

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

HOBBICO, INC., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 18-10055 (KG)

Jointly Administered

Re: D.I. 243, 282

**NOTICE OF SUCCESSFUL BIDDER FOR THE HOBBY BUSINESS LOT**

**PLEASE TAKE NOTICE** that on March 14, 2018, the Court entered *Order (A) Establishing Bidding Procedures for the Sale of All, or Substantially All, of the Debtors' Assets; (B) Approving Bid Protection Procedures; (C) Establishing Procedures Relating to the Assumption and Assignment of Executory Contracts and Unexpired Leases; (D) Approving Form and Manner of the Sale, Cure and Other Notices; and (E) Scheduling an Auction and a Hearing to Consider the Approval of the Sale* (D.I. 243) (the "Bid Procedures Order").

**PLEASE TAKE FURTHER NOTICE** that on March 23, 2018, the Debtors filed *Debtors' Notice of Stalking Horse Agreement and Bid Protections for the Hobby Business Lot* (D.I. 282) (the "Stalking Horse Notice"), whereby the Debtors' gave notice that they entered into an asset purchase agreement (the "Stalking Horse Agreement") with Horizon Hobby, LLC ("Horizon") for the purchase of certain of the Debtors' assets (the "Hobby Business Lot").

**PLEASE TAKE FURTHER NOTICE** that, in accordance with the Bid Procedures<sup>2</sup> and the Bid Procedures Order, an Auction was held on March 28, 2018 (prevailing Eastern Time) at the office of Morris, Nichols, Arsht & Tunnell, LLP, 1201 N. Market Street, Wilmington, DE, 19801.

**PLEASE TAKE FURTHER NOTICE** that, in consultation with the Consultation Parties, the Debtors selected Horizon as the successful bidder (the "Successful Bidder") for the Hobby Business Lot. Attached hereto as **Exhibit A** is the Stalking Horse Agreement.

**PLEASE TAKE FURTHER NOTICE** that the Auction has not concluded with respect to certain other lots for which Qualified Bidders placed bids. Rather, the Debtors, in consultation with the Consultation Parties, have adjourned the Auction to a date to be determined.

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Hobbico, Inc. (9545); Arrma Durango Ltd; Axial R/C Inc. (0233); Estes-Cox Corp. (2196); Great Planes Model Manufacturing, Inc. (5259); Revell Inc. (8545); Tower Hobbies, Inc. (5185); and United Model, Inc. (5302). The Debtors' headquarters are located at 2904 Research Road, Champaign, Illinois 61822.

<sup>2</sup> Undefined terms used herein shall have the meanings ascribed to them in the Bid Procedures Order or Stalking Horse Notice, as applicable.

**PLEASE TAKE FURTHER NOTICE** that the Debtors will seek approval of the sale of the Hobby Business Lot to the Successful Bidder before the Honorable Kevin Gross, United States Bankruptcy Judge for the District of Delaware, at 824 N. Market Street, 6th Floor, Wilmington, Delaware 19801, on **April 2, 2017, at 2:00 p.m. (prevailing Eastern Time)** (the "Hearing").

**PLEASE TAKE FURTHER NOTICE** that any objections to the conduct of the Auction or selection of the Successful Bid and any objections to the adequate assurance of future performance under a contract to be assumed and assigned to the Successful Bidder (collectively, "Objections") must (a) be set forth in writing, (b) state with particularity the grounds for such objections or other statements of position, and (c) be filed with the Clerk of the Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, and served so as to be received by the Notice Parties (defined below) on or before **March 29, 2018 at 4:00 p.m. (prevailing Eastern Time)** (the "Objection Deadline"). Only Objections made in writing and timely filed will be considered by the Bankruptcy Court at the Hearing.

**PLEASE TAKE FURTHER NOTICE** that any Objections must be served on the following Notice Parties so as to be received by the Objection Deadline; (a) the Debtors, c/o Hobbico, Inc., 2904 Research Road, Champaign, Illinois 61822; (b) counsel for the Debtors, Neal, Gerber & Eisenberg LLP, Two North LaSalle Street, Suite 1700, Chicago, Illinois 60602, Attn: Mark A. Berkoff, mberkoff@nge.com; Nicholas M. Miller, nmiller@nge.com; and Thomas C. Wolford, twolford@nge.com; (c) co-counsel for the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899, Attn: Robert J. Dehney, rdehney@mnat.com; Curtis S. Miller, cmiller@mnat.com; and Matthew O. Talmo, mtalmo@mnat.com; (d) counsel to Wells Fargo, N.A., as Administrative Agent for the Postpetition Lenders, Goldberg Kohn Ltd., 55 E. Monroe St., Suite 3300, Chicago, Illinois 60603, Attn: Zachary J. Garrett, Zachary.garrett@goldbergkohn.com; and Prisca Kim, Prisca.kim@goldbergkohn.com; (e) counsel to the Official Committee of Unsecured Creditors, Cullen and Dykman LLP, One Riverfront Plaza, Newark, New Jersey 07102, Attn: S. Jason Teele, steele@cullenanddykman.com; Nichole Stefanelli, nstefanelli@cullenanddykman.com; Michelle McMahan, mmcMahon@cullenanddykman.com; and Bonnie Pollack, bpollack@cullenanddykman.com; (f) co-counsel to the Official Committee of Unsecured Creditors, Whiteford, Taylor & Preston LLC, 405 North King Street, Suite 500, Wilmington, Delaware 19801, Attn: Christopher Samis, csamis@wtplaw.com; L. Katherine Good, kgood@wtplaw.com; and Kevin Shaw, kshaw@wtplaw.com; (g) the office of the United States Trustee for the District of Delaware, Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801, Attn: Richard L. Schepacarter; and (h) counsel to the Stalking Horse Buyer, Fredrickson & Bryon, PA, 200 South Sixth Street, Suite 4000, Minneapolis, Minnesota 55402, Attn: Clinton Cutler, ccutler@fredlaw.com and Sarah M. Olson, solson@fredlaw.com.

Dated: March 28, 2018  
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Matthew O. Talmo

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**EXHIBIT A**

**Stalking Horse Agreement**

**ASSET PURCHASE AGREEMENT**

by and among

**HOBBICO, INC.  
TOWER HOBBIES, INC.  
GREAT PLANES MODEL MANUFACTURING, INC.  
AXIAL R/C INC.  
ARRMA DURANGO LIMITED**

as Sellers

and

**HORIZON HOBBY, LLC**

as Purchaser

March 23, 2018

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## ASSET PURCHASE AGREEMENT

**THIS ASSET PURCHASE AGREEMENT** (this "Agreement") is made and entered into this 23<sup>rd</sup> day of March, 2018, by and among (i) **HOBBICO, INC.**, an Illinois corporation ("Hobbico"), **TOWER HOBBIES, INC.**, an Illinois corporation ("Tower"), **GREAT PLANES MODEL MANUFACTURING, INC.**, an Illinois corporation ("GPMM"), **ARRMA DURANGO LIMITED**, a company organized under the laws of the United Kingdom ("ADL"), **AXIAL R/C INC.**, a California corporation ("Axial"), and (ii) **HORIZON HOBBY, LLC**, a Delaware limited liability company ("Purchaser"). Hobbico, Tower, GPMM, ADL and Axial are collectively referred to herein as "Sellers", and each of them individually is referred to herein as a "Seller".

### RECITALS:

**WHEREAS**, Sellers are collectively engaged in the business of manufacturing, licensing, distributing and selling (to re-sellers and directly to consumers) radio-controlled hobby products and other parts, accessories, supplies and products related thereto (the "Business");

**WHEREAS**, Sellers and Sellers' Affiliates also are engaged in the business of manufacturing, licensing, distributing or selling of general hobby products which are not radio-controlled hobby products and/or parts, accessories, supplies and products related to radio-controlled hobby products (the "Excluded Business");

**WHEREAS**, on January 10, 2018 (the "Initial Petition Date"), each Seller except ADL filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § 101, *et seq.* (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), which cases are being jointly administered with cases arising under similar voluntary petitions of certain of Sellers' other affiliates as Case No. 1:18-bk-10055 (the "Chapter 11 Case");

**WHEREAS**, on January 26, 2018 (the "ADL Petition Date"), ADL filed a voluntary petition for relief under the Bankruptcy Code in the Bankruptcy Court, and such case is also being jointly administered with the Chapter 11 Case;

**WHEREAS**, each Seller continues in the possession and control of its assets and properties in accordance with §§ 1107 and 1108 of the Bankruptcy Code; and

**WHEREAS**, Sellers desire to sell to Purchaser substantially all of their assets that are used in connection with the conduct of the Business pursuant to the terms and conditions of this Agreement, and Purchaser desires to so purchase and acquire such assets from Sellers, in accordance with §§ 363 and 365 of the Bankruptcy Code.

### AGREEMENT:

**NOW, THEREFORE**, in consideration of the foregoing premises, the representations, warranties, covenants, and agreements contained herein, and certain other good and valuable

consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

## ARTICLE I DEFINITIONS

1.1 **Certain Definitions.** As used herein, the following terms shall have the following meanings:

“Accounts Receivable” means all accounts receivable of a Seller and other rights to charge for products or services of a Seller in existence as of the Closing Date (whether or not billed), exclusive of any such amounts owed to a Seller by another Seller or any subsidiary of any Seller.

“Affiliate” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such first Person where “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person, through the ownership of voting securities, by contract, as trustee, executor or otherwise.

“Alternative Transaction” means any transaction (or series of transactions) involving the direct or indirect sale, transfer or other disposition (including a liquidation) of all, or a material portion of, the Acquired Assets (excluding, in each foregoing case, the sale of Inventory by Sellers conducted in the ordinary course of business) to a purchaser or purchasers other than Purchaser or effecting any other transaction (including a chapter 11 plan) the consummation of which would be substantially inconsistent with the Transactions.

“Ancillary Agreements” means any certificate, agreement, document or other instrument to be executed and delivered in connection with this Agreement.

“Assigned Contracts” means those Listed Contracts identified in Section 2.1(e) of any Seller that are designated by Purchaser to be assumed and assigned on the Closing Date in accordance with the Bidding Procedures Order (provided that in the case of Executory Contracts and Unexpired Leases, Purchaser shall have provided adequate assurance of future performance under § 365(b)(1)(C) of the Bankruptcy Code with respect thereto), together with the right to receive income in respect of such Assigned Contracts on and after the Closing Date and the right to bring any causes of action which may be brought by a Seller relating to past or current breaches of the Assigned Contracts.

“Avoidance Actions” means all avoidance claims or causes of action under the Bankruptcy Code or applicable Law (including any preference or fraudulent conveyance claims).

“Bankruptcy Petition” means a voluntary bankruptcy petition filed by a Seller with the Bankruptcy Court on the Initial Petition Date or the ADL Petition Date, as the case may be.

“Books and Records” means all books and records relating to the Acquired Assets, including but not limited to all such books of account, ledgers and general, financial and accounting records, machinery and equipment maintenance files, customer lists, customer

purchasing histories, price lists, distribution lists, supplier lists, production data, quality control records and procedures, customer complaints and inquiry files, research and development files, records and data (including all correspondence with any Governmental Authorization), sales material and records (including pricing history, total sales, terms and conditions of sale, sales and pricing policies and practices), strategic plans, internal financial statements, marketing and promotional surveys, material and research and files relating to Intellectual Property.

“Break-Up Fee” means an amount equal to three percent (3%) of the Base Purchase Price.

“Business Day” means any day on which commercial banking institutions are open for business in Wilmington, Delaware.

“Causes of Action” means any and all causes of action, defenses, and counterclaims accruing to a Debtor or that is property of an Estate based upon facts, circumstances and transactions that occurred prior to the Closing Date, including any Avoidance Actions.

“Champaign Owned Real Estate” means all land, buildings and improvements owned by Hobbico or other Sellers and located at 1608 and 1610 Interstate Drive, and 2903, 2904 and 3000 Research Road, Champaign, Illinois 61822, the legal description of which properties are attached as Schedule 1.1(i).

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

“Commercial Tort Claims” has the meaning given to it in Section 9-102(13) of the Uniform Commercial Code as in effect in the State of Illinois, which shall include, without limitation, the Specified Commercial Tort Claims.

“Contracts” means all agreements, contracts, leases, consensual obligations, promises or undertakings, other than Employee Benefit Plans.

“Cure Amounts” means all amounts, costs and expenses required by the Bankruptcy Court to cure all defaults under the Assigned Contracts so that they may be assumed and assigned to Purchaser pursuant to §§ 363 and 365 of the Bankruptcy Code.

“Debtor” means a Seller.

“Designated Entity” means an entity that is an Affiliate of Purchaser, rather than Purchaser itself, that Purchaser may, at its option, designate to be the assignee of some or any of the Acquired Assets.

“DIP Financing Order” means that certain order entered by the Bankruptcy Court in the Chapter 11 Case on February 14, 2018, at Docket No. 162, as amended or otherwise modified from time to time.

“Employee Benefit Plans” means (i) all “employee benefit plans” (as defined in §3(3) of ERISA), including any employee pension benefit plans; (ii) all employment, consulting, non-competition, employee non-solicitation, employee loan or other compensation agreements, and

(iii) all bonus or other incentive compensation, equity or equity-based compensation, stock purchase, deferred compensation, change in control, severance, leave of absence, vacation, salary continuation, medical, life insurance or other death benefit, educational assistance, training, service award, dependent care, pension, welfare benefit or other material employee or fringe benefit plans, policies, agreements or arrangements, whether written or unwritten, qualified or unqualified, funded or unfunded and all underlying insurance policies, trusts and other funding vehicles, in each case currently maintained by or as to which a Seller has or could reasonably be expected to have any obligation or liability, contingent or otherwise, thereunder for current or former employees, directors or individual consultants of such Seller; for clarity, the ESOP is an Employee Benefit Plan.

“Equipment” means all equipment, machinery, materials, tools, vehicles, IT systems, hardware and software, computers and servers, telephones, machinery, materials, implements, signage, office supplies and all other tangible personal property of every kind and description, and it includes Assigned Equipment and Excluded Equipment.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and regulations and formal guidance issued thereunder.

“ESOP” means the Hobbico, Inc. Employee Stock Ownership Plan.

“Estate” means the estate of a Debtor created by § 541 of the Bankruptcy Code upon the filing of the Bankruptcy Petition.

“Estate Causes of Action” means any and all Avoidance Actions and other Causes of Action except for (which exceptions are “Purchased Causes of Action”) (i) Causes of Action that relate to an Assigned Contract or other Acquired Asset, (ii) Causes of Action arising from breaches of warranty relating to the Acquired Assets, (iii) Avoidance Actions and other Causes of Action against past and present trade vendors, licensors, distributors or customers of any Seller related to the Acquired Assets, and (iv) Avoidance Actions and other Causes of Action against Purchaser or its Related Persons (including any Transferred Employees), in each case exclusive of (1) any Avoidance Actions or other Causes of Action against Transferred Employees who were officers or directors of any Seller or who were “insiders” of any Seller within the meaning of Section 101(31) of the Bankruptcy Code, and (2) any such Causes of Action which are Commercial Tort Claims. For the avoidance of doubt, “Estate Causes of Action” shall include (and “Purchased Causes of Action” shall not include), without limitation, (A) all Avoidance Actions and other Causes of Action other than as expressly provided above, and (B) all Causes of Action against any administrative or other agent, lender or secured party related to any credit facility existing at any time whether prior to or after the filing of the Bankruptcy Petition, including, without limitation, the “Secured Parties” as defined in the DIP Financing Order.

“Executory Contracts and Unexpired Leases” means, with respect to any Seller, all of such Seller’s Contracts, agreements, licenses, leases, warranties, commitments, and purchase and sale orders.

“Final Order” means an order of the Bankruptcy Court that has not been appealed, reversed, modified, amended or stayed and the time to appeal from or to seek review or rehearing of such order has expired.

“GAAP” means United States generally accepted accounting principles, as in effect from time to time.

“Governmental Authorization” means any consent, franchise, license, registration, permit, order or approval issued, granted, given or otherwise made available by or under the authority of any Governmental Body or pursuant to any Law, including, as the context may require, any declarations or filings with, or expiration of waiting periods imposed by, any such Governmental Body.

“Governmental Body” means any (i) nation, state, county, city, town, borough, village, district or other jurisdiction, (ii) federal, state, local, municipal, foreign or other government, (iii) governmental or quasi-governmental body of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers), (iv) multinational organization or body, (v) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or (vi) official of any of the foregoing.

“Intellectual Property” means all trademarks, trade names, corporate names, company names, business names, product or brand names, service marks, patents, copyrights (including moral rights), and any applications for or registrations of any of the foregoing, works of authorship, know-how, logos, proprietary information, protocols, schematics, specifications, software, software code (in any form, including source code and executable or object code), subroutines, techniques, user interfaces, URLs, domain names, web sites, works of authorship and other forms of technology (whether or not embodied in any tangible form and including all tangible embodiments of the foregoing such as instruction manuals, laboratory notebooks, prototypes, samples, studies and summaries) inventions, trade secrets and any other intellectual property or intangible property that are used in the Business as presently conducted and any rights relating to any of the foregoing.

“Interest” means any Lien or Claim to the extent such Lien or Claim constitutes an “interest” under Section 363(f) of the Bankruptcy Code.

“Inventory” means all raw materials, work-in-process and finished good inventory of any Seller, and it includes both Assigned Inventory and Excluded Inventory.

“Law” means any applicable federal, state, local, municipal, foreign, international, multinational or other constitution, law, ordinance, principle of common law, code, regulation, statute or treaty.

“Liability” means any and all obligations, liabilities, debts and commitments, whether known or unknown, asserted or unasserted, fixed, absolute or contingent, matured or unmatured, accrued or unaccrued, liquidated or unliquidated, due or to become due, whenever or however arising (including whether arising out of any contract or tort based on negligence, strict liability,

or otherwise) and whether or not the same would be required by GAAP to be reflected as a liability in financial statements or disclosed in the notes thereto.

“Lien” means any mortgage, deed of trust, lien, pledge, charge, title, defect, security interest, pledge, leasehold interest or other legal or equitable encumbrance of any kind or nature, 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 nonmaterial, known or unknown.

“Material Adverse Change” means only such change, circumstance, or effect as shall have arisen after the date on which this Agreement shall have been executed by Sellers and prior to the Closing that has a materially adverse effect on (i) the operations, assets, properties or condition (financial or otherwise) of the Business or the Acquired Assets taken as a whole, or (ii) the ability of any of the parties hereto to consummate the Transactions; provided, however, that any change, circumstance, or effect that arises out of, results from, or relates to the commencement of the Chapter 11 Case shall not be considered in determining whether a Material Adverse Change has occurred and, in addition, no change, event, effect, condition, circumstance or occurrence related to any of the following shall be deemed to constitute, and none of the following shall be taken into account in determining whether there has been, a Material Adverse Change: (1) national or international business, economic, political or social conditions, including the engagement by the United States of America in hostilities, affecting (directly or indirectly) the industry in which the Sellers operate, whether or not pursuant to the declaration of a national emergency or war, or the occurrence of any military or terrorist attack upon the United States of America, except to the extent that such change has a disproportionate adverse effect on the Sellers relative to the adverse effect that such changes have on other companies in the industry in which the Sellers operate (a “Disproportionate Effect”); (2) financial, banking or securities markets (including any disruption thereof or any decline in the price of securities generally or any market or index), except to the extent that such change has a Disproportionate Effect; (3) any change in GAAP or Law, except to the extent that such change has a Disproportionate Effect; (4) compliance with this Agreement or any related agreement, including the taking of any action required hereby or thereby, or the failure to take any action that is not permitted hereby or thereby; (5) any change directly attributable to the announcement of this Agreement, including by reason of the identity of Purchaser or any of its Affiliates or any communication by Purchaser or any of its Affiliates of their plans or intentions regarding the operation of the Business; (6) any act of God or other force majeure event, except to the extent that such change has a Disproportionate Effect; and (7) in the case of Sellers, mere failure in and of itself to meet or exceed any projection or forecast provided to or reviewed by Purchaser.

“Permitted Liens” means (i) statutory Liens for current Taxes, assessments and other governmental levies, fees or charges that are not yet due and payable other than those that arise by reason of any default in payment or violation of Law on part of any Seller, and (ii) and in the case of Champaign Owned Real Estate, (1) easements, licenses, covenants, conditions, restrictions, declarations and similar matters of record which in each case do not secure monetary obligations, and (2) any state of facts a survey or other visual inspection would show.

“Person” means any individual, corporation, partnership, joint venture, trust, association, limited liability company, unincorporated organization, other entity, or governmental body or subdivision, agency, commission or authority thereof.

“Purchased Causes of Action” means all Causes of Action other than the Estate Causes of Action.

“Related Person” means, with respect to any Person, all past, present and future directors, officers, members, managers, stockholders, employees, controlling persons, agents, professionals, financial advisors, restructuring advisors, attorneys, accountants, investment bankers, Affiliates or representatives of (i) any such Person and (ii) of any Affiliate of such Person.

“Sale Hearing” means the hearing conducted by the Bankruptcy Court to approve the Transactions.

“Specified Commercial Tort Claims” means those specific Commercial Tort Claims listed on Schedule 1.1(ii).

“Successful Bid” shall have the meaning set forth in the Bidding Procedures Order.

“Successful Bidder” shall have the meaning set forth in the Bidding Procedures Order.

“Tax” or “Taxes” means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, custom duties, capital stock, franchise, profits, withholding, social security (or similar excises), unemployment, disability, ad valorem, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not, by any governmental authority responsible for imposition of any such tax (domestic or foreign).

“Transactions” means the transactions contemplated by this Agreement and the Ancillary Agreements.

“Trustee” means any trustee or fiduciary appointed to act on behalf of a Debtor or as successor to a Debtor.

“WARN” means the Workers Adjustment and Retraining Notification Act and similar state laws.

**1.2 Cross Reference Table for Embedded Definitions.** The following defined terms are defined in the following pages of this Agreement:

“ <u>Acquired Assets</u> ” .....	12	“ <u>Assigned Accounts Receivable</u> ” .....	13
“ <u>ADL Petition Date</u> ” .....	5	“ <u>Assigned Equipment</u> ” .....	13
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## ARTICLE II SALE AND PURCHASE OF ASSETS

2.1 **Sale and Purchase of Acquired Assets.** On the terms and subject to the conditions set forth in this Agreement, on the Closing Date, Purchaser (or the applicable Designated Entity) shall purchase from each Seller, and each Seller shall sell, assign, transfer, convey and deliver to Purchaser (or the applicable Designated Entity), all of such Seller’s right, title and interest in and to all Acquired Assets (as defined below) in existence on the Closing Date, free and clear of all Interests (other than Permitted Liens) pursuant to and to the maximum extent permitted by Sections 363 and 365 of the Bankruptcy Code. As used herein, the term “Acquired Assets” means all assets, properties, rights, interests, benefits and privileges of whatever kind or nature, both tangible and intangible, real and personal wherever located, that are owned by any Seller (except only for the Excluded Assets) to the extent that such assets, properties, rights, interests, benefits and privileges are transferable under applicable Law, the Bankruptcy Code or otherwise. Without limiting the generality of the foregoing, the term “Acquired Assets” shall include all of each Seller’s right, title and interest in and to the following (except to the extent any of the following are expressly included within the Excluded Assets):

- (a) the Champaign Owned Real Estate (together with all plants, buildings, structures, fixtures and improvements of all kinds situated thereon, and all privileges, rights, easements, hereditaments and appurtenances belonging to or for the benefit of such real property);

(b) all Inventory of such Seller other than any Excluded Inventory or any Inventory that is part of the Traxxas Alleged Infringing Assets (the “Assigned Inventory”); for clarity, it is specifically acknowledged and agreed that any Inventory located at the Champaign Owned Real Estate is Assigned Inventory even if related to the Excluded Business;

(c) all Accounts Receivable of such Seller other than the Excluded Accounts Receivable (the “Assigned Accounts Receivable”);

(d) all Equipment of such Seller other than the Excluded Equipment (the “Assigned Equipment”);

(e) the following Contracts (the “Listed Contracts”) all of which shall be Assigned Contracts:

(i) those Contracts (other than purchase orders or sales orders) identified on Schedule 2.1(e)(i), as such Schedule may be updated from time to time by Purchaser pursuant to Section 6.9;

(ii) those purchase orders (the “Assigned Purchase Orders”) (A) listed on Schedule 2.1(e)(ii) previously issued by a Seller and which remain open on the date hereof and as of the Closing Date, and (B) hereafter issued by a Seller (or for which a Seller become bound) in the ordinary course of the Business and consistent with past practice and which remains open as of the Closing Date, as reflected on an update to such Schedule mutually agreed by Purchaser and Hobbico; and

(iii) those sales orders (the “Assigned Sales Orders”) (for the sale of finished goods used in the Business accepted by a Seller (or for which a Seller become bound) in the ordinary course of the Business and consistent with past practice and which remain open as of the Closing Date as reflected on an update to such Schedule mutually agreed by Purchaser and Hobbico;

(f) deposits and other prepaid amounts that relate to the Assigned Contracts or other Acquired Assets;

(g) all of such Seller’s rights in Purchased Causes of Action;

(h) all of such Seller’s Books and Records, provided that such Seller may obtain and retain copies of any or all such books and records before their transfer to Purchaser;

(i) all Intellectual Property of such Seller (to the extent assignable) and all goodwill of a Seller;

(j) all of such Seller’s Governmental Authorizations and all of such Seller’s pending applications therefor or renewals thereof, in each case solely to the extent

transferable to Purchaser, and excluding Governmental Authorizations or pending applications therefor required for the continued operation of an Excluded Asset;

(k) all of such Seller's rights with respect to any confidentiality, noncompetition, non-solicitation or other obligations of any Person other than a Seller (including any such obligations of any third party or of any current or former Related Person of any Seller) that are owed to a Seller or with respect to which any Seller has the rights to enforce; and

(l) all of such Seller's other assets, properties and rights (unless specifically identified as an Excluded Asset).

**2.2 Excluded Assets.** The Acquired Assets do not include, and no Seller shall transfer to Purchaser, any of the following assets of any Seller (the "Excluded Assets"):

(a) any Inventory or other asset that has been alleged to infringe the claims of Traxxas LP, including the Inventory of those products identified on Schedule 2.2(a) ("Traxxas Alleged Infringing Assets"), and any Claims or Causes of Action that any Seller may have against Traxxas LP;

(b) the Inventory (i) relating exclusively to the Excluded Business and (ii) identified with specificity on Schedule 2.2(b) (the "Excluded Inventory"); for clarity, Inventory located at the Champaign Owned Real Estate is not Excluded Inventory even if related to the Excluded Business;

(c) the Accounts Receivable of a Seller (i) relating exclusively to the Excluded Business and (ii) identified with specificity on Schedule 2.2(c) (the "Excluded Accounts Receivable");

(d) the Equipment of a Seller (i) relating exclusively to the Excluded Business and (ii) identified with specificity on Schedule 2.2(d) (the "Excluded Equipment");

(e) all cash, bank deposits, securities and cash equivalents, including for this purpose all cash and cash equivalents if credited to any Seller's bank account(s) prior to the Closing Date;

(f) all (i) retainers with advisors, and (ii) any deposits and other prepaid amounts that relate exclusively to the other Excluded Assets;

(g) any Seller's rights with respect to the bank accounts and lockbox arrangements relating to the Business, including, without limitation, the bank accounts and lockbox arrangements listed or described on Schedule 2.2(g) (but subject to Sellers' duties under Section 6.10);

(h) all land, buildings and improvements owned or leased by any Seller other than the Champaign Owned Real Estate or pursuant to an Assigned Contract, wherever located;

(i) all Contracts to which a Seller is a party other than the Listed Contracts, and all rights and deposits under such Contracts other than the Listed Contracts, including, without limitation, with respect to Hobbico the following:

(i) Hobbico's rights under (1) that certain Unsecured and Subordinated Mezzanine Loan Facility dated February 9, 2012 between Hobbico and Hobbico Deutschland Holding GmbH, and (2) that certain Intecompany [sic] Revolving Credit Facility Agreement dated May 30, 2017 between Hobbico and Revell GmbH; and

(ii) Hobbico's rights in and to that certain license agreement with The Boy Scouts of America relating to the use of the Pinewood Derby<sup>®</sup> trademark;

(j) all shares of capital stock or other equity interests in any Person held by any Seller, all corporate minute books and records of internal corporate proceedings, stock transfer ledgers, blank stock certificates, corporate seals, tax and accounting records, work papers and other records relating to the organization or maintenance of the legal existence of a Seller;

(k) all rights with respect to Employee Benefit Plans and all Contracts related thereto;

(l) any books, records or other information related solely and exclusively to the other Excluded Assets;

(m) all refunds, credits or deposits of Taxes of a Seller with respect to the period prior to the Closing Date, including any refunds, credits or deposits of Taxes;

(n) all Estate Causes of Action of a Seller, including without limitation (A) all Avoidance Actions other than as otherwise expressly provided herein, and (B) all Causes of Action against any administrative or other agent, lender or secured party related to any credit facility existing at any time, whether prior to or after the filing of the Bankruptcy Petition;

(o) the corporate franchise of a Seller and any and all prepaid expenses and deposits in respect of franchise Taxes and the like;

(p) all property, rights and assets relating to another Excluded Asset or arising from and relating to the defense, release, compromise, discharge or satisfaction of any of the Liabilities;

(q) all documents, emails and other communications relating to the Transactions or any preparations or planning with respect thereto, including all such materials consisting of this Agreement, the Ancillary Agreements, memoranda, research, analysis, planning, due diligence reports, quality of earnings reports, agreements with financial advisors, investment bankers, accountants or legal counsel, whether or not subject to any attorney-client privilege, work product privilege, or any other privilege (the "Transaction-Related Documents"), and any Seller's right to exercise or waive any

attorney-client privilege, work product privilege or other privilege with respect to the Transactions or any of the Transaction-Related Documents; provided however that the foregoing will not limit the Purchaser's rights to the Books and Records included in the Acquired Assets and provided further that following the Closing Purchaser, with respect to Transaction-Related Documents that are not included in such Books and Records, shall have an irrevocable, perpetual and non-exclusive right and license to use any of such Transaction-Related Documents which were made available to Purchaser in the electronic data room, identified as the Project OffRoad data room, which was established by Sellers and associated with the sale of the Acquired Assets;

(r) all rights of Sellers arising under this Agreement, the Ancillary Agreements, and under any other agreement between Sellers and Purchaser entered into in connection with this Agreement;

(s) all good faith or other bid deposits submitted by any third party under the terms of the Bidding Procedures Order;

(t) all insurance policies of any of the Sellers and/or their subsidiaries for directors', managers', and officers' liability and all rights of any nature with respect thereto, including all insurance recoveries, prepaid premiums, and unearned premiums thereunder and rights to assert claims with respect to any such insurance recoveries;

(u) all Commercial Tort Claims of any Seller; and

(v) all assets, properties and rights of any Seller specifically identified on Schedule 2.2(v).

**2.3 Excluded Liabilities.** Neither Purchaser nor any Designated Entity shall assume or otherwise be responsible for any Liability of any Seller (other than obligations arising after Closing under the Assigned Contracts). For the avoidance of doubt, the Liabilities of any Seller for which Purchaser and Designated Entities shall have no Liability (the "Excluded Liabilities") shall include all of the following, without limitation:

(a) Any Liabilities which would otherwise be imposed on Purchaser or a Designated Entity by virtue of its status as a successor or assign of any of the Sellers or the Business.

(b) All Liabilities under or with respect to the ESOP or any other Employee Benefit Plan (including Liabilities that arise out of any violation or noncompliance with any applicable Law), or any Liabilities to any beneficiary thereof.

(c) All Liabilities to the extent arising in connection with or related to the Excluded Assets.

(d) All Liabilities under all other Contracts which are not Assigned Contracts.

(e) All Liabilities of the Sellers to their employees and other Related Persons, including under or related to (i) any employment, severance, retention, termination or

other agreement or arrangement including under any Law (including WARN), (ii) employment, compensation, benefits, other terms and conditions of employment or termination of employment, in each case of or by the Sellers, and (iii) payroll, vacation, sick leave, workers' compensation or occupational disease claims or benefits, unemployment benefits, pension benefits, employee stock option or profit sharing plans, health plans or benefits or any other employee plans or benefits or other compensation of any kind to any employee, former employee or other Related Person of the Sellers.

(f) All Liabilities of the Sellers under this Agreement or any Ancillary Agreement.

(g) All Liabilities of the Sellers relating to litigation or arbitration or other proceedings with, or to indemnify or advance expenses to, Related Persons of the Sellers.

(h) All Liabilities relating to any actions or claims to which a Seller is a party.

(i) All Taxes of the Sellers.

(j) All Liabilities of the Sellers in respect of indebtedness.

(k) All Liabilities of the Sellers with respect to products sold or services provided by Sellers (whether under warranties, with respect to product liabilities or otherwise).

(l) All Liabilities of the Sellers (including fines, penalties, damages and any investigatory, corrective or remedial obligation) arising under Environmental Laws.

(m) All Liabilities for any legal, accounting, investment banking, brokerage or similar fees or expenses incurred by the Sellers or any Affiliate of Sellers in connection with, resulting from or attributable to the Transactions, or in connection with the Chapter 11 Case.

(n) All Liabilities of the Sellers arising out of or related to any breach, default under, failure to perform, torts related to the performance of, violation of Law, infringements or indemnities under, guaranties pursuant to and overcharges, underpayments or penalties on the part of the Sellers under any of the Assigned Contracts.

(o) All Liabilities arising from or related to the operation or condition of the Business or the Acquired Assets prior to the Closing or facts, actions, omissions, circumstances or conditions existing, occurring or accruing with respect to the Business, or the Acquired Assets prior to the Closing.

(p) All Liabilities resulting from, caused by or arising out of, or which relate to, directly or indirectly, the conduct of the Sellers or ownership or lease of any properties or assets or any properties or assets previously used by the Sellers or any Affiliate of the Sellers, or other actions or omissions of the Sellers or any of their

Affiliates, except for any amounts due or that may become due or owing under the Assigned Contracts.

(q) All Liabilities resulting from, caused by or arising out of, or that relate to the business dealings or relationship between the Sellers and any union under Contract, Law or otherwise or the existence or termination of any collective bargaining agreement or other arrangement or understanding with any union, or any Employee Benefit Plan applicable thereto.

(r) All Liabilities arising out of or resulting from non-compliance with any Law by the Sellers.

(s) All Liabilities for infringement or misappropriation arising from the development, modification or use of any Intellectual Property.

(t) All Liabilities arising under applicable Law under any theories of recovery, including fraudulent transfer or successor liability.

(u) Any other Liabilities of the Sellers, their Affiliates or Related Persons.

**2.4 Purchase Price.** In addition to the Purchaser's agreement to pay the Cure Amounts for the Assigned Contracts pursuant to Section 2.8, the purchase price (the "Purchase Price") for the sale and transfer of the Acquired Assets will be an amount equal to the sum of the following:

(a) \$18,800,000 (the "Base Purchase Price") payable at Closing; less

(b) the Working Capital Adjustment, if any, at Closing pursuant to Section 2.5, plus

(c) the Prepaid Order Adjustment pursuant to Section 2.6.

**2.5 Working Capital Adjustment.**

(a) For purposes hereof, the following terms have the following meanings:

(i) "Qualifying Inventory" means finished goods inventory to be sold in the ordinary course of the Business and included in the Assigned Inventory, but excluding (1) inventory located outside of the United States, (2) inventory in SKUs with more than 365 days of sales on hand, and (3) inventory in SKUs which generated less than \$100 of gross profit during the 12 month period prior to the Closing Date,

(ii) "Qualifying Inventory Amount" means the aggregate original purchase cost of the Qualifying Inventory as of the Closing Date.

(iii) "Qualifying Accounts Receivable" means accounts receivable arising in the ordinary course of the Business and included in the Assigned

Accounts Receivable, but excluding (1) accounts unpaid more than thirty (30) days after the original due date on the invoice, (2) accounts unpaid more than ninety (90) days after the invoice date, (3) accounts due from Persons that are located outside the United States, and (4) accounts from Persons that are consumers.

(iv) “Qualifying AR Amount” means the aggregate face value of the Qualifying Accounts Receivable as of the Closing Date.

(v) “Working Capital Adjustment” means the amount, if any, by which the sum of the Qualifying Inventory Amount plus the Qualifying Accounts Receivable Amount is less than \$9,000,000.

(b) At least one Business Day prior to the Closing, Purchaser and Hobbico shall jointly prepare a detailed computation of the Working Capital Adjustment based on Sellers’ books and records and any physical inspection made by them. Purchaser and Sellers agree to reasonably cooperate with each other in connection therewith.

## 2.6 Prepaid Order Adjustment.

(a) For purposes hereof, the following terms have the following meanings:

(i) “Prepaid Purchase Order Amount” means the aggregate of the following with respect to Assigned Purchase Orders (A) those certain amounts listed on Schedule 2.6(a)(i) identified as amounts paid to third parties by a Seller prior to the date hereof with respect to goods or services to be received by Purchaser following the Closing, plus (B) such additional amounts as shall have been paid to any third party by Seller following the date hereof and prior to the Closing with respect to goods or services to be received by Purchaser following the Closing in accordance with the procedure set forth in Section 6.11, as reflected in an update to such Schedule at Closing. For clarity, Prepaid Purchase Order Amount does not include any other amounts, including any prepayments for Inventory received prior to the Closing.

(ii) “Prepaid Sales Order Amount” means the total amount, if any, which a Seller has received as payment on an order for the sale of finished goods by a Seller but not yet delivered by a Seller prior to Closing under sales orders which are Assigned Sales Orders.

(iii) “Prepaid Order Adjustment” means the Prepaid Purchase Order Amount, if any, less the Prepaid Sales Order Amount, if any (it being acknowledge that if the Prepaid Order Adjustment is a positive number, then the Purchase Price otherwise payable will be increased, and if the Prepaid Order Adjustment is a negative number, then the Purchase Price otherwise payable will be decreased).

(b) At least one Business Day prior to the Closing, Purchaser and Hobbico shall jointly prepare a detailed computation of the Prepaid Orders Adjustment. Purchaser and Sellers agree to reasonably cooperate with each other in connection therewith.

**2.7 Payments at Closing.** At the Closing, subject to the terms and conditions set forth in this Agreement, Purchaser will pay to Hobbico, as agent for Sellers, immediately available funds in an amount (the "Closing Payment") equal to (a) the Purchase Price *less* (b) the Deposit. At the Closing, the Escrow Agent shall be directed by Sellers and Purchaser to release and deliver the Deposit to Hobbico, as agent for Sellers.

**2.8 Cure Amounts for Assigned Contracts.** If the Closing shall occur, then at the Closing Purchaser shall pay the Cure Amounts with respect to the Assigned Contracts to the applicable counterparties thereof.

**2.9 Deposit.** By March 27, 2018 (but not prior to the date that the Purchaser is the approved stalking horse bidder), Purchaser shall deposit with Delaware Trust Company, as escrow agent (the "Escrow Agent"), pursuant to an escrow agreement in form and substance to be mutually agreed to by and among the Escrow Agent, Purchaser and Hobbico (the "Escrow Agreement") acting reasonably, an amount equal to 5% of the Base Purchase Price (the "Deposit") by cashier's check or wire transfer. If the Closing occurs, the Deposit will be released to the Sellers in accordance with Section 2.7, and if the Closing does not occur, the Deposit shall be released to Hobbico or the Purchaser, as applicable, in accordance with Section 7.3.

### **ARTICLE III CLOSING; CONDITIONS TO CLOSING**

**3.1 Closing.** Subject to the terms and conditions of this Agreement and the satisfaction or waiver of the conditions set forth below, the closing (the "Closing") of the sale and purchase of the Acquired Assets shall take place on April 6, 2018 if the conditions to Closing set forth below have been met (or waived) on such date, or such other date as Sellers and Purchaser may agree, but in any event on or before the Outside Date if such conditions have been met (or waived) by such date, at the offices of Neal, Gerber & Eisenberg LLP, 2 North LaSalle Street, Suite 1700, Chicago, Illinois 60602. The time and date upon which the Closing occurs is referred to herein as the "Closing Date." All transactions at the Closing shall be deemed to take place simultaneously and none shall be deemed to have taken place until all shall have taken place.

**3.2 Court Approval Required.** Purchaser and Sellers acknowledge and agree that the Bankruptcy Court's entry of the Approval Order (which Approval Order shall contain customary and usual terms for transactions of this size and type reasonably acceptable to Sellers and Purchaser) shall be required in order to consummate the Transactions, and that the requirement that the Approval Order be entered is a condition that cannot be waived by any party.

**3.3 Conditions to Obligations of Purchaser.** The obligation of Purchaser to consummate the Transactions is subject to the satisfaction, at or before the Closing, of each of

the following conditions, any of which conditions may, except for the condition set forth in Section 3.2, be waived by Purchaser in its sole discretion:

(a) **Representations and Warranties.** The representations and warranties of each Seller set forth in Article IV of this Agreement shall be true and correct in all material respects (except for those representations and warranties qualified by materiality, which shall be true and correct in all respects) on and as of the Closing Date as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(b) **Agreements and Covenants.** Sellers shall have performed and complied with each agreement, covenant and obligation required to be performed or complied with by them under this Agreement at or before the Closing in all material respects.

(c) **Material Adverse Change.** No Material Adverse Change shall have occurred and be continuing.

(d) **No Appeal of Approval Order.** No Person shall have filed an appeal with respect to the Approval Order or delivered to Hobbico a written notice of its intention to appeal the Approval Order, or, if such an appeal shall have been filed or such a written notice shall have been so delivered, the Approval Order shall have become a Final Order.

(e) **Purchase Price Adjustments.** Purchaser and Hobbico shall have agreed upon the Working Capital Adjustment and the Prepaid Order Adjustment as contemplated by Sections 2.5(b) and 2.6(b), respectively, acting reasonably.

(f) **Deliveries at Closing.** At the Closing, Sellers shall deliver, or cause to be delivered, to Purchaser all of the following:

(i) A certificate from each Seller executed by a duly authorized officer thereof certifying to the matters set forth in (a) through (c).

(ii) The Transition Services Agreement, duly executed by each Seller.

(iii) A bill of sale and intellectual property assignments and original certificates of title for motor vehicles with respect to the Acquired Assets being conveyed by each Seller (each, a "Bill of Sale"), duly executed by each Seller, as applicable.

(iv) An assignment and assumption agreement with respect to the Assigned Contracts being assigned to and assumed by Purchaser from each Seller (each, an "Assignment and Assumption"), duly executed by such Seller, as applicable.

(v) A certificate of non-foreign status executed by Hobbico, prepared in accordance with Treasury Regulation Section 1.1445-2(b).

(vi) A quitclaim deed, duly executed by Hobbico, transferring the Champaign Owned Real Estate to Purchaser.

(vii) A standard form of affidavit of Hobbico relating to the Champaign Owned Real Estate, in form reasonably agreeable to the title company selected by Purchaser and reasonably acceptable to Hobbico, sufficient to permit such title company to delete the standard exceptions to an owner's title insurance policy with respect to the Champaign Owned Real Estate.

**3.4 Conditions to Obligations of Sellers.** The obligation of each Seller to consummate the Transactions is subject to the satisfaction, at or before the Closing, of each of the following conditions, any of which conditions may, except for the condition set forth in Section 3.2, be waived by any Seller in its sole discretion:

(a) **Representations and Warranties.** The representations and warranties of Purchaser set forth in Article V of this Agreement shall be true and correct in all material respects (except for those representations and warranties qualified by materiality, which shall be true and correct in all respects) on and as of the Closing Date as though made on and as of the Closing Date (except for representations and warranties made as of a specified date, which shall be true and correct only as of the specified date).

(b) **Agreements and Covenants.** Purchaser shall have performed and complied with each agreement, covenant and obligation required to be performed or complied with by it under this Agreement at or before the Closing in all material respects.

(c) **Receipt of the Closing Payment.** Hobbico, as agent for Sellers, shall have received the Closing Payment from Purchaser.

(d) **Deliveries at Closing.** At the Closing, Purchaser (or the Designated Entity) shall deliver, or cause to be delivered, to Sellers all of the following:

(i) Each Bill of Sale, duly executed by Purchaser (or any applicable Designated Entity).

(ii) Each Assignment and Assumption, duly executed by Purchaser (and any applicable Designated Entity).

(iii) The Transition Services Agreement, duly executed by Purchaser (and any applicable Designated Entity).

#### **ARTICLE IV REPRESENTATIONS AND WARRANTIES OF SELLERS**

Each Seller represents and warrants to Purchaser, with respect to itself only, severally and not jointly, that the statements contained in this Article IV are true and correct as of the date hereof and will be true and correct in all material respects on the Closing Date (except for those representations and warranties qualified by materiality, which shall be true and correct in all respects).

4.1 **Organization, Good Standing and Power.** Such Seller is legally formed and in good standing under the law of the State of its incorporation. Subject to the applicable provisions of the Bankruptcy Code, such Seller has the power to own its properties and carry on its business as now being conducted and is qualified to do business and is in good standing in each jurisdiction in which the failure to be so qualified and in good standing would result in a Material Adverse Change.

4.2 **Authority Relative to this Agreement; Execution and Binding Effect.** Such Seller has full power and authority to execute and deliver this Agreement and the Ancillary Agreements and, subject to receipt of any necessary Bankruptcy Court approval in accordance with the Bankruptcy Code, to consummate the Transactions applicable to such Seller. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the Transactions have been duly and validly approved and adopted by the board of directors of such Seller, and, except for Bankruptcy Court approval and except as set forth on Schedule 4.4, no other proceedings or approvals on the part of such Seller are necessary to approve this Agreement and the Ancillary Agreements and to consummate the Transactions. This Agreement has been duly and validly executed and delivered by such Seller. Assuming due authorization, execution and delivery by Purchaser, this Agreement constitutes, and each of the Ancillary Agreements at the Closing will constitute, the valid and binding obligation of such Seller, enforceable against such Seller in accordance with their terms, except as such enforcement may be limited by (a) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium or other laws affecting or relating to the rights of creditors generally, or (b) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law.

4.3 **No Defaults.** Subject to receipt of any necessary Bankruptcy Court approval in accordance with the Bankruptcy Code and except as set forth on Schedule 4.3, the execution and delivery by such Seller of this Agreement and the Ancillary Agreements and the consummation of the Transactions do not and will not (a) with or without the giving of notice or the lapse of time, or both, conflict with, or result in the breach of or constitute a default under, or result in the modification, cancellation, lapse or termination of, or limitation, or curtailment under, or violate any (i) provision of Law, or (ii) agreement, Employee Benefit Plan, Contract, lease, power of attorney, commitment, instrument, insurance policy, arrangement, undertaking, order, decree, ruling or injunction to which such Seller is subject or a party or by which it is bound (or with respect to which its properties or assets are subject or bound), except for any breach, default, modification, cancellation, lapse, termination, limitation, curtailment or violation that would not result in a Material Adverse Change; or (b) violate the certificate of incorporation or bylaws of such Seller.

4.4 **Governmental and Other Consents.** Except for the receipt of any necessary Bankruptcy Court approval in accordance with the Bankruptcy Code and except as set forth on Schedule 4.4, no consent, notice, authorization or approval of, or exemption by, or filing with or notifications to any Governmental Authority or any other Person, whether pursuant to contract or otherwise, is required in connection with the execution and delivery by such Seller of this Agreement and the Ancillary Agreements and the consummation of the Transactions.

4.5 **No Brokers.** Except for the representation of Sellers by Lincoln Partner Advisors LLC (“*Lincoln*”), pursuant to that certain order entered by the Bankruptcy Court on January 30, 2018 and the obligation of Sellers to pay Lincoln a commission, fees and expenses at Closing in accordance with the terms and provisions of such order, no Seller has incurred or will incur, directly or indirectly, as a result of any action taken or permitted to be taken by or on behalf of such Seller, any Liability for brokerage or finders’ fees or agents’ commissions or similar charges in connection with the execution and delivery by such Seller of this Agreement and the Ancillary Agreement and the consummation of the Transactions.

## **ARTICLE V REPRESENTATIONS AND WARRANTIES OF PURCHASER**

Purchaser represents and warrants to Sellers that the statements contained in this Article V are true and correct as of the date hereof and will be true and correct in all material respects on the Closing Date (except for those representations and warranties qualified by materiality, which shall be true and correct in all respects).

5.1 **Organization, Good Standing and Power.** Purchaser is legally formed and in good standing under the laws of the state of its formation. Purchaser has the power to own its properties and carry on its business as now being conducted and is qualified to do business and is in good standing in each jurisdiction in which the failure to be so qualified and in good standing would result in a Material Adverse Change. **Authority Relative to this Agreement; Execution and Binding Effect.** Purchaser has full power and authority to execute and deliver this Agreement and the Ancillary Agreements and to consummate the Transactions. The execution and delivery of this Agreement and the Ancillary Agreements and the consummation of the Transactions have been duly and validly approved and adopted by all necessary action of Purchaser and no other proceedings or approvals (shareholder, member or otherwise) on the part of Purchaser are necessary to approve this Agreement and the Ancillary Agreements and to consummate the Transactions. This Agreement has been duly and validly executed and delivered by Purchaser. Assuming due authorization, execution and delivery by each Seller, this Agreement constitutes, and each of the Ancillary Agreements at the Closing will constitute, the valid and binding obligation of Purchaser, enforceable against Purchaser in accordance with their terms, except as such enforcement may be limited by (a) the effect of bankruptcy, insolvency, reorganization, receivership, conservatorship, arrangement, moratorium or other laws affecting or relating to the rights of creditors generally, or (b) the rules governing the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity, regardless of whether considered in a proceeding in equity or at law.

5.3 **No Defaults.** The execution and delivery by Purchaser of this Agreement and the Ancillary Agreements and the consummation of the Transactions do not and will not (a) with or without the giving of notice or the lapse of time, or both, conflict with, or result in the breach of or constitute a default under, or result in the modification, cancellation, lapse or termination of, or limitation, or curtailment under, or violate any (i) provision of Law, or (ii) agreement (including any loan or financing agreement), Contract, lease, power of attorney, commitment, instrument, insurance policy, arrangement, undertaking, order, decree, ruling or injunction to which Purchaser is subject or a party or by which it is bound (or with respect to which its properties or assets are subject or bound), except for any breach, default, modification,

cancellation, lapse, termination, limitation, curtailment or violation that would not result in a Material Adverse Change; or (b) violate the certificate of incorporation, bylaws or any comparable instruments of Purchaser.

5.4 **Governmental and Other Consents.** Except for the receipt of any necessary Bankruptcy Court approval in accordance with the Bankruptcy Code, no consent, notice, authorization or approval of, or exemption by, or filing with or notifications to any Governmental Authority or any other Person, whether pursuant to contract or otherwise, is required in connection with the execution and delivery by Purchaser of this Agreement and the Ancillary Agreements and the consummation of the Transactions.

5.5 **Financial Ability.** At Closing, Purchaser will have cash available that is sufficient to enable it to pay the Closing Payment as well as all other amounts otherwise payable to consummate the Transactions pursuant to and in accordance with this Agreement.

5.6 **No Brokers.** Purchaser has not incurred and will not incur, directly or indirectly, as a result of any action taken or permitted to be taken by or on behalf of Purchaser, any Liability for brokerage or finders' fees or agents' commissions or similar charges in connection with the execution and delivery by Purchaser of this Agreement and the Ancillary Agreements and the consummation of the Transactions.

## **ARTICLE VI COVENANTS**

6.1 **Operation of Business.** Subject to the requirements of, and the obligations imposed upon, each Seller as debtor-in-possession and pursuant to the Bankruptcy Code and except as otherwise contemplated by the Agreement or the Bidding Procedures Order or as required to comply with debtor-in-possession financing obtained by such Seller, from the date hereof and until the Transactions shall have been consummated or abandoned as contemplated herein, each Seller shall operate the Business in the ordinary course (relative to that in effect immediately prior to the execution of the Agreement) and, consistent with such operation and the budget set forth in Seller's debtor-in-possession credit agreement, and consistent with acting as a debtor-in-possession in a Chapter 11 bankruptcy case, shall use commercially reasonable efforts to maintain the goodwill associated with the Business and the relationships with the employees, customers, and suppliers of the Business.

### **6.2 Bidding Procedures Order; Backup Bidder.**

(a) The purchase and sale of the Acquired Assets will be subject to competitive bidding in accordance with (and only in accordance with) the terms of an order of the Bankruptcy Court approving sale and bidding procedures dated March 18, 2018 (the "*Bidding Procedures Order*"). Without Purchaser's prior written consent, which consent will not unreasonably withheld, Sellers (and will cause Sellers' affiliates that are Debtors) agree to not amend, alter or modify the Bidding Procedures Order, or any dates set forth therein (unless such amendment, alteration or modification relates exclusively to the Excluded Business and Excluded Assets, and will not materially affect Purchaser's rights hereunder). For clarity, the bid deadline of March 27, 2018 and the

auction on March 28, 2018 for the Acquired Assets shall not be changed without Purchaser's written consent.

(b) Purchaser agrees to the provisions in the Bidding Procedures Order regarding Backup Bidders (as defined therein), provided, however, that Purchaser's obligations under any Backup Bidder provisions will expire on May 15, 2018.

### 6.3 Approval Order.

(a) Prior to the Closing, and subject to the provisions of this Agreement, Purchaser and Sellers shall use their commercially reasonable efforts to obtain entry of an order or orders by the Bankruptcy Court pursuant to §§363 and 365 of the Bankruptcy Code (the "Approval Order"), which shall approve of this Agreement and the transactions described herein, and which shall contain the following provisions, and which Approval Order shall contain other customary and usual terms for transactions of this size and type reasonably acceptable to Sellers and Purchaser (it being understood that certain of such provisions may be contained in either the findings of fact or conclusions of law to be made by the Bankruptcy Court as part of the Approval Order):

(i) that each Seller may sell, transfer and assign the applicable Acquired Assets and assume and assign the applicable Assigned Contracts to Purchaser pursuant to this Agreement and Bankruptcy Code §§105, 363 and 365, as applicable, and that any Executory Contract or Unexpired Lease relating solely to the Business and not assigned to Purchaser is rejected;

(ii) the transfers of the Acquired Assets by each Seller to Purchaser (A) vest or will vest Purchaser with all right, title and interest of such Seller in and to the Acquired Assets, free and clear of all Liens other than Permitted Liens, and (B) constitute transfers for reasonably equivalent value and fair consideration under the Bankruptcy Code and the laws of the State of Delaware;

(iii) the transactions contemplated by this Agreement are undertaken by Purchaser and Sellers at arm's length, without collusion and in good faith within the meaning of section 363(m) of the Bankruptcy Code, and such parties are entitled to the protections of section 363(m) of the Bankruptcy Code;

(iv) a determination that selling the Acquired Assets free and clear of all Liens other than Permitted Liens is in the best interest of each Seller's Estate; and

(v) that Purchaser shall not assume any Liabilities except as expressly provided herein.

(b) If the Approval Order or any other orders of the Bankruptcy Court relating to this Agreement shall be appealed by any person (or a petition for certiorari or motion for rehearing or reargument shall be filed with respect thereto), each party hereto agrees to use commercially reasonable efforts to obtain an expedited resolution of such appeal; provided, however, that nothing herein shall preclude the parties hereto from

consummating the Transactions if the Approval Order shall have been entered and has not been stayed in which event Purchaser shall be able to assert the benefits of §363(m) of the Bankruptcy Code.

#### 6.4 Access to Facilities, Personnel, and Information.

(a) Prior to the Closing, each Seller shall permit representatives of Purchaser to have reasonable access during regular business hours and upon reasonable notice, and in a manner so as not to interfere with the normal business operations of such Seller, to management personnel of Sellers and to all premises, property, books, records (including Tax records), Contracts, and documents of or pertaining to the Business which are under such Seller's control (provided that any representatives of Purchaser shall be subject to the confidentiality obligations under the Confidentiality Agreement or otherwise agree in writing to be bound by the terms of such Confidentiality Agreement applicable to Purchaser thereunder).

(b) From the Closing Date through and including the second anniversary of the Closing Date, Purchaser shall grant each Seller, each Trustee, and their respective representatives reasonable access to the books and records transferred to Purchaser pursuant to this Agreement during regular business hours and upon reasonable notice for the purpose of allowing such Seller or its successor, such Trustee, or their respective representatives to perform the duties necessary for the liquidation of each Debtor's Estate. To the extent reasonable required by any Seller, Purchaser shall make one or more of the Transferred Employees available to such Seller to assist in such Seller's wind-down of its Estate provided that such access does not unreasonably interfere with the conduct of the Business by Purchaser.

6.5 **Further Assurances.** At the Closing, Sellers shall, upon Purchaser's request, execute and deliver to Purchaser such other instruments of transfer as shall be reasonably necessary to vest in Purchaser title to the Acquired Assets and such other instruments as shall be reasonably necessary to evidence the assignment by Sellers and assumption by Purchaser of the Assigned Contracts, and each of Sellers, on the one hand, and Purchaser, on the other hand, shall use its commercially reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary under applicable Law, and execute and deliver such instruments and documents and to take such other actions, as may be required to consummate the Transactions at or after the Closing; provided that nothing in this Section 6.5 shall prohibit Sellers from ceasing operations or winding up their affairs following the Closing. In furtherance and not in limitation of the foregoing, in the event that any of the Acquired Assets shall not have been conveyed at Closing, Sellers shall use commercially reasonable efforts to convey such Acquired Assets to Purchaser as promptly as practicable after the Closing.

#### 6.6 Employee Matter.

(a) At the Closing, Purchaser shall make, or shall cause an Affiliate of Purchaser to make, an offer of employment to each of the employees of ADL identified on Schedule 6.6(a) on terms substantially equivalent to their current terms of employment by ADL. Except as otherwise provided in the immediately preceding

sentence, Purchaser (or any Designated Entity) may (but is not obligated to) make offers of ongoing or short-term employment to any employee of a Seller in Purchaser's sole discretion (such employees who are hired by Purchaser or a Designated Entity, the "Transferred Employees"). Each Seller shall terminate the employment of all Transferred Employees employed by such Seller as of immediately prior to the Closing and reasonably assist Purchaser (or any Designated Entity) to effect the change of employment of such Transferred Employees as of the Closing in an orderly fashion. Purchaser's obligations under this Agreement are not conditioned upon any particular employees agreeing to employment with Purchaser. Sellers hereby agree that Purchaser's (or any Designated Entity's) employment of any Transferred Employee shall not violate the rights of any Seller or any of their Affiliates with respect to any noncompetition or similar restriction otherwise applicable to any Transferred Employee.

(b) The Sellers and Purchaser agree that with respect to the Transferred Employees, pursuant to the "Alternate Procedure" provided in Section 5 of Revenue Procedure 2004-53, with respect to the filing and furnishing of IRS Forms W-2, W-3, W-4 and W-5 and 941, (i) each Seller shall report, and Purchaser shall report, on a "predecessor-successor" basis as set forth therein, (ii) each Seller shall be relieved from furnishing Forms W-2 to Transferred Employees for the current calendar year, and (iii) Purchaser shall assume the obligations of each Seller to furnish such forms to such Transferred Employees for the full current calendar year; provided, that Seller timely provides Purchaser with all necessary payroll records for 2018.

(c) Except as otherwise expressly provided in Section 6.6(a), nothing in this Agreement shall constitute any commitment, Contract or understanding (expressed or implied) of any obligation on the part of Purchaser (or any Designated Entity) to a post-Closing employment relationship of any fixed term or duration or upon any terms or conditions other than those that Purchaser (or a Designated Entity) may establish pursuant to individual offers of employment.

(d) Nothing in this Agreement shall be deemed to prevent or restrict in any way the right of Purchaser (or a Designated Entity) to terminate, reassign, promote or demote any of the Transferred Employees after the Closing or to change adversely or favorably the title, powers, duties, responsibilities, functions, locations, salaries, future benefits, other compensation or terms or conditions of Purchaser's (or Designated Entity's) employment of such employees.

#### **6.7 Tax Matters.**

(a) All sales, use, transfer, stamp, conveyance, value added or other similar Taxes, duties, excises or governmental charges imposed by any Tax authority, domestic or foreign, and all recording or filing fees, notarial fees and other similar costs of Closing will be borne by Purchaser.

(b) Purchaser and Sellers agree to allocate the Purchase Price among the Acquired Assets for tax purposes as provided in Schedule 6.7(b). Purchaser and Sellers shall each file all Tax returns (and IRS Form 8594, if applicable) on the basis of such

allocation, as it may be amended with their mutual written consent, and no party shall thereafter take a Tax return position inconsistent with such allocation unless such inconsistent position shall arise out of or through an audit or other inquiry or examination by the Internal Revenue Service or other Governmental Body responsible for Taxes.

(c) Sellers acknowledge and agree that they are US Persons within the meaning of Internal Revenue Code Section 1445.

**6.8 Transaction-Related Documents.** In light of the fact that all Transaction-Related Documents are Excluded Assets, and notwithstanding any other provision hereof, each Seller and its designated representative shall have the right to cause the removal of any and all Transaction-Related Documents which may exist in any of the files of such Seller or on any of its computer systems. The parties hereto acknowledge that notwithstanding the foregoing, certain Transaction-Related Documents may inadvertently be or remain resident in the files or computer systems of a Seller following the Closing. Accordingly, Purchaser covenants and agrees that it shall not seek to access, review or copy any of such Transaction-Related Documents which may remain in any of the files of a Seller or on any of its computer systems, including its back-up, business continuity or archive systems, at any time, and shall promptly delete or destroy any of such Transaction-Related Documents of which it may become aware. In addition, at the written request of any Seller from time to time for so long as the Chapter 11 Case shall not have been discharged, Purchaser shall permit any Seller and its designated representatives reasonable access to Purchaser's facilities and systems, including its back-up, business continuity or archive systems, upon reasonable notice and during business hours, as necessary to access Transaction-Related Documents or other Acquired Assets for the limited purpose of removing or destroying any such Transaction-Related Documents or otherwise taking action necessary or appropriate in connection with the Chapter 11 Case, and shall cooperate with any Seller in connection therewith, and each Seller agrees to exercise such right in a manner reasonably designed to protect the confidentiality of Purchaser's information and to minimize interference with the operation of its business.

**6.9 Designation of Additional Excluded Assets or Assigned Contracts.** At any time prior to Closing, Purchaser may update Schedule 2.1(e)(i), effective upon delivery to Hobbico of written notice thereof, to remove or add any Contract identified on an earlier version thereof, in which case such Contract shall not be an Assigned Contract or will be an additional Listed Contract (which additional Listed Contract will become an Assigned Contract subject to any applicable requirements under the Bankruptcy Code applicable thereto). Further, at any time prior to Closing, Purchaser may designate any other asset of a Seller to be an Excluded Asset, but any such designation of an additional Excluded Asset shall be disregarded for purposes of calculating the Working Capital Adjustment. To the extent that (a) any Seller shall incur any cost or expense following the date hereof with respect to any Contract (i) which was initially listed on Schedule 2.1(e)(i), and (ii) which Purchaser subsequently elect to remove from Schedule 2.1(e)(i) as provided herein, and (b) such cost or expense could have been avoided if such Seller had rejected such Contract on the date hereof, Purchaser shall promptly reimburse such Seller for such cost or expense in immediately available funds promptly following such Seller's delivery to Purchaser of written notice thereof together with reasonable documentary evidence thereof.

**6.10 Duty to Turn Over Certain Payments Post-Closing.** If after Closing, any Seller or any of its lenders receives or collects, including pursuant to any lockbox arrangement, any amounts with respect to any Acquired Assets, including without limitation with respect to any Accounts Receivable included in the Acquired Assets, such payments will be held in trust by such Seller or such lender, and such party will not have any rights with respect thereto, and Sellers will (and will cause their lenders to) promptly pay over such received payment to Purchaser. Prior to Closing, Sellers and Purchaser shall enter into an agreement with Sellers' senior secured lender regarding termination of lockbox or similar arrangements as of Closing in accordance with customary practices with respect thereto.

**6.11 Purchase and Sales Orders.** Until the Closing Date no Seller shall (a) issue or become bound a purchase order for the sale of any goods or services on or after the date hereof other than in the ordinary course of the Business and consistent with past practice, or (b) accept or otherwise be bound by any sales order for the sale of goods or services other than in the ordinary course of the Business and consistent with past practice. Further, during such period, without Purchaser's prior written consent in each instance, no Seller shall make a prepayment under any purchase order if such prepayment would increase the Prepaid Purchase Order Amount under Section 2.6(a)(i), and in connection requesting such consent, a Seller shall identify the proposed vendor, the goods or services to be purchased, the purchase price and amount to be prepaid.

**6.12 Break-Up Fee.**

(a) Subject to approval of the Bankruptcy Court, Sellers shall pay the Break-Up Fee to Purchaser or, if applicable in accordance with Section 6.12(b), cause the Break-Up Fee to be paid to Purchaser, if and only if (i) Purchaser is not the winning bidder for the Acquired Assets, and does not purchase the Acquired Assets as the "Backup Bidder" in accordance with the Bidding Procedures Order, or (ii) one or more of the Sellers shall consummate an Alternative Transaction; provided that Purchaser shall not be entitled to such Break-Up Fee if Purchaser has materially breached its obligations under this Agreement.

(b) The Break-Up Fee shall be promptly paid by wire transfer of immediately available funds to an account designated in writing by Purchaser. If applicable, the Break-Up Fee shall be paid directly to Purchaser out of the purchase price paid by the winning bidder for all or substantially all of the Acquired Assets at closing of such winning bid's purchase, and Seller shall cause such payment to be made as a term of such winning bidder's purchase transaction.

(c) Purchaser's claim in respect to the Break-Up Fee shall constitute a super-priority administrative claim, senior to all other administrative claims against Seller, as administrative expenses under Sections 503, 507, 363 and 364 of the Bankruptcy Code in the Chapter 11 Case bankruptcy proceeding; except that the Break-Up Fee shall be subordinate to the Carve-Out and the administrative expense claims granted to, or in respect of, the Secured Parties and the Aggregate Debt (as each of such terms in this proviso are defined in the DIP Financing Order) pursuant to the DIP Financing Order.

- (d) Each of the parties acknowledges that:
- (i) the agreements set forth in this Section 6.12 are an integral part of the transactions contemplated by this Agreement;
  - (ii) the Break-Up Fee is not a penalty, but rather liquidated damages in a reasonable amount that will compensate Purchaser in the circumstances in which the Break-Up Fee is payable for the efforts and resources expended by Purchaser and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transaction contemplated hereby, which amount otherwise would be impossible to calculate with precision;
  - (iii) Purchaser would not have entered into this Agreement in the absence of the Sellers' obligations to pay or cause to be paid the Break-Up Fee; and
  - (iv) to the extent that all amounts due in respect to the Break-Up Fee have not actually been paid to Purchaser, Purchaser shall have additional recourse against Sellers for any liabilities relating to or arising from this Agreement.

#### **6.13 Transition Services Agreement.**

(a) Sellers and Purchaser agree to negotiate in good faith prior to Closing the terms of a transition services agreement (the "Transition Services Agreement") among Sellers and Purchaser, which may address transition matters as mutually agreed, provided that any such transition services to be provided thereunder (i) will be at fully burdened cost, as commercially reasonably determined, but without a profit markup, (ii) will not require Purchaser (without its prior written consent) to provide any transition services that are beyond the scope and type of services that a Seller provided to its business units or Affiliates prior to the commencement of the Chapter 11 Case, or for a period beyond ninety (90) days after the Closing Date, or (iii) impose any material liability on Seller (other than for its intentional misconduct by Purchaser) with respect to any transition services.

(b) The Transition Services Agreement may also require Purchaser to provide services on the terms referenced above to a purchaser or purchasers of Excluded Assets or of assets of Sellers' Affiliates receiving (or providing, as applicable) transition services, all as mutually agreed. Without limiting the generality of the foregoing, Purchaser acknowledges that one or more Sellers may have entered into or may hereafter enter into one or more transition services agreements with one or more third party purchasers of some or all of such Seller's or its Affiliates' assets which are not Acquired Assets, pursuant to which a Seller may undertake to provide to such third party certain transition services of the type referenced above for a period of time not to exceed ninety (90) days commencing on the date of such sale (but not beyond six months from Closing) for which certain of the Acquired Assets are required (such as IT systems). At Hobbico's written request delivered to Purchaser during such period, Purchaser shall not

unreasonably withhold its consent to a request by Hobbico for any such third party purchaser to become a party to the Transition Services Agreement (or, if Purchaser so consents, which consent will not be unreasonably withheld, for Purchaser to assume the obligations of any such Seller under any such transition services agreement with a third party provided that the terms thereof impose no greater obligations on Purchaser than those set forth in the Transition Services Agreement.

**6.14 Completion of Schedules.** Purchaser and Sellers acknowledge that, notwithstanding anything to the contrary set forth herein, as of the date of the execution of this Agreement the Schedules intended to be attached hereto have yet to be finalized and attached hereto. Accordingly, Purchaser and Sellers covenant and agree that they shall act reasonably and in good faith to assure that all such Schedules shall be completed and agreed upon no later than 11:00 a.m. Central Time on Tuesday, March 27, 2018, as evidenced by the mutual written agreement of such parties.

**6.15 Certain Post-Closing Payments by Sellers.** Sellers covenant and agree that from the Purchase Price paid at Closing, (a) Sellers will set aside a sufficient amount of funds, and will pay within thirty (30) days after Closing those trade payables of Sellers related to the Business arising after the Initial Petition Date (with respect to any Seller other than ADL) or after the ADL Petition Date (solely with respect to ADL) and prior to the Closing, and (b) Sellers shall pay the compensation owing to employees of the Business which is accrued and unpaid as of the Closing Date in the ordinary course of business in accordance with its normal payroll practices, except as may otherwise be required under applicable state law, subject to any applicable limitations under the Bankruptcy Code.

## ARTICLE VII TERMINATION; EFFECT OF TERMINATION

**7.1 Termination.** This Agreement may, by notice given prior to or at the Closing be terminated:

- (a) by mutual consent of Purchaser and Sellers;
- (b) by either Purchaser or Sellers:

(i) if the Bankruptcy Court rules that it does not approve this Agreement for any reason or if a Governmental Body issues a final, non-appealable ruling or Final Order permanently prohibiting the Transactions, *provided, however*, that the right to terminate this Agreement pursuant to this Section 7.1(b)(i) shall not be available to any party whose breach of any of its representations, warranties, covenants or agreements contained herein results in such ruling or Final Order;

(ii) if the Closing shall not have occurred by the close of business on May 15, 2018 (the "Outside Date"); *provided* that the right to terminate this Agreement pursuant to this Section 7.1(b)(ii) shall not be available to any party whose breach of any of its representations, warranties, covenants or agreements

contained herein results in the failure of the Closing to be consummated by such time;

(iii) if (A) the Sale Hearing is not held on or before April 15, 2018, 2018; *provided, however*, if the Sale Hearing is delayed due to the Bankruptcy Court's unavailability, the next Business Day on which the Bankruptcy Court is available, or (B) the Bankruptcy Court has not entered the Approval Order on or before April 16, 2018; *provided, however*, if approval of the Approval Order is delayed due to the Bankruptcy Court's unavailability, the next Business Day on which the Bankruptcy Court is available;

(iv) if the Approval Order is vacated; or

(v) if Sellers (A) file any stand-alone plan of reorganization or liquidation that does not contemplate, the implementation or consummation of, the Transactions or (B) consummate an Alternative Transaction, including the transfer of the Acquired Assets to the Successful Bidder; or

(c) by Purchaser:

(i) in the event of any breach by any Seller of any of its material agreements, covenants, representations or warranties contained herein that would result in the failure of a condition set forth in Article III to be satisfied, and the failure of Sellers to cure such breach by the earlier of (A) the Outside Date, and (B) the date that is ten (10) days after receipt of a Purchaser Termination Notice; *provided, however*, that (1) Purchaser is not in breach of any of its representations, warranties, covenants or agreements contained herein in a manner that would result in the failure of a condition set forth in Article III to be satisfied, (2) Purchaser notifies Sellers in writing (the "Purchaser Termination Notice") of its intention to exercise its rights under this Section 7.1(c)(i) as a result of the breach, and (3) Purchaser specifies in the Purchaser Termination Notice the representation, warranty, covenant or agreement contained herein of which Sellers are allegedly in breach and the specific facts giving rise to such allegation of breach;

(ii) if the Chapter 11 Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code and neither such dismissal nor conversion expressly contemplates the consummation of the Transactions; or

(iii) if any conditions to the obligations of Purchaser set forth in Article III shall have become permanently incapable of fulfillment other than as a result of a breach by Purchaser of any covenant or agreement contained in this Agreement; or

(d) by Sellers:

(i) except as provided in Section 7.1(d)(ii), in the event of any breach by Purchaser of any of its agreements, covenants, representations or warranties

contained herein that would result in the failure of a condition set forth in Article III to be satisfied, and the failure of Purchaser to cure such breach by the earlier of (A) the Outside Date, and (B) the date that is ten (10) days after receipt of the Sellers Termination Notice; *provided, however*, that Sellers (1) are not themselves in material breach of any of their representations, warranties, covenants or agreements contained herein, (2) notify Purchaser in writing (a “*Sellers Termination Notice*”) of their intention to exercise their rights under this Section 7.1(d)(i) as a result of the breach, and (3) specify in the Sellers Termination Notice the representation, warranty, covenant or agreement contained herein of which Purchaser is allegedly in breach and the specific facts giving rise to such allegation of breach; or

(ii) if the Approval Order with respect to the Transactions has been entered and is not subject to any stay on enforcement and (A) Sellers have provided Purchaser with written notice that they are prepared to consummate the Transactions, (B) the conditions to Closing in Article III have been satisfied (or waived by Purchaser), other than those conditions that by their nature can only be satisfied at Closing, and (C) the Closing Date does not occur within three (3) Business Days of Sellers providing Purchaser with such notice.

**7.2 Effect of Termination.** If this Agreement is terminated pursuant to Section 7.1, then (a) Purchaser shall have no Liability or obligations under this Agreement except for the possible forfeiture of the Deposit on the terms and conditions set forth in Section 7.3, and (b) Sellers shall not have any Liabilities under this Agreement other than the payment of the Break-Up Fee if and to the extent provided in Section 6.12 and to cause the return of the Deposit, provided, however, that the obligations in Section 8.2 shall survive.

**7.3 Deposit.** If Sellers terminate this Agreement pursuant to Section 7.1(d)(i) with respect to a breach by Purchaser, then the Deposit (together with any interest and income thereon) shall be forfeited to Sellers (as Sellers’ sole and exclusive remedy with respect thereto). If this Agreement is terminated pursuant to Section 7.1 for any other reason, the Deposit (together with any interest and income thereon) shall be returned to Purchaser.

## ARTICLE VIII GENERAL PROVISIONS

**8.1 “As Is”, “Where Is”, and “With all Faults” Transaction.** PURCHASER ACKNOWLEDGES AND AGREES THAT, EXCEPT AS EXPRESSLY PROVIDED IN ARTICLE IV, SELLERS MAKE NO REPRESENTATIONS OR WARRANTIES WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO ANY MATTER RELATING TO THE ACQUIRED ASSETS, INCLUDING (A) FINANCIAL PROJECTIONS, REVENUES, PROFITS OR INCOME TO BE DERIVED OR COSTS OR EXPENSES TO BE INCURRED IN CONNECTION WITH THE ACQUIRED ASSETS, (B) THE PHYSICAL CONDITION OF ANY ACQUIRED ASSETS, (C) THE ENVIRONMENTAL CONDITION OR OTHER MATTERS RELATING TO THE PHYSICAL CONDITION OF THE REAL PROPERTY, (D) THE ZONING OF THE REAL PROPERTY, (E) THE VALUE OF THE ACQUIRED ASSETS OR ANY PORTION THEREOF, (F) THE TRANSFERABILITY OF THE

ACQUIRED ASSETS, (G) THE TERMS, AMOUNT, VALIDITY OR ENFORCEABILITY OF ANY ASSUMED LIABILITIES, (H) TITLE TO ANY OF THE ACQUIRED ASSETS OR ANY PORTION THEREOF, (I) THE MERCHANTABILITY OR FITNESS OF THE ACQUIRED ASSETS OR ANY PORTION THEREOF FOR ANY PARTICULAR PURPOSE, OR (J) ANY OTHER MATTER OR THING RELATING TO THE ACQUIRED ASSETS OR ANY PORTION THEREOF. PURCHASER ACKNOWLEDGES THAT PURCHASER HAS CONDUCTED AN INDEPENDENT INSPECTION AND INVESTIGATION OF THE PHYSICAL CONDITION OF ALL ACQUIRED ASSETS AND ALL SUCH OTHER MATTERS RELATING TO OR AFFECTING THE ACQUIRED ASSETS AS PURCHASER DEEMS NECESSARY OR APPROPRIATE AND THAT IN PROCEEDING WITH ITS ACQUISITION OF THE ACQUIRED ASSETS, EXCEPT FOR ANY REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN SECTION IV, 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.”

**8.2 Transaction Expenses.** Except as expressly provided for herein, each party shall pay all fees, costs and expenses incurred by it with respect to this Agreement, whether or not the Transactions are consummated.

**8.3 Certain Interpretive Matters and Definitions.** Unless the context requires, (a) references to the plural include the singular and references to the singular include the plural, (b) references to any gender includes the other gender, (c) the words “include,” “includes” and “including” do not limit the preceding terms or words and shall be deemed to be followed by the words “without limitation”, (d) the terms “hereof”, “herein”, “hereunder”, “hereto” and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement, and (e) all references to Sections, Articles, Exhibits or Schedules are to Sections, Articles, Exhibits or Schedules of or to this Agreement.

**8.4 Termination of Representation and Warranties.** The representations and warranties of the parties set forth in this Agreement shall terminate and be of no further force or effect after the Closing.

**8.5 Amendment.** This Agreement may be amended or modified in whole or in part at any time by an agreement in writing among the parties.

**8.6 Waiver.** The waiver by a party of a breach of any covenant, agreement, condition or undertaking contained herein shall be made only by a written waiver in each case. No waiver of any breach of any covenant, agreement, condition or undertaking contained herein shall operate as a waiver of any prior or subsequent breach of the same covenant, agreement, condition or undertaking or as a waiver of any breach of any other covenant, agreement, condition or undertaking.

**8.7 Notices.** All notices, request and other communications hereunder will be deemed to have been duly given if delivered personally, by an established overnight delivery company, or by certified or registered mail, postage prepaid, return receipt requested as follows:

If to any Seller: Mr. Thomas O'Donoghue  
Chief Restructuring Officer  
c/o Hobbico, Inc.  
2904 Research Road  
Champaign, Illinois 61822

with a copy to: Bruce A. Fox, Esq.  
Neal, Gerber & Eisenberg LLP  
2 North LaSalle Street, Suite 1700  
Chicago, Illinois 60602

If to Purchaser: Mr. Joseph M. Ambrose, CEO  
Horizon Hobby, LLC  
4105 Fieldstone Road  
Champaign, IL 61822

with a copy to: Fredrikson & Byron, P.A.  
200 South Sixth Street, Suite 4000  
Minneapolis, MN 55402  
Attention: Clint Cutler; Simon Root

or to such other address as may hereafter be designated by a party by the giving of notice in accordance with this Section 8.7. All notices, request or other communications shall be deemed given when actually delivered personally or by an established overnight delivery company or upon actual receipt if delivered by certified or registered mail, postage prepaid, return receipt requested.

**8.8 Jurisdiction.** The parties agree that the Bankruptcy Court shall retain exclusive jurisdiction to resolve any controversy or claim arising out of or relating to this Agreement or the implementation or breach hereof.

**8.9 Governing Law.** To the extent not governed by the Bankruptcy Code, this Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to rules governing the conflict of laws.

**8.10 Damages.** NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, NO PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, EXEMPLARY, SPECIAL, INDIRECT OR PUNITIVE DAMAGES (INCLUDING LOST PROFITS, LOSS OF PRODUCTION OR OTHER DAMAGES ATTRIBUTABLE TO BUSINESS INTERRUPTION) ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT.

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

**8.12 Severability.** If any provision of this Agreement shall be held invalid, illegal or unenforceable, in whole or in part, the validity, legality, and enforceability of the remaining part

of such provision, and the validity, legality and enforceability of all other provisions hereof or thereof, shall not be affected thereby.

**8.13 Titles and Headings.** Titles and headings of sections of this Agreement are for convenience of reference only and shall not affect the construction of any provision of this Agreement.

**8.14 Assignment; Successors and Assigns.** This Agreement and the rights, duties and obligations hereunder may not be assigned by any party without the prior written consent of the other party, and any attempted assignment without consent shall be void. Subject to this Section 8.14, this Agreement and the provisions hereof shall be binding upon each of the parties, their successors and permitted assigns.

**8.15 No Third-Party Rights.** The parties do not intend to confer any benefit hereunder on any Person other than the parties hereto.

**8.16 Confidentiality Agreement.** The parties acknowledge that, except as otherwise provided herein, the Confidentiality Agreement dated as of [●], between Purchaser and Hobbico shall remain in full force and effect during the term specified therein. Notwithstanding the foregoing, the parties further acknowledge that, effective as of the Closing, the provisions of the Transition Service Agreement may address the parties' obligations thereunder regarding confidentiality, including as to the Business and the Excluded Business.

**8.17 Entire Agreement.** This Agreement, the Ancillary Agreements and the Confidentiality Agreement constitute the entire agreement between the parties regarding the subject matter hereof and no extrinsic evidence whatsoever may be introduced in any proceeding involving this Agreement, the Ancillary Agreements or the Confidentiality Agreement.

**8.18 Execution of this Agreement.** This agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement. The exchange of copies of this Agreement and of signature pages by electronic transmission shall constitute effective execution and delivery of this Agreement as to the parties and may be used in lieu of the original Agreement for all purposes. Signatures of the parties transmitted by electronic transmission shall be deemed to be their original signatures for all purposes.

*(Signatures appear on following page)*

IN WITNESS WHEREOF, the parties have caused their duly authorized officers to execute this Agreement as of the date and year first written above.

**SELLERS:**

HOBBICO, INC., an Illinois corporation

By: Thomas S. O'Donoghue Jr.  
Name: Thomas S. O'Donoghue, Jr.  
Title: Chief Restructuring Officer

TOWER HOBBIES, INC., an Illinois corporation

By: Thomas S. O'Donoghue Jr.  
Name: Thomas S. O'Donoghue, Jr.  
Title: Chief Restructuring Officer

GREAT PLANES MODEL MANUFACTURING, INC., an Illinois corporation

By: Thomas S. O'Donoghue Jr.  
Name: Thomas S. O'Donoghue, Jr.  
Title: Chief Restructuring Officer

AXIAL R/C, INC., a California corporation

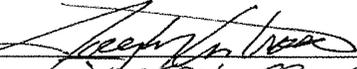
By: Thomas S. O'Donoghue Jr.  
Name: Thomas S. O'Donoghue, Jr.  
Title: Chief Restructuring Officer

ARRMA DURANGO LIMITED, a company organized under the laws of the United Kingdom

By: Thomas S. O'Donoghue Jr.  
Name: Thomas S. O'Donoghue, Jr.  
Title: Chief Restructuring Officer

**PURCHASER:**

HORIZON HOBBY, LLC a Delaware limited liability company

By:   
Name: JOSEPH M. AMBROSE  
Title: CEO

**DISCLOSURE SCHEDULES**

by and among

**HOBBICO, INC.**  
**TOWER HOBBIES, INC.**  
**GREAT PLANES MODEL MANUFACTURING, INC.**  
**AXIAL R/C INC.**  
**ARRMA DURANGO LIMITED**

as Sellers

and

**HORIZON HOBBY, LLC**

as Purchaser

**as of March 23, 2018**

## SCHEDULES

Schedule 1.1(i)	Champaign Owned Real Estate
Schedule 1.1(ii)	Specified Commercial Tort Claims
Schedule 2.1(e)(i)	Certain Listed Contracts
Schedule 2.1(e)(ii)	Open Purchase Orders
Schedule 2.2(a)	Traxxas Alleged Infringing Assets
Schedule 2.2(b)	Excluded Inventory
Schedule 2.2(c)	Excluded Accounts Receivable
Schedule 2.2(d)	Excluded Equipment
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Schedule 2.2(v)	Certain Other Excluded Assets
Schedule 2.6(a)(i)	Prepaid Purchase Order Amount
Schedule 4.3	No Defaults
Schedule 4.4	Other Seller Consents
Schedule 6.6(a)	ADL Employees
Schedule 6.7(b)	Purchase Price Allocation Schedule

**SCHEDULE 1.1(i)**

**Champaign Owned Real Estate**

**PARCEL 1**

Units 1, 2, 3, 4, 5, 6, 7 and 8 of 3000 North, an industrial condominium, as delineated on the survey attached as Exhibit "B" to the Declaration of Condominium recorded December 30, 1981 in Book "Z" at Page 200 as Document 81R19434, as amended from time to time, together with its undivided percentage interest in the common elements, situated in Champaign County, Illinois.

Permanent Index Numbers:

41-14-35-100-032 (Affects Unit 1)  
41-14-35-100-033 (Affects Unit 2)  
41-14-35-100-034 (Affects Unit 3)  
41-14-35-100-035 (Affects Unit 4)  
41-14-35-100-036 (Affects Unit 5)  
41-14-35-100-037 (Affects Unit 6)  
41-14-35-100-038 (Affects Unit 7)  
41-14-35-100-039 (Affects Unit 8)

**PARCEL 2**

That part of the Northwest  $\frac{1}{4}$  of the Southwest  $\frac{1}{4}$  and the Southwest  $\frac{1}{4}$  of the Northwest  $\frac{1}{4}$  of Section 35, Township 20 North, Range 8 East of the Third Principal Meridian, in Champaign County, Illinois, described as follows:

Commencing at the Southwest corner of the North  $\frac{1}{2}$  of the North  $\frac{1}{2}$  of the Southwest  $\frac{1}{4}$  of Section 35, Township 20 North, Range 8 East of the Third Principal Meridian in Champaign County, Illinois; thence North 00 degrees 38 minutes West along the West line of said Section 35, a distance of 432.01 feet; thence North 89 degrees 22 minutes East a distance of 585.60 feet; thence North 0 degrees 38 minutes West a distance of 30.00 feet to Point A, the true point of beginning; thence North 89 degrees 22 minutes East, a distance of 200.00 feet; thence North 0 degrees 38 minutes West a distance of 435.60 feet; thence South 89 degrees 22 minutes West a distance of 200.00 feet; thence South 0 degrees 38 minutes East a distance of 435.60 feet to the point of beginning, in Champaign County, Illinois.

Permanent Index Number: 41-14-35-303-001

**PARCEL 3**

The South 435.60 feet of Interstate Research Park Lot 16 Subdivision, as recorded in Plat Book “Z”, Page 26, in the Recorder’s Office of Champaign County, Illinois, situated in the City of Champaign, County of Champaign, State of Illinois.

Permanent Index Number: 41-14-35-303-002

**PARCEL 4**

Lot 2 of Replat of Interstate Research Park Lot 15 Subdivision, except Portion “A” thereof, as per plat recorded January 23, 2003 as Document No. 2003R3446, in Champaign County, Illinois.

Permanent Index Number: 41-14-35-100-088

**PARCEL 5**

The North 380.80 feet of the South 816.40 feet of Interstate Research Park Lot No. 16, in Champaign County, Illinois, except the West 200 feet thereof, in Champaign County, Illinois.

Permanent Index Number: 41-14-35-100-047

**PARCEL 6**

A tract of land being a part of Interstate Research Park Lot No. 16 in Champaign County, Illinois, described as follows:

Beginning at the Southeast corner of Lot E of a subdivision of part of Interstate Research Park Lot 16; thence South 89 degrees 22 minutes 00 seconds West 300.03 feet along the South line of said Lot E and the South line of Lot D of a subdivision of part of Interstate Research Park Lot No. 16 to the true point of beginning; thence South 89 degrees 22 minutes 00 seconds West 200.34 feet along the South line of said Lot D to the East right-of-way line of Research Road; thence South 00 degrees 41 minutes 46 seconds East 380.90 feet along the East right-of-way line of Research Road to a point being 435.60 feet North of the North Right-of-Way line of Interstate Drive; thence North 89 degrees 20 minutes 32 seconds East 200.00 feet parallel with the North right-of-way line of Interstate Drive to a point being 300.03 feet West of the East line of Lot 16 of Interstate Research Park Lot 16; thence North 00 degrees 38 minutes 42 seconds West 380.81 feet parallel to the East line of Lot 16 of Interstate Research Park Lot 16 to the true point of beginning.

Permanent Index Number: 41-14-35-100-068

**SCHEDULE 1.1(ii)**

**Specified Commercial Tort Claims**

Any and all Commercial Tort Claims of Sellers and their respective successors and assigns (or any of them) arising out of, or related to, that certain litigation between Hobbico, Inc. and Arrma Durango Ltd., on the one hand as defendants, and Traxxas, L.P., on the other hand as plaintiff, filed in the District Court for the Eastern District of Texas (Marshall Division), Case No. 2:16-cv-768-JRG-RSP, and any other litigation with Traxxas, L.P. or any of its affiliates (collectively, the "Traxxas Litigation").

Any and all Commercial Tort Claims of Sellers and their respective successors and assigns (or any of them) arising out of, or related to, any Seller's failure to (i) schedule in that certain Third Amended and Restated Credit Agreement, dated as of July 11, 2014 (the "Credit Agreement") among Sellers, certain of their Affiliates, Wells Fargo Bank, National Association, a national banking association, in its capacity as administrative agent (the "Administrative Agent"), and certain lenders thereunder (the "Lenders"), and any other Loan Documents (as such term is defined in the Credit Agreement), (ii) disclose or otherwise make Administrative Agent and the Lenders (or any of them) aware of, or (iii) take other required action under the Loan Documents due to the existence of, the Traxxas Litigation, or any action or omission of any director, officer, employee, agent, or representative of any Seller in connection therewith or relating thereto.

**SCHEDULE 2.1(e)(i)****Certain Listed Contracts**

<b>DEBTOR CONTRACT ID</b>	<b>NON-DEBTOR COUNTERPARTY</b>
1009	KNIFE EDGE SOFTWARE (KES)
1011	LOCKHEED MARTIN CORPORATION
1012	ASSOCIATED INTEGRATED SUPPLY CHAIN SOLUTIONS
1013	DIGITAL COPY SYSTEMS, LLC
1015	BAZAAR VOICE
1022	THE WEAK SIGNALS R/C CLUB
1023	COSCO SHIPPING LINES CO, LTD
1040	ITCANFLY, LLC
1042	NO COAST DESIGN LLC
1043	CUMMINS CROSSPOINT LLC
1045	AVAYA
1050	ASSOCIATED INTEGRATED SUPPLY CHAIN SOLUTIONS
1051	ASSOCIATED INTEGRATED SUPPLY CHAIN SOLUTIONS
1052	ASSOCIATED INTEGRATED SUPPLY CHAIN SOLUTIONS
1053	MAXON
1054	MAXON
1055	MAXON
1056	TRUSTWAVE HOLDINGS
1057	ARPEGGIO SOFTWARE
1058	TOWNSEND SECURITY
1059	DELL
1060	DELL
1061	ACRONIS

1062	OPENTEXT
1063	LRS
1064	DELL
1065	DELL
1067	DELL
1068	SCHNIDER ELECTRIC
1069	CISCO/SHI
1070	VERITAS
1071	REDSKY
1072	MICROTEL
1073	SHI
1074	CISCO/CDW
1075	MICROSOFT
1076	COGNOS PIER 1/SERVERBEACH
1077	DELL
1088	AVAYA
1079	BARRACUDA
1080	SHI
1081	TRENDMICRO
1083	STRATEGIC MOBILITY GROUP
1085	DELL
1086	VEEAM
1087	DELL
1088	AVAYA
1093	CARDINAL COMMERCE
4001	CARDINAL COMMERCE
5001	DOCRAPTOR
5002	ESET
5003	GS1 UK
5004	NET THREAT
5005	PIB INSURANCE BROKERS
5006	PLUSNET TECHNOLOGIES LTD
5007	SCOTTISH WIDOWS
5008	SIMPLY HEALTH
5009	SMITH COOPER SYSTEM PARTNERS
5010	TAMWORTH OFFICES LIMITED
5011	UK2
5012	VITALITY HEALTH INSURANCE
6001	ALDERSON FAMILY TRUST
6002	ALDERSON FAMILY TRUST

6005	JAKE HALLENBECK
6006	GENERAL MOTORS LLC
6007	CURRIE ENTERPRISES/CASEY CURRIE MOTORSPORTS
6008	FELD MOTOR SPORTS, INC.
6009	GENERAL MOTORS LLC
6010	AIRCRAFT RUBBER MANUFACTURING, INC. D/B/A FUEL SAFE SYSTEMS
6011	AOE4X4 / AMERICAN OVERLAND EXPEDITION
6012	AREA BFE
6013	BAJA DESIGNS INC.
6014	BOMBARDIER RECREATIONAL PRODUCTS INC. ("BRP)
6015	BULLDOG WINCH COMPANY LLC
6016	CBM MOTORSPORTS LLC
6017	CBR PERFORMANCE PRODUCTS INC.
6018	CHASSIS UNLIMITED INC.
6019	CONTINENTAL TIRE THE AMERICAS, LLC
6020	DANA LIMITED
6021	EATON CORPORATION
6022	ENERSYS AFFILIATED COMPANIES,
6023	FINISH LINE MARKETING/HAWK PERFORMANCE
6024	HANKOOK TIRE AMERICA CORP.
6025	ICON VEHICLE DYNAMICS
6026	JCR OFFROAD INC.
6027	KAMM INDUSTRIES INC. D/B/A PRP SEATS
6028	KING SHOCK TECHNOLOGY, INC.
6029	MAGNAFLOW
6030	MAXIMUM TRANSMISSIONS INC.
6031	MAXXIS INTERNATIONAL
6032	MAXXIS INTERNATIONAL
6033	MIDWEST TRUCK AND AUTO PARTS INC. D/B/A MOTIVE GEAR
6034	NAVICO INC.
6035	NITRO GEAR AND AXLE
6036	NOTCH CUSTOMS LLC
6037	OVERLAND JOURNAL
6038	PCI RACE RADIOS INC.
6039	POISON SPYDER CUSTOMS INC.
6040	PRECISION DESIGNS "SPOD"
6041	PRO COMP INC.
6042	RANCHO DRIVETRAIN ENGINEERING INC.
6043	RIGID INDUSTRIES
6044	RUBICON EXPRESS INC.
6045	SUMITOMO RUBBER INDUSTRIES, LTD.
6046	THE KHATEL

6047	TRAIL READY PRODUCTS LLC
6048	TREK ARMOR INC.
6049	WALKER EVANS RACING
6050	WHEELPROS LLC
6051	WILWOOD ENGINEERING
6052	WURTON LLC
6053	YOTAMASTERS INC.
6054	HAMMERKING PRODUCTIONS, INC./ULTRA4 RACING TOUR
6055	SCORE INTERNATIONAL
6056	BOMBER FABRICATION
6057	SMART SYSTEMS TECHNOLOGIES
6058	CENTURY BUSINESS SOLUTIONS
6059	CENTURY BUSINESS SOLUTIONS
6061	SAGE

]

**SCHEDULE 2.1(e)(ii)**

**Open Purchase Orders**

A full digital file of open purchase orders, labeled as Schedule 2\_1eii Open Purchase Orders 032618.xls, dated as of a date which is no more than 7 days prior to the date of execution hereof, and organized by vendor, is being separately provided to Purchaser as **Schedule 2.1(e)(ii)**.

**SCHEDULE 2.2(a)****Traxxas Alleged Infringing Assets**

<b><u>SKU</u></b>	<b><u>Accused Instrumentality</u></b>
AR320169	Radio/Receiver Box Sets
AR320248	Radio/Receiver Box Sets
AR320011	Radio/Receiver Box Sets
AR106009	Nero 6S BLX
AR106011	Nero 6S BLX
AR106017	Nero Big Rock 6S BLX
AR106020	Fazon 6S BLX
AR102602	RAIDER MEGA BRSHD NIMH
AR102656	RAIDER MEGA BRSHD NIMH
AR102601	VORTEKS MEGA BRSHD NIMH
AR102655	VORTEKS MEGA BRSHD NIMH
AR102603	GRANITE MEGA BRSHD NIMH
AR102604	GRANITE MEGA BRSHD NIMH
AR102657	GRANITE MEGA BRSHD NIMH
AR102605	FURY MEGA WITH NIMH
AR102606	FURY MEGA WITH NIMH
AR102651	FURY MEGA WITH NIMH
AR102613	RAIDER BLS WITH NIMH
AR102614	RAIDER BLS WITH NIMH
AR102611	VORTEKS BLS WITH NIMH
AR102612	VORTEKS BLS WITH NIMH
AR102615	GRANITE BLS WITH NIMH
AR102616	GRANITE BLS WITH NIMH
AR102617	FURY BLS WITH NIMH
AR102618	FURY BLS WITH NIMH
AR102660	AR102660 GRANITE BLX W/O BATT
AR106002	TYPHON 6S BLX 1/8 4WD RTR
AR106013	TYPHON 6S BLX 1/8 4WD RTR
AR106015	KRATON 6S BLX 1/8 4WD RTR
AR106018	KRATON 6S BLX 1/8 4WD RTR
AR106014	TALION 6S BLX 1/8 RTR
AR102654	SENTON 6S 4WD SC BLX
AR106007	SENTON 6S 4WD SC BLX
AR106021	AR106021 OUTCAST TRK SLVR
AR102646	RAIDER XL BLX W/4600
AR102626	GRANITE BLX W/NIMH
AR102627	FURY BLX 2WD W/NIMH
AR102661	2016 FURY BLX W/O BATT RTR
AR106005	KRATON 6S BLX 1/8 4WD RTR
AR106006	KRATON 6S BLX 1/8 4WD RTR

AR106003	TALION 6S BLX 1/8 RTR
AR106027	OUTCAST 6S STUNT TRK 1/8 4WD
AR102642	1/8 RAIDER XL MEGA 2WD
AR102662	RAIDER XL BLX W/O BATT 2WD RTR
DIDE02BB	Dromida Ominus
DIDE02RR	Dromida Ominus
DIDE02YY	Dromida Ominus
DIDE03BB	Dromida Vista UAV
DIDE03GG	Dromida Vista UAV
DIDE03RR	Dromida Vista UAV
DIDE03WW	Dromida Vista UAV
DIDE04NN	Dromida Vista FPV
DIDE04YY	Dromida Vista FPV
DIDE04BB	Dromida Vista FPV
DIDE04GG	Dromida Vista FPV
DIDE05BB	Dromida XL UAV
DIDE05GG	Dromida XL UAV
DIDE05RR	Dromida XL UAV
DIDE05NN	Dromida XL UAV
DIDE06BB	Dromida XL FPV
DIDE06GG	Dromida XL FPV
DIDE06RR	Dromida XL FPV
DIDE06NN	Dromida XL FPV
AR340092	Steering Parts Set
DIDE1183	LED Arm Covers
DIDE1184	LED Arm Covers
DIDE1185	LED Arm Covers
DIDE1186	LED Arm Covers
DIDM1110	E-Boards
DIDM1111	E-Boards
DIDM1112	E-Boards
DIDM1113	E-Boards
DIDM1214	E-Boards
DIDM1215	E-Boards

**SCHEDULE 2.2(b)**

**Excluded Inventory**

A full digital file of the Excluded Inventory, labeled as Schedule 2\_2b Excluded Inventory 032618.xls, dated as of a date which is no more than 7 days prior to the date of execution hereof, and organized by SKU numbers, is being separately provided to Purchaser as **Schedule 2.2(b)**.

**SCHEDULE 2.2(c)****Excluded Accounts Receivable**

<b>Intercompany Receivables</b>							
<b>Div + Customer #</b>	<b>Div</b>	<b>Customer #</b>	<b>Customer Name</b>	<b>Amt. Due</b>	<b>Due Date</b>	<b>Inv. #</b>	<b>Invoice Date</b>
GP 6173	GP	6173	REVELL GMBH	(\$10.98)	0001-01-01	R534620	1/5/17
UM 9000	UM	9000	UNITED MODEL	\$63.28	3/23/18	7892721	2/21/18
UM 9000	UM	9000	UNITED MODEL	\$20.54	3/31/18	7893976	3/1/18
UM 9000	UM	9000	UNITED MODEL	\$24.64	3/31/18	7894058	3/1/18
UM 9876	UM	9876	ESTES-COX CORPORATION	\$171.36	3/9/18	A024086	2/7/18
UM 9876	UM	9876	ESTES-COX CORPORATION	(\$1.20)	0001-01-01	C033122	11/2/15
UM 9876	UM	9876	ESTES-COX CORPORATION	(\$0.02)	0001-01-01	C034402	7/19/17
UM 9876	UM	9876	ESTES-COX CORPORATION	(\$0.30)	0001-01-01	C034453	9/18/17
UM 9876	UM	9876	ESTES-COX CORPORATION	(\$1,019.95)	0001-01-01	C034537	11/2/17
UM 9876	UM	9876	ESTES-COX CORPORATION	\$171.38	2/16/18	7889220	1/17/18

All of the rights, claims and defenses available to the Sellers and their respective successors and assigns (or any of them) arising out of or relating to accounts receivable from TTSolutions Inc. or Thunder Tiger Corporation, each of Taiwan (collectively, “TTS”) in existence as of the Initial Petition Date (the “Pre-Petition TTS Receivables”) are subject to the terms of that certain letter dated March 21, 2018 from Hobbico to TTS (the “TTS Critical Vender Letter”).

**SCHEDULE 2.2(d)****Excluded Equipment**

1. All of the Equipment located at 1606 North Beverly Drive, Urbana, Illinois.
2. All of the Equipment located at 704 West Bradley Avenue, Urbana, Illinois.
3. All of the Equipment located at 706 West Bradley Avenue, Urbana, Illinois.
4. All of the following additional Equipment:

**GPMM (North end of building at 3002 Apollo Drive, Champaign, Illinois)**

<b>Qty</b>	<b>Desc</b>
185	22 ft. High Frames
1442	96" Pallet Rack Beams
2	Small Set of Lockers
1	PC & Printer
13	Homemade Older Work Surfaces
1	Several Rubber Floor Mats
7	Revolving (electrical) Manufacturing Tables
22	4-Foot Sections of Small Parts Racking
1	Fax Machine
80	Ft of Powered Belt Conveyor

**Revell (Mid section of building at 3002 Apollo Drive, Champaign, Illinois)**

2	3-M Case Sealers
349	22 ft Frames
40	Ft Powered Conveyor with API Overwrap and Heat Tunnel
4456	96" Pallet Rack Beams
1	Raymond SA Turret Lift with Charger
1	Raymond Order Picker Lift with Charger
1	Double Electric Pallet Jacks
3	Sets of Medium Employee Lockers
4	PC's
1	Time Clock
1	Ice dispenser
1	Refrigerator
1	Toyota Electric Pallet Jack
1	Entire Small Package Manifest System
2	Network Printers
1	Skate Conveyor
1	Small Package Ball Scale
12	Hand Pallet Jacks
2	Equipto Dock Tables
1	Landtech Pallet Wrapper

**UM (South end of building at 3002 Apollo Drive, Champaign, Illinois)**

- 2762 96" Pallet Rack Beams
- 70 Pallet Rack Frames
- 11 Equipto 8 Ft Work Station with Side Storage for Packing Boxes
- 1 Powered conveyor

**Atkins Group Property located at 3002 Apollo Drive, Champaign, Illinois**

- 20 96" Pallet Rack Beams
- 350 Pallet Rack Frames

**SCHEDULE 2.2(g)****Excluded Bank Accounts**

<b>ACCOUNT HELD BY</b>	<b>LAST FOUR DIGITS OF ACCOUNT</b>	<b>BANK</b>	<b>ADDRESS</b>	<b>TYPE OF ACCOUNT</b>
Hobbico, Inc.	8089	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Master Operating Account (Disbursements)
Hobbico, Inc.	4929	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Controlled Disbursement Account
Hobbico, Inc.	5253	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Master Collection Account
Hobbico, Inc.	8063	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Reno, NV Account w/DACA
Hobbico, Inc. (Reno, NV)	0831	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Controlled Disbursement Account
Hobbico, Inc.	7442	Busey Bank	502 W. Windsor Rd. Champaign, IL 61820	Checking
Hobbico, Inc.	3793	JPMorgan Chase Bank, N.A.	201 W. University Ave. Champaign, IL 61820	Checking
Axial R/C Inc.	8014	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Collection Account w/DACA
Axial R/C Inc.	6798	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Operating Account
Axial R/C Inc.	8166	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Controlled Disbursement Account

<b>ACCOUNT HELD BY</b>	<b>LAST FOUR DIGITS OF ACCOUNT</b>	<b>BANK</b>	<b>ADDRESS</b>	<b>TYPE OF ACCOUNT</b>
Great Planes Model Manufacturing, Inc.	8055	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Collection Account w/DACA
Great Planes Model Manufacturing, Inc.	7842	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Operating Account
Great Planes Model Manufacturing, Inc.	0856	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Controlled Disbursement Account
Tower Hobbies, Inc.	8022	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Collection Account w/DACA
Tower Hobbies, Inc.	8030	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Omni Collection Account w/DACA
Tower Hobbies, Inc.	8048	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Hobby Shippers Account w/DACA
Tower Hobbies, Inc.	7826	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Operating Account
Tower Hobbies, Inc.	0849	Wells Fargo, N.A.	P.O. Box 63020 San Francisco, CA 94163	Controlled Disbursement Account
Arrma Durango Ltd.	8068	Lloyds Bank	20, Belvoir Road Coalville LE67 3QH	UNITED KINGDOM Operating –

Arrma Durango Ltd.	7839	Lloyds Bank	20, Belvoir Road Coalville LE67 3QH	UNITED KINGDOM	Operating –
Arrma Durango Ltd.	6416	Lloyds Bank	20, Belvoir Road Coalville LE67 3QH	UNITED KINGDOM	Operating –

**SCHEDULE 2.2(v)**

**Certain Other Excluded Assets**

All of the rights, claims and defenses available to the Sellers and their respective successors and assigns (or any of them) arising out of, or related to, that certain litigation between Hobbico, Inc. and Arrma Durango Ltd., on the one hand as defendants, and Traxxas, L.P., on the other hand as plaintiff, filed in the District Court for the Eastern District of Texas (Marshall Division), Case No. 2:16-cv-768-JRG-RSP, and any other litigation with Traxxas, L.P. or any of its affiliates (collectively, the "Traxxas Litigation").

All of the rights, claims and defenses available to the Sellers and their respective successors and assigns (or any of them) arising out of, or related to, the United States and foreign patents and other intellectual property which are the subject of the Traxxas Litigation, including without limitation all such rights, claims and defenses which have been or could hereafter be raised in an *inter partes* review ("IPR") procedure conducted before the United States Patent Trial and Appeal Board ("PTAB").

**SCHEDULE 2.6(a)(i)****Prepaid Purchase Order Amount**Prepaid Purchase Order Amount (As of  
March 23)

AXIAL	AXI	\$ 300,000
FUTABA CORP.	FUT	\$ 347,798
ZHEJIANG FEISHEN VEHICLE IND CO.	FS1	\$ 243,219
YITIANFU ELECTRONICS TECH.CO. LTD	YE1	\$ 237,445
BSD RACING TECH. CO. LTD	BR1	\$ 147,601
ANFA COMPANY LTD (PHOENIX MODEL)	PMM	\$ 142,953
LOUISE RC WORLD	LR2	\$ 140,723
MILE HAO XIANG TECHNOLOGY CO.,LTD	DLE	\$ 96,270
SHENZHEN GREPOW BATTERY CO. LTD.	SG1	\$ 67,953
ESTES INDUSTRIES	EST	\$ 62,349
REVELL INC	RMX	\$ 43,817
ITALERI SPA	ITA	\$ 40,961
ADVANCED AVIONICS LTD.	AA1	\$ 28,599
ZHUHAI EFFORT IMPORT & EXPORT CO.	ZH1	\$ 28,454
HASEGAWA CORPORATION	HSG	\$ 27,070
HOVER MODEL PRODUCTS CO. LTD.	HM1	\$ 18,011
HIGH HOPE ZHONGTIAN CORPORATION	HH1	\$ 17,441
GREAT PLANES MODEL MANUFACTURING	GPM	\$ 12,615
TTSOLUTIONS, INC.	TT1	\$ 12,166
HOBBY SQUADRON	HSQ	\$ 10,169
CYS MODEL TECHNOLOGY CO., LTD	CY1	\$ 10,146
SUNRAY TECHNOLOGY COMPANY	SR1	\$ 7,740
DONWEI MACHINERY IND. CO., LTD	DNW	\$ 5,026
AMENCO ENTERPRISES	AMN	\$ 1,463
SHENZHEN HUBSAN TECH. CO. LTD.	HF1	\$ 739
ROBART MANUFACTURING COMPANY	ROB	\$ 333
		<hr/>
		\$ 2,051,057

**SCHEDULE 4.3**

**No Defaults**

None

**SCHEDULE 4.4**

**Other Seller Consents**

None

**SCHEDULE 6.6(a)**

**Transferred Employees**

All of the following persons are employees of ADL, to be offered employment by Purchaser effective as of the Closing on terms substantially equivalent to their current terms of employment by ADL:

Jason Dearden	Managing Director
Robert Hopkins	General Manager
Adam Skelding	Mechanical & Test Engineer
Jami Jones	Designer
Matt Harlow	Systems and Data Manager
Penny Ball	Management Accountant (Part-time, 5.5 days per month)
Paul Robinson	Graphic Designer
Chris Doughty	Senior project coordinator
Ben Cosgrove	Senior project coordinator
Hijaz Hussein	Designer
Wojciech Nodzykowski	Senior Mechanical Engineer (now a sub-contractor)
Fabien Simonini	Design Engineer
Stewart Noble	Photographer/Graphic Designer
Jeffrey Morgan	Management Accountant (Part-time, 8 days per month)
James Ambrose	Customer Support coordinator

**SCHEDULE 6.7(b)****Purchase Price Allocation**

The Purchase Price will be allocated among the Acquired Assets in accordance with the following principles for income tax purposes:

<b>Asset Class</b>	<b>General Description*</b>	<b>Allocation</b>
Class I	Bank accounts, cash and general deposit accounts	N/A
Class II	Certificates of deposit, foreign currency, US Government securities and publicly traded securities	N/A
Class III	Mark to market assets and debt instruments, including accounts receivable	Face value net of credits
Class IV	Inventories	Net book value thereof.
Class V	Property, equipment and other assets not in other Classes	-Equipment: The net book value thereof -Real Estate: Balance of the Purchase Price
Class VI	Section 197 Intangible Assets other than Goodwill	None
Class VII	Goodwill	None