(b) Effective on or before the Closing Date, the Champion Companies shall terminate payroll administration for the 1997 ESPP and, within 30 days after the Closing Date, Buyer shall pay Seller the total cash withheld by the Champion Companies from ESPP Participants pursuant to the 1997 ESPP prior to the Closing Date plus related interest accrued on behalf of the ESPP Participants up to the date on which the payment is made. The payment shall be accompanied by a list (in paper and established electronic format) showing with respect to each ESPP Participant the name, most recent address, total cash withholdings and related accrued interest under the 1997 ESPP as of the Closing Date. Seller shall promptly inform Buyer of the value of Seller's common stock as of September 10, 1999. Buyer, on Seller's behalf, shall determine and collect the required tax withholding from the ESPP Participants based on the value of Seller's common stock as of September 10, 1999, and remit such tax withholdings to Seller no later than October 8, 1999 and any accrued interest, together with an updated list setting forth the current names and addresses of the ESPP Participants and the tax withheld with respect to each such ESPP Participant. Buyer shall not be required to pay any employment taxes with respect to the 1997 ESPP, Seller will pay the employer's matching FICA contribution directly to the tax authorities.

7. TAX MATTERS.

7.1. Representations and Warranties Regarding Tax Matters. Seller represents and warrants to Buyer that the statements contained in this Section 7.1 are true and correct as of the date of this Agreement and will be true and correct in all respects on the Closing Date.

(a) All Tax Returns required to be filed on or prior to the Closing Date by Champion, the Champion Subsidiaries and the Related Companies, or by Seller or its Affiliates with respect to any activities of the Canadian Division, have been or will be filed in accordance with all applicable laws, and all Taxes shown to be due on any such Tax Returns have been or will be paid prior to the Closing Date. Except as set forth on Schedule 7.1(a), to the best of the Seller's Knowledge, none of the foregoing Tax Returns contains any position which is or would be subject