

Business Track
Sales, Sales and More Sales

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§ 363 Sales and Auctions in Bankruptcy

How to Avoid Pitfalls in the Bidding Process and Ensure a Smooth Disposition of Assets

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The “Five Phases”

Of a § 363 Auction Sale



Phase 1: Pre-Auction

Bidding Procedures & Laying out the Ground Rules

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§ 363 Auction Sale

Key Issues in this Phase:

There are “Good” Bid Procedures, and there are “Bad” Bid Procedures

- We’ll show examples later in the presentation. Bidding procedures should be easy to understand.

Good Bid Procedures control the timeframes in which events occur, and set forth ground rules for the interactions between the parties. Even small ambiguities should be avoided

- For instance, if you are having an auction in Indiana, what time zone applies?

Identification of a Stalking Horse Bidder

- An agreed first bidder, known as a stalking horse bidder, helps to maximize return on assets and avoid the possibility of a catastrophically low winning bid or no bids at all.

Notice and Marketing of the Auction

- Courts will often require evidence that the sale has been adequately noticed and marketed.
- Appropriate notice may be necessary to cut-off “special” liabilities such as product liability claims, taxes, and patent infringement claims.

Other Preparatory Work

- Depending on the circumstances, prior approval of a Board of Directors may be required.
- There may be other assets or liabilities that require preparatory work, like the valuation and assumption of Employee Benefit Plans and causes of action.

Phase 2: Bidding

Where the Action Happens

2

§ 363 Auction Sale

Key Issues in this Phase:

Duration is critical. How long should the Auction last?

- Longer is not always better. Try to start early and finish in a single day. Keep the process moving.

Gifting vs. Tipping

- If a secured lender is credit bidding or the value of the assets is less than the secured debt, a “gift” or “tip” will sometimes be made to some or all unsecured creditors, certain administrative claimants or others. The terms of the “gift” or “tip” must be clearly disclosed.

Backup Bidder(s)

- Do the Bid Procedures have a contingency plan obligating the second highest bidder to close the transaction if the highest bidder is unable to consummate the sale?

Calling an “Audible” During the Auction

- Which parties are allowed to change procedures at the auction? What kind of changes might be necessary on the fly?

Dealing with the “Rogue Bidder”

- Sometimes a Bidder doesn’t want to “play by the rules” – are there procedures in place to resolve the conflict?

Phase 3: Negotiations & Joint Venturing

Spotting Opportunities for Cooperation

3

§ 363 Auction Sale

Key Issues in this Phase:

Avoiding Outright Collusion

- While joint ventures are not uncommon, it is not ideal to have a collusive “wink, nod” agreement.

Optimizing Value

- Typically, competitive bids generate the best outcome in procedure and in price. Collusive bidding, in contrast, tends to dampen asset prices because there is no upwards bidding pressure to drive the asset value higher.

Avoiding Conflicts

- Sometimes a Joint Venture presents itself as the best available opportunity to maximize asset prices. In these situations, it is still important to ensure that the proposed venture will not create expensive and unnecessary conflict.

Phase 4: Determining the Highest or Best Offer

Deciding the Winner

4

§ 363 Auction Sale

Key Issues in this Phase:

The Determination Process

- Do the Bid Procedures give unambiguous instructions for determining the winner of the auction?

Last-Second Bids

- What happens if there is a “last-second” bid? Who decides if it should be counted?

Notice and Payment

- How is notice to be tendered to the winning bidder, including written notice of their rights and obligations as a winning bidder?
- How is payment to be tendered by the winning bidder? Think about the form (certified funds) as well as the timeframe. If immediate payment in full is not required, what percentage should be required as a deposit?

Phase 5: Post-Auction Issues & Approval of Sale

Closing & Post-Sale Approval

5

§ 363 Auction Sale

Key Issues in this Phase:

Post-Sale Approval Hearing

- Each § 363 sale must be approved by the Bankruptcy Court. There may be an opportunity to challenge or appeal a sale under § 363(m) if there were deficiencies in the sale procedure. Use a court reporter to generate a transcript of the auction to help alleviate these issues.

Transition Services Agreement

- Post-closing services must be tied down by prior agreement or in advance of a sale hearing.

Approval from Board of Directors

- If approval was not required/obtained prior to or at the Auction, it must be obtained post-sale.

Consummation / Delivery Issues

- Make sure that all necessary third parties to the transfer documents (e.g., a non-Debtor spouse) are appropriately treated in the Bidding procedures. You do not want to have a “hold-out” at closing.

Examples of Contested § 363 Auction Sales

Avoiding Potential Pitfalls in Bidding Procedures & Conduct at Auction

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§ 363 Auction Sale

In re Family Christian, LLC, 533 B.R. 600 (Bankr. W.D. Mich. 2015), Case No. 15-00643:

Fact Synopsis:

- A chain of religious stores filed for Chapter 11 bankruptcy. The debtors-in-possession filed a motion to sell substantially all of their assets under § 363, and held an auction in which the successful bidder was alleged to be a corporate insider. An unsuccessful bidder objected to the sale, arguing that the auction was unfair and collusive.

Summary of Holding:

- The Court agreed with the unsuccessful bidder, and refused to approve the sale. The Court found that *ex parte* contact had occurred between the insider bidder and the debtor, and when this was added to other flaws in the auction process, the sale could not be approved.

Lessons to Glean:

- The failure of the parties to provide a valuation of all the assets included in the sale complicated the evaluation of bids. In particular, the value of certain avoidance actions and releases of insiders were not calculated.
- The danger of *ex parte* communications with bidders (especially encouraging bidders to increase their bids, or promising bidders a role in the future enterprise if they do increase their bid). You should not give a bidder a message such as “if you bid X, you win.”
- The risk of keeping a party in the process who is unlikely to win, just to drive the price up (e.g., an unintended “shill”).
- The pitfalls of collusive bidding, even when all the major parties to the sale seemingly agree.

Examples of Contested § 363 Auction Sales

Avoiding Potential Pitfalls in Bidding Procedures & Conduct at Auction



§ 363 Auction Sale

In re Qualteq, Inc. d/b/a VCT New Jersey, Inc., et al., (Bankr. N.D. Ill.), Case No. 12-05861:

Fact Synopsis:

• A group of affiliated companies filed for Chapter 11 protection, and a Chapter 11 trustee was appointed over the debtors' estates. The trustee sought the sale of substantially all of the debtors' assets under § 363, including a particular parcel of real property in Downers Grove, Illinois commonly known as "University Plaza." The Trustee filed bid procedures which were approved by the Court, and held an auction of, *inter alia*, University Plaza. However, at the auction, the Trustee directed the sale to proceed by one round of "blind" bids, rather than pursuant to a typical auction process with all bidders in the room increasing bids by at least the minimum required amount. An unsuccessful bidder objected to the auction as improper.

Summary of Holding:

• The Court disagreed with the unsuccessful bidder and approved the sale over its objection. The Court held that the bid procedures were followed. The Trustee was allowed to alter the procedures at the auction and did so in accordance with the court approved procedures.

Lessons to Glean:

- There is some degree of flexibility afforded to Auctions – "audibles," or deviations from the standard procedures, can be permissible if they are not collusive or deceptive.
- Alterations to the bidding procedures must be done in accordance with the court approved procedures.

Examples of Contested § 363 Auction Sales

Avoiding Potential Pitfalls in Bidding Procedures & Conduct at Auction



§ 363 Auction Sale

In re Schutt Sports, Inc., et al., (Bankr. D. Del.), Case No. 10-12795:

Fact Synopsis:

• The debtor and its affiliates filed Chapter 11 cases and sought to sell their assets under § 363 to the stalking horse bidder or such other higher or better bidder. At the auction, bidders bid with non-cash consideration and gifted money to specific creditors. When two out of four bidders remained, the auctioneer asked for best and final bids. The Debtors accepted a lower cash bid as the highest or otherwise best bid. The unsuccessful bidders objected to the approval of the sale. Later, those creditors not benefiting from the "gifting" objected to the sale.

Summary of Holding: The Court approved the Debtors' selection of the winning bidder, which was at a lower price. The Court considered certain intangibles in the offer, including guaranteed jobs for six months to one year. The Court concluded that the unsuccessful bidder made a strategic bidder error and the Court's job was not to correct such an error. The objections relating to "gifting" were later resolved through mediation.

Lessons to Glean:

- The highest cash bid is not always the winning bid.
 - Any alteration of bidding procedures must be clear on the record at the auction. But, don't count on the court to correct strategic bidding errors.
- If gifting to creditors occurs, make that clear to the Court and other creditors on proper notice.

Examples of Contested § 363 Auction Sales

Avoiding Potential Pitfalls in Bidding Procedures & Conduct at Auction



§ 363 Auction Sale

In re George Haldes (Bankr. N.D. Ill.), Case No. 12-05861:

Fact Synopsis:

• The debtor, an individual, filed for chapter 11 protection, and as part of a confirmed plan of reorganization, conducted an auction sale of his assets under § 363, including his primary residence. The Court approved bid procedures for the proposed sale, and the debtor proceeded to conduct the auction under the terms of the confirmed plan. The successful bidder was the primary secured creditor of the primary residence and the largest creditor of the debtor. However, when it came time for the debtor to convey the residence at closing, an issue arose. Specifically, the debtor's wife, who had not filed bankruptcy, refused to sign the deed to the primary residence. Because the bid instructions and the confirmed plan did not unambiguously provide for this contingency, and because the debtor's wife had never consented to the confirmed plan, an issue arose as to whether the bankruptcy court even had the jurisdiction necessary to compel the debtor's spouse to convey the property.

Summary of Holding:

• The Court entered an order which modified/interpreted the confirmed plan to require the signature of the debtor's spouse. The debtor appealed this order, and the case was settled before the appeal was resolved on the merits.

Lessons to Glean:

- If a third party's approval is required to convey the underlying asset sought to be sold at the auction, make sure the approvals are obtained prior to the sale, and are specifically contemplated in the bidding instructions. In other words, never assume that a third party will just execute a document, even if that third party is a non-debtor spouse.
- Do not wait until closing or sale confirmation to resolve title issues.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHUTT SPORTS, INC., *et al.*,¹
Debtors.

Chapter 11

Case No. 10-12795 (KJC)

(Jointly Administered)

Re: Docket No. 331, 348, 350, 354

**ORDER (A) APPROVING BID PROCEDURES RELATING
TO SALE OF THE DEBTORS' ASSETS; (B) APPROVING
BID PROTECTIONS; (C) SCHEDULING A HEARING TO CONSIDER
THE SALE; (D) APPROVING THE FORM AND MANNER OF NOTICE OF
SALE BY AUCTION; (E) ESTABLISHING PROCEDURES FOR NOTICING
AND DETERMINING CURE AMOUNTS; AND (F) GRANTING RELATED RELIEF**

Upon the Motion² filed by the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) seeking entry of (i) an order (the “**Order**”) (a) approving the bid procedures attached hereto as Exhibit “1” (the “**Bid Procedures**”), (b) establishing the date, time and place for a sale hearing (the “**Sale Hearing**”), (c) approving the form, manner of notice and date, time and place of the auction (the “**Sale Notice**”), attached to the Motion as Exhibit “E”, (d) establishing procedures for noticing and determining cure amounts (the “**Cure Notice**”), attached to the Motion as Exhibit “F”, and (e) granting related relief; and (ii) an order (a) approving the sale of substantially all of the Debtors’ assets as specified in the asset purchase agreement (the “**Agreement**”) attached to the Motion as Exhibit “D” (the “**Purchased Assets**”) free and clear of all liens, claims, encumbrances and interests (the “**Transaction**” or the “**Sale**”),

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Mountain View Investment Company of Illinois (3563), Schutt Sports, Inc. (0521), Schutt Holdings, Inc. (0276), Circle System Group, Inc. (7711), Melas, Inc. (9761), R.D.H. Enterprises, Inc. (2752), and Triangle Sports, Inc. (6936).

² Unless otherwise stated, all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion and the Agreement attached thereto as Exhibit “D”, and to the extent of any inconsistency, the Motion shall govern.

(b) authorizing the assumption and assignment of certain executory contracts and unexpired leases and (c) granting related relief (the “**Motion**”); and it appearing that the notice of the Motion provided is appropriate and sufficient under the circumstances and that no other or further notice need be given; and it appearing that the relief requested is in the best interests of the Debtors’ estates, their creditors, and other parties in interest; and after due deliberation and sufficient cause appearing therefore;

THE COURT HEREBY FINDS AND CONCLUDES THAT:³

A. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This proceeding is a core proceeding pursuant to 28 U.S.C. § 157. Venue is proper in this district and in this court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory predicates for the relief requested herein are sections 105(a), 363, 365, and 503 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (the “**Bankruptcy Code**”) and Rules 1015, 2002, 6004, 6006, and 9007 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”).

C. The Debtors’ notice of the Motion is sufficient in light of the circumstances and the nature of the relief requested herein.

D. The Debtors have articulated good and sufficient reasons for this Court to grant the relief requested in the Motion regarding the sale process, including, without limitation: (i) approving the Bid Procedures; (ii) Break-Up Fee (as modified herein and defined herein) and

³ 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. 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.

Expense Reimbursement; (iii) scheduling an Auction and a Sale Hearing; (iv) approving the Sale Notice; and (v) approving the Cure Notice.

E. The Bid Procedures were proposed and negotiated in good faith by the Debtors and the Stalking Horse Bidder and are fair, reasonable and appropriate under the circumstances and are properly designed to maximize the recovery from any sale of the Purchased Assets.

F. The Break-Up Fee and Expense Reimbursement is the product of extensive negotiations between the Debtors and the Stalking Horse Bidder. Accordingly, payment of the Break-Up Fee and the Expense Reimbursement under the circumstances described in the Agreement is: (i) an actual and necessary cost and expense of preserving the Debtors' estates within the meaning of sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code; (ii) commensurate to the real and substantial benefit conferred upon the Debtors' estates by the Stalking Horse Bidder; (iii) reasonable and appropriate, in light of the size and nature of the proposed sale transaction and comparable transactions, the commitments that have been made, and the efforts that have been and will be expended by the Stalking Horse Bidder; and (iv) necessary to induce the Stalking Horse Bidder to continue to pursue the Transaction and to continue to be bound by the Agreement.

G. The Break-Up Fee and Expense Reimbursement also induced the Stalking Horse Bidder to submit a bid that will serve as a minimum floor bid, on which the Debtors, their creditors, their other stakeholders and other bidders may rely. The Stalking Horse Bidder has provided a material benefit to the Debtors and their creditors and stakeholders by increasing the likelihood that the Debtors will receive the best possible price for the Purchased Assets. Accordingly, the Break-Up Fee and Expense Reimbursement are reasonable and appropriate under the circumstances.

H. The Sale Notice attached hereto as Exhibit "2" is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Transaction, the Sale Hearing, and the Auction and no other and further notice is required.

I. The Cure Notice attached hereto as Exhibit "3" is appropriate and reasonably calculated to provide all counterparties to the Assigned Contracts (the "**Contract Parties**") with proper notice of the potential assumption and assignment of their executory contract or unexpired lease and any cure amounts relating thereto and no further notice is required.

J. The entry of this Order is in the best interests of the Debtors, their estates, creditors, and other parties in interest.

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. To the extent set forth herein, the Bid Procedures are approved and the relief requested in the Motion is granted.

2. All objections to the relief requested in the Motion with respect to the Bid Procedures that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion or as reflected in this Order or by stipulation filed with the Court, are overruled except as otherwise set forth herein.

3. The Stalking Horse Bidder is hereby deemed a Qualified Bidder, whose Bid shall be deemed a Qualified Bid. Notwithstanding anything to the contrary herein or in the Bid Procedures, the Stalking Horse Bidder shall have the right, but not the obligation, to be deemed the Back-Up Bidder by the Debtors at the conclusion of the Auction.

4. The Secured Lender is hereby deemed a Qualified Bidder and shall be entitled to credit bid all or a portion of its claims against the Debtors as a Qualified Bid, subject to the terms of the Bid Procedures, to the fullest extent permissible under section 363(k) of the Bankruptcy

Code; *provided, however*, nothing in this Order or the Bid Procedures shall (i) constitute a finding or determination with respect to the nature, extent, validity, priority or perfection of the Secured Lender's alleged prepetition security interest in or liens upon the Acquired Assets (the "**Prepetition Liens**"); (ii) give rise to a defense, claim of mootness or right to offset in any adversary proceeding or contested matter relating to the Prepetition Liens; or (ii) in any way impact, modify or moot the Committee's lien investigation rights as set forth in the Final DIP Order, and *further provided that*, should the Secured Lender be the Successful Bidder, the Secured Lender shall pay the Break-Up Fee and Expense Reimbursement to the Stalking Horse Bidder from an additional advance under the DIP Financing.

5. The Debtors are hereby authorized to enter into and execute the Agreement (as modified to the extent necessary to comply with the terms of this Order) and to perform such obligations under the Agreement which may arise prior to the Sale Hearing.

6. The Stalking Horse Bidder shall be entitled, pursuant to the terms of the Agreement, to a break-up fee in the amount of \$700,000 (the "**Break-Up Fee**"). The Stalking Horse Bidder shall be required to submit redacted time entries to substantiate payment of the Expense Reimbursement, which shall be payable pursuant to the terms of the Agreement. Subject to these modifications, the Break-Up Fee and Expense Reimbursement are reasonable and appropriate under the circumstances and hereby approved. In the event that the Transaction is consummated with any party other than the Stalking Horse Bidder, the Debtors shall pay the Stalking Horse Bidder the Break-Up Fee and Expense Reimbursement, in accordance with the terms set forth in the Agreement.

7. The Bid Procedures attached hereto as Exhibit "1", are hereby approved and fully incorporated into this Order, and shall apply with respect to the proposed Sale of the

Purchased Assets. The Minimum Initial Overbid shall be \$1,000,000 with each subsequent Overbid being in the minimum amount of \$100,000.

8. The Debtors are authorized to take any and all actions necessary or appropriate, consistent with the terms of this Order, to implement the Bid Procedures.

9. A Qualified Bidder that desires to make a Bid shall deliver written copies of its bid in accordance with the Bid Procedures on or before December 10, 2010 (the “**Bid Deadline**”) and shall comply with the requirements set forth in the Bid Procedures in making such a bid for the Purchased Assets.

10. If the Debtors do not receive any Qualified Bids other than the Agreement with the Stalking Horse Bidder and if the Secured Lender does not credit bid, the Debtors will not hold the Auction, and the Stalking Horse Bidder will be named the Successful Bidder.

11. Not later than December 13, 2010 at 12:00 p.m. (Prevailing Eastern Time), the Debtors will notify all Qualified Bidders (including the Stalking Horse Bidder), counsel to the Committee and counsel to the Secured Lender whether the Auction will occur.

12. To the extent at least one Qualified Bid, other than the Stalking Horse Bidder’s Bid, is timely received or the Secured Lender elects to credit bid, the Debtors shall conduct the Auction commencing at 10:00 a.m. (Prevailing Eastern Time) on December 14, 2010 at the offices of Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801.

13. Upon conclusion of the bidding, the Auction shall be closed, and Debtors, (i) in consultation with the Committee and the Secured Lender, shall review each Qualified Bid and Overbid on the basis of financial and contractual terms and the factors relevant to the Sale process and the contract assumption and rejection process, including, without limitation, those

factors affecting the speed and certainty of consummating the Proposed Sale and the amount of the cash (or cash equivalent) consideration and the values or costs added by such Qualified Bid's or Overbid's contract assumption and rejection provision, and (ii) after such consultation, identify the highest or otherwise best offer for the Purchased Assets (the "**Successful Bid**" and the entity submitting such Successful Bid, the "**Successful Bidder**").

14. The Debtors, in their reasonable discretion, may, after consultation with the Secured Lender and the Committee, (a) determine which Qualified Bid, if any, is the highest or otherwise best offer; and (b) reject, at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any Bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the Sale; or (iii) contrary to the best interests of the Debtors, their estates, their creditors and other stakeholders.

15. The Debtors shall sell the Purchased Assets to the Successful Bidder upon approval of the Successful Bid by the Bankruptcy Court at the Sale Hearing. The Purchased Assets will not include any football helmet shells in Debtor's possession as of earlier of the date of the Closing or December 31, 2010, which have been specifically found to infringe patents of Riddell, Inc. in that certain civil action styled *Riddell, Inc. v. Schutt Sports, Inc.*, identified by civil action number 3:08-cv-00711 pending in the United States District Court for the Eastern District of Wisconsin, and the intended sale will not otherwise serve to authorize any continuing or future infringement of Riddell's intellectual property rights (including the allegation of infringement directed to the "AiR Flex QB-WR-9405" shoulder pad set forth in that civil action styled *Riddell, Inc. v. Schutt Sports, Inc.*, identified by civil action number 10-CV-000504 pending in the United States District Court for the Eastern District of Wisconsin).

16. The Debtors' presentation of a particular Qualified Bid to the Bankruptcy Court for approval shall constitute Debtors' acceptance of the bid, subject only to approval by the Court at the Sale Hearing.

17. The Court shall conduct the Sale Hearing commencing on December 15, 2010 at 3:00 p.m. (Prevailing Eastern Time), at which time, the Court will consider approval of the Sale to the Successful Bidder and entry of the Sale Order.

18. Objections to approval of the Sale and entry of the Sale Order (the form of which is attached as Exhibit "C" to the Motion), including the sale of the Purchased Assets free and clear of liens, claims, encumbrances and interests pursuant to section 363(f) of the Bankruptcy Code, with the liens, claims, encumbrances and interests to attach to the Sale Proceeds, must be in writing and filed with this Court and served upon (i) counsel to the Debtors, Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601 (Attn: Nancy A. Peterman, Esq.), and Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Victoria W. Counihan, Esq.), (ii) counsel to the Stalking Horse Bidder, McGuireWoods, LLP, 625 Liberty Avenue, 23rd Floor, Pittsburgh, Pennsylvania 15222 (Attn: Mark E. Freedlander, Esq.), (iii) the Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, Delaware 19801 (Attn: Mark Kenney, Esq.), (iv) counsel to the Committee (the "**Committee**"), Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Jeffrey D. Prol, Esq.), and Womble Carlyle Sandridge & Rice, PLLC, 222 Delaware Avenue, Suite 1501, Wilmington, Delaware 19801 (Attn: Mark L. Desgrosseilliers, Esq.); and (v) counsel to the Secured Lender, Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800 Chicago, Illinois 60606 (Attn: Douglas Bacon, Esq.), and Edwards Angell Palmer & Dodge, LLP, 919 N. Market Street, Suite 1500,

Wilmington, Delaware 19801 (Attn: Stuart M. Brown, Esq.) (collectively, the “**Notice Parties**”), so as to be received by such Notice Parties on or before December 10, 2010 at 5:00 p.m. (Prevailing Eastern Time); provided, however, that the deadline for objecting to the following shall be the commencement of the Sale Hearing: (a) any objections to the conduct of the Auction itself and (b) in the event the Auction results in a Successful Bidder other than the Stalking Horse Bidder, (i) the form of Sale Order approving such Successful Bidder’s asset purchase agreement, and (ii) the proposed asset purchase agreement between the Debtors and such Successful Bidder.

19. Objections (the “**Contract Objections**”) to (i) the proposed Cure Amounts and (ii) the proposed assumption and assignment of agreements (the “**Assigned Contracts**”), including, but not limited to, objections related to adequate assurance of future performance, must be in writing and filed with this Court and served upon the Notice Parties so as to be received by such Notice Parties on or before December 14, 2010 at 9:00 a.m. (Prevailing Eastern Time) (the “**Contract Objection Deadline**”); provided, however, in the event the Auction results in a Successful Bidder other than the Stalking Horse Bidder, the deadline to object to the assignment of executory contracts and unexpired leases to such Successful Bidder shall be at the commencement of the Sale Hearing (the “**Amended Contract Objection Deadline**”). With respect to all Contract Objections, such Contract Objections shall be heard on December __, 2010 at __: __ .m. (Prevailing Eastern Time) (the “**Contract Objection Hearing**”).

20. Unless a Contract Objection is filed and served before the Contract Objection Deadline or the Amended Contract Objection Deadline, as applicable, all counterparties to the Assigned Contracts shall be (i) forever barred from objecting to the proposed Cure Amounts and from asserting any additional cure or other amounts with respect to the Assigned Contracts, and

the Debtors and the Stalking Horse Bidder, or Successful Bidder, as applicable, shall be entitled to rely solely upon the proposed Cure Amounts set forth in the Cure Notices; (ii) deemed to have consented to the assumption and assignment, and (iii) forever barred and estopped from asserting or claiming against the Debtors or the Stalking Horse Bidder, or the Successful Bidder, as applicable, that any additional amounts are due or other defaults exist, that conditions to assignment must be satisfied under such Assigned Contracts, including, without limitation, any consent rights, or that there is any objection or defense to the assumption and assignment of such Assigned Contracts.

21. Where a nondebtor counterparty to an Assigned Contract files an objection asserting a cure amount higher than the proposed Cure Amounts (the “**Disputed Cure Amount**”), then (a) to the extent that the parties are able to consensually resolve the Disputed Cure Amount prior to any hearing on such objection, and subject to the consent of the Stalking Horse Bidder, or the Successful Bidder, as applicable, of such consensual resolution, the Debtors shall promptly provide the Stalking Horse Bidder, or the Successful Bidder, as applicable, and the Committee notice and opportunity to object to such proposed resolution and, absent an objection, the Cure Amount shall be in the amount agreed upon in such consensual resolution; or (b) to the extent the parties are unable to consensually resolve the dispute prior to any hearing on such objection, or to the extent that the Stalking Horse Bidder or Successful Bidder, as applicable, does not consent to a proposed resolution prior to such hearing, then such objection will be heard at the Contract Objection Hearing. Pending a ruling on such objection, (i) the Stalking Horse Bidder or Successful Bidder, as applicable, may, at its sole option and in its discretion, direct that the contract regarding which the Cure Amount objection is pending be removed from the Schedule of Assigned Contracts and render such contract an Excluded Asset;

or (ii) the Debtors may reserve the amount necessary to satisfy the Cure Amount in the amount asserted by the objecting non-Debtor counterparty and, at the conclusion of proceedings regarding the objection, either (y) pay the Cure Amount in the amount and as determined by a final Court order or agreement, or (z) if directed by the Stalking Horse Bidder or Successful Bidder, as applicable, remove such contract from the Schedule of Assigned Contracts and render such contract an Excluded Asset. All objections to the proposed assumption and assignment of an Assigned Agreement will be heard at the Contract Objection Hearing.

22. The Debtors are hereby authorized to share certain of the Debtors' contracts that contain confidentiality restrictions with the Stalking Horse Bidder, subject to the terms of the non-disclosure agreement by and between the Debtors and the Stalking Horse Bidder, and other potential bidders, provided that each such potential bidder requesting access to such confidential contracts enters into a non-disclosure agreement with the Debtors, in a form acceptable to the Debtors.

23. All Qualified Bidders, including the Stalking Horse Bidder and the Secured Lender (if the Secured Lender submits a credit bid), at the Auction shall be deemed to have consented to the exclusive jurisdiction of the Bankruptcy Court and to have waived any right to a jury trial in connection with any disputes among any Qualified Bidder and the Debtors relating to the Auction and the construction and enforcement of the Qualified Bidder's contemplated Transaction documents, as applicable.

24. The Sale Notice attached hereto as Exhibit "2" provides proper notice to all parties in interest and is approved.

25. The Cure Notice attached hereto as Exhibit "3" provides proper notice to all parties in interest and is approved.

26. Within one (1) business day of this Order, the Debtors shall serve by first class mail, postage prepaid (unless otherwise provided in this Paragraph), copies of: (i) this Order; and (ii) the Sale Notice upon the following entities: (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the Committee; (c) counsel to the Secured Lender; (d) all taxing authorities having jurisdiction over any of the Purchased Assets subject to the sale, including the Internal Revenue Service; (e) the Environmental Protection Agency; (f) the state/local environmental agencies in the jurisdictions where the Debtors own or lease real property; (g) all parties that have requested special notice pursuant to Bankruptcy Rule 2002 as of the date prior to the date of entry of this order; (h) all persons or entities known to the Debtors that have or have asserted a lien on, or security interest in, all or any portion of the Purchased Assets; (i) all Contract Parties; (j) counsel to the Stalking Horse Bidder; (k) all Attorneys General for the states in which the Debtors conduct business; and (l) all potential bidders previously identified or otherwise known to the Debtors (who will be served electronically or by facsimile in the event that the Debtors do not a mailing address). The Debtors shall also serve, within one (1) business day after entry of this Order, the Sale Notice to all other creditors. Finally, the Debtors shall serve, within one (1) business day after entry of this Order by overnight delivery, the Cure Notice to all Contract Parties. The Debtors are also authorized and directed to publish notice the Sale Notice in the national edition of either the Wall Street Journal National Edition or USA Today once within five (5) business days after entry of this Order.

27. The Debtors, after consultation with the Secured Lender, the Committee and the Stalking Horse, reserve the right to: (a) waive terms and conditions set forth herein with respect to any or all potential bidders, including, without limitation, waiver of any requirement that a Qualified Bidder serve as a back-up bidder, (b) impose additional terms and conditions with

respect to any or all potential bidders, (c) extend the deadlines set forth herein or the date for the Auction and/or Sale Hearing (which may occur in open court); and (d) amend the Bid Procedures as they may determine to be in the best interests of their estates.

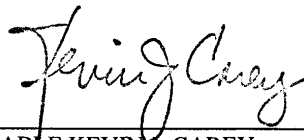
28. This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof.

29. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

30. Notwithstanding the possible applicability of Federal Rule of Bankruptcy Procedure 6004(h) or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this Order.

31. This Court shall retain jurisdiction over any matters related to or arising from the implementation of this Order and the Bid Procedures.

Dated: Wilmington, Delaware
December 1, 2010



HONORABLE KEVIN J. CAREY
CHIEF UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHUTT SPORTS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-12795 (KJC)

(Jointly Administered)

Re: Docket No. 331

BID PROCEDURES

Schutt Sports, Inc. and its affiliated debtors and debtors-in-possession (collectively, the “**Debtors**”) filed chapter 11 cases, which are pending in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”), jointly administered under Case No. 10-12795 (KJC). By motion dated November 22, 2010 (the “**Motion**”), the Debtors sought, among other things, approval of the processes and procedures set forth below (the “**Bid Procedures**”) to effectuate the sale of the Purchased Assets (the “**Transaction**”).² The Bid Procedures are designed to facilitate a full, open and fair bidding process to maximize the value of the Purchased Assets for the benefit of the Debtors’ creditors, stakeholders and their bankruptcy estates.

On December 15, 2010, at 3:00 p.m. (Prevailing Eastern Time), as further described below, the Bankruptcy Court shall conduct a hearing (the “**Sale Hearing**”) at which time the Debtors shall seek entry of an order (the “**Sale Order**”) authorizing and approving the sale of the Purchased Assets (the “**Proposed Sale**”) to the Stalking Horse Bidder (as defined below) or the Successful Bidder (defined below), as applicable.

Asset Purchase Agreement

The Debtors and the Stalking Horse Bidder have entered into an asset purchase agreement (the “**Agreement**”), pursuant to which the Stalking Horse Bidder will acquire the Purchased Assets free and clear of all liens, claims or interests other than the Assumed Liabilities. The Purchased Assets do not include the Excluded Assets. The Transaction contemplated by the Agreement is subject to competitive bidding, as set forth herein, and approval by the Bankruptcy Court pursuant to sections 363 and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”).

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Mountain View Investment Company of Illinois (3563), Schutt Sports, Inc. (0521), Schutt Holdings, Inc. (0276), Circle System Group, Inc. (7711), Melas, Inc. (9761), R.D.H. Enterprises, Inc. (2752), and Triangle Sports, Inc. (6936).

² Capitalized terms used but otherwise not defined herein shall have the meanings ascribed to them in the Agreement (defined herein) or the Motion, as applicable.

Participation Requirements

Unless otherwise ordered by the Bankruptcy Court, in order to participate in the bidding process, each person (a “**Potential Bidder**”) must first deliver (unless previously delivered) to the Debtors’ investment banker and counsel (as identified below), no later than December 3, 2010 (the “**Participating Requirements Deadline**”), the following items, in writing (collectively, the “**Participation Requirements**”):

- (a) Confidentiality Agreement. An executed confidentiality agreement in form and substance reasonably acceptable to the Debtors (each, a “**Confidentiality Agreement**”);
- (b) Identification of Potential Bidder. Identification of the Potential Bidder and any principals and representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated Transaction; and
- (c) Proof of Ability to Close. Written evidence that enables the Debtors to determine whether the Potential Bidder has the ability to close the contemplated Transaction and provide adequate assurance of future performance under all contracts to be assumed in such contemplated Transaction. Such information should include, *inter alia*, the following:
 - (i) the Potential Bidder’s current financial statements (audited if they exist);
 - (ii) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors, demonstrating that such Potential Bidder has the ability to close the contemplated Transaction; provided, however, that the Debtors shall determine, in their reasonable discretion, whether the written evidence of such financial wherewithal is acceptable, provided further, however, that in lieu of a Potential Bidder’s financial statements, the Debtors may accept other information that reasonably demonstrates the Potential Bidder’s financial condition; and
 - (iii) any other information requested by the Debtors or their advisors, prior to the Participation Requirements Deadline, with respect to a Potential Bidder’s ability to close the contemplated Transaction, including, without limitation, analysis of any regulatory, antitrust or other potential issues relating to such Potential Bidder’s ability to timely close the contemplated Transaction.

Access to Due Diligence Materials

Upon satisfaction of the Participation Requirements, the Debtors will afford each Potential Bidder due diligence access to the Purchased Assets; provided, however, that (i) the Debtors shall have the right to reasonably limit the due diligence provided to competitors; and (ii) the Debtors will have no obligation to provide due diligence access after the Bid Deadline (defined below). The Debtors have designated and employed Oppenheimer & Co., Inc. to

coordinate all reasonable requests from Potential Bidders for additional information and due diligence access.

Designation as Qualified Bidder

A “**Qualified Bidder**” is a Potential Bidder that delivers the documents satisfying the Participation Requirements described in subparagraphs (a)-(c) above prior to the Bid Deadline (as defined below), and that the Debtors, after consultation with the Official Committee of Unsecured Creditors (the “**Committee**”) and Bank of America N.A., as a lender and agent for the Debtors’ prepetition secured indebtedness and postpetition debtor-in-possession financing (in such capacity, the “**Secured Lender**”), shall determine, in their good faith judgment, is reasonably likely to submit a *bona fide* offer and to be able to consummate a sale if selected as a Successful Bidder (defined below). As soon as is practicable following receipt of such documents referred to above, the Debtors, after consultation with the Committee and the Secured Lender, shall notify the Potential Bidder whether such Potential Bidder is a Qualified Bidder, whether such Potential Bidder has been determined not to be a Qualified Bidder, or whether a determination as set forth above has not been able to be made that such Potential Bidder is a Qualified Bidder.

Each of the Secured Lender and the Stalking Horse Bidder is a Qualified Bidder, and the Stalking Horse Bidder’s bid is a Qualified Bid, as defined herein. Subject to the terms of the order approving the Bid Procedures, the Secured Lender is entitled to credit bid all or a portion of its claims against the Debtors to the fullest extent permissible under section 363(k) of the Bankruptcy Code.

Bid Deadline

The deadline for submitting bids by a Qualified Bidder, other than the Stalking Horse Bidder, shall be December 10, 2010 (the “**Bid Deadline**”). A Bid (as defined below) received after the Bid Deadline shall not constitute a Qualified Bid (as defined below).

On or before the Bid Deadline, a Qualified Bidder, other than the Stalking Horse Bidder, that desires to make an offer, solicitation or proposal (a “**Bid**”) shall deliver written copies of its Bid to Oppenheimer & Co., Inc., 100 International Drive, Suite 19000, Baltimore, Maryland 21202 (Attn: Michael Lynch) and counsel to the Debtors, Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601 (Attn: Nancy A. Peterman, Esq.) and Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Victoria W. Counihan, Esq.). Counsel to the Debtors shall promptly provide copies of such Bids to (i) the Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, Delaware 19801 (Attn: Mark Kenney, Esq.); (ii) counsel to the Committee, Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Jeffrey D. Prol, Esq.), and Womble Carlyle Sandridge & Rice, PLLC, 222 Delaware Avenue, Suite 1501, Wilmington, Delaware 19801 (Attn: Mark L. Desgrosseilliers, Esq.); (iii) counsel to the Secured Lender, Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800 Chicago, Illinois 60606 (Attn: Douglas Bacon, Esq.), and Edwards Angell Palmer & Dodge, LLP, 919 N. Market Street, Suite 1500, Wilmington, Delaware 19801 (Attn: Stuart M. Brown, Esq.) and (iv) counsel to the Stalking Horse Bidder, McGuireWoods, LLP, 625 Liberty Avenue, 23rd Floor,

Pittsburgh, Pennsylvania 15222 (Attn: Mark E. Freedlander, Esq.) (collectively, the “**Notice Parties**”).

Determination of Qualified Bid Status

To be eligible to participate in the bidding process, each Qualified Bidder, other than the Stalking Horse Bidder, must deliver to the Debtors a written, irrevocable offer to be received by the Bid Deadline and compliant with each of the following conditions:

- (a) Modified Agreement. A Bid must include fully executed transaction documents, pursuant to which the Qualified Bidder proposes to effectuate the contemplated Transaction, including an executed asset purchase agreement. A Bid shall include a black-lined copy of the Agreement (the “**Modified Agreement**”) to show all changes requested by the Bidder, including those related to the Purchase Price, and identify each and every executory contract and unexpired lease to be acquired, the assumption and assignment of which is a condition to closing and consent to being designated as a Back-Up Bid (as defined below).
- (b) Purchased Assets. Each Bid must be for substantially all of the Purchased Assets or such portion of the Purchased Assets or any other assets of the Debtors as the Qualified Bidder wishes to purchase.
- (c) Contingencies. A Bid may not be conditioned on obtaining internal approval, obtaining financing or on the outcome or review of due diligence.
- (d) Authorization to Bid. Each Bid must include evidence of authorization and approval from such Qualified Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the Modified Agreement.
- (e) Good Faith Deposit. Each Bid must be accompanied by a cash deposit in an amount equal to Two Million Five Hundred Thousand Dollars (\$2,500,000) (the “**Good Faith Deposit**”).
- (f) No Fees payable to Qualified Bidder. Except as otherwise provided in the Agreement with respect to amounts payable to the Stalking Horse Bidder, a Bid may not request or entitle any other Qualified Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment.
- (g) Financing Sources. A Bid must contain evidence of the ability to consummate the Transaction satisfactory to the Debtors with appropriate contact information for all such financing sources and may not contain any financing contingency.
- (h) Minimum Initial Bid Requirement. Each Qualified Bidder’s Bid shall have an initial minimum bid requirement equal to the Stalking Horse Bidder’s Purchase Price, in cash (or cash equivalents), plus One Million Dollars (\$1,000,000) (the “**Minimum Initial Bid**”).

- (i) Other Evidence. Each Bid must contain evidence satisfactory to the Debtors, that the Qualified Bidder (based on availability of financing, experience and other considerations or conditions) will be able to timely consummate the Transaction to purchase the Purchased Assets if selected as the Successful Bidder (as defined below).
- (i) Representation of Non-Collusion. Pursuant to Local Rule 6004-1, each bidder participating at the Auction must confirm that it has not engaged in any collusion with respect to the bidding or the Sale.
- (j) Other Acknowledgements. Each Qualified Bidder must acknowledge and represent that the Qualified Bidder: (1) has had an opportunity to conduct any and all due diligence regarding the Purchased Assets prior to making its offer; (2) has relied solely upon its own independent review, investigation and/or inspection of the Purchased Assets in making its bid; and (3) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Purchased Assets or proposed transaction, or the completeness of any information provided in connection therewith or the Auction (as defined below), except as expressly stated in these Bidding Procedures or the Agreement.

A Bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements, in the Debtors' reasonable discretion, after consultation with the Committee and Secured Lender, and that satisfies the Bid Deadline requirement above, shall constitute a qualified bid (a "**Qualified Bid**").

Not later than December 13, 2010 at 12:00 p.m. (Prevailing Eastern Time), the Debtors will, after consultation with the Secured Lender and Committee, determine whether a Qualified Bidder has submitted a Qualified Bid and will notify such Qualified Bidder whether it has submitted a Qualified Bid.

Credit Bidding

Subject to the terms of the Order approving the Bid Procedures, the Secured Lender shall be entitled to credit bid all or a portion of its claims against the Debtors to the fullest extent permissible under section 363(k) of the Bankruptcy Code, *provided, however*, that, in the event that the Secured Lender is the Successful Bidder, the Secured Lender shall pay the Break-Up Fee and Expense Reimbursement to the Stalking Horse Bidder from an additional advance under the DIP Financing. The Secured Lender must submit a Qualified Bid by the Bid Deadline; provided that they are not required to make a Good Faith Deposit.

Auction

Only in the event that the Debtors receive at least one (1) Qualified Bid (other than that of any Stalking Horse Bidder) by the Bid Deadline or upon request by the Secured Lender, the Debtors shall conduct an auction (the "**Auction**") of the Purchased Assets to determine the highest or otherwise best bid with respect to the Purchased Assets. No later than December 13, 2010 at 12:00 p.m. (Prevailing Eastern Time), the Debtors will notify all Qualified Bidders,

counsel to the Committee and counsel to the Secured Lender whether the Auction will occur. The Auction shall commence at 10:00 a.m. (Prevailing Eastern Time) on December 14, 2010 at the offices of Greenberg Traurig, LLP, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801.

Participation in the Auction

Only the Debtors, the Stalking Horse Bidder, any representative of the Committee, the Secured Lender and any other Qualified Bidder who has timely submitted a Qualified Bid (and professional advisors to each of these parties) may attend the Auction. Only the Stalking Horse Bidder and other Qualified Bidders that have timely submitted Qualified Bids may make any subsequent Overbid at the Auction.

The Debtors and their professional advisors shall direct and preside over the Auction. At the beginning of the Auction, the Debtors and their professional advisors will announce the highest Qualified Bid received by the Bid Deadline which shall serve as the baseline bid at the Auction (the “**Baseline Bid**”). The Baseline Bid must be no less than the amount of the Minimum Initial Bid. All Bids made thereafter shall be Overbids (as defined below), and shall be made and received on an open basis, and all material terms of each Bid shall be fully disclosed to all other Qualified Bidders and the Stalking Horse Bidder in attendance at the Auction. The Debtors shall maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids and the Successful Bid (as defined below).

Terms of Overbids

An “**Overbid**” is any bid made at the Auction subsequent to the Debtors’ announcement of the Baseline Bid. Any Qualified Bidder’s initial Overbid shall be at least in the amount of the Minimum Initial Bid in cash (or cash equivalents), and each subsequent Overbid must be made in increments of at least \$100,000 in cash, cash equivalents or such other consideration accepted by the Debtors, after consultation with the Committee and the Secured Lender, over the previous highest or best bid.

Any Overbid made by a Qualified Bidder must remain open and binding on the Qualified Bidder until and unless the Debtors accept a higher Qualified Bid as an Overbid. The Debtors shall announce at the Auction the material terms of each Overbid and the basis for calculating the total consideration offered in each such Overbid.

Closing the Auction

Upon conclusion of the bidding process, the Auction shall be closed, and the Debtors, (i) in consultation with the Committee and the Secured Lender, shall review each Qualified Bid and Overbid on the basis of financial and contractual terms and the factors relevant to the Sale process and the contract assumption and rejection process, including those factors affecting the speed and certainty of consummating the Transaction and the amount of the cash, cash equivalents or non-cash equivalents and the value or cost added by such Qualified Bid’s or Overbid’s contract assumption and rejection process, and (ii) after such consultation with the Committee and Secured Lender, determine, the highest or otherwise best offer for the Purchased Assets (the “**Successful Bid**”), the entity submitting such Successful Bid (the “**Successful**

Bidder”), the next highest or otherwise best offer after the Successful Bid (the “**Back-Up Bid**”) and the entity submitting such Back-Up Bid (the “**Back-Up Bidder**”); and advise the Qualified Bidders of such determinations. The Back-Up Bid shall remain open, and the Back-Up Bidder shall be required to fully perform under such Back-Up Bid, until the earlier of (i) consummation of the Transaction with the Successful Bidder, (ii) January 21, 2011 or (iii) such other date as agreed to by the Debtors and the Back-Up Bidder.

Failure to Close

In the event the Successful Bidder fails to close on the Transaction as a result of the Successful Bidder’s default or breach under the applicable purchase agreement in accordance with the terms of such purchase agreement by the closing date contemplated in such purchase agreement, the Debtors shall be: (i) entitled to retain the Successful Bidder’s Good Faith Deposit as part of its damages resulting from the breach or failure to perform by the Successful Bidder (along with any other rights available under such purchase agreement); and (ii) enter into a new purchase agreement with the Back-Up Bidder at the purchase price contemplated in the Back-Up Bid.

Following the approval of the Sale of the Purchased Assets to the Successful Bidder at the Sale Hearing, if such Successful Bidder fails to consummate the approved Sale by December 31, 2010, the Debtors shall be authorized, but not required, to deem the Back-Up Bid, as disclosed at the Sale Hearing, the Successful Bid, and the Debtors shall be authorized, but not required, to consummate the Sale with the Back-Up Bidder without further order of the Bankruptcy Court.

Consent to Jurisdiction as Condition to Bidding

All Qualified Bidders, including the Stalking Horse Bidder and the Secured Lender (if the Secured Lender submits a credit bid), at the Auction shall be deemed to have consented to the exclusive jurisdiction of the Bankruptcy Court and to have waived any right to a jury trial in connection with any disputes among any Qualified Bidder and the Debtors relating to the Auction and the construction and enforcement of the Qualified Bidder’s contemplated Transaction documents, as applicable.

Acceptance of Successful Bid

The Debtors shall sell the Purchased Assets to the Successful Bidder upon the approval of the Successful Bid by the Bankruptcy Court after the Sale Hearing. The Debtors’ presentation of a particular Qualified Bid to the Bankruptcy Court for approval shall constitute the Debtors’ acceptance of such Qualified Bid, subject only to approval by the Bankruptcy Court.

Free of Any and All Interests

As set forth in the Agreement, except as otherwise provided for therein or in another Successful Bidder's purchase agreement, all right, title and interest in and to the Purchased Assets subject thereto shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "Interests"), in accordance with section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds received by the Debtors from the Sale of the Purchased Assets (the "Sale Proceeds").

Sale Hearing

The Sale Hearing shall be conducted by the Bankruptcy Court on December 15, 2010, at 3:00 p.m. (Prevailing Eastern Time).

Return of Good Faith Deposit

The Good Faith Deposit of the Successful Bidder shall be applied to the Purchase Price of such Transaction at Closing. The Good Faith Deposits of all other Qualified Bidders, other than the Back-Up Bidder, shall be held in an interest-bearing escrow account until five (5) business days after the closing of the Auction, and thereafter returned to the respective bidders. The Good Faith Deposit of the Back-Up Bidder shall be held in an interest-bearing escrow account and shall be (i) applied to the Purchase Price in the event that Successful Bidder fails to close and the Debtor opts to consummate the Transaction with the Back-Up Bidder; or (ii) returned to the Back-Up Bidder on the earlier of (i) the date of the Closing with the Successful Bidder, (ii) January 21, 2011 or (iii) such other date as agreed to by the Debtors and the Back-Up Bidder. In the event of a breach or failure to consummate an approved sale by the Successful Bidder, or by the Back-Up Bidder in the event the Successful Bidder fails to consummate an approved sale and the Debtor determines to consummate the Transaction with the Back-Up Bidder, the Debtors shall be entitled to retain the Good Faith Deposit as damages resulting from the breach or failure to perform by the Successful Bidder or Back-Up Bidder, as applicable (along with any other rights available under their respective purchase agreements).

Modifications

The Bid Procedures may be modified by the Debtors, after consultation with the Secured Lender, the Committee and the Stalking Horse Bidder, including, without limitation, (a) waiving the terms and conditions set forth herein with respect to any or all potential bidders, including, without limitation, waiver of any requirement that a Qualified Bidder serve as a back-up bidder, (b) imposing additional terms and conditions with respect to any or all potential bidders, (c) extending the deadlines set forth herein or the date for the Auction and/or Sale Hearing (which may occur in open court); or (d) amending the Bid Procedures as they may determine to be in the best interests of their estates; *provided that* all such modifications are disclosed to all Potential Bidders (if applicable) or Qualified Bidders (if applicable) prior to or during the Auction.

The Debtors, in their reasonable discretion, may, after consultation with the Secured Lender and the Committee, (a) determine which Qualified Bid, if any, is the highest or otherwise best offer; or (b) reject, at any time before entry of an order of the Bankruptcy Court approving a

Qualified Bid, any Bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the Sale; or (iii) contrary to the best interests of the Debtors, their estates, their creditors and other stakeholders.

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EXHIBIT 2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHUTT SPORTS, INC., *et al.*,¹
Debtors.

Chapter 11

Case No. 10-12795 (KJC)

(Jointly Administered)

Re: Docket No. 331

**NOTICE OF BID DEADLINE, AUCTION, AND SALE
HEARING IN CONNECTION WITH THE SALE OF
SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS**

NOTICE IS HEREBY GIVEN, as follows:

1. On November 22, 2010, the above-captioned debtors and debtors in possession (collectively, the “**Debtors**”) filed a motion seeking approval of among other things (i) bid procedures (the “**Bid Procedures**”) and bid protections in connection with the sale (the “**Sale**”) of substantially all of the Debtors’ assets (the “**Purchased Assets**”), (ii) procedures to determine cure amounts and deadlines for objections to certain contracts and leases to be assumed and assigned by the Debtors, (iii) the date, time and place for a sale hearing (the “**Sale Hearing**”) and for objections to the Sale and (iv) related relief (the “**Bid Procedures Motion**”) with the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). By order dated November 29, 2010, the Bankruptcy Court approved the Bid Procedures and the Bid Procedures Motion (the “**Bid Procedures Order**”).²

2. The Debtors have entered into an asset purchase agreement (the “**Agreement**”) with Kranos Intermediate Holding Corporation (the “**Stalking Horse Bidder**”), for the sale of the Purchased Assets free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon to the maximum extent permitted by section 363 of the Bankruptcy Code, but as set forth in the Bid Procedures, the sale of the Purchased Assets remains subject to competing offers from any prospective bidder that submits a Qualified Bid.

3. All interested parties are invited to submit a Qualified Bid and to make offers to purchase the Purchased Assets in accordance with the terms of the Bid Procedures and the Bid Procedures Order. The Bid Deadline is **December 10, 2010**.

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Mountain View Investment Company of Illinois (3563), Schutt Sports, Inc. (0521), Schutt Holdings, Inc. (0276), Circle System Group, Inc. (7711), Melas, Inc. (9761), R.D.H. Enterprises, Inc. (2752), and Triangle Sports, Inc. (6936).

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bid Procedures Order. A copy of the Bid Procedures Order can be accessed on the Court’s website at <https://ecf.deb.uscourts.gov> or by written request to Debtors’ counsel.

4. Pursuant to the Bid Procedures Order, in the event the Debtor receives one or more Qualified Bids in addition to the bid of the Stalking Horse Bidder on or before the Bid Deadline, the Debtors shall conduct the Auction for the purpose of determining the highest and best bid for the Purchased Assets. Only representatives of parties submitting Qualified Bids, the Debtors, the Stalking Horse Bidder, the Secured Lender and the Committee will be eligible to participate in the Auction. The Auction will be held at the offices of Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, Delaware 19801, on **December 14, 2010 at 10:00 a.m.** (Prevailing Eastern Time), or at such other place and time as the Debtors shall notify all parties that submitted Qualified Bids.

5. At the Sale Hearing on **December 15, 2010 at 3:00 p.m.** (Prevailing Eastern Time) or such other time as the Bankruptcy Court shall determine, the Debtors intend to seek the Bankruptcy Court's approval of the sale of the Purchased Assets to the Stalking Horse Bidder pursuant to the terms of the Agreement, or to the Successful Bidder at the Auction (the "**Successful Bidder**"). In determining the Successful Bidder, in addition to the amount of cash or cash equivalent consideration offered, the Debtors will consider, among other factors, the assumption of liabilities contemplated by each Qualified Bid, certainty of Closing and other factors relating to the value and certainty of the Bid. The Sale Hearing will be held before the Honorable Kevin J. Carey, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 5th Floor, Courtroom No. 1, Wilmington, Delaware 19801.

6. At the Sale Hearing, the Debtors will seek entry of an order which provides, except with respect to Assumed Liabilities, all persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax and regulatory authorities, lenders, trade creditors, litigation claimants and other creditors, holding Liens Claims, Encumbrances or Interests of any kind or nature whatsoever against or in all or any portion of the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, liquidated or unliquidated or subordinate), arising under or out of, in connection with, or in any way relating to the Debtors, the Purchased Assets, the operation of the Debtors' Business prior to the Closing Date or the transfer of the Purchased Assets to the Purchaser, hereby are forever barred, estopped and permanently enjoined from asserting, against the Purchaser, any of its affiliates, its successors or assigns, their property or the Purchased Assets, such persons' or entities' Liens, Claims, Encumbrances or Interest in and to the Purchased Assets, including, without limitation, the following actions: (i) commencing or continuing in any manner any action or other proceeding against the Purchaser, any of its affiliates, successors, assets or properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Purchaser, any of its affiliates, successors, assets or properties; (iii) creating, perfecting or enforcing any Lien or other Claim against the Purchaser, any of its affiliates, successors, assets or properties; (iv) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due Purchaser, any of its affiliates or successors; (v) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the Provisions of this Order or other orders of the Court, or the agreements or actions contemplated or taken in respect thereof; or (vi) revoking, terminating or failing or refusing to transfer or renew any license, permit or authorization to operate any of the Purchased Assets or conduct any of the business operated with the Purchased Assets. For the avoidance of doubt, the foregoing shall not prevent the Debtors, their estates,

successors or permitted assigns from pursuing claims, if any, against the Purchaser and/or its successors and assigns in accordance with the terms of the Agreement.

7. At the Sale Hearing, the Bankruptcy Court may enter such orders as it deems appropriate under applicable law and as required by the circumstances and equities of these chapter 11 cases.

8. Objections, if any, to the Sale of the Purchased Assets (“**Sale Objections**”) or the or the assumption and assignment of the Assigned Contracts pursuant to the terms of the agreement reached between the Debtors and the Stalking Horse Bidder or Successful Bidder (“**Contract Objections**”) shall be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court for the District of Delaware, shall set forth the name of the objecting party, the nature and amount of any claims or interests held or asserted against the Debtors’ estate or properties, the basis for the objection and the specific grounds therefore, and shall be filed with the Bankruptcy Court and be served upon the Notice Parties³ so that (a) with respect to any Sale Objections, such Sale Objections are received no later than **December 10, 2010 at 5:00 p.m. (Prevailing Eastern Time)** and (b) with respect to any Contract Objections, such Contract Objections are received no later than **December 14, 2010 at 9:00 a.m. (Prevailing Eastern Time)**.

9. In the event (a) an Auction is conducted, the deadline for filing any objections related to the conduct of the Auction itself shall be the commencement of the Sale Hearing and (b) in the event the Auction results in a Successful Bidder other than the Stalking Horse Bidder, the deadline for filing objections relating to (i) the form of Sale Order approving such Successful Bidder’s asset purchase agreement, and (ii) the proposed asset purchase agreement between the Debtors and such Successful Bidder shall be the commencement of the Sale Hearing.

10. In the event the Auction results in a Successful Bidder other than the Stalking Horse Bidder, the deadline to object to the assignment of executory contracts and unexpired leases to such Successful Bidder shall be at the commencement of the Sale Hearing (the “**Amended Contract Objection Deadline**”). With respect to all Contract Objections, such Contract Objections shall be heard on **December __, 2010 at __: __. (Prevailing Eastern Time)**.

³ The Notices Parties shall include: (i) counsel for the Debtors, Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601 (Attn: Nancy A. Peterman, Esq.) and Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, DE 19801 (Attn: Victoria W. Counihan, Esq.); (ii) counsel to the Stalking Horse Bidder, McGuireWoods, LLP, EQT Plaza, 625 Liberty Avenue, 23rd Floor, Pittsburgh, Pennsylvania 15222-3142 (Attn: Mark E. Freedlander, Esq.); (iii) counsel to the Secured Lender, Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800 Chicago, Illinois 60606 (Attn: J. Douglas Bacon, Esq.), and Edwards Angell Palmer & Dodge, LLP, 919 N. Market Street, Suite 1500, Wilmington, Delaware 19801 (Attn: Stuart M. Brown, Esq.); (iv) counsel to the Committee, Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Jeffrey D. Prol, Esq.), and Womble Carlyle Sandridge & Rice, PLLC, 222 Delaware Avenue, Suite 1501, Wilmington, Delaware 19801 (Attn: Mark L. Desgrosseilliers, Esq.); and (v) the Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: Mark Kenney, Esq.).

11. Requests for any other information concerning the Bid Procedures or the Sale should be directed by request to Greenberg Taurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, DE 19801 (Attn: Sandra G. M. Selzer, Esq.).

Dated: Wilmington, Delaware
_____, 2010

GREENBERG TRAUIG, LLP

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Counsel for the Debtors
and Debtors-in-Possession

EXHIBIT 3

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHUTT SPORTS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-12795 (KJC)

(Jointly Administered)

Re: Docket No. 331

**NOTICE OF DEBTORS' INTENT TO ASSUME AND ASSIGN CERTAIN
LEASES AND EXECUTORY CONTRACTS AND FIXING OF CURE AMOUNTS**

PLEASE TAKE NOTICE that, on November 22, 2010, the above-captioned debtors and debtors in possession (collectively, the "**Debtors**") filed a motion seeking approval of, among other things (i) bid procedures (the "**Bid Procedures**") and bid protections in connection with the sale of substantially all of the Debtors' assets (the "**Purchased Assets**"); (ii) procedures to determine cure amounts and deadlines for objections to certain contracts and leases to be assumed and assigned by the Debtors; and (iii) related relief (the "**Bid Procedures Motion**") with the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"). By order dated November 29, 2010, the Bankruptcy Court approved the Bid Procedures and the Bid Procedures Motion (the "**Bid Procedures Order**"). A copy of the Bid Procedures Order is annexed hereto as Exhibit "A".²

PLEASE TAKE FURTHER NOTICE, that at a hearing on **December 15, 2010 at 3:00 p.m.** (Prevailing Eastern Time) or such other time as the Bankruptcy Court shall determine (the "**Sale Hearing**"), the Debtors intend to seek approval of the sale of the Purchased Assets free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and

¹ The Debtors, along with the last four digits of each Debtor's tax identification number, are: Mountain View Investment Company of Illinois (3563), Schutt Sports, Inc. (0521), Schutt Holdings, Inc. (0276), Circle System Group, Inc. (7711), Melas, Inc. (9761), R.D.H. Enterprises, Inc. (2752), and Triangle Sports, Inc. (6936).

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Bid Procedures Motion.

interests thereon to the maximum extent permitted by section 363 of the Bankruptcy Code (the “Sale”) to Kranos Intermediate Holding Company (the “**Stalking Horse Bidder**”), pursuant to the terms of a purchase agreement with the Stalking Horse Bidder (the “**Agreement**”), or to such other party as is determined pursuant to the Bid Procedures to have submitted the highest and best bid for the Purchased Assets (the “**Successful Bidder**”).

PLEASE TAKE FURTHER NOTICE that, pursuant to the Cure Procedures, the Debtors intend to seek approval to assume and assign certain unexpired leases and executory contracts (collectively, the “**Assigned Contracts**”) to the Stalking Horse Bidder or the Successful Bidder, as applicable, pursuant to section 365 of the Bankruptcy Code. You have been identified as a party to an Assigned Contract that the Debtors may seek to assume and assign. The Assigned Contract with respect to which you have been identified as a non-Debtor party is set forth on **Exhibit “B”** annexed hereto.

PLEASE TAKE FURTHER NOTICE that, the Debtors believe that any and all defaults (other than the filing of these chapter 11 Cases), actual pecuniary losses and any amounts due under the Assigned Contract can be cured and satisfied in full by the payment of the cure amount, also set forth on **Exhibit “B”** annexed hereto (the “**Cure Amount**”).

PLEASE TAKE FURTHER NOTICE that, the Debtors have indicated on **Exhibit “B”** if they believe that the Assigned Contract contains enforceable consent rights, pursuant to which the Debtors are required to obtain consent from the non-debtor parties to assign such contracts. To the extent that the Debtors indicate on **Exhibit “B”** that they do not believe that the Assigned Contract does not contain enforceable consent rights, such Assigned Contract will be assumed and assigned to the Stalking Horse or Successful Bidder, without the need to obtain a consent

from the non-debtor party to such Assigned Contract, unless such non-debtor party files a timely Contract Objection which is sustained.

PLEASE TAKE FURTHER NOTICE that, any party objecting to (i) any Cure Amount and/or (ii) the proposed assumption and assignment of any Assigned Contract in connection with the Sale must file with the Bankruptcy Court and serve an objection (a “**Contract Objection**”), in writing, setting forth with specificity any and all obligations that the objecting party asserts must be cured or satisfied in respect to the Assigned Contract, and/or any and all objections to the potential assumption and assignment of such agreement, together with all documentation supporting such cure claim or objection, upon: (i) counsel to the Debtors, Greenberg Traurig, LLP, 77 West Wacker Drive, Suite 3100, Chicago, Illinois 60601 (Attn: Nancy A. Peterman, Esq.) and Greenberg Traurig, LLP, The Nemours Building, 1007 North Orange Street, Suite 1200, Wilmington, DE 19801 (Attn: Victoria W. Counihan, Esq.); (ii) counsel to the Stalking Horse Bidder, McGuireWoods, LLP, 625 Liberty Avenue, 23rd Floor, Pittsburgh, Pennsylvania 15222 (Attn: Mark E. Freedlander, Esq.); (iii) counsel to the Secured Lender, Latham & Watkins LLP, 233 South Wacker Drive, Suite 5800 Chicago, Illinois 60606 (Attn: J. Douglas Bacon, Esq.), and Edwards Angell Palmer & Dodge, LLP, 919 N. Market Street, Suite 1500, Wilmington, Delaware 19801 (Attn: Stuart M. Brown, Esq.); (iv) counsel to the Committee, Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Jeffrey D. Prol, Esq.), and Womble Carlyle Sandridge & Rice, PLLC, 222 Delaware Avenue, Suite 1501, Wilmington, Delaware 19801 (Attn: Mark L. Desgrosseilliers, Esq.); and (v) the Office of the United States Trustee, 844 King Street, Suite 2207, Wilmington, DE 19801 (Attn: Mark Kenney, Esq.); **so as to be received no later than 9:00 a.m. (Prevailing Eastern Time) on December 14, 2010 (the “Contract Objection Deadline”);** provided, however, that in the event the Auction

results in a Successful Bidder other than the Stalking Horse Bidder, the deadline for objecting to the assignment of the Assigned Contracts to such Successful Bidder shall be the commencement of the Sale Hearing. All Contract Objections will be heard on December __, 2010 at __:__ at __.m. (Prevailing Eastern Time). Unless the Contract Objection is timely filed and served, the assumption, sale and assignment of the applicable Assigned Contract will proceed without further notice or the need for other action, including the obtaining of consents.

PLEASE TAKE FURTHER NOTICE that, if no Cure Amount is due, or no other amount is due or owing under the Assigned Contract, and the non-debtor party to such agreement does not otherwise object to the Debtors' assumption, sale and assignment of such agreement, no further action needs to be taken on the part of that non-debtor party.

PLEASE TAKE FURTHER NOTICE that, unless an objection to the assumption and assignment of an Assigned Contract is filed and served before the Objection Deadline or the Amended Contract Objection Deadline, as applicable, all counterparties to the Assigned Contracts shall be (i) forever barred from objecting to the proposed Cure Amounts and from asserting any additional cure or other amounts with respect to the Assigned Contracts, and the Debtors and the Stalking Horse Bidder, or Successful Bidder, as applicable, shall be entitled to rely solely upon the proposed Cure Amounts set forth in the Cure Notices; (ii) deemed to have consented to the assumption and assignment, and (iii) forever barred and estopped from asserting or claiming against the Debtors or the Stalking Horse Bidder, or the Successful Bidder, as applicable, that any additional amounts are due or other defaults exist, that conditions to assignment must be satisfied under such Assigned Contracts, including, without limitation, any consent rights, or that there is any objection or defense to the assumption and assignment of such Assigned Contracts.

PLEASE TAKE FURTHER NOTICE that, the Debtors' decision to assume and assign the Assigned Contract is subject to the Court's approval of and consummation of the Sale. Absent consummation of the Sale, each Assigned Contract shall not be deemed either assumed or assigned and shall in all respects be subject to further administration under the Bankruptcy Code. The designation of any agreement as an Assigned Contract shall not constitute or be deemed to be a determination or admission by the Debtors or the Stalking Horse Bidder that such document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

PLEASE TAKE FURTHER NOTICE that, Debtors reserve the right to remove any Assigned Contract from any proposed asset sale and to withdraw the request to assume and assign any such Assigned Contract.

Dated: Wilmington, Delaware
_____, 2010

GREENBERG TRAURIG, LLP

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-and-

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Counsel for the Debtors
and Debtors-in-Possession

Exhibit B

	Contract	Cure Amount as of the Petition Date	Cure Amounts after the Petition Date	Contains Enforceable Consent Rights
1.				

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHUTT SPORTS, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 10-12795 (KJC)

(Jointly Administered)

Re: Docket No. 331

ORDER (I) APPROVING ASSET PURCHASE
AGREEMENT AND AUTHORIZING THE SALE OF CERTAIN
ASSETS OF DEBTORS OUTSIDE THE ORDINARY COURSE OF BUSINESS,
(II) AUTHORIZING THE SALE OF ASSETS FREE AND CLEAR OF ALL LIENS,
CLAIMS, ENCUMBRANCES AND INTERESTS, (III) AUTHORIZING THE
ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS
AND UNEXPIRED LEASES, AND (IV) GRANTING RELATED RELIEF

Upon the motion (the “**Sale Motion**”)² filed by the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) seeking entry of an order (the “**Order**”), pursuant to sections 105, 363 and 365 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”), Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), (i) approving that certain second amended and restated asset purchase agreement (the “**Agreement**” attached hereto as Exhibit “A”), dated as of December 15, 2010, between Kranos Intermediate Holding Company, as the purchaser (the “**Purchaser**”); (ii) approving the sale (the “**Sale**”) of substantially all of the Debtors’ assets (the “**Purchased**

¹ The Debtors, along with the last four digits of each Debtor’s tax identification number, are: Mountain View Investment Company of Illinois (3563), Schutt Sports, Inc. (0521), Schutt Holdings, Inc. (0276), Circle System Group, Inc. (7711), Melas, Inc. (9761), R.D.H. Enterprises, Inc. (2752), and Triangle Sports, Inc. (6936).

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sale Motion, the Agreement, or the Bid Procedures Order, as applicable.

Assets”), free and clear of all Liens, Claims, Encumbrances and Interests (defined herein), with such sale to be in accordance with the terms and conditions of the Agreement; (iii) approving the assumption and assignment of certain executory contracts and unexpired leases to the Purchaser; and (iv) granting related relief; and this Bankruptcy Court having entered an order dated December 1, 2010 (the “**Bid Procedures Order**”), authorizing the Debtors to conduct the Auction pursuant to the Bid Procedures and approving, *inter alia*, (i) the Bid Procedures in connection with the Auction; (ii) the form and manner of notice of the Auction and the Sale Hearing; (iii) procedures relating to the assumption and assignment of the Assigned Contracts, including the Cure Notice; and the Bankruptcy Court having established the date of the Sale Hearing; and the Bankruptcy Court having jurisdiction to consider the Sale Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157(b)(2) and 1334;³ and consideration of the Sale Motion, the relief requested therein, and the responses thereto being a core proceeding in accordance with 28 U.S.C. § 157(b); and the appearance of all interested parties and all responses and objections to the Sale Motion having been duly noted in the record of the Sale Hearing; and upon the record of the Sale Hearing, and all other pleadings and proceedings in these Cases, including the Sale Motion; and it appearing that the relief requested in the Sale Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and after due deliberation and sufficient cause appearing therefor;

³ The “**Bankruptcy Court**” shall mean the United States Bankruptcy Court for the District of Delaware.

IT IS HEREBY FOUND, DETERMINED AND CONCLUDED THAT:⁴

A. The findings and conclusions set forth herein constitute the Bankruptcy Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

B. To the extent 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.

C. The Bankruptcy Court has jurisdiction over this matter and over the property of the Debtors' estates, including the Purchased Assets to be sold, transferred or conveyed pursuant to the Agreement, and their respective estates pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of these Cases and the Sale Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

D. The Purchased Assets constitute property of the Debtors' estates and title thereto is vested in the Debtors' estates within the meaning of section 541(a) of the Bankruptcy Code.

E. The statutory predicates for the relief sought in the Sale Motion and the basis for the approvals and authorizations herein are (i) sections 102, 105, 363, and 365 of the Bankruptcy Code, (ii) Bankruptcy Rules 2002, 6004, 6006 and 9014, and (iii) Local Rule 6004-1.

F. On September 6, 2010 (the "**Petition Date**"), each of Mountain View Investment Company of Illinois, Schutt Sports, Inc., Circle System Group, Inc., Melas, Inc., R.D.H. Enterprises, Inc., and Triangle Sports, Inc. (collectively, the "**Joint Debtors**") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. On September 15, 2010, Schutt Holdings, Inc., a Delaware corporation and the parent company of the Joint Debtors (the

⁴ All findings of fact and conclusions of law announced by the Bankruptcy Court at the Sale Hearing in relation to the Sale Motion are hereby incorporated herein to the extent not inconsistent herewith.

“**Additional Debtor**” and, together with the Joint Debtors, the “**Debtors**”), filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtors have continued in possession and management of their business and properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

G. As evidenced by the affidavits of service filed with the Bankruptcy Court, proper, timely, adequate, and sufficient notice of the Sale Motion, the Auction, and the Sale Hearing have been provided in accordance with sections 102(1) and 363(b) of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 9006, 9007, 9008 and 9014, the Local Rules, and in compliance with the Bid Procedures Order. The Debtors also gave due and proper notice of the potential assumption and assignment of each contract listed Exhibit “B” on the hereto. On December 1, 6, 8 and 9, 2010, the Debtors served a copy of the Cure Notice to each non-debtor party under each such contract. In addition to the foregoing notice, the Debtors advertised the proposed sale and the relief requested in this Order, including the provisions requesting injunctive relief for the benefit of Purchaser against unknown claimants who may in the future assert claims relating to the manufacture and/or sale of products by the Debtors in the national edition of Wall Street Journal on December 6, 2010. Such notice was sufficient and appropriate under the particular circumstances. No other or further notice of the Sale Motion, the Auction, the Sale Hearing, the assumption and assignment of the Assigned Contracts, or of the entry of this Order is necessary or shall be required.

H. With the exception of those Assigned Contracts identified on “Exhibit B” hereto, which require the consent of the non-debtor party to the assignment of those Assigned Contracts to the Purchaser, no section of any Assigned Contracts which purports to prohibit, restrict, or

condition the use, transfer or assignment of any such Assigned Contracts in connection with the proposed Sale to the Purchaser shall have any force or effect.

I. A reasonable opportunity to object or be heard regarding the requested relief in the Sale Motion and the Order has been afforded to all interested persons and entities, including, without limitation, (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the Committee; (c) counsel to the Secured Lender; (d) all taxing authorities having jurisdiction over any of the Purchased Assets subject to the sale, including the Internal Revenue Service; (e) the Environmental Protection Agency; (f) the state/local environmental agencies in the jurisdictions where the Debtors own or lease real property; (g) all parties that have requested special notice pursuant to Bankruptcy Rule 2002 as of the date prior to the date of entry of this order; (h) all persons or entities known to the Debtors that have or have asserted a lien on, or security interest in, all or any portion of the Purchased Assets; (i) all Contract Parties; (j) counsel to the Stalking Horse Bidder; (k) all Attorneys General for the states in which the Debtors conduct business; and (l) all potential bidders previously identified or otherwise known to the Debtors (collectively, the “**Notice Parties**”).

J. Other parties interested in bidding on the Purchased Assets were provided, upon request, sufficient information to make an informed judgment on whether to bid on the Purchased Assets.

K. The Debtors have demonstrated a sufficient basis and compelling circumstances requiring them to enter into the Agreement, sell the Purchased Assets and assume and assign the Assigned Contracts under section 363 and 365 of the Bankruptcy Code prior to confirmation of a plan or reorganization under section 1129 of the Bankruptcy Code, and such actions are appropriate exercises of the Debtors’ business judgment and in the best interests of the Debtors,

their estates and their creditors. Such business reasons include, but are not limited to, the facts that (i) there is substantial risk of deterioration of the value of the Purchased Assets if the Sale is not consummated quickly; (ii) the Agreement constitutes the highest or best offer for the Purchased Assets; (iii) the Agreement and the Closing will present the best opportunity to realize the value of the Debtors on a going-concern basis and avoid decline in the Debtors' business; and (iv) unless the Sale is concluded expeditiously as provided for in the Sale Motion and pursuant to the Agreement, creditors' recoveries may be diminished.

L. The Bid Procedures set forth in the Bid Procedures Order were non-collusive, created and followed in good faith, and substantively and procedurally fair to all parties.

M. The Debtors and their professionals have complied, in good faith, with the Bid Procedures Order in all respects. As demonstrated by (a) any testimony and other evidence proffered or adduced at the Sale Hearing and (b) the representations of counsel made on the record at the Sale Hearing, through marketing efforts and a competitive sale process conducted in accordance with the Bid Procedures Order, the Debtors (i) afforded interested potential purchasers a full, fair and reasonable opportunity to qualify as bidders and submit their highest or otherwise best offer to purchase all of the Debtors' assets; (ii) provided potential purchasers, upon request, sufficient information to enable them to make an informed judgment on whether to bid on the Purchased Assets; and (iii) considered all Qualified Bids submitted on or before the Bid Deadline.

N. The offer of the Purchaser, upon the terms and conditions set forth in the Agreement, including the form and total consideration in cash and cash equivalents to be realized by the Debtors pursuant to the Agreement, (i) is the highest or otherwise best offer received by the Debtors; (ii) is fair and reasonable; (iii) is in the best interests of the Debtors' creditors and

estates; and (iv) constitutes full and adequate consideration and reasonably equivalent value for the Purchased Assets.

O. The Purchaser is the Successful Bidder for the Purchased Assets in accordance with the Bid Procedures Order. The Bid Procedures enabled the Debtors to obtain the highest value for the Purchased Assets for the Debtors and their estates.

P. The Purchaser is a buyer in good faith, as that term is used in the Bankruptcy Code and the decisions thereunder, and is entitled to the protections of section 363(m) of the Bankruptcy Code with respect to all of the Purchased Assets and the relief provided for in the Order. The Agreement was negotiated at arm's length and entered into in good faith and without collusion or fraud of any kind. The Purchaser has not engaged in collusion or any conduct that would otherwise control or tend to control the sale price as between or among potential bidders and, therefore, has not violated section 363(n) of the Bankruptcy Code. Neither the Debtors nor the Purchaser have engaged in any conduct that would prevent the application of section 363(m) of the Bankruptcy Code; or cause the application of or implicate section 363(n) of the Bankruptcy Code to the Agreement or to the consummation of the Sale and transfer of the Purchased Assets and the Assigned Contracts to the Purchaser. The Purchaser has complied in good faith with the Bid Procedures Order in all material respects. The Purchaser is entitled to all of the protections and immunities of section 363(m) of the Bankruptcy Code.

Q. The Debtors have full corporate power and authority to execute the Agreement and all other documents contemplated thereby, and the Sale of the Purchased Assets has been duly and validly authorized by all necessary corporate authority by the Debtors to consummate the transactions contemplated by the Agreement. No consents or approvals, other than as may be expressly provided for in the Agreement, are required by the Debtors to consummate the Sale.

R. The Debtors have advanced sound business reasons for seeking to enter into the Agreement, as more fully set forth in the Sale Motion and as demonstrated at the Sale Hearing, and it is a reasonable exercise of the Debtors' business judgment to sell the Purchased Assets and to consummate the transactions contemplated by the Agreement. Notwithstanding any requirement for approval or consent by any person, the transfer of the Purchased Assets to the Purchaser and the assumption and assignment of the Assigned Contracts is a legal, valid and effective transfer of the Purchased Assets and any Assigned Contracts.

S. The terms and conditions of the Agreement, including the consideration to be realized by the Debtors pursuant to the Agreement, are fair and reasonable, and the transactions contemplated by the Agreement are in the best interests of the Debtors' estates.

T. Except with respect to Assumed Liabilities as provided in the Agreement, the Purchased Assets shall be sold free and clear of all mortgages, restrictions, hypothecations, charges, indentures, loan agreements, instruments, leases, licenses, options, deeds of trust, security interests, conditional sale or other title retention agreements, pledges, liens (including, without limitation, mechanics', materialmen's and other consensual and non-consensual liens and statutory liens), judgments, demands, encumbrances, rights of first refusal, offsets, contracts, recoupment, rights of recovery, claims for reimbursement, contribution, indemnity, exoneration, products liability, alter-ego, environmental, pension, or tax, decrees of any court or foreign or domestic governmental entity, or charges or interests of any kind or nature, if any, including, but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership, debts arising in any way in connection with any agreements, acts, or failures to act, of the Debtors or the Debtors' predecessors or affiliates, claims (as that term is used in the Bankruptcy Code), reclamation claims, obligations, liabilities, demands, guaranties,

options, rights, contractual or other commitments, restrictions, interests and matters of any kind and nature, whether known or unknown, choate or inchoate, filed or unfilled, 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, whether arising prior to or subsequent to the commencement of the bankruptcy case, and whether imposed by agreement, understanding, law, equity or otherwise, including claims otherwise arising under doctrines of successor liability (collectively, **“Liens, Claims, Encumbrances and Interests”**) with such Liens, Claims, Encumbrances and Interests to attach to the proceeds of the Sale to be received by the Debtors in accordance with the Agreement in the same priority and subject to the same defenses and avoidability, if any, as before the Closing, and the Purchaser would not enter into the Agreement to purchase the Purchased Assets otherwise.

U. The transfer of the Purchased Assets to the Purchaser is a legal, valid and effective transfer of the Purchased Assets, and, except as may otherwise be provided in the Agreement, shall vest the Purchaser with all rights, titles and interests to the Purchased Assets free and clear of any and all Liens, Claims, Encumbrances and Interests. All such Liens, Claims, Encumbrances and Interests are to attach to the Sale Proceeds at the closing of the Sale. Except as specifically provided in the Agreement or this Order, the Purchaser shall not assume or become liable for any Liens, Claims, Encumbrances and Interests relating to the Purchased Assets being sold by the Debtors.

V. The transfer of the Purchased Assets to the Purchaser, free and clear of all Liens, Claims, Encumbrances and Interests, will not result in any undue burden or prejudice to any holders of any Liens, Claims, Encumbrances and Interests as all such Liens, Claims,

Encumbrances and Interests of any kind or nature whatsoever shall attach to the net proceeds of the Sale of the Purchased Assets received by the Debtors in the order of their priority, with the same validity, force and effect which they now have as against the Purchased Assets and subject to any claims and defenses the Debtors or other parties may possess with respect thereto. All persons having Liens, Claims, Encumbrances or Interests of any kind or nature whatsoever against or in any of the Debtors or the Purchased Assets shall be forever barred, estopped and permanently enjoined from pursuing or asserting such Liens, Claims, Encumbrances and Interests against the Purchaser, any of their assets, property, successors or assigns, or the Purchased Assets.

W. The Debtors may sell the Purchased Assets free and clear of all Liens, Claims, Encumbrances and Interests of any kind or nature whatsoever, because, in each case, one or more of the standards set forth in section 363(f) of the Bankruptcy Code has been satisfied. Those (i) holders of Liens, Claims, Encumbrances and Interests and (ii) non-debtor parties to the Assigned Contracts, who did not object, or who withdrew their objections, to the Sale of the Purchased Assets and the Sale Motion, are deemed to have consented pursuant to section 363(f)(2) of the Bankruptcy Code. All objections to the Sale Motion have been resolved or overruled. Those holders of Liens, Claims, Encumbrances and Interests who did object fall within one or more of the other subsections of section 363(f) of the Bankruptcy Code and are adequately protected by having their Liens, Claims, Encumbrances and Interests, if any, attach to the proceeds of the Sale of the Purchased Assets ultimately attributable to the property against or in which they claim or may claim any Liens, Claims, Encumbrances and Interests, and with such Liens, Claims, Encumbrances and Interests being subject to treatment by separate order of the Bankruptcy Court.

X. Not selling the Purchased Assets free and clear of all Liens, Claims, Interests and Encumbrances to the Purchaser would adversely impact the Debtors' estates, and the Sale of Purchased Assets other than one free and clear of all Liens, Claims, Interests and Encumbrances would be of substantially less value to the Debtors' estates.

Y. The Debtors and the Purchaser have, to the extent necessary, satisfied the requirements of section 365 of the Bankruptcy Code, including sections 365(b)(1)(A) and (B) and 365(f) of the Bankruptcy Code, in connection with the Sale and the assumption and assignment of the Assigned Contracts. The Purchaser has demonstrated adequate assurance of future performance with respect to the Assigned Contracts pursuant to section 365(b)(1)(C) of the Bankruptcy Code. The Assigned Contracts are assignable notwithstanding any provisions contained therein to the contrary (other than as identified on Exhibit B hereto). The Debtors have indicated that any cure payments will be paid by the Purchaser at closing and, therefore, have sufficiently provided for the cure payments required to assume and assign the Assigned Contracts to the Purchaser. The assumption and assignment of the Assigned Contracts pursuant to the terms of this Order is integral to the Agreement and is in the best interests of the Debtors, their estates, their creditors and other parties in interest, and represents the exercise of sound and prudent business judgment by the Debtors.

Z. The Purchaser is acting in good faith, pursuant to section 363(m) of the Bankruptcy Code, in closing the transactions contemplated by the Agreement at any time on or after the entry of this Order and cause has been shown as to why this Order should not be subject to the stay provided by Bankruptcy Rules 6004(h) and 6006(d).

AA. The transactions contemplated under the Agreement do not amount to a consolidation, merger or *de facto* merger of the Purchaser and the Debtors and/or the Debtors'

estates, there is not substantial continuity between the Purchaser and the Debtors, there is no common identity between the Debtors and the Purchaser, there is no continuity of enterprise between the Debtors and the Purchaser, the Purchaser is not a mere continuation of the Debtors or their estates, and the Purchaser does not constitute a successor to the Debtors or their estates. Other than the Assumed Liabilities, the Purchaser shall have no obligations with respect to any liabilities of the Debtors, including, without limitation, the Excluded Liabilities and the Order will release and forever discharge the Purchaser and any of their affiliates, their successors and assigns from any and all claims, causes of action, obligations, liabilities, demands, losses, costs and expenses of any kind, character or nature whatsoever, known or unknown, fixed or contingent, relating to the sale, except for liabilities and obligations under the Agreement.

BB. The Sale of the Purchased Assets outside of a plan of reorganization pursuant to the Agreement neither impermissibly restructures the rights of the Debtors' creditors nor impermissibly dictates the terms of a liquidating plan of reorganization for the Debtors. The Sale does not constitute a *sub rosa* chapter 11 plan.

CC. The total consideration provided by the Purchaser for the Purchased Assets is the highest and best offer received by the Debtors, and the Purchase Price constitutes (a) reasonably equivalent value under the Bankruptcy Code and the Uniform Fraudulent Transfer Act, (b) fair consideration under the Uniform Fraudulent Transfer Act and (c) reasonably equivalent value, fair consideration and fair value under any other applicable laws of the United States, any state, territory or possession, or the District of Columbia, for the Purchased Assets.

NOW, THEREFORE, BASED UPON ALL OF THE FOREGOING, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The relief requested in the Sale Motion is granted in its entirety, subject to the terms and conditions contained herein. The Sale Motion complies with all aspects of Local Rule 6004-1.

2. To the extent any such objection, response or request for continuance was not otherwise withdrawn, waived, or settled, it, and all reservations of rights contained therein, is overruled and denied. For the reasons set forth on the record, the objection of Rawlings Sporting Goods Company, Inc. is overruled.

3. Notice of the Sale Hearing was fair and equitable under the circumstances and complied in all respects with section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002 and 6004 and 6006, the Local Rules and the orders of the Bankruptcy Court.

Approval of Sale

4. The Sale of the Purchased Assets, the terms and conditions of the Agreement (including all schedules and exhibits affixed thereto), and the transactions contemplated thereby be, and hereby are, authorized and approved in all respects.

5. Upon entry of this order, the liens and claims of the Secured Lender shall be allowed in full. Upon the Closing of the Sale, the Debtors are authorized and directed to pay the Secured Lender indefeasibly in full, in cash, those amounts due and owing under the Final DIP Order and the Prepetition Secured Loans.

6. The Sale of the Purchased Assets and the consideration provided by the Purchaser under the Agreement is fair and reasonable and shall be deemed for all purposes to constitute a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code and any other applicable law.

7. The Purchaser is hereby granted and is entitled to all of the protections provided to a good faith buyer under section 363(m) of the Bankruptcy Code, including with respect to the

transfer of the Assigned Contracts as part of the Sale of the Purchased Assets pursuant to section 365 of the Bankruptcy Code and this Order.

8. Pursuant to section 363(m) of the Bankruptcy Code, if any or all of the provisions of this Order are hereafter reversed, modified, or vacated by a subsequent order of this Bankruptcy Court or any other court, such reversal, modification, or vacatur shall not affect the validity and enforceability of any transfer under the Agreement or obligation or right granted pursuant to the terms of this Order (unless stayed pending appeal), and notwithstanding any reversal, modification or vacatur shall be governed in all respects by the original provisions of this Order and the Agreement, as the case may be.

9. The Debtors are hereby authorized to fully assume, perform under, consummate and implement the terms of the Agreement together with any and all additional instruments and documents that may be reasonably necessary or desirable to implement and effectuate the terms of the Agreement, this Order and the Sale of the Purchased Assets contemplated thereby including, without limitation, deeds, assignments, stock powers and other instruments of transfer, and to take all further actions as may reasonably be requested by the Purchaser for the purpose of assigning, transferring, granting, conveying and conferring to the Purchaser, or reducing to possession any or all of the Purchased Assets or Assumed Liabilities, as may be necessary or appropriate to the performance of the Debtors' obligations as contemplated by the Agreement, without any further corporate action or orders of this Bankruptcy Court. The Purchaser shall have no obligation to proceed with the Closing of the Agreement until all conditions precedent to their obligations to do so have been met, satisfied or waived.

10. The Debtors and each other person or entity having duties or responsibilities under the Agreement, any agreements related thereto or this Order, and their respective directors,

officers, employees, members, agents, representatives, and attorneys, are authorized and empowered, subject to the terms and conditions contained in the Agreement, to carry out all of the provisions of the Agreement and any related agreements; to issue, execute, deliver, file, and record, as appropriate, the documents evidencing and consummating the Agreement, and any related agreements; to take any and all actions contemplated by the Agreement, any related agreements or this Order; and to issue, execute, deliver, file, and record, as appropriate, such other contracts, instruments, releases, indentures, mortgages, deeds, bills of sale, assignments, leases, or other agreements or documents and to perform such other acts and execute and deliver such other documents, as are consistent with, and necessary or appropriate to implement, effectuate, and consummate, the Agreement, any related agreements and this Order and the transactions contemplated thereby and hereby, all without further application to, or order of, the Bankruptcy Court or further action by their respective directors, officers, employees, members, agents, representatives, and attorneys, and with like effect as if such actions had been taken by unanimous action of the respective directors, officers, employees, members, agents, representatives, and attorneys of such entities.

11. The Debtors are further authorized and empowered to cause to be filed with the secretary of state of any state or other applicable officials of any applicable governmental units, any and all certificates, agreements, or amendments necessary or appropriate to effectuate the transactions contemplated by the Agreement, any related agreements and this Order, including amended and restated certificates or articles of incorporation and by-laws or certificates or articles of amendment, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable governmental units or as any of the officers of the Debtors may determine are necessary or appropriate. The execution of any

such document or the taking of any such action shall be, and hereby is, deemed conclusive evidence of the authority of such person to so act. Without limiting the generality of the foregoing, this Order shall constitute all approvals and consents, if any, required by the corporation laws of the State of Delaware, and all other applicable business corporation, trust, and other laws of the applicable governmental units with respect to the implementation and consummation of the Agreement, any related agreements and this Order, and the transactions contemplated thereby and hereby.

12. Effective as of the Closing, the Sale of the Purchased Assets by the Debtors to the Purchaser shall constitute a legal, valid and effective transfer of the Purchased Assets notwithstanding any requirement for approval or consent by any person and vests the Purchaser with all rights, titles and interests in and to the Purchased Assets, free and clear of all Liens, Claims, Encumbrances and Interests of any kind, pursuant to section 363(f) of the Bankruptcy Code. All such Liens, Claims, Encumbrances and Interests are to attach to the Sale Proceeds; and the assumption of any Assumed Liabilities by the Purchaser constitutes a legal, valid and effective delegation of any Assumed Liabilities to the Purchaser and divests the Debtors of all liability with respect to any Assumed Liabilities.

13. The Purchased Assets do not include any football helmet shells in Debtor's possession as of earlier of the date of the Closing or December 31, 2010, which have been specifically found to infringe patents of Riddell, Inc. in that certain civil action styled Riddell, Inc. v. Schutt Sports, Inc., identified by civil action number 3:08-cv-00711 pending in the United States District Court for the Eastern District of Wisconsin, and the Sale does not otherwise serve to authorize any continuing or future infringement of Riddell's intellectual property rights (including the allegation of infringement directed to the "AiR Flex QB-WR-9405" shoulder pad

set forth in that civil action styled Riddell, Inc. v. Schutt Sports, Inc., identified by civil action number 10-cv-000504 pending in the United States District Court for the Eastern District of Wisconsin).

14. The Sale does not serve to authorize post-closing any alleged continuing or future infringement of USA Helmet Company, LLC's or Mad Partners, LLC's intellectual property rights, if any, as alleged in the Notice of Potential Patent Infringement filed on December 10, 2010 [Docket No. 382].

15. Skydex Technologies, Inc. ("Skydex") alleges ownership of certain intellectual property rights and further alleges that the intellectual property rights that they purport to own are incorporated into certain products manufactured by the Debtors. The allegations by Skydex are disputed by the Debtors. This Order does not approve the sale or transfer of, any alleged intellectual property rights owned by Skydex Technologies, Inc. as alleged in Skydex Technologies, Inc.'s Objection to the Proposed Sale of the Debtors' Assets Pursuant to Proposed Asset Purchase Agreement filed on December 10, 2010 [Docket No. 386], including, but not limited to, the intellectual property allegedly provided to the Debtors pursuant to either the August 12, 2003 Purchase and Sale Agreement or the August 30, 2006 Mutual Confidential Disclosure Agreement entered into between Skydex Technologies, Inc. and the Debtors including, but not limited to, any technology based on Skydex Technologies, Inc.'s patented, proprietary or patent pending technology related to interdigitated hemis and/or interdigitated column technology. Additionally, neither the Sale nor this Order authorize any alleged continuing or future infringement of any of the aforementioned Skydex's intellectual property rights post-closing by the Purchaser or any past infringement of any of the aforementioned of Skydex's intellectual property rights, if any, by the Debtor or Debtor-In-Possession.

16. Notwithstanding any provision in this order or the Agreement, the rights of Ropes & Gray to recoup and/or setoff the Unpaid Fees against the Retainer (as such terms are defined in the Limited Objection of Ropes & Gray LLP to the Proposed Sale of the Debtors' Assets Pursuant to Proposed Asset Purchase Agreement, Docket No. 406) shall be preserved and are not released, impaired, discharged, or otherwise affected by this Order or the Agreement.

Transfer of Assets

17. Except to the extent specifically provided in the Agreement, upon the Closing, the Debtors shall be, and hereby are, authorized, empowered, and directed, pursuant to sections 105, 363(b), 363(f) and 365 of the Bankruptcy Code, to sell the Purchased Assets to the Purchaser. The sale of the Purchased Assets vests the Purchaser with all right, title and interest to the Purchased Assets free and clear of any and all Liens, Claims, Encumbrances and Interests and other liabilities and claims, whether secured or unsecured, choate or inchoate, filed or unfilled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, disputed or undisputed, or known or unknown, whether arising prior to or subsequent to the Petition Date, whether imposed by agreement, understanding, law, equity or otherwise. All such Liens, Claims, Encumbrances and Interests are to attach only to the proceeds of the Sale with the same priority, validity, force, and effect, if any, as they now have in or against the Purchased Assets, subject to all claims and defenses the Debtors may possess with respect thereto. The Sale Motion shall be deemed to provide sufficient notice as to the Sale of the Purchased Assets free and clear of Liens, Claims, Encumbrances and Interests in accordance with Local Rule 6004-1. Following the Closing Date, no holder of any Liens, Claims, Encumbrances and Interests in the Purchased Assets may interfere with the Purchaser's use and enjoyment of the Purchased Assets based on or related to such Liens, Claims, Encumbrances and Interests, or any actions that the Debtors may take in

their chapter 11 Cases and no person may take any action to prevent, interfere with or otherwise enjoin consummation of the transactions contemplated in or by the Agreement or this Order.

18. The provisions of this Order authorizing the Sale of the Purchased Assets free and clear of Liens, Claims, Encumbrances and Interests, other than the Assumed Liabilities, shall be self-executing, and neither the Debtors nor the Purchaser shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate and implement the provisions of this Order. All such Liens, Claims, Encumbrances and Interests are to attach to the Sale Proceeds.

19. On or before the Closing Date, the Debtors' creditors are authorized and directed to execute such documents and take all other actions as may be necessary to release any Liens, Claims, Encumbrances and Interests of any kind against the Purchased Assets, as such Liens, Claims, Encumbrances and Interests may have been recorded or may otherwise exist. If any person or entity that has filed financing statements or other documents or agreements evidencing any Liens, Claims, Encumbrances and Interests in or against the Purchased Assets shall not have delivered to the Debtors prior to the Closing after request therefor, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, or releases of all such Liens, Claims, Encumbrances and Interests that the person or entity has with respect to the Purchased Assets, the Debtor or the Purchaser, may, in their sole option and at their sole discretion, execute and file on behalf and in the stead of such creditor any such document as may be necessary to evidence the discharge on any Lien, Claim or Encumbrance. Nothing herein is intended to affect or limit the provisions of paragraph 17 of this Order. Each filing office, recording office or other registry where Liens, Claims, Encumbrances and Interests

are filed or recorded is authorized and directed to release such Liens, Claims, Encumbrances and Interests based upon the filing of a certified copy of this Order.

20. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, registration and governmental authorization or approval of the Debtors with respect to the Purchased Assets, and all such licenses, permits, registrations and governmental authorizations and approvals are deemed to have been, and hereby are, directed to be transferred to the Purchaser as of the Closing Date.

21. All of the Debtors' interests in the Purchased Assets to be acquired by the Purchaser under the Agreement shall be, as of the Closing Date and upon the occurrence of the Closing, transferred to and vested in the Purchaser free and clear of all Liens, Claims, Interests and Encumbrances. Upon the occurrence of the Closing, this Order shall be considered and constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Purchased Assets acquired by the Purchaser under the Agreement and/or a bill of sale or assignment transferring good and marketable, indefeasible title and interest in the Purchased Assets to the Purchaser.

22. Except as otherwise provided in the Agreement, on the Closing Date, each of the Debtors' creditors is authorized and directed to execute such documents and take all other actions as may be necessary to release their respective interests or claims against the Purchased Assets, if any, as may have been recorded or may otherwise exist.

23. Except as otherwise expressly provided in the Agreement, all persons or entities, presently or on or after the Closing Date, in possession of some or all of the Purchased Assets are

directed to surrender possession of the Purchased Assets to the Purchaser on the Closing Date or at such time thereafter as the Purchaser may request.

Assumed Contracts and Assumed Leases

24. Subject to the terms of the Agreement and the occurrence of the Closing Date, the assumption by the Debtors of the Assigned Contracts and the assignment of such Assigned Contracts to the Purchaser, as provided for or contemplated by the Agreement, be, and hereby is, authorized and approved pursuant to sections 363 and 365 of the Bankruptcy Code.

25. The Assigned Contracts shall be deemed valid and binding and in full force and effect and assumed by the Debtors and assigned to the Purchaser at the Closing, pursuant to sections 363 and 365 of the Bankruptcy Code, subject only to the payment of all Cure Amounts.

26. Upon the payment of the Cure Amounts, in accordance with sections 363 and 365 of the Bankruptcy Code, the Purchaser shall be fully and irrevocably vested in all right, title and interest of each Assigned Contracts. The Debtors shall cooperate with, and take all actions reasonably requested by, the Purchaser to effectuate the foregoing.

27. Pursuant to sections 365(b)(1)(A) and (B) of the Bankruptcy Code, and except as otherwise provided in this Order, the Purchaser shall promptly pay or cause to be paid to the parties to any Assigned Contracts the requisite Cure Amounts, if any, set forth in the Cure Notice served by the Debtors on each of the parties to the Assigned Contracts, with respect to the assumption and assignment thereof. The Cure Amounts are hereby fixed at the amounts set forth in the Cure Notice served by the Debtors, or the amounts determined on the record of the Sale Hearing, as the case may be, and the non-debtor parties to the Assigned Contracts are forever bound by such Cure Amounts and are hereby enjoined from taking any action against the Purchaser or the Purchased Assets with respect to any claim for cure, or any other claim, under any Assigned Contract.

28. All defaults, actual pecuniary losses (as defined in Section 365(b)(1)(B) of the Bankruptcy Code) or other obligations under the Assigned Contracts arising prior to the Closing (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be deemed cured by payment of the Cure Amounts, and the non-debtor parties to such contracts shall be forever barred and estopped from asserting or claiming against the Debtors or the Purchaser that any additional amounts are due or other defaults exist.

29. Any provision in any Assigned Contract that purports to declare a breach, default or payment right as a result of an assignment or a change of control in respect of the Debtors is unenforceable, and all Assigned Contracts shall remain in full force and effect, subject only to payment of the appropriate Cure Amount, if any. No sections or provisions of any Assigned Contract that purports to provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor third party to the Assigned Contracts shall have any force and effect with respect to the transactions contemplated by the Agreement and assignments authorized by this Order, and such provisions constitute unenforceable anti-assignment provisions under section 365(f) of the Bankruptcy Code and/or are otherwise unenforceable under section 365(e) of the Bankruptcy Code and no assignment of any Assigned Contract pursuant to the terms of the Agreement in any respect constitutes a default under any Assigned Contract. The non-debtor party to each Assigned Contract shall be deemed to have consented to such assignment under section 365(c)(1)(B) of the Bankruptcy Code, and the Purchaser shall enjoy all of the rights and benefits under each such Assigned Contract as of the applicable date of assumption without the necessity of obtaining such non-debtor party's written consent to the

assumption or assignment thereof (other than with respect to those contracts specifically identified on Exhibit B hereto).

30. Notwithstanding anything herein to the contrary, seven (7) business days following the Sale Hearing, Purchaser shall be entitled in its sole discretion to request that the Debtors add to the list of Assigned Contracts any executory contracts of Debtors by providing written notice thereto to the Debtors, and any executory contracts so added shall constitute Purchased Assets; provided that Purchaser shall not be entitled to add to the list of Assigned Contracts any contracts of the Debtors that, as of the date Purchaser provides written notice to Debtors, (a) any Debtors have rejected by Order of the Bankruptcy Court, (b) that have terminated or expired pursuant to their terms or by Order of the Bankruptcy Court, or (c) that are set forth on Schedule 1.4 of the Agreement. If Purchaser adds any executory contracts to the Assigned Contracts in accordance with the foregoing, then, at Purchaser's request, and subject to Section 1.5 of the Agreement, the Debtors shall take such steps as are necessary to cause such executory contracts to be assumed by the Debtors and assigned to Purchaser, including to the extent necessary promptly filing appropriate pleadings, with the bankruptcy Court to obtain approval of such assumption and assignment.

31. The following filed or have informally raised objections to the Cure Amounts: (1) License Agreement, dated as of March 23, 1998, by and between Pamela S. Ryan, Leisure Inc. and Schutt Sports, Inc. f/k/a Schutt Athletic Sales Company; (2) outstanding purchase orders of Custom Manufacturing, Inc.; (3) outstanding purchase orders of LMC Industries; and (4) outstanding purchase orders of McDaniel Fire Systems, LLC. The Debtors reserve their right to among other things assert that these contracts are not executory. To the extent the Cure issues

raised by these parties are not resolved, the Court will hold a hearing on December 23, 2010, at 1:30 p.m. to address these issues.

32. The Purchaser has satisfied all requirements under sections 365(b)(1) and 365(f)(2) of the Bankruptcy Code to provide adequate assurance of future performance under the Assigned Contracts.

33. The Debtors and their estates shall be relieved of any liability for any breach of any of the Assigned Contracts occurring on and after Closing, pursuant to and in accordance with section 365(k) of the Bankruptcy Code.

34. The non-debtor parties to Assigned Contracts shall be prohibited from charging any rent acceleration, assignment fees, increases or other fees to the Purchaser as a result of the assumption and assignment of the Assigned Contracts.

Additional Provisions

35. The Debtors are hereby authorized and empowered, upon and in connection with the Closing, to change their corporate names and the caption of these chapter 11 cases, consistent with applicable law. The Debtors shall file a notice of change of case caption, containing the new caption and the proposed new corporate names of the applicable Debtors, within one business day of the Closing, and the change of case caption for these chapter 11 cases shall be deemed effective as of the Closing.

36. Each and every federal, state, and local governmental agency or department is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement and this Order.

37. To the extent permitted by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Purchased

Assets sold, transferred or conveyed to the Purchaser on account of the filing or pendency of these chapter 11 Cases or the consummation of the transaction contemplated by the Agreement.

38. The Purchaser has not assumed or is otherwise not obligated for any of the Debtors' obligations or liabilities other than the Assumed Liabilities as set forth in the Agreement, and the Purchaser has not purchased any of the Excluded Assets. Consequently, all persons, Governmental Units (as defined in sections 101(27) and 101(41) of the Bankruptcy Code) and all holders of Liens, Claims, Encumbrances and Interests based upon or arising out of liabilities retained by the Debtors are hereby enjoined from taking any action against the Purchaser or the Purchased Assets, including asserting any setoff, right of subrogation or recoupment of any kind, to recover any Liens, Claims, Encumbrances and Interests or on account of any liabilities of the Debtors other than Assumed Liabilities pursuant to the Agreement. All persons holding or asserting any Interest in the Excluded Assets are hereby enjoined from asserting or prosecuting such Liens, Claims, Encumbrances and Interests or cause of action against the Purchaser or the Purchased Assets for any liability associated with the Excluded Assets.

39. The Purchaser is not a "successor" to the Debtors or their estates by reason of any theory of law or equity, and the Purchaser shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of any of the Debtors and/or their estates including, but not limited to, any bulk sales law, successor liability, liability or responsibility for any claim against the Debtors or against an insider of the Debtors, or similar liability except as otherwise expressly provided in the Agreement, and the Sale Motion contains sufficient notice of such limitation in accordance with Local Rule 6004-1. Except to the extent the Purchaser assumes the Assumed Liabilities pursuant to the Agreement, neither the purchase of the

Purchased Assets by the Purchaser or its affiliates, nor the fact that the Purchaser or its affiliates are using any of the Purchased Assets previously operated by the Debtors, will cause the Purchaser or any of its affiliates to be deemed a successor in any respect to the Debtors' business within the meaning of, or in connection with, (i) any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, antitrust, environmental, or other law, rule or regulation (including without limitation filing requirements under any such laws, rules or regulations), (ii) under any products liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or doctrine, or under any product warranty liability law or doctrine with respect to the Debtors' liability under such law, rule or regulation or doctrine, (iii) any employment or labor agreements, collective bargaining agreements, consulting agreements, severance arrangements, change-in-control agreements or other similar agreement to which the Debtors are a party, (iv) any pension, health, welfare, compensation or other employee or retiree benefit plans, agreements, practices and programs, including, without limitation, any pension plan of the Debtors, (v) the cessation of the Debtors' operations, dismissal of employees, or termination of employment or labor agreements, collective bargaining agreements, or pension, health, welfare, compensation or other employee or retiree benefit plans, agreements, practices and programs, and any obligations that might otherwise arise from any such cessation, dismissal or termination pursuant to any law of the United States, any State therein, or any other jurisdiction in the world, whether such obligations arise under any contract, agreement, statute, regulation, ordinance, common law, public policy, constitution or any other source, including without limitation, the Employee Retirement Income Security Act of 1974, as amended, the Fair Labor Standard Act, Title VII of the Civil Rights Act of 1964, the Age Discrimination and Employment Act of 1967, the Federal Rehabilitation Act of 1973, the National Labor Relations

Act, the Consolidated Omnibus Budget Reconciliation Act of 1985, COBRA, or the Worker Adjustment and Retraining Notification Act, (vi) environmental liabilities, debts, claims or obligations arising from conditions first existing on or prior to Closing (including, without limitation, the presence of hazardous, toxic, polluting, or contaminating substances or wastes), which may be asserted on any basis, including, without limitation, under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601, *et seq.*, (vii) any liabilities, debts or obligations of or required to be paid by, the Debtors for any taxes of any kind for any period, (viii) any liabilities, debts, commitments or obligations for any taxes relating to the operation of the Purchased Assets prior to Closing, and (ix) any litigation. The Purchaser shall have no successor or vicarious liabilities of any kind or character.

40. Except with respect to Assumed Liabilities, all persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax and regulatory authorities, lenders, trade creditors, litigation claimants and other creditors, holding Liens Claims, Encumbrances or Interests of any kind or nature whatsoever against or in all or any portion of the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, liquidated or unliquidated or subordinate), arising under or out of, in connection with, or in any way relating to the Debtors, the Purchased Assets, the operation of the Debtors' Business prior to the Closing Date or the transfer of the Purchased Assets to the Purchaser, hereby are forever barred, estopped and permanently enjoined from asserting, against the Purchaser, any of its affiliates, its successors or assigns, their property or the Purchased Assets, such persons' or entities' Liens, Claims, Encumbrances or Interest in and to the Purchased Assets, including, without limitation, the following actions: (i) commencing or continuing in any manner any action or other proceeding against the Purchaser, any of its

affiliates, successors, assets or properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Purchaser, any of its affiliates, successors, assets or properties; (iii) creating, perfecting or enforcing any Lien or other Claim against the Purchaser, any of its affiliates, successors, assets or properties; (iv) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due Purchaser, any of its affiliates or successors; (v) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the Provisions of this Order or other orders of the Court, or the agreements or actions contemplated or taken in respect thereof; or (vi) revoking, terminating or failing or refusing to transfer or renew any license, permit or authorization to operate any of the Purchased Assets or conduct any of the business operated with the Purchased Assets. For the avoidance of doubt, the foregoing shall not prevent the Debtors, their estates, successors or permitted assigns from pursuing claims, if any, against the Purchaser and/or its successors and assigns in accordance with the terms of the Agreement.

41. Other than the Assumed Liabilities as provided for in the Agreement, the Purchaser shall have no obligations with respect to any liabilities of the Debtors, including, without limitation, the Excluded Liabilities, and the Debtors are deemed to release and forever discharge the Purchaser and any of its affiliates, successors and assigns from any and all claims, causes of action, obligations, liabilities, demands, losses, costs and expenses of any kind, character or nature whatsoever, known or unknown, fixed or contingent, relating to the sale, except for liabilities and obligations under the Agreement.

42. Subject to the terms of the Agreement, the Agreement and any related agreements may be waived, modified, amended, or supplemented by agreement of the Debtors and the Purchaser, without further action or order of the Bankruptcy Court; provided, however, any such

waiver, modification, amendment, or supplement is not material and substantially conforms to, and effectuates, the Agreement and any related agreements.

43. The failure specifically to include any particular provisions of the Agreement or any related agreements in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Bankruptcy Court, the Debtors and the Purchaser that the Agreement and any related agreements are authorized and approved in their entirety with such amendments thereto as may be made by the parties in accordance with this Order prior to Closing.

44. To the extent any provisions of this Order conflict with the terms and conditions of the Agreement, this Order shall govern and control.

45. This Order and the Agreement shall be binding upon 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 chapter 11 trustee hereinafter appointed for the Debtors' estates or any trustee appointed in applicable chapter 7 cases if these Cases are converted from chapter 11, all creditors of any Debtor (whether known or unknown), filing agents, filing officers, title agents, recording agencies, 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 Purchased Assets.

46. The provisions of this Order are non-severable and mutually dependent.

47. Nothing in any order of this Bankruptcy Court or contained in any plan of reorganization or liquidation confirmed in the chapter 11 Cases, or in any subsequent or

converted cases of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code, shall conflict with or derogate from the provisions of the Agreement or the terms of this Order.

48. Notwithstanding Bankruptcy Rules 6004, 6006 and 7062, this Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. In the absence of any person or entity obtaining a stay pending appeal, the Debtors and the Purchaser are free to close under the Agreement at any time, subject to the terms of the Agreement. In the absence of any person or entity obtaining a stay pending appeal, if the Debtors and the Purchaser close under the Agreement, the Purchaser shall be deemed to be acting in "good faith" and shall be entitled to the protections of section 363(m) of the Bankruptcy Code as to all aspects of the transactions under and pursuant to the Agreement if this Order or any authorization contained herein is reversed or modified on appeal.

49. This Bankruptcy Court shall retain exclusive jurisdiction to enforce the terms and provisions of this Order, the Bid Procedures Order, and the Agreement in all respects and to decide any disputes concerning this Order and the Agreement, or the rights and duties of the parties hereunder or thereunder or any issues relating to the Agreement and this Order including, but not limited to, the interpretation of the terms, conditions and provisions hereof and thereof, the status, nature and extent of the Purchased Assets and any Assigned Contracts and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the assets free and clear of all Liens, Claims, Encumbrances and Interests, and the attachment of such Liens, Claims, Encumbrances and Interests to the Sale Proceeds.

Dated: Wilmington, Delaware
Dec 16, 2010


HONORABLE/KEVIN J. CAREY
CHIEF UNITED STATES BANKRUPTCY JUDGE

Exhibit A

EXECUTION VERSION

**SECOND AMENDED AND RESTATED
ASSET PURCHASE AGREEMENT**

by and among

SCHUTT HOLDINGS, INC. AND ITS SUBSIDIARIES,
as Sellers

and

KRANOS INTERMEDIATE HOLDING CORPORATION,
as Purchaser

Dated as of December 15, 2010

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SECOND AMENDED AND RESTATED ASSET PURCHASE AGREEMENT

THIS SECOND AMENDED AND RESTATED ASSET PURCHASE AGREEMENT ("Agreement") is made as of December 15, 2010, by and among Schutt Holdings, Inc., a Delaware corporation ("Holdings"), Schutt Sports, Inc., an Illinois corporation ("Schutt"), Triangle Sports, Inc., an Illinois corporation ("Triangle"), Mountain View Investment Company of Illinois, a Delaware corporation ("Mountain"), R.D.H. Enterprises, Inc., an Illinois corporation ("RDH"), Melas, Inc., an Illinois corporation ("Melas"), and Circle System Group, Inc., a Pennsylvania corporation ("Circle System"), along with Holdings, Schutt, Triangle, Mountain, RDH and Melas, each a "Seller" and collectively, the "Sellers", and Kranos Intermediate Holding Corporation, a Delaware corporation ("Purchaser"). Capitalized terms used but not otherwise defined in the text of this Agreement have the meanings set forth in Appendix 1 attached hereto, which is incorporated herein and made a part of this Agreement.

RECITALS

A. Sellers are engaged in the design, manufacture, distribution, marketing and sale of team sporting goods equipment (including, without limitation, helmets and other protective equipment), the reconditioning and refurbishment of team sporting goods equipment and the design, manufacture, distribution, marketing and sale of sports collectibles (collectively, the "Business").

B. On September 6, 2010 (the "Petition Date"), all Sellers (other than Holdings) filed voluntary petitions for relief, and on September 15, 2010, Holdings filed a voluntary petition for relief, under the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, which cases are jointly administered under Case No. 10-12795 (KJC) (the "Bankruptcy Case").

C. Sellers and Purchaser entered into that certain Asset Purchase Agreement (the "Original APA") dated as of November 19, 2010, entered into an Amended and Restated Asset Purchase Agreement dated as of November 21, 2010 (the "First Amended and Restated APA"), and the parties desire to amend and restate in its entirety the First Amended and Restated APA pursuant hereto.

D. On the terms and subject to the conditions set forth in this Agreement, (i) Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, the Purchased Assets and (ii) Purchaser desires to assume, and Sellers desire to assign and transfer to Purchaser, the Assumed Liabilities.

E. It is intended that the acquisition of the Purchased Assets will be accomplished through the sale, transfer and assignment of the Purchased Assets by Sellers to Purchaser in a sale undertaken pursuant to §363 of the Bankruptcy Code and that certain executory contracts and unexpired leases will be assumed by Sellers and assigned to Purchaser pursuant to §365 of the Bankruptcy Code in connection therewith.

AGREEMENTS

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

Purchase and Sale of Assets

1.1 Agreement to Purchase and Sell. On the terms and subject to the conditions contained in this Agreement, Purchaser agrees to purchase from Sellers, and Sellers agree to sell, transfer and convey to Purchaser, all of Sellers' assets, properties, rights and interests as of the Closing Date, wherever situated or located, other than the Excluded Assets. All of such assets, properties, rights and interests (other than the Excluded Assets) are collectively referred to in this Agreement as the "Purchased Assets". All of the Purchased Assets shall be sold, transferred and conveyed to Purchaser free and clear of any and all Liens and Claims, in each case to the extent resulting from the Sale Order, other than Permitted Liens and Assumed Liabilities.

1.2 Description of Purchased Assets. Without limitation of Section 1.1, the Purchased Assets shall include the following assets owned by Sellers as of the Closing Date, except to the extent that any of the following are also enumerated in Section 1.3 as being Excluded Assets:

(a) all inventory (including, without limitation, raw materials, work in process, finished goods, service parts, packaging materials and supplies) (collectively, the "Inventory");

(b) all furniture, fixtures, equipment (including office equipment), machinery, parts, computer hardware, tools, dies, jigs, patterns, molds, automobiles, trucks and all other tangible personal property (other than inventory) (collectively, the "Equipment");

(c) those certain parcels of property (each, a "Real Property") located at (i) 710 S. Industrial Drive, Litchfield, Illinois 62056, (ii) 610 S. Industrial Drive, Litchfield, Illinois 62056 and (iii) 2510 S. Broadway Avenue, Salem, Illinois 62881, each of which is legally described on Schedule 4.3(m), together with all licenses, rights of way, privileges and easements belonging to, appertaining to or benefitting said Real Property in any way (collectively, the "Owned Real Estate"), and all buildings and other improvements located thereon;

(d) provided that Purchaser requires Seller to assume and assign the Leased Real Estate in accordance with Section 8.9, Sellers' entire leasehold interest as lessee under the lease (the "Real Estate Lease") for those certain real properties located at (i) 8 McFadden Road, Easton, Pennsylvania 18045, (ii) 653 Bushkill Street, Easton, Pennsylvania 18042, (iii) 38 N. 17th Street, Easton, Pennsylvania 18042, (iv) 927 Northampton Street, Easton, Pennsylvania 18042 and (v) 1120-1130 Butler Street, Easton, Pennsylvania 18042 (collectively, the "Leased Real Estate");

(e) all trade accounts receivable, notes receivable, negotiable instruments and chattel paper, except as set forth in Section 1.3(g) hereto (collectively, the "Accounts Receivable");

(f) subject to Sections 1.4 and 1.5:

(i) all sales orders, sales contracts and all other similar contracts entered into by any Seller with any customer of the Business,

(ii) all purchase orders, purchase contracts and all other similar contracts entered into by any Seller with any supplier, vendor or third party supplying goods or services to the Business,

(iii) all of Sellers' right, title and interest under all written employment agreements to which any Seller is a party, each of which is identified on Schedule 1.2(f), and

(iv) all other contracts and agreements, including, without limitation, leases for personal property (including capitalized leases) under which any Seller is a lessee or lessor, distribution agreements, sales representative agreements, service agreements, franchise agreements and license agreements, in each case under this clause (iv) as identified on Schedule 1.2(f) (such contracts so identified on Schedule 1.2(f) under this clause (iv) and clause (iii) above, together with the contracts described in clauses (i) and (ii) of this Section 1.2(f), the Real Estate Lease and the Company Plans, are collectively referred to herein as the "Assigned Contracts");

(g) subject to Section 1.5, all Permits and Environmental Permits, in each case, to the extent transferable after giving effect to the Sale Order;

(h) subject to Section 1.4, all intellectual property rights (collectively, the "Intellectual Property Rights"), including, without limitation, patents and applications therefor, designs and applications therefor, know-how, unpatented inventions, trade secrets, secret formulas, business and marketing plans, copyrights and applications therefor, trademarks and applications therefor, service marks and applications therefor, trade names and applications therefor, logos, trade dress, and names and slogans used by Sellers (including, without limitation, the name "Schutt" and Sellers' corporate names), domain names, and all goodwill associated with such intellectual property rights;

(i) all customer lists, customer records and information;

(j) all books and records, including, without limitation, the following: blueprints, drawings and other technical papers; records related to payroll, employee benefits (excluding any employee benefit plans and excluding any records to the extent the transfer thereof is not permissible under law after giving effect to the Sale Order), accounts receivable and payable, inventory, maintenance and asset history; ledgers and books of original entry; and all insurance records and OSHA and EPA files;

(k) subject to Section 1.4, all of Sellers' Company Plans and any assets or rights related thereto, including all insurance policies that constitute Company Plans;

(l) all rights in connection with (i) prepaid expenses and (ii) advance payments, in each case, with respect to Purchased Assets;

(m) subject to Section 1.5, all computer software, including all documentation and source code with respect to such software, and all licenses and leases of software identified on Schedule 1.2(f), in each case to the extent transferable or, if a consent to such transfer is required notwithstanding the Sale Order, such consent has been obtained;

(n) all Avoidance Actions against vendors of the Business (the "Assigned Avoidance Actions");

(o) except for the Retained Claims, all causes of action, lawsuits, judgments, claims, refunds, rights of recovery, rights of set-off, counterclaims, defenses, demands, warranty claims, rights to indemnification, contribution, advancement of expenses or reimbursement, or similar rights of any Seller (at any time or in any manner arising or existing, whether choate or inchoate, known or unknown, now existing or hereafter acquired, contingent or noncontingent) that relate to any of the Purchased Assets;

(p) all sales and promotional materials, catalogues and advertising literature;

(q) except to the extent set forth in Section 1.3(h), all deposits (including, without limitation, any security deposits) and vendor rebates and rights with respect to such deposits and rebates that relate to or arise from Purchased Assets;

(r) 50% of the Warehouse Lease Deposit; and

(s) (i) if the Real Estate Lease is a Purchased Asset, all deposits (including, without limitation, any security deposits) under the Real Estate Lease (the "Lease Deposit") and all rights with respect thereto; (ii) if the Real Estate Lease is not a Purchased Asset and the Purchaser does not, on or prior to the Extended Assumption/Rejection Date, enter into a replacement lease with the landlord for Leased Real Estate, 50% of the Lease Deposit and all rights with respect thereto; and (iii) if the Real Estate Lease is not a Purchased Asset and the Purchaser does, on or prior to the Extended Assumption/Rejection Date, enter into a replacement lease with the landlord for Leased Real Estate, that portion of Lease Deposit equal to the deposit required by the landlord pursuant to such replacement lease, and all rights with respect thereto.

1.3 Excluded Assets. The Excluded Assets shall consist of the following items and assets (whether or not such assets are otherwise described in Section 1.2):

(a) all cash on hand and in banks, cash equivalents, investments, letters of credit, and checks received (but not deposited or cleared);

(b) Sellers' bank accounts, checkbooks and cancelled checks (it being understood that following the Closing, Purchaser shall have access to, and shall be entitled to make copies of, such cancelled checks, all at Purchaser's cost and expense);

(c) contracts and agreements that do not constitute Assigned Contracts;

(d) Permits and Environmental Permits that are not transferable;

(e) except for insurance policies that constitute Company Plans, all current and prior insurance policies of Sellers and their predecessors (including, without limitation, directors' and officers' insurance policies or similar fiduciary policies) and all rights thereunder and in connection therewith, including refunds with respect to insurance premium payments;

(f) all rights arising from prepaid expenses or advance payments, in each case with respect to Excluded Assets;

(g) all receivables related to any Excluded Assets;

(h) all rights with respect to the following deposits and rebates (i) except with respect to the Lease Deposit and the Warehouse Lease Deposit, all (A) deposits (including, without limitation, any security deposits) and vendor rebates identified on Schedule 1.3(h) and (B) deposits (including, without limitation, any security deposits) and vendor rebates with respect to Excluded Assets, (ii) with respect to the Lease Deposit, that portion thereof that does not constitute a Purchased Asset, and (iii) 50% of the Warehouse Lease Deposit;

(i) all accounts receivable and notes receivable (in each case, of any nature or kind) owed or payable to any Seller by another Seller or any Affiliate thereof, as well as all other amounts, liabilities or obligations (in each case, of any nature or kind) owed or payable to any Seller by another Seller or any Affiliate thereof;

(j) all rights arising from any refunds due from federal, state and/or local taxing authorities with respect to Taxes heretofore paid by Sellers, and all deferred tax assets;

(k) all deposits of Sellers with the Internal Revenue Service, including, without limitation, tax deposits, prepayments and estimated payments;

(l) all causes of action, lawsuits, judgments, claims, refunds, rights of recovery, rights of set-off, counterclaims, defenses, demands, warranty claims, rights to indemnification, contribution, advancement of expenses or reimbursement, or similar rights of any Seller (at any time or in any manner arising or existing, whether choate or inchoate, known or unknown, now existing or hereafter acquired, contingent or noncontingent) (collectively, "Retained Claims") which relate to:

(i) the Excluded Assets and/or the Excluded Liabilities;

(ii) the Riddell Matters (including, without limitation, any and all claims asserted therein or which could have been asserted by Sellers therein), any and all appeals thereof, all awards and judgments with respect thereto and all professional malpractice claims or other claims against third parties related thereto or related to the subject matter thereof;

(iii) the Circle System Matters (including, without limitation, any and all claims asserted therein or which could have been asserted by Sellers therein), any and all appeals thereof, all awards and judgments with respect thereto and all professional malpractice claims or other claims against third parties related thereto or related to the subject matter thereof; and

(iv) all Avoidance Actions (other than the Assigned Avoidance Actions);

(m) Sellers' rights under this Agreement and the agreements and documents entered into in connection with the transactions contemplated hereby;

(n) Sellers' corporate charters, minute and stock record books, corporate seals and tax returns; and

(o) all shares of capital stock or other equity interests in any Seller or any Affiliate thereof or any securities convertible into, exchangeable or exercisable for shares of capital stock or other equity interests in any Seller or any Affiliate thereof.

For clarification purposes and without implication that the contrary would otherwise be true, it is understood and agreed that all rights and remedies with respect to the Excluded Assets and/or the Excluded Liabilities and which rights or remedies first arise after the Closing shall be retained by Sellers and shall not be transferred to Purchaser hereunder.

1.4 Designation of Additional Assigned Contracts. Notwithstanding anything herein to the contrary, seven (7) Business Days following the Sale Hearing, Purchaser shall be entitled in its sole discretion to request that Sellers add to the list of Assigned Contracts any executory contracts of Sellers by providing written notice thereof to Sellers, and any executory contracts so added shall constitute Purchased Assets; provided that Purchaser shall not be entitled to add to the list of Assigned Contracts any contracts of Sellers that, as of the date Purchaser provides written notice to Sellers, (a) any Sellers have rejected by Order of the Bankruptcy Court, (b) that have terminated or expired pursuant to their terms or by Order of the Bankruptcy Court, or (c) that are set forth on Schedule 1.4. If Purchaser adds any executory contracts to the Assigned Contracts in accordance with the foregoing, then, at Purchaser's request, and subject to Section 1.5, Sellers shall take such steps as are necessary to cause such executory contracts to be assumed by the Sellers and assigned to Purchaser, including to the extent necessary promptly filing appropriate pleadings with the Bankruptcy Court to obtain approval of such assumption and assignment.

1.5 Assignment of Assigned Contracts. To the maximum extent permitted by the Bankruptcy Code, but subject to applicable law and the other provisions of this Section 1.5, Sellers shall assume and transfer, sell and assign all Assigned Contracts, Permits and

Environmental Permits to Purchaser pursuant to Sections 363 and 365 of the Bankruptcy Code as of the Closing Date or such other date as specified in the Sale Order or this Agreement, as applicable. Notwithstanding any other provision of this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assigned Contract, Permit or Environmental Permit (or any right thereunder) if an attempted assignment without the consent of a third party, which consent has not been obtained prior to the Closing (and is not provided for or satisfied by the Sale Order, the Bankruptcy Code or applicable law), would constitute a breach or in any way adversely affect the rights of the Purchaser or Sellers thereunder (and the parties acknowledge and agree that the Closing shall proceed with respect to the remaining Assigned Contracts, Permits and Environmental Permits without any reduction in the Purchase Price).

ARTICLE II

Assumption of Liabilities

2.1 Agreement to Assume. At the Closing, Purchaser shall assume and agree to pay, perform and discharge when due, the liabilities and obligations of Sellers as described in Section 2.2 (the "Assumed Liabilities"). Purchaser shall only be liable for Assumed Liabilities. All other liabilities and obligations of Sellers, including those enumerated in Section 2.3, are collectively referred to herein as "Excluded Liabilities". Purchaser shall not assume, be deemed to have assumed, or otherwise be responsible for, the Excluded Liabilities.

2.2 Description of Assumed Liabilities. The following liabilities and obligations of Sellers (and only the following liabilities and obligations) shall constitute the Assumed Liabilities:

- (a) in addition to Sections 2.2(b) and (c) below, all liabilities and obligations of Sellers under the (i) Assigned Contracts and (ii) Permits and Environmental Permits that constitute Purchased Assets, in each case, to the extent relating to, or arising from, the period commencing on or after the Closing Date;
- (b) all trade payables, accrued expenses, accrued royalties, accrued dues and the like of Sellers, in each case, to the extent arising on or after the Petition Date;
- (c) all Cure Amounts (the "Purchaser Cure Amounts");
- (d) all liabilities and obligations relating to or arising from the Purchased Assets or the operation of the Business, but only to the extent relating to, or arising from, the period commencing on or after the Closing Date;
- (e) all liabilities and obligations for warranty liabilities, repairs, replacements, returns, allowances and rebates with respect to products sold, or services provided, by the Business, but only to the extent relating to, or arising from, the period commencing on or after the Closing Date;
- (f) all Taxes to the extent allocated to Purchaser pursuant to Section 8.3 hereof;

(g) accrued payroll, accrued commissions, accrued and unused vacation, time-off or sick leave, and accrued payroll Taxes and other similar Taxes with respect to the foregoing, in each case, as of the Closing Date and with respect to the Employees; provided, however, that Sellers shall pay all liabilities and obligations described in this Section 2.2(g) as and when due through the Closing Date consistent with Sellers' past practices; provided, further that this Section 2.2(g) shall exclude all Management Incentive Plans;

(h) subject to Section 1.4, liabilities and obligations of Sellers under the contracts described in Section 1.2(f)(iii), in each case, to the extent such contracts constitute Assigned Contracts and to the extent relating to, or arising from, the period commencing on or after the Closing Date; provided, however, that Sellers shall pay all liabilities and obligations described in this Section 2.2(h) as and when due through the Closing Date; provided, further that this Section 2.2(h) shall exclude all Management Incentive Plans; and

(i) the liabilities referenced in Article IX to be assumed by Purchaser.

2.3 Excluded Liabilities. The Excluded Liabilities shall consist of all liabilities and obligations (whether direct or indirect, matured or unmatured, known or unknown, absolute, accrued, contingent or otherwise, whether now existing or hereafter arising) of Sellers, other than the Assumed Liabilities. The Excluded Liabilities shall include, without limitation, the following:

(a) except to the extent set forth in Sections 2.2(f) or (g) hereof, any and all liabilities and obligations of the Sellers for Taxes arising from or with respect to the Purchased Assets or the Business to the extent attributed to the Sellers or the Business prior to the Closing Date;

(b) any and all liabilities for indebtedness of Sellers to banks or other financial institutions, in each case with respect to borrowed money (but excluding obligations with respect to capitalized leases that are Assigned Contracts);

(c) to the maximum extent permitted by law, any and all liabilities and obligations arising under any Environmental Law or any other law (including as a result of any action or inaction of Sellers or of any third party) relating to the storage, use or operation of the Purchased Assets prior to the Closing;

(d) to the maximum extent permitted by law, any and all liabilities or obligations for any violation of any law, rule, regulation, judgment, injunction, Order or decree occurring prior to the Closing;

(e) any and all claims, liabilities and obligations for infringement of the intellectual property or similar rights of third parties arising from or relating to products sold by, or other conduct of, Sellers at any time prior to the Closing;

(f) (i) any and all liabilities and obligations for that certain judgment for \$29,024,750 in the litigation captioned *Riddell, Inc. v. Schutt Sports, Inc.* Civil Action No.

3:08-cv-00711-BBC in the United States District Court for the Western District of Wisconsin; (ii) any and all liabilities and obligations for any judgment in the litigation captioned *Riddell, Inc. v. Schutt Sports, Inc.*, Civil Action No. 10-cv-000504, pending in the United States District Court for the Western District of Wisconsin; (iii) any and all other liabilities and obligations relating to or arising out of the Riddell Matters; and (iv) any and all liabilities and obligations relating to or arising out of the Circle System Matters;

(g) any and all liabilities and obligations for: (i) costs and expenses incurred by Sellers or owed in connection with the administration of the Bankruptcy Case (including, without limitation, the U.S. Trustee fees, the fees and expenses of attorneys, accountants, financial advisors, consultants and other professionals retained by Sellers, and the official creditors' committee, the fees and expenses of the post-petition lenders and pre-petition lenders incurred or owed in connection with the administration of the Bankruptcy Case); and (ii) all costs and expenses of Sellers incurred in connection with the negotiation, execution and consummation of the transactions contemplated under this Agreement;

(h) all claims against officers and directors of the Sellers to the extent relating to, or arising from, any and all periods prior to the Closing;

(i) any and all claims, liabilities and obligations for personal injury or death arising from or relating to products manufactured by Sellers at any time prior to the Closing;

(j) all liabilities and obligations for warranty liabilities, repairs, replacements, returns, allowances and rebates with respect to products sold, or services provided, by the Business to the extent relating to, or arising from, any and all periods prior to the Closing; and

(k) all other liabilities of Sellers which are not included within the Assumed Liabilities.

ARTICLE III

Purchase Price, Manner of Payment; Closing; Deposit

3.1 Purchase Price. The aggregate purchase price (the "Purchase Price") for the Purchased Assets shall be \$32,925,000 (which shall be comprised of (a) \$25,425,000 (the "Cash Payment"), subject to adjustment under Section 3.2, plus (b) an aggregate of \$7,500,000 in cash (the "Additional Cash Payments") to be paid in the amounts and to the parties as set forth on Schedule 3.1 attached hereto and made a part hereof), plus the Assumed Liabilities. The Additional Cash Payments shall be delivered to a third party escrow agent mutually acceptable to Sellers and Purchaser within two Business Days following the Closing, to be disbursed in accordance with this Agreement. In addition, Supplemental Schedule 3.1 Funds (as defined in Schedule 3.1) shall likewise be transferred to such escrow agent when available for transfer as determine in Schedule 3.1.

3.2 Working Capital Adjustment. The Cash Payment (and, without duplication, the Purchase Price) will be decreased on a dollar-for-dollar basis by the amount by which the Working Capital is less than \$20,600,000. For purposes of this Agreement, "Working Capital" means the amount, determined in the manner set forth in Section 3.5, by which (a) that portion of the Purchased Assets which are treated under GAAP as current assets (excluding in any event the Lease Deposit) exceeds (b) the sum, without duplication, of (i) that portion of the Assumed Liabilities (excluding, for the avoidance of doubt, all Purchaser Cure Amounts, Additional Cash Payments and all incurred but not reported claims under Company Plans pursuant to Article IX below) which are treated under GAAP as current liabilities and (ii) to the extent that such liabilities should, in accordance with GAAP, be accrued on the Closing Balance Sheet (whether or not classified as current or long term liabilities), those Assumed Liabilities described in Sections 2.2(b), (g) and (i) hereof (it being understood and agreed that any liabilities discharged or otherwise satisfied by Sellers on or prior to the Closing Date shall not be Assumed Liabilities or otherwise taken into account as liabilities for purposes of determining Working Capital). Notwithstanding anything expressed or implied herein to the contrary, all Purchaser Cure Amounts, Additional Cash Payments and all incurred but not reported claims under Company Plans pursuant to Article IX below shall not be taken into account as liabilities (of any nature) for purposes of determining Working Capital.

3.3 Time and Place of Closing. Subject to Section 11.3 hereof, the transaction contemplated by this Agreement shall be consummated (the "Closing") at 10:00 a.m. local time at the offices of Greenberg Traurig, LLP, 77 W. Wacker Drive, Suite 3100, Chicago, Illinois 60601 or such other time and location as the parties may agree on the earlier to occur of (a) December 15, 2010 or (b) or on such other date or at such other time or place, as shall be mutually agreed upon by Sellers and Purchaser. Notwithstanding the foregoing, if any condition to Closing has not been satisfied or waived by December 15, 2010, then Sellers may, in their sole discretion and subject to the rights of the parties under Section 11.3 hereof, extend the date of the Closing until all of the conditions to Closing have been satisfied or waived. The date on which the Closing occurs in accordance with the preceding sentence is referred to in this Agreement as the "Closing Date". Upon consummation of the Closing, the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities hereunder shall be deemed to have occurred, and the calculation of Working Capital contemplated under Section 3.5 hereof shall be made, as of 11:59:59 p.m. (Chicago time) on the day prior to the Closing Date.

3.4 Manner of Payment of the Purchase Price. For purposes of the Closing, Sellers shall make a good-faith estimate (the "Closing Payment") of the Cash Payment, calculated in good faith based upon the most recent ascertainable financial information of the Business and taking into account Sellers' good faith estimate of the adjustment set forth in Section 3.2, and deliver the same to Purchaser on the Closing Date. At the Closing, Purchaser shall:

- (i) assume the Assumed Liabilities,
- (ii) pay the Closing Payment, less the Deposit, by wire transfer of immediately available funds to such account as Sellers shall designate by written notice delivered to Purchaser on or prior to the Closing Date, and
- (iii) direct the Escrow Agent to disburse the Deposit to Sellers.

3.5 Determination of Closing Payment and Working Capital. The Final Closing Payment and Working Capital shall be determined from an estimated balance sheet and other records of the Business as of 11:59:59 p.m. (Chicago time) on the day prior to the Closing Date (the "Closing Balance Sheet"). The Closing Balance Sheet shall be prepared, in good faith, by or at the direction of Sellers. The Closing Balance Sheet shall be prepared in accordance with GAAP, and shall only reflect the Purchased Assets and Assumed Liabilities constituting Working Capital. Sellers shall deliver the Closing Balance Sheet to Purchaser no less than three (3) Business Days prior to the Closing Date. Purchaser and Sellers shall, throughout the entire period from the date of this Agreement to the Closing Date, meet and discuss any and all financial and business matters relating to such process and the preparation of the Closing Balance Sheet.

3.6 No Disputes or Adjustments Regarding Closing Balance Sheet. The parties agree that the Closing Balance Sheet and the Closing Payment resulting therefrom shall be final and binding in the form delivered in good faith by Sellers and that there shall be no dispute procedure or post-closing adjustment with respect thereto.

3.7 Allocation of Purchase Price. The Purchase Price shall be allocated among the Purchased Assets within thirty (30) days after the Closing Date in the manner required by Section 1060 of the Code, and as proposed by Sellers prior to the Closing and consented to by Purchaser (such consent to not be unreasonably withheld). Notwithstanding the foregoing, nothing in this Agreement shall be construed to mean that a party hereto or other person must: (a) use, for any one or more purposes, any price or other allocation set forth or provided for in this Agreement if such party or person reasonably believes or reasonably is advised that such use is not in accordance with law; or (b) make or file, or cooperate in the making or filing of, any return or report to any Governmental Authority in any manner that such party or person reasonably believes or is reasonably advised is not in accordance with law.

3.8 Deposit. Prior to the date hereof, Purchaser has made a deposit by wire transfer of immediately available funds in an amount equal to \$2,500,000 (the cash deposit together with any interest accrued thereon, the "Deposit") to the Escrow Agent. In the event that the Closing occurs, the Deposit will be applied to satisfy an equal portion of the Cash Payment, and Purchaser shall execute any documentation required by the Escrow Agent to release the Deposit to Sellers or its designee at the Closing. In any other event, the Deposit shall be released by the Escrow Agent to the party entitled thereto in accordance with Section 11.4 and the parties shall execute any documentation required by the Escrow Agent with respect to such release. The Deposit shall only constitute property of the Sellers' bankruptcy estates in the event that the Deposit is required to be released to Sellers by the Escrow Agent in accordance with the terms of an escrow agreement executed by Sellers and Purchaser.

ARTICLE IV Representations and Warranties

4.1 General Statement. The parties make the representations and warranties to each other which are set forth in this Article IV. All representations and warranties of Sellers are made subject to the exceptions which are noted in the Schedule delivered by Sellers to Purchaser

concurrently herewith and identified by the parties as the "Disclosure Schedule". Any disclosure set forth on any particular Schedule shall be deemed disclosed in reference to all applicable schedules and sections of this Agreement to the extent that from the face of such disclosure, such disclosure appears to be relevant to such other schedules and sections.

4.2 Representations and Warranties of Purchaser. Purchaser represents and warrants to Sellers that as of the date of this Agreement:

(a) Organization. Purchaser is a Delaware corporation duly organized, existing and in good standing, under the laws of its state of organization.

(b) Power and Authority. Purchaser has full corporate power and authority to enter into and perform this Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby has been duly and validly approved by the sole director of Purchaser. No other corporate proceedings are necessary on the part of Purchaser to authorize the execution, delivery and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms, except to the extent that enforcement may be affected by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application with respect to creditors, (ii) general principles of equity and (iii) the power of a court to deny enforcement of rights and remedies generally based upon public policy.

(c) Consents. Other than the Bid Procedures Order and the Sale Order, no consent, authorization, Order or approval of, or filing or registration with, any Governmental Authority is required for or in connection with the consummation by Purchaser of the transactions contemplated hereby.

(d) Conflicts Under Constituent Documents or Laws. Neither the execution and delivery of this Agreement by Purchaser, nor the consummation by Purchaser of the transactions contemplated hereby, will conflict with or result in a breach of any of the terms, conditions or provisions of its organizational documents, or of any statute or administrative regulation, or of any Order, writ, injunction, judgment or decree of any court or Governmental Authority or of any arbitration award.

(e) Conflicts Under Contracts. Purchaser is not a party to any unexpired, undischarged or unsatisfied written or oral contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Purchaser according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, modification or cancellation, or whereby timely performance by Purchaser according to the terms of this Agreement may be prohibited, prevented or delayed.

(f) Solvency. Immediately after giving effect to the transactions contemplated hereby and the incurrence of any indebtedness in connection therewith, Purchaser shall be solvent.

(g) Funding. Purchaser currently has, and on the Closing Date will have, readily available funds in such amount as is required to consummate the transactions contemplated hereunder.

(h) Adequate Assurances. Purchaser is and will be capable of satisfying the conditions contained in Section 365(b)(1)(C) and 365(f) of the Bankruptcy Code with respect to the Assigned Contracts.

(i) Brokers. Neither Purchaser, nor any of its Affiliates has dealt with any Person who is entitled to a broker's commission, finder's fee, investment banker's fee or similar payment from Purchaser or Sellers for arranging the transactions contemplated hereby or introducing the parties to each other.

(j) Independent Investigation. Purchaser has conducted its own independent investigation, review and analysis of the Purchased Assets, the Assumed Liabilities, the Business and its operations, assets, liabilities, results of operations, financial condition and prospects, and acknowledges that Sellers have provided Purchaser with reasonable access to the personnel, properties, premises and records of the Business for this purpose. Purchaser has conducted its own independent review of all Orders of, and all motions, pleadings, and other submissions to, the Bankruptcy Court in connection with Bankruptcy Case. In making its determination as to the propriety of the transactions contemplated by this Agreement and in entering into this Agreement, Purchaser has relied solely upon its own investigation, review and analysis and on the representations and warranties of Sellers expressly contained in Sections 4.3 of this Agreement.

4.3 Representations and Warranties of Sellers. Sellers represent and warrant to Purchaser that as of the date of this Agreement, except as set forth in the Disclosure Schedule and subject to the Bankruptcy Code, the Bid Procedures Order and the Sale Order (in each case as applicable):

(a) Organization. Each Seller is a corporation duly organized, existing and in good standing, under the laws of its state of incorporation. Each Seller has all necessary corporate power and authority to own the Purchased Assets owned by such Seller and conduct the Business as the Business is now being conducted.

(b) Foreign Good Standing. Each Seller has qualified as a foreign corporation, and is in good standing, under the laws of all jurisdictions where the nature of the Business or the nature or location of its assets requires such qualification and where the failure to so qualify would have a Material Adverse Effect.

(c) Power and Authority. Subject to Bankruptcy Court approval, each Seller has full power and authority to execute and perform this Agreement. The execution and delivery of this Agreement by each Seller and the performance by each Seller of all of its obligations under this Agreement have been duly approved prior to the date of this

Agreement by all requisite action of its board of directors. This Agreement has been duly executed and delivered by each Seller and, subject to Bankruptcy Court approval, constitutes a legal, valid and binding agreement of each Seller, enforceable against each Seller in accordance with its terms, except to the extent that enforcement may be affected by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application with respect to creditors, (ii) general principles of equity and (iii) the power of a court to deny enforcement of rights and remedies generally based upon public policy.

(d) Governmental Consents. Except for Bankruptcy Court approval, no consent, authorization, Order or approval of, or filing or registration with, any Governmental Authority is required for or in connection with the consummation by Sellers of the transactions contemplated hereby, except for consents, authorizations, Orders, approvals, filings or registrations, which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect.

(e) Conflicts Under Constituent Documents or Laws. Neither the execution and delivery of this Agreement by Sellers, nor the consummation by Sellers of the transactions contemplated hereby, will conflict with or result in a breach of any of the terms, conditions or provisions of any Sellers' certificate or articles of incorporation or by-laws, or of any statute or administrative regulation, or of any Order, writ, injunction, judgment or decree of any court or Governmental Authority or of any arbitration award to which any Seller is a party or by which any Seller is bound, in each case, subject to the effect of applicable bankruptcy law and the Sale Order and except for conflicts or breaches that would not, individually or in the aggregate, have a Material Adverse Effect.

(f) Title to Purchased Assets. Each Seller has good and marketable title to or interest in (as applicable) the Purchased Assets of such Seller, all of which will be transferred or assigned to Purchaser as contemplated hereby. The Purchased Assets constitute, in all material respects, all of the assets necessary to operate the Business as presently operated.

(g) Contracts. To Sellers' Knowledge, the Assigned Contracts are enforceable in accordance with their respective terms in all material respects (subject to payment of the applicable Cure Amount), except to the extent that enforcement may be affected by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application with respect to creditors, (ii) general principles of equity and (iii) the power of a court to deny enforcement of rights and remedies generally based upon public policy. Sellers have duly performed all of their material obligations under each material Assigned Contract to the extent that such obligations to perform have accrued, and no material breach or default, or, to Sellers' Knowledge, alleged material breach or default or event that would (with the passage of time, notice or both) constitute a material breach or default by any Seller or other party to such Assigned Contract has occurred. As used in this Section 4.3(g), "Assigned Contract" shall not include any Company Plan, the representations and warranties with respect to which are exclusively provided for in Section 4.3(i) hereof.

(h) Permits. Schedule 4.3(h) sets forth a true and complete list of all material permits and all pending applications therefor held by Sellers. To the Knowledge of Seller, each such Permit has been duly obtained, is valid and in full force and effect, and is not subject to any pending or threatened administrative or judicial proceeding to revoke, cancel, suspend or declare such Permit invalid in any respect. The Business is not being conducted by Sellers in a manner that violates any of the terms or conditions under which any Permit was granted, which violation would have a Material Adverse Effect.

(i) Employees. With respect to employees of Sellers:

(i) Schedule 4.3(i)(i) contains a true, correct and complete list of all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and each employment, bonus, deferred compensation, incentive compensation, retention, severance, equity or equity-like, change-in-control, or termination pay plan or arrangement, medical, disability, life or other insurance, retiree medical, disability or life insurance supplemental unemployment benefits, profit-sharing, pension or other retirement, supplemental retirement, vacation, or sick leave program, agreement or arrangement, and other employee benefit plan, program, agreement or arrangement, in either case, which the Sellers have any liability or which is sponsored, maintained or contributed to or required to be contributed to by the Sellers or by any trade or business, whether or not incorporated, that together with the Sellers or any of their subsidiaries would be deemed a "single employer" within the meaning of Section 414 of the Code, for the benefit of any current or former employee, independent contractor or director of the Sellers, or any of its subsidiaries or any affiliates (all of the foregoing, excluding the Management Incentive Plans, the "Company Plans"). Except as required by applicable law, the Sellers do not have any formal plan or commitment, whether legally binding or not, to create any additional Company Plan or modify or change any existing Company Plan.

(ii) With respect to each Company Plan, the Sellers have heretofore made available to Purchaser true, correct and complete copies of each such Company Plan (or written summary where such Company Plan is not in writing) and any amendments thereto, and to the extent applicable, any related trust or other funding vehicle, the two latest versions of any annual report on Form 5500 filed with the IRS with respect to each Company Plan (if any such report was required) with all required attachments and the most recent summary plan description (if required) and summaries of material modification with respect to any Company Plan for which a summary plan description is required, the most recently prepared actuarial report and financial statement in connection with each Company Plan and the most recent determination letter received from the IRS with respect to each Company Plan intended to qualify under Section 401 of the Code. With respect to the Company Plans, there has been no event that would increase materially the expense of maintaining such Company Plans over the cost of doing so for the most recently completed plan year.

(iii) None of the Company Plans are subject to Title IV of ERISA. The Company does not contribute to and has never contributed to a multi-employer plan within the meaning of ERISA Section 3(37).

(iv) Each Company Plan is now and has always been operated and administered in all material respects in accordance with its terms and applicable law, regulation and rules. The Sellers have performed all obligations required to be performed by them under, and not in any respect in default under or in violation of, and have no Knowledge of any default or violation by any party to, any Company Plan. No event has occurred with respect to any Company Plan that would reasonably be expected to result in payment or assessment by or against the Sellers under Sections 4972, 4975, 4976, 4977, 4979, 4980B, 4980D, 4980E or 5000 of the Code.

(v) Each Company Plan intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable IRS determination letter with respect to such qualification and the Tax-exempt status of its related trust, and no circumstances exist which could reasonably be expected to result in material liability to the Sellers or their subsidiaries in respect of such qualified status.

(vi) There are no pending or, to the Knowledge of the Sellers, threatened, actions, claims or audits involving any Company Plan or by any current or former employee, independent contractor or director against the Sellers or any of their subsidiaries, other than routine claims for benefits.

(vii) (A) Neither the Sellers nor any of their subsidiaries has any Liability in respect of post-retirement health, medical or life insurance benefits for former or current officers, employees, independent contractors or directors of the Company or any of its subsidiaries, other than as required by Section 4980B of the Code or Part 6 of Title I of ERISA, and (B) Sellers have never represented, promised or contracted (whether in oral or written form) to any employee (either individually or to employees as a group) or any other person that such employee or other Person would be provided with health, disability or life insurance benefits, except to the extent required by statute.

(viii) The consummation of the transactions contemplated by the Agreement will not (either alone or together with any other event) cause or result in the accelerated vesting, funding, or delivery of, or increase the amount or value of, any payment or benefit to any employee, officer or director of the Sellers or any of their subsidiaries or trigger any payment of funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable or trigger any other obligation pursuant to, any Company Plan or any collective bargaining agreement, and no such amount or benefit will constitute an "excess parachute payment" within the meaning of Section 280G of the Code.

(ix) Each Company Plan that constitutes a "non-qualified deferred compensation plan" within the meaning of Section 409A of the Code complies in form and operation with Section 409A of the Code, except as could not reasonably be expected to result in material liability.

(x) Each Company Plan can be amended, terminated or otherwise discontinued at any time without material liability, to Purchaser, Company or any of their ERISA Affiliates other than ordinary administration expenses). Neither Company nor any affiliate has, prior to the Closing Date and in an material respect, violated any of the health care continuation requirements of COBRA.

(xi) All contributions, premiums or payments required to be made or accrued with respect to any Company Plan have been made on or before their due dates. All such Company Plans are fully funded and there exists no event or condition that has or will subject either Purchaser or Company to any liability under the terms of such Company Plans, ERISA, the Code or any other applicable law, other than contributions, benefits or liabilities contemplated by such Company Plans.

(j) Employee Matters.

(i) Except as set forth in Schedule 4.3(j)(i), (i) Sellers are not a party to any collective bargaining agreement or other labor union contract applicable to persons employed by the Sellers, and currently there are no organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit that could affect Sellers; (ii) there are no controversies, strikes, slowdowns or work stoppages pending or to the best Knowledge of Sellers after due inquiry, threatened between Sellers and any of its employees, and Sellers have not experienced any such controversy, strike, slowdown or work stoppage within the past three years; (iii) Sellers have not engaged in any unfair labor practice, and there are no unfair labor practice complaints pending against Sellers before the National Labor Relations Board or any other Governmental Entity or any current union representation questions involving employees of Sellers; (iv) Sellers are currently in material compliance with all applicable laws relating to the employment of labor, including those related to ways, hours, eligibility for and payment of overtime compensation, worker classification (including the proper classification of independent contractors and consultants), Tax withholding, collective bargaining, unemployment insurance, workers' compensation, immigration, harassment and discrimination in employment, disability rights and benefits, affirmative action, plant closing and mass layoff issues, occupational safety and health laws.

(ii) Schedule 4.3(j)(ii) contains a true and complete list of (i) all individuals who serve as employees of or consultants to Sellers as of the date hereof, (ii) in the case of such employees, the position, base compensation payable, bonus opportunity, date of hire, employment status and job classification

(exempt or non-exempt) to each such individual, and (iii) in the case of each such consultant, the consulting rate payable to such individual.

(k) Compliance with Laws. Except for laws, rules and regulations relating to the environment (the representations and warranties with respect to which are exclusively provided for in Section 4.3(l) hereof), no Seller is in violation of, or delinquent in respect to, any material decree, Order or arbitration award or law, statute, or regulation of or agreement with, or Permit from, any Federal, state or local Governmental Authority (or to which its properties, assets, personnel, business activities or the Owned Real Estate or Leased Real Estate are subject or to which it, itself, is subject), which violation or delinquency would have a Material Adverse Effect.

(l) Environmental. No hazardous materials have at any time been generated, used, treated or stored on, transported to or from, or released or disposed of on, the Owned Real Estate or Leased Real Estate in violation of Environmental Laws. Sellers are in compliance, in all material respects, with all Environmental Laws and Environmental Permits. There are no past, pending or threatened environmental claims against Sellers or any of the Owned Real Estate or Leased Real Estate. To the Knowledge of Sellers, there are no facts or circumstances, conditions or occurrences regarding the business or operations of Seller, the Owned Real Estate, Leased Real Estate or any property adjoining or adjacent to any Owned Real Estate or Leased Real Estate, that could reasonably be anticipated (i) to form the basis of any environmental claim against Sellers or the Owned Real Estate or Leased Real Estate or (ii) to cause such Owned Real Estate or Leased Real Estate to be subject to any restrictions on its ownership, occupancy, use or transferability under any environmental law other than restrictions applicable generally. There are no consent decrees, consent orders, judgments, judicial or administrative orders, agreement with (other than Environmental Permits) or encumbrances by, any Governmental Authority or quasi-governmental entity under any Environmental Law which regulate, obligate or bind Sellers except as are applicable generally.

(m) Real Estate.

(i) Schedule 4.3(m) accurately sets forth the street addresses and legal descriptions of the Owned Real Estate. The Sellers identified on Schedule 4.3(m) hold fee simple title to the Owned Real Estate identified thereon, subject only to real estate taxes not delinquent and Permitted Liens. The Owned Real Estate is not subject to any leases or tenancies. Any easements, building lines and other matters as shown on the Unrecorded Plat of Tracts microfilmed under Slide No. 316, and the terms and provisions relating thereto, as the same relate to the Owned Real Estate located at 610 S. Industrial Drive, Litchfield, Illinois 62056 do not, individually or in the aggregate, materially interfere with the use of such Owned Real Estate in the ordinary conduct of the Business. In addition, such easements, building lines and other matters do not result in a Material Adverse Effect.

(ii) The Leased Real Estate is leased to the applicable Seller pursuant to a written lease, a true, correct and complete copy of which (including any notices or elections of non-renewal) has been provided to Purchaser prior to the date hereof. Seller is not in default under any material term of any agreement relating to the Leased Real Estate nor, to Sellers' Knowledge, is any other party thereto in material default thereunder. The Leased Real Estate is not subject to any leases or tenancies of any kind, except for the Seller's lease.

(n) Intellectual Property. Schedule 4.3(n) sets forth a complete and accurate list of all of Sellers' (i) U.S. and foreign copyright registrations and copyright applications (collectively, "Copyrights"), (ii) U.S. and foreign patents and patent applications (collectively, "Patents"), (iii) U.S. and foreign trademark and service mark registrations and trademark and service mark applications (collectively, "Trademarks"), (iv) internet domain name registrations and (v) licenses of rights in computer software (other than "off-the-shelf" shrink wrap software), Trademarks, Patents and Copyrights, whether to or by a Seller. Other than as identified in Schedule 4.3(n): (1) no Patent has been or is now involved in any interference, reissue, re-examination or opposition proceeding; (2) no Patent is infringed or to Sellers' Knowledge has been challenged or threatened in any way and non of the products sold or manufactured, nor any process or know-how used by Sellers infringes or is alleged to infringe any patent or proprietary right of any other person; (3) (A) none of the products sold or manufactured, nor any process or know-how used by Sellers infringes any patent or proprietary right of any other person, and (B) none of the products sold or manufactured, nor any process or know-how used by Sellers is alleged to infringe any patent or proprietary right of any other person; and (4) no Trademark is infringed or to Sellers' Knowledge has been challenged or threatened in any way, and none of the Trademarks used by Sellers infringes or is alleged to infringe on the Trademark or service mark of any Person.

(o) Brokers. Except for Oppenheimer & Co., Inc. (the fees of which shall be paid by Sellers), Sellers have not dealt with any person or entity who is entitled to a broker's commission, finder's fee, investment banker's fee or similar payment from Purchaser for arranging the transaction contemplated hereby or introducing the parties to each other.

(p) Taxes. Sellers have timely filed all Tax reports or returns ("Tax Returns") required to be filed pursuant to applicable legal requirements with respect to the Business, and all such Tax Returns are complete, true and accurate in all material respects. Seller has timely paid all Taxes that have become due or made adequate provision for the payment of such Taxes. There are no Taxes due yet unpaid which would result in a Lien on the Purchased Assets, or which would otherwise impair the use, operation or ownership of the Business or the Purchased Assets. To the extent Taxes are or may be due but cannot be paid until after the Sale Order is entered and is final, Sellers agree to provide a listing of the same to Purchaser and to pay such Taxes prior to, or as part of the Closing. None of the Tax Returns filed by Sellers or Taxes payable by Sellers have been the subject of an action, arbitration, audit, hearing, public investigation, litigation, or suit (whether civil, criminal, administrative, investigative, or informal) commenced, brought, conducted, or heard by or before, or otherwise involving,

a Governmental Authority or arbitrator ("Proceeding") in respect of Taxes or Tax matters with respect to Sellers, and no such Proceeding is currently pending or, to Sellers' Knowledge, threatened. No Governmental Authority in a jurisdiction in which Sellers do not file Tax Returns has notified Sellers in writing that any Seller is or may be required to file Tax Returns in, or is or may be subject to Tax by, that jurisdiction.

(q) Financial Statements. The Disclosure Schedule contains true and correct copies of (i) the audited consolidated statements of income and statements of cash flow for the Business for the fiscal year ended October 31, 2009, and the audited consolidated balance sheets of the Business at such dates (the "Financial Statements") and (ii) the unaudited balance sheet of the Business as at September 30, 2010 and the related unaudited statement of income and statement of cash flow for the Business for the eleven months then ended (the "Interim Financial Statements"). The Financial Statements and the Interim Financial Statements present fairly, in all material respects, the consolidated financial position of the Sellers as of the dates thereof (including, without limitation, the current assets and current liabilities of the Sellers) and the consolidated results of operations and cash flows of Sellers for the periods covered by such statements, in accordance with GAAP consistently applied through the periods covered thereby, except as disclosed therein, and, in the case of the Interim Financial Statements, except for (1) normal year-end adjustments and (2) the omission of footnote disclosures required by GAAP.

4.4 "As Is Where Is" Transaction. Purchaser hereby acknowledges and agrees that notwithstanding anything expressed or implied herein to the contrary, except as expressly set forth in Section 4.3 of this Agreement, Sellers make no express or implied representations or warranties whatsoever, including, without limitation, any representation or warranty as to physical condition or value of any of the Purchased Assets, the future profitability or future earnings performance of the Business, or otherwise with respect to any matter related to the Purchased Assets, the Assumed Liabilities or the Business. **WITHOUT IN ANY WAY LIMITING THE FOREGOING, SELLERS HEREBY DISCLAIM ALL IMPLIED WARRANTIES OF MERCHANTABILITY, USABILITY, SUITABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ALL OF WHICH ARE EXPRESSLY EXCLUDED.** Purchaser further acknowledges that Purchaser has conducted an independent inspection and investigation of Sellers, the Purchased Assets, the Assumed Liabilities, the Business and its operations, assets, liabilities, results of operations, financial condition and prospects, and all such other matters relating to or affecting the foregoing as Purchaser deems necessary or appropriate and that in proceeding with its acquisition of the Purchased Assets and assumption of the Assumed Liabilities, Purchaser is doing so based solely upon such independent inspection and investigation. Accordingly, Purchaser will accept the Purchased Assets and assume the Assumed Liabilities at the Closing "**AS IS," "WHERE IS" AND "WITH ALL FAULTS."** Without limiting the foregoing, Purchaser further acknowledges that no representation, warranty, covenant, agreement, statement made or information communicated (orally or in writing) or material provided to Purchaser (including any opinion, information, or advice which may have been provided to Purchaser or any of its Affiliates by any stockholder, partner, director, officer, employee, accounting firm, financial advisor, investment banker, legal counsel, or other agent, consultant, or representative of Sellers) will create any representation or warranty of any kind, whether express or implied, with respect to Sellers (or any other Person), the Purchased Assets,

the Assumed Liabilities, the Business or its operations, assets, liabilities, results of operations, financial condition or prospects, and Sellers disclaim all liability and responsibility for any of the foregoing. **ANY AND ALL PRIOR REPRESENTATIONS AND WARRANTIES MADE BY ANY PARTY OR ITS REPRESENTATIVES, WHETHER VERBALLY OR IN WRITING, ARE DEEMED TO HAVE BEEN MERGED INTO THIS AGREEMENT, IT BEING INTENDED THAT NO SUCH PRIOR REPRESENTATIONS OR WARRANTIES SHALL SURVIVE THE EXECUTION AND DELIVERY OF THIS AGREEMENT.**

ARTICLE V
Conduct Prior to the Closing

5.1 General. Sellers and Purchaser have the rights and obligations with respect to the period between the date hereof and the Closing Date which are set forth in the remainder of this Article V.

5.2 Sellers' Obligations. The following are Sellers' obligations:

(a) Sellers shall give to Purchaser's officers, employees, agents, attorneys, consultants, prospective lenders and accountants reasonable access during normal business hours to all of the properties, books, contracts, documents, records and personnel of the Business and shall furnish to Purchaser such information as Purchaser may at any time and from time to time reasonably request, in each case if (i) permitted under law, (ii) such items and information are not prohibited to be disclosed to Purchaser pursuant to the terms of any confidentiality agreement (after providing Purchaser the opportunity to comply with any conditions to such disclosure set forth therein); and (iii) disclosing such items and information would not adversely affect any attorney client, work product or other legal privilege.

(b) Without the prior written consent of Purchaser (not to be unreasonably withheld, conditioned or delayed), and without limiting the generality of any other provision of this Agreement, Sellers shall not take any of the following actions except as required under the Bankruptcy Code (or other applicable law) or any Order of the Bankruptcy Court:

(i) materially increase the annual level of compensation or benefit payable or to become payable by Sellers to any of their employees, except, in each case, as required by law, or as required by any plans, programs or agreements existing as of the date hereof and disclosed to Purchaser, or as approved by the Bankruptcy Court with respect to Sellers' management incentive plan, or become a party to any employment agreement; and

(ii) sell, transfer or otherwise dispose of any material asset or property that would otherwise constitute a Purchased Asset hereunder, except for sales of Inventory in the ordinary course of business consistent with past practice or pursuant to an Alternative Transaction accepted by Sellers (it being understood that this clause (ii) shall not restrict use of cash collateral (as defined in

Section 363 of the Bankruptcy Code) in accordance with the Cash Collateral Order).

(c) Sellers shall reasonably cooperate (without having to incur any material cost, financial obligation or liability) with Purchaser to obtain the Required Consents, to obtain any other consents to the assignment and assumption of any Assigned Contracts or to the assignment, transfer or other approvals required in connection with the permits set forth on Schedule 4.3(h).

(d) Subject to the Bankruptcy Code and any Orders of the Bankruptcy Court, between the date of this Agreement and the Closing Date, the Sellers shall use commercially reasonable efforts (and without material cost to Sellers, unless consistent with the ordinary course of business of Sellers) to do each of the following:

(i) keep the Business and the Purchased Assets substantially intact and maintain present operations, physical facilities, working conditions, and relationships with lessors, licensors, suppliers, customers and employees;

(ii) maintain the tangible Purchased Assets in the same condition as on the date of this Agreement, ordinary wear and tear excepted;

(iii) keep in full force and effect any liability and casualty insurance held by the Sellers;

(iv) perform all of their respective obligations under and not amend, alter or modify any material provision of the Assigned Contracts including but not limited to Company Plans;

(v) preserve their respective organizations intact, keep available the services of their officers, employees and agents and maintain in effect their current relationships with their employees, suppliers and customers;

(vi) promptly advise Purchaser of any event that could reasonably be expected to have a Material Adverse Effect on the Business or the Purchased Assets;

(vii) maintain and collect the Account Receivables and extend credit terms to their customers in the ordinary course of business consistent with past practices;

(viii) maintain cash management systems in the ordinary course of business consistent with past practices;

(ix) subject to Section 5.2(a), confer with Purchaser (upon request) with respect to the status and operation of the Business;

(x) make no material changes in management personnel without prior consultation with Purchaser; and

(xi) grant no license or sub-license with respect to any Intellectual Property Rights.

(e) Sellers shall provide Purchaser with prompt written notice of Sellers' Knowledge of the breach of any representation, warranty or covenant of Sellers that has rendered, or that would, in Sellers' good faith judgment, reasonably be expected to render unlikely or impractical, the satisfaction of any condition to the obligations of Purchaser set forth in Section 6.2.

(f) Sellers will, at the request of Purchaser to the extent necessary for Purchaser's auditors or prospective lenders, perform a physical count of the Inventory and in which Purchaser's auditors or prospective lenders and their respective representatives may participate, such count to be conducted at mutually acceptable times and in a commercially reasonable manner so as to avoid material disruption to the Business.

(g) From and after November 22, 2010, Sellers shall cooperate in good faith with Purchaser to assist Purchaser in negotiating with Sellers' suppliers regarding potential terms and conditions of post-Closing commercial arrangements.

(h) Sellers shall use commercially reasonable efforts (at Sellers' cost) to provide Purchaser with evidence that U.S. Patent Nos. 5,685,790 and 5,628,506, both entitled "Breakaway basketball rim", have been duly assigned by the inventor, Russell L. Vaught, to Melas, Inc. or a predecessor entity.

(i) Prior to the Closing Date, Sellers shall pay in full all 401k matching contribution amounts for all periods ending on or prior to October 31, 2010, and deliver evidence thereof to Purchaser.

(j) With respect to each permit listed on Schedule 4.3(h) that expires, or for which renewal or extension applications are required (in order to avoid such permits lapsing or otherwise resulting in the loss of any material right thereunder) to be made prior to the date that is 30 days following the Termination Date, Sellers shall file all such applications for renewal or extension and shall pay all associated fees prior to the Closing Date, and shall deliver evidence thereof to Purchaser.

(k) Sellers shall make all appropriate section 8 and section 15 filings with the United States Patent and Trademark Office (and paid all associated fees) respect to the trademark CATCHER-COMFORT (US Reg. No. 2849584) on or before December 1, 2010, and deliver evidence thereof to Purchaser.

5.3 Purchaser's Obligations. The following are Purchaser's obligations:

(a) Purchaser agrees to be bound by and comply with the terms and provisions of that certain non-disclosure agreement dated as of September 15, 2010 between Holdings and Platinum Equity, LLC (the "Confidentiality Agreement"), as if Purchaser was an original party to such agreement. The Confidentiality Agreement is hereby incorporated into this Agreement by reference and made a part of this Agreement and

shall survive the execution of this Agreement notwithstanding the terms thereof. If a conflict arises between the provisions of this Agreement and the provisions of the Confidentiality Agreement, the provisions of the Confidentiality Agreement shall control. The provisions of this Section 5.3(a) shall terminate upon the Closing.

(b) Purchaser shall use commercially reasonable efforts to obtain the consents to the assignment of those Assigned Contracts, Permits and/or Environmental Permits identified by Sellers on Schedule 5.3(b) attached hereto (the "Required Consents") to the extent such consents are not provided for or satisfied by the Sale Order.

(c) With respect to each Assigned Contract, Purchaser shall provide adequate assurance of the future performance of such Assigned Contract by Purchaser.

(d) Purchaser shall provide Sellers with prompt written notice of Purchaser's knowledge of the breach of any representation, warranty or covenant of Purchaser that has rendered, or that would, in Purchaser's good faith judgment, reasonably be expected to render unlikely or impractical, the satisfaction of any condition to the obligations of Sellers set forth in Section 6.1.

5.4 Joint Obligations. The following shall apply with equal force to Sellers, on the one hand, and Purchaser, on the other hand:

(a) Each of the parties hereto shall use all commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate the transactions contemplated hereby as soon as practicable.

(b) No party shall intentionally perform any act which, if performed, or intentionally omit to perform any act which, if omitted to be performed, would prevent or excuse the performance of this Agreement by any party hereto.

(c) Without implication that such laws apply to the transactions contemplated hereby, Sellers and Purchaser shall not comply with the provisions of the Uniform Commercial Code of any state relating to bulk sales.

(d) Purchaser agrees to take any and all commercially reasonable steps necessary to avoid or eliminate each and every impediment under the HSR Act and under each other antitrust, competition or trade regulation law that may be asserted by any United States or non-United States governmental antitrust authority or any other Person so as to enable the parties to expeditiously close the transactions contemplated hereby no later than the Termination Date. In addition, Purchaser shall use its reasonable best efforts to defend any claim asserted in court by any Person in order to avoid entry of, or to have vacated or terminated, any decree, Order or judgment that would prevent the Closing by the Termination Date. In connection with the efforts referenced in this Section 5.4(d) to obtain all requisite approvals and authorizations for the transactions contemplated by this Agreement pursuant to this Section 5.4(d), without limiting the foregoing, provided that disclosing such items and information would not adversely affect any attorney client, work product or other legal privilege, each of Sellers and

Purchaser shall use all commercially reasonable efforts to: (i) cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party; (ii) keep the other party informed in all material respects of any material communication received by such party from, or given by such party to, any Governmental Authority and of any material communication received or given in connection with any proceeding by a private party; and (iii) except as otherwise prohibited by law, permit the other party to review any material communication given by it to, and consult with each other in advance of and be permitted to attend any meeting or conference with such Governmental Authority or, in connection with any proceeding by a private party, with any other Person, in each case regarding any of the transactions contemplated by this Agreement.

ARTICLE VI
Conditions to Closing

6.1 Conditions to Sellers' Obligations. The obligation of Sellers to consummate the transaction contemplated hereby is subject to the fulfillment of all of the following conditions on or prior to the Closing Date and as of the Closing Date, upon the non-fulfillment of any of which this Agreement may, at Sellers' option, be terminated to the extent permitted pursuant to and with the effect set forth in Article XI:

(a) The representations and warranties made by Purchaser in this Agreement which are not qualified by Material Adverse Effect shall, taken as a whole, be true and correct in all respects as of the time of the Closing as though such representations and warranties were made at and as of such time (or, if made as of a specific date in the text of such representations and warranties, at and as of such date), and the representations and warranties made by Purchaser in this Agreement which are qualified by Material Adverse Effect shall each be true and correct in all respects as of the time of the Closing as though such representations and warranties were made at and as of such time (or, if made as of a specific date in the text of such representations and warranties, at and as of such date).

(b) All material obligations of Purchaser to be performed hereunder through, and including on, the Closing Date (including, without limitation, all obligations which Purchaser would be required to perform at the Closing if the transaction contemplated hereby was consummated) shall have been fully performed.

(c) No Governmental Authority of competent jurisdiction shall have entered a valid Order that is in effect and has the effect of making the Closing illegal or otherwise prohibiting the consummation of the Closing.

(d) The Sale Order shall have been entered by the Bankruptcy Court approving the transactions contemplated under this Agreement.

(e) The Extension Order shall have been entered by the Bankruptcy Court.

6.2 Conditions to Purchaser's Obligations. The obligation of Purchaser to consummate the transaction contemplated hereby is subject to the fulfillment of all of the following conditions on or prior to the Closing Date and as of the Closing Date (in each case, so long as Purchaser has complied with its obligations under this Agreement with respect to each of the matters set forth below), upon the non-fulfillment of any of which this Agreement may, at Purchaser's option, be terminated to the extent permitted pursuant to and with the effect set forth in Article XI:

(a) The representations and warranties made by Sellers in this Agreement which are not qualified by Material Adverse Effect shall, taken as a whole, be true and correct in all respects as of the time of the Closing as though such representations and warranties were made at and as of such time (or, if made as of a specific date in the text of such representations and warranties, at and as of such date) except where the failure to be so true and correct would not have a Material Adverse Effect, and the representations and warranties made by Sellers in this Agreement which are qualified by Material Adverse Effect shall each be true and correct in all respects as of the time of the Closing as though such representations and warranties were made at and as of such time (or, if made as of a specific date in the text of such representations and warranties, at and as of such date).

(b) All material obligations of Sellers to be performed hereunder through, and including on, the Closing Date (including, without limitation, all obligations which Sellers would be required to perform at the Closing if the transaction contemplated hereby was consummated) shall have been performed in all material respects.

(c) Those Required Consents which have not been provided for or satisfied by the Sale Order shall have been obtained.

(d) No Governmental Authority of competent jurisdiction shall have entered a valid Order that is in effect and has the effect of making the Closing illegal or otherwise prohibiting the consummation of the Closing.

(e) The Bid Procedures Order and the Sale Order shall have each been entered by the Bankruptcy Court approving the transactions contemplated under this Agreement.

(f) [INTENTIONALLY OMITTED].

(g) [INTENTIONALLY OMITTED].

(h) [INTENTIONALLY OMITTED].

(i) The Extension Order shall have been entered by the Bankruptcy Court and Sellers shall have provided Purchaser with a sublease or license allowing full and exclusive access (at Purchaser's sole cost and expense not in excess of Seller's current rental payments under the Real Estate Lease) to, and use of, the facilities and properties covered by the Real Estate Lease through the Extended Assumption/Rejection Date. If the landlord for the Leased Real Estate has not given its written consent to the foregoing

access and use arrangement, the Extension Order shall expressly authorize and approve the same.

ARTICLE VII
Closing

7.1 Form of Documents. At the Closing, the parties shall deliver the documents, and shall perform the acts, which are set forth in this Article VII. All documents which Sellers shall deliver shall be in form and substance reasonably satisfactory to Purchaser and Purchaser's counsel. All documents which Purchaser shall deliver shall be in form and substance reasonably satisfactory to Sellers and Sellers' counsel.

7.2 Purchaser's Deliveries. At the Closing, Purchaser shall execute and/or deliver to Sellers all of the following:

- (a) the Closing Payment, less the Deposit;
- (b) all documentation required by the Escrow Agent to release the Deposit to Sellers (or their designee);
- (c) an assumption agreement, duly executed by Purchaser, under which Purchaser assumes the Assumed Liabilities in accordance with the terms hereof;
- (d) a certified copy of Purchaser's organizational documents;
- (e) a certificate of good standing of Purchaser, issued not earlier than ten (10) days prior to the Closing Date by the secretary of state of Purchaser's state of organization;
- (f) an incumbency and specimen signature certificate with respect to the officers of Purchaser executing this Agreement and the other documents to be executed in connection with the transactions contemplated by this Agreement;
- (g) a certified copy of resolutions of Purchaser's governing boards, authorizing the execution, delivery and performance of this Agreement and the other documents to be executed in connection with the transactions contemplated by this Agreement;
- (h) a closing certificate executed by Purchaser to the effect that the conditions set forth in Sections 6.1(a) and 6.1(b) have been satisfied, and that all documents to be executed and delivered by Purchaser at the Closing have been executed by duly authorized persons;
- (i) a release with respect to the Assigned Avoidance Actions;
- (j) all documents necessary for Purchaser to assume the Company Plans in accordance with Article IX hereof;

(k) [INTENTIONALLY OMITTED].

(l) any other documents, instruments, affidavits, assignments or certificates, including without limitation, all recording and transfer tax declarations, forms and affidavits, reasonably required by Purchaser, the title insurance company or Escrow Agent to be delivered to consummate the transactions contemplated by this Agreement.

7.3 Sellers' Deliveries. At the Closing, Sellers shall execute (where applicable in recordable form) and/or deliver or cause to be executed and/or delivered to Purchaser all of the following:

(a) an incumbency and specimen signature certificate with respect to the officers of Sellers executing this Agreement and the other documents to be executed in connection with the transactions contemplated by this Agreement;

(b) a certified copy of resolutions of Sellers' governing boards, authorizing the execution, delivery and performance of this Agreement and the other documents to be executed in connection with the transactions contemplated by this Agreement;

(c) a bill of sale, executed by Sellers, conveying all of the tangible personal property included in the Purchased Assets to Purchaser in accordance with the terms hereof;

(d) an assignment to Purchaser, executed by Sellers, assigning to Purchaser all of the Purchased Assets (other than tangible personal property and the Owned Real Estate) in accordance with the terms hereof;

(e) copies of the Required Consents which have been obtained by Sellers;

(f) a special warranty deed for each interest in Owned Real Estate;

(g) all documents necessary to for Sellers to transfer the Company Plans to Purchaser in accordance with Article IX hereof;

(h) a closing certificate executed by Sellers to the effect that the conditions set forth in Sections 6.2(a) and 6.2(b) have been satisfied, and that all documents to be executed and delivered by Sellers at the Closing have been executed by duly authorized persons; and

(i) any other documents, instruments, affidavits, assignments or certificates, including without limitation, all recording and transfer tax forms and affidavits, reasonably required by Purchaser, the title insurance company or Escrow Agent to be delivered to consummate the transactions contemplated by this Agreement.

Notwithstanding anything expressed or implied herein to the contrary, in the event any of the items identified in Sections 7.3(a), (b), (g), (h), (i) are not completed by the Closing, then Purchaser hereby waives satisfaction of such closing delivery and the Closing shall nonetheless occur, and Purchaser shall fully perform all obligations under Section 3.4 (including payment in

full of all amounts due thereunder) and all other obligations to be performed by Purchaser at or in connection with the Closing. As soon as practicable following the Closing, Sellers shall deliver to Purchaser those items identified in Sections 7.3(a), (b), (g), (h), (i) so that ownership of the Owned Real Estate is conveyed to Purchaser in accordance with the terms hereof and Purchaser can obtain the title insurance policies described in Section 8.10 hereof.

ARTICLE VIII
Post-Closing Agreements

8.1 Post-Closing Agreements. From and after the Closing, the parties shall have the respective rights and obligations which are set forth in the remainder of this Article VIII.

8.2 Inspection of Records. Purchaser shall make books and records constituting Purchased Assets in Section 1.2(j) hereof available for inspection by Sellers or by their representatives (without charge by Purchaser to Sellers or its representatives), that are reasonably necessary or appropriate for any of Sellers' bona fide accounting, auditing, tax, legal or other reasonable business purposes, at all reasonable times during normal business hours, until the later of (a) the sixth anniversary of the Closing Date or (b) the date the Bankruptcy Court enters an Order closing the Bankruptcy Case, with respect to all transactions occurring prior to and those relating to the Closing, the historical financial condition, results of operations and cash flows of the Business and the Assumed Liabilities. Such records shall be made available at Purchaser's executive office, and Sellers right of inspection shall include having access to any computerized information systems to the extent necessary to inspect such records. As used in this Section 8.2, the right of inspection includes the right to make extracts or copies (at Sellers' expense). In addition, Purchaser shall give reasonable assistance to Sellers, through Purchaser's employees and without charge by Purchaser to Sellers, in order for Sellers to record entries relating to the closing of Sellers' books relating to the Business, to prepare and file Tax returns related to the Business.

8.3 Certain Tax Matters.

(a) All state and local sales, use, gross-receipts, transfer, gains, excise, value-added or other similar Taxes in connection with the transfer of the Purchased Assets and the assumption of the Assumed Liabilities (other than any such Taxes that constitute a franchise Tax or are otherwise imposed in lieu of an income tax), and all recording and filing fees that may be imposed by reason of the sale, transfer, assignment and delivery of the Purchased Assets (collectively, "Transaction Taxes"), shall be paid fifty percent (50%) by Sellers and fifty percent (50%) by Purchaser on or prior to their due date. Purchaser hereby waives compliance by Sellers with any applicable bulk sale or bulk transfer (or similar) laws in connection with the transactions contemplated hereby.

(b) All real and personal property taxes and assessments on the Purchased Assets for any taxable period commencing on or prior to the Closing Date and ending on or after the Closing Date (a "Straddle Period") shall be prorated between Purchaser and Sellers as of the close of business on the Closing Date based on the best information then available, with (a) Sellers being liable for such Taxes attributable to any portion of a Straddle Period ending on the day prior to the Closing Date and (b) Purchasers being

liable for such Taxes attributable to any portion of a Straddle Period beginning on or after the Closing Date. Information available after the Closing Date that alters the amount of Taxes due with respect to the Straddle Period will be taken into account and any change in the amount of such Taxes shall be prorated between Purchaser and Sellers as set forth in the next sentence. All such prorations shall be allocated so that items relating to the portion of a Straddle Period ending on the day prior to the Closing Date shall be allocated to Sellers based upon the number of days in the Straddle Period prior to the Closing Date and items related to the portion of a Straddle Period beginning after the Closing Date shall be allocated to Purchaser based upon the number of days in the Straddle Period from and after the Closing Date; provided, however, that the parties shall allocate any real property Tax in accordance with Section 164(d) of the Code. The amount of all such prorations that must be paid in order to convey the Purchaser Assets to Purchaser free and clear of all Liens other than Permitted Liens (after giving effect to the Bankruptcy Code, the Sale Order and other applicable law) shall be calculated and paid on the Closing Date, and all other prorations shall be calculated and paid as soon as practicable thereafter.

(c) Sellers and Purchaser shall (and shall cause their respective Affiliates to) cooperate fully with each other and make available or cause to be made available to each other for consultation, inspection and copying (at such other party's expense) in a timely fashion such personnel, Tax data, relevant Tax Returns or portions thereof and filings, files, books, records, documents, financial, technical and operating data, computer records and other information as may be reasonably requested, including, without limitation, (a) for the preparation by such other party of any Tax Returns or (b) in connection with any Tax audit or proceeding including one party (or an Affiliate thereof) to the extent such Tax audit or proceeding relates to or arises from the transactions contemplated by this Agreement.

(d) After the Closing Date and until the expiration of all statutes of limitation applicable to Sellers' liabilities for Taxes, Purchaser shall retain possession of all accounting, business, financial and Tax records and information that (i) relate to the Purchased Assets and are in existence on the Closing Date and (ii) come into existence after the Closing Date but relate to the Purchased Assets before the Closing Date. After the Closing Date and until the expiration of all statutes of limitations applicable to Sellers' liabilities for Taxes (or, if earlier, the date the Bankruptcy Court enters an Order closing the Bankruptcy Cases), Sellers shall retain possession of all accounting, business, financial and Tax records and information that relate to the Excluded Liabilities. In addition, from and after the Closing Date, Purchaser shall provide to Sellers and its Affiliates (after reasonable notice and during normal business hours and without charge to Sellers) access to the books, records, documents and other information relating to the Purchased Assets as Sellers may reasonably deem necessary to properly prepare for, file, prove, answer, prosecute and defend any Tax Return, claim, filing, tax audit, tax protest, suit, proceeding or answer. Such access shall include access to any computerized information systems that contain data regarding the Purchased Assets.

(e) If a Tax assessment is levied upon Sellers by an authorized tax jurisdiction for unbilled Transaction Taxes that are the obligation of Purchaser under this Agreement, then Purchaser shall promptly reimburse Sellers for those taxes including any interest and

penalty (other than any interest and penalties that are due to the actions, or inaction, of the assessed party).

(f) Sellers will assign to Purchaser and will cooperate with Purchaser to obtain any necessary approvals or consents to affect such assignment, any and all interests in, or rights to, any property tax abatements, incentive agreements, or other similar arrangements with any taxing authority related to the Business or the Purchased Assets to the extent allowed under applicable law (except to the extent any of the foregoing constitute Excluded Assets).

(g) With respect to employees of Sellers in the United States hired by Purchaser, Sellers will cooperate with Purchaser and Purchaser's agents to provide Purchaser the adequate payroll tax records required by federal and state agencies necessary for Purchaser to optimize federal and state payroll tax law relating to successor-in-interest transactions, including the transactions contemplated by this Agreement. Records shall include, but not be limited to, the following (excluding employee social security numbers, whether or not contained in any of the following):

(i) an executed release form granting permission to Purchaser and its agents to obtain quarterly payroll data from all states within which the Business was conducted by the Sellers;

(ii) when required by state taxing agencies, Sellers will provide signatures (or notarized signatures) necessary to grant permission for Purchaser to file for transfers of experience of payroll tax accounts in states which require a signed release by the predecessor Sellers;

(iii) Sellers will provide Purchaser and its agents with the most recent Annual 940 Report (including Schedule A), and most recent years "tax rate notices" received from individual state agencies;

(iv) Sellers will provide copies of all Sellers' quarterly wage detail reports filed with individual state agencies in the calendar year through the Closing Date;

(v) if Sellers utilized an outside payroll tax administrator, then Sellers grant Purchaser permission to have access to relevant successor-in-interest reports from the payroll vendor, such as state tax rate notices, state quarterly contribution reports, W2s and federal recap reports such as 940 and 941. Sellers will provide Purchaser with a contact person at the payroll vendor.

Purchaser will furnish a Form W-2 to each Employee disclosing all wages and other compensation paid for the entire calendar year and taxes withheld therefrom, and Sellers shall be relieved of the responsibility to do so.

8.4 Payments of Accounts Receivable. In the event any Seller shall receive any payment, instrument of payment, cash or cash equivalents in respect of any of the accounts receivable that constitute Purchased Assets, such Seller shall hold same in trust for Purchaser

(same shall not become property of the Sellers' bankruptcy estates) and promptly deliver same to Purchaser within five (5) Business Days following receipt, endorsed where necessary, without recourse, in favor of Purchaser. In the event Purchaser shall receive any payment on account of receivables or other assets that constitute Excluded Assets, Purchaser shall deliver such payment to Sellers within five (5) Business Days following receipt, endorsed where necessary, without recourse, in favor of Sellers.

8.5 Insurance Claims. The parties acknowledge and agree that all insurance policies of Sellers (other than insurance policies that constitute Company Plans), all coverages and proceeds thereunder and all rights in connection therewith are Excluded Assets, and Purchaser shall not, and shall cause its Affiliates not to, assert, by way of claim, litigation or otherwise, any right to any insurance policies (or any benefits thereunder) of Sellers or any of their Affiliates.

8.6 Cooperation. Provided that reasonable cooperation does not adversely affect any attorney client, work product or other legal privilege, Purchaser shall reasonably cooperate with Sellers with respect to the prosecution and/or defense of any claims or litigation arising out of, relating to or that otherwise constitute Excluded Liabilities or Excluded Assets. With respect to the prosecution or defense of claims or litigation, "cooperate", "reasonably cooperate" or "cooperation" means that Purchaser shall cooperate as reasonably necessary or appropriate with Sellers and their counsel to permit Sellers to prosecute or defend any such matter in any manner as shall be reasonable or appropriate, including, without limitation, providing access to books, records, documents and other materials and information (including access to any computerized information systems that contain any of the foregoing), and making executives and employees available to counsel for investigation of facts, responding to discovery requests and motions, preparation for and attendance at depositions, hearings and trials, giving of testimony or affidavits and as is otherwise reasonably necessary or appropriate for the prosecution or defense of any such matter; provided, however, that Sellers shall be responsible for payment of bona fide and necessary out-of-pocket third party expenditures (which, for clarification, shall not include overhead, employees' wages, per diem amounts and the like) incurred by Purchaser in cooperating in accordance with this Section 8.6, and provided further that Purchaser shall not be obligated under this Section 8.6 to the extent such cooperation materially and adversely impacts Purchaser's ability to operate the Business.

8.7 Name Change. Sellers will deliver to Purchaser at the Closing, evidence as to the amendment of such Sellers' organizational documents changing Sellers' name to another name which does not include the name "Schutt". Upon the Closing, Sellers hereby irrevocably authorize Purchaser to file such amendment documents with the applicable Secretary of State of such Seller's jurisdiction of organization and in each state in which each such Seller is qualified to do business on each such Seller's behalf. Furthermore, after the Closing and subject to Bankruptcy Court approval, Sellers shall discontinue the use of the name "Schutt" in any corporate names and shall not subsequently change their names to or otherwise use or employ any name which includes the word "Schutt" without the prior written consent of Purchaser.

8.8 Further Assurances. The parties shall execute such further documents, and perform such further acts, as may be necessary to transfer and convey the Purchased Assets and Assumed Liabilities to Purchaser, on the terms herein contained, and to otherwise comply with the terms of this Agreement and consummate the transaction contemplated hereby without further approval by or order of the Bankruptcy Court.

8.9 Leased Real Estate. In the event that Purchaser notifies Sellers in writing of Purchaser's intention to include the Leased Real Estate as a Purchased Asset on or before fourteen (14) days prior to the Extended Lease Assumption/Rejection Date, Sellers shall file a motion with the Bankruptcy Court on an expedited basis prior to the Extended Lease Assumption/Rejection Date seeking authorization to assume and assign the Leased Real Estate to Purchaser.

8.10 Certain Additional Post-Closing Matters.

(a) Immediately following the Closing, Purchaser shall use its good faith efforts to obtain, and shall take all necessary and customary actions to arrange for or allow issuance of, and shall pay for all premiums or other charges required for the issuance of, an ALTA extended coverage policy of title insurance with respect to each Real Property constituting the Owned Real Estate issued by First American Title Insurance Company in an amount not less than that portion of the Purchase Price reasonably expected to be allocated to such Real Property (in accordance with Section 3.7) insuring Purchaser that Purchaser has fee title to such Real Property, subject only to taxes for the current fiscal year and those exceptions that are Permitted Liens.

(b) Promptly following the Closing, Purchaser shall use its good faith efforts to obtain as soon as practicable following the Closing replacement letters of credit and other similar instruments and arrangements (including cash deposits, as applicable), in amounts, with terms and from financial institutions, as are necessary to replace (and relieve Sellers of all liability under) any such instruments, arrangements, deposits or obligations outstanding as of the Closing Date with respect to any of the Purchased Assets, and replacement of the deposits identified on Schedule 1.3(h).

(c) From and after the Closing, Purchaser shall offer and commit to do business with each of Sellers' critical vendors, for a period of six (6) months following the Closing; provided that Sellers' critical vendors provide reasonable and customary trade terms and conditions, consistent with historical past practices. Purchaser shall submit a list of Seller's critical vendors to the Official Committee of Unsecured Creditors within two Business Days following the Closing.

8.12 Infringing Inventory. After the Closing Date each of the Sellers covenants not to sell, transfer or otherwise market, distribute or dispose of Infringing Inventory other than (i) in a manner as consented to by Purchaser in writing, which consent may be withheld by Purchaser in its sole and absolute discretion, (ii) to destroy the Infringing Inventory or (iii) to permanently dismantle the Infringing Inventory and regrind the shells for use as raw material.

ARTICLE IX
Employees and Employee Benefit Plans

9.1 Employment of Sellers' Employees. Notwithstanding anything to the contrary contained herein, it is understood and agreed that the parties may not be in a position to effectuate the transfer of the Company Plans to, and assumption of the Company Plans by, Purchaser effective upon the Closing. If the parties cannot effectuate such transfer at the

Closing, the Closing shall nonetheless occur without modification hereunder and Purchaser and Seller shall cooperate in good faith and take such actions from and after the Closing to effectuate the transfer of the Company Plans to Purchaser as soon as practicable following the Closing. In connection therewith, it is understood and agreed that no employees of Sellers shall be terminated or transferred to Purchaser prior to such time that such Company Plans shall have been transferred to, and assumed by, Purchaser. For purposes of this paragraph, the term "Company Plans" shall mean only Sellers' 401(k) plan and health plans. Pending such transfer and assumption, all such employees shall remain employees of Sellers (subject to death, disability, ordinary course terminations, terminations for cause, and resignations), and shall be lent by Sellers to Purchaser, all at Purchaser's sole cost and expense, including as to payroll, taxes, claims under Company Plans, and the like, and with indemnity by Purchaser with respect thereto, for the conduct of Purchaser's business. It is understood and agreed that Sellers shall have no liability of any kind or nature for or related to or arising out of such employees or any acts or omissions of such employees, and Purchaser shall indemnify and hold harmless Sellers therefore. Upon such transfer and assumption of the Company Plans, such employees shall be offered employment with Purchaser as contemplated hereby and the provisions of this Article IX shall apply with respect thereto.

On or before the Closing Date, Purchaser shall offer to employ or to continue to employ as of the Closing Date each of the employees of the Business (who are on Sellers' payroll as of the Closing Date) in positions, at compensation, with benefits and upon terms and conditions which, taken as a whole, are not materially less favorable to the employee than the position, compensation, benefits or terms or conditions in effect on the date hereof (other than as to equity or equity related plans or compensation) it being understood that this paragraph does not prevent Purchaser from removing any contract identified on Schedule 1.2(f) from the list of Assigned Contracts as permitted under Section 1.4 hereof). Each such person who is employed by Purchaser is hereinafter referred to individually as an "Employee" and collectively as the "Employees". Purchaser shall cover all Employees with group medical benefits for which all waiting periods and pre-existing condition exceptions are waived except to the extent that such waiting periods and pre-existing condition exceptions would apply under the then-existing Company Plans in which such Employees were participating immediately prior to Closing. Except for voluntary resignations, deaths and terminations for "cause", Purchaser shall continue to employ (a) each Employee who works at the Owned Real Estate until at least one (1) year after the Closing Date and (b) each Employee who works at the Leased Real Estate until at least three (3) months after the Closing Date, all on the same terms and conditions as to compensation and with benefits not less favorable in the aggregate as in effect on the closing date. Purchaser hereby assumes and shall be responsible for, and Sellers shall have no liability with respect to, any and all claims with respect to any employee employed by any Seller arising out of any action by Purchaser on or after the Closing Date.

9.2 Plans and Benefits.

(a) From and after the Closing Date, Purchaser shall be liable for all claims and liabilities under Company Plans which were not discharged by Sellers prior to the Closing Date, regardless of when such claims or liabilities arise or are asserted. Sellers shall continue to pay all claims under Company Plans up to the Closing consistent with past practices. From and after the Closing Date, Purchaser shall, at no expense to Sellers,

provide the benefits, if any, required pursuant to Section 4980B of the Code or Part 6 of Title I of ERISA for any Employee (or spouse or dependent of such Employee) who is or becomes entitled to such continuation from a Seller or Purchaser at any time.

(b) On the Closing Date, Sellers and Purchaser will execute amendments and continuation agreements effective as of the Closing Date for the continuation of Sellers' Company Plans and for the assumption by Purchaser of the sponsorship of such Plans. From and after the Closing Date, Purchaser shall assume the liability of Sellers for all claims and liabilities in respect of the Employees under the Plans, including each and every claim and liability not discharged prior to the Closing Date. Sellers shall continue to pay all claims under Company Plans up to the Closing consistent with past practices. Effective as of the Closing Date, Purchaser shall succeed to all rights, assets, other interests, obligations and duties of Sellers and its Affiliates in respect of the Employees under each Company Plan and Sellers shall transfer, assign, convey and deliver or cause to be transferred, assigned, conveyed and delivered to Purchaser (or to an appropriate funding arrangement designated by Purchaser) all such rights, assets, other interests, obligations and duties.

(c) Just prior to the Closing Date and consistent with past practice, Seller shall contribute to the Company Plan for the benefit of the Employees (i) all contributions due with respect to the last pay period ending prior to the Closing Date and (ii) all employer and employee contributions for the pay period including the Closing Date to which the Employees are entitled with respect to compensation earned by the Employees as of the Closing Date.

The parties acknowledge and agree that nothing contained in this Article IX shall limit the generality of anything elsewhere herein contained or shall imply, or be deemed to mean, that any obligation or liability imposed upon Purchaser pursuant to this Article IX would otherwise not be an obligation or liability of Purchaser under this Agreement. As of the date hereof, to Purchaser's actual knowledge, no amounts accrued on the Sellers' balance sheet that will become Assumed Liabilities described in this Section 9.2 would be properly classified as long term liabilities in accordance with GAAP.

Except as set forth in Section 9.1 hereof, nothing contained in this Agreement shall alter the "at-will" nature of Employees who are at-will employees of Sellers at the time of Closing, entitle any Employee to employment by the Purchaser for any particular period of time, or otherwise limit or prohibit the Purchaser from terminating their employment at any time from and after the Closing, except where otherwise limited or prohibited by applicable law.

ARTICLE X Bankruptcy Court Approval

10.1 Bankruptcy Court Approval. The sale contemplated herein is subject to approval of a Bid Procedures Order by the Bankruptcy Court, as well as a Sale Order at a hearing under Sections 363 and 365 of the Bankruptcy Code (the "Sale Hearing").

10.2 Certain Bankruptcy Undertakings. Subject to the Bid Procedures Order and the Auction, without limiting the other obligations of the parties hereunder, each of Sellers and Purchaser agrees to use reasonable best efforts to do such further acts and things and to execute and deliver such additional agreements and instruments as may reasonably be required to consummate, evidence, confirm or obtain Bankruptcy Court approval of the sale of the Purchased Assets or any other agreement contemplated hereby and to consummate the transaction contemplated hereby. Purchaser shall provide reasonable adequate assurances as required under the Bankruptcy Code with respect to any Assigned Contracts along with payment of all Purchaser Cure Amounts due thereunder.

10.3 Break-Up Fee; Expense Reimbursement. Subject to the entry by the Bankruptcy Court of the Bid Procedures Order approving the Break-Up Fee and Expense Reimbursement and the terms and conditions for the payment thereof, in consideration for Purchaser having expended considerable time and expense in connection with this Agreement and the negotiation thereof and the identification and quantification of the assets of Sellers, in the event that Sellers consummate an Alternative Transaction (and Purchaser is not in material breach of this Agreement), Sellers shall pay and Purchaser shall receive, in addition to the refund of its Deposit, (a) a breakup fee equal to \$800,000 to compensate Purchaser as a stalking-horse bidder (the "Break-Up Fee"), and (b) actual out of pocket costs and expenses of Purchaser incurred to third parties in connection with the negotiation of and diligence relating to this Agreement and the transactions contemplated hereby in an amount not to exceed \$200,000 (the "Expense Reimbursement"), as further specified below. Subject to approval of the Bankruptcy Court, the Break-Up Fee and the Expense Reimbursement shall be paid at the Closing, and from the proceeds, of the Alternative Transaction, in lieu of any damages or losses Purchaser may suffer, as liquidated damages and not as a penalty, as Purchaser's sole and exclusive remedy as a result of the termination of this Agreement in connection therewith. Purchaser shall have no right to the Break-Up Fee or the Expense Reimbursement for any other reason.

10.4 Competing Transaction. This Agreement is subject to approval by the Bankruptcy Court and the consideration by Sellers of higher or better competing bids. From the date hereof (and any prior time) and until the transaction contemplated by this Agreement is consummated, Sellers are permitted to cause its representatives and Affiliates to initiate contact with, solicit or encourage submission of any inquiries, proposals or offers by, and negotiate with, any Person (in addition to Purchaser and its Affiliates, agents and representatives) in connection with any sale or other disposition of the Purchased Assets. In addition, Sellers shall have the responsibility and obligation to respond to any inquiries or offers to purchase all or any part of the Purchased Assets and perform any and all other acts related thereto that are required under the Bankruptcy Code or other applicable law, including, without limitation, supplying information relating to the Business and the assets of Sellers to, and negotiating with, prospective purchasers. Nothing in this Agreement shall preclude any Seller from taking any action required of it under the Bankruptcy Code, other applicable law or any Order of the Bankruptcy Court, or entering into an Alternative Transaction as contemplated by the Bid Procedures Order.

ARTICLE XI

Termination; Remedies and Enforcement

11.1 General. The parties shall have the rights and remedies with respect to the termination and/or enforcement of this Agreement which are set forth in this Article XI.

11.2 Intentionally Omitted.

11.3 Right to Terminate. This Agreement and the transaction contemplated hereby may only be terminated as follows, at any time prior to the Closing by prompt notice given in accordance with Section 12.4:

(a) by the mutual written consent of Purchaser and Sellers;

(b) by either Purchaser or Sellers upon (i) the issuance of a final and non-appealable Order by a Governmental Authority to restrain, enjoin or otherwise prohibit the purchase and sale transaction contemplated hereby, (ii) the appointment of an examiner with expanded powers or a Chapter 11 trustee in Sellers' Bankruptcy Case, or (iii) Sellers' Bankruptcy Case being converted into a case under Chapter 7 of the Bankruptcy Code or dismissed;

(c) by either Purchaser or Sellers if the Bankruptcy Court has not entered the Sale Order by December 24, 2010 (provided that such date may be extended as otherwise agreed to in writing by Purchaser and Sellers, such date as so extended, the "Sale Order Date"); provided, however, that Purchaser's right to terminate this Agreement under this Section 11.3(c) shall not be available to Purchaser if Purchaser's failure to fulfill any of its obligations under this Agreement has been the cause of, or resulted in, the failure of the Sale Order to have been entered on or prior to the aforesaid date;

(d) by Purchaser, (i) if any condition set forth in Section 6.2 becomes incapable of being satisfied prior to the Termination Date (other than through the failure of Purchaser to comply with its obligations under this Agreement) and Purchaser has not waived such condition, (ii) if Sellers close an Alternative Transaction or (iii) if the Closing shall not have occurred at or before 11:59 p.m. (Chicago time) on the Termination Date (provided, however, that Purchaser's right to terminate this Agreement under this clause (iii) of this Section 11.3(d) shall not be available to Purchaser if Purchaser's failure to fulfill any of its obligations under this Agreement has been the cause of, or resulted in, the failure of the Closing to occur on or prior to the Termination Date); and

(e) by Sellers, (i) if any condition set forth in Section 6.1 becomes incapable of being satisfied prior to the Termination Date (other than through the failure of Sellers to comply with their obligations under this Agreement) and Sellers have not waived such condition, (ii) at any time after completion of the Auction if Purchaser is not declared the winning bidder upon completion of the Auction or (iii) if the Closing shall not have occurred at or before 11:59 p.m. (Chicago time) on December 27, 2010 (provided that such date may be extended (A) by Sellers in their sole discretion to a date not later than

December 31, 2010, or (B) as otherwise agreed to in writing by Purchaser and Sellers, such date as so extended, the "Termination Date").

11.4 Deposit.

(a) If this Agreement is terminated pursuant to Section 11.3 and Purchaser is not in material breach of this Agreement at the time of termination, then the Deposit shall be returned to Purchaser within two Business Days of such termination.

(b) If this Agreement is terminated pursuant to Sections 11.3 and Purchaser is in material breach of this Agreement at the time of termination, then the Deposit shall be disbursed to Sellers within two Business Days of such termination (it being understood and agreed that disbursement of the Deposit to Sellers shall not be liquidated damages and Sellers shall have all other rights and remedies contained herein and available to them at law or in equity).

(c) Purchaser and Sellers hereby acknowledge that the obligation to deliver the Deposit (to the extent due hereunder) shall survive the termination of this Agreement and shall be paid pursuant to the terms herein.

11.5 Certain Effects of Termination. In the event of the termination of this Agreement by either Seller or Purchaser as provided in Section 11.3: (a) Purchaser, if so requested by the other party, will return promptly every document furnished to it by any Seller or its representatives in connection with the transaction contemplated hereby, whether so obtained before or after the execution of this Agreement, and any copies thereof (except for copies of documents publicly available) which may have been made, and will cause its representatives and any representatives of financial institutions and investors and others to whom such documents were furnished promptly to return such documents and any copies thereof any of them may have made; and (b) the Confidentiality Agreement shall remain in effect.

11.6 Remedies. Notwithstanding any termination right granted in Section 11.3, in the event of the non-fulfillment of any condition to a party's closing obligations, in the alternative, such party may elect to do one of the following:

(a) proceed to close despite the non-fulfillment of any closing condition (to the extent legally permissible), it being understood that consummation of the Closing by such party shall be deemed a waiver of each breach of any representation, warranty or covenant of the other party and of such party's rights and remedies with respect thereto;

(b) decline to close, terminate this Agreement as permitted by Section 11.3 above, receive the Deposit (to the extent set forth in Section 11.4) and the Break-Up Fee and the Expense Reimbursement (to the extent set forth in Section 10.3), and thereafter seek monetary damages to the extent permitted in Section 11.7; or

(c) seek specific performance by the other party hereto of such other party's obligations hereunder which it has failed to perform so that Closing may proceed (it being acknowledged and agreed that the non-breaching party would be damaged irreparably, the remedies available at law to the non-breaching party would be inadequate,

and the performance of such other party's obligations under this Agreement may be specifically enforced).

11.7 Right to Monetary Damages. If this Agreement is terminated pursuant to Section 11.3, neither party hereto shall have any claim for monetary damages against the other, except (a) if the circumstances giving rise to such termination were caused by the other party's willful failure to comply with a material covenant set forth herein, in which event termination pursuant to Section 11.3 shall not be deemed or construed as limiting or denying any legal or equitable right or remedy of said party, and said party shall also be entitled to recover its costs and expenses which are incurred in pursuing its rights and remedies (including reasonable attorneys' fees) and (b) for the payment of the Deposit (as provided for in Section 11.4) and the payment of the Break-Up Fee and the Expense Reimbursement (as provided for in Section 10.3). **NOTWITHSTANDING ANYTHING IN THE AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL PURCHASER BE OBLIGATED TO SELLERS OR ANY OTHER PERSON IN CONNECTION WITH ANY BREACH OR TERMINATION OF THIS AGREEMENT FOR SPECIAL, INDIRECT, CONSEQUENTIAL, EXEMPLARY OR PUNITIVE DAMAGES OR LOSSES, INCLUDING LOST PROFITS AND REVENUE.**

ARTICLE XII
Miscellaneous

12.1 Survival; Certain Post-Closing Matters. Purchaser and Sellers acknowledge and agree that: (a) Sellers' representations and warranties set forth in this Agreement and in the documents and instruments delivered or entered into by Sellers in connection with this Agreement shall not survive the Closing and shall expire immediately upon the Closing; and (b) the covenants and agreements of Sellers set forth in this Agreement and in any documents and instruments delivered or entered into by Sellers in connection with this Agreement, in each case that do not by their terms extend beyond the Closing, shall not survive the Closing and shall expire immediately upon the Closing. Accordingly, for clarification purposes, it is acknowledged, understood and agreed by the parties that Sellers shall not have any liability or other obligation following the Closing with respect to any breach by Sellers or claimed breach by Sellers of (x) any representations or warranties contained in this Agreement or any of the documents or instruments delivered or entered into by Sellers in connection with this Agreement or (y) any of Sellers' covenants and agreements contained in this Agreement or any of the documents or instruments delivered or entered into by Sellers in connection with this Agreement that do not by their terms extend beyond the Closing. Notwithstanding anything expressed or implied herein to the contrary, the parties acknowledge and agree that (1) Purchaser shall be solely responsible for the ownership of the Purchase Assets from and after the Closing Date, the operation of the Business from and after the Closing Date, and acts or omissions of Purchaser with respect thereto, and (2) Sellers shall have no responsibility or obligation with respect to, or arising out of, any of the foregoing.

12.2 Entire Agreement. This Agreement, the agreements, documents and instruments to be delivered by the parties pursuant to the provisions hereof, and the Confidentiality Agreement constitute the entire agreement between the parties, amend, restate and supersede in its entirety the First Amended and Restated APA, and shall be binding upon and inure to the

benefit of the parties hereto and their respective legal representatives, successors and permitted assigns. Each Appendix, Exhibit, Schedule and the Disclosure Schedule, shall be considered incorporated into this Agreement. The inclusion of any item in the Disclosure Schedule is not evidence of the materiality of such item for the purposes of this Agreement. Purchaser acknowledges that any estimates, forecasts, or projections furnished or made available to it concerning Sellers or the Business or their properties, business or assets have not been prepared in accordance with GAAP or standards applicable under any securities laws, and such estimates, forecasts and projections, including any reflected in the Financial Statements, reflect numerous assumptions, and are subject to material risks and uncertainties. Purchaser acknowledges that actual results may vary, perhaps materially, and Purchaser is not relying on any such estimates, forecasts or projections.

12.3 Publicity. Except as otherwise required by law or applicable stock exchange rules, press releases and other publicity concerning this transaction shall be made only with the prior agreement of the Sellers and Purchaser (and, in any event, the parties shall use all reasonable efforts to consult and agree with each other with respect to the content of any such required press release or other publicity).

12.4 Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (a) on the day of service if served personally on the party to whom notice is to be given; (b) on the day of transmission if sent via facsimile transmission to the facsimile number given below if transmitted during regular business hours on a Business Day, and if not, then on the following Business Day; (c) on the day of transmission if delivered by electronic mail during regular business hours on a Business Day and, if not, then on the following Business Day; or (d) on the day of delivery (if a Business Day, and if not a Business Day, on the next Business Day) if sent by Federal Express or similar overnight courier or United States mail:

If to Sellers:

Addressed to:

Schutt Holdings, Inc.
710 South Industrial Drive
Litchfield, IL 62056
Attn: Robert Erb, President
Email: rerb@schutt-sports.com
Fax: (217) 324-2732

with a copy to:

Greenberg Traurig, LLP
77 West Wacker Drive, Suite 3100
Chicago, IL 60601
Attn: Nancy A. Peterman
Peter H. Lieberman
Email: petermann@gtlaw.com

liebermanp@gtlaw.com
Fax: (312) 456-8435

If to Purchaser or Parent:

Addressed to:

Kranos Intermediate Holding Corporation
c/o Platinum Equity, LLC
360 North Crescent Drive, South Bldg
Beverly Hills, California 90210
Attn.: General Counsel
Email: ekalawski@platinumequity.com
Fax: (310) 772-2694
with a copy to:

McGuireWoods LLP
625 Liberty Avenue, 23rd Floor
Pittsburgh, PA 15222
Attn.: Mark E. Freedlander
Email: mfreedlander@mcguirewoods.com
Fax: (412) 667-6050

Any party may change its address for the purpose of this Section 12.4 by giving the other party written notice of its new address in the manner set forth above.

12.5 Expenses. Except as set forth in Article XI, each party hereto shall bear all fees and expenses incurred by such party in connection with, relating to or arising out of the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transaction contemplated hereby, including, without limitation, financial advisors', attorneys', accountants' and other professional fees and expenses. For the avoidance of doubt, Sellers shall pay the fees and expenses of Oppenheimer & Co., Inc., and Purchaser shall pay any and all filing fees under the HSR Act.

12.6 Non-Waiver. Except as otherwise contemplated herein, the failure in any one or more instances of a party to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by said party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred. Except as provided in Section 11.6(a), no waiver shall be effective unless it is in writing and signed by an authorized representative of the waiving party.

12.7 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute one instrument. This Agreement may be executed through the exchange of facsimile or pdf e-mail signature pages, which shall have the same legal effect as original signatures.

12.8 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and, for purposes of such jurisdiction, such provision or portion thereof shall be struck from the remainder of this Agreement, which shall remain in full force and effect. This Agreement shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the parties under this Agreement.

12.9 Applicable Law. 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 Delaware applicable to contracts made in that state, without giving effect to any choice of law or conflict of law provision or rule that would cause the application of laws of any jurisdiction other than the State of Delaware.

12.10 Binding Effect; Benefit. This Agreement shall inure to the benefit of and be binding upon the parties hereto, and their successors and permitted assigns. Nothing in this Agreement, express or implied, shall confer on any Person other than the parties hereto, and their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, including, without limitation, third party beneficiary rights. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of any third Persons to Sellers or Purchaser. No provision of this Agreement shall give any third Persons any right of subrogation or action over or against Sellers or Purchaser.

12.11 Assignability. This Agreement and the various rights and obligations arising hereunder inure to the benefit of and are binding upon Sellers and their respective successors and permitted assigns, and Purchaser and its successors and permitted assigns. Neither this Agreement nor any of the rights, interests or obligations hereunder may be transferred or assigned (including by operation of law in connection with a merger or sale of stock, or sale of substantially all the assets, of a Person) by any of the parties hereto without the prior written consent of the other party or parties (not to be unreasonably withheld, conditioned or delayed). Notwithstanding the foregoing, Purchaser may assign all or a part of its rights, interests and obligations under this Agreement to any other Person wholly-owned, directly or indirectly, by Purchaser and may make a collateral assignment of any rights or benefits hereunder to any lenders, all without consent of Sellers. No assignment shall relieve a party of its liability or obligations hereunder. Notwithstanding anything expressed or implied herein to the contrary, following the Closing, Sellers (or any of them) may assign all or any portion of their rights hereunder in accordance with an Order of the Bankruptcy Court.

12.12 Amendments. This Agreement shall not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties hereto.

12.13 Headings. The headings contained in this Agreement are for convenience of reference only and shall not affect the meaning or interpretation of this Agreement.

12.14 Governmental Reporting. Anything to the contrary in this Agreement notwithstanding, nothing in this Agreement shall be construed to mean that a party hereto or

other person must make or file, or cooperate in the making or filing of, any return or report to any Governmental Authority in any manner that such Person or such party reasonably believes or reasonably is advised is not in accordance with law.

12.15 WAIVER OF TRIAL BY JURY. EACH OF THE PARTIES HERETO WAIVES THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING SEEKING ENFORCEMENT OF SUCH PARTY'S RIGHTS UNDER THIS AGREEMENT.

12.16 Consent to Jurisdiction. Purchaser and Sellers agree that the Bankruptcy Court shall retain sole jurisdiction over any legal action or proceeding with respect to this Agreement. Each of Purchaser and Sellers irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or the transactions contemplated hereby.

12.17 Time of the Essence. Time is of the essence of this Agreement. When calculating the period of time before which, within which or following which, any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

12.18 Rule of Construction. The parties acknowledge and agree that each has negotiated and reviewed the terms of this Agreement, assisted by such legal and tax counsel as they desired, and has contributed to its revisions. The parties further agree that the rule of construction that any ambiguities are resolved against the drafting party will be subordinated to the principle that the terms and provisions of this Agreement will be construed fairly as to all parties and not in favor of or against any party. The word "including" means "including, without limitation." The phrase "ordinary course of business" or words of similar import shall mean the ordinary course of business consistent with past custom and practice, subject, in the case of Sellers or the Business, to changes in the business, operations or custom or practice of Sellers to the extent resulting from matters arising as a result of, or in connection with, Sellers' status as a filer under Chapter 11 of the Bankruptcy Code. All exhibits and schedules attached to this Agreement are incorporated therein and expressly made a part of this Agreement as though completely set forth therein. All references to this Agreement or in any of the exhibits, the Disclosure Schedules or other schedules shall be deemed to refer to the entire Agreement, including all exhibits, these Disclosure Schedule and schedules.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Second Amended and Restated Asset Purchase Agreement as of the date first above written.

SELLERS:

SCHUTT HOLDINGS, INC.

By: _____
Name: _____
Title: _____

SCHUTT SPORTS, INC.

By: _____
Name: _____
Title: _____

TRIANGLE SPORTS, INC.

By: _____
Name: _____
Title: _____

**MOUNTAIN VIEW INVESTMENT
COMPANY OF ILLINOIS**

By: _____
Name: _____
Title: _____

Signature Page to Second Amended and Restated Asset Purchase Agreement

CHI 60576803v10 December 15, 2010

R.D.H. ENTERPRISES, INC.

By: _____
Name: _____
Title: _____

MELAS, INC.

By: _____
Name: _____
Title: _____

CIRCLE SYSTEM GROUP, INC.

By: _____
Name: _____
Title: _____

Signature Page to Second Amended and Restated Asset Purchase Agreement

CHI 60576803v10 December 15, 2010

PURCHASER:

**KRANOS INTERMEDIATE HOLDING
CORPORATION**

By: _____
Name: _____
Title: _____

Signature Page to Second Amended and Restated Asset Purchase Agreement

CHI 60576803v10 December 15, 2010

APPENDIX 1

DEFINED TERMS

As used in this Agreement, the following terms shall have the following meanings:

"Accounts Receivable" is defined in Section 1.2.

"Affiliate" with respect to any Person means any other Person who directly or indirectly Controls, is Controlled by, or is under common Control with such Person including in the case of any Person who is an individual, his or her spouse, any of his or her descendants (lineal or adopted) or ancestors, and any of their spouses.

"Agreement" is defined in the Introduction to this Agreement.

"Alternative Transaction" means a transaction or series of related transactions for the sale of all or substantially all of the Purchased Assets to a purchaser or purchasers other than Purchaser (or any of its Affiliates).

"Assumed Liabilities" is defined in Section 2.2.

"Auction" means a sale in which the Purchased Assets shall be offered for sale to a bidder or bidders making the highest or best offer, which will be scheduled by the Bankruptcy Court in the Bankruptcy Cases.

"Assigned Avoidance Actions" is defined in Section 1.2.

"Assigned Contracts" is defined in Section 1.2.

"Assigned Avoidance Actions" is defined in Section 1.2.

"Avoidance Actions" means any and all claims and causes of action of a Seller arising under the Bankruptcy Code, including, without limitation, Sections 544, 545, 547, 548, 549 and 550 thereof.

"Bankruptcy Case" is defined in Recital B to this Agreement.

"Bankruptcy Code" means the Bankruptcy Reform Act of 1978, 11 U.S.C. §§ 101, et seq., as in effect on the Petition Date, and as amended effective as of the Petition Date.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware or such other court having jurisdiction over the Bankruptcy Cases originally administered in the United States Bankruptcy Court for the District of Delaware.

"Bid Procedures Order" means an order of the Bankruptcy Court, substantially in the form attached hereto as Exhibit A with such changes as are reasonably acceptable to the parties,

Appendix 1

authorizing, among other things, the sale of the Purchased Assets and assumption and assignment of the Assigned Contracts and the assumption of the Assumed Liabilities pursuant to the bid procedures and bid protections (including the Break-Up Fee and the Expense Reimbursement) set forth therein.

"Break-Up Fee" is defined in Section 10.3.

"Business" is defined in Recital A of this Agreement.

"Business Day" means any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in Chicago, Illinois are permitted or required to be closed.

"Cash Collateral" means cash collateral as used in Section 363 of the Bankruptcy Code.

"Cash Collateral Order" means an Order in these Bankruptcy Cases approving Sellers' use of Cash Collateral on an interim or final basis, as such Order is modified from time to time.

"Cash Payment" is defined in Section 3.1

"Circle System" is defined in the Introduction of this Agreement.

"Circle System Matters" means all matters related to the Circle System acquisition, whether commenced before or after the Closing, including, without limitation, each of the following proceedings (and any and all appeals with respect to each of the following): (i) the breach of employment agreement action filed in the First Judicial District of Pennsylvania, Philadelphia County, styled as *Alan Abeshaus, et al. v. Circle System Group, Inc.*, Case No. 02797; (ii) the breach of stock purchase agreement, securities and common law fraud action filed in First Judicial District of Pennsylvania, Philadelphia County, styled as *Circle System Group, Inc., et al. v. Alan Abeshaus, et al.* No. 5:08-cv-05376-TMG; and (iii) the false claims act filed in the United States District Court for the Eastern District of Pennsylvania, styled as *Gerry Dale, et al. v. Circle System Group, Inc., et al.*, No. 06-cv-04747-JKG.

"Claim" means a claim against any or all of Sellers, whether or not asserted, as defined in Section 101(5) of the Bankruptcy Code.

"Closing" is defined in Section 3.3.

"Closing Balance Sheet" is defined in Section 3.5

"Closing Date" is defined in Section 3.3.

"Closing Payment" is defined in Section 3.4.

"Code" means the Internal Revenue Code of 1986, as amended.

Appendix 1

"Company Plans" is defined in Section 4.3(i).

"Confidentiality Agreement" is defined in Section 5.3.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities, by contract or otherwise.

"Copyrights" is defined in Section 4.3(m).

"Cure Amounts" means all amounts necessary to cure all defaults under the Assigned Contracts pursuant to Section 365 of the Bankruptcy Code, as more specifically set forth in the Sale Order. Sellers' good faith estimate of the Cure Amounts (other than Cure Amounts with respect to those contracts identified on Schedule 1.4), as of the date hereof, are set forth on Schedule 2.2.

"Deposit" is defined in Section 3.8.

"Disclosure Schedule" is defined in Section 4.1.

"Equipment" is defined in Section 1.2.

"Employee(s)" is defined in Section 9.1.

"Environmental Law" means any law, Order or other requirement of law for the protection of the environment, or for the manufacture, use, transport, treatment, storage, disposal, release or threatened release of Hazardous Materials, petroleum products, asbestos, urea formaldehyde insulation, polychlorinated biphenyls or any substance listed, classified or regulated as "hazardous" or "toxic" or any similar term under such Environmental Law.

"Environmental Permits" means all environmental, health and safety permits, licenses, registrations, and approvals and authorizations from Governmental Authorities.

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

"Escrow Agent" means Deutsche Bank, as escrow agent designated by Sellers and Purchaser to hold the Deposit in escrow in accordance with an escrow agreement executed on the date of this Agreement between Sellers, Purchaser and the Escrow Agent.

"Excluded Assets" is defined in Section 1.3.

"Excluded Liabilities" is defined in Section 2.3.

"Expense Reimbursement" is defined in Section 10.3.

Appendix 1

"Extended Assumption/Rejection Date" means the 210th day following the Petition Date, which is April 4, 2011.

"Extension Order" means an order of the Bankruptcy Court approving the Extended Assumption/Rejection Date.

"Financial Statements" means the consolidated audited financial statements of Sellers for the year ended October 31, 2009.

"GAAP" means United States generally accepted accounting principles, applied in a manner consistent with the preparation of the Financial Statements.

"Governmental Authority" means any United States federal, state or local or non-United States governmental or regulatory authority, agency, commission, court, body, or other governmental entity, including the Bankruptcy Court.

"Hazardous Materials" means all explosive or radioactive substances or wastes, and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Holdings" is defined in the Introduction to this Agreement.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"HSR Approval" is defined in Section 5.4.

"Infringing Inventory" shall mean all current and previously existing Inventory of the Sellers consisting of helmet shells that have been specifically found to infringe patents of Riddell, Inc. in that certain civil action styled *Riddell, Inc. v. Schutt Sports, Inc.*, identified by civil action number 3:08-cv-00711 pending in the United States District Court of the Eastern District of Wisconsin (it being understood that "Infringing Inventory" shall not include (a) helmet liners, facemasks or any other components attached to the helmet shells or (b) helmet shells which have been reground for use as a raw material).

"Intellectual Property Rights" is defined in Section 1.2.

"Inventory" is defined in Section 1.2.

"IRS" means the Internal Revenue Service.

"Knowledge" shall mean the actual knowledge of Robert Erb, Rollen Jones, Kip Meyers, Andy Fischer and Courtney Warmouth, without giving effect to imputed knowledge or giving rise to any duty to investigate.

Appendix I

"Lease Deposit" is defined in Section 1.2.

"Leased Real Estate" is defined in Section 1.2.

"Lien" means any charge against or interest in property to secure payment of a debt or performance of an obligation.

"Management Incentive Plans" means each of the management incentive plans approved by the Bankruptcy Court.

"Material Adverse Effect" means a material adverse effect on the business or financial condition of the Business, taken as a whole, provided that the foregoing shall not include any event, circumstance, change, occurrence, fact or effect resulting from or relating to (A) changes in economic conditions generally or in any region in which the Sellers or the Business operate, (B) changes in United States or global financial markets in general, (C) changes, occurrences or developments in or related to the general industry or industries (or portions thereof) in which the Sellers or the Business operate or are materially related thereto, (D) changes in law, GAAP or any authoritative interpretations thereof, (E) any action taken or failed to be taken by Sellers or any of their Affiliates or representatives at the request of Purchaser or that is required or contemplated by this Agreement, (F) a failure to meet Sellers' projections, or any changes in the prices or availability of raw materials used in the Business, (G) the identity of, or any action taken by, Purchaser or any of its Affiliates or representatives, (H) the Bankruptcy Case, (I) the announcement and performance of this Agreement and the other transactions contemplated by this Agreement, including termination of, reduction in or similar negative impact on relationships, contractual or otherwise, with any customers, suppliers, distributors, partners, officers or employees of the Business, (J) any actions required under this Agreement to obtain any approval or authorization required under applicable antitrust or competition laws for the consummation of the transactions contemplated by this Agreement, (K) acts of war (whether or not declared), armed hostilities, sabotage or terrorism occurring after the date of this Agreement or the continuation, escalation or worsening of any such acts of war, armed hostilities, sabotage or terrorism threatened or underway as of the date of this Agreement, or (L) earthquakes, hurricanes, floods, or other natural disasters.

"Melas" is defined in the Introduction.

"Mountain" is defined in the Introduction.

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Authority.

"Original APA" is defined in Recital C of this Agreement.

"Owned Real Estate" is defined in Section 1.2.

"Patents" is defined in Section 4.3(m).

Appendix 1

"Permits" means all licenses, permits, registrations and approvals from or with a Governmental Authority other than the Environmental Permits.

"Permitted Liens" means: (a) statutory Liens for current Taxes, assessments and other charges by Governmental Authorities that are not yet due and payable or that, although due and payable, are being contested in good faith; (b) mechanics', materialmen's, warehouseman's and similar Liens that relate to Assumed Liabilities; (c) such covenants, conditions, restrictions, easements, encroachments or encumbrances of record and any conditions, restrictions, easements, encroachments and other encumbrances that would be shown by a current, accurate survey or physical inspection of the Owned Real Estate; (d) zoning, building codes and other land use laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over real property; (e) a lessor's interest in, and any mortgage, pledge, security interest, encumbrance, lien (statutory or other) or conditional sale agreement on or affecting a lessor's interest in, property underlying any of the Real Estate Leases; or (f) Liens or encumbrances or matters caused by, or resulting from, the actions of Purchaser or any of its agents, employees or affiliates.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, bank, trust company, trust or other entity or group, whether or not legal entities, or any Governmental Authority.

"Petition Date" is defined in Recital B of this Agreement.

"Purchase Price" is defined in Section 3.1.

"Purchased Assets" is defined in Section 1.1.

"Purchaser" is defined in the Introduction to this Agreement.

"Purchaser Cure Amounts" is defined in Section 2.2.

"RDH" is defined in the Introduction to this Agreement.

"Real Estate Lease" is defined in Section 1.2.

"Real Property" is defined in Section 1.2.

"Required Consent" is defined in Section 5.3.

"Retained Claims" is defined in Section 1.3(l).

"Riddell Matters" means all matters related to Riddell, Inc. or any of its Affiliates for periods up to the Closing, whether commenced before or after the Closing, including, without limitation, each of the following proceedings (and any and all appeals with respect to the following): (i) *Riddell, Inc. v. Schutt Sports, Inc.*, Civil Action No. 3:08-cv-00711-BBC, pending in the United States District Court for the Western District of Wisconsin; (ii) *Riddell, Inc. v.*

Appendix 1

Schutt Sports, Inc., Civil Action No. 10-cv-000504, pending in the United States District Court for the Western District of Wisconsin; (iii) *Schutt Sports, Inc. v. Riddell, Inc.*, Adversary Proceeding No. 10-52995, pending in the United States Bankruptcy Court for the District of Delaware; and (iv) Debtors' Motion to Hold Riddell, Inc. In Contempt of Court for Violation of the Automatic Stay, in *In re Schutt Sports, Inc., et al.*, Case No. 10-12795 (Jointly Administered), pending in the United States Bankruptcy Court for the District of Delaware.

"Sale Hearing" is defined in Section 10.1.

"Sale Order" means an order of the Bankruptcy Court, substantially in the form attached hereto as Exhibit B with such changes as are reasonably acceptable to the parties, approving, among other things, the transactions contemplated hereby, approving Purchaser as the party to purchase the Purchased Assets and the Assigned Contracts and Assumed Liabilities and authorizing Sellers to perform all of their obligations hereunder.

"Sale Order Date" is defined in Section 11.3.

"Seller(s)" is defined in the Introduction to this Agreement.

"Seller Avoidance Actions" is defined in Section 1.3.

"Schutt" is defined in the Introduction to this Agreement.

"Straddle Period" is defined in Section 8.3.

"Tax Return" means any report, return, information return, filing or other information, including any schedules, exhibits or attachments thereto, and any amendments to any of the foregoing required to be filed or maintained in connection with the calculation, determination, assessment or collection of any Taxes (including estimated Taxes).

"Taxes" means (a) all taxes, however denominated, and all like charges, levies, duties, imposts, unclaimed property, escheat obligations or other assessments, including any interest, penalties or additions to tax that may become payable in respect thereof, imposed by any Government, which taxes shall include all income taxes, Transaction Taxes, payroll and employee withholding, unemployment insurance, social security (or similar), sales and use, excise, franchise, gross receipts, occupation, real and personal property, stamp, transfer, workmen's compensation, customs duties, registration, documentary, value added, alternative or add-on minimum, estimated, environmental (including taxes under Section 59A of the Code) and other obligations of the same or a similar nature, whether arising before, on or after the Closing Date and (b) any transferee, successor or other liability in respect of Taxes of another (whether by contract or otherwise) and any liability in respect of any Taxes as a result of any company being a member of any "affiliated group" as defined in Section 1504 of the Code, or any analogous combined, consolidated or unitary group defined under state, local or foreign Tax law.

"Termination Date" is defined in Section 11.3.

Appendix 1

"Trademarks" is defined in Section 4.3(m).

"Transaction Taxes" is defined in Section 8.3

"Warehouse Lease Deposit" means all deposits (including, without limitation, any security deposits) under the warehouse lease between Schutt Sports, Inc. and Paikes Enterprises.

"WARN Act" means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. Section 2101, et seq.

"Working Capital" is defined in Section 3.2

Appendix 1

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Exhibit B

NONE

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

SCHUTT SPORTS, INC., *et al.*¹

Debtors.

Chapter 11

Case No. 10-12795 (KJC)

(Jointly Administered)

Hearing Date: December 15, 2010 at 3:00 p.m. (ET)
Objection Deadline: At the Hearing

OBJECTION OF RAWLINGS SPORTING GOODS COMPANY, INC. TO (a) SALE TO KRAPOS INTERMEDIATE HOLDING CORPORATION OF THE DEBTORS' ASSETS PURSUANT TO THE DEBTORS' MOTION FOR ENTRY OF ORDERS: (A)(I) APPROVING BID PROCEDURES RELATING TO SALE OF THE DEBTORS' ASSETS; (II) APPROVING BID PROTECTIONS; (III) SCHEDULING A HEARING TO CONSIDER THE SALE; APPROVING THE FORM AND MANNER OF NOTICE OF SALE BY AUCTION; ESTABLISHING PROCEDURES FOR NOTICING AND DETERMINING CURE AMOUNTS; AND (VI) GRANTING RELATED RELIEF; AND (B)(I) APPROVING ASSET PURCHASE AGREEMENT AND AUTHORIZING THE SALE OF CERTAIN ASSETS OF DEBTORS OUTSIDE THE ORDINARY COURSE OF BUSINESS; (II) AUTHORIZING THE SALE OF ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; (III) AUTHORIZING THE ASSUMPTION, SALE AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES; AND (IV) GRANTING RELATED RELIEF; AND (b) REQUEST TO RE-OPEN AUCTION BIDDING

Rawlings Sporting Goods Company, Inc. ("Rawlings") by and through its undersigned counsel hereby objects to the Auction² conducted pursuant to the Bid Procedures contained in the Orders: (A)(I) Approving Bid Procedures Relating To Sale Of The Debtors' Assets; (II) Approving Bid Protections; (III) Scheduling A Hearing To Consider The Sale; Approving The Form And Manner Of Notice Of Sale By Auction; Establishing Procedures For Noticing And Determining Cure Amounts; And (VI) Granting Related Relief dated December 1, 2010 (the

¹ The Debtors, along with the last four digits of each Debtor's tax identification number, are: Mountain View Investment Company of Illinois (3563), Schutt Sports, Inc. (0521), Schutt Holdings, Inc. (0276), Circle System Group, Inc. (7711), Melas, Inc. (9761), R.D.H. Enterprises, Inc. (2752), and Triangle Sports, Inc. (6936).

² Unless otherwise stated, all capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bid Order.

"Bid Order"); And (B)(I) Approving Asset Purchase Agreement And Authorizing The Sale Of Certain Assets Of Debtors Outside The Ordinary Course Of Business; (II) Authorizing The Sale Of Assets Free And Clear Of All Liens, Claims, Encumbrances And Interests; (III) Authorizing The Assumption, Sale And Assignment Of Certain Executory Contracts And Unexpired Leases; And (IV) Granting Related Relief.

Status of the Case and Background

1. On September 6, 2010 (the "Joint Debtor Petition Date"), each of Mountain View Investment Company of Illinois, Schutt Sports, Inc., Circle System Group, Inc., Melas, Inc., R.D.H. Enterprises, Inc., and Triangle Sports, Inc. (collectively, the "Joint Debtors") filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

2. On September 15, 2010 (together with the Joint Debtor Petition Date, the "Petition Date"), Schutt Holdings, Inc., a Delaware corporation and the parent company of the Joint Debtors (the "Additional Debtor" and, together with the Joint Debtors, the "Debtors"), filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

3. On September 8, 2010, the Court granted joint administration of the Joint Debtors' cases and, subsequently, on September 22, 2010, joint administration of all of the Debtors' cases.

4. The Debtors have continued in possession of their properties and are operating and managing their business as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On September 16, 2010, the United States Trustee for Region 3 appointed an Official Committee of Unsecured Creditors (the "Committee"). No request has been made for the appointment of a trustee or examiner.

THE AUCTION³

6. Pursuant to the Bid Procedures, the Auction commenced on December 14, 2010 at 10:51 a.m. at the offices of Greenberg Traurig LLP, counsel to the Debtors.

7. The Auction was conducted by John Stark, managing director of Oppenheimer & Co., Inc., financial advisors to the Debtors. Three bidders qualified pursuant to the terms of the Bid Procedures and appeared at the Auction. They were Rawlings, Kranos Intermediate Holding Corp. ("Kranos"), and Two Point Conversion LLC ("Two Point" and collectively with Rawlings and Kranos, the "Bidders").

8. At the commencement of the Auction, Mr. Stark advised the Bidders that each would be allowed 20 minutes to make its bid. Despite the rules articulated by Mr. Stark, the Bidders were actually allowed as much time as necessary to submit a bid; in some instances, more than 1 hour.

9. During the course of the bidding, thirty one bids were submitted by the Bidders. Because of the length of time given by Mr. Stark to the Bidders, while the Auction commenced at 10:51 a.m. on December 14, 2010, it did not end until 6:46 a.m. on December 15, 2010.

10. At 12:35 a.m. on December 15, 2010, Two Point dropped out of the bidding after making a final bid which was valued by the Debtors' financial advisor as providing \$31.7M. to the Debtors' estates. Under the rules of the Bid Procedures, Two Point consented to being the Back-Up Bidder if selected by the Debtors.

11. Thereafter, Rawlings and Kranos continued to bid and ultimately Kranos submitted a bid which would result in net proceeds to the Debtors' estates of \$33.1M, fixed a closing date of December 15, 2010 and proposed to maintain the Debtors' employees in Illinois for 12 months, and Pennsylvania for 3 months.

³ Annexed hereto are pages 113-125 of the transcript of the Auction held on December 14-15, 2010.

12. Rawlings countered with a bid of \$36M which would result in net proceeds to the Debtors' estates of \$35M, which although higher than Kranos' last bid was not deemed better by the Debtors' due to the fact that Rawlings' closing date was set for December 24, 2010.

13. At approximately 6:00 a.m. on December 15, 2010, Mr. Stark, together with Nancy Peterman, a partner at Greenberg Traurig and the Debtors' lead bankruptcy counsel, met privately with Rawlings representatives including Mitchell Hollander and Robert Kolodney of Kane Kessler, P.C., Rawlings' counsel. Mr. Stark stated that as the Auction was going on for over 18 hours, and time was running out on preparing the papers to present to the Court at the Sale Hearing set for 3:00 p.m. on December 15, 2010, the procedures for bidding would be changed and Rawlings and Kranos would be required to submit sealed bids with their respective final and best offers, which would then be opened in the Auction room. Both Mr. Hollander and Mr. Kolodney strenuously objected to the sealed bid procedure, and advised Mr. Stark and Ms. Peterman that Rawlings desired that the Bidding Process remain in the same form as had been conducted for over 18 hours, *i.e.* with each bidder continuing to make its bid after the other until the highest and best bid was selected. Mr. Hollander advised Mr. Stark that Rawlings was prepared to bid but only at an open auction.

14. After this conversation, Rawlings was invited into the Auction room by Mr. Stark. At that time, Rawlings offered to (a) increase its deposit (which was in the amount of \$2.5M, as set by the Bid Procedures) to \$7.5M, (b) reduce its previous bid from \$36M to \$35.1M which would result in a net recovery to the Debtors' estates of \$34.1M that would be \$1M above the Kranos bid (as a result of all the bids submitted by Rawlings, the unsecured trade creditors would receive \$3.5M, the critical vendors would receive \$2.5M, and the Debtors' estates would receive \$3.6M to pay administration creditors and after payment was made to

them, any balance would go to trade creditors), and (c) agree to waive any closing conditions contained in its draft asset purchase agreement and close on December 24, 2010. Trans. pp. 113-116.

15. After a short recess in the bidding, Mr. Stark announced that as it was 6:30 in the morning and he had received 31 bids in the Auction, the final two Bidders have put their best bids on the table. Both Mr. Kolodney and Mr. Hollander disputed that fact and Mr. Hollander specifically stated that Rawlings' bid on the table was not Rawlings' best bid. Trans. p. 119, lines 18-23. When Mr. Stark responded that he understood this to be the best and highest offer of a bidder, Mr. Hollander responded that "In fairness, I thought you talked about that and we *specifically said we didn't want to do that*. I said maybe in the next round we would seriously considering do that, but at this time I thought we were very clear that we are not in a position to do that." Trans. p.120, lines 5-11 (emphasis added). He also stated that he expected to have a next round of bidding at which time Rawlings would consider making a next higher bid.

16. Mr. Kolodney also stated that "... the discussion we had had was that the proposal was going to be made for sealed bids, make your best offer, we'll open them up, and we clearly said that was not acceptable to us, that we wanted to go into the bidding, and that's what we were bidding on, based on that." Trans. p.120, lines 20-24 - p. 121, lines 1-2.

17. After further conversations between Mr. Stark, Mr. Hollander, and Mr. Kolodney, representatives of Rawlings left the Auction room for a few minutes and caucused and upon returning, as Mr. Hollander began to speak, Jacob Kotzubei, a representative of Platinum Equity (Kranos), stated that they would leave the building "this second and you guys make a decision, either our bid is accepted or we have lost, and either way we need to know right now." Trans. p. 123, lines 18-24. Mr. Kotzubei continued to interrupt Mr. Hollander and

stated to Mr. Hollander "...we have a made an ultimatum now to the Debtor to make a decision and we are not interested in hearing what you have to say right now." Trans. p. 124, lines 12-15. Thereafter Mr. Stark awarded the bid to Kranos and closed the Auction. When Mr. Hollander asked "what happened to our bid of \$36 Million, Mr. Stark responded 'I don't know.'" Trans. p.125, lines 5-7.

OBJECTION

18. Rawlings objects to the selection of Kranos as the winning bidder at the Auction and the manner in which Mr. Stark conducted the final minutes of an auction which lasted over 19 hours.

19. It is clear from the transcript that Mr. Stark was intimidated by Mr. Kotzubei's actions and threat to withdraw Kranos' offer. Mr. Stark ignored Mr. Kolodney's and Mr. Hollander's statements that the bidding was not to be done on a final basis and never clearly stated to the Bidders that he would not accept any further bids.

20. A Section 363 sale is conducted to generate the greatest return to the Debtors' estates. In this instance, Rawlings was not permitted to increase their last bid (which was \$900,000 higher than the last Kranos bid) which if allowed, would have resulted in \$1.5M of additional funds into the Debtors' estates.

21. It was improper for Mr. Stark to close the Auction so quickly simply because one bidder threatened to leave. As noted previously, under the terms of the Bidding Procedures, Two Point could be designated as a Back-up Bidder and therefore there would be no harm to the Debtors' estates if Kranos did not bid and Rawlings was allowed to make a successful bid as the Debtors would have a Back-Up Bid if Rawlings defaulted plus \$7.5M in escrow proceeds to the benefit of the Debtors' estates.

22. A reading of the transcript attached to this objection clearly shows that after 19 hours the main objective of Mr. Stark and the Debtors was to end the Auction rather than obtain the highest and best return for the Debtors' estates.

23. For the reasons stated above, Rawlings respectfully requests that the Court (i) not approve the sale to Kranos and (ii) re-open the bidding to allow Rawlings to participate, which participation will certainly inure to the benefit of the Debtors' estates.

Dated: December 15, 2010

Respectfully Submitted,

SMITH KATZENSTEIN & JENKINS LLP

By: /s/ Michael P. Migliore
Kathleen M. Miller (Id. No. 2898)
Michael P. Migliore (Id. No. 4331)
The Corporate Plaza
800 Delaware Avenue, 10th Floor
P.O. Box 410 (Courier 19801)
Wilmington, DE 19899
Tel. (302) 652-8400
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kmiller@skjlaw.com
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-and-

KANE & KESSLER, P.C.
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1	- - -	06:00:22
2	(Mr. Kotzubei, Mr. Louie, and	06:15:26
3	Mr. Fries are not present in the hearing	
4	room at this time.)	
5	- - -	06:15:45
6	MR. STARK: Let's go back on the	06:15:48
7	record.	
8	All right. I believe when we left	06:16:10
9	the record, we had before us a bid from	
10	Rawlings, but I understand that Rawlings	
11	is interested in modifying that bid.	
12	MR. HOLLANDER: Correct.	06:16:27
13	MR. STARK: So would you please tell	06:16:28
14	us the extent of the modification of that	
15	bid?	
16	MR. HOLLANDER: Okay. One second,	06:16:32
17	please.	
18	MR. STARK: Sure.	06:16:38
19	MR. HOLLANDER: Okay. Sorry about	06:16:43
20	the delay.	
21	We're going to increase our deposit	06:17:09
22	we've made already. We've already made a	
23	\$2.5 million deposit. We will be	
24	increasing that by another \$5 million	

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1 today as soon as the sale order is
2 approved.

3 We would also, in conjunction with 06:17:35
4 that, revise the APA to eliminate the
5 conditions to closing. We would close on
6 the 24th of December. At that point we
7 would close or we would obviously lose
8 the deposit of \$7.5 million.

9 We also, since in our view at this 06:18:02
10 point we're equalizing bids, would reduce
11 the purchase price that we have, our cash
12 purchase price, by \$900,000, leaving us
13 \$1 million over, in our view, in cash the
14 other bid.

15 That's our bid. So our bid in 06:18:34
16 dollars cash would be 35.1.

17 Which bucket does the \$900,000 come 06:18:58
18 off of? It would come off of the last
19 we've made, which I believe was to the
20 estate if they need it and, if not, to
21 the trade creditors.

22 MS. PETERMAN: So you're reducing by 06:19:18
23 900?

24 MR. HOLLANDER: Correct. 06:19:23

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1 MS. PETERMAN: I thought your last 06:19:24
2 bid was a net 35.
3 MR. KOLODNEY: The last bid was 36. 06:19:29
4 MS. PETERMAN: Oh, it was 36 and not 06:19:30
5 35, okay.
6 MR. HOLLANDER: Yes. We haven't 06:19:39
7 seen one of the sheets in a while, but
8 our math was \$1 million over from the
9 estate's perspective.
10 MS. PETERMAN: On the dollars, okay. 06:19:46
11 MR. STARK: I had in my notes that 06:19:56
12 your last bid was 35 million net.
13 MR. HOLLANDER: That's correct. 06:20:06
14 MR. KOLODNEY: But this bid is 35.1. 06:20:07
15 MR. HOLLANDER: No; 34.1. 06:20:10
16 MR. STARK: So it's 34.1? 06:20:14
17 MR. HOLLANDER: Right. 06:20:19
18 MR. STARK: All right. Are there 06:20:33
19 any other conditions? Anything else?
20 - - - 06:20:40
21 (No response.) 06:20:40
22 - - - 06:20:41
23 MR. STARK: I just want to give 06:20:46
24 Kranose the opportunity to either ask a

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1 question or respond.

2 MR. FREEDLANDER: Just so that I 06:20:55
3 understand and I'm clear, your net
4 calculation now is 34.1 million; correct?

5 And the Debtor agrees with that 06:21:05
6 calculation?

7 MS. PETERMAN: Well, on the dollars. 06:21:09

8 MR. FREEDLANDER: All I'm asking 06:21:12
9 about is whether you agree with the
10 dollars.

11 MS. PETERMAN: Yes. 06:21:15

12 MR. FREEDLANDER: Thank you. 06:21:18

13 MR. STARK: Okay. 06:21:18

14 MS. PETERMAN: Do you want to take a 06:21:21
15 minute?

16 MR. STARK: Yes, we'll take a 06:21:22
17 minute. Just stay here. We promise we
18 won't be long.

19 We'll go off the record. 06:21:29

20 - - - 06:21:30

21 (Whereupon there was a recess in the 06:21:30
22 proceedings.)

23 - - - 06:21:31

24 MR. STARK: All right. I think 06:29:47

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1 we're ready to go back on the record.

2 All right. It's 6:30 in the 06:30:05
3 morning. We've been at this since
4 10 o'clock yesterday morning. By my
5 count we've had 31 bids in this auction
6 and the final two bidders have put their
7 best bids on the table.

8 I'm going to read into the record 06:30:31
9 our understanding of their best bids and
10 if for some reason I have
11 mischaracterized either of the bids, I
12 would hope that the two respective
13 bidders would point that out.

14 First of all, net cash 06:30:48
15 consideration, Kranose is offering
16 \$33.1 million net; Rawlings is offering
17 \$34.1 million net.

18 Second, deposit, Kranose is offering 06:31:03
19 or has already made a \$2.5 million
20 deposit and Rawlings is offering to
21 increase their deposit to \$7.5 million.

22 Third is closing date. Kranose has 06:31:22
23 indicated that they are willing to close
24 as early as today, which is December 15.

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1 Rawlings has indicated they are willing
2 to close as early as December 24.

3 The fourth category is closing 06:31:38
4 conditions. Kranose has indicated that
5 there are no conditions prior to closing
6 other than the approval of the sale order
7 and Rawlings has indicated that there
8 would similarly be no conditions prior to
9 closing other than the sale order.

10 The fifth category, treatment of 06:31:58
11 employees, Kranose has indicated that
12 with respect to the employees in the
13 Illinois facilities, that it would assure
14 employment for a year and that offer of
15 employment is on the same terms and
16 conditions that the employees are
17 currently employed. With respect to the
18 employees at the Easton facility, they
19 would make a similar offer, only it would
20 be for a period of three months.
21 Rawlings in this category has not made
22 any offer.

23 The sixth category is treatment of 06:32:40
24 the trade. Kranose has offered to

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1 continue using the current critical trade
2 vendors in the same commercial manner
3 that they've been utilized historically
4 for a minimum of six months and Rawlings
5 has in this category not made any similar
6 promises.
7 At this point I would ask if I have 06:33:10
8 mischaracterized or omitted any key
9 provisions of either of the two bids.
10 Kranose, I will ask you first. 06:33:22
11 MR. FREEDLANDER: No. 06:33:24
12 MR. STARK: Thank you. 06:33:25
13 Rawlings? 06:33:26
14 MR. HOLLANDER: I don't believe so, 06:33:30
15 no.
16 MR. STARK: Okay. 06:33:31
17 After considerable deliberation -- 06:33:34
18 MR. HOLLANDER: Well, when you say 06:33:38
19 "the bids," that wasn't our final bid. I
20 know you said in the beginning best bid.
21 I'm not necessarily agreeing with that.
22 I'm just agreeing with the terms you just
23 stated.
24 MR. STARK: Well, we had understood 06:33:53

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1 that we were going to come in and each
2 party was going to make their best and
3 final offer and now you are saying that
4 that was not your best and final offer?

5 MR. HOLLANDER: In fairness, I 06:34:10
6 thought you talked about that and we
7 specifically said we didn't want to do
8 that. I said maybe in the next round we
9 would seriously consider doing that, but
10 at this time I thought we were very clear
11 that we are not in a position to do that.

12 MR. STARK: Well -- 06:34:27

13 MR. HOLLANDER: I will raise the 06:34:28
14 offer if given the opportunity.

15 MR. STARK: I'll listen to what you 06:34:36
16 have to say. I mean, now would be the
17 time to communicate that.

18 MR. KOLODNEY: I think the terms of 06:34:45
19 this part of it are very confusing
20 because the discussion we had had was
21 that the proposal was going to be made
22 for sealed bids, make your best offer,
23 we'll open them up, and we clearly said
24 that was not acceptable to us, that we

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1 wanted to go into the bidding, and that's
2 what we were bidding on, based upon that.

3 MR. STARK: All right. So we 06:35:05
4 listened to your bid --

5 MR. HOLLANDER: Right. 06:35:08

6 MR. STARK: -- and now you say that 06:35:09
7 you want to improve your bid.

8 MR. KOLODNEY: No. I'm saying we 06:35:12
9 need clarification from you, are you
10 considering this to have the effect of a
11 sealed bid unsealed, final bid, no
12 improvements, we're going to choose one
13 bid? -- because that was not our
14 understanding of what this was going to
15 be. So we need clarification.

16 MR. STARK: All right. Let me try 06:35:31
17 to describe the situation that the Debtor
18 is faced with.

19 The Debtor is operating under a very 06:35:37
20 strict -- and I don't say that
21 pejoratively -- timeline dictated by the
22 DIP order. The Debtor has a sale hearing
23 scheduled for 3:00 p.m. today before
24 Judge Carey and there is no indication

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1 that there is any flexibility with
2 respect to changing that sale hearing or
3 rescheduling it at any time in the future
4 that would allow us to comply with the
5 terms of the DIP order. So the Debtor
6 views the 3:00 p.m. sale hearing as a
7 very real deadline.

8 Whichever bidder the Debtor chooses 06:36:18
9 as the highest and best bid, it has to
10 complete the necessary documentation to
11 be presented to Judge Carey at the sale
12 hearing and the Debtor views itself to be
13 up against a very real deadline -- in
14 fact, possibly even dangerously close to
15 missing the deadline -- with respect to
16 preparing these documents because the
17 Debtor is going to have to work closely
18 with the winning bidder.

19 So that is the reason that we have 06:36:47
20 to culminate the auction at this point.
21 The auction has been going for close to
22 20 hours and, as I said, we've had better
23 than 30 bids received.

24 MR. HOLLANDER: I see. 06:37:04

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1 MR. STARK: So if you have something 06:37:05
2 to offer at this point, we're happy to
3 listen to it. But we really don't have
4 any more time to spend.
5 MR. HOLLANDER: I appreciate that 06:37:17
6 and we will adhere to that right now.
7 MR. PROL: Can we just break for two 06:37:22
8 seconds?
9 MR. STARK: Sure. Why not? 06:37:24
10 - - - 06:37:25
11 (Whereupon there was a recess in the 06:37:25
12 proceedings.)
13 - - - 06:37:40
14 MR. STARK: All right. We're back 06:44:05
15 on the record.
16 MR. HOLLANDER: This is Mitch 06:44:32
17 Hollander speaking.
18 MR. KOTZUBEI: I'm not interested in 06:44:34
19 Mitch speaking. So, again, I want to be
20 very clear on the record, Platinum Equity
21 is leaving the building this second and
22 you guys make a decision, either our bid
23 is accepted or we have lost, and either
24 way we need to know right now. So we

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1 would like you to be the next person to
2 speak with an answer to that.

3 MR. HOLLANDER: I'm sorry. On the 06:44:55
4 record, Rawlings is prepared to raise its
5 bid.

6 MR. KOTZUBEI: We are not interested 06:44:59
7 in hearing what Rawlings has to say so
8 you don't have to rebid.

9 MR. HOLLANDER: It is not your turn 06:45:04
10 to talk.

11 MR. KOTZUBEI: It's not your turn to 06:45:06
12 talk either. We have made an ultimatum
13 now to the Debtor to make a decision and
14 we are not interested in hearing what you
15 have to say right now. You have had
16 three bids in a row. We don't think
17 that's Bid Procedures.

18 MR. STARK: Okay. You gave us a 06:45:18
19 deadline of a minute and I don't want to
20 use up the minute.

21 The Debtor has considered the two 06:45:22
22 bids that were presented by the two
23 bidders and the Debtor has determined
24 that the bid that was submitted by

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1 Kranose is the highest and best bid and
2 the Debtor considers the auction to be
3 closed.
4 MR. KOTZUBEI: Thank you. 06:45:37
5 MR. HOLLANDER: What happened to our 06:45:38
6 bid of 36 million?
7 MR. STARK: I don't know. 06:45:41
8 MR. KOTZUBEI: We would now like to 06:45:44
9 get to work right away with you.
10 MS. PETERMAN: For purposes of the 06:45:47
11 record, you never made that bid, and the
12 auction is closed and we're done and
13 we're off the record.
14 MR. STARK: Thank you. 06:46:10
15 - - - 06:46:11
16 (Whereupon the auction adjourned at 06:49:19
17 6:46 a.m.)

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UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	Chapter 11
)	
QUALTEQ, INC.,)	Case No. 12-05861 (ERW)
d/b/a VCT NEW JERSEY, INC., <i>et al.</i> , ¹)	
)	Jointly Administered
Debtors.)	
)	

ORDER (A) APPROVING BIDDING PROCEDURES AND BID PROTECTIONS IN CONNECTION WITH THE SALE OF ALL OF THE SELLING DEBTORS' REAL PROPERTY, (B) APPROVING THE FORM AND MANNER OF NOTICE, (C) SCHEDULING AN AUCTION AND A SALE HEARING, (D) APPROVING PROCEDURES FOR THE SELECTION OF STALKING HORSE BIDDERS, (E) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS, AND (E) GRANTING RELATED RELIEF

Upon the motion (the "Motion") of Fred C. Caruso, solely in his capacity as the chapter 11 trustee (the "Trustee") in the chapter 11 cases of Qualteq, Inc., d/b/a VCT New Jersey, Inc. ("Qualteq") and its affiliated chapter 11 debtors (collectively, with Qualteq, the "Debtors") for the entry of an order (this "Order"): (a) authorizing and approving the bidding procedures attached hereto as **Exhibit 1** (the "Bidding Procedures") in connection with the Sale of all of the Selling Debtors' Real Property; (b) approving the form and manner of notice of the Auction and the Sale Hearing with respect to the Selling Debtors' Real Property; (c) scheduling an Auction and a Sale Hearing; (d) approving procedures for the selection of one or more Stalking Horse Bidders; (e) approving procedures for the assumption and assignment of the Contracts; and (f)

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: (a) Qualteq, Inc., d/b/a VCT New Jersey, Inc. (4600); (b) 1400 Centre Circle, LLC (7091); (c) 5200 Thatcher, LLC (6991); (d) 5300 Katrine, LLC (6016); (e) Anar Real Estate, LLC (9267); (f) Automated Presort, Inc. (0850); (g) Avadamma LLC (4775; 4800; 4810; 4829); (h) Creative Automation Company (4350); (i) Creative Investments, a General Partnership (5992); (j) Fulfillment Xcellence, Inc. (3461); (k) Global Card Services, Inc. (4581); (l) Unique Data Services, Inc. (1068); (m) Unique Embossing Services, Inc. (1043); (n) Unique Mailing Services, Inc. (2594); (o) Versatile Card Technology, Inc. (5258); (p) Veluchamy LLC (3434); and (q) Vmark, Inc. (5904).

granting related relief; it appearing that the relief requested is in the best interests of the Selling Debtors' estates, their creditors, and other parties in interest; the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334; consideration of the Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; notice of the Motion having been adequate and appropriate under the circumstances; and after due deliberation and sufficient cause appearing therefor:

THE COURT HEREBY FINDS THAT:

A. This Court has jurisdiction over 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). Venue is proper in this district and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory bases for the relief requested in the Motion are: (i) sections 105, 363, 503, and 507 of the Bankruptcy Code, 11 U.S.C. §§ 101–1532 (the "Bankruptcy Code"); and (ii) Rules 2002(a)(2), 6004, 6006, 9007, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

C. Notice of the Motion has been given to: (i) the U.S. Trustee; (ii) counsel to the Committee; (iii) the Contract Counterparties; (iv) the Lenders; (v) counsel to the Chapter 7 Trustee; (vi) counsel to the Veluchamys; (vii) the Internal Revenue Service; and (viii) all parties who have filed appearances or requested notices through the Court's CM/ECF system.

D. 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. 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.

E. The Trustee has articulated good and sufficient reasons for this Court to: (i) approve the Bidding Procedures; (ii) set the Auction and Sale Hearing and approve the manner of notice of the Auction and Sale Hearing; (iii) approve the procedures for the selection of one or more Stalking Horse Bidders and grant certain Bid Protections with respect thereto as provided in this Order; and (iv) approve the procedures for the assumption and assignment of the Contracts, including notice of proposed cure amounts.

F. Stalking Horse Procedures. The procedures for the Trustee's selection of one or more Stalking Horse Bidders set forth herein, including the Trustee's agreement to a break-up fee or other customary bid protections, are reasonably calculated to provide all interested parties with proper notice of the selection of one or more Stalking Horse Bidders for some or all of the Selling Debtors' Real Property and the deadline for filing objections to any Bid Protections proposed for such Stalking Horse Bidders.

G. Assumption and Assignment Procedures. The Motion, this Order, and the assumption and assignment procedures set forth herein are reasonably calculated to provide counterparties to any Contracts to be assumed by the Selling Debtors and assigned to the Successful Bidder(s) with proper notice of the intended assumption and assignment of their Contracts, the procedures in connection therewith, and any cure amounts relating thereto.

H. Sale Notice. The sale notice, substantially in the form attached hereto as **Exhibit 2** (the "Sale Notice"), is reasonably calculated to provide interested parties with timely and proper notice of the proposed sale, including, without limitation: (i) the date, time, and place of the Auction (if one is held); (ii) the Bidding Procedures; (iii) the deadline for filing objections to the Sale and entry of the Sale Order, and the date, time, and place of the Sale Hearing; (iv) reasonably specific identification of the Real Property to be sold; (v) instructions for

promptly obtaining copies of the APA; (vi) a description of the Sale as being free and clear of liens, claims, interests, and other encumbrances (except as set forth in the applicable APA), with all such liens, claims, interests, and other encumbrances attaching with the same validity and priority to the Sale proceeds; and (vii) notice of the proposed assumption and assignment of Contracts pursuant to the APA, and no other or further notice of the Sale shall be required.

IT IS HEREBY ORDERED THAT:

1. The Motion is granted as provided herein. All capitalized terms used but otherwise not defined herein shall have the meanings set forth in the Motion or the Bidding Procedures, as applicable.

2. All objections to the relief requested in the Motion that have not been withdrawn, waived, or settled as announced to the Court at the hearing on the Motion or by stipulation filed with the Court, are overruled.

I. Important Dates and Deadlines

3. **Sale Hearing.** The Sale Hearing shall commence on March 5, 2013, at ~~9:30~~ ^{10:00} a.m. (prevailing Central Time) before the Honorable Eugene R. Wedoff in Courtroom 744 in the United States Courthouse, 219 South Dearborn Street, Chicago, Illinois, or before any other judge who may be sitting in his place and stead. Upon entry of this Order, the Trustee is authorized to perform any obligations of the Trustee, or to cause the Selling Debtors to perform any obligations of the Selling Debtors, set forth in the APA that are intended to be performed prior to the Sale Hearing and/or entry of the Sale Order. The Sale Hearing may be adjourned without further notice other than by announcement in open Court or on the Court's calendar.

4. **Sale Objection Deadline.** Objections, if any, to the Sale must be made by **March 1, 2013 at 5:00 p.m. (prevailing Central Time)** (the "**Sale Objection Deadline**"). Objections must: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy

Rules and the Local Rules of the United States Bankruptcy Court for the Northern District of Illinois (the “Local Rules”); (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served so as to be actually received no later than the Sale Objection Deadline by the following parties (the “Notice Parties”):

- counsel to the Trustee, Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654, Attn.: David L. Eaton (david.eaton@kirkland.com), Roberto Miceli (rmiceli@kirkland.com), Ryan Preston Dahl (rdahl@kirkland.com), and Michael Weitz (michael.weitz@kirkland.com);
- counsel to MB Financial Bank, N.A., Shaw Fishman Glantz & Towbin LLC, 321 North Clark Street, Suite 800, Chicago, Illinois 60654, Attn: Robert W. Glantz (rglantz@shawfishman.com) and Peter J. Roberts (proberts@shawfishman.com);
- counsel to the official committee of unsecured creditors in these chapter 11 cases (the “Committee”), Lowenstein Sandler PC, 1251 Avenue of the Americas, New York, New York 10020, Attn.: Eric Chafetz (echafetz@lowenstein.com), and Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068, Attn.: Timothy R. Wheeler (twheeler@lowenstein.com) and Jeffrey Prol (jprol@lowenstein.com); and
- office of the United States Trustee for the Northern District of Illinois, 219 S. Dearborn St., Chicago, Illinois 60604, Attn.: Patrick S. Layng and Denise DeLaurent.

5. A party’s failure to timely file or make an objection in accordance with this Order shall forever bar the assertion of any objection to the Motion, entry of the Sale Order, and/or consummation of the Sale with the Successful Bidder(s) pursuant to the applicable APA(s), including the assumption and assignment of the Contracts to the Successful Bidder(s) pursuant to the applicable APA(s), and shall be deemed to constitute any such party’s consent to entry of the Sale Order and consummation of the Sale and all transactions related thereto, including, without limitation, such assumption and assignment.

6. **Bid Deadlines. February 20, 2013 at 5:00 p.m. (prevailing Central Time)** is the deadline by which all Bids for some or all of the Selling Debtors' Real Property must be actually received by the Notice Parties (the "Bid Deadline") unless otherwise extended by the Trustee in accordance with the Bidding Procedures. **February 23, 2013 at 5:00 p.m. (prevailing Central Time)** is the deadline by which all Bids submitted by a Lender that include a Credit Bid must be actually received by the Notice Parties (the "Credit Bid Deadline") unless otherwise extended by the Trustee in accordance with the Bidding Procedures.

7. **Auction. February 25, 2013 at 10:00 a.m. (prevailing Central Time)**, is the date and time the Auction, if one is needed, will be held at the offices of counsel to the Trustee, Kirkland & Ellis LLP, 300 North LaSalle, Chicago, Illinois 60654, or such later time on such day or other place as the Trustee shall notify all Qualified Bidders who have submitted Qualified Bids. As set forth more fully in the Bidding Procedures, only Qualified Bidders shall be permitted to participate at the Auction.

II. Auction, Bidding Procedures, and Related Relief

8. The Bidding Procedures, substantially in the form attached hereto as **Exhibit 1**, are hereby approved in their entirety, and the Bidding Procedures shall govern the submission, receipt, and analysis of all Bids relating to the proposed sale of the Real Property. Any party desiring to bid on the Real Property shall comply with the Bidding Procedures and this Order. The Trustee is authorized to take, and to cause the Selling Debtors to take, any and all actions necessary to implement the Bidding Procedures.

9. If the Trustee does not receive two or more Qualified Bids from Qualified Bidders, the Trustee may adjourn or cancel the Auction.

10. If the Trustee receives two or more Qualified Bids from Qualified Bidders, the Trustee shall conduct the Auction in accordance with the Bidding Procedures.

11. The Trustee shall conduct the Auction. The Trustee may: (a) select, in his business judgment and pursuant to the Bidding Procedures, the highest or otherwise best Bid(s) and the Successful Bidder(s) or Backup Bidder(s); (b) reject any Bid (regardless of whether such Bid is a Qualified Bid) that, in the Trustee's business judgment, is (i) inadequate, insufficient, or not the highest or best Bid, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, or the Bidding Procedures, or (iii) contrary to, or otherwise not in the best interests of the Debtors' estates, affected stakeholders, or other parties in interest.

III. Stalking Horse Procedures.

12. The Trustee may enter into one or more APAs with any entity for some or all of the Real Property, and designate that entity or entities as a Stalking Horse Bidder in accordance with the Bidding Procedures (such APA, a "Stalking Horse APA"). Such Stalking Horse Bidder(s) shall be deemed a Qualified Bidder(s), and the Stalking Horse Bid(s) as set forth in the Stalking Horse APA(s) shall be deemed a Qualified Bid(s).

13. The Trustee may offer customary bid protections to the Stalking Horse Bidder(s), including expense reimbursement, modified overbid increments, and a breakup fee of up to 2.0% of the cash portion of the purchase price of the Stalking Horse Bid (collectively, the "Bid Protections"). If the Trustee identifies a Stalking Horse Bidder, the Trustee will file a supplemental notice (the "Stalking Horse Notice") with the Court identifying the Stalking Horse Bidder and the terms of the Stalking Horse Bid, including the terms and conditions for payment of any breakup fee and the applicable Stalking Horse APA, no later than **February 15, 2013**, and serve the Stalking Horse Notice on the U.S. Trustee, the Committee, the applicable Lender, and all parties that have requested service pursuant to Bankruptcy Rule 2002.

14. Any entity wishing to object to any Bid Protections proposed for the Stalking Horse Bidder shall have five (5) days from the filing of the Stalking Horse Notice to file an

objection (the “Stalking Horse Objection”) with the Court and serve it on the Notice Parties. In the event a Stalking Horse Objection is filed and cannot be resolved consensually, the Trustee will seek to schedule a hearing with the Court for approval of the Bid Protections. If no Stalking Horse Objections are filed and served as provided herein, the Bid Protections shall be deemed approved by the Court, without the need for further Court order or action by any party.

15. The Bid Protections (if payable under the Stalking Horse APA in accordance with its terms) shall be allowed superpriority administrative expense claims in the Selling Debtors’ chapter 11 cases pursuant to sections 503(b)(1) and 507(a)(2) senior to all other administrative expense claims; provided, that, the Bid Protections shall be junior to any obligations (collectively, the “Senior Obligations”) arising pursuant to the applicable orders governing the use of cash collateral [Delaware Docket Nos. 265, 271, 272, 273, and Illinois Docket No. 953] by the applicable Selling Debtor.

IV. Assumption and Assignment Procedures.

16. The following procedures regarding the assumption and assignment of the Contracts in connection with the Sale are hereby approved to the extent set forth herein, and shall govern the assumption and assignment of all Contracts proposed to be assumed by the Trustee pursuant to Section 365(b) of the Bankruptcy Code and assigned to the Successful Bidder(s) pursuant to Section 365(f) of the Bankruptcy Code under the applicable APA(s).

17. Notices for Contracts. Within two (2) business days after the conclusion of the Auction, the Trustee shall serve on all Contract Counterparties an “Assumption and Assignment Notice,” substantially in the form attached hereto as Exhibit 3, that identifies, to the extent applicable: (i) the Contract that may be assumed and assigned; (ii) the name of the Contract Counterparty; (iii) the Successful Bidder for the Contract; (iv) the Trustee’s asserted cure amount for such Contract if it becomes assumed and assigned; (v) the Successful Bidder(s)’ assurance of

future performance; and (vi) the deadlines by which any such Contract Counterparty must file an objection to the proposed cure amount, assumption and assignment of the Contract, or adequate assurance objection (each, a “Contract Objection”); provided, that the presence of a Contract on an Assumption and Assignment Notice does not constitute an admission that such Contract is an executory contract or unexpired lease; provided, further, that the presence of a Contract on the Assumption and Assignment Notice shall not prevent the Trustee from subsequently withdrawing such assumption or rejecting such Contract at any time before such Contract is actually assumed and assigned pursuant to an Order of the Court.

18. Objections to Assumption and Assignment of Contracts. Any non-debtor counterparty to a Contract who objects to the cure or assignment of their Contracts (the “Objecting Party”) shall file Contract Objections pursuant to the following procedures:

- Contract Objection. All Contract Objections shall be filed with the Court and served so as to be actually received by the Notice Parties no later than March 8, 2013 at 4:00 p.m. (prevailing Central Time).
- No Objection. If no Contract Objection is received in accordance with the deadlines set forth above, such Contract Counterparty: (i) shall be deemed to have consented to the cure amounts and assumption and assignment of its Contract(s) to the Successful Bidder(s); (ii) shall be forever barred, estopped, and enjoined from asserting any additional cure amount under the Contract(s); and (iii) shall be forever barred from objecting to the assignment of the Contract(s) to the Successful Bidder(s)’ adequate assurance of future performance.
- Resolution Period. If any timely filed Contract Objection cannot be resolved by the Successful Bidder(s) and the Contract Counterparty, the Court shall resolve such Contract Objection prior to assumption and assignment of such designated Contract, and upon entry of an order by the Court resolving such Contract Objection, the assignment, if approved by the Court, shall be deemed effective as of the date such Contract Counterparty receives the Assumption and Assignment Notice. To the extent that any Contract Objection cannot be resolved by the parties, such Contract shall be assumed and assigned only upon satisfactory resolution of the Contract Objection, to be determined in the Successful Bidder(s)’ reasonable discretion, and until such time as the Contract Objection can be resolved, the Contract shall be conditionally

assumed and assigned pending a resolution of the Contract Objection after notice and a hearing.

- Form of Objections. Contract Objections must: (a) be in writing; (b) state with specificity the nature of such objection and alleged cure amount, including applicable and appropriate documentation in support of such alleged cure amount; and (c) comply with the Bankruptcy Rules and the Local Rules.

V. Sale Hearing Notice.

19. The Sale Notice is hereby approved. On or within three (3) business days following entry of this Order, the Trustee shall cause the Sale Notice to be served on: (a) the U.S. Trustee; (b) counsel to the Committee; (c) the Contract Counterparties; (d) all parties who have expressed a written interest in some or all of the Selling Debtors' Real Property; (e) all parties who are known or reasonably believed, after reasonable inquiry, to have asserted any lien, encumbrance, claim, or other interest in the Selling Debtors' Real Property; (f) counsel to the Chapter 7 Trustee; (g) counsel to the Veluchamys; (h) the Internal Revenue Service; (i) all applicable state and local taxing authorities; (j) each governmental agency that is an interested party with respect to the Sale and transactions proposed thereunder; and (k) all parties who have filed appearances or requested notices through the Court's CM/ECF system.

20. The Trustee shall also publish an abbreviated version of the Sale Notice in the Chicago Tribune and the Chicago Sun-Times at least fourteen (14) days prior to the Auction.

VI. Miscellaneous.

21. The Trustee will consult with the Committee in good faith throughout the Sale process, including with respect to implementation of the Bidding Procedures.

22. Notwithstanding Local Rule 5005-3(D), the Trustee is authorized to file the Motion in an amount exceeding 15 pages without filing a separate motion for relief, and the Trustee is further authorized to file any reply in support of the Sale Order in an amount exceeding 15 pages without filing a separate motion for relief.

23. The Trustee is authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Motion.

24. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

25. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Date: Jan. 16, 2013
Chicago, Illinois


United States Bankruptcy Judge

2016 CENTRAL STATES BANKRUPTCY WORKSHOP

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Exhibit 1

Bidding Procedures

K&E 24630988

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In re:)	
)	Chapter 11
)	
QUALTEQ, INC.,)	Case No. 12-05861 (ERW)
d/b/a VCT NEW JERSEY, INC., <i>et al.</i> , ¹)	
)	Jointly Administered
Debtors.)	
)	

**BIDDING PROCEDURES FOR THE SALE OF ALL OF THE SELLING DEBTORS'
REAL PROPERTY**

On [REDACTED], the United States Bankruptcy Court for the Northern District of Illinois (the “Court”) entered the Order (A) *Approving Bidding Procedures and Bid Protections in Connection With the Sale of All of the Selling Debtors’ Real Property*, (B) *Approving the Form and Manner of Notice*, (C) *Scheduling an Auction and a Sale Hearing*, (D) *Approving Procedures for the Selection of Stalking Horse Bidders*, (E) *Approving Procedures for the Assumption and Assignment of Contracts*, and (F) *Granting Related Relief* [Docket No. [REDACTED]] (the “Bidding Procedures Order”), by which the Court approved the following procedures (the “Bidding Procedures”).

These Bidding Procedures set forth the process by which the Trustee² is authorized to conduct the auction (the “Auction”) for the sale (the “Sale”) of the Selling Debtors’³ Real Property, a description of which is as follows:⁴

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: (a) Qualteq, Inc., d/b/a VCT New Jersey, Inc. (4600); (b) 1400 Centre Circle, LLC (7091); (c) 5200 Thatcher, LLC (6991); (d) 5300 Katrine, LLC (6016); (e) Anar Real Estate, LLC (9267); (f) Automated Presort, Inc. (0850); (g) Avadamma LLC (4775; 4800; 4810; 4829); (h) Creative Automation Company (4350); (i) Creative Investments, a General Partnership (5992); (j) Fulfillment Xcellence, Inc. (3461); (k) Global Card Services, Inc. (4581); (l) Unique Data Services, Inc. (1068); (m) Unique Embossing Services, Inc. (1043); (n) Unique Mailing Services, Inc. (2594); (o) Versatile Card Technology, Inc. (5258); (p) Veluchamy LLC (3434); and (q) Vmark, Inc. (5904).

² All capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Bidding Procedures Order.

³ “Selling Debtors” means Avadamma LLC, 1400 Centre Circle LLC, 5200 Thatcher LLC, 5300 Katrine LLC, and Creative Investments, a general partnership.

⁴ “Real Property” means all land and buildings, structures, fixtures, and other improvements located thereon beneficially owned by the Selling Debtors.