

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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| In re: |) | Chapter 11 |
| TACTICAL INTERMEDIATE HOLDINGS, |) | Case No. 14-11659 (KG) |
| INC., <i>et al.</i> , ¹ |) | |
| |) | |
| Debtors. |) | (Joint Administration Requested) |

DEBTORS' MOTION FOR AN ORDER (A) APPROVING STALKING HORSE PURCHASE AGREEMENT; (B) APPROVING, SUBJECT TO HIGHER OR BETTER OFFERS, SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF DEBTOR MASSIF MOUNTAIN GEAR COMPANY, L.L.C. PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; (C) APPROVING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES PURSUANT TO SECTION 365 OF THE BANKRUPTCY CODE; (D) AUTHORIZING THE DEBTORS TO CONSUMMATE TRANSACTIONS RELATED TO THE ABOVE; AND (E) GRANTING OTHER RELIEF

The above captioned debtors and debtors-in-possession herein (collectively, the "*Debtors*"),² hereby submit this motion (the "*Sale Motion*") pursuant to sections 105, 363, and 365 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.*, as amended (the "*Bankruptcy Code*"), and rules 2002, 6004, and 6006 of the Federal Rules of Bankruptcy Procedure (each a "*Bankruptcy Rule*" and collectively, the "*Bankruptcy Rules*"), and Rules 2002-1, 6004-1 and 9006-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Tactical Intermediate Holdings, Inc. (4895); Tactical Holdings Operations, Inc. (8504); Wellco Enterprises, Inc. (9274); Ro-Search Incorporated (6293); Mo-Ka Shoe Corporation (2446); Altama Delta Corporation (6369); Altama Delta (Puerto Rico) Corporation (3459); Massif Holdings LLC (1692); and Massif Mountain Gear Company L.L.C. (9717). The address of the Debtors' corporate headquarters is 5968 Commerce Blvd., Morristown, TN 37814.

² A detailed description of the Debtors and their businesses, and the facts and circumstances supporting this motion and the Debtors' chapter 11 cases, are set forth in greater detail in the Declaration of Carlin Adrianopoli, in Support of First Day Pleadings (the "*First Day Declaration*"), filed contemporaneously with the Debtors' voluntary petitions for relief filed under chapter 11 of title 11 of the United States Code (the "*Bankruptcy Code*").

Court for the District of Delaware (the “*Local Rules*”), for an order substantially in the form attached hereto as Exhibit A (the “*Sale Order*”) (a) authorizing and approving the Stalking Horse Purchase Agreement (as defined in paragraph 7 below); (b) approving the sale of substantially all of the assets (the “*Assets*”) (as defined in paragraph 9 below) of Debtor Massif Mountain Gear Company, L.L.C. (“*Massif*”) to Massif Apparel Enterprises, LLC (the “*Stalking Horse Purchaser*”), pursuant to the Stalking Horse Purchase Agreement or, to a bidder at an auction, pursuant to section 363 of the Bankruptcy Code; (c) approving the assumption and assignment of certain executory contracts and unexpired leases pursuant to section 365 of the Bankruptcy Code; (d) authorizing the Debtors to consummate transactions related to the above; and (e) granting other relief. In support hereof, the Debtors respectfully represent as follows:

JURISDICTION

1. On July 8, 2014 (the “*Petition Date*”), the Debtors each filed a voluntary petition in this Court for relief under chapter 11 of the Bankruptcy Code. The Debtors continue to manage and operate their businesses as debtors-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

2. No official committee of general unsecured creditors (the “*Committee*”) has been appointed in these cases by the Office of the United States Trustee to date.

3. This Court has jurisdiction over this Sale Motion under 28 U.S.C. § 1334. This matter is a core proceeding within the meaning of 28 U.S.C. §§ 157(b)(2) (M), (N) and (O). Venue of the Debtors’ chapter 11 cases and this Sale Motion is proper under 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief sought herein are sections 105(a), 363 and 365 of the Bankruptcy Code, Bankruptcy Rules 6004 and 6006 and Local Rules 2002-1, 6004-1 and 9006-1.

INTRODUCTION

4. As of the Petition Date, the Debtors lacked the funds necessary to meet projected short-term cash needs due to a lack of availability under the pre-petition credit agreement and lower than expected cash flow from operations.

5. The Debtors' pre-petition lender continued to fund the Debtors while the Debtors attempted to find a potential buyer and/or investor in conjunction with a sale process to be conducted through a chapter 11 proceeding.

6. The Debtors, in consultation with their pre-petition senior secured lenders and pre-petition subordinated lenders (collectively, the "***Secured Lenders***"), and in the exercise of their considered business judgment, have determined that the best way to maximize value of their assets for the benefit of their estates and creditors is to seek approval of two expeditious sales, the Stalking Horse Purchase Agreement for Massif's assets and separate sale of the Debtors' remaining non-Massif assets through an auction process sought by separate motion, each through the chapter 11 process.

7. In this regard, on July 3, 2014 Massif executed an Asset Purchase Agreement (the "***Stalking Horse Purchase Agreement***") (attached hereto as **Exhibit B**) providing for the sale of the Massif Assets to Stalking Horse Purchaser, the assumption by the Stalking Horse Purchaser of certain liabilities of Massif, and Massif's assumption and assignment to the Stalking Horse Purchaser of certain executory contracts and unexpired leases.³ The Debtors also seek to expose the Stalking Horse Purchase Agreement and the Assets for competitive bidding through an Auction pursuant to the Bidding Procedures, approval of which has been sought by separate motion filed contemporaneously with this Sale Motion.

³ The Debtors have simultaneously herewith filed a Combined SaleProcedures/Sale Motion for the auction sale of their remaining non-Massif assets that are not the "Assets" sought to be sold herein.

PROPOSED SALE OF THE ASSETS

A. Description of the Assets

8. The Assets to be sold to Purchaser (the “*Assets*”)⁴ at closing and subject to higher and better bids at Auction include, *inter alia*,

1. all cash (including checking account balances, certificates of deposit and other time deposits and petty cash) net of overdrafts and marketable and other securities;

2. all Accounts Receivable and all claims, including deposits, advances, prepaid and other current assets, rights under warranties and guaranties, rights in respect of promotional allowances, vendor rebates and to other refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment of every kind and nature (whether known or unknown or contingent or non-contingent); the right to receive and retain mail, Accounts Receivable payments and other communications of Seller; and the right to bill and receive payment for products shipped or delivered and services performed but unbilled or unpaid as of the Closing;

3. any rights, claims or causes of action of Seller against third parties arising out of events occurring prior to the Closing Date (including, for the avoidance of doubt, those arising out of events occurring prior to the Petition Date), including any and all Avoidance Actions by Seller against (A) trade vendors of Seller; (B) counterparties to all Assumed Contracts; and (C) current employees of the Seller; and any and all rights under or pursuant to any and all warranties, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided, to Seller;

4. all bank accounts, safety deposit boxes, lock boxes and the like;

5. all Inventory;

6. all of Seller’s rights existing under the Facility Leases set forth on Schedule 2.1(a)(vi) of the Stalking Horse Purchase Agreement (the “*Assumed Facility Leases*”), including all rights to security deposits held pursuant thereto;

7. all of Seller’s rights existing under those equipment, personal property and intangible property leases, rental agreement, licenses, contracts, agreements and similar arrangements set forth on Schedule 2.1(a)(vii) of the Stalking Horse Purchase Agreement (the “*Assumed Equipment Leases*”, together with the Assumed Facility Leases, the “*Assumed Leases*”);

⁴ Defined terms appear in the Stalking Horse Purchase Agreement and are intended to have the meanings ascribed to them in such documents. In the event of any inconsistency between the description of the Assets set forth herein and the description of such assets set forth in the Stalking Horse Purchase Agreement, the Stalking Horse Purchase Agreement shall control.

8. all tangible personal property, including all machinery, equipment (including all transportation and office equipment), vehicles, computers, mobile phones, personal digital assistants, fixtures, trade fixtures, computer equipment, hardware, peripherals, information technology infrastructure, telephone systems, furniture, office supplies, production supplies, spare parts, other miscellaneous supplies, and other tangible personal property of any kind owned by Seller, wherever located, including all such items which are located in any building, warehouse, office or other space leased, owned or occupied by Seller or any other space where any of Seller's properties and or any other assets may be situated, including but not limited to those items set forth on Schedule 2.1(a)(viii) of the Stalking Horse Purchase Agreement;

9. all Intellectual Property owned, licensed, used or held for use by Seller, along with all income, royalties, damages and payments due or payable to Seller as of the Closing or thereafter, including damages and payments for past, present or future infringements or misappropriations thereof or other conflicts therewith, the right to sue and recover for past, present or future infringements or misappropriations thereof or other conflicts therewith, and any and all corresponding rights that, now or hereafter, may be secured throughout the world, including all copies and tangible embodiments of any such Intellectual Property in Seller's possession or control, including but not limited to those items set forth on Schedule 2.1(a)(ix) of the Stalking Horse Purchase Agreement;

10. all rights of Seller under the Contracts of Seller set forth on Schedule 2.1(a)(x) of the Stalking Horse Purchase Agreement (the "***Assumed Contracts***"), including all security deposits thereunder, all contractual rights of Seller to indemnification, exculpation, advancement or reimbursement of expenses, and all rights to proceeds under insurance policies;

11. all rights of Seller under each Company Benefit Plan, other than the Excluded Employee Benefit Plans, relating exclusively to the Business and which is identified on Schedule 2.1(a)(xi) of the Stalking Horse Purchase Agreement (the "***Assumed Employee Benefit Plans***"), including all pre-payments, deposits and refunds thereunder, and any assets maintained pursuant thereto or in connection therewith;

12. all Books and Records and all advertising, marketing and promotional materials and all other printed or written materials (provided, however, that Purchaser agrees that for a period of three (3) years after Closing, Seller shall have reasonable access upon reasonable notice and so long as such access does not unreasonably interfere with the business operations of Purchaser to the Books and Records for purposes of completing its Tax Returns, for regulatory compliance reasons, for purposes of defending or prosecuting any litigation or other claims and otherwise administering and finalizing the Chapter 11 Cases;

13. all Permits, licenses, certifications and approvals from all permitting, licensing, accrediting and certifying agencies, and the rights to all data and records of Seller held by such permitting, licensing and certifying agencies;

14. all goodwill as a going concern and all other intangible property of Seller;

15. all Tax refunds, rebates, credits and similar items relating to any taxable period (or portion thereof), beginning on the day after the Closing Date; and

16. all such other properties, assets and rights (contractual or otherwise) of Seller used in or relating to the Business as of the Closing Date, whether tangible or intangible, real or personal and wherever located and by whomever possessed which are not otherwise expressly set forth above as Acquired Assets and are not Excluded Assets.

B. The Debtors' Solicitation and Marketing Efforts

9. In February of 2012, the Debtors retained Carlin Adrianopoli of FTI Consulting, LLC ("*FTI*") as their chief restructuring officer ("*CRO*") to assist the Debtors in exploring certain strategic alternatives in order to maximize their value, including the potential sale of the Debtors' assets. In December 2013, the Debtors retained Houlihan Lokey Capital, Inc. ("*HL*") as their investment banker to assist in this process.

10. HL prepared marketing materials intended for distribution to prospective buyers of the Massif's assets including a teaser, confidential investment memorandum and the aggregation of key company documents and further analysis for an online dataroom. HL worked with the Debtors to develop a list of suitable potential buyers to be contacted on a discreet and confidential basis, after approval by the Debtors.

11. As of the Petition Date, HL and/or the Debtors contacted approximately 46 potential strategic buyers and 124 financial buyers that were interested in Massif, out of which 94 executed confidentiality agreements and requested additional information, 8 submitted initial indications of interest, 7 met with management and conducted due diligence, and visited the Debtors' headquarters.

12. The Debtors received various offers for substantially all of their assets, either in whole or in parts. Specifically, the Debtors marketed a potential going-concern acquisition of substantially all of Massif's business assets. After consultation with their advisors and their Secured Lenders, and in the exercise of their considered business judgment Massif selected the

proposal contemplated by the Stalking Horse Purchase Agreement as the highest and best offer for Massif's Assets, subject to higher and better offers at an Auction pursuant to the Bidding Procedures.

C. **The Purchase Agreement**

13. On July 3, 2014 Massif executed an Asset Purchase Agreement (the "***Stalking Horse Purchase Agreement***") providing for the sale of the Massif Assets to the Stalking Horse Purchaser, the assumption by the Stalking Horse Purchaser of certain liabilities of Massif, and Massif's assumption and assignment to the Stalking Horse Purchaser of certain executory contracts and unexpired leases. The Debtors also seek to expose the Stalking Horse Purchase Agreement and the Assets for competitive bidding through an Auction pursuant to the Bidding Procedures. The Debtors have filed a motion to sell the Massif assets as well as a separate bidding procedures motion, pursuant to which the Debtors shall sell the Massif Assets (a) to the Stalking Horse Purchaser pursuant to the Stalking Horse Purchase Agreement or (b) to the highest and best successful bidder(s) ("***Successful Bidder(s)***") at the Auction, as determined by the Debtors in accordance with the terms of the Bidding Procedures Order and the Bidding Procedures and in consultation with the Secured Lenders and as ultimately approved by the Bankruptcy Court.

14. As set forth in greater detail in the Stalking Horse Purchase Agreement, the Debtors' estates will receive approximately \$13 million, comprised of an \$8 million cash purchase price together with adjustments set forth in the Stalking Horse Purchase Agreement plus a \$5 million Contingency Payment for Massif's Assets (the "***Purchase Price***"). Additionally, Massif will assume and assign to Stalking Horse Purchaser the Assumed Contracts as set forth in the Stalking Horse Purchase Agreement. As a result of such assumption, a vast amount of Massif's creditors will be satisfied in full.

15. In connection with the assumption and assignment of the Assumed Contracts, it is necessary that any terms which attempt to improperly restrict such transfers are found void. The Assumed Contracts are valid and binding, in full force and effect, and enforceable in accordance with their terms. However, it is necessary that any provision in any Assumed Contract that purports to declare a breach or default as a result of a change of control in respect of Massif is unenforceable and that all Assumed Contracts remain in full force and effect. Therefore, the Debtors request a finding from that Court that no sections or provisions of any Assumed Contracts that purport to (i) prohibit, restrict, or condition Massif's assignment of an Assumed Contract, including, but not limited to, the conditioning of such assignment on the consent of the non-debtor party to such Assumed Contract; (ii) authorize the dissolution of any partnership or determination, cancellation, or modification of the partnership interest or Assumed Contract based on the filing of a bankruptcy case, the financial condition of Massif, or similar circumstances; or (iii) provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor third party to the Assumed Contracts upon the occurrence of the conditions set forth in subsections (i) and (ii) above, shall have any force and effect with respect to the Successful Bidder and such provisions constitute unenforceable anti-assignment provisions under section 365(f) of the Bankruptcy Code and/or are otherwise unenforceable under section 365(e) of the Bankruptcy Code. The Debtors further request that the non-debtor party to each Assumed Contract shall be deemed to have consented to such assignment under section 365(c)(1)(B) of the Bankruptcy Code, and the Successful Bidder shall enjoy all of the rights and benefits under each such Assumed Contract as of the applicable date of assumption without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

16. The Debtors also seek authorization to execute such documents and take all other actions as may be necessary to consummate the sale contemplated herein, including the release of any encumbrances of any kind against the Assets. If any person or entity that has filed financing statements or other documents or agreements evidencing liens, claims or encumbrances on the Massif Assets which are not delivered to the Debtors prior to closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, or releases of all such liens, or other encumbrances which the person or entity has with respect to the Assets, the Debtors seek authorization to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to such Assets prior to closing. Any liens, encumbrances, interests, liabilities, obligations, claims, charges and interests of any kind asserted under laws, rules, regulations or governmental or court orders imposing a stamp, transfer tax or similar tax arising from the transfer of the Massif Assets to the Successful Bidder shall be filed against the Debtors' estate and shall not be asserted against the Successful Bidder. The Debtors also seek, pursuant to sections 105(a) and 363 of the Bankruptcy Code, to enjoin all Persons and Governmental Units (as defined in sections 101(27) and 101(41) of the Bankruptcy Code) from taking any action against the Successful Bidder to recover any claim which such Person or Governmental Unit has or may assert against the Debtors (as such claims exist immediately prior to the Closing). The Successful Bidder will not assume or otherwise become obligated for any of the Debtors' liabilities other than as set forth in any agreement with the Successful Bidder. Consequently, all holders of liabilities retained by the Debtors should be enjoined from asserting or prosecuting any claim, encumbrance or cause of action against the Successful Bidder to recover on account of any liabilities other than those pursuant to a written agreement.

17. Similarly, pursuant to sections 105 and 363 of the Bankruptcy Code, all persons and entities, including, but not limited to, all parties holding any claim, encumbrance or cause of action against the Debtors, its estate or its assets, the Debtors' employees, former employees and members, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, including such officials maintaining any authority relating to environmental, labor and health and safety laws, and their respective successors or assigns, should be permanently and forever barred, restrained and enjoined from commencing or continuing in any manner any action or other proceeding of any kind or the employment of any process or any act to collect, offset or recover such claim, encumbrance or cause of action against the Successful Bidder, or that seeks to impose liability upon the Successful Bidder or any affiliate, successor or assign thereof, or against the Massif Assets or the Assumed Contracts, under the laws of the United States, any state, territory or possession thereof or the District of Columbia based, in whole or in part, directly or indirectly, on any theory of law, including, without limitation, any theory of successor or transferee liability or any liability for pre- or postpetition claim, encumbrance or cause of action against the Debtor by reason of the transfer of the Assets to the Successful Bidder, except as otherwise agreed. Such restriction should include, without limitation, pre- and postpetition claims, encumbrances or causes of action of any federal, state or local governmental entities, of any current or former employee for claims arising out of employment and termination of employment, including, without limitation, claims for wages, bonuses, commissions, accrued vacation, severance, continuation of coverage under COBRA, or pension, welfare, fringe benefits or any other benefits of any kind including, without limitation, obligations in respect of retiree medical coverage or benefits.

18. Finally, it is necessary that the Successful Bidder not be obligated to (i) continue or maintain in effect, or assume any liability in respect of any employee pension, welfare, fringe benefit or any other benefit plan, trust arrangement or other agreements to which the Debtors are a party or has any responsibility therefor, including, without limitation, medical, welfare and pension benefits payable after retirement or other termination of employment, or (ii) assume any responsibility as a fiduciary, plan sponsor or otherwise, for making any contribution to, or in respect of the funding, investment or administration of any employee pension plan or the termination of any such plan.

D. Disclosures Required by Local Rule 6004-1

19. Although the Stalking Horse Purchase Agreement contains the definitive and comprehensive terms and conditions of the Stalking Horse Purchaser’s proposed transaction with Massif, the Debtors respectfully refer the Court and parties in interest to the Stalking Horse Purchase Agreement, consistent with Local Rule 6004-1(b), set forth below is a summary of certain of the material terms are set forth below (with all capitalized terms having the meaning ascribed thereto in the Stalking Horse Purchase Agreement as applicable)⁵:

| Provision | Description of Provision |
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| <p>Acquired Assets <i>Local Rule 6004-1(b)</i></p> | <p>The Assets to be acquired by the Stalking Horse Purchaser as set forth in paragraph 10 above. [Stalking Horse Purchase Agreement at § 2.1]</p> |

⁵ This summary is provided in accordance with Rule 6004-1(b)(iv) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) and is qualified in its entirety by reference to the provisions of the Agency Agreement and the Sale Guidelines. Each capitalized term used and not otherwise defined herein shall have the meaning assigned thereto in the Stalking Horse Purchase Agreement. To the extent there exists any inconsistency between this summary and the provisions of the Stalking Horse Purchase Agreement, the provisions of the Stalking Horse Purchase Agreement shall control.

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| <p>Excluded Assets</p> <p><i>Local Rule 6004-1(b)</i></p> | <p>The Assets to be acquired by the Stalking Horse Purchaser specifically exclude, <i>inter alia</i>: originals minute books and stock books; documents excluded from the definition of Books and Records; in <u>Section 1.1</u> above; the equity securities or other ownership interest of Massif; all Tax refunds, rebates, credits and similar items relating to any taxable period (or portion thereof), ending on or prior to the Closing Date; all assets associated with any Excluded Employee Benefits Plan; Seller's insurance policies and any prepaid premiums with respect thereto to the extent such policies cover any Excluded Liabilities; all claims, deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment with respect to any Excluded Assets (including, without limitation, with respect to insurance)</p> |
| <p>Assumed Contracts</p> <p><i>Local Rule 6004-1(b)</i></p> | <p>Stalking Horse Purchaser shall take an assignment of certain executory contracts and unexpired leases as it designates and shall have the right in its sole and absolute discretion to notify Massif in writing of any Assumed Executory Contract that it does not wish to assume or a Scheduled Contract that it wishes to add as an Assumed Executory Contract up to one (1) day prior to the Bid Deadline. [Stalking Horse Purchase Agreement at §§ 2.1(a)(x) and 2.6]</p> |
| <p>Cure Amounts</p> <p><i>Local Rule 6004-1(b)</i></p> | <p>Stalking Horse Purchaser will be responsible for paying (a) all Cure Amounts (or portions thereof) for Assumed Executory Contracts for periods prior to the Petition Date set forth on <u>Schedule 1.1(b)</u> as of the date hereof solely in an aggregate amount up to but not to exceed the Purchaser Cure Amounts Cap and (b) all Post-Petition Cure Amounts in connection with the assignment and assumption of the Assumed Executory Contracts. The Debtors will be responsible for paying all Cure Amounts (or portion thereof) for periods prior to the Petition Date in excess of the Purchaser Cure Amounts Cap in connection with the assignment and assumption of the Assumed Executory Contracts. [Stalking Horse Purchase Agreement at § 2.7]</p> |

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| <p>Assumed Obligations</p> <p><i>Local Rule 6004-1(b)</i></p> | <p>Stalking Horse Purchaser will assume certain obligations of Massif, including, <i>inter alia</i>; Cure Amounts up to the Purchaser Cure Cap; all Liabilities under the Assumed Executory Contracts first arising after the Closing Date except as specifically excluded under the Stalking Horse Purchase Agreement; other than accounts payable pursuant to Assumed Executory Contracts prior to the Petition Date, the ordinary course accounts payable of Massif as of the Closing Date to the extent payable to third parties set forth on Schedule 2.3(a)(iii) of the Stalking Horse Purchase Agreement; the sponsorship and obligations of the Assumed Employee Benefit Plans, other than any Liabilities associated with such Assumed Employee Benefit Plans arising in connection with any breach of any representation, warranty or covenant hereunder occurring on or prior to the Closing Date; with respect to the Rehired Employees, the Liabilities with respect to any unpaid base wages and base salaries, and accrued vacation, sick leave, personal time (to the extent not paid) as of the Closing Date, but not including any bonus, retention or severance obligations or arising from any violation of Law by Massif prior to the Closing Date; all Liabilities for ordinary course refunds, advertising, coupons, adjustments, allowances, repairs, exchanges, returns and warranty, merchantability and other claims solely relating to and arising from the Business first arising after the Closing; all Liabilities for (A) Taxes payable by Purchaser under <u>Section 10.9(b)</u> of the Stalking Horse Agreement and (B) Taxes related to the Acquired Assets for periods (or portions thereof) beginning on the day after the Closing Date, in accordance with <u>Section 10.9(e)</u> of the Stalking Horse Agreement ; and all obligations and liabilities of Seller set forth on Schedule 2.3 of the Stalking Horse Purchase Agreement first arising after the Closing. [Stalking Horse Purchase Agreement at § 2.3]</p> |
| <p>Purchase Price</p> <p><i>Local Rule 6004-1(b)</i></p> | <p>The aggregate purchase price for the Acquired Assets (the “Purchase Price”) is the sum of (a) cash in the amount of \$8,000,000 (the “Cash Amount”) plus (b) the Cure Amounts to be made by Purchaser minus (c) the amount (if any) by which the Net Working Capital of Seller as of immediately prior to the Closing (the</p> |

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| | <p>“Closing Net Working Capital”), is less than the Low Target, <u>plus</u> (d) the amount (if any) by which the Closing Net Working Capital is greater than the High Target (the amounts set forth in subsections (a) through (d) together, the “Cash Portion”), <u>plus</u> (e) Purchaser’s assumption of the Assumed Obligations, <u>plus</u> (f) any Contingent Payments, if any. [Stalking Horse Purchase Agreement at §§ 3.1 and 3.5]</p> |
| <p>Sale to Insider <i>Local Rule 6004-1(b)(iv)((A)</i></p> | <p>The Sale of Massif’s Assets under the Stalking Horse Purchase Agreement is not to a sale to an insider of the Debtors.</p> |
| <p>Agreements with Management <i>Local Rule 6004-1(b)(iv)((B)</i></p> | <p>The Sale of Massif’s Assets under the Stalking Horse Purchase Agreement does not contain any agreements with management.</p> |
| <p>Releases <i>Local Rule 6004-1(b)(iv)(C)</i></p> | <p>The Stalking Horse Purchase Agreement does not contemplate a release of the Stalking Horse Purchaser.</p> |
| <p>Private Sale/No Competitive Bidding <i>Local Rule 6004-1(b)(iv)(D)</i></p> | <p>The Sale Motion and the Stalking Horse Purchase Agreement contemplate an auction pursuant to Bidding Procedures that are the subject of a separately filed motion.</p> |
| <p>Closing and Other Deadlines <i>Local Rule 6004-1(b)(iv)(E)</i></p> | <p>The Closing under the Stalking Horse Purchase Agreement must occur by the Outside Date of September 21, 2014 (75 days from Petition Date) [Stalking Horse Purchase Agreement at §§ 4.1 and 9.1(c)]</p> |
| <p>Good Faith Deposit <i>Local Rule 6004-1(b)(iv)(F)</i></p> | <p>The Stalking Horse Purchaser has deposited into escrow with First American Title Insurance Company, as escrow agent, a total amount equal to \$500,000 as an earnest good-faith money deposit and security for the performance of Stalking Horse Purchaser’s obligations under this Stalking Horse Purchase Agreement. [Stalking Horse Purchase Agreement at §3.4(a)]</p> |
| <p>Interim Arrangements with Proposed Buyer <i>Local Rule 6004-1(b)(iv)(G)</i></p> | <p>The Stalking Horse Purchase Agreement does not contain any interim agreements such as interim management arrangements of the type contemplated by Local Rule 6004-1(b)(G)</p> |

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| <p>Use of Proceeds</p> <p><i>Local Rule 6004-1(b)(iv)(H)</i></p> | <p>The Stalking Horse Purchase Agreement does not contain any requirements with respect to the payment or use of proceeds of the Sale, but all Lien will attach to the proceeds of the Sale of the Assets. However, the proposed debtor in possession financing requires that the Sale proceeds be paid first to the DIP Lender to pay the debtor in possession financing, then to the senior secured lender to pay the prepetition senior secured loan, subject to the DIP Order and the liquidating Plan and Plan Support Agreement. [Stalking Horse Purchase Agreement at § 3.2]</p> |
| <p>Tax Exemption</p> <p><i>Local Rule 6004-1(b)(iv)(I)</i></p> | <p>The Stalking Horse Purchase Agreement does not contain any requirement that it provide for a tax exemption under section 1146(a) of the Bankruptcy Code.</p> |
| <p>Record Retention</p> <p><i>Local Rule 6004-1(b)(J)</i></p> | <p>The Stalking Horse Purchase Agreement provides that “Books and Records” to be transferred to the Stalking Horse Purchaser shall not include (A) the originals of Seller’s minute books, stock books or Tax Returns, (B) personnel files for employees of Seller who are not hired by Purchaser, (C) such files as may not be transferred under any applicable Law regarding privacy, (D) any materials containing privileged communications or materials which are otherwise subject to attorney client or any other privilege or documents that Seller is not permitted to transfer pursuant to any contractual confidentiality obligation owed to any Third Party, (E) any “personally identifiable information” as defined under the Bankruptcy Code, or (F) documents solely relating to an Excluded Asset or Excluded Liability. Additionally, the Stalking Horse Purchase Agreement provides that Purchaser agrees that for a period of three (3) years after Closing, Seller shall have reasonable access upon reasonable notice and so long as such access does not unreasonably interfere with the business operations of Purchaser to the Books and Records for purposes of completing its Tax Returns, for regulatory compliance reasons, for purposes of defending or prosecuting any litigation or other claims and otherwise administering and finalizing the Chapter 11 Cases. [Stalking Horse Purchase Agreement at §§1.1 and 2.1(a)(xii)]</p> |

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| <p>Sale of Avoidance Actions</p> <p><i>Local Rule 6004-1(b)(K)</i></p> | <p>The Stalking Horse Purchase Agreement provides that Avoidance Actions against (A) trade vendors of Massif; (B) counterparties to all Assumed Contracts; and (C) current employees of the Massif are being sold to the Stalking Horse Purchaser. [Stalking Horse Purchase Agreement at §2.1(a)(iii)]</p> |
| <p>Requested Findings as to Successor Liability</p> <p><i>Local Rule 6004-1(b)(L)</i></p> | <p>The Stalking Horse Purchase Agreement and Sale Order provide that the Purchaser will have no responsibility for, and the assets will be sold free and clear of, any successor liability, including the following: (a) any liability or other obligation of the Debtors or related to the Property other than as expressly set forth in the proposed Stalking Horse Purchase Agreement, or (b) any claims against the Debtors or any of their predecessors or affiliates. Except as expressly provided in the proposed Stalking Horse Purchase Agreement with respect to Purchaser, the Purchaser shall have no liability whatsoever with respect to the Debtors (or their predecessors' or affiliates') respective businesses or operations or any of the Debtors' (or their predecessors' or affiliates') obligations (as described below, "<u>Successor or Transferee Liability</u>") based, in whole or part, directly or indirectly, on any theory of successor or vicarious liability of any kind or character, or based upon any theory of antitrust, environmental, successor or transferee liability, <i>de facto</i> merger or substantial continuity, labor and employment, or products liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated, including liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Property prior to the Closing. Except to the extent expressly included in the proposed Stalking Horse Purchase Agreement with respect to Purchaser, the Purchaser shall have no liability or obligation under the</p> |

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| | <p>WARN Act (29 U.S.C. §§ 2101 et seq.) or the Comprehensive Environmental Response Compensation and Liability Act, or any foreign, federal, state, or local labor, employment, or environmental law by virtue of Purchaser's purchase of the Property. [Stalking Horse Purchase Agreement at §2.4]</p> |
| <p>Sale Free and Clear of Unexpired Leases <i>Local Rule 6004-1(b)(M)</i></p> | <p>The Sale of the Assets is free and clear of all "Liens", with Liens to attach to the proceeds of the Sale.. "Lien" or "Liens" are defined in the Stalking Horse Purchase Agreement as any lien (statutory or otherwise), hypothecation, encumbrance, security interest, interest, mortgage, pledge, restriction, charge, instrument, license, preference, priority, security agreement, easement, covenant, encroachment, option, right of recovery, right of pre-emption, right of first refusal or other Third Party right, Tax (including foreign, federal, state and local Tax), Order of any Governmental Authority, of any kind or nature (including (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing, (ii) any assignment or deposit arrangement in the nature of a security device, (iii) any claim based on any theory that any Purchaser is a successor, transferee or continuation of Seller or the Business, and (iv) any leasehold interest, license or other right, in favor of a Third Party or an Affiliate of Seller, to use any portion of the Acquired Assets), whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown. [Stalking Horse Purchase Agreement at §§ 1.1 and 2.1(a)]</p> |
| <p>Credit Bid <i>Local Rule 6004-1(b)(N)</i></p> | <p>There are no restriction on credit bids under the proposed Sale.</p> |
| <p>Relief from Bankruptcy Rule 6004(h) <i>Local Rule 6004-1(b)(iv)(O)</i></p> | <p>As requested in the Sale Motion, the Debtors seek relief from the stay requirements under Bankruptcy Rule 6004(h)[Stalking Horse Purchase Agreement at §8.3(d)]</p> |

E. Necessity For Sale

20. As more fully explained in the First Day Declaration, after the Debtors out of court restructuring in 2012, plant inefficiencies, manufacturing concerns, reduced military purchases, and difficulty with government contracts has led to a run on operating margins and tremendous stress on liquidity. This has necessitated modifications to the Debtors facility with Wells Fargo on several occasions during the last year. Additionally, since the summer of 2012, Wellco has cooperated fully with investigations by the Department of Homeland Security, the Department of Treasury, Office of Foreign Asset Control and the Department of Defense. These investigations have pressured liquidity and impacted the Debtors' day-to-day operations.

21. The two government investigations have imposed a significant liquidity strain on the Debtors. Moreover, the pending investigation and uncertainties as to its outcome have negatively impacted the Debtors ability to obtain additional financing and/or to engage in transactions outside of a formal chapter 11 process.

22. Massif has leveraged its products to be a main provider on a significant number of its contracts. Massif projects current year revenue from these main government contracts to comprise over 80% of its total revenue. The Debtors have been engaged in marketing Massif since late 2013. The original intent was to effectuate an out of court sale or investment. Due to the recent performance of Massif, and the inability to meet financial projections from continued customer purchase reductions and government camouflage pattern changeover delays, the original expressions of interest declined significantly in value.

23. Massif has a significant amount of its business with governmental entities and thus are subject to large swings in revenue and profit based upon the impact of current events, foreign policy, and the preferences within individual governmental programs. The Debtors have

experienced a confluence of multiple negative events that have pushed against the profitability of the Debtors and challenged their liquidity position, necessitating this chapter 11 process.

24. The Debtors face severe liquidity constraints and have exhausted their options for addressing this issue. To date, no other options exist for Massif. Given current economic and market conditions, including unfavorable conditions in the retail industry, the Debtors' liquidity situation has not improved.

25. The Debtors presently face the possibility of continued financial deterioration. However, the Debtors have managed to obtain necessary financing to conduct the Sale proposed herein. Under the terms of the DIP Facility, the Debtors are required to complete the Sale process within 75 days of the Petition Date. Additionally, the Debtors may not have sufficient liquidity to operate much beyond that point. Thus, the Debtors have decided to pursue a Sale of the Massif Assets and believe that they must be permitted to conduct the process in the manner and on the timetable set forth herein and in the Bidding Procedures.

26. As indicated above, the Debtors have marketed and solicited offers for the Sale of all or any portion of the Massif Assets and have or will continue to do so. The Debtors believe the sale of the Massif Assets to the Stalking Horse Purchaser will maximize the value of the Massif Assets and exposing the Assets to Auction will maximize the value of the Massif Assets, if possible.

APPLICABLE AUTHORITY

27. "Under Delaware law, the business judgment rule operates as a presumption 'that directors making a business decision, not involving self-interest, act on an informed basis, in good faith and in the honest belief that their actions are in the corporation's best interest.'" *Continuing Creditors' Committee of Star Telecomms., Inc. v. Edgecomb*, 385 F.Supp.2d 449, 462 (D. Del. 2004) (quoting *Grobow v. Perot*, 539 A.2d 180, 187 (Del. 1988)); see also *Ad Hoc*

Committee of Equity Holders of Tectonic Network, Inc. v. Wolford, 554 F.Supp.2d 538, 555 n.111 (D. Del. 2008). Thus, this Court should grant the relief requested in this Motion if the Debtors demonstrate a sound business justification therefore. *See In re Delaware Hudson Ry. Co.*, 124 B.R. 169 , 179 (D. Del. 1991).

28. The Debtors have sound business justifications for selling the Assets at this time. Continued operations requires significant liquidity. While the Debtors currently have limited access to capital, the continuation of their business and preservation of their customer base will create value. Accordingly, the Debtors have determined that the best option for maximizing the value of their estates for the benefit of their creditors is through a Sale of all or a portion of the Assets.

A. Approval of the Sale is Warranted Under Section 363(b) of the Bankruptcy Code

29. Section 363(b)(1) of the Bankruptcy Code provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. §363(b)(1). A debtor’s sale or use of assets outside the ordinary course of business should be approved by the Bankruptcy Court if the debtor can demonstrate a sound business justification for the proposed transaction. *See, e.g., In re Martin*, 91 F.3d 389, 395 (3d Cir. 1996); *In re Abbott’s Dairies of Pennsylvania, Inc.*, 788 F.2d 143 (3d Cir. 1986); *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169 (D. Del. 1991). Once the Debtors articulate a valid business justification, “[t]he business judgment rule ‘is a presumption that in making the business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action was in the best interests of the company.’” *In re S.N.A. Nut Co.*, 186 B.R. 98 (Bankr. N.D. Ill. 1995); *see also In re Integrated Res., Inc.*, 147 B.R. 650, 656 (S.D.N.Y. 1992); *In re Johns-Manville Corp.*, 60 B.R. 612, 615-16 (Bankr. S.D.N.Y. 1986) (“a presumption of reasonableness attaches to a Debtor’s management decisions”).

30. The Debtors have a sound business justification for selling the Assets at this time. Based on the results of their analysis of the Debtors' ongoing and future business prospects, the Debtors' management and team of financial advisors have concluded that a Sale of all or some of their Assets in accordance with the procedures set forth in the Bidding Procedures may be the best method to maximize recoveries to the estates. Maximization of asset value is a sound business purpose warranting authorization of any proposed Sale.

31. The Sale of any of Massif's Assets will be subject to competing bids, enhancing the Debtors' ability to receive the highest or otherwise best value for the Assets. Consequently, the fairness and reasonableness of the consideration to be received by the Debtors will ultimately be demonstrated by a "market check" through the auction process, which is the best means for establishing whether a fair and reasonable price is being paid.

32. In addition, all creditors and parties in interest will receive adequate notice of the Bidding Procedures and Sale Hearing. Such notice is reasonably calculated to provide timely and adequate notice to the Debtors' major creditor constituencies, those parties most interested in these Chapter 11 Cases, those parties potentially interested in bidding on the Assets and others whose interests are potentially implicated by a proposed Sale. Accordingly, consummating the Sale(s) as soon as possible is in the best interests of the Debtors and their creditors and parties in interest.

B. The Proposed Sale(s) Satisfy the Requirements of Section 363(f) for a Sale Free and Clear of Interests

33. Section 363(f) of the Bankruptcy Code permits the Debtors to sell assets free and clear of all liens, claims, interests, charges and encumbrances (with any such liens, claims, interests, charges, and encumbrances attaching to the net proceeds of the sale with the same rights and priorities therein as in the sold assets). As section 363(f) of the Bankruptcy Code is

stated in the disjunctive, when proceeding pursuant to section 363(b), it is only necessary to meet one of the five conditions of section 363(f). The Debtors believe that they will be able to demonstrate that at the Sale Hearing that they have satisfied one or more of these conditions.

34. The Debtors believe that their Secured Lenders will consent to the sale free and clear under section 363(f)(2). In fact, the Secured Lenders have executed a Plan Support Agreement (attached to the First Day Declaration) (the “*PSA*”), and the Debtors have filed their Chapter 11 Plan of Liquidation [D.I. 21] (the “*Plan*”). Pursuant to the PSA and Plan the Secured Lenders are supportive of the Sale and the process proposed by the Debtors. Where that may not be the case, a sale free and clear can proceed pursuant to section 363(f)(5) of the Bankruptcy Code because the secured lenders’ liens will attach to the proceeds of the sale and the Debtors will establish at the Sale Hearing that the secured lenders can be compelled to accept a monetary satisfaction of their claims. Additionally, the secured lenders will have the right to credit bid pursuant to section 363(k) of the Bankruptcy Code (except that any break-up fee due to the Stalking Horse Purchaser shall be paid in cash).

35. The Debtors propose that any bona fide and allowed liens, claims, and encumbrances shall attach to the sale proceeds with the same force, validity, effect, priority and enforceability as such Interests had in the Assets prior to such Sale. The Debtors propose to pay at least the “*DIP Liabilities*” (as defined in the DIP Credit Agreement) and the “*Pre-Petition Obligations*” (as defined in the DIP Motion filed in these Chapter 11 Cases) in cash through the first proceeds of the Sale.

C. A Successful Bidder Should be Entitled to the Protections of Section 363(m)

36. Pursuant to section 363(m) of the Bankruptcy Code, a good faith purchaser is one who purchases assets for value, in good faith, and without notice of adverse claims. *In re Mark Bell Furniture Warehouse, Inc.*, 992 F.2d 7, 9 (1st Cir. 1993); *In re Willemain v. Kivitz*, 764 F.2d

1019, 1023 (4th Cir. 1985); *In re Congoleum Corp.*, Case No. 03-51524, 2007 WL 1428477, *2 (Bankr. D. N.J. May 11, 2007); *Abbotts Dairies of Penn.*, 788 F.2d at 147.

37. The Stalking Horse Purchase Agreement was negotiated at arm's-length, with both parties represented by their own counsel. Although the Debtors engaged in discussions with other parties interested in acquiring certain of their Assets, the Debtors submit that Stalking Horse Purchaser's proposal as contained in the Stalking Horse Purchase Agreement represents the highest and best offer for Massif's Assets. The Debtors also submit that any additional agreements at Auction will only be executed if the Debtors' believe, in an exercise of their business judgment, that such proposal represents the competing bidder's highest and best offer of Massif's Assets and upon this Court's approval. Additionally, the Debtors will adduce facts at the Sale Hearing on any objection demonstrating that any bidder who is deemed a Successful Bidder for all or any portion of Massif's Assets has negotiated at arm's-length, with all parties represented by their own counsel.

38. Accordingly, the Sale Order will include a provision that the Stalking Horse Purchaser or a third party Successful Bidder for the Assets (as applicable), is a "good faith" purchaser within the meaning of section 363(m) of the Bankruptcy Code. The Debtors believe that providing any Successful Bidder with such protection will ensure that the maximum price will be received by the Debtors for the Assets and closing of the same will occur promptly.

D. The Assumption and Assignment of Executory Contracts and Unexpired Leases

39. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or [unexpired] lease of the debtor." 11 U.S.C. § 365(a). The standard governing bankruptcy court approval of a debtor's decision to assume or reject an executory contract or unexpired lease is whether the debtor's reasonable business judgment supports assumption or rejection. *See, e.g.*,

In re HQ Global Holdings, Inc., 290 B.R. 507, 511 (Bankr. D. Del 2003). If the debtor's business judgment has been reasonably exercised, a court should approve the assumption or rejection of an unexpired lease or executory contract. See *Group of Institutional Investors v. Chicago M. St. P. & P.R.R. Co.*, 318 U.S. 523 (1943); *Sharon Steel Corp. v. Nat'l Fuel Gas Distrib. Corp.*, 872 F.2d 36, 39-40 (3d Cir. 1989). The business judgment test "requires only that the trustee [or debtor in possession] demonstrate that [assumption or] rejection of the contract will benefit the estate." *Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co.*, (*In re Wheeling-Pittsburgh Steel Corp.*), 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987). Any more exacting scrutiny would slow the administration of a debtor's estate and increase costs, 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. See *Richmond Leasing Co. v. Capital Bank, NA.*, 762 F.2d 1303, 1311 (5th Cir. 1985). Moreover, pursuant to section 365(b)(1) of the Bankruptcy Code, for a debtor to assume an executory contract, it must "cure, or provide adequate assurance that the debtor will promptly cure," any default, including compensation for any "actual pecuniary loss" relating to such default. 11 U.S.C. § 365(b)(1).

40. Once an executory contract is assumed, the trustee or debtor in possession may elect to assign such contract. See *In re Rickel Home Center, Inc.*, 209 F.3d 291, 299 (3d Cir. 2000) ("[t]he Code generally favors free assignability as a means to maximize the value of the debtor's estate"); see also *In re Headquarters Doge, Inc.*, 13 F.3d 674, 682 (3d Cir. 1994) (noting purpose of section 365(f) is to assist trustee in realizing the full value of the debtor's assets).

41. Section 365(f) of the Bankruptcy Code provides that the "trustee may assign an executory contract...only if the trustee assumes such contract...and adequate assurance of future

performance is provided.” 11 U.S.C. § 365(f)(2). The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case, but should be given “practical, pragmatic construction.” See *Carlisle Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.)*, 103 B.R. 524, 538 (Bankr. D.N.J. 1989); see also *In re Natco Indus., Inc.*, 54 B.R. 436, 440 (Bankr. S.D.N.Y. 1985) (adequate assurance of future performance does not mean absolute assurance that debtor will thrive and pay rent). Among other things, adequate assurance may be given by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. Accord *In re Bygaph, Inc.*, 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (adequate assurance of future performance is present when prospective assignee of lease from debtors has financial resources and has expressed willingness to devote sufficient funding to business in order to give it strong likelihood of succeeding).

42. The Stalking Horse Purchaser is an entity owned by affiliates of Sun Capital, Inc., a large private equity company with sufficient assets to close this Sale. Upon closing, Stalking Horse Purchaser will have financial resources that are more than sufficient to perform under the Assumed Contracts. Moreover, if necessary, the Debtors will adduce facts at the hearing on any objection demonstrating the financial wherewithal of the Stalking Horse Purchaser or any Successful Bidder, and their willingness and ability to perform under the contracts to be assumed and assigned to them. The Sale Hearing therefore will provide the Court and other interested parties ample opportunity to evaluate and, if necessary, challenge the ability of any Successful Bidder to provide adequate assurance of future performance under the Assumed Contracts.

43. Furthermore, to the extent that any defaults exist under any Assumed Contract, the Stalking Horse Purchaser will cure any such default prior to such assumption and assignment. Moreover, the Debtors will adduce facts at the Sale Hearing demonstrating the

financial wherewithal of the Successful Bidder(s), its experience in the industry, and its willingness and ability to perform under the contracts to be assumed and assigned to it.

E. Relief Under Bankruptcy Rules 6004(h) and 6006(d) is Appropriate

44. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property...is stayed until the expiration of 14 days after entry of the order, *unless the court orders otherwise.*” (emphasis added). Additionally, Bankruptcy Rule 6006(d) provides that an “order authorizing the trustee to assign an executory contract or unexpired lease...is stayed until the expiration of 14 days after the entry of the order, *unless the court orders otherwise.*” (emphasis added). The Debtors request that any Sale Order be effective immediately by providing that the 14-day stays under Bankruptcy Rules 6004(h) and 6006(d) are waived.

NO PRIOR REQUEST

45. No prior request for the relief sought herein has been requested from this Court or any other court.

NOTICE

46. Notice of this Motion has been provided to the following parties or their respective counsel (if known): (a) the U.S. Trustee; (b) the Debtors’ postpetition lenders; (c) any official committee appointed in these chapter 11 cases; (d) all parties known by Massif to assert a lien on any of the Assets; (e) all persons known or reasonably believed to have asserted an interest in any of the Assets; (f) all non-Debtor parties to executory contracts and unexpired leases to which Massif is a party; (g) all persons known or reasonably believed to have expressed an interest in acquiring all or a substantial portion of the Assets or making an equity investment in the Debtors within the twelve months prior to the Petition Date; (h) the Office of the United States Attorney for the District of Delaware; (i) all state attorney generals in states in which the Debtors operate their businesses; (j) all taxing authorities having jurisdiction over any of the

Assets, including the Internal Revenue Service; (k) all environmental authorities having jurisdiction over any of the Assets, including the Environmental Protection Agency; (l) the Stalking Horse Purchaser; and (m) all other parties that had filed a notice of appearance and demand for service of papers in these chapter 11 cases under Bankruptcy Rule 9010(b) as of the date of entry of the Bidding Procedures Order.

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested in this Sale Motion and grant the Debtors such other and further relief as this Court deems just and proper.

Respectfully submitted,

Dated: July 8, 2014
Wilmington, Delaware

/s/ Domenic E. Pacitti

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*Proposed Counsel to the Debtors and Debtors in
Possession*

EXHIBIT A

SALE ORDER

TO BE SUPPLIED PRIOR TO BIDDING PROCEDURES HEARING

EXHIBIT B

STALKING HORSE PURCHASE AGREEMENT

Execution Version

ASSET PURCHASE AGREEMENT

dated as of July 3, 2014

between

MASSIF APPAREL ENTERPRISES, LLC

AND

MASSIF MOUNTAIN GEAR COMPANY, L.L.C.

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made and entered into as of this 3rd day of July, 2014 (the "Effective Date"), by and between Massif Apparel Enterprises, LLC, a Delaware limited liability company ("Purchaser"), and Massif Mountain Gear Company, L.L.C., an Oregon limited liability company ("Seller").

RECITALS

Seller is engaged in the business of designing, manufacturing, supplying and distributing flame-resistant fabric and apparel for domestic and foreign military and civilian end users (the "Business").

Seller, along with certain of its Affiliates, intends to commence proceedings (collectively, the "Chapter 11 Cases") under Chapter 11 of the Bankruptcy Code (as hereafter defined) in the Bankruptcy Court (as hereinafter defined) and, subject to approval of the Bankruptcy Court and on the terms and subject to the conditions set forth herein and pursuant to a Sale Order (as hereafter defined), the parties desire to enter into this Agreement pursuant to which, among other things, Seller shall sell to Purchaser, and Purchaser shall purchase from Seller, all of Seller's right, title and interest in and to the Acquired Assets (as hereafter defined) and Purchaser shall assume from Seller and thereafter pay, discharge and perform the Assumed Obligations (as hereafter defined).

The transactions contemplated by this Agreement are subject to the approval of the Bankruptcy Court and would be consummated only pursuant to a Sale Order to be entered by the Bankruptcy Court and applicable provisions of the Bankruptcy Code.

In consideration of the mutual covenants, agreements and warranties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the parties hereto agree as follows:

ARTICLE I DEFINITIONS AND RULES OF CONSTRUCTION

1.1 Definitions. Unless otherwise defined herein, terms used herein shall have the meanings set forth below:

"Accounts Receivable" means all accounts and notes receivable (whether current or non-current) in respect of goods shipped, products sold or services rendered by Seller relating to the Business prior to the Closing Date.

"Acquired Assets" has the meaning set forth in Section 2.1(a) hereof.

"Acquisition Proposal" means a proposal (other than by Purchaser or its Affiliates) relating to any merger, consolidation, business combination, sale or other disposition of ten percent (10%) or more of the Acquired Assets pursuant to one (1) or more transactions (excluding sales of Inventory in the Ordinary Course of Business), the sale of ten percent (10%) or more of the outstanding shares of capital stock or equity interests of Seller (including by way

of a tender offer, foreclosure or plan of reorganization or liquidation) or a similar transaction or business combination involving one (1) or more Third Parties and Seller.

“Affiliate” of any particular Person means any other Person controlling, controlled by or under common control with such particular Person, where “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person whether by contract, through the ownership of voting securities or otherwise.

“Affiliated Group” means an “affiliated group” as defined in Section 1504 of the Code (or any analogous combined, consolidated or unitary group defined under state, local or foreign income Tax Law) of which Seller is or has been a member.

“Agreement” means this Asset Purchase Agreement, including all of the Exhibits and the Schedules hereto, as the same may be amended from time to time in accordance with its terms.

“Allocation” has the meaning set forth in Section 3.3 hereof.

“Assignment and Assumption Agreements” has the meaning set forth in Section 4.3(b) hereof.

“Assumed Contracts” has the meaning set forth in Section 2.1(a)(x).

“Assumed Employee Benefit Plans” has the meaning set forth in Section 2.1(a)(xi).

“Assumed Equipment Leases” has the meaning set forth in Section 2.1(a)(vii).

“Assumed Executory Contracts” means the Assumed Contracts and the Assumed Leases.

“Assumed Facility Leases” has the meaning set forth in Section 2.1(a)(vi).

“Assumed Leased Facilities” means the Leased Facilities identified in the Assumed Facility Leases.

“Assumed Leases” has the meaning set forth in Section 2.1(a)(vii).

“Assumed Obligations” has the meaning set forth in Section 2.3(a) hereof.

“Auction” means the auction conducted by Seller pursuant to the Bidding Procedures Order for substantially all of the Acquired Assets in the event a Qualified Bid (as defined in the Bidding Procedures Order) is timely received prior to the Bid Deadline.

“Auction Deadline Date” means the date which is twenty-two (22) days after the date of entry of the Bidding Procedures Order, or such other date that the Bidding Procedures Order is entered by the Bankruptcy Court; provided that any such date is no later than five (5) days after the date which is twenty-two (22) days after the date of entry of the Bidding Procedures Order.

“Avoidance Actions” means any causes of action arising under Chapter 5 of the Bankruptcy Code, including any and all preference or other avoidance claims and actions of the

Seller, including all such claims and actions arising under Sections 544, 547, 548, 549, and 550 of the Bankruptcy Code.

“Bankruptcy Code” means Title 11 of the United States Code.

“Bankruptcy Court” means the United States Bankruptcy Court for the District of Delaware.

“Bid Deadline” means the date which is nineteen (19) days after the date of entry of the Bidding Procedures Order, or such other date that the Bidding Procedures Order is entered by the Bankruptcy Court; provided that any such date is no later than five (5) days after the date which is nineteen (19) days after the date of entry of the Bidding Procedures Order.

“Bidding Procedures Order” means the order of the Bankruptcy Court, in substantially the form of Exhibit A (with such non-material revisions thereto as may be required by the Bankruptcy Court), and which has not been modified in any respect for terms without the prior consent of Purchaser that (a) affect in any respect the economics of the transactions contemplated by this Agreement or the dates or deadlines set forth in the Order or this Agreement (other than dates or deadlines modified to accommodate the Bankruptcy Court’s schedule, in any case in accordance with this Agreement) or (b) is materially adverse to Purchaser in any other respect and which is, in any case, in form and substance reasonably acceptable to Purchaser.

“Bidding Procedures Order Deadline” means the date which is twenty-three (23) days after the Petition Date, or such other date that the Bidding Procedures Order is entered by the Bankruptcy Court; provided that any such date is no later than five (5) days after twenty-three (23) days after the Petition Date.

“Books and Records” means all records and lists of the Business, including (i) all inventory, merchandise, analysis reports, marketing reports, research and development materials and creative material pertaining to the Acquired Assets, the Facilities or the Business, (ii) all records relating to customers, suppliers or personnel of Seller or of the Business (including customer lists, mailing lists, e-mail address lists, recipient lists, personnel files and similar records relating to Rehired Employees, sales records, correspondence with customers, customer files and account histories, supply lists and records of purchases from and correspondence with suppliers), (iii) all records relating to all product, business and marketing plans of Seller or the Business, (iv) all accounting records, Tax records and Tax Returns and (v) all books, ledgers, files, reports, plans, drawings and operating records of every kind; provided, however, that “Books and Records” shall not include (A) the originals of Seller’s minute books, stock books or Tax Returns, (B) personnel files for employees of Seller who are not hired by Purchaser, (C) such files as may not be transferred under any applicable Law regarding privacy, (D) any materials containing privileged communications or materials which are otherwise subject to attorney client or any other privilege or documents that Seller is not permitted to transfer pursuant to any contractual confidentiality obligation owed to any Third Party, (E) any “personally identifiable information” as defined under the Bankruptcy Code, or (F) documents solely relating to an Excluded Asset or Excluded Liability.

“Breakup Fee” has the meaning set forth in Section 9.2(a) hereof.

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

“Business Day” means any day other than Saturday, Sunday and any day that is a legal holiday or a day on which banking institutions in the State of Delaware are authorized by Law to close.

“Cash Amount” has the meaning set forth in Section 3.1 hereof.

“Cash Portion” has the meaning set forth in Section 3.1 hereof.

“CERCLA” means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. §9601 et seq.) and any Laws promulgated thereunder.

“Chapter 11 Cases” has the meaning set forth in the recitals hereto.

“Claim” has the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Closing” has the meaning set forth in Section 4.1 hereof.

“Closing Date” has the meaning set forth in Section 4.1 hereof.

“Closing Net Working Capital” has the meaning set forth in Section 3.1 hereof.

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

“Collection Brand” means Seller’s non-flame resistant consumer apparel product line which was marketed to retailers, which includes the Inventory set forth on Schedule 1.1(a).

“Company Benefit Plan” has the meaning set forth in Section 5.9(a) hereof.

“Contingent Payments” means all payments, if any, to be made by Purchaser to Seller in accordance with Section 3.6.

“Contract” means any agreement, license, contract, commitment, collective bargaining agreement or other binding arrangement or understanding, whether written or oral, and with respect to any Contract to which Seller is a party, such contract which Seller is permitted under the Bankruptcy Code to assume and assign other than an Employee Benefit Plan.

“Cure Amount” means any costs of cure with respect to the Assumed Executory Contracts. For the avoidance of doubt, it is agreed and understood that to the extent no amount is set forth next to an Assumed Executory Contract on Schedule 1.1(b), the Cure Amount is deemed to be zero.

“Customs & International Trade Laws” means any Law, Executive Order, permit, license, award, or other decision or requirement having the force or effect of law, of any Governmental Authority, concerning the importation of merchandise, the export or re-export of products (including technology and services), the terms and conduct of international transactions,

and the making or receiving of international payments, including the Tariff Act of 1930, as amended, and other Laws and programs administered or enforced by U.S. Customs and Border Protection (“Customs”), U.S. Immigration and Customs Enforcement, and their predecessor agencies, the Export Administration Act of 1979, as amended, the Export Administration Regulations, the International Emergency Economic Powers Act, as amended, the Trading With the Enemy Act, as amended, the Arms Export Control Act, the International Traffic in Arms Regulations, any other export control regulations administered by an agency of the U.S. government, the Foreign Trade Regulations, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), as amended, Executive Orders of the President regarding embargoes and restrictions on transactions with designated entities (including countries, terrorists, organizations and individuals), the embargoes and restrictions administered by the U.S. Office of Foreign Assets Control, the Money Laundering Control Act of 1986, as amended, requirements for the marking of imported merchandise, prohibitions or restrictions on the importation of merchandise made with the use of slave or child labor, the Foreign Corrupt Practices Act, as amended, the UK Bribery Act of 2010, as amended, and any other antibribery or anticorruption statutes designed to cover conduct similar to that covered by the Foreign Corrupt Practices Act or the UK Bribery Act of 2010, the antiboycott regulations administered by the U.S. Department of Commerce, the antiboycott regulations administered by the U.S. Department of the Treasury, legislation and regulations of the U.S. and other countries implementing the North American Free Trade Agreement and other free trade agreements to which the U.S. is a party, the antidumping and countervailing duty Laws, and Laws adopted by the Governmental Authorities of other countries concerning the ability of U.S. persons to own businesses or conduct business in those countries, restrictions by other countries on holding foreign currency or repatriating funds, or otherwise relating to the same subject matter as the U.S. statutes and regulations described above.

“Default Period” has the meaning set forth in Section 10.10 hereof.

“Deposit” has the meaning set forth in Section 3.4(a) hereof.

“DIP Budget” shall mean the operating budget under the terms of the DIP Financing.

“DIP Financing” means the debtor-in-possession financing facility to be provided by Secured Party to Seller and its Affiliates.

“Disclosure Schedules” means the Schedules provided pursuant to this Agreement.

“Earn-Out Amount” means, for the Measurement Year, the lesser of (a) \$5,000,000 and (b) the total of (i) EBITDA for the Measurement Year in excess of \$4,000,000 multiplied by (ii) 2.0.

“Earn-Out Disagreement Notice” has the meaning set forth in Section 3.6(a) hereof.

“Earn-Out Payment Date” means the date which is five (5) Business Days after the Earn-Out Amount is finally determined by Purchaser and Seller or the Valuation Firm, as applicable, pursuant to Section 3.6(a) hereof.

“Earn-Out Statement” has the meaning set forth in Section 3.6(a) hereof.

“EBITDA” means, solely with respect to the Business for Purchaser in the Measurement Year, Net Income, plus (i) interest expense which has been deducted in the determination of Net Income, plus (ii) federal, state and local income Taxes which have been deducted in determining Net Income, plus (iii) depreciation and amortization expenses which have been deducted in determining Net Income, including without limitation amortization of capitalized transaction expenses incurred in connection with the transactions contemplated by this Agreement, plus (iv) extraordinary losses which have been deducted in the determination of Net Income, plus (v) uncapitalized transaction expenses incurred in connection with the transactions contemplated by this Agreement, plus (vi) all other non-cash charges (other than deferred rent and notional charges), minus (vii) extraordinary gains which have been included in the determination of Net Income. For the avoidance of doubt, the calculation of EBITDA shall not include any gains or losses from the Collection Brand for the Measurement Year or costs of any management fees or similar consulting fees payable to Sun Capital or its Affiliates. Each item used in calculating EBITDA (including Net Income) shall be determined in accordance with GAAP.

“Effective Date” has the meaning set forth in the preamble hereto.

“Electronic Delivery” has the meaning set forth in Section 12.6 hereof.

“Employee Benefit Plan” means any “employee benefit plan” (as defined in ERISA §3(3)) and any other benefit or compensation plan, program, agreement or arrangement maintained, sponsored, or contributed or required to be contributed to by Seller or any ERISA Affiliate or with respect to which Seller or any ERISA Affiliate has any Liability.

“Environmental Laws” means, whenever in effect, all federal, state, provincial, local and foreign statutes, Laws (including CERCLA and analogous state Laws), ordinances, directives and other provisions having the force or effect of law, all judicial and administrative Orders and determinations, all contractual obligations and all common law, in each case concerning public health and safety, worker health and safety, or pollution or protection of the environment.

“ERISA Affiliate” means any Person that, at any relevant time, is or was treated as a single employer with Seller for purposes of Code § 414.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and all Laws issued thereunder.

“Escrow Agent” has the meaning set forth in Section 3.4(a) hereof.

“Escrow Agreement” has the meaning set forth in Section 3.4(a) hereof.

“Estimated Closing Net Working Capital” has the meaning set forth in Section 3.2 hereof.

“Estimated Working Capital Adjustment” means an amount (which may be negative) equal to (1) if the Estimated Closing Net Working Capital is greater than the High Target, then the Estimated Closing Net Working Capital minus the High Target, (2) if the Estimated Closing

Net Working Capital is less than the Low Target, an amount equal to (A) negative one (-1) multiplied by (B) the Low Target minus the Estimated Closing Net Working Capital, or (3) if the Estimated Closing Net Working Capital is greater than or equal to the Low Target and less than or equal to the High Target, zero.

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

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

“Excluded Contracts” has the meaning set forth in Section 2.2(a)(iii) hereof.

“Excluded Employee Benefit Plans” has the meaning set forth in Section 2.4(a)(xiv) hereof.

“Excluded Environmental Liabilities” means any Liability (including any investigatory, corrective or remedial obligation) arising under Environmental Laws and relating to (i) Seller or any predecessor or Affiliate of Seller, (ii) the operation of the Business prior to the Closing, (iii) any Excluded Asset, (iv) any property, facility, or location other than the Assumed Leased Facilities, or (v) any operations, events, conditions, or circumstances occurring or existing on or prior to the Closing Date at any location including, without limitation, at the Assumed Leased Facilities, including any Release, threatened Release, treatment, storage, disposal, or arrangement for disposal of or any exposure of any Person to Hazardous Substances occurring or existing on or prior to the Closing Date (whether or not constituting a breach of any representation or warranty herein and whether or not set forth on any Disclosure Schedule).

“Excluded Equipment Leases” has the meaning set forth in Section 2.2(a)(ii) hereof.

“Excluded Facility Leases” has the meaning set forth in Section 2.2(a)(i) hereof.

“Excluded Leases” has the meaning set forth in Section 2.2(a)(ii) hereof.

“Excluded Liabilities” has the meaning set forth in Section 2.4(a) hereof.

“Executive Officer” of a Person means its chairman, chief executive officer, chief financial officer, president, any vice president, secretary, controller, treasurer or general counsel.

“Exhibits” means the exhibits attached hereto.

“Expense Reimbursement” has the meaning set forth in Section 9.2(a) hereof.

“Facilities” means collectively the premises at which Seller operates.

“Facility Leases” means all right, title and interest of Seller in all leases, subleases, licenses, concessions and other agreements (written or oral) and all amendments, modifications, extensions, renewals, guaranties and other agreements with respect thereto, including the right to all security deposits and other amounts and instruments deposited by or on behalf of Seller thereunder, pursuant to which Seller holds a leasehold or subleasehold estate in, or is granted the right to use or occupy, a Leased Facility.

“Final Closing Net Working Capital” has the meaning set forth in Section 3.5(a) hereof.

“Final Working Capital Adjustment” means an amount (which may be negative) equal to (1) if the Final Closing Net Working Capital is greater than the High Target, then the Final Closing Net Working Capital minus the High Target, (2) if the Final Closing Net Working Capital is less than the Low Target, an amount equal to (A) negative one (-1) multiplied by (B) the Low Target minus the Final Closing Net Working Capital, or (3) if the Final Closing Net Working Capital is greater than or equal to the Low Target and less than or equal to the High Target, zero.

“Final Order” means an Order as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending.

“Finalization Date” has the meaning set forth in Section 3.5(b) hereof.

“Foreign Corrupt Practices Act” means the Foreign Corrupt Practices Act of 1977, as amended, and all Laws issued thereunder.

“GAAP” means, at a given time, United States generally accepted accounting principles, consistently applied.

“Government Contract” means any Contract (including but not limited to any prime contract, subcontract, letter contract, purchase order, task order, delivery order, teaming agreement or letter of intent) that is (a) between Seller and a Governmental Authority or (b) is entered into by Seller as a subcontractor (at any tier) in connection with a Contract between another entity and a Governmental Authority.

“Governmental Authority” means any federal, state, local, municipal, foreign, supranational or other governmental or quasi-governmental authority of any nature (including any governmental agency, branch, bureau, commission, department, official or entity and any court or other tribunal), or any administrative, executive, judicial, legislative, police, regulatory or taxing authority, or arbitral body.

“Guaranty” means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon the Indebtedness, obligation or other Liability of any other Person (other than by endorsements of instruments in the ordinary course of collection), or guaranties of the payment of dividends or other distributions upon the shares of any other Person.

“Hazardous Substances” means any wastes, pollutants, contaminants or chemicals, any industrial, toxic or otherwise hazardous materials, substances or wastes, any explosive or radioactive substances, and any other substance with respect to which Liability or standards of conduct may be imposed under applicable Law, including petroleum and petroleum related substances, products, by products and wastes, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon, urea, formaldehyde, mold, lead based paint, noise, odor and radiation.

“High Target” means \$4,500,000.

“Indebtedness” means, with respect to any Person as of any date of determination, without duplication: (i) all obligations of such Person for borrowed money or in respect of loans or advances, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments or debt securities, (iii) the maximum amount of all obligations in respect of letters of credit and bankers’ acceptances issued for the account of such Person, (iv) all obligations arising from cash/book overdrafts, (v) all obligations arising from deferred compensation arrangements, (vi) all obligations of such Person secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, (vii) all Guaranties of such Person in connection with any of the foregoing, (viii) all capital lease obligations, (ix) all deferred rent, (x) all indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables incurred in the Ordinary Course of Business which are not past due), (xi) all obligations under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (xii) all obligations (determined on the basis of actual, not notional, obligations) with respect to interest rate protection agreements, interest rate swap agreements, foreign currency exchange agreements, or other interest or exchange rate hedging agreements or arrangements, and (xiii) all fees, accrued and unpaid interest, premiums or penalties related to any of the foregoing.

“Insider” means, any Executive Officer, director, governing body member, stockholder, partner or Affiliate, as applicable, of Seller or any predecessor or Affiliate of Seller or any individual related by marriage or adoption to any such individual or any entity in which any such Person owns any beneficial interest.

“Intellectual Property” means all of the following in any jurisdiction throughout the world: (i) patents, patent applications and patent disclosures, together with all reissuances, continuations, continuations in part, revisions, divisionals, extensions and reexaminations thereof, (ii) trademarks, service marks, designs, trade dress, logos, slogans, trade names, internet domain names, corporate names, all applications, registrations and renewals in connection therewith, and all translations, adaptations, derivations and combinations of any of the foregoing, together with all goodwill associated with any of the foregoing, (iii) copyrights, mask works and copyrightable works, and all applications, registrations and renewals in connection therewith, (iv) trade secrets and confidential information (including formulations, ideas, research and development, information, know-how, inventions, technology, formulas, compositions, manufacturing and production processes and techniques, technical data, financial and marketing plans, customer and supplier lists and information, designs, drawings, plans, proposals and specifications), (v) computer software and systems (including source code, executable code, data, databases and related documentation), websites, URLs, email addresses, and telephone numbers, (vi) copies and tangible embodiments of any of the foregoing in whatever form or medium and (vii) other proprietary and intellectual property rights.

“Inventory” means all inventory of any kind or nature, whether or not prepaid, and wherever located, held or owned by Seller, including all raw materials, work in process, semi-finished and finished products, replacement and spare parts, packaging materials, operating

supplies, in-transit or consigned inventory, fuels and other and similar items and inventory for amounts currently subject to reserve but excluding any Collection Brand inventory.

“Law” means any law, statute, regulation, code, constitution, ordinance, treaty, rule of common law, or Order of, administered or enforced by or on behalf of, any Governmental Authority.

“Leased Facilities” means any land, buildings, structures, improvements, fixtures or other interest in real property which Seller has the right to use, or which is used or intended to be used by Seller or used or intended to be used in, or otherwise related to, the Business.

“Liability” means any Claim, obligation or liability (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether determined or determinable, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due and regardless of when asserted), including any liability for Taxes, product liability or infringement liability.

“Lien” or “Liens” means any lien (statutory or otherwise), hypothecation, encumbrance, security interest, interest, mortgage, pledge, restriction, charge, instrument, license, preference, priority, security agreement, easement, covenant, encroachment, option, right of recovery, right of pre-emption, right of first refusal or other Third Party right, Tax (including foreign, federal, state and local Tax), Order of any Governmental Authority, of any kind or nature (including (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing, (ii) any assignment or deposit arrangement in the nature of a security device, (iii) any claim based on any theory that any Purchaser is a successor, transferee or continuation of Seller or the Business, and (iv) any leasehold interest, license or other right, in favor of a Third Party or an Affiliate of Seller, to use any portion of the Acquired Assets), whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

“Low Target” means \$3,900,000.

“Material Adverse Change” or “Material Adverse Effect” means, any event, change, condition or matter that, individually or in the aggregate is or would reasonably be expected to be materially adverse to, or materially impair the revenue or anticipated revenue of the Business or impairs the value of, the Acquired Assets or results in a material adverse effect or change in the operation, results of operations, condition (financial or otherwise) of the Acquired Assets or the Business, taken as a whole, and including the arrest or indictment of any Executive Officer of Seller of any criminal act, or which materially impairs the ability of Seller to perform its obligations under this Agreement or has a material adverse effect on or prevents or materially delays the consummation of the transactions contemplated hereby; provided, however, that in determining whether there has been a Material Adverse Change or Material Adverse Effect, any effect to the extent attributable to any of the following shall be disregarded (subject to the qualification of disproportionality set forth in the last provision of this definition): (i) with respect to Seller or the Acquired Assets, the occurrence of any event materially adversely affecting the industry in which the Business operates or in which the Acquired Assets are held

and not uniquely relating to Seller, the Business or the Acquired Assets (as applicable), (ii) with respect to Seller or the Acquired Assets, any change in the general condition of the regional, national or global economy, (iii) the taking of any action required to be taken by a party under the terms of this Agreement, (iv) the announcement or existence of this Agreement or the transactions contemplated hereby in accordance with the terms hereof, (v) the filing by Seller of the Chapter 11 Cases or (vi) the sale process of the Business to the extent in accordance with the terms of the Bidding Procedures Order, other than with respect to the foregoing clauses (i) and (ii), if such event, change, condition or matter has or would reasonably be expected to have a disproportionate effect on the Seller relative to other businesses operating in the industry in which the Seller operates.

“Measurement Year” means the twelve-month period beginning on the first day of the month immediately following the month in which the Closing Date occurs and ending on the last day of the twelfth month after such date.

“Miscellaneous Excluded Contracts” has the meaning set forth in Section 2.2(a)(iii) hereof.

“Multiemployer Plan” means any “multiemployer plan” (as defined in ERISA Section 3(37)) contributed to by Seller or any ERISA Affiliate or with respect to which Seller or any ERISA Affiliate has any Liability.

“Net Income” means, for any period, the amounts of such period of net income (or loss) of the Purchaser solely related to the Business after Taxes.

“Net Working Capital” means an amount determined as of any date of determination equal to the sum of (a) the amount of all receivables, Inventory, cash (not including cash related to outstanding checks) and current prepaid expenses, in each case included in the Acquired Assets, less the sum of (b) the amount of all current Liabilities, including the amount of all accounts payable (whether current or past due but for the avoidance of doubt, including Post-Petition Cure Amounts), deferred revenue and other accrued Liabilities, in each case included in the Assumed Obligations. For the avoidance of doubt, Net Working Capital shall exclude any Excluded Assets, Excluded Liabilities, current or deferred Tax assets, current or deferred Tax Liabilities, and any management fees or similar consulting fees payable to Golden Gate Capital or its Affiliates. For purposes of the Closing, Net Working Capital (including the components thereof) shall be calculated as of 11:59 pm on the date immediately prior to the Closing Date.

“Notice” means any notice, summons, citation, directive, Order, claim, litigation, proceeding, letter or other communication, written or oral, actual or threatened, from any Governmental Authority (including, without limitation, the United States Environmental Protection Agency), or any other entity or any individual, and shall include any notice or similar filing in the Chapter 11 Cases and the imposition of any Lien on property owned, leased, occupied or used by Seller pursuant to any Environmental Law.

“Order” means any award, decision, decree, settlement, order, injunction, ruling, judgment, or consent of or entered, issued, made or rendered by any Governmental Authority.

“Ordinary Course of Business” means the operation of the Business by Seller in the usual and ordinary course in the manner Seller operated prior to the commencement of the Chapter 11 Cases (including with respect to quantity and frequency).

“Outside Date” has the meaning set forth in Section 9.1(c) hereof.

“Permits” means licenses, permits, approvals, franchises, bonds, accreditations, certificates of occupancy, authorizations, operating permits, registrations, plans and the like.

“Permitted Liens” means each of the following Liens: (i) statutory liens of landlords and Liens of carriers, warehousemen, mechanics and materialmen, and created in the Ordinary Course of Business which are not then due or delinquent but only to the extent that such Liens are related to an Assumed Obligation; (ii) Liens for real property Taxes not yet due and payable as of the Closing Date or which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been established in accordance with GAAP; (iii) any defects, exceptions, existing easements, covenants, conditions, rights-of-way, restrictions and other encumbrances (other than monetary liens) and matters currently of record affecting title to the real property which, taken individually or as a whole, do not or would not materially impair the present ownership, use or operations of such properties or assets; and (iv) with respect to real property, zoning, building codes and other land use laws regulating the use or occupancy of such real property assets or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over such real property.

“Person” means any corporation, partnership (including any limited partnership and any limited liability partnership), joint venture, limited liability company, organization, trust, entity, authority or natural person.

“Petition Date” means the date of the filing of the Chapter 11 petitions of Seller.

“Post-Petition Cure Amounts” has the meaning set forth in Section 2.3(a)(i) hereof.

“Pre-Petition Cure Amount” means the estimated Cure Amount (or portions thereof) for periods prior to the Petition Date set forth next to each Contract of Seller on Schedule 1.1(b) as of the date hereof under the heading “Pre-Petition Cure Amounts” (which such amounts, for the avoidance of doubt, only include past-due amounts under such Contracts as of the Petition Date).

“Proceeding” means any action, claim, charge, complaint, dispute, demand, grievance, action, litigation, audit, investigation, review, inquiry, arbitration, liability, damage, suit in equity or at law, administrative, regulatory or quasi-judicial proceeding, account, cost, expense, setoff, contribution, attorney’s fee or cause of action of whatever kind or character.

“Proration Items” has the meaning set forth in Section 10.9(e) hereof.

“Purchase Price” has the meaning set forth in Section 3.1 hereof.

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

“Purchaser Cure Amounts Cap” has the meaning set forth in Section 2.3(a)(i) hereof.

“Rehired Employees” means each employee of Seller who accepts an offer of employment from and actually commences employment with Purchaser as described in Section 10.1 hereof.

“Release” means any release, emission, disposal, leaching or migration into the environment (including the abandonment or disposal of any barrels, containers or other closed receptacles containing any Hazardous Substances) or any structure, facility or property.

“Restricted Names” has the meaning set forth in Section 10.6 hereof.

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

“Sale Motion” has the meaning set forth in Section 7.5(b) hereof.

“Sale Order” means the Final Order of the Bankruptcy Court to be entered by the Bankruptcy Court pursuant to Sections 363 and 365 of the Bankruptcy Code, which Final Order, amongst other approvals, approves the sale of the Business and the Acquired Assets to Purchaser free and clear of all Liens and Liabilities pursuant to Section 363(f) of the Bankruptcy Code (with such non-material revisions thereto as may be required by the Bankruptcy Court), other than Permitted Liens, and which has not been modified in any respect for terms without the prior consent of Purchaser that (a) affect in any respect the economics of the transactions contemplated by this Agreement or the dates or deadlines set forth in the order or the Agreement (other than dates or deadlines modified to accommodate the Bankruptcy Court’s schedule, in any case in accordance with this Agreement) or (b) is materially adverse to Purchaser in any other respect and which is, in any case, in form and substance reasonably acceptable to the Purchaser.

“Sale Order Deadline” means the date which is twenty-four (24) days after the date of entry of the Bidding Procedures Order, or such other date that the Sale Order is entered by the Bankruptcy Court; provided that any such date is no later than five (5) days after the date which is twenty-four (24) days after the date of entry of the Bidding Procedures Order.

“Scheduled Contracts” has the meaning set forth in Section 2.6(a) hereof.

“Schedules” means the schedules attached hereto (including the Disclosure Schedules).

“Secured Party” means Wells Fargo Bank, N.A., Seller’s senior lender.

“Seller” has the meanings set forth in the preamble hereto.

“Subsidiary” means, with respect to any Person, any corporation a majority of the total voting power of shares of stock of which is entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one (1) or more of the other Subsidiaries of that Person or a combination thereof, or any partnership, limited liability company, association or other business entity a majority of the partnership or other similar ownership interest of which is at the time owned or controlled, directly or indirectly, by that Person or one (1) or more Subsidiaries of that Person or a combination thereof. For purposes of this definition, a Person is deemed to have a majority ownership interest in a partnership, limited

liability company, association or other business entity if such Person is allocated a majority of the gains or losses of such partnership, limited liability company, association or other business entity or is or controls the managing director or general partner of such partnership, limited liability company, association or other business entity.

“Tactical” has the meaning set forth in Section 10.5 hereof.

“Tax” and, with correlative meaning, “Taxes” mean with respect to any Person (i) all federal, state, local, county, foreign and other taxes, assessments or other government charges, including any income, alternative or add-on minimum tax, estimated, gross income, gross receipts, sales, use, *ad valorem*, value added, transfer, capital stock, franchise, profits, license, registration, recording, documentary, escheat or unclaimed property, intangibles, conveyancing, gains, employee or other withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, property (real or personal), environmental or windfall profit tax, customs, duty or other tax, governmental fee or other like assessment, charge or tax of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority (domestic or foreign) responsible for the imposition of any such tax, whether such Tax is disputed or not, (ii) Liability for the payment of any amounts of the type described in clause (i) above relating to any other Person as a result of being party to any agreement to indemnify such other Person, being a successor or transferee of such other Person, or being a member of the same affiliated, consolidated, combined, unitary or other group with such other Person, or (iii) Liability for the payment of any amounts of the type described in clause (i) arising as a result of being (or ceasing to be) a member of any Affiliated Group (or being included (or required to be included) in any Tax Return relating thereto).

“Tax Return” means any report, return, declaration, claim for refund or other information or statement supplied or required to be supplied by any Person relating to Taxes, including any schedules or attachments thereto and any amendments thereof.

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

“Transaction Documents” means this Agreement, and all other agreements, instruments, certificates and other documents to be entered into or delivered by any party in connection with the transactions contemplated to be consummated pursuant to this Agreement.

“Valuation Firm” means Ernst & Young, and if Ernst & Young refuses or is unable to perform the requested services, Purchaser and Seller shall negotiate in good faith to agree upon a different valuation firm, which valuation firm shall not be one of the twenty largest accounting firms in the United States.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any similar Law.

“Working Capital Disagreement Notice” has the meaning set forth in Section 3.5(a) hereof.

“Working Capital Escrow Amount” has the meaning set forth in Section 3.2 hereof.

1.2 Rules of Construction. Unless the context otherwise clearly indicates, in this Agreement:

- (a) the singular includes the plural;
- (b) “includes” and “including” are not limiting;
- (c) “may not” is prohibitive and not permissive; and
- (d) “or” is not exclusive.

ARTICLE II PURCHASE AND SALE; ASSUMPTION OF CERTAIN LIABILITIES

2.1 Purchase and Sale of Assets.

(a) Subject to the terms and conditions set forth in this Agreement, at the Closing, Seller shall sell, contribute, convey, assign, transfer and deliver to Purchaser, free and clear of all Liens, whether arising prior to, on or subsequent to the Petition Date, other than Permitted Liens, and Purchaser shall purchase, acquire and take assignment and delivery of, for the consideration specified in Article III, all rights, titles and interests of every kind and nature of Seller (including indirect and other forms of beneficial ownership) in and to all of the properties, assets and rights of Seller (contractual or otherwise) used in or relating to the Business as of the Closing Date to the extent assignable other than the Excluded Assets, whether tangible or intangible, real or personal and wherever located and by whomever possessed, whether or not listed below but including for the avoidance of doubt all of the following properties, assets and rights (all of the assets to be sold, assigned, transferred and delivered pursuant to this Section 2.1(a) shall be referred to herein as the “Acquired Assets”):

(i) all cash (including checking account balances, certificates of deposit and other time deposits and petty cash) net of overdrafts and marketable and other securities;

(ii) all Accounts Receivable and all claims, including deposits, advances, prepaid and other current assets, rights under warranties and guaranties, rights in respect of promotional allowances, vendor rebates and to other refunds, causes of action, rights of recovery, rights of set-off and rights of recoupment of every kind and nature (whether known or unknown or contingent or non-contingent); the right to receive and retain mail, Accounts Receivable payments and other communications of Seller; and the right to bill and receive payment for products shipped or delivered and services performed but unbilled or unpaid as of the Closing;

(iii) any rights, claims or causes of action of Seller against third parties arising out of events occurring prior to the Closing Date (including, for the avoidance of doubt, those arising out of events occurring prior to the Petition Date), including any and all Avoidance Actions by Seller against (A) trade vendors of Seller; (B) counterparties to all Assumed Contracts; and (C) current employees of the Seller; and any and all rights under or pursuant to

any and all warranties, representations and guarantees made by suppliers, manufacturers and contractors relating to products sold, or services provided, to Seller;

(iv) all bank accounts, safety deposit boxes, lock boxes and the like;

(v) all Inventory (including for the avoidance of doubt, any Inventory physically located at third party cutting, sewing or laminating facilities on the date hereof and all Inventory physically located at the warehouse at 5968 Commerce Blvd, Morristown, Tennessee 37814);

(vi) all of Seller's rights existing under the Facility Leases set forth on Schedule 2.1(a)(vi) (the "Assumed Facility Leases"), including all rights to security deposits held pursuant thereto;

(vii) all of Seller's rights existing under those equipment, personal property and intangible property leases, rental agreement, licenses, contracts, agreements and similar arrangements set forth on Schedule 2.1(a)(vii) (the "Assumed Equipment Leases", together with the Assumed Facility Leases, the "Assumed Leases");

(viii) all tangible personal property, including all machinery, equipment (including all transportation and office equipment), vehicles, computers, mobile phones, personal digital assistants, fixtures, trade fixtures, computer equipment, hardware, peripherals, information technology infrastructure, telephone systems, furniture, office supplies, production supplies, spare parts, other miscellaneous supplies, and other tangible personal property of any kind owned by Seller, wherever located, including all such items which are located in any building, warehouse, office or other space leased, owned or occupied by Seller or any other space where any of Seller's properties and or any other assets may be situated, including but not limited to those items set forth on Schedule 2.1(a)(viii);

(ix) all Intellectual Property owned, licensed, used or held for use by Seller, along with all income, royalties, damages and payments due or payable to Seller as of the Closing or thereafter, including damages and payments for past, present or future infringements or misappropriations thereof or other conflicts therewith, the right to sue and recover for past, present or future infringements or misappropriations thereof or other conflicts therewith, and any and all corresponding rights that, now or hereafter, may be secured throughout the world, including all copies and tangible embodiments of any such Intellectual Property in Seller's possession or control, including but not limited to those items set forth on Schedule 2.1(a)(ix);

(x) all rights of Seller under the Contracts of Seller set forth on Schedule 2.1(a)(x) (the "Assumed Contracts"), including all security deposits thereunder, all contractual rights of Seller to indemnification, exculpation, advancement or reimbursement of expenses, and all rights to proceeds under insurance policies;

(xi) all rights of Seller under each Company Benefit Plan, other than the Excluded Employee Benefit Plans, relating exclusively to the Business and which is identified on Schedule 2.1(a)(xi) (the "Assumed Employee Benefit Plans"), including all

pre-payments, deposits and refunds thereunder, and any assets maintained pursuant thereto or in connection therewith;

(xii) all Books and Records and all advertising, marketing and promotional materials and all other printed or written materials (provided, however, that Purchaser agrees that for a period of three (3) years after Closing, Seller shall have reasonable access upon reasonable notice and so long as such access does not unreasonably interfere with the business operations of Purchaser to the Books and Records for purposes of completing its Tax Returns, for regulatory compliance reasons, for purposes of defending or prosecuting any litigation or other claims and otherwise administering and finalizing the Chapter 11 Cases);

(xiii) all Permits, licenses, certifications and approvals from all permitting, licensing, accrediting and certifying agencies, and the rights to all data and records of Seller held by such permitting, licensing and certifying agencies;

(xiv) all goodwill as a going concern and all other intangible property of Seller;

(xv) all Tax refunds, rebates, credits and similar items relating to any taxable period (or portion thereof), beginning on the day after the Closing Date; and

(xvi) all such other properties, assets and rights (contractual or otherwise) of Seller used in or relating to the Business as of the Closing Date, whether tangible or intangible, real or personal and wherever located and by whomever possessed which are not otherwise expressly set forth above as Acquired Assets and are not Excluded Assets.

2.2 Excluded Assets.

(a) Notwithstanding anything to the contrary in this Agreement, the following assets of Seller shall be retained by Seller and are not being sold or assigned to Purchaser hereunder (all of the following are referred to collectively as the “Excluded Assets”):

(i) all Facility Leases of Seller other than the Assumed Facility Leases (the “Excluded Facility Leases”), including the Facility Leases set forth on Schedule 2.2(a)(i);

(ii) all equipment leases of Seller other than the Assumed Equipment Leases (the “Excluded Equipment Leases”, together with the Excluded Facility Leases, the “Excluded Leases”);

(iii) all Contracts of Seller other than the Assumed Contracts, including all employment agreements, severance agreements, stay bonus agreements, indemnification agreements, and change in control agreements (the “Miscellaneous Excluded Contracts”, and together with the Excluded Leases, the “Excluded Contracts”), together with all claims and causes of actions with respect to or arising in connection with such Excluded Contracts;

(iv) originals of Seller’s minute books and stock books, qualifications to conduct business as a foreign entity, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, other documents relating to the

organization, maintenance, and existence of Seller as a limited liability company, and any document, instrument or agreement excluded from the definition of Books and Records in Section 1.1 above;

(v) the equity securities or other ownership interest of Seller and all equity securities or other ownership interests held by Seller in any other Person;

(vi) all Tax refunds, rebates, credits and similar items relating to any taxable period (or portion thereof), ending on or prior to the Closing Date;

(vii) all assets associated with any Excluded Employee Benefits Plan;

(viii) Seller's insurance policies and any prepaid premiums with respect thereto to the extent such policies cover any Excluded Liabilities;

(ix) all claims, deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment with respect to any Excluded Assets (including, without limitation, with respect to insurance policies and Taxes relating to Seller's income);

(x) all Avoidance Actions other than those described in Section 2.1(a)(iii) above;

(xi) all deposits with respect to legal, accounting, financial advisory, valuation and investment banking fees and expenses incurred by or on behalf of Seller or its Affiliates;

(xii) Inventory sold by Seller in the Ordinary Course of Business prior to the Closing Date;

(xiii) all rights of Seller arising under this Agreement or any of the other Transaction Documents;

(xiv) any Contract terminated or expired prior to the Closing Date in accordance with its terms or in the Ordinary Course of Business;

(xv) all rights, claims and causes of action of Seller that are not related to the Acquired Assets or the Assumed Obligations; or

(xvi) all other assets listed on Schedule 2.2(a)(xvi).

2.3 Assignment and Assumption of Liabilities.

(a) Subject to the terms and conditions set forth in this Agreement, including this Section 2.3 hereto, Purchaser shall assume from Seller and thereafter be responsible for the payment, performance or discharge of only the following liabilities and obligations of Seller to the extent related to the Business (all such liabilities and obligations assumed pursuant to this Section 2.3(a) shall be referred to herein as the "Assumed Obligations");

(i) Cure Amounts equal to (A) with respect to periods prior to the Petition Date, an aggregate amount up to but not to exceed the sum of the Pre-Petition Cure Amounts set forth on Schedule 1.1(b) as of the date hereof with respect to the Assumed Executory Contracts (the "Purchaser Cure Amounts Cap") plus (B) the Cure Amounts (or any portion thereof) with respect to the Assumed Executory Contracts that accrue between the Petition Date and the Closing (which such amounts, for the avoidance of doubt, may include amounts that were current as of the Petition Date but have become past-due since such date) (the "Post-Petition Cure Amounts");

(ii) all Liabilities under the Assumed Executory Contracts first arising after the Closing Date and related to post-Closing periods but specifically excluding any Liability or obligation relating to or arising out of such Assumed Executory Contracts as a result of (A) any breach of such Assumed Executory Contracts occurring on or prior to the Closing Date, (B) any violation of Law, breach of warranty, tort or infringement occurring on or prior to the Closing Date; or (C) any charge, complaint, action, suit, proceeding, hearing, investigation, Claim or demand;

(iii) other than with respect to accounts payable pursuant to Assumed Executory Contracts prior to the Petition Date (which are addressed in Section 2.3(a)(i) hereof), the ordinary course accounts payable of Seller as of the Closing Date to the extent payable to the third parties set forth on Schedule 2.3(a)(iii) (a listing of the current accounts payable as of the date hereof are set forth on Schedule 2.3(a)(iii));

(iv) the sponsorship and obligations of the Assumed Employee Benefit Plans, other than any Liabilities associated with such Assumed Employee Benefit Plans arising in connection with any breach of any representation, warranty or covenant hereunder occurring on or prior to the Closing Date;

(v) with respect to the Rehired Employees, the liabilities with respect to any unpaid base wages and base salaries, and accrued vacation, sick leave, personal time (to the extent not paid) as of the Closing Date to the extent such liabilities are set forth in Schedule 2.3(a)(v), but not including any bonus, retention or severance obligations or arising from any violation of Law by Seller prior to the Closing Date;

(vi) [Intentionally deleted]; and

(vii) all Liabilities for (A) Taxes payable by Purchaser under Section 10.9(b) of this Agreement and (B) Taxes related to the Acquired Assets for periods (or portions thereof) beginning on the day after the Closing Date, in accordance with Section 10.9(e) below.

For the avoidance of doubt, the Assumed Obligations shall not include any item listed in Sections 2.4(a)(i)-2.4(a)(xxi).

(b) Section 2.3(a) shall not limit any claims or defenses Purchaser may have against any party other than Seller. The transactions contemplated by this Agreement shall in no way expand the rights or remedies of any Third Party against Purchaser or Seller as compared to

the rights and remedies which such Third Party would have had against Seller absent the Chapter 11 Cases and had Purchaser not assumed such Assumed Obligations.

2.4 No Other Liabilities Assumed.

(a) Purchaser shall not be the successor to any of Seller's, and Seller acknowledges and agrees that pursuant to the terms and provisions of this Agreement, Purchaser will not assume, nor in any way be liable or responsible for, any claim or Liability of Seller and its Affiliates (including Liabilities relating to the pre-petition or post-petition operation of the Business, the Excluded Assets or to the Acquired Assets (and the use thereof)), whether relating to or arising out of the Business, the Excluded Assets, the Acquired Assets or otherwise, and whether or not listed below, including any Indebtedness, Excluded Employee Benefit Plan, collective bargaining agreement or other Liability of Seller or any predecessor or Affiliate of Seller whatsoever or any ERISA Affiliate other than the Assumed Obligations (any such obligations, the "Excluded Liabilities"); provided, that, in furtherance and not in limitation of the foregoing, the Assumed Obligations do not include, and Purchaser is expressly not assuming, any of the following Liabilities, whenever or wherever arising:

(i) all claims or Liabilities of Seller that relate to any of the Excluded Assets, including executory Contracts and unexpired Leases that are not Assumed Executory Contracts;

(ii) all Liabilities of Seller relating to Taxes (including with respect to the Business or the Acquired Assets or otherwise) including (A) Taxes that may arise as a result of any claim, audit, investigation, assessment, or adjustment for any amount of Tax proposed, asserted, or assessed by any taxing authority, court or other Governmental Authority against Seller or any Affiliated Group of which Seller was a member, (B) Taxes that may arise as a result of the sale of the Acquired Assets or the assumption of the Assumed Obligations pursuant to this Agreement (except as provided in Section 2.3(a)(vii) and Section 10.9(b)) or (C) any deferred Taxes of any nature;

(iii) all Liabilities for Taxes now or hereafter attributable to the Acquired Assets or the Business for any taxable periods (or the portion thereof) ending on or before the Closing Date;

(iv) all accounts payable of Seller or any predecessor or Affiliate of Seller, except for Cure Amounts payable by Purchaser pursuant to Section 2.7 and assumed by Purchaser pursuant to Section 2.3(a)(i) and other than as set forth in Section 2.3(a)(iii);

(v) all Liabilities in respect of Indebtedness of Seller or any predecessor or Affiliate of Seller;

(vi) all Excluded Environmental Liabilities (regardless of whether such Liabilities accrue to Seller or to Purchaser in the first instance);

(vii) all Liabilities pursuant to the WARN Act relating to any action or inaction of Seller prior to or upon the Closing;

(viii) except for Cure Amounts payable by Purchaser as contemplated in Section 2.7 of this Agreement and assumed by Purchaser pursuant to Section 2.3(a)(i), all Liabilities of Seller resulting from, caused by or arising out of, or which relate to, directly or indirectly, the conduct of Seller (or any of its current or former officers, directors, employees or agents) anywhere or ownership or lease of any properties or assets or any properties or assets previously used by Seller at any time, or other actions, omissions or events occurring prior to the Closing and which (i) constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of any Law or (ii) relate to any and all Proceedings against Seller or its predecessors or Affiliates whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued, pending or threatened;

(ix) all Liabilities arising out of any Proceeding commenced against Seller or any predecessor or Affiliate of Seller after the Closing to the extent arising out of or relating to any occurrence or event happening prior to the Closing;

(x) all Liabilities under any Assumed Executory Contract which arises after the Closing but arises out of or relates to any breach that occurred prior to the Closing;

(xi) all Liabilities arising out of or relating to any infringement or misappropriation of, or other conflict with, the Intellectual Property of any Third Party to the extent arising out of or related to the conduct of the Business or any act or omission of Seller or any predecessor or Affiliate of Seller prior to the Closing;

(xii) all Liabilities arising out of, or relating to, any indemnification obligations of Seller, including indemnification obligations pursuant to supply agreements, service agreements, purchase agreements, leases and any other type of Contract to the extent arising out of or related to the conduct of the Business or any act or omission of Seller or any predecessor or Affiliate of Seller prior to the Closing and Liabilities to indemnify, reimburse or advance amounts to any officer, director, employee or agent of Seller;

(xiii) except as set forth in Section 2.3(a)(iv) or 2.3(a)(v), all Liabilities with respect to the current or former employees, consultants or contractors (or any applicants for such positions) (or their representatives or beneficiaries) of Seller arising prior to, on or after the Closing Date, including payroll, wages, salaries, bonuses, commissions, benefits, retention or stay bonus arrangements, other compensation, sick leave, worker's compensation, unemployment benefits, pension benefits, employee stock option or profit sharing plans, health care plans or benefits, or any other employee plans or benefits or other compensation of any kind to any employee, and obligations of any kind, including Liabilities arising under any employment, severance, retention or termination agreement with any employee, consultant or contractor (or their representatives) of Seller, and including for the avoidance of doubt, any management fees or similar consulting fees payable to Golden Gate Capital or its Affiliates;

(xiv) all Liabilities relating to or arising under or in connection with (A) any Employee Benefit Plan that is excluded under Section 2.2(a)(iii) and (B) any other employee benefit or compensation plan, program, agreement or arrangement at any time maintained, sponsored or contributed or required to be contributed to by Seller or any ERISA Affiliate, or with respect to which Seller or any ERISA Affiliate has any Liability; that is not specifically an

Assumed Employee Benefit Plan; including, without limitation, any “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) subject to Title IV of ERISA (collectively, the “Excluded Employee Benefit Plans”);

(xv) all Liabilities arising out of or relating to services, products or product or service warranties of Seller or any predecessor(s) or Affiliate(s) of Seller to the extent provided, developed, designed, manufactured, marketed, sold or distributed prior to the Closing;

(xvi) all Liabilities of Seller to any current, former or prospective shareholder or other equity interest holder of Seller, including all Liabilities of Seller related to the right to or issuance of any capital stock or other equity securities;

(xvii) all Liabilities for any legal, accounting, investment banking, reorganization, restructuring (including bankruptcy administrative expenses), brokerage or similar fees or expenses incurred by Seller in connection with, resulting from or attributable to the transactions contemplated by this Agreement, the Chapter 11 Cases or otherwise;

(xviii) [Intentionally deleted];

(xix) all Liabilities of Seller or any predecessor or Affiliate of Seller based upon such Person’s acts or omissions occurring after the Closing;

(xx) all Cure Amounts (or portions thereof) for periods prior to the Petition Date in excess of the Purchaser Cure Amounts Cap; and

(xxi) all Liabilities of Seller to Purchaser, its Affiliates, and its Affiliates’ agents, advisors and representatives, whether under the Transaction Agreements or otherwise.

(b) The parties acknowledge and agree that disclosure of any Liability on any Schedule to this Agreement or otherwise shall not create an Assumed Obligation or other Liability of Purchaser, except where such disclosed obligation has been expressly assumed by Purchaser as an Assumed Obligation and is not listed in Sections 2.4(a)(i)-2.4(a)(xxi).

2.5 Revisions to Schedules to Sections 2.1. to 2.4. Notwithstanding anything in this Agreement to the contrary, Purchaser may revise the Schedules to Sections 2.1 to 2.4 at any time on or before three (3) Business Days prior to the Auction to include in the definition of Acquired Assets or Assumed Obligations or exclude in the definition of Excluded Assets or Excluded Liabilities, as applicable, any asset or property, or any portion, part or parcel of any such asset or property (other than Scheduled Contracts, which shall be governed by Section 2.6) or Liability not otherwise included therein, as the case may be, and as a result thereof, Seller agrees to give required notice to any Third Party that should receive notice with respect to such asset or property or as otherwise reasonably requested by Purchaser provided, that such exclusion or inclusion, as the case may be, shall not serve to reduce or otherwise affect the amount of the Purchase Price. For purposes of clarification, nothing in this Section 2.5 shall limit Purchaser’s rights under Section 2.6.

2.6 Actions With Respect to Contracts.

(a) Seller's Obligation to Maintain Scheduled Contracts Until Closing. From and after the Effective Date until the Closing Date, Seller shall not reject or alter (or attempt to alter) the terms of any executory Contracts or unexpired leases to which Seller is a party (collectively, the "Scheduled Contracts") unless otherwise agreed to in writing by Purchaser or as provided below in Section 2.6(d) of this Agreement. Seller shall provide timely and proper written notice of the motion seeking entry of the Sale Order to all parties to Scheduled Contracts and take all other actions necessary to cause such Scheduled Contracts to be assumed by Seller and assigned to Purchaser pursuant to Section 365 of the Bankruptcy Code to the extent that such Scheduled Contracts are Assumed Executory Contracts at Closing. Seller shall have no obligation to Purchaser to provide adequate assurance of future performance under the Assumed Executory Contracts in connection with the assumption and assignment thereof by Seller.

(b) Excluding or Adding Assumed Executory Contracts Prior to Closing. At the Closing, Seller shall, pursuant to the Sale Order and the Assignment and Assumption Agreement(s) and other transfer and assignment documents reasonably requested by Purchaser, assume and sell and assign to Purchaser (the consideration for which is included in the Purchase Price), all Assumed Executory Contracts which may be assigned by Seller to Purchaser pursuant to Sections 363 and 365 of the Bankruptcy Code and which shall be set forth on the Schedules delivered pursuant to Section 2.1(a) of this Agreement. Purchaser shall have the right in its sole and absolute discretion to notify Seller in writing of any Assumed Executory Contract that it does not wish to assume or a Scheduled Contract that it wishes to add as an Assumed Executory Contract up to one (1) day prior to the Bid Deadline. At the sole discretion and instruction of Purchaser, any such previously considered Assumed Executory Contract that Purchaser no longer wishes to assume shall be automatically deemed removed from the Schedules related to Assumed Executory Contracts, automatically deemed added to the Schedules related to Excluded Contracts, and rejected by Seller in accordance with Section 2.6(d). At the sole discretion and instruction of Purchaser, any such previously considered Excluded Contract that Purchaser wishes to assume as an Assumed Executory Contract shall be automatically deemed added to the Schedules related to Assumed Executory Contracts, automatically deemed removed from the Schedules related to Excluded Contracts, and assumed by Seller to sell and assign to Purchaser.

(c) [Intentionally deleted]

(d) Rejection of Excluded Contracts. Seller may in its sole and absolute discretion, subject to applicable Law, assume, assign, or reject any Contract other than an Assumed Executory Contract at any time at and after the Closing. To the extent that any executory Contract or unexpired lease relating to the Business is not identified prior to the Closing Date on Schedule 5.4, Purchaser shall, upon discovery of such executory Contract or unexpired lease, in its sole discretion, determine whether such executory Contract or unexpired lease shall be deemed an Assumed Executory Contract or an Excluded Contract and, if determined by Purchaser to be an Excluded Contract, Seller shall promptly reject any such executory Contract or unexpired lease. The covenants set forth in this Section 2.6(d) shall survive the Closing.

2.7 Cure Amounts. Purchaser will be responsible for paying (a) all Cure Amounts (or portions thereof) for Assumed Executory Contracts for periods prior to the Petition Date set forth on Schedule 1.1(b) as of the date hereof solely in an aggregate amount up to but not to exceed the Purchaser Cure Amounts Cap and (b) all Post-Petition Cure Amounts in connection with the assignment and assumption of the Assumed Executory Contracts. Seller will be responsible for paying all Cure Amounts (or portion thereof) for periods prior to the Petition Date in excess of the Purchaser Cure Amounts Cap in connection with the assignment and assumption of the Assumed Executory Contracts. Seller hereby agrees that Purchaser, at its option, may pay any such cure in excess of the Purchaser Cure Amounts Cap and deduct the amount of any such cures paid by Purchaser in excess of the Purchaser Cure Amounts Cap from the amount otherwise payable to Seller at the Closing. Within seven (7) days after the Bid Deadline, Seller shall provide to Purchaser an update to Schedule 1.1(b) and an estimate of the Post-Petition Cure Amounts with respect to each Contract on Schedule 1.1(b). If the actual costs of cure with respect to any Assumed Executory Contract for periods prior to the Petition Date is greater than the Pre-Petition Cure Amount set forth on the originally delivered Schedule 1.1(b) as of the date hereof, then Purchaser shall have the option, at its sole discretion at any time prior to the Closing, of removing such Assumed Executory Contract from the Schedules related to Assumed Executory Contracts, adding such Assumed Executory Contract to the Schedules related to Excluded Contracts, and having such Assumed Executory Contract rejected by Seller in accordance with Section 2.6(d). To the full extent that any cure obligations are asserted against Purchaser (other than those Purchaser agrees to pay pursuant to the terms of this Agreement), Seller agrees to pay such amounts. In the event that Seller fails to pay such amount(s), Purchaser may pay such amount(s) (on behalf of Seller) and offset such amount(s) against any amount(s) Purchaser may owe Seller. Seller hereby agrees and acknowledges that the foregoing provision is in addition to, and not in derogation of, any statutory or other remedy that Purchaser may have against Seller.

2.8 Deemed Consents and Cures. For all purposes of this Agreement (including all representations and warranties of Seller contained herein), Seller shall be deemed to have obtained all required consents in respect of the assignment of any Assumed Executory Contract if, and to the extent that, pursuant to the Sale Order or other Bankruptcy Court Order, Seller is authorized to assume and assign to Purchaser, and Purchaser is authorized to accept, such Assumed Executory Contracts pursuant to Section 365 of the Bankruptcy Code, and any applicable Cure Amount has been satisfied by Purchaser or Seller as provided in this Agreement. If the consent required to effectuate the assignment of any Assumed Executory Contracts to Purchaser cannot be obtained pursuant to the Sale Order or other Bankruptcy Court Order, then the parties shall endeavor to obtain such consent pursuant to Sections 4.6, 7.1 and 10.5.

2.9 Acquired Assets Sold "As Is, Where Is".

EXCEPT AS EXPLICITLY SET FORTH IN THIS AGREEMENT (INCLUDING ARTICLE V), PURCHASER HEREBY ACKNOWLEDGES AND AGREES THAT, SELLER MAKES NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATING TO THE ACQUIRED ASSETS INCLUDING, WITHOUT LIMITATION, INCOME TO BE DERIVED OR EXPENSES TO BE INCURRED IN CONNECTION WITH THE ACQUIRED ASSETS, THE PHYSICAL CONDITION OF ANY PERSONAL PROPERTY OR INVENTORY COMPRISING A PART

OF THE ACQUIRED ASSETS OR WHICH IS THE SUBJECT OF ANY OTHER LEASE OR CONTRACT TO BE ASSUMED BY PURCHASER AT THE CLOSING, THE ENVIRONMENTAL CONDITION OR OTHER MATTER RELATING TO THE PHYSICAL CONDITION OF ANY REAL PROPERTY OR IMPROVEMENTS WHICH ARE THE SUBJECT OF ANY REAL PROPERTY LEASE TO BE ASSUMED BY PURCHASER AT THE CLOSING, THE ZONING OF ANY SUCH REAL PROPERTY OR IMPROVEMENTS, THE VALUE OF THE ACQUIRED ASSETS (OR ANY PORTION THEREOF), THE TRANSFERABILITY OF THE ACQUIRED ASSETS (INCLUDING ANY RIGHTS RESERVED TO OR VESTED IN ANY GOVERNMENTAL AUTHORITY TO CONTROL OR REGULATE THE ACQUIRED ASSETS AND ALL OBLIGATIONS AND DUTIES UNDER ALL LAWS OR UNDER ANY PERMIT ISSUED BY ANY GOVERNMENTAL AUTHORITY), THE TERMS, AMOUNT, VALIDITY OR ENFORCEABILITY OF ANY ASSUMED OBLIGATIONS, THE TITLE OF THE ACQUIRED ASSETS (OR ANY PORTION THEREOF), THE MERCHANTABILITY OR FITNESS OF THE PERSONAL PROPERTY, THE INVENTORY OR ANY OTHER PORTION OF THE ACQUIRED ASSETS FOR ANY PARTICULAR PURPOSE, OR ANY OTHER MATTER OR THING RELATING TO THE ACQUIRED ASSETS OR ANY PORTION THEREOF. WITHOUT IN ANY WAY LIMITING THE FOREGOING, EXCEPT AS SET FORTH IN THIS AGREEMENT (INCLUDING ARTICLE V), SELLER HEREBY DISCLAIMS ANY WARRANTY, EXPRESS OR IMPLIED, OF MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE AS TO ANY PORTION OF THE ACQUIRED ASSETS. PURCHASER FURTHER ACKNOWLEDGES THAT PURCHASER HAS CONDUCTED AN INDEPENDENT INSPECTION AND INVESTIGATION OF THE PHYSICAL CONDITION OF THE ACQUIRED ASSETS AND ALL SUCH OTHER MATTERS RELATING TO OR AFFECTING THE ACQUIRED ASSETS AS PURCHASER DEEMED NECESSARY OR APPROPRIATE AND THAT IN PROCEEDING WITH ITS ACQUISITION OF THE ACQUIRED ASSETS, EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS AGREEMENT (INCLUDING ARTICLE V), PURCHASER IS DOING SO BASED SOLELY UPON SUCH INDEPENDENT INSPECTIONS AND INVESTIGATIONS. ACCORDINGLY, PURCHASER WILL ACCEPT THE ACQUIRED ASSETS AT THE CLOSING "AS IS," "WHERE IS," AND "WITH ALL FAULTS."

PURCHASER HAS PERFORMED AN INDEPENDENT INVESTIGATION, ANALYSIS, AND EVALUATION OF THE ACQUIRED ASSETS.

THE PROVISIONS OF THIS SECTION 2.9 SHALL SURVIVE THE CLOSING OR EARLIER TERMINATION OF THIS AGREEMENT AND SHALL BE INCORPORATED INTO THE CLOSING DOCUMENTS TO BE DELIVERED AT CLOSING.

ARTICLE III BASIC TRANSACTION

3.1 Purchase Price. The aggregate purchase price for the Acquired Assets (the "Purchase Price") is the sum of (a) cash in the amount of \$8,000,000 (the "Cash Amount") plus (b) the Cure Amounts to be made by Purchaser minus (c) the amount (if any) by which the Net Working Capital of Seller as of immediately prior to the Closing (the "Closing Net Working

Capital”), is less than the Low Target, plus (d) the amount (if any) by which the Closing Net Working Capital is greater than the High Target (the amounts set forth in subsections (a) through (d) together, the “Cash Portion”), plus (e) Purchaser’s assumption of the Assumed Obligations, plus (f) any Contingent Payments, if any.

3.2 Payment of Purchase Price at Closing. Seller shall deliver to Purchaser its good faith estimate of Closing Net Working Capital not less than the earlier of one (1) Business Day prior to the Auction and seven (7) Business Days prior to Closing, and Purchaser and Seller shall work in good faith to mutually agree on such estimate not less than two (2) Business Days prior to the Closing (such mutually agreed-upon amount, the “Estimated Closing Net Working Capital”). At the Closing, Purchaser shall be assigned the Acquired Assets and Assumed Obligations, and an amount equal to (a) the Cash Amount, plus (b) the Estimated Working Capital Adjustment (which for the avoidance of doubt may be negative or zero), less (c) the Deposit, less (d) an amount (if any) equal to 10% of the Estimated Working Capital Adjustment to the extent that the Estimated Working Capital Adjustment is a positive number (the amount in this clause (d), “Working Capital Escrow Amount”) shall be paid by Purchaser by wire transfer of immediately available funds to an account designated by Seller. At the Closing, the Deposit shall be delivered to Seller by the Escrow Agent and shall be applied as a credit to the Cash Amount. At the Closing, the Working Capital Escrow Amount shall be paid by Purchaser by wire transfer of immediately available funds to the Escrow Agent for deposit into an escrow account established pursuant to the terms of the Escrow Agreement (as defined below). The Working Capital Escrow Amount shall be available to satisfy amounts owing to Purchaser pursuant to Section 3.5 below.

3.3 Allocation of Purchase Price. The Parties agree to allocate the Purchase Price and Assumed Obligations among the Acquired Assets in accordance with Code Section 1060. Purchaser shall prepare and deliver to Seller an allocation schedule setting forth Purchaser’s good faith determination of the allocation (the “Allocation”) within sixty (60) days of the Closing Date, which Allocation shall be updated to reflect the terms of the Earn-Out Amount, and which Allocation shall be subject to the reasonable comments and approval of Seller, not to be unreasonably withheld, conditioned or delayed. The Allocation shall be prepared in accordance with Code Section 1060 and shall be used by the parties in preparing Form 8594 (Asset Acquisition Statement) for each of Purchaser and Seller and all Tax Returns of Purchaser and Seller. Purchaser and Seller shall report and file all Tax Returns (including amended Tax Returns and claims for refund) in a manner that is consistent with the Allocation, and shall take no position contrary thereto or inconsistent therewith unless required by applicable Law (including as a result of a successful challenge to the allocation in any audits or examinations by any Governmental Authority or any other Proceeding). Purchaser and Seller shall cooperate in the filing of any required forms (including Internal Revenue Service Form 8594 under Section 1060 of the Code) with respect to such Allocation. Notwithstanding any other provision of this Agreement, the terms and provisions of this Section 3.3 shall survive the Closing without limitation.

3.4 Purchaser’s Deposit.

(a) Simultaneously with the execution and delivery of this Agreement, Purchaser has deposited into escrow with First American Title Insurance Company, as escrow

agent (the “Escrow Agent”), pursuant to that certain Escrow Agreement, dated as of the date hereof, among Seller, Purchaser and the Escrow Agent and attached hereto as Exhibit C (the “Escrow Agreement”), by wire transfer of immediately available funds, a total amount equal to \$500,000 as an earnest good-faith money deposit and security for the performance of Purchaser’s obligations under this Agreement (the “Deposit”). Upon receipt of the Deposit, the Escrow Agent shall immediately deposit the Deposit into an interest-bearing account. Interest shall be treated as set forth in the Escrow Agreement. The Escrow Agent’s escrow fees and charges shall be paid by Seller.

(b) The Parties agree that the Deposit (plus interest accrued thereon) shall either (i) be applied as a deposit towards the Purchase Price to be delivered to Seller at Closing as provided in Section 3.2, or (ii) be returned to Purchaser or paid to Seller as provided in Section 9.2. Upon the termination of this Agreement for any reason other than termination by Seller pursuant to Section 9.1(c), the parties shall provide a joint written instruction to the Escrow Agent to refund the Deposit, together with all interest earned thereon, to Purchaser, in each case within one (1) Business Day after the date of such termination.

3.5 Working Capital Adjustment.

(a) Within thirty (30) days following the Closing Date, Purchaser shall prepare and deliver to Seller a statement setting forth Purchaser’s calculation of the Closing Net Working Capital, which statement shall contain a balance sheet of Seller as of the Closing Date (without giving effect to the transactions contemplated herein) and a calculation of the Closing Net Working Capital, which such balance sheet shall be prepared in accordance with GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications and valuation and estimation methodologies that were historically used by Seller in the preparation of its historical financial statements and the mutually agreed upon calculation of the Estimated Closing Net Working Capital. Following Seller’s receipt of Purchaser’s calculation of the Closing Net Working Capital, and for the fifteen (15)-day period immediately thereafter, Seller and Seller’s representatives and agents shall be permitted to review Purchaser’s books and records relating to Purchaser’s calculation and determination of Closing Net Working Capital. Purchaser’s calculation of the Closing Net Working Capital shall become final and binding upon the parties fifteen (15) days following Seller’s receipt thereof, unless Seller gives written notice of disagreement (a “Working Capital Disagreement Notice”) to Purchaser prior to such date. Any Working Capital Disagreement Notice shall specify in reasonable detail the nature and dollar amount of any disagreement so asserted. If a timely Working Capital Disagreement Notice is received by Purchaser, then the Closing Net Working Capital (as revised in accordance with clause (i) or (ii) below) shall become final and binding upon Purchaser and Seller on the earliest of (i) the date Purchaser and Seller resolve in writing any differences they have with respect to the matters specified in the Working Capital Disagreement Notice or (ii) the date all matters in dispute are finally resolved in writing by the Valuation Firm. During the ten (10) days following delivery of a Working Capital Disagreement Notice, Purchaser and Seller shall seek in good faith to resolve in writing any differences which they may have with respect to the matters specified in the Working Capital Disagreement Notice. During such period, each party hereunder shall be permitted to review the other party’s working papers relating to the calculation of the Closing Net Working Capital. At the end of such ten (10)-day period, Purchaser and Seller shall submit to the Valuation Firm for review and

resolution all matters (but only such matters) that remain in dispute and were properly included in the Working Capital Disagreement Notice. The Valuation Firm shall make a final determination of the Closing Net Working Capital with reference to such amount to the extent such amounts are in dispute, in accordance with the guidelines and procedures set forth in this Agreement and on Exhibit F attached hereto. Purchaser and Seller shall cooperate with the Valuation Firm during the term of its engagement. The determination of the Closing Net Working Capital shall become final and binding on Purchaser and Seller on the date the Valuation Firm delivers its final resolution in writing to Purchaser and Seller. For purposes of this Agreement, "Final Closing Net Working Capital" shall be the Closing Net Working Capital as finally determined pursuant to this Section 3.5(a).

(b) Should the Estimated Working Capital Adjustment exceed the Final Working Capital Adjustment, then (x) Purchaser shall be entitled to receive, and within three (3) Business Days after the Closing Net Working Capital becomes final and binding on the parties (the "Finalization Date"), the parties shall cause, by delivery of joint written instructions to the Escrow Agent, the Escrow Agent to distribute to Purchaser, such excess (up to the amount of the Working Capital Escrow Amount), and (y) Seller shall be entitled to receive, and within three (3) Business Days after the Finalization Date the parties shall cause, by delivery of joint written instructions to the Escrow Agent, the Escrow Agent to distribute to Seller, the remaining amount, if any, of the Working Capital Escrow Amount. In the event that the Working Capital Escrow Amount is less than the amount by which the Estimated Working Capital Adjustment exceeds the Final Working Capital Adjustment, then Purchaser shall have the right to offset the amount of such deficiency against any amounts due or payable by Purchaser to Seller pursuant to Section 3.6 below.

(c) Should the Final Working Capital Adjustment equal or exceed the Estimated Working Capital Adjustment, within three (3) Business Days after the Finalization Date, the parties shall cause, by delivery of joint written instructions to the Escrow Agent, the Escrow Agent to distribute to Seller the Working Capital Escrow Amount and Purchaser shall pay such excess in cash to Seller by wire transfer of immediately available funds to an account designated by Seller (which such amount shall be deemed an adjustment to the Purchase Price). In all cases, the amount in the escrow account in excess of the Working Capital Escrow Amount as of the date of distribution shall be distributed to Purchaser and Seller pro rata to the portion of the Escrow Amount paid to each party.

3.6 Contingent Payments.

(a) Determination of Earn-Out Amount. Within ninety (90) days following the end of the Measurement Year, Purchaser shall prepare and deliver to Seller a statement setting forth Purchaser's calculation of EBITDA and the Earn-Out Amount for the Measurement Year (the "Earn-Out Statement"). Following Seller's receipt of the Earn-Out Statement, and for the thirty-five (35)-day period immediately thereafter, Seller and Seller's representatives and agents shall be permitted to review Purchaser's books and records relating to Purchaser's calculation and preparation of the Earn-Out Statement and determination of the Earn-Out Amount for the Measurement Year. The Earn-Out Statement for the Measurement Year shall become final and binding upon the parties thirty-five (35) days following Seller's receipt thereof, unless Seller gives written notice of disagreement (an "Earn-Out Disagreement Notice") to Purchaser prior to

such date. Any Earn-Out Disagreement Notice shall specify in reasonable detail the nature and dollar amount of any disagreement so asserted. If a timely Earn-Out Disagreement Notice is received by Purchaser, then the Earn-Out Statement (as revised in accordance with clause (i) or (ii) below) shall become final and binding upon Purchaser and Seller on the earliest of (i) the date Purchaser and Seller resolve in writing any differences they have with respect to the matters specified in the Earn-Out Disagreement Notice or (ii) the date all matters in dispute are finally resolved in writing by the Valuation Firm. During the thirty (30) days following delivery of an Earn-Out Disagreement Notice, Purchaser and Seller shall seek in good faith to resolve in writing any differences which they may have with respect to the matters specified in the Earn-Out Disagreement Notice. During such period, Purchaser shall be permitted to review Seller's working papers relating to the Earn-Out Disagreement Notice. At the end of such thirty (30)-day period, Purchaser and Seller shall submit to the Valuation Firm for review and resolution all matters (but only such matters) that remain in dispute and were properly included in the Earn-Out Disagreement Notice. The Valuation Firm shall make a final determination of the Earn-Out Amount for the Measurement Year with reference to such amount to the extent such amounts are in dispute, in accordance with the guidelines and procedures set forth in this Agreement and on Exhibit F attached hereto. Purchaser and Seller shall cooperate with the Valuation Firm during the term of its engagement. The determination of the Earn-Out Amount for the Measurement Year shall become final and binding on Purchaser and Seller on the date the Valuation Firm delivers its final resolution in writing to Purchaser and Seller.

(b) Payment of Contingent Amounts. Subject to the terms and conditions of this Agreement, on the Earn-Out Payment Date, Purchaser shall pay to Seller the Earn-Out Amount, if any, by wire transfer of immediately available funds to an account designated by Seller. All payments of the Earn-Out Amount pursuant to this Section 3.6 shall be deemed adjustments to the Purchase Price set forth in Section 3.1 above for Tax and all other applicable purposes.

(c) Direction of Business. Nothing in this Agreement shall be deemed to limit or restrict, directly or indirectly, the discretion of Purchaser, or any Affiliate of Purchaser, in directing the operations or business of the Purchaser following the Closing Date; provided, that Purchaser shall not directly or indirectly take any actions in bad faith with the purpose of avoiding or reducing the amount of the Contingent Payments hereunder. Seller acknowledges that any payments that may be payable pursuant to this Section 3.6 depend upon the performance of the business of the Purchaser.

(d) Assignment upon Certain Events. In the event that after the Closing Date there occurs a sale or other disposition of all or substantially all of the Acquired Assets, or a merger, consolidation, recapitalization or other transaction in which any Person who is not an owner of an interest in or an Affiliate of Purchaser becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of all interests in Purchaser, such Person shall expressly assume the obligations of Purchaser under this Section 3.6.

(e) Financial Statements. Within twenty (20) Business Days of the end of each quarterly period during the Measurement Year (starting with the quarterly period ending September 30, 2014), Purchaser shall deliver to Seller copies of Purchaser's unaudited income statement (including, at a minimum, revenue, gross profit and EBITDA) and balance sheet

(including, at a minimum, accounts receivable, inventory and accounts payable) relating to the Business for such preceding quarterly period; provided that Seller shall not rely on such information for purposes of the Earn-Out Statement, the obligations of Purchaser under this Section 3.6 or any other reason.

ARTICLE IV CLOSING

4.1 Closing. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the transaction contemplated by this Agreement (the "Closing") will take place at the offices of Kirkland & Ellis LLP, 300 N. LaSalle Street, Chicago, IL 60654 at 10:00 A.M. Central Standard Time or remotely upon the electronic exchange of signatures as soon as practicable after the date on which the conditions set forth in ARTICLE VIII have been satisfied or waived but no later than three (3) days thereafter; or on such other date or place as Purchaser and Seller may determine (the "Closing Date").

4.2 Closing/Post-Closing Payments. On the Closing Date:

(i) Purchaser shall pay an amount equal to the Cash Amount plus the Estimated Working Capital Adjustment (which for the avoidance of doubt may be negative or zero) less the Deposit less the Working Capital Escrow Amount, if any, to Seller by wire transfer of immediately available funds to an account designated by Seller at least two (2) Business Days prior to Closing;

(ii) Purchaser shall pay the Cure Amounts (or portions thereof) for periods prior to the Petition Date with respect to the Assumed Executory Contracts in an aggregate amount not to exceed the Purchaser Cure Amounts Cap and shall pay the Post-Petition Cure Amounts;

(iii) Purchaser shall pay the Working Capital Escrow Amount, if any, to the Escrow Agent by wire transfer of immediately available funds; and

(iv) Seller shall pay all Cure Amounts (or portion thereof) for periods prior to the Petition Date in excess of the Purchaser Cure Amounts Cap; provided at Purchaser's election any Pre-Petition Cure Amounts required to be paid by Seller hereunder may be assumed by Purchaser and paid directly by Purchaser when due and deducted from the Purchase Price.

4.3 Deliveries by Seller. At the Closing, Seller shall deliver or procure delivery to Purchaser of:

(a) physical possession of all of the Acquired Assets capable of passing by delivery with the intent that title in such Acquired Assets shall pass by and upon delivery;

(b) one (1) or more assignments and assumptions of the Assumed Obligations, in the form attached hereto as Exhibit D (collectively, the "Assignment and Assumption Agreements"), duly executed by the Seller;

(c) one (1) or more bills of sale, in the form attached hereto as Exhibit E, conveying in the aggregate all of the owned personal property of Seller included in the Acquired Assets, duly executed by Seller;

(d) Intellectual Property assignments in the forms attached hereto as Exhibit G each duly executed by the Seller and each in recordable form to the extent necessary to assign such rights;

(e) an assignment and assumption of lease in customary form with respect to each of the Assumed Facility Leases;

(f) a copy of the Sale Order entered with the Bankruptcy Court;

(g) certificates of title and title transfer documents to all titled motor vehicles;

(h) an assignment and assumption agreement with respect to Seller's Permits and warranties, whereby Seller shall assign to Purchaser (to the extent assignable) all of its rights in and to any Permits and warranties relating (directly or indirectly) to the Acquired Assets or the Business;

(i) such documentation as may be necessary to change the authorized signatories on any bank accounts or powers of attorney relating (directly or indirectly) to the Acquired Assets;

(j) a subcontract agreement in the form attached hereto as Exhibit B assigning the performance of Seller's Government Contracts to Purchaser pending the novation of such Government Contracts;

(k) certified copies of the resolutions of the board of managers of Seller's sole member authorizing the execution, delivery and performance of this Agreement and the other agreements contemplated hereby and the consummation of the transactions contemplated hereby and thereby;

(l) an affidavit from Seller, sworn under penalty of perjury and dated as of the Closing Date, in form and substance required under the Treasury Regulations issued pursuant to Section 1445 of the Code, stating that Seller is not a foreign person as defined in Section 1445 of the Code;

(m) copies of all Third Party approvals and governmental approvals obtained pursuant to Section 7.1 or otherwise required by Section 8.2(f), provided, however, that the Novation agreement approved by the government Contracting Officer assigning General Services Administration Contract GS-07F-5504P from Seller to Purchaser listed on Schedule 8.2(f) shall be delivered as soon as practicable after the Closing;

(n) all of the Books and Records (except to the extent constituting an Excluded Asset);

(o) originals (or, to the extent originals are not available, copies) of all Assumed Executory Contracts (together with all amendments, supplements or modifications thereto);

(p) such other documents or instruments as are necessary to vest in Purchaser good and marketable title in and to the Acquired Assets in accordance with the provisions hereof; and

(q) documents, including those acceptable for recordation in the United States Patent and Trademark Office, the United States Copyright Office and any other similar domestic or foreign office, department or agency, in a form and substance reasonably satisfactory to Purchaser, with respect to the release of any Liens against any Intellectual Property included as an Acquired Asset or evidence of their filing with the appropriate offices.

4.4 Deliveries by Purchaser. At the Closing, Purchaser will deliver to Seller:

(a) the Assignment and Assumption Agreements duly executed by Purchaser;

(b) certified copies of the resolutions of the managing member of Purchaser authorizing the execution, delivery and performance of this Agreement and the other agreements contemplated hereby and the consummation of the transactions contemplated hereby and thereby; and

(c) such other documents or instruments as are required to be delivered by Purchaser at the Closing pursuant to the terms hereof or that Seller reasonably requests prior to the Closing Date to effect the transactions contemplated hereby.

4.5 Form of Instruments. To the extent that a form of any document to be delivered hereunder is not attached as an Exhibit hereto, such documents shall be in form and substance, and shall be executed and delivered in a manner, reasonably satisfactory to Purchaser and Seller.

4.6 Further Assurances. From time to time prior to and after the Closing until thirty (30) days after the expiration of the Measurement Year and without further consideration, (i) Seller, upon the request of Purchaser, shall execute and deliver such documents and instruments of conveyance and transfer as Purchaser may reasonably request in order to consummate more effectively the purchase and sale of the Acquired Assets as contemplated hereby, to vest in Purchaser title to the Acquired Assets transferred hereunder and to permit Purchaser to perfect, record or protect its interests in the Acquired Assets, or to otherwise more fully consummate the transactions contemplated by this Agreement and (ii) Purchaser, upon the reasonable request of Seller, shall execute and deliver such documents and instruments of contract or lease assumption as Seller may reasonably request in order to confirm any Purchaser's Liability for the Assumed Obligations or otherwise to more fully consummate the transactions contemplated by this Agreement. Seller shall provide notice of the transactions contemplated by this Agreement and the Chapter 11 Cases to all parties entitled to such notice, including all environmental authorities in jurisdictions applicable to Seller and all other Persons with current or potential claims with respect to any Excluded Environmental Liabilities or other Liabilities or obligations arising under Environmental Laws.

4.7 Withholding. Notwithstanding anything herein to the contrary, Purchaser shall be entitled to deduct and withhold from the consideration otherwise payable pursuant to this Agreement to Seller such amounts as it is required to deduct and withhold with respect to the making of such payment under the Code and the rules and regulations promulgated thereunder, or any provision of state, local or foreign Tax Law; provided, however, that Purchaser shall provide Seller at least three (3) Business Days prior written notice before making any such deduction, which such notice shall set forth the basis for such proposed deduction and withholding. To the extent that amounts are so withheld by Purchaser, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to Seller.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants on the date of this Agreement and on the Closing Date to Purchaser that the statements contained in this Article V are correct and complete.

5.1 Organization, Standing. Seller is a legal entity duly formed, validly existing and in good standing under the Laws of the state of its organization, has all requisite limited liability company or similar power and authority and all material Permits necessary to own, lease and operate its properties and assets and to carry on its business as presently conducted and is qualified to do business and is in good standing or with active status as a foreign limited liability company in each jurisdiction where the ownership, leasing or operation of its assets or properties or conduct of its business requires such qualification, except where the failure to be so qualified or in good standing, has not had and would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All jurisdictions in which Seller is qualified to do business and all material Permits held by Seller are set forth on Schedule 5.1. Seller has no Subsidiaries and does not own any interests in any other Person.

5.2 Validity of Agreement; Power. Subject to any necessary authorization from the Bankruptcy Court, Seller has full power and authority to execute and deliver the Transaction Documents to which it is a party and to consummate the transactions contemplated hereby and thereby. The sole member (or similar governing body) of Seller has duly approved the Transaction Documents to which Seller is a party and has duly authorized the execution and delivery of such Transaction Documents and the consummation of the transactions contemplated thereby. No other corporate or organizational proceedings on the part of Seller are necessary to approve and authorize the execution and delivery of the Transaction Documents to which Seller is a party and the consummation of the transactions contemplated thereby. Subject to any necessary authorization from the Bankruptcy Court, all Transaction Documents to which Seller is a party have been duly executed and delivered by Seller, except such Transaction Documents that are required by the terms hereof to be executed and delivered by Seller after the date hereof, in which case such Transaction Documents will be duly executed and delivered by Seller at or prior to the Closing, and, subject to any necessary authorization from the Bankruptcy Court, all Transaction Documents constitute, or will constitute, as the case may be, the valid and binding agreements of Seller, enforceable against Seller in accordance with their terms.

5.3 No Conflicts or Violations. Except as set forth on Schedule 5.3 and subject to the entry of the Sale Order, the execution, delivery and performance of the Transaction Documents

and the consummation of the transactions contemplated thereby by Seller do not and shall not conflict with, result in any breach, default or violation of, give rise to a right of modification, termination, acceleration or loss of a material benefit under, result in the creation of any Lien or Liability under, require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any Governmental Authority, under (i) any provision of the certificate of formation or limited liability company agreement or other equivalent organizational document of Seller, (ii) any material Contract to which Seller is a party to or by which it is bound or (iii) any determination or Order of any Governmental Authority or Law applicable to Seller or its property or assets.

5.4 Contracts. Schedule 5.4 sets forth each Contract and Government Contract to which Seller is a party or bound by involving more than \$25,000 or that is otherwise material to the assets, operations or financial condition of Seller. Set forth on Schedule 5.4 next to each Contract is the related Cure Amount. Schedule 5.4 sets forth the following information with respect to each of the Government Contracts: contract name; contract number; contracting agency or prime contractor (as applicable) (and in the case of subcontracts, the prime contractor's contracting agency); contract term including options; and full name of the Governmental Authority involved with respect to the Government Contract.

5.5 Title to Assets; Assets Necessary to Business.

(a) Seller has good and marketable title to, or a valid leasehold interest in or all rights to use, all Acquired Assets, subject only to any Permitted Liens and liens in favor of Secured Party under the DIP Financing and the pre-petition credit agreements which such liens in favor of Secured Party and the lender under the pre-petition credit agreements shall be released under the Sale Order.

(b) Except as set forth on Schedule 5.5(b) and except for the Excluded Assets, the Acquired Assets as of the date hereof constitute all of the assets, including all Contracts, Permits and properties, necessary to conduct the Business as presently conducted. Subject to the entry of the Sale Order following the Closing, Purchaser shall have the right to use all of the Acquired Assets free and clear of any Liens of any kind, other than Permitted Liens. Except as set forth on Schedule 5.5(b) and except for the Excluded Assets, each asset that is material to the operation of the Business as presently conducted is an Acquired Asset as of the date hereof.

(c) Subject to Bankruptcy Court approval and the Sale Order, Seller has the power and the right to sell, assign and transfer and, at the Closing, Seller will sell and deliver to Purchaser, and upon consummation of the transactions contemplated by this Agreement, Purchaser will acquire good and marketable title to the Acquired Assets, free and clear of all Liens, other than Permitted Liens.

5.6 Affiliate Transactions. Except as disclosed on Schedule 5.6, no Insider (including for the avoidance of doubt, Tactical Holdings, Inc. and its direct and indirect subsidiaries other than Seller) is a party to any agreement, Contract, commitment or transaction with Seller or has any interest in the Acquired Assets or any property, real or personal or mixed, tangible or intangible of Seller or owns, or licenses (whether or not to Seller), any assets or properties (tangible or intangible) used in the Business or provides any service to the Business.

5.7 Brokers. Except as set forth on Schedule 5.7, Seller has not incurred or contractually agreed to pay any Liability to any broker, finder or agent other than Houlihan Lokey Capital, Inc. with respect to the payment of any commission regarding the consummation of the transactions contemplated hereby.

5.8 Compliance with Laws. Seller has complied and is in compliance with all applicable Laws including the Customs & International Trade Laws, and Seller has not, to Seller's Knowledge, received any notice that it is subject to any civil or criminal investigation, audit or any other inquiry or Proceeding involving or otherwise relating to any alleged or actual violation of, and there are no unresolved claims concerning any Liability of Seller with respect to, such Laws. To the Seller's knowledge, no director, officer, agent, employee or other Person acting on behalf of Seller has, directly or indirectly, provided anything of value relating to any political activity or solicitation of business which was prohibited by Law, or on behalf of Seller, directly or indirectly, provided anything of value to any Governmental Authority, governmental official or employee or established, recorded or maintained any funds in a manner prohibited by Law. Seller is and has been in compliance with U.S. export and sanctions laws and regulations, including but not limited to, the Export Administration Regulations, 15 C.F.R. Parts 730-774; the International Traffic in Arms Regulations, 22 C.F.R. Parts 120-130; and the various sanctions regulations administered by the Office of Foreign Assets Control of the Department of the Treasury. To the knowledge of Seller, neither Seller nor its principals, owners, directors, or officers are, or are directly or indirectly owned or controlled by, any party identified on the Specially Designated Nationals and Blocked Persons List maintained by the U.S. Department of the Treasury, Office of Foreign Assets Control. The proceeds of this Agreement will not be used for any purpose or activity that violates any of the Customs and International Trade Laws.

5.9 Employee Benefits.

(a) Schedule 5.9(a) sets forth a complete and correct list of all Employee Benefit Plans that are sponsored, maintained or contributed by Seller for or on behalf of any of any current or former employees, directors officers or independent contractors of the Business, including any dependents or beneficiaries thereof, (each a "Company Benefit Plan" and, collectively, the "Company Benefit Plans").

(b) Except as set forth on Schedule 5.9(b), neither Seller nor any ERISA Affiliate maintains, sponsors, contributes to, has any obligation to contribute to, or has any liability or potential liability under or with respect to (i) any "defined benefit plan" as defined in Section 3(35) of ERISA or any other plan subject to the funding requirements of Section 412 of the Code or Section 302 of Title IV of ERISA, (ii) any "multiemployer plan" as defined in Section 3(37) or 4001(a)(3) of ERISA, or (iii) any employee benefit plan, program or arrangement that provides for post-retirement medical, life insurance or other welfare-type benefits (other than health continuation coverage required by COBRA). No Acquired Assets are or would be subject to any lien associated with any Employee Benefit Plan under ERISA, the Code or other applicable law.

(c) No Employee Benefit Plan had an accumulated or waived funding deficiency or permitted decrease which would create a deficiency in its funding standard account or has applied for an extension of any amortization period within the meaning of Section 412 of

the Internal Revenue Code at any time during the previous sixty (60) months and neither the Seller nor any ERISA Affiliate has engaged in, nor is the consummation of the transactions contemplated in this Agreement, a transaction within the meaning of Sections 4069 or 4212(c) of ERISA.

(d) Each Assumed Employee Benefit Plan (and each related trust, insurance contract or fund) has been maintained, funded and administered in accordance with its terms and complies in form and in operation in all material respects with all applicable requirements of ERISA, the Code and other applicable Laws.

5.10 Product Warranty; Product Recalls; Product Liability Claims. Except as set forth on Schedule 5.10, each product manufactured, sold, leased, or delivered by Seller has been, to Seller's Knowledge, in conformity with all applicable contractual commitments and all express and implied warranties, and Seller has no Liability (and to Seller's knowledge there is no basis for any present or future Proceeding or hearing against any of them giving rise to any Liability) for replacement or repair thereof or other damages in connection therewith. Except as set forth on Schedule 5.10, since December 31, 2011, no material product liability claims have been received in writing by Seller, and, to the knowledge of Seller, no such claims have been threatened against Seller relating to any of the products or product candidates currently or since December 31, 2011 being developed, tested, manufactured, marketed, distributed or sold by Seller. There is, and since December 31, 2011, there has been, no judgment, order or decree outstanding against Seller relating to product liability claims. Except as set forth on Schedule 5.10, since December 31, 2011, there has been no recall or withdrawal from consumers or distribution channels of any product produced or sold by Seller or other similar action by a Governmental Authority or other private action with respect to any such product.

5.11 FCPA. Since December 31, 2009, neither Seller nor any of its directors, officers, equityholders or employees or other Persons acting on its behalf, have used any corporate or other funds for unlawful contributions, payments, gifts, or entertainment, or made any unlawful expenditures relating to political activity to government officials or others or established or maintained any unlawful or unrecorded funds, in each case in violation of the Foreign Corrupt Practices Act. Neither Seller nor any of its directors, officers, equityholders, employees or other Persons acting on its behalf, have accepted or received any unlawful contributions, payments, gifts, or expenditures. Seller has complied and is in compliance with all applicable laws, including but not limited to, the Foreign Corrupt Practices Act, as amended, the UK Bribery Act of 2010, as amended, any other anti-bribery or anti-corruption statutes designed to cover conduct similar to that covered by the Foreign Corrupt Practices Act or the UK Bribery Act of 2010.

5.12 Compliance with Customs & International Trade Laws. Except as set forth on Schedule 5.12, and without in any way limiting the representations and warranties otherwise provided in ARTICLE V of this Agreement:

(a) Seller is in compliance with all applicable Customs & International Trade Laws, and at no time since January 1, 2009 has Seller committed any material violation of the Customs & International Trade Laws, and there are no material unresolved questions or claims concerning any liability of Seller with respect to any such Laws;

(b) Seller is not subject to any pending civil or criminal investigation, litigation, audit, compliance assessment, focused assessment, penalty proceeding or assessment, liquidated damages proceeding or claim, forfeiture or forfeiture action, record-keeping inquiry, assessment of additional duty for failure to properly mark imported merchandise, notice to properly mark merchandise or return merchandise to Customs custody, claim for additional customs duties or fees, denial order, suspension of export privileges, government sanction, or any other action, proceeding or claim by a Governmental Authority involving or otherwise relating to any alleged or actual violation of the Customs & International Trade Laws or relating to any alleged or actual underpayment of customs duties, fees, taxes or other amounts owed pursuant to the Customs & International Trade Laws, and Seller has paid all customs duties and fees, all other import duties and fees, and brokerage fees owed for merchandise imported by it or imported on its behalf into the United States;

(c) Seller has not made or provided any material false statement or omission to any Governmental Authority or to any purchaser of products, in connection with the importation of merchandise, the valuation or classification of imported merchandise, the duty treatment of imported merchandise, the eligibility of imported merchandise for favorable duty rates or other special treatment, country-of-origin marking, NAFTA Certificates, marking and labeling requirements for textiles and apparel, other statements or certificates concerning origin, quota or visa rights, export licenses or other export authorizations, U.S.-content requirements, licenses or other approvals required by a foreign Governmental Authority, or any other requirement relating to the Customs & International Trade Laws; and

(d) None of the products or materials imported by, for or on behalf of Seller for which final liquidation has not yet occurred is subject to or otherwise covered by an antidumping duty order or countervailing duty order that remains in effect or is subject to or otherwise covered by any pending antidumping or countervailing duty investigation by agencies of the United States government.

5.13 No Other Representations or Warranties; Schedules. Except for the representations and warranties contained in this ARTICLE V (as modified by the Schedules hereto), neither Seller nor any other Person makes any express or implied representation or warranty with respect to Seller, the Business, the Acquired Assets, the Assumed Obligations or the transactions contemplated by this Agreement, and Seller disclaims any other representations or warranties, whether made by Seller, any Affiliate of Seller or any of their respective representatives. Except for the representations and warranties contained in this ARTICLE V (as modified by the Schedules hereto), Seller expressly disclaims and negates any representation or warranty, expressed or implied, at common law, by statute, or otherwise, relating to the condition of the Acquired Assets (including any implied or express warranty of merchantability or fitness for a particular purpose). Seller makes no representations or warranties to Purchaser regarding the probable success or profitability of the Business and Purchaser expressly assumes such risk.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller on the date of this Agreement and on the Closing Date that the statements contained in this ARTICLE VI are correct and complete.

6.1 Organization. Purchaser is a limited liability company validly existing and in good standing under the Laws of the State of Delaware and has the full power and authority to execute, deliver and perform this Agreement and to consummate all transactions contemplated hereby.

6.2 Authority. The execution, delivery and performance by Purchaser of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary action on the part of Purchaser and do not and will not violate any provisions of its organizational documents, any applicable Law or, except as set forth on Schedule 6.2, any contract or Order binding upon Purchaser. This Agreement constitutes a valid and binding agreement of Purchaser, enforceable against Purchaser in accordance with its terms, subject to applicable bankruptcy, reorganization, insolvency, moratorium and other Laws affecting creditors' rights generally from time to time in effect, and to general equitable principles.

6.3 Consents. No notice to, filing with, authorization of, exemption by, or consent (other than the approval of the Bankruptcy Court) of any Person, except as set forth on Schedule 6.3, is required in order for Purchaser to consummate the transactions contemplated hereby.

6.4 Financing. Purchaser shall have at the Closing sufficient cash or other sources of immediately available funds (not conditioned on Third Party approvals or other commitments) to enable it to fulfill its obligations hereunder.

6.5 Brokers. Purchaser has not incurred or contractually agreed to pay any Liability to any broker, finder or agent with respect to the payment of any commission regarding the consummation of the transactions contemplated hereby.

ARTICLE VII PRE-CLOSING COVENANTS

7.1 Consents and Approvals.

(a) Consents. Seller shall, at its sole cost and expense, use commercially reasonable efforts (i) to obtain all necessary consents and approvals, as reasonably requested by Purchaser, to consummate the purchase and sale of the Acquired Assets and the assignment of the Assumed Obligations, together with any other necessary consents and approvals to consummate the transactions contemplated hereby, including obtaining entry of the Bidding Procedures Order and Sale Order, (ii) to make, as reasonably requested by Purchaser, all filings, applications, statements and reports to all authorities that are required to be made prior to the Closing Date by or on behalf of Seller or any of its Affiliates pursuant to any applicable Law in connection with this Agreement and the transactions contemplated hereby and (iii) to obtain, as requested by Purchaser, all required consents and approvals (if any) necessary to assign and transfer Seller's Permits to Purchaser at Closing (to the extent assignable) and, to the extent that one (1) or more of Seller's Permits are not transferable, to assist Purchaser in obtaining replacements therefor, at Purchaser's cost and expense. In the event that any of Seller's Permits or any Assumed Contracts are not transferable or replacements therefor are not obtainable on or before the Closing, but such Permits, Assumed Contracts, consents and approvals to transfer, or

replacements therefor are obtainable within the Measurement Year, Seller shall continue to use such commercially reasonable efforts in cooperation with Purchaser after the Closing during the Measurement Year as may be required to obtain all required consents and approvals to transfer, or obtain replacements for, such Permits or Assumed Contracts after Closing and shall do all things necessary to give Purchaser the benefits that would be obtained under such Permits and Assumed Contracts, in each case at Purchaser's sole cost and expense. Purchaser shall give any other notices to, make any other filings with, and use reasonable best efforts to cooperate with Seller to obtain, any other authorizations, consents and approvals in connection with the matters contemplated by this Section 7.1(a).

(b) Governmental Consents. Each of the parties shall give any other notices to, make any other filings with, and use best efforts to obtain, any other authorizations, consents and approvals of any Governmental Authority (including any documentation and agreements required for the modification, assignment or novation of any Government Contract) in connection with the matters contemplated by this Agreement.

7.2 Access to Information and Facilities. Seller agrees that, prior to the Closing Date, Purchaser and its respective representatives shall, upon reasonable notice and so long as such access does not unreasonably interfere with the business operations of Seller, have reasonable access during normal business hours to all Facilities and shall be entitled to make such reasonable investigation of the properties, businesses and operations of Seller (including conducting a physical inventory of the Inventory) and such examination of the Books and Records and financial condition of Seller as it reasonably requests (including for the avoidance of doubt, for purposes of mutually determining Estimated Closing Net Working Capital as provided in Section 3.2 hereof) and to make extracts and copies to the extent necessary of the Books and Records; provided, that no investigation pursuant to this Section 7.2 shall affect any representations or warranties made herein or the conditions to the obligations of the respective parties to consummate the transactions contemplated by this Agreement. Notwithstanding anything herein to the contrary, no such investigation or examination shall be permitted to the extent that it would require Seller to disclose information subject to attorney-client privilege; provided that Seller shall use reasonable efforts to provide such information to Purchaser in a manner not violative of the aforementioned.

7.3 Conduct of the Business Pending the Closing. Except as otherwise expressly contemplated by this Agreement or with the prior written consent of Purchaser or except as described on Schedule 7.3, and subject in all cases to Seller's compliance with the prohibitions and restrictions of each of the Bankruptcy Code, any Orders entered by the Bankruptcy Court and the DIP Budget, from the date hereof until the Closing Date, Seller:

(i) shall not sell, transfer, abandon, permit to lapse or otherwise dispose of any of the assets of Seller used in the Business, except for the sale of Inventory in the Ordinary Course of Business;

(ii) shall conduct the Business in the Ordinary Course of Business (including timely payment of accounts payable, purchasing and maintaining appropriate levels of Inventory based, with respect to such Inventory, on historical practices, maintenance of the

Books and Records, performing all maintenance and repairs, making capital expenditures and collecting Accounts Receivable);

(iii) shall not authorize, declare or pay any dividends on or make any distribution with respect to its outstanding shares of capital stock (whether in cash, assets, stock or other securities);

(iv) shall not reclassify, combine, split, subdivide, redeem, or purchase or otherwise acquire, directly or indirectly, any of its capital stock or membership interests, or make any other change with respect to its capital structure;

(v) shall not issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of its capital stock or other ownership interest in Seller or any securities convertible into or exchangeable for any such shares or ownership interest, or any rights, warrants or options to acquire or with respect to any such shares of capital stock, ownership interest or convertible or exchangeable securities or take any action to cause to be exercisable any otherwise unexercisable option under any existing stock option plan;

(vi) shall use commercially reasonable efforts to preserve intact the Business, to keep available the services of its current employees and agents and to maintain its relations and goodwill with its suppliers, customers, distributors and any others with whom or with which it has business relations;

(vii) shall not, directly or indirectly, cause or permit any state of affairs, action or omission that constitutes, or could lead to, a Material Adverse Change;

(viii) shall not (A) grant or announce any stock option, equity or incentive awards or the increase in the salaries, bonuses or other compensation and benefits payable by Seller to any of the employees, directors or other service providers of the Business; (B) hire any new employees to the Business, except in the Ordinary Course of Business consistent with past practice with respect to employees with an annual base and incentive compensation opportunity not to exceed Fifty Thousand Dollars (\$50,000), (C) pay or agree to pay any pension, retirement allowance, termination or severance pay, bonus, stay bonus or other employee benefit not required by any existing Employee Benefit Plan to any employee, director or other service provider of the Business, whether past or present, (D) enter into or amend any Contracts of employment or any consulting, bonus, severance, retention, retirement or similar agreement except for agreements for newly hired employees in the Ordinary Course of Business consistent with past practice with an annual base and incentive compensation opportunity not to exceed Fifty Thousand Dollars (\$50,000), (E) except as required to ensure that any Employee Benefit Plan is not then out of compliance with applicable Law or the renewal of any Existing Employee Benefit Plan that is a "welfare plan" (as such term is defined in Section 3(1) of ERISA) on substantially similar or other market terms and in the Ordinary Course of Business, enter into or adopt any new, or materially increase benefits under or renew, amend or terminate any existing, Employee Benefit Plan or any collective bargaining agreement, (F) grant any increase in the compensation payable or to become payable to any employee of Seller, except

such increases as are required by contract or (G) except as required by Law, enter into any collective bargaining or other agreement with any labor organization;

(ix) shall not change in any material respects any financial accounting or cash management practices, policies or procedures or any of its methods of reporting income, deductions or other material items for financial accounting purposes, except as required by GAAP or applicable Law;

(x) shall not adopt any amendments to its certificate of formation or limited liability company agreement or similar applicable governing documents;

(xi) shall not create any new Subsidiary;

(xii) other than with respect to the DIP Financing, shall not incur, assume, guarantee, prepay or otherwise become liable for, or modify in any material respect the terms of, any Indebtedness for borrowed money, shall not sell, lease, license, transfer, exchange or swap, mortgage or otherwise encumber (including securitizations), or subject to any Lien or otherwise dispose of (whether by merger, consolidation or acquisition of stock or assets, license or otherwise), any material portion of its or its Affiliates' properties or assets, including the capital stock of Affiliates, other than (A) pursuant to existing agreements in effect prior to the execution of this Agreement, (B) as may be required by applicable Law or any Governmental Authority in order to permit or facilitate the consummation of the transactions contemplated by this Agreement or (C) dispositions of obsolete equipment in the Ordinary Course of Business;

(xiii) shall not fail to pay any Tax on or before the date when it becomes due and payable;

(xiv) shall not make or change any election for Tax purposes, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax;

(xv) shall not modify, amend, terminate or waive any rights under any material Contract, or any Contract that would be material if in effect on the date of this Agreement except in the Ordinary Course of Business;

(xvi) shall not enter into any material Contracts, or terminate or reject (whether pursuant to Section 365 of the Bankruptcy Code or otherwise) any Contract other than in accordance with the terms of Section 2.6 above;

(xvii) shall not enter into, amend, waive or terminate (other than terminations in accordance with their terms) any transaction with any Insider of Seller;

(xviii) shall not enter into any new line of business or discontinue any line of business;

(xix) shall not settle, pay or discharge any litigation, investigation, arbitration, Proceeding or other claim, Liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise), excluding any amounts which may be paid under existing insurance policies;

(xx) shall not (A) sell, transfer or otherwise dispose of, encumber, or take or fail to take any action that would reasonably be expected to result in, any loss, lapse, abandonment, expiration, invalidity or unenforceability of, any Intellectual Property; (B) disclose any confidential information to any Person (except pursuant to an appropriate confidentiality agreement in the Ordinary Course of Business and/or in accordance with the Bidding Procedures Order and subject to an appropriate confidentiality agreement), or (C) enter into any agreement with any other Person that limits or restricts the ability of Seller to conduct certain activities or use or dispose of certain assets (including any Intellectual Property);

(xxi) shall not authorize, or make any commitment with respect thereto, any capital expenditure in excess of Fifty Thousand Dollars (\$50,000) individually or One Hundred Thousand Dollars (\$100,000) in the aggregate;

(xxii) shall not fail to maintain in full force and effect material insurance policies covering Seller and its respective properties, assets and businesses in a form and amount consistent with past practice;

(xxiii) shall not acquire (including by merger, consolidation, or acquisition of stock or assets) or make any investment in any interest in any corporation, partnership, limited liability company, association, trust or any other entity, group (as such term is used in Section 13 of the Exchange Act) or organization (including a Governmental Authority), or any division thereof or any assets thereof;

(xxiv) shall maintain compliance with all Laws of all Governmental Authorities that relate to the Business or the Acquired Assets;

(xxv) shall not implement any plant closings or employee layoffs that could implicate the WARN Act;

(xxvi) shall not terminate, discontinue, close or dispose of any Leased Facility or business operation of Seller;

(xxvii) shall not (A) delay or postpone the payment of any accounts payable or commissions or agree or negotiate with any party to extend the payment date of any accounts payable or commissions other than in the Ordinary Course of Business (it being agreed and understood that it is Seller's practice of paying all accounts payable or commissions that are due as of the Monday of each week or the previous business week (via the issuance of checks and/or the initiation of wire or ACH transfers) on or before the Friday of such week) or (B) accelerate the collection of (or discount) any accounts or notes receivable other than in the Ordinary Course of Business, but in no event shall Seller accelerate the collection of (or discount of) any such accounts or notes receivable that have a due date of, on, or after five (5) Business Days prior to the date of the Auction (and Seller may only accelerate the collection of (or

discount of) accounts or notes receivable in a manner and to a degree consistent with its historical practices);

(xxviii) shall not adjust Inventory reserves other than dollar-for-dollar adjustments to account for the actual sales of Inventory documented by purchase orders or sales orders in the Ordinary Course of Business (which such dollar-for-dollar adjustments shall be based on the cost of such Inventory);

(xxix) shall not agree, in writing or otherwise, or announce an intention, to take any of the foregoing actions; and

(xxx) shall not take any action which is inconsistent with its obligations under this Agreement or with the consummation of the Closing.

7.4 Notification of Certain Matters.

(a) Seller shall give prompt written notice to Purchaser of (i) the occurrence or nonoccurrence of any event that would be likely to cause either (A) any representation or warranty of Seller contained in this Agreement, or in connection with the transactions contemplated hereunder, to be untrue or inaccurate in any material respect at any time from the date hereof to the Closing or (B) directly or indirectly, any Material Adverse Effect on Seller, or (ii) any material failure of Seller to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it hereunder. Notwithstanding the foregoing, the delivery of any notice pursuant to this Section 7.4(a) shall not (x) be deemed to amend or supplement any of the Disclosure Schedules contemplated hereby, (y) be deemed to cure any breach of any representation, warranty, covenant or agreement or to satisfy any condition, or (z) limit or otherwise affect the remedies available hereunder to the party receiving such notice.

(b) To the extent not already included, Seller shall add Purchaser and Purchaser's counsel to Seller's so-called "Rule 2002 notice list" and otherwise provide notice to Purchaser of all matters that are required to be served on Seller's creditors pursuant to the Bankruptcy Code and Rules.

(c) Purchaser and Seller acknowledge that certain of the representations and warranties of Seller affirmatively require that Seller list certain factual information on the Disclosure Schedules. Seller shall be permitted to update the Disclosure Schedules on or prior to the Closing Date. No additional disclosure or update by Seller pursuant to this Section 7.4(c), however, shall be deemed to amend or supplement the Disclosure Schedules or to prevent or cure any misrepresentation, breach of warranty, breach of covenant, or right of Purchaser to terminate this Agreement or limit or otherwise affect the remedies available hereunder to the party receiving such notice.

7.5 Bankruptcy Actions.

(a) Seller shall commence the Chapter 11 Cases not later than two (2) Business Days after the Effective Date.

(b) Simultaneously with the filing of the motion for entry of the Bidding Procedures Order on the Bankruptcy Court's docket, Seller shall file with the Bankruptcy Court a motion, in form and substance approved by Purchaser, to approve the transaction contemplated hereby (the "Sale Motion"), which motion shall seek the Bankruptcy Court's approval of this Agreement, Seller's performance under this Agreement and the assumption and the assignment of the Assumed Executory Contracts, which shall be set forth on an exhibit thereto and include the amounts necessary to cure defaults under each of the Assumed Executory Contracts, and the Purchaser's promise to perform following the Closing obligations under the Assumed Executory Contracts as constituting the only required adequate assurance of future performance required pursuant to Section 365(f)(2) of the Bankruptcy Code.

(c) Seller shall: (i) file a motion for entry of the Bidding Procedures Order by not later than two (2) Business Days after the Effective Date, (ii) obtain entry of the Bidding Procedures Order by no later than the Bidding Procedures Order Deadline, (iii) ensure that Bids are due no later than the Bid Deadline, (iv) ensure that the Auction (to the extent required by the Bankruptcy Court) shall be held no later than the Auction Deadline Date, (v) obtain entry of the Sale Order by no later than the Sale Order Deadline, and (vi) consummate the Closing as soon as practicable after the approval of the Sale Order and no later than three (3) days following the approval of the Sale Order.

(d) Seller will provide Purchaser with a reasonable opportunity to review and comment upon all motions, applications, petitions, schedules and supporting papers relating to the transactions contemplated by this Agreement prepared by Seller or any Affiliates (including forms of Orders and Notices to interested parties) prior to the filing thereof in the Chapter 11 Cases. All motions, applications, petitions, schedules and supporting papers prepared by Seller and relating (directly or indirectly) to the transactions contemplated by this Agreement to be filed on behalf of Seller after the date hereof must be reasonably satisfactory in form and substance to Purchaser.

(e) Each of Purchaser and Seller will promptly take such actions as are reasonably requested by the other party to assist in obtaining entry of the Sale Order and the Bidding Procedures Order, including furnishing affidavits or other documents or information for filing with the Bankruptcy Court for purposes, among others, of providing necessary assurances of performance by Seller of its obligations under this Agreement and the Transaction Documents and demonstrating that Purchaser is a good faith buyer under Section 363(m) of the Bankruptcy Code.

(f) Seller shall execute such documents and use its reasonable best efforts to take or cause to be taken all actions and do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement (including to put Purchaser in actual possession and operating control of the Acquired Assets, to effectuate, record or perfect the transfer of the Acquired Assets to Purchaser, to confirm the title of the Acquired Assets in Purchaser, to assist Purchaser in exercising rights relating thereto, to obtain all consents, approvals and authorizations of Third Parties, to make all filings with and give all notices to Third Parties which may be necessary or required in order to effectuate the transactions contemplated hereby, and to obtain landlords' estoppels and landlords' lenders'

waivers). Seller shall use commercially reasonable efforts to fulfill or obtain the fulfillment of the conditions set forth in Sections 8.1 and 8.2 of this Agreement.

7.6 Other Bids. Pursuant to the terms of the proposed Bidding Procedures Order, Seller will solicit bids from other prospective purchasers for the sale of all or substantially all of the Acquired Assets, on terms and conditions substantially the same in all respects to this Agreement (or more favorable terms to Seller) and in accordance with the procedures set forth in the proposed Bidding Procedures Order; provided that, following completion of the Auction until the Closing, Seller shall not, directly or indirectly, through any officer, director, employee, agent, professional or advisor, solicit any Acquisition Proposal.

7.7 [Intentionally deleted].

7.8 Other Bankruptcy Matters.

(a) Seller and Purchaser acknowledge that this Agreement and the sale of the Acquired Assets and the assumption and assignment of the Assumed Contracts are subject to Bankruptcy Court approval. Seller and Purchaser acknowledge that (i) to obtain such approval, Seller must demonstrate that they have taken reasonable steps to obtain the highest and otherwise best offer possible for the Acquired Assets, and that such demonstration shall include giving notice of the transactions contemplated by this Agreement to creditors and interested parties as ordered by the Bankruptcy Court, and (ii) Purchaser must provide adequate assurance of future performance under the to-be-assigned Assumed Executory Contracts.

(b) In the event an appeal is taken or a stay pending appeal is requested, from either the Bidding Procedures Order or the Sale Order, Seller shall immediately notify Purchaser of such appeal or stay request and shall promptly provide to Purchaser a copy of the related Notice of appeal or Order of stay. Seller shall also provide Purchaser with written notice of any motion or application filed in connection with any appeal from either of such Orders.

(c) From and after the Effective Date, Seller shall not take any action which is intended to (or is reasonably likely to), or fail to take any action the intent (or the reasonably likely result) of which failure to act is to, result in the reversal, voiding, modification or staying of Bidding Procedures Order.

7.9 Financial Statements. Within five (5) Business Days of the end of each fiscal month following the date hereof, Seller shall deliver to Purchaser copies of Seller's unaudited financial statements relating to the Business for such preceding month.

7.10 Real Property. From and after the date of this Agreement through the Closing:

(a) Maintenance of Real Property. Subject to Seller's compliance with the requirements under the Bankruptcy Code and any Orders entered by the Bankruptcy Court and to compliance with, and the availability of funds under the, DIP Budget, Seller shall maintain the Lease Facilities, including all of the improvements thereon, in substantially the same condition as of the date of this Agreement, ordinary wear and tear excepted, and shall not demolish or

remove any of the existing improvements, or erect new improvements on the real property or any portion thereof, without the prior written consent of Purchaser.

(b) Leases. Seller shall not amend, modify, extend, renew or terminate any Facility Lease, and shall not enter into any new lease, sublease, license or other agreement for the use or occupancy of any real property, without the prior written consent of Purchaser.

7.11 ITAR Filings. From and after the Effective Date, Seller agrees to submit all notices and to make all filings to the U.S. Department of State, Directorate of Defense Trade Controls that are either required under the International Traffic in Arms Regulations or reasonably requested by Purchaser in connection with the transaction contemplated by this Agreement.

ARTICLE VIII CONDITIONS TO CLOSING

8.1 Conditions to Parties' Obligations. The obligations of Purchaser and Seller under this Agreement are subject to satisfaction of the following conditions precedent on or before the Closing Date, any one or more of which may be waived (but only in writing) by Purchaser and Seller (provided that no such waiver shall be deemed to have cured any breach of any representation, warranty or covenant made in this Agreement):

(a) Required Approvals. All authorizations, consents, filings and approvals necessary to permit the parties to perform the transactions contemplated hereby shall have been duly obtained, made or given, shall be in form and substance, reasonably satisfactory to Parties, shall not be subject to the satisfaction of any condition that has not been satisfied or waived and shall be in full force and effect. All terminations or expirations of waiting periods imposed (and any extension thereof) by any Governmental Authority necessary for the transactions contemplated under this Agreement, if any, shall have occurred.

(b) No Order or Proceeding. No Order shall be issued by and no Proceeding shall be pending before any Governmental Authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or involving a claim that consummation thereof would result in the violation of any Law of any Governmental Authority having appropriate jurisdiction.

8.2 Conditions to Purchaser's Obligations. The obligations of Purchaser under this Agreement are subject to satisfaction of the following conditions precedent on or before the Closing Date, any one or more of which may be waived (but only in writing) by Purchaser (provided that no such waiver shall be deemed to have cured any breach of any representation, warranty or covenant made in this Agreement):

(a) Accuracy of Representations and Warranties. Seller shall make all of the representations and warranties set forth in ARTICLE V on and as of the Closing Date, and such representations and warranties shall be true and correct as of the Closing Date in all material respects (except for those representations and warranties made as of a specified date, which shall be true and correct as of that date).

(b) Performance of Covenants. Seller shall have performed and complied in all material respects with the obligations and covenants required by this Agreement to be performed or complied with by Seller on or prior to the Closing Date.

(c) Officer's Certificate. Seller shall deliver to Purchaser a certificate signed by Seller, dated the date of the Closing Date (in form and substance reasonably satisfactory to Purchaser), certifying that the conditions specified in Sections 8.1 and 8.2 have been satisfied as of the Closing;

(d) Bankruptcy Conditions.

(i) The Bidding Procedures Order shall have been entered on the docket of the Bankruptcy Court as soon as practicable and no later than the Bidding Procedures Order Deadline. The Sale Order shall have been entered on the docket of the Bankruptcy Court as soon as practicable and no later than the Sale Order Deadline and shall have become a Final Order.

(ii) The Sale Order shall approve and authorize the transactions contemplated by this Agreement, including the assumption and assignment of the Assumed Executory Contracts, and the Assumed Executory Contracts shall have been actually assumed and assigned to Purchaser such that the Assumed Executory Contracts will be in full force and effect from and after the Closing with non-debtor parties being barred and enjoined from asserting against Purchaser, among other things, defaults, breaches or claims of pecuniary losses existing as of the Closing or by reason of the Closing. Notwithstanding the foregoing or anything to the contrary contained herein, Purchaser acknowledges that the Seller's Government Contracts will not be assignable at Closing under the terms of the Sale Order, but, rather, that the parties shall endeavor to obtain the consent of the applicable Governmental Authority with respect to the amendment, modification or novation of such Governmental Contracts in accordance with Section 10.5 below.

(iii) [Intentionally deleted].

(iv) Notwithstanding Sections 8.2(a) and 4.1, nothing in this Agreement shall preclude Purchaser or Seller from consummating the transactions contemplated herein if Purchaser, in its sole discretion, waives the requirement that the Sale Order or any other Order shall have become Final Orders. No notice of such waiver of this or any other condition to Closing need be given except to Seller, any official committee appointed in the Chapter 11 Cases and the United States Trustee, it being the intention of the parties hereto that Purchaser shall be entitled to, and is not waiving, the protection of Section 363(m) of the Bankruptcy Code, the mootness doctrine and any similar statute or body of law if the Closing occurs in the absence of Final Orders.

(e) Material Adverse Change. There shall not have occurred a Material Adverse Change since the date hereof.

(f) Receipt of Required Consents. Seller shall have delivered duly executed copies of all Third Party approvals and governmental approvals set forth on Schedule 8.2(f);

provided, however, that the Novation agreement approved by the government Contracting Officer assigning General Services Administration Contract GS-07F-5504P from Seller to Purchaser listed on Schedule 8.2(f) shall be delivered as soon as practicable after the Closing.

(g) Closing Deliveries. Seller shall have delivered to Purchaser the items set forth in Section 4.3 of this Agreement.

(h) [Intentionally deleted].

(i) [Intentionally deleted].

(j) [Intentionally deleted].

(k) Transition Services Agreement. Seller shall have delivered to Purchaser the Transition Services Agreement in the form attached hereto as Exhibit H, duly executed by Tactical Holdings Operations, Inc.

8.3 Conditions to Seller's Obligations. The obligations of Seller under this Agreement are subject to the satisfaction of the following conditions precedent on or before the Closing Date, any one or more of which may be waived (but only in writing) by Seller (provided that no such waiver shall be deemed to have cured any breach of any representation, warranty or covenant made in this Agreement):

(a) Accuracy of Representations and Warranties. Purchaser shall make all of the representations and warranties set forth in ARTICLE VI on and as of the Closing Date, and such representations and warranties shall be true and correct as of the Closing Date in all material respects (except for those representations and warranties made as of a specified date, which shall be true and correct as of that date).

(b) Performance of Covenants. Purchaser shall have performed and complied in all material respects with the obligations and covenants required by this Agreement to be performed or complied with by Purchaser on or prior to the Closing Date.

(c) Officer's Certificate. Purchaser shall deliver to Seller a certificate signed by Purchaser, dated the date of the Closing Date (in form and substance reasonably satisfactory to Seller), certifying that the conditions specified in Sections 8.1 and 8.3 have been satisfied as of the Closing;

(d) Bankruptcy Court Approval. The Bankruptcy Court shall have entered an Order approving the execution of this Agreement by Seller and the consummation by Seller of the transactions contemplated herein that is not subject to Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure.

(e) Closing Deliveries. Purchaser shall have delivered to Seller the items set forth in Section 4.4 of this Agreement.

**ARTICLE IX
TERMINATION**

9.1 Termination. This Agreement may be terminated prior to the Closing as follows:

- (a) by mutual written agreement of Purchaser and Seller;
- (b) by Purchaser or Seller if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby;
- (c) by Purchaser or Seller (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein), if there shall have been a material breach or misrepresentation of any of the representations or warranties or a material breach of any of the covenants set forth in this Agreement on the part of the other party, which breach is not cured within ten (10) days following written notice to the party committing such breach or which breach, by its nature, cannot be cured prior to the date which is seventy-five (75) days from Petition Date (as such date may be extended by written agreement of the parties, the "Outside Date");
- (d) by Purchaser (provided that Purchaser is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that one (1) or more conditions set forth in Section 8.2 has not been or cannot be fulfilled or satisfied prior to the date specified in such condition (if such condition specifies a date other than the Closing Date by which such condition must be satisfied); unless such reason for non-fulfillment or non-satisfaction shall be due solely to the failure of Purchaser to perform or comply with any of the covenants or agreements herein to be performed or complied by it prior to the Closing;
- (e) [Intentionally deleted];
- (f) automatically upon the Bankruptcy Court's entry of an order approving an Acquisition Proposal; provided, that if in connection with such Acquisition Proposal, the Purchaser is the Back-Up Bidder (as defined in the Bidding Procedures Order), then Purchaser shall not be permitted to terminate this Agreement pursuant to this Section 9.1(f);
- (g) by Purchaser if Seller has not commenced the Chapter 11 Cases by no later than two (2) Business Days after the Effective Date;
- (h) by Purchaser if (i) the Bankruptcy Court has not entered the Bidding Procedures Order by no later than the Bidding Procedures Order Deadline (or such later date as Purchaser may determine in its sole discretion), or (ii) following the entry of the Bidding Procedures Order but prior to the entry of the Sale Order, the Bidding Procedures Order ceases to be in full force and effect, or is revoked, rescinded, vacated, materially modified, reversed or stayed, or otherwise rendered ineffective by a court of competent jurisdiction;
- (i) by Purchaser if the Bidding Procedures Order does not require that Bids be due no later than the Bid Deadline (or such later date as Purchaser may determine in its sole discretion);

(j) by Purchaser if the Auction has not occurred by no later than the Auction Deadline Date (or such later date as Purchaser may determine in its sole discretion);

(k) by Purchaser if (i) the Bankruptcy Court has not entered the Sale Order by no later than the Sale Order Deadline, or (ii) the Sale Order ceases to be in full force and effect, or is revoked, rescinded, vacated, materially modified, reversed or stayed, or otherwise rendered ineffective by a court of competent jurisdiction;

(l) by Purchaser on any day on or after the Outside Date if the Closing shall not have occurred by such date (or by such later date as shall be mutually agreed to by Purchaser and Seller in writing), unless the Closing has not occurred due to a material failure of Purchaser to perform or observe its obligations as set forth in this Agreement required to be performed or observed by it on or before the Closing Date;

(m) by Seller on any day on or after the third (3rd) Business Day after the Outside Date if the Closing shall not have occurred by such date (or by such later date as shall be mutually agreed to by Purchaser and Seller in writing), unless the Closing has not occurred due to a material failure of Seller to perform or observe its obligations as set forth in this Agreement required to be performed or observed by it on or before the Closing Date;

(n) by Seller (provided that Seller is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that one (1) or more conditions set forth in Section 8.3 (other than Section 8.3(d)) has not been or cannot be fulfilled or satisfied prior to the date specified in such condition (if such condition specifies a date other than the Closing Date by which such condition must be satisfied), unless such reason for non-fulfillment or non-satisfaction shall be due solely to the failure of Seller to perform or comply with any of the covenants or agreements herein to be performed or complied by it prior to the Closing; and

(o) by Purchaser if (i) the Chapter 11 Cases are dismissed or converted into a case under Chapter 7 of the Bankruptcy Code or (ii) an examiner or trustee is appointed in the Chapter 11 Cases.

Notwithstanding anything to the contrary contained herein, in no event may the Purchaser terminate this Agreement under Sections 9.1(c), (d) or (l) solely on account of Purchaser's failure to satisfy the conditions contained in sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code with respect to any proposed Assumed Contract.

9.2 Breakup Fee and Expense Reimbursement.

(a) If this Agreement is terminated or the transactions hereby are not consummated for any reason other than a termination by Seller pursuant to Section 9.1(c), then Seller and Purchaser shall jointly instruct the Escrow Agent to, and the Escrow Agent shall, pay the Deposit (together with all interest earned thereon) to Purchaser, in each case within one (1) Business Day following the date of such termination. In the event that this Agreement is terminated or if the transactions hereby are not consummated for any reason other than a termination by Seller pursuant to Section 9.1(c), Seller shall immediately pay to Purchaser an

amount equal to all costs and out-of-pocket expenses incurred by Purchaser in connection with its legal, environmental, accounting and business due diligence and the preparation and negotiation of this Agreement up to \$250,000 (the “Expense Reimbursement”). Upon the first to occur of (i) the date Seller consummates an Acquisition Proposal or (ii) the date Seller files a “plan” pursuant to the Bankruptcy Code (which plan is not consistent with this Agreement), Seller shall immediately pay to Purchaser a breakup fee equal to \$350,000 (the “Breakup Fee”); provided, however, that the Breakup Fee shall not be payable to Purchaser if this Agreement has been terminated by Seller pursuant to Section 9.1(c).

(b) Seller’s obligation to pay the Breakup Fee and the Expense Reimbursement pursuant to this Section 9.2 shall survive termination of this Agreement and shall constitute an administrative expense of Seller under Section 503(b) of the Bankruptcy Code.

(c) If the Agreement is terminated by Seller pursuant to Section 9.1(c), then Seller and Purchaser shall jointly instruct the Escrow Agent to, and the Escrow Agent shall, pay the Deposit as liquidated damages to Seller within one (1) Business Day following the date of such termination as Seller’s sole and exclusive remedy for the breach by Purchaser of this Agreement as further described in Section 9.3. If the Agreement is terminated by Purchaser pursuant to Section 9.1(c) or Section 9.1(d), receipt of the Breakup Fee and Expense Reimbursement (together with Purchaser’s receipt of the Deposit from the Escrow Agent) shall be the liquidated damages of Purchaser and Purchaser’s sole and exclusive remedy for the breach by Seller of this Agreement.

(d) In addition to any rights the Purchaser may have to the Breakup Fee and Expense Reimbursement as set forth herein, in the event this Agreement is terminated automatically or Purchaser or Seller properly terminates this Agreement for any reason other than termination by Seller pursuant to Section 9.1(c), then Purchaser shall receive a return of the Deposit upon such termination and neither party shall have any liability under this Agreement.

(e) For avoidance of doubt, and notwithstanding anything herein to the contrary or any legal theory of any kind, if the transactions contemplated hereby are not consummated for any reason, (i) the maximum Liability that Purchaser may have hereunder shall be forfeiture of the Deposit, which shall be received by Seller only upon a termination by Seller under Section 9.1(c), and (ii) the maximum Liability that Seller shall have hereunder shall be payment of Breakup Fee and Expense Reimbursement.

9.3 Effect of Termination or Breach. No termination of this Agreement pursuant to Section 9.1 shall be effective until written notice thereof is given to the non-terminating party specifying the provision hereof pursuant to which such termination is made. If the transactions contemplated hereby are not consummated (a) this Agreement shall become null and void and of no further force and effect, except (i) for this Section 9.3, and (ii) for the provisions of Sections 12.1, 12.8, 12.9, 12.10, 12.11, and 12.12 hereof; and (b) if this Agreement is terminated by Purchaser pursuant to a termination right set forth in this ARTICLE IX automatically or by Seller for any reason other than under Section 9.1(c), Seller shall not be entitled to any damages, losses, or payment from Purchaser, and Purchaser shall have no further Liability of any kind to Seller, any of its Affiliates, or any Third Party on account of this Agreement. The parties hereby agree that it is impossible to determine accurately the amount of damages that Seller would

suffer if the transactions contemplated hereby were not consummated as a result of a breach of this Agreement by the Purchaser. As a result, notwithstanding anything in this Agreement to the contrary, Seller hereby agrees that, in the event of a termination of this Agreement by Seller under Section 9.1(c), (i) the Deposit shall be delivered to Seller as liquidated damages against the Purchaser for all Liabilities of Purchaser under this Agreement and (ii) such liquidated damages shall be the sole and exclusive remedy, at Law and equity, of Seller against Purchaser for Purchaser's breach and such termination and Purchaser shall have no further Liability of any kind to Seller, any of its Affiliates, or any Third Party on account of this Agreement.

ARTICLE X POST-CLOSING COVENANTS

10.1 Employees. Effective upon the Closing, Seller shall terminate the employment of all employees of the Business to the extent such employees are offered employment with Purchaser as set forth in this Section 10.1. Purchaser shall offer employment, effective on the date of the Closing, immediately prior to the Closing (but contingent on the occurrence of the Closing) to all employees of Seller actively employed or engaged principally in the Business as of the Closing Date (such employees who accept such offer of employment and commence active employment with Purchaser, the "Rehired Employees") on terms and conditions of employment (including compensation and benefits) as determined by Purchaser in its sole discretion. Nothing contained in this Agreement shall confer upon any Rehired Employee any right to any term or condition of employment or to continuance of employment by Purchaser or any of its Affiliates, nor shall anything herein interfere with the right of Purchaser or any of its Affiliates to terminate the employment of any employee, including any Rehired Employee, at any time, with or without notice and for any or no reason, or restrict Purchaser or any of its Affiliates in modifying any of the terms or conditions of employment of any employee, including any Rehired Employee, after the Closing. Except for the Assumed Obligations, Seller shall be responsible for (and Seller shall indemnify and hold Purchaser harmless from and against), any and all wages, bonuses, commissions, employee benefits, retention or stay bonus arrangements, and other compensation (including all obligations under any Employee Benefit Plans other than the Assumed Employee Benefit Plans and accrued vacation specifically assumed under Section 2.3(a)(v)), if any, due to the employees of Seller arising out of their employment with Seller prior to and as of the Closing. To the extent set forth in Section 2.3(a)(v), Purchaser will honor accrued vacation, sick leave, personal time and shall make available to such Rehired Employees benefits as Purchaser and its Affiliates currently makes available to its similarly situated employees. Purchaser shall use commercially reasonable efforts to waive any waiting period, pre-existing condition or requirement for evidence of insurability otherwise imposed with respect to all Rehired Employees under any employee benefit plan that is a welfare plan under which any such Rehired Employee is eligible to participate during the plan year in which the Closing occurs, to the same extent such waiting period, pre-existing condition or requirement for evidence of insurability requirements were met under the corresponding Employee Benefit Plan as of the Closing Date. Purchaser shall use commercially reasonable efforts to give credit to such Rehired Employees and his or her covered dependents for all deductibles, co-pays, and out-of-pocket expense limitations incurred under any new employee benefit plan that is a welfare plan under which any such Rehired Employee is eligible to participate in during the plan year in which the Closing occurs, to the same extent recognized under the corresponding Employee

Benefit Plan as of the Closing Date and to the extent that such Rehired Employee can provide documentation of such expenses.

10.2 Employee Benefit Plans. Except for the sponsorship of Assumed Employee Benefit Plans and accrued vacation specifically assumed under Section 2.3(a)(v), if any, Purchaser shall not assume any Employee Benefit Plan or any Liability thereunder or related thereto and Purchaser shall provide only those benefits to Rehired Employees as of or after the Closing as Purchaser shall determine in its sole discretion. Except for obligations relating solely to the Assumed Employee Benefit Plans and accrued vacation specifically assumed under Section 2.3(a)(v) (and other than any Liability arising as a result of any breach of any representation or warranty or covenant hereunder), Seller shall indemnify, defend and hold harmless Purchaser from and against any and all obligations, claims, or Liabilities at any time arising under or in connection with any Employee Benefit Plan. With respect to all claims by or benefits due to current and former employees, officers, directors or contractors of Seller whenever arising under or in connection with any Employee Benefit Plan, whether insured or otherwise (including life insurance, medical and disability programs, retirement and pension plans), Seller shall, at its own expense, honor, process, administer or pay or cause its insurance carriers (as applicable) to honor, process, administer or pay such claims or benefits, regardless of whether such claims are made or such benefits are due before or after the Closing, in accordance with the terms and conditions of such Employee Benefit Plans without regard to the employment by Purchaser of any such employees after the Closing. Nothing contained in this Agreement, express or implied: (a) shall be construed to establish, amend, or modify any benefit or compensation plan, program, agreement or arrangement; (b) shall alter or limit the ability of Purchaser or any of its Affiliates to amend, modify or terminate any benefit or compensation plan, program, agreement or arrangement at any time assumed, established, sponsored or maintained by any of them; or (c) is intended to confer upon any Person (including employees, retirees, or dependents or beneficiaries of employees or retirees) any rights as a third party beneficiary of this Agreement. Seller and Purchaser agree to use commercially reasonable efforts to consummate the transfer of sponsorship of any Assumed Employee Benefit Plans (including any Contracts thereto) from Seller to Purchaser, effective as of the Closing Date. Purchaser shall take appropriate action to waive any waiting period, pre-existing condition or requirement for evidence of insurability otherwise imposed with respect to all Rehired Employees. Purchaser shall give credit to such Rehired Employees and his or her covered dependents for all deductibles, co-pays, and out-of-pocket expense limitations incurred under the Employee Benefit Plan to the extent that employee can provide documentation of such expenses.

10.3 WARN Act. Seller will indemnify and hold Purchaser harmless from any Liability with respect to any employees of Seller under the WARN Act due solely to Seller's actions or omissions occurring prior to or upon the Closing. Provided that the Seller provides Purchaser with a true and accurate list, by date and location, of employee layoffs implemented by Seller in the ninety (90) days preceding the Closing, Purchaser will indemnify and hold Seller harmless from any Liability with respect to any employees employed by Purchaser after the Closing under the WARN Act due, in whole or in part, to Purchaser's actions or omissions occurring after the Closing Date.

10.4 Payroll Reporting and Withholding. Purchaser shall adopt the "standard procedure" for preparing and filing IRS Forms W-2 (Wage and Tax Statements), as described in

Revenue Procedure 2004-53. Under this procedure, Purchaser as the successor employer shall provide Forms W-2 to all Rehired Employees reflecting all wages paid and Taxes withheld by Purchaser as the successor employer for the portion of the calendar year beginning on the day after the Closing Date. Seller as the predecessor employer shall provide Forms W-2 to all Rehired Employees reflecting all wages paid and Taxes withheld by Seller for the portion of the calendar year ending on the Closing Date. Purchaser shall adopt the “standard procedure” of Rev. Proc. 2004-53 for purposes of IRS Forms W-4 (Employee’s Withholding Allowance Certificate) and W-5 (Earned Income Credit Advance Payment Certificate). Under this procedure, Seller shall keep on file the Forms W-4 and W-5 provided by the Rehired Employees for the period required by applicable Law concerning record retention. Purchaser shall obtain new IRS Forms W-4 and W-5 with respect to each Rehired Employee.

10.5 Certain Consents. If a consent of a Third Party which is required in order to assign any Acquired Asset (or claim, right or benefit arising thereunder or resulting therefrom) is not obtained prior to the Closing Date, or if an attempted assignment would be ineffective or would adversely affect the ability of Seller to convey its interest in question to Purchaser, Seller will cooperate with Purchaser and use commercially reasonable efforts in any lawful arrangement to provide that Purchaser shall receive the interests of Seller in the benefits of such Acquired Asset. If any consent or waiver is not obtained before the Closing Date and the Closing is nevertheless consummated, during the Measurement Year, Seller agrees to continue to use (i) commercially reasonable efforts to obtain all such consents, other than with respect to the amendment or modification of any Government Contract, and (ii) best efforts to effect the amendment, modification or novation of any Government Contract, in each case, as have not been obtained prior to such date. Seller’s commercially reasonable efforts shall include, at minimum, maintaining at least one officer post-Closing and securing the cooperation and assistance of Seller’s parent entity, Tactical Holdings Operations, Inc. (“Tactical”), in each case, to provide such efforts in furtherance of the foregoing.

10.6 Name Changes. By no later than ten (10) Business Days after the Closing Date, Seller shall take all necessary action to change its name and the names of all Affiliates of Seller to a name that does not include the word “Massif” or any other name or mark included in the Intellectual Property included as an Acquired Asset (including any name set forth on the signature pages to this Agreement) or any translations, adaptations, derivations or combinations of any of the foregoing or any name or mark confusingly similar thereto (collectively, the “Restricted Names”) and shall withdraw all assumed names containing Restricted Names. Seller shall seek to obtain all required authority for such name change(s) in the Sale Order. Seller shall promptly notify Purchaser of such name change(s) and the new name(s) chosen by Seller and all Affiliates of Seller, as applicable. After Closing, without limiting Purchaser’s rights in any Intellectual Property included in the Acquired Assets, Seller and all Affiliates of Seller shall cease all use of any Restricted Name, including by removing all Restricted Names from all letterhead, stationery, signage and tangible assets included in the Excluded Assets.

10.7 Accounts Receivable; Collections. After the Closing, Seller shall permit, and hereby authorize, Purchaser to collect, in the name of Seller, all Accounts Receivable constituting part of the Acquired Assets and to endorse with the name of any applicable Seller for deposit in Purchaser’s account any checks or drafts received in payment thereof. Seller shall promptly deliver to Purchaser any cash, checks or other property that they may receive after the

Closing in respect of any Accounts Receivable or other asset constituting part of the Acquired Assets. Purchaser shall promptly deliver to Seller any cash, checks or other property that they may receive after the Closing in respect of any Accounts Receivable or other asset not related to the Business.

10.8 Confidentiality. Following the Closing, Seller shall maintain as confidential and shall not use or disclose (except as required by Law or as authorized in writing by Purchaser) (a) any information or materials relating to the Business, operations and affairs of Seller, and (b) any materials developed by Purchaser or any of its representatives (including its accountants, advisors, environmental, labor, employee benefits and any other consultants, lenders and legal counsel). Except as otherwise permitted and provided above, in the event Seller is required by Law to disclose any such confidential information, Seller shall promptly notify Purchaser in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with Purchaser to obtain a protective order and otherwise preserve the confidentiality of such information consistent with applicable Law. Information subject to the confidentiality obligations in this Section 10.8 does not include any information which (x) at the time of disclosure is generally available to or known by the public (other than as a result of its disclosure in breach of this Agreement) or (y) becomes available on a non-confidential basis from a Person who is not known to be bound by a confidentiality agreement with Purchaser or its Affiliates, or who is not otherwise prohibited from transmitting the information.

10.9 Taxes.

(a) On or prior to the Closing, Seller shall pay all income Taxes, sales Taxes, use Taxes, payroll Taxes, and other Taxes of any kind whatsoever owed or owing with respect to the Acquired Assets or the Business and attributable to taxable periods or portions thereof ending on or prior to the Closing Date, except as set forth in Section 10.9(b), including (for the avoidance of doubt) any Taxes incurred as a result of the sale of the Acquired Assets or the assumption of the Assumed Obligations pursuant to this Agreement.

(b) Any sales, use, purchase, transfer, franchise, deed, fixed asset, stamp, documentary stamp, registration, use or other Taxes and recording charges, and all conveyance fees and other fees and charges (including any penalties and interest) due and which may be payable by reason of the sale of the Acquired Assets or the assumption of the Assumed Obligations under this Agreement or the transactions contemplated in this Agreement shall be borne fifty percent (50%) by Purchaser and fifty percent (50%) by Seller and timely paid.

(c) All Tax-sharing agreements or similar agreements with respect to or involving Seller or the Acquired Assets shall be terminated as of the Closing Date and, on and after the Closing Date, Purchaser shall not be bound thereby or have any Liability thereunder.

(d) Purchaser and Seller shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any audit, litigation or other Proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information that are reasonably relevant to any such audit, litigation or other Proceeding and making employees available on a

mutually convenient basis to provide additional information and explanation of any material provided hereunder. All costs and expenses incurred in connection with this Section 10.9(d) shall be borne by the party who is subject to such Proceeding.

(e) Personal property Taxes, real property Taxes and other similar Taxes (the "Proration Items") with respect to the Acquired Assets for any taxable period commencing before the Closing Date and ending after the Closing Date shall be prorated on a per diem basis between Purchaser and Seller as of the Closing Date. The amount of the Proration Items attributable to Seller shall be equal to the amount of Tax for the period multiplied by a fraction, the numerator of which shall be the number of days from the beginning of the period through and including the Closing Date and the denominator of which shall be the entire number of days in the period. The amount of all such Proration Items attributable to Seller shall be estimated as of the Closing Date and paid over to Purchaser at the Closing; provided, however, that final payments with respect to the Proration Items that are not able to be calculated as of the Closing Date shall be calculated and Seller shall pay over any additional amount as soon as practicable after the Closing Date, but no later than five (5) Business Days after determination of such addition amounts.

10.10 Cooperation with Purchaser's Lenders. Seller shall, and shall cause Seller's Affiliates to, cooperate in connection with any financing arrangement that Purchaser seeks prior to or following the Closing as may be reasonably requested by Purchaser or Purchaser's lender(s) or prospective lender(s). Such cooperation by Seller and Seller's Affiliates shall include (i) executing such agreements or instruments as are reasonably required by Purchaser's lender(s); (ii) consenting to the assignment of any agreements including this Agreement and all of the agreements contemplated by this Agreement between Purchaser, on the one hand, and Seller, on the other hand; or (iii) providing such information and assistance (including available financial statements and other financial data relating to the Business) as Purchaser's lender(s) may reasonably request and granting such access to Purchaser's lender(s) and their representatives as may be reasonably necessary for their due diligence. Seller further agrees that Purchaser's obligation to make the Contingent Payments to Seller is subordinate to all of the Liabilities, Indebtedness and obligations of Purchaser and its Affiliates under the agreements relating to Purchaser's and its Affiliates' Third Party lending and financing arrangements, including any amendments thereto, refinancings thereof, or replacements thereto. Further, Seller hereby acknowledges that the agreements relating to Purchaser's and its Affiliates' Third Party lending and financing arrangements will contain covenants which may directly or indirectly, under certain circumstances, be breached as a result of Purchaser or its Affiliates making payment of the Contingent Payments. Accordingly, Seller hereby acknowledges that Purchaser and its Affiliates may withhold Contingent Payments to the extent Purchaser or any of its Affiliates is in default of its Third Party lending or financing arrangements or making such payment would directly or indirectly cause Purchaser or any of its Affiliates to be in default of its Third Party lending or financing arrangements (such time, a "Default Period"). Seller agrees not to take or pursue any claim or cause of action against Purchaser or its Affiliates during a Default Period with respect to the Contingent Payments. Notwithstanding the foregoing, Purchaser and its Affiliates shall not enter into any lending arrangement for the purpose of avoiding or delaying the obligation to make any Contingent Payments; provided that this shall not be deemed to limit or restrict Purchaser or its Affiliates from negotiating alternative lending arrangements in good faith. If any Contingent Payment is made by Purchaser or its Affiliates or received by Seller in

violation of this paragraph and Seller has received notice that a Default Period exists, such payment shall not be commingled with any of the assets of Seller, shall be held in trust by Seller for the benefit of the lenders party to the lending and financing arrangements of Purchaser and its Affiliates and shall be promptly paid over to such lenders. The lenders party to the lending and financing arrangements of Purchaser and its Affiliates shall be considered third-party beneficiaries of the provisions of this paragraph, none of which shall be modified except in accordance with the terms of such lending and financing arrangements.

10.11 Purchaser Cooperation Regarding Adequate Assurance Information. Purchaser shall provide information Purchaser reasonably believes satisfies the conditions contained in sections 365(b)(1)(C) and 365(f)(2)(B) of the Bankruptcy Code for responses (if any) to any inquiries from any counterparty to any Assumed Contract regarding adequate assurance of future performance. For the avoidance of doubt, Purchaser shall have no obligation under this Agreement to provide monetary or other consideration as adequate assurance of future performance for any Assumed Contract.

ARTICLE XI LIMITATIONS

11.1 Purchaser's Review.

(a) No Reliance. Purchaser has had the opportunity to ask questions in connection with its decision to enter into this Agreement and to consummate the transactions contemplated hereby. In connection with the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, Purchaser has not relied upon, and Purchaser expressly waives and releases Seller from any Liability for any claims relating to or arising from, any representation, warranty, statement, advice, document, projection, or other information of any type provided by Seller or its Affiliates or any of their respective representatives, except for those representations and warranties expressly set forth in ARTICLE V. In deciding to enter into this Agreement, and to consummate the transactions contemplated hereby, Purchaser has relied solely upon its own knowledge, investigation, judgment and analysis (and that of its representatives) and not on any disclosure or representation made by, or any duty to disclose on the part of, Seller or its Affiliates or any of their respective representatives, other than the express representations and warranties of Seller set forth in ARTICLE V. Purchaser acknowledges and agrees that it has not relied upon, and Purchaser expressly waives and releases Secured Party from any Liability for any claims relating to or arising from, any representation, warranty, statement, advice, document, projection, or other information of any type provided by Secured Party or its Affiliates (excluding Seller to the extent deemed an Affiliate of Secured Party).

(b) Limited Duties. Any and all duties and obligations which any party may have to any other party with respect to or in connection with the Acquired Assets, this Agreement or the transactions contemplated hereby are limited to those specifically set forth in this Agreement. Neither the duties nor obligations of any party, nor the rights of any party, shall be expanded beyond the terms of this Agreement on the basis of any legal or equitable principle or on any other basis whatsoever.

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

ARTICLE XII MISCELLANEOUS

12.1 Non-Survival of Representations and Warranties. The representations and warranties respectively made by Seller and Purchaser in this Agreement and in any certificate delivered hereunder will expire as of the Closing. Subsequent to Closing, no claim with respect to any breach of any representation or warranty contained in this Agreement may be pursued or maintained (either hereunder or otherwise) against any other party. The parties hereto agree that the covenants contained in this Agreement to be performed at or after the Closing shall survive the Closing hereunder, and each party hereto shall be liable to the other after the Closing for any breach thereof.

12.2 Expenses.

(a) Except as otherwise provided herein, each party hereto shall bear its own costs and expenses, including attorneys' fees, with respect to the transactions contemplated hereby. Notwithstanding the foregoing, in the event of any Proceeding to interpret or enforce this Agreement, the prevailing party in such Proceeding (i.e., the party who, in light of the issues contested or determined in the Proceeding, was more successful) shall be entitled to have and recover from the non-prevailing party such costs and expenses (including all court costs and reasonable attorneys' fees) as the prevailing party may incur in the pursuit or defense thereof.

(b) The parties hereto agree that if any claims for commissions, fees or other compensation, including brokerage fees, finder's fees, or commissions are ever asserted against Purchaser or 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 (with counsel reasonably satisfactory to the party(ies) entitled to indemnification) 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.

12.3 Amendment. This Agreement may not be amended, modified or supplemented except by a written instrument signed by Seller and Purchaser.

12.4 Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by Seller, in the case of

a waiver by Seller, or Purchaser, in the case of any waiver by Purchaser, and no waiver in any one (1) or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

12.5 Notices. All notices, requests, demands and other communications permitted or required to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed conclusively to have been given (a) when personally delivered, (b) when sent by facsimile (with hard copy to follow) during a Business Day (or on the next business day if sent after the close of normal business hours or on any non-Business Day), (c) when sent by electronic mail (with hard copy to follow) during a business day (or on the next Business Day if sent after the close of normal business hours or on any non-Business Day), (d) one (1) Business Day after being sent by reputable overnight express courier (charges prepaid), or (e) three (3) Business Day following mailing by certified or registered mail, postage prepaid and return receipt requested. Unless another address is specified in writing, notices, requests, demands and communications to the parties shall be sent to the addresses indicated below:

To Seller: Massif Mountain Gear Company, L.L.C.
 c/o Tactical Holdings Operations, Inc.
 5968 Commerce Blvd
 Morristown, TN 37814
 Attn: Paul Collins, CFO

with copy to: FTI Consulting, Inc.
 227 West Monroe Street, Suite 900
 Chicago, IL 60606
 Attention: Carlin Adrianopoli, Senior Managing Director
 Phone: (312) 252-9397

with copy to: Klehr Harrison Harvey Branzburg LLP
 919 N. Market Street, Suite 1000
 Wilmington, DE 19801
 Attention: Domenic E. Pacitti, Esq.
 Phone: (302) 426-1189
 Fax: (302) 426-9193
 E-mail: dpacitti@klehr.com

To Purchaser: Massif Apparel Enterprises, LLC
 5200 Town Center Circle, Suite 600
 Boca Raton, FL 33486
 Attn: C. Deryl Couch
 Scott Edwards
 William James
 Fax: (561) 394-0540
 E-mail: dcouch@suncappart.com
 sedwards@suncappart.com
 wjames@suncappart.com

with copies to: Sun Capital Partners Management V, Inc.
5200 Town Center Circle, Suite 600
Boca Raton, FL 33486
Attn: C. Deryl Couch
Scott Edwards
William James
Fax: (561) 394-0540
E-mail: dcouch@suncappart.com
sedwards@suncappart.com
wjames@suncappart.com

and Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attn: Douglas C. Gessner, P.C.
Jeremy S. Liss, P.C.
Corey D. Fox
Fax: (312) 861-2200
E-mail: douglas.gessner@kirkland.com
jeremy.liss@kirkland.com
corey.fox@kirkland.com

12.6 Counterparts; Electronic Execution. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, may be executed in one (1) or more counterparts, all of which shall constitute one and the same instrument. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .peg or similar attachment to electronic mail (any such delivery, an “Electronic Delivery”) shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto, each other party hereto or thereto shall re-execute the original form of this Agreement and deliver such form to all other parties. No party hereto shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such party forever waives any such defense, except to the extent such defense relates to lack of authenticity.

12.7 Headings. The headings preceding the text of the Articles and Sections of this Agreement and the Exhibits and the Schedules are for convenience only and shall not be deemed part of this Agreement.

12.8 SUBMISSION TO JURISDICTION; WAIVER OF TRIAL BY JURY. THE PARTIES HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THIS AGREEMENT OR THE OTHER AGREEMENTS CONTEMPLATED HEREIN SHALL BE FILED AND MAINTAINED ONLY IN THE BANKRUPTCY COURT, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT. EACH PARTY HERETO HEREBY

IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LITIGATION, ACTION, PROCEEDING, CROSS-CLAIM, OR COUNTERCLAIM IN ANY COURT (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF, RELATING TO OR IN CONNECTION WITH (I) THIS AGREEMENT OR THE VALIDITY, PERFORMANCE, INTERPRETATION, COLLECTION OR ENFORCEMENT HEREOF OR (II) THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, AUTHORIZATION, EXECUTION, DELIVERY, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

12.9 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the Delaware (regardless of the Laws that might otherwise govern under applicable Delaware principles of conflicts of Law) as to all matters, including matters of validity, construction, effect, performance and remedies.

12.10 Binding Nature; Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without prior written consent of the other parties (which shall not be unreasonably withheld or delayed); except (a) that Purchaser may assign any of its rights and obligations hereunder, including its rights and obligations under the Escrow Agreement, to any Affiliate or Subsidiary of Purchaser (whether wholly owned or otherwise) or to its lender as collateral security and, following the Closing, in whole or in part to any successor-in-interest to any Person acquiring all or any portion of the Business or the Acquired Assets; (b) the rights and interests of Seller hereunder may be assigned to a trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code or assigned to or enforced by the Secured Party; (c) this Agreement may be assigned to any entity appointed as a successor to Seller pursuant to a confirmed Chapter 11 plan; and (d) as otherwise provided in this Agreement. Seller hereby agree that Purchaser may grant a security interest in its rights and interests hereunder to its lenders, and Seller will sign a consent with respect thereto if so requested by Purchaser or its lender, and that the terms of this Agreement shall be binding upon any subsequent trustee appointed under Chapter 11 or Chapter 7 of the Bankruptcy Code.

12.11 No Third Party Beneficiaries. Other than with respect to the lenders as set forth in Section 10.10 and the Secured Party, this Agreement is solely for the benefit of the parties hereto and nothing contained herein, express or implied, is intended to confer on any Person other than the parties hereto or their successors and permitted assigns, any rights, remedies, obligations, claims, or causes of action under or by reason of this Agreement. No party hereto shall have any right to specific performance hereunder.

12.12 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to this Agreement to express their mutual intent, and no rule of strict construction shall be applied against any party. Any reference to any federal, state, local or foreign statute or Law shall be deemed also to refer to all rules and Laws promulgated thereunder, unless the context requires otherwise. Whenever a party's consent, approval or satisfaction is required under this Agreement, the decision as to whether or not to consent or approve or be satisfied shall be in the sole and exclusive discretion of such party, and such party's decision shall be final and conclusive.

12.13 Public Announcements. Except as required by Law or in connection with the Chapter II Cases, neither Seller nor Purchaser shall issue any press release or public announcement concerning this Agreement or the transactions contemplated hereby without obtaining the prior written approval of the other parties hereto relating to the contents and manner of presentation and publication thereof, which approval will not be unreasonably withheld, delayed or conditioned. Prior to making any public disclosure required by applicable Law, the disclosing parties shall give the other party a copy of the proposed disclosure and reasonable opportunity to comment on the same. Notwithstanding the foregoing, Purchaser shall not be restricted from making any public announcements or issuing any press releases after the Closing.

12.14 [Intentionally deleted]

12.15 [Intentionally deleted]

12.16 Entire Understanding. This Agreement, the Exhibits and the Schedules set forth the entire agreement and understanding of the parties hereto in respect to the transactions contemplated hereby and the Agreement, the Exhibits and the Schedules supersede all prior agreements, arrangements and understandings relating to the subject matter hereof and are not intended to confer upon any other Person any rights or remedies hereunder (other than as set forth in Section 12.11 above).

12.17 Closing Actions. All deliveries, payments and other transactions and documents relating to the Closing shall be interdependent, and none shall be effective unless and until all are effective (except to the extent that the party entitled to the benefit thereof has waived satisfaction or performance thereof as a condition precedent to the Closing).

12.18 Conflict Between Transaction Documents. The parties hereto agree and acknowledge that to the extent any terms and provisions of this Agreement are in any way inconsistent with or in conflict with any term, condition or provision of any other agreement or document referred to herein, this Agreement shall govern and control.

12.19 Time Periods. Unless specified otherwise, any action required hereunder to be taken within a certain number of days shall be taken within that number of calendar days (and not Business Days); provided, however, that if the last day for taking such action falls on a day that is not a Business Day, the period during which such action may be taken shall be automatically extended to the next Business Day.

12.20 No Right of Set-Off. Except as set forth in Section 2.7 and Section 3.5(b), Purchaser for itself and for its Affiliates, successors and assigns hereby unconditionally and irrevocably waives any rights of set-off, netting, offset, recoupment, or similar rights that Purchaser or any of its Affiliates, successors and assigns has or may have with respect to the payment of the Purchase Price or any other payments to be made by Purchaser pursuant to this Agreement or any other document or instrument delivered by Purchaser in connection herewith on or prior to the Closing Date. Seller, for itself and for its Affiliates, successors and assigns hereby unconditionally and irrevocably waives any rights of set-off, netting, offset, recoupment, or similar rights that Seller or any of its Affiliates, successors and assigns have or may have with

respect to any payments to be made by Seller pursuant to this Agreement or any other document or instrument delivered by Seller in connection herewith on or prior to the Closing Date.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed and delivered on the date first above written.

PURCHASER:

MASSIF APPAREL ENTERPRISES, LLC

By: 
Name: Daniel Gaston
Its: Chief Executive Officer and President

SELLER:

**MASSIF MOUNTAIN GEAR COMPANY
L.L.C.**

By: _____
Name: _____
Its: _____

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase Agreement to be executed and delivered on the date first above written.

PURCHASER:

MASSIF APPAREL ENTERPRISES, LLC

By: _____
Name: _____
Its: _____

SELLER:

**MASSIF MOUNTAIN GEAR COMPANY
L.L.C.**

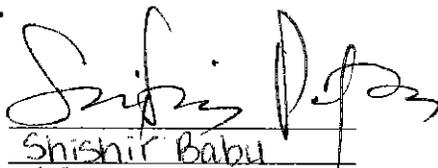
By: 
Name: Shishir Babu
Its: CEO

EXHIBIT A

FORM OF BIDDING PROCEDURES ORDER

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|----------------------------------|---|----------------------------------|
| In re: |) | Chapter 11 |
| TACTICAL INTERMEDIATE HOLDINGS, |) | |
| INC., <i>et al.</i> ¹ |) | Case No. 14-[] ([]) |
| |) | |
| |) | (Joint Administration Requested) |

ORDER (A) APPROVING BIDDING PROCEDURES AND BID PROTECTIONS IN CONNECTION WITH THE SALE OF SUBSTANTIALLY ALL OF THE ASSETS OF DEBTOR MASSIF MOUNTAIN GEAR COMPANY, L.L.C., (B) SCHEDULING AN AUCTION AND A SALE HEARING, (C) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS, (D) APPROVING THE FORM AND MANNER OF NOTICES AND (E) GRANTING RELATED RELIEF

Upon the motion (the "Motion")² of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for the entry of an order (this "Bidding Procedures Order") (a) approving bidding procedures for the sale of substantially all of the operating assets of Massif Mountain Gear Company, L.L.C. ("Massif"), (b) scheduling an auction and hearing to consider the sale, (c) approving procedures relating to the assumption and assignment of certain contracts, including notice of proposed cure amounts, (d) approving bid protections, including expense reimbursement and breakup fee to the Stalking Horse Purchaser (defined below), (e) approving the form and manner of notices related thereto, and (f) granting other related relief; and the Court having jurisdiction to consider the Motion and the relief requested therein in

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Tactical Intermediate Holdings, Inc. (4895); Tactical Holdings Operations, Inc. (8504); Wellco Enterprises, Inc. (9274); Ro-Search Incorporated (6293); Mo-Ka Shoe Corporation (2446); Altama Delta Corporation (6369); Altama Delta (Puerto Rico) Corporation (3459); Massif Holdings LLC (1692); and Massif Mountain Gear Company L.L.C. (9717). The address of the Debtors' corporate headquarters is 5968 Commerce Blvd., Morristown, TN 37814.

² All capitalized terms used but not defined in this Bidding Procedures Order have the meaning ascribed to such terms in the Motion or, if not defined in the Motion, in the Stalking Horse Purchase Agreement (as defined below).

Exhibit A - 1

accordance with 28 U.S.C. §§ 157 and 1334; and consideration of the Motion, the relief requested therein, and the responses thereto being a core proceeding in accordance with 28 U.S.C. § 157(b)(2); and Court having considered the Motion; and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and all other parties in interest; and after due deliberation and sufficient cause appearing therefor; IT IS HEREBY FOUND, DETERMINED, AND CONCLUDED THAT:³

A. The Court has jurisdiction over this matter and over the property of the Debtors' estates pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 363, 364, and 365 of title 11 of the United States Code (the "Bankruptcy Code") and rules 2002, 6004, 6006, 9008, 9014, and 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). Venue of these chapter 11 cases and of the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Good and sufficient notice of the Motion and the relief sought therein has been given under the circumstances, and no other or further notice is required except as set forth herein with respect to the Auction and the Sale Hearing. Subject to the immediately preceding sentence, a reasonable opportunity to object or be heard regarding the relief provided herein has been afforded to all parties in interest in these chapter 11 cases.

C. Good and sufficient business reasons exist for this Court to authorize the Debtors to enter into that certain Asset Purchase Agreement (the "Stalking Horse Purchase Agreement"), by and among the Debtors, as Sellers, and Massif Enterprises, LLC, as Buyer (the "Stalking

³ All findings of fact and conclusions of law announced by the Court at the hearing held regarding the Motion are hereby incorporated herein to the extent not inconsistent herewith.

Horse Purchaser”), substantially in the form attached as Exhibit A to the Motion, subject to higher and better offers pursuant to the Bidding Procedures (defined below).

D. The bidding procedures, substantially in the form attached hereto as Exhibit 1 (the “Bidding Procedures”), are reasonable and appropriate under the circumstances of these chapter 11 cases. The Debtors have articulated good and sufficient reasons for this Court to grant the relief requested in the Motion regarding the Bidding Procedures. The Bidding Procedures were negotiated in good faith and at arms’ length by the Debtors and the Stalking Horse Purchaser and represent a fair and appropriate method for maximizing the value of the Assets. Therefore, the Debtors are authorized and directed to take any and all actions necessary or appropriate to implement the Bidding Procedures.

E. The Stalking Horse Purchaser has expended, and will continue to expend, considerable time, money, and energy pursuing the proposed Sale of the Assets and has engaged in extended arms’-length and good-faith negotiations with the Debtors. The proposed form of the Stalking Horse Purchase Agreement, which agreement establishes a bid standard or minimum for other bidders for the Assets, thereby ensuring that during the Auction, the Debtors receive the highest or best possible bid for the Assets, is the culmination of these efforts. The Debtors, after extensive efforts, have been unable to identify a purchaser for the Assets who is willing to enter into a definitive agreement to purchase the Assets on terms as favorable to the Debtors and their estates as those contained in the Stalking Horse Purchase Agreement. Therefore, the Debtors, in a sound exercise of their business judgment, have agreed to pay the Stalking Horse Purchaser on the terms and conditions set forth herein: (i) in the event that the Stalking Horse Purchase Agreement is terminated or if the transactions thereby are not consummated for any reason other than a termination by the Debtors pursuant to Section 9.1(c) of the Stalking Horse Purchase Agreement, the Debtors shall immediately pay to the Stalking Horse Purchaser an

Exhibit A - 3

amount equal to all costs and out-of-pocket expenses incurred by the Stalking Horse Purchaser in connection with its legal, environmental, accounting, and business due diligence and the preparation and negotiation of the Stalking Horse Purchase Agreement up to \$250,000 (the “Expense Reimbursement”); and (ii) upon the first to occur of (x) the date the Debtors consummate an Acquisition Proposal or (y) the date the Debtors file a “plan” pursuant to the Bankruptcy Code (which plan is not consistent with the Stalking Horse Purchase Agreement), the Debtors shall immediately pay to the Stalking Horse Purchaser a breakup fee equal to \$350,000 (the “Breakup Fee”); provided, however, that the Breakup Fee shall not be payable to the Stalking Horse Purchaser if the Stalking Horse Purchase Agreement has been terminated by the Debtors pursuant to Section 9.1(c) of the Stalking Horse Purchase Agreement. Other than the payment of the Breakup Fee and Expense Reimbursement, the Stalking Horse Purchaser is not entitled to any other fees, expenses or compensation in the event that a bidder other than the Purchaser is selected as the Successful Bidder in the Auction.

F. The Expense Reimbursement and Breakup Fee, to the extent payable under the Stalking Horse Purchase Agreement, (1) shall be deemed actual and necessary costs and expenses of preserving the Debtors’ estates, (2) are of substantial benefit to the Debtors’ estates, (3) are reasonable and appropriate, including in light of the size and nature of the proposed transaction, the necessity to announce a sale transaction for the Debtors, and the efforts that have been and will be expended by the Stalking Horse Purchaser, (4) have been negotiated by the parties and their respective advisors at arms’ length and in good faith, and (5) are necessary to ensure that the Stalking Horse Purchaser will continue to pursue the proposed Sale. The Expense Reimbursement and Breakup Fee are material inducements for, and conditions of, the Stalking Horse Purchaser’s entry into the Stalking Horse Purchase Agreement, and the Stalking Horse Purchaser is unwilling to commit to purchase the Assets under the terms of the Stalking Horse

Exhibit A - 4

Purchase Agreement unless the Stalking Horse Purchaser is assured the protection provided by the Expense Reimbursement and the Breakup Fee. The payment of such amounts to the Stalking Horse Purchaser is fair and reasonable in view of the fact that, if the Expense Reimbursement and/or Breakup Fee are payable, then the Stalking Horse Purchaser's efforts will have increased the prospects that the Debtors will receive the highest or otherwise best offer for the Assets.

G. The form of notice describing the Bidding Procedures and identifying the date, time, and place of the Sale Hearing, substantially in the form attached hereto as **Exhibit 2** (the "Sale and Bidding Procedures Notice"), is calculated to provide adequate, timely, and proper notice of the proposed Sale, including: (1) the date, time, and place of the Auction; (2) the Bidding Procedures and the dates and deadlines related thereto; (3) the objection deadline for the Sale and the date, time, and place of the Sale Hearing; (4) reasonably specific identification of the Assets; (5) instructions for promptly obtaining a copy of the Stalking Horse Purchase Agreement; (6) representations describing the proposed Sale as being free and clear of all liens, claims, interests, and other encumbrances, with all such liens, claims, interests, and other encumbrances attaching with the same validity and priority to the sale proceeds; and (7) the commitment by the Stalking Horse Purchaser to assume certain liabilities of the Debtors. Accordingly, no other or further notice of the Sale shall be required.

H. The form of notice of potential assumption, assignment, and/or transfer of the executory contracts and unexpired leases to which Massif is a party, substantially in the form attached hereto as **Exhibit 3** (the "Potential Assumption and Cure Notice"), the form of notice identifying the Successful Bidder and identifying the executory contracts and unexpired leases that will be assumed and assigned to the Successful Bidder in connection with the Sale, substantially in the form attached hereto as **Exhibit 4** (the "Assumption Notice"), and the form

of notice identifying the executory contracts and unexpired leases that will be rejected by the Debtors in connection with the Sale, substantially in the form attached hereto as **Exhibit 5** (the “Rejection Notice”) are each calculated to provide adequate, timely, and proper notice of, among other things, the proposed assumption and assignment of certain executory contracts and unexpired leases to the Stalking Horse Purchaser pursuant to the Stalking Horse Purchase Agreement (or to another Successful Bidder at the conclusion of the Auction, if any), the proposed cure costs relating thereto and the procedures and deadlines for objecting thereto, and that no other or further notice of the potential assumption, assignment, and/or transfer of any executory contract or unexpired shall be required.

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

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

1. The Motion is granted as set forth herein.
2. All objections to approval of the Motion or the relief provided herein that have not been withdrawn, waived, or settled are hereby overruled and denied on the merits.
3. The Debtors are authorized and directed to enter into the Stalking Horse Purchase Agreement.
4. The Bidding Procedures, in substantially the form attached hereto as **Exhibit 1**, are incorporated herein and approved in all respects, and shall apply with respect to the Sale of the Assets. The Debtors are authorized and directed to take any and all actions necessary or appropriate to implement the Bidding Procedures.

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5. The proposed Sale of the Assets, the proposed assumption and assignment of executory contracts and unexpired leases in connection with the Sale of the Assets, and the Auction shall be conducted in accordance with the provisions of this Bidding Procedures Order.

Stalking Horse Purchaser Protections

6. Subject to the Stalking Horse Purchaser's compliance with the terms of the Stalking Horse Purchase Agreement, the Stalking Horse Purchaser and the transaction contemplated by the Stalking Horse Purchase Agreement shall constitute a "Qualified Bidder" and a "Qualified Bid" for all purposes under the Bidding Procedures, respectively.

7. The Expense Reimbursement and Breakup Fee are hereby approved. The Debtors are authorized and directed to promptly pay, if and as they become due, any and all amounts owed to the Stalking Horse Purchaser on account of the Expense Reimbursement and/or Breakup Fee in accordance with this Order.

8. The obligations of the Debtors to pay the Expense Reimbursement and the Breakup Fee: (a) shall be entitled to administrative expense claim status under sections 503(b)(1)(A) and 507(a)(2) of the Bankruptcy Code; (b) shall not be subordinate to any other administrative expense claim against the Debtors other than any allowed claims entitled to priority under section 507(b) of the Bankruptcy Code, which such allowed claims shall include the claims of the DIP Lender granted under the DIP Order; (c) shall survive the termination of the Stalking Horse Purchase Agreement; and (d) shall be immediately payable by the Debtors to the Stalking Horse Purchaser in full in cash upon the Court's approval and closing of a sale of the Assets to any Successful Bidder other than the Stalking Horse Purchaser.

9. No subsequent order of the Court can modify the requirement that the Expense Reimbursement and Breakup Fee be paid pursuant to the terms of this Bidding Procedures Order.

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Approval of Sale and Bidding Procedures Notice

10. The Sale and Bidding Procedures Notice, substantially in the form attached hereto as **Exhibit 2**, is approved. Within three (3) business days following entry of this Bidding Procedures Order, the Debtors shall serve by first class mail the Sale and Bidding Procedures Notice on the following parties or their respective counsel (if known): (a) the U.S. Trustee; (b) the DIP Lender; (c) any official committee appointed in these chapter 11 cases; (d) all parties known by the Debtors to assert a lien on any of the Assets; (e) all persons known or reasonably believed to have asserted an interest in any of the Assets; (f) all non-Debtor parties to executory contracts and unexpired leases to which any Debtor is a party; (g) all persons known or reasonably believed to have expressed an interest in acquiring all or a substantial portion of the Assets or making an equity investment in the Debtors within the twelve months prior to the Petition Date; (h) the Office of the United States Attorney for the District of Delaware; (i) all state attorney generals in states in which the Debtors operate their businesses; (j) all taxing authorities having jurisdiction over any of the Assets, including the Internal Revenue Service; (k) all environmental authorities having jurisdiction over any of the Assets, including the Environmental Protection Agency; (l) the Stalking Horse Purchaser; and (m) all other parties that had filed a notice of appearance and demand for service of papers in these chapter 11 cases under Bankruptcy Rule 9010(b) as of the date of entry of the Bidding Procedures Order. Except as set forth in this Bidding Procedures Order, no other or further notice of the Sale or the Auction shall be required to be provided by the Debtors or any other entity.

Assumption and Assignment of Executory Contracts and Leases

11. The Potential Assumption and Cure Notice, substantially in the form attached hereto as **Exhibit 3**, is approved. Within three (3) business days following entry of this Bidding Procedures Order (the "Initial Cure Notice Deadline"), the Debtors shall file and serve by first

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class mail or hand delivery the Potential Assumption and Cure Notice to non- Debtor counterparties to executory contracts and unexpired leases to which any Debtor is a party (each a "Counterparty," and together, the "Counterparties"). The Potential Assumption and Cure Notice shall include the calculation of the cure amounts (the "Cure Costs") that the Debtors believe must be paid to cure any and all defaults outstanding under the applicable executory contracts and unexpired leases. If the Debtors subsequently identify additional executory contracts and unexpired leases that are not set forth in the original Potential Assumption and Cure Notice, the Debtors shall promptly send a supplemental Potential Assumption and Cure Notice (each such notice, a "Supplemental Potential Assumption and Cure Notice") to the applicable Counterparties.⁴

12. Unless the applicable Counterparty files an objection (the "Contract Objection") to its proposed Cure Cost and/or the proposed assumption, assignment, and/or transfer of the applicable executory contract or unexpired lease (including the transfer of any related rights or benefits thereunder) to the Stalking Horse Purchaser or to any other Successful Bidder, as applicable, by the later of 5:00 p.m. (prevailing Eastern Time) on [●], 2014, and, if applicable, ten (10) days after service of the Supplemental Potential Assumption and Cure Notice (collectively, the "Contract Objection Deadline") and serves a copy of the Contract Objection so as to be received by the Notice Parties (as defined below) no later than the Contract Objection Deadline, such Counterparty will be forever barred from objecting to the Cure Costs and from asserting against the Debtors, the Stalking Horse Purchaser, or any other Successful Bidder, as applicable, any additional cure or other amounts with respect to such executory contract or

⁴ The inclusion of any agreement as an executory contract or unexpired lease on any schedule, exhibit, or other document in connection herewith does not constitute an admission by the Debtors that such agreement actually constitutes an executory contract or unexpired lease under the Bankruptcy Code, and the Debtors expressly reserve the right to challenge the status of any agreement included as an executory contract or unexpired lease.

unexpired lease in the event it is assumed and/or assigned by the Debtors, and the Debtors and the Stalking Horse Purchaser (or any other Successful Bidder, as applicable) shall be entitled to rely solely upon the Cure Costs, and be deemed to have consented to the assumption, assignment, and/or transfer of such executory contract or unexpired lease (including the transfer of any related rights and benefits thereunder) to the Stalking Horse Purchaser, any other Successful Bidder, or any other assignee of the relevant executory contract or unexpired lease and shall be forever barred and estopped from asserting or claiming against the Debtors, the Stalking Horse Purchaser, any other Successful Bidder, or any other assignee of the relevant executory contract or unexpired lease, as applicable, that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such executory contract or unexpired lease, or that any related right or benefit under such executory contract or unexpired lease cannot or will not be available to either of the Stalking Horse Purchaser, any other Successful Bidder, or any other assignee of the relevant executory contract or unexpired lease. Any Contract Objection that is served on or before the Initial Cure Notice Deadline shall be heard at the Sale Hearing; provided that any such Contract Objection may be heard at a different hearing with the consent of the Debtors and the Successful Bidder or as otherwise ordered by the Court.

13. No later than one (1) day prior to the consummation of the Sale (the "Closing"), the Debtors shall serve an Assumption Notice on each affected Counterparty (such date, the "Assumption Notice Deadline"). The Assumption Notice shall identify the Successful Bidder and the executory contracts and unexpired leases that will be assumed and assigned to the Successful Bidder as of the Closing.

14. If the Debtors determine in accordance with the Stalking Horse Purchase Agreement that an executory contract or unexpired lease should be rejected, the Debtors shall serve by first-class mail or hand delivery a notice, substantially in the form attached hereto as **Schedule 5** (the "Rejection Notice"), of rejection of such executory contract or unexpired lease on each Counterparty with respect to such executory contract or unexpired lease, and such executory contract or unexpired lease shall be deemed to have been rejected ten (10) days from the date of service of such Rejection Notice.

The Auction

15. If the Debtors receive more than one Qualified Bid other than the bid contemplated by the Stalking Horse Purchase Agreement, then the Debtors shall notify the Stalking Horse Purchaser and each other Qualified Bidder that the Debtors intend to conduct an auction to consider all Qualified Bids (the "Auction").

16. The Auction, if any, will be held on **[22 days after entry of the Bidding Procedures Order], 2014, at [●] (prevailing Eastern Time)**, at the offices of Klehr Harrison Harvey Branzburg LLP, proposed counsel to the Debtors, 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania 19103, or such later date and time as reasonably selected by the Debtors, with the consent of the DIP Lender, in accordance with the Stalking Horse Purchase Agreement.

17. If the Debtors do not receive at least one (1) Qualified Bid from a Qualified Bidder other than the Stalking Horse Purchaser, no Auction shall be scheduled or conducted and the Court at the Sale Hearing shall proceed to solely consider the approval of the proposed Sale to the Stalking Horse Purchaser as set forth in the Stalking Horse Purchase Agreement and shall not consider any competing or alternative offers or proposals to purchase the Assets.

18. Counsel to the Debtors are authorized and directed to hold and conduct the Auction, if any, solely in accordance with this Bidding Procedures Order.

19. Following later of the Bid Deadline and the Auction, the Debtors shall file a notice announcing the results of the Auction and the identity of the Successful Bidder and the Back-Up Bidder on the Court's docket as soon as practicable after conclusion of the Auction.

Sale Hearing

20. The Sale Hearing shall be conducted before the Court [**24 days after entry of the Bidding Procedures Order**], 2014, at [●] (prevailing Eastern Time). The Sale Hearing may be adjourned, from time to time, without further notice to creditors or other parties in interest other than by announcement of such adjournment before this Court or on this Court's calendar on the date scheduled for said hearing; provided that the Debtors may only seek to adjourn the Sale Hearing in accordance with the Stalking Horse Purchase Agreement.

21. Any other objection to any of the relief to be requested at the Sale Hearing must be in writing, state the basis of such objections with specificity, and shall be filed with the Court on or before [●], 2014, at 12:00 p.m. (prevailing Eastern Time), and served so as to be **actually received** by such date and time by each of the following parties: (a) the Debtors, [●]; (b) Klehr Harrison Harvey Branzburg LLP, proposed counsel to the Debtors, 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania 19103, Attn.: Morton R. Branzburg (MBranzburg@klehr.com) and 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801, Attn: Domenic E. Pacitti (dpacitti@klehr.com); (c) investment bankers to the Debtors, Houlihan Lokey Capital, Inc., 123 N Upper Wacker Dr, Chicago, IL 60606 Attn: D. Reid Snellenbarger (RSnellenbarger@HL.com); (d) Massif Apparel Enterprises, LLC, the Stalking Horse Purchaser, c/o Sun Capital Partners Group V, LLC, 5200 Town Center Circle, Suite 600, Boca Raton,

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Florida 33486, Attn.: William James, Jr. (wjames@suncappart.com); (e) Kirkland & Ellis LLP, counsel to the Stalking Horse Purchaser, 300 North LaSalle, Chicago, Illinois 60654, Attn.: Corey Fox (corey.fox@kirkland.com), Patrick J. Nash (patrick.nash@kirkland.com); Brad Weiland (brad.weiland@kirkland.com), and Gregory F. Pesce (gregory.pesce@kirkland.com); and (f) counsel to the DIP Lender, Winston & Strawn LLP, counsel to the DIP Lender, 100 North Tryon Street, Charlotte, North Carolina 28202, Attn.: J. Michael Booe (mbooe@winston.com), Felton E. Parrish (fparrish@winston.com), and Nathan P. Lebioda (nlebioda@winston.com) and Womble Carlyle Sandridge & Rice, LLP, 222 Delaware Avenue, Suite 1501, Wilmington, DE 19801, Attn: Frank Monaco, Jr. (fmonaco@wcsr.com) (collectively, the “Notice Parties”) and the Office of the United States Trustee. **Failure to timely file an objection in accordance with this Bidding Procedures Order shall forever bar the assertion of any objection to the Motion, entry of the Sale Order, and/or consummation of the Sale, and shall be deemed to constitute consent to entry of the Sale Order and consummation of the Sale and all transactions related thereto.**

22. Compliance with the foregoing notice provisions shall constitute sufficient notice of the Debtors’ proposed Sale of the Assets free and clear of all liens, claims, rights, encumbrances, and other interests, the contemplated assumption and assignment of the executory contracts and unexpired leases to which any Debtor is a party and the proposed amount of Cure Costs with respect thereto, as applicable, and no additional notice of such contemplated transactions need be given.

Other Matters

23. In the event of any direct conflict between the terms and conditions of the Stalking Horse Purchase Agreement and those of this Order, the terms and conditions of this Order shall govern.

24. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h) and 7062 or otherwise, the terms and conditions of this Bidding Procedures Order shall be immediately effective and enforceable upon its entry.

25. This Court shall retain exclusive jurisdiction to hear and determine all matters arising from or related to the implementation of this Bidding Procedures Order.

Dated: _____, 2014
Wilmington, Delaware

The Honorable _____
United States Bankruptcy Judge

Exhibit 1

The Bidding Procedures

Price under the Stalking Horse Purchase Agreement plus the assumption of the Assumed Liabilities identified by the Stalking Horse Purchase Agreement; and (B) the Earn-Out Amount (as defined below). The transaction contemplated by the Stalking Horse Purchase Agreement is subject to competitive bidding as set forth herein and approval by the Bankruptcy Court pursuant to sections 363 and 365 of title 11 of the United States Code (the "Bankruptcy Code").

II. Assets to Be Sold.

The Debtors are offering for sale the Assets, which generally consist of Massif's operating assets related to its business of manufacturing and supplying flame-resistant fabric and apparel and related accessories, which are used both domestically and internationally by military, law enforcement, security, and corrections personnel, as well as by domestic and foreign governmental agencies. For the avoidance of doubt, the Assets do not include the Excluded Assets identified in the Stalking Horse Purchase Agreement.

III. Marketing Process.

A. Access to Due Diligence Materials.

Only interested parties that execute and deliver, or have previously executed and delivered, a Confidentiality Agreement (as defined below), are eligible to receive due diligence access or additional non-public information. The Debtors may, but shall not be required to, provide to each interested party such information, as requested by such interested party that is in the Debtors' possession, which information shall (1) not include any information that the Debtors conclude might cause them to violate any law, impair any trade secret, cause them competitive harm, cause them to breach any agreement to which any Debtor is party, or adversely affect any attorney-client privilege, work product, or similar privilege and (2) be provided to only such interested party or such interested party's advisors or representatives to the extent provided in, and shall otherwise be subject to, the applicable Confidentiality Agreement. The Debtors will designate an employee or other representative to coordinate all reasonable requests for additional information and due diligence access from such interested parties. The Debtors shall not be obligated to furnish any due diligence information after the Bid Deadline (as defined below). The Debtors are not responsible for, and will bear no liability with respect to, any information obtained by interested parties or Potential Bidders (as defined below) in connection with the Sale of the Assets.

B. Participation Requirements.

In addition to the Bid (as defined below) requirements set forth below, to participate in the bidding process and Auction or otherwise be considered for any purpose hereunder, a person, an entity interested in purchasing the Assets (each, a "Bidder") must, on or before [●], 2014, deliver (unless previously delivered) to the Debtors, the DIP Lender and their respective counsel the following documents (such documents, collectively, the "Preliminary Bid Documents"):

1. identification of the Potential Bidder, its principals, and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction;

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2. for any Bidder not already party to such an effective agreement, an executed confidentiality agreement (each, a “Confidentiality Agreement”) acceptable in form and substance to the Debtors that inures to the benefit of the Successful Bidder (as defined below);

3. written disclosure of any connections or agreements with the Debtors, the Stalking Horse Purchaser, any other known Bidder, and/or any officer, director, or direct or indirect equity security holder of the Debtors; and

4. written evidence that the Debtors and the DIP Lender conclude, in their reasonable business judgment and upon consultation with the Debtors’ advisors, demonstrates the Bidder has the necessary financial ability to close a transaction of all or substantially all of Massif’s assets and provide adequate assurance of future performance under all contracts to be assumed in such contemplated transaction, including:

- a. the Bidder’s audited current financial statements, if available;
- b. contact names and numbers for verification of the Bidder’s proposed financing sources (if any);
- c. evidence of the Bidder’s internal resources and proof of sufficient cash on hand or written evidence of a binding, unconditional (except for customary closing conditions) commitment for financing or other evidence of the ability to consummate the contemplated sale transaction satisfactory to the Debtors and the DIP Lender with appropriate contact (and any other necessary) information for such financing sources; and
- d. any such other form of financial disclosure or credit-quality support information or enhancement acceptable to the Debtors and the DIP Lender demonstrating that such Bidder has the ability to close the contemplated transaction; provided that the Debtors and the DIP Lender shall determine, in their sole discretion, and upon consultation with their advisors, whether the written evidence of such financial wherewithal is acceptable.

As promptly as practicable after a Bidder delivers the Preliminary Bid Documents, the Debtors, after consultation with its advisors and secured lenders, shall determine in their reasonable business judgment whether the Bidder has submitted acceptable Preliminary Bid Documents and whether such Bidder is deemed reasonably likely to be able to complete and consummate its proposed transaction on terms no less favorable in the aggregate than the terms of the Stalking Horse Purchase Agreement, and within the time frame contemplated in the Stalking Horse Purchase Agreement, if it were the Successful Bidder. To the extent that the Debtors and the DIP Lender determine that the Bidder has not submitted acceptable Preliminary Bid Documents, the Debtors may, in consultation with the DIP Lender, inform such Bidder of the defects in the submission and invite the Bidder to resubmit the Preliminary Bid Documents. Only those Bidders that have submitted (or, as the case may be, resubmitted) Preliminary Bid

Documents that are acceptable to the Debtors and the DIP Lender (each, a “Potential Bidder”) will be invited by the Debtors to submit Bids to purchase some or all of the Assets. For the avoidance of doubt, the Stalking Horse Purchaser qualifies, and shall be deemed to qualify, as a Potential Bidder. The Debtors and/or their advisors shall promptly provide to the Stalking Horse Purchaser notice of whether any Potential Bidders are reasonably expected to qualify as Qualified Bidders and submit Qualified Bids (as defined below).

C. Due Diligence from Bidders.

Each Potential 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 that the Potential Bidder is not a Qualified Bidder (as defined below).

IV. Bidding Process.

A. Bid Deadline.

Each Bid must be transmitted via electronic mail (in .pdf and .doc format) so as to be **actually received** on or before [●], 2014, at 12:00, p.m., prevailing Eastern Time (the “Bid Deadline”) by each of the following parties (collectively, the “Notice Parties”):

1. Massif Mountain Gear Company L.L.C., [●];
2. Klehr Harrison Harvey Branzburg LLP, counsel to the Debtors, 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania 19103, Attn.: Morton R. Branzburg (MBranzburg@klehr.com) and Michael Rittinger (mrittinger@klehr.com); and 919 N. Market Street, Suite 1000, Wilmington, Delaware 19801, Attn: Domenic E. Pacitti (dpacitti@klehr.com);
3. Houlihan Lokey Capital, Inc., 123 N Upper Wacker Dr, Chicago, IL 60606 Attn: D. Reid Snellenbarger (RSnellenbarger@HL.com);
4. Massif Apparel Enterprises, LLC, the Stalking Horse Purchaser, c/o Sun Capital Partners Group V, LLC, 5200 Town Center Circle, Suite 600, Boca Raton, Florida 33486, Attn.: William James, Jr. (wjames@suncappart.com);
5. Kirkland & Ellis LLP, counsel to the Stalking Horse Purchaser, 300 North LaSalle, Chicago, Illinois 60654, Attn.: Patrick J. Nash Jr., P.C. (patrick.nash@kirkland.com); Corey Fox (corey.fox@kirkland.com), Brad Weiland (brad.weiland@kirkland.com), and Gregory F. Pesce (gregory.pesce@kirkland.com); and
6. Winston & Strawn LLP, counsel to the DIP Lender, 100 North Tryon Street, Charlotte, North Carolina 28202, Attn.: J. Michael Booe (mbooe@winston.com), Felton E. Parrish (fparrish@winston.com), and Nathan P. Lebioda (nlebioda@winston.com) and Womble Carlyle Sandridge & Rice, LLP, 222 Delaware Avenue, Suite 1501, Wilmington, DE 19801, Attn: Frank Monaco, Jr. (fmonaco@wcsr.com).

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Notwithstanding anything to the contrary in these Bidding Procedures, any Bid or offer received after the Bid Deadline **shall not** constitute a Qualified Bid, unless the Bankruptcy Court orders otherwise.

B. Qualified Bid Requirements.

Each Bid and each Potential Bidder submitting such a Bid must be determined by the Debtors, in consultation with the DIP Lender, to satisfy each of the following conditions:

1. Good Faith Deposit. Each Bid must be accompanied by a deposit in the amount of \$500,000.00 (each such deposit, a “Good Faith Deposit”), together with the payment of the escrow fee of \$3,000.00. Each Good Faith Deposit shall be in the form of a bank check or wire transfer pursuant to instructions issued by the Debtor, and shall be treated according to the terms specified herein. In connection with such Deposit and at the time of the delivery thereof by the Potential Bidder, the Potential Bidder shall be required to enter into an Escrow Agreement in substantially the form of the Escrow Agreement entered into by the Stalking Horse Purchaser (provided that the Potential Bidder shall be required to pay the requisite escrow fee).

2. Corporate Authority. Each Bid must include written evidence satisfactory to Debtors, the DIP Lender, and their respective advisors of the Bidder’s chief executive officer or other appropriate senior executive’s approval of the authority to consummate a transaction involving the Assets.

3. Minimum Overbid. The consideration proposed by the Bid may include only: (a) cash or other consideration acceptable to the Debtors and the DIP Lender in their discretion in an amount of no less than the sum of (i) the Purchase Price under the Stalking Horse Purchase Agreement (after giving effect to potential purchase price adjustments contained in the Stalking Horse Purchase Agreement), plus (ii) cash of at least \$700,000.00; (b) assumption of all Assumed Liabilities that would be assumed by the Stalking Horse Purchaser under the Stalking Horse Purchase Agreement; and (c) the same or better terms as the Earn-Out Amount, or additional cash or other consideration of an equivalent value as determined by the Debtors in their business judgment, in consultation with the DIP Lender.

4. Irrevocable. All Bids must be, and the Stalking Horse Purchase Agreement is, irrevocable until two (2) business days after the consummation of a sale of the Assets approved by the Bankruptcy Court (the “Termination Date”).

5. Same or Better Terms. All Bids must be on terms that, in the Debtors’ business judgment, and in consultation with the DIP Lender and their respective advisors, are substantially the same or better than the terms of the Stalking Horse Purchase Agreement. A Bid must include an executed form of agreement whereby the Qualified Bidder proposes to effectuate the contemplated transaction (the “Contemplated Transaction Documents”). A Bid shall include a copy of the Stalking Horse Purchase Agreement marked to show all changes requested by the Bidder (including those related to the Purchase Price). The Contemplated Transaction Documents must include a commitment to close by no later than the “Outside Date” identified in the Stalking Horse Purchase Agreement. All Bids must propose a contemplated transaction involving all or substantially all of the Assets.

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6. Contingencies. A Bid may not be conditioned on obtaining financing or any internal approval or on the outcome or review of due diligence, 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 set forth in the Stalking Horse Purchase Agreement, none of which shall, determined by the Debtors in their reasonable discretion and in consultation with the DIP Lender, in the aggregate, be more burdensome than those set forth in the Stalking Horse Purchase Agreement.

7. Financing Sources. A Bid must contain written evidence of a commitment for financing or other evidence that the Debtors determine, in their business judgment and in consultation with the DIP Lender, demonstrates that the Bidder is able to consummate the sale. A Bid must further contain appropriate contact information for any financing sources. For the avoidance of doubt, the source and manner of financing of a Bid need not be the same as, or more certain than, the source and manner of financing of the Stalking Horse Purchaser.

8. Executory Contracts and Unexpired Leases. Include a list of all executory contracts and unexpired leases that the Bidder proposes to assume and the corresponding cure amounts associated with the assumption and assignment of such contracts and leases.

9. As Is, Where Is. Each Bid must include a written acknowledgement and representation that the Bidder: (a) has had an opportunity to conduct any and all due diligence regarding the Assets before making its offer; (b) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Assets in making its Bid; and (c) 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 the Bidder's proposed markup of the Stalking Horse Purchase Agreement.

10. No Fees Payable to Qualified Bidder. Except with respect to the Breakup Fee and the Expense Reimbursement that may be provided to the Stalking Horse Purchaser pursuant to the Stalking Horse Purchase Agreement, a Bid may not request or entitle the Qualified Bidder to any breakup 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 section 503 of the Bankruptcy Code related in any way to the submission of its Bid or the Bid Procedures.

11. Payment of the Breakup Fee and Expense Reimbursement. A Bid must contemplate the payment of the Breakup Fee and the Expense Reimbursement directly from the applicable Bidder upon the closing of a Sale of the Assets to a Purchaser other than the Stalking Horse Purchaser.

A Bid received from a Potential Bidder on or before the Bid Deadline that meets the above requirements and that satisfies the Bid Deadline requirement above shall constitute a "Qualified Bid," and each such Bidder submitting a Bid so designated shall be a "Qualified Bidder," if the Debtors believe, in their reasonable discretion and in consultation with the DIP Lender, that such Bid would be consummated if selected as the Successful Bid. The Debtors

shall have the right to reject any and all Bids that they believe, in their reasonable discretion and in consultation with the DIP Lender, do not comply with the Bidding Procedures. For the avoidance of doubt, the Stalking Horse Purchaser and the transactions contemplated by the Stalking Horse Purchase Agreement qualify as a Qualified Bidder and a Qualified Bid, respectively.

The Debtors shall notify each Qualified Bidder that such party is a Qualified Bidder within one (1) day after the Bid Deadline and shall notify the Stalking Horse Purchaser of the identities of each Qualified Bidder simultaneously with any notice provided to any Qualified Bidder of such designation. In the event that any Potential Bidder is determined by the Debtors not to be a Qualified Bidder, the Potential Bidder shall be refunded its Good Faith Deposit with interest thereon, if any has accrued, by the Termination Date.

C. Breakup Fee and Expense Reimbursement.

Solely if the Stalking Horse Purchase Agreement is terminated or the transactions thereunder are not consummated for any reason other than a termination by the Debtors pursuant to Section 9.1(c) of the Stalking Horse Purchase Agreement, then the Debtors shall pay to the Stalking Horse Purchaser an amount equal to all costs and out-of-pocket expenses incurred by the Stalking Horse Purchaser in connection with its legal, environmental, accounting and business due diligence and the preparation and negotiation of the Stalking Horse Purchase Agreement up to \$250,000 (the “Expense Reimbursement”). Upon the first to occur of (i) the date the Debtors consummates an Acquisition Proposal or (ii) the date the Debtors file a “plan” pursuant to the Bankruptcy Code (which plan is not consistent with the Stalking Horse Agreement), the Debtors shall pay to Stalking Horse Purchaser a breakup fee equal to \$350,000 (the “Breakup Fee”); provided, however, that the Breakup Fee shall not be payable to the Stalking Horse Purchaser if the Stalking Horse Purchase Agreement has been terminated by the Debtors pursuant to Section 9.1(c) of the Stalking Horse Purchase Agreement. Other than the payment of the Breakup Fee and Expense Reimbursement, the Stalking Horse Purchaser is not entitled to any other fees, expenses or compensation in the event that a bidder other than the Purchaser is selected as the Successful Bidder in the Auction.

Any Bid submitted on the Bid Deadline by a party or parties other than the Stalking Horse Purchaser must be in an amount that results in additional cash consideration in the amount of at least \$700,000.00 (as compared to the Purchase Price offered by such Stalking Horse Purchaser), such amount to be deemed to include the Breakup Fee, the Expense Reimbursement and the minimum Overbid increment.

V. The Auction.

A. Auction Necessity.

If the Debtors receive at least one (1) Qualified Bid from a Qualified Bidder other than the Stalking Horse Purchaser prior to the Bid Deadline, the Debtors shall notify each Qualified Bidder that the Debtors intend to conduct an auction (the “Auction”) to consider all Qualified Bids and to determine the highest or otherwise best bid with respect to the Assets.

B. Auction Date.

Unless otherwise designated by the Debtors with the consent of the DIP Lenders, the Auction shall commence at [●] (prevailing Eastern Time) on [●], 2014, at the offices of Klehr Harrison Harvey Branzburg LLP, 1835 Market Street, Suite 1400, Philadelphia, Pennsylvania 19103, or such later date and/or time as reasonably selected by the Debtors (subject to the terms and conditions of the Stalking Horse Purchase Agreement).

C. Baseline Bids.

No later than 4:00 p.m., prevailing Eastern Time, one (1) day prior to the Auction, the Debtors will notify all Qualified Bidders in writing of the highest or otherwise best Qualified Bid, as determined by the Debtors in consultation with the DIP Lender (the "Baseline Bid"), and provide copies of the applicable Bid documents supporting such Baseline Bid to each Qualified Bidder. If the Debtors do not receive at least one (1) Qualified Bid from a Qualified Bidder other than the Stalking Horse Purchaser, then no Auction shall be scheduled or conducted, and the Bankruptcy Court at the hearing to consider approval of the Sale (the "Sale Hearing") shall proceed to solely consider the approval of the proposed sale to the Stalking Horse Purchasers set forth in the Stalking Horse Purchase Agreement and shall not consider any competing or alternative offers or proposals to purchase the Assets.

D. Negotiation and Modification of Qualified Bids.

Between the Bid Deadline and the Auction, Massif, along with its advisors (and in consultation with the DIP Lender, and the professionals of the official committee of unsecured creditors), may discuss, negotiate, or seek clarification of any Qualified Bid from a Qualified Bidder. A Qualified Bidder may not modify, amend or withdraw its Qualified Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Qualified Bid for Massif, during the period that such Qualified Bid remains binding as specified herein.

E. Auction Procedures.

If the Auction is necessary, such Auction shall be conducted according to the following procedures, which procedures shall be subject to modification by the Debtors, in consultation with the DIP Lender, as the Debtors deem necessary, to better promote the goals of the Auction and to comply with their fiduciary obligations:

1. Participation at the Auction. The Auction shall be conducted openly and all creditors of Massif's estate shall be permitted to attend; provided that in order to attend the Auction, a creditor must advise the Debtors in writing no later than 24 hours prior to the Auction, provided, further, that the Debtors may seek relief from the Bankruptcy Court in the event that they object to any creditor's attendance. Without limiting the foregoing, the Debtors, the Stalking Horse Purchaser, any other Qualified Bidders, the advisors to the Debtors' prepetition lenders and the DIP Lender, the advisors to any official committee appointed in these chapter 11 cases, and the United States Trustee shall be permitted to attend the Auction, except as otherwise expressly ordered by the Bankruptcy Court.

1. 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. The determination of which Qualified Bid constitutes the Baseline Bid shall be made by the Debtors, in consultation with the DIP Lender, their discretion, and may take into account, among other things, (a) the number, type, and nature of any changes to the Stalking Horse Purchase Agreement requested by each Bidder; (b) the extent to which such modifications are likely to delay closing of the Sale of the Assets and the cost to the Debtors of such modifications or delay; (c) the total consideration to be received by Massif, including consideration of any liabilities proposed to be assumed pursuant to the Bid; (d) the likelihood of the Bidder's ability to close a transaction and the timing thereof; (e) the net benefit to Massif's estate, taking into account any need for payment of the Breakup Fee and the Expense Reimbursement to the Stalking Horse Purchaser; and (f) any other matter that the Debtors or the DIP Lender reasonably believe are relevant to the value of the Bid (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 the Auction and of all Bids made and announced at the Auction, including the Baseline Bid, all Overbids, and the Successful Bid.

2. No Collusion. Each Qualified Bidder shall be required to acknowledge and agree in writing that it has not engaged (and agrees not to engage) in any collusion with respect to any Bids, the Auction, or the Sale; provided that it shall not be deemed collusion for the Qualified Bidders whose Bids comprise a portion Qualified Bid to Overbid in concert.

F. 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.

1. Remaining Terms are the Same as for Qualified Bids. During the Auction, bidding shall begin initially with the Baseline Bid. Any Overbid after the Baseline Bid shall be made in increments of at least \$100,000.00 in cash or other consideration acceptable to the Debtors, in consultation with the DIP Lender.

2. Stalking Horse Bid Considerations. For the purpose of evaluating the value of the consideration provided by all Bids and Overbids (including the transactions contemplated by the Stalking Horse Purchase Agreement and any Overbid by the Stalking Horse Purchaser), the Debtors, in consultation with the DIP Lender, will, at each round of bidding, give full value and effect to the amount of the Breakup Fee and Expense Reimbursement payable to the Stalking Horse Purchaser under the Stalking Horse Purchase Agreement (\$600,000.00). Any Overbids by the Stalking Horse Purchaser thereafter shall only be required to be equal to the sum of (a) the then existing lead Bid plus (b) \$100,000.00 less (c) \$600,000.00.

3. Committed Financing. To the extent not previously provided (which shall be determined by the Debtors, in consultation with the DIP Lender), a Qualified Bidder submitting an Overbid must submit at the Debtors' or DIP Lender's request, as part of its

Overbid, written evidence (in the form of financial disclosure or credit-quality support information or enhancement acceptable to the Debtors and the DIP Lender) demonstrating such Qualified Bidder's ability to close the transaction proposed by such Overbid.

4. Announcing Overbids. The Debtors shall announce at the Auction the material terms of each Overbid and the basis for calculating the total consideration offered in each such Overbid. After each Overbid, the Debtors shall indicate which Bid is, in the Debtors' reasonable business judgment after consultation with the DIP Lender, the highest or otherwise best Bid and shall thereafter provide the Stalking Horse Purchaser and each Qualified Bidder an opportunity to make subsequent Overbids.

5. Consideration of Overbids. The Debtors, in consultation with the DIP Lender, reserve the right, in their reasonable business judgment, 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, after consulting with the DIP Lender, 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.

G. Additional Procedures.

The Debtors, with the consent of the DIP Lender, may adopt rules for the Auction at or prior to the Auction that, in their reasonable discretion and after consulting with the DIP Lender, will better promote the goals of the Auction and that are not materially inconsistent with any of the provisions of the Bid Procedures Order. All such rules will provide that all Bids shall be made and received in one room, on an open basis (i.e., not on a "blind" 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.

VI. Closing the Auction.

Upon conclusion of the bidding, the Auction shall be closed, and the Debtors shall, after considering the Bid Assessment Criteria and consulting with the DIP Lender, immediately (A) identify the highest or best offer for the Assets (the "Successful Bid") and the entity submitting such Successful Bid (the "Successful Bidder") and (B) advise the Qualified Bidders of such determination.

VII. Back-Up Bidder.

Notwithstanding anything in these Bidding Procedures to the contrary, if an Auction is conducted, the Qualified Bidder that makes the next-highest and/or best bid to that of the Successful Bidder shall become the back-up bidder (the "Back-Up Bidder") and such Back-Up Bidder's final and highest and/or best bid (the "Back-Up Bid"); provided that these Bidding

Procedures shall not require the Stalking Horse Purchaser to serve as a Back-Up Bidder or permit the Debtors to designate the transaction contemplated by the Stalking Horse Purchase Agreement as the Back-Up Bid unless the transaction contemplated by the Stalking Horse Purchase Agreement is the second-highest bid at the Auction (with the purchase price increase at the Auction, if applicable).

VIII. Consent to Jurisdiction.

All Qualified Bidders 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, as applicable.

IX. Acceptance of Successful Bid.

Massif's sale of the Assets to the Successful Bidder shall be subject to the approval of the Successful Bid by the Bankruptcy Court at or after the Sale Hearing. The Debtors' presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of such Qualified Bid. The Debtors will be deemed to have accepted a Qualified Bid only when the Qualified Bid has been approved by the Bankruptcy Court at the Sale Hearing.

X. "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 purchase agreement of the Successful Bidder. Unless otherwise provided in its Contemplated Transaction Documents, including the Stalking Horse Purchase Agreement, 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 Bid Procedures.

XI. Free and Clear of Any and All Interests.

Except as otherwise provided in the Successful Bidder's purchase agreement 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 "Liens") in accordance with section 363(f) of the Bankruptcy Code, with such Liens to attach to the net proceeds of the Sale.

XII. Sale Hearing.

The Sale Hearing shall be conducted by the Bankruptcy Court on [●], 2014, at 9:30 a.m. (prevailing Eastern Time), or on such other date as may be established by the Bankruptcy Court. At the Sale Hearing, the Debtors will seek entry of an order (the "Sale Order") that, among other things, authorizes and approves (A) the Sale of the Assets, free and clear of all liens, claims, rights, encumbrances, and other interests of any kind (except as otherwise provided in the Successful Bidder's purchase agreement or in the Sale Order), to the Successful Bidder or Back-Up Bidder, as determined by the Debtors in accordance with the Bid Procedures, and (B) the assignment by Massif or the other Debtors to the Successful Bidder or Back-Up Bidder of some or all of the Assumed Contracts. The Sale Hearing may be adjourned or rescheduled, from time to time, without notice to creditors or parties in interest other than by an announcement of the adjourned date at the Sale Hearing or on the Bankruptcy Court's calendar on the date scheduled for the Sale Hearing.

If the Successful Bidder fails to consummate an approved sale in accordance with the applicable purchase and sale agreement or such agreement is terminated, the Debtors, in consultation with the DIP Lender, shall be authorized, but not required, to deem the Back-Up Bid, as disclosed at the Sale Hearing, the Successful Bid, and Massif shall be authorized, but not required, to consummate the Sale with the Back-Up Bidder without further order of the Bankruptcy Court.

XIII. Return of Good Faith Deposit.

Any Good Faith Deposit of the Successful Bidder (or Back-up Bidder that becomes a Successful Bidder) shall be applied to the purchase price of such transaction at Closing. Good Faith Deposits of all other Qualified Bidders shall be held in escrow until the Termination Date, and thereafter returned to the respective bidders with accumulated interest thereon, if any. For avoidance of doubt, such Good Faith Deposits (including the deposit of the Stalking Horse Purchaser) shall not constitute collateral of the DIP Lender securing the Debtors' obligations under the DIP Loan, but all rights of the Debtors under the Escrow Agreement governing the Good Faith Deposits, including any right of the Debtors to obtain release of the funds held in escrow, shall constitute collateral of the DIP Lender. 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 the Debtors' damages resulting from such Successful Bidder's breach or failure to perform and such retained Good Faith Deposit shall constitute collateral of the DIP Lender securing the Debtors' obligations under the DIP Loan; provided that the Debtors' right to assert damages claims in excess of the Good Faith Deposit shall be subject to the agreement of the Successful Bidder.

XIV. Miscellaneous.

Other than with respect to the Bid made by the Stalking Horse Purchaser via the Stalking Horse Purchase Agreement to the extent provided herein, the Debtors, in consultation with the DIP Lender, may (A) determine which Qualified Bid, if any, is the highest or otherwise best offer and (B) reject at any time before entry of an order of the Bankruptcy Court approving a

Qualified Bid, any Bid that is (1) inadequate or insufficient; (2) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of sale; or (3) contrary to the best interests of the Debtors, their estates and creditors. The Bidding Procedures may be modified by the Debtors in their reasonable business judgment in consultation with the DIP Lender and the Stalking Horse Purchaser or by an order of the Bankruptcy Court.

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Exhibit 2

Form of Sale and Bidding Procedures Notice

Exhibit A - 29

Bankruptcy Court for the District of Delaware, at 824 North Market Street, Wilmington, Delaware 19801.

PLEASE TAKE FURTHER NOTICE that objections to the proposed Sale of the Assets, if any, **must**: (a) be in writing; (b) conform to the applicable provisions of the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court for the District of Delaware; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served so as to be **actually received** no later than [●], 2014, at 4:00 p.m. (prevailing Eastern Time) (the “**Sale Objection Deadline**”) by the following parties:

| | |
|---|--|
| The Debtors | Proposed Counsel to the Debtors |
| Massif Mountain Gear Company, L.L.C. | Klehr Harrison Harvey Branzburg LLP 1835 Market Street Suite 1400 Philadelphia, Pennsylvania 19103 Attn: Morton R. Branzburg (MBranzburg@klehr.com) and 919 N. Market Street, Suite 1000 Wilmington, Delaware 19801 Attn: Domenic E. Pacitti (dpacitti@klehr.com) |
| Proposed Investment Bankers to the Debtors | The Stalking Horse Purchaser |
| Houlihan Lokey Capital, Inc. 123 N Upper Wacker Drive Chicago, IL 60606 Attn: D. Reid Snellenbarger (RSnellenbarger@HL.com) | Massif Apparel Enterprises, LLC c/o Sun Capital Partners Group V, LLC 5200 Town Center Circle, Suite 600 Boca Raton, Florida 33486 Attn: William James, Jr. (wjames@suncappart.com) |
| Counsel to the Stalking Horse Purchaser | U.S. Trustee |
| Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Attn.: Corey Fox (corey.fox@kirkland.com) Attn.: Brad Weiland (brad.weiland@kirkland.com) Attn.: Gregory F. Pesce (gregory.pesce@kirkland.com) | Office of the United States Trustee 844 King Street Suite 2207 Lockbox 35 Wilmington, Delaware 19801 Attn.: David Buchbinder, Esq. |
| Counsel to the DIP Lender | |
| Winston & Strawn LLP 100 North Tryon Street Charlotte, North Carolina 28202 Attn.: J. Michael Booe (mbooe@winston.com) Attn.: Felton E. Parrish (fparrish@winston.com) Attn.: Nathan P. Lebioda (nlebioda@winston.com) and Womble Carlyle Sandridge & Rice, LLP 222 Delaware Avenue, Suite 1501 Wilmington, DE 19801 Attn: Frank Monaco, Jr. (fmonaco@wcsr.com) | |

Exhibit A - 31

CONSEQUENCES OF FAILING TO TIMELY FILE AND SERVE AN OBJECTION

PLEASE TAKE FURTHER NOTICE THAT ANY PARTY OR ENTITY WHO FAILS TO TIMELY FILE AND SERVE AN OBJECTION TO THE SALE ON OR BEFORE THE SALE OBJECTION DEADLINE IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION TO THE SALE, INCLUDING WITH RESPECT TO THE TRANSFER OF PROPERTY FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES, AND OTHER INTERESTS.

NO SUCCESSOR OR TRANSFEREE LIABILITY

[Note: Need to confirm this language with APA language once APA comes to rest]

PLEASE TAKE FURTHER NOTICE that the proposed Stalking Horse Purchase Agreement and Sale Order provide that the Purchaser will have no responsibility for, and the assets will be sold free and clear of, any successor liability, including the following: (a) any liability or other obligation of the Debtors or related to the Property other than as expressly set forth in the proposed Stalking Horse Purchase Agreement, or (b) any claims against the Debtors or any of their predecessors or affiliates. Except as expressly provided in the proposed Stalking Horse Purchase Agreement with respect to Purchaser, the Purchaser shall have no liability whatsoever with respect to the Debtors (or their predecessors' or affiliates') respective businesses or operations or any of the Debtors' (or their predecessors' or affiliates') obligations (as described below, "Successor or Transferee Liability") based, in whole or part, directly or indirectly, on any theory of successor or vicarious liability of any kind or character, or based upon any theory of antitrust, environmental, successor or transferee liability, *de facto* merger or substantial continuity, labor and employment, or products liability, whether known or unknown as of the Closing, now existing or hereafter arising, asserted or unasserted, fixed or contingent, liquidated or unliquidated, including liabilities on account of any taxes arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Property prior to the Closing. Except to the extent expressly included in the proposed Stalking Horse Purchase Agreement with respect to Purchaser, the Purchaser shall have no liability or obligation under the WARN Act (29 U.S.C. §§ 2101 et seq.) or the Comprehensive Environmental Response Compensation and Liability Act, or any foreign, federal, state, or local labor, employment, or environmental law by virtue of Purchaser's purchase of the Property.

PLEASE TAKE FURTHER NOTICE that copies of the Bidding Procedures, and Bidding Procedures Order, as well as all related exhibits including the Stalking Horse Asset Purchase Agreement, are available upon request by calling the Court-appointed claims and noticing agent for the Debtors' chapter 11 cases at [●], or emailing at [●].

**IF YOU HAVE ANY QUESTIONS REGARDING THIS NOTICE,
PLEASE CONTACT THE RESTRUCTURING HOTLINE AT [●]**

Exhibit 3

Form of Notice of Potential Assumption and Assignment

Exhibit A - 33

Mountain Gear Company, LLC is a party is **actually** to be assumed and assigned to the Successful Bidder, a separate notice of such assumption and assignment will be provided in accordance with the Bidding Procedures Order.

PLEASE TAKE FURTHER NOTICE that **Schedule A** attached hereto sets forth the amount that the Debtors' records reflect is owing to cure any and all defaults under the executory contracts and unexpired leases that may be assumed and assigned in connection with the Sale to which you are a party (the "Cure Cost") so as to permit the assumption and assignment of such executory contracts and unexpired leases (if designated for assumption and assignment by the Successful Bidder) pursuant to section 365 of the Bankruptcy Code. Amounts due and owing under such executory contracts and unexpired leases with respect to the period after the Petition Date are not included in the calculation of the Cure Costs.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the proposed Cure Costs, or to the possible assumption, assignment, and/or transfer of any executory contracts and unexpired leases that may be assumed and assigned in connection with the Sale, as applicable ("Contract Objections"), must be filed with the United States Bankruptcy Court for the District of Delaware, at 824 North Market Street, Wilmington, Delaware 19801, and served so as to be **actually received** on or before the later of (a) 4:00 p.m. on [●], 2014, and (b) ten (10) days after service of any Supplemental Potential Assumption and Cure Notice, if applicable (together, the "Contract Objection Deadline"). Service should be made by mail to:

| The Debtors | Proposed Counsel to the Debtors |
|---|---|
| Massif Mountain Gear Company, L.L.C. | Klehr Harrison Harvey Branzburg LLP 1835 Market Street Suite 1400 Philadelphia, Pennsylvania 19103 Attn.: Morton R. Branzburg (MBranzburg@klehr.com) and 919 N. Market Street, Suite 1000 Wilmington, Delaware 19801 Attn: Domenic E. Pacitti (dpacitti@klehr.com) |
| Proposed Financial Advisor to the Debtors | The Stalking Horse Purchaser |
| Houlihan Lokey Capital, Inc. 123 N Upper Wacker Drive Chicago, IL 60606 Attn: D. Reid Snellenbarger (RSnellenbarger@HL.com) | Massif Apparel Enterprises, LLC c/o Sun Capital Partners Group V, LLC 5200 Town Center Circle, Suite 600 Boca Raton, Florida 33486 Attn.: William James, Jr. (wjames@suncappart.com) |
| Counsel to the Stalking Horse Purchaser | U.S. Trustee |
| Kirkland & Ellis LLP 300 North LaSalle Chicago, Illinois 60654 Attn.: Corey Fox (corey.fox@kirkland.com) Attn.: Brad Weiland (brad.weiland@kirkland.com) Attn.: Gregory F. Pesce (gregory.pesce@kirkland.com) | Office of the United States Trustee 844 King Street Suite 2207 Lockbox 35 Wilmington, Delaware 19801 Attn.: David Buchbinder, Esq. |

| | |
|---|--|
| <p>Counsel to the DIP Lender</p> <p>Winston & Strawn LLP 100 North Tryon Street Charlotte, North Carolina 28202 Attn.: J. Michael Booe (mbooe@winston.com) Attn.: Felton E. Parrish (fparrish@winston.com) Attn.: Nathan P. Lebioda (nlebioda@winston.com) and Womble Carlyle Sandridge & Rice, LLP 222 Delaware Avenue, Suite 1501 Wilmington, DE 19801 Attn: Frank Monaco, Jr. (fmonaco@wcsr.com)</p> | |
|---|--|

PLEASE TAKE FURTHER NOTICE that any Contract Objection must: (a) be in writing; (b) conform to the applicable provisions of the Federal Rules of Bankruptcy Procedure and the Local Rules for the United States Bankruptcy Court for the District of Delaware; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) if challenging a Cure Cost, set forth the prepetition cure amount being claimed by the objecting party with appropriate documentation in support thereof.

PLEASE TAKE FURTHER NOTICE that Contract Objections that are timely filed and cannot be resolved by the Debtors and the applicable counterparty will be heard at a hearing to be held before the Honorable [●], United States Bankruptcy Judge for the Bankruptcy Court for the District of Delaware, at 824 North Market Street, Wilmington, Delaware 19801, on [●], 2014, at [●] (prevailing Eastern Time); provided that any such Contract Objection may be heard at a different hearing with the consent of the Debtors and the Successful Bidder or as otherwise ordered by the Court.

PLEASE TAKE FURTHER NOTICE that unless a non-Debtor counterparty to an executory contract or unexpired leases that may be assumed and assigned in connection with the Sale files a Contract Objection by the Contract Objection Deadline, such counterparty shall be (a) forever barred from objecting to the Cure Cost and from asserting any additional cure or other amounts with respect to such executory contract or unexpired lease in the event it is assumed and/or assigned by Debtor Massif Mountain Gear Company, LLC and the Debtors shall be entitled to rely solely upon the Cure Costs, and (b) deemed to have consented to the assumption, assignment, and/or transfer of such executory contract or unexpired lease (including the transfer of any related rights and benefits thereunder) to the Stalking Horse Purchaser, a designee of the Stalking Horse Purchaser, or any other Successful Bidder or any other assignee of the relevant executory contract or unexpired lease, and shall be forever barred and estopped from asserting or claiming against the Debtors, the Stalking Horse Purchaser, any designee of a Stalking Horse Purchaser, or any other Successful Bidder or any other assignee of the relevant executory contract or unexpired lease that any additional amounts are due or defaults exist, or conditions to assumption, assignment, and/or transfer must be satisfied under such executory contract or unexpired lease, or that any related right or benefit under such executory contract or unexpired lease cannot or will not be available to the Stalking Horse Purchaser or any designee of the Stalking Horse Purchaser or any other Successful Bidder or any other assignee of the relevant executory contract or unexpired lease.

PLEASE TAKE FURTHER NOTICE that at the Sale Hearing, the Debtors shall present evidence necessary to demonstrate adequate assurance of future performance by the Successful Bidder.

PLEASE TAKE FURTHER NOTICE that the presence of a contract, lease, or other agreement on Schedule A, as attached hereto, does not constitute an admission that such contract, lease or other agreement is an executory contract or unexpired lease or that such contract or lease will be assumed by Debtor Massif Mountain Gear Company, LLC and assigned to any Successful Bidder. The Debtors reserve all of their rights, claims, and causes of action with respect to the contracts, leases and other agreements listed on Schedule A.

PLEASE TAKE FURTHER NOTICE that Debtor Massif Mountain Gear Company, LLC may determine not to assume or assign any executory contract or unexpired lease. Upon a determination by the Debtors made in accordance with the Stalking Horse Purchase Agreement that an executory contract or unexpired lease should be rejected, the Debtors shall serve, by first class mail or hand delivery, a notice of rejection of such executory contract or unexpired lease (a "Notice of Rejection") on all non-Debtor parties to such executory contract or unexpired lease, and such executory contract or unexpired lease shall be rejected ten (10) days from the date of service of such Notice of Rejection.

PLEASE TAKE FURTHER NOTICE that all documents filed with this Court in connection with these chapter 11 cases, including orders of this Court, are available upon request by calling the Court-appointed claims and noticing agent for the Debtors' chapter 11 cases at [●], or emailing at [●].

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Schedule A

**Schedule of Executory Contracts and Unexpired Leases
Potentially Subject to Assumption and Assignment to the Successful Bidder**

Exhibit A - 38

Exhibit 4

Form of Assumption Notice

Exhibit A - 39

Schedule A

**Schedule of Executory Contracts and Unexpired
Leases to Be Assumed and Assigned to the Successful Bidder**

Exhibit A - 41

Exhibit 5

Form of Rejection Notice

Exhibit A - 42

PLEASE TAKE FURTHER NOTICE that the Debtors do not waive any claims that they may have against counterparties to Leases and Contracts to Be Rejected, whether or not such claims arise under, are related to the rejection of, or are independent of such Leases and Contracts to Be Rejected. Additionally, nothing herein shall be deemed an admission with respect to whether a contract or lease is executory or unexpired.

PLEASE TAKE FURTHER NOTICE that All documents filed with this Court in connection with these chapter 11 cases, including orders of this Court, can be requested by are available upon request by calling the Court-appointed claims and noticing agent for the Debtors' chapter 11 cases at [●], or emailing at [●], and through the webpage for the Court (www.deb.uscourts.gov) (access via this link requires registration with Pacer Service Center at (800) 676-6856 or on-line at www.pacer.gov).

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Exhibit A - 44

Schedule A

Leases and Contracts to Be Rejected

Exhibit A - 45

EXHIBIT B

FORM OF SUBCONTRACT

SUBCONTRACT

This SUBCONTRACT AGREEMENT (the "Agreement") is made and entered into on this ___ day of ___, 2014 by and between **Massif Apparel Enterprises, LLC**, a Delaware limited liability company ("Purchaser"), and **Massif Mountain Gear Company, L.L.C.**, an Oregon limited liability company ("Seller"). Purchaser and Seller are collectively referred to as the "Parties."

RECITALS

The Seller and Purchaser have entered into an Asset Purchase Agreement ("APA"), dated July ___, 2014, pursuant to which the Purchaser intends to acquire substantially all of Seller's assets. Seller currently holds a contract with the United States General Services Administration ("GSA"), identified as contract No. GS-07F-5504P (the "GSA Contract"), pursuant to which the Seller provides flame-resistant apparel to United States government agencies. As currently modified, the period of performance of the GSA Contract is January 1, 2014 to December 31, 2018. The Parties intend to novate the GSA Contract from the Seller to the Purchaser pursuant to the terms of the APA. Because the GSA Contract may not be novated without the consent of GSA, which cannot be obtained prior to the closing date of the APA, the Parties are entering into this Subcontract by which Purchaser will perform all aspects of the GSA Contract required of the Seller unless (i) the Parties agree that it is in their mutual interest for Seller to perform certain of such tasks or (ii) the GSA requires Seller to perform certain of such tasks which tasks shall be performed at Purchaser's expense; and Seller shall pay to Purchaser all proceeds received from the GSA Contract from the time of the closing of the APA until such time as the GSA Contract is novated from Seller to Purchaser.

In consideration of the mutual covenants in this Subcontract, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, intending to be legally bound hereby, the Parties hereto agree as follows:

COVENANTS

1. Term. This Agreement shall become effective upon the closing of the APA (the "Effective Date") and shall terminate upon the earliest of the effective date of the novation of the GSA Contract from Seller to Purchaser, Purchaser's completion of performance of the GSA Contract, the termination of the GSA Contract, or the final day of the "Measurement Year" defined in Section 1.1 of the APA.
2. Purchaser's Obligations. Purchaser shall perform all aspects of the GSA Contract required of Seller unless (i) the Parties agree that it is in their mutual interest for Seller to perform certain of such tasks or (ii) the GSA requires Seller to perform certain of such tasks which tasks shall be performed at Purchaser's expense. Purchaser's obligations include but are not limited to filling all orders placed against the GSA Contract or any Blanket Purchase Agreement ("BPA") based on the GSA Contract, and complying with all obligations of Seller under the GSA Contract. Purchaser shall perform according to the terms and conditions set forth in the GSA Contract. Purchaser agrees to timely perform under the GSA Contract in accordance with its terms pending novation,

Exhibit B - 1

completion of performance, or termination of the GSA Contract. Purchaser is unaware of any reason why it cannot perform the GSA Contract or be deemed to be a responsible government contractor pursuant to FAR Subpart 9.1.

3. Seller's Obligations.

- A. Seller shall maintain a point-of-contact with the GSA for all communications from GSA, any agency placing orders against the GSA Contract, or any agency holding any BPA based on the GSA Contract; provided however, that Seller shall not prohibit, attempt to prohibit, interfere with, or attempt to interfere with Purchaser's performance of its subcontract.
- B. Seller shall submit all invoices to, as appropriate, the GSA, any agency placing orders against the GSA Contract, or any agency placing orders against any BPA based on the GSA Contract. Seller shall receive payments on all invoices, and shall pay, within five days of receipt, to Purchaser all payments received as a result of the Purchaser's performance of the GSA Contract, including but not limited to performance of any orders placed against the GSA Contract or against any BPA based on the GSA Contract.
- C. Until such time as the GSA Contract is novated from Seller to Purchaser or this Agreement is otherwise terminated, Seller shall remain obligated to the United States government to perform all obligations and comply with all terms and conditions of the GSA Contract, any orders placed against the GSA Contract, and any orders placed against any BPA based on the GSA Contract; provided, however, that as between Seller and Purchaser, Purchaser shall have responsibility to perform such obligations pursuant to Section 2 of this Agreement.

4. Enforceable Subcontract. The subcontract set forth herein shall be fully enforceable and effective with respect to the GSA Contract.

5. Claims Against the Government and Other Disputes. In the event an issue arising under this Agreement is a proper subject for a claim by Seller against the GSA under the GSA Contract (a "Claim") pursuant to the Contract Disputes Act, 41 U.S.C.A. §§ 7101-7109 ("CDA"), then the issue shall be litigated only pursuant to the disputes clause of the GSA Contract and the CDA. Seller shall cooperate fully with Purchaser in drafting and documenting any Claim to be presented to the GSA; provided however, all costs and expenses related to such drafting and documenting of any Claim shall be the responsibility of Purchaser. Seller agrees to certify that the Claim is made in good faith, all supporting data for the Claim is accurate, current and complete and the amount of the Claim accurately reflects the amount for which the Seller believes it is entitled, subject in each case to Seller concluding, acting in good faith, that such certification by Seller would be true, complete and accurate. In the event Purchaser determines that an appeal of any government contracting officer's final decision on a Claim is appropriate, Seller agrees to permit Purchaser, at Purchaser's option, to appeal such final decision in the name of the Seller at Purchaser's expense. Any other dispute that arises under or is related to this Agreement, as well as any dispute that the Parties do not agree to resolve

according to the procedures set forth above, shall be resolved in accordance with the APA.

6. Severability. If any provision of this Agreement shall to any extent be invalid or unenforceable, the remainder of this Agreement (or the application of such provisions to persons or circumstances other than those in respect to which it is invalid or unenforceable) shall not be affected thereby, and each provision of this Agreement, unless specifically conditioned upon such invalid or unenforceable provision, shall be valid and enforceable to the fullest extent permitted by law.
7. Indemnity. Purchaser shall indemnify and hold Seller harmless from any liability of Seller under the GSA Contract first arising from and after the date of this Agreement until expiration of the term described in Section 1; provided, however, Purchaser shall not be responsible for any liability or obligation relating to or arising out of the GSA Contract as a result of (A) any breach by Seller of the GSA Contract occurring on or prior to the Effective Date or during the term of this Agreement (provided that such breach is not caused by the breach by Purchaser of its obligations hereunder), (B) any violation of law, breach of warranty, tort or infringement, in each case by Seller, occurring on or prior to the Effective Date or during the term of this Agreement (provided that such violation is not caused by any act or omission of Purchaser after the Effective Date), (C) any financial assurance arrangement between the Seller and the GSA (provided that such matters do not arise from the act or omission of the Purchaser after the Effective Date) or (D) any charge, complaint, action, suit, proceeding, hearing, investigation, claim or demand against the Seller (provided that such matters do not arise from the act or omission of the Buyer after the Effective Date).
8. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns.
9. Notices. All notices given hereunder shall be given pursuant to the procedures set forth in Section 12.5 of the APA.
10. Execution in Counterparts. This Agreement may be executed in two counterparts, each of which will be considered an original instrument and both of which together will be considered one and the same agreement, and will become effective when the counterparts, that together contain the signatures of each Party, will have been delivered to Purchaser and Seller. Delivery of executed signature pages by facsimile or other electronic transmission will constitute effective and binding execution and delivery of this Agreement.
11. Entire Agreement. This Agreement together with the APA is an integrated document, contains the entire agreement between the Parties with respect to the subject matter hereof, wholly cancels, terminates and supersedes any and all previous and/or contemporaneous oral agreements, negotiations, commitments and writings between the Parties with respect to such subject matter. No change, modification, extension, termination, notice of termination, discharge, abandonment or waiver of this Agreement or any of its provisions, nor any representation, promise or condition relating to this

Agreement, will be binding upon any Party unless made in writing and signed by such Party. The Parties further agree that the prior drafts of this Agreement will not be used to interpret this Agreement and will not be admissible into evidence at any time.

12. Choice of Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware (regardless of the laws that might otherwise govern under applicable Delaware principles of conflicts of law) as to all matters, including matters of validity, construction, effect, performance and remedies.

[Signature Page Follows]

Exhibit B - 4

IN WITNESS WHEREOF, the Parties have caused this Subcontract to be executed and delivered on the date first written above.

**MASSIF APPAREL ENTERPRISES,
INC.**

By: _____
Name:
Its:

**MASSIF MOUNTAIN GEAR
COMPANY L.L.C.**

By: _____
Name:
Its:

EXHIBIT C

FORM OF ESCROW AGREEMENT



FIRST AMERICAN TITLE INSURANCE COMPANY
Two Liberty Place, 50 South 16th St., Suite 3010, Philadelphia, PA 19102
(215) 568-0212 800-752-1400 (215) 567-0357

ESCROW AGREEMENT-DEPOSIT

[●], 2014

WHEREAS MASSIF APPAREL ENTERPRISES, LLC, a Delaware limited liability company (the "Purchaser") and MASSIF MOUNTAIN GEAR COMPANY, L.L.C., an Oregon limited liability company (the "Seller" and, together with Purchaser, sometimes collectively referred to collectively as the "Parties"), propose to enter into an Asset Purchase Agreement on or about the date hereof (the "Asset Purchase Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings given to them in the Asset Purchase Agreement.

WHEREAS, pursuant to the terms of the Asset Purchase Agreement, Purchaser is required to make a deposit in the amount of Five Hundred Thousand Dollars (\$500,000.00) (the "Deposit") in accordance with Escrow Agent's wire instructions set forth on Schedule A attached hereto.

WHEREAS, pursuant to Section 3.2 of the Asset Purchase Agreement, Purchaser has agreed to deposit in escrow an amount, if any, equal to the Working Capital Escrow Amount (as defined in the Asset Purchase Agreement) in order to provide a source of funding for any payment required to be made to Purchaser pursuant to Section 3.5 of the Asset Purchase Agreement. The Parties wish such deposit to be subject to the terms and conditions set forth herein.

WHEREAS, Wells Fargo Bank, N.A. (the "Secured Party"), is the Seller's senior lender and holds a Lien on all of the assets of the Seller.

WHEREAS, Seller and Purchaser have requested that First American Title Insurance Company (the "Escrow Agent") hold the Deposit and the Working Capital Escrow Amount, if any.

NOW THEREFORE, Seller and Purchaser agree that the Deposit and the Working Capital Escrow Amount, if any, will be held by Escrow Agent pursuant to the following terms and conditions:

1. Provided that Escrow Agent receives a completed IRS Form W-9 from Seller and Purchaser, upon receipt of the Deposit, Escrow Agent shall place the Deposit into a federally insured separate interest bearing account with First American Trust.

Exhibit C - I

2. In the event the Asset Purchase Agreement is cancelled and terminated by either Party for any reason, Escrow Agent will promptly, but in any event within three (3) Business Days, release the Deposit upon receipt of a Joint Release Instruction (as defined below) in accordance with the Asset Purchase Agreement and the Joint Release Instruction and, if Purchaser is the Back-Up Bidder (as defined in the Bidding Procedures Order), in accordance with the Bidding Procedures Order, the Asset Purchase Agreement and the Joint Release Instruction. Notwithstanding the foregoing, Escrow Agent acknowledges that the rights of Seller under this Agreement including, without limitation, the right to receive the Deposit and the Working Capital Escrow Amount, if any, are subject to the Lien of Secured Party, and Escrow Agent further acknowledges and agrees that for purposes of any provision of this Agreement which provides for instructions to be provided by Seller, Escrow Agent shall accept written instructions from Secured Party in lieu of instructions from Seller.
3. In the event the Asset Purchase Agreement is cancelled and terminated by any Party, and in the absence, within a reasonable time, of an agreement between the Parties to release the Deposit via a Joint Release Instruction or a Final Determination (as defined below) directing disbursement of the Deposit (in which case Escrow Agent shall follow the procedures set forth in paragraph 5(b) below with respect to such Final Determination as applied to the Deposit), Escrow Agent shall have the right to take no action or at its option and in its sole discretion, may pay the Deposit into an appropriate court (which shall be the Bankruptcy Court for as long as the Chapter 11 Cases are pending) and is authorized to deduct from the Deposit such reasonable costs, expenses and attorneys' fees as are thereby incurred.
4. Upon the Closing of the transactions contemplated by the Asset Purchase Agreement, Purchaser will deposit with Escrow Agent the Working Capital Escrow Amount, if any. Escrow Agent shall acknowledge receipt of the Working Capital Escrow Amount and shall hold the Working Capital Escrow Amount, together with all products and proceeds thereof, including all interest, dividends, gains and other income (collectively, the "Working Capital Escrow Earnings") earned with respect thereto (collectively with the Working Capital Escrow Amount, the "Working Capital Escrow Fund") less any amounts distributed to Purchaser pursuant to paragraph 7, in a federally insured separate interest bearing account with First American Trust, subject to the terms and conditions of this Agreement.
5. The Parties shall act in accordance with, and Escrow Agent shall hold and release the Working Capital Escrow Fund as provided in, this paragraph 5 as follows:
 - a. Upon receipt of the joint written instructions of Purchaser and Seller, which are executed by Purchaser and Seller, to Escrow Agent directing Escrow Agent to disburse all or a portion of the Working Capital Escrow Fund, as applicable (such instruction, a "Joint Release Instruction"), Escrow Agent shall promptly, but in any event within three (3) Business Days after the Joint Release Instruction is received by Escrow Agent, disburse all or a portion of the Working Capital Escrow Fund, as applicable, in accordance with such Joint Release Instruction.

Exhibit C - 2

- b. If at any time either of the Parties receives (A) a final non appealable order of any court of competent jurisdiction which may be issued, together with (B) a certificate of the presenting Party to the effect that such judgment is final and non-appealable and from a court of competent jurisdiction having proper authority (collectively, a "Final Determination") expressly stating that such Party is owed all or a portion of the Working Capital Escrow Fund, then upon receipt by Escrow Agent of a copy of such Final Determination from either Party, Escrow Agent shall (A) promptly deliver a copy of such Final Determination to the other Party and (B) on the third (3rd) Business Day following receipt by the applicable Party from Escrow Agent of the Final Determination, disburse to Purchaser and/or Seller, as applicable, part or all, as the case may be, of the Working Capital Escrow Amount in accordance with such Final Determination. Escrow Agent will act on such Final Determination without further inquiry. The amount in the Working Capital Escrow Fund in excess of the Working Capital Escrow Amount as of the date of distribution shall be distributed to Seller and Purchaser on such date of distribution pro rata based on the portion of the Working Capital Escrow Amount paid to each Party.
 - c. To the extent payments are due to Purchaser pursuant to this paragraph 5, following final payment to Purchaser hereunder Escrow Agent shall release to Seller, the balance, if any, of the Working Capital Escrow Amount.
 - d. All payments of any part of the Working Capital Escrow Fund to be made to Purchaser or to Seller, as the case may be, shall be made by wire transfer or cashier's check, as set forth in writing by Purchaser or Seller, as applicable.
6. All interest which accrues on the Deposit and the Working Capital Escrow Amount, if any, shall become part of the Deposit or the Working Capital Escrow Earnings, as applicable and, upon release of the Deposit or the Working Capital Escrow Earnings, as applicable, such interest shall be released and applied at settlement in accordance with the terms of the Asset Purchase Agreement. The Parties hereby acknowledges that, for U.S. federal and state income tax purposes, any such interest on the Deposit and any Working Capital Escrow Earnings shall be income of Purchaser, whether or not the income has been disbursed by Escrow Agent during a particular year and to the extent required under the provisions of the Code. Escrow Agent shall be responsible for reporting any interest on the Deposit and any Working Capital Escrow Earnings to the IRS.
7. At least two (2) Business Days prior to the last to occur of (i) release of the Deposit and (ii) release of the Working Capital Escrow Fund (such date, the "Final Tax Distribution Date"), Escrow Agent shall distribute to Purchaser an amount equal to forty percent (45%) of the excess, if any, of (x) any Working Capital Escrow Earnings earned during the period beginning on date of this Agreement and ending on the Final Tax Distribution Date over (y) the amount of any Purchaser interest deduction for interest imputed under Section 483 of the Code with respect to any payments made under this Escrow Agreement, as calculated by Buyer in good faith and provided to Escrow Agent on or before the Final Tax Distribution Date.

8. Escrow Agent shall not be liable to Seller or Purchaser for any action taken or omitted by it, or any action suffered by it to be taken or omitted, in good faith and in the exercise of reasonable judgment, except for acts of willful misconduct or gross negligence.
9. Except in connection with Escrow Agent's willful misconduct or gross negligence, Escrow Agent shall be indemnified and held harmless jointly and severally by Seller and Purchaser from and against any and all expenses or loss suffered by Escrow Agent, including reasonable attorney's fees in connection with any action, suit or other proceeding involving any claim, which arises out of or relates to this Escrow Agreement, the services of Escrow Agent hereunder or the documents and instruments which may be held by it hereunder.
10. This Escrow Agreement sets forth all the obligations of Escrow Agent with respect to any and all matters pertinent to the Deposit and the Working Capital Escrow Amount, if any, and no additional obligations of Escrow Agent shall be implied from the terms of this Escrow Agreement or any other agreement.
11. All notices, demands and other communications to be given or delivered under or by reason of the provisions of this Escrow Agreement shall be in writing and shall be deemed to have been received (a) when personally delivered, (b) when transmitted via telecopy (or other facsimile device) to the applicable number set out below if the sender on the same day sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid), (c) the day following the day (except if not a Business Day then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid. Notices, demands and communications, in each case to the respective Persons, shall be sent to the applicable address set forth below, unless another address has been previously specified in writing to each of the Parties hereto:

if to Purchaser, then to:

Massif Apparel Enterprises, LLC
5200 Town Center Circle, Suite 600
Boca Raton, Florida 33486
Attn: C. Deryl Couch, Scott Edwards and Bill James
Facsimile No.: (561) 394-0540

and

Kirkland & Ellis LLP
300 North LaSalle
Chicago, Illinois 60654
Attn: Douglas C. Gessner, P.C., Jeremy S. Liss, P.C. and Corey D. Fox
Facsimile No: (312) 862-2200

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or, if to Seller, then to:

Massif Mountain Gear Company, L.L.C.
c/o Tactical Holdings Operations, Inc.
5968 Commerce Blvd
Morristown, Tennessee 37814
Attn: Paul Collins, CFO
Facsimile No.: [_____]

and

Klehr Harrison Harvey Branzburg LLP
919 N. Market Street, Suite 1000
Wilmington, DE 19801
Attn: Domenic E. Pacitti, Esq.
Facsimile No: (302) 426-9193

or, if to Escrow Agent, then to the address set forth in the header of this Escrow Agreement to the attention of Adam B. Cutler.

Notwithstanding the above, in the case of communications delivered to Escrow Agent pursuant to the foregoing clause (c) or (d) of this paragraph 11, such communications shall be deemed to have been given on the date received by Escrow Agent. In the event that Escrow Agent, in its sole discretion, shall determine that an emergency exists, Escrow Agent may use such other means of communication as Escrow Agent deems appropriate.

12. No assignment of the interest of any of the Parties hereto shall be binding upon Escrow Agent unless and until written notice of such assignment shall be filed with and acknowledged by Escrow Agent. Notwithstanding the foregoing, Purchaser may, without prior written consent of Escrow Agent, assign all or a portion of its rights, interests or obligations hereunder to one or more of its affiliates or one or more entities managed by one of its affiliates, provided that no such assignment shall relieve Purchaser of any obligation hereunder except to the extent actually performed or satisfied by the assignee, and Purchaser shall be required to notify Escrow Agent of such assignment as described above.
13. This Escrow Agreement shall be governed by and construed in accordance with the Laws of the Delaware (regardless of the Laws that might otherwise govern under applicable Delaware principles of conflicts of Law) as to all matters, including matters of validity, construction, effect, performance and remedies.
14. The fee of Escrow Agent for its services hereunder in the amount of \$3,000 shall be paid by Seller, payable in full on the date hereof.

[Signature Page Follows]

Exhibit C - 5

IN WITNESS WHEREOF, the Parties hereto have duly executed this Escrow Agreement as of the date first above written.

MASSIF APPAREL ENTERPRISES, LLC

By: _____
Name: Daniel Gaston
Title: Chief Executive Officer and President

**MASSIF MOUNTAIN GEAR COMPANY,
L.L.C.**

By: _____
Name: _____
Title: _____

WELLS FARGO BANK, N.A.

By: _____
Name: _____
Title: _____

ACCEPTED by First American Title Insurance
Company

Signature Page to Escrow Agreement
Exhibit C - 6

Schedule A

Wire Instructions for ESCROW AGENT:

Wire to: First American Trust, FSB
5 First American Way
Santa Ana, CA 92707

ABA Number: 122241255

For Credit to: First American Title Insurance Company

Account Number: 3015160000

Reference: NCS-639026.
Attn: Adam B. Cutler, Esq.
Phone: 215-606-3626

Wire Instructions for PURCHASER:

Name and Address of Bank:

Name of Account: _____

ACCOUNT _____

ABA Routing No: _____

Wire Instructions for SELLER:

Name and Address of Bank:

Name of Account: _____

ACCOUNT _____

ABA Routing No: _____

EXHIBIT D

FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT

This Assignment and Assumption Agreement (this “**Assignment**”) is entered into as of this [] day of [], 2014, between Massif Mountain Gear Company, L.L.C., an Oregon limited liability company (the “**Assignor**”), a Debtor and Debtor in Possession under Case No. [] in the United States Bankruptcy Court for the District of Delaware, and Massif Apparel Enterprises, LLC, a Delaware limited liability company (the “**Assignee**”), with respect to the following facts and circumstances:

A. Assignor, as the Seller, and Assignee, as the Purchaser, have heretofore entered into that certain Asset Purchase Agreement dated July [], 2014 (the “**Purchase Agreement**”). Except for terms specifically defined herein, the capitalized terms used in this Assignment shall have the same meanings as capitalized terms used in the Purchase Agreement.

B. Concurrently with the mutual execution and delivery of this Assignment, Assignor and Assignee are consummating the transactions contemplated by the Purchase Agreement. Assignor and Assignee are executing and delivering this Assignment in satisfaction of their respective obligations pursuant to Sections 4.3(b) and 4.4(a) of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which Assignor and Assignee hereby acknowledge, Assignor and Assignee hereby agree as follows:

1. Assignment. Effective as of the Closing Date, Assignor hereby assigns to Assignee all of its right, title and interest in and to the Assumed Obligations.

2. Assumption. Effective as of the Closing Date, Assignee hereby accepts the foregoing assignment and assumes and agrees to be bound by the terms and provisions of the Assumed Obligations and to faithfully perform all of Assignor’s obligations thereunder to be performed from and after the Closing Date as though Assignee had been the original contracting party thereunder.

3. Execution in Counterparts. This Assignment may be executed in counterparts and delivered by the delivery of facsimile signatures; provided, however, that if the parties exchange facsimile signatures, each of them agrees to provide the other with a copy of this Assignment bearing their original signature promptly thereafter.

4. Delivery Pursuant to Purchase Agreement. Notwithstanding anything to the contrary herein, Assignor and Assignee are executing and delivering this Assignment in accordance with and subject to all of the terms and provisions of the Purchase Agreement.

5. Conflict with Asset Purchase Agreement or Sale Order. In the event of a conflict between the terms and conditions of this Assignment and the terms and conditions of the Asset Purchase Agreement or the Sale Order, the terms and conditions of the Asset Purchase Agreement or the Sale Order, as the case may be, shall govern, supersede and prevail. Notwithstanding anything to the contrary, nothing herein is intended to, nor shall it, extend, amplify or otherwise alter the respective agreements, terms, conditions, limitations,

Exhibit D - 1

representations, warranties, covenants and obligations contained in the Asset Purchase Agreement and the Sale Order or the survival thereof.

6. Governing Law. This Assignment shall be governed by and construed and enforced in accordance with the Laws of the State of Delaware (without regard to any conflict of laws provision that would require the application of the Law of any other jurisdiction).

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the date first written above.

ASSIGNOR:

**MASSIF MOUNTAIN GEAR COMPANY,
L.L.C., an Oregon limited liability company**

By: _____
Name: _____
Its: _____

ASSIGNEE:

**MASSIF APPAREL ENTERPRISES, LLC,
a Delaware limited liability company**

By: _____
Name: _____
Its: _____

EXHIBIT E

FORM OF BILL OF SALE

BILL OF SALE AND ASSIGNMENT

Pursuant to Section 4.3(c) of that certain Asset Purchase Agreement dated July [], 2014 (the “**Agreement**”), by and between Massif Apparel Enterprises, LLC, a Delaware limited liability company (“**Purchaser**”), and Massif Mountain Gear Company, L.L.C., an Oregon limited liability company (“**Seller**”), a Debtor and Debtor in Possession under Case No. [] in the United States Bankruptcy Court for the District of Delaware, and for good and valuable consideration, the receipt and sufficiency of which Seller hereby expressly acknowledges, Seller hereby sells, transfers, assigns and delivers to Purchaser all of Seller’s right, title and interest in and to the Acquired Assets.

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

Seller covenants and agrees to execute and deliver further instruments of transfer and assignment and take such other actions as Purchaser may reasonably request to more effectively transfer and assign to and vest in Purchaser each of the Acquired Assets; provided that nothing herein shall be deemed to require Seller to execute or deliver any such further document or instrument or take any such action to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon Seller by this Agreement.

Notwithstanding anything to the contrary herein, Seller is executing and delivering this Bill of Sale and Assignment in accordance with and subject to all of the terms and provisions of the Agreement.

IN WITNESS WHEREOF, Seller has caused this Bill of Sale and Assignment to be executed as of the [] day of [], 2014.

SELLER:

**MASSIF MOUNTAIN GEAR COMPANY,
L.L.C., an Oregon limited liability company**

By: _____
Name: _____
Its: _____

EXHIBIT F

FORM OF RULES OF ENGAGEMENT FOR VALUATION FIRM

RULES OF ENGAGEMENT FOR VALUATION FIRM

If a Valuation Firm is engaged pursuant to Section 3.5 or Section 3.6, the parties will instruct the Valuation Firm to analyze and resolve the parties' dispute in accordance with the following guidelines (which guidelines and relevant portions of this Agreement the Valuation Firm will be required to review and commit to acting in accordance with):

Retainer and Fees

The fees and expenses of the Valuation Firm shall be allocated based upon the percentage which the portion of the contested amount not awarded to each party bears to the amount actually contested by such party in the written presentation to the Valuation Firm. For example, if Seller submits an Earn-Out Notice of Disagreement for \$1,000, and if Purchaser contests only \$500 of the amount claimed by Seller, and if the Valuation Firm ultimately resolves the dispute by awarding Seller \$300 of the \$500 contested, then the costs and expenses of the Valuation Firm will be allocated 60% (*i.e.*, 300/500) to Purchaser and 40% (*i.e.*, 200/500) to Seller.

Purchaser and Seller will retain the Valuation Firm and each pay 50% of any retainer. During the engagement, the Valuation Firm will bill 50% of the total charges to Purchaser and 50% of the total charges to Seller.

The allocation of the Valuation Firm's fees between Purchaser and Seller pursuant to the first paragraph of this "Retainer and Fees" section will be settled solely by Purchaser and Seller in a manner consistent with such principles within ten (10) days after the dispute has been finally resolved.

Parameters of Arbitration

Except as permitted herein in order to clarify or understand any position or argument made by a Party in its written submission, the Valuation Firm's determination of the Closing Net Working Capital, EBITDA and/or the Earn-Out Amount for the Measurement Year shall be based solely on written presentations submitted by Purchaser and Seller which are in accordance with the guidelines and procedures (including the definition of Net Working Capital and EBITDA) set forth in this Agreement (*i.e.*, not on the basis of an independent review). The Valuation Firm shall consider only the disputed matters that were included in the Working Capital Disagreement Notice or the Earn-Out Disagreement Notice, as applicable, and the Valuation Firm may not assign a value to any item in dispute greater than the greatest value assigned by Purchaser, on the one hand, or Seller, on the other hand, or less than the smallest value for such item assigned by Purchaser, on the one hand, or Seller, on the other hand.

The timetable for these proceedings will be governed by the following procedures:

- Within thirty (30) calendar days of retaining the Valuation Firm, Purchaser and Seller shall submit to the Valuation Firm five (5) copies of a memorandum (which may include supporting exhibits) setting forth their respective positions of all unresolved disputed items in accordance with Section 3.4 of this Agreement, as applicable (the "Initial Report").

Exhibit F - 1

- Within one (1) business day upon receipt of both Purchaser's and Seller's Initial Reports, the Valuation Firm will distribute a copy of each Initial Report to the other Party.
- Within fourteen (14) calendar days of receiving the other Party's Initial Report from the Valuation Firm, each of Purchaser and Seller may (but shall not be required to) submit to the Valuation Firm five (5) copies of a memorandum responding to the Initial Report submitted to the Expert by the other party (the "Rebuttal Report"). The Rebuttal Report is to be responsive solely to the arguments raised, and information submitted, by the other party in its Initial Report and no party may introduce new arguments or rely on new information in the Rebuttal Report that was not part of such party's Initial Report or which are not directly responsive to an argument raised by the other party's Initial Report, except to the extent such new arguments or new information are used in direct response to arguments raised and information submitted by the other party in its Initial Report.
- Within one (1) business day upon receipt of both Purchaser and Seller's Rebuttal Reports, the Valuation Firm will distribute a copy of each Rebuttal Report to the other party.
- At any time before or within fifteen (15) calendar days after the submission of the Initial Reports or any Rebuttal Reports by Purchaser and Seller, the Valuation Firm may submit written questions to either party following the procedures set forth below in the Section titled "Submission of Questions by the Valuation Firm."
- Upon receipt of the Rebuttal Report or notice waiving the right to file such report from both Purchaser and Seller and receipt of all responses to any written questions submitted by the Valuation Firm (and responses thereto), the Valuation Firm will endeavor to issue a report containing its findings within fifteen (15) calendar days after the later of (i) receiving both Purchaser's and Seller's Rebuttal Reports or notice waiving the right to file such report, as applicable, or (ii) any responses (if any) to any written questions submitted by the Valuation Firm to either party following the procedures set forth below in the Section titled "Submission of Questions by the Valuation Firm."
- Unless requested by the Valuation Firm in writing pursuant to the terms of the Section titled "Submission of Questions by the Valuation Firm", neither Purchaser nor Seller may present any additional information or arguments to the Valuation Firm, either orally or in writing.
- The Valuation Firm shall render its decision without conducting a hearing.

Submission of Questions by the Valuation Firm

After receiving both Initial Reports and Rebuttal Reports, if any, the Valuation Firm may submit written questions to the parties for written responses or may direct requests for additional information, calculations, or supporting documentation to the parties reasonably needed by the Valuation Firm in order to clarify or understand any position or argument made by a party in its written submission, in which case the parties agree to cooperate with such requests (including, without limitation, by ensuring that the Valuation Firm is provided copies of all relevant records

Exhibit F - 2

of the Business in accordance with Section 3.4 of this Agreement) in the manner and procedural timing described in this paragraph. If any such questions are addressed to only one party, the Valuation Firm shall submit the questions to that party, with a copy to the other parties. Once received, the party to whom the questions are addressed shall have five (5) business days to answer the Valuation Firm's questions, and shall provide a copy of its written answers to the other parties at the time they are provided to the Valuation Firm. In response thereto, the other party may, within five (5) business days, submit a response to such answer(s) to the Valuation Firm and shall provide a copy of a response to the other parties at the time it is provided to the Valuation Firm. If any such questions are addressed to both parties, each party shall have five (5) business days from the date of receipt to respond to the Valuation Firm and shall provide a copy of its written answers to the other parties at the time they are provided to the Valuation Firm. In response thereto, each party may, within five (5) business days, submit a response to the other party's answer(s) to the Valuation Firm and shall provide a copy to the other parties at the time it is provided to the Valuation Firm.

Adjustment of Time Periods

If the due date for any written submissions to be submitted to the Valuation Firm falls on a day that is not a Business Day, the written submission shall take place on the next Business Day.

Communication between the Valuation Firm and the Parties

The parties agree not to engage in any ex parte communication with the Valuation Firm.

The Valuation Firm will be required to include a representation in its engagement letter that it has not discussed the disputed matter with either party prior to its joint retention by the parties, and to include a covenant in its engagement letter not to engage in ex parte communications with either party throughout the course of the engagement.

The engagement letter will specifically require the Valuation Firm to review Section 3.5 or Section 3.6 of this Agreement, as well as any other provisions of this Agreement deemed relevant by any of Purchaser, Seller or the Valuation Firm.

Nature of Review by Valuation Firm

The Valuation Firm will make its determination in an objective, impartial manner based on inquiry, investigation, and other procedures as it, in its sole discretion may deem necessary, but in all cases consistent with the terms of this Agreement and this Exhibit F.

The Valuation Firm shall agree that between the time Seller delivered the Working Capital Disagreement Notice or the Earn-Out Disagreement Notice, as applicable, to Purchaser and the date hereof, Purchaser and Seller may have exchanged certain proposals relating to the disputed items that were intended solely for purposes of facilitating settlement discussions and such proposals were confidential and were provided solely on the condition and understanding that such proposals would not be permitted to be disclosed in any court or arbitration hearing, including with respect to the Valuation Firm's engagement in the dispute. The Valuation Firm

will be instructed to disregard any evidence of such settlement proposals and negotiations in its consideration of the disputed matter.

Confidentiality

With respect to any information supplied in connection with the Valuation Firm's engagement and designated by either party as confidential, or which either party should reasonably believe is confidential based on the subject matter or the circumstances of its disclosure, the other party agrees to protect the confidential information in a reasonable and appropriate manner, and use confidential information only to perform its obligations under this Agreement and for no other purpose. This will not apply to information which is: (i) publicly known, (ii) already known to the recipient, (iii) lawfully disclosed by a third party, (iv) independently developed or (v) disclosed pursuant to legal requirement or order. Notwithstanding the foregoing, no information (whether or not designated as confidential) may be provided to the Valuation Firm without being made available to all parties in accordance with the requirements of this Agreement and this Exhibit F. The Valuation Firm shall not publicly disclose that it has been retained to resolve any dispute relating to this Agreement or that they are involved in the dispute, or any information relating to the dispute, including, without limitation, their determination of Closing Net Working Capital or the Contingent Payments.

At the conclusion of the engagement contemplated hereby, confidential information made available hereunder, including copies thereof, shall be returned or destroyed upon request by the disclosing party.

Other Procedural Matters

Procedural matters for the conduct of the dispute resolution, other than as specified herein, will be determined by the Valuation Firm in consultation with Purchaser and Seller; provided, however, that any such procedural matters shall in all cases be consistent with the terms of this Agreement and this Exhibit F.

Conflicts of Interest

Except in connection with the dispute being resolved with respect to this Agreement, during the term of this engagement, neither the Valuation Firm nor any member of the Valuation Firm's team may work on any matters related to Purchaser, Seller or any of their respective Affiliates (or such affiliates' portfolio companies) or subsidiaries or otherwise perform services to any entity or individual that may present a conflict of interest that could reasonably affect the Valuation Firm's services or the unbiased performance of services by any member of the Valuation Firm's team. The foregoing restrictions on the Valuation Firm will not apply to employees of the Valuation Firm not assigned to work on this engagement.

On the date it is engaged to resolve any dispute under this Agreement, the Valuation Firm will be required to represent and warrant to the parties that it has not had any communication with either party or discussed the matter with any Person except as disclosed in writing to both parties or a communication in which both parties participated.

EXHIBIT G

FORM OF INTELLECTUAL PROPERTY ASSIGNMENTS

EXHIBIT G-(1)

PATENT ASSIGNMENT AGREEMENT

THIS PATENT ASSIGNMENT AGREEMENT (“Agreement”) is made and entered into on [____], 2014 (“Effective Date”), by and between Massif Mountain Gear Company, L.L.C., an Oregon limited liability company, (“Assignor”), and Massif Apparel Enterprises, LLC, a Delaware limited liability Company (“Assignee”).

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement, dated as of July [], 2014, by and between Assignor and Assignee (“Purchase Agreement”) (all capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement); and

WHEREAS, pursuant to the Purchase Agreement and as a condition to Closing thereunder, Assignor wishes to assign to Assignee, and Assignee wishes to acquire from Assignor, the entire right, title and interest in and to the patents and patent applications described on Schedule A (the “Patents”).

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

Effective as of the Closing, Assignor hereby irrevocably sells, assigns, transfers, and relinquishes to Assignee, its successors, assigns, and legal representatives, and Assignee hereby accepts from Assignor, the entire right, title, and interest in and to the Patents, including, without limitation, (i) any United States, international and foreign counterparts or equivalents of any of the foregoing, applications or certificates of invention based upon or covering any portion of any of the foregoing, (ii) any reissues, divisionals, renewals, extensions, provisionals, continuations, continuations-in-part, reexaminations, substitutions or revisions of any of the foregoing, (iii) any other patents, applications or extensions that claim priority to or through any of the foregoing and (iv) any inventions disclosed in any of the foregoing, in each case in the United States and elsewhere and together with all (a) income, royalties, claims for damages, profits and costs and damages and payments due or payable at the Effective Date or thereafter (including damages and payments for any past, current or future infringements or misappropriations of the Patents); (b) choses in action and rights to sue, recover and collect for any past, present or future infringements or misappropriations of the Patents; and (c) corresponding rights that, now or hereafter, that may be secured throughout the world with respect to the Patents.

Assignor hereby authorizes and requests the Commissioner of the United States Patent and Trademark Office, and the corresponding entity or agency in any applicable foreign country, to record Assignee as assignee and owner of the Patents.

Assignor shall take all further actions, and provide to Assignee, Assignee’s successors, assigns or other legal representatives, at Assignee’s sole cost and expense, all such cooperation and assistance (including, without limitation, the execution and delivery of any and all affidavits, declarations, oaths, exhibits, assignments, powers of attorney or other documentation), requested by Assignee to more fully and effectively effectuate the purposes of this Agreement, including,

without limitation, with respect to: (1) the preparation and prosecution of any applications for registration, or any applications for renewal, relating to the rights assigned herein; (2) the prosecution or defense of any United States Patent and Trademark Office proceedings, infringement, or other proceedings that may arise in connection with any of the rights assigned herein, including, without limitation, testifying as to any facts relating to the Patents or this Agreement; (3) obtaining any additional patent protection relating to the rights assigned herein that Assignee may deem appropriate which may be secured under the laws now or hereafter in effect in the United States or any other country; and (4) the implementation or perfection of this Agreement in all applicable jurisdictions throughout the world.

Notwithstanding anything to the contrary contained herein, nothing herein is intended to, nor shall it, extend, amplify or otherwise alter the respective agreements, terms, conditions, limitations, representations, warranties, and obligations contained in the Purchase Agreement and the Sale Order or the survival thereof. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Purchase Agreement, the terms of the Purchase Agreement shall prevail.

This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law. This Agreement may not be supplemented, altered or modified in any manner except by a writing signed by all parties hereto. The failure of any party to enforce any terms or provisions of this Agreement shall not waive any of its rights under such terms or provisions. This Agreement shall bind and inure to the benefit of the respective parties and their respective assigns, transferees and successors.

This Agreement may be executed in any number of counterparts, all of which will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

[Signatures pages follow]

Exhibit G-(1) - 2

SCHEDULE A

Exhibit G-(1) - 4

EXHIBIT G (2)

TRADEMARK ASSIGNMENT AGREEMENT

THIS TRADEMARK ASSIGNMENT AGREEMENT ("Agreement") is made and entered into on [____], 2014 ("Effective Date"), by and between Massif Mountain Gear Company, L.L.C., an Oregon limited liability company, ("Assignor"), and Massif Apparel Enterprises, LLC, a Delaware limited liability Company ("Assignee").

WHEREAS, Assignor and Assignee are parties to that certain Asset Purchase Agreement, dated as of July [], 2014, by and between Assignor, Assignee and [____] ("Purchase Agreement") (all capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Purchase Agreement); and

WHEREAS, pursuant to the Purchase Agreement and as a condition to Closing thereunder, Assignor wishes to assign to Assignee, and Assignee wishes to acquire from Assignor, the entire right, title and interest in and to the registered trademarks described on Schedule A attached hereto, and all other trademarks that are owned by Assignor which are used in or otherwise related to the Business, together with the goodwill associated with any of the foregoing (the "Trademarks").

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

Effective as of the Closing, Assignor hereby irrevocably sells, assigns, transfers, and relinquishes to Assignee, its successors, assigns, and legal representatives, and Assignee hereby accepts from Assignor, the entire right, title, and interest in and to the Trademarks for the United States and all foreign countries, whether or not trademark registration is secured, including, without limitation, all registrations and applications of any of the foregoing and any renewals and extensions of any of the foregoing, in the United States and elsewhere, and together with all (i) income, royalties, claims for damages, profits and costs and damages and payments due or payable at the Effective Date or thereafter (including damages and payments for any past, current or future infringements or misappropriations of the Trademarks); (ii) choses in action and rights to sue, recover and collect for any past, present or future infringements or misappropriations of the Trademarks; and (iii) corresponding rights that, now or hereafter, that may be secured throughout the world with respect to the Trademarks.

Assignor hereby authorizes and requests the Commissioner of the United States Patent and Trademark Office, and the corresponding entity or agency in any applicable foreign country, to record Assignee as assignee and owner of the Trademarks.

Assignor shall take all further actions, and provide to Assignee, Assignee's successors, assigns or other legal representatives at Assignee's sole cost and expense, all such cooperation and assistance (including, without limitation, the execution and delivery of any and all affidavits, declarations, oaths, exhibits, assignments, powers of attorney or other documentation), requested by Assignee to more fully and effectively effectuate the purposes of this Agreement, including, without limitation, with respect to: (1) the preparation and prosecution of any applications for

registration, or any applications for renewal, relating to the rights assigned herein; (2) the prosecution or defense of any United States Patent and Trademark Office proceedings, infringement, or other proceedings that may arise in connection with any of the rights assigned herein, including, without limitation, testifying as to any facts relating to the Trademarks or this Agreement; (3) obtaining any additional trademark protection relating to the rights assigned herein that Assignee may deem appropriate which may be secured under the laws now or hereafter in effect in the United States or any other country; and (4) the implementation or perfection of this Agreement in all applicable jurisdictions throughout the world.

Notwithstanding anything to the contrary contained herein, nothing herein is intended to, nor shall it, extend, amplify or otherwise alter the respective agreements, terms, conditions, limitations, representations, warrants, warrants and obligations contained in the Purchase Agreement and the Sale Order or the survival thereof. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of the Purchase Agreement, the terms of the Purchase Agreement shall prevail.

This Agreement will be governed by and construed in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law. This Agreement may not be supplemented, altered or modified in any manner except by a writing signed by all parties hereto. The failure of any party to enforce any terms or provisions of this Agreement shall not waive any of its rights under such terms or provisions. This Agreement shall bind and inure to the benefit of the respective parties and their respective assigns, transferees and successors.

This Agreement may be executed in any number of counterparts, all of which will constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopy or by electronic delivery in Adobe Portable Document Format or other electronic format based on common standards will be effective as delivery of a manually executed counterpart of this Agreement.

* * * * *

[Signature pages follow]

ASSIGNEE:

MASSIF APPAREL ENTERPRISES, LLC

By: _____

Name: _____

Title: _____

Exhibit G (2) - 4

SCHEDULE A

Exhibit G (2) - 5

EXHIBIT H

FORM OF TRANSITION SERVICES AGREEMENT

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (this "Agreement") is made and entered into as of [_____, 2014 ("Effective Date"), by and among Tactical Holdings Operations, Inc., a Delaware corporation (the "Supplier Party"), on the one hand, and Massif Apparel Enterprises, LLC, a Delaware limited liability company ("Purchaser"), on the other hand. The Supplier Party and Purchaser are each referred to herein as a "Party" and collectively as the "Parties". Capitalized terms not otherwise defined herein shall have the meanings set forth in the Purchase Agreement (as defined below).

WHEREAS, Massif Mountain Gear Company L.L.C., an Oregon limited liability company ("Seller"), and Purchaser are parties to that certain Asset Purchase Agreement, dated as of July [], 2014 (the "Purchase Agreement"), pursuant to which, among other things, Seller is selling to Purchaser the Acquired Assets, including substantially all of the assets used in or relating to the Business;

WHEREAS, Seller and the Supplier Party are Affiliates; and

WHEREAS, the Supplier Party has agreed to provide to Purchaser, from and after the Effective Date, certain transition services on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants, conditions and provisions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Supplier Party and Purchaser hereby agree as follows:

1. Transition Services to be Provided by the Supplier Party.

(a) Transition Services. From the Effective Date through the Termination Date (as defined in Section 8(b) below), the Supplier Party shall provide to Purchaser, on the terms set forth herein, (i) the services listed on Schedule A attached hereto, including services that are ancillary or incidental thereto, and (ii) any other services requested by Purchaser in writing with the consent of the Supplier Party (such services described in clauses (i) and (ii) collectively, the "Transition Services").

(b) Standard of Performance. The Supplier Party shall perform the Transition Services in all cases in a professional and workmanlike manner. Without limiting the foregoing, the Transition Services shall be performed with at least the same degree of care, skill and diligence with which such services were historically provided by the Supplier Party (either directly or indirectly through Affiliates or unaffiliated third parties) to the Business, including with respect to the quality and timeliness of such services. The Supplier Party at all times shall maintain sufficient resources to perform its obligations pursuant to this Agreement. Except as set forth in this Section 1(b), Supplier Party makes no representations or warranties of any kind, implied or expressed, with respect to the Transition Services, including without limitation, no warranties of merchantability or fitness for a particular purpose, which are specifically disclaimed.

(c) Delegation of Transition Services. The Supplier Party agrees that it may only delegate its responsibilities under this Agreement to a Person and at a cost reasonably acceptable to Purchaser; provided, that Purchaser's consent to such delegation shall not be unreasonably withheld, conditioned or delayed. The Supplier Party acknowledges that notwithstanding any delegation of its responsibilities under this Agreement, it shall remain responsible for the provision of the Transition Services and the third party's compliance with the standard of performance set forth herein.

(d) Nature and Volume of Transition Services. Neither Party shall make more than inconsequential changes to the nature or volume of any Transition Service to be provided hereunder without the other Party's prior written consent, which consent shall not be unreasonably withheld or delayed.

(e) Services are Temporary. The Parties acknowledge the transitional nature of the Transitional Services. Accordingly, as promptly as practicable following the execution of this Agreement, Purchaser agrees to use commercially reasonable efforts to make a transition of each Transitional Service to its own internal organization or to obtain alternate third-party sources to provide the Transitional Services.

2. Pricing and Payment for Transition Services.

(a) Pricing Methodology. The fees for each Transition Service are set forth on Schedule A (which amount is inclusive of employee wages, benefits, space usage costs and utilities). The fees for any Transition Services not identified on Schedule A shall be the actual and direct expenses of the Supplier Party (excluding bonus and without providing for any margin of profit or allocation of depreciation or amortization expense), incurred by the Supplier Party or its Affiliates in connection with the provision of the Transition Services. Purchaser shall be responsible to pay any and all shipping and other similar out-of-pocket expenses related to the Transition Services and/or the Inventory, including, without limitation, all packaging and shipping costs incurred in connection with transporting any Inventory upon the Termination Date.

(b) Invoices. The Supplier Party shall invoice Purchaser weekly in arrears for the Transition Services and, except as otherwise provided in Section 2(c) below, Purchaser shall pay the Supplier Party within five (5) Business Days after receipt of any invoice. Each billing invoice shall set forth in reasonable detail the applicable Transition Services provided during such period and the corresponding amounts owed for each of the Transition Services.

(c) Fee Dispute. If Purchaser in good faith disputes any charges contained in an invoice, Purchaser shall promptly submit to the Supplier Party written notice of such dispute and may withhold from Purchaser's payment of the relevant invoice any such disputed amounts (except for applicable Taxes) up to a maximum of the amount for the Transition Service(s) to which such dispute relates. Purchaser shall remit to the Supplier Party the invoiced amount minus the amount withheld pursuant to the first sentence of this Section 2(c).

3. Representations, Warranties and Covenants of the Supplier Party.

(a) Representations and Warranties. Supplier Party hereby represents and warrants to Purchaser that:

(i) No Conflict. Except as set forth on Schedule 3(a)(i) hereto, the execution and delivery by the Supplier Party of, and the consummation by the Supplier Party of the transactions contemplated by, this Agreement, and compliance with the terms hereof by the Supplier Party, do not and shall not: (i) (A) conflict with or result in a breach of the terms, conditions or provisions of, (B) constitute a default under, (C) give any third party the right to modify, terminate or accelerate any obligation under, or (D) result in a violation of, the charter, bylaws, or other organizational documents of the Supplier Party; any Law to which the Supplier Party is subject; or any Order to which the Supplier Party is subject; or (ii) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any Governmental Authority pursuant to the charter or organizational documents of the Supplier Party, or any Law to which the Supplier Party is subject, or any Order to which the Supplier Party is subject.

(b) Compliance with Laws. The Supplier Party shall perform the Transition Services pursuant to this Agreement in a manner that complies with all applicable Laws, or other actions of any Governmental Authority, that are applicable to the Supplier Party's performance pursuant to this Agreement or to the Transition Services.

4. Representatives.

The Supplier Party and Purchaser shall each designate, from time to time, a representative to act as the Supplier Party's and Purchaser's respective primary contact persons to coordinate the provision of all of the Transition Services (collectively, the "Primary Coordinators"). Each Primary Coordinator may designate one or more service coordinators for each specific Transition Service (the "Service Coordinators"). Each Party may treat an act of a Primary Coordinator of another Party as being authorized by such other Party without inquiring behind such act or ascertaining whether such Primary Coordinator had authority to so act, and each Party may treat an act of a Service Coordinator as being authorized by such other Party only to the extent such act is directly related to the Transition Service for which such Service Coordinator has been designated; provided, however, that no such Primary Coordinator or Service Coordinator has authority to amend this Agreement. The Supplier Party and Purchaser shall advise each other promptly (and in any event within seven (7) days) in writing of any change in the Primary Coordinators and any Service Coordinator for a particular Transition Service. The Supplier Party and Purchaser agree that all communications relating to the provision of the Transition Services shall be directed to the Service Coordinators for such Transition Service with copies to the Primary Coordinators.

5. [Intentionally deleted].

6. Cooperation. During the term of this Agreement, the Parties shall use commercially reasonable efforts to cooperate with each other in all matters relating to the provision and receipt of the Transition Services. Such reasonable cooperation shall include exchanging information,

providing electronic access to systems used in connection with the Transition Services, performing true-ups and adjustments and using commercially reasonable efforts (including payment of any commercially reasonable fees or expenses) to obtain all consents, licenses, sublicenses or approvals necessary to permit each Party to perform its obligations hereunder, in each case subject to the restrictions of Section 11 hereof. The Parties shall use commercially reasonable efforts to cooperate with each other in determining the extent to which any Tax is due and owing with respect to the Transition Services and in providing and making available any resale certificate, information regarding out-of-state use of materials, services or sale, and other exemption certificates or information reasonably requested by either Party. In addition, from the Effective Date until the Termination Date, the Supplier Party shall offer such reasonable assistance to Purchaser to transfer responsibility for the provision of Transition Services to Purchaser or a new provider.

7. Audit Rights.

During the term of this Agreement and for a one (1) month period thereafter, Purchaser or its representatives shall have the right, on reasonable notice and during business hours, to inspect and audit the books, accounts and records of the Supplier Party pertaining to the Transition Services for the purpose of verifying the amounts invoiced to Purchaser hereunder. Purchaser shall bear the cost of any inspection and audit unless the inspection reveals that the Supplier Party overbilled Purchaser by ten percent (10%) or more with respect to any period being audited, in which case the Supplier Party shall bear the reasonable costs of such inspection and audit (which in no event shall exceed \$5,000).

8. Term; Termination.

(a) Partial Termination. Purchaser may terminate the provision of any Transition Service (in whole or in part) thirty (30) days following the date upon which Purchaser notifies the Supplier Party in writing that Purchaser no longer requires the Supplier Party to provide such Transition Service or such shorter period of time as Purchaser may determine with the consent of the Supplier Party, which consent shall not be unreasonably withheld, conditioned or delayed; provided, however, at any time prior to the Termination Date, Purchaser may withdraw its request to terminate such Transition Service. Any election to terminate any Transition Service or a portion thereof shall not relieve the Supplier Party of its continuing duty to provide those Transition Services or portions thereof that have not been terminated.

(b) Complete Termination. The provision of Transition Services shall commence on the Effective Date and shall terminate upon the earliest to occur of the following (the "Termination Date"):

(i) the date which is sixty (60) days following the Effective Date, as such date may be extended pursuant to Section 8(c) below;

(ii) fifteen (15) days following the date upon which Purchaser notifies the Supplier Party in writing that Purchaser no longer requires the Supplier Party to provide any Transition Services;

(iii) fifteen (15) days following the date upon which the Supplier Party provides notice to Purchaser that Purchaser has failed to pay fees ("Failure to Pay") under this Agreement (it being understood that a good faith dispute by Purchaser in accordance with the provisions of Section 2(c) hereof shall not constitute a Failure to Pay); and

(iv) such other date as the Parties may mutually determine.

(c) Extension. This Agreement may be extended by the Parties upon the consent of both Purchaser and the Supplier Party, either in whole or with respect to one or more of the Transition Services.

(d) Effect of Termination or Expiration. Upon termination or expiration of this Agreement for any reason, the Supplier Party shall deliver to Purchaser all records and other information pertaining to any matters for which the Supplier Party was providing Transition Services to Purchaser hereunder; provided, however, the Supplier Party may retain copies of such records and information to the extent necessary for accounting, tax reporting, compliance with the Supplier Party's document retention policies or other legitimate business purposes, subject to the requirements of Section 11 hereof. The Supplier Party acknowledges and agrees that after partial termination of this Agreement by Purchaser with respect to any particular Transition Service, Purchaser shall not have any payment obligations pursuant to Section 2 hereof with respect to such Transition Service performed after the effective date of such termination and that a partial termination of this Agreement by Purchaser with respect to any particular Transition Service will not affect the Supplier Party's obligation to perform any other Transition Services hereunder.

(e) Survival. Section 7 (Audit Rights), Section 8(d) (Effect of Termination or Expiration), Section 8(e) (Survival), Section 10 (Limitation on Liability), Section 11 (Confidentiality), Section 11 (Remedies) and Section 12 (Miscellaneous) shall survive termination or expiration of this Agreement.

9. [Intentionally deleted].

10. Limitation on Liability. In no event shall the Supplier Party have any liability under any provision of this Agreement for any punitive, incidental, consequential, special or indirect damages, including loss of future revenue or income, loss of business reputation or opportunity relating to the breach or alleged breach of this Agreement, or diminution of value or any damages based on any type of multiple, in each case unless paid by Purchaser to a third party, whether based on statute, contract, tort or otherwise, and whether or not arising from the Supplier Party's sole, joint, or concurrent negligence, strict liability, criminal liability or other fault.

11. Confidentiality.

The Supplier Party shall maintain as confidential and shall not use or disclose (except as required by Law or as authorized in writing by Purchaser) (a) any information or materials relating to the Business, operations and affairs of Seller, and (b) any materials developed by Purchaser or any of its representatives (including its accountants, advisors, environmental, labor, employee benefits and any other consultants, lenders and legal counsel). Except as otherwise permitted and provided above, in the event the Supplier Party is required by Law to disclose any

such confidential information, the Supplier Party shall promptly notify Purchaser in writing, which notification shall include the nature of the legal requirement and the extent of the required disclosure, and shall cooperate with Purchaser to obtain a protective order and otherwise preserve the confidentiality of such information consistent with applicable Law. Information subject to the confidentiality obligations in this Section 11 does not include any information which (x) at the time of disclosure is generally available to or known by the public (other than as a result of its disclosure in breach of this Agreement) or (y) becomes available on a non-confidential basis from a Person who is not known to be bound by a confidentiality agreement with Purchaser or its Affiliates, or who is not otherwise prohibited from transmitting the information.

12. Remedies. Because of the special nature of the Transition Services and the disruption to Purchaser that could ensue from the Supplier Parties' failure in breach of this Agreement to provide any of the Transition Services to Purchaser, the Parties agree that Purchaser would be irreparably harmed by any such failure. For these reasons, the Supplier Parties agree that Purchaser shall be entitled to injunctive relief, including the Supplier Parties' specific performance of its obligations under this Agreement, in addition to all other remedies available to Purchaser in law or at equity or otherwise, for any such breach.

13. Miscellaneous.

(a) Amendment and Waiver. This Agreement may be amended, and any provision of this Agreement may be waived in a writing signed by both Purchaser and the Supplier Party. No course of dealing between or among any Persons having any interest in this Agreement shall be deemed effective to modify, amend, waive or discharge any part of this Agreement or any rights or obligations of any Person under or by reason of this Agreement. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver.

(b) Notices. All notices, requests, demands and other communications permitted or required to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed conclusively to have been given (i) when personally delivered, (ii) when sent by facsimile (with hard copy to follow) during a business day (or on the next business day if sent after the close of normal business hours or on any non-business day), (iii) when sent by electronic mail (with hard copy to follow) during a business day (or on the next business day if sent after the close of normal business hours or on any non-business day), (iv) one (1) business day after being sent by reputable overnight express courier (charges prepaid), or (v) three (3) business days following mailing by certified or registered mail, postage prepaid and return receipt requested. Unless another address is specified in writing, notices, demands and communications to the Supplier Party and Purchaser shall be sent to the addresses indicated below:

Notices to the Supplier Party:

Tactical Holdings Operations, Inc.
5968 Commerce Blvd
Morristown, TN 37814

Attn: Paul Collins, CFO

with copy to: FTI Consulting, Inc.
227 West Monroe Street, Suite 900
Chicago, IL 60606
Attention: Carlin Adrianopoli, Senior Managing Director
Phone: (312) 252-9397

with copy to: Klehr Harrison Harvey Branzburg LLP
919 N. Market Street, Suite 1000
Wilmington, DE 19801
Attention: Domenic E. Pacitti, Esq.
Phone: (302) 426-1189
Fax: (302) 426-9193
E-mail: dpacitti@klehr.com

Notices to Purchaser:

Massif Apparel Enterprises, LLC
5200 Town Center Circle, Suite 600
Boca Raton, FL 33486
Attn: C. Deryl Couch
Scott Edwards
William James
Fax: (561) 394-0540
E-mail: dcouch@suncappart.com
sedwards@suncappart.com
wjames@suncappart.com

(c) Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of, the Parties and their respective successors and permitted assigns. Except as otherwise provided herein, neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated without the prior written consent of the other Party and any purported assignment or delegation in violation hereof shall be null and void; provided that Purchaser may assign its rights under this Agreement, in whole or in part, to any of its Affiliates, to any lender providing financing to Purchaser, or to any purchaser of any material portion of its assets (whether such sale is structured as a sale of stock, sale of assets, merger, recapitalization or otherwise). Notwithstanding any permitted delegation of responsibilities under this Agreement, the Supplier Party shall remain responsible for the provision of the Transition Services and the third party's compliance with the standard of performance set forth herein.

(d) Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision will be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

(e) Third-Party Beneficiaries. Nothing herein expressed or implied is intended or shall be construed to confer upon or give to any Person other than the Parties hereto and their respective permitted successors and assigns, any rights or remedies under or by reason of this Agreement.

(f) Complete Agreement. From and after the Effective Date, this Agreement and the Purchase Agreement shall contain the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings, whether written or oral, relating to such subject matter in any way.

(g) Counterparts; Electronic Delivery. This Agreement and any signed agreement or instrument entered into in connection with this Agreement, and any amendments hereto or thereto, may be executed in one or more counterparts, all of which shall constitute one and the same instrument. Any such counterpart, to the extent delivered by means of a facsimile machine or by .pdf, .tif, .gif, .peg or similar attachment to electronic mail (any such delivery, an "Electronic Delivery") shall be treated in all manner and respects as an original executed counterpart and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any Party hereto, each other Party hereto or thereto shall re-execute the original form of this Agreement and deliver such form to all other Parties. No Party hereto shall raise the use of Electronic Delivery to deliver a signature or the fact that any signature or agreement or instrument was transmitted or communicated through the use of Electronic Delivery as a defense to the formation of a contract, and each such Party forever waives any such defense, except to the extent such defense relates to lack of authenticity.

(h) Construction. The headings and captions used in this Agreement are for convenience of reference only and do not constitute a part of this Agreement and shall not be deemed to limit, characterize or in any way affect any provision of this Agreement, and all provisions of this Agreement shall be enforced and construed as if no caption or heading had been used herein. Each defined term used in this Agreement shall have a comparable meaning when used in its plural or singular form. The use of the word "including" herein shall mean "including without limitation". The word "or" is used in the inclusive sense of "and/or". The Parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement.

(i) Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal law of the State of Delaware without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Delaware or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of Delaware.

(j) Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY LITIGATION, ACTION, PROCEEDING, CROSS-CLAIM, OR COUNTERCLAIM IN ANY COURT (WHETHER BASED ON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF, RELATING TO OR

IN CONNECTION WITH (I) THIS AGREEMENT OR THE VALIDITY, PERFORMANCE, INTERPRETATION, COLLECTION OR ENFORCEMENT HEREOF OR (II) THE ACTIONS OF SUCH PARTY IN THE NEGOTIATION, AUTHORIZATION, EXECUTION, DELIVERY, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF.

(k) Relationship of the Parties. The Parties hereto are independent contractors and none of Purchaser, on the one hand, Seller and the Supplier Party, on the other hand, is an employee, partner or joint venturer of the other. Under no circumstances shall any of the employees of Purchaser or the Supplier Party be deemed to be employees of the other for any purpose. None of Purchaser or the Supplier Party shall have the right to bind the other to any agreement with a third party nor to represent itself or themselves as a partner or joint venturer of the other.

(l) Purchase Agreement. Nothing herein is intended to modify, limit or otherwise affect the representations, warranties, covenants, agreements and indemnifications contained in the Purchase Agreement, and such representations, warranties, covenants, agreements and indemnifications shall remain in full force and effect in accordance with the terms of the Purchase Agreement.

(m) Force Majeure. The obligations of the Supplier Party under this Agreement with respect to any Transition Service shall be suspended during the period and to the extent that the Supplier Party is prevented or hindered from providing such Transition Service, or Buyer is prevented or hindered from receiving such Service, due to any of the following causes beyond such party's reasonable control (such causes, "Force Majeure Events"): (i) acts of God, (ii) flood, fire or explosion, (iii) war, invasion, riot or other civil unrest, (iv) Order or Law, (v) actions, embargoes or blockades in effect on or after the date of this Agreement, (vi) action by any Governmental Authority, (vii) national or regional emergency, (viii) strikes, labor stoppages or slowdowns or other industrial disturbances, (ix) shortage of adequate power or transportation facilities, or (x) any other event which is beyond the reasonable control of such party. The Party suffering a Force Majeure Event shall give notice of suspension as soon as reasonably practicable to the other Party stating the date and extent of such suspension and the cause thereof, and the Supplier Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. Neither Purchaser nor the Supplier Party shall be liable for the nonperformance or delay in performance of its respective obligations under this Agreement when such failure is due to a Force Majeure Event.

* * * * *

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized officers as of the date first set forth above.

TACTICAL HOLDINGS OPERATIONS, INC.

By: _____
Name:
Title:

BUYER

MASSIF APPAREL ENTERPRISES, LLC

By: _____
Name:
Title:

Signature Page to Transition Services Agreement

Exhibit H - 10

SCHEDULE A

Transition Services

Scope:

1. Purchaser's garments are delivered on pallets, in cartons; bulk packed in re-sealable poly bags with scannable barcode labels.
2. Most inbound deliveries are via small package or LTL.
3. Typical outbound orders are single SKU's shipped in their original poly bag with barcode label direct to customer homes and military bases.
4. Purchaser also requires fulfillment of multi-pallet shipments. Retailer requirements (specific carton/label/pallet configurations) may be required.

General:

5. Monday-Friday availability for 8 hours per day (8 am-4 pm)
6. 2 person staff
7. Average of 500 cartons per month, 20 shipments per day (peak is August-October)
8. Maintain VPN/internet access for remote desktop access
9. Maintain phone system for phone availability of staff
10. Maintain current revisions of inspection documentation
11. Maintain PTS – portable scanners
12. Maintain at least two computer workstations for processing of receipts and shipments
13. Maintain inventory of Benchmarks for QA reference
14. Climate controlled warehousing storage

Daily:

15. Process deliveries – verify condition and audit carton/pallet count
16. Process receipt of inventory into Blue Cherry AWS system
17. QA inspection per ANSI/ASQ Z1.4 2008 Level 1 sampling AQL 4.0 of all inbound deliveries within 48 hours of delivery
18. QA paperwork emailed to Purchaser as completed
19. Putaway of all inventory within 24 hours of QA completion

20. Print all pick tickets
21. Pick all required shipments
22. Scan and pack process including shipping labels
23. Schedule and manage all outbound shipments – including verification of accurate count, condition
24. USPS, UPS, FedEx, DHL shipments, LTL and Truckload shipments
25. Enter shipment information into Purchaser website for all ecommerce orders
26. Enter shipment information into Blue Cherry for all orders
27. Send “Tracking” email to Purchaser showing tracking numbers for all shipments at COB

Monthly:

28. Inventory cycle counts at least once per month, for 4 to 6 hours, to assure inventory accuracy
29. Report to Purchaser on findings.
30. Report on-time delivery performance

As needed:

31. Process non-conforming merchandise for disposition
32. Disposition of 2nds/non-conforming merchandise
33. Prepare for larger shipments, assessing Dim/Weight in advance or picking in advance to speed turnaround
34. Pull merchandise to do ad hoc verification of seconds inventory, non-compliant, or other exceptions
35. Package special shipments for Sales team including brochures and business cards
36. Process returns/exchanges including QA of returned merchandise and disposition of non-conforming returns.
37. Export paperwork including AES filing, may be required and should be managed as per normal processes by the transition team at Morristown
38. US State Department/ITAR products and filing may be needed
39. Relabeling/Repackaging of inventory

40. Cross-docking merchandise when a high priority delivery needs to be processed out for immediate shipment

41. Verify calibration of inspection measurement tools

42. Full Physical Inventory count may be required at transfer to new facility.

Fees and Costs to Purchaser:

43. Two (2) person staff - \$5,000 per week (which amount is inclusive of space usage costs and utilities)

44. To the extent that Purchaser requests additional staff, costs shall be \$2,500 per person per week

45. All shipping costs and other direct expenses:

Paid directly by Purchaser.

SCHEDULE 3(A)(I)

CONFLICTS