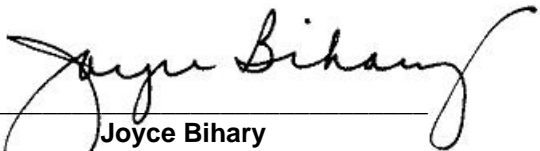




IT IS ORDERED as set forth below:

Date: July 29, 2011


Joyce Bihary
U.S. Bankruptcy Court Chief Judge

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

-----X	
In re:	: Chapter 11
	: :
NAPA HOME AND GARDEN, Inc.,	: Case No. 11-69828-JB
	: :
Debtor.	: Ref: Dkt. No. 7, 42
-----X	

ORDER AUTHORIZING AND APPROVING PURSUANT TO SECTIONS 105, 363 AND 365 OF THE BANKRUPTCY CODE, THE (I) SALE OF THE DEBTOR'S ASSETS OUTSIDE THE ORDINARY COURSE OF BUSINESS, FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS, (II) ASSET PURCHASE AGREEMENT PURSUANT THERETO, (III) ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES RELATED THERETO, AND (IV) GRANTING RELATED RELIEF

This matter came before the Court upon the motion (the "**Sale Motion**")¹ of Napa Home and Garden, Inc. as debtor and debtor-in-possession (the "**Debtor**") pursuant to sections 105(a), 363 and 365 of chapter 11 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006 and

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Sale Motion and/or the Agreement, as applicable.

9014, for, *inter alia*, the entry of this Sale Order authorizing and approving the (i) Sale of the Acquired Assets out of the ordinary course of business, free and clear of all liens, claims, encumbrances and interests; (ii) the assumption of the asset purchase agreement, as amended, (the “**Agreement**”) (attached hereto as **Exhibit A**) with Teters Floral Products Inc. (“**Teters**”), and (iii) the assumption and assignment of certain executory contracts and unexpired leases (the “**Assumed Contracts**”) by the Debtor to Teters pursuant to the Agreement. The Court previously held a Bid Procedures Hearing on July 12, 2011, which was continued to and concluded on July 13, 2011, on the Auction and Bidding Procedures and related relief, and entered the Bidding Procedures Order on July 13, 2011 [Docket No. 42], among other things, (i) authorizing the Debtor to solicit offers for the Acquired Assets and conduct an Auction in accordance with the terms and conditions of the Auction and Bidding Procedures, and (ii) setting July 29, 2011, at 10:00am (EST) as the Sale Hearing. On July 19, 2011, Karen Fagin White was appointed as Chapter 11 Trustee (the “Trustee”) and the Trustee has pursued the Sale Motion. Following the Auction and the selection of Teters as the Winning Bidder (as defined in the Auction and Bidding Procedures), the Court conducted the Sale Hearing on July 29, 2011.

After reviewing the Sale Motion and hearing the arguments of counsel made, and the evidence adduced, at the Bidding Procedures Hearing and the Sale Hearing, the Court finds as follows:

Jurisdiction, Final Order and Statutory Predicate

A. The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings

of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. This Court has jurisdiction over the Sale Motion and the transactions contemplated thereby (the “**Transactions**”) pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M) and (O). Venue in this district is proper under 28 U.S.C. §§ 1408 and 1409.

C. The statutory predicates for the relief requested in the Sale Motion are Bankruptcy Code sections 105, 363 and 365 and Bankruptcy Rules 2002, 6004, 6006 and 9014.

D. Proper, timely, adequate, sufficient, and appropriate notice of the Sale Motion, the Auction and Sale, the assumption and assignment of the Assumed Contracts, and the Sale Hearing has been provided in accordance with sections 102(1), 363(b) and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 9006, and 9007, and in compliance with the Bidding Procedures Order. No other or further notice of the relief sought with respect thereto is necessary or shall be required.

The Sale is Appropriate

E. The Trustee has demonstrated a sufficient basis and compelling circumstances to pursue the Agreement, sell the Acquired Assets under section 363 of the Bankruptcy Code, and assume and assign the Assumed Contracts to Teters under section 365 of the Bankruptcy Code, and such action is an appropriate exercise of the Trustee’s sound business judgment and in the best interests of the estate and creditors. Such business reasons include, but are not limited to, the fact that (i) there is substantial risk of deterioration of the value of the Acquired Assets if the Sale is not consummated quickly; (ii) the Agreement constitutes the highest or best offer for the Acquired Assets; (iii) the Agreement and the Closing (as defined in

the Agreement) provide the best opportunity to realize the value of the Debtor's assets on a going concern basis and avoid decline and devaluation of the Business; and (iv) unless the Sale is concluded expeditiously as provided in the Sale Motion and pursuant to the Agreement, potential creditor recoveries may be substantially diminished.

Highest and Best Offer

F. The Debtor and the Trustee conducted the Proposed Sale Process for the Acquired Assets as set forth in the Sale Motion and in accordance with the Bidding Procedures Order. The Auction process set forth in the Bidding Procedures Order and the Auction and Bidding Procedures afforded a full and fair opportunity for entities to submit higher and better offers to purchase the Acquired Assets. Based upon the record of these proceedings, all creditors and other parties in interest and all potential bidders have been afforded a reasonable and fair opportunity to bid for the Acquired Assets.

G. Three (3) qualified bids were timely received and an Auction was held on July 26, 2011. After more than 70 separate increased bids, the Trustee selected Teters as the highest and best bid. The total consideration provided by Teters for the Acquired Assets is the highest and best offer received by the Trustee, and the Purchase Price constitutes (a) reasonably equivalent value under the Bankruptcy Code and the Uniform Fraudulent Transfer Act, (b) fair consideration under the Uniform Fraudulent Conveyance Act, and (c) reasonably equivalent value, fair consideration and fair value under any other applicable laws of the United States, any state, territory or possession, or the District of Columbia, for the Acquired Assets.

Good Faith Purchaser

H. The Agreement and the transactions contemplated thereby have been negotiated between the Debtor (and the Trustee) and Teters in good faith, at arm's length and

without collusion. The terms and conditions of the Agreement, including the total consideration to be realized by the Trustee pursuant to the Agreement, are fair and reasonable, and the Transactions are in the best interest of the estate and creditors.

I. Teters is a “good faith purchaser” entitled to the full benefits and protections of section 363(m) of the Bankruptcy Code with respect to the sale and assignment of the Acquired Assets and the Transactions.

J. The Debtor (and Trustee) and Teters have not engaged in any conduct that would cause or permit the Agreement or the consummation of the Transactions to be avoided, or costs or damages to be imposed, under section 363(n) of the Bankruptcy Code. Teters is not an “insider” as such term is defined in section 101(31) of the Bankruptcy Code. Teters is entitled to all the protections and immunities of section 363(n) of the Bankruptcy Code. Teters will be acting in good faith pursuant to section 363(n) of the Bankruptcy Code in consummating the Transactions at any time on or after entry of this Sale Order, and sufficient cause has been shown as to why this Sale Order should not be subject to the stay provided by Bankruptcy Rules 6004(h) and 6006(d).

Corporate Authority and Consents

K. Counsel for Teters has represented that Teters has full corporate power and authority to execute and deliver the Agreement and consummate the Transactions and to perform all of its respective obligations thereunder. The sale and assignment of the Acquired Assets has been duly and validly authorized by all corporate authority of Teters necessary to consummate the Transactions. The Trustee is authorized to pursue and accomplish the sale and assignment.

L. In accordance with section 365 of the Bankruptcy Code, including sections 365(b)(1) and 365(f)(2), Teters has the wherewithal, financial and otherwise, to perform all of its obligations under the Agreement and is able to provide adequate assurance of future performance to the non-debtor counterparties to the Assumed Contracts when and if requested.

Validity of Transfer, Free and Clear of Liens and Interests

M. The transfer of the Acquired Assets to Teters pursuant to the Agreement is legal and valid, and vests or will vest in Teters good and marketable title, in all of the Debtor's former right, title and interest in the Acquired Assets.

N. The sale of the Acquired Assets, including the assumption and assignment of the Assumed Contracts, to Teters vests or will vest Teters with all right, title and interest formerly of the Debtor to the Acquired Assets free and clear of all Liens, with such Liens to attach to the consideration to be received by the Trustee in the same priority and subject to the same defenses and avoidability, if any, as of the Closing. Teters would not enter into the Agreement to acquire the Acquired Assets if the sale of the Acquired Assets were not free and clear of all Liens. A sale of the Acquired Assets other than one free and clear of all Liens and claims would adversely impact the estate, and would yield substantially less value for the estate, with less certainty than the Sale. Therefore, the Sale contemplated by the Agreement is in the best interests of the estate and creditors, and all other parties in interest.

O. The Trustee may sell and assign the Acquired Assets free and clear of all Liens, because, with respect to each creditor asserting a Lien, one or more of the standards set forth in Bankruptcy Code sections 363(f)(1)-(5) has been satisfied. Those holders of Liens who did not object or who withdrew their objections to the Sale, the Transactions or the Notice of Assignment and Cure are deemed to have consented to the Sale Motion and Sale and assignment

of the Acquired Assets to Teters pursuant to Bankruptcy Code section 363(f)(2). Those holders of Liens who did object fall within one or more of the other subsections of Bankruptcy Code section 363(f) and are adequately protected by having their Liens, if any, attach to the proceeds of the Transactions ultimately attributable to the Acquired Assets in which such holders allege a Lien, in the same order of priority, with the same validity, force and effect that such holder had prior to the Transaction, and subject to any claims and defenses the Trustee and the estate may possess with respect thereto.

P. Teters shall have no obligations with respect to any liabilities of the Debtor other than those liabilities or obligations expressly assumed under the Agreement and identified as the “Assumed Obligations.”

Miscellaneous Findings

Q. The sale and assignment of the Acquired Assets outside of a plan of reorganization pursuant to the Agreement neither impermissibly restructures the rights of the Debtor’s creditors nor impermissibly dictates the terms of a liquidating plan of reorganization. The Transactions do not constitute a *sub rosa* chapter 11 plan.

R. The Transactions contemplated under the Agreement do not amount to a consolidation, merger or *de facto* merger of Teters and the Debtor and/or the estate, there is not substantial continuity between Teters and the Debtor, there is no common identity between the Debtor and Teters, there is no continuity of enterprise between the Debtor and Teters, Teters is not a mere continuation of the Debtor or the estate, and Teters does not constitute a successor to the Debtor or the estate. Other than the Assumed Obligations, Teters shall have no “successor liability” or other obligation with respect to any liability or other asset not specifically included

as an Acquired Asset of the Debtor, including, without limitation, the Excluded Inventory (collectively, the “*Excluded Obligations*”).

S. The consummation of the Sale and Transactions is legal, valid and properly authorized under all applicable provisions of the Bankruptcy Code, including without limitation Bankruptcy Code sections 105(a), 363(b), 363(f), 363(m), 365(b)(1) and 365(f)(2) and all of the applicable requirements of such sections have been or will be complied with in respect of the Transactions as of the effective date of assignment.

Waiver of Stay

T. The Sale to Teters must be approved and consummated promptly in order to maximize the value of the estate. Time is of the essence in consummating the Sale as quickly as possible. Accordingly, ample cause exists to lift the 14-day stay, to the extent required under Bankruptcy Rule 6004(h) and/or 6006(d).

U. The Transactions contemplated by the Agreement are in the best interests of the estate, creditors, interest holders and all other parties in interest herein; and it is therefore,

ORDERED, ADJUDGED AND DECREED THAT:

1. The relief requested in the Sale Motion is granted, subject to the terms and conditions contained herein.

2. All objections and responses to the Sale Motion that have not been overruled, withdrawn, waived, settled, continued, or resolved, and all reservations of rights included therein, are hereby overruled and denied.

3. Notice of the Sale Hearing was fair and equitable under the circumstances and complied in all respects with section 102(1) of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006.

4. The Court's findings of fact and conclusions of law in the Bidding Procedures Order, including the record of the Bidding Procedures Hearing, are incorporated herein by reference.

5. The Agreement and the Transactions are hereby approved, and the Trustee is hereby authorized and empowered and directed to enter into, and to perform its obligations under, the Agreement.

6. Teters is hereby granted and is entitled to all of the protections provided to a good faith purchaser under section 363(m) of the Bankruptcy Code. Pursuant to section 363(m) of the Bankruptcy Code, if any or all of the provisions of this Sale Order are hereafter reversed, modified, or vacated by a subsequent order of this Court or any other court, such reversal, modification, or vacatur shall not affect the validity and enforceability of any sale, transfer or assignment under the Agreement or obligation or right granted pursuant to the terms of this Sale Order (unless stayed pending appeal); and notwithstanding any reversal, modification or vacatur shall be governed in all respects by the original provisions of this Sale Order or the Agreement, as the case may be.

7. The Sale approved by this Sale Order is not subject to avoidance pursuant to section 363(n) of the Bankruptcy Code.

8. The Trustee is authorized to fully perform under, consummate, and implement the terms of the Agreement.

9. The Trustee is further authorized and empowered to cause to be filed with the secretary of state of any state or other applicable officials of any applicable governmental units, any and all certificates, agreements, or amendments necessary or appropriate to effectuate the transactions contemplated by the Agreement, any related agreements and this Sale Order,

including amended and restated certificates or articles of incorporation and by-laws or certificates or articles of amendment, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable governmental units or as any of the officers of the Debtor may determine are necessary or appropriate. The execution of any such document or the taking of any such action shall be, and hereby is, deemed conclusive evidence of the authority of such person to so act.

10. Except to the extent specifically provided in the Agreement, effective as of the Closing (a) the sale of the Acquired Assets (including the assignment of the Assumed Contracts) by the Trustee to Teters shall constitute a legal, valid and effective transfer of the Acquired Assets notwithstanding any requirement for approval or consent by any person, and vests Teters with all right, title and interest formerly of the Debtor in and to the Acquired Assets, free and clear of all Liens and claims pursuant to section 363(f) of the Bankruptcy Code, whether imposed by agreement, understanding, law, equity or otherwise, with all such Liens and claims to attach only to the proceeds of the sale of the Acquired Assets with the same priority, validity, force, and effect as they now have in or against the Acquired Assets, and (b) the assumption of any Assumed Obligations by Teters (on the terms and conditions set forth in the Agreement) constitutes a legal, valid and effective delegation of any Assumed Obligations to Teters and divests the Debtor and the estate of all liability with respect to any Assumed Obligations.

11. The Sale Motion shall be deemed to provide sufficient notice as to the Sale of the Acquired Assets free and clear of all Liens and claims and the assignment of the Assumed Contracts in accordance with Rule 6004 and 6006 of the Bankruptcy Rules. Following the Closing, no holder of any claim against the Debtor or holder of any Lien or claim on the Acquired Assets may interfere with Teter's use and enjoyment of the Acquired Assets based on

or related to such Lien or claim, or any actions that the Debtor or Trustee may take in the Chapter 11 case, and no interested party may take any action to prevent, interfere with or otherwise enjoin consummation of the Transactions.

12. Teters has not assumed and is not otherwise obligated for any of the Debtor's liabilities other than the Assumed Obligations and as otherwise expressly set forth in the Agreement and this Sale Order. Consequently, all persons, Governmental Units (as defined in sections 101(27) and 101(41) of the Bankruptcy Code) and all holders of claims or Liens, based upon or arising out of liabilities retained by the Debtor shall have no claim against Teters or the Acquired Assets, including, but not limited to, any setoff, right of subrogation or recoupment of any kind.

13. The provisions of this Sale Order authorizing the sale and assignment of the Acquired Assets free and clear of Liens and/or claims and the Excluded Obligations, shall be self-executing, and neither the Trustee nor Teters shall be required to execute or file releases, termination statements, assignments, consents, or other instruments in order to effectuate, consummate and implement the provisions of this Sale Order.

14. Each and every federal, state, and local governmental agency or department is hereby authorized to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Agreement and this Sale Order.

15. To the greatest extent available under applicable law, Teters shall be authorized, as of the Closing Date (as defined in the Agreement), to operate under any license, permit, registration, and any other governmental authorization or approval of the Debtor with respect to the Acquired Assets and the Assumed Contracts, and all such licenses, permits,

registrations, and governmental authorizations and approvals are deemed to have been, and hereby are, directed to be transferred to Teters as of the Closing Date.

16. Upon the occurrence of the Closing, this Sale Order shall be considered and constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Acquired Assets acquired by Teters under the Agreement and/or a bill of sale or assignment transferring indefeasible title and interest in the Acquired Assets, including the Assumed Leases, to Teters.

17. Teters is not and shall not be deemed a “successor” to the Debtor or the estate as a result of the consummation of the Transactions contemplated by the Agreement or any other event occurring in the chapter 11 case under any theory of law or equity, and Teters shall not assume, nor be deemed to assume, or in any way be responsible for any liability or obligation of the Debtor and the estate including, but not limited to, any bulk sales law, successor liability, liability or responsibility for any claim or cause of action (including, without limitation, any tort claim or personal injury claim) against the Debtor or against an insider of the Debtor, or similar liability, and the Sale Motion contains sufficient notice of such limitation. The sale of the Acquired Assets (and the assumption and assignment of the Assumed Obligations and Assumed Contracts by Teters) and the Transactions approved hereby, will not cause Teters to be deemed a successor in any respect to the Debtor. In the event that Teters elects to be treated as a successor employer under section 3121(a)(1) of the Internal Revenue Code, or makes an election to assume, on an employee by employee basis, immigration-related liabilities with respect to former employees of the Debtor hired by Teters, Teters shall not by reason of any such election be deemed to have assumed any other liabilities or to be a successor for any other purpose.

18. Except as otherwise expressly provided in the Agreement, all persons or entities, presently or on or after the Closing Date, in possession of some or all of the Acquired Assets are directed to surrender possession of the Acquired Assets to Teters on the Closing Date or at such time thereafter as Teters may request.

19. In accordance with section 365 of the Bankruptcy Code, including sections 365(b)(1) and 365(f)(2), Teters has the wherewithal, financial and otherwise, to perform all of its obligations under the Agreement and Teters is able to provide adequate assurance of future performance to non-debtor counterparties to the Assumed Contracts when and if requested.

20. Any provision in any Assumed Contract that purports to declare a breach or default as a result of a change of control in respect of the Debtor is unenforceable, and all Assumed Contracts shall remain in full force and effect, without existing default(s), subject only to payment by Teters of the appropriate cure amount (if any) as set forth on Exhibit E to the Sale Motion.

21. The Assumed Contracts shall, by assumption by the Trustee and assignment to Teters, be deemed to be valid and binding and in full force and effect and enforceable in accordance with their terms, and, pursuant to section 365(k) of the Bankruptcy Code, the Debtor and estate shall be relieved from any liability under such Assumed Contracts occurring after such assignment, including any liability for any breach thereof occurring after such assignment.

22. The Trustee shall promptly file and serve applicable non-debtor counterparties to the Debtors' contracts and leases by first class mail, a copy of (i) a schedule of Assumed Contracts setting forth those executory contracts and unexpired leases of the Debtor

which are being assumed and assigned to Teters and (ii) a schedule of Cure Payments under such Assumed Contracts. The notice shall be plain and conspicuous, and provide for a 21-day period during which any third party objection must be filed or be waived. The form of the above filing shall be reasonably acceptable to Purchaser.

23. If a timely objection is received to the assumption and assignment notice and/or Cure Payment indicated therein, and such objection cannot otherwise be resolved by the parties, the Court will hear such objection at a date to be set by the Court.

24. Teters reserves the right to withdraw its request to have a contract assigned in the event any objection to an assignment is not resolved to Teters' satisfaction.

25. Nothing in this Sale Order shall interfere with the applicability of the Anti-Assignment Act, 41 U.S.C. §§ 15 *et seq.* or otherwise affect the rights of the United States under the Act.

26. To the extent provided by section 525 of the Bankruptcy Code, no governmental unit may revoke or suspend any permit or license relating to the operation of the Acquired Assets sold, transferred or conveyed to Teters on account of the filing or pendency of this Chapter 11 case or the consummation of the Transactions contemplated by the Agreement.

27. Other than the Assumed Obligations or as otherwise provided in the Agreement or this Sale Order, Teters shall have no obligations with respect to any liabilities of the Debtor, including, without limitation, the Excluded Obligations.

28. Subject to the terms of the Agreement, the Agreement and any related agreements may be waived, modified, amended, or supplemented by written consent between the Trustee and Teters, without further action or order of the Court; provided, however, that any such waiver, modification, amendment, or supplement is not material and substantially conforms to,

and effectuates, the Agreement and any related agreements and provided, further, that any such waiver, modification, amendment or supplement is filed with the Court. The Trustee and Teters are expressly authorized, without further order of the Court, to execute an amendment to the Agreement, to provide for the Closing to occur on one or more Closing Dates so long as such amendment to the Agreement is filed with the Court. Any material modification, amendment, or supplement to the Agreement must be approved by order of the Court following a motion on notice to all interested parties.

29. The failure specifically to include any particular provisions of the Agreement or any related agreements in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court, the Trustee and Teters that the Agreement and any related agreements are authorized and approved in their entirety with such amendments thereto as may be made by the parties in accordance with this Sale Order prior to the Closing.

30. This Sale Order and the Agreement shall be binding upon and govern the acts of all persons and entities, including without limitation, the Debtor and Teters, their respective successors and permitted assigns, including, without limitation, the Chapter 11 Trustee appointed for the Debtor's estate or any trustee appointed in a chapter 7 case if this case is converted from chapter 11, all creditors of the Debtor (whether known or unknown), filing agents, filing officers, title agents, recording agencies, secretaries of state, and all other persons and entities who may be required by operation of law, the duties of their office or contract, to accept, file, register, or otherwise record or release any documents or instruments or who may be required to report or insure any title in or to the Acquired Assets.

31. This Sale Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing. Any stay of this Sale Order, to the extent applicable under Bankruptcy Rule 6004 and/or 6006, is hereby waived.

32. The automatic stay pursuant to section 362 of the Bankruptcy Code is hereby lifted with respect to the Debtor to the extent necessary, without further order of this Court, to allow Teters to deliver any notice provided in the Agreement and to allow Teters to take any and all actions permitted and contemplated under the Agreement in accordance with the terms and conditions thereof.

33. This Sale Order shall inure to the benefit of Teters, the Debtor, and their respective successors and assigns, including, without limitation, any chapter 11 or chapter 7 trustee that has been or may be appointed in the Debtor's case, and shall be binding upon any trustee, party, entity or fiduciary that may be appointed in connection with these cases or any other or further case involving the Debtor, whether under chapter 7 or chapter 11 of the Bankruptcy Code.

34. This Court shall retain exclusive jurisdiction to enforce the terms and provisions of this Sale Order, the Bidding Procedures Order, and the Agreement in all respects and to decide any disputes concerning this Sale Order and the Agreement, or the rights and duties of the parties hereunder or thereunder or any issues relating to the Agreement and this Sale Order including, but not limited to, the interpretation of the terms, conditions and provisions hereof and thereof, the status, nature and extent of the Acquired Assets and any contracts and leases, whether assumed or not, and all issues and disputes arising in connection with the relief authorized herein, inclusive of those concerning the transfer of the assets free and clear of all claims and Liens.

35. To the extent this Sale Order is inconsistent with any prior order or pleading in this case, the terms of this Sale Order shall govern. To the extent there is any inconsistency with between the terms of this Sale Order and the terms of the Agreement (including all ancillary documents and amendments executed in connection therewith), the terms of the Agreement and such documents shall govern.

[END OF ORDER]

PREPARED AND SUBMITTED BY:

COHEN POLLOCK MERLIN & SMALL, P.C.

By: /s/ Bruce Z. Walker
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EXHIBIT "A"

Exhibit "A"

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT is made and entered into as of this 1st day of July, 2011 (the "Execution Date"), by and among Teters Floral Products, Inc., a Delaware corporation ("Purchaser"), and Napa Home and Garden, Inc., a California corporation ("Seller").

WHEREAS, Purchaser desires to purchase, and Seller desires to sell, convey, assign, transfer and deliver to Purchaser, certain assets relating to the business conducted by the Seller (the "Business"); and

NOW, THEREFORE, in consideration of the mutual covenants, agreements and warranties herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS AND RULES OF CONSTRUCTION

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

"Accounts Receivable" means any trade accounts receivable and other rights to payment owed to the Seller as of the Closing, together with the full benefit of any security interest of the Seller therein and any claim, remedy or other right related to the foregoing;

"Acquired Assets" means all of the direct and indirect right, title and interest of Seller in and to the following assets:

- (a) all of Seller's rights under the Assumed Contracts (including deposits thereunder);
- (b) all of Seller's Intellectual Property;
- (c) all Equipment;
- (d) all Accounts Receivable;
- (e) all prepaid expenses incurred or paid by the Seller prior to the Closing other than any prepaid expenses related to the Seller's insurance policies and prepaid Taxes;
- (f) all Inventory, other than Excluded Inventory, as of the Closing (the "Acquired Inventory");
- (g) all Universal Product Codes with respect to Acquired Inventory;
- (h) all books and records (other than the Excluded Books and Records), including customer and supplier lists and related customer and supplier information;
- (i) all rights, recoveries, refunds, counterclaims, rights to offset, choses in actions, rights under all warranties, representations and guarantees made by suppliers of

products, materials or equipment or components thereof, other rights and claims (whether known or unknown, matured or unmatured, contingent or accrued) against third parties resulting from, arising out of or otherwise with respect to any of the Acquired Assets or Assumed Obligations; and

- (j) all other intangible rights and properties, including goodwill of the Seller as a going concern and all e-mail, website, Internet, facsimile and telephone numbers used by the Seller.

“Acquired Inventory” shall have the meaning set forth in the definition of Acquire Assets.

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

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

“Allocation” shall have the meaning set forth in Section 10.4(b) hereof.

“Assignment and Assumption Agreement” shall have the meaning set forth in Section 3.2(a) hereof.

“Assumed Contracts” means collectively those Contracts of Seller set forth on Schedule 1.1(a) under the heading “Assumed Contracts,” which schedule may be amended by Purchaser from time to time through and including the Closing Date; *provided* that Seller and Purchaser agree that the term Assumed Contracts shall not include the Las Vegas Showroom Lease and shall at all times include the Closed End Vehicle Lease Agreement, dated as of January 26, 2011, between Napa Home and Garden Inc. and Gwinnett Place Honda.

“Assumed Obligations” means only: the obligations arising under the Assumed Contracts, (other than obligations resulting from Seller’s default occurring prior to the Closing), as well as accounts payable owed by the Seller to its trade vendors in relation to the Acquired Inventory based upon Seller’s landed cost (i.e. purchase price, freight and delivery charges) incurred in the ordinary course of business after the Petition Date (provided that such accounts payable will only constitute Assumed Obligations (i) as payment obligations to be paid over the course of six months in six equal monthly installments (the first of which shall be due no later than thirty days after the Closing Date) and (ii) if the applicable trade vendor agrees in writing to provide (A) the six-month payment terms described in (i) above and (B) the Purchaser with trade and payment terms on future purchases that are no less favorable than the most favorable terms provided by such trade vendor to the Seller after the Petition Date and prior to the Closing Date).

“Auction” means the auction conducted by Seller pursuant to the Bidding Procedures Order and Section 6.5 hereof.

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

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

“Bidding Increment” shall have the meaning set forth in Section 6.5(d) hereof.

“Bidding Procedures” means the procedures outlined in the Bidding Procedures Order.

“Bidding Procedures Order” means an order entered by the Bankruptcy Court in a form satisfactory to Purchaser, approving, among other things, the Bidding Procedures, the Breakup Fee and Expense Reimbursement.

“Bill of Sale” shall have the meaning set forth in Section 3.2 hereof.

“Breakup Fee and Expense Reimbursement” shall have the meaning set forth in Section 9.2(a) hereof.

“Business” shall have the meaning set forth in the Preamble.

“Business Day” means a day other than Saturday, Sunday or other day that banks located in New York, New York or Atlanta, Georgia are authorized or required by Law to close.

“Chapter 11 Case” means the case(s) to be commenced by Seller under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

“Claim” has the meaning ascribed by Bankruptcy Code §101(5), including all rights, claims, causes of action, defenses, debts, demands, damages, offset rights, setoff rights, recoupment rights, obligations, and liabilities of any kind or nature under contract, at Law or in equity, known or unknown, contingent or matured, liquidated or unliquidated, and all rights and remedies with respect thereto.

“Closing” shall have the meaning set forth in Section 3.1 hereof.

“Closing Date” shall have the meaning set forth in Section 3.1 hereof.

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

“Contract” means any agreement, contract, commitment or other binding arrangement or understanding, whether written or oral.

“Contract Rejection Date” shall have the meaning set forth in Section 2.6.

“Cure Payments” means any cure payment or obligations (pursuant to section 363 or 365 of the Bankruptcy Code) due by Seller, and required by the Bankruptcy Court to be made or assumed by Purchaser, in order to cure any default with respect to any Acquired Assets or Assumed Obligations.

“Deposit” shall have the meaning set forth in Section 2.4 hereof.

“Dollars” or “\$” means dollars of the United States of America.

“Eligible Employees” shall have the meaning set forth in Section 10.1(a) hereof.

“Equipment” means machinery, fixtures, furniture, supplies, accessories, materials, equipment, parts, automobiles, trucks, vehicles, office equipment, computers, servers, telephones, and all other items of tangible personal property that are owned or leased (to the extent the applicable lease is an Assumed Contract) by Seller.

“ERISA” means The Employee Retirement Income Security Act of 1974 (ERISA), as may be amended from time to time.

“Escrow Agent” shall have the meaning set forth in Section 2.4 hereof.

“Escrow Agreement” shall have the meaning set forth in Section 2.4 hereof.

“Excluded Books and Records” means all corporate seals, organizational documents, stock record books, corporate record books containing minutes of meetings of directors and shareholders, Tax Returns and all other records having to do with the organization or capitalization of Seller, as well as employee personnel records.

“Excluded Inventory” means Inventory with SKU’s and product descriptions set forth on Schedule 1.1(c) attached hereto.

“Execution Date” shall have the meaning set forth in the Preamble hereto.

“Exhibits” means the exhibits hereto.

“Final Order” means an Order which has not been stayed or vacated and as to which the time to file an appeal, a motion for rehearing or reconsideration or a petition for writ of certiorari has expired and no such appeal, motion or petition is pending.

“Governmental Authority” means any United States federal, state or local or any foreign government, governmental regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body.

“Intellectual Property” means all (i) patents, patent applications, registrations, patent disclosures and all related continuations, continuations-in-part, divisions, reissues, and reexaminations, utility models, certificates of invention and design patents, and all improvements thereon and extensions thereof, (ii) trademarks, service marks, trade dress, logos, slogans, corporate names, trade names, domain names, and other designations of source, origin, sponsorship, endorsement or certification, together with the goodwill associated with any of the foregoing, and all applications and registrations therefore, (iii) copyrights and registrations and applications therefore, together with all translations, adaptations, derivations and combinations therefore, works of authorship, publications, website content, and moral rights (iv) confidential and proprietary information, including, without limitation, trade secrets, concepts, ideas, research and development, financial, marketing and business data, pricing and cost information, business and marketing plans, algorithms, know-how, formulae, inventions (whether or not patentable), processes, techniques, technical data, designs, drawings, specifications, databases, and customer and supplier lists and information, (v) computer programs, software, including any and all

software implementations of algorithms, hardware, models and methodologies, whether in source code or object code, operating systems, design documents, website code, operating systems and specifications, flow-charts, user manuals and training materials relating thereto and any translations thereof, (vi) other proprietary or contract rights or rights of publicity relating to any of the foregoing (including remedies against infringements thereof and rights of protection of interest therein under the laws of all jurisdictions), and (vii) copies and tangible embodiments of any and all of the foregoing.

“Inventory” means all finished goods inventory, goods-in-transit, raw materials and work-in-process and packaging materials.

“IP Assignments” shall have the meaning set forth in Section 3.2(d).

“Knowledge of Seller” shall mean the actual knowledge of Jerry Cunningham, KC Cunningham, and Crystal Roberts, together with such knowledge that such persons would reasonably be expected to discover after reasonably due inquiry of the matter in question.

“Law” means any law, statute, regulation, ruling, or Order of, administered or enforced by or on behalf of, any Governmental Authority.

“Las Vegas Showroom Lease” means the lease agreement by and between WMCV Phase 3, LLC, as landlord, and Seller, as tenant, dated as of April 18, 2007, as amended by that certain First Amendment to Lease dated as of June 30, 2008, as further amended by that certain Second Amendment to Lease Agreement dated August 19, 2009, as further amended by that certain Third Amendment to Lease Agreement dated June 1, 2011 for the space identified as space no. C-718 on th 7th floor of the building located at 455 Grand Central Parkway, Las Vegas, Nevada.

“Leaf Finance Agreement” means the Progress Payment Agreement by and between Seller and Leaf Financial Corporation dated July 29, 2009 for the purchase of the Trade Show Booth.

“Liability” means any liability or obligation (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due and regardless of when asserted), including, without limitation, any liability for Taxes.

“Lien” or “Liens” means any charge, claim, lien, option, encumbrance, mortgage, pledge, security interest, conditional sale agreement or other title retention agreement, lease, security agreement, right of first refusal, option, restriction, tenancy, license, covenant, right of way, easement or other encumbrance (including the filing of, or agreement to give, any financing statement under the Uniform Commercial Code or statute or Law of any jurisdiction) on property.

“Material Adverse Effect” means any change or event that has had or would reasonably be likely to have a material adverse effect on the assets, liabilities, operations or condition (financial or otherwise) of Seller or the Business excluding recalls or liability related to the Excluded Inventory, the Chapter 11 filing or cancelation of liability insurance.

“Order” means any decree, order, injunction, rule, judgment, consent of or by any Governmental Authority.

“Permits” means all certificates of occupancy or other certificates, permits, authorizations, filings, approvals and licenses possessed by Seller, or through which Seller has rights, that are used, useable or useful in the operation of the Business or the use or enjoyment or benefit of the Acquired Assets.

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

“Petition Date” shall have the meaning set forth in Section 6.4 hereof.

“Purchase Price” shall have the meaning set forth in Section 2.3.

“Purchaser” shall have the meaning set forth in the Preamble.

“Purchaser Default Termination” shall have the meaning set forth in Section 2.4 hereof.

“Qualified Bids” shall have the meaning set forth in Section 6.5(e) hereof.

“Rehired Employees” shall have the meaning set forth in Section 10.1(a) hereof.

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

“Sale Order” means an order entered by the Bankruptcy Court in a form satisfactory to Purchaser, authorizing Seller to sell the Acquired Assets to Purchaser pursuant to this Agreement and sections 105, 363 and 365 of the Bankruptcy Code, free and clear of all Liens, claims and interests other than the Assumed Obligations.

“Schedules” means the schedules attached hereto.

“Seller” shall have the meaning set forth in the Preamble hereto.

“Tax” and, with correlative meaning, “Taxes” mean with respect to any Person all federal, state, local, county, foreign and other taxes, charges, fees, duties, customs, levies and other assessments, including, without limitation, any income, alternative or add-on minimum tax, estimated gross income, gross receipts, sales, use, *ad valorem*, value added, transfer, capital stock franchise, profits, license, registration, recording, documentary, intangibles, conveyancing, gains, withholding, payroll, employment, social security (or similar), unemployment, disability, excise, severance, stamp, occupation, premium, property (real and personal), abandoned property, escheat, environmental or windfall profit tax, together with any interest, penalty, addition to tax or additional amount imposed by any Governmental Authority responsible for the imposition of any such tax (domestic or foreign).

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

“Trade Show Booth” means the trade booth purchased pursuant to the Leaf Finance Agreement.

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

“Warehouse Lease” means that Multi-Tenant Industrial Net Lease by and between Cabot Industrial Venture A, LLC, as original landlord and Seller, as tenant, dated August 2, 2004, as modified pursuant to that certain First Amendment to Lease dated July 29, 2009 and naming Cobalt Industrial Reit II, as landlord, for suite 240 at 3270 Summit Ridge Parkway, Duluth, Georgia.

“WARN Act” means the Worker Adjustment and Retraining Notification Act and any rules or regulations as have been issued in connection therewith.

1.2 Rules of Construction. Unless the context otherwise clearly indicates, in this Agreement, (a) the singular includes the plural, (b) “includes” and “including” are not limiting, (c) “may not” is prohibitive and not permissive; and (d) “or” is not exclusive.

ARTICLE 2

PURCHASE AND SALE; ASSUMPTION OF CERTAIN LIABILITIES

2.1 Purchase and Sale of Acquired Assets. On the terms and subject to the conditions set forth in this Agreement, at the Closing, Seller shall sell, convey, assign, transfer and deliver to Purchaser, and Purchaser shall purchase, acquire and take assignment and delivery of, for the consideration specified in Section 2.3, all of the Acquired Assets, free and clear of all Liens (provided and except that the Trade Show Booth may be subject to a lien related to the Leaf Finance Agreement).

2.2 Assignment and Assumption of Assumed Obligations. Subject to the terms and conditions set forth in this Agreement, at the Closing, Purchaser shall assume from Seller, and thereafter be solely responsible for the payment, performance or discharge, of only the Assumed Obligations. Purchaser will not assume or have any responsibility, however, with respect to any other Liability not included within the definition of Assumed Obligations, including any Liabilities related to (a) Taxes, (b) the employment (or the termination of employment) of any employees of Seller, (c) claims of any vendor of Seller, (d) any Liability related to Excluded Inventory or (d) the operation of the Business or the Acquired Assets prior to the Closing.

2.3 Purchase Price.

(a) The aggregate purchase price for the Acquired Assets payable at the Closing shall be (i) an amount in cash equal to \$1,100,000 (the “Purchase Price”) (subject to adjustment in accordance with Section 2.3(b)), less (ii) the Deposit, plus (iii) the assumption of the Assumed Obligations. Payments made pursuant to this Section 2.3 shall be allocated among

the assets purchased in accordance with Section 10.4(b).

(b) On the Business Day prior to the Closing, Seller and Purchaser shall conduct a joint physical inventory of the Acquired Inventory. If the value of the Acquired Inventory (using the actual cost value) as determined by the physical inventory exceeds \$1,000,000, the Purchase Price payable at the Closing shall be increased by an amount equal to such excess. If the value of the Acquired Inventory (using the actual cost value) as determined by the physical inventory is less than \$1,000,000, the Purchase Price payable at the Closing shall be decreased by an amount equal to such deficiency.

2.4 Deposit. On the Execution Date, Seller and Purchaser shall enter into an escrow agreement, on terms reasonably acceptable to Seller and Purchaser (the “Escrow Agreement”), with Jones & Walden, LLC (the “Escrow Agent”), and Purchaser shall deposit into escrow with the Escrow Agent an amount equal to one hundred thousand dollars (\$100,000) (such amount, together with any interest accrued thereon prior to the Closing Date, the “Deposit”). The Deposit shall become payable to Seller upon the earlier of (a) the Closing, (b) the proper termination of this Agreement by Seller pursuant to Section 9.1(c) (a “Purchaser Default Termination”). The Deposit shall become payable to Purchaser upon the termination of this Agreement other than pursuant to a Purchaser Default Termination. If the Deposit becomes payable to Seller by reason of a Purchaser Default Termination, the Escrow Agent shall, within ten (10) Business Days after receiving notice of such Purchaser Default Termination from Seller (which notice Seller shall simultaneously deliver to Purchaser), disburse the deposit to an account designated by Seller; provided, however, that no funds shall be disbursed if Purchaser delivers a written objection to the Purchaser Default Termination. If the Deposit becomes payable to Purchaser, the Escrow Agent shall, within ten (10) Business Days after receiving notice thereof from Purchaser (which notice Purchaser shall simultaneously deliver to Seller), disburse the deposit to an account designated by Purchaser.

2.5 Obligations in Respect of Assumed Contracts. To the extent that any Assumed Contract is subject to a cure amount pursuant to sections 363 or 365 of the Bankruptcy Code or otherwise, immediately after the Closing, Seller shall directly pay or otherwise provide for the amount of any applicable Cure Payment.

2.6 Post-Closing Use and Assignment of Contracts.

(a) With respect to any Contract that is not an Assumed Contract as of the Closing Date, and provided that such Contract is still in effect and has not been rejected by Seller pursuant to section 365 of the Bankruptcy Code, upon written notice(s) from Purchaser within 45 days following the Closing Date, as soon as practicable, Seller shall take all actions reasonably necessary to assume and assign to Purchaser pursuant to section 365 of the Bankruptcy Code any Contract(s) set forth in Purchaser’s notice(s); provided, that any applicable Cure Payment shall be satisfied by Purchaser. Notwithstanding the foregoing, following the Closing, Seller shall be authorized to reject any Contract not subject to such notice by Purchaser and shall provide the Purchaser with notice of any such Contract rejection within 2 Business Days thereof. Notwithstanding anything to the contrary herein, Seller shall be authorized to reject the Las Vegas Showroom Lease at anytime on or after the Petition Date at Seller’s sole option and shall provide the Purchaser with notice of any such Contract rejection within 2 Business Days thereof.

In the event Purchaser provides written notice to Seller that it does not intend to assume a Contract prior to the Closing Date, Seller shall be authorized to reject such Contract following receipt of such notice and shall provide the Purchaser with notice of any such Contract rejection within 2 Business Days thereof.

(b) In the event the Warehouse Lease is an Assumed Contract, the Seller shall be permitted to store the Excluded Inventory (which is located on the premises as of the Closing Date) on the premises for 60 days following the Closing Date at no charge (provided that access to and relocating such Excluded Inventory shall be at reasonable business hours of the Purchaser, shall not interfere with the Purchaser's operations and shall be at Seller's cost).

ARTICLE 3

CLOSING

3.1 Closing. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, the closing of the transaction contemplated by this Agreement (the "Closing") will take place at the offices of Seller's counsel (or such other location as agreed to by the parties in writing), prevailing local time, no later than the first Business Day after the date on which the conditions set forth in ARTICLE 7 and ARTICLE 8 have been satisfied or waived; or on such other date or place as Purchaser and Seller may determine (the "Closing Date").

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

(a) one or more assignments and assumptions of the Assumed Obligations, in form and substance satisfactory to the Purchaser (collectively, the "Assignment and Assumption Agreement"), duly executed by Seller;

(b) duly executed statutory and regulatory consents and approvals which are required under the laws or regulations of the United States and other Governmental Authorities, and all other necessary consents and approvals of third parties or Affiliates of Seller to the transactions contemplated hereby;

(c) a bill of sale with respect to the Acquired Assets, in form and substance satisfactory to Purchaser (the "Bill of Sale"), duly executed by Seller;

(d) Intellectual Property assignments, in form and substance satisfactory to Purchaser (the "IP Assignments"), duly executed by Seller;

(e) evidence in form and substance satisfactory to Purchaser of the release of all Liens with respect to the Acquired Assets;

(f) a certified copy of each of the Bidding Procedures Order and the Sale Order;

(g) all other agreements, records and other documents required by this Agreement; and

(h) all such other instruments of conveyance and related affidavits as shall, in the reasonable opinion of Purchaser, be necessary to vest in Purchaser good, valid and marketable title to the Acquired Assets, including time-stamped instruments and releases, in form and substance satisfactory to Purchaser, evidencing release and removal of any Liens on the Acquired Assets.

3.3 Deliveries by Purchaser. At the Closing, Purchaser shall deliver or procure delivery to Seller of (a) the Purchase Price (as adjusted), less the Deposit and (b) the Assignment and Assumption Agreement, duly executed by Purchaser.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Purchaser as of the Execution Date and as of the Closing Date as follows:

4.1 Organization and Standing. Seller is duly incorporated or organized, as applicable, validly existing and in good standing under the Laws of the jurisdiction of its incorporation and, except where the failure to obtain such qualification could not reasonably be expected to have a Material Adverse Effect, is qualified or licensed to do business in each jurisdiction in which the properties owned, leased or operated by Seller makes such qualification necessary. Seller has all Permits necessary to own and operate its properties and to carry on the Business as now conducted by it, except such Permits the failure of which to have would not be reasonably expected to have a Material Adverse Effect.

4.2 Authorization and Power. Subject to any necessary authorization from the Bankruptcy Court, Seller has all requisite power and authority to own, lease and operate its real properties, to carry on the Business as now being conducted and to execute and deliver the Transaction Documents to which it is a party and to perform its obligations thereunder. All Transaction Documents to which Seller is a party have been duly executed and delivered by Seller, except such Transaction Documents that are required by the terms hereof to be executed and delivered after the date hereof, in which case such Transaction Documents will be duly executed and delivered at or prior to the Closing, and, subject to any necessary authorization from the Bankruptcy Court, all Transaction Documents to which Seller is a party constitute, or will constitute, as the case may be, the valid and binding agreements of Seller, enforceable against Seller in accordance with their terms.

4.3 Title to Assets. Seller has good, valid, marketable and undivided title to, or a valid leasehold interest in, the Acquired Assets free and clear of all Claims and Liens. Subject to Bankruptcy Court approval, Seller has the power and the right to sell, assign and transfer, and Seller will sell and deliver to Purchaser, and Purchaser will be vested with good, valid, marketable and undivided title to, the Acquired Assets, free and clear of all Claims and Liens. The tangible Acquired Assets are in good operating condition, working order and repair, subject to ordinary wear and tear, free from defects (other than immaterial defects), and have been maintained in accordance with normal industry practice. Schedule 4.3 attached hereto lists all Contracts pursuant to which Seller leases tangible assets, including the Equipment.

4.4 Conflicts; Consents.

(a) The execution, delivery and performance by Seller of this Agreement and the consummation of the transaction contemplated hereby, and compliance by Seller with any of the provisions hereof do not, or will not at the time of execution, result in the creation of any Lien upon the Acquired Assets and do not, or will not at the time of execution, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of payment, termination, modification, acceleration or cancellation under any provisions of: (i) such Seller's certificate of incorporation, bylaws or comparable organizational documents; (ii) subject to entry of the Sale Order, any Assumed Contract to which such Seller is a party or by which any of the Acquired Assets are bound; (iii) subject to entry of the Sale Order, any order, writ, injunction, judgment or decree of any Governmental Authority applicable to such Seller or any of the Permits, licenses, rights, properties or assets of such Seller as of the date hereof; or (iv) subject to entry of the Sale Order, any applicable Law.

(b) Subject to entry of the Sale Order, no consent, waiver, approval, order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Authority is required on the part of Seller in connection with the execution, delivery and performance of this Agreement or any other agreement, document or instrument contemplated hereby or thereby to which it is or will become a party, the compliance by such Seller with any of the provisions hereof or thereof, the consummation of the transactions contemplated hereby or thereby, or the assignment or conveyance of the Acquired Assets.

4.5 Assumed Contracts. Schedule 1.1(a) attached hereto contains a list of all Assumed Contracts. Except for defaults that will be cured through the Cure Payments listed on Schedule 4.6 attached hereto or defaults arising solely as a consequence of the commencement of the Chapter 11 Case, neither Seller nor, to the Knowledge of Seller, any other party thereto is in default or breach in any material respect under the terms of any Assumed Contract.

4.6 Cure Amounts. Schedule 4.6 attached hereto sets forth all of the Cure Payments to be satisfied for purposes of Seller's assumption and assignment to Purchaser of the Assumed Contracts under section 365 of the Bankruptcy Code. In the event Purchaser notifies Seller that it intends to add a Contract to Schedule 1.1(a) prior to the Closing Date, Seller shall, within two days of such notice, update Schedule 4.6 to include the applicable Assumed Contracts.

4.7 Acquired Inventory. All Acquired Inventory is of a quality, quantity and condition useable and saleable in the ordinary course of business consistent with past practice. The location of all Acquired Inventory as of the Business Day prior to the date hereof is set forth on Schedule 4.7. None of the Acquired Inventory consist of items held on consignment, is obsolete, damaged, defective or discontinued. Seller has not received any payment with respect to products that have not been shipped as of the Closing Date.

4.8 Intellectual Property. Schedule 4.8(a) attached hereto sets forth all registered and unregistered Intellectual Property (including registration applications) that Seller owns or otherwise has the right to use in the operation of the Business as presently conducted (the "Business Intellectual Property Rights"). To the Seller's Knowledge, none of the activities or business presently conducted by the Seller infringes or violates, or constitutes a misappropriation

of, any Intellectual Property rights of any Person. The Business Intellectual Property Rights are not subject to any restrictions or limitations regarding use or disclosure other than pursuant to a written license agreement set forth on Schedule 4.8(b) attached hereto. Since December 31, 2010, Seller has not received any notification from any third party alleging that Seller infringes any Intellectual Property of such third party. To the Knowledge of Seller, no third party is infringing, misappropriating or otherwise conflicting with any of the Business Intellectual Property.

4.9 Real Property. The Seller does not hold any fee or other ownership interest in any real property. The only leasehold interests in real property held by Seller are listed on Schedule 4.9 attached hereto (the “Real Property Leases”). A true, complete and correct copy of the Real Property Leases have been delivered or made available to Purchaser. Except for the Real Property Leases, Seller does not occupy, is not legally obligated for, has no interest in, or have any rights or obligations to acquire such interests (including, but not limited to, any options or rights of first refusal to purchase or lease).

4.10 Insurance. Schedule 4.10 attached hereto sets forth (a) a list of each insurance policy and fidelity bond which covers the Seller, the Business or the Acquired Assets (the “Policies”) and (b) a list of all pending claims and the claims history for Seller during the current year and the preceding two years (including with respect to insurance obtained but not currently maintained). There are no pending claims under any of such Policies as to which coverage has been questioned, denied or disputed by the insurer or in respect of which the insurer has reserved its rights. The Policies are sufficient for compliance with all Laws and Contracts to which Seller is a party or by which it is bound in connection with the Business (other than with respect to the Excluded Inventory). Except as set forth on Schedule 4.10(c), Seller has not received a notice of cancellation of any Policy or of any material changes that are required in the conduct of the Business as a condition to the continuation of coverage under, or renewal of, any such Policy. Seller does not have any self-insurance arrangements.

4.11 Customers. Schedule 4.11(a) attached hereto sets forth a complete and accurate of the ten (1) largest customers of the Business based on net sales during the year ended December 31, 2010 and for the three month period ended March 31, 2011 (the “Key Customers”). Except as set forth in Schedule 4.11(b) attached hereto, no Key Customer has cancelled, terminated, or otherwise materially and adversely modified its relationship with the Business and, to the Knowledge of the Seller, no Key Customer intends to cancel, terminate or otherwise materially and adversely modify its relationship with the Business, either as a result of the consummation of the transactions contemplated by this Agreement or otherwise. Since December 31, 2010, Seller has not sold or provided any amount of products (a) with payment terms longer than terms it customarily offers for such product, (b) at a discount from the listed price materially differing from any discounts it customarily offers for such product, or (c) with shipment, return or similar terms materially differing from the shipment, return or similar terms it customarily offers for such products.

4.12 Affiliate Transactions. Except as set forth in Schedule 4.12 attached hereto, (a) there are no Contracts, understandings or proposed transactions, between Seller or any of its Affiliates on the one hand and Seller any other of its Affiliates on the other hand that relate to the Business or the Acquired Assets and (b) there are no services provided to the Business by Seller

or any of its Affiliates that will be necessary in order to continue operation of the Business after the Closing as it is presently conducted.

4.13 Contracts.

(a) Schedule 4.13(a) attached hereto sets forth a list of all Contracts (other than the Real Property Leases) to which the Seller is a party or which otherwise relate to the Business or bind the Acquired Assets. The Contracts required to be listed on Schedule 4.13 which are material to the Business and the Real Property Leases are collectively referred to as the "Material Contracts." Seller has delivered true, complete and correct copies of each Contract required to be listed on Schedule 4.13(a).

(b) Except as set forth on Schedule 4.13(b), (i) each Material Contract is in full force and effect and is valid, binding and enforceable in all material respects in accordance with its terms, (ii) the Seller has complied with and is in compliance with, and to the Knowledge of Seller, all other parties thereto have complied with and are in compliance with, the provisions of each Material Contract in all material respects, (iii) Seller is not, and to Knowledge of Seller, no other party thereto is, in default in the performance, observance or fulfillment of any obligation, covenant, condition or other term contained in any Material Contract, and Seller has not given or received notice to or from any Person relating to any such alleged or potential default that has not been cured and (iv) except for the Chapter 11 filing, and recalls or liability related to the Excluded Inventory, no event has occurred which with or without the giving of notice or lapse of time, or both, has resulted in or is reasonably likely to result in a violation or breach of, or give any Person the right to exercise any remedy under or accelerate the maturity or performance of, or cancel, terminate or modify, any Material Contract.

4.14 Taxes. Except as set forth on Schedule 4.14 attached hereto:

(a) Seller has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes owed by Seller (whether or not shown on any Tax Return) have been paid. Seller is not the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by a Governmental Authority in a jurisdiction where such Seller does not file Tax Returns that such Seller is or may be subject to taxation by that jurisdiction.

(b) Seller has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party, and all Forms W-2 and 1099 (or any other applicable form) required with respect thereto have been properly completed and timely filed.

(c) There is no dispute or claim concerning any Tax Liability of Seller claimed or raised by any authority in writing or, to the Knowledge of Seller, orally. Seller has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(d) Seller is and has always been an S Corporation, within the meaning of section 1361 of the Code, for federal and applicable state and local income Taxes purposes.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser represents and warrants to Seller as of the Execution Date and as of the Closing Date as follows:

5.1 Organization, Standing and Power. Purchaser is a Delaware corporation duly incorporated, validly existing and in good standing under the Laws of the state of its incorporation.

5.2 Authorization. Purchaser has all requisite power and authority to own, lease and operate its properties, and to execute and deliver the Transaction Documents to which it is a party and to perform its obligations hereunder and thereunder. All Transaction Documents to which Purchaser is a party have been duly executed and delivered by Purchaser, except such Transaction Documents that are required by the terms hereof to be executed and delivered by Purchaser after the date hereof, in which case such Transaction Documents will be duly executed and delivered by Purchaser at or prior to the Closing, and all Transaction Documents to which Purchaser is a party constitute, or will constitute, as the case may be, the valid and binding agreements of Purchaser, enforceable against Purchaser in accordance with their terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar Laws of general applicability relating to or affecting creditors' rights and to general equitable principles.

5.3 No Conflict or Violation. Except to the extent any of the foregoing is not enforceable due to operation of applicable bankruptcy Law or the Sale Order, the execution, delivery and performance of the Transaction Documents and the consummation of the transactions contemplated thereby by Purchaser do not and shall not violate any Law or any provision of the charter or organizational documents of Purchaser.

5.4 Availability of Funds. At the Closing, Purchaser will have cash available which is sufficient to enable it to consummate the transactions contemplated by this Agreement.

ARTICLE 6

COVENANTS OF PURCHASER AND SELLER; OTHER AGREEMENTS

6.1 Consents and Approvals. Seller shall use commercially reasonable efforts (a) to obtain all necessary consents and approvals to consummate the purchase and sale of the Acquired Assets and the assignment of the Assumed Obligations, together with any other necessary consents and approvals to consummate the transactions contemplated hereby, including, without limitation, obtaining the Bidding Procedures Order and Sale Order, (b) to make all filings, applications, statements and reports to all authorities that are required to be made prior to the Closing Date by or on behalf of Seller or any of their Affiliates pursuant to any applicable Law in connection with this Agreement and the transactions contemplated hereby and (c) to obtain all required consents and approvals (if any) necessary to assign and transfer Seller's Permits included in the Acquired Assets to Purchaser at Closing. In the event that certain of Seller's Permits included in the Acquired Assets are not transferable or replacements therefor are

not obtainable on or before the Closing, but such Permits are transferable or replacements therefor are obtainable after the Closing, Seller and Purchaser shall continue to cooperate and use such commercially reasonable efforts after the Closing as may be required to obtain all required consents and approvals to transfer, or obtain replacements for, such Permits after Closing and shall do all things necessary to give Purchaser the benefits that would be obtained under such Permits. Each of the parties shall give any other notices to, make any other filings with, and use reasonable best efforts to obtain, any other authorizations, consents and approvals of any other Governmental Authority in connection with the matters contemplated by this Agreement.

6.2 Access. Seller shall, prior to the Closing Date, (a) provide Purchaser and its representatives and agents, upon reasonable written notice and at reasonable times, access to the facilities, offices, personnel, professionals, customers and suppliers of Seller and to all books, records and lists of Seller relating to the Acquired Assets, including, without limitation, (i) all records relating to customers, suppliers or personnel of Seller (including, without limitation, customer and mailing lists) and (ii) all books, ledgers, files, reports, plans, drawings and operating records of Seller; (b) furnish Purchaser with such financial and operating data and other information with respect to the Business and the Acquired Assets as Purchaser shall reasonably request; (c) permit Purchaser to make such reasonable inspections and copies thereof as Purchaser may require; and (d) facilitate discussions between Purchaser and Seller's customers, suppliers and other parties with whom Seller conducts business.

6.3 Further Assurances.

(a) Seller will use commercially reasonable efforts (i) to obtain the entry of the Bidding Procedures Order on the Bankruptcy Court's docket as soon as practicable and no later than the seventh (7th) Business Day after the Execution Date; (ii) to hold the Auction no later than twenty (20) days after the date of entry of the Bidding Procedures Order; and (iii) to obtain the entry of the Sale Order on the Bankruptcy Court's docket as soon as practicable and no later than two Business Days after the conclusion of the Auction.

(b) With respect to each Assumed Contract, to the extent required by the Bankruptcy Court, Purchaser shall provide adequate assurance of the future performance of such Assumed Contract by Purchaser. Purchaser shall take such actions as may be reasonably requested by Seller to assist Seller in obtaining the Bankruptcy Court's entry of the Sale Order and any other order of the Bankruptcy Court reasonably necessary to consummate the transactions contemplated by this Agreement.

(c) From time to time after the Closing and without further consideration, Seller, (i) upon the reasonable request of Purchaser, shall execute and deliver such documents and instruments of conveyance and transfer as Purchaser may reasonably request in order to consummate more effectively the purchase and sale of the Acquired Assets as contemplated hereby and to vest in Purchaser title to the Acquired Assets transferred hereunder, or to otherwise more fully consummate the transactions contemplated by this Agreement, and (ii) subject to the Sale Order, Purchaser, upon the reasonable request of Seller, shall execute and deliver such documents and instruments of contract or lease assumption as Seller may reasonably request in order to confirm Purchaser's Liability for the Assumed Obligations or otherwise to more fully consummate the transactions contemplated by this Agreement.

6.4 Bankruptcy Actions.

(a) As promptly as practicable, but in no event later than one (1) Business Day after the date of this Agreement, Seller shall make all filings necessary to initiate the Chapter 11 Cases in the Bankruptcy Court (such actual filing date, the “Petition Date”).

(b) As promptly as practicable, but in no event later than three (3) Business Days after the Petition Date, Seller shall file in the Chapter 11 Cases a motion, in form and substance reasonably acceptable to Purchaser, seeking the entry of (a) the Bidding Procedures Order and (b) the Sale Order.

(c) Subject to its obligations as a debtor-in-possession, Seller shall promptly make any filings, take all actions and use all commercially reasonable efforts to obtain any and all relief from the Bankruptcy Court that is necessary or appropriate to consummate the transactions contemplated by this Agreement and the Transaction Documents.

(d) Seller shall give notice to all parties entitled to notice of the Bidding Procedures Order, the Sale Order and any motions related thereto in accordance with all applicable Laws, the Rules and any applicable local rules, and to any other Persons reasonably requested by Purchaser.

(e) Seller shall conduct any auction process in accordance with the Bidding Procedures. Except as permitted by the Bidding Procedures Order or with Purchaser’s consent, Seller shall comply with, and shall not amend, waive, modify or supplement, the Bidding Procedures.

(f) Seller shall promptly notify Purchaser if any party appeals, requests a stay of, or seeks reconsideration of the Bidding Procedures Order or Sale Order and provide Purchaser a copy of any related notices, applications or motions within one (1) Business Day after receipt by Seller.

6.5 Auction Procedures. Notwithstanding anything to the contrary in this Agreement, the following terms and conditions shall govern:

(a) The sale of the Acquired Assets to Purchaser, the approval of this Agreement and the consummation of the transactions contemplated hereby are expressly subject to (i) higher or better offers that may be received and accepted by Seller at the Auction and (ii) entry of the Sale Order by the Bankruptcy Court.

(b) Purchaser shall have the right, in its sole discretion, to raise the price for the Acquired Assets (or to otherwise improve its offer contained in this Agreement) at any time until the conclusion of the Auction. Each such improvement by Purchaser in its bid at the Auction shall constitute an irrevocable and binding amendment to this Agreement.

(c) The second highest or best bid (including Purchaser’s bid if Seller accepts a competing bid) shall remain in effect as a “back-up” bid for a period of 30 days following the conclusion of the Auction.

(d) Purchaser shall be entitled to “credit bid” the Breakup Fee and Expense Reimbursement such that no competing bid shall be deemed higher in amount unless such competing bid exceeds the Purchase Price herein (and the Assumed Obligations) by the amount of the Breakup Fee and Expense Reimbursement, plus the Bidding Increment. The “Bidding Increment” for the initial overbid shall be \$75,000 and all subsequent Bidding Increments shall be \$50,000.

(e) Only competing bids that are “Qualified Bids” shall be considered at the Auction. To be a Qualified Bid, a competing bid must (i) exceed the Purchase Price (and the Assumed Obligations) by the sum of the Breakup Fee and Expense Reimbursement, plus the Bidding Increment, (ii) other than with respect to a Purchaser that is “credit bidding”, be accompanied by an amount of cash equal to the Deposit and proof of such bidder's financial ability to pay the balance of the purchase price, and (iii) be accompanied by a signed, irrevocable asset purchase agreement substantially in the form of this Agreement and shall not be subject to any diligence or financing contingencies or any other conditions precedent to such Person's obligation to purchase the Acquired Assets other than as may be included in this Agreement. Purchaser shall be considered a qualified bidder and each of its bids shall be a Qualified Bid.

(f) Seller and Purchaser shall cooperate in resolving or contesting any objections (including testimony or argument in Bankruptcy Court) to this Agreement, the Bidding Procedures Order or the Sale Order, and Purchaser and Seller shall bear their own costs relating thereto; provided, however, that Purchaser's costs relating thereto shall be considered part of the Expense Reimbursement up to the maximum cap of such Expense Reimbursement.

6.6 Other Bids. Purchaser acknowledges that pursuant to the Bidding Procedures Order, Seller will solicit bids from other prospective purchasers for the sale of all or any portion of the Acquired Assets, on terms and conditions substantially the same in all respects to this Agreement and in accordance with the procedures set forth in the Bidding Procedures Order.

6.7 Disclosure Schedules and Supplements. Seller shall notify Purchaser in writing of, and shall supplement the Schedules to this Agreement with respect to, any matter that (a) arises after the Execution Date and that, if existing or occurring at or prior to the Execution Date, would have been required to be set forth or described in the Schedules to this Agreement or (b) makes it necessary to correct any information in the Schedules to this Agreement or in any representation and warranty of Seller that has been rendered inaccurate thereby. Each such notification and supplementation, to the extent known, shall be made no later than two (2) Business Days after discovery thereof. None of such supplements to the Schedules shall be deemed to cure any inaccuracy of any representation or warranty made in this Agreement with respect to satisfaction of the conditions set forth in Section 7.1 or otherwise affect any other term or condition contained in this Agreement.

6.8 Conduct of Business Prior to Closing. Except as expressly contemplated by this Agreement or with Purchaser's prior written consent, the Bankruptcy Code, other applicable Law or any ruling or order of the Bankruptcy Court:

(a) Seller shall not directly or indirectly sell or otherwise transfer, or offer, agree or commit (in writing or otherwise) to sell or otherwise transfer, any of the Acquired Assets other than as required in the ordinary course of business;

(b) Seller shall not permit, offer, agree or commit (in writing or otherwise) to permit, any of the Acquired Assets to become subject, directly or indirectly, to any Lien, Claim or other encumbrance;

(c) Seller shall not enter into any transaction or take any other action that could be reasonably expected to cause or constitute a material breach of any representation or warranty made by Seller in this Agreement;

(d) Seller shall notify Purchaser promptly in writing of any Material Adverse Effect;

(e) Seller shall comply in all material respects with all Laws applicable to them or having jurisdiction over the Business or any Acquired Asset (excluding with respect to the Excluded Inventory in which case Seller shall make commercially reasonable efforts to comply with all Laws applicable to the Excluded Inventory);

(f) Seller shall not enter into any Contract material to Seller (taken as a whole) to which Seller is a party or by which it is bound and that are used in or related to the Business or the Acquired Assets or assume, amend, modify, terminate or reject any Contract to which Seller is a party or by which it is bound and that are used in or related to the Business or the Acquired Assets (including any Assumed Contract);

(g) Seller shall not cancel or compromise any material debt or claim or waive or release any right of Seller that constitutes an Acquired Asset;

(h) Seller shall not terminate, reject, amend or modify in any manner any lease for leased real property (other than the Las Vegas Showroom Lease or otherwise pursuant to and in accordance with Section 2.6(a));

(i) Seller shall use commercially reasonable efforts to (1) conduct the Business in substantially the same manner as conducted as of the date of this Agreement and only in the ordinary course, (2) preserve the existing business organization and management of the Business intact, (3) keep available the services of the current officers and employees of the Business, to the extent reasonably feasible, (4) maintain the existing relations with customers, distributors, suppliers, creditors, business partners, employees and others having business dealings with the Business, to the extent reasonably feasible, and (5) refrain from changing in any material respect any of their product prices or pricing policies (e.g., discount policies) for any of their products except as shall be necessary to meet competition or customer requirements; and

(j) Seller shall not take, or agree, commit or offer (in writing or otherwise) to take, any actions in violation of the foregoing.

6.9 Casualty. If, between the Execution Date and the Closing, any of the Acquired Assets shall be destroyed or damaged in whole or in part by fire, earthquake, flood, other casualty or any other cause (“Casualty”), then Purchaser shall have the option to: (a) acquire such Acquired Assets on an “as is” basis and take an assignment from Seller of all insurance proceeds payable to Seller in respect of the Casualty, or (b) in the event that the Casualty would have a Material Adverse Effect, terminate this Agreement and the transactions contemplated hereby.

6.10 Refunds and Remittances. If Seller or any of its Affiliates, on the one hand, or the Purchaser or any of its Affiliates, on the other hand, after the Closing Date receives any funds properly belonging to the other party in accordance with the terms of this Agreement, the receiving party will promptly so advise such other party and will promptly deliver such funds to an account or accounts designated in writing by such other party.

ARTICLE 7

CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser under this Agreement are subject to satisfaction, or waiver at the option of Purchaser, of the following conditions precedent on or before the Closing Date.

7.1 Representations and Warranties; Covenants.

(a) Each of the representations and warranties of Seller contained herein that are qualified by materiality must be true and correct in all respects on and as of the Execution Date and on and as of the Closing Date, and each of such representations and warranties not qualified by materiality must be true and correct in all material respects on and as of the Execution Date and on and as of the Closing Date, (except, in each case, for representations and warranties made as of a specified date, which must be true and correct in all respects (or all material respects, as applicable), as of that date).

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

7.2 Assumed Contracts. Seller shall have delivered to Purchaser fully executed copies of each of the Assumed Contracts at least three (3) Business Days prior to the Closing Date and such Assumed Contracts shall be acceptable to Purchaser in its sole discretion.

7.3 Bankruptcy Court Approval. The Sale Order shall have been entered by the Bankruptcy Court shall have become a Final Order, and shall be in form reasonably satisfactory to Purchaser in its reasonable discretion.

7.4 No Proceedings. No action or proceeding, at law or in equity, shall have been commenced by any Person to enjoin, restrict or prohibit the Closing, which has not, by the Closing Date, been dismissed, quashed or permanently stayed without any further right of appeal or right to such lease to appeal.

7.5 No Material Adverse Effect. There shall not have occurred any Material Adverse Effect, nor shall any event or events have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

7.6 Closing Deliveries. Seller shall have delivered to Purchaser all of the closing deliveries set forth in Section 3.2.

ARTICLE 8

CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller under this Agreement are subject to satisfaction, or waiver at the option of Seller, of the following conditions precedent on or before the Closing Date.

8.1 Representations and Warranties; Covenants.

(a) The representations and warranties of Purchaser contained herein that are qualified by materiality must be true and correct in all respects on and as of the Execution Date and on and as of the Closing Date, and each of such representations and warranties not qualified by materiality must be true and correct in all material respects on and as of the Execution Date and on and as of the Closing Date, (except, in each case, for representations and warranties made as of a specified date, which must be true and correct in all respects (or all material respects, as applicable), as of that date).

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

8.2 Bankruptcy Court Approval. The Sale Order shall have been entered by the Bankruptcy Court and shall have become a Final Order.

8.3 No Proceedings. No action or proceeding, at law or in equity, shall have been commenced by any Person to enjoin, restrict or prohibit the Closing, which has not, by the Closing Date, been dismissed, quashed or permanently stayed without any further right of appeal or right to such lease to appeal.

8.4 Closing Deliveries. Purchaser shall have delivered to Seller the other closing deliveries set forth in Section 3.3.

ARTICLE 9

TERMINATION; TERMINATION PAYMENT

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

- (a) by mutual written agreement of Purchaser and Seller;
- (b) automatically and without any action or notice by Seller to Purchaser, or Purchaser to Seller, and immediately upon the entry thereof, if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated under this Agreement;
- (c) by either Purchaser or Seller (provided that the terminating party is not then in material breach of any representation, warranty, covenant or other agreement contained herein), if there shall have been a material breach or misrepresentation of any of the representations or warranties or a material breach of any of the covenants set forth in this Agreement on the part of the other party, which breach would give rise to the failure of the condition set forth in Section 7.1 or Section 8.1, as applicable, and such breach is not cured within ten (10) days following written notice to the party committing such breach or which breach, by its nature, cannot be cured prior to the Closing;
- (d) by Purchaser, if the Bidding Procedures Order shall not have been entered by July 13, 2011;
- (e) by Purchaser, if the Auction shall not have commenced by the date that is twenty (20) days after the date of entry of the Bidding Procedures Order;
- (f) by Purchaser, if the Sale Order shall not have been entered on the date that is two (2) Business Days following the conclusion of the Auction;
- (g) by Purchaser or Seller if the Bankruptcy Court enters an order approving any proposal (other than by Purchaser or its Affiliates) relating to any merger, consolidation, business combination, transfer, sale or other disposition of 10% or more of the Acquired Assets pursuant to one or more transactions (including, without limitation, by way of a tender offer, foreclosure or plan of reorganization or liquidation);
- (h) by Purchaser on any day on or after the fortieth (40th) day following the Execution Date if the Closing shall not have been consummated by such date (or by such later date as shall be mutually agreed to by Purchaser and Seller in writing), provided that the right to terminate this Agreement under this Section 9.1 shall not be available to the Purchaser if its failure fulfill any obligation under this Agreement has been a significant cause of, or resulted in, the failure of the Closing on or before such date;
- (i) by Purchaser, if, prior to the Closing the Chapter 11 Case shall have been converted to a case under chapter 7 of the Bankruptcy Code or dismissed;

(j) by Purchaser, if there shall be excluded from the Acquired Assets any Assumed Contract that is not assignable or transferable under the Bankruptcy Code or otherwise without the consent of any person other than Seller, to the extent such consent shall not have been given prior to the Closing and such Assumed Contract shall, in the opinion of Purchaser in its sole discretion, prevent it from effectively operating the Business.

(k) by Purchaser, within three (3) Business Days after each initial delivery by Seller to Purchaser of a fully executed copy of an Assumed Contract, if Purchaser, in its sole discretion, is not satisfied with the terms of such Assumed Contract;

(l) by Purchaser (provided that Purchaser is not then in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that one or more conditions set forth in ARTICLE 7 has not been or cannot be fulfilled or satisfied prior to the date specified in such condition (if such condition specifies a date other than the Closing Date by which such condition must be satisfied); and

(m) by Seller (provided that Seller is not in material breach of any representation, warranty, covenant or other agreement contained herein) if it shall have reasonably determined that one or more conditions set forth in ARTICLE 8 has not been or cannot be fulfilled or satisfied prior to the date specified in such condition (if such condition specifies a date other than the Closing Date by which such condition must be satisfied).

9.2 Breakup Fee and Expense Reimbursement.

(a) If the transactions contemplated hereby are not consummated for any reason other than a Purchaser Default Termination, (i) Seller shall immediately pay (in cash) to Purchaser (x) an amount equal to \$35,000 as a breakup fee, and (y) an amount equal to the reasonable, actual and necessary costs and out-of-pocket expenses incurred by Purchaser in connection with its legal, accounting and business due diligence and the preparation and negotiation of this Agreement up to a maximum of \$50,000 (collectively, the “Breakup Fee and Expense Reimbursement”) and (ii) the Escrow Agent shall disburse the Deposit to Purchaser in accordance with Section 2.4.

(b) Seller’s obligation to pay the Breakup Fee and Expense Reimbursement pursuant to this Section 9.2 shall constitute an administrative expense (which shall be a super-priority administrative expense claim senior to all other administrative expense claims other than, with respect to the fees payable pursuant to Section 9.2(a)(i)(x) only, with respect to the fees of Jones & Walden, LLC) of Seller under section 364(c) of the Bankruptcy Code.

9.3 Effect of Termination or Breach. If the transactions contemplated hereby are not consummated: (a) this Agreement shall become null and void and of no further force and effect, except (i) for this Section 9.3, (ii) for the provisions of Sections 2.4, 9.2, 11.1, 11.7, 11.8, 11.9, 11.10 and 11.12 hereof, and (iii) that the termination of this Agreement for any cause shall not relieve any party hereto from any Liability which at the time of termination had already accrued to any other party hereto or which thereafter may accrue in respect of any act or omission of such party prior to such termination; and (b) the return of the Deposit, as well as the

payment of the Breakup Fee and Expense Reimbursement, if required under Section 9.2, shall be the sole and exclusive remedy (as liquidated damages) of Purchaser.

ARTICLE 10

ADDITIONAL POST-CLOSING COVENANTS

10.1 Employees.

(a) Purchaser shall have the right, but not the obligation, to offer employment to any or all of the employees of Seller as Purchaser determines in its sole discretion (collectively, the “Eligible Employees”), provided that all Eligible Employees shall be offered employment under wage terms substantially comparable to those enjoyed by the Eligible Employees immediately prior to the Closing Date and under non-equity based employee benefit plans that provide substantially the same level of coverage and benefits as those provided to similarly situated employees of Purchaser (and in no event materially less than those provided by Seller). Notwithstanding the foregoing, the parties to this Agreement contemplate that substantially all of Seller’s employees are Eligible Employees. Seller shall use its commercially reasonable efforts to assist Purchaser in employing as new employees of Purchaser, all Eligible Employees to whom Purchaser has offered employment pursuant to this Section 10.1. All Eligible Employees who accept Purchaser’s offer of employment are herein referred to as “Rehired Employees.”

(b) For purposes of the WARN Act and applicable state Laws, (i) Rehired Employees shall become employees of Purchaser on the Closing Date, and (ii) Purchaser shall assume all responsibility for any WARN Act notice or other WARN obligation with regard to any terminations or layoffs by Purchaser following the Closing.

10.2 Employee Benefit Plans. Except as otherwise specified in this Agreement, Seller shall retain (a) all Liabilities and obligations in respect of its past, present and future employees including the Rehired Employees, under applicable Laws and (b) all Liabilities and obligations under any “employee benefit plan” within the meaning of Section 3.3 of ERISA and any other employee benefit plan or program maintained or contributed by Seller or any ERISA Affiliate, and Purchaser shall have no Liability or obligation whatsoever under such employee benefit plans, nor shall Purchaser assume the sponsorship of such employee benefit plans.

10.3 Joint Post-Closing Covenant of Purchaser and Seller. Purchaser and Seller jointly covenant and agree that, from and after the Closing Date, Purchaser and Seller will each use commercially reasonable efforts to cooperate with each other in connection with any action, suit, proceeding, investigation or audit of the other relating to (a) the preparation of an audit of any Tax Return of either Seller or Purchaser for all periods prior to or including the Closing Date and (b) any audit of Purchaser and/or any audit of Seller with respect to the sales, transfer and similar Taxes imposed by the Laws of any state or political subdivision thereof, relating to the transactions contemplated by this Agreement. In furtherance hereof, Purchaser and Seller further covenant and agree to promptly respond to all reasonable inquiries related to such matters and to provide, to the extent reasonably possible, substantiation of transactions and to make available and furnish appropriate documents and personnel in connection therewith. All costs and

expenses incurred in connection with this Section 10.3 referred to herein shall be borne by the party who is subject to such action.

10.4 Tax Matters.

(a) Any sales, use, purchase, transfer, franchise, deed, fixed asset, stamp, documentary stamp, use or other Taxes and recording charges which may be payable by reason of the sale of the Acquired Assets or the assumption of the Assumed Obligations under this Agreement or the transactions contemplated herein shall be borne and timely paid by Seller and Seller shall indemnify, defend (with counsel reasonably satisfactory to Purchaser), protect, and save and hold Seller harmless from and against any and all claims, charges, interest or penalties assessed, imposed or asserted in relation to any such Taxes.

(b) Purchaser shall, within the later of (i) 120 days after the Closing Date or (ii) 30 days prior to the date by which Seller's federal income Tax Returns must be filed, prepare and deliver to Seller a schedule allocating the Purchase Price among Seller and the Acquired Assets (such schedule, the "Allocation"). Purchaser and Seller shall report and file all Tax Returns consistent with the Allocation, and shall take no position contrary thereto or inconsistent therewith (including, without limitation, in any audits or examinations by any Governmental Authority or any other proceeding). Purchaser and Seller shall cooperate in the filing of any forms (including Form 8594 under section 1060 of the Code) with respect to such Allocation, including any amendments to such forms required pursuant to this Agreement with respect to any adjustment to the Purchase Price. Notwithstanding any other provision of this Agreement, the terms and provisions of this Section 10.4(b) shall survive the Closing without limitation.

ARTICLE 11

MISCELLANEOUS

11.1 Expenses.

(a) Except as provided in Section 9.2 hereof, each party hereto shall bear its own costs and expenses, including attorneys' fees, with respect to the transactions contemplated hereby. Notwithstanding the foregoing, in the event of any action or proceeding to interpret or enforce this Agreement, the prevailing party in such action or proceeding (i.e., the party who, in light of the issues contested or determined in the action or proceeding, was more successful) shall be entitled to have and recover from the non-prevailing party such costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may incur in the pursuit or defense thereof.

(b) The parties hereto agree that if any claims for commissions, fees or other compensation, including, without limitation, brokerage fees, finder's fees, or commissions are ever asserted against Purchaser or Seller in connection with this transaction, all such claims shall be handled and paid by the party whose actions form the basis of such claim and such party shall indemnify (with counsel reasonably satisfactory to the party or parties entitled to indemnification) and hold the other harmless from and against any and all such claims or

demands asserted by any Person, firm or corporation in connection with the transaction contemplated hereby.

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

11.3 Notices. Any notice, request, instruction or other document to be given hereunder by a party hereto shall be in writing and shall be deemed to have been given, (a) when received if given in person, (b) on the date of transmission if sent by telex, telecopy, e-mail, or other wire transmission, (c) upon delivery, if delivered by a nationally known commercial courier service providing next day delivery service, or (d) upon delivery, or refusal of delivery, if deposited in the U.S. mail, certified or registered mail, return receipt requested, postage prepaid. Unless another address is specified in writing, any notice, request, instruction or other documents given to the parties to this Agreement shall be sent to the addresses indicated below:

To Purchaser: Teters Floral Products, Inc.
1425 South Lillian Avenue
Bolivar, MO 65613
Attn: Mark Johnson
Tel: 417-326-7654
Fax: 417-326-8061
E-mail: markj@teters.com

with a copy to: Morgan, Lewis & Bockius LLP
101 Park Avenue
New York, NY 10178
Attn: Steven Navarro
Neil E. Herman
Tel: 212-309-6000
Fax: 212-309-6001
Email: snavarro@morganlewis.com
nherman@morganlewis.com

To Seller: Napa Home & Garden, Inc.
3270 Summit Ridge Parkway Suite 240
Duluth, GA 30096
Attn: Jerry Cunningham
Tel: 770-255-2323
Fax: 770-255-2525
E-mail: jerry@napahomeandgarden.com

with a copy to: Jones & Walden, LLC
21 8th Street NE
Atlanta, GA 30309
Attn: Leon S. Jones
Tel: 404-564-9300
Fax: 404-564-9301

Email: ljones@joneswalden.com
lpineyro@joneswalden.com

11.4 Waivers. The failure of a party hereto at any time or times to require performance of any provision hereof shall in no manner affect its right at a later time to enforce the same. No waiver by a party of any condition or of any breach of any term, covenant, representation or warranty contained in this Agreement shall be effective unless in writing by Seller or Purchaser, as applicable, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach of other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

11.5 Counterparts and Execution. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, all of which together shall constitute one and the same instrument. Any counterpart may be executed by facsimile signature or “.pdf” format signature and such signature shall be deemed an original.

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

11.7 SUBMISSION TO JURISDICTION. THE PARTIES HEREBY AGREE THAT ANY AND ALL CLAIMS, ACTIONS, CAUSES OF ACTION, SUITS, AND PROCEEDINGS RELATING TO THIS AGREEMENT OR THE OTHER AGREEMENTS CONTEMPLATED HEREIN SHALL BE FILED AND MAINTAINED ONLY IN THE BANKRUPTCY COURT, AND THE PARTIES HEREBY CONSENT TO THE JURISDICTION OF SUCH COURT.

11.8 Governing Law; Jurisdiction. This Agreement shall be construed, performed and enforced in accordance with, and governed by, the Laws of Delaware (without giving effect to the principles of conflicts of Laws thereof), except to the extent that the Laws of such State are superseded by the Bankruptcy Code or other applicable federal Law. For so long as Seller is subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with the Agreement, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After Seller is no longer subject to the jurisdiction of the Bankruptcy Court, the parties irrevocably elect, as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement, and consent to the jurisdiction of, any state or federal court having competent jurisdiction in Georgia.

11.9 Binding Nature; Assignment. Upon the approval of this Agreement by the Bankruptcy Court, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without prior written consent of the other parties (which shall not be unreasonably withheld or delayed), except: (a) the rights and interests of Seller hereunder may be assigned to a trustee appointed under Chapter 7 of the Bankruptcy Code; (b) this Agreement may be assigned to any entity appointed as a successor to Seller pursuant to a confirmed Chapter 11 plan; (c) Purchaser

may transfer and assign this Agreement and the rights, interest and obligations hereunder (i) to one or more of its Affiliates, (ii) in connection with a sale of all or substantially all of its assets or all or substantially all of the assets comprising the Business, or (iii) for collateral security purposes to any lender providing financing to the Purchaser or any of its Affiliates; and (d) as otherwise provided in this Agreement. Seller hereby agrees that the terms of this Agreement shall be binding upon any subsequent trustee appointed under Chapter 7 of the Bankruptcy Code.

11.10 No Third Party Beneficiaries. This Agreement is solely for the benefit of the parties hereto and nothing contained herein, express or implied, is intended to confer on any Person other than the parties hereto or their successors and permitted assigns, any rights, remedies, obligations, claims, or causes of action under or by reason of this Agreement.

11.11 Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to this Agreement to express their mutual intent, and no rule of strict construction shall be applied against any party. Any reference to any federal, state, local or foreign Law shall be deemed also to refer to all rules and Laws promulgated thereunder, unless the context requires otherwise.

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

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

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

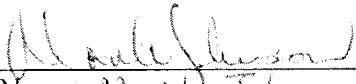
11.15 No Survival. The representations and warranties of Seller and Purchaser contained in this Agreement or in any instrument delivered in connection herewith shall not survive the Closing, other than in the case of fraud.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

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

PURCHASER:

TETERS FLORAL PRODUCTS, INC.

By 
Name: Mark Johnson
Title: PRESIDENT & CEO

SELLER:

NAPA HOME AND GARDEN, INC.

By 

Name: Gerald Cunningham

Title: CEO

DISCLOSURE SCHEDULES

to

ASSET PURCHASE AGREEMENT

by and among

TETERS FLORAL PRODUCTS, INC.

and

NAPA HOME AND GARDEN, INC.

Dated as of _____, 2011

Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Asset Purchase Agreement.

Schedule 1.1(a)

Assumed Contracts

1. Closed-End Vehicle Lease Agreement, dated as of January 26, 2011, between Napa Home and Garden Inc. and Gwinnett Place Honda.
2. Customer Purchase Orders open as of the Closing Date, excluding with respect to Excluded Inventory products.

Schedule 1.1(c)

Excluded Inventory

SKU	DESCRIPTION
1050-A	FL MOONLIGHT MAGIC - AQUA
1050-G	FL MOONLIGHT MAGIC - GREEN
1050-H	FL MOONLIGHT MAGIC - HONEY
1051-R	FL SAMBA - RED
1052-G	FL FANTASY - GREEN
1052-MX	FL FANTASY - MIXED
1052-Y	FL FANTASY - YELLOW
1053-G	FL STARLITE - GREEN
10544CBX-A	FL HONEY POT IN A 4 COLOR BOX AQUA
10544CBX-G	FL HONEY POT IN A 4 COLOR BOX GREEN
10544CBX-R	FL HONEY POT IN A 4 COLOR BOX RED
1054-A	FL HONEY POT - AQUA
1054-G	FL HONEY POT - GREEN
1054-OG	FL HONEY POT - OLIVE GREEN
1054-R	FL HONEY POT - RED
1055-G	FL ROMANTIC - GREEN
1055-OG	FL ROMANTIC - OLIVE GREEN
1055-R	FL ROMANTIC - RED
10564CBX-G	FL PARTY TIME IN A 4 COLOR BOX
10564CBX-RG	FL PARTY TIME IN 4 COLOR BOX
10564CBX-Y	FL PARTY TIME IN A 4 COLOR BOX
1056-BL	FL PARTY TIME BLUE
1056-G	FL PARTY TIME - GREEN
1056-MP	PARTY TIME 112 PC MINI PALLET
1056-OG	FL PARTY TIME - OLIVE GREEN
1056-R	FL PARTY TIME - RED
1056-RG	FL PARTY TIME - RED GOLD

1056-Y	FL PARTY TIME - YELLOW
1057-G	FL TANGO - GREEN
1057-Y	FL TANGO
1058-CR	FL HOT SALSA - CREAM
1058-R	FL HOT SALSA - RED
1059-G	FL ILLUME
10604CBX-G	FL SUNSET IN A 4 COLOR BOX
10604CBX-R	FL SUNSET IN A 4 COLOR BOX
1060-G	FL SUNSET - GREEN
1060-R	FL SUNSET - RED
1061-MX	FL OOH-LA-LA - MIXED
1062-BR	FL ENCHANTED BROWN
1063-TC	FL ALLURE
1064-G	FL ELEGANT BUTTERFLY WITH LID
1064-R	FL ELEGANT BUTTERFLY WITH LID
1070-B	FL OBSESSION - BLUE W/LID
1070-G	FL OBSESSION - GREEN W/LID
1070-MX	FL OBSESSION - MIXED GLAZE W/LID
1070-R	FL OBSESSION - RED W/LID
1070-TQ	FL OBSESSION - TURQUOISE W/LID
1071-B	FL JUBILEE - BLUE W/LID
1071-G	FL JUBILEE - GREEN W/LID
1071-R	FL JUBILEE - RED W/LID
1071-TQ	FL JUBILEE TURQUOISE W/ LID
1071-Y	FL JUBILEE - YELLOW W/LID
1072-R	FL SERENADE - RED W/LID
1072-TQ	FL SERENADE - TURQUOISE W/LID
1072-Y	FL SERENADE - YELLOW W/LID
1073-BR	FL BAMBOO - BROWN W/LID
1073-G	FL BAMBOO - GREEN W/LID
10744CBX-G	FL PASSION VINE IN A 4 COLOR BOX GR
10744CBX-R	FL PASSION VINE IN A 4 COLOR BOX R
10744CBX-TQ	FL PASSION VINE IN A 4 COLOR BOX TQ
1074-BK	FL PASSION VINE - BLACK W/LID
1074-G	FL PASSION VINE - GREEN W/LID
1074-R	FL PASSION VINE - RED W/LID
1074-TQ	FL PASSION VINE - TURQUOISE W/LID
10754CBX-R	FL BALI IN A 4 COLOR BOX RED
10754CBX-TQ	FL BALI IN A 4 COLOR BOX TQ
1075-R	FL BALI - RED W/LID
1075-TQ	FL BALI - TURQUOISE WITH LID
1076-ORG	FL VENUS - ORANGE W/LID

1076-Y	FL VENUS - YELLOW W/LID
1077-G	FL GALAXY - GREEN W/LID
1077-TQ	FL GALAXY - TURQUOISE W/LID
1077-Y	FL GALAXY - YELLOW
1078-BK	FL LION TOWER - MATTE BLACK W/LID
1078-MR	FL LION TOWER
1078-MW	FL LION TOWER MATTE WHITE
1078-R	FL LION TOWER - RED W/LID
1078-TQ	FL LION TOWER - TURQUOISE W/LID
1080-MB	FL MONTICELLO WITH LID
1080-MR	FL MONTICELLO WITH LID
1080-MW	FL MONTICELLO WITH LID
1082-BR	FL CHA CHA CHA WITH LID
1082-G	FL CHA CHA CHA WITH LID
1082-R	FL CHA CHA CHA WITH LID
1082-TQ	FL CHA CHA CHA WITH LID
1083CBX-G	FL LITTLE GEM GREEN FOUR COLOR BOX
1083CBX-R	FL LITTLE GEM FOUR COLOR BOX - RED
1083CBX-TQ	FL LITTLE GEM IN FOUR COLOR BOX TQ
1083CBX-Y	FL LITTLE GEM 4 COLOR BOX - YELLOW
1083-BR	FL LITTLE GEM WITH LID
1083-G	FL LITTLE GEM WITH LID GREEN
1083-TQ	FL LITTLE GEM WITH LID
1083-Y	FL LITTLE GEM WITH LID
1086-G	FL SWEET PEA WITH LID
1086-L	FL SWEET PEA WITH LID
1086-R	FL SWEET PEA WITH LID RED
1086-TQ	FL SWEET PEA WITH LID
1086-W	FL SWEET PEA WITH LID WHITE
10874CBX-R	FL TANGO 4 COLOR BOX - RED
1087-BR	FL WALNUT FINISH URN W LID BROWN
10884CBX-G	FL APOLLO 4 COLOR BOX - GREEN
1088-BR	FL WALNUT FINISH SPHERE W/ LID BRN
10894CBX-ORG	FL STARDUST 4 COLOR BOX - ORANGE
10904CBX-BL	FL LUNA 4 COLOR BOX BLUE
1091-RB	FL EMBROIDERY BALL ROYAL BLUE
1092-R	FL APPLE JAR RED
1093-BR	FL SEASHELL BROWN
1093-RB	FL SEASHELL - ROYAL BLUE
1094-RB	FL LANTERN ROYAL BLUE
1095-G	FL JACQUE GREEN
1095-GY	FL JACQUE GRAY

1095-W	FL JACQUE WHITE
1095-Y	FL JACQUE YELLOW
1096-G	FL COQUETTE GREEN
1096-GY	FL COQUETTE GRAY
1096-W	FL COQUETTE FACE WHITE
1096-Y	FL COQUETTE YELLOW
1097-TQ	FL GOLDFISH TURQUOISE
1097-W	FL GOLDFISH WHITE
1098-B	FL LUNA BLUE
1098-G	FL LUNA GREEN
1098-TQ	FL LUNA TURQUOISE
1099-BR	FL VINTAGE FIRELITE COLUMN BROWN
1099-G	FL VINTAGE FIRELITE COLUMN GREEN
1099-R	FL VINTAGE FIRELITE COLUMN RED
1099-TQ	FL VINTAGE FIRELITE COLUM TURQUOISE
1099-Y	FL VINTAGE FIRELITE COLUMN YELLOW
1100-BR	FL VINTAGE FLARED POT BROWN
1100-G	FL VINTAGE FIRELITE POT GREEN
1100-R	FL VINTAGE FIRELITE POT RED
1100-TQ	FL VINTAGE FIRELITE POT TURQUOISE
1100-Y	FL VINTAGE FIRELITE POT YELLOW
1150-B	FL TERRAZZO 12" TOWER BLACK
1170-B	FL 12" TERRAZZO TOWER SMALL
1170L-B	FL 40" TERRAZZO TOWER LG
1170M-B	FL TERRAZZO TOWER MED BLACK
1171-B	FL TERRAZZO COLBY W/LID LARGE
1171M-B	FL TERRAZZO MED COLBY W/LID BLACK
1172-B	FL 8" TERRAZZO SHERE BLACK
1172-GY	FL 8" TERRAZZO SPHERE GREY
1172M-B	FL 6" TERRAZZO SPHERE BLACK
1172M-GY	FL 6" TERRAZZO SPHERE GREY
1173-B	FL TERRAZZO ARIS POT W/LID BLACK
1174-B	FL CUBE 5.5" BLACK
1175-B	FL CUBE 8" BLACK
1176-B	FL ROUND TERRAZZO FIRELITE W PLATE
1177-B	FL LARGE HEXAGON TERRAZZO FIRELITE
1178-B	FL MEDIUM HEXAGON TERRAZZO FIRELITE
1179-B	FL SMALL HEXAGON TERRAZZO FIRELITE
1180-RB	FL CASSANDRA GLOBE STONEWARE RB
1181-R	FL IMPERIAL JAR STONEWARE RED
1182-RB	FL SEASHELL STONEWARE ROYAL BLUE
1182-S	FL SEASHELL STONEWARE SAND

1183-RB	FL TORINO LANTERN STONEWARE ROY BL
1184-G	FL ACANTHUS GREEN
1184-R	FL ACANTHUS RED
1184-W	FL ACANTHUS WHITE
1185-L	FL AEGEAN JAR LAVENDER
1185-R	FL COOKIE JAR RED
1185-TQ	FL COOKIE JAR
1186-R	FL RING AROUND RED
1186-W	FL RING-AROUND WHITE
1186-Y	FL RING-AROUND YELLOW
1187-G	FL ECHELEON GREEN
1187-H	FL ECHELEON HONEY
1187L-H	FL GRANDE ECHELEON
1187-R	FL ECHELEON RED
1188-L	FL PROVENCAL LAVENDER
1188-R	FL PROVENCAL RED
1188-Y	FL PROVENCAL YELLOW
1189-GD	FL HOLLYWOOD GLAMOUR GOLDEN SPHERE
1189-SV	FL HOLLYWOOD GLAMOUR SILVER SPHERE
1190-GD	FL HOLLYWOOD SASHAY GOLD
1190-SV	FL HOLLYWOOD SASHAY SILVER
1191-GY	FL ROCK & ROLL SQ
1200-GY	FL CEMENT FIREPIT
1201-GY	FL ROCK & ROLL
1202-MB	FL MONTICELLO COLUMN BLACK
1202-MR	FL MONTICELLO COLUMN RED
1202-MW	FL MONTICELLO COLUMN WHITE
1203-GR	FL FDL TALL URN GREEN
1203-TQ	FL FDL TALL URN BLUE
1203-W	FL FDL TALL URN WHITE
1204-BR	FL FLEUR DE LIS - MUSHROOM
1204-OG	FL FLEUR DE LIS GREEN
1204-TQ	FL FLEUR DE LIS TURQUOISE
1205-BR	FL FLAME MUSHROOM
1205-GR	FL FLAME GREEN
1205-R	FL FLAME RED
1205-TQ	FL FLAME TURQUOISE
1205-Y	FL FLAME YELLOW/GREEN
1206-BL	FL TINY BUBBLES URN BLUE
1206-G	FL TINY BUBBLES URN TURQUOISE
1206-OG	FL TINY BUBBLES URN OLIVE GREEN
1206-R	FL TINY BUBBLES URN RED

1207-G	FL TINY BUBBLES GREEN
1207-R	FL TINY BUBBLES RED
1207-TQ	FL TINY BUBBLES TURQUOISE
1208-G	FL ALI BABBA GREEN
1208-TQ	FL ALI BABBA TURQUOISE
1208-Y	FL ALI BABBA - YELLOW
1209-BK	FL ROLL OVER CLOVER URN BLACK
1209-BR	FL CLOVER URN
1209-G	FL ROLL OVER CLOVER URN GREEN
1209-R	FL ROLL OVER CLOVER URN RED
1209-TQ	FL ROLL OVER CLOVER URN TURQUOISE
1209-W	FL ROLL OVER CLOVER URN WHITE
1210-RG	FL SERENITY RED GOLD
1210-Y	FL SERENTIY YELLOW
1211-A	FL HEAVENLY CROSS AQUA
1211-R	FL HEAVENLY CROSS RED
1211-W	FL HEAVENLY CROSS WHITE
1212-BL	FL FISHERMAN'S FIRELITE BLUE
1213-MB	FL 19.5" MAGNIFICENT RING OF FIRE
1214-RG	FL CHRISTIAN FIRELITE RED GOLD
1215-DG	KINGS ROAD FIRELITE
1216-GY	FL DOVER URN
1217-GY	FL DOVER CYLINDER
1217-MB	FL 12.5" GREAT BOWL OF FIRE
CL109-DG	CL FIRELITE TOWER CONCETERLITE GREY
FB0007	FIREGEL GEL FUEL 2 PACK
FB0008	FIREGEL QUART 32 OZ BTL 1 BOTTLE
FB0009	FIREGEL QUART CITRONELLA (1) 32 OZ
FB0010	FIREGEL GEL FUEL CASE/6BTL
FB0011	FIREGEL GEL FUEL W/CITRON 6 BTS
FB0012	FIREGEL GEL FUEL INDIVIDUAL BOTTLE
FB0012C	FIREGEL GEL FUEL IND BOTTLE-CANADA
FB0013	FIREGEL GEL FUEL W/CITR SINGLE BTL
FB0013C	FIREGEL GEL FUEL W/CITR SINGLE BTL
FB0014	FIREGEL GALLON 4 PER CASE
FB0015	FIREGEL CITRONELLA GALLON/4 PER CS
FB0016	FIREGEL 1 GALLON/3.785 LITER
FB0017	FIREGEL CITRONELLA 1 GALL/3.785 LT
FB0020	FB DISPLAY SHELF
FB0021	FB DIE CUT BLANK INSERT
FB0022	FB STANDING FLAME CUT OUTS
FB0023	FB RSC BOXES/PLAIN KRAFT

FB1006	FB DISPLAY SHELF
FB4CBX100-BL	FB 4CBX WAVE BLUE, CASE PACK OF 6
FB4CBX100-BL	FB 4CBX WAVE BLUE, CASE PACK OF 6
FB4CBX100-G	FB 4CBX WAVE GREEN, CASE PACK OF 6
FB4CBX100-G	FB 4CBX WAVE GREEN, CASE PACK OF 6
FB4CBX100-R	FB 4CBX WAVE RED, CASE PACK OF 6
FB4CBX100-R	FB 4CBX WAVE RED, CASE PACK OF 6
FB4CBX101-G	FB 4CBX DOME GREEN
FB4CBX101-R	FB 4CBX DOME RED, CASE PACK OF 6
FB4CBX101-R	FB 4CBX DOME RED, CASE PACK OF 6
FB4CBX101-Y	FB 4CBX DOME YELLOW, CASE PACK OF 6
FB4CBX101-Y	FB 4CBX DOME YELLOW, CASE PACK OF 6
FL0006	NAPAFire GEL FUEL W/ CITRONEL
FL0007	NAPAFire GEL FUEL CASE OF 2
FL0008	NAPAFire GEL FUEL 32 OZ BTL (1)
FL0008C	NAPAFIRE CANADA 32OZ BTL (1) REG
FL0009	NAPAFire GEL FUEL W/CITRONELLA (1)
FL0009C	NAPAFIRE CANADA 32OZ BTL (1) CITRON
FL0010	NAPAFIRE GEL FUEL CASE/6 BTLS
FL0010C	NAPAFIRE CANADA GEL 6 BOTTLE CASE
FL0011	NAPAFire GEL FUEL W/CITRON 6 BTLS
FL0011C	NAPAFIRE CANADA CITRONELLA 6 BTL CS
FL0012	NAPAFire GEL FUEL CASE/12 BTLS
FL0012C	NAPAFIRE CANADA GEL FUEL 12 BTL CAS
FL0013	NAPAFire GEL FUEL CASE 12 W/ CITRO
FL0013C	NAPAFIRE CANADA GEL FUEL 12 BTL CS
FL0014	NAPAFIRE GALLONS 4 PER CASE REGULAR
FL0014C	NAPAFIRE GALLONS 4 /CASE REG CANADA
FL0015	NAPAFIRE GALLONS 4 PER CASE CITRO
FL0015C	NAPAFIRE GALLONS 4/CASE CITRO CANAD
FL0016	NAPAFIRE 1 GALLON/3.785 LITER
FL0016C	NAPAFIRE 1 GALLON/3.785 LITR CANADA
FL0017	NAPAFIRE CITRONELLA 1 GALL/3.785 LT
FL0017C	NAPAFIRE CITRONELLA 1 GALL CANADA
FL012	FL COOL IT TRIGGER SPRAY CASE OF 6
FL013	FL COOL IT TRIGGER SPRAY 16OZ BOTTL
FL014	FL COOL IT AEROSOL CASE OF 6
FL015	FL COOL IT AEROSOL 15 OZ ONE BOTTLE
FL1003	FL 3.5 H REPLACEMENT CUP
FL1004	FL FLAME SNUFFER
RHFL0010	NAPAFIRE GEL FUEL CASE/6 BTLS
RHFL0011	NAPAFire GEL FUEL W/CITRON 6 BTLS

SK10544CBX-A	SHOPKO FL HONEY POT AQUA
SK10544CBX-G	SHOPKO FL HONEY POT GREEN
SK10544CBX-R	SHOPKO FL HONEY POT RED
SK10564CBX-G	SHOPKO FL PARTY TIME GREEN
SK10564CBX-RG	SHOPKO PARTY TIME RED GOLD
SK10564CBX-Y	SHOPKO FL PARTY TIME YELLOW
SK10604CBX-G	SHOPKO FL SUNSET GREEN
SK10604CBX-R	SHOPKO FL SUNSET RED
SK10784CBX-BK	SHOPKO FL LION TOWER BLACK W/LID
SK10784CBX-MR	SHOPKO FL LION TOWER MATTE RED
SK10784CBX-SB	SHOPKO FL LION TOWER SHINY BLACK
SK10784CBX-SR	SHOPKO FL LION TOWER SHINY RED
SK10834CBX-G	SHOPKO FL LITTLE GEM GREEN
SK10834CBX-TQ	SHOPKO FL LITTLE GEM TURQUOISE
SK10834CBX-Y	SHOPKO FL LITTLE GEM YELLOW

Schedule 4.3

Title to Assets

CONTRACT NAME	DESCRIPTION
American Honda	Honda Pilot
Cintas	Janitorial/Hygiene Products purchased
Cbeyond	Phone line provider
Idealease	Delivery Truck
Pitney Bowes	Postage Machine Rental
Wells Fargo	Konica Copier

Schedule 4.6

Cure Payments

1. Closed-End Vehicle Lease Agreement, dated as of January 26, 2011, between Napa Home and Garden Inc. and Gwinnett Place Honda.
 - a. Cure Payment - \$0.00
2. Customer Purchase Orders open as of the Closing Date excluding with respect to Excluded Inventory products.
 - a. Cure Payment - \$0.00

Schedule 4.7

Acquired Inventory Locations:

1. Main Warehouse is: Duluth 3270 Summit Ridge Parkway, Duluth GA 30096
2. Atlanta Showroom: Americas Mart Building 2 and 2West 10th Floor #1037A and #10A37
3. High Point Showroom: IHFC Building Hamilton Wind #420 High Point NC
4. Las Vegas Storage: Storage One 481 South Decatur Blvd. Las Vegas Nevada

Schedule 4.8

Intellectual Property

(a)

Patents

None

Trademarks (all unregistered)

Napa Home & Garden

Terrazzolite

Fibreclay

Concretelite

Preserved Greens

Fantasy Flowers

Green Thumbs Not Required

It only looks heavy

Copyrights

None

Trade names, Domain Names and Service Marks

All Unregistered:

Napa Home & Garden

Preserved Greens - unregistered name of a collection:

“Green thumbs not required”

“Fantasy Flowers”

“it only looks heavy”

Fibreclay

Terrazzolite

Concretelite

PRESERVED BOTANICALS

WWW.NAPAHOMEANDGARDEN.COM

(b)

There are not any restrictions on use of the above.

Schedule 4.9
Real Property Leases

CONTRACT NAME	DESCRIPTION	NOTES
Atlanta Showroom	Atlanta Showroom	Lease through November 30, 2014
HomeStyle Atlanta & Dallas	Showroom Shared Space Rental	Due January & July 2011
WMCV	Las Vegas Showroom	Lease through May 31, 2016
Cobalt Industrial	Duluth Office/Warehouse	Lease through April 30, 2017
IHFC Properties	High Point Showroom	Lease through October 31, 2014
Storage One	Storage Unit Agreement	LV inventory storage

Schedule 4.10

Insurance

(a) Policies

Package Policy – Allied Insurance – Policy number ACP7123714050

NV Location Package Policy – Allied Insurance – Policy number ACP BPW7123714050

EPLI (Employment Practices Liability) Policy – Scottsdale Indemnity – Policy number EKI3027318

Work Comp Policy – Zurich Insurance – Policy number WC0449995200

Fiduciary Policy – Travelers Insurance – Policy number 105579112

(b) Pending claims and the claim history:

	Insurance Claims 2009, 2010 and 2011			
Allied Insurance				
Date	Claim No.	Claimant name	Description	Status
2/9/2010	10A20909	Nationwide Claim 77 10 PE 020874 020910 51	Claimant fell on premises	closed
9/17/2010	10A24439	Nationwide Claim 77 10 PE 025165 091710 51	Employee Damage to Customer Vehicle	closed
7/10/2010	10A26438	Nationwide Claim 77 10 PE 027722 071010 51	Injury from Burn	open
4/15/2011	10A28187	Nationwide Claim 77 10 PE 030128 041511 51	Injury from Burn	open
4/16/2011	10A28702	Nationwide Claim 77 10 PE 030905 041611 51	Injury from Burn	open
6/11/2011	10A28787	Nationwide Claim 77 10 PE 031020 061111 51	Injury from Burn	open
6/17/2011	10A28884	Nationwide Claim 77 10 PE 031165 061711 51	Injury from Burn	open
5/28/2011	10A28900	Nationwide Claim 77 10 PE 031184 052811 51	Injury from Burn	open
5/24/2011	10A28914	Nationwide Claim 77 10 PE 031202 052411 51	Injury from Burn	open
6/3/2011	10A28915	Nationwide Claim 77 10 PE 01203 060311 51	Injury from Burn	open
5/28/2011	10A28928	Nationwide Claim 77 10 PE 031216 052811 51	Injury from Burn	open
6/3/2011	10A28929	Nationwide Claim 77 10 PE 031217 060311 51	Injury from Burn	open
6/10/2011	10A28930	Nationwide Claim 77 10 PE 031219 061011 51	Injury from Burn	open

6/3/2011	10A28931	Nationwide Claim 77 10 PE 031220 060311 51	Injury from Burn	open
5/28/2011	10A28932	Nationwide Claim 77 10 PE 031222 052811 51	Injury from Burn	open
3/31/2011	10A28933	Nationwide Claim 77 10 PE 031224 033111 51	Injury from Burn	open
2/29/2011	10A28945	Nationwide Claim 77 10 PE 031245 021911 51	Injury from Burn	Open
6/8/2010	10A22678	Nationwide Claim 77 10 PE 022983 060810 51	Damage to other vehicle by company driven truck	closed
5/24/2011	10A28902	Nationwide Claim 77 10 PE 031188 052411 51	Injury from Burn	Open
5/9/2008	10A10364	Nationwide Claim 77 10 PE 008364 050908 51	Damage to Property	Closed
2/3/2008	A8C2936	Travelers	Claimant fell	Closed

In addition, Seller is aware of the following potential personal injury and/or property claimants related to Excluded Inventory, which Seller is in the process of organizing for submission to its insurer:

- Michael Hubbard, Long Island, New York;
- Jonathan Mitzman, Manhattan, New York;
- Nick Stone, Manhattan, New York;
- Sandi Grove, Granger, Indiana;
- Robert McCutcheon as well as his wife Kimberley, his daughter Holly, and his sister-in-law Jamie Perez, Omaha, Nebraska;
- Becky Hart, Huntingtown, Maryland;
- Lauren Levitt, Encino, California;
- Skyler Kelley, Carlstadt, New Jersey;
- William Anderson, Baltimore, Maryland;
- An incident reported by Flowers 'N Such;
- An incident reported by Lammers Glass Gifts & Antiques;
- An incident reported by My Favorite Things regarding a customer;
- An incident reported by Pasquesi Home & Garden regarding a customer;
- An incident reported by Kellie Burke Designs, LLC;
- Bianca Gonzales;
- Anne from Sealy, Texas reporting injuries to her Aunt;

- The daughter of Cynthia Greene McNutt, Nashville, Tennessee;
- Ronald B. Boney and Ann B. Boney, Florida;
- A customer of Brace Books & More in Ponca City, Oklahoma;
- Dr. Brian Russell;
- CPSC report regarding a fire in Fishers, Indiana (consumer names withheld);
- Daryl Hersch, Spokane, Washington;
- bertandcarl30@aol.com;
- Neighbor of Colleen Welsch, reported to Indiana Backyards;
- Connecticut resident (name unknown), as reported by Richard Maloney, Director of Trade Practices with the Connecticut Department of Consumer Protection and Robert Nakano, Supervising Special Investigator with the Trade Practices Division of the Connecticut Department of Consumer Protection;
- Consumer incidents in Minnesota, as reported by Joy Nakrin of Minneapolis/St. Paul station KSTP;
- John Price, Dallas, Texas;
- Steve Dani and a friend; Ann Arbor, Michigan;
- Patrick Murphy;
- Client of T. David Hoyle, an attorney. Mr. Hoyle's letter also references two additional incidents in South Carolina;
- Rachael Smilowitz, West Ashley, South Carolina;
- The daughter of Matt Gregory, Carthage, Mississippi;
- Brent and Tracey Miller, Kissimmee, Florida
- Kathy Mundth, Reedsburg, Wisconsin;
- Scott Colquhoun, Wilmington, North Carolina;
- Gregory Kriss, Burlington, Connecticut;
- Jacqueline Ortiz-Delgado and Renee Delgado, Florida;
- Robinson Ginsburg, New York, New York;
- Carla Smith;
- Randolph Stevens and Julie Stevens, as a result of alleged injuries to Rebecca Hart;
- Pat Cocke;
- Jack Butler Norman, III v. Napa Home & Garden, Inc., et. al., Superior Court of New Jersey, Essex County, Docket No: ESX-L-4937-11;
- David and Debra Gwerder, as a result of alleged injuries involving John Cowan;
- William Biggins, Maryland;
- Francesco A. Pollari, New York;
- Kate McDevitt and Alexander Getz;
- Jeannine Noe, Cheyenne, Wyoming;
- The son of Nancy Reyer;
- Rachael Smilowitz v. Napa Home & Garden Inc. et al., No. 11-CP-4202 (Ct. of Common Pleas, Ninth Jud. Cir.); and
- Satterfield et al. v. Napa Home & Garden Inc., et al., No. 7:11-cv-01514-JMC (D.S.C.).
- An incident reported by City People's Garden regarding a customer
- An incident reported by Hyams Landscape & Garden Center
- An incident reported by Avondale Gift Boutique regarding a customer

- To the extent not included above, Seller also incorporates the lawsuits identified in Schedule 4.16.

4.10(c)

Notice of Cancellation of Insurance: Package Including Auto: Policy Number: ACP 7123714050 BPWC BAA CAA BPW; mailed to Seller June 27, 2011.

Schedule 4.11

Customers

(a)

Top Ten Customers 2010		
CUSTOMER NAME	FISCAL YEAR	SALES TOTAL
DILLARD'S	2010	671,800.00
RESTORATION HARDWARE	2010	610,717.99
BURRIS LOGISTICS	2010	196,237.94
W.R. VANDERSCHOOT OF VA, INC	2010	192,727.16
BED BATH & BEYOND	2010	183,805.50
DESIGN HOME	2010	124,085.24
BALLARD DESIGNS	2010	116,262.80
MEIJER, INC	2010	98,870.16
BRASS EXCHANGE, THE	2010	76,695.20
FLOWER MART BY SUNRISE	2010	55,350.19
		<u>2,326,552.18</u>

	CUSTOMER NAME	<u>Jan-11</u>	<u>Feb-11</u>	<u>Mar-11</u>	<u>Q1 TOTAL</u>
1	BED BATH & BEYOND DIRECT TO STORE	\$ 860.80	\$ 862.80	\$ 376,895.51	\$ 378,619.11
2	SHOPKO	\$ 144,994.80	\$ 77,058.00	\$ 32,576.00	\$ 254,628.80
3	BED BATH & BEYOND DIRECT IMPORT	\$ 228,294.30	\$ -	\$ -	\$ 228,294.30
4	DILLARD'S	\$ 103,578.00	\$ 43,890.00	\$ -	\$ 147,468.00
5	MEIJER, INC	\$ -	\$ 32,000.00	\$ 58,991.64	\$ 90,991.64
6	DESIGN HOME	\$ 5,073.48	\$ 5,462.05	\$ 49,183.85	\$ 59,719.38
7	BALLARD DESIGNS	\$ 17,446.10	\$ -	\$ 22,320.00	\$ 39,766.10
8	NEIMAN MARCUS	\$ 11,085.00	\$ 7,097.50	\$ 14,000.00	\$ 32,182.50

	DIRECT				
9	MIDA HOLDINGS	\$ 1,121.70	\$ 13,782.55	\$ 16,600.75	\$ 31,505.00
10	RESTORATION HARDWARE	\$ 5,214.50	\$ 6,335.25	\$ 12,776.00	\$ 24,325.75

(b)

- Design Home, the Canadian distributor, has been cancelled.
- Although many key customers purchased firelites and fuel and will cancel or terminate their purchase orders for those products and may decide not to do further business with Seller, the Seller has not received notice of any Key Customers that intend to cancel or terminate their relationship.

Schedule 4.12

Affiliate Transactions

None

Schedule 4.13

Contracts

(a)

CONTRACT NAME	TYPE	DESCRIPTION
American Honda	Lease	Honda Pilot
Atlanta Showroom	Lease	Atlanta Showroom
Betty Sewell	Agreement	License Agreement
BlueWave	Agreement	IT Support
Bruce Larson	Agreement	Sales Rep Agreement
Casual Furniture Show	Agreement	Exhibitor Contract for September 2011

Catapult Consulting	Agreement	Product Development Agreement
Cbeyond	Agreement	Phone line provider
Cintas	Agreement	Janitorial/Hygiene Products purchased
Cobalt Industrial	Lease	Duluth Office/Warehouse
Evergreen	Agreement	Inventory Container Shipment
Fuel Barons	Agreement	License Agreement
Guy Wolff	Agreement	License Agreement
HomeStyle/Ivystone Group	Agreement	Sales Rep Agreement
HomeStyle Atlanta & Dallas	Agreement	Showroom Shared Space Rental
Idealease	Lease	Delivery Truck
IHFC Properties	Lease	High Point Showroom
Independent Garden Ctr Show	Agreement	Exhibitor Contract for August 2011
Industry Connection	Agreement	Annual Website Hosting
Leaf Financial	Purchase	Display Booth
More Turns	Agreement	Sales Rep Agreement
My Domain	Agreement	Domain agreement
Paulson Cheek	Agreement	HVAC Maintenance
Peter Jackson	Agreement	Sales Rep Agreement

Pitney Bowes	Agreement	Postage Machine Rental
Ron Sheldrick	Agreement	Sales Rep Agreement
Rosenberg	Agreement	Sales Rep Agreement
Storage One	Agreement	LV inventory storage
Tecsys	Agreement	Winsol Support & License
Tracey Dunsire	Agreement	Sales Rep Agreement
Tavolacci	Agreement	Purchase Agreement
Vertical Response	Agreement	Monthly support for e-mail blast
Woodbridge Group LLC	Broker Agreement	
Wells Fargo	Lease Purchase	Konica Copier
WMCV	Lease	Las Vegas Showroom
Xerox	Agreement	Supply Maintenance Agreement

(b) Design Home, the Canadian distributor, has been cancelled.

Schedule 4.14

Taxes

All tax filings are current. No taxes due.

Schedule 4.16

Litigation

All the following Litigation, except #3 listed below are related to Excluded Inventory:

1. Donal Rudolph and Joan Rudolph v. Napa Home & Garden, Inc., Losorea Packaging, Inc. and the Dees' Nursery & Florist, Inc.; Civil Action File No. 000884-11, Supreme Court of New York; Nassau County
2. Jack Butler Norman, III v. Napa Home & Garden, Inc., Lasorea Packaging, Inc., Fuel Barons, Inc., Michael Deak, Patrick Butler, ABC Company 1-5, fictitious names, John Does 1-5, fictitious names; Civil Action File No. L-4937-11, Superior Court of New Jersey, Law Division: Essex County
3. Napa Home & Garden, Inc. v. Joe Colvin d/b/a Colvin Hastings Design, Superior Court of Gwinnett Count State of Georgia (related to a claim brought against an artist as a result of a commission dispute)
4. U.S. Consumer Product Safety Commission recall of Seller's and Bed Bath & Beyond gel fuel products
5. Health Canada recall of Seller's gel fuel products
6. Review of Seller's gel fuel products by State of Connecticut Department of Consumer Protection
7. Review of Seller's gel fuel products and distribution by State of Illinois Office of Attorney General
8. Additionally, Seller incorporates all potential claims and claimants identified in Schedule 4.10(b).

Exhibit "B"

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION

-----X	
In re:	: Chapter 11
	: :
NAPA HOME AND GARDEN, INC.,	: Case No. 11-____ (____)
	: :
Debtor.	: Dkt. Ref.:
-----X	

ORDER PURSUANT TO 11 U.S.C. §§ 105, 363 AND 365 (I) ESTABLISHING AUCTION AND BIDDING PROCEDURES FOR THE SALE OF CERTAIN ASSETS OUT OF THE ORDINARY COURSE OF BUSINESS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; (II) APPROVING PAYMENT OF A BREAK-UP FEE AND EXPENSE REIMBURSEMENT; (III) SCHEDULING A FINAL HEARING AUTHORIZING THE SALE TO THE HIGHEST AND BEST BIDDER(S); AND (IV) GRANTING RELATED RELIEF

Upon the motion (the “**Sale Motion**”)¹ of Napa Home and Garden, Inc. as debtor and debtor-in-possession (the “**Debtor**”) pursuant to sections 105(a), 363, and 365 of the Bankruptcy Code, and Bankruptcy Rules 2002, 6004, 6006 and 9014, for, *inter alia*, the entry of this Procedures Order (i) establishing the Auction and Bidding Procedures for the Sale, on an “as is, where is” basis, of the Acquired Assets, (ii) approving the payment of a Breakup Fee and Expense Reimbursement to Teters, and (iii) scheduling the Sale Hearing to consider the Sale of the Acquired Assets to the Winning Bidder; and a hearing having been held before the Court on July [____], 2011 to consider approval of the Sale Motion to the extent set forth therein; and the Court having determined that the relief requested in the Sale Motion is in the best interests of the Debtor, its estate, creditors and other parties-in-interest; and due and adequate notice of the Sale Motion having been given under the circumstances; and upon the entire record in these Chapter 11 Cases; and after due deliberation thereon, and good and sufficient cause appearing therefor, it is hereby

¹ Capitalized terms not defined herein shall have the meanings provided to them in the Motion.

FOUND AND DETERMINED THAT:

A. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014.

B. The Court has jurisdiction over the Sale Motion pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of this case and the Sale Motion in this District is proper under 28 U.S.C. §§ 1408 and 1409.

C. The statutory predicates for the relief sought in the Sale Motion are sections 105, 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 9014.

D. Due and adequate notice of the Sale Motion, the proposed Sale, the Auction and Bidding Procedures and the Auction, the Procedures Hearing, and the subject matter thereof has been provided, or will be provided, to all parties-in-interest, and no other or further notice is necessary. A reasonable opportunity to object or be heard with respect to the Sale Motion and the relief requested therein has been afforded to all interested parties.

E. Time is of the essence in proceeding with the Proposed Sale Process in accordance with the Auction and Bidding Procedures. The Debtor and the estate will suffer substantial harm if the Auction and Sale is delayed. Based upon the exigent facts and circumstances of the case, good cause exists for the Sale to proceed on an expedited basis.

F. The relief requested in the Sale Motion is in the best interests of the Debtor, its estate, creditors and other parties-in-interest. The Debtor has demonstrated good, sufficient, and sound business purposes and justifications for the relief requested in the Sale Motion.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Sale Motion is granted to the extent set forth herein.
2. All objections to the relief provided herein that have not been withdrawn, waived or settled, are hereby overruled and denied on the merits.
3. The Auction and Bidding Procedures set forth on Exhibit A hereto are hereby approved.
4. The Debtor is authorized to pay to Teters the Breakup Fee and Expense Reimbursement as a super-priority administrative expense under section 364(c) of the Bankruptcy Code, senior to all other administrative expense claims except, with respect to the Breakup Fee only, any administrative expense claim on account of any fees of Jones & Walden, LLC.
5. The Debtor is further authorized to take such steps and incur such expenses as may be reasonably necessary or appropriate to effectuate the terms of this Procedures Order.
6. A Sale Hearing to consider the Sale of the Acquired Assets free and clear of liens, claims, encumbrances and interests to the Winning Bidder (pursuant to the terms of the asset purchase agreement with such Winning Bidder) shall be held before this Court on [____], 2011 at [____] (Prevailing Eastern Time) at the United States Bankruptcy Court for the Northern District of Georgia, Atlanta Division.
7. The Court shall retain exclusive jurisdiction to resolve any dispute arising from or relating to the Sale or this Procedures Order.

Dated: [____], Georgia
_____, 2011

Honorable [____]
United States Bankruptcy Judge

Exhibit "A" to Order

Auction and Bidding Procedures

The Debtor intends to conduct an auction (the "**Auction**"), which shall be governed by the following Auction and Bidding Procedures:²

Bid Deadline: The "**Bid Deadline**" shall be July [___], 2011 at 4:00 p.m. (EDT).

Only bidders who timely submit Qualified Bids (as defined below) by the Bid Deadline will be considered.

Qualified Bid: The Debtor will require any interested bidder to submit to a bid that meets the following requirements (such bid, a "**Qualified Bid**," and such bidder, a "**Qualified Bidder**"): (i) state that the Qualified Bidder offers to consummate the Sale pursuant to an agreement that has been marked to show amendments and modifications to the Agreement, including price and terms (the "**Marked Purchase Agreement**"); (ii) confirm that the offer shall remain open and irrevocable until the closing of a Sale to the Winning Bidder or the Next Highest Bidder (as defined herein); (iii) enclose a copy of the proposed Marked Purchase Agreement that provides for cash consideration to the Debtor that is at least \$160,000 greater than the cash consideration plus the Assumed Obligations to be paid by Teters (the "**Initial Overbid**"); (iv) the Marked Purchase Agreement must specifically identify the Acquired Assets proposed to be purchased, and the Contracts to be assumed and assigned; (v) be accompanied by a certified or bank check or wire transfer in an amount equal to 10% of the purchase price identified in the Marked Purchase Agreement, as a minimum good faith deposit (the "**Minimum Deposit**"), which Minimum Deposit shall be used to fund a portion of the purchase price provided for in the bid; (vi) be on terms that are not materially more burdensome or conditional than the terms of the Agreement; (vii) not be conditioned on obtaining financing or the outcome of any due diligence by such Qualified Bidder; (viii) not request or entitle the Qualified Bidder to any break-up fee, expense reimbursement or similar type of payment; and (ix) fully disclose the identity of each entity that will be bidding for the Acquired Assets or otherwise participating in connection with such bid, and the complete terms of any such participation, including any affiliation with the Debtor and or its officers and directors.

The Debtor agrees to provide the prepetition secured lender and any official committee of unsecured creditors (the "**Committee**") with a copy of the Marked Purchase Agreement supporting each Qualified Bid, if any, and such other information regarding each Qualified Bid as the prepetition secured lender or the Committee may reasonably request from time to time.

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

Each Qualified Bidder shall be deemed to acknowledge: (i) that it had an opportunity to conduct the necessary and appropriate due diligence review of all pertinent documents with respect to the Acquired Assets and Assumed Contracts before making its offer, and that such Qualified Bidder relied solely on that review and upon its own investigation in making its offer, and (ii) that such Qualified Bidder is not relying upon any written or oral statements, representations, or warranties of the Debtor, its agents or representatives.

Minimum Deposit: The Debtor shall hold in escrow (without interest) the Minimum Deposit of the Winning Purchaser and the Minimum Deposit of the Next Highest Bidder (defined below) until the earlier of: (A) the Closing of the Sale, and (B) seven (7) Business Days after the Auction. The Debtor shall return the Minimum Deposits of all other Qualified Bidders within three (3) business days after the Auction.

Auction: If the Debtor receives more than one Qualified Bid for the Acquired Assets, the Auction will take place at the office of Jones & Walden, LLC, 21 Eighth St., NE, Atlanta, GA 30309 on July [___], 2011 at [10:00] a.m. EDT, or such later time and place as the Debtor may provide so long as such change is communicated reasonably in advance by the Debtor to all bidders, and other invitees.

Auction Rules: If an Auction is held, the following rules for its conduct will be observed: (i) only a Qualified Bidder who has submitted a Qualified Bid by the Bid Deadline will be eligible to participate at the Auction; (ii) a minimum Qualified Bid amount for the Acquired Assets may be announced and/or posted prior to the Auction, which minimum Qualified Bid amounts may be established based upon a variety of factors, including, without limitation, the highest bids received prior to the Auction; (iii) at the Auction, Qualified Bidders will be permitted to increase their bids in minimum increments of \$50,000 (the “**Bidding Increment**”), and bidding at the Auction will continue until such time as the highest or otherwise best offer is determined in accordance with these Auction and Bidding Procedures or until such Auction is adjourned by the Debtor (and reasonable notice of the time and place for the continuance of the Auction will be given to all Qualified Bidders, counsel to the Committee, counsel to the Debtor’s prepetition secured lender; (iv) immediately prior to concluding the Auction, the Debtor shall (a) review each Qualified Bid on the basis of its financial and contractual terms and the factors relevant to the Sale and the best interests of the Debtor’s estate and creditors; (b) in consultation with the prepetition secured lender and the Committee, (1) determine and identify the highest or otherwise best Qualified Bid (the “**Winning Bid**”) and the winning bidder submitting such bid (the “**Winning Purchaser**”) and (2) determine and identify the second highest or best Qualified Bid after the Winning Bid (the “**Next Highest Bid**”) and the bidder submitting such bid (the “**Next**

Highest Bidder"); and (c) have the right to reject any and all bids; (viii) the Winning Purchaser shall complete and execute all agreements, instruments, or other documents evidencing and containing the terms and conditions upon which the Winning Bid was made prior to the Sale Hearing.

Selection and
Notice of
Winning Bid:

If an Auction is held, the Debtor shall be deemed to have selected the Winning Bid only where (i) such bid is declared the Winning Bid at the Auction, and (ii) definitive documentation has been executed in respect thereof. Such acceptance is conditioned upon approval by the Bankruptcy Court of the Winning Bid and the entry of an order approving the Sale to the Winning Bidder. Following the selection of the Winning Bid, the Debtor shall promptly notify the Bankruptcy Court and parties-in-interest of the identity of the Winning Bidder, the amount of the Winning Bid, and shall include a substantially final version of the asset purchase agreement executed with the Winning Bidder.

Reservation
of Rights:

The Debtor reserves the right as it may reasonably determine to: (i) determine which bidders are Qualified Bidders; (ii) determine which bids are Qualified Bids; (iii) determine which Qualified Bid is the highest and best proposal and which is the next highest and best proposal provided that such determination shall be made in consultation with the prepetition secured lender and the Committee; (iv) reject any bid that is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Auction and Bidding Procedures or the requirements of the Bankruptcy Code, or (c) contrary to the best interests of the Debtor and its estate; (v) remove some or all of the Acquired Assets, Contracts or Real Property Leases from the Auction, (vi) impose additional terms and conditions with respect to potential bidders, (ix) extend the deadlines set forth herein, (x) adjourn or cancel the Auction and/or Sale Hearing in open court without further notice; and (xi) modify these Auction and Bidding Procedures (including the Initial Overbid and Bidding Increment) as they may determine to be in the best interest of the estate.

Exhibit "C"

Taxing Authorities

Internal Revenue Service
401 W. Peachtree Street, N.W.,
Suite 640,
Atlanta, GA, 30308

Georgia Department of Revenue:
P.O. Box 105408
Atlanta, GA 30348

State of California
Franchise Tax Board
300 S. Spring Street, Suite 5704
Los Angeles, CA 90013-1265

Washington State Department of Revenue
c/o Rob McCenna, Attorney General State of Washington
1125 Washington St SE
Po Box 40100
Olympia, WA 98504

Gwinnett County Tax Commissioner
Richard Steele, Tax Commissioner
75 Langley Drive
Lawrenceville, GA 30046

City of Duluth, Georgia
3167 Main Street
Duluth, GA 30096

Exhibit "D"

Cornerstone Bank

Charles K. Yorke, President
Cornerstone Bank
2060 Mt. Paran Road NW, Suite 100
Atlanta, Georgia 30327

Leaf Financial Corporation

Miles Herman, President
Leaf Financial Corporation
One Commerce Square
2005 Market Street
15th Floor
Philadelphia, PA 19103

Exhibit “E”

Cure Amounts

None¹

¹ Debtor reserves the right to amend this Exhibit “E.”

**ACKNOWLEDGEMENT OF MODIFICATION OF ASSET PURCHASE AGREEMENT AND
SALE TERMS**

THIS ACKNOWLEDGEMENT OF MODIFICATION OF ASSET PURCHASE AGREEMENT AND SALE TERMS (this "Agreement") is entered into by and among KAREN FAGIN WHITE, solely in her capacity as Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc., Debtor ("Seller") and TETERS FLORAL PRODUCTS, INC., a Delaware corporation ("Purchaser"), this 29th day of July, 2011 (the "Effective Date").

WHEREAS, Purchaser and Napa Home & Garden, Inc., a California Corporation ("Napa") are parties to that certain Asset Purchase Agreement dated as of July 1, 2011 (the "Purchase Agreement");

WHEREAS, as a condition to the sale and agreeing to the Asset Purchase Agreement, the Seller requires that the Purchase Agreement be modified as set forth herein, and Purchaser is amenable to same;

WHEREAS, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

1. Modification of Purchase Agreement. As a condition to the sale of the Acquired Assets and the related transactions contemplated by the Purchase Agreement, the Purchaser and Seller (as defined herein) hereby acknowledge and agree to the following, notwithstanding anything contained in the Purchase Agreement to the contrary:

(a) For all purposes under the Purchase Agreement, the Seller is Karen Fagin White, and she is acting solely in her capacity as Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc. Seller has the requisite power to enter into and complete the transactions contemplated by the Purchase Agreement (as amended hereby).

(b) The execution of the Purchase Agreement, this Agreement and the Closing Documents (described below) are authorized, and subject to Bankruptcy Court approval, such documents shall constitute the legal, valid and binding obligations of the Seller.

(c) The Seller has no personal knowledge of the truth or accuracy of any statements, whether oral or written, which have been made by Napa and/or its directors, shareholders, officers, employees, attorneys, agents and representatives in connection with the Purchase Agreement or related transactions. Further, the Seller has not reviewed, verified, updated, modified or amended any of the disclosure schedules and exhibits to the Purchase Agreement, which schedules and exhibits may contain inaccuracies and errors as to the identity, amount, type, existence and location of the Acquired Assets, Assumed Contracts and Assumed Obligations. Certain assets may have been sold or moved, or recovered by lenders or lessors of Napa, or disposed of in the ordinary course of business.

(d) The Purchaser hereby acknowledges that: (1) it has had a sufficient opportunity to conduct what it considers to be necessary and appropriate physical inspection of Napa and the Acquired Assets, Assumed Contracts and Assumed Obligations and due diligence review of all pertinent documents with respect to the Acquired Assets, the Assumed Contracts and Assumed Obligations before making its offer and purchase, and that Purchaser relied solely upon its own review and upon its own investigation in making its offer and purchase, and (2) the Purchaser is not relying upon any written or oral statements,

representations, or warranties of Napa, or the Seller, or their respective directors, shareholders, officers, employees, attorneys, agents and representatives.

(e) The Acquired Assets shall not include any of Napa's original books and records; provided, however, that Purchaser shall accept and maintain possession of such original books and records and hold them for the benefit of Seller as an accommodation, and shall permit Seller to access, remove, and use the original books and records during reasonable business hours of the Purchaser so long as such access does not interfere with Purchaser's operations. Purchaser shall promptly notify Seller if it intends to move such original books and records from their current premises, or if it intends to vacate the premises where they are currently located, and shall not destroy or otherwise dispose of such original books and records in any manner.

(f) For the avoidance of any doubt, the Acquired Assets shall include (i) the Trade Show Booth, (ii) computers, monitors and accessories, and (iii) electronic computer records and data, in whatever form; however, the Purchaser shall retain all electronic computer records, documents, and data until otherwise directed by Order of the Bankruptcy Court.

(g) The definition of "Assumed Obligations" set forth in Section 1.1 of the Purchase Agreement is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

"Assumed Obligations" means only: the obligations arising under the Assumed Contracts (other than obligations resulting from Seller's default occurring prior to the Closing).

(h) The definition of "Inventory" set forth in Section 1.1 of the Purchase Agreement is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

"Inventory" means all finished goods inventory, goods-in-transit which have been paid in full by Napa or Seller, raw materials and work-in-process and packaging materials.

(i) The definition of "Excluded Inventory" set forth in Section 1.1 of the Purchase Agreement is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

"Excluded Inventory" means Inventory with SKU's and product descriptions set forth on Schedule 1.1(c) attached hereto, and goods-in-transit which have not been paid in full by Napa or Seller.

(j) Section 2.3 of the Purchase Agreement is hereby deleted in its entirety and the following shall be inserted in lieu thereof:

2.3 Purchase Price.

(a) The aggregate purchase price for the Acquired Assets payable at the Closing shall be (i) an amount in cash equal to \$5,785,000 (the "Purchase Price") (subject to adjustment in accordance with Section 2.3(b)), less (ii) the Deposit, plus (iii) the assumption of the Assumed Obligations. Payments made pursuant to this Section 2.3 shall be allocated among the assets purchased in accordance with Section 10.4(b).

(b) During the weekend after the date of this Agreement, Purchaser shall be permitted to conduct a physical inventory of the Acquired Inventory at its expense. If the value of the Acquired Inventory (using the actual cost value) as determined by the physical inventory exceeds \$1,235,000, the Purchase Price payable at the Closing shall be increased by an amount

equal to such excess. If the value of the Acquired Inventory (using the actual cost value) as determined by the physical inventory is less than \$1,235,000, the Purchase Price payable at the Closing shall be decreased by an amount equal to such deficiency.

(k) Pursuant to Order of the Bankruptcy Court, the Acquired Assets shall be quitclaimed, transferred and conveyed to the Purchaser free and clear of all Liens and Claims pursuant to 11 U.S.C. § 363(f) and on an "AS IS WHERE IS" basis. The Acquired Assets are being conveyed by Seller to Purchaser "AS IS AND WHERE IS," WITHOUT RECOURSE OR WARRANTY, and the same are accepted by Purchaser WITHOUT ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER FROM SELLER, ALL OF WHICH WARRANTIES ARE EXPRESSLY DISCLAIMED. ALL OF SELLER'S REPRESENTATIONS AND WARRANTIES CONTAINED IN ARTICLE 4 OF THE PURCHASE AGREEMENT, OR ELSEWHERE, ARE HEREBY DELETED IN THEIR ENTIRETY.

(l) All notices required to be delivered to the Seller under the Purchase Agreement or otherwise shall be delivered to Karen Fagin White, as Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc., 3350 Riverwood Parkway, Suite 1600, Atlanta, Georgia 30339, Tel: 770-858-1288, Fax: 770-858-1277, E-mail: kfwhite@cpmas.com.

(m) Other than entry of the Sale Order approving the sale contemplated by the Purchase Agreement (as amended herein) by the Bankruptcy Court, and payment by the Purchaser of the full Purchase Price along with execution and delivery of the Purchase Agreement, this Agreement and the Closing Documents (as defined below), there are no conditions precedent to the transactions contemplated by the Purchase Agreement. The Closing shall take place not later than five (5) Business Days after the entry of the Sale Order, at a time and day to be mutually agreed to by the Purchaser and the Seller.

(n) Section 2.6 of the Purchase Agreement is hereby amended by reducing the time period for Purchaser to designate additional assumed Contracts (including real estate leases) from 45 days to 10 Business Days following the Closing Date.

(o) From and after the date hereof, and except as set forth herein, neither Seller nor Napa nor the Bankruptcy Estate shall have any covenants, obligations or duties owed or owing to the Purchaser, of any kind, under the Purchase Agreement, or the transactions contemplated thereby, including *without limitation*, any obligation to indemnify or hold Purchaser harmless from any claims, charges, interests, penalties, suits, liability or damage of any kind whatsoever, any obligation to make Cure Payments, or otherwise; provided, however that:

(1) Seller shall perform and observe the obligations set forth in Section 6.10 of the Purchase Agreement;

(2) Seller shall permit Purchaser to keep the Acquired Assets where they are currently located at Napa's existing locations during the 10-day period described in Section 2.6 provided that Purchaser provides proof of commercially reasonable insurance coverage including, at a minimum, property and casualty coverage protecting same; and

(3) Seller covenants and agrees that within three (3) Business Days after the Closing Date, Napa shall pass all required resolutions, amend Napa's articles or certificate of incorporation or other organizational documents and file the relevant name change documents with the applicable Governmental Authority to change its corporate or company names to new names that do not include the words "Napa", "Home" or "Garden" or any other name or mark included in the Acquired Assets, any translations, adaptations, derivations or combinations of any of the foregoing and that are not likely to be confused or associated with any of Napa's current

names or products (collectively, the “Restricted Names”), and the Seller shall promptly notify the Purchaser of such name change(s) and the new name(s) chosen by Napa. From and after the Closing, Napa shall cease all use of any Restricted Name, including by removing, or attempting in good faith to conceal, all Restricted Names from all letterhead stationary, signage and tangible assets included in the Excluded Inventory. Notwithstanding the foregoing, Seller shall be permitted to use a “formerly known as” or “f/k/a” designation with the name “Napa Home & Garden, Inc.,” or derivations thereof, as she in good faith deems necessary to perform her functions as Bankruptcy Trustee within legal proceedings, actions, suits, pleadings, demands, notices, claims or other similar acts.

(p) Seller and Purchaser shall execute and deliver the following closing documents, which documents are the only documents required to be delivered in connection with the Closing (the “Closing Documents”):

- (1) the Bill of Sale and Assignment in the form attached hereto as Exhibit A;
- (2) the Assignment and Assumption Agreement in the form attached hereto as Exhibit B; and
- (3) the Assignment of Intellectual Property Rights in the form attached hereto as Exhibit C.

(q) Upon entry of the Sale Order by the Bankruptcy Court, all risk of loss regarding the Acquired Assets shall pass to the Purchaser. Risk of loss or damage to any of the Acquired Assets between the time of entry of the Sale Order and the Closing shall be borne by Purchaser and it shall be Purchaser’s responsibility to insure its interest and file claims for any such damage or loss with the carrier selected by it.

(r) Purchaser shall make any and all Cure Payments associated with the Assumed Obligations, subject to the cure procedures set forth in the Sale Order.

3. Assumed Contracts. Attached to this Agreement as Exhibit D is the amended and restated Schedule 1.1(a), which schedule amends and restates in its entirety all prior iterations of Schedule 1.1(a) and which may be amended by Purchaser from time to time through and including the Closing Date.

4. Relationship with the Purchase Agreement. The terms of this Agreement expressly supersede, amend and modify the provisions, obligations, agreements, and terms contained in the Purchase Agreement. Section 11.14 of the Purchase Agreement shall not be effective as to this Agreement. In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of this Agreement shall govern and control and be paramount.

The Purchaser acknowledges that this Agreement and all grant of rights and transfers in the Purchase Agreement, this Agreement or any Closing Document are subject to entry of the Sale Order approving the sale contemplated by the Purchase Agreement, by the United States Bankruptcy Court for the Northern District of Georgia.

5. Governing Law. The Purchase Agreement and this Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to the conflicts of law principles thereof.

6. Binding Effect; Assignment. This Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

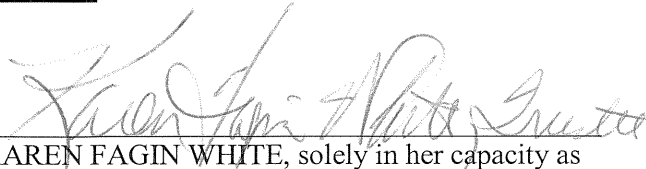
7. Counterparts. This Agreement may be executed in two or more counterparts (including by means of telecopied signature pages or PDF files exchanged by electronic mail) each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

8. Ratification. The Purchase Agreement, as modified and amended hereby, is hereby reaffirmed and restated herein by the parties hereto, and said Purchase Agreement is hereby incorporated herein by reference as fully as if set forth in its entirety in this Agreement.

***** SIGNATURE PAGE TO FOLLOW*****

EXECUTED by the undersigned, under seal as of the date first above written.

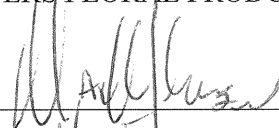
SELLER:



KAREN FAGIN WHITE, solely in her capacity as
Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc.

PURCHASER:

TETERS FLORAL PRODUCTS, INC.

By: 

Name: MARK JOHNSON

Title: PRESIDENT & CEO

(#703734)

EXHIBIT A
FORM OF BILL OF SALE AND ASSIGNMENT

EXHIBIT B
FORM OF ASSIGNMENT AND ASSUMPTION AGREEMENT

EXHIBIT C
FORM OF INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

EXHIBIT D

Schedule 1.1(a)

1. Closed-End Vehicle Lease Agreement, dated as of January 26, 2011, between Napa Home and Garden Inc. and Gwinnett Place Honda.
2. Customer Purchase Orders open as of the Closing Date, excluding with respect to Excluded Inventory products.
3. Lease Agreement, dated as of September 4, 2007, between Napa Home and Garden Inc. and Urban Land, LLC.
4. Lease Agreement, dated as of May 21, 2008, between Napa Home and Garden Inc. and AmericasMart West, LLC, f/k/a Urban Land, LLC.
5. Lease Agreement, dated as August 25, 2010, between Napa Home and Garden Inc. and AmericasMart Real Estate, LLC.
6. License Agreement, dated as of June 25, 2009, between Napa Home and Garden Inc and Betty Sewell.
7. Sales Representative Agreement, dated as of October 6, 2009, between Napa Home and Garden Inc. and Bruce Larson.
8. Phone Line Provider Agreement, dated as of October 2, 2008, between Napa Home and Garden Inc. and Cbeyond Communications, Inc.
9. Inventory Container Shipment Agreement, dated as of April 28, 2011, between Napa Home and Garden Inc. and Evergreen Shipping Agency (America) Corp.
10. License Agreement, dated as of October 25, 2005, between Napa Home and Garden Inc. and Guy Wolff.
11. Representative Sales Agreement, dated as of June 9, 2011, between Napa Home and Garden Inc. and Ivystone Group LLC.
12. High Point Showroom Lease, dated as of November 1, 2009, between Napa Home and Garden Inc. and IHFC Properties, LLC.
13. Annual Website Hosting Agreement, dated as of [____], between Napa Home and Garden Inc. and Industry Connection, Inc.
14. Progress Payment Agreement, dated as of July 29, 2009, between Napa Home and Garden Inc. and LEAF Funding, Inc.
15. Sales Representative Agreement, dated as of August 10, 2010, between Napa Home and Garden Inc. and More Turns LLC.
16. Domain Agreement, dated as of [____] between Napa Home and Garden Inc. and MyDomain.com.
17. Sales Representative Agreement, dated as of [____], between Napa Home and Garden Inc. and Peter Jackson.
18. Postage Machine Rental Agreement, dated as of October 22, 2009, between Napa Home and Garden Inc. and PitneyBowes Inc.
19. Sales Representative Agreement, dated as of June 7, 2011, between Napa Home and Garden Inc. and Ron Sheldrick.
20. Sales Representative Agreement, dated as of January 20, 2003, between Napa Home and Garden Inc. and The Rosenberg Group.
21. Las Vegas Inventory Storage Agreement, dated as of May 16, [____], between Napa Home and Garden Inc. and StorageOne.
22. Sales Representative Agreement, dated as of June 23, 2011, between Napa Home and Garden Inc. and Tracey Dunsire.

23. Monthly Support for Email Blast Agreement, dated as of March 22, 2011, between Napa Home and Garden Inc. and VerticalResponse, Inc.
24. Konica Copier Lease Purchase Agreement, dated as of June 8, 2010, between Napa Home and Garden Inc. and Wells Fargo Financial Leasing, Inc.
25. Supply Maintenance Agreement, dated as of [____], between Napa Home and Garden Inc. and Xerox Corporation.
26. Showroom Shared Space Rental Agreement, dated as of June 29, 2011, between Napa Home and Garden Inc. and [HomeStyle].
27. Any and all nondisclosure or similar agreements entered into by Napa Home and Garden, Inc. and third parties, including, without limitation, such agreements entered into by or on behalf of:
 - C & F Enterprises, Inc.;
 - DHI Corp., Accents Unlimited, Inc.;
 - The Gerson Company;
 - Gift Wares Company, Inc.;
 - Sanjeev Kumar, Hosley International, Inc.;
 - Uma Enterprises, Inc.;
 - Mystic Valley Traders;
 - Creative Coop;
 - Bob Pape, Kenroy Home; and
 - CCC Associates Co. Inc.

EXHIBIT A

COBB COUNTY)

STATE OF GEORGIA)

BILL OF SALE AND ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS:

On this ____ day of August, 2011, for and in consideration of the mutual promises and conditions and in consideration of purchase consideration in hand paid, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, KAREN FAGIN WHITE, solely in her capacity as Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc. ("Seller") hereby quitclaims, bargains, sells and delivers to and TETERS FLORAL PRODUCTS, INC., a Delaware corporation ("Purchaser") all of her right title and interest in and to the Acquired Assets. All capitalized terms are defined in that certain Asset Purchase Agreement dated as of July 1, 2011 by and between Napa Home & Garden, Inc. and Purchaser, as amended or otherwise modified to date, including, without limitation, by that certain Acknowledgement of Modification of Sale Terms by and between Seller and Purchaser dated July 29, 2011 (the "Purchase Agreement").

The Acquired Assets are being conveyed by Seller to Purchaser "AS IS AND WHERE IS," WITHOUT RECOURSE OR WARRANTY, and the same are accepted by Purchaser WITHOUT ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER FROM SELLER, ALL OF WHICH WARRANTIES ARE EXPRESSLY DISCLAIMED.

Seller hereby constitutes and appoints Purchaser as her true and lawful attorney-in-fact, with full power of substitution, in Seller's name and stead, by, on behalf of, and for the benefit of Purchaser, to demand and receive any and all of the rights, titles, interests, assets and properties transferred hereunder and to give receipts and releases for and in respect of the same, and any part thereof, from time to time, which Purchaser may deem proper for the collection or reduction to possession of any of the Acquired Assets or for the collection and enforcement of any claim or right of any kind hereby sold, conveyed, transferred, assigned, and delivered, or intended so to be, and to do all acts and things in relation to the Acquired Assets which Purchaser deems desirable; provided, however, that nothing herein shall be construed to give Purchaser any right to institute or prosecute any proceeding at law or in equity in the name of Seller (Karen White, as Bankruptcy Trustee or in any other capacity). Nothing in the foregoing sentence shall preclude Purchaser from instituting or prosecuting any proceeding at law or in equity in the name of "Napa Home & Garden, Inc." or its successors and assigns. Seller hereby declares that the foregoing powers are coupled with an interest and shall not be revocable by Seller in any manner or for any reason whatsoever.

The Purchaser acknowledges that this Agreement and all grant of rights and transfers herein are subject to entry of the Sale Order approving the sale contemplated by the Purchase Agreement, by the United States Bankruptcy Court for the Northern District of Georgia.

This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to the conflicts of law principles thereof. This Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may be executed in two or more counterparts (including by means of telecopied signature pages or PDF files exchanged by electronic mail) each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

***** SIGNATURE PAGE TO FOLLOW*****

EXHIBIT A

EXECUTED by the undersigned, under seal as of the date first above written.

SELLER:

KAREN FAGIN WHITE, solely in her capacity as
Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc.

PURCHASER:

TETERS FLORAL PRODUCTS, INC.

By: _____

Name: _____

Title: _____

(#703116)

EXHIBIT B

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is entered into by and among KAREN FAGIN WHITE, solely in her capacity as Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc. ("Seller") and TETERS FLORAL PRODUCTS, INC., a Delaware corporation ("Purchaser"), this ____ day of August, 2011 (the "Effective Date").

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of July 1, 2011 by and between Napa Home & Garden, Inc. and Purchaser, as amended or otherwise modified to date, including, without limitation, by that certain Acknowledgement of Modification of Sale Terms by and between Seller and Purchaser dated July 29, 2011 (the "Purchase Agreement"), Seller has agreed to assign and transfer certain rights and agreements to Purchaser, and Purchaser has agreed to assume the Assumed Obligations as partial consideration for the Purchased Assets; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

1. Assumption and Assignment. Effective as of the Effective Date and subject to Bankruptcy Court Approval, Seller hereby assumes pursuant to Section 365 of the Bankruptcy Code the Assumed Contracts and assigns, grants, conveys, sells, transfers and sets over (collectively, the "Assignment") to Purchaser all of Seller's right, title, benefit, privileges and interest in and to each of the Assumed Contracts. Effective as of the Effective Date, Purchaser hereby accepts the Assignment and assumes only those Liabilities of Seller under the Assumed Obligations. Purchaser agrees to observe and perform all of the Assumed Obligations and shall be solely liable to third parties in connection therewith.

2. The Purchase Agreement. Nothing contained in this Agreement shall be deemed to supersede, enlarge or modify any of the obligations, agreements, or terms contained in the Purchase Agreement (as amended). In the event of any conflict or inconsistency between the terms of the Purchase Agreement and the terms hereof, the terms of the Purchase Agreement (as amended) shall govern and control.

The Purchaser acknowledges that this Agreement and all grant of rights and transfers herein are subject to entry of the Sale Order approving the sale contemplated by the Purchase Agreement by the United States Bankruptcy Court for the Northern District of Georgia.

4. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to the conflicts of law principles thereof.

5. Binding Effect; Assignment. This Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

EXHIBIT B

6. Counterparts. This Agreement may be executed in two or more counterparts (including by means of telecopied signature pages or PDF files exchanged by electronic mail) each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

EXECUTED by the undersigned, under seal as of the date first above written.

SELLER:

KAREN FAGIN WHITE, solely in her capacity as
Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc.

PURCHASER:

TETERS FLORAL PRODUCTS, INC.

By: _____

Name: _____

Title: _____

(#703123)

EXHIBIT C

INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT

THIS INTELLECTUAL PROPERTY ASSIGNMENT AGREEMENT (this "Agreement") is entered into by and KAREN FAGIN WHITE, solely in her capacity as Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc. ("Seller") and TETERS FLORAL PRODUCTS, INC., a Delaware corporation ("Purchaser"), this ____ day of August, 2011 (the "Effective Date").

WHEREAS, pursuant to that certain Asset Purchase Agreement dated as of July 1, 2011 by and between Napa Home & Garden, Inc. and Purchaser, as amended or otherwise modified to date, including, without limitation, by that certain Acknowledgement of Modification of Sale Terms by and between Seller and Purchaser dated July 29, 2011 (the "Purchase Agreement"), Seller has agreed to assign and transfer all of Seller's right, title and interest in the Intellectual Property, and related rights, interests and assets described herein; and

WHEREAS, capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Purchase Agreement.

NOW, THEREFORE, in consideration of the promises contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed that:

1. Assignment. Seller hereby assigns to Purchaser all of Seller's right, title and interest in and to: (i) the Intellectual Property, including all goodwill associated therewith; (ii) the right to bring an action at law or in equity for any infringement, dilution or violation of the Intellectual Property occurring prior to the date hereof, and to collect all damages, settlements and proceeds arising from such action at law or in equity; and (iii) all administrative rights arising from or relating to the Intellectual Property, including, without limitation, the right to oppose, seek to cancel, or otherwise dispute claims to Intellectual Property asserted or owned by others. The items described in this Agreement are being conveyed by Seller to Purchaser "AS IS AND WHERE IS," WITHOUT RECOURSE OR WARRANTY, and the same are accepted by Purchaser WITHOUT ANY EXPRESS OR IMPLIED WARRANTY WHATSOEVER FROM SELLER, ALL OF WHICH WARRANTIES ARE EXPRESSLY DISCLAIMED.

2. **The Purchaser acknowledges that this Agreement and all grant of rights and transfers herein are subject to entry of the Sale Order approving the sale contemplated by the Purchase Agreement, by the United States Bankruptcy Court for the Northern District of Georgia.**

3. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Georgia, without giving effect to the conflicts of law principles thereof.

4. Binding Effect; Assignment. This Agreement and all the provisions hereof shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns.

5. Counterparts. This Agreement may be executed in two or more counterparts (including by means of telecopied signature pages or PDF files exchanged by electronic mail) each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

***** SIGNATURE PAGE TO FOLLOW*****

EXHIBIT C

EXECUTED by the undersigned, under seal as of the date first above written.

SELLER:

KAREN FAGIN WHITE, solely in her capacity as
Chapter 11 Trustee in the Bankruptcy Case of Napa Home & Garden, Inc.

PURCHASER:

TETERS FLORAL PRODUCTS, INC.

By: _____

Name: _____

Title: _____

(#703135)