080611 1401 1462 8940 Reg. 3 years	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Equipment, Other, Motor Vehicles, Amount Secured: \$30,000 2009 Toyota Camry, VIN listed
File No.: 642844485 Reg. No.: 20080221 1408 1462 5063 Reg. 4 years	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Equipment, Other, Motor Vehicles, Amount Secured: \$38,000 2008 Honda Accord EXL, VIN listed
File No.: 642408255 Reg. No.: 20080131 1004 1462 1269 Reg. 5 years	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Equipment, Other, Motor Vehicles, Amount Secured: \$45,000 2008 Nissan Altima, VIN listed
File No.: 639261684 Reg. No.: 20070920 1954 1531 6945 Reg. 5 years	Waterford Wedgwood Canada Inc.	CBSC Capital	Equipment, Other
File No.: 632200329 Reg. No.: 20070117 1704 1462 6215 Reg. 3 years	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Equipment, Other, Motor Vehicles, Amount Secured: \$32,200 2007 Toyota Camry LE, VIN listed
File No.: 632200338 Reg. No.: 20070117 1704 1462 6216	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Equipment, Other, Motor Vehicles, Amount Secured: \$32,200 2007 Toyota Camry LE,

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BASE REGISTRATION # & DATE	DEBTOR	SECURED PARTY	COLLATERAL CLASSIFICATION & DESCRIPTION
Reg. 3 years			VIN listed
Quebec			
00-0193651-0004 Date: July 13, 2000 – 9:00 a.m. Expiry: July 12, 2010	Royal Doulton Canada Limited	PHH Vehicle Management Services Inc.	All present and future motor vehicles (including, without limitation, passenger automobile, trucks, truck tractors, truck trailers, truck chassis, or truck bodies), automotive equipment (including, without limitation, trailers, boxes and refrigeration units), and materials-handling equipment leased from time to time by the Lessor to the Lessee, together with all present and future attachments, accessions, appurtenances, accessories and replacement parts, and all proceeds of or relating to any of the foregoing.
08-0341609-0006 Date: June 11, 2008 – 2:25 p.m. Expiry: June 10, 2011	Waterford Wedgwood Canada Inc.	Somerville National Leasing & Rentals Ltd.	Toyota Camry, 2009-03-19 VIN: 4T1BE46K59U837712

BANK OF AMERICA, N.A.
Applicant

ROYAL DOULTON CANADA LIMITED
and WATERFORD WEDGWOOD
CANADA INC.
Respondent

Court File No: CV-09-8103-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE**

Proceeding commenced at «place»

ORDER

Ogilvy Renault LLP
Suite 3800
Royal Bank Plaza, South Tower
200 Bay Street, P.O. Box 84
Toronto, Ontario M5J 2Z4
CANADA

Tony Reyes LSUC#: 28218V
Tel: (416) 216-4825
Fax: (416) 216-3930

Lawyers for the Applicant

TAB C

TRANSITION AGREEMENT

This Agreement dated the 27th day of March, 2009.

BETWEEN: **DELOITTE & TOUCHE INC.** in its capacity as the interim receiver and receiver of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc., and not in its personal capacity (the "Receiver"),

AND: **ROYAL DOULTON CANADA LIMITED** and **WATERFORD WEDGWOOD CANADA INC.** (individually, a "Company" and collectively, the "Companies")

AND: **WWRD CANADA, INC.** (the "Purchaser")

WHEREAS:

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on the 27th day of March 2009 (the "Receivership Order") pursuant to section 101 of the *Courts of Justice Act* (Ontario) and section 47(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), Deloitte & Touche Inc. was appointed the interim receiver and receiver (Deloitte & Touche Inc., in said capacity being the "Receiver") of the assets, property and undertakings of each of the Companies.
2. Pursuant to an agreement of purchase and sale made as of March 27, 2009 (said agreement as amended, extended, renewed, supplemented, restated and/or replaced from time to time, is hereinafter collectively referred to as the "Purchase Agreement"), the Purchaser has agreed to purchase from the Receiver and the Receiver has agreed to convey to the Purchaser (the "Transaction") all of the Receiver's and the Companies' right, title and interest, if any, in and to certain of the assets of the Companies more particularly described in the Purchase Agreement (collectively, the "Purchased Assets").
3. It is a term of the Purchase Agreement that the parties enter into this Agreement in respect of: (i) the leased premises identified on Schedule "A" hereto (collectively, the "Continued Premises") and the lease agreements for the Continued Premises identified on Schedule "A" (collectively, the "Continued Leases" and individually, a "Continued Lease"); and (ii) the leased premises identified on Schedule "B" hereto (the "Discontinued Premises" and, together with the Continued Premises, the "Premises") the lease agreements for the Discontinued Premises identified on Schedule "B" (collectively, the "Discontinued Leases" and individually, a "Discontinued Lease"). The Continued Leases and the Discontinued Leases, are hereinafter collectively known as the "Leases" and individually known as a "Lease".

4. As of the date hereof, the landlords pursuant to the Leases (collectively, the "**Landlords**" and individually, a "**Landlord**") have not confirmed the good standing of the Leases and/or consented to the assignment of the Continued Leases and each of the tenant's rights and benefits thereunder to the Purchaser upon terms and conditions acceptable to the Purchaser (acting reasonably) (collectively, the "**Consents**" and individually, a "**Consent**").
5. Pursuant to an Order of the Court made on the 27th day of March, 2009 (the "**Approval and Vesting Order**") the Transaction was approved and the Receiver was authorized and directed to enter into this Agreement with the Purchaser and to carry out each of the terms and conditions contained herein.
6. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto represent, warrant, covenant and agree as follows:

1. Occupation and Term

Each of the Companies hereby grants to the Purchaser a license to occupy: (i) the Continued Premises for the purpose of carrying on the Business; and (ii) the Discontinued Premises for the purpose of carrying on the Business and/or removing Purchased Assets for a period (the "**Access Period**") commencing on the date hereof and ending in respect of any Premises on the earlier of: (A) 90 days from the date hereof; and (B) the time this Agreement is otherwise terminated in respect of the applicable Premises pursuant to the terms hereof or the Lease in respect of such Premises is otherwise disclaimed or surrendered pursuant to the terms hereof. In addition, and notwithstanding anything else contained herein or elsewhere, the Purchaser may request that the Receiver disclaim a Lease prior to the date that is 90 days from the date hereof in which event the Receiver shall forthwith disclaim such Lease in accordance with the provisions of the Receivership Order and the Access Period in respect of the applicable Premises will expire on the effective date of such disclaimer.

2. Real Estate Matters Purchaser Responsible For

- (a) With respect only to the Access Period, the Purchaser shall pay to the Receiver, pursuant to the terms of the Receivership Order and the Approval and Vesting Order, without profit or duplication, the amount of any and all normal rent (but not accelerated rent), expenses and occupation costs relating to the Premises which the Receiver or either of the Companies is obligated to pay pursuant to the terms of the Leases or is otherwise required to pay in connection with the Premises (whether such costs are payable to the applicable Landlord or a third party), including, without limitation or duplication, basic and additional rent and all costs, expenses and utilities that accrue during or that relate to the Access Period (collectively, the "**Occupation Costs**"). Payments to the Receiver in respect of Occupation Costs may only be paid to the relevant Landlords or other third parties solely on account of Occupation Costs and for no other purpose, shall be made in all cases in trust to be held in a separate interest bearing trust

account with a Schedule "A" bank (with the interest thereon to accrue for the benefit of the Purchaser), and shall be made : (i) to the Receiver on the date hereof in advance in respect of a possible access period of 90 days in accordance with the amounts set out on Schedule "C" hereto; and (ii) in the event that the Receiver identifies other Occupation Costs, not less than five Business Days before the relevant sum falls due (provided the Receiver has given the Purchaser not less than seven Business Days' notice of both the sum and the date that it falls due) or (in default of such notice) not more than five Business Days after receipt from the Receiver of written notice of the sum due by way of Occupation Costs. The payments made by the Purchaser in respect of Occupation Costs shall be reconciled against the actual Occupation Costs on a monthly basis and a final reconciliation will be made within 45 business days of the end of the Access Period (the "Adjustment Period"). In the event that the actual Occupation Costs are greater than the amount paid by the Purchaser, the Purchaser shall pay the difference to the Receiver within five Business Days of each reconciliation being completed. In the event that the actual Occupation Costs are less than the amount paid by the Purchaser, the Receiver shall reimburse the difference to the Purchaser within five Business Days of each reconciliation being completed. The foregoing requirement to readjust shall survive the expiration and/or termination of this Agreement. For the purposes of the foregoing, actual Occupation Costs in respect of additional rent items billed by the Landlord will be based on the Landlord's billings up to the end of the Adjustment Period (notwithstanding that such billings may be based on estimates).

- (b) All amounts stated in this Agreement are exclusive of federal goods and services taxes and any corresponding provincial taxes. If any of said taxes are chargeable in respect of all or any of the amounts paid to the Receiver under this Agreement, the Purchaser shall pay such taxes to the Receiver at the same time as the amounts relating to such taxes are due.
- (c) With respect to each of the Continued Leases and the Continued Premises, the Purchaser shall use commercially reasonable efforts (at the Purchaser's cost and expense) to obtain the Consent of the applicable Landlord to the assignment of the applicable Continued Lease to the Purchaser and the Receiver shall, at the request, risk and expense, and under the direction of, the Purchaser, use commercially reasonable efforts to assist in obtaining the Consent. Upon a Consent to the assignment of a Continued Lease being obtained, this Agreement (save and except for the adjustment referred to in paragraph 2(a) above) shall no longer apply to the relevant Continued Lease and the relevant Continued Premises but this Agreement shall continue to apply to the balance of the Leases and the Premises. The Continued Lease and the Continued Premises which is the subject of the relevant Consent will thereafter be governed by one or more separate Omnibus Assignment and Assumption of Leases Agreements between the Purchaser and the Receiver or a trustee in bankruptcy without the necessity of any further actions or assurances to effect the assignment and assumption thereof and the Receiver shall forthwith return to the Purchaser the entire pro-

rata portion of payment funds for that portion of the Access Period for which payment was provided pursuant to section 2(a)(i), above.

- (d) During the Access Period, the Receiver covenants and agrees in favour of the Purchaser as follows: (i) subject to receipt of the payments the Purchaser is required to make pursuant to Section 2, the Receiver shall pay to the applicable parties all Occupation Costs in accordance with the terms of the Leases; (ii) except as set out in Section 2(e), not to terminate, surrender, disclaim, repudiate, resiliate, amend, supplement or otherwise deal with any of the Leases in any manner without the Purchaser's prior written consent; and (iii) to forthwith forward to the Purchaser complete copies of each and every notice and/or communication received from any of the Landlords in connection with any of the Leases, the Premises and/or the Consents from time to time. For greater certainty, the Receiver shall not be in breach of any obligation hereunder by virtue of failing to pay any amounts relating to any period prior to the Access Period.
 - (e) If a Consent has not been obtained or the applicable Lease has not otherwise been assigned to the Purchaser prior to the date that is 80 days following the date hereof, and provided that the Trustee Agreement (defined below) has not been entered into, the Receiver shall have the right to deliver a notice jointly to the Purchaser and the applicable Landlord electing to disclaim or surrender the Receiver's interest, if any, and the Companies' interest in such Lease effective no later than the expiry of the Access Period or such earlier time as the Purchaser may agree, in which event the Purchaser shall be entitled to remove from such Premises its assets.
3. During the Access Period, the Purchaser shall forthwith forward to the Receiver complete copies of each and every notice and/or communication received by the Purchaser from any of the Landlords in connection with any of the Leases, the Premises and/or the Consents from time to time.
4. Use of Premises
 - (a) During the Access Period, the Purchaser shall: (i) maintain each of the Premises in the condition that it was at the commencement of the Access Period and the Purchaser shall leave the Premises in a clean and broom-swept condition; (ii) perform all of the Companies' obligations with respect to the Premises pursuant to the Leases and otherwise comply with the terms of the Leases, but only to the extent applicable to the Access Period; and (iii) arrange insurance to comply with the insurance provisions of the Leases and shall show the Receiver and the Landlords as an additional insured in such policies. The Purchaser shall provide evidence of such insurance prior to entering onto any of the Premises or at such later time which is consistent with the leasing of other premises by entities related to the Purchaser throughout the world in conjunction with the other transactions related to this transaction.

- (b) Notwithstanding the foregoing or anything else contained herein or elsewhere, the Receiver acknowledges and agrees that: (i) the Purchaser's covenants and obligations hereunder with respect to each of the Leases and the Premises only relates to the Access Period and no other period. For greater certainty, the Purchaser shall have no liability for any breaches of or defaults under any of the Leases that pre-date the Access Period. (ii) under no circumstances will the Purchaser be directly or indirectly responsible (financially or otherwise) by virtue of this Agreement to restore and/or make good all or part of any Premises at the expiry or earlier termination of this Agreement, save for the repair of damage (if any) caused by the Purchaser and the obligation of the Purchaser to leave the Premises in a clean and broom swept condition; (iii) nothing contained herein constitutes an assignment of any of the Leases to the Purchaser or an assumption of any of the Leases by the Purchaser or the Receiver; and (iv) the Purchaser will not be responsible for any accelerated rent pursuant to any of the Leases.

5. Purchaser Indemnity

The Purchaser shall indemnify and hold harmless the Receiver, the Companies and their employees, agents, servants and invitees (the "**Indemnified Parties**") from and against any and all claims, actions, causes of action, losses, liabilities, debts, demands, costs (including legal costs) and expenses ("**Losses**", or each, a "**Loss**") suffered or incurred by the Indemnified Parties to the extent arising in respect of the Premises in relation to the Access Period or the occupancy of the Premises by the Purchaser, including (but without duplicating any of the Occupation Costs) any outgoings and expenses (including but not limited to the cost of any rent, rates, service charges, insurance, heating, electricity, gas, telecommunications and other services, and the cost of complying with fire and other statutory regulations). The Receiver and the Companies acknowledge and agree that the aforementioned indemnity does not apply to any Losses resulting from: (a) the gross negligence or willful misconduct of the Indemnified Parties; and/or (b) a Landlord's failure to grant a Landlord Consent.

6. Receiver Liability

The Receiver has entered into and signed this Agreement in its capacity as interim receiver and receiver of the Companies and neither the Receiver nor its representatives shall incur any personal liability whatever in respect of any of the obligations undertaken by the Companies or the Receiver hereunder, save and except for any gross negligence or wilful misconduct. The Purchaser acknowledges that the rights granted herein are granted entirely at the risk of the Purchaser and that neither the Receiver nor the Companies has made any representations or warranties as to the nature of the rights of the Purchaser hereunder.

7. Termination

- (a) This Agreement as it relates to any particular Premises may be terminated by the Receiver in the event that the Purchaser, in any material respect, defaults under, or fails to comply in any material respect with, this Agreement as it relates to such Premises and such default or failure to comply remains unremedied for five business days following notice of such default or failure by the Receiver to the

Purchaser, in which event the Receiver shall be entitled to disclaim or surrender the Receiver's interest, if any, and the Companies' interest, in respect of such Premises. In the event of termination of this Agreement as it relates to any Premises or the disclaimer or surrender of the Receiver's interest, if any, and the Companies' interest, in any Lease in respect of such Premises, the Purchaser shall immediately vacate the relevant Premises (but not the other Premises). Such termination shall be limited to the particular Premises and shall be without prejudice to and shall not affect: (i) any rights or remedies of the Receiver or the Companies' as against the Purchaser arising from or relating to such default; or (ii) any rights or obligations which may have accrued prior to termination.

- (b) This Agreement may be terminated by the Purchaser in respect of any of the Premises upon five business days' prior written notice to the Receiver in the event that the Receiver or the Companies', in any material respect, defaults under, or fails to comply in any material respect with, this Agreement as it relates to such Premises and such default or failure to comply remains unremedied for five business days following notice of such default of failure by the Purchaser to the Receiver. Such termination shall be limited to the particular Premises and shall be without prejudice to and shall not affect: (i) any rights or remedies of the Purchaser as against the Receiver or the Companies' arising from or relating to such default; or (ii) any rights or obligations which may have accrued prior to termination.

8. Bankruptcy

The Access Period in respect of all Premises shall expire upon a trustee in bankruptcy of the Companies' (the "Trustee") entering into a replacement transition agreement in connection with the Leases and the Premises (the "Trustee Agreement"). Following the entering into of a Trustee Agreement:

- (a) the Purchaser shall notify the Receiver that such agreement has been entered into;
- (b) the Receiver shall continue to hold any funds provided to it in respect of Occupancy Costs in trust in a separate interest bearing trust account and shall (A) continue to apply such funds in accordance with Section 2(d) or (B) shall make monthly payments to the Trustee to allow the Trustee to apply funds in the manner set out in Section 2(d) (or the equivalent provision of the Trustee Agreement); and
- (c) the Receiver shall continue to complete readjustments to Occupancy Costs in the manner contemplated herein and to return *pro rata* portions of funded Operating Costs to the Purchaser when the access period under the Trustee Agreement expires, provided for greater certainty that the Receiver shall never have any other obligation pursuant to the foregoing beyond returning amounts funded by the Purchaser to the Purchaser .

9. No Assignment

This Agreement and the license provided for herein is personal to each of the parties hereto and cannot be assigned without the prior written consent of the other parties hereto.

10. No Registration

The Purchaser agrees that this Agreement and any notice of it cannot be registered against title to the Premises.

11. Entire Agreement

This Agreement, the Purchase Agreement and the other agreements contemplated by the Purchase Agreement (the "Transaction Agreements") are the entire agreements between the parties with respect to the Premises and supersede all prior negotiations and discussions on those matters. There are no warranties, representations, covenants or agreements with respect to the matters provided for herein except as set forth in the Transaction Agreements. No modification of this Agreement is binding unless it is in writing and signed by each of the parties hereto.

12. Notices

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

WWRD Canada, Inc.
c/o KPS Capital Partners, LP
485 Lexington Avenue, 31st Floor
New York, New York 10017

Attention: Jay Bernstein
Fax No.: 646.307.7100

with a copy to:

Goodmans LLP
Suite 2400, 250 Yonge Street
Toronto, ON M5B 2M6

Attention: L. Joseph Latham and Gesta A. Abols
Telephone No.: 416.597.4211
Fax No.: 416.979.1234

and in the case of the Receiver, as follows:

Deloitte & Touche Inc. in its capacity as the interim receiver and receiver of
Royal Doulton Canada Limited and
Waterford Wedgwood Canada Inc.
181 Bay Street, Suite 1400

Brookfield Place
Toronto, ON M5J 2V1

Attention: Brent Houlden
Telephone No.: 416.643.8788
Fax No.: 416-601-6690

with a copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Marc Wasserman and David Hanick
Telephone No.: 416.862.4908 and 416.862.5979
Fax No.: 416.862.6666

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Eastern time) on a business day, will be deemed to have been given on the business day, and if transmitted by fax after 5:00 p.m. (Eastern time) on a business day, will be deemed to have been given on the business day after the date of the transmission.

13. Further Assurances

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, execute and deliver and make or cause to be made all such further acts, deeds, including, without limitation, any specific assignment and assumption agreements, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement at no cost to the requesting party.

14. Severability

If any provision of this Agreement shall be deemed to be invalid or void, the remaining provisions shall not be affected thereby and shall remain enforceable and in full force and effect to the fullest extent permitted by law.

15. Language

The parties acknowledge having expressly required that this Agreement and all documents and agreements relating thereto be drawn in English only. Les parties ont exigé que les présentes ainsi que tous les documents et conventions s'y rapportant soient rédigés en anglais seulement.

16. Binding Effect

This Agreement shall be binding upon each of the parties hereto, and each of their respective heirs, executors, partners, trustees, administrators, successors and assigns and shall enure to the benefit of each of the parties hereto and each of their respective successors and assigns.

17. Counterparts and Telecopy

This Agreement may be executed and delivered by a party hereto in one or more counterparts, each of which counterpart will be deemed an original and those counterparts will together constitute one and the same instrument. This Agreement and each counterpart thereof may be delivered by facsimile and/or functionally equivalent electronic means and said version shall constitute a validly executed instrument.

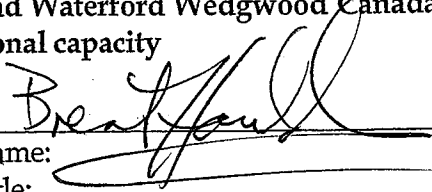
18. Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Signature Page Follows

DATED WITH EFFECT as of the date first above written.

DELOITTE & TOUCHE INC. in its capacity as the interim receiver and receiver of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc, and not in its personal capacity

Per: 
Name:
Title:

Per: _____
Name:
Title:

ROYAL DOULTON CANADA LIMITED

Per: _____
Name:
Title:

WATERFORD WEDGWOOD CANADA INC.

Per: _____
Name:
Title:

WWRD CANADA, INC.

Per: _____
Name:
Title:


DATED WITH EFFECT as of the date first above written.

DELOITTE & TOUCHE INC. in its capacity as the interim receiver and receiver of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc, and not in its personal capacity

Per: _____
Name:
Title:

Per: _____
Name:
Title:

ROYAL DOULTON CANADA LIMITED

Per:  _____
Name: JON STUBBS
Title: VICE PRESIDENT, FINANCE

WATERFORD WEDGWOOD CANADA INC.

Per: _____
Name:
Title:

WWRD CANADA, INC.

Per: _____
Name:
Title:

DATED WITH EFFECT as of the date first above written.

DELOITTE & TOUCHE INC. in its capacity as the interim receiver and receiver of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc, and not in its personal capacity

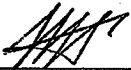
Per: _____
Name:
Title:

Per: _____
Name:
Title:

ROYAL DOULTON CANADA LIMITED

Per: _____
Name:
Title:

WATERFORD WEDGWOOD CANADA INC.

Per:  _____
Name: HARTIT SINGH RANDHALIA
Title: V P FINANCE

WWRD CANADA, INC.

Per: _____
Name:
Title:

DATED WITH EFFECT as of the date first above written.

DELOITTE & TOUCHE INC. in its capacity as the interim receiver and receiver of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc, and not in its personal capacity

Per: _____
Name:
Title:

Per: _____
Name:
Title:

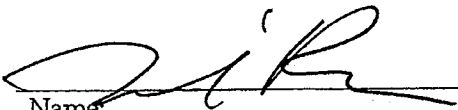
ROYAL DOULTON CANADA LIMITED

Per: _____
Name:
Title:

WATERFORD WEDGWOOD CANADA INC.

Per: _____
Name:
Title:

WWRD CANADA, INC.

Per:  _____
Name:
Title:

Schedule "A"
Continued Premises and Continued Leases

Royal Doulton Canada	Description	End Date
White Oaks Mall 1105 Wellington Road, Unit 221 London, ON N6E 1V4	Retail Store	October 31, 2008 (now month to month)
Pickering Town Centre 1355 Kingston Road, Unit 423 Pickering, ON L1V 1B8	Retail Store	31 Jan 2010
Regent Mall 1381 Regent Street, Unit N-004 Fredericton, NB E3C 1A2	Retail Store	31 Oct 2009
Cookstown Manufacturer's Outlet RR #1, Unit B12-B13 Cookstown, ON L0L 1L0	Retail Store	30 Apr 2009
St. Jacobs Factory Outlet Mall 25 Benjamin Road, Unit 132 Waterloo, ON N2V 2G8	Retail Store	30 Nov 2009
Royal Doulton Home 1 Bass Pro Mills Drive, Unit 140 Vaughan, ON L4K 5W4	Retail Store	30 Nov 2009
Royal Doulton Canada Limited 305 Milner Ave., Suite 700 Toronto, ON M1B 3V4	Head Office (parking license too)	31 March 2014
Markville Shopping Centre 5000 Highway #7, Unit 0132 Markham, ON L3R 4M9	Retail Store and Storage Area	30 April 2010
Royal Doulton Canada Warehouse 1845 Clements Road, Unit 200 Pickering, ON L1W 3R8	Warehouse	31 Jan 2010
Market Mall L2-3625 Shaganappi Trail NW, Unit F016C Calgary, AB T3A 0E2	Retail Store	6 August 2014
Southworks Outlet Mall 64 Grand Avenue, South, Unit 161 Cambridge, ON N1S 2L8	Retail Store	31 May 2009
Guildford Town Centre Unit 1315	Retail Store and Storage Area	30 September 2009 (Retail Store) 31 March 2009 (Storage Area)

<u>Royal Doulton Canada</u>	<u>Description</u>	<u>End Date</u>
Surrey, BC V3R 7C1		

Schedule "B"
DISCONTINUED PREMISES AND DISCONTINUED LEASES

<p>West Edmonton Mall 8882 - 170th Street, Unit D-226, Storefront 2063 Edmonton, AB T5T 3J7</p>
<p>Fallsview Galleria 6380 Fallsview Blvd, Unit 224 Niagara Falls, ON L2G 7Y6</p>
<p>Dixie Outlet Mall 1250 South Service Road, Unit 103 Mississauga, ON L5E 1V4</p>
<p>Mic Mac Mall 21 Mic Mac Blvd, Unit 227 Dartmouth, NS B3A 4K7</p>
<p>Waterford Wedgwood Canada Inc. 20 West Beaver Creek Road Richmond Hill, ON L4B 3L6</p>

Schedule "C"
Estimated Occupation Costs

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
DARTMOUTH Discontinued Premises	Mic Mac Mall	BASIC RENT	5,274.50
	21 Micmac Mall	CAM	2,220.09
	Dartmouth, NS B3A 4K7	UTILITIES	759.40
		TAXES	2,705.98
		MALL MEDIA	514.61
		HST	1,491.70
		To Landlord	12,966.28
		Est. utilities	250.00
LONDON	White Oaks Mall	BASIC RENT	7,113.13
	1105 Wellington Road	CAM	1,744.83
	London, ON N6E 1V4	TAXES	2,962.06
		MALL MEDIA	464.20
		UTILITIES	296.69
		STORAGE	185.75
		GST	638.36
		To Landlord	13,405.02
		Est. utilities	478.00
NIAGARA Discontinued Premises	Fallsview Casino Galleria	BASIC RENT	1,821.33
	Unit 224-6380 Fallsview Blvd.	CAM	969.84
	Niagara Falls, ON L2G 7Y6	TAXES	273.20
		UTILITIES	300.00
		MALL MEDIA	372.06
		STORAGE	380.23

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		GST	205.83
		To Landlord	4,322.49
SOUTHWORKS	Southworks Outlet Mall	BASIC RENT	5,618.33
	64 Grand Ave. S., Unit 161	MALL MEDIA	0.00
	Cambridge, ON N1S 2L8	GST	280.92
		To Landlord	5,899.25
WEST EDMONTON Discontinued Premises	West Edmonton Mall	BASIC RENT	8,391.96
	8882-170 Street, Unit 2101	TENANT ALLOWANCE	0.00
	Edmonton, AB T5T 3J7	CAM	2,418.72
		UTILITIES	2,441.30
		TAXES	3,173.71
		GST	821.28
		MALL MEDIA	989.15
		GST ON MALL MEDIA	49.46
		To Landlord	18,285.58
		Est. utilities	100.00
MARKET MALL	Market Mall	BASIC RENT	4,552.08
	L2-3625 Shaganappi Trail NW	CAM	614.73
	Calgary, AB T3A 0E2	UTILITIES	545.74
		MALL MEDIA	294.50
		REALTY TAXES	445.31
		STORAGE	797.44
		GST	362.48

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		To Landlord	7,612.28
PICKERING	Pickering Town Centre	BASIC RENT	2,576.67
	1355 Kingston Road, Unit 423	CAM	1,802.00
	Pickering, ON L1V 1B8	TAXES	1,398.00
		GST	288.83
		MALL MEDIA	239.84
		GST ON MALL MEDIA	11.99
		To Landlord	6,317.33
		Est. utilities	450.00
GUILDFORD	Guildford Town Centre	BASIC RENT	6,090.42
	Unit 1315	CAM	1,900.99
	Surrey, BC V3R 7C1	TAXES	1,413.75
		UTILITIES	239.38
		MALL MEDIA	688.34
		STORAGE	272.25
		GST	530.26
		To Landlord	11,135.39
		Est. utilities	240.00
FREDERICTON	Regent Mall	BASIC RENT	3,422.25
	1381 Regent Street, Unit 104	CAM	1,962.09
	Fredericton, NB E3C 1A2	MALL MEDIA	159.71
		TAX	1,627.47
		UTILITIES	249.70
		HST	964.75
		STORAGE	104.00
		HST ON STORAGE	13.52

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		To Landlord	8,503.49
		Est. utilities	530.00
VAUGHAN MILLS	Vaughan Mills Mall	BASIC RENT	11,101.75
	Royal Doulton Home	CAM	4,928.50
	1 Bass Pro Mills Drive	TAX	3,505.46
	Vaughan, ON L4K 5W4	MALL MEDIA	1,333.09
		UTILITIES	726.48
		GST	1,079.77
		To Landlord	22,675.05
		Est. utilities	340.00
MARKVILLE	Markville Shopping Centre	BASIC RENT	2,880.00
	5000 Highway #7, Unit 132	CAM	855.16
	Markham, ON L3R 4M9	TAXES	599.69
		UTILITIES	177.50
		MALL MEDIA	294.75
		GST	240.37
		To Landlord	5,047.47
		Est. utilities	250.00
COOKSTOWN	Cookstown Manufactures Outlet	BASIC RENT	5,585.00
	RR #1, Unit B13	CAM	2,373.63
	Cookstown, ON L0L 1L0	TAXES	1,605.69
		MALL MEDIA	767.94
		GST	516.61
		To Landlord	10,848.87
		Est. utilities	385.00
ST. JACOBS	St. Jacobs Factory Outlet Mall	BASIC RENT	3570.67
	25 Benjamin Road, Unit 30	CAM	1229.64

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
	Waterloo, ON N2V 2G8	TAXES	1283.21
		MALL MEDIA	524.44
		INSURANCE	80.34
		GST	334.42
		To Landlord	7,022.72
		Est. utilities	285.00
DIXIE Discontinued Premises	Dixie Outlet Mall	BASIC RENT	5,800.00
	1250 South Service Rd., Unit 103	CAM	1,573.25
	Mississauga, ON L5E 1V4	TAXES	1,016.45
		MALL MEDIA	386.44
		UTILITIES	328.73
		MALL MEDIA	300.73
		GST	470.28
		STORAGE	270.67
		GST ON STORAGE	13.53
		To Landlord	10,160.08
		Est. utilities	414.00
WHOLESALE DISTRIBUTION CENTRE	1845 Clements Road	BASIC RENT	28,042.10
	Pickering, ON L1W 3R8	GST	1,402.11
		To Landlord	29,444.21
		Est. utilities	1475.00
ROYAL DOULTON HEAD OFFICE & SHOWROOM	305 Milner Ave., Ste. 700	BASIC RENT	30,737.83
	Toronto, ON M1B 3V4	GST	1,536.89
		To Landlord	32,274.72

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
Waterford Wedgewood Canada Inc. Discontinued Premises	20 West Beaver Creek Road, Richmond Hill, Ontario	BASIC RENT	22,841.67
		GST	1,142.08
		TAXES	6250.00
		LANDLORD INSURANCE	600.00
		To Landlord	30,833.75
		Est. Utilities	7000
		Security Costs	400.00
		Estimated Other Costs (garbage, etc.)	500.00

TAB D

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

IN THE MATTER OF THE *BANKRUPTCY AND INSOLVENCY*
ACT, R.S.C. 1985, c. B-3, AS AMENDED

AND IN THE MATTER OF SECTION 101 OF THE *COURTS OF*
JUSTICE ACT, R.S.O. 1990, c. C.43, AS AMENDED

BANK OF AMERICA, N.A.

APPLICANT

and

ROYAL DOULTON CANADA LIMITED and
WATERFORD WEDGWOOD CANADA INC.

RESPONDENTS

REPORT OF DELOITTE & TOUCHE INC.

In its capacity as the Proposed Interim Receiver and

Receiver of the Respondents

MARCH 26, 2009

INTRODUCTION

1. Deloitte & Touche Inc. (“**Deloitte**” or the “**Proposed Receiver**”) understands that an application has been made by the Bank of America, N.A. (“**BOA**”) for an order appointing Deloitte as interim receiver pursuant to section 47(1) of the *Bankruptcy and Insolvency Act*, R.S.C. 1985, c. B-3, as amended, and receiver pursuant to section 101 of the *Courts of Justice Act* R.S.O. 1990 c. C.43, as amended, without security, of all the assets, undertaking and properties of Waterford Wedgwood Canada Inc. (“**WWCI**”) and Royal Doulton Canada Limited (“**RDCL**”) (collectively, the “**Respondents**”). The Proposed Receiver is consenting to act in that capacity.

PURPOSE

2. The purpose of this Proposed Receiver's Report (the "**Report**") is to provide this Honourable Court with information concerning:
 - (a) Background on the business and operations of the Respondents;
 - (b) Debt structure and estimated realization to secured lenders and the UK Administration and Irish Receivership processes;
 - (c) Cash position and liquidity;
 - (d) Marketing and sale process undertaken to sell the global business of the Waterford Wedgwood group of companies (the "**WW Group**"), including WWCI and RDCL;
 - (e) The Canadian Purchase Agreement (as defined herein); and
 - (f) Proposed Receiver's recommendations regarding the sale to WWRD Canada, Inc. (the "**Purchaser**"), an affiliate of KPS Capital Partners LP ("**KPS**"), pursuant to the Canadian Purchase Agreement.

QUALIFICATIONS

3. In preparing this Report, the Proposed Receiver has relied upon unaudited financial information, the Respondents' books and records, the financial information prepared by the Respondents, and discussions with management and legal counsel of the Respondents. Deloitte has not audited, reviewed, or otherwise attempted to verify the accuracy or completeness of the information and, accordingly, the Proposed Receiver expresses no opinion or other form of assurance on the information contained in this Report.
4. Certain of the information referred to in this Report consists of forecasts and/or projections. An examination or review of financial forecasts and projections, as outlined in the Canadian Institute of Chartered Accountants Handbook, has not been performed. Future oriented financial information referred to in this Report was prepared by the Respondents based on management's estimates and assumptions. Readers are cautioned that since projections are based upon

assumptions about future events and conditions that are not ascertainable, actual results will vary from the projections and, even if the assumptions materialize, the variations could be significant.

5. Unless otherwise noted, all dollar amounts contained in this Report are expressed in Canadian dollars.

BACKGROUND ON THE BUSINESS AND OPERATIONS OF THE RESPONDENTS AND THE UK ADMINISTRATION AND IRISH RECEIVERSHIP PROCESSES

6. The WW Group is a multi-national enterprise that designs, manufactures and distributes table, crystal and silverware products under four primary brands: Waterford Crystal, Wedgwood, Rosenthal and Royal Doulton (the “**Brands**”). Waterford Wedgwood plc (“**Waterford Wedgwood**”), an Irish listed Company, is the ultimate parent of RDCL, WWCI and all other companies in the WW Group. Waterford Wedgwood and three of its subsidiaries are in receivership in Ireland and ten of Waterford Wedgwood’s UK subsidiaries are in insolvency administration in the UK.

Royal Doulton Canada Limited

7. RDCL is incorporated under the *Business Corporations Act*, R.S.O. 1990, c. B.16, as amended. RDCL maintains its head office at 305 Milner Ave, Suite 700, Toronto, Ontario.
8. Globally, the Royal Doulton business is the design and manufacture of tableware and ceramics; however, RDCL is a sales/distribution entity only. RDCL sells its products on a wholesale basis, through selected department and specialty store groups, and on a retail basis through its retail and outlet store locations, as well as directly to consumers via the Internet.
9. RDCL operates primarily as a wholesaler and retailer of Royal Doulton branded products. Sales of these products account for 85 percent of RDCL’s revenues. RDCL also sells and distributes certain other product lines such as Royal Crown Derby tableware, which are manufactured by third parties unrelated to the WW Group. Sales of other products make up approximately 15 percent of RDCL’s revenues.
10. RDCL currently operates fourteen retail stores in five provinces (Ontario, Alberta, British Columbia, New Brunswick and Nova Scotia) and maintains head office and warehouse locations

in Toronto and Pickering, Ontario, respectively. RDCL operates out of leased premises in all locations (retail, office and warehouse).

11. RDCL employs approximately two hundred and twenty people in various functions including warehouse and distribution, retail selling, wholesale selling, hotel and airlines selling, marketing, finance, information technology and personnel. RDCL also hired forty-eight people on a temporary basis for the period from March 2nd, 2009 through March 30th, 2009 to assist with a warehouse sale. RDCL and WWCI will be funding their respective payroll providers such that all of their employees, including those temporary employees, receive payment for all services performed up to March 28, 2009, prior to closing on the March 26, 2009 payroll run (which will also include accrued and unpaid vacation pay for employees who are not being offered continued employment by the Purchaser). Fifteen of the distribution employees are unionized and part of the National Automobile, Aerospace, Transportation & General Workers Union of Canada (CAW-Canada), Local 414 (the "Union").

Waterford Wedgwood Canada Limited

12. WWCI is incorporated under the *Canada Business Corporations Act*, R.S.C. 1985, c. C-44, as amended. WWCI has its head office at 20 West Beaver Creek Road, Richmond Hill, Ontario.
13. Globally, the Waterford and Wedgwood businesses are the design and manufacture of crystal and ceramics, respectively; however, WWCI is a sales/distribution entity that sells solely branded products ("**Branded Products**") to the Canadian market on a wholesale basis, through selected department and specialty store groups. WWCI does not operate any retail stores.
14. WWCI operates out of a leased office and warehouse location in Richmond Hill, Ontario.
15. WWCI employs approximately twenty-five individuals in sales, distribution, logistics and administrative functions. None of the WWCI employees are unionized.
16. WWCI and RDCL are both dependent on the other companies in the WW Group. Without the right to use the Brands and without access to the sources of supply that are provided through the WW Group, they have essentially no going concern business. Accordingly, RDCL and WWCI are

completely and inextricably tied to the business, assets and operations of other companies in the WW Group, in particular those based in the UK and Ireland.

Canadian Operations during Insolvency Proceedings in UK and Ireland

17. On January 5, 2009 (the “**Filing Date**”), ten of Waterford Wedgwood’s subsidiaries registered in England & Wales (the “**UK Administration Companies**”) entered administration with Angus Martin, Neville Khan, Nicholas Dargan and Dominic Wong (all partners in Deloitte LLP in the UK) being appointed as joint Administrators (the “**UK Administrators**”). Also on the Filing Date, David Carson, a partner with Deloitte & Touche in Ireland was appointed as Irish receiver (the “**Irish Receiver**”) of Waterford Wedgwood and three of its Irish Subsidiaries (the “**Irish Receivership Companies**”).
18. Since the Filing Date, the Respondents have worked diligently to maintain their operations in the normal course. The Respondents continue to sell products to their customers and have received a limited quantity of additional inventory from their suppliers. There have been no significant changes in the workforce. As described elsewhere in this report, the Respondents have self-financed their respective operations, through cash flows from operations, while the sale process for the global business of the WW Group continued.

Customers

19. Immediately upon commencement of insolvency proceedings in England & Wales and Ireland, the Respondents implemented a communication plan advising significant customers of the various filings and of their commitment to continue to meet customer obligations.
20. The Respondents continue to work with their customers to manage the operations on a “business as usual” basis.
21. Since the Filing Date, the Respondents continue to be in regular contact with many of their customers to assure them that orders will be filled to the best of their ability.

Suppliers

22. Prior to the Filing Date, Josiah Wedgwood & Sons Limited (now in administration) and Royal Doulton (UK) Limited (now in administration) initiated purchases from, and made payments to, the overseas suppliers on whom RDCL and WWCI rely for most of their inventory. Since the Filing Date, the Respondents have had to pay the overseas suppliers directly due to the various insolvency proceedings affecting certain members of the WW Group. Payments to these overseas suppliers have minimized supply chain disruptions to the extent possible.
23. The Respondents have continued to make payments to their trade creditors as of the Filing Date, with minimal balances owing over ninety days past the invoice date.

Employees

24. The Respondents continue to pay wages, salaries, commissions, employee benefits and other compensation, withholdings and deductions and reimbursable expenses. The Respondents also continue to make employee related payments on a "business as usual" basis and accrue vacation pay accordingly.
25. The Respondents continue to contribute to their registered pension plans in the ordinary course in accordance with legislated requirements. WWCI registered its company pension plan as a defined benefit plan in 1983. Sun Life Financial Inc. and Mercer Limited provide the group pension plan administration and pension plan consulting services, respectively, to WWCI. The most recent actuarial valuation, performed in December, 2005 with respect to the WWCI defined benefit plan, indicated an underfunded balance of \$513,300. An actuarial valuation to be performed as of December 31, 2008, is due no later than September 30, 2009.
26. RDCL registered its company pension plan as a defined benefit plan on July 1, 1970. On April 1, 2006, the defined benefit plan was frozen and a defined contribution plan was initiated. RDCL's defined contribution plan is held in trust by CIBC Mellon and the investment manager is Integra Capital. Based on the last actuarial valuation performed as of December 31, 2005, the going concern excess after reflection of the plan change amounted to \$4,280,600 and the solvency excess as of December 31, 2005, amounted to \$1,451,200. An actuarial valuation as of December 31, 2008, is due no later than September 30, 2009. RDCL has advised that, in light of recent equity

and capital market turmoil, it is anticipated that such valuation will show that the defined benefit plan has an unfunded liability.

DEBT STRUCTURE AND ESTIMATED REALIZATION TO SECURED LENDERS

27. A syndicate of lenders (the “**Senior Lenders**”) made in excess of €200 million and US\$60 million in revolving loans, term loans and other ancillary facility products and loans available to Waterford Wedgwood, and certain other members of the WW Group, pursuant to a Facility Agreement dated December 10, 2005 (the “**Waterford Wedgwood Facility**”). BOA is a Senior Lender and acts as Agent for the Senior Lenders and is also the Security Trustee.
28. Under the the Waterford Wedgwood Facility, receivables are paid into blocked accounts and cash is swept daily. WWCI and RDCL are generally self-funding entities whose cash is not paid into blocked accounts or swept daily; however, their respective bank accounts are subject to springing control agreements in favour of BOA, as Agent. WWCI and RDCL periodically transferred cash to Statum Limited, a WW Group company that provides the treasury function to Waterford Wedgwood, in the event that they had surplus cash.
29. The Waterford Wedgwood Facility was breached (by way of cross-default) on Monday, December 1, 2008 when Waterford Wedgwood defaulted on its semi-annual coupon payment due on the Notes (as defined herein). The non-payment of the coupon on the Notes constituted a cross-default under the Waterford Wedgwood Facility, resulting in the right to accelerate amounts owing under the Waterford Wedgwood Facility. Waterford Wedgwood sought and received forbearance from enforcement action in respect of the facilities under the Waterford Wedgwood Facility from the Senior Lenders a number of times, and the Fourth Forbearance Agreement expired at 5pm New York time on January 2, 2009.
30. On December 1, 2003, Waterford Wedgwood completed an Indenture with The Bank of New York, London as trustee for the holders of the €166,028,000 9½% Mezzanine Notes and six supplements thereto (the “**Notes**”). The Indenture states that the principal amount of the Notes is due on December 1, 2010, and the interest payment dates are June 1 and December 1 of each year, commencing June 1, 2004. As noted above, Waterford Wedgwood defaulted on its December 1, 2008 interest payment under the Notes.

31. WWCI and RDCL have guaranteed the obligations of Waterford Wedgwood under the Notes pursuant to the third and fourth supplement dated as of September 30, 2004 and March 3, 2005, respectively (the “**Note Guarantees**”).
32. On January 5, 2009, the UK Administration Companies entered administration and the Irish Receiver was appointed over the Irish Receivership Companies.
33. The secured lender balances are set out in the table below:

Secured Lender Balance	Euro '000s	*\$CDN '000s
Tranche A	144,249	230,798
Tranche B	46,890	75,024
Collateral Providers	25,000	40,000
High Yield Bonds	166,028	265,645
Total	382,167	611,467

**Applied a foreign exchange rate of 1.6 to convert Euro balances to Canadian dollars*

34. The UK Administrators estimate that, based on the current offer and proposed transaction with KPS, the secured lenders as a whole detailed above will experience a total deficit in the range of \$372 million to \$385 million before professional costs, priority claims and operating costs. Furthermore, based on the current offer and proposed transaction with KPS, the Senior Lenders will experience a deficit in the range of \$66 million to \$80 million. There will still be a substantial deficiency after taking into account realizations from other related companies and personal guarantees.
35. Pursuant to the terms of the Waterford Wedgwood Facility, RDCL and WWCI have given continuing unlimited guarantees of all the indebtedness of Waterford Wedgwood and certain other borrowers under the Waterford Wedgwood Facility (collectively, the “**Guarantee**”). As a consequence of the shortfall the Tranche B Senior Lenders and the holders of the Notes are facing, RDCL and WWCI are exposed, under the Guarantee and the Note Guarantees, in an amount that vastly exceeds the liquidation value of the assets of the two companies. Based on a liquidation analysis prepared by the Deloitte UK administration team for the WW Group, the Senior Lenders would experience a deficit in the range of \$82 million to \$186 million following liquidation of the WW Group (including RDCL and WWCI). RDCL and WWCI are liable under the Guarantee jointly and severally as primary obligors and not merely as sureties. Both RDCL and WWCI

remain exposed to the outstanding indebtedness under the Waterford Wedgwood Facility and the Notes.

36. BOA, as Security Trustee for the Senior Lenders, has comprehensive general security over the machinery, equipment, stock, receivables, bank accounts, shares in subsidiaries and all other assets of RDCL and WWCI.
37. BOA, as Security Trustee, holds the security granted pursuant to the Waterford Wedgwood Facility for and on behalf of the Senior Lenders and most of the security on behalf of the holders of the Notes (the “**HY Bondholders**”). The security sharing arrangement and the relative priorities of the Senior Lenders and the HY Bondholders are governed by an Intercreditor and Security Trust Agreement dated December 10, 2005 (the “**Intercreditor Agreement**”). Pursuant to the Intercreditor Agreement: (i) the Senior Lenders' debt and security rank first in priority to the HY Bondholders' debt and security in connection with the assets of RDCL and WWCI; (ii) the Security Trustee is entitled to enforce the security and can claim and prove the debt owed to the HY Bondholders under the indenture; and (iii) the HY Bondholders are fully subordinated in right of payment to all amounts owing under the Waterford Wedgwood Facility.
38. Deloitte has obtained independent legal opinions on BOA's security, as Security Trustee for the Senior Lenders and the HY Bondholders. The law firms of Bennett Jones LLP for Ontario and Alberta (independent counsel to Deloitte), McInnes Cooper for Nova Scotia and New Brunswick (on the instructions of Bennett Jones LLP), and Bull, Housser & Tupper LLP for British Columbia (on the instructions of Bennett Jones LLP) have given an opinion (the “**Bennett Jones Opinion**”) that the security interests of the Security Trustee, on behalf of the Senior Lenders and the holders of the Notes, on the assets of RDCL and WWCI are valid and enforceable and have been properly perfected in Ontario, Alberta, Nova Scotia, New Brunswick and British Columbia with respect to RDCL and in Ontario with respect to WWCI, subject to standard assumptions, qualifications and limitations.
39. Given the shortfall that the Senior Lenders are expected to experience, unfortunately, there is no scenario under which HY Bondholders or the unsecured creditors will receive anything out of the realization on the assets of RDCL and WWCI.

CASH POSITION AND LIQUIDITY

40. Until the recent financial difficulties experienced by the WW Group, both WWCI and RDCL had positive cash flows. Attached as Appendix I is a copy of WWCI's statement of cash flows for the period ended March 13, 2009 and forecast through to the week ending May 1, 2009 and balance sheet as at February 28, 2009. Attached as Appendix II is a copy of RDCL's statement of cash flows for the period ended March 13, 2009 and forecast through to the week ending May 1, 2009 and balance sheet as at February 28, 2009.
41. In or about the end of January, 2009, in light of the difficulties faced by the WW Group, RDCL began curtailing the orders it was accepting, and has been paying most of its suppliers cash on delivery. As a result of these actions, RDCL's cash flow position has deteriorated from a balance of \$1.1 million at January 9, 2009 to a balance of \$0.3 million at March 13, 2009. Furthermore, based on management's forecast, continued net cash outflows are expected to result in a negative cash position/deficit during the week ending May 1, 2009 (refer to Appendix II).
42. WWCI's cash position has been, in recent months, better than that of RDCL. In or about the end of January, 2009, WWCI has been paying its local suppliers and one freight service supplier cash on delivery. International suppliers, on the other hand, have been paid on terms ranging from seven to fifteen days. Despite experiencing net cash outflows during the weeks ended February 6, 2009 and March 13, 2009, WWCI's cash balance has increased since the beginning of January, 2009. Accordingly, it has been largely business as usual for WWCI, which has been using surplus cash to fund ongoing operations. Based on management's forecast, WWCI's cash position will deteriorate through to the end of April, 2009 due to anticipated net cash outflows. This deterioration is not expected to result in a negative cash position/deficit during the forecasted period (refer to Appendix I).

MARKETING AND SALE PROCESS UNDERTAKEN TO SELL THE GLOBAL BUSINESS OF THE WW GROUP INCLUDING WWCI AND RDCL

43. Lazard Freres & Co. LLC (“**Lazard**”) and J.P. Morgan Cazenove (“**JPM Cazenove**”) were engaged in various capacities in relation to Waterford Wedgwood since August, 2008. Lazard was appointed by Waterford Wedgwood to advise on a proposed equity financing and follow on placement. The letter of engagement signed between Lazard and Waterford Wedgwood was dated August 11, 2008. During this process, Lazard contacted a number of potential financial investors globally, focusing on the United States. JPM Cazenove was also appointed by Waterford Wedgwood to advise on a proposed equity financing and follow on placement. The letter of engagement signed between JPM Cazenove and Waterford Wedgwood was dated September 11, 2008. During this process, JPM Cazenove contacted a number of potential strategic trade investors globally, focusing on the UK and Europe.
44. Upon their appointment, the UK Administrators were briefed by Lazard on the sale process. In total, Lazard contacted 182 parties, of which 7 parties demonstrated interest in leading an investment as at October 28, 2008 with two remaining parties at the end of November, 2008.
45. The UK Administrators did not appoint Lazard to assist and advise in relation to the conduct of the sale of business process; however, on January 14, 2009, the UK Administrators engaged JPM Cazenove for a fixed fee of €175,000 to assist in the marketing of WW Group. During this process, JPM Cazenove contacted a number of potential strategic trade investors globally, focussing on the UK and Europe. The engagement letter was signed between JPM Cazenove and Waterford Wedgwood (in receivership).
46. KPS approached the UK Administrators and the Irish Receiver soon after their appointment and a Letter of Intent was agreed with KPS on January 8, 2009. The Letter of Intent did not commit the UK Administrators and the Irish Receiver to sell to KPS, in fact, the Letter of Intent and corresponding press announcement specifically reflected the continuation of a sale process.

47. To ensure competitive tension with a view to maximize stakeholders' returns and ensure a timely transaction, a separate work stream was set up by the UK Administrators and Irish Receiver, to identify alternative bidders. This was designed to ensure that the market was thoroughly tested and to confirm that no better offers were available to that offered by KPS.
48. Following the above mentioned appointment, the UK Administrators and Irish Receiver arranged the continued involvement of JPM Cazenove to broaden the proactive marketing exercise, with a particular focus on worldwide strategic trade buyers. In addition, a number of parties contacted the UK Administrators and Irish Receiver directly following their appointment and the publicity resulting therefrom. As a result, a significant number of potential bidders have either directly expressed their interest or have been contacted, in the processes conducted by Lazard, JPM Cazenove and the UK Administrators and Irish Receiver as summarized in the table below:

	Lazard	JPM Cazenove	Deloitte
Parties contacted	182	65	78

49. In order to ensure appropriate coverage of all potential buyers, the above mentioned sale processes have had a global reach and have involved trade and financial parties.
50. Given that a large number of potential purchasers/financiers were based in the United States, the Corporate Finance practice of Deloitte US was appointed to engage with North American parties.
51. JPM Cazenove was an integral part of the team conducting the M&A process. JPM Cazenove had particular responsibility for identifying and approaching potential strategic purchasers and in utilising their network to identify other interested parties.
52. JPM Cazenove contacted 65 parties, predominantly strategic trade buyers, identified as having potential interest. Of these, 55 engaged in dialogue (the remainder being unresponsive).
53. A Waterford Wedgwood Hotline and Inbox were set up for both administration/receivership and transaction purposes, with sale of business enquiries passed to the sale of business team.
54. The UK Administrators identified the end of January, 2009 as a target for receiving final, binding offers, with a view to finalizing and completing a deal by early February, 2009. All parties expressing an interest in the Waterford Wedgwood business were individually assessed to

determine whether they were able to meet the aforementioned timeframe and could access significant funds to complete a transaction at short notice. Parties satisfying these criteria were sent a Non Disclosure Agreement, accompanied by a covering letter which clarified that offers should be made entirely in the form of cash and be capable of being completed within a short time frame.

55. Interest from bidders in either the Waterford or Wedgwood divisions was also pursued in the event that a whole business sale was not capable of being agreed. A transaction at a divisional level would require separation issues to be addressed. A limited number of parties pursued a divisional transaction; however, no offers capable of consideration by the UK Administrators/Irish Receiver were received.
56. Despite the number of parties involved in the process and the level of attention generated by the opportunity, the process only yielded one firm offer capable of consideration and acceptance by the UK Administrators and Irish Receiver. That one firm offer was from KPS.
57. KPS first demonstrated their interest in the business during the 2008 Lazard process and were identified as one of the two most interested parties by the end of November, 2008. While the other bidder subsequently withdrew from the Lazard process, KPS continued working on the opportunity and conducted significant levels of due diligence during December, 2008.
58. Pursuant to the Share and Business Sale Agreement dated March 26, 2009 (the “**UK/Irish Sale Agreement**”) between the UK Administrators, the Irish Receiver and a Gibraltar company associated with KPS, which was created for the purpose of the acquisition, most of the assets of the UK Administration Companies and Irish Receivership Companies were agreed to be sold subject to the fulfillment of various conditions. Some of those conditions relate to the various linked transactions required to be completed in the US, Canada and Australia.
59. The global transaction will see a combination of asset and share purchases that will result in the transfer of most of the assets of the WW Group to KPS or KPS associated companies. The consideration will be a minimum of €107.5 million. Various assets are specifically excluded such as the Rosenthal subsidiaries and the Irish property in Waterford.

60. The UK/Irish Sale Agreement provides that, as a condition precedent of the global transaction, there must be a sale of substantially all of the assets of RDCL and WWCI for proceeds of approximately €9 million (the “**Canadian Transaction**”).
61. Again, the Senior Lenders are owed approximately \$306 million. Even after the completion of the global transaction, the Senior Lenders are going to suffer a significant shortfall. The value of €9 million allocated to the assets subject to the Canadian Purchase Agreement represents 4.7% of the total Senior Lender balance, and following closing of the global transaction, as noted above, the Senior Lenders will still be owed in excess of \$66 million.

THE CANADIAN PURCHASE AGREEMENT

62. Attached hereto as Appendix III is a copy of the Agreement of Purchase and Sale to be entered into between Deloitte as Receiver (to the extent this Court makes the order appointing Deloitte as Receiver) and the Purchaser (the “**Canadian Purchase Agreement**”). Deloitte may also be referred to as Vendor in the remainder of this Report as that term is used in the Canadian Purchase Agreement.
63. A summary of some of the key terms in the Canadian Purchase Agreement is as follows (all capitalized terms in this paragraph that are not otherwise defined herein have the meanings as set out in the Canadian Purchase Agreement):
- (a) The sale of substantially all of the assets of RDCL and WWCI including: Leased Real Property, chattels, Inventory, Receivables, goodwill, Owned Intellectual Property, Assigned Contracts, Permits and Licenses, and all files, operating data, books of account associated with or used by RDCL and WWCI in the conduct of Business or otherwise related to the Purchased Assets or the Assumed Obligations;
 - (b) The Purchased Assets shall not include the following assets of RDCL and WWCI: cash, bank balances, moneys in possession of banks and other depositories, term or time deposits and similar cash items of, owned or held by or for the account of RDCL and WWCI, all documents and other items related solely to the organization, existence or capitalization of RDCL and WWCI, any rights to Tax refunds, Tax returns, Excluded Contracts, Branded Inventory, Employee Plans, current and prior insurance policies, any rights, demands,

- claims, credits, allowances, rebates, or rights of set-off relating to any of the Purchased Assets, deposits received from any subtenants with respect to any subleases of the Leased Real Property, prepaid and deferred items that relate to the Purchased Assets, and the benefit of any Business Claims;
- (c) The Purchaser will assume the following Assumed Liabilities: all Liabilities of RDCL and WWCI under Contracts to be assigned to the Purchaser, all Liabilities in respect of Permits and Licenses to be assigned to the Purchaser, all Liabilities relating to gift certificates, customer deposits, credit notes, loyalty and rebate programs, all Liabilities in connection with the replacement, repair or repayment of the purchase price of any product, arising in the ordinary course of Business from claims of wholesale, retail or online customers under product warranties, product return policies or other wholesale, retail or online customer programs, all Liabilities arising from the conduct of the Business, including in connection with the ownership of, or interest in, the Purchased Assets to the extent arising from and after the Closing, all Liabilities with respect to Transferred Intercompany Loans, and all Liabilities with respect to Transferred Employees and Temporary Transferred Employees;
- (d) All other Liabilities will be excluded including: all Taxes other than Transfer Taxes which the Purchaser has agreed, or is otherwise liable to pay, any Liabilities relating to, or arising out of, the Excluded Assets, except as otherwise expressly agreed to in the Canadian Purchase Agreement, all Accounts Payable, any accrued expenses of the Respondents except to the extent specifically assumed, the Vendor and the Respondents' obligations under the Canadian Purchase Agreement and any ancillary agreements, any Environmental Liabilities in respect of the Leased Real Property and any area used pursuant to the Permits and Licenses relating to the Respondents, or Hazardous Material or environmental conditions that exist on or prior to the Closing Date, any Liabilities arising as a result of any Action initiated at any time, to the extent related to the Respondents or the Purchased Assets, all Liabilities arising out of, relating to or with respect to (a) the employment or performance of services, or termination of employment or services of any Employee on or before the Closing Date (b) each of the Employee Plans or other benefit or compensation plan or programs (other than in respect of the RDCL Benefit Plan) or (c) workers'

compensation claims that relate to the period ending on the Closing Date, any Liabilities arising under Intercompany Loans and all promissory notes except for Transferred Intercompany Loans, all Liabilities arising under or with respect to indebtedness, all Liabilities with respect to Company Expenses, and any Liabilities with respect to any violation of an applicable Law or Order prior to the Closing Date by the Proposed Receiver or the Respondents, excluding any pension or other such liabilities;

- (e) The Purchase Price for the Purchased Assets, exclusive of all Transfer Taxes, shall be a total of: (i) cash in the amount of €9,010,999, plus (ii) the amount of the Assumed Liabilities, to be allocated as follows:
- (i) €6,048,999 plus 66.67% of the amount of the Assumed Liabilities in respect of the Purchased Assets of RDCL; and
 - (ii) €2,962,000 plus 33.33% of the amount of the Assumed Liabilities in respect of the Purchased Assets of WWCI, subject to certain adjustments as noted below.
- (f) No adjustment shall be made to the Purchase Price unless such adjustment (being a positive or a negative amount) is greater than €30,000. The Purchase Price will be adjusted in an amount equal to (i) the aggregate of the cash receipts received by any of the Proposed Receiver and/or the Respondents in the ordinary course of Business during the period from 12:01 a.m. (Toronto time) on March 26, 2009 up to and until 12:01 a.m. (Toronto time) on the Closing Date; less (ii) any expenses incurred by any of the Proposed Receiver and/or the Respondents in the ordinary course of Business (including without limitation any payroll expenses) during the period from 12:01 a.m. (Toronto time) on March 26, 2009 up to and until 12:01 a.m. (Toronto time) on the Closing Date. The mechanics for such adjustment are provided for in greater detail in the Canadian Purchase Agreement:
- (g) The Purchaser will either become the employer or make offers of employment to certain employees of RDCL and WWCI that would not occur in the event of liquidation. Specifically, the Purchaser shall become the employer of all Unionized Employees covered by the Collective Agreement, effective from the Closing Date, and subject to the terms and conditions provided in the Memorandum of Agreement (which is attached as Schedule

2.11(a) to the Canadian Purchase Agreement and as described in greater detail below). The Purchaser shall be bound by and comply with the terms of the Collective Agreement as amended pursuant the Memorandum of Agreement. In addition, the Purchaser will offer employment to the majority of Non-Unionized Employees. The offers of employment shall be on terms and conditions of employment, including salary, incentive compensation, and benefits, which are substantially similar to those currently available to such Non-Unionized Employees. The Unionized Employees, together with those Non-Unionized Employees who accept the offer of employment are referred to in the Canadian Purchase Agreement as Transferred Employees and the Purchaser will recognize all prior service of the Transferred Employees;

- (h) The Purchaser will also make offers of employment to a smaller number of Non-Unionized Employees on a temporary basis to assist with the transition and amalgamation of operations between RDCL and WWCI. These offers will be on terms and conditions that are in the Purchaser's sole discretion. All of the Non-Unionized Employees who accept the offer of temporary employment made by the Purchaser are referred to as Temporary Transferred Employees in the Canadian Purchase Agreement;
- (i) The Purchaser will have no liability for wages, salaries, bonuses and commissions owing prior to the Closing Date to any employee save and except for vacation pay accruals for the Transferred Employees and the Temporary Transferred Employees;
- (j) The Purchaser will be liable for all costs, obligations and liabilities of the Transferred Employees and the Temporary Transferred Employees, that arise following the Closing Date, including accrued and unpaid vacation pay, termination pay and severance pay;
- (k) Pursuant to the Memorandum of Agreement, subsection (b) of Schedule "B" to the Collective Agreement shall be deleted and the Purchaser shall not be required to provide the pension plan as set out to Schedule "B" to the Union members. Rather, a new subsection (b) of Schedule "B" shall be added to the Collective Agreement, which shall state that the Purchaser shall establish a defined contribution pension plan, that is comparable and no less favourable in the aggregate, as the terms and conditions set out in the Integra/Royal Doulton Canada Limited Defined Contribution booklet dated April 1,

2006. The new pension plan will be a defined contribution plan in its entirety. The Memorandum of Agreement was signed on March 13, 2009 by RDCL, the Union, and the Purchaser to effectuate this amendment. The Purchaser will not assume or provide any other pension plans of RDCL or WWCI upon closing of the respective sale transactions;

- (l) The assignment (subject to landlord consents) of Leased Real Property with the exception of four RDCL retail locations and the WWCI combined office/warehouse location. The Purchaser will require a transition agreement for a 90 day period after Closing to accommodate an orderly closing of each retail location not being assumed by the Purchaser and the WWCI office/warehouse location and to operate the Business at the Leased Real Property it will be assuming;
- (m) It is a term of the Canadian Purchase Agreement that the Vendor, the Respondents and the Purchaser enter into the interim transition agreement (the “**Interim Transition Agreement**”) in respect of: (i) the leased premises that the Purchaser intends to continue operating (the “**Continued Premises**”); and (ii) the leased premises that will be discontinued (the “**Discontinued Premises**”, and together with the Continued Premises, the “**Premises**”). Pursuant to the Interim Transition Agreement, the Purchaser will be granted a license to occupy: (i) the Continued Premises for the purpose of carrying on the Business; and (ii) the Discontinued Premises for the purpose of carrying on the Business and/or removing Purchased Assets. The maximum term of the license of occupancy will be 90 days and the license of occupancy will expire in respect of any Premises upon: (a) consent being obtained to the assignment of the applicable lease to the Purchaser; or (b) the date of disclaimer or surrender of the applicable lease. The Purchaser will be responsible for all Premises costs relating to the period of occupancy under the Interim Transition Agreement and the Purchaser shall be required to pay the expected amounts of such costs over the potential 90 day term (the “**Expected Occupancy Costs**”) to the Vendor in advance, to be held in trust, in an interest bearing trust account, and returned to the Purchaser if not used to pay occupancy costs. The access period under the Interim Transition Agreement will expire upon a trustee in bankruptcy appointed in respect of the Respondents and entering into a replacement transition agreement (the “**Trustee Transition Agreement**”, and together with the Interim Transition Agreement, the

“**Transition Agreements**”) applicable to the period after the appointment of such trustee. The Trustee Transition Agreement will be on substantially the same terms as the Interim Transition Agreement, except that occupancy costs in relation to the period of occupation shall be paid to the trustee by the Vendor on a monthly basis from the Expected Occupancy Costs held by to the Vendor pursuant to the Interim Transition Agreement (or the Vendor will continue to make payments in respect of the Expected Occupancy Costs directly). A copy of the Interim Transition Agreement is attached hereto as Appendix IV and a copy of the Trustee Transition Agreement is attached hereto as Appendix V. The Continued Premises and the Discontinued Premises are set out in the schedules to the Transition Agreement.

- (n) BOA will seek an order authorizing and directing the Proposed Receiver to assign the Respondents into bankruptcy which is expected to be done immediately after the Closing of the Canadian Transaction. This will: (i) effect the termination of the employment of all employees who are not Transferred Employees or Temporary Transferred Employees; (ii) allow for the orderly wind up of the Respondents’ defined benefit pension plans; and (iii) assist in allowing the Purchaser to access the Respondents’ leased real properties and in the assignment of real property leases in accordance with the terms of the Transition Agreements. In connection with point (iii), on the business day after the bankruptcy of the Respondents, Deloitte, as trustee in bankruptcy, will apply to this Court to enter into the Trustee Transition Agreement; and
- (o) The Purchaser will assume all personal property equipment leases (or return those assets to the applicable lessors) and will seek to vest out BOA and all “general security” in the Purchased Assets including the liens in favour of Falls Management Group L.P. (“**Falls Management**”), the landlord of the Discontinued Lease at the Niagara Falls location. The Falls Management liens relate to assets of RDCL on the subject premises. The Bennett Jones Opinion notes that, according to the personal property security act registry based on a search with a currency date of March 23, 2009, the registration in Ontario in favour of Falls Management is subsequent in time to the registration in favour of BOA.

PROPOSED RECEIVER'S RECOMMENDATIONS REGARDING THE SALE TO THE PURCHASER

64. Deloitte has considered the viability of the Canadian business as a standalone enterprise, and whether a sale of the Canadian business independent of the global transaction would be feasible. In our view, it would not since neither RDCL nor WWCI would or could exist but for their ability to sell Royal Doulton or Waterford Crystal, Wedgwood and Rosenthal branded products pursuant to their relationship with the WW Group. For RDCL, sales of products other than Royal Doulton branded products are a small percentage of its overall business, and would in no way be sufficient to sustain the business without the sale of such branded products. WWCI has no business other than selling branded products. Both companies are dependent on the WW Group to manufacture and deliver the branded products, and they have no right or ability to sell branded products except with the permission of their parent. As such, a proposed sale of RDCL and WWCI as a standalone business would not be feasible.
65. The Proposed Receiver has assisted and continues to assist the Respondents in their efforts to maintain operations. The Proposed Receiver believes that the Respondents are acting diligently and in good faith.
66. The Canadian Transaction is the best option for RDCL and WWCI in the circumstances. In particular, it preserves the businesses as a going concern and preserves the opportunity for employment for the majority of the employees of RDCL and WWCI.
67. The Purchaser has advised the Proposed Receiver that the process for the offers of employment will be as follows:
- (a) In accordance with Section 2.11 of the Canadian Purchase Agreement, the Purchaser will be making offers of employment as follows:
- (i) Approximately one hundred and eighty-two non-unionized employees from RDCL and WWCI will be given offers of employment from the Purchaser that are on terms and conditions of employment, including salary, incentive compensation and benefits which are substantially similar to those currently available to such employees;

- (ii) Approximately thirty-five non-unionized employees from RDCL and WWCI (thirteen in non-retail roles and twenty-two retail employees for those retail locations where the Purchaser will not assume the relevant leases) will be given offers of employment from the Purchaser on a temporary basis on terms and conditions of employment that are in the sole discretion of the Purchaser;
 - (iii) Approximately forty-eight non-unionized employees from RDCL who work at the warehouse sale on a temporary basis will be given temporary offers of employment from the Purchaser;
 - (iv) Approximately eight non-unionized employees from WWCI will not be offered employment by the Purchaser; and
 - (v) All of the unionized employees will continue in employment with the Purchaser.
- (b) All of the offers of employment from the Purchaser will be provided to RDCL and WWCI employees at the start of business on March 27, 2009. The Companies and the Purchaser have advised that at this time, such employees will be told about the transaction and that they have been offered employment by the Purchaser.
- (c) The employees will be provided with the opportunity to either sign-back the offer letter and continue working on March 27, 2009, or to take some time off to consider the offer. In any event, all employees who are scheduled to work on March 27, 2009, will be paid for a full day's work on March 27, 2009, regardless of whether they continue to work or take time off to consider the Purchaser's offer. Once an employee signs back the Purchaser's offer, they will commence work with the Purchaser. An employee can commence work with the Purchaser provided that the employee accepts the Purchaser's offer.
68. The Canadian Transaction also benefits the suppliers and customers of RDCL and WWCI and maintains substantially all real property leases of RDCL. Therefore, in our view, the best outcome for stakeholders in the circumstances is a sale of the RDCL and WWCI businesses pursuant to the Canadian Purchase Agreement.
69. The Proposed Receiver supports an order appointing Deloitte as Receiver and, in an effort to

maximize stakeholder returns and to enable the transaction contemplated by the Canadian Purchase Agreement to be completed and the Proposed Receiver recommends approval of the sale of the assets of both WWCI and RDCL pursuant to the Canadian Purchase Agreement.

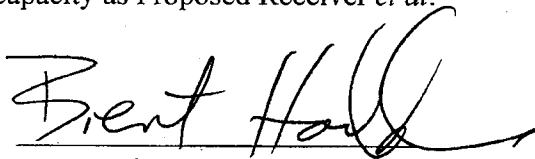
70. Upon issuance of the order to appoint Deloitte as Receiver and approval of the Canadian Purchase Agreement, Deloitte, as the Receiver shall enter into the Canadian Purchase Agreement and carry out the Canadian Transaction and the Interim Transition Agreement, and will forthwith after closing assign RDCL and WWCI into bankruptcy.
71. Immediately following the completion of the Canadian Transaction, Deloitte, as the Receiver will receive and hold all funds pursuant to the Canadian Purchase Agreement and pay all priority claims and professional fees and distribute the remaining balance to the Senior Lenders via BOA as Agent upon receiving a further order of this Honourable Court. The Purchaser will fund the occupation costs in advance pursuant to the Interim Transition Agreement, which the Receiver will hold in a separate interest bearing account. The Receiver will provide the funds to Deloitte as trustee to pay the occupancy costs when same are due and payable in accordance with the applicable real property lease and will return any balances not required to the Purchaser. Deloitte, as the Receiver will be authorized to transfer an amount of \$35,000 from the proceeds of sale to the trustees in bankruptcy of the Respondents to fund the bankruptcy proceedings.

All of which is respectfully submitted at Toronto, Ontario this 26th day of March, 2009.

DELOITTE & TOUCHE INC.

in its capacity as Proposed Receiver *et al.*

Per:



Senior Vice-President

TAB E

TRANSITION AGREEMENT

This Agreement dated the ____ day of March, 2009.

BETWEEN: **DELOITTE & TOUCHE INC.**, in its capacity as the trustee in bankruptcy of each of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc., and not in its personal capacity (the "Trustee"),

AND: **WWRD CANADA, INC.** (the "Purchaser"),

WHEREAS:

1. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List) (the "Court") made on the ____ day of March 2009 (the "Receivership Order") pursuant to section 101 of the *Courts of Justice Act* (Ontario) and section 47(1) of the *Bankruptcy and Insolvency Act* (Canada) (the "BIA"), Deloitte & Touche Inc. was appointed the interim receiver (Deloitte & Touche Inc., in said capacity being the "Receiver") of the assets, property and undertakings of each of Waterford Wedgwood Canada Inc. and Royal Doulton Canada Limited (collectively, the "Companies" and each, a "Company").
2. Pursuant to an agreement of purchase and sale made as of March ____, 2009 (said agreement as amended, extended, renewed, supplemented, restated and/or replaced from time to time, is hereinafter collectively referred to as the "Purchase Agreement"), the Purchaser has agreed to purchase from the Receiver and the Receiver has agreed to convey to the Purchaser (the "Transaction") all of the Receiver's and the Companies' right, title and interest, if any, in and to certain of the assets of the Companies more particularly described in the Purchase Agreement (collectively, the "Purchased Assets").
3. It is a term of the Purchase Agreement that the parties enter into this Agreement in respect of: (i) the leased premises identified on Schedule "A" hereto (collectively, the "Continued Premises") and the lease agreements for the Continued Premises identified on Schedule "A" (collectively, the "Continued Leases" and individually, a "Continued Lease"); and (ii) the leased premises identified on Schedule "B" hereto (the "Discontinued Premises" and, together with the Continued Premises, the "Premises") the lease agreements for the Discontinued Premises identified on Schedule "B" (collectively, the "Discontinued Leases" and individually, a "Discontinued Lease"). The Continued Leases and the Discontinued Leases, are hereinafter collectively known as the "Leases" and individually known as a "Lease".
4. As of the date hereof, the landlords pursuant to the Leases (collectively, the "Landlords" and individually, a "Landlord") have not confirmed the good standing of the Leases and/or consented to the assignment of the Continued Leases and each of the tenant's rights and benefits thereunder to the Purchaser upon terms and conditions acceptable to

- 2 -

the Purchaser (acting reasonably) (collectively, the "Consents" and individually, a "Consent").

5. Pursuant to an Order of the Court made on the ___ day of March, 2009 (the "Approval and Vesting Order") the Transaction was approved.
6. Pursuant to directions in the Approval and Vesting Order, the Receiver filed assignments in bankruptcy in respect of each of the Companies on March ___, 2009, appointing the Trustee;
7. Pursuant to two Orders dated March ___, 2009, the Trustee was authorized and directed to enter into this Agreement with the Purchaser and to carry out each of the terms and conditions contained herein.
8. The Trustee is statutorily entitled to occupy the Premises in accordance with the terms of applicable provincial legislation (the "Applicable Legislation") and the BIA.
9. Capitalized terms used herein and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement.

NOW THEREFORE for good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), the parties hereto represent, warrant, covenant and agree as follows:

1. Occupation and Term

The Trustee hereby grants to the Purchaser a license to occupy: (i) the Continued Premises for the purpose of carrying on the Business; and (ii) the Discontinued Premises for the purpose of carrying on the Business and/or removing Purchased Assets for a period (the "Access Period") commencing on the date hereof and ending in respect of any Premises on the earlier of: (A) 90 days from the bankruptcy of the Companies; and (B) the time this Agreement is otherwise terminated in respect of the applicable Premises pursuant to the terms hereof or the Lease in respect of such Premises is otherwise disclaimed or surrendered pursuant to the terms hereof. In addition, and notwithstanding anything else contained herein or elsewhere, the Purchaser may request that the Trustee disclaim a Lease prior to the date that is 90 days from the date hereof in which event the Trustee shall forthwith disclaim such Lease in accordance with the provisions of the BIA and Applicable Legislation and the Access Period in respect of the applicable Premises will expire on the effective date of such disclaimer.

2. Real Estate Matters Purchaser Responsible For

- (a) With respect only to the Access Period, the Purchaser shall pay to the Trustee, without profit or duplication, the amount of any and all normal rent (but not accelerated rent), expenses and occupation costs relating to the Premises which the Trustee is obligated to pay pursuant to the terms of the Leases or is otherwise required to pay in connection with the Premises (whether such costs are payable to the applicable Landlord or a third party), including, without limitation or duplication, basic and additional rent and all costs, expenses and utilities that accrue during or that relate to the Access Period (collectively, the "Occupation

- Costs**”). Payments to the Trustee in respect of Occupation Costs shall be made: (i) by the Receiver to the Trustee on a monthly basis in advance of when due under the Leases and in accordance with the terms of the Receivership Order, such payments to be made by the Receiver from funds in respect of Occupation Costs in accordance with Schedule “C” hereto provided by the Purchaser to the Receiver pursuant to a transition agreement between the Receiver, the Companies and the Purchaser dated March __, 2009; and (ii) in the event that the Trustee identifies other Occupation Costs, not less than five Business Days before the relevant sum falls due (provided the Trustee has given the Purchaser not less than seven Business Days’ notice of both the sum and the date that it falls due) or (in default of such notice) not more than five Business Days after receipt from the Trustee of written notice of the sum due by way of Occupation Costs. The payments made by the Purchaser in respect of Occupation Costs shall be reconciled against the actual Occupation Costs on a monthly basis and a final reconciliation will be made within 45 business days of the end of the Access Period (the “**Adjustment Period**”). In the event that the actual Occupation Costs are greater than the amount paid by the Purchaser, the Purchaser shall pay the difference to the Trustee within five Business Days of each reconciliation being completed. In the event that the actual Occupation Costs are less than the amount paid by the Purchaser, the Trustee shall reimburse the difference to the Purchaser within five Business Days of each reconciliation being completed. The foregoing requirement to readjust shall survive the expiration and/or termination of this Agreement. For the purposes of the foregoing, actual Occupation Costs in respect of additional rent items billed by the Landlord will be based on the Landlord’s billings up to the end of the Adjustment Period (notwithstanding that such billings may be based on estimates).
- (b) All amounts stated in this Agreement are exclusive of federal goods and services taxes and any corresponding provincial taxes. If any of said taxes are chargeable in respect of all or any of the amounts paid to the Trustee under this Agreement, the Purchaser shall pay such taxes to the Trustee at the same time as the amounts relating to such taxes are due.
- (c) With respect to each of the Continued Leases and the Continued Premises, the Purchaser shall use commercially reasonable efforts (at the Purchaser’s cost and expense) to obtain the Consent of the applicable Landlord to the assignment of the applicable Continued Lease to the Purchaser and the Trustee shall, at the request, risk and expense, and under the direction of, the Purchaser, use commercially reasonable efforts to assist in obtaining the Consent. Upon a Consent to the assignment of a Continued Lease being obtained, this Agreement (save and except for the adjustment referred to in paragraph 2(a) above) shall no longer apply to the relevant Continued Lease and the relevant Continued Premises but this Agreement shall continue to apply to the balance of the Leases and the Premises. The Continued Lease and the Continued Premises which is the subject of the relevant Consent will thereafter be governed by one or more separate Omnibus Assignment and Assumption of Leases Agreements between the Purchaser and the Trustee or the Receiver without the necessity of any

further actions or assurances to effect the assignment and assumption thereof and the Trustee shall forthwith return, or request that the Receiver return, to the Purchaser the entire pro-rata portion of payment funds for that portion of the Access Period for which payment was provided pursuant to section 2(a)(i), above.

- (d) During the Access Period, the Trustee covenants and agrees in favour of the Purchaser as follows: (i) subject to receipt of the payments the Purchaser is required to make pursuant to Section 2, the Trustee shall pay to the applicable parties all Occupation Costs in accordance with the terms of the Leases; (ii) except as set out in Section 2(f), not to terminate, surrender, disclaim, repudiate, resiliate, amend, supplement or otherwise deal with any of the Leases in any manner without the Purchaser's prior written consent; and (iii) to forthwith forward to the Purchaser complete copies of each and every notice and/or communication received from any of the Landlords in connection with any of the Leases, the Premises and/or the Consents from time to time. For greater certainty, the Trustee shall not be in breach of any obligation hereunder by virtue of failing to pay any amounts relating to any period prior to the Access Period.
- (e) If any Landlord of the Continued Premises fails to execute and deliver to the Purchaser a Consent which is in form and substance acceptable to the Purchaser, acting reasonably, by no later than 60 days following the bankruptcy of the Companies the Purchaser may, in the Purchaser's sole and absolute discretion direct the Trustee to take steps to effect an assignment of the relevant Leases to the Purchaser in accordance with the BIA and Applicable Legislation. If the Purchaser so directs with respect to any Continued Premises: (i) the Trustee shall, within five business days of such request, estimate the professional fees and disbursements which the Trustee believes, acting reasonably, would be incurred in seeking and obtaining the permission of the relevant court to the assignment of such Continued Lease to the Purchaser (the "Estimated Costs"); (ii) within five business days of such Estimated Costs being provided to the Purchaser, the Purchaser shall remit an amount equal to such Estimated Costs to the Trustee (failing which the Trustee shall not be obligated to proceed further in connection with the assignment of said Continued Lease); (iii) the Trustee shall have the right to provide updates, acting reasonably, with respect to Estimated Costs and the Purchaser shall provide any increased Estimated Costs within five business days of each request therefor from the Trustee; (iv) the Trustee shall, at the request, and under the direction of, the Purchaser, in a timely manner after receipt of such Estimated Costs, make an application to the relevant court to seek and shall attempt to obtain the assignment of the relevant Continued Lease to the Purchaser (including, without limitation, all rights and options, which were personal to the Company); (v) if such court approval is obtained, the Trustee shall as soon as possible thereafter elect to retain the subject Continued Lease as well as execute and deliver an assignment thereof in favour of the Purchaser and; (vi) at the conclusion of such assignment the Trustee shall forthwith refund to the Purchaser any surplus Estimated Costs provided by the Purchaser in connection with the requested assignment.

- (f) If a Consent has not been obtained or the applicable Lease has not otherwise been assigned to the Purchaser prior to the date that is 80 days following the bankruptcy of Royal Doulton Canada Limited, the Trustee shall have the right to deliver a notice jointly to the Purchaser and the applicable Landlord electing to disclaim or surrender the Trustee's interest, if any, in such Lease effective no later than the expiry of the Access Period or such earlier time as the Purchaser may agree, in which event the Purchaser shall be entitled to remove from such Premises its assets.
3. During the Access Period, the Purchaser shall forthwith forward to the Trustee complete copies of each and every notice and/or communication received by the Purchaser from any of the Landlords in connection with any of the Leases, the Premises and/or the Consents from time to time.
4. Use of Premises
- (a) During the Access Period, the Purchaser shall: (i) maintain each of the Premises in the condition that it was at the commencement of the Access Period and the Purchaser shall leave the Premises in a clean and broom-swept condition; (ii) perform all of the Companies' obligations with respect to the Premises pursuant to the Leases and otherwise comply with the terms of the Leases, but only to the extent applicable to the Access Period; and (iii) arrange insurance to comply with the insurance provisions of the Leases and shall show the Trustee and the Landlords as an additional insured in such policies. The Purchaser shall provide evidence of such insurance prior to entering onto any of the Premises or at such later time which is consistent with the leasing of other premises by entities related to the Purchaser throughout the world in conjunction with the other transactions related to this transaction.
- (b) Notwithstanding the foregoing or anything else contained herein or elsewhere, the Trustee acknowledges and agrees that: (i) the Purchaser's covenants and obligations hereunder with respect to each of the Leases and the Premises only relates to the Access Period and no other period. For greater certainty, the Purchaser shall have no liability for any breaches of or defaults under any of the Leases that pre-date the Access Period. (ii) under no circumstances will the Purchaser be directly or indirectly responsible (financially or otherwise) by virtue of this Agreement to restore and/or make good all or part of any Premises at the expiry or earlier termination of this Agreement, save for the repair of damage (if any) caused by the Purchaser and the obligation of the Purchaser to leave the Premises in a clean and broom swept condition; (iii) nothing contained herein constitutes an assignment of any of the Leases to the Purchaser or an assumption of any of the Leases by the Purchaser or the Trustee; and (iv) the Purchaser will not be responsible for any accelerated rent pursuant to any of the Leases.
5. Purchaser Indemnity

The Purchaser shall indemnify and hold harmless the Trustee and its employees, agents, servants and invitees (the "Indemnified Parties") from and against any and all claims, actions, causes of action, losses, liabilities, debts, demands, costs (including legal costs) and expenses ("Losses", or each, a "Loss") suffered or incurred by the Indemnified Parties to the extent arising in respect of the Premises in relation to the Access Period or the occupancy of the Premises by the Purchaser, including (but without duplicating any of the Occupation Costs) any outgoings and expenses (including but not limited to the cost of any rent, rates, service charges, insurance, heating, electricity, gas, telecommunications and other services, and the cost of complying with fire and other statutory regulations). The Trustee acknowledges and agrees that the aforementioned indemnity does not apply to any Losses resulting from: (a) the gross negligence or willful misconduct of the Indemnified Parties; and/or (b) a Landlord's failure to grant a Landlord Consent.

6. Trustee Liability

The Trustee has entered into and signed this Agreement in its capacity as trustee of the bankrupt estates of the Companies and neither the Trustee nor its representatives shall incur any personal liability whatever in respect of any of the obligations undertaken by the Companies or the Trustee hereunder, save and except for any gross negligence or wilful misconduct. The Purchaser acknowledges that the rights granted herein are granted entirely at the risk of the Purchaser and that the Trustee has made no representations or warranties as to the nature of the rights of the Purchaser hereunder.

7. Termination

- (a) This Agreement as it relates to any particular Premises may be terminated by the Trustee in the event that the Purchaser, in any material respect, defaults under, or fails to comply in any material respect with, this Agreement as it relates to such Premises and such default or failure to comply remains unremedied for five business days following notice of such default or failure by the Trustee to the Purchaser, in which event the Trustee shall be entitled to disclaim or surrender the Trustee's interest, if any, in respect of such Premises. In the event of termination of this Agreement as it relates to any Premises or the disclaimer or surrender of the Trustee's interest in any Lease in respect of such Premises, the Purchaser shall immediately vacate the relevant Premises (but not the other Premises). Such termination shall be limited to the particular Premises and shall be without prejudice to and shall not affect: (i) any rights or remedies of the Trustee as against the Purchaser arising from or relating to such default; or (ii) any rights or obligations which may have accrued prior to termination.
- (b) This Agreement may be terminated by the Purchaser in respect of any of the Premises upon five business days' prior written notice to the Trustee in the event that the Trustee, in any material respect, defaults under, or fails to comply in any material respect with, this Agreement as it relates to such Premises and such default or failure to comply remains unremedied for five business days following notice of such default of failure by the Purchaser to the Trustee. Such termination shall be limited to the particular Premises and shall be without prejudice to and shall not affect: (i) any rights or remedies of the Purchaser as

against the Trustee arising from or relating to such default; or (ii) any rights or obligations which may have accrued prior to termination.

8. No Assignment

This Agreement and the license provided for herein is personal to the Purchaser and cannot be assigned without the prior written consent of the Trustee.

9. No Registration

The Purchaser agrees that this Agreement and any notice of it cannot be registered against title to the Premises.

10. Entire Agreement

This Agreement, the Purchase Agreement and the other agreements contemplated by the Purchase Agreement (the "Transaction Agreements") are the entire agreements between the parties with respect to the Premises and supersede all prior negotiations and discussions on those matters. There are no warranties, representations, covenants or agreements with respect to the matters provided for herein except as set forth in the Transaction Agreements. No modification of this Agreement is binding unless it is in writing and signed by each of the parties hereto.

11. Notices

Any notice or other communication under this Agreement shall be in writing and may be delivered personally or transmitted by fax, addressed in the case of the Purchaser, as follows:

WWRD Canada, Inc.
c/o KPS Capital Partners, LP
485 Lexington Avenue, 31st Floor
New York, New York 10017

Attention: Jay Bernstein
Fax No.: 646.307.7100

with a copy to:

Goodmans LLP
Suite 2400, 250 Yonge Street
Toronto, ON M5B 2M6

Attention: L. Joseph Latham and Gesta A. Abols
Telephone No.: 416.597.4211
Fax No.: 416.979.1234

and in the case of the Trustee, as follows:

Deloitte & Touché Inc. in its capacity as the trustee in bankruptcy of
Royal Doulton Canada Limited and
Waterford Wedgwood Canada Inc.
181 Bay Street, Suite 1400
Brookfield Place
Toronto, ON M5J 2V1

Attention: Brent Houlden
Telephone No.: 416.643.8788
Fax No.: 416-601-6690

with a copy to:

Osler, Hoskin & Harcourt LLP
Box 50, 1 First Canadian Place
Toronto, ON M5X 1B8

Attention: Marc Wasserman and David Hanick
Telephone No.: 416.862.4908 and 416.862.5979
Fax No.: 416.862.6666

Any such notice or other communication, if given by personal delivery, will be deemed to have been given on the day of actual delivery thereof and, if transmitted by fax before 5:00 p.m. (Eastern time) on a business day, will be deemed to have been given on the business day, and if transmitted by fax after 5:00 p.m. (Eastern time) on a business day, will be deemed to have been given on the business day after the date of the transmission.

12. Further Assurances

Each of the parties hereto shall, from time to time hereafter and upon any reasonable request of the other, execute and deliver and make or cause to be made all such further acts, deeds, including, without limitation, any specific assignment and assumption agreements, assurances and things as may be required or necessary to more effectually implement and carry out the true intent and meaning of this Agreement at no cost to the requesting party.

13. Severability

If any provision of this Agreement shall be deemed to be invalid or void, the remaining provisions shall not be affected thereby and shall remain enforceable and in full force and effect to the fullest extent permitted by law.

14. Language

The parties acknowledge having expressly required that this Agreement and all documents and agreements relating thereto be drawn in English only. Les parties ont exigé que les présentes ainsi que tous les documents et conventions s'y rapportant soient rédigés en anglais seulement.

15. Binding Effect

This Agreement shall be binding upon each of the parties hereto, and each of their respective heirs, executors, partners, trustees, administrators, successors and assigns and shall enure to the benefit of each of the parties hereto and each of their respective successors and assigns.

16. Counterparts and Telecopy

This Agreement may be executed and delivered by a party hereto in one or more counterparts, each of which counterpart will be deemed an original and those counterparts will together constitute one and the same instrument. This Agreement and each counterpart thereof may be delivered by facsimile and/or functionally equivalent electronic means and said version shall constitute a validly executed instrument.

17. Governing Law

This Agreement shall be governed by and interpreted and enforced in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Signature Page Follows

DATED WITH EFFECT as of the date first above written.

DELOITTE & TOUCHE INC. in its capacity as the trustee in bankruptcy of Royal Doulton Canada Limited and Waterford Wedgwood Canada Inc.

Per: _____
Name:
Title:

Per: _____
Name:
Title:

WWRD CANADA, INC.

Per: _____
Name:
Title:

Schedule "A"
Continued Premises and Continued Leases

Royal Doulton Canada	Description	End Date
White Oaks Mall 1105 Wellington Road, Unit 221 London, ON N6E 1V4	Retail Store	October 31, 2008 (now month to month)
Pickering Town Centre 1355 Kingston Road, Unit 423 Pickering, ON L1V 1B8	Retail Store	31 Jan 2010
Regent Mall 1381 Regent Street, Unit N-004 Fredericton, NB E3C 1A2	Retail Store	31 Oct 2009
Cookstown Manufacturer's Outlet RR #1, Unit B12-B13 Cookstown, ON L0L 1L0	Retail Store	30 Apr 2009
St. Jacobs Factory Outlet Mall 25 Benjamin Road, Unit 132 Waterloo, ON N2V 2G8	Retail Store	30 Nov 2009
Royal Doulton Home 1 Bass Pro Mills Drive, Unit 140 Vaughan, ON L4K 5W4	Retail Store	30 Nov 2009
Royal Doulton Canada Limited 305 Milner Ave., Suite 700 Toronto, ON M1B 3V4	Head Office (parking license too)	31 March 2014
Markville Shopping Centre 5000 Highway #7, Unit 0132 Markham, ON L3R 4M9	Retail Store and Storage Area	30 April 2010
Royal Doulton Canada Warehouse 1845 Clements Road, Unit 200 Pickering, ON L1W 3R8	Warehouse	31 Jan 2010
Market Mall L2-3625 Shaganappi Trail NW, Unit F016C Calgary, AB T3A 0E2	Retail Store	6 August 2014
Southworks Outlet Mall 64 Grand Avenue, South, Unit 161 Cambridge, ON N1S 2L8	Retail Store	31 May 2009
Guildford Town Centre Unit 1315	Retail Store and Storage Area	30 September 2009 (Retail Store) 31 March 2009 (Storage Area)

Royal Doulton Canada	Description	End Date
Surrey, BC V3R 7C1		

Schedule "B"
DISCONTINUED PREMISES AND DISCONTINUED LEASES

West Edmonton Mall 8882 – 170th Street, Unit D-226, Storefront 2063 Edmonton, AB T5T 3J7
Fallsview Galleria 6380 Fallsview Blvd, Unit 224 Niagara Falls, ON L2G 7Y6
Dixie Outlet Mall 1250 South Service Road, Unit 103 Mississauga, ON L5E 1V4
Mic Mac Mall 21 Mic Mac Blvd, Unit 227 Dartmouth, NS B3A 4K7
Waterford Wedgwood Canada Inc. 20 West Beaver Creek Road Richmond Hill, ON L4B 3L6

Schedule "C"
Estimated Occupation Costs

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
DARTMOUTH Discontinued Premises	Mic Mac Mall	BASIC RENT	5,274.50
	21 Micmac Mall	CAM	2,220.09
	Dartmouth, NS B3A 4K7	UTILITIES	759.40
		TAXES	2,705.98
		MALL MEDIA	514.61
		HST	1,491.70
		To Landlord	12,966.28
		Est. utilities	250.00
LONDON	White Oaks Mall	BASIC RENT	7,113.13
	1105 Wellington Road	CAM	1,744.83
	London, ON N6E 1V4	TAXES	2,962.06
		MALL MEDIA	464.20
		UTILITIES	296.69
		STORAGE	185.75
		GST	638.36
		To Landlord	13,405.02
		Est. utilities	478.00
NIAGARA Discontinued Premises	Fallsview Casino Galleria	BASIC RENT	1,821.33
	Unit 224-6380 Fallsview Blvd.	CAM	969.84
	Niagara Falls, ON L2G 7Y6	TAXES	273.20
		UTILITIES	300.00
		MALL MEDIA	372.06

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ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		STORAGE	380.23
		GST	205.83
		To Landlord	4,322.49
SOUTHWORKS	Southworks Outlet Mall	BASIC RENT	5,618.33
	64 Grand Ave. S., Unit 161	MALL MEDIA	0.00
	Cambridge, ON N1S 2L8	GST	280.92
		To Landlord	5,899.25
WEST EDMONTON Discontinued Premises	West Edmonton Mall	BASIC RENT	8,391.96
	8882-170 Street, Unit 2101	TENANT ALLOWANCE	0.00
	Edmonton, AB T5T 3J7	CAM	2,418.72
		UTILITIES	2,441.30
		TAXES	3,173.71
		GST	821.28
		MALL MEDIA	989.15
		GST ON MALL MEDIA	49.46
		To Landlord	18,285.58
		Est. utilities	100.00
MARKET MALL	Market Mall	BASIC RENT	4,552.08
	L2-3625 Shaganappi Trail NW	CAM	614.73
	Calgary, AB T3A 0E2	UTILITIES	545.74
		MALL MEDIA	294.50
		REALTY TAXES	445.31
		STORAGE	797.44

ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		GST	362.48
		To Landlord	7,612.28
PICKERING	Pickering Town Centre	BASIC RENT	2,576.67
	1355 Kingston Road, Unit 423	CAM	1,802.00
	Pickering, ON L1V 1B8	TAXES	1,398.00
		GST	288.83
		MALL MEDIA	239.84
		GST ON MALL MEDIA	11.99
		To Landlord	6,317.33
		Est. utilities	450.00
GUILDFORD	Guildford Town Centre	BASIC RENT	6,090.42
	Unit 1315	CAM	1,900.99
	Surrey, BC V3R 7C1	TAXES	1,413.75
		UTILITIES	239.38
		MALL MEDIA	688.34
		STORAGE	272.25
		GST	530.26
		To Landlord	11,135.39
		Est. utilities	240.00
FREDERICTON	Regent Mall	BASIC RENT	3,422.25
	1381 Regent Street, Unit 104	CAM	1,962.09
	Fredericton, NB E3C 1A2	MALL MEDIA	159.71
		TAX	1,627.47
		UTILITIES	249.70
		HST	964.75
		STORAGE	104.00

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ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		HST ON STORAGE	13.52
		To Landlord	8,503.49
		Est. utilities	530.00
VAUGHAN MILLS	Vaughan Mills Mall	BASIC RENT	11,101.75
	Royal Doulton Home	CAM	4,928.50
	1 Bass Pro Mills Drive	TAX	3,505.46
	Vaughan, ON L4K 5W4	MALL MEDIA	1,333.09
		UTILITIES	726.48
		GST	1,079.77
		To Landlord	22,675.05
		Est. utilities	340.00
MARKVILLE	Markville Shopping Centre	BASIC RENT	2,880.00
	5000 Highway #7, Unit 132	CAM	855.16
	Markham, ON L3R 4M9	TAXES	599.69
		UTILITIES	177.50
		MALL MEDIA	294.75
		GST	240.37
		To Landlord	5,047.47
		Est. utilities	250.00
COOKSTOWN	Cookstown Manufactures Outlet	BASIC RENT	5,585.00
	RR #1, Unit B13	CAM	2,373.63
	Cookstown, ON L0L 1L0	TAXES	1,605.69
		MALL MEDIA	767.94
		GST	516.61
		To Landlord	10,848.87
		Est. utilities	385.00
ST. JACOBS	St. Jacobs Factory Outlet Mall	BASIC RENT	3570.67

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ROYAL DOULTON CANADA LIMITED			
MONTHLY BUSINESS RENT INFORMATION			
Location	Store / Address	Description	Amount
		To Landlord	32,274.72
Waterford Wedgwood Canada Inc. Discontinued Premises	20 West Beaver Creek Road, Richmond Hill, Ontario	BASIC RENT	22,841.67
		GST	1,142.08
		TAXES	6250.00
		LANDLORD INSURANCE	600.00
		To Landlord	30,833.75
		Est. Utilities	7000
		Security Costs	400.00
		Estimated Other Costs (garbage, etc.)	500.00

TAB 3

Court File No. 31-1183929

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN BANKRUPTCY AND INSOLVENCY

THE HONOURABLE MR)	MONDAY, THE 30 th DAY
)	
JUSTICE LEDERMAN)	OF MARCH, 2009

*IN THE MATTER OF THE BANKRUPTCY OF WATERFORD
WEDGWOOD CANADA INC.*

ORDER

(Approving the Trustee Report & Authorizing and Directing the Trustee to Enter into the Trustee Transition Agreement)

THIS MOTION, made by the trustee in bankruptcy of Waterford Wedgwood Canada Inc. (Waterford”), Deloitte and Touche, Inc. (the “Trustee”) for an order: (i) abridging the time for service of the Notice of Motion and the Motion Record herein, and directing that any further service of the Notice of Motion and the Motion Record be dispensed with; (ii) approving the First Report of the Trustee, dated March 27, 2009 (the “Trustee Report”); and (iii) authorizing and directing that the Trustee enter into the Trustee Transition Agreement, was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Motion, the Trustee Report and the appendices thereto; and on hearing the submissions of counsel for the Trustee, Bank of America, N.A. (Canadian Branch), WWRD Canada, Inc., the purchaser of the assets of Waterford Wedgwood Canada Inc. business,

and other counsel present, no one else appearing although duly served as set out in the Affidavit of Service of Gillian Scott dated March 27, 2009.

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record is hereby abridged so that this Motion is properly returnable today and any further service of the Notice of Motion and the Motion Record is hereby dispensed with.

APPROVAL OF THE TRUSTEE REPORT

2. **THIS COURT ORDERS THAT** the Trustee Report is hereby approved.

TRUSTEE TRANSITION AGREEMENT

3. **THIS COURT ORDERS THAT** the Trustee is hereby authorized and directed to enter into the Trustee Transition Agreement, in the form attached as Appendix "E" to the Trustee Report, to perform its obligations thereunder, and to take such additional steps and execute such additional documents as may be necessary or desirable in connection therewith.

JUSTICE LEDERMAN

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

ORDER

(March 30, 2009)

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50

1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman (LSUC #30110F)
Tel: (416) 862-4908

Alex Cobb (LSUC #45363F)
Tel: (416) 862-5964
Fax: (416)-862-6666

Lawyers for the Proposed Interim Receiver
and Receiver, Deloitte & Touche Inc.

F# 1115333

Ontario
**SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

Proceeding commenced at Toronto

MOTION RECORD
(Motion of the Trustee Deloitte & Touche Inc.)
(Returnable March 30, 2009)

OSLER, HOSKIN & HARCOURT LLP
P.O. Box 50

1 First Canadian Place
Toronto, ON M5X 1B8

Marc Wasserman (LSUC #30110F)
Tel: (416) 862-4908

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Lawyers for the Proposed Interim Receiver
and Receiver, Deloitte & Touche Inc.