

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION**

IN RE:)	CHAPTER 11
)	
BEAULIEU GROUP, LLC, et al.,)	Jointly Administered Under
)	CASE NO. 17-41677-mgd
Debtors.)	
)	

**MOTION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE
SALE OF ASSETS FREE AND CLEAR OF LIENS, CLAIMS AND
ENCUMBRANCES; (II) GRANTING FIRST REQUEST FOR AUTHORITY TO
ASSUME AND ASSIGN EXECUTORY CONTRACTS AND UNEXPIRED
LEASES AND ESTABLISHING CURE COSTS IN CONNECTION THEREWITH; AND
(III) GRANTING RELATED RELIEF**

**PARTIES TO CONTRACTS, LEASES OR LICENSES WITH DEBTORS SHOULD EXAMINE
EXHIBIT C ATTACHED TO THIS MOTION, TO LOCATE THEIR NAMES AND CONTRACTS,
LEASES OR LICENSES**

COME NOW the above-captioned debtors and debtors in possession (collectively, the “**Debtors**” or “**Beaulieu**”),¹ in the above-styled jointly administered case (the “**Case**”), and make and file this Motion (the “**Motion**”) pursuant to Sections 105(a), 363 and 365 of title 11 of the United States Code (11 U.S.C. §§ 101 *et seq.*, the “**Bankruptcy Code**”) and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), for entry of an order: (i) authorizing the private sale of substantially all of the assets of Beaulieu Group, LLC (“**BGL**”) to Engineered Floors, LLC (“**EFL**”) and EFL’s affiliate, Pentz Street Holdings, LLC (“**PSH**”; together with EFL and/or either entity’s permitted assignee as purchaser to be referred to herein as the “**Purchaser**”), free and clear of liens, claims and encumbrances of any

¹ The Debtors in these cases along with the last four digits of their federal tax identification number are: Beaulieu Group, LLC (2636), Beaulieu Trucking, LLC (0383) and Beaulieu of America, Inc. (9706).

kind or nature whatsoever (other than Assumed Liabilities and Permitted Liens); (ii) authorizing the proposed assumption and assignment of certain of the Debtors' executory contracts and unexpired leases and approving proposed cure costs related thereto; (iii) authorizing the payment from net sales proceeds at Closing all claims secured by valid, properly perfected liens against the assets to be purchased by the Purchaser (the "**Purchased Property**"); and (iv) granting related relief. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Agreement (as hereinafter defined). In support of this Motion, the Debtors respectfully shows the Court as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief requested herein are Sections 105(a), 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, 9006 and 9007.

Relief Requested

2. By this Motion, the Debtors request that the Court enter the proposed Approval Order substantially in the form attached hereto as **Exhibit A**: (a) authorizing the sale of substantially all of the Debtors' assets to the Purchaser free and clear of liens, claims and encumbrances (other than Assumed Liabilities and Permitted Liens); (b) authorizing the proposed assumption and assignment of certain of the Debtors' executory contracts and unexpired leases and approving proposed cure costs related thereto; and (c) granting related relief. The Debtors also seek authorization to take all commercially reasonable and necessary steps to complete and implement the Agreement after the approval of the sale.

Background

A. The Chapter 11 Case.

3. On July 16, 2017 (the “**Petition Date**”), the Debtors filed voluntary petitions with the United States Bankruptcy Court for the Northern District of Georgia, Rome Division (the “**Court**”) under Chapter 11 of the Bankruptcy Code. The Debtors are authorized to operate their business as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

4. No trustee or examiner has been appointed in this Case. No request has been made for the appointment of a trustee or examiner. An Official Committee of Unsecured Creditors (the “**Committee**”) was appointed on July 21, 2017.

B. The Debtors’ Business and Circumstances Leading to Chapter 11 Filing.

5. Beaulieu is the third largest, vertically integrated carpet manufacturer in North America, and is also engaged in the distribution of carpet and hard surface flooring products in both residential and commercial markets. Additional information regarding the Debtors’ business, corporate and debt structure, and the circumstances leading to the filing of the Case is set forth in detail in the *Declaration of J. Michael Pollard in Support of First Day Motions and Applications* filed on the Petition Date and incorporated herein by reference (the “**First Day Declaration**”).

6. Beaulieu has valuable real and personal property assets which it uses in its business (the “**Business**”), consisting of the manufacture, distribution and sale of carpet, hard surface flooring products and related floor covering products. Beaulieu owns or leases a number of manufacturing and distribution facilities. Beaulieu’s personal property includes raw materials, finished goods inventory, and valuable equipment used in its manufacturing and distribution processes. Beaulieu also has a valuable portfolio of patents, trademarks and other intellectual property.

7. Prior to the Petition Date, Beaulieu obtained secured working capital financing from Bank of America, N.A., as Agent for itself and several other lenders (collectively, the “**Lenders**”), under an Amended and Restated Loan and Security Agreement dated October 20, 2011 (as amended and otherwise modified from time to time, the “**Revolving Loan Agreement**”).² After one or more events of default were declared under the Revolving Loan Agreement, starting in December, 2016, Beaulieu entered into a series of forbearance agreements with the Lenders. On June 30, 2017, the Revolving Loan Agreement matured. On that date, the parties executed an eighth forbearance agreement for a period of 2 weeks through July 14, 2017. Subsequently, when it became apparent that the Lenders would not agree to further extensions of the forbearance agreement, the Debtors, in consultation with their advisors, decided to seek relief under Chapter 11 of the Bankruptcy Code in order to preserve and enhance the value of their business and assets for their employees, customers, vendors and other stakeholders.

C. The Sale Process.

8. Following the Petition Date, the Debtors retained CoveView Advisors LLC and Advisory Group Equity Services Ltd. (collectively, “**CoveView**”) to act as their Investment Banker. By order entered on August 14, 2017, the Debtors were authorized to retain Armory Strategic Partners, LLC (“**Armory**”) to provide the Debtors with Co-Chief Restructuring Officers. The Debtors’ management has worked with the Debtors’ professionals in formulating a strategy for the sale of the Debtors’ assets.

² Additionally, prior to the Petition Date the Debtors obtained secured financing from (a) Cygnets, LLC (“**Cygnets**”), under a Term Loan and Security Agreement (the “**Term Loan**”) dated on or about October 20, 2011, pursuant to which Cygnets made a term loan to the Debtors in the original principal amount of \$29,000,000, and (b) from CT Lender, LLC (“**CT Lender**”), under a Subordinated Third-Lien Term Loan Promissory Note dated September 1, 2016, pursuant to which CT Lender made a loan to the Debtors in the original principal amount of \$6,000,000.

9. Due to a number of factors, including projected short-term operating losses in Chapter 11 and the importance of eliminating continuing uncertainty which might undermine employee morale and harm the Business, the Debtors determined that it was necessary to expedite the sale process. Moreover, deadlines imposed by the DIP Lenders under the Debtors' DIP Facility require the Debtors to obtain Court approval for one or more sales of the Debtors' assets on or before November 3, 2017.³ Accordingly, immediately following the Chapter 11 filing the Debtors, with assistance from their financial and legal advisors, took a number of steps to implement a formal sales process, including, without limitation, the following: (a) preparation of a prospect list of over 140 potentially interested strategic and financial purchasers; (b) drafting a template confidentiality agreement to be executed by interested potential purchasers prior to due diligence; (c) preparation and dissemination to prospective purchasers of a sale "teaser"; (d) preparation of a more detailed confidential information memorandum for distribution to interested prospects who had executed confidentiality agreements; (e) establishing and maintaining a "virtual data room" for use by prospective purchasers in due diligence; and (f) participating in a number of meetings, conferences and facility tours with representatives of interested prospects.

10. Through those efforts the Debtors obtained the following results as of October 3, 2017: (a) approximately sixty (60) potential purchasers had executed confidentiality agreements and had conducted some degree of due diligence in the virtual data room, (b) a non-binding indication of interest (an "**IOI**") for the purchase of substantially all of the Debtors' assets had

³ On August 31, 2017, the Court entered a Final Order authorizing the Debtors to obtain post-petition financing [Doc. No. 247] (the "**Final DIP Order**"), consisting of a superpriority, secured, asset-based revolving credit facility in the principal amount of up to \$70,000,000 (as amended, the "**DIP Facility**") from Bank of America, N.A., in its capacity as administrative and collateral agent (in such capacity, together with its successors in such capacities, the "**DIP Agent**") and as a lender, and certain other financial institutions (together with Bank of America and their respective successors and assigns, the "**DIP Lenders**"). Paragraph 22 of the Final DIP Order provides, *inter alia*, that the Committee may investigate and raise challenges on or before October 20, 2017, to the validity, perfection and priority of the claims and liens asserted by Cygnets under the Term Loan and by the Lenders under the Revolving Loan Agreement.

been received from three potential purchasers, and (c) non-binding IOI's had been received from seven potential purchasers for the purchase of one or more specified facilities or business segments.

D. Background of the Proposed Sale to Purchaser.

11. EFL was formed in 2009, and is controlled by Robert Shaw a well-known leader in the carpet industry. Since its formation, EFL has quickly grown to become one of the top carpet manufacturers. Following the Petition Date, EFL initially submitted a proposal to purchase one of the Debtors' facilities located in Bridgeport, Alabama. After conducting further due diligence and having additional discussions with representatives of the Debtors about a potential purchase of the Bridgeport facility, EFL expressed an interest in purchasing the Debtors' entire business for a total purchase price of \$90 million, on terms and conditions as described in more detail below. Because of EFL's concern that the Debtors' business would deteriorate during Chapter 11 if a sale was not closed expeditiously, EFL has informed the Debtors that it is not interested in participating in a lengthy auction process and would only be interested in purchasing substantially all of Beaulieu's Business assets under a private sale process to be commenced promptly so that the proposed Sale could be presented for approval by the Court in time to accommodate a closing by November 4, 2017.

12. For the reasons set forth herein, the Debtors believe that the facts and circumstances present in this case justify consideration and approval of the proposed private sale to EFL (and PSH) on an expedited basis. As noted above, the terms and conditions of the DIP Facility require the Debtors to obtain Court approval for the sale of substantially all of their assets no later than November 3, 2017. In connection therewith, the DIP Facility also requires that on or before October 6, 2017, the Debtors file a motion to approve the sale of substantially all of their assets

accompanied by one or more executed sales agreements. Despite the progress made to date during the initial phase of the sale process, the Debtors have no assurance that they will have acceptable stalking horse purchase agreements on or before October 6, 2017, by any prospective purchasers who are willing to participate in an auction process. The three IOI's received for substantially all of the Debtors' assets are subject to completion of due diligence and are not yet firm as to material terms. More importantly, the potential price range under each of these IOI's does not appear to be at a level that would provide the same return to unsecured creditors. The same holds true with respect to the other IOI's received from prospects interested in purchasing just one or more specified facilities or business segments of the Debtors. Even if all of these offers ripened into firm offers and definitive purchase agreements, the total, aggregate amount of consideration anticipated based on the IOI's would not likely generate sufficient funds to make as substantial a distribution to the unsecured creditors as contemplated by the EFL transaction.

13. The total, aggregate amount of secured debt currently owed by the Debtors under the DIP Facility and under loans from Cygnets and CT Lender is approximately \$63 million. The \$90 million purchase price proposed by the Purchaser, in fact, should satisfy in full all administrative expense claims and generate a return for the general, unsecured creditors. Moreover, it is believed that EFL would keep the majority of the Debtors' approximate 2,000 employees, thereby preserving a large number jobs in north Georgia.

14. It is important to note that the Committee, the DIP Agent, Cygnets and CT Lender all support this Motion and the Debtors' request to seek approval of a private sale to EFL (and PSH) as requested herein.

E. The Asset Purchase Agreement.

15. The Debtors and the Purchaser entered into that certain Asset Purchase Agreement

dated as of October 5, 2017 (the “**Agreement**”), a copy of which (excluding Schedules) is attached hereto as **Exhibit B**. The Agreement contemplates the sale (the “**Sale**”) of the Purchased Property to the Purchaser pursuant to a private sale and contains the following material terms:⁴

- **Purchased Property.** The Purchased Property includes substantially all of the Debtors’ assets used primarily in connection with the Business other than Excluded Assets, including, but not limited to, Real Property owned by the Sellers (other than Excluded Real Property), as set forth on Schedule 2.1(e) of the Agreement; all rights of the Debtors under the executory contracts and unexpired leases and licenses of the Debtors that are set forth on Schedule 2.1(f) of the Agreement (the “**Assigned Contracts**”); all Accounts Receivable; all Inventory; all Equipment and Machinery (except for Excluded Equipment and Machinery); all Permits (to the extent they are transferable); all Intellectual Property Rights, as set forth on Schedule 2.1(h) of the Agreement; all credits, prepaid expenses, deferred charges, advance payments, security deposits and customer rebates; all books, records, files and papers of the Debtors relating solely to the Business or the Purchased Property.
- **Purchase Price.** \$90,000,000.00, cash at Closing. There is no financing condition to the Buyer’s obligation to Close.
- **Assumed Liabilities.** These include, *inter alia*, the following: all Claims, liabilities and obligations arising after the Closing Date relating to the Purchased Property; all liabilities and obligations of the Debtors related to or arising under the Assigned Contracts from and after the Closing; all Cure Costs; all obligations and liabilities of the Seller with respect to Transferred Employees to the extent provided in the Agreement; and all Transaction Taxes for which Purchaser is liable pursuant to Agreement.
- **Cure Costs.** The Purchaser shall have responsibility for paying any Cure Costs due in connection with the assumption and assignment of the Assigned Contracts.
- **Deposit.** \$2,500,000.00; provided, however, that the deposit shall be paid to the Escrow Agent upon execution of the Agreement.
- **Remaining Cash Portion of Purchase Price.** Upon the earlier to occur of (i) confirmation that the transactions proposed under the Agreement have received necessary governmental approvals under the HSR Act, or (ii) 15 days after the mutual determination that such approvals are not required, the Purchaser shall

⁴ The following description of the Agreement is qualified in its entirety by the language of the Agreement. In the event there is any conflict between the description of the Agreement contained in this Motion and the provisions of the Agreement, the provisions of the Agreement shall govern and control.

deposit into the escrow the remaining \$87,500,000.00 cash portion of the Purchase Price.

- **Payment to Secured Creditors.** The Motion also seeks authority to pay off the Debtors' DIP loans and certain other undisputed secured claims at closing from the proceeds of the sale.

Argument

16. The Debtors have determined in their business judgment that a sale of substantially all of BGL's assets pursuant to the Agreement would result in the best recovery for creditors. The Debtors believe the Agreement provides the Debtors with the best opportunity to preserve and maximize the value of their business and the Purchased Property for the benefit of their estates. As such, the Debtors submit that approval of this Motion and the sale of the Purchased Property is consistent with applicable law and should be granted.

A. Section 363(b) Authorizes the Proposed Sale.

17. Section 363(b)(1) of the Bankruptcy Code provides, in relevant part, that "[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Although Section 363 of the Bankruptcy Code does not set forth a standard for determining when it is appropriate for a court to authorize the sale or disposition of a debtor's assets, in applying this section, courts have required that it be based upon the sound business judgment of the debtor. *See In re Chateaugay Corp.*, 973 F.2d 141 (2d Cir. 1992) (holding that a judge determining a Section 363(b) application must find from the evidence presented before him a good business reason to grant such application); *In re Lionel Corp.*, 722 F.2d 1063, 1071 (2d Cir. 1983) (same); *Stephens Indus. v. McClung*, 789 F.2d 386, 390 (6th Cir. 1986) (holding that a "bankruptcy court can authorize a sale of all of a chapter 11 debtor's assets under § 363(b)(1) when a sound business purpose dictates such action"); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169 (D. Del. 1991); *In re Phoenix Steel Corp.*, 82 B.R.

334, 335-36 (Bankr. D. Del. 1987) (stating that judicial approval of a Section 363 sale requires a showing that the proposed sale is fair and equitable, a good business reason exists for completing the sale and that the transaction is in good faith). As discussed further below, the sale of the Purchased Property is a sound exercise of the Debtors' business judgment because it provides the Debtors with the best opportunity to preserve and maximize the value of their Business and the Purchased Property for the benefit of their estates.

B. Sound Business Reasons Support a Private Sale.

18. Bankruptcy Rule 6004(f)(1) permits private sales by a debtor. Fed. R. Bankr. P. 6004(f)(1) ("All sales not in the ordinary course of business may be by private sale or by public auction."). Although the majority of Section 363 sales are conducted subject to competitive bidding procedures and pursuant to processes that contemplate the possibility of an auction, courts have noted that private sales are appropriate and permissible under Section 363. *See In re Bakalis*, 220 B.R. 525, 531 (Bankr. E.D.N.Y. 1998) ("the sale of estate property under the Bankruptcy Code is conducted by a trustee, who has ample discretion to conduct public or private sales of estate property"); *Penn Mut. Life Ins. Co. v. Woodscape Ltd. P'ship (In re Woodscape Ltd. P'ship)*, 134 B.R. 165, 174 (Bankr. D. Md. 1991) (noting that, with respect to sales of estate property pursuant to Section 363 of the Bankruptcy Code, "[t]here is no prohibition against a private sale . . . and there is no requirement that the sale be by public auction").

19. Courts (including courts in this district) often allow a chapter 11 debtor to sell assets outside the ordinary course of business by private sale when the debtor demonstrates that the sale is permissible pursuant to section 363(b) of the Bankruptcy Code. *See, e.g., In re Astroturf, LLC*, Case No. 16-41504 (Bankr. N.D.Ga. Aug. 12, 2016) (Bonapfel, J.); *In re Catalyst Natural Gas*,

LLC, Case No. 08-79390, (Bankr. N.D. Ga. Dec. 19, 2008) (Bihary, J.); *In re Magnolia Beach, LLC*, No. 07-79221 (Bankr. N.D. Ga. Jan. 17, 2008) (Mullins, J.); *In re Christian Bros. Inst.*, Case No. 11-22820 (RDD) (Bankr. S.D.N.Y. Nov. 7, 2012); *In re Waterscape Resort LLC*, Case No. 10-11593 (SMB) (Bankr. S.D.N.Y. May 31, 2011); *In re Lehman Brothers Holdings Inc.*, Case No. 08-13555 (Bankr. S.D.N.Y. Feb. 24, 2009); *Palermo v. Pritam Realty, Inc. (In re Pritam Realty, Inc.)*, 233 B.R. 619 (D.P.R. 1999); *In re Condere Corp.*, 228 B.R. 615 (Bankr. S.D. Miss. 1998); *In re Wieboldt Stores, Inc.*, 92 B.R. 309 (N.D. Ill. 1988) (affirming right of chapter 11 debtor to transfer assets by private sale).

20. The Agreement provides a greater recovery for the Debtors' estates than could realistically be achieved by any other practically available alternative. As noted above, since the inception of the Case the Debtors have been working to implement a sale process under tight deadlines imposed by the terms of its DIP Facility and the practical reality of their financial situation. Though the process has been ongoing now for almost three months, it is at best uncertain that an auction process would generate any offers that either alone or in combination would result in sales proceeds sufficient to provide a substantial return to unsecured creditors. And since the Purchaser has made clear that it would not participate in such process, the Debtors' estates would be sacrificing a prospective sale on what are undeniably favorable terms, from the standpoint of the secured lenders, unsecured creditors, employees and other constituents, in order to gamble that more favorable terms would materialize later through a formal auction sale process. Importantly, the Purchaser also has demonstrated an ability to close the sale proposed under the Agreement. Such cannot be said at this time about an unknown future bidder.

21. Accordingly, the Debtors believe a public sale process that includes an auction

feature has little or no chance of yielding a better outcome than that afforded by the Agreement; such a process would merely extend the length of this Case and cause the Debtors' estates to incur substantial administrative expenses without any corresponding or offsetting benefit. The Debtors should not be required to continue to conduct an expensive and lengthy marketing and sale process when such a process is not likely to yield any net benefit to the Debtors' estates. The Debtors also believe they cannot fund a lengthy sale process and additional time spent in bankruptcy will have a negative effect on the business value. The Debtors have concerns about customer retention and key employee retention required to run the Business during an extended sale process.

22. The Debtors' decision to enter into the Agreement and to sell the Purchased Property to the Purchaser in a private sale transaction is a valid and sound exercise of the Debtors' business judgment. The Debtors have considered all options under the circumstances and have determined that a private sale to the Purchaser will result in the greatest recovery. For all of the foregoing reasons, the relief requested in this Motion is a product of sound business judgment and is in the best interests of the Debtors, their customers, creditors, employees, estates and other stakeholders, and should be granted.

C. Section 363(f) Authorizes the Sale Free and Clear of Liens and Other Claims.

23. The Debtors request that the sale and transfer of the Purchased Property be approved free and clear of all Liens (other than Assumed Liabilities and Permitted Liens). Such relief is consistent with the provisions of Section 363(f) of the Bankruptcy Code.

24. Section 363(f) provides that a debtor-in-possession may sell property free and clear of any lien, claim or interest of another entity in such property if any of the following circumstances pertain:

- (1) applicable non-bankruptcy law permits sale of such property free and clear of such interest;

- (2) such entity consents;
- (3) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (4) such interest is in bona fide dispute; or
- (5) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f).

25. As indicated by the use of the disjunctive term “or,” satisfaction of any one of the five requirements listed in Section 363(f) is sufficient to permit the sale of assets free and clear of Liens. *See In re Elliott*, 94 B.R. 343, 345 (E.D. Pa. 1988) (stating that Section 363(f) is written in the disjunctive; the court may approve a sale “free and clear” provided that at least one of the subsections is met).

26. In this instance, the Debtors believe that all entities asserting a lien or security interest in the Debtors’ assets have (or will) consent to the Sale particularly since the Debtors are proposing that all claims secured by valid, perfected liens against the Purchased Property will be paid from the net sales proceeds at Closing. Accordingly, the Purchased Property may be sold free and clear of liens and security interests pursuant to Section 363(f)(2) of the Bankruptcy Code.

27. Moreover, the Debtors can also satisfy Section 363(f)(5) of the Bankruptcy Code. Specifically, the “cram down” provision of Section 1129(b) of the Bankruptcy Code sets forth a “legal or equitable proceeding” pursuant to which a secured creditor can be compelled to “accept a money satisfaction” on account of its security interest in satisfaction of Section 363(f)(5) of the Bankruptcy Code. *See, e.g. In re Grand Slam U.S.A. Inc.*, 178 B.R. 460 (E.D. Mich. 1995) (holding that “cram down” provisions of Section 1129(b) satisfy “legal or equitable proceeding” requirement of Section 363(f)(5)); *In re Gulf States Steel, Inc. of Alabama*, 285 B.R. 497 (Bankr.

N.D. Ala. 2002) (same); *In re Terrace Chalet Apartments Ltd.*, 159 B.R. 821 (N.D. Ill. 1993) (same); *but see In re PW, LLC*, 391 B.R. 25 (B.A.P. 9th Cir. 2008) (holding that “cram down” provision of Section 1129(b) did not satisfy “legal or equitable” proceeding requirement of Section 363(f)(5)). Under Section 1129(b) of the Bankruptcy Code, a secured creditor is generally entitled to either (a) retain its security interest in its collateral, (b) receive payment(s) on account of the value of its security interest (if any), or (c) have its security interest attach to the net proceeds of the sale of its collateral. *See* 11 U.S.C. §§ 1129(b)(2)(A)(i)-(ii); *see also In re Riverside Inv. P’ship*, 674 F.2d 634, 640 (7th Cir. 1982) (holding that liens attach to sale proceeds in same order and priority as liens held against collateral sold by trustee under prior Bankruptcy Act). In this case, the Debtors propose that any Liens on the Purchased Property (other than Permitted Liens and Assumed Liabilities) held by creditors will attach to the net proceeds of the sale, subject to any claims and defenses that the Debtors may possess with respect thereto.

28. It is also appropriate to sell the Purchased Property free and clear of successor liability claims. Such limitations on successor liability ensure that the Purchaser is protected from any claims or lawsuits premised on the theory that the Purchaser is a successor in interest to the Debtors. Courts have consistently held that a buyer of a debtor’s assets pursuant to a Section 363 sale takes free and clear from successor liability relating to the debtor’s business. *See e.g., In re Tran World Airlines, Inc.*, 322 F.3d 283, 288-90 (3d Cir. 2003) (sale of assets pursuant to section 363(f) barred successor liability claims for employment discrimination and rights under travel voucher program); *In re Leckie Smokeless Coal Co.*, 99 F.3d 573, 585–86 (4th Cir. 1996) (affirming the sale of debtors’ assets free and clear of certain taxes); *In re Dixie Pellets LLC*, 2009 WL 8189341 (Bankr. N.D. Ala. Sept. 13, 2009) (approving sale of substantially all of Debtor’s assets free and clear of all liens, including but not limited to “all rights or claims based

on any theory or principle of successor liability”); *In re Ormet*, 2014 WL 3542133 (Bankr. D. Del. July 17, 2014) (permitting a sale free and clear of successor liability claims relating to an under-funded pension plan); *In re Insilco Techs., Inc.*, 351 B.R. 313, 322 (Bankr. D. Del. 2006) (stating that a 363 sale permits a buyer to take ownership of property without concern that a creditor will file suit based on a successor liability theory); *see also In re General Motors Corp.*, 407 B.R. 463, 505-06 (Bankr. S.D.N.Y. 2009) (holding that “the law in this Circuit and District is clear; the Court will permit GM’s assets to pass to the purchaser free and clear of successor liability claims, and in that connection, will issue the requested findings and associated injunction”); *In re Chrysler LLC*, 405 B.R. 84, 111 (Bankr. S.D.N.Y. 2009) (“[I]n personam claims, including any potential state successor or transferee liability claims against New Chrysler, as well as in rem interests, are encompassed by section 363(f) and are therefore extinguished by the Sale Transaction”).

29. The purpose of a Bankruptcy Court sale order purporting to authorize the transfer of assets free and clear of all claims, liens and encumbrances would be defeated if claimants could thereafter use the transfer as a basis to assert claims against a purchaser arising from a seller’s pre-sale conduct. Indeed, Courts in the Northern District of Georgia frequently enter orders pursuant to Section 363 of the Bankruptcy Code containing provisions regarding successor liability similar to those found in the Approval Order. *See, e.g., In re Miller Auto Parts & Supply Co., Inc.*, Case No. 14-68113 Docket No. 159, ¶ 8 (Bankr. N.D. Ga. Nov. 17, 2014) (Diehl, J.); *In re Pike Nursery Holding, LLC*, Case No. 07-79129 Docket No. 312, ¶ 8 (Bankr. N.D. Ga. March 3, 2008) (Diehl, J.); *In re South. Reg’l Health Sys., Inc.*, Case No. 15-64266-wlh, Docket No. 373, ¶ 31 (Bankr. N.D. Ga. Oct. 27, 2015) (Hagenau, J.); *In re Cagle’s, Inc.*, Case No. 11-80202, Docket No. 439, ¶ 33 (Bankr. N. D. Ga. May 11, 2012) (Bihary, J.); *In re*

Lake Burton Dev., LLC, Case No. 09-22830, Docket No. 142, ¶¶ 31–32 (Bankr. N.D. Ga. Apr. 13, 2010) (Bonapfel, J.).

30. Accordingly, the requirements of Section 363(f) of the Bankruptcy Code can be satisfied, and the sale of the Purchased Property free and clear of all Liens (other than Assumed Liabilities and Permitted Liens) is appropriate.

D. Section 365 Authorizes the Assumption and Assignment of Executory Contracts and Unexpired Leases.

31. The Debtors, by this Motion, are also requesting that any objections by counter parties to Assigned Contracts to assumption and assignment be determined at the hearing to consider this Motion (the “**Sale Hearing**”). **Exhibit "C"** hereto contains a list of the Assigned Contracts which are currently included on Schedule 2.1(f) to the Agreement and which the Debtors propose to assume and assign to the Purchaser at the Closing⁵. Inclusion on said Exhibit should not be deemed an admission that such items are “executory” within the meaning of 11 U.S.C. § 365.

32. In connection with the assumption and assignment of the Assigned Contracts, the Purchaser has agreed as set forth in the Agreement to cure defaults and/or pay all amounts (collectively, “**Cure Costs**”), if any, as required by Section 365(b) of the Bankruptcy Code and will provide adequate assurance of future performance by the Purchaser. **Exhibit “C”** hereto also sets forth a schedule of all amounts that the Debtors believe will be necessary to cure defaults under any Assigned Contracts (the “**Cure Schedule**”). The Debtors request that, unless an objection to the proposed Cure Costs is properly and timely filed and served, the Court enter an

⁵ Under the Agreement, the parties have reserved the right through the Closing to include or exclude any of the Debtors’ executory contracts and unexpired leases and licenses from the list of Assigned Contracts to be identified on Schedule 2.1(f). The Debtors will provide prompt notice to any counter-party to a proposed Assigned Contract added or excluded to Schedule 2.1(f) and the proposed Cure Cost for any such Assigned Contract added to Schedule 2.1(f).

order providing that: (i) the Cure Costs shall be fixed at the amounts shown on the Cure Schedule (as such may be amended) and shall constitute the entire amount necessary to cure and/or provide compensation for any defaults under Section 365(b) of the Bankruptcy Code. If an objection to a particular Cure Cost is timely filed and served, the Debtors request that the Court determine the disputed Cure Cost at the Sale Hearing on this Motion. The Cure Costs as ultimately determined by the Court shall be paid as soon as practicable following the Closing on the sale of Purchased Property, or on such other date as shall be determined by the Court. Under the Agreement, the Purchaser is responsible for Cure Costs. The Purchaser will also assume all obligations that arise after the Closing under each Assigned Contract. The Debtors will be relieved of any post-assignment liability for any breach of an Assigned Contract in accordance with Section 365(k) of the Bankruptcy Code.

33. Section 365(a) of the Bankruptcy Code provides that a debtor-in-possession “subject to the court’s approval, may assume or reject any executory contract or unexpired lease of the debtor.” 11 U.S.C. § 365(a). Courts evaluate a decision to assume or reject an executory contract or unexpired lease under the “business judgment” standard. *See Chateaugay Corp.*, 973 F.2d at 141; *see also In re Gardinier, Inc.*, 831 F.2d 974, 976 n.2 (11th Cir. 1987); *In re Wells*, 227 B.R. 553, 564 (Bankr. M.D. Fla. 1998); *see also NLRB v. Bildisco & Bildisco*, 465 U.S. 513, 523 (1984). This standard is satisfied if the debtor determines in its business judgment that the assumption or rejection of the contract or lease would benefit the estate. *See Sharon Steel Corp. v. National Fuel Gas Distr. Corp.*, 872 F.2d 36, 39-40 (3d Cir. 1989); *In re Bicoastal Corp.*, 125 B.R. 658, 667 (Bankr. M.D. Fla. 1991). The business judgment standard requires that the court approve the debtor’s business decision unless that judgment is the product of bad faith, whim or caprice. *See Lubrizol Enter. v. Richmond Metal Finishers, Inc.*, 756 F.2d 1043, 1047 (4th Cir.

1985); *In re Prime Motor Inns*, 124 B.R. 378, 383 (S.D. Fla. 1991).

34. Pursuant to Section 541 of the Bankruptcy Code, Assigned Contracts are property of the Debtors' estates which may be sold and assigned consistent with Sections 363 and 365 of the Bankruptcy Code. Here, the Assigned Contracts are integral assets of the Business, and the Debtors have determined, in the exercise of their business judgment, that the assumption and assignment of the Assigned Contracts in connection with a sale of the Purchased Property is necessary to yield significant value and benefit to the Debtors and their estates.

35. To the Debtors' knowledge, there are no defaults under the Assigned Contracts that are required to be cured or for which there is compensation due, other than the Cure Costs. Accordingly, the Debtors respectfully request that the Court include in the Approval Order provisions: (i) authorizing the Debtors to assume and assign the Assigned Contracts to the Purchaser pursuant to Section 365 of the Bankruptcy Code; (ii) fixing the Cure Costs as the exact amounts needed to cure any defaults under the Assigned Contracts; (iii) authorizing and directing the Purchaser to pay the Cure Costs at the Closing in accordance with the Agreement; and (iv) deeming the parties to the Assigned Contracts adequately assured of future performance by the Purchaser.

F. **The Purchaser Should Be Afforded All Protections Under Bankruptcy Code Section 363(m) as a Good Faith Purchaser.**

36. Section 363(m) of the Bankruptcy Code provides that "the reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith" 11 U.S.C. § 363(m).

37. The transaction reflected in the Agreement was negotiated by the parties at arm's length and in good faith. The Purchaser is neither an "insider" nor an affiliate of the Debtors, and

the Purchaser does not have any relationship to the Debtors that has not been fully disclosed to the Court. Accordingly, the Debtors request that the Purchaser be determined to have acted in good faith and be entitled to the protections of a good faith purchaser under Section 363(m) of the Bankruptcy Code. *See, e.g., In re Abbotts Dairies of Pennsylvania, Inc.*, 788 F.2d 143 (3d Cir. 1986); *In re United Press Int'l, Inc.*, No. 91 B 13955 (FGC), 1992 U.S. Bankr. LEXIS 842, at *3 (Bankr. S.D.N.Y. May 18, 1992); *see also Miami Ctr. L.P. v. Bank of N.Y.*, 838 F.2d 1547, 1554 (11th Cir. Fla. 1988) (“The “good faith purchaser” is one who buys in good faith, that is, free of any fraud or misconduct and for value and without knowledge of any adverse claim.”) and *In re Dicon Techs. LLC*, 2010 Bankr. LEXIS 6373, (Bankr. S.D.Ga. 2010) (“good faith” determination under Section 363(m) “focuses on the ‘integrity of [purchaser’s] conduct in the course of the sale proceedings’ and whether there is ‘fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders.’”) (quoting *Abbotts Dairies* 788 F.3d at 147).

E. Deemed Consent.

38. The Debtors request that: (a) each holder of a Lien of any kind in or with respect to the Purchased Property that does not object, or that withdraws its objection, to the sale of the Purchased Property and this Motion be deemed to have consented to the sale of the Purchased Property free and clear of all Liens (other than Assumed Liabilities and Permitted Liens); (b) each non-debtor party to an Assigned Contract that does not object, or that withdraws its objection, to the sale of the Purchased Property and this Motion be deemed to have consented to assumption and assignment of the applicable Assigned Contract pursuant to Section 365(c)(1)(B) of the Bankruptcy Code; and (c) each Governmental Authority that has issued or granted a Permit and that does not object, or that withdraws its objection, to the sale of the

Purchased Property and this Motion be deemed to have consented to the transfer of such Permit to the Purchaser as of the Closing Date. *See FutureSource LLC v. Reuters Ltd.*, 312 F.3d 281, 285 (7th Cir. 2002) (Posner, J.) (holding that a licensee's failure to object to a sale constituted consent to the sale of intellectual property "free and clear" of the licensee's interests under Section 363 of the Bankruptcy Code); *In re Christ Hospital*, 502 B.R. 158, 174–75 (Bankr. D.N.J. 2013) (adopting the conclusion in *FutureSource* that failure to object to a section 363 sale constitutes consent); *Hargrave v. Township of Pemberton (In re Tabone, Inc.)*, 175 B.R. 855, 858 (Bankr. D.N.J. 1994) ("As the Township did not offer any objection, it may be deemed to have consented to the sale for purposes of section 363(f)(2)."); *In re Shary*, 152 B.R. 724, 725 (Bankr. N.D. Ohio 1993) (state's failure to object to transfer of liquor license in connection with a section 363 sale constituted consent to the transfer). Courts in this jurisdiction have granted similar relief in connection with sales pursuant to Section 363 of the Bankruptcy Code. *See, e.g., In re South.*

Reg'l Health Sys., Inc., Case No. 15-64266-wlh, Docket No. 373, ¶¶ X, 14, 24 (Bankr. N.D. Ga. Oct. 27, 2015) (Hagenau, J.); *In re Cagle's, Inc.*, Case No. 11-80202, Docket No. 439, ¶¶ W, 16, 26 (Bankr. N. D. Ga. May 11, 2012) (Bihary, J.); *In re Lake Burton Dev., LLC*, Case No. 09-22830, Docket No. 142, ¶¶ T, 39 (Bankr. N.D. Ga. Apr. 13, 2010) (Bonapfel, J.).

G. Modification of Bankruptcy Rule 6006 Procedures

39. Federal Rules of Bankruptcy Procedure 6006(e) provides, in pertinent part, that a debtor may not seek to assign multiple executory contracts or unexpired leases in the same motion unless they "are to be assigned to the same assignee," or "the court otherwise authorizes the motion to be filed." Subdivision (f), in turn, prescribes specific requirements to be followed when such motions are authorized:

(f) Omnibus Motions

A motion to reject or, if permitted under subdivision (e), a motion to assume or assign multiple executory contracts or unexpired leases that are not between the same parties shall:

(1) state in a conspicuous place that parties receiving the omnibus motion should locate their names and their contracts or leases listed in the motion;

(2) list parties alphabetically and identify the corresponding contract or lease;

(3) specify the terms, including the curing of defaults, for each requested assumption or assignment;

(4) specify the terms, including the identity of each assignee and the adequate assurance of future performance by each assignee, for each requested assignment;

(5) be numbered consecutively with other omnibus motions to assume, assign, or reject executory contracts or unexpired leases; and

(6) be limited to no more than 100 executory contracts or unexpired leases.

40. Notwithstanding the mandatory language utilized, the Advisory Committee Report regarding the 2007 amendments to Rule 6006 indicates that bankruptcy court retains flexibility to modify the specific requirements of Subdivision (f) to meet the needs of a particular case, so long as effective notice is provided to the non-Debtors parties to the contracts or leases to be assigned.

“An omnibus motion to assume, assign, or reject multiple executory contracts and unexpired leases must comply with the procedural requirements set forth in subdivision (f) of the rule, unless the court orders otherwise. These requirements are intended to ensure that the nondebtor parties to the contracts and leases receive effective notice of the motion. . . .”

41. In the instant case, the Debtors believe they have complied (or shall comply) substantially with the requirements of Bankruptcy Rule 6006 for the assumption and assignment of multiple contracts and leases, in that (a) the statement required by Bankruptcy Rule 6006(f)(1) is set forth on page 1 above, in bold type and capital letters, immediately following the caption, (b) proposed Cure Costs shall be identified by supplement to this Motion in the Cure Schedule,

(c) the Purchaser will be required to provide at or before the Sale Hearing sufficient information for non-Debtors parties to determine the Purchaser's ability to provide adequate assurance of performance under the Assigned Contracts, (d) this Motion is designated as the "First" such motion, and any further motions seeking authority to assume and assign multiple contracts or leases will be numbered consecutively, and (e) the Debtors anticipate that potential Assigned Contracts to the Purchaser will not exceed 100. Under the circumstances, the procedures proposed under the Debtors' Motion substantially complies with Bankruptcy Rule 6006 and will provide effective notice to non-Debtors counter parties to the Assigned Contracts. Therefore, the Debtors ask that the Court approve the Debtors proposed method of proceeding under the Motion with respect to the Assigned Contracts.

Notice – Consideration

42. The Debtors propose to serve a copy of this Motion and Notice of the Sale Hearing on the Office of the United States Trustee, all non-Debtor counter parties to any Executory Contracts, counsel for the Committee, counsel for the DIP Agent, and all parties identified on the 2002 Limited Service List maintained in this Case.

43. Federal Rule of Bankruptcy Procedure 6004 provides, in pertinent part, as follows:

(a) Notice of Proposed Use, Sale, or Lease of Property. Notice of a proposed use, sale, or lease of property, other than cash collateral, not in the ordinary course of business shall be given pursuant to Rule 2002(a)(2), (c)(1), (i), and (k)

Fed.R.Bankr.P. 6004.

44. Federal Rule of Bankruptcy Procedure 9007 provides, in pertinent part, as follows:

When notice is to be given under these rules, the court shall designate, if not otherwise specified herein, the time within which, the entities to whom, and the form and manner in which the notice shall be given.

Fed.R.Bankr.P. 9007.

45. The Debtors contend that the forms of notice set forth above and the period for scheduling the hearing on the sale comport with Bankruptcy Rules 6004, 6006 and 9007, constitute good and sufficient notice of the relief sought herein, and of all hearings and procedures contemplated hereby.

Waiver of 14-Day Stay on Closing

46. Bankruptcy Rules 6004(h) and 6006(d) respectively provide that an order authorizing the use, sale, or lease of property and an order authorizing the assumption and assignment of executory contracts or unexpired leases will be stayed for fourteen days after entry of such approval orders unless the court orders otherwise. Because of the need to close the transactions contemplated herein as promptly as possible, the Debtors request that the Court order and direct that the order approving this Motion shall not be automatically stayed for fourteen days.

Conclusion

WHEREFORE, based upon the foregoing, the Debtors respectfully request that the Court enter the Approval Order in the form attached hereto as **Exhibit A**: (a) approving the sale of the Purchased Property free and clear of all Liens (other than Assumed Liabilities and Permitted Liens); (b) authorizing the proposed assumption and assignment of the Assigned Contracts and approving the amount and payment of Cure Costs related thereto; (c) authorizing the payment from net sales proceeds at Closing all claims secured by valid, properly perfected liens against the Purchased Property as requested herein; and (d) granting such other and further relief as the Court deems just and proper.

This 6th day of October, 2017.

Respectfully submitted,

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EXHIBIT A

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ROME DIVISION**

IN RE:)	CHAPTER 11
)	
BEAULIEU GROUP, LLC, et al.,)	Jointly Administered Under
)	CASE NO. 17-41677-mgd
Debtors.)	
_____)	

**ORDER (A) APPROVING ASSET PURCHASE AGREEMENT AND
AUTHORIZING THE SALE OF ASSETS OF THE DEBTORS OUTSIDE THE
ORDINARY COURSE OF BUSINESS, (B) AUTHORIZING THE SALE OF ASSETS
FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND
INTERESTS, (C) AUTHORIZING THE ASSUMPTION AND SALE AND
ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED
LEASES AND ESTABLISHING CURE COSTS IN CONNECTION THEREWITH,
AND (D) GRANTING RELATED RELIEF**

THIS MATTER came before the Court for a hearing on October ___, 2017 at _____.m. (the “**Sale Hearing**”) to consider Motion for Entry of an Order (I) Authorizing the Sale of Assets Free and Clear of Liens, Claims and Encumbrances; (II) Granting First Request for Authority to Assume and Assign Executory Contracts and Unexpired Leases and Establishing Cure Costs in Connection Therewith; and (III) Granting Related Relief [Doc. No. ___] (the “**Sale Motion**”) filed by the above-captioned debtors and debtors in possession (collectively, the “**Debtors**” or “**Beaulieu**”),¹ on October ___, 2017. Pursuant to the Sale Motion, the Debtors sought entry of an order pursuant to Sections 105, 363, and 365 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “**Bankruptcy Code**”) and Rules 2002, 6004, 6006, and 9014 of the Federal Rules

¹ The Debtors in these cases along with the last four digits of their federal tax identification number are: Beaulieu Group, LLC (2636), Beaulieu Trucking, LLC (0383) and Beaulieu of America, Inc. (9706).

of Bankruptcy Procedure (the “**Bankruptcy Rules**”) authorizing the Debtors to: (i) sell by private sale substantially all of the assets (the “**Purchased Property**”) of Beaulieu Group, LLC (“**BGL**”) to Engineered Floors, LLC (“**EFL**”) and EFL’s affiliate, Pentz Street Holdings, LLC (“**PSH**”; together with EFL and/or either entity’s permitted assignee as purchaser to be referred to herein as the “**Purchaser**”), free and clear of liens, claims and encumbrances of any kind or nature whatsoever (other than Assumed Liabilities and Permitted Liens) pursuant to the terms and conditions of that certain Asset Purchase Agreement (the “**Agreement**”)² between the BGL and EFL; (ii) assume and assign certain executory contracts and unexpired leases and approving proposed cure costs related thereto; (iii) pay from net sales proceeds at Closing all claims secured by valid, properly perfected liens against the Purchased Property; and (iv) granting related relief.

Present at the Sale Hearing were counsel for the Debtors, the U.S. Trustee, the Official Committee of Unsecured Creditors (the “**Committee**”), Bank of America, N.A., as DIP Agent (the “**DIP Agent**”); Cygnets, LLC (“**Cygnets**”), CT Lender, LLC (“**CT Lender**”), CEEA, LLC (“**CEEA**”), the Purchaser and _____. In support of the Sale Motion, the Debtors proffered at the Sale Hearing the testimony of Peter Richter, the Debtors' Chief Restructuring Officer, which was accepted without objection. The Debtors also proffered the testimony of Thomas Canning, a Senior Managing Director of CoveView, LLC (“**CoveView**”), the Debtors' investment bankers, which was also accepted without objection. The Court having reviewed the Sale Motion, the Agreement, the record in this case, and having considered argument of counsel at the Sale Hearing, the testimony proffered by counsel for the Debtors regarding the Sale Motion and any other evidence presented at the Sale Hearing, and it appearing that the proposed sale of the Purchased Property to the Purchaser pursuant to the Agreement is in the best interest of the

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Sale Motion and the Agreement as applicable.

Debtors and their respective estates, for good cause shown, and for the reasons stated by the Court on the record at the Sale Hearing, which are incorporated herein by reference:

IT IS HEREBY FOUND, DETERMINED AND CONCLUDED THAT:³

A. 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.

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 Court has jurisdiction over this matter and over the property of the Debtors' estates, including the Purchased Property to be sold, transferred, or conveyed pursuant to the Agreement, 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 this chapter 11 case and the Sale Motion in this district is proper pursuant to 28 U.S.C. § § 1408 and 1409.

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

E. The statutory bases for the relief requested in the Sale Motion and for the approvals and authorizations herein are (i) Bankruptcy Code sections 102, 105, 363 and 365,

³ All findings of fact and conclusions of law announced by the Court at the Sale Hearing in relation to the Sale Motion are incorporated herein to the extent not inconsistent herewith.

and (ii) Bankruptcy Rules 2002, 6004, 6006, and 9014.

F. On July 16, 2017 (the “**Petition Date**”), the Debtors filed voluntary petitions with the United States Bankruptcy Court for the Northern District of Georgia, Rome Division (the “**Court**”) under Chapter 11 of the Bankruptcy Code. The Debtors are authorized to operate their business as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

G. No trustee or examiner has been appointed in this bankruptcy Case. No request has been made for the appointment of a trustee or examiner. The Committee was appointed on July 21, 2017.

H. As evidenced by the certificates of service filed with the Court [Doc. Nos. __ and __], proper, timely, adequate, and sufficient notice of the Sale Motion and the Sale Hearing have been provided in accordance with Bankruptcy Code sections 102(1) and 363(b), Bankruptcy Rules 2002, 6004, 9006, 9007, 9008, and 9014, the local rules of the Court, and the procedural due process requirements of the United States Constitution. The Debtors also gave due and proper notice of the assumption, sale, and assignment of each contract or lease listed on Exhibit __ to the Sale Motion (as amended prior to the Sale Hearing) (the “**Assigned Contracts**”) to each non-debtor party under each such Assigned Contract. Such notice was good and sufficient and appropriate under the particular circumstances. No other or further notice of the Sale Motion, the Sale Hearing, the assumption and assignment of the Assigned Contracts, or of the entry of this Order is necessary or shall be required.

I. A reasonable opportunity to object or be heard regarding the requested relief has been afforded to all interested persons and entities, including, without limitation, (i) all entities that claim any interest in or lien upon the Purchased Property, (ii) all non-debtor parties to Assigned Contracts assumed and sold and assigned pursuant to this Order, (iii) all governmental taxing

authorities that have, or as a result of the sale of the Purchased Property may have, Claims, contingent or otherwise, against the Debtors, (iv) all parties that filed requests for notices under Bankruptcy Rule 9010(b) or were entitled to notice under Bankruptcy Rule 2002, (v) all creditors of the Debtors, (vi) all interested governmental authorities, and (vii) the Office of the United States Trustee for the Northern District of Georgia.

J. The Purchased Property is property of BGL's estate and title thereto is vested in BGL's estate.

K. The Debtors have established that there are sufficient business justifications to authorize the Debtors to enter into the Agreement and to authorize the sale of the Purchased Property and the assumption and assignment of the Assigned Contracts prior to confirmation of a Chapter 11 plan and have satisfied all the requirements of 11 U.S.C. § 363(f) in order to convey the Purchased Property to Purchaser free and clear in accordance with the terms of this Order. The sale of the Purchased Property is an appropriate and sound exercise of the Debtors' business judgment and is in the best interests of the Debtors, their estates and their stakeholders.

L. The offer of the Purchaser, upon the terms and conditions set forth in the Agreement, including the form and total consideration to be realized by the Debtors pursuant to the Agreement, (i) is fair and reasonable, and the transactions contemplated thereunder reflect the Debtors' prudent business judgment under all of the relevant circumstances (ii) is in the best interests of the Debtors' stakeholders and estates, (iii) constitutes full and fair consideration and reasonably equivalent value for the Purchased Property, and (iv) will provide a greater recovery for the Debtors' creditors and other interested parties than would be provided by any other practically available alternative.

M. Based on the testimony proffered at the Sale Hearing by the Debtors, and the record

in these cases, including the Agreement, the Court finds that the transfer of the Purchased Property to Purchaser on terms and conditions substantially in accordance with the Agreement represents an arm's length transaction that was negotiated without collusion and in good faith between the Debtors and the Purchaser for a fair and reasonable price. The Purchaser is not an "insider" or "affiliate" of the Debtors as those terms are defined in the Bankruptcy Code and the decisions thereunder. The Purchaser is a purchaser in "good faith," as that term is used in the Bankruptcy Code and the decisions thereunder, and is entitled to the protections of Bankruptcy Code sections 363(m) and (n) with respect to all of the Purchased Property. Neither the Debtors nor the Purchaser have engaged in any conduct that would prevent the application of Bankruptcy Code section 363(m) or cause the application of, or implicate, Bankruptcy Code section 363(n) to the Agreement or to the consummation of the sale transaction and transfer of the Purchased Property and Assigned Contracts to the Purchaser. The Purchaser is purchasing the Purchased Property (including the Assigned Contracts) in good faith and is a good faith purchaser within the meaning of Bankruptcy Code section 363(m) and is, therefore, entitled to the protection of that provision, and otherwise has proceeded in good faith in all respects in connection with this proceeding in that: (i) the Purchaser recognized that the Debtors were free to deal with any other party interested in acquiring the Purchased Property, (ii) all consideration to be paid by the Purchaser to the Debtors and other agreements or arrangements entered into by the Purchaser and the Debtors in connection with the sale have been disclosed, (iii) the Purchaser has not violated Bankruptcy Code section 363(n) by any action or inaction, and (iv) the negotiation and execution of the Agreement and any other agreements or instruments related thereto was in good faith.

N. The Debtors have power and authority to execute the Agreement (and all other

documents contemplated thereby) and consummate the transactions contemplated therein, and the sale of the Purchased Property has been duly and validly authorized by all necessary actions on the part of by the Debtors. No consents or approvals, other than as may be expressly provided for in the Agreement, are required by the Debtors to consummate such transactions.

O. The Debtors have advanced sound business reasons for seeking to enter into the Agreement and to sell and/or assume and sell and assign the Purchased Property, 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 Property and to consummate the transactions contemplated by the Agreement. Notwithstanding any requirement for approval or consent by any person, the transfer of the Purchased Property to the Purchaser and the assumption and assignment of the Assigned Contracts is a legal, valid, and effective transfer of the Purchased Property (including the Assigned Contracts).

P. Purchaser has satisfied the requirements of demonstrating adequate assurance of future performance under Section 365 of the Bankruptcy Code with respect to the Assigned Contracts, and no creditor or party interest has objected thereto.

Q. 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.

R. The Purchased Property shall be sold free and clear of any and all liens (statutory or otherwise, including, without limitation, mechanics', materialmens' and other consensual and non-consensual liens and statutory liens), hypothecations, encumbrances, security interests, mortgages, debts, levies, indentures, pledges, restrictions (whether on voting, sale, transfer, disposition or otherwise), charges, instruments, preferences, priorities, security agreements,

conditional sales agreements, title retention contracts, options, Claims, judgments (including all judgments heretofore or hereafter entered in any existing litigation), offsets, rights of recovery, rights of pre-emption, rights of first refusal or other third party rights, Claims for reimbursement, contribution, indemnity, exoneration, products liability, alter-ego, environmental, or Tax (including Claims for any and all foreign, federal, state and local Taxes), judgments or decrees of any court or foreign or domestic governmental entity, orders of any Governmental Authority, of any kind or nature (including (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing, (ii) any assignment or deposit arrangement in the nature of a security interest, and (iii) any Claim based on any theory that the Purchaser is a successor or a continuation of the Debtors or the Debtors' business), reclamation Claims, obligations, liabilities, demands, and guaranties, whether known or unknown, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, perfected or unperfected, allowed or disallowed, contingent or non-contingent, liquidated or unliquidated, matured or unmatured, material or non-material, disputed or undisputed, whether arising prior to or subsequent to the commencement of the Debtors' bankruptcy case, and whether imposed by agreement, understanding, law, equity or otherwise, including Claims otherwise arising under doctrines of successor liability (all of the foregoing being referred to collectively as the "**Liens**"), other than any liens which the Agreement expressly provides will survive the Closing (the "**Permitted Liens**").⁴

S. The Liens (other than the Permitted Liens and Assumed Liabilities) shall attach to the net proceeds to be received by the Debtors in the same priority and subject to the same defenses and avoidability, if any, as before the closing of the transactions contemplated by the

⁴ For the avoidance of doubt and notwithstanding anything to the contrary, the term "Permitted Liens" as used herein shall have the meaning as ascribed in the Agreement.

Agreement (the “**Closing**”), and the Purchaser would not enter into the Agreement to purchase the Purchased Property otherwise.

T. The transfer of the Purchased Property to the Purchaser will be a legal, valid, and effective transfer of the Purchased Property and shall vest Purchaser with all right, title, and interest of BGL to the Purchased Property free and clear of any and all Liens (other than the Permitted Liens and Assumed Liabilities). Except as specifically provided in the Agreement or this Order, the Purchaser shall not assume or become liable for any Liens (other than the Permitted Liens and Assumed Liabilities) relating to the Purchased Property or the Business.

U. The transfer of the Purchased Property to the Purchaser free and clear of all Liens (other than the Permitted Liens and Assumed Liabilities) will not result in any undue burden or prejudice to any holders of any Liens, because all such Liens of any kind or nature whatsoever shall attach to the net proceeds of the sale of the Purchased Property 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 Property and subject to any claims and defenses the Debtors or other parties may possess with respect thereto. All persons having Liens of any kind or nature whatsoever against or in the Debtors or the Purchased Property shall be forever barred, estopped and permanently enjoined from pursuing or asserting such Liens (other than the Permitted Liens and Assumed Liabilities) against the Purchaser, any of its assets, property, successors or assigns, or the Purchased Property.

V. The Debtors may sell the Purchased Property free and clear of all Liens of any kind or nature whatsoever (other than the Permitted Liens and Assumed Liabilities) because, in each case, one or more of the standards set forth in Bankruptcy Code section 363(f) has been satisfied. The DIP Agent, Cygnets and CT Lender have expressly consented to the Sale and entry of this

Order. Those (i) holders of Liens and (ii) non-debtor parties to the Assigned Contracts, who did not object, or who withdrew their objections, to the sale of the Purchased Property and the Sale Motion are deemed to have consented pursuant to Bankruptcy Code section 363(f)(2). Those holders of Liens who did object fall within one or more of the other subsections of Bankruptcy Code section 363(f) and are adequately protected by having their Liens, if any, attach to the net proceeds of the sale of the Purchased Property ultimately attributable to the property against or in which they claim or may claim any Liens, with such Liens being subject to such treatment as may be prescribed in any chapter 11 plan that might be confirmed by the Court or as set forth in a separate order of this Court.

W. Not selling the Purchased Property free and clear of all Liens (other than the Permitted Liens and Assumed Liabilities) would adversely impact the Debtors' estates, and the sale of Purchased Property other than one free and clear of all Liens (other than the Permitted Liens and Assumed Liabilities) would be of substantially less value to the Debtors' estates.

X. The Debtors and the Purchaser have, to the extent necessary, satisfied the requirements of Bankruptcy Code section 365, including Bankruptcy Code sections 365(b)(1)(A), (B) and 365(f), 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 Bankruptcy Code section 365(b)(1)(C). 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 stakeholders and other parties in interest, and represents the exercise of sound and prudent business judgment by the Debtors.

Y. The Assigned Contracts are assignable notwithstanding any provisions contained

therein to the contrary. The Purchaser shall have responsibility for paying all Cure Costs required to assume and assign the Assigned Contracts

Z. Based upon a review of their books and records, the Debtors included in Exhibit __ to the Sale Motion (the “**Cure Notice**”) the amounts of Cure Costs believed and determined by the Debtors to be necessary to cure defaults under the Assigned Contracts pursuant to Section 365(b) of the Bankruptcy Code. The Debtors requested in the Sale Motion that, unless an objection to the proposed Cure Costs was properly and timely filed and served by a non-debtor party to an Assigned Contract, the Court enter an order determining that the Cure Costs shall be fixed at the amounts shown in the Cure Notice and shall constitute the entire amount necessary to cure any defaults under Section 365(b) of the Bankruptcy Code and that payment of these amounts will cure any and all such defaults.

AA. The Purchaser will be acting in good faith, pursuant to Bankruptcy Code section 363(m), 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).

BB. 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’ estate, there is not substantial continuity between the Purchaser and the Debtors, there is no continuity of enterprise between the Debtors and the Purchaser, the Purchaser is not a mere continuation of the Debtors or its estate, and the Purchaser does not constitute a successor to the Debtors or their estates.

CC. The total consideration provided by the Purchaser for the Purchased Property constitutes (a) reasonably equivalent value under the Bankruptcy Code and the Georgia Uniform

Voidable Transactions Act, O.C.G.A. 18-2-70, *et seq.*, and (b) 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 Property.

DD. Time is of the essence in consummating the sale. In order to maximize the value of the Purchased Property, it is essential that the sale of the Purchased Property occur within the time constraints set forth in the Agreement. Accordingly, there is cause to lift the stays contemplated by Bankruptcy Rules 6004 and 6006.

EE. At, and effective as of the Closing, the Purchaser shall assume sole responsibility for paying and satisfying the Assumed Liabilities. After the Closing, the Debtors shall have no liability whatsoever with respect to the Assumed Liabilities. The Purchaser shall have no obligations with respect to any liabilities of the Debtors other than the Assumed Liabilities.

FF. On August 31, 2017, the Court entered a Final Order Granting Debtors' Motion to (I) Authorize Debtors-in-Possession to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Grant Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Provide Adequate Protection to Pre-Petition Credit Parties; (IV) Modify Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, 364, and 507; and (V) Grant Related Relief [Docket No. 247] (the "**Financing Order**"). Pursuant to the Financing Order and the Post-Petition Loan and Security Agreement dated July 19, 2017 (as at any time amended, modified or supplemented, the "**DIP Loan Agreement**"), the DIP Agent and the lenders party to the DIP Loan Agreement (collectively, the "**DIP Lenders**") have made loans and extended credit to the Debtors from time to time.

GG. Paragraph 22 of the Financing Order established a "Challenge Deadline" by which any of the claims or liens of the Pre-Petition ABL Credit Parties (as defined in the Financing

Order) must be challenged. The Challenge Deadline with respect to the Pre-Petition ABL Credit Parties has expired, and therefore, without limiting or altering the effect of the Financing Order, the claims and liens of Pre-Petition ABL Credit Parties are deemed to be legal, valid, enforceable, binding, unavoidable and perfected and not subject to challenge, attack, counterclaim, offset or avoidance.

HH. The cash proceeds of the Sale pursuant to the Agreement attributable to accounts receivable, inventory, general intangibles and other Revolver Loan Primary Collateral (as defined in the Financing Order) exceed the sum of the Pre-Petition ABL Debt and the DIP Obligations (as each of such terms are defined in the Financing Order; the sum of the aggregate unpaid Pre-Petition ABL Debt and DIP Obligations at any time is referred to herein as the “**ABL Obligations**”). Therefore, there is no need or requirement for any allocation of proceeds pursuant to the Intercreditor Agreement (as defined in the Financing Order), and the Pre-Petition ABL Credit Parties and DIP Credit Parties (as defined in the Financing Order) are entitled to Payment in Full (as defined in the Financing Order) of all ABL Obligations at Closing.

ACCORDINGLY, IT IS HEREBY ORDERED, ADJUDGED AND DECREED AS FOLLOWS:

1. The relief requested in the Sale Motion is granted in its entirety and the Agreement is approved, subject to the terms and conditions contained herein.
2. All objections, responses, and reservations of rights concerning the Sale Motion are resolved in accordance with the terms of this Order and as set forth in the record of the Sale Hearing. To the extent any such objection, response, or reservation of rights, was not otherwise withdrawn, waived, or settled, it is overruled and denied on the merits.
3. Notice of the Sale Hearing was fair and equitable under the circumstances and complied in all respects with 11 U.S.C. § 102(1) and Bankruptcy Rules 2002, 6004, and 6006.

4. The sale of the Purchased Property, 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. The sale of the Purchased Property and the consideration provided by the Purchaser under the Agreement are 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.

6. The Purchaser is hereby granted and is entitled to all of the protections provided to a good faith purchaser under Bankruptcy Code section 363(m), including with respect to the transfer of the Assigned Contracts as part of the sale of the Purchased Property pursuant to Bankruptcy Code section 365 and this Order.

7. The Debtors shall be, and hereby are, 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 necessary or desirable in connection with implementing and effectuating the terms of the Agreement, this Order, and/or the sale of the Purchased Property including, without limitation, certificates, deeds, assignments, 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 Property or Assumed Liabilities, as may be necessary or appropriate to the performance of the Debtors' obligations as contemplated by the Agreement, without any further action or orders of this Court.

8. The Debtors and each other person or entity having duties or responsibilities under the Agreement, any agreements or instruments related thereto or this Order, and their respective directors, officers, employees, members, managers, agents, representatives, and attorneys, are authorized and empowered, subject to the terms and conditions contained in the Agreement and this Order, to carry out all of the provisions of the Agreement and any related agreements or instruments; to issue, execute, deliver, file, and record, as appropriate, the documents evidencing and consummating the Agreement and any related agreements or instruments; to take any and all actions contemplated by the Agreement, any related agreements or instruments, or this Order; and to issue, execute, deliver, file, and record, as appropriate, such other contracts, instruments, releases, 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, desirable or appropriate to implement, effectuate, and consummate, the Agreement, any related agreements or instruments, and this Order and the transactions contemplated thereby and hereby, all without further application to, or order of, the Court or further action by their respective directors, officers, employees, members, managers, 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, managers, agents, representatives, and attorneys of such entities. The secretary or any assistant secretary of the Debtors shall be, and hereby is, authorized to certify or attest to any of the foregoing actions (but no such certification or attestation shall be required to make any such action valid, binding, and enforceable). 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

Authority any and all certificates, agreements, or amendments necessary or appropriate to effectuate the transactions contemplated by the Agreement, any related agreements and this Order, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable Governmental Authorities or as any of the officers of the Debtor 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 laws of the State of Georgia and all other applicable business, corporation, trust, and other laws of the applicable Governmental Authorities with respect to the implementation and consummation of the Agreement, any related agreements or instruments and this Order, and the transactions contemplated thereby and hereby.

9. To the fullest extent permitted by law, effective as of the Closing, (a) the sale of the Purchased Property by the Debtors to the Purchaser shall constitute a legal, valid, and effective transfer of the Purchased Property notwithstanding any requirement for approval or consent by any Person and shall vest the Purchaser with all right, title, and interest of the Debtors in and to the Purchased Property, free and clear of all Liens of any kind (other than the Permitted Liens and Assumed Liabilities) pursuant to Bankruptcy Code section 363(f), and (b) the assumption of the Assumed Liabilities by the Purchaser shall constitute a legal, valid and effective delegation and assignment of all Assumed Liabilities to the Purchaser and shall divest the Debtors of all liability with respect to any Assumed Liabilities.

10. The sale of the Purchased Property is not subject to avoidance pursuant to Bankruptcy Code section 363(n).

11. At the Closing, the Debtors shall be, and hereby are, authorized, empowered, and directed, pursuant to Bankruptcy Code sections 105, 363(b), and 365, to sell the Purchased Property, including the Assigned Contracts, to the Purchaser. The sale of the Purchased Property shall vest the Purchaser with all right, title and interest of the Debtors to the Purchased Property free and clear of any and all Liens (other than the Permitted Liens and Assumed Liabilities) with all such Liens to attach only to the net proceeds of the sale with the same priority, validity, force, and effect, if any, as they now have in or against the Purchased Property, subject to all claims and defenses the Debtors may possess with respect thereto. Following the Closing Date, no holder of any Liens in the Purchased Property (other than the Permitted Liens and Assumed Liabilities) shall interfere with the Purchaser's use and enjoyment of the Purchased Property based on or related to such Liens, or any actions that the Debtors may take in their chapter 11 cases and no person shall take any action to prevent, interfere with or otherwise enjoin consummation of the transactions contemplated in or by the Agreement or this Order.

12. The provisions of this Order authorizing the sale of the Purchased Property free and clear of Liens (other than the Permitted Liens and 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. However, the Debtors and the Purchaser, and each of their respective officers, employees, and agents are hereby authorized and empowered to take all actions and execute and deliver any and all documents and instruments that either the Debtors or the Purchaser deem necessary, desirable or appropriate to implement and effectuate the terms of the Agreement and this Order.

13. Except as otherwise provided in the Agreement or this Order, no later than five (5) business days after the conclusion of the Closing the Debtors' creditors are authorized and directed to execute such documents and take all other actions as may be necessary to release any Liens (other than the Permitted Liens and Assumed Liabilities) of any kind against the Purchased Property, as such Liens may have been recorded or may otherwise exist. Except as expressly provided in the Agreement or this Order, if any Person that has filed financing statements or other documents or agreements evidencing any Liens in or against the Purchased Property (other than the Permitted Liens and Assumed Liabilities) shall not have delivered to the Debtors prior to the date that is five (5) business days after the conclusion of the Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, or releases of all such Liens that the Person has with respect to the Purchased Property, the Debtors and the Purchaser are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the Person with respect to such Purchased Property. For avoidance of doubt, no such releases or termination shall release or impair in any way any interest in any Excluded Asset.

14. To the greatest extent available under applicable law, the Purchaser shall be authorized, as of the Closing Date, to operate under any license, permit, approval, certificate of occupancy, authorization, operating permit, registration, plan and the like of any Governmental Authority relating to the Purchased Property, and all such licenses, permits, approvals, certificates of occupancy, authorizations, operating permits, registrations, plans and the like of any Governmental Authority are deemed to have been, and hereby are, deemed to be transferred to the Purchaser as of the Closing Date.

15. All of the Debtors' interests in the Purchased Property 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. Upon the occurrence of the Closing, this Order shall be considered and shall constitute for any and all purposes a full and complete general assignment, conveyance, and transfer of the Purchased Property 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 Property to the Purchaser.

16. Except as expressly provided in the Agreement, the Purchaser is not assuming nor shall it or any affiliate of the Purchaser be in any way liable or responsible, as a successor or otherwise, for any liabilities, debts, or obligations of the Debtors in any way whatsoever relating to or arising from the Debtors' ownership or use of the Purchased Property or operation of the Business prior to the consummation of the transactions contemplated by the Agreement, or any liabilities calculable by reference to the Debtors or their operation of the Business or the Purchased Property, or relating to continuing or other conditions existing on or prior to consummation of the transactions contemplated by the Agreement, all of which liabilities, debts, and obligations are hereby extinguished insofar as they may give rise to liability, successor or otherwise, against the Purchaser or any affiliate of the Purchaser.

17. Except as otherwise expressly provided in the Agreement, all Persons presently or on or after the Closing Date in possession of some or all of the Purchased Property are directed to surrender possession of the Purchased Property to the Purchaser on the Closing Date or at such time thereafter as the Purchaser may request.

18. 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 sale and 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 Bankruptcy Code sections 363 and 365.

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

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

21. Pursuant to Bankruptcy Code sections 365(b)(1)(A) and (B), and except as otherwise provided in this Order, all Cure Costs shall be paid promptly by the Purchaser at Closing (or as soon thereafter as practicable) to the non-debtor parties to any Assigned Contracts in the amounts set forth on the Cure Notice, except to the extent that a Cure Cost was amended on the record of the Sale Hearing. The Cure Costs are hereby fixed at the amounts set forth on the Cure Notice, or the amounts set forth 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 Costs.

22. All defaults or other obligations under the Assigned Contracts arising prior to the Closing (without giving effect to any acceleration clauses, assignment fees, increases, advertising rates, or any other default provisions of the kind specified in Bankruptcy Code section 365(b)(2)) shall be deemed cured by payment of the Cure Costs.

23. 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 Costs, if any. No sections or provisions of any Assigned Contract that purport to provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor party to the Assigned Contract shall have any force and effect with respect to the sale transaction and assignments authorized by this Order, and such provisions constitute unenforceable anti-assignment provisions under Bankruptcy Code section 365(f) and/or are otherwise unenforceable under Bankruptcy Code section 365(e) and no assignment of any Assigned Contract pursuant to the terms of the Agreement shall in any respect constitute a default under any Assigned Contract. The non-debtor party to each Assigned Contract shall be deemed to have consented to such assignment under Bankruptcy Code section 365(c)(1)(B), and the Purchaser shall enjoy all of the Debtors' 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.

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

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

26. Pursuant to Bankruptcy Code sections 105(a), 363, and 365, all parties to the Assigned Contracts are forever barred and enjoined from raising or asserting against the Purchaser any assignment fee, default, breach or claim or pecuniary loss, or condition to assignment, arising under or related to the Assigned Contracts existing as of the Closing or arising by reason of the Closing, except for any amounts that are Assumed Liabilities being

assumed by the Purchaser under the Agreement.

27. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement and this Order. This Order and the Agreement shall be binding upon and govern the acts of all such federal, state, and local governmental agencies and departments, including any 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 Property.

28. To the extent permitted by Bankruptcy Code section 525, no Governmental Authority may revoke or suspend any permit or license relating to the operation of the Purchased Property sold, transferred, or conveyed to the Purchaser on account of the filing or pendency of this chapter 11 case or the consummation of the transactions contemplated by the Agreement.

29. The Purchaser has not assumed or is otherwise not obligated for any of the Debtors' liabilities other than the Assumed Liabilities as set forth in the Agreement, and the Purchaser has not purchased any of the Debtors' assets expressly excluded from the Purchased Property pursuant to the Agreement (the "**Excluded Assets**").⁵ Consequently, all Persons, Governmental Units (as defined in Bankruptcy Code sections 101(27) and 101(41)) and all holders of Liens (other than the Permitted Liens and Assumed Liabilities) based upon or arising out of liabilities retained by the Debtors are hereby enjoined from taking any action against the Purchaser or the Purchased Property to recover any Liens or on account of any liabilities of the

⁵ For the avoidance of doubt and notwithstanding anything to the contrary, the term "Excluded Assets" as used herein shall have the meaning as ascribed in the Agreement.

Debtors other than Assumed Liabilities pursuant to the Agreement. All persons holding or asserting any Liens in the Excluded Assets are hereby enjoined from asserting or prosecuting such Liens or any cause of action against the Purchaser or the Purchased Property for any liability associated with the Excluded Assets.

30. 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 the Debtors and/or their estates including, but not limited to, any bulk sales law, successor liability, or similar liability except for the assumption of the Assumed Liabilities as expressly provided in the Agreement. Except to the extent the Purchaser assumes the Assumed Liabilities pursuant to the Agreement, neither the purchase of the Purchased Property by the Purchaser, nor the fact that the Purchaser is using any of the Purchased Property 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 any foreign, federal, state or local revenue, pension, ERISA, tax, labor, employment, environmental, or other law, rule or regulation (including, without limitation, filing requirements under any such laws, rules or regulations), or under any products liability law or doctrine with respect to the Debtors’ liability under such law, rule or regulation or doctrine.

31. Further, except as provided in the Agreement, transfer of title and possession of the Purchased Property shall be free and clear of any Claims pursuant to any successor or successor-in-interest liability theory, including the following: (a) any existing litigation, (b) any employment or labor agreements, (c) all deeds of trust and security interests, (d) any pension or medical benefit plan of the Debtors, compensation or other employee benefit plan of the Debtors, welfare, agreements, practices and programs, (e) any other employee, worker’s

compensation, occupational disease or unemployment or temporary disability related claim, including, without limitation, Claims that might otherwise arise under or pursuant to (i) the Employee Retirement Income Security Act of 1974, as amended, (ii) the Fair Labor Standards Act, (iii) Title VII of the Civil Rights Act of 1964, (iv) the Federal Rehabilitation Act of 1973, (v) the National Labor Relations Act, (vi) the Worker Adjustment and Retraining Act of 1988, (vii) the Age Discrimination and Employee Act of 1967 and Age Discrimination in Employment Act, as amended, (viii) the Americans with Disabilities Act of 1990, (ix) the Consolidated Omnibus Budget Reconciliation Act of 1985, (x) state discrimination laws, (xi) state unemployment compensation laws or any other similar state laws, or (xii) any other state or federal benefits or Claims relating to any employment with the Debtors or any predecessor, (f) environmental or other Claims or Liens arising from existing conditions on or prior to the Closing (including, without limitation, the presence of hazardous, toxic, polluting or contaminating substances or waste) that 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., or other state or federal statute, (g) any bulk sales or similar law, (h) any Tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended, and (i) any and all theories of successor liability, including any theories on successor products liability grounds or otherwise.

32. Except to the extent expressly included in the Assumed Liabilities or provided in the Agreement, the Purchaser and its affiliates shall have no liability, obligation, or responsibility under the WARN Act (29 U.S.C. § § 210 et seq.) or the Comprehensive Environmental Response Compensation and Liability Act, or any foreign, federal, state or local labor, employment, or environmental law by virtue of the Purchaser's purchase of the Purchased

Property or assumption of the Assumed Liabilities.

33. Except to the extent expressly included in the Assumed Liabilities, pursuant to Bankruptcy Code sections 105 and 363, all Persons including, but not limited to, the Debtors, the Committee, all debt holders, equity security holders, the Debtors' employees or former employees, governmental authorities, lenders, parties to or beneficiaries under any benefit plan, trade and other creditors asserting or holding a Lien of any kind or nature whatsoever against, in, or with respect to the Debtors or the Purchased Property (other than the Permitted Liens), arising under or out of, in connection with, or in any way relating to the Debtors, the Purchased Property, the operation of the Debtors' Business prior to the Closing Date, or the transfer of the Purchased Property to the Purchaser, shall be forever barred, estopped, and permanently enjoined from asserting, prosecuting, or otherwise pursuing such Lien, including assertion of any right of setoff or subrogation, and enforcement, attachment, or collection of any judgment, award, decree, or order, against the Purchaser or any affiliate, successor or assign thereof and each of their respective current and former members, officers, directors, attorneys, employees, partners, affiliates, financial advisors, and representatives (each of the foregoing in its individual capacity), or the Purchased Property.

34. Without limiting the generality of the foregoing, except as otherwise specifically set forth in the Agreement, the Purchaser shall not assume or be obligated to pay, perform or otherwise discharge any workers' compensation debts, obligations, and liabilities of the Debtors arising pursuant to state law or otherwise. This Order is intended to be all inclusive and shall encompass, but not be limited to, workers' compensation Claims or suits of any type, whether now known or unknown, whenever incurred or filed, which have occurred or which arise from work-related injuries, diseases, death, exposures, intentional torts, acts of discrimination, or

other incidents, acts, or injuries prior to the Closing Date, including, but not limited to, any and all workers' compensation Claims filed or to be filed, or reopenings of those Claims, by or on behalf of any of the Debtors' current or former employees, persons on laid-off, inactive or retired status, or their respective dependents, heirs or assigns, as well as any and all premiums, assessments, or other obligations of any nature whatsoever of the Debtors relating in any way to workers' compensation liability, except as otherwise specifically set forth in the Agreement.

35. Subject to the terms of the Agreement, the Agreement and any related agreements and/or instruments may be waived, modified, amended, or supplemented by written agreement of the Debtors, the Purchaser and DIP Agent, without further action or order of the Court; provided, however, that any such waiver, modification, amendment, or supplement is not materially adverse to the Debtors and substantially conforms to, and effectuates, the Agreement and any related agreements and/or instruments and this Order.

36. The failure specifically to include any particular provisions of the Agreement or any related agreements or instruments in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court, the Debtors, and the Purchaser that the Agreement and any related agreements and instruments 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.

37. No bulk sale law or any similar law of any state or other jurisdiction shall apply in any way to the sale and the transactions contemplated by the Agreement.

38. Nothing in this Order shall alter or amend the Agreement and the obligations of the Debtors and the Purchaser thereunder.

39. At Closing, Purchaser shall pay to Bank of America, N.A., in its capacities as

Pre-Petition ABL Agent (as defined in the Financing Order) and DIP Agent (in both capacities, the “**Agent**”), by wire transfer of immediately available funds, the aggregate amount required to cause Payment in Full of all of the ABL Obligations as listed in a payoff letter (a “**Payoff Letter**”) executed and delivered by Agent to Debtors. Each Debtor is hereby authorized to execute and deliver the Payoff Letter, including, without limitation, releases of claims in favor of the ABL Loan Parties (defined below) and agreements relating to letters of credit, bank accounts, or ancillary obligations that are contingent or may remain outstanding after Closing by express agreement of the parties. Payment of the ABL Obligations to the Pre-Petition ABL Credit Parties and the DIP Credit Parties (collectively, the “**ABL Loan Parties**”) shall not be subject to purchase price adjustments, reallocation, disgorgement, refund, rebate or return, and each of the ABL Loan Parties is authorized to receive and apply, and shall be entitled to retain forever, all funds at any time paid by any Debtor or Purchaser to or for the benefit of any of them on account of any of the ABL Obligations.

40. Notwithstanding the bar date order entered by the Court on or about September 20, 2017 [Docket No. 274], or any similar order, none of the ABL Loan Parties shall be required to file any proof of claim or request for allowance of an administrative expense claim on account of any of the ABL Obligations. In addition, at Closing, all of the obligations of the ABL Loan Parties arising out of or relating to the Carve-Out (as defined in the Financing Order) shall be deemed to have been fully satisfied and released.

41. This Order and the Agreement shall be binding upon and govern the acts of all Persons 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’ estate or any trustee appointed in a Chapter 7 case if this case is

converted from Chapter 11, all creditors of the Debtors (whether known or unknown), filing agents, filing officers, title agents, recording agencies, secretaries of state, and all other Persons who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title in or to the Purchased Property.

42. Nothing in any order of this Court or contained in any plan of reorganization or liquidation confirmed in this chapter 11 case, or in any subsequent or converted case 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.

43. 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 obtaining a stay pending appeal, the Debtors and the Purchaser are free to close under the Agreement at any time following the entry of this Order, subject to the terms of the Agreement. In the absence of any Person 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 Bankruptcy Code section 363(m) 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.

44. The automatic stay provisions of Bankruptcy Code section 362 are vacated and modified to the extent necessary to implement the terms and conditions of the Agreement and the provisions of this Order.

45. This Court shall retain exclusive jurisdiction to enforce the terms and provisions of this Order, and the Agreement in all respects and to decide any disputes concerning this Order,

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 Property 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 Purchased Property free and clear of all Liens (except Permitted Liens and Assumed Liabilities).

[END OF DOCUMENT]

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EXHIBIT B

ASSET PURCHASE AGREEMENT

among

BEAULIEU GROUP LLC

(the “Seller”),

ENGINEERED FLOORS, LLC

(the “Buyer”)

and

PENTZ STREET HOLDINGS, LLC

(“PSH”)

Dated as of October 5, 2017



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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of October 5, 2017, by and among Beaulieu Group LLC, a Georgia limited liability company (the "Seller"), Engineered Floors, LLC, a Georgia limited liability company (the "Buyer") and Pentz Street Holdings, LLC, a Georgia limited liability company ("PSH").

W I T N E S S E T H:

WHEREAS, the Seller is engaged primarily in the business of the manufacture, distribution and sale of carpet and hard surface flooring products (the "Business");

WHEREAS, the Buyer and PSH desire to purchase the Purchased Property and to assume the Assumed Liabilities from the Seller, and the Seller desires to sell, convey, assign and transfer to the Buyer and PSH the Purchased Property and the Assumed Liabilities, in each case upon the terms and subject to the conditions set forth in this Agreement and in accordance with Sections 105, 363, and 365 and other applicable provisions of the Bankruptcy Code; and

WHEREAS, on July 16, 2017 (the "Petition Date"), the Seller and certain of its affiliates filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Northern District of Georgia (Rome Division) (the "Bankruptcy Court"), commencing cases jointly administered under Case No. 17-41677 (the "Bankruptcy Case").

NOW, THEREFORE, in consideration of the foregoing and the respective covenants and agreements herein contained, the parties hereby agree as follow


SECTION 1. DEFINITIONS.

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

"ABL Agent" shall mean Bank of America, N.A., in its capacity as administrative and collateral agent for the Pre-Petition ABL Lenders and the DIP Lenders (as each of such terms are defined in the Financing Order).

"ABL Obligations" shall mean the aggregate total of the unpaid Pre-Petition ABL Debt and DIP Obligations (as each of such terms are defined in the Financing Order) as of the Closing Date, as shown in a payoff letter to be delivered by the ABL Agent to the Seller on or about the date of entry of the Sale Order.

"Accounts Receivable" shall mean all gross trade accounts receivable of the Seller as of the Closing Date, excluding the "Other Accounts Receivable".

"Affiliate" shall mean, with respect to any Person, any Person directly or indirectly controlling, controlled by or under common control with such other Person, and with respect to any Person that is an individual, shall also mean such Person's heirs and estate. The term "control" (including the terms "controlled by" and "under common control with") means 

the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership or voting securities, by contract or otherwise.

“Agreement” – See Preamble hereto.

“Allocation” – See Section 11.3.

“Assumed Executory Contracts and Unexpired Leases” shall mean all Contracts entered into by the Seller before the Petition Date which are executory and unexpired as of the Closing Date and which are being assumed by the Seller and assigned to the Buyer, listed on Schedule 2.1(f) hereto, as such Schedule may be adjusted from time to time prior to the Closing Date pursuant to Section 2.5 or Section 13.8.

“Assumed Liabilities” – See Section 2.2.

“Bankruptcy Case” – See the Recitals hereto.

“Bankruptcy Code” – See the Recitals hereto.

“Bankruptcy Court” – See the Recitals hereto.

“Business” – See the Recitals hereto.

“Business Day” shall mean any day other than Saturday, Sunday and any day which is a legal holiday or a day on which banking institutions in Atlanta, Georgia are authorized by law or other governmental action to close.

“Buyer” – See the Preamble hereto.


“Closing” – See Section 4.1.

“Closing Date” – See Section 4.1.

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

“Committee” – See Section 8.4.

“Contracts” shall mean, collectively, the outstanding and unexpired Real Property Leases, the Purchase Orders, the Sales Obligations and the Other Contracts.

“Cure Costs” shall mean the amounts payable to counterparties to the Assumed Executory Contracts and Unexpired Leases in order (a) to satisfy or cure pre-petition defaults under Section 365 of the Bankruptcy Code, or (b) to compensate for any actual pecuniary loss resulting from such defaults. 

“Deposit” – See Section 3.2.

“Deposit Escrow” – See Section 3.2.

“Deposit Escrow Holder” – See Section 3.2.

“DIP Liens” shall have the meaning ascribed to such term in the Financing Order.

“DIP Loan Agreement” shall mean the Post-Petition Loan and Security Agreement dated July 19, 2017, between the Seller, the ABL Agent, Bank of America, N.A., PNC Bank, National Association, and Synovus Bank, as at any time amended, modified, supplemented or restated.

“Environmental Laws” shall mean all federal, state, local and foreign statutes, regulations, ordinances, rules, orders and other provisions having the force or effect of law, all judicial and administrative orders and determinations, and all common law concerning pollution or protection of the environment including, without limitation, all those relating to the environment, natural resources, public or private health, or the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of any Hazardous Materials.

“Environmental Permits” shall mean permits, licenses, certificates, authorizations, consents, registrations and approvals required by any applicable Environmental Laws for the operation of the Business.

“Equipment and Machinery” shall mean (i) all the equipment, machinery, furniture, fixtures and improvements, spare parts, supplies, vehicles and other items of tangible personal property owned or leased by the Seller, except to the extent the same are attached to real property and considered a portion thereof under applicable law, and (ii) any rights of the Seller to the warranties (to the extent assignable) and licenses received from manufacturers and the sellers of the aforesaid items.

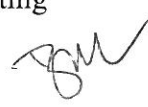
“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

“Excluded Assets” – See Section 2.3.

“Excluded Real Property” – See Section 2.3(g).

“Execution Date” – See Section 3.2.

“Files and Records” shall mean all business files, records, books, models, tracings, price sheets, films, slides, art work and printing plates, tool drawings, plans, designs, blueprints, computer software (object code, and, to the extent transferable, source code) data and the like in the possession of or used by the Seller, including, without limitation, customer files, correspondence with customers and account histories, sales literature and promotional or other material pertaining to Products designed, manufactured or sold by the Seller, material relating to the purchase of materials, supplies and services, research and commercial data, records relating to the employees, consultants and contractors, credit information, catalogs, brochures and training and other manuals.



“Final Order” shall mean an order entered by the Bankruptcy Court, the implementation, operation, or effect of which has not been stayed and as to which order (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing or writ of certiorari has expired and as to which no appeal or petition for review or rehearing or certiorari has been taken and is pending.

“Financing Order” shall mean the Final Order Granting Debtors' Motion to (I) Authorize Debtors-in-Possession to Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 362, 363, and 364; (II) Grant Liens and Superpriority Claims to Post-Petition Lenders Pursuant to 11 U.S.C. §§ 364 and 507; (III) Provide Adequate Protection to Pre-Petition Credit Parties; (IV) Modify Automatic Stay Pursuant to 11 U.S.C. §§ 361, 362, 363, 364, and 507; and (V) Grant Related Relief entered by the Bankruptcy Court on August 31, 2017 [Docket No. 247].

“Governmental Authority” shall mean any agency, division, subdivision, audit group, court, arbitrator, procuring office or governmental or regulatory authority of the United States or any foreign government.


“Hazardous Materials” shall mean and include any substance, material or waste that is regulated or defined by, or with respect to which liability or standards of conduct are imposed under, any Environmental Law, including any material, substance or waste which is defined as a “hazardous waste,” “hazardous material,” “hazardous substance,” “extremely hazardous waste,” “restricted hazardous waste,” “contaminant,” “toxic waste,” or “toxic substance” under any provision of applicable Environmental Law, and including petroleum, petroleum products and byproducts, asbestos, asbestos-containing-material, urea formaldehyde, radioactive materials and polychlorinated biphenyls.

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“Intangible Assets” shall mean all intangible personal property rights owned by the Seller and all goodwill of the Seller relating thereto.

“Intellectual Property” shall mean all United States and foreign patents, patent applications, licenses, trademarks (whether registered or unregistered), service marks, trade names, brand names, domain names, logos, trade dress, copyrights and any applications therefor, and any other proprietary rights, including, without limitation, know-how, inventions, discoveries and improvements, shop rights, processes, methods and formulae, trade secrets, product drawings, specifications, designs and other technical information owned by or licensed to the Seller and relating exclusively to the Business and all of the goodwill associated with the foregoing.

“Inventory” shall mean all inventory (including raw materials, products-in-process, and finished products) owned by the Seller, whether in transit to or from the Seller, and whether in the Seller’s warehouse and distribution facilities or held by a third party.

“Letter of Credit Obligations” shall have the meaning ascribed to the term “Letter of Credit Obligations” in the DIP Loan Agreement. 

“Lien” shall mean any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, preference, priority, option, right of first refusal, easement servitude, proxy, voting trust or agreement, or transfer restriction under any shareholder or similar agreement or encumbrance, in each case, whether secured or unsecured, choate or inchoate, filed or unfiled, contingent or non-contingent, material or non-material, known or unknown.

“Material Adverse Effect” shall mean a material adverse effect on (a) the Purchased Property, taken as a whole, other than any such effect resulting from (i) the transactions contemplated hereby (including, without limitation, the Bankruptcy Case), the public announcement of such events, including any reductions in the workforce, any declines in the amount or rate of sales, which in each case are attributable to or result from such transaction, or announcement thereof; (ii) any change in economic conditions affecting the carpeting or flooring design, manufacturing, marketing or distribution industries in the United States generally; (iii) any act or omission of the Seller taken with the consent of the Buyer pursuant to Section 7.1; or (iv) any action taken by, or omission of, the Seller at the request of the Buyer, or (b) the ability of the Seller to consummate the transactions contemplated hereby.

“Material Contract” – See Section 5.16.

“Material Intellectual Property” – See Section 5.15.


“Non-Assumed Contracts and Leases” shall mean any Contract to which the Seller is a party but that is not an Assumed Executory Contract and Unexpired Lease.

“Other Accounts Receivable” – See Section 2.3(f).

“Other Contracts” shall mean all outstanding and unexpired Equipment and Machinery leases, partnership or joint venture agreements, license agreements, service contracts, individual employment, severance or bonus agreements covering any employee, commission and consulting agreements, suretyship contracts, distribution agreements, agreements not made in the ordinary course of business of the Seller, options to purchase any assets or property rights of the Seller and all other agreements to which the Seller is a party relating primarily to the Business, to the extent assignable, but excluding Leases, Purchase Orders and Sales Obligations.

“Payment in Full” shall have the meaning ascribed to such term in the Financing Order.

“Permitted Liens” means (i) Liens granted by the Buyer at or after the Closing in connection with any financing of the Buyer related to the purchase of the Purchased Property pursuant to this Agreement; (ii) non-monetary Liens that do not materially interfere with the ability of the Buyer to own and operate the Purchased Property in substantially the manner as operated immediately prior to the execution of this Agreement; (iii) Liens that arise under zoning, building codes, land use and other similar laws, none of which would materially interfere with the ownership or operation by the Buyer of the Purchased Property following the Closing in substantially the manner as owned and operated immediately prior to the execution of this Agreement; (iv) Liens for Taxes not yet due and payable; (v) with respect to leased or licensed property, the terms and conditions of the lease or license applicable thereto to the extent



constituting an Assumed Executory Contract and Unexpired Lease; and (vi) any other Liens that the Buyer expressly consents to in writing.

“Permits” shall mean any approvals, authorizations, consents, licenses, permits or certifications from the Governmental Authority held by the Seller or used in connection with the Business.

“Person” shall mean any individual, corporation, partnership, joint venture, association, joint- stock company, limited liability company, trust, unincorporated organization or Governmental Authority.

“Petition Date” – See the Recitals hereto.

“Products” shall mean (i) the products manufactured, or in the process of design or development for manufacturing, by the Seller (including, but not limited to, any product necessary and useful for the performance of any Contract) and (ii) any products manufactured or which were in the process of design or development for manufacturing by the Seller (or its predecessors in interest).

“Purchase Orders” shall mean the Seller’s outstanding and unexpired purchase orders, contracts or other commitments to suppliers of goods and services for materials, supplies or other items used primarily in the Business.

“Purchase Price” – See Section 3.1.

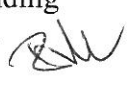
“Purchased Property” – See Section 2.1.

“Real Property” – See Section 5.10.

“Real Property Leases” – See Section 5.10.

“Release” shall mean any past or present spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing of a Hazardous Substance into the indoor or outdoor environment, or including migration to or from a property.

“Sale Motion” shall mean the motion filed by the Seller in the Bankruptcy Court requesting entry of the Sale Order.

“Sale Order” shall mean an order of the Bankruptcy Court, which shall provide, among other things and without limitation, that: (i) the sale of the Purchased Property to the Buyer and the assumption by the Seller of the Assumed Liabilities and Assumed Executory Contracts and Unexpired Leases and the assignment of such Assumed Executory Contracts and Unexpired Leases to the Buyer, in accordance with the terms and conditions of this Agreement and pursuant to, among others, Sections 363 and 365 of the Bankruptcy Code, is approved; (ii) the Assumed Executory Contracts and Unexpired Leases will be transferred to, and remain in full force and effect for the benefit of, the Buyer (or its designated transferee(s)), notwithstanding any provision in any such contract or lease or in applicable law (including those described in 

Sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts or limits in any way such assignment or transfer; (iii) the consideration provided by the Buyer pursuant to this Agreement constitutes reasonably equivalent value and fair consideration for the Purchased Property; (iv) the Buyer is a good faith purchaser of the Purchased Property, as that term is used in Section 363(m) of the Bankruptcy Code, and is entitled to the protections provided by such section; and (v) the sale and transfer of the Purchased Property to the Buyer shall vest the Buyer with all right, title and interest to the Purchased Property free and clear of Liens, claims and interests.

“Sales Obligations” shall mean all the Seller’s outstanding and unexpired sales orders, contracts or other commitments to purchasers of goods and services of the Business.

“Schedules” shall mean the Schedules attached hereto and incorporated herein by reference, as such Schedules may be adjusted from time to time prior to the Closing Date pursuant to Section 2.5(a) or 13.8 hereof, or otherwise by written agreement of the Seller and the Buyer.

“Seller” – See the Preamble hereto.

“Seller’s Benefit Plans” shall mean all of the Seller’s agreements and plans, programs, policies or arrangements under which the Seller, with respect to past or present employees or beneficiaries, including any officer, director, retiree, independent contractor or consultant of the Business or any spouse or dependent of such individual, have any past, present or future obligations or liability, or under which any such employee or beneficiary has any past, present or future right to benefits, including (A) any employee benefit plan as defined in Section 3(3) of ERISA, or (B) any other pension, profit sharing, retirement, stock purchase, stock option, other equity-based incentive, bonus, performance, vacation, termination, retention, severance, disability, hospitalization, medical, life insurance or other employee benefit plan, program, policy or arrangement.

“Taxes” shall mean all taxes, however denominated, relating to the Business including any interest, penalties or additions to tax that may become payable in respect thereof, imposed by any Governmental Authority, which taxes shall include all income 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), escheat or unclaimed and abandoned property amounts or assessments and other obligations of the same or a similar nature, whether arising before, on or after the Closing Date, and any liability for any of the foregoing resulting from a Person being a transferee of or a member of an affiliated or combined group; and “Tax” shall mean any one of them.

“Tax Returns” shall mean 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).

“To the Buyer’s knowledge” shall mean the actual knowledge, without any obligation to make inquiry, of the executive officers of the Buyer.

“To the Seller’s knowledge” shall mean all facts actually known or that should have been known after reasonable inquiry by either Michael Pollard, in fulfilling his duties as President, or Vince Donargo, in fulfilling his duties as Chief Financial Officer.

“Transaction Taxes” – See Section 11.1.

“Transferred Employees” – See Section 10.1.

“Transition Services Agreement” shall mean the mutually satisfactory agreement, negotiated in good faith by the Buyer and the Seller, containing reasonable and customary terms and also providing the Seller with no less than five hundred (500) square feet of office space rent free (but with the Seller to bear its out of pocket expenses paid by the Seller relating to its usage of the space), for a period of up to twelve (12) months following the Closing, to allow the Seller to conduct the wind down and administration of its bankruptcy estates.

“Trustee” – See Section 8.4.

SECTION 2. PURCHASE AND SALE OF THE PURCHASED PROPERTY.

SECTION 2.1. Transfer of Assets. Subject to the terms and conditions herein set forth and pursuant to, among others, Sections 105, 363 and 365 of the Bankruptcy Code, the Seller shall sell, convey, transfer, assign and deliver to the Buyer (or, with respect to Section 2.1(e) below, PSH), and the Buyer (or, with respect to Section 2.1(e) below, PSH) shall purchase and accept from the Seller, on the Closing Date, all right, title and interest of the Seller in and to the Purchased Property, wherever located. “Purchased Property” shall mean all of the assets of the Seller used or held for use in connection with the Business as of the Closing (but excluding Excluded Assets), to be, as of to the Closing, free and clear of all Liens (other than Permitted Liens and the Assumed Liabilities) to the maximum extent permitted by Section 363 of the Bankruptcy Code, including, without limitation, all of the following:

- (a) all Accounts Receivable of the Seller as of the Closing and all claims against third parties for the collectability thereof;
- (b) all Inventory;
- (c) all of the Seller’s deposits, advance payments, security deposits or prepaid charges and expenses paid in connection with or relating to any Purchased Property;
- (d) all Equipment and Machinery, including, without limitation, all of the looms located at the Seller’s industrial facility (#70) located in Bridgeport, Alabama as of the Execution Date, and the Equipment and Machinery to be disclosed by the Seller to the Buyer on a separate disclosure statement by October 20, 2017;

(e) all Real Property owned by the Seller other than the Excluded Real Property;

(f) subject to Section 2.5(a), all Assumed Executory Contracts and Unexpired Leases, as set forth on Schedule 2.1(f);

(g) all open Purchase Orders with customers and suppliers;

(h) all Intellectual Property owned by the Seller, as set forth on Schedule 2.1(h);

(i) all Permits used by the Seller in the conduct of the Business, to the extent transferable;

(j) all of the Seller's rights to rebates and discounts payable by manufacturers, vendors, suppliers or others in connection with the Purchased Property;

(k) causes of action, claims and demands of whatever nature arising from or in connection with the Business and operation of the Purchased Property but expressly excluding any bankruptcy causes of action, causes of action against insiders (or claims against insurance related thereto) or causes of action against parties asserting secured claims against the Seller;

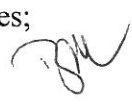
(l) all documents that are used in, held for use in or intended to be used in, or that arise out of, the Business, including documents relating to Products, services, marketing, advertising, promotional materials, Intellectual Property, personnel files for Transferred Employees and all files, customer files and documents (including credit information), supplier lists, records, literature and correspondence, but excluding (i) personnel files for employees of the Seller who are not Transferred Employees, (ii) such files as may be required to be retained by the Seller and/or maintained as confidential under applicable Law regarding privacy, and (iii) any documents exclusively related to any Excluded Assets; and

(m) all goodwill and other Intangible Assets associated with the Business.

The Buyer expressly agrees and understands that the Seller shall not sell, convey, transfer, assign or deliver to the Buyer and the Buyer shall not purchase the Excluded Assets.

SECTION 2.2. Assumption of Liabilities. The Buyer shall assume and the Buyer hereby agrees to pay, perform and discharge when due, the Assumed Liabilities, and obligations of the Seller arising after the Closing Date relating to the Purchased Property. For purposes of this Agreement, "Assumed Liabilities" include all of the following:

(a) all liabilities, obligations and duties arising after the Closing under any and all Assumed Executory Contracts and Unexpired Leases;



(b) all obligations and liabilities of the Seller with respect to Transferred Employees to the extent provided in Section 10 of this Agreement;

(c) all Cure Costs, if any;

(d) at the Buyer's sole discretion following the Closing to be determined on a case-by-case basis, any liabilities to repair or replace, or to refund the sales price (plus commercially reasonable related expenses) of, Products manufactured by the Seller which any customer claims to be defective, or liabilities arising under warranties issued by the Seller;

(e) all Transaction Taxes to the extent payable by the Buyer pursuant to Section 11.1; and

(f) all liabilities set forth on Schedule 2.2(e).

SECTION 2.3. Excluded Assets. Nothing herein contained shall be deemed to sell, transfer, assign or convey the Excluded Assets to the Buyer, and the Seller shall retain all right, title and interest to, in and under the Excluded Assets. "Excluded Assets" shall mean all of the following assets, properties, interests and rights of the Seller:

(a) all cash, cash equivalents, bank deposits or similar cash items of the Seller, deposit accounts, cash collateral securing any of the Letter of Credit Obligations, and funds at any time in either of the Carve-Out Accounts (as such term is defined in the Financing Order);

(b) any assets of the Seller that would constitute Purchased Property that is conveyed or otherwise disposed of during the period from the date hereof until the Closing Date in the ordinary course of business of the Seller and not in violation of the terms of this Agreement or as otherwise permitted by the terms of this Agreement;

(c) all of the Seller's deposits or prepaid charges and expenses paid exclusively in connection with or relating exclusively to any Excluded Assets;

(d) any amounts receivable and proceeds arising exclusively out of or in connection with any Excluded Asset;

(e) all of the Seller's rights under this Agreement and/or other documents and agreements executed in connection with the transactions provided for herein;

(f) all obligations, liabilities and indebtedness, including any note indebtedness, owed to the Seller by any Affiliates of the Seller (the "Other Accounts Receivable");



(g) the following real property of the Seller, including any Equipment and Machinery located therein (the "Excluded Real Property"): (i) the Eufala, Alabama facility (Plant # 620); (ii) the Caltex facility in Calhoun, Georgia (Plant # 710); (iii) unimproved real property located on Highway 286, Route 5, in Murray County, Georgia; and (iv) the Central Facility in Chatsworth, Georgia (Plant # 100);

(h) any Equipment and Machinery located at the Model facility (Plant # 560), except such items designated by the Buyer and identified and set forth on Schedule 2.3(h) hereto; such items listed on Schedule 2.3(h) shall be removed from the Model facility by the Buyer at the Buyer's sole cost and expense.

(i) any (i) confidential personnel and medical records pertaining to any employee who is not a Transferred Employee; (ii) other books and records that the Seller is required to retain or that the Seller determines is necessary or advisable to retain including, without limitation, Tax Returns, financial statements, and corporate or other entity filings; provided, however, that the Buyer shall have the right to make copies of any portions of such retained books and records that relate to the Business or any of the Purchased Property; (iii) minute books, stock or membership interest records and corporate seals; (iv) documents relating to proposals to acquire the Business by Persons other than the Buyer; and (v) prepared primarily in connection with the transactions contemplated by this Agreement;

(j) any claim, right or interest of the Seller in or to any refund, rebate, abatement or other recovery for Taxes of the Seller, together with any interest due thereon or penalty rebate arising therefrom, and all Tax credits and other Tax attributes of the Seller;

(k) any stock or other equity interests in the Seller or any subsidiaries of the Seller;

(l) all insurance policies or rights to proceeds thereof relating to the Purchased Property, including any insurance deposits and return premiums; provided that, to the extent that there is any insured loss with respect to the Purchased Property prior to the Closing, that upon the Closing, the Seller shall assign all rights and interest with respect to such proceeds to the Buyer (or, with respect to the Real Property, to PSH), and the Buyer (or, with respect to the Real Property, to PSH) and the Seller shall reasonably, and in good faith, cooperate to the extent necessary to prosecute and pursue any such claim related thereto;

(m) all rights of the Seller under non-disclosure or confidentiality, non-compete, or non-solicitation agreements with employees and agents of the Seller or with third parties to the extent relating to the Business or the Purchased Property;



- (n) all Non-Assumed Contracts and Leases;
- (o) all avoidance actions and other causes of action under the Bankruptcy Code or similar state insolvency Law;
- (p) the Seller's, the bankruptcy estate's, and any Committee's and/or Trustee's, rights under this Agreement, the Transition Services Agreement and any confidentiality agreement between the Buyer and the Seller;
- (q) all rights of the Seller under and in respect of the DIP Loan Agreement and the Financing Order, or under any of the Seller's Benefit Plans; and
- (r) all other assets, properties, interests and rights of the Seller listed on Schedule 2.3(r).

SECTION 2.4. Excluded Liabilities. Notwithstanding anything herein to the contrary, the Buyer shall not assume or have any responsibility with respect to any obligations or liability of the Seller of whatever nature, whether presently in existence or arising hereafter, that is not expressly included within the definition of Assumed Liabilities, including but not limited to:

- (a) Taxes related to the Business or the Purchased Property for all Tax periods (or portions thereof) ending on or prior to the Closing or any other Taxes of the Seller for any taxable period;
- (b) any costs or expenses incurred in connection with, or related to, the administration of the Bankruptcy Case, including, without limitation, any accrued professional fees and expenses of attorneys, accountants, financial advisors and other professional advisors related to the Bankruptcy Case;
- (c) liabilities to the extent relating to the Excluded Assets;
- (d) liabilities and obligations of the Seller under this Agreement;
- (e) all intercompany obligations, liabilities and Indebtedness, including any note indebtedness, owed by the Seller to any Affiliates of the Seller;
- (f) any obligation to any current or former employee of the Seller who is not a Transferred Employee; and
- (g) any claim of any current or former employee of the Seller who is not a Transferred Employee or any claim of a Transferred Employee arising from the period prior to the Closing.

SECTION 2.5. Assumed Real Property Leases and Executory Contracts. From time to time, at any time prior to the Closing Date, the Buyer may update Schedule 2.1(f)



to add or remove contracts. Any Contract added to Schedule 2.1(f) shall be deemed an Assumed Executory Contract and Unexpired Lease for all purposes of this Agreement. Any Contract removed from Schedule 2.1(f) shall be deemed an Excluded Asset for all purposes of this Agreement.

(a) At Closing, and pursuant to Section 365 of the Bankruptcy Code, the Seller shall assume and assign to the Buyer and the Buyer shall assume from the Seller, the Assumed Executory Contracts and Unexpired Leases. The Cure Costs, as determined by the Bankruptcy Court, necessary to cure all defaults, and to pay all actual or pecuniary losses that have resulted from such defaults under the Assumed Executory Contracts and Unexpired Leases assumed at Closing shall be assumed or paid by the Buyer on, before or promptly following Closing.

SECTION 2.6. Disclaimer. THE BUYER HEREBY ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPLICITLY PROVIDED IN THIS AGREEMENT, THE PURCHASED PROPERTY IS BEING SOLD AND TRANSFERRED TO THE BUYER "AS IS, WHERE IS", AND THE SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATED TO THE PURCHASED PROPERTY. WITHOUT LIMITING THE FOREGOING, THE SELLER HEREBY DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AS TO ANY PORTION OF THE PURCHASED PROPERTY. THE BUYER FURTHER ACKNOWLEDGES THAT THE BUYER HAS CONDUCTED AN INDEPENDENT INSPECTION AND INVESTIGATION OF THE PHYSICAL CONDITION OF THE PURCHASED PROPERTY, EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT, THE BUYER IS DOING SO BASED SOLELY UPON SUCH INDEPENDENT INSPECTIONS AND INVESTIGATIONS.

SECTION 3. PURCHASE PRICE

SECTION 3.1. Purchase Price. The aggregate consideration for the sale and transfer of the Purchased Property is the sum of Ninety Million and No/100 Dollars (\$90,000,000) in cash and assumption of the Assumed Liabilities (the "Purchase Price"), which Purchase Price, is payable and deliverable in accordance with Section 3.3.

SECTION 3.2. Deposit. Following the Buyer's receipt of confirmation that the ABL Agent and the Committee have approved this Agreement, upon the mutual execution and delivery of this Agreement (the "Execution Date"), the Buyer shall deposit into escrow (the "Deposit Escrow") with an escrow agent or company (the "Deposit Escrow Holder") reasonably designated by the Seller \$2,500,000 (the "Deposit") in immediately available, good funds, pursuant to joint escrow instructions to be delivered to and acknowledged by the Deposit Escrow Holder on or before the Execution Date, to be held pending the earlier of the termination of this Agreement pursuant to Section 14 or the Closing Date. Such escrow instructions shall include the provisions set forth in this Section 3.2. Promptly following receipt, the Buyer and the Seller shall execute and return the escrow services agreement provided by the Deposit Escrow Holder, if any. Upon receipt of the Deposit, the Deposit Escrow Holder shall immediately deposit the

Deposit into a segregated account or an IOLTA trust account, which account shall not be required to bear interest. The Escrow Holder's reasonable escrow fees and charges shall be paid one-half by the Seller and one-half by the Buyer, in which respect the Seller and the Buyer shall not be jointly liable since each shall only be liable for its own part (one-half) of the said fees and charges. The Deposit shall be held and disbursed pursuant to the terms of this Agreement and shall be subject (to the extent of the Seller's rights thereto) to the DIP Liens. Upon the earlier to occur of (i) confirmation that the transactions proposed under this Agreement have received necessary governmental approvals under the HSR Act, or (ii) 15 days after the mutual determination that such approvals are not required, the Buyer shall deposit into the escrow the remaining cash portion of the Purchase Price.

SECTION 3.3. Payment of Purchase Price. In payment for the Purchased Property, at the Closing Date:

(a) the Seller shall retain the Deposit, together with interest accrued thereon, if any, and shall apply such amount against the Purchase Price;

(b) the Buyer shall pay (i) to the ABL Agent, cash in an amount sufficient to cause Payment in Full of the ABL Obligations by wire transfer of immediately available funds, or if the entire cash portion of the Purchase Price is in escrow pursuant to Section 3.2, such amount shall be paid out of escrow to the ABL Agent; and (ii) to the Seller, the remaining balance of the Purchase Price less the amount retained by the Seller pursuant to Section 3.3(a) above, by wire transfer of immediately available funds to the Seller's Account, or if the entire cash portion of the Purchase Price is in escrow pursuant to Section 3.2, such amount shall be paid out of escrow to the Seller; and

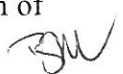
(c) the Buyer shall execute and deliver to the Seller a mutually satisfactory instrument of assumption of liabilities with respect to the Assumed Liabilities containing customary terms.

SECTION 4. CLOSING.

SECTION 4.1. Closing Date. The closing hereunder (the "Closing") shall take place at the offices of Bennie M. Laughter, LLC located at 115 West King Street, P.O. Box 1005, Dalton, GA 30722-1005, at 10:00 a.m. on the first Business Day following the satisfaction or waiver by the appropriate party of all the conditions contained in Section 12 and 13 hereof (other than conditions that by their nature may be satisfied only at the Closing) or on such other date and at such other place and time as may be mutually agreed to by the parties hereto which shall be no later than November 4, 2017, unless mutually extended by the parties hereto (the "Closing Date"). Consummation of the transactions at Closing shall be effective as of the next business date immediately following the Closing.

SECTION 4.2. Deliveries by the Seller. At the Closing, the Seller shall deliver to the Buyer:

(a) a duly executed bill of sale and assignment in the form of Exhibit A hereto;



- (b) a duly executed Transition Services Agreement;
- (c) duly executed assignments of the U.S. trademark, copyright and patent registrations and applications included in the Intellectual Property, in a form suitable for recording, as applicable, in the U.S. Patent and Trademark Office or the Library of Congress, and assignments of all other Intellectual Property in a form reasonably satisfactory to the Buyer;
- (d) the officer's certificate required to be delivered pursuant to Section 13.1 and Section 13.2;
- (e) duly executed and acknowledged certificates, in the form set forth in Section 1.1445-2(b)(2) of the regulations promulgated pursuant to the Code, certifying that Sellers are not "a foreign person" within the meaning of Section 1445(f)(3) of the Code; and
- (f) all other instruments of conveyance and transfer, in form and substance reasonably acceptable to the Buyer, as may be reasonably requested by the Buyer to convey the Purchased Property to the Buyer.

SECTION 4.3. Deliveries by the Buyer. At the Closing, the Buyer shall deliver to the Seller:

- (a) a duly executed bill of sale and assignment in the form of Exhibit A hereto;
- (b) a duly executed Transition Services Agreement;
- (c) the Closing Purchase Price, in immediately available funds, as set forth in Section 3.1 hereof;
- (d) duly executed assignments of the U.S. trademark, copyright and patent registrations and applications included in the Intellectual Property, in a form suitable for recording, as applicable, in the U.S. Patent and Trademark Office or the Library of Congress, and assignments of all other Intellectual Property;
- (e) the officer's certificate required to be delivered pursuant to Section 12.1 and Section 12.2;
- (f) a copy of resolutions of the Buyer, authorizing the execution, delivery and performance hereof by the Buyer, certified by an authorized officer of the Buyer and dated as of the Closing Date;
- (g) satisfactory evidence that the Buyer is in good standing under the Laws of the State of Georgia;



(h) the Intellectual Property license required to be delivered pursuant to Section 8.5; and

(i) all other instruments of conveyance and transfer, in form and substance reasonably acceptable to the Seller, as may be reasonably requested by the Seller to convey the Purchased Property to the Buyer.

SECTION 5. REPRESENTATIONS AND WARRANTIES OF THE SELLER.
The Seller hereby represent and warrant to the Buyer as follows:

SECTION 5.1. Corporate Organization and Qualification to do Business. The Seller is duly organized and validly existing under the laws of the jurisdiction of its organization. The Seller are duly qualified to do business as a foreign corporation and are in good standing in every jurisdiction in which the character of the properties owned or leased or the nature of the business conducted makes such qualification necessary, except where the failure to be qualified and in good standing would not be reasonably expected to have a Material Adverse Effect.

SECTION 5.2. Authorization and Validity of Agreement. The Seller has all requisite corporate power and authority to enter into this Agreement and the Transition Services Agreement, and, subject to the Bankruptcy Court's entry of the Sale Order and the Sale Order becoming a Final Order, to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement and the Transition Services Agreement, and the performance of the Seller's obligations hereunder have been duly authorized by all necessary corporate action by the board of directors and stockholders of the Seller, and no other corporate proceedings on the part of the Seller are necessary to authorize such execution, delivery and performance. This Agreement has been duly executed by the Seller and, subject to the Bankruptcy Court's entry of the Sale Order and the Sale Order becoming a Final Order, constitutes its valid and binding obligation, enforceable against the Seller in accordance with its terms.

SECTION 5.3. Financial Statements. The financial statements of the Seller set forth on Schedule 5.3 hereto were prepared in accordance with GAAP throughout the periods involved (except with respect to the period ending December 31, 2016, and as may be indicated in the notes thereto) and each fairly presents, in all material respects, the financial position of the Seller at the respective dates thereof and the results of its operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to year-end adjustments.

SECTION 5.4. No Conflict or Violation. Subject to (i) the receipt of all consents, waivers and approvals set forth on Schedule 5.4 hereto, (ii) any filings or waiting periods under the HSR Act and (iii) the Bankruptcy Court's entry of the Sale Order and the Sale Order becoming a Final Order, the execution, delivery and performance by the Seller of this Agreement do not and will not violate or conflict with any provision of the organizational documents of the Seller and do not and will not violate any provision of law, or any order, judgment or decree of any Governmental Authority applicable to the Seller.

SECTION 5.5. Consents and Approvals. Except as set forth on Schedule 5.5 hereto and as required under the HSR Act, no consent, waiver, authorization or approval of any



Governmental Authority, and no declaration to or filing or registration with any such Governmental Authority, is required in connection with the execution and delivery of this Agreement by the Seller or the performance by the Seller of its obligations hereunder, except for such consents, waivers, authorizations, approvals, declarations, filings or registrations the failure to obtain or effect would not reasonably be expected to have a Material Adverse Effect.

SECTION 5.6. Compliance with Law. Except as set forth on Schedule 5.6 hereto, (i) the Seller has not received written notice of any violation of, nor, to Seller's knowledge, is the Seller currently in violation of, any law, regulation, order or other legal requirement, and (ii) the Seller is not in default with respect to any order, writ, judgment, award, injunction or decree of any national, state or local court or Governmental Authority or arbitrator, domestic or foreign, applicable to the Business, other than violations the consequences of which would not reasonably be expected to have a Material Adverse Effect.

SECTION 5.7. Litigation. Except for the Bankruptcy Cases and the claims against the Seller asserted therein, and except as set forth on Schedule 5.7 hereto, there are no claims, actions, suits, audits, proceedings or investigations pending or, to the knowledge of the Seller, threatened, before any federal or state court brought by or against the Seller or any of its respective directors or officers relating to the Business that would reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 5.7 hereto, there are no orders, writs, injunctions or decrees currently in force against the Seller or any of its respective directors or officers relating to the Business that would reasonably be expected to have a Material Adverse Effect.

SECTION 5.8. Labor Relations. Except as set forth on Schedule 5.8 hereto, (i) the Seller is not a party to any collective bargaining agreement, (ii) there are no unfair labor practice proceedings or any labor dispute pending or, to the knowledge of the Seller, threatened, between the Seller, on the one hand, and any of its respective current or former employees, on the other hand, and (iii) no current or former employee of the Seller has any claim against the Seller, that would reasonably be expected to have a Material Adverse Effect.

SECTION 5.9. Employee Benefits. Schedule 5.9 hereto lists all material Seller's Benefit Plans, any material executive compensation arrangement, any material excess benefit plan or supplemental pension plan, any material change in control agreement or severance plan or arrangement, that the Seller maintains, has entered into, or to which the Seller contributes for the benefit of any employee.

SECTION 5.10. Real Properties. All of the following real property owned by the Seller: (i) the Seller's industrial plant located in Gainesville, Georgia (#730), (ii) the Seller's Seretean industrial facility (#830), located in Dalton, Georgia, (iii) the Seller's industrial facility (#520) located in Eton, Georgia, (iv) the Seller's industrial facility (#70) located in Bridgeport, Alabama, and (v) the Seller's Corporate Office (#800), located in Dalton, Georgia, each as more particularly described in Schedule 5.10 (collectively, the "Real Property"), or the lease of property pursuant to which the Seller leases real property, each as more particularly described in Schedule 5.10 (the "Real Property Leases") or the use thereof, as presently used by the Business, does not violate any local zoning or similar land use laws or governmental regulations, which violation would reasonably be expected to have a Material Adverse Effect. The Seller is not in

violation of or in noncompliance with any covenant, condition, restriction, order or easement affecting the Real Property or the Real Property Leases where such violation or noncompliance would reasonably be expected to have a Material Adverse Effect. There is no condemnation or, to the Seller's knowledge, threatened condemnation, affecting the Real Property or the Real Property Leases, where such condemnation would reasonably be expected to have a Material Adverse Effect.

SECTION 5.11. Title to Purchased Property. The Seller owns each of the Purchased Property, and the Buyer (or, in the case of the Real Property, PSH) will be vested with good title to such Purchased Property, free and clear of all Liens, to the fullest extent permissible under Section 363 of the Bankruptcy Code. The Purchased Property include all of the properties and assets required to operate, in all material respects, the Business after the Closing in substantially the same manner as conducted by the Seller prior to Closing.

SECTION 5.12. Tax Matters. Except as set forth on Schedule 5.12 hereto:

(i) the Seller has filed when due all material Tax Returns relating to the Business required by applicable law to be filed by the Seller on or prior to the Closing Date, and have paid all material Taxes due for the taxable periods to which such Tax Returns relate, except for such payment obligations that have been stayed by the filing of the Bankruptcy Cases; and

(ii) to the Seller's knowledge, there is no (a) action, suit, proceeding, investigation, audit or claim now pending against, or with respect to, the Seller in respect of any material Tax or (b) claim for additional material Tax threatened by any taxing authority, which is not subject to the automatic stay arising in connection with the Bankruptcy Case.

SECTION 5.13. Environmental Matters. Except as set forth on Schedule 5.13 hereto, or as would not reasonably be expected to have a Material Adverse Effect:

(a) the Seller (i) has obtained all Environmental Permits that are required for the lawful operation of the Business, (ii) is in compliance in all material respects with all terms and conditions of all Environmental Permits and with any applicable Environmental Law and (iii) has not received written notice of any and, to the Seller's knowledge, there is no material violation by or material claim against the Business under any Environmental law.

(b) There have been no Releases of any Hazardous Materials into, on or under any of the properties owned or operated by the Seller in respect of the Business.

(c) The Seller has not been identified as a potentially responsible party at any federal or state National Priority List site.

SECTION 5.14. Permits. Schedule 5.14 sets forth all Permits used by the Seller in the Business. the Seller is in compliance with the material terms of all such Permits, and all such Permits are valid and in full force and effect, and no proceeding is pending or, to the

knowledge of the Seller, threatened, the object of which is to revoke, limit or otherwise affect any such Permits.

SECTION 5.15. Intellectual Property. The Seller owns or has the right to use all Intellectual Property material to the Business, which is set forth on Schedule 5.15 (“Material Intellectual Property”). To the knowledge of the Seller, no Person is infringing upon any Material Intellectual Property. To the Seller’s knowledge, except as set forth on Schedule 5.15 hereto, there is no pending or threatened claim against the Seller, or the licensors of Material Intellectual Property owned by third parties that is licensed to the Seller asserting that any of such Material Intellectual Property infringes upon or violates the rights of any third party.

SECTION 5.16. Material Contracts. Except as set forth on Schedule 5.16 hereto:

(i) Each contract or agreement that is material to the Business (a “Material Contract”) is in full force and effect and will remain in full force and effect immediately following the Closing except for (a) any Material Contracts which are not to be assumed and assigned to the Buyer in connection with this Agreement, and (b) any Material Contracts the failure of which to be in full force and effect as of the date hereof would not individually or in the aggregate have a Material Adverse Effect;

(ii) Except for the Cure Costs, the Seller is not in material breach or default, and, to the Seller’s knowledge, no other party is in material breach or default, and no event has occurred which with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration, under such Material Contract, except insofar as any such possible breaches, defaults, terminations, modifications or accelerations would not individually or in the aggregate have a Material Adverse Effect; and

(iii) to the Seller’s knowledge, no party has repudiated any provision of a Material Contract, except insofar as any such possible repudiation would not individually or in the aggregate have a Material Adverse Effect.

SECTION 5.17. The Seller’s Representations and Warranties Generally. The inclusion of an item in the disclosure schedules as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had, would have or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. The Seller’s representations and warranties herein (including as made or qualified in the Schedules hereto) are made by the Seller in a corporate or limited liability company capacity, without personal liability to the Seller’s directors, officers, members or counsel, or the Seller’s signatory, other than with respect to fraudulent or criminal activity with respect to the transactions contemplated hereby.

SECTION 6. REPRESENTATIONS AND WARRANTIES OF THE BUYER. The Buyer hereby represents and warrants to the Seller as follows: Corporate Organization and Qualification to Do Business. The Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of Georgia and has all requisite corporate power



and authority to own its properties and assets and to conduct its businesses as now conducted. The Buyer is duly qualified to do business as a corporation and is in good standing in every jurisdiction in which the character of the properties owned or leased or the nature of the business conducted makes such qualification necessary, except where the failure to be qualified and in good standing would not, individually or in the aggregate, have a material adverse effect on the Buyer's ability to consummate the transactions contemplated by this Agreement.

SECTION 6.2. Authorization and Validity of Agreement. The Buyer has all requisite corporate power and authority to enter into this Agreement and the Transition Services Agreement, and to carry out its obligations hereunder and thereunder. The execution and delivery of this Agreement, and the performance of the Buyer's obligations hereunder have been duly authorized by all necessary corporate action by the board of directors of the Buyer, and no other corporate proceedings on the part of the Buyer are necessary to authorize such execution, delivery and performance. This Agreement has been duly executed by the Buyer and constitutes its valid and binding obligation, enforceable against the Buyer in accordance with its terms.

SECTION 6.3. No Conflict or Violation. Subject to (i) any filings or waiting periods under the HSR Act, and (ii) the Bankruptcy Court's entry of the Sale Order and the Sale Order becoming a Final Order, the execution, delivery and performance by the Buyer of this Agreement and the Transition Services Agreement, do not and will not violate or conflict with any provision of the Certificate or Articles of Incorporation or By-laws (or equivalent documents) of the Buyer and do not and will not violate any provision of law, or any order, judgment or decree of any Governmental Authority applicable to the Buyer.

SECTION 6.4. Consents and Approvals. Except as required under the HSR Act, the execution, delivery and performance of this Agreement, on behalf of the Buyer do not require the consent or approval of, or filing with, any Governmental Authority or any other Person except for such consents, approvals and filings, the failure to obtain or make which would not, individually or in the aggregate, have a material adverse effect on the ability of the Buyer to consummate the transactions contemplated hereby.

SECTION 6.5. Adequate Assurances Regarding Assumed Executory Contracts and Unexpired Leases. To the Buyer's knowledge, the Buyer is and will be capable of satisfying the conditions contained in Sections 365(b)(1)(C) and 365(f) of the Bankruptcy Code with respect to the Assumed Executory Contracts and Unexpired Leases.

SECTION 6.6. Financing Capability. The Buyer (i) has, as of the date hereof, and will have as of the Closing, sufficient funds available to pay the Closing Purchase Price and any expenses incurred by the Buyer in connection with the transactions contemplated by this Agreement; (ii) has, as of the date hereof, and will have at Closing, the resources and capabilities (financial or otherwise) to perform its obligations hereunder and (iii) has not, as of the date hereof, and will not have as of the Closing, incurred any obligations, commitment, restriction or liability of any kind which would impair or adversely affect such resources and capabilities.



SECTION 7. COVENANTS OF THE SELLER.

SECTION 7.1. Conduct of Business before Closing Date. Between the date hereof and the Closing Date, (a) the Sellers shall operate its Business in the ordinary course consistent with past practice and subject to the rules and requirements under the Bankruptcy Code and/or arising in connection with the ABL Obligations, and (b) the Seller shall not, except as set forth on Schedule 7.1 hereto or as required or expressly permitted hereunder, without the prior written consent of the Buyer or the authorization of the Bankruptcy Court, after notice and a hearing, between the date hereof and the Closing Date:

- (i) enter into or amend in any material respect any profit sharing, deferred compensation, pension, retirement, incentive or fringe benefit plan for the employees, other than in the ordinary course of business;
- (ii) terminate any of the employees except in the ordinary course of business;
- (iii) make or commit to any capital expenditure in excess of \$100,000 or make or commit to capital expenditures which would, in the aggregate, exceed \$200,000; or
- (iv) dispose of any of the Purchased Property with a value in excess of \$50,000, except for transactions pursuant to the Contracts and except for dispositions of Inventory in the ordinary course of business.

SECTION 7.2. Consents and Approvals. The Seller shall use commercially reasonable efforts to obtain all necessary consents, waivers, authorizations and approvals of all Governmental Authorities, and of all other Persons, required to be obtained by the Seller in connection with the execution, delivery and performance by it of this Agreement. The Seller shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Authority, with respect to the transactions contemplated by this Agreement under any legal requirements, including with respect to the HSR Act, if applicable, and to prevent the initiation of any legal proceeding by a Governmental Authority to prevent the consummation of the transactions. The parties hereto shall reasonably consult and cooperate with each other in connection with the taking of all actions referenced in the preceding sentence. The parties shall promptly inform each other of any communication from a Governmental Authority regarding these matters and the parties shall coordinate their efforts to jointly engage with the Governmental Authority as and if necessary, to resolve any issues or objections raised by a Governmental Authority. The parties shall furnish each other with such necessary information and reasonable assistance in any filings or submissions of information to any such Governmental Authority, subject to any agreed upon joint defense or common interest agreement, and cooperate in connection with any presentations, appearances, meetings, arguments or communications or negotiations with any such Governmental Authority in these efforts. In connection therewith, if any proceeding is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as in violation of any legal requirements, the Seller shall cooperate with the Buyer to contest and resist any such proceeding, unless, by mutual agreement, the Buyer and the Seller decide that any such contest is not in their respective best interests.



SECTION 7.3. Access to Properties and Records; Confidentiality. The Seller shall afford to the Buyer, and to the accountants, counsel and representatives of the Buyer, reasonable access during normal business hours throughout the period prior to the Closing Date to all books and records of the Seller relating to the Business. The Seller shall also afford the Buyer full access, during normal business hours, to the manufacturing facilities, distribution facilities, office facilities, all operations of the Business and to all Purchased Property and employees throughout the period prior to the Closing Date. The rights of access contained in this Section 7.3 are granted subject to, and on, the following terms and conditions: (i) any such investigation will be conducted in such a manner as not to interfere unreasonably with the operation of the Business; (ii) all information provided to the Buyer or its representatives by or on behalf of the Seller or its representatives (whether pursuant to this Section 7.3 or otherwise) will be governed and protected by the terms of any confidentiality agreement entered into between the Seller and the Buyer; and (iii) such rights of access shall not affect or modify the conditions of this Agreement in any way.

SECTION 7.4. Further Assurances. Upon the request and at the expense of the Buyer at any time after the Closing Date, the Seller shall forthwith execute and deliver such documents as the Buyer or its counsel may reasonably request to effectuate the purposes of this Agreement.

SECTION 7.5. Reasonable Efforts. Upon the terms and subject to the conditions of this Agreement, the Seller will use commercially reasonable efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary or proper, consistent with applicable law, to consummate and make effective the transactions contemplated hereby including, without limitation, all reasonable actions required to be taken by the Seller to (i) assume and assign the Assumed Executory Contracts and Unexpired Leases, including all actions to be taken pursuant to Sections 365(b) and (f) of the Bankruptcy Code and (ii) obtain the Bankruptcy Court's entry and approval of the Sale Order.

SECTION 8. COVENANTS OF THE BUYER.

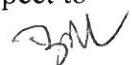
SECTION 8.1. Actions Before Closing Date. The Buyer shall not take any action which shall cause it to be in breach of any representations, warranties, covenants or agreements contained in this Agreement. The Buyer shall use commercially reasonable efforts to perform and satisfy all conditions to Closing to be performed or satisfied by the Buyer under this Agreement as soon as possible, but in no event later than the Closing Date.

SECTION 8.2. Consents and Approvals. The Buyer shall use commercially reasonable efforts to obtain all necessary consents, waivers, authorizations and approvals of all Governmental Authorities, and of all other Persons required to be obtained by the Buyer to effect the transactions contemplated by this Agreement. The Buyer shall use commercially reasonable efforts to resolve such objections, if any, as may be asserted by any Governmental Authorities, with respect to the transactions contemplated by this Agreement under any legal requirements, including with respect to the HSR Act, if applicable, and to prevent the initiation of any legal proceeding by a Governmental Authority to prevent the consummation of the transactions. The parties hereto shall reasonably consult and cooperate with each other in connection with the taking of all actions referenced in the preceding sentence. The parties shall promptly inform each

other of any communication from a Governmental Authority regarding these matters and the parties shall coordinate their efforts to jointly engage with the Governmental Authority as and if necessary, to resolve any issues or objections raised by a Governmental Authority. The parties shall furnish each other with such necessary information and reasonable assistance in any filings or submissions of information to any such Governmental Authority, subject to any agreed upon joint defense or common interest agreement, and cooperate in connection with any presentations, appearances, meetings, arguments or communications or negotiations with any such Governmental Authority in these efforts. In connection therewith, if any proceeding is instituted (or threatened to be instituted) challenging any transaction contemplated by this Agreement as in violation of any legal requirements, the Buyer shall cooperate with the Seller to contest and resist any such proceeding, unless, by mutual agreement, the Buyer and the Seller decide that any such contest is not in their respective best interests. Notwithstanding anything to the contrary in this Agreement, neither the Buyer nor any of its Affiliates shall be required, in connection with the matters covered by this Section 8.2, to (i) pay any amounts (other than the payment of expenses and fees of its counsel and the payment of the filing fees); (ii) commence or defend any litigation; (iii) hold separate (including by trust or otherwise) or divest any of their respective businesses, product lines or assets; (iv) agree to any limitation on the operation or conduct of their businesses or, from and after the Closing, the Business; or (v) waive any of the conditions set forth in Section 13 of this Agreement.

SECTION 8.3. Adequate Assurances Regarding Assumed Executory Contracts and Unexpired Leases. With respect to each Assumed Executory Contract and Unexpired Lease, at the Closing the Buyer shall provide to the non-Seller party to such Assumed Executory Contract and Unexpired Lease adequate assurance of the future performance of such Assumed Executory Contract and Unexpired Lease, reasonably acceptable to the Seller. The Buyer agrees that it will promptly take all actions as are reasonably requested by the Seller to assist in obtaining the Bankruptcy Court's entry of the Sale Order and causing the Sale Order to become a Final Order, including, without limitation, furnishing affidavits, financial information or other documents or information for filing with the Bankruptcy Court and making the Buyer's employees and representatives available to testify before the Bankruptcy Court, all of which demonstrate adequate assurance of future performance by the Buyer under the Assumed Executory Contracts and Unexpired Leases.

SECTION 8.4. Books and Records of the Buyer; Cooperation. Subject to Section 11.2 with respect to Tax matters, the Buyer agrees to retain for a period of at least four (4) years after the Closing Date and shall afford to the Seller and to the accountants, counsel and representatives of the Seller, reasonable access during normal business hours, to all electronic and physical books, accounts, documents, Files and Records relating to the Business conducted on or prior to the Closing Date. Buyer shall also cooperate fully in connection with, and make available for inspection and copying by, any official committee appointed in the Bankruptcy Case ("Committee"), any liquidating trustee or other fiduciary approved in the Bankruptcy Case or under a confirmed plan ("Trustee") and their respective employees, agents, counsel and accountants, such books, accounts, documents, Files and Records and other information to the extent reasonably necessary to prosecute or defend third party claims, satisfy legal requirements, and for other legitimate corporate purposes. The Buyer agrees to make former employees or consultants of the Business who are, at the relevant time, employed or retained by the Buyer or its Affiliates available, upon reasonable notice and during normal business hours, with respect to



any action, suit, proceeding or investigation to which the Seller, Committee, or Trustee is a party or is otherwise involved with regard to the Business, whether commenced before or after the Closing Date, as well as reasonable access during normal business hours to all closing financial statements, sales and use tax returns, federal, state and local tax returns, claims reconciliation and similar financial and tax records for the Buyer's fiscal years 2017 and 2018.

SECTION 8.5. License of Beaulieu Name. The Buyer shall grant to the Seller (or its assignees) a perpetual, irrevocable, royalty free license to use the Intellectual Property outside the United States of America; provided, however, that, as a condition precedent to the effectiveness of such license and use of such Intellectual Property, the Seller and assignees, as applicable, shall enter into a license agreement with the Buyer, in form and substance reasonably satisfactory to the Buyer, wherein such parties unconditionally release the Buyer from any liability arising in connection with the use of such Intellectual Property, and agree to indemnify and defend the Buyer and its Affiliates against any actual or threatened third party claims or liabilities arising out of use of such Intellectual Property by the Seller and assignees, as applicable, including any claims of infringement.

SECTION 9. BANKRUPTCY COURT APPROVAL.

SECTION 9.1. Bankruptcy Court Filings. Promptly following the execution of this Agreement, the Seller shall file the Sale Motion with the Bankruptcy Court, give required notices to creditors, and seek approval thereof as a private sale transaction, not subject to competing bids or an auction process. The Buyer agrees that it will promptly take such actions as are reasonably requested by the Seller to assist in obtaining Bankruptcy Court approval of the Sale Order and causing the Sale Order to become a Final Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for the purposes, among others, of providing necessary assurances of performance by the Buyer under this Agreement and demonstrating that the Buyer is a "good faith" the Buyer under Section 363(m) of the Bankruptcy Code. In the event the entry of the Sale Order shall be appealed, the Seller shall use its reasonable efforts to defend such appeal.

SECTION 9.2. Notice of Bankruptcy Proceedings. The Seller shall, from the date hereof, promptly provide the Buyer and its counsel with proposed final drafts of all documents, motions, orders, filings and pleadings that the Seller proposes to file with the Bankruptcy Court which relate to the approval or consummation of the transactions contemplated by this Agreement, or any provision herein, and will provide the Buyer and its counsel with a reasonable opportunity to review and comment on such papers.



SECTION 10. EMPLOYEES AND EMPLOYEE PLANS.

SECTION 10.1. Offer of Employment. Subject to the Buyer's normal screening processes, it is the Buyer's intention to offer employment to substantially all of the Seller's manufacturing and administrative employees. On the Closing Date and effective as of the Closing, the Seller shall terminate all of its employees. The Buyer shall be permitted (but shall not be required) to offer employment commencing on or after the Closing Date, subject to the Buyer's standard hiring policies, on an "at will" basis, to the terminated employees of the Seller who are active employees on the Closing Date on such terms and conditions as the Buyer shall determine in its sole discretion ("Potential Transferred Employees"). Potential Transferred Employees who accept such offer are, as of the time they first perform services for the Buyer, referred to herein as the "Transferred Employees". The Buyer shall have no obligation of any kind to offer employment with respect to any employee of the Seller who is not a Potential Transferred Employee. The Buyer shall have no responsibility for severance pay or any other liability with respect to any employee who declines The Buyer's offer of employment; to any employee the Buyer chooses not to offer employment to; or to any employee who fails to commence employment with the Buyer after acceptance of the offer. Unless an employee declines the Buyer's offer of employment, each of the Seller's employees who receives an offer shall be deemed to have accepted the Buyer's offer of employment and shall become an employee of the Buyer as of the Closing Date. Sellers and Buyer agree to utilize the standard procedure set forth in Revenue Procedure 2004-53 with respect to wage reporting for Sellers' employees that become employees of Buyer.

SECTION 10.2. Employee Benefit. Transferred Employees shall be eligible for employee benefit plans established by the Buyer in accordance with the applicable eligibility requirements. The Buyer shall not assume nor be responsible for the Seller's Benefit Plans, workers' compensation claims or related liabilities or obligations of the Seller. To the extent necessary, the Seller may continue to communicate with Transferred Employees regarding their rights and entitlement to any benefits under the Seller's Benefit Plans. The parties shall cooperate with each other in the administration of all applicable employee benefit plans and programs whether of the Seller or the Buyer.

SECTION 10.3. Rights. Nothing herein expressed or implied shall confer upon any Transferred Employee or other employee or former employee of the Seller or legal representatives thereof any rights or remedies, including, without limitation, right to employment or continued employment for any specified period, of any nature or kind whatsoever or any right to specific terms or conditions of employment (including rate of pay, fringe benefits or position) under or by reason of this Agreement.

SECTION 11. TAXES. The parties hereto hereby covenant and agree as follows:Taxes Related to Purchase of Assets. All state and local sales, use, transfer, value-added or other similar taxes, including, without limitation, all state and local taxes in connection with the transfer of the Purchased Property (other than any income tax), and all recording and filing fees (collectively, "Transaction Taxes"), that may be imposed by reason of the sale, transfer, assignment and delivery of the Purchased Property, shall be paid by the Buyer. The Buyer and the Seller agree to cooperate to determine the amount of Transaction Taxes payable in connection with the transactions contemplated under this Agreement. The parties shall assist

each other in the preparation and filing of any and all required returns for or with respect to such Transaction Taxes with any and all appropriate taxing authority.

SECTION 11.2. Cooperation on Tax Matters. The Buyer and the Seller agree to furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance relating to the Business as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund or other required or optional filings relating to Tax matters, for the preparation for and proof of facts during any Tax audit, for the preparation for any Tax protest, for the prosecution or defense of any suit or other proceeding relating to Tax matters and for the answer to any governmental or regulatory inquiry relating to Tax matters.

The Buyer agrees to retain possession of all accounting, business, financial and Tax records and information (i) relating to the Business in existence on the Closing Date transferred to the Buyer hereunder and (ii) coming into existence after the Closing Date which relate to the Business before the Closing Date, for a period of at least six years from the Closing Date. In addition, from and after the Closing Date, the Buyer agrees that it will provide to the Seller and its attorneys, accountants and other representatives (after reasonable notice and during normal business hours and without charge to the Seller), access to the books, records, documents and other information relating to the Business as the Seller may reasonably deem necessary to (a) properly prepare for, file, prove, answer, prosecute and/or defend any such Tax Return, claim, filing, tax audit, tax protest, suit, proceeding or answer or (b) administer or complete the Bankruptcy Case. Notwithstanding the forgoing, the Buyer shall not be required to prepare any documents or determine any information not then in its possession in response to a request under this Section.

SECTION 11.3. Allocation of Purchase Price and Purchase Price Allocation Forms. Following the Closing, the Buyer shall prepare in good faith and present to the Seller an allocation of the Purchase Price and all other amounts treated as an amount realized hereunder by the Seller among the Purchased Property (the "Allocation"), which Allocation shall be made in accordance with Section 1060(a) of the Code and the regulations promulgated thereunder. If the Seller accepts the Allocation, or if the Seller fails to give notice to Buyer of any objection within thirty (30) days after receipt of the Allocation, the Allocation shall become final and binding on the parties. If the Seller gives written notice of any objections to the proposed Allocation within thirty (30) days of receipt of the Allocation, the parties shall work together in good faith to resolve such objections. The Buyer and the Seller shall cooperate in filing with the Internal Revenue Service any required Forms 8594 as provided for in Section 1060 of the Code on a basis consistent with the Allocation. For all Tax purposes, the Buyer and the Seller agree to report the transactions contemplated by this Agreement in a manner consistent with the terms of this Agreement, and that neither of them will take any position inconsistent with such terms in the preparation, filing and audit of any Tax Returns.

SECTION 12. CONDITIONS PRECEDENT TO PERFORMANCE BY THE SELLER.

The obligations of the Seller to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing Date, of the following

conditions, any one or more of which (except for the condition set forth in Sections 12.3 and 12.5 of this Agreement) may be waived by the Seller in its sole discretion:

SECTION 12.1. Representations and Warranties of the Buyer. All representations and warranties made by the Buyer in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if again made by the Buyer on and as of such date, and the Seller shall have received a certificate dated the Closing Date and signed by an officer of the Buyer to that effect.

SECTION 12.2. Performance of the Obligations of the Buyer. The Buyer shall have performed in all material respects all obligations required under this Agreement to be performed by it on or before the Closing Date and the Seller shall have received a certificate dated the Closing Date and signed by an officer of the Buyer to that effect. The Buyer shall have delivered to the Seller or Deposit Escrow Holder, as applicable, the Deposit and the remaining cash portion of the Purchase Price.

SECTION 12.3. Consents and Approvals. All material consents, waivers, authorizations and approvals of any Governmental Authority required in connection with the execution, delivery and performance of this Agreement shall have been duly obtained and shall be in full force and effect on the Closing Date. The applicable waiting period under the HSR Act, if applicable, or under any similar legislation in any other applicable jurisdiction shall have expired or terminated.

SECTION 12.4. No Violation of Orders. No preliminary or permanent injunction or other order issued by any Governmental Authority, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any Governmental Authority that declares this Agreement invalid or unenforceable in any material respect or which prevents the consummation of the material transactions contemplated hereby shall be in effect.

SECTION 12.5. Entry of the Sale Order. (i) (A) The Bankruptcy Court shall have entered the Sale Order in form and substance reasonably satisfactory to the Seller and (B) no order staying or reversing or modifying or amending in a manner which is materially adverse to the Seller, the Sale Order shall be in effect on the Closing Date; and (ii) the Sale Order, as entered by the Bankruptcy Court, shall not modify the terms and conditions of this Agreement or the transactions contemplated hereby in such manner as to result in a material diminution in the benefits of this Agreement to the Seller.

SECTION 13. CONDITIONS PRECEDENT TO THE PERFORMANCE BY THE BUYER.

The obligations of the Buyer to consummate the transactions contemplated by this Agreement are subject to the fulfillment, at or before the Closing Date, of the following conditions, any one or more of which (except for the condition set forth in Sections 13.3 and 13.5 of this Agreement) may be waived by the Buyer in its sole discretion:

SECTION 13.1. Representations and Warranties of the Seller. All representations and warranties made by the Seller in this Agreement shall be true and correct in all material respects on and as of the Closing Date as if again made by the Seller on and as of



such date, and the Buyer shall have received a certificate dated the Closing Date and signed by an officer of the Seller to that effect.

SECTION 13.2. Performance of the Obligations of the Seller. The Seller shall have performed in all material respects all obligations required under this Agreement to be performed by it on or before the Closing Date, and the Buyer shall have received a certificate dated the Closing Date and signed by an officer of the Seller to that effect.

SECTION 13.3. Consents and Approvals. All material consents, waivers, authorizations and approvals of any Governmental Authority required in connection with the execution, delivery and performance of this Agreement, shall have been duly obtained and shall be in full force and effect on the Closing Date. The applicable waiting period under the HSR Act, if applicable, or under any similar legislation in any other applicable jurisdiction shall have expired or terminated.

SECTION 13.4. No Violation of Orders. No preliminary or permanent injunction or other order issued by any Governmental Authority, nor any statute, rule, regulation, decree or executive order promulgated or enacted by any Governmental Authority that declares this Agreement invalid or unenforceable in any material respect or prevents the consummation of the material transactions contemplated hereby shall be in effect.

SECTION 13.5. Entry of the Sale Order. (i) (A) The Bankruptcy Court shall have entered the Sale Order in form and substance reasonably satisfactory to the Buyer and (B) no order staying or reversing or modifying or amending in a manner which is materially adverse to the Buyer, the Sale Order shall be in effect on the Closing Date; and (ii) the Sale Order, as entered by the Bankruptcy Court, shall not modify the terms and conditions of this Agreement or the transactions contemplated hereby in such a manner as to result in a material diminution in the benefits of this Agreement to the Buyer.

SECTION 13.6. CEEA Real Property. On or before the Closing Date CEEA and PSH shall have entered into a purchase agreement (the "Real Estate Purchase Agreement") containing mutually acceptable terms for PSH to purchase from CEEA the Memofil facility (Plant # 20) which is currently leased by the Seller from CEEA. The closing of the Real Estate Purchase Agreement must occur as of the Closing Date under this Agreement. This Section may be waived by Buyer in its discretion and shall be deemed waived if the Buyer does not elect to terminate this Agreement by written notice delivered to the Seller prior to the earlier to occur of (i) the deadline for parties in interest in the Bankruptcy Case to object to the Sale Motion or (ii) five days after the Seller delivers a written request to the Buyer to waive such condition.

SECTION 13.7. Delivery of Real Property Deeds. As of the Closing Date, PSH shall receive, and Seller shall deliver to PSH, the Limited Warranty Deeds for all Real Property, dully executed by the Seller, in a form and substance reasonably satisfactory to PSH, the Buyer and the Seller.

SECTION 13.8. Material Adverse Effect. From the date of this Agreement to the Closing Date there shall not have been a Material Adverse Effect.

SECTION 13.9. Disclosure Schedules. With respect to any Schedules which are not completed as of the Execution Date, the Seller and the Buyer shall work together in good faith to complete such Schedules so that they are in form reasonably satisfactory to both the Seller and the Buyer on or before the fifteenth (15th) day after the Execution Date. On or before the fifteenth (15th) day following the Execution Date, the Buyer shall be satisfied, in its sole discretion, (i) that the Schedules are complete in all material respects and (ii) with the content of such Schedules, including the items, matters and events disclosed thereon.

SECTION 14. TERMINATION.

SECTION 14.1. Conditions of Termination. Notwithstanding anything to the contrary contained herein, this Agreement may be terminated as follows:

- (a) At any time, by mutual, written consent of the Seller and the Buyer;
- (b) By the Buyer, on the Closing Date (or before, if the satisfaction of such condition is impossible on the Closing Date), upon written notice to the Seller if any condition contained in Section 13 has not been satisfied or waived; provided, however, that the right to terminate this Agreement under this paragraph (b) shall not be available to the Buyer if its failure to fulfill any of its obligations under this Agreement shall have been the reason that the Closing shall not have been consummated on or before said date;
- (c) By the Seller, on the Closing Date (or before, if the satisfaction of such condition is impossible on the Closing Date), upon written notice to the Buyer if any condition contained in Section 12 has not been satisfied or waived; provided, however, that the right to terminate this Agreement under this paragraph (c) shall not be available to the Seller if its failure to fulfill any of its obligations under this Agreement shall have been the reason that the Closing shall not have been consummated on or before said date;
- (d) By the Buyer or the Seller upon written notice to the non-terminating party, if any Governmental Authority has issued an order, decree, injunction, stay or ruling or taken any other action restraining, enjoining or otherwise prohibiting the material transactions contemplated by this Agreement, and such order, decree, injunction, stay, ruling or other action has become a Final Order; and
- (e) By the Buyer or the Seller upon written notice to the non-terminating party if the Closing has not occurred by November 15, 2017.

If the Buyer or the Seller terminate this Agreement pursuant to the provisions hereof, such termination will be effected by written notice to the other party specifying the provision hereof pursuant to which such termination is made.

SECTION 14.2. Effect of Termination; Remedies.



(a) In the event of termination pursuant to Section 14.1, this Agreement shall become null and void and have no effect, with no liability on the part of the Seller or the Buyer, or their respective directors, officers, employees, agents, members, managers or stockholders, with respect to this Agreement, except for (i) the liability of a party for expenses pursuant to Section 15.3 and (ii) liability as provided below in Section 14.2(b).

(b) If this Agreement is terminated:

(i) Pursuant to Section 14.1, the Deposit and all of the Purchase Price held in escrow, together with the interest accrued thereon, if any, shall be returned to the Buyer and PSH, respectively, except that if this Agreement is terminated by the Seller pursuant to Section 14.1(c) due to the Buyer's failure to satisfy the conditions contained in Section 12.1 or 12.2, the Buyer and the Seller acknowledge and agree that a monetary remedy will be inadequate and impracticable, the Seller will have been caused irreparable harm and that the Seller shall have the right (A) subject to the satisfaction or waiver by the Seller of the conditions contained in Section 12, to seek equitable relief to require the Buyer to specifically perform under the terms of this Agreement, or (B) to retain the Deposit, together with any interest accrued thereon, and in addition, pursue any other remedies available to the Seller at law.

(ii) If this Agreement is terminated by the Buyer pursuant to Section 14.1(b) due to the Seller's failure to satisfy the conditions contained in Section 13.1 or 13.2, the Buyer acknowledges and agrees that the return of the Deposit, the Purchase Price, if applicable, and reimbursement by the Seller to the Buyer of all of the Buyer's reasonable out-of-pocket expenses incurred in connection with this Agreement, including, but not limited to, its attorney's fees, accounting fees, and other professional fees, shall be the sole remedies of the Buyer with respect to any such failure.

SECTION 15. MISCELLANEOUS.

SECTION 15.1. Successors and Assigns. Except as otherwise provided in this Agreement, no party hereto shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect; provided, however, that the Buyer and PSH may each assign its rights under this Agreement to one or more of its Affiliates; provided, further, however, that no such assignment shall reduce or otherwise vitiate any obligations of the Buyer or PSH hereunder. This Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto.

SECTION 15.2. Governing Law; Jurisdiction. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the laws of the State of Georgia (without giving effect to the principles of conflicts of laws thereof), except to the extent that the laws of such State are superseded by the Bankruptcy Code. For so long as the Seller is subject to the jurisdiction of the Bankruptcy Court, the parties hereto irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court.

SECTION 15.3. Expenses. Except as otherwise provided herein, each of the parties hereto shall pay its own expenses in connection with this Agreement and the transactions and actions contemplated hereby, including, without limitation, any legal and accounting fees and expenses related to government approvals, whether or not the transactions contemplated hereby are consummated. The Buyer shall pay the cost of all surveys, title insurance policies and title reports ordered by the Buyer.

SECTION 15.4. Broker's and Finder's Fees. Each of the parties represents and warrants that it has dealt with no broker or finder in connection with any of the transactions contemplated by this Agreement other than CoveView Advisors LLC, whose fees and expenses shall be the responsibility of the Seller, and insofar as such party knows, no other broker or other Person is entitled to any commission or finder's fee in connection with any of these transactions.

SECTION 15.5. Severability. In the event that any part of this Agreement is declared by any court or other judicial or administrative body to be null, void or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Agreement shall remain in full force and effect only if, after excluding the portion deemed to be unenforceable, the remaining terms shall provide for the consummation of the transactions contemplated hereby in substantially the same manner as originally set forth at the later of the date this Agreement was executed or last amended.

SECTION 15.6. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given: (i) on the date of service if served personally on the party to whom notice is to be given; (ii) on the second day after delivery to Federal Express or similar overnight courier; or (iii) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid and properly addressed, to the party as follows:

If to the Seller:

Beaulieu Group, LLC
1502 Coronet Drive
Dalton, GA 30722
Attn: J. Michael Pollard, President

Copy to:

McGuireWoods LLP
Promenade
1230 Peachtree Street, N.E.
Suite 2100
Atlanta, GA 30309-3534
Attn: Peter N. Farley, Esq.

Copy to:

Scroggins & Williamson, P.C.
One Riverside



4401 Northside Parkway
Suite 450
Atlanta, GA 30327
Attn: J. Robert Williamson, Esq.

If to the Buyer or PSH:

Engineered Floors, LLC
114 N. Pentz Street
Dalton, GA 30720
Attn: Mr. Robert E. Shaw

Copy to:

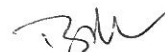
Bennie M. Laughter, LLC
115 West King Street
P.O. Box 1005
Dalton, GA 30722-1005
Attn: Bennie M. Laughter, Esq.

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

SECTION 15.7. Amendments; Waivers. This Agreement may be amended or modified, and any of the terms, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation or warranty contained in this Agreement, in any one or more instances, shall not be deemed to be nor construed as a furthering or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation or warranty of this Agreement.

SECTION 15.8. Public Announcements. The parties agree that after the signing of this Agreement, no party shall make any press release or public announcement concerning the transactions contemplated by this Agreement without the prior written approval of the other parties, unless a press release or public announcement is required by law. If any such announcement or other disclosure is required by law, the disclosing party agrees to give the nondisclosing party or parties prior notice of, and an opportunity to comment on, the proposed disclosure. The parties acknowledge that the Seller shall file this Agreement with the Bankruptcy Court.

SECTION 15.9. Entire Agreement. This Agreement, the Transition Services Agreement and any confidentiality agreement between the Buyer and the Seller contain the entire understanding among the parties hereto with respect to the transactions contemplated hereby and supersede and replace all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All schedules hereto and any documents and



instruments delivered pursuant to any provision hereof are expressly made a part of this Agreement as fully as though completely set forth herein.

SECTION 15.10. Parties in Interest. Nothing in this Agreement is intended to confer any rights or remedies under or by reason of this Agreement to any Persons other than the Seller and the Buyer and their respective successors and permitted assigns. Nothing in this Agreement is intended to relieve or discharge the obligations or liability of any third Persons to the Seller or the Buyer. No provision of this Agreement shall give any third Persons any right of subrogation or action over or against the Seller or the Buyer.

SECTION 15.11. Commercially Reasonable Efforts. No reference in this Agreement to “commercially reasonable efforts” shall require a Person obligated to use commercially reasonable efforts to pay money or give other consideration, to incur unreasonable out-of-pocket expenses or to institute or threaten to institute litigation.

SECTION 15.12. Section and Paragraph Headings. The section and paragraph headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

SECTION 15.13. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument.

SECTION 15.14. Non-survival of Representations, Warranties and Agreements. All representations, warranties and (except as set forth in the following sentence) covenants set forth in this Agreement or in any certificate, document or other instrument delivered in connection herewith shall terminate at the Closing. Following the Closing, no claim for a breach of a representation or warranty in this Agreement may be pursued. Only those covenants that contemplate actions to be taken or obligations in effect after the Closing shall survive in accordance with their terms and to the extent so contemplated.

SECTION 15.15. No Successor Liability. The parties intend that, except where prohibited under applicable law, upon the Closing, the Buyer shall not be deemed to: (i) be the successor of the Seller, (ii) have, defacto or otherwise, merged with or into the Seller, (iii) be a mere continuation or substantial continuation of the Seller or the enterprise of the Seller, or (iv) be liable for any acts or omissions of the Seller in the conduct of the Business or arising under or related to the Purchased Property other than as set forth in this Agreement. Without limiting the generality of the foregoing, and except as otherwise provided in this Agreement, the parties intend that the Buyer shall not be liable for any bankruptcy claims, other claims, causes of action, complaints, investigations or other proceedings against the Seller, and the Buyer shall have no successor or vicarious liability of any kind or character whether known or unknown as of the Closing Date, whether now existing or hereafter arising, or whether fixed or contingent, with respect to the Business, the Purchased Property or any obligations of the Seller arising prior to the Closing Date, including, without limitation, liabilities on account of any Taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of the Business or the Purchased Property prior to the Closing, except as expressly provided in this Agreement.

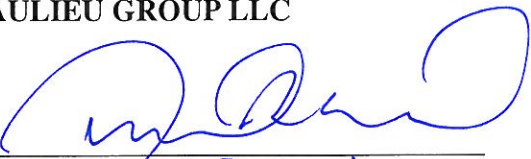


[Signature Page to Follow]

A handwritten signature in black ink, appearing to be "J. S. W.", located in the bottom right corner of the page.

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

BEAULIEU GROUP LLC

By: 
Name: Michael Pollard
Title: President

ENGINEERED FLOORS, LLC

By: _____
Robert E Shaw
Chairman and CEO

PENTZ STREET HOLDINGS, LLC

By: _____
Robert E. Shaw
Managing Member



IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed by their respective officers thereunto duly authorized as of the date first above written.

BEAULIEU GROUP LLC

By: _____
Name:
Title:

ENGINEERED FLOORS, LLC

By:  _____
Robert E Shaw
Chairman and CEO 

PENTZ STREET HOLDINGS, LLC



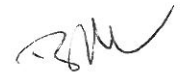
By:  _____
Robert E. Shaw
Managing Member 

Table of Disclosure Schedules

Schedule 1 – Material Adverse Effect
Schedule 2.1(f) - Assumed Executory Contracts and Unexpired Leases
Schedule 2.1(h) - Intellectual Property
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Schedule 2.3(h) – Model Facility Equipment and Machinery
Schedule 2.3(r) – Excluded Assets
Schedule 5.3 - Financial Statements
Schedule 5.4 - Organizational Consents, Waivers and Approvals
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Schedule 5.6 - Violations of Law
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Schedule 5.9 – Seller’s Benefit Plans
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Schedule 5.15 - Intellectual Property Claims
Schedule 5.16 - Material Contracts
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Exhibit A - Form of Bill of Sale

A handwritten signature in black ink, appearing to be 'R.M.', is located to the right of the list of schedules.

Schedule 2.1(f)

Assumed Executory Contracts and Unexpired Leases

<u>Name</u>	<u>Address</u>	<u>Type of Contract or Lease</u>	<u>Cure Amount</u>
Abbey Carpet Company, Inc.	3471 Bonita Bay Blvd, Bonita Springs, FL 34134	Incentive Agreement / Target Reward Incentive	\$0.00
CCA Global Partners	4301 Earth City Expressway, St. Louis, MO 63045	Amended and Restated Incentive and Rebate Agreement	\$0.00
Emerald Carpets, Inc.	P.O. Box 1625 Dalton, GA 30722-1625	Supply Agreement	\$0.00
Invista	P.O. Box 742926 Atlanta, GA 30374-2926	Trademark License Agreement	\$0.00
KS Consulting	164 Pheasant Run, Hoschton, GA 30548	Consulting Agreement	\$25,500.00
KS Consulting	164 Pheasant Run, Hoschton, GA 30548	Supply Agreement	\$248,229.60
Lowe's	P.O. Box 111 North Wilkesboro, NC 28656	Allowance Programs	\$0.00
Lowe's	P.O. Box 111 North Wilkesboro, NC 28656	Standard Buying Agmt.	\$0.00
Lowe's	P.O. Box 530954 Atlanta, GA 30353-0954	Vendor Information Allowance Programs	\$0.00
Mike Collins & Associates, Inc.	6048 Century Oaks Dr. Chattanooga, TN 37416	PC & Printer Maintenance	\$37,247.42
Millennium Mat Company	3200 Shawnee Ind. Way #100 Suwanee, GA 30024	PET Polyester Yarn Production	\$0.00
TVA	Dept. 888018 Knoxville, TN 37995-8018	Amendatory Agreement to Power Contract; Adjustment to Performance Assurance Letters; related agreements	\$0.00

EXHIBIT C

Schedule 2.1(f) to APA

Assumed Executory Contracts and Unexpired Leases

<u>Name</u>	<u>Address</u>	<u>Type of Contract or Lease</u>	<u>Cure Amount</u>
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Millennium Mat Company	3200 Shawnee Ind. Way #100 Suwanee, GA 30024	PET Polyester Yarn Production	\$0.00
TVA	Dept. 888018 Knoxville, TN 37995-8018	Amendatory Agreement to Power Contract; Adjustment to Performance Assurance Letters; related agreements	\$0.00

CERTIFICATE OF SERVICE

This is to certify that on this date, I served a true and correct copy of the within and foregoing **Motion for Entry of an Order (I) Authorizing the Sale of Assets Free and Clear of Liens, Claims and Encumbrances; (II) Granting First Request for Authority to Assume and Assign Executory Contracts and Unexpired Leases and Establishing Cure Costs in Connection Therewith; and (III) Granting Related Relief** by causing same to be deposited in the United States Mail with adequate postage affixed thereon and addressed to the following persons:

Martin P. Ochs
Office of the United States Trustee
362 Richard B. Russell Building
75 Ted Turner Drive, SW
Atlanta, GA 30303

James S. Rankin, Jr.
Parkier, Hudson, Rainer & Dobbs LLP
303 Peachtree Street NE, Suite 3600
Atlanta, GA 30308

Michael G. Menkowitz
Fox Rothschild LLP
100 Park Avenue, East 40th Street
New York, NY 10017

William S. DuPre, IV
Miller & Martin PLLC
Suite 2100
1180 West Peachtree Street, NW
Atlanta, GA 30309

This 6th day of October, 2017.

SCROGGINS & WILLIAMSON, P.C.

By: /s/ J. Robert Williamson

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J. ROBERT WILLIAMSON
Georgia Bar No. 765214
ASHLEY REYNOLDS RAY
Georgia Bar No. 601559
MATTHEW W. LEVIN
Georgia Bar No. 448270

Counsel for the Debtors