

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)	Chapter 11
)	
ARCHBROOK LAGUNA HOLDINGS LLC, <i>et al.</i> , ¹)	Case No. 11-13292 (SCC)
)	
Debtors.)	
)	Jointly Administered
)	

**ORDER (I) AUTHORIZING THE SALE OF
CERTAIN ASSETS AND (II) GRANTING RELATED RELIEF**

Upon the motion dated July 9, 2011 (the “*Motion*”)² of the above-captioned debtors and debtors in possession (collectively, the “*Debtors*”) for entry of an order, pursuant to sections 105, 363 and 365 of title 11 of the United States Code (the “*Bankruptcy Code*”), Rules 2002, 4001(c), 6003, 6004, 6006, and 9006 of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”) and Rules 6004-1 and 6006-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the “*Local Bankruptcy Rules*”), (a) authorizing the Debtors to enter into the Asset Purchase Agreement, dated as of August 10, 2011 (including all ancillary documents executed in connection therewith, the “*Purchase Agreement*”), which is in the form attached hereto as Exhibit A and incorporated herein by reference as if fully set forth in this Order, by and between ArchBrook Laguna Holdings, ArchBrook Laguna LLC, Chimerica Global Logistics LLC, ArchBrook Laguna West LLC, Lehrhoff ABL LLC, Expert Warehouse LLC, and ArchBrook Laguna New York LLC (each, a “*Seller*” and collectively, “*Sellers*”) and Gordon Brothers Group, LLC, the Successful Bidder at the conclusion of the Auction

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal taxpayer identification number, are: ArchBrook Laguna LLC (6166); ArchBrook Laguna Holdings LLC (6156); Chimerica Global Logistics LLC (3745); ArchBrook Laguna West LLC (9631); Lehrhoff ABL LLC (6386); Expert Warehouse LLC (4487); and ArchBrook Laguna New York LLC (5385).

² Unless otherwise stated, all capitalized terms not defined herein shall have the same meaning as set forth in the Motion or the Purchase Agreement, as applicable.

(hereinafter, and together with any permitted assignee under the Purchase Agreement, including without limitation the Third Party Purchaser,³ the “**Purchaser**”), and such other agreements to be entered into and among the parties as contemplated therein and in the Purchase Agreement; and (b) authorizing the (i) sale of the Acquired Assets and Designated Assets⁴ (collectively, the “**Assets**”) to the Purchaser, free and clear of Seller Liabilities in, on or to the Assets pursuant to Bankruptcy Code section 363, (ii) granting of the Option Rights to the Purchaser; and (iii) granting certain related relief; and the Court having reviewed the Notice of Sale, Auction and Sale Hearing; and the Court having determined that due notice of the Sale, the Auction and the Sale Hearing, and a reasonable opportunity to object or be heard with respect to the Motion, having been given to the proper parties; and the Court having heard statements of counsel and the evidence presented in support of the relief requested by the Debtors in the Motion and at a hearing before the Court on August 10, 2011 (the “**Sale Hearing**”); and the Court having entered an order on July 21, 2011 [Docket No. 74] (the “**Bid Procedures Order**”) approving, *inter alia*, (i) the Bid Procedures and (ii) the Notice of Sale, Auction and Sale Hearing; and the Auction having been held beginning on August 8, 2011 and concluding on August 10, 2011 for the consideration of Qualified Bids and the selection of a Successful Bidder (all as provided in the Bid Procedures Order); and the Purchaser having submitted the highest or otherwise best offer in the form of the Purchase Agreement; and all objections having been withdrawn or overruled as set forth below; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their stakeholders and all other parties in interest; and it appearing that

³ For the purposes of this Order, subject to Purchaser's rights in the Purchase Agreement, Third Party Purchaser shall mean an affiliate or subsidiary of Purchaser or SED International Holdings, Inc. or, in accordance with the terms of the Purchase Agreement, its subsidiaries, controlled affiliates or designee.

⁴ Neither the Acquired Assets nor the Designated Assets include any executory contracts to which the Debtors are party pursuant to Bankruptcy Code section 365. Such executory contracts will be the subject of subsequent approval by this Court as set forth in paragraphs 5 and 6 of this Order.

the Court has jurisdiction over this matter; and it further appearing that the legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due deliberation thereon,

THE COURT HEREBY FINDS AND DETERMINES THAT:⁵

A. Jurisdiction and Venue

This Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N) and (O). Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Final Order

This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004 and 6006, and to any extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, the Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of judgment as set forth herein.

C. Statutory Predicates

The statutory predicates for the relief requested herein are sections 105(a), 363 and 365 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001(c), 6003, 6004, 6006, and 9006 and Rules 6004-1 and 6006-1 of the Local Bankruptcy Rules.

⁵ The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by the Court at the Sale Hearing in relation to the Motion are hereby incorporated herein to the extent not inconsistent herewith. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

D. Notice of Sale, Auction and Sale Hearing

Notwithstanding the applicability of Bankruptcy Rules 2002(a)(2) and 9006(f) and Local Bankruptcy Rule 9006-1(b), as evidenced by the affidavits of service previously filed with this Court [Docket Nos. 28, 71, 72, 81, 85, 162], proper, timely, adequate and sufficient notice of the Motion, the Sale, the Auction and the Sale Hearing, and a reasonable opportunity to object or be heard with respect to the Motion, has been provided for and upon the following parties, all in accordance with section 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, 9006 and 9014 and Local Bankruptcy Rule 9006-1(b): (a) the Office of the United States Trustee for the Southern District of New York; (b) Cooley LLP, as counsel to the Official Committee of Unsecured Creditors; (c) GE Capital Commercial Services, Inc., as administrative agent under the Debtors' prepetition credit facility and debtor in possession credit facility, (d) Latham & Watkins LLP, as counsel to GE Capital Commercial Services, Inc.; (e) the Internal Revenue Service; (f) the Securities and Exchange Commission; (g) the United States Attorney for the Southern District of New York; (h) parties in interest who have filed a notice of appearance in these cases pursuant to Bankruptcy Rule 2002; and (i) all known bona fide entities that have previously expressed an interest in purchasing the Assets in the three months preceding the date of the Motion.

The Debtors published the Notice of Sale, Auction, and Sale Hearing on one occasion in the national edition of The New York Times [Docket No. 86] and on the Debtors' website, www.archbrookrestructuring.com, within five business days of entry of the Bid Procedures Order.

The foregoing notice was good, sufficient and appropriate under the circumstances, and no other or further notice of the Motion, the Sale, the Auction and the Sale Hearing is required.

E. Good Faith of the Purchaser

Neither the Purchaser nor the Third Party Purchaser is an “insider” of the Debtors, as that term is defined in Bankruptcy Code section 101(31). The Purchaser, its Affiliates and the Third Party Purchaser and their respective Representatives have proceeded in and are purchasing the Assets in good faith and have proceeded in good faith in all respects in connection with this proceeding in that: (a) the Purchaser and the Third Party Purchaser recognized that the Debtors were free to deal with any other party interested in acquiring the Assets; (b) the Purchaser and the Third Party Purchaser complied in all respects with the provisions in the Bid Procedures Order; (c) the Purchaser agreed to subject its bid to the competitive bid procedures set forth in the Bid Procedures Order; (d) all payments to be made by the Purchaser in connection with the Sale have been disclosed; (e) no common identity of directors, officers or controlling stockholders exists among the Purchaser, the Third Party Purchaser and the Debtors; (f) the negotiation and execution of the Purchase Agreement was at arm’s-length and in good faith, and at all times each of the Purchaser, the Third Party Purchaser and the Debtors were represented by competent counsel of their choosing; (g) neither the Purchaser nor the Third Party Purchaser in anyway induced or caused the chapter 11 filing of the Debtors; and (h) the Purchaser and the Third Party Purchaser have not acted in a collusive manner with any person.

The Purchaser and the Third Party Purchaser each are good faith buyers within the meaning of Bankruptcy Code section 363(m), and are therefore entitled to the full protection of that provision.

F. Corporate Authority

The Debtors (i) have full corporate power and authority to execute the Purchase Agreement, (ii) have all of the corporate power and authority necessary to consummate the Sale,

(iii) have undertaken all corporate formalities under their respective organizational documents, operating agreement, bylaws and similar documents necessary to authorize and approve the Debtors' entry into the Purchase Agreement and consummation of the Sale, and (iv) do not require any government, regulatory or other consents or approvals, other than those expressly provided for in the Purchase Agreement, to enter into the Purchase Agreement and consummate the Sale.

G. Best Offer

The Purchaser's bid for the Assets, as memorialized in the Purchase Agreement, constitutes the best offer received for the Assets. The Debtors conducted the Auction in accordance with, and have otherwise complied in all respects with, the Bid Procedures Order. The Debtors engaged in a reasonable and appropriate marketing of the Assets. Potential Bidders had a full, fair and reasonable opportunity to conduct due diligence, submit bids and the Debtors considered any and all bids submitted before the Bid Deadline. The Auction set forth in the Bid Procedures Order, and conducted by the Debtors, afforded a full, fair and reasonable opportunity for any person to make a higher or otherwise better offer to purchase the Assets. The Auction was duly noticed and conducted in a non-collusive, fair and good faith manner in accordance with the Bid Procedures Order. At the Auction, the Purchaser was selected as the Successful Bidder. The Debtors' determination (in consultation with the Consulting Parties) that the Purchase Agreement constitutes the best offer for the Assets constitutes a valid and sound exercise of the Debtors' business judgment.

H. Business Justification

The Debtors have demonstrated compelling circumstances and a good, sufficient and sound business purpose and justification for the Sale.

I. No Fraudulent Transfer

The consideration provided by the Purchaser pursuant to the Purchase Agreement for its purchase of the Assets constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act and under the laws of the United States, any state, territory, possession or the District of Columbia. The Purchaser is not a mere continuation, and is not holding itself out as a mere continuation, of any of the Debtors or their respective estates and there is no continuity between the Purchaser and the Debtors. The Sale does not amount to a consolidation, merger or *de facto* merger of the Purchaser and any of the Debtors.

The Purchase Agreement was not entered into for the purpose of hindering, delaying or defrauding creditors under the Bankruptcy Code, under the laws of the United States, any state, territory, possession, the District of Columbia or any foreign country. Neither the Debtors nor the Purchaser (nor its Affiliates) are entering into the transaction contemplated by the Purchase Agreement fraudulently for the purpose of statutory and common law fraudulent conveyance and fraudulent transfer claims.

J. Validity of Transfer

The transfer of the Acquired Assets to the Purchaser and the Designated Assets to the Third Party Purchaser pursuant to the terms of this Order and the Purchase Agreement will be a legal, valid and effective transfer of the Assets, and will vest the Purchaser and the Third Party Purchaser with all right, title and interest of the Debtors to the Acquired Assets and Designated Assets, respectively, free and clear of Seller Liabilities pursuant to Bankruptcy Code section 363.

K. Section 363(f) is Satisfied

The Assets constitute property of the Debtors' estates and title thereto is currently vested

in the Debtors' estates within the meaning of Bankruptcy Code section 541(a). The Debtors may sell the Assets free and clear of all Seller Liabilities, except as provided in the Purchase Agreement and related documents because one or more of the standards set forth in section 363(f)(1)–(5), as and to the extent required and applicable, has been satisfied with regard to each such Seller Liability.

Those holders of Seller Liabilities in, to or against the Assets who did not object, or who withdrew their objections, to the Sale or the Motion are deemed to have consented thereto pursuant to Bankruptcy Code section 363(f). Any such holders of Seller Liabilities in, to or against the Assets, and those holders of Seller Liabilities in, to or against the Assets who did object and whose objections have not yet been resolved by final order of the Court, are adequately protected by having their Seller Liabilities, if any, attach to the proceeds of the Sale ultimately attributable to the Assets in which such holder alleges an interest, in the same order of priority, with the same validity, force and effect that such creditor had prior to the Sale, subject to any claims and defenses the Debtors or their estates may possess with respect thereto.

The Purchaser would not have entered into the Purchase Agreement and would not consummate the Sale if the Sale, except as otherwise provided in the Purchase Agreement, unless the Assets were free and clear of all Seller Liabilities of any kind or nature whatsoever, or if the Purchaser would, or in the future could, be liable for any of the Seller Liabilities.

L. Compelling Circumstances for an Immediate Sale

The Debtors have articulated good and sufficient reasons for approval of the Purchase Agreement and the Sale. Such reasons include, but are not limited to, the fact that: (i) there is substantial risk of deterioration of the value of the Assets if the transactions contemplated in the Purchase Agreement are not consummated quickly because, among other reasons, shipping for

the 2011 holiday shopping season will begin in the immediate near term; (ii) the Sale of the Assets pursuant to the Purchase Agreement will reduce or minimize continuing, significant costs and expenses being incurred by the Debtors by having to, among other things, maintain, insure and provide security for the Assets; (iii) the Purchase Agreement constitutes the highest and best offer for the Assets; and (iv) the consummation of the Purchase Agreement will present the best opportunity to realize the value of the Assets and avoid decline and devaluation of the Assets.

In addition, the Sale of the Assets pursuant to the Purchase Agreement will (i) enable the Debtors to take advantage of a favorable offer in a market that may decline; (ii) prevent the continuing accrual of postpetition costs and expenses and obligations on account of the Assets; (iii) prevent the continuing accrual of interest to the DIP Lenders (as defined below); and (iv) enable the Debtors to sell the Assets for fair market value. Furthermore, the value of the Assets is maximized by a sale in one lot, as opposed to multiple sales of portions of the Debtors' assets.

To maximize the value of the Assets, time is of the essence to closing the Sale. Accordingly, the Sale must occur within the time constraints set forth in the Purchase Agreement.

M. Avoidance and Successor Liability

The transfer of the Assets (including any individual elements of the Sale) to the Purchaser or the Third Party Purchaser, as applicable, except as otherwise set forth in the Purchase Agreement, does not, and will not, subject the Purchaser or the Third Party Purchaser to any liability whatsoever, with respect to the operation of the Debtors' businesses prior to the closing of the Sale or by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based, in whole or in part, directly or

indirectly, in any theory of law or equity including, without limitation, any laws affecting antitrust, successor, transferee or vicarious liability.

N. Legal and Factual Bases

The legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. **Motion.** The relief requested in the Motion is granted and approved to the extent provided herein.

2. **Objections.** All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled as announced to the Court at the Sale Hearing or by stipulation filed with the Court, and all reservations of rights included therein, are hereby overruled on the merits, except as explicitly provided herein.

3. **Approval of the Purchase Agreement.** The Purchase Agreement and all other ancillary documents, including without limitation the Transition Services Agreement, and all of the terms and conditions thereof, and the Sale are hereby approved.

Pursuant to Bankruptcy Code section 363, the Debtors are authorized and directed to take any and all actions necessary or appropriate to (i) consummate the Sale to the Purchaser pursuant to and in accordance with the terms and conditions of the Purchase Agreement and this Order, (ii) close the Sale as contemplated in the Purchase Agreement and this Order, and (iii) execute and deliver, perform under, consummate, implement and close fully the transactions contemplated by the Purchase Agreement, including but not limited to the Transition Services Agreement, together with all additional instruments and documents that may be reasonably

necessary or desirable to implement the Purchase Agreement and the Sale. The Purchaser and the Debtors shall have no obligation to close the Sale except as contemplated and provided for in the Purchase Agreement.

This Order and the Purchase Agreement shall be binding in all respects upon the Debtors, their estates, all creditors of (whether known or unknown) and holders of equity interests in the Debtors, any holders of Seller Liabilities against or on all or any portion of the Assets, the Purchaser, all non-Debtor counterparties to the Assumed Contracts, Rejected Contracts and Designated Contracts including all of the successors and assigns of the foregoing, and any subsequent trustee or trustee appointed in the Debtors' chapter 11 cases or upon conversion to chapter 7 under the Bankruptcy Code, and shall not be subject to rejection. This Order and the Purchase Agreement shall inure to the benefit of the Debtors, their estates, their creditors, the Purchaser including all of the successors and assigns of the foregoing.

Neither the Purchaser nor their Affiliates shall be required to seek or obtain relief from the automatic stay under Bankruptcy Code section 362 to enforce any of its remedies under the Purchase Agreement or any other Sale-related document, including without limitation the Transition Services Agreement. The automatic stay imposed by Bankruptcy Code section 362 is modified solely to the extent necessary to implement the provisions of the Purchase Agreement and this Order.

4. **Transfer of the Assets.** Pursuant to Bankruptcy Code sections 105 and 363 and the terms of this Order and the Purchase Agreement, the Debtors are authorized and directed to transfer the Acquired Assets to the Purchaser and the Designated Assets to the Third Party Purchaser free and clear of all Seller Liabilities. Upon the Closing Date, the Purchaser and the Third Party Purchaser shall take title to and possession, ownership, direction and control of the

Acquired Assets and the Designated Assets, respectively, and such transfer shall constitute an unconditional legal, valid, binding and effective transfer of the Acquired Assets and the Designated Assets, respectively, and shall be free and clear of all Seller Liabilities of any kind, with all such Seller Liabilities to attach to the proceeds of the Sale with the same validity, priority, force and effect that they now have against the Acquired Assets and the Designated Assets, subject to any claims and defenses that the Debtors and their estates may possess with respect thereto.

Notwithstanding anything contained in this Order, the Purchase Agreement or any other documents related to the Sale Transaction, that civil action entitled *ArchBrook Laguna, LLC v. New Age Electronics, Inc., SED International, Inc., Adam Carroll, Charles Marsh, Marshall Mizell and Lee Perlman*, bearing Civil Action No. 08-1421 in the United States District Court for the District of New Jersey (the “**New Age Action**”), including any and all underlying claims, actions, causes of action, counterclaims and defenses against or pertaining to ArchBrook Laguna, LLC, New Age Electronics, Inc., Adam Carroll, Marshall Mizell and Lee Perlman, if any, with respect to the New Age Action are not sold, transferred or part of the Acquired Assets, and shall not be a part of any other proposed sale or transfer of the assets of ArchBrook Laguna, LLC and/or any of the other Debtors.

Except as expressly permitted or otherwise specifically provided by the Purchase Agreement or this Order, all person(s) holding Seller Liabilities in or to the Assets arising under or out of, in connection with, or in any way relating to the Debtors or the Assets, prior to the transfer of the Acquired Assets to the Purchaser and the Designated Assets to the Third Party Purchaser, hereby are forever barred, estopped and permanently enjoined from asserting against the Purchaser, the Third Party Purchaser or their respective successors or assigns, their property,

or the Assets, any Seller Liabilities in the Assets. Upon the Closing Date, each creditor is directed to execute such documents and take all other actions as may be necessary or desirable to release Seller Liabilities in the Assets, if any, as provided for herein, as such interests may have been recorded or may otherwise exist.

On the Closing Date, this Order shall be construed and shall constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Acquired Assets to the Purchaser and the Designated Assets to the Third Party Purchaser. Each and every federal, state, local government agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement. All persons are hereby forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Acquired Assets to the Purchaser and the Designated Assets to the Third Party Purchaser in accordance with the terms of the Purchase Agreement and this Order. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the recorder to act to cancel the Seller Liabilities.

Except as otherwise provided in the Purchase Agreement, the Acquired Assets and the Designated Assets shall be sold, transferred and delivered to the Purchaser and the Third Party Purchaser, respectively, on an “as is, where is” or “with all faults” basis.

If any person that has filed statements or other documents or agreements evidencing Seller Liabilities in or to the Assets shall not have delivered to the Debtors prior to the closing of the Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary for the purpose of documenting the release of all Seller Liabilities which the person

has or may assert with respect to the Assets, the Debtors are hereby authorized and directed, and the Purchaser and the Third Party Purchaser are hereby authorized, to execute and file such statements, instruments, releases and other documents on behalf of such person with respect to the Assets.

This Order is and shall be binding upon and govern the acts of all persons, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials, and all other persons who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments; and each of the foregoing persons is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Purchase Agreement.

5. **Option Rights; Assumption and Assignment of Designated Contracts During the Option Period.** In accordance with and subject to Section 2.5 of the Purchase Agreement, the Purchaser shall have the right during the Option Period to specifically include or exclude those Designated Contracts to be assigned to it or rejected, respectively, as it shall specify in an Option Notice to the Sellers; provided that to the extent that the Purchaser has delivered an Option Notice prior to the 15th day immediately preceding the expiration of the Option Period, subject to the terms of this Order and the Purchase Agreement, the Option Period shall continue for such time as is necessary to seek and obtain any necessary Supplemental Sales Orders with respect thereto, so long as the Purchaser remains obligated under the Transition Services Agreement for the Liabilities associated with any such Designated Contracts.

Within five (5) business days after the Sellers' receipt of an Option Notice announcing the Purchaser's election to exercise its Option Rights to assume and retain all or a portion of the Designated Contracts, the Sellers shall file, duly serve and diligently prosecute on an expedited basis to the extent practicable a motion seeking entry of Supplemental Sales Orders with respect thereto. Within five (5) business days after the Sellers' receipt of an Option Notice announcing the Purchaser's election to exclude all or a portion of the Designated Contracts, the Sellers shall file, duly serve and diligently prosecute a motion seeking entry of an order rejecting such specified Designated Contracts; provided that in the event the Court has not entered an order authorizing the rejection of any Designated Contract that is the subject of an Option Notice within 15 days of receipt by the Sellers of such Option Notice, unless agreed to otherwise in writing, the Purchaser shall not be liable for any claims or obligations with respect to such Designated Contract following the 15th day after receipt of the applicable Option Notice.

Effective upon receipt by the Sellers of an Option Notice from the Purchaser electing to deem certain Designated Contracts for real property as Rejected Contracts, all personal property and fixtures that were transferred to the Purchaser pursuant to the Asset Purchase Agreement, which are housed, stored or otherwise located on or within such real property shall be deemed to be irrevocably transferred to the Sellers, and the Purchaser shall not be liable for any Claims with respect to such personal property or fixtures as of such date. If the Purchaser fails to deliver an Option Notice by the Assignment Deadline with respect to any portion of the Designated Contracts, such Designated Contracts shall not be assumed by the Purchaser.

6. **Option Rights; Assignment and Transfer of Certain Designated Contracts.**

In accordance with and subject to Section 2.6 of the Purchase Agreement, the Purchaser shall have the right to assign its rights and obligations with respect to any Designated Contracts to

Third Party Purchaser so long as the Purchaser causes each Third Party Purchaser to comply with the provisions in this Order and Section 2.6 of the Purchase Agreement. Prior to the Assignment Deadline, the Purchaser may assign such rights and obligations to any Designated Contracts through a Third Party Purchaser Notice. After receipt of a Third Party Purchaser Notice, the Sellers shall file, duly serve and diligently prosecute a motion seeking entry of an order authorizing the assumption and assignment of such Designated Contract to the applicable Third Party Purchaser. The Purchaser may exercise its Designation Rights to designate Third Party Purchaser pre-Initial Closing to assume Designated Contracts directly from the Sellers concurrently with the Initial Closing, but only to the extent such transactions with Third Party Purchaser are able to close and do close concurrently with the Initial Closing. Notwithstanding the foregoing, under no circumstances shall the Purchaser be liable for any Claims related to the Designated Contracts assigned to Third Party Purchaser.

7. **Purchase of Designated Assets.** As of the date hereof, pursuant to the terms of the Purchase Agreement, the Purchaser has designated that one or more Third Party Purchasers shall purchase the Designated Assets and assume certain liabilities related thereto as may be more specifically set forth in the Purchase Agreement and the agreement between the Purchaser and the Third Party Purchaser. The Third Party Purchaser shall be entitled to the full benefits of this Order as if such Third Party Purchaser were the Purchaser herein to the extent of their respective Designated Assets, including without limitation, the findings in paragraphs E, I and O and the conclusions in paragraph 14. Notwithstanding the foregoing, except as expressly provided in the Purchase Agreement, under no circumstances shall (a) the Purchaser be liable for any Claims related to the Designated Assets, and (b) the Third Party Purchaser be liable for any Claims related to the Acquired Assets.

8. Free and Clear. Except as otherwise provided for in the Purchase Agreement, on the Closing Date and concurrently with the delivery of the Purchase Price, all then existing or thereafter arising Seller Liabilities (other than those in favor of the Purchaser created under this Agreement and/or any Ancillary Agreement, the Assumed Permitted Liens, if any, and Assumed Liabilities) of, against or created by any of the Debtors or their bankruptcy estates, to the fullest extent permitted by Bankruptcy Code section 363, shall be fully released from and with respect to the Assets and thereupon shall attach to the Purchase Price with the same force, effect, validity, enforceability, and priority as such Seller Liabilities had attached to the Assets as of the Closing Date. On the Closing Date, the Acquired Assets and the Designated Assets shall be transferred to the Purchaser (and/or one or more of its Affiliates or Subsidiaries) and the Third Party Purchaser, as applicable, to the fullest extent permitted by Bankruptcy Code section 363, free and clear of all Seller Liabilities other than the Assumed Permitted Liens, if any, and the Assumed Liabilities, whether arising by statute or otherwise and whether arising before or after the commencement of these Chapter 11 Cases, whether known or unknown, including, but not limited to, Seller Liabilities of or asserted by any of the creditors, vendors, employees, suppliers, or lessors of the Debtors or any other third party.

Except as set forth in the Purchase Agreement, the Debtors will not subject the Purchaser or the Third Party Purchaser to any liability for any Seller Liabilities whatsoever, including, without limitation, statutory claims, that any third party may have against the Debtors with respect to the operation of the Debtors' businesses prior to the closing of the Sale or by reason of such transfer under the laws of the United States, any state, territory, or possession thereof, or the District of Columbia, based, in whole or in part, directly or indirectly, in any theory of law or equity including, without limitation, any laws affecting antitrust, successor, transferee or

vicarious liability. All persons and entities asserting or holding any Seller Liabilities in or with respect to the Assets, howsoever arising, shall be forever barred, estopped, and permanently enjoined from asserting, prosecuting or otherwise pursuing such Seller Liabilities against the Purchaser or the Third Party Purchaser, as the case may be. Subject to the Seller Liabilities attaching to the proceeds of the Sale, this Sale Order shall be effective as a determination that, as of the Closing, all Seller Liabilities of any kind or nature whatsoever existing as to the Assets prior to the Closing have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected.

Following the Closing, no holder of any Seller Liabilities in the Acquired Assets or Designated Assets shall interfere with the title of the Purchaser or the Third Party Purchaser, respectively, to or use and enjoyment of the Assets. Each and every federal, state, and local governmental agency, recording office or department and all other parties, persons or entities is hereby directed to accept for recordation this Sale Order, and any and all documents or instruments necessary or appropriate to effectuate the transactions contemplated by this Sale Order and the Purchase Agreement, as conclusive evidence of the free and clear and unencumbered transfer of title to the Acquired Assets and Designated Assets conveyed to the Purchaser and the Third Party Purchaser, respectively.

9. **Surrender of Assets.** All entities who are presently, or who as of the Closing may be, in possession of some or all of the Assets hereby are directed to surrender possession of the Acquired Assets and the Designated Assets to the Purchaser and the Third Party Purchaser, respectively, as of the Closing. At the Closing and subject to the Seller Liabilities attaching to the proceeds of the Sale as provided for in this Sale Order, each of the Debtors' creditors is authorized to execute such documents and take all other actions as may be reasonably necessary

to release their respective Seller Liabilities in the Assets, if any, as such Seller Liabilities may have been recorded or may otherwise exist.

10. **Resolution of Direct Entertainment Media Group, Inc.'s Objection to the Motion.** The Ab Circle Pros (the "*Ab Circle*") shall be an Acquired Asset and transferred to Purchaser pursuant to the terms of the Purchase Agreement and this Order. In accordance with the agreement between the Debtors and Direct Entertainment Media Group, Inc. ("*DEMG*") resolving DEMG's objection ("*DEMG's Objection*") to the Motion, and consistent with the statements made on the record at the Sale Hearing, DEMG's Objection is resolved as follows: (i) the Debtors and their estates shall be deemed to have forever withdrawn, released, discharged, waived and forgiven by all means any claim, right or cause of action of the Debtors arising under sections 544 through 553 of the Bankruptcy Code against DEMG; (ii) the Debtors and their estates shall release DEMG, and except as otherwise provided herein with respect to the Allowed DEMG Claim (defined below), DEMG shall release the Debtors and their estates, from any and all claims, demands, debts, obligations, damages, losses or liabilities whatsoever of any nature, type or description, whether known or unknown, suspected or unsuspected, concealed or hidden, direct or indirect, patent or latent, or fixed or contingent, arising out of or relating to any cause, matter or thing pertaining to the dispute issues among the Debtors and DEMG arising out of that certain agreement between DEMG and Lehrhoff ABL LLC, dated as of June 1, 2009 (as amended, the "*Distributor Agreement*"), the IP rights, or any other matter related to the Debtors' chapter 11 cases; (iii) upon entry of this Order and the occurrence of the Closing Date, the Debtors shall pay to DEMG \$100,000 (the "*DEMG Fee*") in connection with the actual and necessary legal expenses of DEMG related to the Ab Circle, provided that if the Ab Circle inventory is not sold for at least \$200,000 that the DEMG Fee will be 50% of all proceeds

received for the Ab Circle inventory; and (iv) the Debtors and their estates shall not contest and shall allow a general unsecured claim filed by DEMG in the amount of at least \$11,851,038.10 (which claim shall not be subject to offset, reduction, subordination or any other reduction or defenses of any kind) (the “*Allowed DEMG Claim*”) and the Allowed DEMG Claim shall receive no less favorable treatment under any plan of reorganization, liquidation, or distribution as any other allowed general unsecured claim against the Debtors; provided, however, that DEMG reserves all rights to assert a claim for additional amounts at a future date and the Debtors reserve all rights to object and/or assert defenses against the additional asserted claim amounts.

11. The Purchaser takes the Ab Circle pursuant to the Purchase Agreement and DEMG agrees that it will not sue or otherwise interfere directly or indirectly with the Purchaser’s (or its buyers’) rights to sell and advertise the products in any manner. By not suing the Purchaser (or its buyers) or interfering with its right to sell and advertise the products, DEMG is not representing or warranting that the actions of the Purchaser (or its buyers) comply with applicable law. Furthermore, DEMG does not (i) provide the Purchaser (or its buyers) with any license or any indemnity if a party that is not DEMG or its affiliate or subsidiary sues the Purchaser (or its buyers) for violations of applicable law related to selling or advertising the product and (ii) grant the Purchaser (or its buyers) any right to sell the product in any territory. The Purchaser is not indemnifying DEMG for any claims related to any sales or advertising by the Purchaser. The Purchaser will not present itself as an authorized dealer or agent of the Ab Circle.

12. **No Successor Liability.** Neither the Purchaser nor the Third Party Purchaser is a “successor” to the Debtors or their estates by reason of any theory of law or equity, and neither

the Purchaser nor the Third Party Purchaser shall assume, or be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates, other than the Assumed Liabilities, with respect to the Assets or otherwise, including, but not limited to, under any bulk sales law, doctrine or theory of successor liability, or similar theory or basis of liability except for the assumption of the Purchase Agreement and any documents related thereto. Except to the extent the Purchaser or the Third Party Purchaser assumes Assumed Liabilities and is ultimately permitted to assume the Assumed Contracts and/or the Designated Contracts pursuant to the Purchase Agreement, neither the purchase of the Acquired Assets by the Purchaser or any of their Affiliates or the Designated Assets by the Third Party Purchaser nor the fact that the Purchaser or any of their Affiliates are using any of the Assets previously operated by the Debtors will cause the Purchaser, the Third Party Purchaser or any of their Affiliates to be deemed a successor in any respect to the Debtors' businesses or incur any liability derived therefrom within the meaning of any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, environmental, or other law, rule or regulation (including, without limitation, filing requirements under any such laws, rules or regulations), or under any products liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or doctrine.

The Purchaser has given substantial consideration under the Purchase Agreement, which consideration shall constitute valid and valuable consideration for the releases of any potential claims of successor liability of the Purchaser and which shall be deemed to have been given in favor of the Purchaser by all holders of Seller Liabilities in or against the Debtors, or the Assets. Upon consummation of the Sale, the Purchaser and the Third Party Purchaser shall not be deemed to (a) be the successor to the Debtors, (b) have, *de facto* or otherwise, merged with or

into the Debtors, or (c) be a mere continuation, alter ego or substantial continuation of the Debtors.

Except to the extent the Purchaser or the Third Party Purchaser otherwise specifically agreed in the Purchase Agreement or this Order, neither the Purchaser nor the Third Party Purchaser shall have any liability, responsibility or obligation for any claims, liabilities or other obligations of the Debtors or their estates, including without limitation, any claims, liabilities or other obligations related to the Assets prior to Closing. Under no circumstances shall the Purchaser or the Third Party Purchaser be deemed a successor of or to the Debtors for any Seller Liabilities against, in or to the Debtors or the Assets.

Notwithstanding the foregoing, nothing in this Order or the Purchase Agreement releases, nullifies, or enjoins the enforcement of any liability to a governmental unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) that any entity would be subject to as the owner, lessor, lessee, or operator of the property after the date of entry of this Order. Nothing contained in this Order or in the Purchase Agreement shall in any way (i) diminish the obligation of any entity to comply with environmental laws, or (ii) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. Nothing in this paragraph should be construed to (i) create for any governmental unit or any other party any substantive right that does not already exist under applicable law; or (ii) deem the Purchaser as the successor to the Debtors under any state law successor liability doctrine with respect to any liabilities under environmental laws or regulations for penalties for days of violation prior to the entry of this Order. For the purposes of this Section 12, all

references to the Purchaser shall include the Purchaser's Affiliates and Subsidiaries and the Third Party Purchaser.

13. **Good Faith.** The transactions contemplated by the Purchase Agreement are undertaken by the Purchaser and the Third Party Purchaser without collusion and in good faith, as that term is defined in Bankruptcy Code section 363(m), and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale, unless such authorization and consummation of the Sale are duly and properly stayed pending such appeal. The Purchaser and the Third Party Purchaser are good faith buyers within the meaning of Bankruptcy Code section 363(m) and, as such, are entitled to the full protections of Bankruptcy Code section 363(m). The consideration provided under the Purchase Agreement is fair and reasonable and the Sale may not be avoided under Bankruptcy Code section 363(n). **Use of and Application of Sale Proceeds.** On the Closing Date, the Purchaser shall prepare and deliver to the Debtors an Allocation Statement allocating the sum of the Purchase Price, the Assumed Liabilities and other relevant items among the Assets. On August 3, 2011, this Court entered that Final Order (I) Authorizing Debtors (A) to Obtain Post-Petition Secured Financing Pursuant to 11 U.S.C. §§ 105, 361, 362 and 364, and (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. §363; (II) Granting Liens and Super-Priority Claims; and (III) Granting Adequate Protection to Pre-Petition Secured Parties Pursuant to 11 U.S.C. §§361, 362, 363 and 364 (the "***Final DIP Order***"), and the lenders with respect thereto, the "***DIP Lenders***"). Notwithstanding anything contained herein, the proceeds from the sale of the Assets (and any other cash or other proceeds payable under the Purchase Agreement on the date such amounts become payable thereunder) as provided in the Purchase Agreement up to an amount equal to the outstanding obligations owed under the DIP Facility (as defined in the Final DIP

Order) (the “*DIP Obligations*”), shall be paid directly to the DIP Agent (as defined in the Final DIP Order) by wire transfer for final indefeasible payment of the DIP Obligations and for application in accordance with the terms and conditions of the Final DIP Order and the DIP Loan Documents. To the extent that such proceeds exceed the DIP Obligations, the Purchaser shall pay such excess proceeds directly to the Debtors by wire transfer.

For the avoidance of doubt, it is expressly acknowledged and agreed by the Sellers, the Purchaser and the Third Party Purchaser and this Order expressly provides that the Purchase Agreement and any and all of the Sellers’ and their respective estates’ rights and interests under the Purchase Agreement constitute DIP Collateral (as defined in the Final DIP Order) securing the DIP Obligations in accordance with the terms and conditions of the Final DIP Order and the DIP Loan Documents.

If the Debtors receive proceeds in excess of the amount owed to the DIP Lenders, the rights of the reclamation claim objectors, Mitac Digital Corporation, Philips Consumer Lifestyle, a division of Philips Electronics North America Corp., Panasonic Corporation of North America and Hamilton Beach Brands, Inc., are reserved to assert their claims against the Debtors (and not the Purchaser or Third Party Purchaser), including entitlement to an administrative expense or a security interest in proceeds from the sale, to the extent of the amounts identified in their respective 546(c)(1) reclamation notices.

15. **Transfer of Bank Accounts.** The Debtors’ banks and financial institutions are authorized to transfer all of the Debtors’ accounts to the Purchaser consistent with the terms of the Purchase Agreement.

16. **Back-Up Bidder.** Almo Corporation (the “*Back-Up Bidder*”) has been deemed the Back-Up Bidder for the Lehrhoff Assets (as that term is defined in the Almo Purchase

Agreement) only. In the event the Purchaser fails to close and consummate the Sale, the Debtors may elect instead to sell the Lehrhoff Assets to the Back-Up Bidder in accordance with the terms of the Bid Procedures and the Asset Purchase Agreement negotiated and to be entered into between Sellers and Back-Up Bidder (the “*Almo Purchase Agreement*”) pursuant to the Bid Procedures, without any further order of the Court; all references in this Order to the Purchaser (including without limitation references to the Third Party Purchaser), the Assets, and the Purchase Agreement shall in all regards be understood to refer to the Back-Up Bidder, the Lehrhoff Assets, and the Almo Purchase Agreement respectively.

17. **Binding Order.** This Order and the Purchase Agreement shall be binding on and govern the acts of all persons and entities, including, without limitation, the Debtors and the Purchaser, their respective successors and permitted assigns, including, without limitation, any trustee appointed in a Chapter 7 case if this case is converted from Chapter 11, and all creditors of any of the Debtors (whether known or unknown), including the conduct of all such federal, state, and local government agencies or departments, including any filing agents, filing officers, title agents, recording agencies or offices, secretaries of state, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title in or to the Assets.

Notwithstanding anything to the contrary contained herein, the Bid Procedures Order remains in full force and effect and shall be binding on the Debtors and the Purchaser in all respects.

18. **Order Immediately Effective.** Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), this Order shall be effective immediately upon entry and the Debtors and the Purchaser

are authorized to close the Sale immediately upon entry of this Order, notwithstanding any otherwise applicable waiting periods. **Avoidance Actions.** With respect to Avoidance Actions (i) all Avoidance Actions arising under Bankruptcy Code section 547 and related state law causes of action (“*Preference Actions*”) shall be deemed released on the Initial Closing Date by Purchaser; and (ii) on the 60th day after the Initial Closing Date, all other Avoidance Actions, including without limitation causes of action arising under Bankruptcy Code sections 544 through 553 (excluding Preference Action) and similar state law claims shall be deemed released by Purchaser unless the DIP Agent, in consultation with the Committee, sends a written request to Purchaser or Third Party Purchaser, as applicable, prior to the 60th day after the Initial Closing Date, requesting Purchaser or Third Party Purchaser to re-convey such Avoidance Actions to Sellers, in Purchaser’s or Third Party Purchaser’s sole discretion.

20. **Bulk Law.** No bulk sales law or any similar law of any state or other jurisdiction applies in any way to the Sale. **Brokers.** There are no brokers involved in consummating the Sale and no brokers’ commissions are due. **Non-Severability.** The provisions of this Order are non-severable and mutually dependent. The failure specifically to include any particular provision of the Purchase Agreement in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Purchase Agreement be authorized and approved in its entirety. **Modification.** The Purchase Agreement and any related agreements, documents, or other instruments may be modified, amended, or supplemented by the parties thereto, in writing signed by both parties, expressly stating that such instrument is intended to amend, modify or supplement the Purchase Agreement any related agreements, documents or other instruments, and in accordance with the terms thereof, without further order of this Court. **Retention of Jurisdiction.** The Court shall retain jurisdiction to, among other things (a)

interpret, implement and enforce the terms and provisions of this Order and the Purchase Agreement, all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith to which the Debtors are a party, (b) adjudicate, if necessary, any and all disputes concerning or relating in any way to the Sale and (c) protect the Purchaser and Third Party Purchaser against (i) any of the Debtor's liabilities including specifically the Excluded Liabilities or (ii) any Seller Liabilities against, in or to the Assets, of any kind or nature whatsoever, which attach to the proceeds of the Sale of the Assets; provided, however, that in the event the Court abstains from exercising or declines to exercise such jurisdiction or is without jurisdiction with respect to the Purchase Agreement or this Order, such abstention, refusal to exercise, or lack of jurisdiction shall have no effect upon, and shall not control, prohibit, or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter. **Time Periods.** All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a). **Governing Documents.** To the extent that this Order is inconsistent with any prior order or pleading with respect to the Motion in this chapter 11 case, the terms of this Order shall govern. To the extent there are any inconsistencies between the terms of this Order and the Purchase Agreement, the terms of this Order shall control.

Dated: August 12, 2011
New York, New York

/s/ Shelley C. Chapman
THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

Purchase Agreement

PURCHASE AGREEMENT

by and between

ARCHBROOK LAGUNA HOLDINGS LLC,

ARCH BROOK LAGUNA LLC,

ARCH BROOK LAGUNA WEST LLC,

LEHRHOFF ABL LLC,

ARCH BROOK LAGUNA NEW YORK LLC,

CHIMERICA GLOBAL LOGISTICS LLC,

EXPERT WAREHOUSE LLC

and

GORDON BROTHERS GROUP, LLC

dated as of August [•], 2011

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EXHIBITS

Exhibit A	Form of Bill of Sale
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Exhibit E	Form of Trademark Assignment
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PURCHASE AGREEMENT

This Purchase Agreement, dated as of August [•], 2011, is made and entered into by and between ArchBrook Laguna Holdings LLC (“ArchBrook Holdings”), a Nevada limited liability company, ArchBrook Laguna LLC, a Nevada limited liability company, ArchBrook Laguna West LLC, a Nevada limited liability company, Lehrhoff ABL LLC, a Nevada limited liability company, ArchBrook Laguna New York LLC, a New York limited liability company, Chimerica Global Logistics LLC, a Wyoming limited liability company, and Expert Warehouse LLC, a Nevada limited liability company, (each, a “Seller” and collectively, “Sellers”), on the one hand, and Gordon Brothers Group, LLC, a Delaware limited liability company (“Purchaser”) on the other hand.

RECITALS

WHEREAS, Sellers are engaged in the business of providing distribution, fulfillment, marketing and logistics services for consumer electronics, computer products and other goods to vendors and customers throughout the United States as conducted through the Assets (as defined below) (the “Business”);

WHEREAS, on July 8, 2011, Sellers filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended (the “Bankruptcy Code”), in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”), which cases are being jointly administered under Case No. 11-13292 (SCC) (the “Bankruptcy Cases”);

WHEREAS, Purchaser desires to purchase and acquire from Sellers substantially all of the assets and rights used in the operation of the Business, and Sellers desire to sell, convey, assign and transfer such assets and rights to Purchaser, in the manner and subject to the terms and conditions set forth herein and as authorized under sections 105, 363 and 365 of the Bankruptcy Code; and

WHEREAS, Sellers desire to assign to Purchaser, and Purchaser desires to assume from Sellers, certain liabilities, in the manner and subject to the terms and conditions set forth herein and as authorized under sections 105, 363 and 365 of the Bankruptcy Code.

NOW, THEREFORE, in consideration of the foregoing premises and the representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

ARTICLE I.

DEFINITIONS

The terms defined or referenced in Section 9.14, whenever used herein, shall have the meanings set forth therein for all purposes of this Agreement.

ARTICLE II.

PURCHASE AND SALE OF ASSETS

Section 2.1 Sale and Transfer of Assets. On the terms and subject to the conditions set forth in this Agreement, including Section 2.5, on the Initial Closing (or, alternatively, on each Subsequent Closing with respect to Designated Contracts which Purchaser assumes pursuant to Section 2.5), Sellers shall unconditionally Transfer to Purchaser (and/or to one or more of its Affiliates or Subsidiaries, or a Third Party Purchaser, as applicable), and Purchaser shall purchase, acquire, assume and accept from Sellers, free and clear of all Seller Liabilities (except for Liens created by Purchaser and any Assumed Permitted Liens and Assumed Liabilities), all of Sellers' right, title and interest in and to all of the Assets of Sellers other than those Assets specifically excluded by Section 2.2 and Section 2.5 and Designated Assets (collectively, the "Acquired Assets"), which shall generally include, without limitation:

- (a) all Intellectual Property of Sellers including, without limitation, the Intellectual Property set forth on Section 2.1(a) of the Disclosure Letter;
- (b) subject to Section 6.12, all Assumed Contracts of Sellers;
- (c) subject to Section 2.5 and Section 6.12, the right to assume or assume and assign the Designated Contracts during the Option Period;
- (d) subject to Section 2.5 and Section 6.12, the Real Property and personal property of Sellers, including, but not limited to, all easements, rights of way, covenants and other rights appurtenant to any Real Property and all buildings, fixtures and improvements erected on the Real Property;
- (e) all books, files, data, customer and supplier lists, cost and pricing information, business plans, quality control records and manuals, blueprints, research and development files, personnel records of Transferred Employees to the extent the Transfer of such items is permitted under Applicable Law (excluding personnel files for employees who are not Transferred Employees) and related books and records for the Acquired Assets and all other records of Sellers;
- (f) all computer systems and computer hardware of Sellers;
- (g) all inventory, supplies, finished goods, works in process, goods-in-transit, packaging materials and other consumables of Sellers (other than the Excess Inventory-in-Transit and Excess Lehrhoff Goods-in-Transit) (the "Inventory"), including, without limitation, the Inventory listed on Section 2.1(g) of the Disclosure Letter and the Abs Assets;
- (h) all Transferable Permits of any Sellers;
- (i) all machinery, vehicles, tools, equipment, furnishings, office equipment, fixtures, furniture, spare parts and other fixed Assets which are owned by Sellers (and Sellers' right, title and interest in any leases relating to the same) (all of the foregoing, collectively,

“Equipment”), including, without limitation, all Equipment listed on Section 2.1(i) of the Disclosure Letter;

(j) all advertising or promotional materials of Sellers to the extent related to the other Acquired Assets set forth in this Section 2.1;

(k) all manufacturer’s warranties, rights to rebates and other similar assets to the extent related to the Acquired Assets and all claims under such assets;

(l) to the extent Transferable under Applicable Law, all rights to the telephone numbers (and related directory listings), Internet domain names, Internet sites and other electronic addresses used by, assigned or allocated to Sellers;

(m) all prepaid expenses (excluding prepaid expenses related to Taxes) of Sellers relating to any portion of the Acquired Assets;

(n) all advances or similar prepayments related to Transferred Employees;

(o) all Investments and any and all Cash and Cash Equivalents received by Sellers (i) after 12:01 a.m. New York City time on August 9, 2011 in respect of any Accounts Receivable and (ii) on and after two (2) Business Days prior to the Initial Closing Date in respect of the Transfer of any Acquired Assets to a Third Party;

(p) proceeds received after the date hereof under insurance policies of Sellers to the extent received or receivable with respect to the Business or the Acquired Assets other than any policies relating to the liability of Sellers’ directors and officers;

(q) all Accounts Receivable and Intercompany Receivables, whether or not reflected on the books of Sellers as of the Closing Date, including, without limitation, Accounts Receivable and Intercompany Receivables set forth on Section 2.1(q) of the Disclosure Letter;

(r) customer relationships, goodwill and all other intangible assets relating to, symbolized by or associated with the Business;

(s) the bank accounts set forth on Section 2.1(s) of the Disclosure Letter;

(t) all other Assets owned by the Sellers necessary to or utilized in the operation of the Business as it is presently conducted other than the Retained Assets; and

(u) all rights, privileges, claims, demands, choses in action, prepayments, deposits, refunds, indemnification rights, warranty claims, offsets and other claims, including without limitation Avoidance Actions, of Sellers against Third Parties (“Actions”) relating to the Acquired Assets set forth in clauses (a) through (t) of this Section 2.1, and the right to retain all damages, monies and proceeds therefrom; provided that with respect to Avoidance Actions (i) all Avoidance Actions arising under Bankruptcy Code section 547 and related state law causes of action (“Preference Actions”) shall be deemed released on the Initial Closing Date by Purchaser; and (ii) on the 60th day after the Initial Closing Date, all other Avoidance Actions,

including without limitation causes of action arising under Bankruptcy Code sections 544 through 553 (excluding Preference Action) and similar state law claims shall be deemed released by Purchaser unless the DIP Agent (as defined in the Sale Order), in consultation with the Creditors' Committee (as defined in the Sale Order), sends a written request to Purchaser or Third Party Purchaser, as applicable, prior to the 60th day after the Initial Closing Date, requesting Purchaser or Third Party Purchaser to re-convey such Avoidance Actions to Sellers, in the sole discretion of Purchaser or such Third Party Purchaser.

Section 2.2 Retained Assets. Notwithstanding anything in this Agreement to the contrary, the Acquired Assets shall not include the Assets which are to be retained by Sellers and not sold or assigned to Purchaser (collectively, the "Retained Assets"), which shall be limited to the following:

- (a) all personnel files for employees who are not Transferred Employees and personnel files of Transferred Employees that may not be Transferred under Applicable Laws;
- (b) books and records that Sellers are required by Applicable Law to retain to the extent they relate exclusively to the Retained Assets or the Non-Assumed Liabilities;
- (c) rights and any assets under any Employee Benefit Plan of Sellers;
- (d) any directors and officers liability insurance policies of Sellers and any claims thereunder;
- (e) all Designated Contracts, unless and until such Designated Contracts become Assumed Contracts, and all Rejected Contracts as set forth on Section 9.14 of the Disclosure Letter.
- (f) all right and claims of Sellers arising under this Agreement and the Ancillary Agreements;
- (g) other than as set forth in Section 2.1(o), all cash, cash equivalents, securities, instruments, bank or other deposit accounts other than the bank accounts set forth on Section 2.1(s) of the Disclosure Letter, and other investments held by Sellers as of the Initial Closing Date;
- (h) any shares of capital stock or other equity interests of any Seller;
- (i) Sellers' corporate constitutional documents, minute books, stockholder records, stock transfer or similar corporate records, corporate seal and any other corporate records;
- (j) the Excess Inventory-in-Transit and the Excess Lehrhoff Goods-in-Transit;
- (k) such Avoidance Actions as are determined by Purchaser in accordance with Section 2.1(u); and
- (l) the litigation set forth on Section 2.2(l) of the Disclosure Letter.

Section 2.3 Assumption of Liabilities. Purchaser shall (or shall cause its designated Subsidiaries and/or Affiliates to) assume, and become solely and exclusively liable for, the following liabilities of Sellers (collectively, the “Assumed Liabilities”): (i) any and all Cure Amounts with respect to Assumed Contracts, (ii) any other liabilities and obligations of Sellers that are specifically designated for assumption by Purchaser in writing on or prior to the Initial Closing Date and (iii) all liabilities arising under any Designated Contract arising on or after the Initial Closing Date until such Designated Contract is assumed or assumed and assigned pursuant to Section 365 of the Bankruptcy Code or becomes a Rejected Contract pursuant to Section 2.5. For the avoidance of doubt, Purchaser shall not assume any Seller Liabilities related to the Business (or otherwise) except for the Assumed Liabilities.

Section 2.4 Non-Assumed Liabilities. Notwithstanding anything in this Agreement to the contrary, Purchaser shall not assume, and shall be deemed not to have assumed, any Seller Liabilities or any obligations or liabilities of any of its Subsidiaries or Affiliates or the Business, other than the Assumed Liabilities specified in Section 2.3 (collectively, the “Non-Assumed Liabilities”). For purposes of clarity, without limiting the foregoing, each of the following shall be Non-Assumed Liabilities:

- (a) any liabilities or obligations with respect to any Employee Benefit Plan;
- (b) any liabilities or obligations of Sellers or any of their Affiliates or Subsidiaries with respect to Taxes, including any liabilities or obligations relating to or arising out of the Business or the Acquired Assets with respect to Taxes for periods or portions thereof ending on or prior to the Initial Closing Date and any Taxes arising in connection with the consummation of the transactions contemplated hereby (except for Transfer Taxes and Straddle Period Property Taxes specifically allocated to Purchaser pursuant to Section 6.10(a) and Section 6.10(d));
- (c) any liabilities with respect to Employees for periods prior to Initial Closing, including all accrued salary, vacation, severance and other compensation;
- (d) other Actions (including Taxes) against any of the Acquired Assets, Assumed Liabilities and/or the Business arising prior to the Applicable Closing Date;
- (e) any credits due to customers of the Business relating to the operation of the Business prior to the Initial Closing;
- (f) any claims related to or arising from any Rejected Contract; provided that if such Rejected Contract was a Designated Contract, Purchaser shall be liable for costs arising thereunder arising on or after the Initial Closing Date until such Designated Contract becomes a Rejected Contract;
- (g) any claims related to or arising from any Designated Asset; and
- (h) any Sellers’ Indebtedness.

Section 2.5 Option Rights; Exclusion of Certain Acquired Assets.

(a) Subject to the terms and conditions in this Agreement, including the other provisions of this Section 2.5, Purchaser shall have the right (the “Option Rights”), in its discretion, for a period not to exceed three (3) months from the date hereof until the anniversary of the Initial Closing (the “Option Period”) to specifically include or exclude those Designated Contracts to be assigned to it as it shall specify in an Option Notice to Sellers, whereupon such Designated Contracts shall, to the extent included, become “Acquired Assets” and to the extent excluded, shall continue to be “Retained Assets” and thereby be excluded from the Acquired Assets; provided that such exclusions shall not result in a Purchase Price adjustment; provided, further, to the extent that Purchaser has delivered an Option Notice prior to the 15th day immediately preceding the expiration of such three (3) month period in accordance with this Section 2.5, the Option Period shall continue for such time as is necessary to seek and obtain any necessary Supplemental Sales Orders with respect to the Acquired Assets identified in any such Option Notices, so long as that Purchaser remains obligated under the Transition Services Agreement for the Liabilities associated with any such identified Acquired Assets. Purchaser shall use commercially reasonable efforts to inform Sellers of its plans to assume or reject any Designated Contracts.

- (b) Consequently, notwithstanding anything in this Agreement to the contrary:
- (i) title to all Acquired Assets, including Assumed Contracts, which Purchaser acquires or assumes at the Initial Closing shall pass to Purchaser or be assumed by Purchaser at the Initial Closing;
 - (ii) during the Option Period, the Designated Contracts (other than Contracts which Purchaser assumed subsequent to the Initial Closing pursuant to this Section 2.5) shall not pass to Purchaser, unless, at any time prior to the 15th day immediately preceding the expiration of the Option Period, Purchaser provides an Option Notice to Sellers that Purchaser is exercising its Option Rights to assume all or a portion of the Designated Contracts and such Designated Contracts shall be, subject to the provisions of this Section 2.5, Assumed Contracts;
 - (iii) during the Option Period, all or a portion of the Designated Contracts shall not be assumed by Purchaser if at any time prior to the 15th day immediately preceding the expiration of the Option Period, Purchaser provides an Option Notice to Sellers that Purchaser is exercising its Option Rights to exclude all or a portion of the Designated Contracts, and such Designated Contracts shall be, subject to the provisions of this Section 2.5, Rejected Contracts; and
 - (iv) during the Option Period, Sellers shall not reject any Designated Contract pursuant to Section 365 of the Bankruptcy Code other than Designated Contracts that Purchaser rejects pursuant to Section 2.5(a).
 - (v) if Purchaser fails to deliver an Option Notice prior to the 15th day immediately preceding the expiration of the Option Period with respect to any portion of the Designated Contracts (the “Undesignated Contracts”),

such Contracts shall not be assumed by Purchaser but shall instead cease to be an “Acquired Asset” hereunder and shall become a Rejected Contract for purposes of this Agreement.

(c) For purposes of this Agreement, an “Option Notice” shall be a written notice delivered by Purchaser to Sellers specifying or otherwise providing (i) Purchaser’s exercise of its Option Rights to either assume all or a portion of the Designated Contracts or exclude all or a portion of the Designated Contracts, as the case may be, (ii) a description, in reasonably sufficient detail, of the Designated Contracts to be assumed or excluded, as the case may be and (iii) the expected timing of the consummation of such purchase or exclusion, as the case may be. Purchaser shall deliver Option Notices (on one or more occasions) notifying Sellers of Purchaser’s determination to assume or reject any Designated Contracts, as the case may be, as soon as reasonably practicable after Purchaser has made any such determination; provided, that in no event shall an Option Notice be delivered later than fifteen (15) days prior to the expiration of the Option Period.

(d) As soon as practicable after receipt of an Option Notice that Purchaser is exercising its Option Rights to assume and retain all or a portion of the Designated Contracts, but in no case more than five (5) Business Days, Sellers shall file, duly serve and diligently prosecute, on an expedited basis to the extent practicable, a motion in the Bankruptcy Court seeking authorization, as necessary, to assume and assign any specified Designated Contracts to Purchaser (any Orders, approving the matters set forth in such motion referred to herein as the “Supplemental Sales Orders”); provided, that Sellers’ obligations in this Section 2.5(d) shall be subject to the limitations set forth in Section 3.4 and Section 6.12. Upon receipt of any approval, if necessary, of the Bankruptcy Court, the parties shall use commercially reasonable efforts to consummate such assumption (each such consummation, a “Subsequent Closing”) by no later than the earlier of (i) three (3) Business Days after entry of any such Supplemental Sales Order and (ii) the end of the expiration of the Option Period, and, pursuant to Section 2.6(e), Sellers shall execute and deliver such documents and instruments of conveyance and transfer as Purchaser may reasonably request in order to consummate the assumption of the specified Contracts.

(e) Sellers shall have five (5) Business Days after receipt of an Option Notice announcing Purchaser’s election to exclude all or a portion of the Designated Contracts to file, duly serve and diligently prosecute, on an expedited basis to the extent practicable, a motion in the Bankruptcy Court seeking authorization, as necessary, to reject such specified Designated Contracts; provided that in the event the Bankruptcy Court has not entered an order authorizing the rejection pursuant to section 365 of the Bankruptcy Code of any Designated Contract that is the subject of an Option Notice within 15 days of receipt by Sellers of such Option Notice, unless agreed to otherwise in writing, Purchaser shall not be liable for any claims or obligations with respect to such Designated Contract following the 15th day after receipt of the applicable Option Notice. Effective upon receipt by Sellers of an Option Notice from Purchaser electing to deem certain Designated Contracts for real property as Rejected Contracts, all personal property and fixtures housed, stored or otherwise located on or within such real property shall be deemed to be irrevocably transferred to Sellers, and Purchaser shall not be liable for any Claims with respect to such personal property or fixtures as of such date. In addition, upon receipt of any such Option Notice to exclude all or a portion of the

Designated Contracts, or promptly after the 15th day immediately preceding the expiration of the Option Period with respect to an Undesignated Contract, Sellers and Purchaser shall use commercially reasonable efforts to consummate such exclusion by no later than the end of the expiration of the Option Period and Purchaser shall execute and deliver such documents, if necessary, as Seller may reasonably request in order to effectuate the exclusion of any such Contracts.

Section 2.6 Designation Rights; Assignment and Transfer of Certain Contracts.

(a) Purchaser shall have the right (the “Designation Rights”) to assign its rights and obligations hereunder with respect to any Designated Contracts to one or more third parties (each, a “Third Party Purchaser”) so long as Purchaser causes each Third Party Purchaser to comply with the provisions in this Section 2.6. Purchaser may, by one or more notices (each, a “Third Party Purchaser Notice”) to Sellers, designate one or more Third Party Purchasers and the Designated Contracts to be transferred to each such Third Party Purchaser. Purchaser may deliver a Third Party Purchaser Notice to Seller from the date hereof and up to fifteen (15) days prior to the expiration of the Option Period (the “Assignment Deadline”).

(b) As soon as practicable after the receipt of each Third Party Purchaser Notice, Sellers shall file, duly serve and diligently prosecute, on an expedited basis to the extent practicable, a motion in the Bankruptcy Court seeking authorization, as necessary, to assume and assign any Designated Contract to the Third Party Purchaser; provided, that Sellers’ obligations in this Section 2.6(b) shall be subject to the limitations set forth in Section 3.4 and Section 6.12.

(c) Between the date hereof and the Initial Closing, Sellers shall provide any Third Party Purchaser and its authorized representatives with (i) copies of all Designated Contracts as they may reasonably request and (ii) such other information concerning the Designated Contracts as they may reasonably request. Sellers will direct their employees to render any assistance which such Third Party Purchaser may reasonably request in examining the Designated Contracts referred to in this Section 2.6(c).

(d) Notwithstanding anything herein to the contrary, including paragraph (c) above, Purchaser shall provide written notification to Sellers of the identity of any prospective Third Party Purchaser concurrently with or prior to Purchaser’s execution of a confidentiality agreement, subject to any limitation contained in a confidentiality agreement previously executed by such Third Party Purchaser with Sellers, relating to any of the transactions contemplated by this Agreement with such Third Party Purchaser (with copies of such confidentiality agreements to be provided to Sellers promptly upon execution thereof).

(e) In order to facilitate the assumption of Designated Contracts by one or more Third Party Purchasers, Sellers shall, if requested by Purchaser, execute one or more necessary transfer documents or amendments to this Agreement making such Third Party Purchasers parties hereto in respect of a portion of the Contracts and permitting such Third Party Purchasers to assume all rights, obligations and interests of Purchaser under this Agreement in respect of such Designated Contracts, all subject to any further required order of the Bankruptcy Court; provided, that Sellers’ obligations in this Section 2.6(e) shall be subject to

the limitations set forth in Section 3.4 and Section 6.12. Purchaser, if necessary, shall execute such documents and/or otherwise cause such documents to be executed by such Third Party Purchaser (which shall in any event be reasonably consistent with the terms hereof).

(f) The Purchaser may exercise its Designation Rights to designate Third Party Purchasers pre-Initial Closing who will assume Designated Contracts directly from Sellers concurrently with the Initial Closing, but only to the extent such transactions with the Third Party Purchasers are able to close and do close concurrently with the Initial Closing.

Section 2.7 Designation Rights, Assignment and Transfer of Certain Assets.

(a) At or prior to the Initial Closing, Purchaser shall have the right to instruct Seller to transfer the Designated Assets to one or more Third Party Purchasers so long as Purchaser causes each Third Party Purchaser to comply with the provisions in this Section 2.7. Purchaser may, by one or more notices (each, a “Third Party Purchaser Notice”) to Sellers, designate one or more Third Party Purchasers and the Designated Assets to be transferred to each such Third Party Purchaser, including any personnel records related to Employees that are Transferred Employees to Third Party Purchasers. Purchaser may deliver a Third Party Purchaser Notice to Seller from the date hereof and up to the Initial Closing (the “Designated Assets Assignment Deadline”). For the avoidance of doubt, Purchaser may amend or supplement the list of Designated Assets set forth on Section 9.14 at any time at or prior to the Initial Closing.

(b) Between the date hereof and the Initial Closing, Sellers shall (i) afford any such Third Party Purchaser and its authorized representatives reasonable access to all offices and other facilities, all books and records and all employees and personnel of Sellers relating to the Designated Assets and (ii) provide such Third Party Purchaser and its authorized representatives with such other information concerning the Designated Assets as they may reasonably request, including, without limitation, financial data related to the Designated Assets. Sellers will direct their employees to render any assistance which such Third Party Purchaser may reasonably request in examining the Designated Assets referred to in this Section 2.7(b).

(c) Notwithstanding anything herein to the contrary, including paragraph (b) above, Purchaser shall provide written notification to Sellers of the identity of any prospective Third Party Purchaser concurrently with or prior to Purchaser’s execution of a confidentiality agreement relating to any of the transactions contemplated by this Agreement with such Third Party Purchaser (with copies of such confidentiality agreements to be provided to Sellers promptly upon execution thereof).

(d) In order to facilitate the acquisition of the Designated Assets by one or more Third Party Purchasers, Sellers shall, if requested by Purchaser, execute one or more necessary transfer documents with such Third Party Purchasers in respect of the Designated Assets and permitting such Third Party Purchasers to acquire all rights, obligations and interests in respect of such Designated Assets; provided, that Sellers’ obligations in this Section 2.7(d) shall be subject to the limitations set forth in Section 3.4 and Section 6.12. Purchaser, if necessary, shall execute such documents and/or otherwise cause such documents to be executed by such Third Party Purchaser (which shall in any event be reasonably consistent with the terms hereof).

Section 2.8 The Purchase Price.

(a) Purchase Price. The total cash consideration to be paid by Purchaser to Sellers for the Acquired Assets and for the right to designate the Designated Assets pursuant to Section 2.7 shall be equal to the Base Purchase Price, as adjusted by this Section 2.8 (as adjusted, the “Purchase Price”);

(b) The “Base Purchase Price,” payable on the Initial Closing Date, shall be an amount equal to \$25,000,000.00;

- (i) increased or decreased, as applicable, based on the net change calculated on a unit-by-unit basis in accordance with the applicable adjustment value for each unit of Inventory set forth on Section 2.8(b)(i) of the Disclosure Letter (the “Inventory Adjustment Formula”), of the Inventory included in the Initial Inventory Amount as compared to the Subsequent Inventory Amount (the “Inventory Adjustment”); provided, that for any unit of Inventory that is not categorized on Section 2.8(b)(i) of the Disclosure Letter, the parties shall negotiate in good faith to categorize such unit of Inventory in the same manner as a substantially similar unit of Inventory listed on Section 2.8(b)(i) of the Disclosure Letter.
- (ii) increased or decreased, as applicable, based on the net change calculated in accordance with the applicable Accounts Receivable adjustment values for each age category of Accounts Receivable set forth on Section 2.8(b)(ii) of the Disclosure Letter (the “Accounts Receivable Adjustment Formula”), of the Accounts Receivable from the Initial Accounts Receivable Amount to the Subsequent Accounts Receivable Amount (the “Accounts Receivable Adjustment”); and
- (iii) increased in an amount equal to the product of (i) the Base Abs Assets Amount and (ii) \$12.50 (the “Base Abs Assets Adjustment”).

(c) Estimated Inventory, Accounts Receivable and Abs Assets. On the Business Day immediately prior to the Initial Closing Date, Sellers shall deliver to Purchaser a statement prepared in good faith by Sellers of the estimated (i) Inventory, other than the Abs Assets, Inventory-in-Transit and the Lehrhoff Goods-in-Transit (the “Subsequent Inventory Amount”) as of two (2) Business Days prior to the Initial Closing Date, (ii) Accounts Receivable (the “Subsequent Accounts Receivable Amount”) as of 11:59 p.m. New York City time on August 8, 2011 and (iii) number of Abs Assets (the “Base Abs Assets Amount”) that Sellers will deliver to Purchaser on the Initial Closing Date with good and valid title free and clear of all Seller Liabilities, with all supporting documentation and records reasonably requested by Purchaser, and Sellers shall reasonably address any inquiries of Purchaser as to the Subsequent Accounts Receivable Amount, the Subsequent Inventory Amount and the Base Abs Assets Amount prior to the Initial Closing Date, and shall cooperate in good faith with Purchaser prior to the Initial Closing Date to resolve any disagreements Purchaser may have with respect to the calculation of any amounts provided by Sellers.

(d) Payment of Base Purchase Price.

- (i) Simultaneously with the execution of this Agreement, ArchBrook Holdings, as representative of Sellers under the Escrow Agreement, Purchaser and the Escrow Agent shall execute and deliver the Escrow Agreement, and (x) Purchaser and Sellers shall contemporaneously cause Purchaser's deposit in the amount of \$2,150,000.00, including all interest, income, dividends, distributions and earnings thereon (the "Good Faith Deposit"), which Purchaser deposited in accordance with the terms of the order approving the Bid Procedures Motion, to be transferred, by wire transfer of immediately available funds, into the Escrow Account, and (y) upon one (1) Business Day notice to the Escrow Agent, Purchaser shall deposit with the Escrow Agent on the Initial Closing Date, by wire transfer of immediately available funds, an amount equal to \$750,000.00 (the "Closing Date Deposit"), which funds shall be held by the Escrow Agent and invested as provided for in the Escrow Agreement and released by the Escrow Agent only in accordance with the terms of this Agreement and the Escrow Agreement. The Good Faith Deposit and the Closing Date Deposit, together with all interest, income, dividends, distributions and earnings thereon, shall be referred to in this Agreement as the "Deposits."
- (ii) On the Initial Closing Date, Purchaser shall deposit the Base Purchase Price by wire transfer of immediately available funds into one or more accounts specified by Sellers in writing, less the amount of the Deposits and net of any applicable withholding Tax; provided that, for the avoidance of doubt, amounts of or in respect of Transfer Taxes shall be paid directly by Purchaser to the relevant Tax Authority or Sellers pursuant to and in accordance with Section 6.10(a) of this Agreement.

(e) Deposits Adjustment. The funds in the Escrow Account shall be disbursed if and when released to the Sellers or Purchaser, as applicable, pursuant to the terms of this Agreement and the Escrow Agreement. ArchBrook Holdings, as representative of Sellers under the Escrow Agreement, and Purchaser shall execute and deliver to the Escrow Agent in accordance with the terms of the Escrow Agreement all necessary instructions to effect the disbursements contemplated by this Agreement.

The Good Faith Deposit shall be released in the following order:

- (i) First, the Good Faith Deposit shall be disbursed two (2) Business Days following the date upon which the Closing Statement has been finally determined in accordance with Section 2.8(f) to the following parties and in the following amounts in accordance with the terms and conditions of the Escrow Agreement: (i) if the Post-Closing Purchase Price Adjustment is positive or zero, (x) an amount equal to the Good Faith Deposit shall be released to Sellers (provided, that if the Lehrhoff Adjustment has not yet been completed, \$330,400 shall remain in the Escrow Account) and (y) an amount equal to the entire Post-Closing Purchase Price Adjustment

(provided that such Post-Closing Price Adjustment is in excess of \$250,000) shall be paid by Purchaser to Sellers or (ii) if the Post-Closing Purchase Price Adjustment is negative, (x) an amount equal to the entire Post-Closing Purchase Price Adjustment shall be released to Purchaser (provided that such Post-Closing Price Adjustment is in excess of \$250,000) and (y) the excess of the Good Faith Deposit over the Post-Closing Purchase Price Adjustment released to Purchaser pursuant to the preceding clause (x), if any, shall be released to Sellers (provided, that if the Lehrhoff Adjustment has not yet been completed, \$330,400 (or such lesser amount as shall be in the Escrow Account) shall remain in the Escrow Account). To the extent the Post-Closing Purchase Price Adjustment is greater than the Good Faith Deposit, on the date that the Good Faith Deposit is disbursed to the Purchaser, Sellers shall pay to Purchaser by wire transfer of immediately available funds an amount equal to the difference between the Post-Closing Purchase Price Adjustment and the Good Faith Deposit; provided, that Purchasers shall have no right to set off, retain, escrow or otherwise hold any amounts to which the Sellers are entitled under Section 2.1(g) and Section 2.1(h) of this Agreement against amounts owed by Sellers to Purchaser pursuant to this Section 2.8(e)(i) until all DIP Obligations (as defined in the Sale Order) have been indefeasibly paid in full in cash.

- (ii) Second, the Good Faith Deposit shall be disbursed two (2) Business Days following the date upon which the Lehrhoff Goods-in-Transit Closing Statement has been finally determined in accordance with Section 2.8(j) to the following parties and in the following amounts in accordance with the terms and conditions of the Escrow Agreement (i) if the Lehrhoff Goods-in-Transit Amount is equal to or greater than \$944,000 but less than \$1,200,000, then the portion of the Good Faith Deposit that remains in the Escrow Account shall be released to Sellers, (ii) if the Lehrhoff Goods-in-Transit Amount is greater than \$1,200,000 (such excess Lehrhoff Goods-in-Transit which causes the Lehrhoff Goods-in-Transit Amount to be greater than \$1,200,000, the “Excess Lehrhoff Goods-in-Transit”), then the portion of the Good Faith Deposit that remains in the Escrow Account shall be released to Sellers and the Excess Lehrhoff Goods-in-Transit shall become “Retained Assets” and thereby be excluded from the Acquired Assets; provided, that the parties shall negotiate in good faith for the sale of the Excess Lehrhoff Goods-in-Transit by Sellers to Purchaser and, to the extent sold, such Excess Lehrhoff Goods-in-Transit shall become Acquired Assets; and (iii) if the Lehrhoff Goods-in-Transit Amount is less than \$944,000, an amount equal to the product of (x) 0.35 and (y) the difference between \$944,000 and the Lehrhoff Goods-in-Transit Amount shall be released to Purchaser (such amount released to Purchaser, the “Purchaser Released Amount”) and the portion of the Good Faith Deposit that remains in the Escrow Account shall be released to Sellers. The transactions contemplated by this paragraph are the “Lehrhoff Adjustments.” To the extent the Purchaser Released Amount is greater

than the portion of the Good Faith Deposit that remains in the Escrow Account, on the date that the Good Faith Deposit is disbursed to the Purchaser pursuant to this Section 2.8(e)(ii), Sellers shall pay to Purchaser by wire transfer of immediately available funds an amount equal to the difference between the Purchaser Released Amount and the portion of the Good Faith Deposit that remains in the Escrow Account; provided, that Purchasers shall have no right to set off, retain, escrow or otherwise hold any amounts to which the Sellers are entitled under Section 2.1(g) and Section 2.1(h) of this Agreement against amounts owed by Sellers to Purchaser pursuant to this Section 2.8(e)(ii) until all DIP Obligations (as defined in the Sale Order) have been indefeasibly paid in full in cash.

With respect to the Closing Date Deposit

- (iii) The Closing Date Deposit shall be disbursed two (2) Business Days following the date upon which the Inventory-in-Transit Closing Statement has been finally determined in accordance with Section 2.8(i) to the following parties and in the following amounts in accordance with the terms and conditions of the Escrow Agreement: (i) if the Inventory-in-Transit Amount is less than the Closing Date Deposit, (x) an amount equal to the Inventory-in-Transit Amount shall be released to Sellers and (y) the excess of the Closing Date Deposit over the Inventory-in-Transit Amount shall be released to Purchaser and (ii) if the Inventory-in-Transit Amount is greater than the Closing Date Deposit (such excess Inventory-in-Transit which causes the Inventory-in-Transit Amount to be greater than the Closing Date Deposit, the “Excess Inventory-in-Transit”), (x) an amount equal to the Inventory-in-Transit Amount shall be released to Sellers and (y) the Excess Inventory-in-Transit shall become “Retained Assets” and thereby be excluded from the Acquired Assets; provided, that the parties shall negotiate in good faith for the sale of the Excess Inventory-in-Transit by Sellers to Purchaser and, to the extent sold, such Excess Inventory-in-Transit shall become Acquired Assets.

(f) Final Closing Statement.

- (i) Within thirty (30) days of the Initial Closing Date, Purchaser shall prepare and deliver to Sellers a statement of the Inventory, other than the Abs Assets, the Inventory-in-Transit and the Lehrhoff Goods-in-Transit (the “Final Inventory Amount”) as of the date the Subsequent Inventory Amount was determined and Abs Assets (the “Final Abs Assets Amount”) that were delivered at the Initial Closing (the “Closing Statement”). Purchaser shall provide to Sellers reasonable supporting documentation for the Closing Statement concurrently with the delivery thereof and access to the appropriate employees and agents of Purchaser reasonably necessary or appropriate to allow Sellers to properly review the Closing Statement.

- (ii) The Closing Statement shall be final and binding on the parties unless Sellers shall, within five (5) Business Days following its receipt thereof, deliver to Purchaser written notice of disagreement with any of items or amounts set forth in the Closing Statement, which notice shall describe the nature of any such disagreement, identify the specific items involved and the dollar amount of each such disagreement. Sellers and Purchaser shall work in good faith to resolve all disagreements within five (5) Business Days of receipt by Purchaser of a written notice of disagreement.
- (iii) If, pursuant to Section 2.8(f)(ii), the parties are unable to resolve all disagreements within five (5) Business Days of receipt by Purchaser of a written notice of disagreement, or such longer period as may be agreed by Sellers and Purchaser, then Sellers and Purchaser shall promptly submit the matter for resolution to RGIS, LLC or such other nationally recognized independent inventory verification firm as Sellers and Purchaser may mutually agree upon (the Person so selected shall be referred to herein as the “Inventory Arbitrator”). The Inventory Arbitrator so selected will consider only those items and amounts set forth in the Closing Statement as to which Sellers and Purchaser have disagreed within the time periods and on the terms specified above and must resolve the matter in accordance with the terms and provisions of this Agreement. In submitting a dispute to the Inventory Arbitrator, each of the parties shall concurrently furnish, at its own expense, to the Inventory Arbitrator and the other party such documents and information as the Inventory Arbitrator may reasonably request. Each party may also furnish to the Inventory Arbitrator such other information and documents as such party deems relevant, with copies of such submission and all such documents and information being concurrently given to the other party. The Inventory Arbitrator shall issue a written report that sets forth the resolution of all items in dispute and that contains a final Closing Statement. Such Closing Statement shall be final and binding upon Sellers and Purchaser. The fees and expenses of the Inventory Arbitrator incurred in connection with the determination of the disputed items by the Inventory Arbitrator shall be borne by Sellers and Purchaser on an equal basis. Sellers and Purchaser shall cooperate fully with the Inventory Arbitrator and respond on a timely basis to all requests for information or access to documents or personnel made by the Inventory Arbitrator or by other parties hereto, all with the intent to fairly and in good faith resolve all disputes relating to the Closing Statement as promptly as reasonably practicable. The parties shall endeavor to cause the Inventory Arbitrator to issue the Closing Statement within 30 days of the Inventory Arbitrator’s selection.
- (iv) After the Closing Statement has been finally determined in accordance with this Section 2.8(f), Sellers and Purchaser shall calculate the Post-Closing Purchase Price Adjustment, which amount shall equal the sum of:

- (1) an amount equal to the adjustment based on the change from the Subsequent Inventory Amount to the Final Inventory Amount as calculated in accordance with the Inventory Adjustment Formula (the “Final Inventory Adjustment”); and
 - (2) an amount equal to the adjustment based on the change from the Base Abs Assets Amount to the Final Abs Assets Amount (such difference, the “Post-Closing Abs Difference”) in an amount equal to the product of (x) the Post-Closing Abs Difference and (y) \$12.50 (the “Post-Closing Abs Adjustment”) and together with the Final Inventory Adjustment, the “Post-Closing Purchase Price Adjustment”).
- (g) Post-Closing Sharing of Abs Assets Recoveries.
- (i) From and after the Initial Closing Date, any proceeds received by Purchaser with respect to Abs Assets sold by Purchaser shall be divided between Purchaser and Sellers in the following order: (x) first, to Purchaser in an amount equal to \$13.50 for each Abs Asset sold and (y) thereafter, 90% to Sellers (the “Sellers Abs Share”) and 10% to Purchaser.
 - (ii) Within thirty (30) days after the end of the Initial Closing, and thereafter within fifteen (15) days after the end of each calendar month until all Abs Assets have been sold, Purchaser shall deposit any amounts due to Sellers under Section 2.8(g)(i) by wire transfer of immediately available funds into one or more accounts specified by Sellers in writing, net of any applicable Taxes. Purchaser shall provide to Sellers reasonable supporting documentation for any such payments and access to the appropriate employees and agents of Purchaser reasonably necessary or appropriate to allow Sellers to properly review such payments.
- (h) Sharing of Accounts Receivable Recoveries.
- (i) Any Accounts Receivable Proceeds shall be divided between Purchaser and Sellers in the following order: (x) first, 100% to Purchaser until Purchaser has received distributions net of documented expenses incurred by Purchaser in collecting such Accounts Receivable Proceeds, up to a maximum of 2.5% of such collected amount which shall be retained by Purchaser (the “Recoverable Expenses”), in an amount equal to \$21,000,000 and (y) thereafter, 85% to Sellers and 15% to Purchaser, net of Recoverable Expenses.
 - (ii) Within thirty (30) days after the end of the Initial Closing, and thereafter within fifteen (15) days after the end of each calendar month until all Accounts Receivable Proceeds have been received, Purchaser shall deposit any amounts due to Sellers under Section 2.8(h)(i) by wire transfer of immediately available funds into one or more accounts specified by

Sellers in writing, net of any applicable Taxes. Purchaser shall provide to Sellers reasonable supporting documentation for any such payments and access to the appropriate employees and agents of Purchaser reasonably necessary or appropriate to allow Sellers to properly review such payments.

(i) Inventory-In-Transit Closing Statement.

- (i) Within seventy-five (75) days of the Initial Closing Date, Purchaser shall prepare and deliver to Sellers a statement of the Inventory-in-Transit Amount (the “Inventory-in-Transit Closing Statement”) as of the date that is forty-five (45) days after the Initial Closing Date. Purchaser shall provide to Sellers reasonable supporting documentation for the Inventory-in-Transit Closing Statement concurrently with the delivery thereof and access to the appropriate employees and agents of Purchaser reasonably necessary or appropriate to allow Sellers to properly review the Inventory-in-Transit Closing Statement.
- (ii) The Inventory-in-Transit Closing Statement shall be final and binding on the parties unless Sellers shall, within five (5) Business Days following its receipt thereof, deliver to Purchaser written notice of disagreement with any of items or amounts set forth in the Inventory-in-Transit Closing Statement, which notice shall describe the nature of any such disagreement, identify the specific items involved and the dollar amount of each such disagreement. Sellers and Purchaser shall work in good faith to resolve all disagreements within five (5) Business Days of receipt by Purchaser of a written notice of disagreement, or such longer period as may be agreed by Purchaser.
- (iii) If, pursuant to Section 2.8(i)(ii), the parties are unable to resolve all disagreements within five (5) Business Days of receipt by Purchaser of a written notice of disagreement, or such longer period as may be agreed by Sellers and Purchaser, then Sellers and Purchaser shall promptly submit the matter for resolution to RGIS, LLC or such other nationally recognized Inventory Arbitrator. The Inventory Arbitrator so selected will consider only those items and amounts set forth in the Inventory-in-Transit Closing Statement as to which Sellers and Purchaser have disagreed within the time periods and on the terms specified above and must resolve the matter in accordance with the terms and provisions of this Agreement. In submitting a dispute to the Inventory Arbitrator, each of the parties shall concurrently furnish, at its own expense, to the Inventory Arbitrator and the other party such documents and information as the Inventory Arbitrator may reasonably request. Each party may also furnish to the Inventory Arbitrator such other information and documents as such party deems relevant, with copies of such submission and all such documents and information being concurrently given to the other party. The Inventory Arbitrator shall issue a written report that sets forth the

resolution of all items in dispute and that contains a final Closing Statement. Such Closing Statement shall be final and binding upon Sellers and Purchaser. The fees and expenses of the Inventory Arbitrator incurred in connection with the determination of the disputed items by the Inventory Arbitrator shall be borne by Sellers and Purchaser on an equal basis. Sellers and Purchaser shall cooperate fully with the Inventory Arbitrator and respond on a timely basis to all requests for information or access to documents or personnel made by the Inventory Arbitrator or by other parties hereto, all with the intent to fairly and in good faith resolve all disputes relating to the Closing Statement as promptly as reasonably practicable. The parties shall endeavor to cause the Inventory Arbitrator to issue the Closing Statement within 30 days of the Inventory Arbitrator's selection.

- (j) Lehrhoff Goods-in-Transit Closing Statement.
- (i) Within seventy-five (75) days of the Initial Closing Date, Purchaser shall prepare and deliver to Sellers a statement of the Lehrhoff Goods-in-Transit (the "Lehrhoff Goods-in-Transit Closing Statement") as of the date that is forty-five (45) days after the Initial Closing Date. Purchaser shall provide to Sellers reasonable supporting documentation for the Lehrhoff Goods-in-Transit Closing Statement concurrently with the delivery thereof and access to the appropriate employees and agents of Purchaser reasonably necessary or appropriate to allow Sellers to properly review the Lehrhoff Goods-in-Transit Closing Statement.
 - (ii) The Lehrhoff Goods-in-Transit Closing Statement shall be final and binding on the parties unless Sellers shall, within five (5) Business Days following its receipt thereof, deliver to Purchaser written notice of disagreement with any of items or amounts set forth in the Lehrhoff Goods-in-Transit Closing Statement, which notice shall describe the nature of any such disagreement, identify the specific items involved and the dollar amount of each such disagreement. Sellers and Purchaser shall work in good faith to resolve all disagreements within five (5) Business Days of receipt by Purchaser of a written notice of disagreement, or such longer period as may be agreed by Purchaser.
 - (iii) If, pursuant to Section 2.8(j)(ii), the parties are unable to resolve all disagreements within five (5) Business Days of receipt by Purchaser of a written notice of disagreement, or such longer period as may be agreed by Sellers and Purchaser, then Sellers and Purchaser shall promptly submit the matter for resolution to RGIS, LLC or such other nationally recognized Inventory Arbitrator. The Inventory Arbitrator so selected will consider only those items and amounts set forth in the Lehrhoff Goods-in-Transit Closing Statement as to which Sellers and Purchaser have disagreed within the time periods and on the terms specified above and must resolve the matter in accordance with the terms and provisions of this Agreement.

In submitting a dispute to the Inventory Arbitrator, each of the parties shall concurrently furnish, at its own expense, to the Inventory Arbitrator and the other party such documents and information as the Inventory Arbitrator may reasonably request. Each party may also furnish to the Inventory Arbitrator such other information and documents as such party deems relevant, with copies of such submission and all such documents and information being concurrently given to the other party. The Inventory Arbitrator shall issue a written report that sets forth the resolution of all items in dispute and that contains a final Closing Statement. Such Closing Statement shall be final and binding upon Sellers and Purchaser. The fees and expenses of the Inventory Arbitrator incurred in connection with the determination of the disputed items by the Inventory Arbitrator shall be borne by Sellers and Purchaser on an equal basis. Sellers and Purchaser shall cooperate fully with the Inventory Arbitrator and respond on a timely basis to all requests for information or access to documents or personnel made by the Inventory Arbitrator or by other parties hereto, all with the intent to fairly and in good faith resolve all disputes relating to the Closing Statement as promptly as reasonably practicable. The parties shall endeavor to cause the Inventory Arbitrator to issue the Closing Statement within 30 days of the Inventory Arbitrator's selection.

(k) Allocation of Purchase Price. Prior to the expiration of the Option Period, Purchaser shall prepare and deliver to Sellers a statement allocating the sum of the Purchase Price, the Assumed Liabilities and other relevant items among the Acquired Assets in accordance with Section 1060 of the Code and the Treasury regulations promulgated thereunder (such statement, the "Allocation Statement"). The parties and their respective Affiliates shall follow the Allocation Statement for purposes of filing IRS Form 8594 and all other Tax Returns, and shall not voluntarily take any position inconsistent therewith. If the IRS or any other Tax Authority proposes a different allocation, Sellers or Purchaser, as the case may be, shall promptly notify the other party of such proposed allocation. Sellers or Purchaser, as the case may be, shall provide the other party with such information and shall take such actions (including executing documents and powers of attorney in connection with such proceedings) as may be reasonably requested by such other party to carry out the purposes of this section. Except as otherwise required by Applicable Law or pursuant to a "determination" under Section 1313(a) of the Code (or any comparable provision of United States state or local law), (i) the transactions contemplated by Article II of this Agreement shall be reported for all Tax purposes in a manner consistent with the terms of this Section 2.8(j) and (ii) neither party (nor any of their Affiliates) will take any position inconsistent with this Section 2.8(j) in any Tax Return, in any refund claim, in any litigation or otherwise. Notwithstanding the allocation of the Purchase Price set forth in the Allocation Statement, nothing in the foregoing shall be determinative of values ascribed to the Acquired Assets or the allocation of the value of the Acquired Assets in any plan of reorganization or liquidation that may be proposed and Sellers reserve the right, to the extent not prohibited by Applicable Law and accounting rules, for purposes of any plan of reorganization or liquidation, to ascribe values to the Acquired Assets and to allocate the value of the Acquired Assets to different Subsidiaries in the event of, or in order to resolve, inter-estate creditor disputes in the Bankruptcy Cases.

Section 2.9 Sale Free and Clear. Sellers acknowledge and agree and the Sale Order shall provide that, on the Initial Closing Date and concurrently with the Initial Closing, all then existing or thereafter arising Seller Liabilities (other than those in favor of Purchaser created under this Agreement and/or any Ancillary Agreement, the Assumed Permitted Liens, if any, and the Assumed Liabilities) of, against or created by any of Sellers or their bankruptcy estates, to the fullest extent permitted by section 363 of the Bankruptcy Code, shall be fully released from and with respect to the Acquired Assets and thereupon shall attach to the Purchase Price with the same force, effect, validity, enforceability, and priority as such Seller Liabilities had attached to the Acquired Assets as of the Initial Closing Date. On the Initial Closing Date in accordance with Section 3.1(b) of this Agreement, the Acquired Assets shall be Transferred to Purchaser and/or one or more of its Affiliates or Subsidiaries, as applicable, to the fullest extent permitted by section 363 of the Bankruptcy Code, free and clear of all Seller Liabilities other than the Assumed Permitted Liens, if any, and the Assumed Liabilities.

ARTICLE III. CLOSING

Section 3.1 Initial Closing.

(a) Upon the terms and subject to the conditions of this Agreement, the Initial Closing shall take place at the offices of Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, NY 10036, at 10:00 a.m., New York time as specified below, unless another date, time and/or place is agreed in writing by each of the parties hereto.

(b) The Initial Closing shall occur on the date (the “Initial Closing Date”) that is not later than the third Business Day following the satisfaction and/or waiver of all conditions to the Initial Closing as set forth in Article VII (other than conditions which by their nature can be satisfied only at the Initial Closing). On the Initial Closing Date, Purchaser shall deliver the Purchase Price to Sellers in accordance with Section 2.8(d)(ii).

Section 3.2 Deliveries by Sellers.

At the Initial Closing, Sellers shall deliver or cause to be delivered to Purchaser (unless previously delivered):

- (i) the officers’ certificate referred to in Section 7.1(viii);
- (ii) a certified copy of the Sale Order and a copy of the docket of the Bankruptcy Court evidencing the entry of the Sale Order (updated through the date and time of the Closing);
- (iii) the duly executed Bill of Sale and duly executed counterparts of each Conveyance Document in respect of the Acquired Assets;
- (iv) the duly executed Bill of Sale and duly executed counterparts of each Conveyance Document in respect of the Designated Assets;

- (v) a duly executed Instrument of Assumption with respect to any Assumed Contracts and Assumed Liabilities;
- (vi) a duly executed Instrument of Assumption with respect to any Designated Assets and all liabilities relating to or arising in respect of the Designated Assets beginning after the Initial Closing Date;
- (vii) the duly executed Transition Services Agreement;
- (viii) a certification of non-foreign status, duly executed and acknowledged, for each Seller in a form and manner which complies with the requirements of Section 1445 of the Code and the Treasury regulations promulgated thereunder and is reasonably satisfactory to Purchaser;
- (ix) executed copies of the consents and approvals referred to in Section 7.1(ii);
- (x) passkeys, codes and other items necessary to give Purchaser access to the premises with respect to all Acquired Asset to enable Purchaser to commence removal of the Acquired Assets in accordance with this Agreement; and
- (xi) all other documents required to be delivered by Sellers to Purchaser at or prior to the Initial Closing to complete the Transactions as provided for in this Agreement, including any tax election provided in Section 6.10 hereof.

Subject to the provisions of Section 6.12 hereof, nothing contained in this Section 3.2 is intended to nor shall be deemed to require the assignment or novation of, at the Initial Closing, any Nonassignable Contract.

Section 3.3 Deliveries by Purchaser.

At the Initial Closing, Purchaser shall deliver or cause to be delivered to Sellers (unless previously delivered or otherwise set forth below):

- (i) the Base Purchase Price, as adjusted by Section 2.8;
- (ii) the Closing Date Escrow shall be made by Purchaser to the Escrow Agent pursuant Section 2.8(d)(i).
- (iii) a duly executed Instrument of Assumption with respect to any Assumed Contracts and Assumed Liabilities;
- (iv) the duly executed Transition Services Agreement; and

- (v) all other documents required to be delivered by Purchaser to Sellers at or prior to the Initial Closing to complete the Transactions as provided for in this Agreement;

Section 3.4 Nonassignable Assets. To the extent that any Asset otherwise to be acquired or assumed by Purchaser upon the Initial Closing pursuant to Section 2.1 hereof is determined by the Bankruptcy Court to be non-assignable pursuant to section 365(c) of the Bankruptcy Code or otherwise (each, a “Nonassignable Asset”), such Nonassignable Asset shall be held, as of and from the Closing Date, for the benefit and burden of Purchaser and the covenants and obligations thereunder shall be fully performed by Purchaser on the relevant Seller’s behalf (to the extent such covenants and obligations are Assumed Liabilities) and all rights (to the extent such rights are Acquired Assets) existing thereunder shall be for Purchaser’s account. To the extent permitted by Applicable Law, the relevant Seller shall take or cause to be taken, at Purchaser’s expense, such actions as Purchaser may reasonably request which are required to be taken or appropriate in order to provide Purchaser with the benefits and burdens of the Nonassignable Asset. The relevant Seller shall promptly pay over to Purchaser the net amount (after reasonable expenses and Taxes of Seller related thereto (after taking into account any Tax benefits arising from such payments)) of all payments received by it in respect of all Nonassignable Assets, other than payments received from Purchaser pursuant to this Agreement.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES OF SELLER

Sellers jointly and severally represent and warrant to Purchaser that the statements contained in this Article IV are true and correct as of the date of this Agreement and as of the Initial Closing Date, except as otherwise stated in this Article IV and except as set forth in the corresponding sections or subsections of the Disclosure Letter delivered by Sellers to Purchaser concurrently with the execution and delivery hereof (it being agreed that disclosure of any information in a particular section or subsection of the Disclosure Letter shall be deemed disclosure with respect to any other section or subsection to the extent that the relevance of such disclosure to such representation or warranty).

Section 4.1 Organization. Each of Sellers has been duly organized and is validly existing in good standing under the laws of its respective jurisdiction of incorporation or organization, with the requisite power and authority to own its properties and conduct the Business as currently conducted. Each of Sellers has been duly qualified as a foreign corporation or organization for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business so as to require such qualification, except to the extent that the failure to be so qualified or be in good standing has not had and will not have a Material Adverse Effect.

Section 4.2 Financial Information.

- (a) To Sellers’ Knowledge, the book value of the Inventory, other than the Abs Assets, Inventory-in-Transit and \$944,000.00 in respect of inventory in transit for the Lehrhoff Goods-in-Transit, as of August 7, 2011, was \$12,489,508.10 (the “Initial Inventory Amount”).

To Sellers' Knowledge, such estimate was prepared from the books and records of Sellers kept in the ordinary course of business.

(b) To Sellers' Knowledge, the Unpaid Balance of the Accounts Receivable as of August 7, 2011 was \$40,383,385.57 (the "Initial Accounts Receivable Amount"). To Sellers' Knowledge, such estimate was prepared from the books and records of Sellers kept in the ordinary course of business. To Sellers' Knowledge, all Accounts Receivable have arisen from bona fide transactions in the ordinary course of business and are payable on ordinary trade terms, and represent legal, valid, binding and enforceable obligations to a Seller. To Sellers' Knowledge, except as set forth in Section 4.2(b) of the Disclosure Letter, none of the Accounts Receivable (i) are subject to any counterclaims or set-offs, or (ii) represent obligations for goods sold on consignment, on approval or on a sale or return basis or subject to any other repurchase or return arrangement.

Section 4.3 Real and Personal Property.

(a) Each Seller has good and insurable fee simple title to, or valid leasehold interests in, or easements or other limited property interests in, all of its Real Properties constituting Acquired Assets and has good and marketable title to its personal property and Assets constituting Acquired Assets, in each case, except for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and Assets for their intended purposes and except where the failure to have such title would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. As of the Initial Closing, all such Acquired Assets will be free and clear of Seller Liabilities, including, without limitation, those Liens set forth on Section 4.3(a) of the Disclosure Letter, other than as (i) are Permitted Liens or (ii) individually or in the aggregate, have not had and would not reasonably be expected to have a Material Adverse Effect.

(b) The Real Property Leases (i) have not been modified or amended except as set forth in Section 4.3(b) of the Disclosure Letter, (ii) contain the entire agreement between the relevant landlord and the tenants named therein, (iii) except as set forth in Section 4.3(b) of the Disclosure Letter, fixed and additional rent are currently being paid under such Real Property Leases.

(c) Each Seller has complied with all obligations under all Real Property Leases relating to Acquired Assets to which it is a party, including the payment of all fixed and additional rent. No Seller, or to Seller's knowledge, any of the landlords under the Real Property Leases, is currently in monetary or non-monetary default under any of the Real Property Leases, except as set forth in Section 4.3(c) of the Disclosure Letter. All such leases may be assumed or rejected in the Bankruptcy Cases and otherwise are in full force and effect, except as set forth in Section 4.3(c) of the Disclosure Letter, or in respect of which the failure to be in full force and effect would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. Except as set forth in Section 4.3(c) of the Disclosure Letter, each Seller enjoys peaceful and undisturbed possession under all such leases, other than leases in respect of which the failure to enjoy peaceful and undisturbed possession would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(d) Section 4.3(d) of the Disclosure Letter is a true and correct list, as of the date of this Agreement, of all Real Property constituting Acquired Assets owned by Sellers and the addresses thereof.

(e) Section 4.3(e) of the Disclosure Letter is a true and correct list, as of the date of this Agreement, of all Real Property constituting Acquired Assets leased by Sellers and the addresses thereof. The Real Property Lease (i) have not been modified or amended except as set forth in Section 4.3 of the Disclosure Letter and (ii) contain the entire agreement between the relevant landlord and the tenants named therein.

(f) As of the date of this Agreement, no Seller has received any written notice of any pending or contemplated condemnation proceeding affecting any of their owned Real Property constituting Acquired Assets or any sale or disposition thereof in lieu of condemnation that remains unresolved.

Section 4.4 Authorization; Enforceability. Subject to the entry of the Sale Order, each Seller has all requisite corporate power and authority to enter into, execute and deliver this Agreement and the other Ancillary Agreements to which it is or is to be a party and to perform its obligations hereunder and thereunder. The execution, delivery and performance by each Seller of this Agreement and each of the other Ancillary Agreements to which it is or is to be a party, and the consummation by each Seller of the Transactions, have been duly authorized by all necessary corporate action on the part of each Seller. The Manager, Member or Board of Directors, as applicable, of each Seller has resolved, subject to entry of the Sale Order by the Bankruptcy Court, to approve this Agreement, the Ancillary Agreements and the Transactions. This Agreement has been and, when executed and delivered, each other Ancillary Agreement to which each of them is to be a party, will be, duly and validly executed and delivered by each Seller and, subject to the entry of the Sale Order, constitutes (in the case of this Agreement) and will constitute (in the case of each of the Ancillary Agreements) the valid and binding obligation of each Seller, enforceable against such Seller in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and other laws of general application affecting enforcement of creditors' rights generally, rules of law governing specific performance, injunctive relief and other equitable remedies. Sellers hereby appoint ArchBrook Holdings to serve as Sellers' sole representative under the Escrow Agreement, with full authority to execute and deliver the Escrow Agreement on Sellers' behalf and to take all actions necessary under the Escrow Agreement, including without limitation, the ability to direct the Escrow Agent to release the Deposits in accordance with the terms of this Agreement.

Section 4.5 No Conflicts. Subject to the entry of the Sale Order, the execution, delivery and performance of this Agreement and each other Ancillary Agreement, and the consummation of the Transactions will not (a) result in a violation of the articles of organization or bylaws or similar organizational document of any Seller, (b) assuming receipt of all required consents and approvals from Governmental Entities in accordance with Section 7.1(ii), result in a violation of any Applicable Law, except for violations which, individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect, or (c) result in the creation or imposition of any Lien upon or with respect to any Acquired Asset, other than in favor of Purchaser as specified in the Ancillary Agreements and Permitted Liens. No Seller is in violation

of its articles of organization or bylaws or similar organizational document (as applicable in each case).

Section 4.6 Consents and Approvals. Except as set forth in Section 4.6 of the Disclosure Letter or otherwise in this Agreement, no consent, approval, authorization, order, registration, qualification or filing of or with any (i) Person or (ii) Governmental Entity having jurisdiction over Sellers or any of their properties, is required for the execution and delivery by Sellers of the Agreement and the Ancillary Agreements and performance of and compliance by Sellers with all of the provisions hereof and thereof and the consummation of the Transactions, except the entry of the Sale Order and the expiration, or waiver by the Bankruptcy Court, of the 14-day period set forth in Bankruptcy Rules 6004(h) and 3020(e), as applicable.

Except as set forth on Section 4.6 of the Disclosure Letter, there are no direct or indirect subsidiaries of Sellers other than the other Sellers.

Section 4.7 Intellectual Property.

(a) Sellers own or possess valid and enforceable rights to use all Intellectual Property used in the conduct of the Business, except for which the failure to own or possess has not had or would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All registrations with and applications to Governmental Entities in respect of such Intellectual Property are valid and in full force and effect, have not, except in accordance with commercially reasonable, ordinary course practices of Sellers, lapsed, expired or been abandoned (subject to the vulnerability of a registration for trademarks to cancellation for lack of use), are not the subject of any opposition filed with the United States Patent and Trademark Office or any other applicable Intellectual Property registry. The consummation of the Transactions will not result in the loss or impairment of any rights to use such Intellectual Property or obligate Purchaser to pay any royalties or other amounts to any third party in excess of the amounts that would have been payable by Sellers absent the consummation of the Transactions.

(b) Each Seller has taken reasonable security measures to protect the confidentiality and value of its and their trade secrets (or other Intellectual Property for which the value is dependent upon its confidentiality), and no such information has been misappropriated or the subject of an unauthorized disclosure, except to the extent that such misappropriation or unauthorized disclosure has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(c) Sellers' conduct of their businesses as currently conducted does not infringe or violate the Intellectual Property of any Person, and Sellers' Intellectual Property is not being infringed or violated by an Person, except in each case, for instances that have not had and would not reasonably be expected to have, individually or in the aggregate, a Materials Adverse Effect.

Section 4.8 Material Contracts. Except as may have occurred solely as a result of the commencement of the Bankruptcy Cases (or any other action taken by Sellers during the Bankruptcy Cases), each of the Contracts that is material to the conduct and operations of the

Business, taken as a whole (each, a “Material Contract”), is in full force and effect and, to the Knowledge of Sellers, there are no material defaults thereunder on the part of any other party thereto which are not subject to an automatic stay or which would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. None of Sellers is in default in any material respect in the performance, observance or fulfillment of any of its obligations, covenants or conditions contained in any Material Contract to which it is a party or by which it or its property is bound which are not subject to an automatic stay or which would reasonably be expected to have a Material Adverse Effect.

Section 4.9 Cure Amounts. To Sellers’ Knowledge, Section 4.9 of the Disclosure Letter sets forth a complete and correct list of all Cure Amounts with respect to each Contract.

Section 4.10 Litigation. Other than as set forth on Section 4.10 of the Disclosure Letter, there are no legal, governmental or regulatory actions, suits, proceedings or, to the Knowledge of Sellers, investigations pending or threatened (including “cease and desist” letters or invitations to take a patent license) to which any Seller is or may be a party or to which any property of any Seller, any director or officer of a Seller in their capacities as such, or the Business, Assumed Liabilities or Acquired Assets is or may be the subject that, individually or in the aggregate, has had or, if determined adversely to Sellers, would reasonably be expected to have a Material Adverse Effect.

Section 4.11 Permits and Compliance with Laws.

(a) No Seller is, or has been at any time since January 1, 2009, in violation of any Applicable Law.

(b) No Seller has received written notification from any Governmental Entity (i) asserting a violation of any Applicable Law regarding the conduct of the Business; (ii) threatening to revoke any Permit; or (iii) restricting or in any way limiting its operations as currently conducted, except for notices of violations, revocations or restrictions listed on Section 4.11 of the Disclosure Letter.

(c) Sellers possess all Permits issued by, and have made all declarations and filings with, the appropriate Governmental Entities that are necessary for the ownership, lease, use and operation of the Acquired Assets (collectively, the “Seller Permits”), except as set forth on Section 4.11(c) of the Disclosure Letter. Section 4.11(c) of the Disclosure Letter sets forth a true and correct list of all Seller Permits as presently in effect and a true and correct list of all material pending applications for Permits, that would be Seller Permits if issued or granted and all material pending applications by Sellers for modification, extension or renewal of the Seller Permits. All Seller Permits constitute Acquired Assets. Sellers have operated the Business in compliance with the terms and conditions of the Seller Permits, and no Seller has received any written notice alleging any such failure to comply. No Seller has received notice of any revocation or modification of any such Permit or have any reason to believe that any such Permit will not be renewed in the ordinary course.

Section 4.12 Taxes.

(a) Each Seller has timely filed or caused to be filed all material Tax Returns required to have been filed with respect to the Business or the Acquired Assets, and, as of the time of filing, each such Tax Return is complete and correct in all material respects.

(b) Each Seller has timely paid or withheld, or caused to be timely paid or withheld, all Taxes shown to be due and payable by it or them on the Tax Returns referred to in Section 4.12(a) and all other material Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all Taxes due) with respect to all periods or portions thereof ending on or before the Closing Date (except Taxes or assessments that are being contested in good faith by appropriate proceedings and for which any Seller has set aside on its books adequate reserves in accordance with GAAP).

(c) Except as set forth in Section 4.12(c) of the Disclosure Letter to Sellers' Knowledge, no material audits, examinations, investigations or other administrative proceedings or court proceedings have been commenced or are presently pending or threatened in writing with regard to any Taxes or Tax Returns with respect to the Business or the Acquired Assets. There is no material unresolved dispute or claim concerning any Tax liability with respect to the Business or the Acquired Assets either claimed or raised by any Tax Authority in writing.

(d) Except as set forth in Section 4.12(d) of the Disclosure Letter, there are no statutory Liens for Taxes upon any of the Acquired Assets or the Business.

(e) There are no outstanding agreements extending the statutory period of limitation applicable to any claim for, or the period for the collection or assessment of, Taxes with respect to the Business or the Acquired Assets.

(f) With respect to the Business, each Seller has complied in all material respects with applicable Tax laws with respect to the withholding of Taxes from employee salaries, wages or other compensation and collection of material sales and use Taxes.

(g) Except for the representations and warranties contained in this Section 4.12, Sellers make no other express or implied representation or warranty with respect to Taxes.

Section 4.13 Employees. Section 4.13 of the Disclosure Letter contains a complete and accurate list of all current employees of Sellers and each such employee's respective positions, dates of hire, current annual salary and any other relevant compensation and benefits and indicates which employees are parties to a written or oral agreement with Sellers (including confidentiality and non-competition agreements). Except as disclosed in Section 4.13 of the Disclosure Letter, No Seller is party to any currently in effect agreement(s) with past or present employees, agents or independent contractors in connection with the Business.

Section 4.14 Compliance With ERISA. Section 4.14 of the Disclosure Letter contains a complete and accurate list of all material Employee Benefit Plans of Sellers. Except as would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, each Seller and any trade or business (whether or not incorporated) that, together with a Seller, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA, and Section 412 of the Code, is treated as a single employer

under Section 414 of the Code (the “ERISA Affiliates”), are in compliance with the applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder. No ERISA Plan is subject to Title IV of ERISA or Section 412 of the Code.

Section 4.15 Brokers. No Seller is a party to any contract, agreement or understanding with any Person that would give rise to a valid claim against Purchaser for a brokerage commission, finder’s fee or like payment in connection with the Transactions.

Section 4.16 Environmental Matters. Except as disclosed in Section 4.16 of the Disclosure Letter and except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (i) no written notice, request for information, claim, demand, order, complaint or penalty has been received by any Seller, and there are no judicial, administrative or other actions, suits or proceedings pending or, to any Seller’s Knowledge, threatened, which allege a violation of or liability under any Environmental Laws, in each case relating to any Seller or any of the Acquired Assets, (ii) each Seller has all Permits necessary for its or their operations to comply with all applicable Environmental Laws and are, and during the term of all applicable statutes of limitation, have been, in compliance with the terms of such Permits and with all other applicable Environmental Laws, and (iii) no pollutants, contaminants, wastes, chemicals, materials, substances and constituents of any nature which are subject to regulation or which would reasonably be likely to give rise to liability under any Environmental Law, including Hazardous Material, is located at, in, or under any property currently or formerly owned, operated or leased by any Seller that would reasonably be expected to give rise to any liability or obligation of any Seller under any Environmental Laws, and no Hazardous Material has been generated, owned or controlled by any Seller and has been transported to or released at any location in a manner that would reasonably be expected to give rise to any liability or obligation on any Seller under any Environmental Laws.

Section 4.17 Title to Assets; Sufficiency of Assets.

(a) Sellers hold and, subject to the entry of the Sale Order, at the Initial Closing shall cause to be delivered to Purchaser, good and valid title to or, in the case of leased or licensed Acquired Assets, a valid and binding leasehold interest in or license to or rights under (as the case may be), all of the Acquired Assets, free and clear of all Seller Liabilities, other than Assumed Permitted Liens and Permitted Liens. At the Initial Closing, Purchaser will receive good and valid title to or, in the case of leased or licensed Acquired Assets, a valid and binding leasehold interest in or license to or rights under (as the case may be), all of the Acquired Assets, free and clear of all Seller Liabilities, other than Assumed Permitted Liens and Permitted Liens.

(b) Sellers hold and, subject to the entry of the Sale Order, at the Initial Closing shall cause to be delivered to one or more Third Party Purchasers, good and valid title to or, in the case of leased or licensed Designated Assets, a valid and binding leasehold interest in or license to or rights under (as the case may be), all of the Designated Assets, free and clear of all Seller Liabilities. At the Initial Closing, such Third Party Purchasers will receive good and valid title to or, in the case of leased of licensed Designated Assets, a valid and binding

leasehold interest in or license to or rights under (as the case may be), all of the Designated Assets, free and clear of all Seller Liabilities.

(c) The Acquired Assets and the Designated Assets include all tangible Assets, intangible Assets and Intellectual Property that are necessary for the conduct of the Business immediately following the Initial Closing Date in substantially the same manner as conducted by Sellers prior to the commencement of the Bankruptcy Cases, except for (i) Employees that are not Transferred Employees and (ii) the Retained Assets.

Section 4.18 Insurance. Section 4.18 of the Disclosure Letter sets forth a true, complete and correct description of all material insurance policies maintained by or on behalf of any Seller as of the date of this Agreement, other than those relating to any Employee Benefit Plan. As of such date, such insurance policies are in full force and effect.

Section 4.19 No Other Representations and Warranties. Sellers represent that Purchaser, its Affiliates and any other Person has not made any representation or warranty, express or implied as to the accuracy or completeness of any information regarding Purchaser or the transactions contemplated by this Agreement, except for the representations and warranties contained in this Agreement and the Ancillary Agreements.

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Sellers that the statements contained in this Article V are true and correct as of the date of this Agreement and as of the Initial Closing Date.

Section 5.1 Organization. Purchaser is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Delaware. Purchaser is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction where the nature of the property owned or leased by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so qualified would not have a Purchaser Material Adverse Effect.

Section 5.2 Authorization; Enforceability. Purchaser has all requisite corporate power and authority to enter into this Agreement and the other Ancillary Agreements to which Purchaser is a party. The execution, delivery and performance by Purchaser of this Agreement and each of the other Ancillary Agreements to which Purchaser is a party, and the consummation by Purchaser of the Transactions, have been duly authorized by all necessary corporate action on the part of Purchaser. Subject to the entry of the Sale Order, this Agreement and, when executed, each other Ancillary Agreement to which Purchaser is a party, have been duly and validly executed and delivered by Purchaser and, assuming due and valid execution and delivery by Sellers, constitute the valid and binding obligation of Purchaser, enforceable against them in accordance with its terms, subject to laws of general application relating to bankruptcy, insolvency, and the relief of debtors and other laws of general application affecting enforcement of creditors' rights generally, rules of law governing specific performance, injunctive relief and other equitable remedies.

Section 5.3 No Conflicts. Subject to the entry of the Sale Order, the execution, delivery and performance of this Agreement and each other Ancillary Agreement, and the consummation of the Transactions will not (a) result in a violation of the certificate of incorporation, certificate of formation or bylaws or similar organizational document of Purchaser or (b) assuming receipt of all required consents and approvals from Governmental Entities in accordance with Section 7.1(i), result in a violation of any law, statute, rule or regulation of any Governmental Entity or any applicable order of any court or any rule, regulation or order of any Governmental Entity applicable to Purchaser or by which any property or asset of Purchaser is bound, except for violations which, individually or in the aggregate, has not had and would not reasonably be likely to have a Purchaser Material Adverse Effect.

Section 5.4 Consents and Approvals. Each consent, approval, authorization, order, registration or qualification of or with any Governmental Entity having jurisdiction over Purchaser or any of its properties that is required for the execution and delivery by Purchaser of the Agreement and the Ancillary Agreements and performance of and compliance by Purchaser with all of the provisions hereof and thereof and the consummation of the Transactions has been obtained.

Section 5.5 Financial Capability. Purchaser (a) has as of the date of this Agreement and will have on the Initial Closing Date sufficient cash and cash equivalents and/or existing credit facilities with sufficient borrowing capacity thereunder available to pay the Purchase Price and any expenses incurred by Purchaser in connection with the Transactions, (b) has as of the date of this Agreement and will have on the Initial Closing Date the resources and capabilities (financial or otherwise) to perform its obligations hereunder and (c) on the Initial Closing Date, will be capable of satisfying the conditions in sections 365(b)(1)(C) and 365(f) of the Bankruptcy Code with respect to the Contracts.

Section 5.6 Bankruptcy. There are no bankruptcy, reorganization or arrangement proceedings pending against, being contemplated by, or to the knowledge of Purchaser, threatened against, Purchaser.

Section 5.7 Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable by Purchaser in connection with the Transactions.

Section 5.8 Litigation. There are no legal proceedings pending or, to the knowledge of Purchaser, threatened against Purchaser, or to which Purchaser is otherwise a party, which, if finally determined adversely, would reasonably be expected to have a Purchaser Material Adverse Effect with respect to Purchaser's ability to consummate the Transactions.

Section 5.9 Condition of Business. Notwithstanding anything contained in this Agreement to the contrary, Purchaser acknowledges and agrees that no Seller, its Affiliates or any other Person is making any representations or warranties whatsoever, express or implied, beyond those expressly given by Sellers in Article IV hereof (as modified by the Disclosure Letter), and Purchaser acknowledges and agrees that, except for the representations and warranties contained therein, the Acquired Assets are being transferred on a "where is" and, as to condition, "as is" basis, subject to the provisions of this Agreement and the Sale Order providing,

among other things, that the sale of the Assets is free and clear of all Seller Liabilities. Purchaser further represents that no Seller, its Affiliates or any other Person has made any representation or warranty, express or implied as to the accuracy or completeness of any information regarding Sellers, the Business or the transactions contemplated by this Agreement, except for the representations and warranties contained in this Agreement and the Ancillary Agreements. Purchaser acknowledges that it has conducted to its satisfaction its own independent investigation of the Business. Notwithstanding the foregoing, this Section 5.9 does not limit any representation or warranty made by Sellers in this Agreement or any document or instrument delivered to Purchaser pursuant to this Agreement.

ARTICLE VI.

COVENANTS

Section 6.1 Interim Operations of the Business. From the date of this Agreement through the Initial Closing Date, subject to any matters set forth in Section 6.1 of the Disclosure Letter and any limitations imposed on Sellers as a result of their status as debtor-in-possession in the Bankruptcy Cases, Sellers shall ensure that, and Sellers covenant and agree that, except as expressly provided in this Agreement, required by Applicable Law or as may be agreed in writing by Purchaser, such agreement not to be unreasonably withheld, conditioned or delayed:

(a) each Seller shall on a basis consistent with Sellers' practice as of the date of this Agreement preserve intact the business organization of the Business, keep available the services of the current officers and employees of the Business and maintain the existing relations with customers, suppliers, vendors, creditors, business partners and others having business dealings with the Business;

(b) Sellers (i) shall maintain, preserve and protect all of the Acquired Assets on a basis consistent with Sellers' practice as of the date of this Agreement, except for ordinary wear and tear and except for replacements, modifications or maintenance in the ordinary course of business and (ii) shall not sell, transfer, assign, lease, license, allow to lapse or expire, subject to Lien or otherwise dispose of any of the Acquired Assets;

(c) Sellers shall make all payments related to Contracts that become or became due or payable pursuant to the terms thereof and promptly pay, as approved and directed pursuant to any Bankruptcy Court order, and on the terms set forth therein, all Cure Amounts due or under any order of the Bankruptcy Court authorizing the assumption and assignment of any such Contract to Purchaser;

(d) Sellers shall not take or agree to or commit to assist any other Person in taking any action that would reasonably be expected to result (i) in a failure of any of the conditions to the Initial Closing as set forth in Article VII or (ii) that would reasonably be expected to impair the ability of Sellers or Purchaser to consummate the Initial Closing in accordance with the terms hereof or to materially delay such consummation;

(e) Sellers shall use commercially reasonable efforts not to, with respect to the Acquired Assets or the Business, make or authorize (i) any material change to its accounting principles, methods or practices or (ii) any material change to its Tax accounting principles, methods or practices other than, in each case, as required by changes in Applicable Law, or GAAP, or would not reasonably be expected to affect any material Tax related to the Business or the Acquired Assets after the Initial Closing Date;

(f) no Seller shall (i) cause or permit the amendment, restatement or modification of the articles of organization, certificate of incorporation, certificate of formation or bylaws or similar organizational document of itself or any other Seller, except as otherwise required by Applicable Law, (ii) effect a split or reclassification or other adjustment of any equity interests of itself or any other Seller or a recapitalization thereof, (iii) issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any equity interest of itself or any other Seller or any equity interest of, or similar interest in, a joint venture or similar arrangement to which a Seller is a party which is an Acquired Asset hereunder, (iv) alter, whether through a complete or partial liquidation, dissolution, merger, consolidation, restructuring, reorganization or in any other manner, the legal structure or ownership of itself or any other Seller or any joint venture or similar arrangement to which a Seller is a party which is an Acquired Asset hereunder, (v) declare, set aside or pay any type of dividend, whether in cash, stock or other property, in respect of any of the equity interests of itself or any other Seller, or repurchase, redeem or otherwise acquire or offer to repurchase, redeem or otherwise acquire any such equity interests, or (vi) propose, adopt or approve a plan with respect to any of the foregoing;

(g) Sellers shall not (i) make, or commit to make, any capital expenditures (other than capital expenditures in the ordinary course of business consistent with past practice) or (ii) incur any indebtedness for borrowed money or assume, guarantee, endorse or otherwise as an accommodation become responsible for the long-term indebtedness of any other person (other than deposits and similar liabilities in the ordinary course of business consistent with past practice, indebtedness of the Company's Subsidiaries to the Company or any of its wholly owned Subsidiaries and indebtedness under existing lines of credit and renewals or extensions thereof);

(h) Sellers shall not settle any claim, action, proceeding, Action or Avoidance Action, or waive or release any material rights or claims, or agree or consent to the issuance of any injunction, decree, order or judgment restricting or otherwise affecting its Business or operations;

(i) Sellers shall not fail to continue to maintain the insurance covering the Acquired Assets and the Business in effect as of the date of this Agreement until the Initial Closing Date;

(j) Sellers shall not enter into any agreement or agreements for the sale of a material amount of any of the Acquired Assets;

(k) Sellers shall not sell or transfer, or enter into any agreement or agreements for the sale or transfer of, any Inventory, other than sales or transfers of Inventory in the ordinary course of business in an aggregate amount of up to \$5,000; provided, that in the event that

Sellers shall sell or transfer any Inventory in violation of this Section 6.1(k), Sellers shall promptly pay all proceeds from such sales to Purchaser upon the Initial Closing and such Inventory shall be assumed to be in the Subsequent Inventory Amount and the Final Inventory Amount;

(l) Sellers shall not compromise, settle or accept payment of less than the full amount of the Unpaid Balance on any Accounts Receivable without the express written consent of the Purchaser, such consent to be given in Purchaser's sole and absolute discretion;

(m) no Seller shall file with the Bankruptcy Court, or permit any controlled Affiliate to file with the Bankruptcy Court, any plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization that is inconsistent with the transactions contemplated by this Agreement;

(n) Sellers shall not (A) modify, assume, reject or terminate any Material Contract in any material respect, or (B) enter into or modify any Contract containing material penalties which would be payable as a result of, and upon the consummation of, the transaction contemplated by this Agreement;

(o) Sellers shall not enter into, terminate, cancel, fail to renew or materially modify any Contract, directly or indirectly, unilaterally or in concert, and whether orally, in writing, formally or informally, that is inconsistent with any of the foregoing or assist or cooperate with any other Person in doing anything that is inconsistent with any of the foregoing, or authorize, recommend, propose or announce an intention to do anything that is inconsistent with any of the foregoing;

(p) Sellers shall not (i) make (or suffer or permit to be made) any material alterations to any Real Property or any portion thereof without Purchaser's prior written consent or (ii) enter into or amend, supplement or otherwise modify any Real Property Lease without Purchaser's written consent; and

(q) Grant any increase in the compensation or benefits of any Employee or enter into any employment, change in control, severance or similar agreement or arrangement with any Employee.

Section 6.2 Access; Confidentiality.

(a) From the date hereof until the earlier of (i) termination of this Agreement or (ii) the Initial Closing, Sellers will, (w) upon reasonable notice, give Purchaser, Third Party Purchasers, and Purchaser's employees, accountants, financial advisors, counsel and other representatives reasonable access during normal business hours to the offices, properties, books and records of Sellers relating to the Acquired Assets, the Assumed Liabilities, and the Business; (x) furnish to Purchaser such financial and operating data and other information relating to the Acquired Assets, the Assumed Liabilities, and the Business as may be reasonably requested; and (y) instruct the executive officers and senior business managers, employees, counsel, auditors and financial advisors of Sellers to cooperate with Purchaser's employees, accountants, counsel and other representatives and with Third Party Purchasers; provided that any such activities pursuant to this provision shall be conducted in such manner

as not to interfere unreasonably with the conduct of the business of Sellers. Upon the Initial Closing Date, the Confidentiality Agreement shall be terminated and be of no further force and effect.

(b) For the period commencing on the Initial Closing Date and ending on the closing of the Bankruptcy Cases, Purchaser shall reasonably cooperate with Sellers and, upon reasonable advance notice, make available to Sellers such documents, books, records or information Transferred to Purchaser and relating to activities of the Business prior to the Initial Closing as Sellers may reasonably require in connection with any Tax determination or contractual obligations to Third Parties or to defend or prepare for the defense of any claim against Sellers or to prosecute or prepare for the prosecution of claims against Third Parties by Sellers relating to the conduct of the Business by Sellers prior to the Initial Closing or in connection with any governmental investigation of Sellers or any of its Affiliates; provided that Purchaser shall be required to cooperate with Seller's requests pursuant to this Section 6.2(b) only to the extent such activities do not interfere with the conduct of the business of Purchaser.

(c) Purchaser shall reasonably cooperate with Sellers (at Sellers' sole expense), after the Closing with respect to Sellers' efforts to wind down, liquidate and dispose of any Retained Assets or discharge any Non-Assumed Liabilities.

(d) No party shall destroy any files or records which are subject to this Section 6.2 without giving reasonable notice to the other parties, and within 15 days of receipt of such notice, any such other party may cause to be delivered to it the records intended to be destroyed, at such requesting party's expense.

Section 6.3 Efforts and Actions to Cause Closing to Occur.

(a) At all times prior to the Initial Closing, upon the terms and subject to the conditions of this Agreement, Sellers and Purchaser shall use their reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done all things necessary, proper or advisable (subject to any Applicable Laws) to cause the Initial Closing Date to occur and consummate the Initial Closing and the other Transactions as promptly as practicable including, (i) the preparation and filing of all forms, registrations and notices required to be filed to cause the Initial Closing Date to occur and to consummate the Initial Closing and the other Transactions and the taking of such actions as are necessary to obtain any requisite approvals, authorizations, consents, releases, orders, licenses, Permits, qualifications, exemptions or waivers by any Third Party or Governmental Entity; and (ii) at the sole cost of Purchaser, the preparation of any documents reasonably requested by Purchaser in order to facilitate financing (if any) of any of the Transactions. In addition, subject to the terms of this Agreement, no party hereto shall take any action after the date hereof that would reasonably be expected to materially delay the obtaining of, or result in not obtaining, any permission, approval or consent from any Governmental Entity or other Person required to be obtained prior to the Initial Closing as applicable. Each of Purchaser and Sellers shall bear their own costs, fees and expenses relating to the obtaining of any approvals, authorizations, consents, releases, orders, licenses, Permits, qualifications, exemptions or waivers referred to in this Section 6.3(a).

(b) Prior to the Initial Closing, each of Sellers, on the one hand, and Purchaser, on the other hand, shall promptly consult with the other with respect to, provide any necessary information with respect to, and provide the other (or its counsel) with copies of, all filings made by such party with any Governmental Entity or any other information supplied by such party to a Governmental Entity in connection with this Agreement and the Transactions. Each of Sellers, on the one hand, and Purchaser, on the other hand, shall promptly provide the other with copies of any written communication received by it from any Governmental Entity regarding any of the Transactions. If any of Sellers or their respective Affiliates, on the one hand, and Purchaser or its Affiliates, on the other hand, thereof receives a request for additional information or documentary material from any such Governmental Entity with respect to any of the Transactions, then such party shall endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other, an appropriate response in compliance with such request. To the extent that Transfers, amendments or modifications of Permits are required as a result of the execution of this Agreement or consummation of any of the Transactions, Sellers shall use their commercially reasonable efforts to effect such Transfers, amendments or modifications.

(c) In addition to and without limiting the agreements of the parties contained above, Sellers and Purchaser shall:

- (i) take promptly, but in no event more than twenty (20) Business Days after the execution of this Agreement, all actions, necessary to make any filings required of them or any of their Affiliates in order to obtain any approvals or consents required to consummate the transactions contemplated by this Agreement;
- (ii) comply at the earliest practicable date with any request for additional information or documentary material received by Sellers or Purchaser or any of their Affiliates from any Governmental Entity in connection with any required approvals or consents;
- (iii) cooperate with each other in connection with any filing in connection with any required approvals or consents;
- (iv) use all reasonable best efforts to resolve such objections, if any, as may be asserted under any antitrust law or otherwise in connection with any other required approvals or consents;
- (v) advise the other party promptly of any material communication received by such party from any Governmental Entity in connection with any of the Transactions; and
- (vi) where a party seeks not to provide the other party with any information under this Section 6.3 on grounds that such information is competitively sensitive, such party will be required to provide the information to the other party's external counsel and such external counsel will not provide the information to its client.

(d) Nothing in this Agreement shall be deemed to require Purchaser or Sellers to (i) commence any litigation against any Person in order to facilitate the consummation of any of the Transactions, except as otherwise set forth in Section 6.3 hereof; (ii) take or agree to take any other action or agree to any limitation that would reasonably be expected to have a Purchaser Material Adverse Effect on the one hand, or a Material Adverse Effect on the other hand; or (iii) defend against any litigation brought by any Governmental Entity seeking to prevent the consummation of, or impose limitations on, any of the Transactions, except as otherwise set forth in Section 6.3 hereof.

Section 6.4 Notification of Certain Matters. Sellers shall give written notice to Purchaser promptly after becoming aware of (i) the occurrence of any event, which would be reasonably expected to cause any condition set forth in Article VII to be unsatisfied at any time from the date hereof to the Initial Closing Date or (ii) any notice or other communication from (x) any Person alleging that the consent of such Person is or may be required in connection with any of the Transactions or (y) any Governmental Entity in connection with any of the Transactions; provided, however, that the delivery of any notice pursuant to this Section 6.4 shall not limit or otherwise affect the remedies available hereunder to Purchaser.

Section 6.5 Transition of the Business. Between the date hereof and the Initial Closing, Purchaser and Sellers shall work in good faith to refine the list of services set forth on Schedule A to the Transition Services Agreement. Prior to the Initial Closing Date, Sellers shall not reject any Contract related to the transition services set forth on Schedule A to the Transition Services Agreement, unless agreed to otherwise in writing by Purchaser. At any time prior to the 15th day immediately preceding the expiration of the Option Period, Purchaser shall have the right, by providing Sellers with written notice thereof, to deem any Contract that is in any way related to the transition services or the Transition Services Agreement to be a Designated Contract, and such Contract shall thereafter be treated as a Designated Contract in accordance with the terms of this Agreement. During the Option Period, Sellers shall use their best efforts to preserve and maintain all Designated Contracts, including without limitation, seeking extensions of the deadline to assume or reject nonresidential real estate leases pursuant to Section 365(d)(4) of the Bankruptcy Code. For the avoidance of doubt, with respect to any Designated Contract that is also subject to the Transition Services Agreement, Sellers shall be permitted to charge Purchaser and Third Party Purchasers, as applicable, for the costs associated with such services no more than one time the applicable documented cost for such Service.

Section 6.6 Submission for Court Approvals.

(a) Promptly upon the execution of this Agreement, Sellers shall use commercially reasonable efforts to obtain, as soon as possible, but subject to the full notice requirements of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court's availability, the Bankruptcy Court's entry of the Sale Order. The Sale Order shall be in form and substance reasonably satisfactory to Purchaser.

(b) If the Sale Order shall be appealed by any Person (or if any petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing, reargument or leave to appeal shall be filed with respect to any such order), Sellers and Purchaser will cooperate in taking steps to reasonably diligently defend such appeal,

petition or motion and use reasonable best efforts to obtain an expedited resolution of any such appeal, petition or motion.

(c) Sellers shall, to the extent reasonably practicable, provide Purchaser with drafts of all documents, motions, orders, filings or pleadings that it proposes to file with the Bankruptcy Court that relate to the approval of this Agreement and the consummation of the transactions contemplated hereby, and will provide Purchaser with reasonable opportunity to review and approve such filings. Sellers shall also promptly (within one (1) Business Day) provide Purchaser with copies of all pleadings received by or served by or upon Sellers in connection with the Bankruptcy Case that relate to or may reasonably be expected to affect the Transactions and which have not otherwise been served on Purchaser.

Section 6.7 Employee Matters.

(a) Prior to the Initial Closing Date, Purchaser and Third Party Purchaser shall have the right, but not the obligation, to offer to employ, such employment to begin on the Initial Closing Date, any active Employee (each such Employee who accepts the offer, a “Transferred Employee”). Sellers shall use reasonable efforts to cooperate with Purchaser and Third Party Purchaser (as applicable) in their recruitment of and offer to employ the Employees.

(b) Sellers shall be responsible for any and all payments, if any, for accrued but unused vacation mandated or deemed advisable pursuant to any law or policy in connection with any Employee’s cessation of employment with Sellers.

(c) Effective as of the Initial Closing Date, the Transferred Employees shall cease to be covered by the Employee Benefit Plans. Sellers shall retain responsibility for and continue to pay all medical, life insurance, disability, and other welfare plan expenses and benefits for each Transferred Employee with respect to claims incurred by such Transferred Employee or his or her covered dependents prior to the Initial Closing Date. Expenses and benefits with respect to claims incurred by Transferred Employees or their covered dependents on or after the Initial Closing Date will be the responsibility of Purchaser or Third Party Purchaser (as applicable). For purposes of this paragraph, a claim is deemed incurred by a Transferred Employee (i) in the case of medical or dental benefits, when the services that are the subject of the claim are performed; (ii) in the case of life insurance, when the death occurs; (iii) in the case of long-term disability benefits, when the disability occurs; (iv) in the case of workers compensation benefits, when the event giving rise to the benefits occurs; (v) otherwise, at the time the Transferred Employee or covered dependent becomes entitled to payment of a benefit (assuming that all procedural requirements are satisfied and claims applications properly and timely completed and submitted).

(d) On and after the Initial Closing Date, Purchaser or Third Party Purchaser (as applicable), either itself or through an Affiliate, shall be responsible for providing continuation coverage for all Transferred Employees under the Consolidated Omnibus Budget Reconciliation Act of 1986, as amended, and any other applicable law (collectively, “COBRA”). Sellers shall be responsible for providing continuation coverage under COBRA to all Employees that do not become Transferred Employees; provided, that if at any time following the Closing Date, Sellers and each other entity that would be considered an

“employer” for purposes of COBRA cease to maintain a “group health plan” (as defined in COBRA), Purchaser or Third Party Purchaser (as applicable) shall, to the extent required by COBRA and commencing on the date of such cessation, make available group health plan continuation coverage to applicable Employees under a group health plan maintained by Purchaser or Third Party Purchaser (as applicable) or their respective Affiliates.

(e) With respect to the Transferred Employees, Purchaser or Third Party Purchaser (as applicable) shall assume all obligations and liabilities under the Worker Adjustment Retraining Notification Act (“WARN”), 29 U.S.C. Section 2101 et seq., or under any similar provision of any United States federal, state, regional or local law, rule or regulation (hereinafter referred to collectively as “WARN Act”) for any actions on or after the Initial Closing Date, including without limitation actions arising as a result of the Transactions. Seller shall be solely responsible for obligations under the WARN Act (and any similar state law or other applicable law) that arise based in any part on events that occur from or after the Initial Closing Date with respect to any Employees that are not Transferred Employees. With respect to the Transferred Employees, Purchaser and Third Party Purchaser as applicable (severally and not jointly) hereby indemnifies Sellers against and agrees to hold each of them harmless from any and all damages, costs, liabilities and/or obligations incurred or suffered by Sellers with respect to the WARN Act for any actions on or after the Initial Closing Date, including actions arising as a result of the Transactions.

(f) Subject to Section 9.5, this Section 6.7 shall be binding upon and inure solely to the benefit of each of the parties to this Agreement and nothing herein, expressed or implied, shall confer upon any Employee, Transferred Employee or other third party, any third party beneficiary rights or remedies (including, without limitation, any right to employment or continued employment for any specified period) of any nature or kind whatsoever, under or by reason of this Agreement. Nothing herein is intended to interfere with Purchaser’s right from and after the Initial Closing Date to amend or terminate any employee benefit plan or the employment of any Transferred Employee.

Section 6.8 Subsequent Actions. If at any time after the Initial Closing Date, Purchaser or Sellers consider or is advised that any deeds, bills of sale, instruments of conveyance, assignments, assurances or any other actions or things are necessary or desirable to vest, perfect or confirm ownership (of record or otherwise) in Purchaser, its right, title or interest in, to or under any or all of the Acquired Assets or otherwise to carry out this Agreement, including the assumption of the Assumed Liabilities, Purchaser or Sellers shall at Purchaser’s expense, execute and deliver all deeds, bills of sale, instruments of conveyance, powers of attorney, assignments, assumptions and assurances and take and do all such other actions and things as may be requested by the other party in order to vest, perfect or confirm any and all right, title and interest in, to and under such rights, properties or assets in Purchaser or otherwise to carry out this Agreement.

For the avoidance of doubt, this Section 6.8 shall survive the Initial Closing.

Section 6.9 Publicity. Prior to the Initial Closing and without limiting or restricting any party from making any filing with the Bankruptcy Court with respect to this Agreement or the Transactions, no party shall issue any press release or public announcement

concerning this Agreement or the Transactions without obtaining the prior written approval of the other party, which approval will not be unreasonably withheld or delayed, unless, in the reasonable judgment of Purchaser or Sellers, disclosure is otherwise required by Applicable Law, the Bankruptcy Code or the Bankruptcy Court with respect to filings to be made with the Bankruptcy Court in connection with this Agreement or by the applicable rules of the Securities Exchange Commission or any stock exchange on which Purchaser lists securities, provided that the party intending to make such release shall use its reasonable best efforts consistent with such Applicable Law, the Bankruptcy Code or Bankruptcy Court requirement to consult with the other party with respect to the text thereof.

Section 6.10 Tax Matters.

(a) Purchaser and Sellers agree that the Purchase Price is exclusive of any Transfer Taxes. Purchaser shall promptly pay directly to the appropriate Tax Authority all applicable Transfer Taxes that may be imposed upon or payable or collectible or incurred in connection with this Agreement or the transactions contemplated herein, or that may be imposed upon or payable or collectible or incurred in connection with the Transactions provided that if any such Transfer Taxes are required to be collected, remitted or paid by a Seller, such Transfer Taxes shall be paid by Purchaser to such Seller at the Initial Closing or thereafter, as requested of or by Seller.

(b) In the event that Sellers elect to file a plan of reorganization or liquidation in conjunction with the Transactions, Purchaser and Sellers covenant and agree that they will use their reasonable best efforts to obtain an order from the Bankruptcy Court pursuant to section 1146 of the Bankruptcy Code exempting, to the maximum extent possible, the Transfer of the Acquired Assets from Sellers to Purchaser from any and all Transfer Taxes (as hereinafter defined). To the extent the Transactions or any portion of the Transactions are not exempt from Transfer Taxes under section 1146 of the Bankruptcy Code, Purchaser shall be responsible for and shall pay all Transfer Taxes in accordance with Section 6.10(a). Purchaser and Sellers shall cooperate in providing each other with any appropriate certification and other similar documentation relating to exemption from Transfer Taxes (including any appropriate resale exemption certifications), as provided under Applicable Law.

(c) Purchaser and Sellers agree to furnish, or cause to be furnished, to each other, upon reasonable notice and request, as promptly as practicable, such information and assistance relating to the Acquired Assets or the Business as is reasonably necessary for the preparation and filing of all Tax Returns, for the preparation for any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit or other proceeding relating to Taxes and for the answer of any governmental or regulatory inquiry relating to Taxes. Purchaser agrees to retain possession of all Tax files, books and records delivered to Purchaser by Sellers for a period of at least five years from the Initial Closing Date. From and after the Initial Closing Date, Purchaser agrees that, upon reasonable notice and request, it shall provide reasonable access to Sellers and their attorneys, accountants and other representatives (after reasonable notice and during normal business hours and without charge) to or copies of such files, books and records that were delivered by Sellers to Purchaser as Sellers may reasonably deem necessary to prepare for, file, prove, answer, prosecute or defend any claim,

suit, inquiry or other proceeding, related to Taxes in connection with the Acquired Assets or the Business for periods or portions thereof ending on or prior to the Initial Closing Date.

(d) Real and personal property Taxes and assessments, and all rents, utilities and other charges, on the Acquired Assets for any taxable period commencing on or prior to the Initial Closing Date and ending after the Initial Closing Date (the “Straddle Period Property Tax”) shall be prorated on a per diem basis between Purchaser and Sellers as of the Initial Closing Date. All such prorations of Straddle Period Property Taxes shall be allocated so that items relating to time periods ending on or prior to the Initial Closing Date shall be allocated to Sellers and items relating to time periods beginning after the Initial Closing Date shall be allocated to Purchaser. The amount of all such prorations shall be settled and paid on the Initial Closing Date. If any of the rates for the Straddle Period Property Taxes for any taxable period commencing on or prior to the Initial Closing Date and ending after the Initial Closing Date are not established by the Initial Closing Date, the prorations shall be made on the basis of such rates in effect for the preceding taxable period. The apportioned obligations under this Section 6.10(d) shall be timely paid and all applicable filings made in the same manner as set forth for the apportioned Transfer Taxes in Section 6.10(a) and Section 6.10(b).

Section 6.11 Prompt Payment of Cure Amounts. Purchaser shall pay or cause to be paid (and shall reimburse or cause to be reimbursed to Sellers on an after-Tax basis any amounts paid after the date hereof), within five (5) Business Days of the Applicable Closing Date, all Cure Amounts with respect to each Assumed Contract, provided, however, that Cure Amounts that are the subject of a bona fide dispute shall be paid within two (2) Business Days of the effectiveness of a settlement or entry of a Final Order of the Bankruptcy Court; provided further that Purchaser shall retain the right to designate any Contract as a Rejected Contract if the Bankruptcy Court sets a Cure Amount in an amount higher than Purchaser’s proposed Cure Amount set forth on Section 6.11 of the Disclosure Letter.

Section 6.12 Completion of Nonassignable Contracts. Sellers shall use their commercially reasonable efforts to obtain any consent, approval or amendment, if any, required to novate and/or assign any Contract to be assigned to Purchaser hereunder which the Bankruptcy Court determines is not able to be assumed and assigned under section 365(c) of the Bankruptcy Code (a “Nonassignable Contract”). Sellers shall keep Purchaser reasonably informed from time to time of the status of the foregoing and Purchaser shall cooperate with Sellers in this regard. To the extent that the rights of Sellers under any Nonassignable Contract, or under any other Asset to be assigned to Purchaser hereunder, may not be assigned without the consent of a Third Party which has not been obtained prior to the Initial Closing this Agreement shall not constitute an agreement to assign the same at the Initial Closing, if an attempted assignment would be unlawful. If any such consent has not been obtained or if any attempted assignment would be ineffective or would impair Purchaser’s rights under the instrument in question so that Purchaser would not acquire the benefit of all such rights, then Sellers, to the maximum extent permitted by Applicable Law and the instrument, shall act as Purchaser’s agent in order to obtain for Purchaser the benefits thereunder and shall cooperate, to the maximum extent permitted by Applicable Law and the instrument, with Purchaser in any other reasonable arrangement designed to provide such benefits to Purchaser; provided, however, that nothing contemplated by this Section 6.12 shall reduce the amount of the Purchase Price.

Section 6.13 Name Change Covenant. Within five (5) Business Days following the Initial Closing Date, Sellers shall, at Sellers' expense, (a) prepare and file with the appropriate Governmental Entity appropriate documents, including articles of amendment, if necessary, changing its name so as to effectuate the same and promptly deliver evidence of such name change to Purchaser; and (b) prepare and file with the Bankruptcy Court a motion requesting that the name and caption of the Sellers' Bankruptcy Cases be amended accordingly. As promptly as commercially practicable, but in any event within sixty (60) days following the Initial Closing Date, Sellers shall (i) revoke any filing, that they may have made prior to the Closing Date with any Governmental Entity relating to their use of the Purchased Names and (ii) cease using the Purchased Names. In connection with enabling Purchaser at or as soon as practicable following the Initial Closing Date to use the Purchased Names, Sellers shall execute and deliver to Purchaser all necessary consents related to such change of name as may be reasonably requested by Purchaser, and shall otherwise cooperate with Purchaser. Notwithstanding the foregoing, Sellers shall have the right after the Initial Closing Date to use the Purchased Names as required by applicable Law.

Section 6.14 Accounts Receivable, Inventory and Abs Assets.

(a) Sellers shall promptly pay all proceeds received from Accounts Receivable on and after the Initial Closing Date to Purchaser. Upon receipt of a written request from Purchaser, Sellers shall, at no cost to Purchaser, promptly (but no later than thirty (30) days from each request) provide copies of, and related documentation, the Accounts Receivable.

(b) Sellers shall promptly pay all proceeds received from sales of any Inventory on and after the Initial Closing Date to Purchaser. Upon receipt of a written request from Purchaser, Sellers shall, at no cost to Purchaser, promptly (but no later than thirty (30) days from each request) provide all documentation related to the Inventory.

(c) Accounts Receivable Collection Efforts. From and after the Initial Closing Date, Purchaser shall use commercially reasonable efforts to collect the Accounts Receivable Proceeds and to maximize Accounts Receivable Proceeds and shall collect Accounts Receivable Proceeds in a substantially similar manner as Purchaser and its affiliates and partners (as applicable) collect Accounts Receivable Proceeds generally in the ordinary course of Purchaser's or its affiliates' or partners' businesses. In connection with such collection:

- (i) Purchaser shall consult in good faith with Sellers, the DIP Lenders (as defined in the Sale Order) and their respective professionals (together, the "Consultation Parties") with respect to the Accounts Receivable collection and shall periodically, not less than bi-weekly, provide reasonable documentation or reports regarding collections and shall make themselves available for periodic conference calls;
- (ii) Purchaser shall not settle any Accounts Receivable with any Affiliate of Purchaser; and

- (iii) Purchaser shall not settle any Accounts Receivable for consideration other than for cash, unless the applicable share of such consideration is able to be assigned to Sellers pursuant to Section 2.8(h).

(d) Abs Assets Selling Efforts. From and after the Initial Closing Date, Purchaser shall use commercially reasonable efforts to sell the Abs Assets and to maximize the amounts resulting from such sales and shall sell the Abs Assets in a substantially similar manner as Purchaser and its affiliates sell similar products generally in the ordinary course of Purchaser's or its affiliates' businesses. In connection with such sales efforts:

- (i) Prior to selling the Abs Assets, Purchaser shall provide the Consultation Parties with sales materials and a marketing plan;
- (ii) Purchaser shall consult in good faith with the Consultation Parties with respect to the Abs Assets sales, including without limitation providing the Consultation Parties with reasonable documentation and/or periodic conference calls regarding the Abs Assets sales;
- (iii) To the extent Purchaser sells or otherwise transfers any Abs Assets to any Affiliate of Purchaser, any subsequent sales of such Abs Assets by such Affiliate shall be shared pursuant to Section 2.8(g); and
- (iv) Purchaser shall not sell any Abs Assets for consideration other than for cash unless the applicable share of such consideration is able to be assigned to Sellers pursuant to Section 2.8(h).

ARTICLE VII.

CONDITIONS

Section 7.1 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the Initial Closing shall be subject to the satisfaction (or waiver by Purchaser) on or prior to the Initial Closing Date of the following conditions; provided, that to the extent failure of any of the following conditions to occur is caused by Purchaser's failure to comply with any provision of this Agreement, Purchaser shall not rely on the failure of such condition to avoid its obligation to consummate the Initial Closing:

- (i) Government Action. There shall be no injunction or restraining order (pending or in effect) or other order or decree of any Governmental Entity:
 - (1) prohibiting Purchaser's ownership or operation (or that of any of its Subsidiaries) of all or a material portion of its businesses or assets or the Acquired Assets;
 - (2) restraining or prohibiting the consummation of the Initial Closing or the performance of any of the other Transactions, or imposing upon Purchaser or any of its Subsidiaries any damages or payments that are material;

- (3) compelling or seeking to compel Purchaser or any of its Affiliates to dispose of or hold separate any portion of the Acquired Assets or the business or assets of Purchaser or any of its Affiliates as a result of Purchaser's acquisition of the Acquired Assets; or
 - (4) imposing or seeking to impose material limitations on the ability of Purchaser, or rendering Purchaser unable, to accept for payment or pay for or purchase a material portion of the Acquired Assets;
- (ii) Consents, Approvals and Permits. All consents and approvals of any Person (other than a Governmental Entity) set forth in Section 7.1(ii) of the Disclosure Letter, shall have been obtained, made or given, shall not be subject to the satisfaction of any condition that has not been satisfied or waived and shall be in full force and effect, except (x) to the extent that the requirement for a particular consent or approval is rendered inapplicable by the Sale Order or other order of the Bankruptcy Court, if applicable, or (y) in the case of any Nonassignable Contract. All consents and approvals of any Governmental Entity, whether United States federal, state, local, required in connection with the consummation of the Initial Closing and the other Transactions, including consents and approvals required in connection with the Assumed Contracts set forth in Section 7.1(ii) of the Disclosure Letter, shall have been obtained. A copy of each such consent or approval referred to in this Section 7.1(ii) shall have been provided to Purchaser at or prior to the Initial Closing. All Permits necessary for the operation of the Business included in the Acquired Assets will be Transferred to Purchaser on or prior to the Initial Closing or have been obtained by Purchaser.
- (iii) Bill of Sale; Conveyance Documents. Sellers shall have duly executed and delivered to Purchaser (x) the Bill of Sale, each of the Intellectual Property Instruments and each other Conveyance Document in respect of the Acquired Assets and (y) the Bill of Sale, each of the Intellectual Property Instruments and each other Conveyance Document in respect of the Designated Assets.
- (iv) Transition Services Agreement. Sellers shall have duly executed and delivered to Purchaser the Transition Services Agreement.
- (v) Material Adverse Effect. Since the date of this Agreement, there shall not have occurred and be continuing any Material Adverse Effect.
- (vi) Sellers' Representations and Warranties. (x) The representations and warranties of Sellers contained in Section 4.1 and Section 4.4 shall have been true and correct, in all material respects (and those representations and warranties that are qualified as to materiality shall be true and correct in all respects) as of the date hereof and shall be true and correct in all material respects (and those representations and warranties that are

qualified as to materiality shall be true and correct in all respects) as of the Initial Closing Date as though made at and as of the Initial Closing (except to the extent that such representations and warranties expressly relate to an earlier date, in which case as of such other date, and those representations and warranties that are qualified as to materiality shall be true and correct in all respects) and (y) each other representation and warranty of Sellers contained in this Agreement (disregarding all materiality and Material Adverse Effect qualifications contained therein) shall be true and correct as of the date hereof and as of the Initial Closing Date as though made at and as of the Initial Closing (except to the extent that such representations and warranties expressly relate to an earlier date, in which case as of such other date), except for any failure to be true and correct that, individually and together with other such failures, has not had and would not be reasonably expected to have, a Material Adverse Effect.

- (vii) Sellers' Performance of Covenants. Sellers shall have performed and complied in all material respects all of their material obligations and covenants required by this Agreement to be performed or complied with by Sellers on or prior to the Initial Closing Date.
- (viii) Certificate of Sellers' Officers. Purchaser shall have received from Sellers a certificate, dated the Initial Closing Date, duly executed by the Interim Chief Financial Officer of each individual Seller, reasonably satisfactory in form to Purchaser, to the effect of paragraph (v) through (vii) above.
- (ix) Sale Order. The Bankruptcy Court shall have entered the Sale Order and the Sale Order shall not have been reversed, stayed, modified or amended, in each case without Purchaser's consent.
- (x) Tax Certifications. Purchaser shall have received a certification of non-foreign status, duly executed and acknowledged, for each Seller in the form and manner which complies with the requirements of Section 1445 of the Code and the Treasury regulations promulgated thereunder and is reasonably satisfactory to Purchaser.
- (xi) Bank Accounts. Purchaser shall have received confirmation, in a manner reasonably satisfactory to Purchaser, from the banks listed on Section 2.1(s) of the Disclosure Letter that the bank accounts listed on Section 2.1(s) of the Disclosure Letter will be transferred to Purchaser on the Initial Closing Date.

The foregoing conditions in this Section 7.1 are for the sole benefit of Purchaser and may be waived by Purchaser, in whole or in part, at any time and from time to time in its sole discretion. The failure by Purchaser at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

Section 7.2 Conditions to Obligations of Sellers. The obligations of Sellers to consummate the Initial Closing shall be subject to the satisfaction (or waiver by Sellers) on or prior to the Initial Closing Date of the following conditions; provided, that to the extent failure of any of the following conditions to occur is caused by Sellers' failure to comply with any provision of this Agreement, Sellers shall not rely on the failure of such condition to avoid its obligation to consummate the Initial Closing:

- (i) Government Action. There shall be no injunction or restraining order (pending or in effect) or other order or decree of any Governmental Entity in effect restraining or prohibiting the consummation of the Initial Closing or imposing upon Sellers any damages or payments that are material.
- (ii) Consents, Approvals and Permits. All consents and approvals of any Person (other than a Governmental Entity) set forth in Section 7.2(ii) of the Disclosure Letter, shall have been obtained, made or given, shall not be subject to the satisfaction of any condition that has not been satisfied or waived and shall be in full force and effect except (x) to the extent that the requirement for a particular consent or approval is rendered inapplicable by the Sale Order or other order of the Bankruptcy Court, if applicable, or (y) in the case of any Nonassignable Contract. All consents and approvals of any Governmental Entity, whether United States federal, state or local required in connection with the consummation of the Initial Closing and the other Transactions, including consents and approvals required in connection with the Designated Contracts and Designated Assets, shall have been obtained.
- (iii) Assumption of Contracts. Purchaser shall have executed an Instrument of Assumption with respect to any Assumed Contracts.
- (iv) Transition Services Agreement. Purchaser shall have duly executed and delivered to Sellers the Transition Services Agreement.
- (v) Representations and Warranties. (x) The representations and warranties of Purchaser contained in Section 5.1 and Section 5.2 shall have been true and correct, in all material respects (and those representations and warranties that are qualified as to materiality shall be true and correct in all respects) as of the date hereof and shall be true and correct in all material respects (and those representations and warranties that are qualified as to materiality shall be true and correct in all respects) as of the Initial Closing Date as though made at and as of the Initial Closing (except to the extent that such representations and warranties expressly relate to an earlier date, in which case as of such other date, and those representations and warranties that are qualified as to materiality shall be true and correct in all respects) and (y) each other representation and warranty of Purchaser contained in this Agreement (disregarding all materiality and Material Adverse Effect qualifications contained therein) shall be true and correct as of the date hereof and as of the Initial Closing Date as though

made at and as of the Initial Closing (except to the extent that such representations and warranties expressly relate to an earlier date, in which case as of such other date), except for any failure to be true and correct that, individually and together with other such failures, has not had and would not be reasonably expected to have, a Material Adverse Effect.

- (vi) Sale Order. The Bankruptcy Court shall have entered the Sale Order and the Sale Order shall not have been reversed, stayed, modified or amended, in each case without Sellers' consent.

The foregoing conditions in this Section 7.2 are for the sole benefit of Sellers and may be waived by Sellers, in whole or in part, at any time and from time to time in its sole discretion. The failure by Sellers at any time to exercise any of the foregoing rights shall not be deemed a waiver of any such right and each such right shall be deemed an ongoing right which may be asserted at any time and from time to time.

ARTICLE VIII.

TERMINATION

Section 8.1 Termination. This Agreement may be terminated or abandoned at any time prior to the Initial Closing Date as follows:

- (a) By the mutual written consent of Purchaser and Sellers;
- (b) By either Purchaser or Sellers upon written notice given to the other, if the Bankruptcy Court or any other Governmental Entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their reasonable best efforts to prevent the entry of and remove), which permanently restrains, enjoins or otherwise prohibits the consummation of the Transactions and such order, decree, ruling or other action shall have become final and non-appealable;
- (c) By either Purchaser or Sellers upon written notice given to the other, if the Initial Closing shall not have taken place on or before September 15, 2011 (as may be extended by written agreement of the parties) (the "Termination Date"); provided, that the failure of the Initial Closing to occur on or before such date is not the result of a material breach of any covenant, agreement, representation or warranty hereunder by the party seeking such termination;
- (d) By Sellers upon written notice given to Purchaser, if, on or prior to the Initial Closing Date, Purchaser shall have breached in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform cannot be cured within ten (10) Business Days after Sellers notify Purchaser of such breach; provided, that the right to terminate this Agreement pursuant to this Section 8.1(d) shall not be available to Sellers if Sellers are in material breach of this Agreement at the time notice of termination is delivered;

(e) By Sellers upon written notice given to Purchaser if any of the conditions to Sellers' obligations to consummate the transactions contemplated by this Agreement provided in Section 7.2 hereof shall not have been satisfied, complied with or performed in any material respect (ignoring any materiality qualifier contained therein) as of the Termination Date and Sellers shall not have waived in writing such failure or satisfaction, non-compliance or non-performance; and

(f) By Purchaser upon written notice given to Sellers:

- (i) if any Sellers shall have breached or failed to perform in any material respect any of its representations, warranties, covenants or other agreements contained in this Agreement, which breach or failure to perform cannot be cured within ten (10) Business Days after Purchaser notifies Sellers of such breach, provided, that the right to terminate this Agreement pursuant to this Section 8.1(f)(i) shall not be available to Purchaser if Purchaser is in material breach of this Agreement at the time notice of termination is provided;
- (ii) upon the earlier of (i) September 15, 2011 and (ii) entry of an order of the Bankruptcy Court approving a sale of all or a portion of the Acquired Assets or the Designated Assets to any Person other than Purchaser or any of its Subsidiaries or Affiliates or a Third Party Purchaser, respectively;
- (iii) if any of the conditions to Purchaser's obligations to consummate the transactions contemplated by this Agreement provided in Section 7.1 hereof shall not have been satisfied, complied with or performed in any material respect (ignoring any materiality qualifier contained therein) as of the Termination Date and Purchaser shall not have waived in writing such failure or satisfaction, non-compliance or non-performance; provided, that the failure of the Initial Closing to occur on or before such date is not the result of a material breach of any covenant, agreement, representation or warranty hereunder by the party seeking such termination; or
- (iv) if the Sale Order has been revoked, rescinded or modified in any material respect and the order revoking, rescinding or modifying such order shall not be reversed or vacated within three days after the entry thereof; provided that Purchaser shall have the right to designate any later date for this purpose in its sole discretion.

Any party seeking to invoke its rights to terminate this Agreement shall give written notice thereof to the other party or parties specifying the provision hereof pursuant to which such termination is made and the effective date of such termination being the date of such notice.

Section 8.2 Effect of Termination. No termination of this Agreement pursuant to Section 8.1 shall be effective until written notice thereof is given to the non-terminating party specifying the provision hereof pursuant to which such termination is made. If this Agreement is

terminated by either party in accordance with and pursuant to Section 8.1, this Agreement shall be void and of no effect, and all further all rights and obligations of the parties under this Agreement shall terminate without further liability of any party to the other; provided that the provisions of Section 8.2 (Effect of Termination) and ARTICLE IX (Miscellaneous) of this Agreement shall survive the termination of this Agreement; provided, further, that nothing contained in this Section 8.2 shall relieve any party from liability for any breach of this Agreement.

Section 8.3 Good Faith Deposit.

(a) Solely in the event that this Agreement is terminated by Sellers pursuant to Section 8.1(d) and Section 8.1(e), the Good Faith Deposit shall be paid to Sellers in accordance with a Certificate of Instruction delivered pursuant to the Escrow Agreement. The sole and exclusive remedy of Sellers and its Affiliates against Purchaser or any of its current or future Affiliates or representatives for any loss or Liability suffered in connection with this Agreement or the Transactions shall be the right to receive the Good Faith Deposit. For the avoidance of doubt, in the event the Initial Closing does not occur, in no event shall Purchaser be subject (nor shall Sellers or any of its Affiliates seek to recover), monetary damages in excess of the amount of the Good Faith Deposit in the aggregate for all losses and Liabilities arising from or in connection with breaches by Purchaser of its representations, warranties, covenants, and agreements contained in this Agreement or arising from any claim or cause of action that Sellers or any of their Affiliates may have. In no event shall Sellers or any of its Affiliates seek to recover monetary damages from any of Purchaser's Affiliates or representatives. Each of Sellers and Purchaser acknowledges that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated hereby, and that, without these agreements, the other parties would not enter into this Agreement.

(b) Except as described in Section 8.3(a), in all other cases under Section 8.1, upon the termination or abandonment of this Agreement by any party, the Good Faith Deposit shall be returned to Purchaser by wire transfer in immediately available funds or applied as Purchaser may in its sole discretion direct the Escrow Agent, in each case without withholding, set-off or deduction and so as to be received not later than five (5) Business Days following the date of such termination or abandonment in accordance with the terms of the Escrow Agreement.

(c) The parties acknowledge that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated by this Agreement and that without these agreements neither Sellers nor Purchaser would enter into this Agreement.

ARTICLE IX.

MISCELLANEOUS

Section 9.1 Survival of Covenants, Representations and Warranties. The representations and warranties set forth in Article IV and Article V and the other covenants and agreements of the parties herein shall not survive the Initial Closing Date; provided, however, that all covenants and agreements of Purchaser set forth herein that contemplate or may involve

actions to be taken or obligations in effect after the Initial Closing Date shall survive the Initial Closing Date.

Section 9.2 Amendment and Modification. This Agreement may be amended, modified and supplemented in any and all respects, but only by a written instrument signed by all of the parties hereto expressly stating that such instrument is intended to amend, modify or supplement this Agreement.

Section 9.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given when mailed, delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as Federal Express, to the parties at the following addresses:

if to Purchaser, to:

Gordon Brothers Group, LLC
101 Huntington Avenue, 10th Floor
Boston, MA 02199
Attention: Robert M. Himmel
Tel: 888 424-1903
Fax: (617) 422-6222
email: rhimmel@gordonbrothers.com

with a copy (which shall not constitute notice) to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017
Attention: D. Rhett Brandon and Morris J. Massel
Tel: (212) 455-2000
Fax: (212) 455-2502
email: rbrandon@stblaw.com and mmassel@stblaw.com

if to Sellers, to:

Archbrook Laguna, LLC

350 Starke Road, Suite 400
Carlstadt NJ, 07072
Attention: Stephen Gawrylewski and Daniel Boverman

with copies to (which shall not constitute notice):

Akin Gump Strauss Hauer & Feld LLP
One Bryant Park
New York, NY 10036-6745
Attention: Ira S. Dizengoff and Alexis Freeman
Tel: (212) 872-1000
Fax: (212) 872-1002
e-mail: idizengoff@akingump.com

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
Attention: Rick L. Burdick
Tel: (202) 887-4110
Fax: (202) 887-4288
e-mail: rburdick@akingump.com

Akin Gump Strauss Hauer & Feld LLP
1333 New Hampshire Avenue, N.W.
Washington, DC 20036-1564
Attention: Daniel I. Fisher
Tel: (202) 887-4121
Fax: (202) 955-7792
e-mail: dfisher@akingump.com

or to such other address as a party may from time to time designate in writing in accordance with this Section 9.3. Each notice or other communication given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been received (i) on the Business Day it is sent, if sent by personal delivery or telecopy, or (ii) on the first Business Day after sending, if sent by overnight delivery, properly addressed and prepaid or (iii) upon receipt, if sent by mail (regular, certified or registered); provided, however, that notice of change of address shall be effective only upon receipt. The parties agree that delivery of process or other papers in connection with any such action or proceeding in the manner provided in this Section 9.3, or in such other manner as may be permitted by law, shall be valid and sufficient service thereof.

Section 9.4 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other party.

Section 9.5 Entire Agreement; No Third Party Beneficiaries. This Agreement, the Disclosure Letter and other schedules, annexes, and exhibits hereto, the Ancillary Agreements, the Conveyance Documents, the Sale Order and the Confidentiality Agreement (i) constitute the entire agreement and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and thereof and supersede and cancel all prior agreements, negotiations, correspondence, undertakings, understandings and communications of the parties, oral and written, with respect to the subject

matter hereof, and (ii) are not intended to confer upon any Person other than the parties hereto and thereto any rights or remedies hereunder, other than the DIP Agent (as defined in the Sale Order), who shall be an explicit third party beneficiary of this Agreement solely with respect to **Error! Reference source not found.** and **Error! Reference source not found.** of this Agreement.

Section 9.6 Severability. Any term or provision of this Agreement that is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. If the final judgment of a court of competent jurisdiction or other authority declares that any term or provision hereof is invalid, void or unenforceable, the parties agree that the court making such determination shall have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, void or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision.

Section 9.7 Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK AND THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE.

Section 9.8 Exclusive Jurisdiction. If the Bankruptcy Court does not have or declines to exercise subject matter jurisdiction over any action or proceeding arising out of or relating to this Agreement, then each party (i) agrees that all such actions or proceedings shall be heard and determined in federal court of the United States for the Southern District of New York, (ii) irrevocably submits to the jurisdiction of such courts in any such action or proceeding, (iii) consents that any such action or proceeding may be brought in such courts and waives any objection that such party may now or hereafter have to the venue or jurisdiction or that such action or proceeding was brought in an inconvenient court, and (iv) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address as provided in Section 9.3 (provided that nothing herein shall affect the right to effect service of process in any other manner permitted by New York law).

Section 9.9 Remedies. Neither the exercise of nor the failure to exercise a right of set-off or to give notice of a claim under this Agreement will constitute an election of remedies or limit Sellers or Purchaser in any manner in the enforcement of any other remedies that may be available to any of them, whether at law or in equity.

Section 9.10 Specific Performance. Purchaser and Sellers acknowledge and agree that any breach of the terms of this Agreement could give rise to irreparable harm for which money damages would not be an adequate remedy, and, accordingly agrees that, in addition to any other remedies, Sellers and Purchasers shall be entitled to seek to enforce the terms of this Agreement by a decree of specific performance.

Section 9.11 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other party, which shall not be unreasonably withheld. Subject to the first sentence of this Section 9.11, this Agreement shall be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

Section 9.12 Headings. The article, section, paragraph and other headings contained in this Agreement are inserted for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.13 No Consequential or Punitive Damages. NO PARTY (OR ITS AFFILIATES OR REPRESENTATIVES) SHALL, UNDER ANY CIRCUMSTANCE, BE LIABLE TO THE OTHER PARTY (OR ITS AFFILIATES OR REPRESENTATIVES) FOR ANY CONSEQUENTIAL, EXEMPLARY, SPECIAL, INCIDENTAL OR PUNITIVE DAMAGES CLAIMED BY SUCH OTHER PARTY UNDER THE TERMS OF OR DUE TO ANY BREACH OF THIS AGREEMENT, INCLUDING LOSS OF REVENUE OR INCOME, DAMAGES BASED ON ANY MULTIPLIER OF PROFITS OR OTHER VALUATION METRIC, COST OF CAPITAL, DIMINUTION OF VALUE OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY.

Section 9.14 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context clearly requires otherwise:

“Abs Assets” means the “Products” and the “Ab Circle Pro IP” as defined in the *Objection and Reservation of Rights of Direct Entertainment Media Group, Inc. to Debtors’ Motion, Pursuant to 11 U.S.C. Sections 105, 363, 364, 365, 503 and 507 and Fed. R. Bankr. P. 2002, 4001, 6004, 6006, 9008 and 9014, for Entry of (I) an Order Approving (A) Bid Procedures, (B) Notice of Sale, Auction, and Sale Hearing, (C) Assumption Procedures and Related Notices; and (II) an Order Approving the Sale of Substantially All of the Debtors’ Assets*, dated August 2, 2011, filed with the Bankruptcy Court Docket No. 131.

“Accounts Receivable” means any and all trade accounts, notes and other receivables and indebtedness for borrowed money or overdue accounts receivable, including without limitation, allowances from landlords, rebate and return receivables from suppliers, insurance claim receivable other than Retained Assets related to any directors and officers liability insurance policies of Sellers and any claims thereunder, and other receivables the Sellers designate as “account receivable” on their books and records, in each case owing to any Seller and all claims relating thereto or arising therefrom.

“Accounts Receivable Adjustment” has the meaning set forth in Section 2.8(b).

“Accounts Receivable Adjustment Formula” has the meaning set forth in Section 2.8(b).

“Accounts Receivable Proceeds” means (i) the consideration received by Purchaser in exchange for settlement of the Accounts Receivable and (ii) any Cash and Cash Equivalents received by Purchaser pursuant to Section 2.1(o)(i).

“Acquired Assets” has the meaning set forth in Section 2.1.

“Actions” has the meaning set forth in Section 2.1(u).

“Affiliate” has the meaning set forth in Rule 12b-2 of the Exchange Act.

“Agreement” or “this Agreement” means this Purchase Agreement, together with the Exhibits hereto and the exhibits and schedules thereto and the Disclosure Letter.

“Allocation Statement” has the meaning set forth in Section 2.8(j).

“Ancillary Agreements” means the Escrow Agreement and Transition Services Agreement and all exhibits and appendices thereto.

“Applicable Closing” means, with respect to an Acquired Asset, the Initial Closing or the Subsequent Closing pursuant to which such Acquired Asset is assigned, transferred and delivered to Purchaser or any Third Party Purchaser pursuant to this Agreement.

“Applicable Closing Date” means. With respect to an Acquired Asset, the date, whether the Initial Closing Date or a Subsequent Closing Date, on which such Acquired Asset is assigned, transferred and delivered to Purchaser or any Third Party Purchaser pursuant to the term of this Agreement.

“Applicable Law” means any law, regulation, rule, order, judgment, guideline or decree to which the Business, any Acquired Asset, or any Seller, is subject.

“Assets” means assets, properties, rights, interests, claims, contracts, and businesses of every kind, type, character and description, whether tangible or intangible, whether real, personal or mixed, whether accrued, contingent, liquidated or unliquidated, whether owned, leased or licensed and wherever located, and all rents, issues, profits, royalties, entitlements, products and proceeds of any of the foregoing.

“Assignment Deadline” has the meaning set forth in Section 2.6(a).

“Assumed Contracts” means those Contracts set forth on Section 9.14 of the Disclosure Letter and identified as “Assumed Contracts” and those Contracts which, pursuant to Section 2.5(b) are deemed to be Assumed Contracts.

“Assumed Liabilities” has the meaning set forth in Section 2.3.

“Assumed Permitted Liens” means, (i) with respect to Real Property (a) zoning laws and other land use restrictions that do not materially impair the present use or occupancy of the property subject thereto; and (b) defects, easement rights of way, restrictions, covenants, claims or other similar charges, that would not, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect on the use, title, value or possession of such Real Property; and (ii) other Permitted Liens, if any, as may be expressly designated by Purchaser in its sole and absolute discretion by written notice delivered to Sellers at least two Business Days’ prior to the Initial Closing.

“Avoidance Action” means any claim, right or cause of action of Sellers arising under sections 544 through 553 of the Bankruptcy Code related to or in respect of any Acquired Asset or Designated Asset.

“Bankruptcy Cases” has the meaning set forth in the recitals hereof.

“Bankruptcy Code” has the meaning set forth in the recitals hereof.

“Bankruptcy Court” has the meaning set forth in the recitals hereof.

“Bankruptcy Rules” means the Federal Rules of Bankruptcy Procedure.

“Base Abs Assets Adjustment” has the meaning set forth in Section 2.8(b)(iii).

“Base Abs Assets Amount” has the meaning set forth in Section 2.8(c).

“Base Purchase Price” has the meaning set forth in Section 2.8(b).

“Bid Procedures Motion” means the motion filed by Sellers with the Bankruptcy Court on July 9, 2011 titled “Debtors’ Motion Pursuant to 11 U.S.C. §§ 105, 363, 364, 365, 503 and 507 and Fed. R. Bankr. P. 2002, 4001, 6004, 6006, 9008 and 9014 for Entry of (I) an Order Approving (A) Bid Procedures, (B) Notice of Sale, Auction, and Sale Hearing, (C) Assumption Procedures and Related Notices; and (II) an Order Approving the Sale of Substantially All of the Debtors’ Assets.”

“Bill of Sale” means the bill of sale substantially in the form attached as Exhibit A hereto.

“Business” has the meaning set forth in the recitals hereof.

“Business Day” means any day other than a Saturday, Sunday or a day on which banks in New York are authorized or obligated by Applicable Law or executive order to close or are otherwise generally closed.

“Cash and Cash Equivalents” means (a) cash; (b) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof, maturing within one (1) year from the date of issuance; (c) certificates of deposit, time deposits, eurodollar time deposits, deposit accounts or overnight bank deposits having maturities of six months or less from the date of acquisition issued by any commercial bank; (d) commercial paper of an issuer and maturing within six (6) months from the date of acquisition; (e) securities with maturities of one (1) year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory, the securities of which state, commonwealth, territory, political subdivision or taxing authority (as the case may be); (f) eurodollar time deposits having a maturity not in excess of 180 days to final maturity; (g) any other investment in United States Dollars which has no more than 180 days to final maturity; or (h) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (g) of this definition.

“Certificate of Instruction” has the meaning specified for the term in the Escrow Agreement.

“Claim” has the meaning assigned to such term under Section 101(5) of the Bankruptcy Code.

“Closing Date Deposit” has the meaning set forth in Section 2.8(d)(i).

“Closing Statement” has the meaning set forth in Section 2.8(f).

“COBRA” has the meaning set forth in Section 6.7(d).

“Code” means the Internal Revenue Code of 1986, as amended.

“Confidentiality Agreement” means that certain non-disclosure agreement by and between Sellers and Gordon brothers Commercial and Industrial, LLC, dated June 21, 2011.

“Consultation Parties” has the meaning set forth in Section 6.14(c)(i).

“Contract” means any written agreement, contract, lease (including the Real Property Leases), license, consensual obligation, promise or undertaking, but excluding any Tax sharing, Tax allocation or Tax indemnity agreement.

“Conveyance Documents” means (a) any Bill of Sale including, without limitation, a Bill of Sale in respect of Acquired Assets and a Bill of Sale in respect of Designated Assets; (b) the Intellectual Property Instruments; (c) all documents of title and instruments of conveyance necessary to Transfer record and/or beneficial ownership to Purchaser of Acquired Assets composed of automobiles, trucks, or other vehicles, trailers, and any other property owned by any Seller which requires execution, endorsement and/or delivery of a certificate of title or other document in order to vest record or beneficial ownership thereof in Purchaser; and (d) all such other documents of title, customary title insurance affidavits, deeds, endorsements, assignments and other instruments of conveyance or Transfer as, in the reasonable opinion of Purchaser’s counsel, are necessary or appropriate to vest in Purchaser good and marketable title to any Acquired Assets.

“Copyrights” means any United States copyright registrations and applications for registration thereof, and any nonregistered copyrights, all content and information contained on any website, “mask works” (as defined under 17 U.S.C. § 901) and any registrations and applications for “mask works.”

“Cure Amounts” means, with respect to any Contract, all amounts that (i) are required to be paid under section 365(b)(1)(A) or (b)(1)(B) of the Bankruptcy Code in order to assume and assign such contract, or (ii) are due pursuant to an order of the Bankruptcy Court as a condition to assuming and assigning such Contract.

“Debtors” has the meaning set forth in the recitals hereof.

“Deposits” has the meaning set forth in Section 2.8(d)(i).

“Designated Assets” means those Assets set forth on Section 9.14 of the Disclosure Letter and identified as “Designated Assets,” as such list may be amended from time to time by Purchaser at any time at or prior to the Initial Closing.

“Designated Assets Assignment Deadline” has the meaning set forth in Section 2.7(a).

“Designated Contracts” means those Contracts set forth on Section 9.14 of the Disclosure Letter and identified as “Designated Contracts.”

“Designation Rights” has the meaning set forth in Section 2.6(a).

“Disclosure Letter” means the disclosure letter of even date herewith prepared by Sellers and delivered to Purchaser simultaneously with the execution hereof.

“Employee Benefit Plans” means all bonus, deferred compensation, pension, retirement, profit-sharing, thrift, savings, employee stock ownership, stock bonus, stock purchase, restricted stock and stock option plans, employment, termination, change-in-control or severance contracts, health and medical insurance plans, life insurance and disability insurance plans, other employee benefit plans, contracts or arrangements which cover employees or former employees of any Seller including “employee benefit plans” within the meaning of Section 3(3) of ERISA.

“Employee” means any employee of Sellers as of the Closing Date.

“Environmental Laws” means laws (including common law), rules, orders, regulations, statutes, ordinances, guidelines, codes, decrees, or other legally enforceable requirements of any Governmental Entities regulating, relating to or imposing liability or standards of conduct concerning, protection of the environment or of human health, including employee health and safety.

“Equipment” has the meaning set forth in Section 2.1(i).

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“ERISA Affiliate” has the meaning set forth in Section 4.14.

“ERISA Plan” means an “employee benefit plan” as defined in Section 3(3) of ERISA which is subject to Title I of ERISA or a “plan” within the meaning of Section 4975(e)(1) of the Code that is subject to Section 4975 of the Code.

“Escrow Account” has the meaning specified for the term in the Escrow Agreement.

“Escrow Agent” has the meaning specified for the term in the Escrow Agreement.

“Escrow Agreement” means an agreement between Purchaser, ArchBrook Holdings, as representative of Sellers under the Escrow Agreement, and Escrow Agent in substantially the form attached as Exhibit B hereto.

“Excess Inventory-in-Transit” has the meaning set forth in Section 2.8(e).

“Excess Lehrhoff Goods-in-Transit” has the meaning set forth in Section 2.8(e)(ii).

“Exchange Act” means the Securities Exchange Act of 1934, as amended.

“Final Abs Assets Amount” has the meaning set forth in Section 2.8(f)(i).

“Final Inventory Adjustment” has the meaning set forth in Section 2.8(f).

“Final Inventory Amount” has the meaning set forth in Section 2.8(f).

“Final Order” means an order or judgment of the Bankruptcy Court or other court of competent jurisdiction, the implementation or operation or effect of which has not been stayed, and as to which the time to appeal or petition for certiorari, has expired and as to which no appeal or petition for certiorari, shall then be pending or in the event that an appeal or writ of certiorari thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been determined by the highest court to which such order was appealed, or certiorari, shall have been denied and the time to take any further appeal or petition for certiorari shall have expired.

“GAAP” means United States generally accepted accounting principles, Canadian generally accepted accounting principles or international financial reporting standards, as may be applicable, and as consistently applied.

“Good Faith Deposit” has the meaning set forth in Section 2.8(d)(i).

“Governmental Entity” means any national, federal, state, municipal, local, provincial, territorial, government or any department, commission, board, bureau, agency, regulatory authority or instrumentality thereof, or any court, judicial, administrative or arbitral body or public or private tribunal, including any United States or other such entity anywhere in the world.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvement Act of 1976, as amended.

“Indebtedness” means, at any time and with respect to any Person: (a) all indebtedness of such Person for borrowed money; (b) all indebtedness of such Person for the deferred purchase price of property or services (other than trade payables, other expense accruals and deferred compensation items arising in the ordinary course of business, consistent with past practice); (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments (other than performance, surety and appeal bonds arising in the ordinary course of business in respect of which such Person’s liability remains contingent); (d) all

indebtedness of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property); (e) all obligations of such Person under leases which have been or should be, in accordance with GAAP, recorded as capital leases, to the extent required to be so recorded; (f) all reimbursement, payment or similar obligations of such Person, contingent or otherwise, under acceptance, letter of credit or similar facilities; (g) all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss in respect of such Indebtedness; and (h) all Indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

“Initial Accounts Receivable Amount” has the meaning set forth in Section 4.2(b).

“Initial Inventory Amount” has the meaning set forth in Section 4.2(a).

“Instrument of Assumption” means the instrument of assumption substantially in the form attached as Exhibit C hereto.

“Intellectual Property” means Trademarks; Purchased Names; Patents; Copyrights; Software; rights of publicity and privacy relating to the use of the names, likenesses, voices, signatures and biographical information of real persons; inventions (whether or not patentable), discoveries, improvements, ideas, know-how, formulae, methodologies, research and development, business methods, processes, technology, interpretive code or source code, object or executable code, libraries, development documentation, compilers, programming tools, drawings, specifications and data, and applications or grants in any jurisdiction pertaining to the foregoing, including re-issues, continuations, divisions, continuations-in-part, reexaminations, renewals and extensions; trade secrets, including confidential information and the right in any jurisdiction to limit the use or disclosure thereof; database rights; Internet websites, web pages, domain names and applications and registrations pertaining thereto and all intellectual property used in connection with or contained in websites; all rights under agreements relating to the foregoing; all books and records pertaining to the foregoing, and claims or causes of action arising out of or related to past, present or future infringement or misappropriation of the foregoing.

“Intellectual Property Instruments” instruments of Transfer, in form suitable for recording in the appropriate office or bureau, effecting the Transfer of the Copyrights,

Trademarks and Patents owned or held by Sellers, including the Form of Trademark Assignment attached as Exhibit E.

“Intercompany Receivables” means any and all amounts that are (i) owed by any direct or indirect Subsidiary or Affiliate of any Seller to any Seller; or (ii) from one Seller to another, in each case pursuant to bona fide obligations, and all claims relating thereto or arising therefrom.

“Interests” means all liens, claims, interests, encumbrances, rights, remedies, restrictions, liabilities and contractual commitments of any kind or nature whatsoever, whether arising before or after the petition date in the Bankruptcy Cases, whether at law or in equity, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed.

“Inventory” has the meaning set forth in Section 2.1(g).

“Inventory Adjustment” has the meaning set forth in Section 2.8(b).

“Inventory Adjustment Formula” has the meaning set forth in Section 2.8(b).

“Inventory Arbitrator” has the meaning set forth in 0.

“Inventory-in-Transit” means the goods that have been ordered by ArchBrook Laguna LLC but not yet delivered as of 12:01 a.m. New York City time on the Business Day immediately before the Initial Closing Date, which are delivered to Purchaser with good and valid title free and clear of all Seller Liabilities within 45 days of the Initial Closing Date.

“Inventory-in-Transit Amount” means the product of (i) 75% and (ii) the cost value of the Inventory-in-Transit.

“Inventory-in-Transit Closing Statement” has the meaning set forth in Section 2.8(i)(i).

“Investment” means shares of stock (other than shares of stock in Subsidiaries), notes, bonds, debentures, options and other securities but not including Cash and Cash Equivalents.

“IRS” means the United States Internal Revenue Service.

“Knowledge” as applied to Sellers, means a person listed on Section 9.14 of the Disclosure Letter hereto with respect to the applicable Seller is actually aware of a particular fact (without any obligation of inquiry); and “knowledge” as applied to Purchaser, means any officer of Purchaser or any other person listed in Section 9.14 of the Disclosure Letter hereto is actually aware of a particular fact (without any obligation of inquiry).

“Leased Real Property” means the leasehold interests held by Sellers under the Real Property Leases.

“Lehrhoff Goods-in-Transit” means goods that have been ordered for the Sellers’ Lehrhoff business but not yet delivered as of 12:01 a.m. New York City time on the Business Day immediately before the Initial Closing Date, which are delivered to Purchaser with good and valid title free and clear of all Seller Liabilities within 45 days of the Initial Closing Date.

“Lehrhoff Goods-in-Transit Amount” means the cost value of the Lehrhoff Goods-in-Transit.

“Lehrhoff Goods-in-Transit Closing Statement” has the meaning set forth in Section 2.8(j).

“Lien” means, with respect to any asset, any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, lease, charge, claim, security interest, easement or encumbrance, right of first refusal, servitude, proxy, voting trust or agreement, transfer restriction, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the Uniform Commercial Code as in effect from time to time in the State of New York or comparable law of any jurisdiction) and, in the case of securities, any purchase option, call or similar right of a third party with respect to such securities, in each case, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed.

“Material Adverse Effect” means any change, effect, event or condition that, individually or in the aggregate, has had or would reasonably be expected to have (i) a material adverse effect on the assets, business, operations or condition of the Business taken as a whole, or (ii) a material adverse effect on the ability of Sellers to consummate the Transactions; provided that the following shall not constitute a Material Adverse Effect and shall not be taken into account in determining whether or not there has been or would reasonably be expected to be a Material Adverse Effect: (A) changes in general economic conditions or securities or financial markets in general, (B) changes affecting the industry in which the Business is a part generally, (C) changes in Applicable Law or interpretations thereof by any Governmental Entity, (D) changes arising from or relating to any outbreak or escalation of hostilities or war (whether declared or not declared) or any act of terrorism or weather, act of God or natural disaster, (E) changes to the extent resulting from the announcement or the existence of, or compliance with, this Agreement and the Transactions or any motion, application, pleading, or order filed under or in connection with the Bankruptcy Cases (including without limitation any lawsuit related thereto), (F) any changes in accounting regulations or principles and (G) any changes resulting from actions of Sellers expressly agreed to or requested in writing by Purchaser or permitted or required by this Agreement; provided, however, that with respect to the matters included in clauses (A) through (E), such matters may be taken into account in determining whether there

has been a Material Adverse Effect only to the extent such matters affect Sellers in a manner that is adverse and disproportionate to other similarly situated companies in the industry in which the Business is a party generally.

“Material Contracts” has the meaning set forth in Section 4.8.

“Nonassignable Asset” has the meaning set forth in Section 3.4.

“Nonassignable Contract” has the meaning set forth in Section 6.12.

“Non-Assumed Liabilities” has the meaning set forth in Section 2.4.

“Option Notice” has the meaning set forth in Section 2.5(c).

“Option Period” has the meaning set forth in Section 2.5(a).

“Option Rights” has the meaning set forth in Section 2.5(a).

“Patents” means all patents and patent applications, and industrial designs (including any continuations, divisionals, continuations-in-part, renewals, reissues, and applications for any of the foregoing).

“Permits” means permits, certificates, licenses, filings, approvals, registrations, notifications, exemptions and other authorizations of any Governmental Entity.

“Permitted Liens” means (i) zoning laws and other land use restrictions that do not materially impair the present use or occupancy of the property subject thereto, (ii) any statutory Liens imposed by law for material Taxes that are not yet due and payable, or that a Seller is contesting in good faith in proper proceedings and which are set forth on Section 9.14 of the Disclosure Letter, (iii) any mechanics’, workmen’s, repairmen’s, warehousemen’s, carriers’ or other similar Liens arising in the ordinary course of business, consistent with past practice or being contested in good faith and which are set forth on Section 9.14 of the Disclosure Letter, (iv) with respect to any Real Property, any defects, easement rights of way, restrictions, covenants, claims or other similar charges, that would not, individually or in the aggregate, be reasonably likely to have a Material Adverse Effect on the use, title, value or possession of such Real Property.

“Person” means any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, incorporated organization, association, corporation, institution, public benefit corporation, Governmental Entity or other entity.

“Post-Closing Abs Difference” has the meaning set forth in Section 2.8(f)(iv)(2).

“Post-Closing Abs Adjustment” has the meaning set forth in Section 2.8(f)(iv)(2).

“Post-Closing Purchase Price Adjustment” has the meaning set forth in Section 2.8(f)(iv)(2).

“Purchase Price” has the meaning set forth in Section 2.8(a).

“Purchased Names” means ArchBrook Laguna Holdings LLC, ArchBrook Laguna LLC, ArchBrook Laguna West LLC, Lehrhoff ABL LLC, ArchBrook Laguna New York LLC, Chimerica Global Logistics LLC, Expert Warehouse LLC and any derivations thereof.

“Purchaser” has the meaning set forth in the preamble hereof.

“Purchaser Material Adverse Effect” means a material adverse effect on the business, assets, operations, results of operations or financial condition of Purchaser or on Purchaser’s ability to consummate the Transactions or delay the same in any material respect.

“Purchaser Released Amount” has the meaning set forth in Section 2.8(e)(ii).

“Real Property” means all real property that is owned or used by any Seller or that is reflected as an Asset of any Seller on the Balance Sheet.

“Real Property Leases” means the real property leases to which any Seller is a party as described in Section 2.1(d).

“Recoverable Expenses” has the meaning set forth in Section 2.8(h)(i).

“Regulatory Approvals” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made), waivers, early termination authorizations, clearances or written confirmation of no intention to initiate legal proceedings from Governmental Entities as required and as set out in Section 4.6 of the Disclosure Letter.

“Rejected Contracts” means those Contracts set forth on Section 9.14 of the Disclosure Letter and those Contracts which, pursuant to Section 2.5(b) are deemed to be Rejected Contracts.

“Retained Assets” has the meaning set forth in Section 2.2.

“Sale Order” means an order of the Bankruptcy Court in substantially the form attached as Exhibit D hereto (or as may be modified (subject to reasonable consent of Purchaser) pursuant to any Bankruptcy Court hearing with regard thereto), approving the Agreement and consummation of the Transactions under sections 105, 363 and 365 of the Bankruptcy Code.

“Seller” has the meaning set forth in the preamble hereof.

“Seller Liabilities” means all Indebtedness, Claims, Liens and Interests, demands, expenses, rejection damage Claims, commitments and obligations (whether accrued or not, known or unknown, disclosed or undisclosed, matured or unmatured, fixed or contingent, asserted or unasserted, liquidated or unliquidated, arising prior to, at or after the commencement of the Bankruptcy Cases) of or against any Seller or any of the Acquired Assets.

“Seller Permits” has the meaning set forth in Section 4.11(c).

“Sellers Abs Share” has the meaning set forth in Section 2.8(g)(i).

“Software” means any and all (a) computer programs, including any and all software implementation of algorithms, models and methodologies, whether in source code or object code form, (b) computerized databases and compilations, including any and all data and collections of data, and (c) all documentation, including user manuals and training materials, relating to any of the foregoing.

“Straddle Period Property Tax” has the meaning set forth in Section 6.10(d).

“Subsequent Closing” has the meaning set forth in Section 2.5(d).

“Subsequent Accounts Receivable Amount” has the meaning set forth in Section 2.8(c).

“Subsequent Closing Date” means the date of consummation of each purchase and/or assumption pursuant to Section 2.5(d).

“Subsequent Inventory Amount” has the meaning set forth in Section 2.8(c).

“Subsidiary” means, with respect to any Person, any corporation, association trust, limited liability company, partnership, joint venture or other business association or entity (i) at least 50% of the outstanding voting securities of which are at the time owned or controlled directly or indirectly by such Person or (ii) with respect to which such Person possesses, directly or indirectly, the power to direct or cause the direction of the affairs or management.

“Supplemental Sales Orders” has the meaning set forth in Section 2.5(d).

“Tax” or “Taxes” means any and all United States federal, state or local or foreign taxes, fees, levies, duties, tariffs, imposts, and other similar charges on or with respect to net income, alternative or add-on minimum, estimated, intangible property, production, capital gains, capital stock, goods and services, transfer, gross income, gross receipts, sales, use, ad valorem, franchise, capital, paid-up capital, profits, license, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, or windfall profit tax, customs duties, value added or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest or any penalty, addition to tax or additional amount imposed by any Governmental Entity responsible for the imposition of any such tax.

“Tax Authority” means any Governmental Entity with responsibility for, and competent to impose, collect or administer, any form of Tax.

“Tax Return” means any return, claim, election, information return, declaration, report, statement, schedule, or other document required to be filed in respect of Taxes and amended Tax Returns and claims for refund.

“Termination Date” has the meaning set forth in Section 8.1(c).

“Third Party” means any Person other than Sellers, Purchaser or any of their respective Affiliates.

“Third Party Purchaser” has the meaning set forth in Section 2.6(a).

“Third Party Purchaser Notice” has the meaning set forth in Section 2.7(a).

“Trademarks” means any trademarks, service marks, trade names, corporate names, Internet domain names, designs, trade dress, product configurations, logos, slogans, and general intangibles of like nature, together with all translations, adaptations, derivations and combinations thereof, all goodwill, registrations and applications in any jurisdiction pertaining to the foregoing.

“Transfer” means sell, convey, assign, transfer and deliver, and “Transferable” shall have a corollary meaning.

“Transfer Taxes” means all goods and services, harmonized sales, excise, sales, use, transfer, stamp, stamp duty, recording, value added, gross receipts, documentary, filing, and all other similar Taxes or duties, fees or other like charges, however denominated (including any real property transfer taxes and conveyance and recording fees and notarial fees), in each case including interest, penalties or additions attributable thereto whether or not disputed, arising out of or in connection with the Transactions, regardless of whether the Governmental Entity seeks to collect the Transfer Tax from Sellers or Purchasers; provided, that Transfer Taxes shall not include any Taxes based on net income or capital gains of Sellers.

“Transferred Employee” has the meaning set forth in Section 6.7(a).

“Transactions” means all the transactions provided for or contemplated by this Agreement and/or the Ancillary Agreements.

“Transition Services Agreement” means an agreement among Purchaser and Sellers in substantially the form attached as Exhibit F hereto.

“Unpaid Balance” means, as to each Account Receivable, the total outstanding unpaid balance, as shown on Sellers’ books and records as of August 9, 2011 (including all amounts due in respect of purchases, cash advances, finance charges, payments and credit adjustments, late fees, returns check charges, overlimit fees and all other applicable fees and charges) excluding post charge-off interest.

“Undesignated Contracts” has the meaning set forth in Section 2.5(b)(iv).

“WARN” has the meaning set forth in Section 6.7(e).

“WARN Act” has the meaning set forth in Section 6.7(e).

Section 9.15 No Successor Liability. The parties intend that, except where expressly prohibited under Applicable Law, upon the Initial Closing, Purchaser shall not be deemed to: (i) be the successor of Seller, (ii) have, de facto, or otherwise, merged with or into

Seller, (iii) be a mere continuation or substantial continuation of Sellers or the enterprise(s) of Sellers, or (iv) be liable for any acts or omissions of Sellers in the conduct of the Business or arising under or related to the Assets other than as set forth in this Agreement. Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, the parties intend that Purchaser shall not be liable for any bankruptcy claims, other claims, written notices, causes of action, proceedings, complaints, investigations or other proceedings against Sellers or any of its predecessors or affiliates, and Purchaser shall have no successor or vicarious liability of any kind or character whether known or unknown as of the Initial Closing Date, whether now existing or hereafter arising, or whether fixed or contingent, with respect to the Business, the Assets or any obligations of Sellers arising prior to the Initial Closing Date, including, without limitation, liabilities on account of any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of the Business or the Assets, as the case may be, prior to the Initial Closing, except as expressly provided in this Agreement. The parties agree that the provisions substantially in the form of this Section 9.15 shall be reflected in the Sale Order.

Section 9.16 Interpretation.

- (a) When a reference is made in this Agreement to a Section, Article, subsection, paragraph, item or Exhibit, such reference shall be to a Section, Article, subsection, paragraph, item or Exhibit of this Agreement unless clearly indicated to the contrary.
- (b) Whenever the words “include,” “includes” or “including” are used in this Agreement they shall be deemed to be followed by the words “without limitation.”
- (c) The words “hereof,” “herein” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement.
- (d) The meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term, and words denoting any gender shall include all genders. Where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning.
- (e) The conjunction “or” shall be understood in its inclusive sense (and/or).
- (f) Any agreement, instrument or document, or any annex, schedule or exhibit thereto, or any other part thereof, includes that agreement, instrument or document, or annex, schedule or exhibit, or part, respectively, as amended, modified or supplemented from time to time in accordance with its terms and any agreement, instrument or document entered into in substitution or replacement therefor.
- (g) Each exhibit, annex and schedule to this Agreement is incorporated in, and shall be deemed to be a part of, this Agreement.
- (h) The words “Agreement,” “this Agreement,” “hereby,” “herein,” “hereto,” “hereof” and “hereunder” and words of similar import, when used herein refer to this Agreement as a whole and not to any particular provision.

(i) A reference to any party to this Agreement or any other agreement or document shall include such party's predecessors, successors, permitted purchasers and permitted assigns.

(j) A reference to any legislation or to any provision of any legislation shall include any amendment to, and any modification or re-enactment thereof, any legislative provision substituted therefore and all regulations and statutory instruments issued thereunder or pursuant thereto.

(k) References to "Dollars," "US\$," "USD" or "\$" shall be deemed references to the lawful money of the United States.

(l) Headings and tables of contents used in this Agreement are for convenience only and shall not in any way affect the construction of, or be taken into consideration in interpreting, this Agreement.

(m) The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Purchaser and Sellers have executed this Agreement or caused this Agreement to be executed by their respective officers thereunto duly authorized as of the date first written above.

SELLERS:

ARCHBROOK LAGUNA HOLDINGS LLC

By: _____
Name:
Title:

ARCHBROOK LAGUNA LLC

By: _____
Name:
Title:

ARCHBROOK LAGUNA WEST LLC

By: _____
Name:
Title:

LEHRHOFF ABL LLC

By: _____
Name:
Title:

ARCHBROOK LAGUNA NEW YORK LLC

By: _____
Name:
Title:

CHIMERICA GLOBAL LOGISTICS LLC

By: _____
Name:
Title:

EXPERT WAREHOUSE LLC

By: _____
Name:
Title:

PURCHASER:

GORDON BROTHERS GROUP, LLC

By: _____
Name:
Title:

FORM OF TRANSITION SERVICES AGREEMENT

TRANSITION SERVICES AGREEMENT, dated as of [____], 2011 (together with all Schedules hereto, as the same may from time to time be amended, modified, supplemented or restated in accordance with the terms hereof, this “Agreement”), by and among ArchBrook Laguna Holdings LLC (“ArchBrook Holdings”), a Nevada limited liability company, ArchBrook Laguna LLC, a Nevada limited liability company, ArchBrook Laguna West LLC, a Nevada limited liability company, Lehrhoff ABL LLC, a Nevada limited liability company, ArchBrook Laguna New York LLC, a New York limited liability company, Chimerica Global Logistics LLC, a Wyoming limited liability company and Expert Warehouse LLC, a Nevada limited liability company, (each, a “Seller” and collectively, “Sellers”) and Gordon Brothers Group, LLC, a Delaware limited liability company (“Purchaser”). Sellers and Purchaser are referred to individually herein as a “Party” and collectively herein as the “Parties”.

WHEREAS, pursuant to the Asset Purchase Agreement dated as of [____], 2011 (as the same may from time to time be amended, modified, supplemented or restated in accordance with its terms, the “Purchase Agreement”), by and among Sellers and Purchaser, Sellers have agreed to sell to Purchaser, and Purchaser has agreed to purchase from Sellers, the Acquired Assets, and Sellers have agreed to transfer the Designated Assets to one or more Third Party Purchasers, as provided in the Purchase Agreement.

WHEREAS, Purchaser desires to purchase from Sellers, and each Seller is willing to provide (and to cause its Affiliates and third party service providers to provide) to Purchaser and one or more Third Party Purchasers, transitional services on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the Parties hereby agree as follows:

ARTICLE I

Definitions

Section 1.01 Definitions. Each term used and not defined in this Agreement shall have the meaning assigned to such term in the Purchase Agreement. For purposes of this Agreement, the following words and phrases shall have the following meanings:

“Agreement” shall have the meaning set forth in the preamble to this Agreement.

“Bankruptcy Court” shall mean the United States Bankruptcy Court for the Southern District of New York.

“breaching party” shall have meaning set forth in Section 4.03.

“Force Majeure Event” shall have the meaning set forth in Section 5.03.

“Losses” shall have the meaning set forth in Section 5.02(a).

“non-breaching party” shall have meaning set forth in Section 4.03.

“Party” or “Parties” shall have the meaning set forth in the preamble to this Agreement.

“Prime Rate” shall mean the prime rate published in the eastern edition of The Wall Street Journal or a comparable newspaper if The Wall Street Journal shall cease publishing the prime rate.

“Proceeding” shall mean any action, arbitration, audit, hearing, litigation or suit (whether civil, criminal or administrative), other than the Chapter 11 Cases, commenced, brought, conducted or heard by or before any Governmental Entity or arbitrator.

“Purchase Agreement” shall have the meaning set forth in the recitals of this Agreement.

“Purchaser” shall have the meaning set forth in the preamble to this Agreement.

“Representative” of a Person shall mean any director, officer, employee, agent, consultant, accountant, auditor, attorney or other representative of such Person.

“Seller” or “Sellers” shall have the meaning set forth in the recitals of this Agreement.

“Service Fee” shall have the meaning set forth in Section 2.04.

“Service Period” shall have the meaning set forth in Section 2.05.

“Services” shall have the meaning set forth in Section 2.01.

“Termination Charges” shall mean (i) any and all fees and expenses payable by Sellers or any of their Affiliates to any unaffiliated, third-party provider as a result of any early termination or significant reduction of any Service(s), (ii) the cost to Sellers (including time and materials of Sellers and one or more of their Affiliates and including any fees and expenses charged by third parties) of performing their obligations under Section 4.04 and (iii) any prepetition claims or claims arising from the rejection of an executory contract pursuant to Section 365 of the Bankruptcy Code.

ARTICLE II

Services; Service Fees

Section 2.01 Services. On the terms and subject to the conditions set forth in this Agreement, Sellers agree to provide to Purchaser, directly, or indirectly through one or more of their Affiliates or through third party Service providers, the services set forth on Schedule A hereto (each a “Service” and collectively the “Services”), provided that before Sellers terminate any material services that could impact the Services, Sellers shall in good faith consult with Purchaser. All the Services shall be for the sole use and benefit of Purchaser and one or more Third Party Purchasers.

Section 2.02 Scope of Services; Third Party Service Providers. Notwithstanding any provision of this Agreement to the contrary, (i) Sellers shall only be required to perform, or to cause their Affiliates and third party Service providers to perform, the Services in support of the Business and to provide, or to cause their Affiliates or third party Service providers to provide, a volume of Services to the Business that is not substantially greater than the volume of Services used by the Business immediately prior to the Initial Closing Date, and (ii) the Services under this Agreement are furnished as is, where is, and without warranty or condition of any kind, express or implied, including any warranty or condition of noninfringement, merchantability or fitness for any particular purpose, other than as expressly set forth in Section 2.03. Purchaser shall have the right, by providing Sellers with written notice thereof, to deem any Contract that is in any way related to the Services or this Agreement (for which Purchaser is paying actual documented costs pursuant to Section 2.04) to be a Designated Contract at any time prior to the 75th day after the Initial Closing Date, after which time such Designated Contract shall be treated as a Designated Contract in accordance with the terms of the Purchase Agreement.

Section 2.03 Standard of Performance; Standard of Care. Except as otherwise provided in this Agreement, Sellers shall perform, or shall cause their Affiliates or third party Service providers to perform, each Service in a manner and at a level of usage consistent with that provided to the Business prior to the Initial Closing Date. Furthermore, subject to Section 2.07(b), in the event there is any restriction on Sellers (or any of their Affiliates or third party Service providers) by an existing contract with a third party that would restrict the nature, quality or standard of care applicable to delivery of the Services to be provided by Sellers (or the applicable Affiliate or third party Service provider) to Purchaser, Sellers shall use their commercially reasonable efforts in good faith to cause such Services to be provided in a manner as closely as possible to the standards described in this Section 2.03.

Section 2.04 Services Fees. Purchaser shall pay for each Service provided pursuant to this Agreement, which shall be charged at Sellers’ actual documented cost for such Service (the “Service Fee”); provided, that Sellers shall not charge Purchaser for Services related to nonassignable software licenses; provided, further, that Service Fees shall not include any Termination Charges. For the avoidance of doubt, each Service Fee shall be adjusted to reflect any increase after the Initial

Closing Date in the costs actually incurred by Sellers in providing such Services, including as a result of (i) an increase in the amount of such Services being provided to Purchaser (as compared to the amount of the Services underlying the determination of a Service Fee), (ii) an increase in the rates or charges imposed by any third-party provider that is providing goods or services used by Sellers in providing the Services (as compared to the rates or charges underlying a Service Fee), (iii) an increase in the payroll or benefits for any employees used by Sellers in providing the Services, and/or (iv) any increase in costs relating to any changes in the quality or nature of the Services provided or how the Services are provided (including relating to newly-installed products or equipment or any upgrades to existing products or equipment). With respect to any Designated Contract that is also subject to the Transition Services Agreement, Sellers shall be permitted to charge Purchaser and Third Party Purchasers, as applicable, for the costs associated with such services no more than one time the applicable documented cost for such Service.

Section 2.05 Service Period. Each Service shall be provided for a period (the "Service Period") commencing on the Initial Closing Date and ending on the earliest of (i) the expiration date (measured as the time period from the Closing Date or indicated by reference to a specific date) specified with respect to such Service on Schedule A hereto (or if no such expiration date is specified, ninety (90) days from the Initial Closing Date), (ii) the date on which Purchaser terminates the provision of such Service pursuant to Section 4.02, and (iii) the date on which such Service is terminated in accordance with Section 4.03; provided, however, that to the extent that Sellers' ability to provide a Service is dependent on the continuation of another Service (and such dependence has been made known to Purchaser), Sellers' obligation to provide such dependent Service shall terminate automatically with the termination of such supporting Service. Upon the conclusion of the Service Period with respect to any Service in the manner set forth in the preceding sentence, such Service shall be permanently ceased.

Section 2.06 Transitional Nature of Services; Changes. The Parties acknowledge the transitional nature of the Services and agree that Sellers may make changes from time to time in the manner of performing any Service(s) if Sellers are making similar changes in performing similar services for their own Affiliates.

Section 2.07 Consents.

(a) Purchaser Consents. If and to the extent reasonably requested by Purchaser, Sellers shall use commercially reasonable efforts to assist Purchaser in its efforts to obtain any third party consents, approvals, licenses, or other appropriate rights to receive the benefit of, use, duplicate or distribute, as necessary, any third-party services, software, tools, or other materials necessary for Purchaser to receive the Services; provided that Purchaser identifies the specific types and quantities of any such services, software, tools, or other materials; and provided further that Sellers (i) shall not be required to pay any fees or other payments or incur any obligations to enable Purchaser to obtain any such consents, approvals, licenses or other rights, (ii) shall only be required to introduce Purchaser to the applicable vendors, and (iii) shall not be required to negotiate on Purchaser's behalf. The Parties acknowledge and agree that

there can be no assurance that Purchaser's efforts will be successful or that Purchaser will be able to obtain such consents, approvals, licenses or other rights on acceptable terms or at all and, where Sellers enjoy rights under any enterprise, site or similar license grant, the Parties acknowledge that such license typically precludes partial transfers or assignments or operation of a service bureau on behalf of unaffiliated entities.

(b) Sellers Consents. Purchaser acknowledges that Sellers may need to obtain certain third party consents, approvals, licenses, or other appropriate rights in order to provide the Services to Purchaser. Sellers shall use commercially reasonable efforts to obtain such consents, approvals, licenses, or other rights; provided, however, that (i) Sellers shall not be required to pay any fees or other payments or incur any obligations to obtain any such consents, approvals, licenses, or other rights, and Purchaser shall be responsible for paying any such fees or other payments, and (ii) if any such consents, approvals, licenses, or other rights are not obtained by the Initial Closing Date, Sellers shall, notwithstanding anything to the contrary in this Agreement, be relieved of its obligation to provide the applicable Service(s). During the Option Period, Sellers shall use their best efforts to preserve and maintain all Contracts that are in any way related to the Services or this Agreement including, without limitation, seeking extensions of the deadline to assume or reject nonresidential real estate leases pursuant to Section 365(d)(4) of the Bankruptcy Code. The Parties acknowledge and agree that there can be no assurance that Sellers efforts to obtain such consents, approvals, licenses or other rights will be successful. In the event that any such consents, approvals, licenses, or other rights are not obtained by the Initial Closing Date, upon Purchaser's written request, Sellers will reasonably cooperate with Purchaser to identify, and if commercially feasible, to implement, a work-around or other alternative arrangement for any affected Service(s); provided that (i) Purchaser shall be responsible for all fees and other costs associated with any such work-around or alternative arrangement, and (ii) Sellers (or their applicable Affiliates or third party service providers) shall not be required to undertake any activities that increase, in any material respect, the resources required of it to perform the Service(s). Purchaser acknowledges and agrees that (x) any such work-around or alternative arrangement may adversely impact the standards for the Services set forth in Section 2.03, and (y) Sellers shall not be liable for any breach of Section 2.03 that results from the adoption of any such work-around or alternative arrangement.

Section 2.08 Computer-Based and other Resources. From and after the Initial Closing Date, Purchaser shall cause all of its personnel having access to Sellers' owned and licensed computer software, networks, hardware, technology or computer-based resources in connection with performance, receipt or delivery of a Service to comply with all security guidelines (including physical security, network access, internet security, confidentiality and personal data security guidelines) of Sellers and their Affiliates (of which Sellers provide Purchaser notice). Purchaser shall ensure that such access shall be used by such personnel only for the purposes contemplated by, and on the terms and subject to the conditions set forth in, this Agreement. Purchaser agrees to use its reasonable best efforts to cooperate and fully implement the terms of this Section 2.08 promptly.

ARTICLE III

Billing Procedure; Payment

Section 3.01 Procedure. Except as otherwise provided in Schedule A hereto, the Service Fees in respect of any Service shall be invoiced to Purchaser on a weekly basis and shall be due two (2) Business Days from the date of invoice.

Section 3.02 Payment. Except as otherwise provided in Schedule A hereto, Purchaser shall pay the amount of such invoice by wire transfer in immediately available funds to Sellers within two (2) Business Days of the date of such invoice as instructed by Sellers. If Purchaser fails to pay such amount by such date, unless subject to a good faith dispute, Purchaser shall be obligated to pay to Sellers, in addition to the amount due, interest at an interest rate of 1-1/2% per month over the Prime Rate, compounded monthly, accruing from the date the payment was due through the date of actual payment.

Section 3.03 No Right to Set-Off. Purchaser shall pay the full amount of Service Fees and shall not set-off, counterclaim or otherwise withhold any amount owed to Sellers under this Agreement on account of any obligation owed by Sellers or any of their Affiliates to Purchaser or any of its Affiliates that has not been finally adjudicated, settled or otherwise agreed upon by the Parties in writing.

ARTICLE IV

Termination

Section 4.01 Termination Dates. Unless the Parties have otherwise agreed in writing to an extension or shortening of the applicable Service Period, this Agreement will terminate with respect to each Service at the close of business on the last day of the Service Period for such Service. This Agreement shall terminate in its entirety on the earlier of (i) the date on which all Service Periods have expired or been terminated and (ii) 90 days after the Initial Closing Date.

Section 4.02 Early Termination of Services. Upon five (5) days prior written notice, Purchaser may terminate the provision of any Service and shall not be liable for any Termination Charges; provided, however, that to the extent Sellers' ability to provide a Service is dependent on the continuation of another Service (and such dependence has been made known to Purchaser), Sellers' obligation to provide such dependent Service shall terminate automatically with the termination of such supporting Service.

Section 4.03 Termination Due to Breach. Upon the occurrence or during the continuance of a material breach of this Agreement by any Party (the "breaching party") or conduct by the breaching party that has caused a material breach or material default under any third party Service provider contract, the other Party (the "non-breaching party") may give written notice of such breach or conduct to the breaching

party. If such breach or conduct remains uncured or continues for five (5) days after delivery of such written notice, the non-breaching party may terminate the obligation to provide or purchase any Service related to such breach upon written notice to the breaching party; provided, however, that, (i) if such termination is due to conduct that caused a material breach or material default under a third party Service provider contract, the non-breaching party may only terminate any Service related to such third party Service provider contract, and (ii) if such termination is due a failure to pay Service Fees or other sums owed to Sellers hereunder, Sellers may terminate this Agreement in its entirety.

Section 4.04 Data Transmission. On or prior to the last day of the Service Period for each Service or as promptly as practicable thereafter, Sellers shall, shall cause their Affiliates to, and shall use commercially reasonable efforts to cause their third party Service providers to, cooperate to support the transfer of data concerning such Service to Purchaser, in each case at the cost and expense of Purchaser. If requested in writing by Purchaser, Sellers shall, shall cause their Affiliates to, and shall use commercially reasonable efforts to cause their third party Service providers to, deliver to Purchaser as promptly as practicable after the last day of the Service Period for such Service all records, data, files and other information received or computed for the benefit of the Business or Purchaser during the applicable Service Period, in electronic (if available) or hard copy form (as requested by Purchaser) and at the cost and expense of Purchaser.

Section 4.05 Effect of Termination. Upon termination of any Service pursuant to this Agreement, Sellers will have no further obligation to provide the terminated Service, and Purchaser will have no obligation to pay any future Service Fees relating to any such Service; provided that Purchaser shall remain obligated to Sellers for the Service Fees and any other fees, costs and expenses not yet paid in respect of the Services provided prior to the effective date of termination. Upon termination of any Service pursuant to this Agreement, Sellers shall reduce for the next weekly billing period the amount of the Service Fee for the category of Services in which the terminated Service was included (such reduction to reflect the elimination of all costs incurred in connection with the terminated Service to the extent the same are not required to provide other Services to Purchaser), and, upon the written request of Purchaser, Sellers shall provide Purchaser with documentation and/or information regarding the calculation of the amount of the reduction. In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any such termination, and in connection with a termination of this Agreement in its entirety, ARTICLE I, Section 2.02(ii), Section 2.04, Section 2.07, Section 2.08, Section 3.02, Section 3.03, Section 4.04, Section 4.05, Section 5.02, and Section 5.04 through Section 5.14 shall continue to survive indefinitely.

ARTICLE V

Miscellaneous

Section 5.01 Mutual Cooperation. Sellers, Purchaser and their respective Affiliates shall cooperate with each other in connection with the performance of the Services hereunder, including producing on a timely basis all information that is reasonably requested with respect to the performance of Services and the transition at the end of the term of this Agreement; provided that such cooperation does not unreasonably disrupt the normal operations of Sellers, Purchaser or their respective Affiliates. Purchaser shall, and shall cause its Affiliates to, allow Sellers (and their Affiliates or third party service providers who provide Services hereunder) reasonable access to the facilities, information systems, infrastructure and personnel of Purchaser as reasonably necessary for Sellers to fulfill their obligations under this Agreement.

Section 5.02 Indemnity.

(a) Subject to the limitations set forth in Section 5.04, Sellers shall, jointly and severally, indemnify Purchaser and its Affiliates for, and hold Purchaser and its Affiliates harmless from, all claims, demands, complaints, liabilities, losses damages, and all costs and expenses, including reasonable legal fees (collectively, "Losses") that such Persons may suffer to the extent arising out of, resulting from or otherwise in connection with the gross negligence or willful misconduct of Sellers or their Affiliates or third party Service providers in connection with the provision of Services to Purchaser.

(b) Subject to the limitations set forth in Section 5.04, Purchaser shall indemnify Sellers and their Affiliates and their respective Representatives for, and hold Sellers and their Affiliates and their respective Representatives harmless from, all Losses that such Persons may suffer arising out of, resulting from or otherwise in connection with the provision of the Services to Purchaser; provided that Purchaser shall not be responsible for any such Losses to the extent that caused by, resulting from, or arising out of or in connection with Sellers' gross negligence or willful misconduct.

Section 5.03 Force Majeure. In case performance of any terms or provisions hereof (other than terms or provisions relating to the payment of fees or expenses) shall be delayed or prevented, in whole or in part, because of or related to compliance with any law, decree, request or order of any Governmental Entity, either local, state, federal or foreign, or because of riots, war, public disturbance, strike, labor dispute, fire, explosion, storm, flood, acts of God, acts of terrorism, major breakdown or failure of transportation, transmission, manufacturing, distribution or storage facilities, or for any other reason that is not within the reasonable control of the Party whose performance is interfered with and which by the exercise of reasonable diligence such Party is unable to prevent (each, a "Force Majeure Event"), then the Party suffering shall be excused from its obligations hereunder during the period such Force Majeure Event continues, and no liability shall attach against either Party on account thereof. The Party whose performance is affected by the Force Majeure Event shall use reasonable diligence to remedy the situation and remove the cause and effect of the Force Majeure Event.

Section 5.04 Limitations of Liability and Warranties.

(a) Limited Liability of Sellers. Notwithstanding anything to the contrary in this Agreement, neither Sellers nor any of their Affiliates, nor any of their respective Representatives shall have any liability in contract, tort or otherwise, for or in connection with any Services rendered or to be rendered under this Agreement, the transactions contemplated by this Agreement, or any actions or inactions in connection with any such Services, to Purchaser or its Affiliates or any of their respective Representatives, except to the extent that Purchaser or its Affiliates or any of their respective Representatives suffer any Losses that result from the gross negligence or willful misconduct of Sellers or their Affiliates or their respective Representatives in connection with any such Services, transactions, actions or inactions.

(b) Additional Limitation on Liability. Notwithstanding anything to the contrary in this Agreement, no Party or any of such Party's Affiliates or any Representatives of such Party or their Affiliates will be liable to the other Party or its Affiliates, or any Representatives of such other Party or its Affiliates for any special, incidental, indirect, punitive or consequential damages or lost profits, however caused, under any theory of liability, arising from the performance of, or relating to, this Agreement regardless of whether such Party has been notified of the possibility of, or the foreseeability of, such damages. Furthermore, notwithstanding any other provision contained in this Agreement to the contrary, Sellers' total liability with respect to this Agreement shall not exceed, in the aggregate, the aggregate amount of Service Fees paid hereunder to Sellers.

(c) Liability for Payment Obligations. Nothing in this Section 5.04 shall be deemed to eliminate or limit, in any respect, Purchaser's express obligation in this Agreement to pay Termination Charges or Service Fees for Services rendered in accordance with this Agreement.

(d) Disclaimer of Warranties. Except as expressly set forth herein, the Parties acknowledge and agree that the Services are provided as-is, that Purchaser assumes all risks and liability arising from or relating to their use of and reliance upon the Services and neither Sellers, nor their Affiliates nor any Representatives of Sellers or their Affiliates makes any representation or warranty, express or implied, with respect thereto. EXCEPT AS EXPRESSLY SET FORTH HEREIN, SELLERS AND THEIR AFFILIATES, AND ALL OF THEIR REPRESENTATIVES HEREBY EXPRESSLY DISCLAIM ALL REPRESENTATIONS AND WARRANTIES REGARDING THE SERVICES, WHETHER EXPRESS OR IMPLIED, INCLUDING ANY REPRESENTATION OR WARRANTY WITH REGARD TO QUALITY, PERFORMANCE, NONINFRINGEMENT, COMMERCIAL UTILITY, MERCHANTABILITY OR FITNESS OF THE SERVICES FOR ANY PARTICULAR PURPOSE.

Section 5.05 Independent Contractors. Each Party acknowledges that it has entered into this Agreement for independent business reasons. The relationship of the Parties hereunder are those of independent contractors and nothing contained herein shall

be deemed to create a joint venture, partnership or any other relationship. Neither Sellers nor Purchaser shall have any power or authority to negotiate or conclude any agreement, or to make any representation or to give any understanding on behalf of the other in any way whatsoever.

Section 5.06 Confidentiality.

(a) Purchaser shall maintain, and shall cause its Affiliates to maintain, in strict confidence and not disclose to any third party (except to its Representatives and those of their Affiliates in connection with the receipt of the Services who are themselves bound by similar nondisclosure restrictions) all information of Sellers that is known by Purchaser to be confidential or proprietary and received, held or otherwise obtained by Purchaser in connection with the receipt of the Services by reason of this Agreement, except (i) as may be necessary in order to comply with any applicable Law or court process, in which case Purchaser shall, if permissible, promptly notify Sellers of any such requirement and Sellers shall be permitted to seek confidential treatment for such information or (ii) for such information which (A) is or becomes generally available to the public other than as a result of a disclosure by Purchaser or its Affiliates or their respective Representatives in violation of this Section 5.06(a) or (B) is or becomes available to Purchaser on a non-confidential basis from a source other than Sellers or their Representatives, provided that such source is not known to Purchaser at the time of disclosure to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to Sellers with respect to such information.

(b) Sellers shall maintain, and shall cause their Affiliates to maintain, in strict confidence and not disclose to any third party (except to their Representatives and those of their Affiliates and third party Service providers in connection with the provision of the Services who are themselves bound by similar nondisclosure restrictions) all information of Purchaser that is known by Sellers to be confidential or proprietary and received, held or otherwise obtained by Sellers in connection with the provision of the Services by reason of this Agreement, except (i) as may be necessary in order to comply with any applicable Law or court process, in which case Sellers shall, if permissible, promptly notify Purchaser of any such requirement and Purchaser shall be permitted to seek confidential treatment for such information or (ii) for such information which (A) is or becomes generally available to the public other than as a result of a disclosure by Sellers or their Affiliates or their respective Representatives in violation of this Section 5.06(b) or (B) is or becomes available to Sellers on a non-confidential basis from a source other than Purchaser or its Representatives, provided that such source is not known to Sellers at the time of the disclosure to be bound by a confidentiality agreement with or other contractual, legal or fiduciary obligation of confidentiality to Purchaser with respect to such information.

(c) With respect to any such confidential information, each of the Parties agrees as follows: (i) it shall use the same degree of care in safeguarding the confidential information as it uses to safeguard its own information which is proprietary and/or treated as confidential; and (ii) upon the discovery of any inadvertent disclosure or unauthorized use of said information, or upon obtaining notice of such disclosure of use

from the other Party, it shall take or cause to be taken all reasonably necessary actions to prevent any further inadvertent disclosure or unauthorized use, and the first Party shall be entitled to pursue any other remedy at law or in equity which may be available to it (including, without limitation, specific performance).

Section 5.07 No Third Party Beneficiaries. The provisions of this Agreement are solely for the benefit of the Parties and their successors and permitted assigns (and their Affiliates to the extent contemplated by Section 5.02) and are not intended to confer any rights or remedies to any person, other than the Parties and such successors and permitted assigns (and their Affiliates to the extent contemplated by Section 5.02). Except to the extent contemplated by Section 5.02, (a) there are no third party beneficiaries of this Agreement and (b) this Agreement shall not provide any third person with any remedy, claim, liability, reimbursement, cause of action or other right in excess of those existing without reference to this Agreement.

Section 5.08 Interpretation. When a reference is made in this Agreement to an Article, Section, Annex, Exhibit or Schedule, such reference shall be to an Article or Section of, or an Annex, Exhibit or Schedule to, this Agreement, unless otherwise indicated. All Annexes, Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made part of this Agreement as if set forth in full herein and any terms, conditions, covenants or agreements set forth in any such Annexes, Exhibits and Schedules shall be binding on the Parties as if set forth in full herein. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Whenever the words “include”, “includes”, “including” or “such as” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. The words “hereof”, “herein” and “hereunder” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word “or” when used in this Agreement is not exclusive. The word “extent” in the phrase “to the extent” shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply “if”. Whenever used in this Agreement, any noun or pronoun shall be deemed to include the plural as well as the singular and to cover all genders. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted. Any agreement, instrument or statute defined or referred to herein means such agreement, instrument or statute as from time to time amended, supplemented or modified, including (x) (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and (y) all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

Section 5.09 Amendments. This Agreement may not be amended, supplemented or otherwise modified except by an instrument in writing signed on behalf of each of the Parties. By an instrument in writing, Purchaser or Sellers, as the case may be, may waive compliance by the other Party with any term or provision of this

Agreement that such other Party was or is obligated to comply with or perform. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Agreement. The failure of either Party to assert any of its rights hereunder shall not constitute a waiver of any such rights.

Section 5.10 Notices. All notices hereunder shall be given as set forth in Section 9.3 of the Purchase Agreement.

Section 5.11 Assignment. Neither this Agreement nor any of the rights and obligations of the Parties hereunder may be assigned by any Party without the prior written consent of the other Party; provided, however, that Purchaser shall be permitted to freely assign, in whole or in part, its rights and obligations under this Agreement to any of its Affiliates and to any Person acquiring Assets pursuant to the Purchase Agreement. This Agreement shall be binding upon and inure to the benefit of the Parties and their successors and permitted assigns. Any attempted assignment or transfer in violation of this Section 5.11 shall be void.

Section 5.12 Severability. If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable Law or public policy, all other conditions and provisions of this Agreement shall nonetheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse to either Party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated by this Agreement are consummated as originally contemplated to the fullest extent possible.

Section 5.13 Applicable Law; Jurisdiction; Waiver of Jury Trial.

(a) This Agreement shall be governed and controlled as to validity, enforcement, interpretation, construction, effect and in all other respects by the internal laws of the State of New York applicable to contracts made in that State.

(b) Without limiting any Party's right to appeal any order of the Bankruptcy Court, (i) the Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms of this Agreement and to decide any claims or disputes which may arise or result from, or be connected with, this Agreement, any breach or default hereunder, or the transactions contemplated hereby, and (ii) any and all Proceedings related to the foregoing shall be filed and maintained only in the Bankruptcy Court, and the Parties hereby consent to and submit to the jurisdiction and venue of the Bankruptcy Court and shall receive Notices at such locations as indicated in Section 9.3 of the Purchase Agreement. The Parties agree that a final judgment in any such suit, action or other Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Law.

(c) Each Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, any objection which it may now or hereafter have to the laying of venue of any suit, action or other Proceeding arising out of or relating to this Agreement or any transaction contemplated by this Agreement in any court referred to in the first sentence of paragraph (b) of this Section 5.13. Each Party irrevocably and unconditionally waives, to the fullest extent permitted by applicable Law, the defense of an inconvenient forum to the maintenance of any suit, action or other Proceeding arising out of or relating to this Agreement or any transaction contemplated by this Agreement in any court referred to in the first sentence of paragraph (b) of this Section 5.13.

(d) Each Party consents, to the fullest extent permitted by applicable Law, to service of any process, summons, notice or document in the manner provided for notices in Section 9.3 of the Purchase Agreement. Nothing in this Agreement will affect the right of any Party to serve process in any other manner permitted by applicable Law.

Section 5.14 Counterparts. This Agreement may be executed in multiple counterparts (including by way of electronic transmission), each of which shall be deemed to be an original, and all such counterparts shall constitute but one instrument and shall become a binding agreement when one or more counterparts have been signed by each Party and delivered to the other Party.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed as of the day and year first above written.

Gordon Brothers Group, LLC

By: _____
Name:
Title:

[Signature Page to Transition Services Agreement]

SELLERS

ARCHBROOK LAGUNA HOLDINGS
LLC

By: _____
Name:
Title:

ARCHBROOK LAGUNA LLC

By: _____
Name:
Title:

ARCHBROOK LAGUNA WEST LLC

By: _____
Name:
Title:

LEHRHOFF ABL LLC

By: _____
Name:
Title:

ARCHBROOK LAGUNA NEW YORK
LLC

By: _____
Name:
Title:

CHIMERICA GLOBAL LOGISTICS LLC

By: _____
Name:
Title:

EXPERT WAREHOUSE LLC

By: _____
Name:
Title:

SCHEDULE A

Services

[Service]

1. Description of Service:
2. Period of Service: