

EXHIBIT 2

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
)	
DHP HOLDINGS II CORPORATION, <u>et al.</u> , ¹)	Case No. 08-13422 (MFW)
)	(Jointly Administered)
Debtors.)	

BID PROCEDURES

The above-captioned debtors and debtors in possession (collectively the “Debtors”) have filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors cases are pending in the United States Bankruptcy Court (the “Bankruptcy Court”) for the District of Delaware. By motion dated March 12, 2009 (the “Motion”), the Debtors sought, among other things, approval of the procedures (the “Bid Procedures”), set forth below, to be used in a court-approved process for the auction and sale of the assets of two of the Debtors’ business divisions, Lawn & Garden Specialty Tools (“Desa Tools”) and Indoor and Outdoor Heating (“Desa Heating”). Pursuant to the Bid Procedures, the assets (the “Assets”) of Desa Tools and Desa Heating shall be sold by the Debtors – in any combination that results in the highest price paid to the Debtors – to the successful bidders at the auction.²

On April 15, 2009, at 3:00 p.m., as further described below, the Bankruptcy Court shall conduct the Sale Hearing at which the Debtors shall seek entry of the Sale Order

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are DHP Holdings II Corporation (5945); DESA LLC (5717); DESA Heating LLC (8137); DESA Specialty LLC (8143); DESA FMI LLC (8146); and DESA IP LLC (8149). The address for each of the Debtors is 2701 Industrial Drive, Bowling Green, KY 42101.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

authorizing and approving the sale of the Assets (the "Proposed Sale") to one or more Qualified Bidders (defined below) that the Debtors, in their sole discretion, determine to have made the highest and best offers.

Assets for Sale

The Assets are comprised of the equipment, dies, blueprints, intellectual property, trademarks, job mapping, and inventory (including related raw materials, work in progress, and finished goods) of Desa Tools and Desa Heating.

Participation Requirements

In order to participate in the bidding process and to or otherwise be considered for any purpose hereunder, a party interested in acquiring all or a portion of the Assets (a "Potential Bidder") must satisfy two sets of requirements.

First, the Potential Bidder must deliver a Letter of Intent ("LOI"), substantially in the form attached hereto as Exhibit 1 (unless previously delivered), to the Debtors and their counsel, not later than April 3, 2009. The purpose of the LOI is to provide the Debtors with information about which assets Potential Bidders are interested in purchasing so that the Debtors may structure the Auction of the Assets in lots that reflect the interest expressed by Potential Bidders.

Second, Potential Bidders must deliver to the Debtors, and their counsel, by no later than April 9, 2009:

1. Non-Disclosure Agreement. An executed non-disclosure agreement in form and substance acceptable to the Debtors and their counsel (a "Non-Disclosure Agreement"); and
2. Proof of Financial Ability to Perform. Prior to or at the time of presentation of a Bid, written evidence that the Debtors reasonably conclude demonstrates the Potential Bidder has the necessary financial ability to close the contemplated transaction and provide

adequate assurance of future performance under all contracts to be assumed in such contemplated transaction. Such information should include, *inter alia*, the following:

- (a) the Potential Bidder's current financial statements (audited if they exist);
- (b) contact names and numbers for verification of financing sources;
- (c) evidence of the Potential Bidder's internal resources and proof of any debt or equity funding commitments that are needed to close the contemplated transaction; and
- (d) any such other form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors demonstrating that such Potential Bidder has the ability to close the contemplated transaction; provided, however, that the Debtors shall determine, in their reasonable discretion, in consultation with the Debtors' advisors, whether the written evidence of such financial wherewithal is reasonably acceptable, and shall not unreasonably withhold acceptance of a Potential Bidder's financial qualifications.

Designation as Qualified Bidder

A "Qualified Bidder" is a Potential Bidder (that delivers the documents described in the Participation Requirements) that the Debtors in their discretion and with assistance from their advisors, and in consultation with the Prepetition Senior Agent and the Committee, determine would be able to bid at the Auction.

Upon the receipt from a Potential Bidder of the information required under subparagraphs 1 and 2 above, the Debtors, as soon as is practicable, shall determine, in consultation with the Prepetition Senior Agent and the Committee, and notify the Potential Bidder with respect to whether such Potential Bidder is a Qualified Bidder.

Access to Due Diligence Materials

Only Potential Bidders that execute and deliver a Non-Disclosure Agreement are eligible to receive due diligence access or additional non-public information. If the Debtors determine, in consultation with the Prepetition Senior Agent and the Committee, that a Potential

Bidder that has satisfied the Participation Requirements does not constitute a Qualified Bidder, then such Potential Bidder's right to receive due diligence access or additional non-public information shall terminate. The Debtors will designate an employee or other representative to coordinate all reasonable requests for additional information and due diligence access from such Qualified Bidders. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline (as hereinafter defined). The Debtors are not responsible for, and will bear no liability with respect to, any information obtained by Qualified Bidders in connection with the sale of the Assets.

Due Diligence From Bidders

Each Potential Bidder and Qualified Bidder (collectively, a "Bidder") shall comply with all reasonable requests for additional information and due diligence access by the Debtors or their advisors regarding such Bidder and its contemplated transaction. Failure by a Potential Bidder to comply with requests for additional information and due diligence access will be a basis for the Debtors to determine, in consultation with the Prepetition Senior Agent and the Committee, that the Potential Bidder is not a Qualified Bidder. Failure by a Qualified Bidder to comply with such requests for additional information and due diligence access will be a basis for the Debtors to determine, in consultation with the Prepetition Senior Agent and the Committee, that a bid made by a Qualified Bidder is not a Qualified Bid.

Bidding Process

The Debtors and their advisors, shall: (i) determine, in consultation with the Prepetition Senior Agent and the Committee, whether a Potential Bidder is a Qualified Bidder; (ii) coordinate the efforts of Bidders in conducting their due diligence investigations, as permitted by the provisions, above; (iii) receive offers from Qualified Bidders; and (iv) negotiate any offers made to purchase some or all of the Assets (collectively, the "Bidding Process"). The

Debtors, in consultation with the Prepetition Senior Agent and the Committee, shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process and that are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.

Bid Deadline

The deadline for submitting bids by a Qualified Bidder shall be April 10, 2009, at 4:00 p.m. (Eastern Time) (the "Bid Deadline").

Prior to the Bid Deadline, a Qualified Bidder that desires to make an offer, solicitation or proposal (a "Bid") shall deliver written copies of its Bid, which must include an executed form of asset purchase agreement (the "APA"), substantially in the form attached hereto as Exhibit 2, and a copy of the APA redlined against the form APA attached hereto as Exhibit 2, to: (i) the Debtors, DHP Holdings II Corporation, 2701 Industrial Drive, Bowling Green, KY 42101, Attn: Craig S. Dean, Chief Restructuring Officer; (ii) counsel for the Debtors, Pachulski, Stang, Ziehl & Jones LLP, 919 N. Market St., 17th Floor, Wilmington, DE 19801, Attn: Laura Davis Jones and Curtis A. Hehn; (iii) counsel to the Prepetition Senior Agent, Latham & Watkins LLP, 885 Third Avenue, New York NY 10022, Attn: Keith A. Simon; and (iv) counsel for the Committee, (a) Arent Fox LLP, 1675 Broadway, New York, NY 10019, Attn: Robert M. Hirsh, and (b) Elliott Greenleaf, 1105 Market Street, Suite 1700, Wilmington, DE 19801, Attn: Rafael X. Zahraiddin (collectively, the "Notice Parties"), by the Bid Deadline, provided, however, that any confidential financial information may be delivered to the Debtors and their counsel only.

A Bid received after the Bid Deadline shall not constitute a Qualified Bid.

Bid Requirements

To be eligible to participate in the Auction, each Bid and each Qualified Bidder submitting such a Bid must be determined by the Debtors, in consultation with the Prepetition Senior Agent and the Committee, to satisfy each of the following conditions:

- (1) Good Faith Deposit. Each Bid must be accompanied by a deposit (the "Good Faith Deposit") in the form of a cashier's check or cash equivalent satisfactory to the Debtors in the amount of 10% of the purchase price proposed by the Bidder, which shall be non-refundable in the event that such Bidder becomes the successful bidder and fails to consummate the Sale (other than because of breach by the Debtors).
- (2) Irrevocable. A bid must be irrevocable until two (2) business days after the Assets have been sold pursuant to the Closing of the sale or sales approved by the Bankruptcy Court (the "Termination Date").
- (3) Contingencies. A Bid may not be conditioned on obtaining financing or any internal approval or on the outcome or review of due diligence unless the Debtors, in consultation with the Prepetition Senior Agent and the Committee, otherwise agree, but may be subject to the accuracy in all material respects at the closing of specified representations and warranties at or before closing or the satisfaction in all material respects at the closing of specified conditions, none of which shall be more burdensome than those set forth in the Agreement.
- (4) Financing Sources. A Bid must contain written evidence of a commitment for financing or other evidence of the ability to consummate the sale satisfactory to the Debtors with appropriate contact information for such financing sources.
- (5) No Fees Payable to Qualified Bidder. A Bid may not request or entitle the Qualified Bidder to any break-up fee, termination fee, expense reimbursement or similar type of payment. Moreover, by submitting a Bid, a Bidder shall be deemed to waive the right to pursue a substantial contribution claim under Bankruptcy Code § 503 related in any way to the submission of its Bid or the Bidding Procedures.

A Bid received from a Qualified Bidder before the Bid Deadline that meets the above requirements and that satisfies the Bid Deadline requirement above shall constitute a "Qualified Bid," if the Debtors believe, in consultation with the Prepetition Senior Agent and the Committee, that such Bid would be consummated if selected as the Successful Bid.

In the event that any Potential Bidder is determined by the Debtors, in consultation with the Prepetition Senior Agent and the Committee, not to be a Qualified Bidder, the Potential Bidder shall be refunded its Good Faith Deposit with interest thereon, if any has accrued, on or before the date that is five (5) days after Closing of the Sale.

The Debtors shall have the right, in consultation with the Prepetition Senior Agent and the Committee, to reject any and all bids that they believe, in their reasonable discretion and in consultation with the Prepetition Senior Agent and the Committee, do not comply with the Bidding Procedures. No later than April 11, 2009, the Debtors will notify all Qualified Bidders of the highest and best Qualified Bid(s), as determined by the Debtors in consultation with the Prepetition Senior Agent and the Committee (the "Baseline Bid(s)") and (ii) provide copies of all submitted bids to all Qualified Bidders.

Auction

The Debtors will conduct an auction (the "Auction") to determine the highest and best bid with respect to the Assets. The Debtors shall provide all Qualified Bidders with copies of all Qualified Bids by the business day following the Bid Deadline, which may exclude any confidential financial information, as determined by the Debtors in their reasonable discretion or which has been so designated by the Qualified Bidder. The Auction shall commence at 10:00 a.m. (Eastern Time) on April 14, 2009, at the offices of Pachulski, Stang, Ziehl & Jones LLP, 919 N. Market St., 17th Floor, Wilmington, DE 19801.

The Auction shall be conducted according to the following procedures:

1. Participation at the Auction

Only a Qualified Bidder that has submitted a Qualified Bid is eligible to participate at the Auction. Only the authorized representative of each of the Qualified Bidders, the Debtors, the Prepetition Senior Agent and the Committee appointed in these cases shall be permitted to attend.

Except as otherwise set forth herein, the Debtors may conduct the Auction in the manner they determine, in consultation with the Prepetition Senior Agent and the Committee, will result in the highest and best offer for the Assets. In particular, the Debtors may arrange for the sale of the Assets by lots in any combination that the Debtors believe will result in the highest and best offers for the Assets.

2. The Debtors Shall Conduct the Auction

The Debtors and their professionals shall direct and preside over the Auction. At the start of the Auction, the Debtors shall describe the terms of the Baseline Bid(s). The determination of which Qualified Bid(s) constitute the Baseline Bid(s) shall take into account any factors the Debtors, in consultation with the Prepetition Senior Agent and the Committee, reasonably deem relevant to the value of the Qualified Bid(s) to the estates (the "Bid Assessment Criteria"). All Bids made thereafter shall be Overbids (as defined below) and shall be made and received on an open basis, and all material terms of each Bid shall be fully disclosed to all other Qualified Bidders. The Debtors shall maintain a transcript of all Bids made and announced at the Auction, including the Baseline Bid(s), all Overbids and the Successful Bid(s).

3. Terms of Overbids

An "Overbid" is any bid made at the Auction subsequent to the Debtors' announcement of the Baseline Bid. To submit an Overbid for purposes of this Auction, a Qualified Bidder must comply with the following conditions:

(a) Minimum Overbid Increment

Additional consideration in excess of the amount set forth in the Baseline Bid(s) may include only cash and/or other consideration acceptable to the Debtors, in consultation with the Prepetition Senior Agent and the Committee. In light of the proposed purchase prices set forth in the Bids, the Debtors may in their discretion, after consultation with the Committee and Prepetition Senior Agent, fix a reasonable minimum overbid increment which shall be announced prior to or at the commencement of the Auction. Such minimum overbid may be a percentage of the proposed purchase price set forth in the Bids with respect to the Assets being bid upon, and may be adjusted by the Debtors, after consultation with the Committee and the Prepetition Senior Agent, as the Auction progresses, in light of facts and circumstances present at the Auction.

(b) Remaining Terms are the Same as for Qualified Bids

Except as modified herein, Overbid(s) must comply with the conditions for Qualified Bid(s) set forth above. Any Overbid(s) made by Qualified Bidder(s) must remain open and binding on the Qualified Bidder(s) until and unless (i) the Debtors accept higher Qualified Bid(s) as an Overbid and (ii) such Overbid(s) are not selected as the Back-up Bid(s) (as defined below).

To the extent not previously provided (which shall be determined by the Debtors), a Qualified Bidder submitting an Overbid must submit at the Debtors' request, as part of its Overbid, written evidence (in the form of financial disclosure or credit-quality support

information or enhancement reasonably acceptable to the Debtors) demonstrating such Qualified Bidder's ability to close the transaction proposed by such Overbid.

(c) **Announcing Overbids**

The Debtors shall announce at the Auction the material terms of each Overbid, the basis for calculating the total consideration offered in each such Overbid, and the resulting benefit to the Debtors' estates based on, *inter alia*, the Bid Assessment Criteria.

(d) **Consideration of Overbids**

The Debtors reserve the right, in their reasonable business judgment and in consultation with the Prepetition Senior Agent and the Committee, and, to make one or more adjournments in the Auction to, among other things: facilitate discussions between the Debtors and individual Qualified Bidders; allow individual Qualified Bidders to consider how they wish to proceed; and give Qualified Bidders the opportunity to provide the Debtors with such additional evidence as the Debtors, in their reasonable business judgment, may require, that the Qualified Bidder has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount.

4. **Additional Procedures**

The Debtors, in their reasonable discretion and in consultation with the Prepetition Senior Agent and the Committee, may adopt rules for the Auction at or prior to the Auction that, in their reasonable discretion, will better promote the goals of the Auction and that are not inconsistent with any of the provisions of the Bidding Procedures Order. All such rules will provide that all Bids shall be made and received in one room, on an open basis, and all other Qualified Bidders shall be entitled to be present for all bidding with the understanding that the true identity of each Qualified Bidder (*i.e.*, the principals submitting the Bid) shall be fully

disclosed to all other Qualified Bidders and that all material terms of each Qualified Bid will be fully disclosed to all other Qualified Bidders throughout the entire Auction.

5. Consent to Jurisdiction as Condition to Bidding

All Qualified Bidders at the Auction shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court and waived any right to a jury trial in connection with any disputes relating to the Auction, and the construction and enforcement of each Qualified Bidder's contemplated transaction documents, including the APAs, as applicable.

6. Closing the Auction

Upon conclusion of the bidding, the Auction shall be closed, and the Debtors shall, in consultation with the Prepetition Senior Agent and the Committee, immediately identify the highest and best offer(s) for the Assets (which may be an aggregate of bids for less than all of the Assets) (the "Successful Bid(s)") and the entity or entities submitting such Successful Bid(s) (the "Successful Bidder(s)"), which highest and best offer(s) will provide the greatest amount of net value to the Debtors, and the next highest or otherwise best offer(s) after the Successful Bid(s) (the "Back-up Bid(s)") and the entity or entities submitting the Back-up Bid(s) (the "Back-up Bidder(s)"), and advise the Qualified Bidders of such determination.

Acceptance Of Successful Bid(s)

The Debtors shall sell the Assets to the Successful Bidder(s) upon the approval of the Successful Bid(s) by the Bankruptcy Court after the Sale Hearing. The Debtors' presentation of particular Qualified Bid(s) to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of such Qualified Bid(s). The Debtors will be deemed to have accepted Qualified Bid(s) only when the Qualified Bid(s) have been approved by the Bankruptcy Court at the Sale Hearing. All interested parties reserve their right to object to the Debtors' selection of

the Successful Bidder(s), and the Debtors reserve the right to contest any such objection including on the ground that the objectors lack standing.

"As Is, Where Is"

The sale of the Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtors, their agents or their estates except to the extent set forth in the Agreement or the purchase agreement of another Successful Bidder(s). Each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Assets prior to making its offer, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures, or the terms of the sale of the Assets as set forth in the applicable purchase agreements.

Free and Clear of All Liens, Claims and Interests

Except as otherwise provided in a Successful Bidder's APA, and subject to the approval of the Bankruptcy Court, all of Debtors' right, title and interest in and to the Assets subject thereto shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the "Interests") (other than Permitted Exceptions, if any), in accordance with Bankruptcy Code § 363(f), with such Interests to attach to the net proceeds of the sale of the Assets, with the same validity and priority as existed immediately prior to such sale.

Sale Hearing

The Sale Hearing shall be conducted by the Bankruptcy Court on April 15, 2009 at 3:00 p.m., or on such other date as may be established by the Bankruptcy Court.

If the Successful Bidder(s) fail to consummate an approved sale by April 28, 2009, (the "Termination Date"), the Debtors shall be authorized, but not required, to deem the Back-up Bid(s), as disclosed at the Sale Hearing, the Successful Bid(s), and the Debtors shall be authorized, but not required, to consummate the sale with the Qualified Bidder(s) submitting such Bid(s) without further order of the Bankruptcy Court.

Return Of Good Faith Deposits

Any Good Faith Deposit(s) of the Successful Bidder(s) shall be applied to the purchase price of such transaction at Closing. Good Faith Deposits of all other Qualified Bidders shall be held in an interest-bearing escrow account until five (5) days after Closing of the transactions contemplated by the Successful Bid(s), and thereafter returned to the respective bidders with all accumulated interest thereon. If a Successful Bidder (including any Back-up Bidder that has become the Successful Bidder) fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Debtors shall be entitled to retain the Successful Bidder's Good Faith Deposit as part of their damages resulting from such Successful Bidder's breach or failure to perform.

Modifications

The Bidding Procedures may not be modified except with the express written consent of the Debtors, in consultation with the Prepetition Senior Agent and the Committee.

The Debtors may, in consultation with the Prepetition Senior Agent and the Committee, (a) determine, which Qualified Bid, if any, is the highest and best offer and (b) reject at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any Bid that is (i) inadequate or insufficient; (ii) not in conformity with the requirements of the

Bankruptcy Code, the Bidding Procedures, or the terms and conditions of sale; or (iii) contrary to the best interests of the Debtors, their estates and creditors.

At or before the Auction, the Debtors may, in consultation with the Prepetition Senior Agent and the Committee, impose such other terms and conditions as the Debtors may determine, in consultation with the Prepetition Senior Agent and the Committee, to be in the best interests of the Debtors' estates, their creditors and other parties in interest.

Extension of Bid Deadline and Sale Hearing

The Debtors, in consultation with the Committee and the Prepetition Senior Agent, may, in their discretion, (i) extend the Bid Deadline at any time prior to the Auction, and/or (ii) continue the Sale Hearing to a future hearing date, upon the filing of a notice of extension with the Bankruptcy Court. The Debtors shall serve any such notice of extension upon all Potential Purchasers and all parties that have requested service of pleadings in these cases pursuant to Bankruptcy Rule 2002.

Exhibit 1 – Letter of Intent

March __, 2009

DHP HOLDINGS CORPORATION II
C/O Craig Dean, Chief Restructuring Officer
AEG Partners
200 West Madison Street, Suite 2410
Chicago, IL 60606
Fax No. (312) 948-5639

Re: Desa _____, Chapter 11 Debtor and Debtor in Possession (the "**Seller**") in Case No. 08-13422 - MFW (the "**Bankruptcy Case**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**")

NON-BINDING LETTER OF INTENT

Ladies and Gentlemen:

This letter will confirm the fundamental terms of the proposed acquisition by _____ (the "**Buyer**") of Seller's right, title and interest in those specific assets described on **Exhibit "A"** attached hereto and incorporated herein by reference (the "**Property**"). The basic terms of the Buyer's proposed acquisition of the Property shall be as follows:

1. Non Binding Letter of Intent. This is a Non-Binding Letter of Intent (the "Letter"). Pursuant to the Bid Procedures approved by the Bankruptcy Court on March __, 2009, the purpose of this Letter is to provide information to the Seller with respect to the Property that you are interested in purchasing and the initial price that you are willing to pay for the Property. After the Seller receives the Letter, which is due by no later than April 3, 2009, a representative of the Seller will contact you to (i) better understand your proposed offer, as set forth in this Letter, and (ii) assist you in complying with the other Bid Procedures requirements that must be met in order for you to formally bid upon the Property at the Auction scheduled for April 14, 2009, at 10:00 a.m.

2. Consideration to Seller; Deposit. In consideration of Seller's transfer of the Property to Buyer, concurrently with the consummation of the transaction contemplated herein (the "**Closing**"), Buyer shall pay Seller a total cash purchase price of \$ _____ (the "**Purchase Price**").

2. Contingencies to Buyer's Obligations. The Buyer's obligation to proceed with the Closing shall be contingent upon satisfaction of the following conditions:

(a) On or before 4:00 p.m. prevailing Eastern time on April 10, 2009 (the "**Bid Deadline**"), the Buyer shall have transmitted to Seller a completed asset purchase agreement (the "APA") pursuant to the terms of the Bid Procedures. Any such APA shall (i) include the terms and provisions set forth herein, (ii) contemplate Buyer's acquisition of the Property from Seller's bankruptcy estate pursuant to section 363 of title 11 of the United States Code (the "Bankruptcy Code"), (iii) provide for the Property to be transferred at the closing on an "AS IS," "WHERE IS," and "WITH ALL FAULTS" basis; and (iv) otherwise contain terms, provisions, covenants, and conditions which are customarily included in definitive purchase and sale agreements for transactions of the size and type of this Transaction; and

(b) On or before the Bid Deadline, Buyer shall have completed, at Buyer's sole cost and expense, and approved its due diligence review, inspections and investigations of the Property (including, without limitation, such inspections and investigations relating to the title, the physical and environmental condition and the value of the Property as Buyer may determine to undertake or conduct).

3. Contingency to the Seller's Obligations. Seller's obligation to consummate the transaction contemplated herein shall be conditioned upon (i) Seller and Buyer entering into the APA and otherwise satisfying the requirements set forth in the Bid Procedures, (ii) the Seller submitting the highest and best bid for the Property at the Auction, and (iii) Bankruptcy Court approval of the sale of the Property.

4. Closing. The Closing shall take place by no later than April 28, 2009, at the Debtors' facilities, or at such other place that is mutually agreeable to the Buyer and Seller.

5. No Brokerage Obligations. Buyer represents and warrants to Seller that Buyer has incurred no liability to any broker or agent with respect to the payment of any commission regarding the consummation of the transaction contemplated hereby. It is agreed that if any claims for commissions, fees or other compensation, including, without limitation, brokerage fees, finder's fees, or commissions are ever asserted against Seller in connection with this Transaction based upon Buyer's dealings or activities, all such claims shall be handled and paid by Buyer and Buyer shall indemnify, defend (with counsel reasonably satisfactory to Seller), protect and save and hold Seller harmless from and against any and all such claims or demands asserted by any person, firm or corporation in connection with this Transaction.

6. Sales and Other Transfer Taxes. Buyer shall be responsible for and pay all sales, use, transfer (including, without limitation, documentary transfer) and similar fees and taxes payable in connection with the transfer of the Property and the consummation of the Transaction contemplated herein.

7. Effect of this Letter. Although this Letter is intended as an expression of Buyer's desire to purchase the Property on the terms and conditions provided herein, it is not intended as an offer or agreement to purchase or sell the Property on the terms set forth herein or on any other terms. Accordingly, notwithstanding anything to the contrary in this letter, until such time, if any, as the Buyer and Seller have each executed and delivered to the other the APA, and the

Buyer has complied with the other terms of the Bid Procedures, and the Buyer is the successful bidder at the Auction, Buyer shall not be bound to purchase and Seller shall not be bound to sell the Property (or any portion thereof).

8. Applicable Law. This letter and the parties' rights and obligations hereunder shall be construed under and in accordance with the internal laws of the State of Delaware.

9. Headings. The headings and captions contained herein are for reference purposes only and shall in no way affect the meaning or interpretation hereof.

Assuming that the foregoing accurately sets forth the understanding between Buyer and the Seller regarding Buyer's proposed acquisition of the Property, please signify the Seller's approval by signing where indicated below and then returning the counter-signed original of this letter to me. We look forward to working with you.

Very truly yours,

By: _____
Name: _____
Title: _____

**AGREED TO AND ACCEPTED THIS __ DAY
OF _____, 2009:**

Desa _____,
Chapter 11 Debtor and Debtor in Possession

By: _____
Name: _____
Title: _____

Exhibit "A"

Describe Assets and Interests to comprise the "Property"

[TO BE INSERTED]

Exhibit 2 – Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "**Agreement**") is made and entered into as of this ____ day of _____, 2009, by and between _____, a _____ (the "**Buyer**"), on the one hand, and _____, a _____ and _____, a _____ [Note – Insert names of appropriate Desa entities given the assets Buyer proposes to acquire.] (collectively and individually, "**Seller**" and together with Buyer, the "**Parties**"), Debtors and Debtors in Possession under Case No. 08-13422 – MFW (Jointly Administered) (the "**Case**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), on the other hand.

RECITALS

A. Seller is engaged, among other things, in the business of _____ (such business is referred to herein as the "**Transferred Business**"). [Note – Carefully describe the portion of the business that Buyer proposes to acquire pursuant to this Agreement.]

B. Seller wishes to sell to Buyer pursuant to Section 363 of Chapter 11 of Title 11 of the United States Code (the "**Bankruptcy Code**") the Property (as defined below) at the price and on the other terms and conditions specified in detail below and Buyer wishes to so purchase and acquire such assets from Seller.

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

1. Transfer of Assets.

1.1 Purchase and Sale of Assets. On the Closing Date, as hereinafter defined, in consideration of the covenants, representations and obligations of Buyer hereunder, and subject to the conditions hereinafter set forth, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller the following assets, wherever located, whether or not identified or disclosed on Seller's books and records (collectively, the "**Property**"):

1.1.1 Personal Property. All of those items of equipment and tangible personal property owned by Seller and listed in **Schedule 1.1.1** attached to this Agreement and incorporated herein by this reference (collectively, the "**Personal Property**").

1.1.2 Intangible Property. All intangible personal property owned or held by Seller and listed in **Schedule 1.1.2** attached to this Agreement and incorporated herein by reference (collectively, the "**Intangible Property**"). As used in this Agreement, Intangible Property shall in all events exclude, (i) any materials containing privileged communications or information about employees, disclosure of which would violate an employee's reasonable

expectation of privacy and any other materials which are subject to attorney-client or any other privilege, and (ii) any software or other item of intangible property held by the Seller pursuant to a license or other Contract where Buyer does not assume the underlying Contract relating to such intangible personal property at the Closing.

1.1.3 Inventory. All supplies, goods, materials, work in process, inventory and stock in trade, wherever located, owned and held by Seller for use in connection with the operation of the business and listed in **Schedule 1.1.3** attached to this Agreement and incorporated herein by this reference (collectively, the "**Transferred Business Inventory**").

1.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the Property shall be limited to the items specifically identified or described in Section 1.1 above (as expressly set forth in Schedules 1.1.1, 1.1.2, and 1.1.3) and shall in any event exclude all of the following (collectively, the "**Excluded Assets**"): (i) those items excluded pursuant to the provisions of Section 1.1 above; (ii) all cash or cash equivalents; (iii) the Seller's rights under this Agreement and all cash and non-cash consideration payable or deliverable to the Seller pursuant to the terms and provisions hereof; (iv) any leases and executory contracts of the Sellers; (v) all securities, whether capital stock or debt, of Seller or any other entity; (vi) all rights and claims in or to any refunds or credits of or with respect to any taxes, assessments or similar charges paid by or on behalf of Seller, in each case to the extent applicable to any period prior to the Closing; (vii) tax records, minute books, stock transfer books and corporate seals of Seller; (viii) any letters of credit or similar financial accommodations issued to any third party(ies) for the account of Seller; (ix) all preference or avoidance claims and actions of the Seller, including, without limitation, any such claims and actions arising under Sections 544, 547, 548, 549, and 550 of the Bankruptcy Code; and (x) all deposits and prepaid amounts of Seller held by or paid to third parties.

1.3 Instruments of Transfer. The sale, assignment, transfer, conveyance and delivery of the Property to Buyer shall be made by assignments, bill of sale, and other instruments of assignment, transfer and conveyance provided for in Section 3 below and such other instruments as may reasonably be requested by Buyer to transfer, convey, assign and deliver the Property to Buyer, but in all events only to the extent that the same do not impose any monetary obligations upon Seller or in any other respect increase in any material way the burdens imposed by the other provisions of this Agreement upon Seller.

2. Consideration.

2.1 Purchase Price.

2.1.1 The cash consideration to be paid by Buyer to Seller for the Property (the "**Purchase Price**") shall be \$_____.

2.1.2 The Purchase Price shall be paid as follows:

(a) Concurrently with the mutual execution and delivery of this Agreement (the date of such mutual execution and delivery is sometimes referred to herein as the

"Execution Date"), Buyer shall provide the Debtors an amount equal to \$ _____ (the "Good Faith Deposit") in immediately available, good funds to be held by the Seller pursuant to the terms of the Bid Procedures approved by the Bankruptcy Court. The Seller shall deposit the Good Faith Deposit into an interest-bearing account. The Good Faith Deposit shall become nonrefundable upon the termination of the transaction contemplated by this Agreement by reason of Buyer's default of any obligation hereunder (a "Buyer Default Termination"), it being agreed that Seller shall not have the right to so terminate this Agreement unless Buyer has failed to cure the applicable default within three (3) days following its receipt of written notice thereof from Seller. At the Closing, the Good Faith Deposit (and any interest accrued thereon) shall be credited and applied toward payment of the Purchase Price. In the event the Good Faith Deposit becomes nonrefundable by reason of a Buyer Default Termination, the Seller shall be entitled to retain the Good Faith Deposit and all interest accrued thereon for its own account. If the transactions contemplated herein terminate by reason of (A) Seller's material default under this Agreement, it being agreed that Buyer shall not have the right to so terminate this Agreement unless Seller has failed to cure the applicable default within three (3) days following its receipt of written notice thereof from Buyer, or (B) the failure of one or more of the conditions to Seller's obligations set forth in Sections ____ and ____, below, or (C) the failure of a condition to Buyer's obligations hereunder (including the conditions set forth in Sections ____ and ____, below), the Seller shall return to Buyer the Good Faith Deposit (together with all interest accrued thereon).

(b) On the Closing Date, Buyer shall (A) release the Good Faith Deposit (together with all accrued interest thereon) to Seller, and (B) deliver to Seller, in Good Funds, the balance of the Purchase Price.

2.2 Purchase Price Allocation. Prior to the Closing Date, Buyer shall prepare and deliver to Seller for their review and consideration a schedule (the "Allocation Schedule") allocating the Purchase Price among the various assets comprising the Property in accordance with Treasury Regulation 1.1060-1 (or any comparable provisions of state or local tax law) or any successor provision. If Seller disagrees with or raises objections to the Allocation Schedule, Buyer and Seller will negotiate in good faith to resolve such objections. If the Parties are able to agree upon the allocation of the Purchase Price, Buyer and Seller shall report and file all tax returns (including any amended tax returns and claims for refund) consistent with such mutually agreed Purchase Price allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any taxing authority or any other proceedings). Buyer and Seller shall file or cause to be filed any and all forms (including U.S. Internal Revenue Service Form 8594), statements and schedules with respect to such allocation, including any required amendments to such forms. If, on the other hand, the Parties are unable mutually to agree upon the manner in which the Purchase Price should be allocated, Buyer and Seller shall be free to make their own respective allocations of the Purchase Price for tax purposes. Notwithstanding any other provisions of this Agreement, in the event the Parties mutually agree upon the allocation of the Purchase Price, the provisions of this Section 2.3 shall survive the Closing.

3. Closing Transactions.

3.1 Closing Conference. The Closing of the transactions provided for herein (the "**Closing**") shall take place at the offices of Pachulski Stang Ziehl & Jones LLP, located in Wilmington, Delaware.

3.2 Closing Date. The Closing shall be held upon the earlier to occur of (i) the second (2nd) business day following the satisfaction of the last of the conditions set forth in Sections 4.1 and 4.2 below, and (ii) April 28, 2009 (the "**Outside Date**"). In the event the conditions to Closing have not been satisfied or waived by the Outside Date, then any Party who is not in default hereunder may terminate this Agreement. Alternatively, the Parties may mutually agree to an extended Closing Date. Until this Agreement is either terminated or the Parties have agreed upon an extended Closing Date, the Parties shall diligently continue to work to satisfy all conditions to Closing and the transaction contemplated herein shall close as soon as such conditions are satisfied or waived.

3.3 Seller's Deliveries to Buyer at Closing. On the Closing Date, Seller shall make the following deliveries to Buyer:

3.3.1 A bill of sale, duly executed by Seller in the form and on the terms of the bill of sale attached hereto as **Exhibit "A,"** pursuant to which Seller transfers the Personal Property, the Inventory and the Receivables to Buyer (the "**Bill of Sale**").

3.3.2 A counterpart assignment of intangible property, duly executed by Seller, in the form and content of the assignment of intangible property attached as **Exhibit "B"** hereto, pursuant to which Seller assigns to Buyer its interest, if any, in and to the Intangible Property (the "**Assignment of Intangible Property**").

3.3.3 Any such other documents, funds or other things reasonably contemplated by this Agreement to be delivered by Seller to Buyer at the Closing.

3.4 Buyer's Deliveries to Seller at Closing. On the Closing Date, Buyer shall make or cause the following deliveries to Seller:

3.4.1 That portion of the Purchase Price to be delivered by Buyer directly to Seller at the Closing under Section 2.1 (and Buyer shall release the Good Faith Deposit to Seller as contemplated in Section 2.1.2(b) hereof).

3.4.2 A counterpart of the Assignment of Intangible Property, duly executed by Buyer.

3.4.3 Any such other documents, funds or other things reasonably contemplated by this Agreement to be delivered by Buyer to Seller at the Closing.

3.5 Sales, Use and Other Taxes. Any sales, purchases, transfer, stamp, documentary stamp, use or similar taxes under the laws of the states in which any portion of the Property is located, or any subdivision of any such state, which may be payable by reason of the

sale of the Property under this Agreement or the transactions contemplated herein shall be borne and timely paid by Buyer.

3.6 Possession. Right to possession of the Property shall transfer to Buyer on the Closing Date.

4. Conditions Precedent to Closing.

4.1 Conditions to Seller's Obligations. Seller's obligation to make the deliveries required of Seller at the Closing Date and otherwise consummate the transaction contemplated herein shall be subject to the satisfaction or waiver by Seller of each of the following conditions:

4.1.1 All of the representations and warranties of Buyer contained herein shall continue to be true and correct at the Closing in all material respects.

4.1.2 Buyer shall have executed and delivered to Seller the Assignment of Intangible Property.

4.1.3 Buyer shall have delivered, or shall be prepared to deliver to Seller at the Closing, all cash and other documents required of Buyer to be delivered at the Closing.

4.1.4 Buyer shall have delivered to Seller appropriate evidence of all necessary entity action by Buyer in connection with the transactions contemplated hereby, including, without limitation: (i) certified copies of resolutions duly adopted by Buyer approving the transactions contemplated by this Agreement and authorizing the execution, delivery, and performance by Buyer of this Agreement; and (ii) a certificate as to the incumbency of the parties executing this Agreement and any instrument or other document delivered in connection with the transactions contemplated by this Agreement.

4.1.5 No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

4.1.6 Buyer shall have substantially performed or tendered performance of each and every material covenant on Buyer's part to be performed which, by its terms, is required to be performed at or before the Closing.

4.1.7 The Bankruptcy Court shall have entered the Approval Order (as defined in Section 8.2. below) in accordance with Section 8.2. below and the Approval Order shall not have been stayed as of the Closing Date.

4.2 Conditions to Buyer's Obligations. Buyer's obligation to make the deliveries required of Buyer at the Closing, and to otherwise close the transaction contemplated

herein, shall be subject to the satisfaction or waiver by Buyer of each of the following conditions:

4.2.1 Seller shall have substantially performed or tendered performance of each and every covenant on Seller's part to be performed which, by its terms, is capable of performance before the Closing.

4.2.2 All representations and warranties of Seller contained herein shall continue to be true and correct at the Closing in all material respects.

4.2.3 Seller shall have executed and be prepared to deliver to Buyer the Bill of Sale; and the Assignment of Intangible Property.

4.2.4 Seller shall have delivered, or shall be prepared to deliver to Buyer at the Closing, all other documents required of Seller to be delivered at the Closing.

4.2.5 No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

4.2.6 The Bankruptcy Court shall have entered the Approval Order in accordance with Section 8.2.1 below and the Approval Order shall not have been stayed as of the Closing Date.

4.3 Termination. If any of the above conditions is neither satisfied nor waived on or before the date by which the condition is required to be satisfied, a Party who is not then in default hereunder may terminate this Agreement by delivering to the other written notice of termination. Any waiver of a condition shall be effective only if such waiver is stated in writing and signed by the waiving party; provided, however, that the consent of a Party to the Closing shall constitute a waiver by such party of any conditions to Closing not satisfied as of the Closing Date.

5. Seller Representations and Warranties. Seller hereby makes the following representations and warranties to Buyer:

5.1 Organization, Standing and Power. Subject to the applicable provisions of bankruptcy law, Seller has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and, upon obtaining the Approval Order, will have the power and authority to execute, deliver and perform this Agreement and all writings relating hereto.

5.2 Authorization of Seller. Subject to the Seller obtaining the Approval Order, the execution and delivery of this Agreement, the consummation of the transactions

herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Seller do not and will not: (i) conflict with or result in a breach of organizational documents of Seller; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (ii) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which Seller is a party or by which Seller or its assets or properties may be bound.

6. Buyer's Warranties and Representations. In addition to the representations and warranties contained elsewhere in this Agreement, Buyer hereby makes the following representations and warranties to Seller:

6.1 Organization, Standing and Power. Buyer is a _____ duly organized, validly existing and in good standing under the laws of the State of [_____]. Buyer has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to execute, deliver and perform this Agreement and all writings relating hereto.

6.2 Authorization of Buyer. The execution, delivery and performance of this Agreement and all writings relating hereto by Buyer have been duly and validly authorized. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Buyer do not and will not: (i) conflict with or result in a breach of the organizational documents of Buyer; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (iii) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which Buyer is a party or by which Buyer or its assets or properties may be bound.

7. "AS IS" Transaction. Buyer hereby acknowledges and agrees that Seller makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Property (including, without limitation, income to be derived or expenses to be incurred in connection with the Property, the physical condition of any personal property comprising a part of the Property, the title of the Property (or any portion thereof), the merchantability or fitness of the Personal Property or any other portion of the Property for any particular purpose, or any other matter or thing relating to the Property or any portion thereof). Without in any way limiting the foregoing, Seller hereby disclaims any warranty (express or implied) of merchantability or fitness for any particular purpose as to any portion of the Property. Buyer further acknowledges that Buyer has conducted an independent inspection and investigation of the physical condition of all portions the Property and all such other matters relating to or affecting the Property as Buyer deemed necessary or appropriate and that in proceeding with its acquisition of the Property, Buyer is doing so based solely upon such independent inspections and investigations. Accordingly, except only for such surviving representations, Buyer will accept the Property at the Closing **"AS IS," "WHERE IS," and "WITH ALL FAULTS."**

8. Actions Prior to Closing.

8.1 Access to Records and Properties of Seller. From and after the date of this Agreement until the Closing Date, Seller shall afford to Buyer's employees, independent public accountants, counsel, lenders, consultants and other representatives, reasonable access for examination at all reasonable times to the Property and all records pertaining exclusively to the Property. Buyer, however, shall not be entitled to access to any materials containing privileged communications or information about employees, disclosure of which might violate an employee's reasonable expectation of privacy. Buyer expressly acknowledges that nothing in this Section 8.1 is intended to give rise to any contingency to Buyer's obligations to proceed with the transactions contemplated herein.

8.2 Bankruptcy Court Approval. The Seller has filed a motion (the "**Sale Motion**") for an order (the "**Approval Order**") from the Bankruptcy Court which (i) approves the sale of the Property to Buyer on the terms and conditions set forth in this Agreement and authorizes the Seller to proceed with this transaction, (ii) includes a specific finding that Buyer is a good faith purchaser of the Property, and (iii) states that the sale of the Property to Buyer shall be free and clear of all liens, claims, interests and encumbrances whatsoever (other than the Assumed Liabilities). Following the filing of the Sale Motion, Seller shall use reasonable efforts to obtain the Approval Order. Both Buyer's and Seller's obligations to consummate the transactions contemplated in this Agreement which the Buyer and Seller may hereafter enter into shall be conditioned upon the Bankruptcy Court's entry of the Approval Order. If the Bankruptcy Court refuses to issue the Approval Order or to approve any third party purchaser at the hearing on the Sale Motion, a third party purchaser for the Property or any material portion thereof is approved by the Bankruptcy Court at the hearing on the Sale Motion, then this transaction shall automatically terminate and the Seller and the Buyer shall be relieved of any further liability or obligation hereunder. In the event that a third party (an "**Upset Purchaser**" and the underlying agreement between the Upset Purchaser and Seller, the "**Upset Agreement**") is approved by the Bankruptcy Court as the purchaser of the Property at the hearing on the Sale Motion, however, notwithstanding anything to the contrary in this Agreement, this Agreement shall not terminate, but rather shall become a "back-up bid" which shall remain open for acceptance by Seller for a period of fifteen (15) days following the closing date specified in the Upset Agreement, but subject and subordinate in all respects to the rights of the Upset Purchaser under the Upset Agreement; provided, however, this Agreement shall automatically terminate if the Approval Order is for any reason whatsoever not entered by the Bankruptcy Court on or before _____, 2009, or the Closing does not occur by the Outside Date. Upon entry of the Approval Order in accordance with the provisions of this Section 8.2.1(a) (such entry date being referred to herein as the "**Sale Approval Date**"), the condition set forth in this Section 8.2 shall conclusively be deemed satisfied.

9. Miscellaneous.

9.1 Damage and Destruction; Condemnation. Seller shall promptly notify Buyer of the occurrence of any material damage to or destruction of the Property that occurs prior to the Closing Date. In the event of any uninsured damage to or destruction of the Property prior to the Closing Date the cost of which to repair would total \$[_____] or less, then such damage or destruction shall have no effect whatsoever on the Purchase Price or Buyer's or Seller's obligation to close. Should any uninsured damage or destruction to the Property occur

prior to the Closing Date the cost of which to repair would total more than \$[] but less than \$[], then unless Seller causes the same to be repaired and restored in all material respects prior to the Closing Date (in which case the Purchase Price shall be unaffected and the parties shall proceed with the Closing as though such damage, destruction or proceedings had never occurred or been initiated), Buyer's sole remedy shall be to receive a dollar-for-dollar reduction in the Purchase Price in an amount equal to the sum of (i) the cost of such repairs, less (ii) the amount of any insurance proceeds with respect thereto assigned to Buyer at the Closing, and consummate the transaction contemplated herein. If any uninsured damage or destruction to the Property occurs prior to the Closing Date the cost of which to repair would total \$[] or more, then irrespective of whether the same can be repaired and/or restored prior to the Closing Date, Buyer shall have the right and option to either (i) terminate the transaction contemplated herein, or (ii) elect to receive, as its sole and exclusive remedy by reason of such damage, destruction, a Purchase Price reduction in the amount of \$[] and consummate the transaction contemplated herein as though the damage or destruction had never occurred or been initiated. In all other events or in the event that Buyer elects to consummate the purchase pursuant to clause (ii) above, (xx) all insurance or condemnation proceeds, including business interruption and rental loss proceeds, collected by or paid to Seller prior to the Closing Date, shall be credited against the Purchase Price on Buyer's account or the Purchase Price shall be adjusted by an amount agreed between Buyer and Seller, and (yy) all entitlement to all other insurance or condemnation proceeds arising out of such damage or destruction or proceedings and not collected prior to the Closing Date shall be assigned to Buyer at the Closing. Notwithstanding anything to the contrary in this Agreement, the risk of loss or damage to the Property shall unconditionally shift to the Buyer on the Closing Date. For avoidance of doubt, Buyer and Seller intend that the provisions of this Section 9.1 shall control over any right or remedy to which the Buyer may otherwise be entitled under this Agreement by reason of the occurrence of any event subject to this Section 9.1.

9.2 Attorneys' Fees. In the event that either party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of this Agreement, the prevailing party in that action or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action or proceeding.

9.3 Reasonable Access to Records and Certain Personnel. Until the closing of the Bankruptcy Case, (i) the Buyer shall permit Seller's counsel and other professionals and counsel for any successor to Seller and their respective professionals (collectively, "**Permitted Access Parties**") reasonable access to the financial and other books and records relating to the Property or the Transferred Business, which access shall include (xx) the right of such Permitted Access Parties to copy, at such Permitted Access Parties' expense, such documents and records as they may request in furtherance of the purposes described above, and (yy) Buyer's copying and delivering to the relevant Permitted Access Parties such documents or records as they may request, but only to the extent such Permitted Access Parties furnish Buyer with reasonably detailed written descriptions of the materials to be so copied and the applicable Permitted Access Party reimburses the Buyer for the reasonable costs and expenses thereof, and (ii) Buyer shall

provide the Permitted Access Parties (at no cost to the Permitted Access Parties) with reasonable access to **[Note: Insert Name(s) of any personnel to whom the Seller will need continued access post-Closing]** during regular business hours to assist Seller and the other Permitted Access Parties in their post-Closing activities (including, without limitation, preparation of tax returns), provided that such access does not unreasonably interfere with the Buyer's business operations.

9.4 Notices. Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by any Party to the other may be effected by personal delivery in writing, or by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed communicated as of the date of mailing. Mailed notices shall be addressed as set forth below, but each Party may change his address by written notice in accordance with this Section 9.4.

To Seller: 2701 Industrial Drive
Bowling Green, KY 42102
Attn: Craig S. Dean, Chief
Restructuring Officer

AND

c/o AEG Partners
200 West Madison Street, Suite 500
Chicago, IL 60614
Attn: Craig S. Dean

With a copy to: Pachulski, Stang, Ziehl & Jones LLP
150 California Street, 15th Floor
San Francisco, CA 94111
Attn: David M. Bertenthal, Esq.

To Buyer: _____

Attn: _____

With a copy to: _____

Attn: _____

9.5 Entire Agreement. This instrument, that certain Confidentiality Agreement dated _____, 200__, between _____ and _____, and the documents to be executed pursuant hereto contain the entire agreement between the parties relating to the sale of the Property. Any oral representations or modifications concerning

this Agreement or any such other document shall be of no force and effect excepting a subsequent modification in writing, signed by the Party to be charged.

9.6 Modification. This Agreement may be modified, amended or supplemented only by a written instrument duly executed by all the parties hereto.

9.7 Closing Date. All actions to be taken on the Closing pursuant to this Agreement shall be deemed to have occurred simultaneously, and no act, document or transaction shall be deemed to have been taken, delivered or effected until all such actions, documents and transactions have been taken, delivered or effected.

9.8 Severability. Should any term, provision or paragraph of this Agreement be determined to be illegal or void or of no force and effect, the balance of the Agreement shall survive.

9.9 Captions. All captions and headings contained in this Agreement are for convenience of reference only and shall not be construed to limit or extend the terms or conditions of this Agreement.

9.10 Further Assurances. Each Party hereto will execute, acknowledge and deliver any further assurance, documents and instruments reasonably requested by any other Party for the purpose of giving effect to the transactions contemplated herein or the intentions of the Parties with respect thereto; provided that nothing herein shall be deemed to require any Party to execute or deliver any such further assurance, document or instrument to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon such Party by this Agreement.

9.11 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

9.12 Brokerage Obligations. Seller and the Buyer each represent and warrant to the other that, such party has incurred no liability to any real estate broker or other broker or agent with respect to the payment of any commission regarding the consummation of the transaction contemplated hereby. If any claims for commissions, fees or other compensation, including, without limitation, brokerage fees, finder's fees, or commissions are ever asserted against Buyer or the Seller in connection with this transaction, all such claims shall be handled and paid by the party whose actions form the basis of such claim and such party shall indemnify, defend (with counsel reasonably satisfactory to the party entitled to indemnification), protect and save and hold the other harmless from and against any and all such claims or demands asserted by any person, firm or corporation in connection with the transaction contemplated hereby.

9.13 Payment of Fees and Expenses. Except as provided in Section 9.2 above, each party to this Agreement shall be responsible for, and shall pay, all of its own fees and

expenses, including those of its counsel, incurred in the negotiation, preparation and consummation of the Agreement and the transaction described herein.

9.14 Survival. The respective representations, warranties, covenants and agreements of Seller and Buyer herein, or in any certificates or other documents delivered prior to or at the Closing, shall not be deemed waived or otherwise affected by the Closing.

9.15 Assignments. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other party hereto, which consent the Parties may grant or withhold in their sole and absolute discretion.

9.16 Binding Effect. Subject to the provisions of Section 9.15, above, this Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties hereto.

9.17 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of Delaware.

9.18 Good Faith. All parties hereto agree to do all acts and execute all documents required to carry out the terms of this Agreement and to act in good faith with respect to the terms and conditions contained herein before and after Closing.

9.19 Construction. In the interpretation and construction of this Agreement, the parties acknowledge that the terms hereof reflect extensive negotiations between the parties and that this Agreement shall not be deemed, for the purpose of construction and interpretation, drafted by either party hereto.

9.20 Counterparts. This Agreement may be signed in counterparts. The parties further agree that this Agreement may be executed by the exchange of facsimile signature pages provided that by doing so the parties agree to undertake to provide original signatures as soon thereafter as reasonable in the circumstances.

9.21 Time is of the Essence. Time is of the essence in this Agreement, and all of the terms, covenants and conditions hereof.

9.22 Interpretation and Rules of Construction. In this Agreement, except to the extent that the context otherwise requires:

9.22.1 when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or a Schedule to, this Agreement unless otherwise indicated;

9.22.2 the headings and captions used in this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

9.22.3 whenever the words "include," "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation";

9.22.4 the words “hereof,” “herein” and “hereunder” and works of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

9.22.5 all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

9.22.6 the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

9.22.7 any law defined or referred to herein or in any agreement or instrument that is referred to herein means such law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor laws;

9.22.8 references to a person are also to its permitted successors and assigns; and

9.22.9 the use of “or” is not intended to be exclusive unless expressly indicated otherwise.

In Witness Whereof, Buyer and Seller have executed this Asset Purchase Agreement as of the day and year first above written.

BUYER:

_____, a

By: _____

Name: _____

Its: _____

SELLER:

_____, a

limited liability company and Chapter 11 Debtor and Debtor in Possession

By: _____

Name: _____

Its: _____

[NOTE – ADD ADDITIONAL SELLER SIGNATURE BLOCKS IF THE ASSETS COMPRISING THE “PROPERTY” ARE OWNED BY MORE THAN ONE ENTITY.]

And All Schedules

[TO BE ATTACHED]

Exhibit "A"

BILL OF SALE

Pursuant to Section 3.3.2 of that certain Asset Purchase Agreement dated as of _____, 2009 (the "**Agreement**"), by and between _____, a _____ ("**Buyer**"), on the one hand, and _____, a _____, and _____, a _____, Debtors and Debtors in Possession (the "**Seller**"), on the other hand, and for good and valuable consideration, the receipt and sufficiency of which Seller hereby expressly acknowledges, to the extent of its interest therein, Seller hereby sells, transfers, assigns and delivers all of its right, title and interest in and to (i) the Personal Property, (ii) the Receivables, and (iii) the Transferred Business Inventory.

Except for terms specifically defined in this Bill of Sale, all capitalized terms used in herein shall have the same meanings as such terms have when utilized in the Agreement.

Notwithstanding anything to the contrary herein, Seller are executing and delivering this Bill of Sale in accordance with and subject to all of the terms and provisions of the Agreement (including, without limitation, the exclusions set forth in Section 1.2 of the Agreement and the acknowledgement and disclaimer set forth in Section 7 of the Agreement).

IN WITNESS WHEREOF, Seller has caused this Bill of Sale to be executed as of the [] day of [], 2009.

SELLER:

_____, a _____
**and Chapter 11 Debtor and Debtor
in Possession**

By: _____
Name: _____
Its: _____

**[NOTE – ADD ADDITIONAL SELLER SIGNATURE
BLOCKS IF THE ASSETS COMPRISING THE
“PROPERTY” ARE OWNED BY MORE THAN ONE
ENTITY.]**

Exhibit "B"

ASSIGNMENT OF INTANGIBLE PROPERTY

_____, a _____, and _____, a _____, Debtors and Debtors in Possession are executing this Assignment of Intangible Property (the "**Assignment**") in favor of _____, a _____ (the "**Assignee**"), with respect to the following facts and circumstances:

(A) Assignor and Assignee have heretofore entered into that certain Asset Purchase Agreement dated _____, 2009 (the "**Agreement**"). Except for terms specifically defined in this Assignment, the capitalized terms used in this Assignment shall have the same meanings as such terms when used in the Agreement.

(B) Concurrently with the execution and delivery of this Assignment, Assignor and Assignee are consummating the transactions contemplated by the Agreement. Pursuant to Sections 3.3.3 and 3.4.3 of the Agreement, Assignor and Assignee are required to mutually execute and deliver this Assignment at the Closing.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which Assignor hereby expressly acknowledges, to the extent of its interest therein, each entity comprising Assignor hereby assigns, conveys, transfers and sets over unto Assignee, all of Assignor's right, title and interest, if any, in and to all Intangible Property, including, but not limited to, its right, title and interest, if any, in and to the Intangible Property identified on Schedule 1 attached hereto and incorporated herein by this reference. This Assignment shall inure to the benefit of, and be binding upon, the successors, executors, administrators, legal representatives and assigns of Assignor and Assignee.

Notwithstanding anything to the contrary herein, the parties comprising Assignor are executing and delivering this Assignment in accordance with and subject to all of the terms and provisions of the Agreement (including, without limitation, the exclusions set forth in Section 1.2 of the Agreement and the acknowledgement and disclaimer set forth in Section 7 thereof).

In the event that Assignor or Assignee brings an action or other proceeding to enforce or interpret the terms and provisions of this Assignment, the prevailing party in that action or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action or proceeding.

This Assignment shall be governed by and construed and enforced in accordance with the laws of Delaware.

IN WITNESS WHEREOF, Assignor has executed this Assignment as of the ____ of _____, 2009.

ASSIGNOR:

_____, a _____ and
**Chapter 11 Debtor and Debtor
in Possession**

By: _____

Name: _____

Its: _____

**[NOTE – ADD ADDITIONAL SELLER SIGNATURE
BLOCKS IF THE ASSETS COMPRISING THE
“PROPERTY” ARE OWNED BY MORE THAN ONE
ENTITY.]**