

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

	§	
In re:	§	
	§	Chapter 11
LOCKWOOD HOLDINGS, INC., <i>et al.</i> ,	§	
	§	Case No. 18-30197 (DRJ)
Debtors. ¹	§	
	§	Jointly Administered
	§	
	§	

**DEBTORS’ EXPEDITED MOTION TO SELL CERTAIN PERSONAL PROPERTY
ASSETS OF THE ESTATE FREE AND CLEAR OF LIENS, CLAIMS,
ENCUMBRANCES AND OTHER INTERESTS PURSUANT TO 11 U.S.C. § 363
(BILLINGS, MONTANA PROPERTY)**

THIS MOTION SEEKS ENTRY OF AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.

EXPEDITED RELIEF HAS BEEN REQUESTED. IF THE COURT CONSIDERS THE MOTION ON AN EXPEDITED BASIS, THEN YOU WILL HAVE LESS THAN 21 DAYS TO ANSWER. IF YOU OBJECT TO THE REQUESTED RELIEF OR IF YOU BELIEVE THAT THE EXPEDITED CONSIDERATION IS NOT WARRANTED, YOU SHOULD FILE AN IMMEDIATE RESPONSE. A HEARING HAS BEEN SET ON THIS MATTER ON MARCH 7, 2018 AT 10:30 A.M. (CT) BEFORE THE HONORABLE DAVID R. JONES, 515 RUSK STREET, COURTROOM 400, HOUSTON, TEXAS 77002.

REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.

Lockwood Holdings, Inc. and certain of its affiliates, the above-captioned debtors and debtors in possession (the “Debtors”), for their *Expedited Motion to Sell Certain Personal Property of the Estate Free and Clear of Liens, Claims, Encumbrances and Other Interests Pursuant to 11 U.S.C. § 363 (Billings, Montana)* (the “Motion”), respectfully represent:

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Lockwood Holdings, Inc. (9726); LH Aviation, LLC (6984); Piping Components, Inc. (0197); Lockwood International, Inc. (8597); LMG Manufacturing, Inc. (9468); Lockwood Enterprises, Inc. (6504); and 7807 Eagle Lane, LLC (7382).

JURISDICTION AND VENUE

1. The Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
2. Venue in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
3. The basis for the relief requested herein are sections 105(a) and 363(f) of title 11 of the United States Code (the “Bankruptcy Code”), Rule 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 9013-1 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

PROCEDURAL HISTORY AND BACKGROUND

4. On January 18, 2018 (the “First Petition Date”), Lockwood Holdings, Inc., LH Aviation, LLC and Piping Components, Inc. filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. On January 24, 2018 (the “Second Petition Date,” and together with January 18, 2018 the “Petition Dates”), Lockwood International, Inc., LMG Manufacturing, Inc., Lockwood Enterprises, Inc., and 7807 Eagle Lane, LLC filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code.

5. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors each remain in possession of their property and each is managing its business as a debtor in possession. No trustee, examiner, or official committee has been appointed

6. A detailed description of the Debtors and their businesses, and the facts and circumstances supporting the Debtors’ chapter 11 cases, are set forth in greater detail in the *Emergency Motion for Interim and Final Orders (A) Authorizing Use of Cash Collateral Pursuant to Section 363(c) of the Bankruptcy Code and (B) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001* (the “Cash Collateral Motion”), filed on January 24, 2018.

RELIEF REQUESTED

7. By this Motion, pursuant to sections 105 and 363 of the Bankruptcy Code and Rules 2002 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), the Debtors respectfully seek entry of an order, substantially in the form attached as **Exhibit “A,”** authorizing Debtors including Lockwood Holdings, Inc. (“Lockwood”) to sell certain personal property assets located at 1035 Cerise Rd, and Lots 5 and 6 Block 2, of Steffes Acres, Billings, Montana 59101 (the “Premises”) and for the prices more fully described in the proposed Bill of Sale attached hereto as **Exhibit B** to Distribution NOW (“DNOW”) for the sum of \$4,577.58, certain of Debtors’ inventory including piping, fittings and flanges for the sum of \$96,351.49 more fully described in the Bill of Sale attached hereto as **Exhibit C** to Van Leeuwen MRO and Services LLC (“Van Leeuwen”), and a certain Gehl forklift and Mitsubishi forklift to Raw Machinery for the sums of \$26,000.00 and \$3,000.00 more fully described in the Bill of Sale attached hereto as **Exhibit D**, all on a AS IS WHERE IS basis without warranties of any kind, and free and clear of all liens, claims, interests, and encumbrances (collectively, the “Liens”) with such Liens attaching to the proceeds of the sale with the same scope, validity, extent and priority as existed immediately prior to the sale, except as set forth below. The assets proposed to be sold to DNOW, Van Leeuwen and Raw Machinery are collectively referred to as the “Sale Assets.”

ARGUMENTS AND AUTHORITIES

A. The Sale of the Assets is an Exercise of Debtors’ Sound Business Judgment and Should Be Approved.

8. Section 363(b)(1) of the Bankruptcy Code provides that the “[t]rustee, 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). Such a motion may be approved if it is supported by a sound

business justification. See *Institutional Creditors of Continental Airlines, Inc. v Continental Airlines, Inc. (In re Continental Airlines, Inc.)*, 780 F.2d 1223, 1226 (5th Cir. 1986). A bankruptcy court is to give deference to the business judgment of the trustee or debtor-in-possession when it deems the sale to be appropriate. See *Esposito v. Title Ins. Co. of Pa. (In re Fernwood)*, 73 B.R. 616, 621 n.2 (Bankr. E.D. Pa. 1987). The Sale contemplated by this Motion free and clear of any and all liens, claims and encumbrances is authorized pursuant to section 363(f)(1), (3) and/or (5) of the Bankruptcy Code.

9. If a valid business justification exists for the sale, as it does in this case, a debtor's decision to sell property out of the ordinary course of business enjoys a strong presumption "that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in an honest belief that the action taken was in the best interests of the company." *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)* 147 B.R. 650, 656 (S.D.N.Y. 1992) (quoting *Smith v. Van Gorkuom*, 488 A.2d 858, 872 (Del. 1985)). Therefore, any party objecting to the debtor's proposed asset sale must make a showing of "bad faith, self-interest or gross negligence." *Id.* at 656.

10. Debtors previously ceased all business operations it conducted at the Premises. The Sale Assets are still located in the Premises. Debtors have contemporaneously herewith filed a motion to reject the lease of the Premises. Therefore, Debtors need to immediately remove or sell the Sale Assets. In the Debtors' business judgment, it is more cost effective to sell the Sale Assets as proposed herein versus attempting to move the Sale Assets to another location. Debtors no longer need the Sale Assets and believe that it is in the best interest of the bankruptcy estates to sell same upon the terms set forth herein.

11. Debtors shall not be deemed to have accepted any offer unless and until such offer has been subsequently authorized by separate order of this Court.

B. The Court Should Approve the Sale of the Assets Free and Clear of Liens.

12. Section 363(f) of the Bankruptcy Code authorizes a debtor to sell assets free and clear of liens, claims and encumbrances in property of an entity other than the estate if:

- (1) applicable nonbankruptcy 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 in 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). Because section 363(f) is stated in the disjunctive, satisfaction of any one of its five requirements is sufficient to warrant approval of a proposed sale.

13. Upon closing the Sale, it is the Debtors' intention to pay the net proceeds to Wells Fargo Bank, N.A. ("Wells Fargo"). Debtors retain any claims that may be available pursuant to 11 U.S.C. § 506(c) and creditors reserve any defenses thereto.

14. On information and belief, and except as set forth below, the only creditor to assert a lien on the Sale Assets is Wells Fargo.

15. On information and belief, Wells Fargo may not oppose the relief sought in this Motion. Accordingly, the Debtors believe that the proposed sale of Wells Fargo's collateral and other assets, free and clear of liens would meet the standards set forth in Section 363(f)(2). And, to the extent that the Debtors seek to sell assets on which any other party holds a lien or interest, such party will receive notice and be given the opportunity to object. Thus, the Debtors believe any other such lienholders will either expressly consent to the Sale or will be deemed to have consented absent an objection. Additionally, applicable non-bankruptcy law permits sale of the Assets free and clear of any such interests. Thus, the Debtors may sell the Sale Assets free and clear of an interest of a nondebtor entity in such property.

16. Further, any party who holds a lien against the assets to be sold, will be adequately protected by having its valid and unavoidable liens, if any, attach to the net sale proceeds received by Debtor upon the closing of the Sale. These liens will attach to such proceeds in the same order of priority, validity, force and effect that such creditor/lienholder had prior to such Sale, subject to any claims and defenses that Debtors and their estates possess with respect thereto. Accordingly, Section 363(f) authorizes the proposed sale free and clear of any Liens.

C. Assets Proposed to Be Sold.

17. Debtors proposed asset sales sought herein shall be on an AS IS WHERE IS BASIS without any representations or warranties of any kind by Debtors or Debtors' bankruptcy estates. Debtors propose to sell to DNOW for the sum of \$4,577.58 racking located in the Premises as more fully described in the Bill of Sale attached hereto as **Exhibit B**. Debtors propose to sell to Van Leeuwen for the sum of \$96,351.49, certain inventory located at the Premises as more fully described in the Bill of Sale attached hereto as **Exhibit C**. Van Leeuwen shall be entitled to no credit, price reduction or otherwise if the quantity or description of inventory is in any manner different than the descriptions or quantities included in the attached **Exhibit C**. Debtors propose to sell to Raw Machinery for the sum of \$26,000.00, a GHL forklift, and a Mitsubishi forklift for the sum of \$3,000.00 located at the Premises as more fully described in the Bill of Sale attached hereto as **Exhibit D**.

D. The Sale Will Be Entitled to the Protections of Section 363(m) of the Bankruptcy Code.

18. Section 363(m) of the Bankruptcy Code provides in relevant part that the reversal or modification on appeal of an authorization under section 363 of a sale or lease of property does not affect the validity of such sale or lease when the purchaser bought in good faith. *See* 11

U.S.C. § 363(m). “Although the Bankruptcy Code does not define the meaning of ‘good-faith purchaser,’ most courts have adopted a traditional equitable definition: one who purchases the assets for value, in good faith and without notice of adverse claims.” *Licensing by Paolo, Inc. v. Sinatra (In re Gucci)*, 126 F.3d 380, 390 (2d Cir. 1997) (internal citations omitted). The Third Circuit has held that “[t]he requirement that a purchaser act in good faith . . . speaks to the integrity of [purchaser’s] conduct in the course of the sale proceedings. *In re Abbotts Dairies of Pa., Inc.*, 788 F.2d 143, 147 (3d Cir. 1986) (internal citations omitted). The Debtors represent that any agreements that result in the sale of assets in this case will be the result of an arm’s-length transaction entitled to the protections of section 363(m). And, in support of such representation, the Debtors intend to produce evidence at the sale hearing that the Sale Assets were negotiated in good faith and at arms’ length. Neither the purchaser’s nor the purchaser’s principals, are in any way affiliated with or an insider of Debtors or Debtors’ principals. However, approximately four (4) of Debtors’ former employees that left the Debtors’ employ in late January 2018 are now employed by DNOW. Additionally, Debtor has historically conducted business with Van Leeuwen in the ordinary course of business. The inventory proposed to be sold to Van Leeuwen was originally purchased by Debtors from Van Leeuwen in the ordinary course of business at the same price as the proposed sale price. On information and belief, once Van Leeuwen acquires the subject inventory from Debtors, Van Leeuwen intends to sell same potentially to DNOW. Debtors have contemporaneously herewith filed a motion to reject the Premises lease, and Van Leeuwen has indicated that it must acquire the assets it proposes to purchase by March 7, 2018 or it will find another source for the inventory.

E. The Sale is Not of Substantially All of the Debtors’ Assets.

19. The Sale Assets do not represent substantially all of the Debtors’ assets. In fact, the Debtors believe that their assets have a value of many tens of millions of dollars. Therefore,

this case is distinguishable from *In re Gulf Coast Oil Corp.*, 404 B.R. 407 (Bankr. S.D. Tex. 2009). Here, there is unquestionably a “need for speed” because the Debtors no longer need the Sale Assets in their reorganization efforts, and Debtors need to promptly remove the Sale Assets from the Premises. Debtors do not want to potentially lose this asset sale for the benefit of creditors because the sale does not close by March 7, 2018. *See Gulf Coast Oil Corp.*, 404 B.R. at 427-28. The Debtors believe that fair value is to be received in exchange for the Sale Assets.

20. Further, a court should not second-guess a debtor’s business judgment unless the judgment is clearly erroneous, too speculative or contrary to the provisions of the Bankruptcy Code. “More exacting scrutiny would slow the administration of the debtor’s estate and increase its cost, interfere with the Bankruptcy Code’s provision for private control of administration of the estate, and threaten the court’s ability to control a case impartially.” *Richmond Leasing Co. v. Capital Bank, N.A.*, 762 F.2d 1303, 1311 (5th Cir. 1985).

21. The sale of the Sale Assets is not a *sub rosa* plan, does not have any of the indicia of a plan as proscribed by the Fifth Circuit, and does not dictate some or all of the terms of a future plan of reorganization.² Additionally, no parties in interest are required to support or vote in favor of a future plan. Furthermore, no claims against the estates are being released.

² In *Pension Benefit Guaranty Corp. v. Braniff Airways, Inc. (In re Braniff Airways, Inc.)*, 700 F.2d 935 (5th Cir. 1983), the Fifth Circuit held that an asset sale under Bankruptcy Code § 363(b) could not be approved if it, in effect, amounted to a *sub rosa* plan of reorganization. *Id.* at 940. In *Braniff*, the Fifth Circuit focused on three (3) primary factors for determining whether an asset sale amounts to a *sub rosa* plan:

- (1) Does the transaction dictate some or all of the terms of a future plan of reorganization?
- (2) Does the transaction require parties in interest to support a future plan of reorganization?
- (3) Are claims against the estate being released as part of the transaction?

Id. at 939-40; see also *Official Comm. of Unsecured Creditors v. Cajun Electric Power Coop. (In re Cajun Electric Power)*, 119 F.3d 349, 354-55 (5th Cir. 1997); *Bergemann v. Babcock and Wilcox Constr. Co., (In re Babcock and Wilcox Co.)*, 250 F.3d 955, 960 (5th Cir. 2001) (“*Braniff* stands merely for the proposition that the provisions of § 363 permitting a trustee to use, sell, or lease the assets do not allow a debtor to gut the bankruptcy estate before reorganization or to change the fundamental nature of the estate’s assets in such a way that limits a future reorganization plan.”).

EXPEDITED CONSIDERATION

22. In accordance with Bankruptcy Local Rule 9013-1, the Debtors respectfully request expedited consideration of this Motion. Debtors have contemporaneously herewith filed a motion to reject the Premises Lease in order to save on administrative rent in these cases, therefore Debtor needs to sale or move the Sale Assets quickly. Van Leeuwen has indicated that it must acquire the inventory by March 7, 2018 or it will obtain the inventory from another source. Debtors believe that the proposed sales are in the best interest of the estates and should be approved on an expedited basis for the benefit of all creditors and parties-in-interest herein. There is significant risk Debtors will lose the sale if same is not approved on an expedited basis. The agreements with the potential purchasers, including the forms of Bills of Sale attached hereto were not finalized until February 28, 2018. Therefore, the Motion was not filed previously. Accordingly, the Debtors respectfully request that the Court approve the relief requested in this Motion on an expedited basis.

REQUEST FOR WAIVER OF STAY

23. The Debtors seek a waiver of any stay of any order approving this Motion. Pursuant to Bankruptcy Rule 6004(h), “[an] order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” FED. R. BANKR. P. 6004(h). As noted above, the Court’s approval of the relief requested in this Motion and the closing of the proposed sale to Van Leeuwen must occur by March 7, 2018 or Debtor believes that it will lose the sale and result in irreparable harm and injury to the Debtors’ estates. Accordingly, the Debtors submit that cause exists to justify a waiver of the 14-day stay imposed by Bankruptcy Rule 6004(h), if it even applies.

NOTICE

24. The Debtors will provide notice of this Motion to: (a) the Office of the United States Trustee for the Southern District of Texas; (b) counsel to Wells Fargo as administrative agent under the Debtors' credit agreement; (c) the Landlord, (d) counsel to the Committee; and (e) any party that has requested notice pursuant to Bankruptcy Rule 2002.

NO PRIOR REQUEST

25. No prior request for the relief sought in this Motion has been made to this or any other court.

CONCLUSION

WHEREFORE, the Debtors pray for an order (i) allowing the sale of the Sale Assets free and clear of all Liens on the terms and conditions described in the Motion, (ii) authorizing Debtors to take actions necessary to consummate the transactions, including executing the Bills of Sale attached hereto, and (iii) for such other and further relief to which the Debtors may be justly entitled.

Respectfully submitted this 28th day of February, 2018.

GRAY REED & McGRAW LLP

By: /s/ Jason S. Brookner

Jason S. Brookner

Texas Bar No. 24033684

1300 Post Oak Blvd., Suite 2000

Houston, Texas 77056

Telephone: (713) 986-7000

Facsimile: (713) 986-7100

Email: jbrookner@grayreed.com

-and-

Micheal W. Bishop
Texas Bar No. 02354860
Lydia R. Webb
Texas Bar No. 24083758
1601 Elm Street, Suite 4600
Dallas, Texas 75201
Telephone: (214) 954-4135
Facsimile: (214) 953-1332
Email: mbishop@grayreed.com
lwebb@grayreed.com

COUNSEL TO THE DEBTORS

CERTIFICATE OF SERVICE

I hereby certify that on February 28, 2018, a true and correct copy of the foregoing pleading was served via CM/ECF to all parties authorized to receive electronic notice in this case and via first class U.S. mail, postage prepaid (or as otherwise indicated) on the parties set forth below:

Via First Class U.S. Mail:

Miller Trois, LLC
4507 Palisades Park Dr
Billings, Montana 59106

Via First Class U.S. Mail & Email:

Van Leeuwen MRO and Services LLC
Attn: Vern Klein
2875 – 64th Avenue
T6P 1R1 Edmonton Alberta
vklein@vanleeuwen.com

Via First Class U.S. Mail & Email:

Distribution NOW
7402 N. Eldridge Parkway
Houston, TX 77041
ronnie.hulquist@dnow.com

Raw Machinery
Attn: Matt Beddes
1121 Shephard Acton Road
Shephard, Montana 59079
matt@rawmachinery.com

Via Overnight Delivery:

Yellowstone County Treasurer
217 North 27th Street – Room 108
Billings, Montana 59101

/s/ Jason S. Brookner

Jason S. Brookner

**UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

In re: LOCKWOOD HOLDINGS, INC., <i>et al.</i> , Debtors. ¹	§ § § § § § § § § §	Chapter 11 Case No. 18-30197 (DRJ) Jointly Administered
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**ORDER AUTHORIZING (I) THE SALE OF CERTAIN OF THE DEBTORS’ ASSETS
FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND OTHER
INTERESTS; AND (II) GRANTING RELATED RELIEF (BILLINGS, MONTANA)**
(Docket No. _____)

Upon the motion (the “Motion”)² of Lockwood Holdings, Inc. and certain of its affiliates, the above-captioned debtors and debtors in possession (collectively the “Debtors”), for entry of an order, pursuant to sections 105(a), 363, 503 and 507 of the United States Bankruptcy Code (the “Bankruptcy Code”) and Rules 2002, 6004, 6006, 9007 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing and approving the following:

- (i) The sale of the following assets to the specified purchasers on an AS IS WHERE IS basis, with all faults, and without any representations or warranties of any kind by Debtors or Debtors’ bankruptcy estates, free and clear of all liens, claims, encumbrances and other interests (“Liens”). The assets more fully described below are collectively referred to as the “Sale Assets”;
 - a) Sale of the assets more fully described in Exhibit “B” attached to the Motion to Distribution NOW (“DNOW”) for the sum of \$4,577.58;
 - b) Sale of the assets more fully described in Exhibit “C” attached to the Motion to Van Leeuwen MRO and Services LLC (“Van Leeuwen”) for the sum of \$96,351.49; and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number are: Lockwood Holdings, Inc. (9726); LH Aviation, LLC (6984); Piping Components, Inc. (0197); Lockwood International, Inc. (8597); LMG Manufacturing, Inc. (9468); Lockwood Enterprises, Inc. (6504); and 7807 Eagle Lane, LLC (7382).

² Unless indicated otherwise, capitalized terms used but not defined herein have the meanings ascribed to them in the Motion.



- c) Sale of the assets more fully described in Exhibit “D” attached to the Motion to Raw Machinery (“RM”) for the sum of \$29,000.00;

DNOW, Van Leeuwen and RM are collectively referred to herein as the “Buyers.”

and the Court having conducted a hearing on the Motion on March 7, 2018 (the “Sale Hearing”) at which time all interested parties were offered an opportunity to be heard with respect to the Motion; and the Court having reviewed and considered the Motion, the proposed sales, the record at the Sale Hearing and all objections to the proposed sale and the Bills of Sale attached as Exhibits “B” through “D” to the Motion (collectively the “Bills of Sale”) filed with the Court; and the appearance of all interested parties and all responses and objections to the Motion having been duly noted in the record of the Sale Hearing; and upon the record of the Sale Hearing, including the evidence presented in support of the relief requested in the Motion at the Sale Hearing; and upon all of the proceedings conducted before the Court, and all objections and responses to the relief requested in the Motion having been heard and overruled, continued or resolved on the terms set forth in this Order, and it appearing that due notice of the Motion and the proposed sales having been provided; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, creditors and all other parties in interest; and it appearing that the Court has jurisdiction over this matter; and it further appearing that the legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due deliberation thereon,

THE COURT EXPRESSLY FINDS AS FOLLOWS:³

Jurisdiction, Venue and Final Order

A. This Court has jurisdiction to hear and determine the Motion pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) (A), (N) and (O).

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

Venue is proper in this District and in this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. This Order constitutes a final and appealable order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d) and 7062, and to the extent necessary under Bankruptcy Rule 9014 and Rule 54(b) of the Federal Rules of Civil Procedure, as made applicable by Bankruptcy Rule 7054, this Court expressly finds that there is no just reason for delay in the implementation of this Order and expressly directs entry of this Order as set forth herein.

Notice of the Motion, Bills of Sale and Sale Hearing

C. January 18, 2018 (the “First Petition Date”), Lockwood Holdings, Inc., LH Aviation, LLC and Piping Components, Inc. filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. On January 24, 2018 (the “Second Petition Date,” and together with January 18, 2018 the “Petition Dates”), Lockwood International, Inc., LMG Manufacturing, Inc., Lockwood Enterprises, Inc., and 7807 Eagle Lane, LLC filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code. Since the Petition Dates, the Debtors have continued in possession and management of its businesses and properties as debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

D. As evidenced by the certificates of service previously filed with this Court, and based on the record at the Sale Hearing, due, proper, timely, adequate and sufficient notice of the Motion, the Sale Hearing and the proposed sales has been provided in accordance with sections 102(1), 363 and 365 of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, 6006 and 9014. The Debtors have complied with all obligations to provide notice of the Motion and the Sale Hearing. The aforementioned notices are good, sufficient and appropriate under the circumstances, and no other or further notice of the Motion and the Sale Hearing is or shall be required.

E. A reasonable opportunity to object or to be heard regarding the relief requested in the Motion was afforded to all interested persons and entities.

MARKETING PROCESS

F. As demonstrated by the evidence proffered or adduced at the Sale Hearing, the Debtors and their professionals have, under the circumstances, adequately and appropriately marketed the Sale Assets.

HIGHEST OR OTHERWISE BEST OFFER; BUSINESS JUDGMENT

G. The form and consideration for the Sale Assets, (i) constitutes the highest and best offer received by the Debtors for the Sale Assets; (ii) is fair and reasonable; and (iii) is in the best interests of the Debtors, their estates, their creditors and all other parties in interest.

H. The Debtors' determination that the consideration provided by the Buyers constitute the highest or otherwise best offer for the Sale Assets constitutes a valid and sound exercise of the Debtors' business judgment.

I. Consistent with their fiduciary duties, the Debtors have demonstrated good, sufficient and sound business reasons and justifications for entering into the proposed sales and the performance of their obligations under the Bills of Sale, including, but not limited to, the fact that (i) the consideration provided by the Buyers under the Bills of Sale will provide a greater recovery for the Debtors' estates than would be provided by any other available alternative, including a separate liquidation of the Sale Assets; and (ii) unless the sale is concluded expeditiously as provided for in the Motion and pursuant to the Bills of Sale, recoveries of creditors will likely be diminished.

GOOD FAITH; ARMS' LENGTH SALE

J. The sales process engaged in by the Debtors' and the Buyers, including, without limitation, the negotiation of the Bills of Sale, was at arms' length, non-collusive, in good faith, and substantively and procedurally fair to all parties.

K. The Buyers are good faith buyers within the meaning of section 363(m) of the Bankruptcy Code, and are therefore entitled to the full protection of that provision, and otherwise has proceeded in good faith in all respects in connection with this proceeding. Neither the Debtors nor the Buyers have engaged in any conduct that would prevent the application of section 363(m) of the Bankruptcy Code.

L. The sale transactions proposed, negotiated and entered into by and between the Debtors and the Buyers without collusion, and neither the Debtors nor the Buyers have engaged in any conduct that would cause or permit the sales to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code.

M. The form and total consideration to be realized by the Debtors under the Bills of Sale constitute fair value, full and adequate consideration, reasonably equivalent value and the reasonable market value for the Sale Assets.

CORPORATE AUTHORITY

N. The Debtors have (i) full corporate or other power to execute, deliver and perform their obligations under the Bills of Sale and all other transactions contemplated thereby, and entry into the Bills of Sale have been duly and validly authorized by all necessary corporate or similar action; (ii) all of the corporate or other power and authority necessary to consummate the proposed sales; and (iii) taken all actions necessary to authorize and approve the proposed sales and the transactions contemplated thereby. No consents or approvals, other than those expressly

provided for herein or in the Bills of Sale, are required for the Debtors to consummate the proposed sales.

SECTION 363 IS SATISFIED

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

P. The sale of the Sale Assets to the respective Buyers under the terms of the Bills of Sale meets the applicable provisions of section 363(f) of the Bankruptcy Code such that the sale of the Sale Assets will be free and clear of any and all Liens and the transfer of the Sale Assets to the Buyers will be free and clear of all Liens and will not subject the Buyers or any of the Buyers' assets to any liability for any Liens, claims and encumbrances whatsoever (including, without limitation, under any theory of equitable law, antitrust, setoff, or successor or transferee liability). All holders of Liens who did not object, or withdrew their objections to the Motion, are deemed to have consented to the relief requested in the Motion pursuant to section 363(f)(2) of the Bankruptcy Code. All holders of Liens are adequately protected — thus satisfying section 363(e) of the Bankruptcy Code — by either receiving a portion of the cash proceeds pursuant to the terms of this Order or having their Liens, if any, attach to the remaining net cash proceeds of the Sale Assets ultimately attributable to the property against or in which they assert a Lien or other specifically dedicated funds or assets of the estates on which they have Liens, in the same order of priority and with the same validity, force and effect that such Lien holder had prior to the consummation of the Bills of Sale, subject to any rights, claims and defenses of the Debtors or their estates, as applicable, or as otherwise provided herein.

Q. The Buyers would not have entered into the Bills of Sale and would not consummate the transactions under the Bills of Sale, thus adversely affecting the Debtors, their

estates, creditors, employees and other parties in interest, if the sale of the Sale Assets was not free and clear of all Liens or if the Buyers would, or in the future could, be liable for any Liens, including, without limitation and as applicable, certain liabilities that expressly are not assumed by the Buyers as set forth in the Bills of Sale or in this Order. The Buyers assert that they will not consummate the transactions unless this Court specifically orders, that none of the Buyers, their assets or the Sale Assets will have any liability whatsoever with respect to, or be required to satisfy in any manner, whether at law or in equity, whether by payment, setoff or otherwise, directly or indirectly, any (i) Lien; or (ii) any successor or transferee liability for any of the Debtors.

R. The Buyers are not a successor to the Debtors or their respective estates by reason of any theory of law or equity, and neither the Buyers nor any of their affiliates shall assume or in any way be responsible for any liability or obligation of the Debtors or their respective estates, except as otherwise expressly provided in the Bills of Sale or this Order. The Buyers are not a continuation of the Debtors or their respective estates and there is no continuity between the Buyers and the Debtors. The Buyers are not holding themselves out to the public as a continuation of the Debtors or their respective estates and the transactions contemplated by the Bills of Sale do not amount to a consolidation, merger or *de facto* merger of the Buyers and the Debtors.

S. The transfer of the Sale Assets to the Buyers under the Bills of Sale will be a legal, valid and effective transfer of all of the legal, equitable and beneficial right, title and interest in and to the Sale Assets free and clear of all Liens.

T. There is no legal or equitable reason to delay the consummation of the transactions. The transactions must be approved and consummated promptly in order to preserve

the value of the Debtors' assets. All factual predicates to the waiver of any stay of this Order under Bankruptcy Rules 6004(h) and 6006(d) have been satisfied. Good cause exists for an expedited hearing on the Motion.

U. The Debtors have demonstrated both (i) good, sufficient and sound business judgment, purposes and justifications; and (ii) compelling circumstances for the transactions pursuant to section 363(b) of the Bankruptcy Code prior to, and outside of, a plan of reorganization in that, among other things, absent the immediate consummation of the transactions, the value of the Debtors' assets will be harmed. To maximize the value of the Sale Assets, it is essential that the transactions occur within the timeframe set forth in the Motion. Time is of the essence in consummating the transactions.

V. Entry into the Bills of Sale and consummation of the transactions do not constitute a *sub rosa* chapter 11 plan.

THEREFORE, IT IS HEREBY ORDERED THAT:

GENERAL PROVISIONS

1. The Motion is granted to the extent provided herein.
2. Any objections to the Motion or the relief requested therein that have not been withdrawn, waived or settled, and all reservations of rights included therein, are hereby overruled on the merits and denied with prejudice.
3. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the 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.

APPROVAL OF THE SALES AND BILLS OF SALE

4. The Bills of Sale, all the terms and conditions thereof, and consummation of all of the transactions contemplated therein, are authorized and approved in all respects pursuant to section 363(b) of the Bankruptcy Code.

5. The Debtors and their officers, employees and agents are authorized and directed to (a) take any and all actions necessary, appropriate or reasonably requested by the Buyers to perform, consummate, implement and close the Bills of Sale.

SALE AND TRANSFER FREE AND CLEAR OF LIENS

6. Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, the Sale Assets shall be sold free and clear of all Liens, whether arising prior to or subsequent to the commencement of the Debtors' chapter 11 cases, and whether imposed by agreement, law, equity or otherwise. All such Liens shall attach to the cash proceeds of the sales, with the same validity, force, priority and effect which they now have as against the Sale Assets, subject to any claims and defenses the Debtors may possess with respect thereto.

7. At Closing, all of the Debtors' right, title and interest in and to, and possession of, the Sale Assets shall be immediately vested in the respective Buyers as provided in the Bills of Sale, pursuant to sections 105(a), 363(b), and 363(f) of the Bankruptcy Code free and clear of any and all Liens. Such transfers shall constitute a legal, valid, binding and effective transfer of, and shall vest the Buyers with good and marketable title to, the respective Sale Assets in the Bills of Sale. All persons or entities, presently or on or after the Closing, in possession of some or all of the Sale Assets are directed to surrender possession of the Sale Assets to the respective Buyers or their designees on the Closing or at such time thereafter as the Buyers may request.

8. This Order is and shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies,

recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal and local officials and all other persons 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; and each of the foregoing persons and entities is hereby authorized and directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the Bills of Sale.

9. All persons and entities (and their respective successors and assigns), including, but not limited to, all debt security holders, equity security holders, affiliates, governmental, tax and regulatory authorities, lenders, customers, vendors, employees, trade creditors, litigation claimants and other creditors holding Liens against the Debtors or the Sale Assets arising under or out of, in connection with, or in any way relating to, the Debtors, the Debtors' predecessors or affiliates, the Sale Assets, the ownership, sale or operation of the Sale Assets and the Debtors' business prior to Closing or the transfer of the Sale Assets to the Buyers, are hereby forever barred, estopped and permanently enjoined from asserting such Liens against the Buyers, their successors or assigns, its property or the Sale Assets. Following the Closing, no holder of any Lien shall interfere with the Buyers' title to or use and enjoyment of the Sale Assets based on or related to any such Lien, or based on any action the Debtors may take in their chapter 11 cases.

10. If any person or entity that has filed financing statements, mortgages, deeds of trust, mechanic's Liens, *lis pendens* or other documents or agreements evidencing Liens against or in the Sale Assets shall not have delivered to the Debtor prior to the Closing of the transactions contemplated by the Bills of Sale, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all Liens that the person or entity has with respect to the Sale Assets, (a) the Buyers are hereby authorized to

file, register or otherwise record a certified copy of this Order, which, once filed, registered or otherwise recorded, shall constitute conclusive evidence of the release of all such Liens against the Buyers and the applicable Sale Assets; and (b) the Buyers may seek in this Court or any other court to compel appropriate parties to execute termination statements, instruments of satisfaction and releases of all such Liens with respect to the Sale Assets. This Order is deemed to be in recordable form sufficient to be placed in the filing or recording system of each and every federal, state, or local government agency, department or office. Notwithstanding the foregoing, the provisions of this Order authorizing the sale and assignment of the Sale Assets free and clear of Liens shall be self-executing, and none of the Debtors nor the Buyers 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.

DISTRIBUTION OF SALE PROCEEDS

11. From the cash proceeds at the Closing of the transactions contemplated by the Bills of Sale, the Debtors shall pay to Wells Fargo within three (3) business days from Closing the transactions contemplated by the Bills of Sale, the sale cash proceeds; *provided, however*, that the Debtors reserve the right to seek further order of this Court with respect to the use of the sale proceeds on the Sale Assets as cash collateral, after notice and opportunity for a hearing.

GOOD FAITH; ARMS' LENGTH SALE

12. The Bills of Sale have been negotiated and executed, and the transactions contemplated by the Bills of Sale are and have been undertaken, by Debtors, the Buyers and their respective representatives at arms' length, without collusion and in "good faith," as that term is used in section 363(m) of the Bankruptcy Code. Accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the sale shall not affect the validity of the transactions, unless such authorization and consummation of the sale are duly and properly stayed pending such appeal. The Buyers are a good faith buyers within the meaning of section 363(m) of the Bankruptcy Code and, as such, are entitled to the full protections of section 363(m) of the Bankruptcy Code.

13. None of the Debtors or the Buyers have engaged in any conduct that would cause or permit the Bills of Sale or the transactions to be avoided, or damages or costs, to be imposed, under section 363(n) of the Bankruptcy Code. The consideration provided by the Buyers for the Sale Assets under the Bills of Sale are fair and reasonable, and the transactions may not be avoided under section 363(n) of the Bankruptcy Code.

OTHER PROVISIONS

14. The requirements set forth in Bankruptcy Rules 6003(b), 6004 and 6006 have been satisfied or otherwise deemed waived.

15. The provisions of this Order and the Bills of Sale are non-severable and mutually dependent.

16. The Bills of Sale and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto and in accordance with the terms thereof, without further order of the Court; provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates.

17. The Court shall retain exclusive jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Order and the Bills of Sale, all amendments thereto and any waivers and consents thereunder and each of the agreements executed in connection therewith to which the Debtors are a party or which has been assigned by the Debtors to the Buyers, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to the transactions. This Court retains jurisdiction to compel delivery of the Sale Assets, to protect the Buyers and their assets, including the Sale Assets, against any Liens and successor and transferee liability and to enter orders, as appropriate, pursuant to sections 105(a), 363 or 365 (or other applicable provisions) of the Bankruptcy Code necessary to transfer the Sale Assets to the respective Buyers pursuant to the Bills of Sale.

18. As provided by Bankruptcy Rules 7062 and 9014, the terms and conditions of this Order shall be effective immediately upon entry and shall not be subject to the stay provisions contained in Bankruptcy Rule 6004(h) or any similar rule that would delay the effectiveness of this Order. Time is of the essence in closing the sale and the Debtors and Buyers intend to close the sale and consummate the transactions as soon as possible.

19. This Order and the Bills of Sale shall be binding in all respects upon all creditors of (whether known or unknown), and holders of equity interests in, any Debtor, any holders of Liens in, against or on all or any portion of the Sale Assets, all successors and assigns of the Buyers, the Debtors and their affiliates and subsidiaries and any subsequent trustee appointed in these chapter 11 cases or upon a conversion to chapter 7 under the Bankruptcy Code, and shall not be subject to rejection. Nothing contained in any chapter 11 plan confirmed in these chapter 11 cases, any order confirming any such chapter 11 plan or any order approving wind-down or dismissal of these chapter 11 cases or any subsequent chapter 7 cases shall conflict with or derogate from the provisions of the Bills of Sale or this Order, and to the extent of any conflict or

derogation between this Order or the Bills of Sale and such future plan or order, the terms of this Order and the Bills of Sale shall control.

20. To the extent any provisions of this Order conflict with, or are otherwise inconsistent with, the terms and conditions of the Bills of Sale, this Order shall govern and control.

Dated: _____, 2018
Houston, Texas

DAVID R. JONES
CHIEF UNITED STATES BANKRUPTCY JUDGE

BILL OF SALE AND ASSIGNMENT

THIS AGREEMENT is made as of the ____ day of March, 2018, among **LOCKWOOD HOLDINGS, INC., LH AVIATION, LLC, PIPING COMPONENTS, INC., LOCKWOOD INTERNATIONAL, INC., LMG MANUFACTURING, INC., LOCKWOOD ENTERPRISES, INC., AND 7807 EAGLE LANE, LLC**, (collectively, "Assignor") and **DISTRIBUTION NOW** ("Assignee").

RECITALS:

A. Assignee was previously a tenant at a certain premises located at 1035 Cerise Rd, and Lots 5 and 6 Block 2, Steffes Acres, Billings, Montana 59101 (the "Property").

B. Assignor has agreed to sell and convey its interest in certain personal property, as described below, to Assignee.

NOW THEREFORE, in consideration of the payment by Assignee to Assignor of the sum of \$4,577.58 and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby give, grant, bargain, sell, assign, transfer and deliver to Assignee, without recourse, the following (collectively, the "Personal Property"):

(a) All of the right, title and interest of Assignor in and to the tangible personal property described on **Exhibit 1** attached hereto located at the Property.

2. Assignor conveys and Assignee, by its acceptance thereof, accepts the Personal Property in its "AS IS WHERE IS" condition, WITH ALL FAULTS, if any, and Assignor makes no representations or warranties of any kind or character, express or implied, either herein or otherwise, as to the Personal Property.

3. This agreement may be signed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.

IN WITNESS WHEREOF, the parties have executed this Bill of Sale and Assignment to be effective as of the date set forth above.

ASSIGNOR

LOCKWOOD HOLDINGS, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer



LH AVIATION, LLC

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

PIPING COMPONENTS, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

LOCKWOOD INTERNATIONAL, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

LMG MANUFACTURING, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

LOCKWOOD ENTERPRISES, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

7807 EAGLE LANE, LLC

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

[Signature page to Bill of Sale]

ASSIGNEE

DISTRIBUTION NOW

By: _____

Name: _____

Its: _____

[Signature page to Bill of Sale Cont.]

**EXHIBIT 1
TO
BILL OF SALE AND ASSIGNMENT**

	<u>PRICE</u>
Assignor's racking currently located at the Property.	\$4,577.58
TOTAL	<u>\$4,577.58</u>

BILL OF SALE AND ASSIGNMENT

THIS AGREEMENT is made as of the ____ day of March, 2018, among **LOCKWOOD HOLDINGS, INC., LH AVIATION, LLC, PIPING COMPONENTS, INC., LOCKWOOD INTERNATIONAL, INC., LMG MANUFACTURING, INC., LOCKWOOD ENTERPRISES, INC., AND 7807 EAGLE LANE, LLC**, (collectively, "Assignor") and **VAN LEEUWEN MRO AND SERVICES LLC** ("Assignee").

RECITALS:

A. Assignee was previously a tenant at a certain premises located at 1035 Cerise Rd, and Lots 5 and 6 Block 2, Steffes Acres, Billings, Montana 59101 (the "Property").

B. Assignor has agreed to sell and convey its interest in certain personal property, as described below, to Assignee.

NOW THEREFORE, in consideration of the payment by Assignee to Assignor of the sum of \$96,351.49 and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby give, grant, bargain, sell, assign, transfer and deliver to Assignee, without recourse, the following (collectively, the "Personal Property"):

(a) All of the right, title and interest of Assignor in and to the tangible personal property described on **Exhibit 1** attached hereto located at the Property.

2. Assignor conveys and Assignee, by its acceptance thereof, accepts the Personal Property in its "AS IS WHERE IS" condition, WITH ALL FAULTS, if any, and Assignor makes no representations or warranties of any kind or character, express or implied, either herein or otherwise, as to the Personal Property.

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ASSIGNOR

LOCKWOOD HOLDINGS, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer
LH AVIATION, LLC



By: _____

Name: Mark Shapiro

Its: Chief Restructuring Officer

PIPING COMPONENTS, INC.

By: _____

Name: Mark Shapiro

Its: Chief Restructuring Officer

LOCKWOOD INTERNATIONAL, INC.

By: _____

Name: Mark Shapiro

Its: Chief Restructuring Officer

LMG MANUFACTURING, INC.

By: _____

Name: Mark Shapiro

Its: Chief Restructuring Officer

LOCKWOOD ENTERPRISES, INC.

By: _____

Name: Mark Shapiro

Its: Chief Restructuring Officer

7807 EAGLE LANE, LLC

By: _____

Name: Mark Shapiro

Its: Chief Restructuring Officer

[Signature page to Bill of Sale]

ASSIGNEE

**VAN LEEUWEN MRO AND SERVICES
LLC**

By: _____
Name: _____
Its: _____

[Signature page to Bill of Sale Cont.]

**EXHIBIT 1
TO
BILL OF SALE AND ASSIGNMENT**

Item Number	Class	SubCla	Desc1	Desc2	OnHandQ	NetAvailC	QtyonP	Avg C	NetAvailVal
	AT Total		ACTUATOR			8			\$2,045.44
	FI Total		FITTINGS			3713			\$24,999.46
	FL Total		FLANGES			880			\$10,373.71
	FS Total		VALVE			1			\$26.66
	IS Total		OILER			1			\$126.18
	MI Total		CLAMPS			11			\$248.80
	MP Total		FITTINGS			249			\$1,399.37
	NI Total		NICKEL FITTINGS			2079			\$16,970.85
	NS Total		O-RINGS			32			\$707.65
	PI Total		PIPE			2916			\$21,725.98
	ST Total		STRAINERS			66			\$17,727.40
	Grand Total					9956			\$96,351.49

BILL OF SALE AND ASSIGNMENT

THIS AGREEMENT is made as of the ____ day of March, 2018, among **LOCKWOOD HOLDINGS, INC., LH AVIATION, LLC, PIPING COMPONENTS, INC., LOCKWOOD INTERNATIONAL, INC., LMG MANUFACTURING, INC., LOCKWOOD ENTERPRISES, INC., AND 7807 EAGLE LANE, LLC**, (collectively, "Assignor") and **RAW MACHINERY** ("Assignee").

RECITALS:

A. Assignee was previously a tenant at a certain premises located at 1035 Cerise Rd, and Lots 5 and 6 Block 2, Steffes Acres, Billings, Montana 59101 (the "Property").

B. Assignor has agreed to sell and convey its interest in certain personal property, as described below, to Assignee.

NOW THEREFORE, in consideration of the payment by Assignee to Assignor of the sum of \$29,000.00 and other good and valuable consideration, the mutual receipt and legal sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Assignor, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, does hereby give, grant, bargain, sell, assign, transfer and deliver to Assignee, without recourse, the following (collectively, the "Personal Property"):

(a) All of the right, title and interest of Assignor in and to the tangible personal property described on **Exhibit 1** attached hereto located at the Property.

2. Assignor conveys and Assignee, by its acceptance thereof, accepts the Personal Property in its "AS IS WHERE IS" condition, WITH ALL FAULTS, if any, and Assignor makes no representations or warranties of any kind or character, express or implied, either herein or otherwise, as to the Personal Property.

3. This agreement may be signed in counterparts, each of which shall be deemed an original, and all of which together shall constitute one instrument.

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ASSIGNOR

LOCKWOOD HOLDINGS, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer



LH AVIATION, LLC

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

PIPING COMPONENTS, INC.

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Name: Mark Shapiro
Its: Chief Restructuring Officer

LOCKWOOD INTERNATIONAL, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

LMG MANUFACTURING, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

LOCKWOOD ENTERPRISES, INC.

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

7807 EAGLE LANE, LLC

By: _____
Name: Mark Shapiro
Its: Chief Restructuring Officer

[Signature page to Bill of Sale]

ASSIGNEE

RAW MACHINERY

By: _____

Name: _____

Its: _____

[Signature page to Bill of Sale Cont.]

**EXHIBIT 1
TO
BILL OF SALE AND ASSIGNMENT**

	<u>PRICE</u>
GEHL Yard Telehandler Dynalift DL12- 40 807360 Serial/VIN# T9487K00873	\$26,000.00
Fork Lift Mitsubishi FGC25K Serial/Vin AF82C00277	_____ \$3,000.00
TOTAL	_____ \$29,000.00