

3.5. Non-Contravention Neither the execution and the delivery of this Agreement nor the consummation of the transactions contemplated hereby will: (i) conflict with or breach any provision of the certificate of incorporation or by-laws (or similar organizational documents) of Seller, its Affiliates, or the Champion Companies; (ii) to Seller's Knowledge, violate any statute, regulation, rule, injunction, judgment, order or decree of any Governmental Authority applicable to Seller, its Affiliates or the Champion Companies or any of their respective assets; and (iii) except as set forth in Disclosure Schedule 3.5, result in a breach of, constitute a default under, or give rise to any right of termination or acceleration under, any provision of any material agreement, contract, lease, license, or instrument by which the Champion Companies are bound or by which any of their assets is subject.

3.6. Financial Statements. The following financial statements of the Business are attached hereto as Exhibit V (collectively, the "Financial Statements"): (i) the audited combined balance sheets as of December 31, 1996 and 1997 and the audited combined income statements and statements of cash flows for the years ended December 31, 1995, 1996 and 1997; and (ii) the unaudited combined balance sheet, income statement and statement of cash flows for the interim period ended March 31, 1998. Except as set forth in Disclosure Schedule 3.6, the Financial Statements have been prepared in accordance with GAAP applied on a consistent basis. The Financial Statements present fairly in all material respects the financial condition and the results of operations of the Champion Companies as of the respective dates and for the respective periods for which they have been prepared.

3.7. Absence of Certain Changes Except as set forth in Disclosure Schedule 3.7, since March 31, 1998, the Champion Companies have conducted their respective businesses only in the ordinary course consistent with past practices. Without limiting the generality of the foregoing, since March 31, 1998, the Champion Companies have not taken any action that would constitute a violation of any of the provisions under Section 5.1 of this Agreement except as set forth in Disclosure Schedule 3.7.