

Dated
2/12/03

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF NEW YORK**

In the Matter of:

Case:
Chapter 11

DAVENPORT INDUSTRIES, LLC

d/b/a Davenport Machine, B&S Screw Machine
Services, Crudgington Machine, partZsource

SALE ORDER

Debtor

**ORDER OF COURT APPROVING THE SALE OF ASSETS OF
DAVENPORT INDUSTRIES, LLC, FREE AND CLEAR OF LIENS, INTERESTS AND
ENCUMBRANCES,
AND APPROVING ASSUMPTION AND ASSIGNMENT OF EXECUTORY
CONTRACTS AND UNEXPIRED LEASES**

Upon the Motion of Debtor and Debtor-In-Possession, Davenport Industries, LLC, by its attorneys, Boylan, Brown, Code, Vigdor & Wilson, LLP, C. Bruce Lawrence, of counsel, and a hearing having been held by this Court on January 30, 2003 to consider the sale of all of the assets of the Debtor, including a) substantially all of the Debtor's business assets, including accounts receivable and rights to payment created from the sale of Business products and parts, all after market replacement business parts inventories, customer lists, sales records and customer contracts associated with the Business, drawings, engineering data, and all trade names, trademarks and patents related to the Business (Sale Assets) and all real property owned by the Debtor, being 163-199 Ames Street, Rochester, New York, are referred to as the "Conveyed Assets", the Court having found it has jurisdiction to hear and determine the sale pursuant to 28 U.S.C. §§157 and 1334; venue of this proceeding in this district being proper pursuant to 28

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U.S.C. §§1408 and 1409; the sale constitutes a core proceeding pursuant to 28 U.S.C. §157(b)(2); the statutory predicates for the relief requested herein being Sections 363 and 365 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004 and 6006; and after due deliberation and sufficient cause appearing therefore; the Court hereby finds, in addition to the findings of fact and conclusions of law set forth in the record at the hearings, which shall be incorporated herein by reference, as follows:

1. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052. To the extent any finding of fact shall later be determined to be a conclusion of law it shall be so deemed, and vice versa.

2. The matters considered by the Court at the hearing were "core" proceedings pursuant to 28 U.S.C. §157(b)(2) over which the Court has jurisdiction to enter a final order.

3. Notice of the hearing on the sale was given to the creditors and parties-in-interest by Davenport Industries, LLC and served upon all creditors and parties-in-interest shown by the certificate of service duly filed, and a reasonable opportunity to object or be heard regarding the sale has been afforded to all interested persons and entities, including, without limitation, (a) all parties who claim an interest or liens upon the Conveyed Assets; and (b) all governmental taxing authorities who have,

or as a result of the sale of Conveyed Assets may have, claims, contingent or otherwise, against Davenport Industries, LLC.

4. The foregoing notice provisions were due, sufficient, adequate and appropriate under the circumstances and satisfied the requirements of all applicable laws, including, without limitation, the Bankruptcy Code, the Federal Rules of Civil Procedure, the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules and the Due Process Clause of the United States Constitution.

5. At the hearing, the Court subjected the Sale Assets to higher and better offers through the conducting of an auction sale under the auspices of this Court.

6. As a result of the auction sale, this Court determined that Davenport Machine, Inc. has submitted the highest and best offer for the Sale Assets; (the "Buyer").

7. Davenport Industries, LLC., is the owner of the Sale Assets, and said Sale Assets are property of the Davenport Industries, LLCs' estate pursuant to 11 U.S.C. §541.

8. The sale of the Sale Assets are in good faith in accordance with In re Abbott's Dairies of Pennsylvania, Inc., 788 F.2d 143 (3d Cir. 1986). The Buyer is a good faith purchaser pursuant to 11 U.S.C. §363(m).

9. The purchase price is fair and of reasonably equivalent value for the Conveyed Assets.

10. The sale is in the best interest of Davenport Industries, LLC, its creditors and this Estate.

Accordingly, it is hereby:

ORDERED, ADJUDGED and DECREED that the sale of the Sale Assets is hereby authorized and confirmed to Davenport Machine, Inc. for a purchase price equal to \$4,228,000, subject to the adjustments set forth in Exhibit A to the foregoing Motion. It is further

ORDERED, ADJUDGED and DECREED that the sale shall be free and clear of any and all liens, interests and encumbrances, including, but not limited, to any and all liens, interests and encumbrances of the National Bank of Canada, the Dover Entities, or Crudgington. It is further

ORDERED, ADJUDGED and DECREED that those executory contracts set forth in the Asset Purchase Agreement incorporated into the foregoing Motion which are set forth as the Assumed Contracts be and the same are hereby assumed and assigned to Davenport Machine, Inc.. It is further

ORDERED, ADJUDGED and DECREED that except as expressly provided herein, Buyers shall not be liable for any claims against Davenport Industries, LLC or any of its affiliates, shall

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not be deemed a successor of Davenport, and shall not be deemed to have assumed any of Davenport's debts, liabilities, obligations or other indebtedness, whether incurred prior or subsequent to the filing date of this proceeding. It is further

ORDERED, ADJUDGED and DECREED that except as expressly set forth herein the sale of the Sale Assets shall be free and clear of security interests, liens, judgments, interests, and encumbrances, whether prior to or subsequent to the filing of the Chapter 11 petition initiating this case, and whether imposed by agreement, understanding, law, equity or otherwise, which are divested hereby; It is further

ORDERED, ADJUDGED and DECREED that any and all security interests, judgments, liens, encumbrances and interests divested hereby shall attach to the proceeds of the sale according to their validity, priority and amount. It is further

ORDERED, ADJUDGED and DECREED that Davenport Industries, LLC is hereby authorized, empowered and directed to issue, execute, deliver, file, or record any document, including, without limitation, those documents necessary or appropriate to implement the sale of the Conveyed Assets to the Buyers, and any agreement, whether or not specifically referred to herein, and to take action necessary or appropriate to implement, effectuate, and consummate the sale, in accordance with their terms, provided that the economic substance of the sale is not altered, all without further application to or order of this Court, and after adjustments provided for in the Asset Purchase Agreement to pay the net proceeds to the National Bank of Canada, It is further

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ORDERED, ADJUDGED and DECREED that each federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the sale of the Sale Assets to the Buyer. It is further

ORDERED, ADJUDGED and DECREED that effective immediately upon entry of this Order, all Documents required to effectuate the sale of the Sale Assets to the Buyer shall be effective and enforceable in accordance with their terms. It is further

ORDERED, ADJUDGED and DECREED that this Court shall retain jurisdiction to adjudicate any disputes that may arise in connection with the sale of the Sale Assets to the Buyer including, without limitation, the assertion by any party of a lien against or interest in the Sale Assets. This Court further shall retain such jurisdiction as necessary to approve any further documents that may be necessary to effectuate the purposes of such sale. It is further

ORDERED, ADJUDGED and DECREED that the provisions of this Order shall bind Davenport Industries, LLC and the Buyer, and is binding upon and governs the acts of all other persons including, without limitation, all filing agents or officers, title agents or companies, recorders, registrars, administrative agencies, governmental units and departments, agencies or officials thereof, secretaries of state, and all other persons who may be required by law, the duties of their office, or contract to accept, file, register, record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to the Sale Assets. It is further

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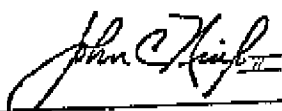
ORDERED, ADJUDGED and DECREED that pursuant to Bankruptcy Rule 8005 and Rule 7062, the provisions of this Order relating to Section 363 of the Bankruptcy Code, including Section 363(m), shall be effective immediately and shall not be stayed during the period after its entry unless a stay of this Order is entered by a court of appropriate jurisdiction. It is further

ORDERED, ADJUDGED and DECREED that Buyer is the purchaser of the Sale Assets in "good faith" within the meaning of Section 363(m) of the Bankruptcy Code and is entitled to the protection of Section 363(m) of the Bankruptcy Code should this Order be reversed or modified on appeal. It is further

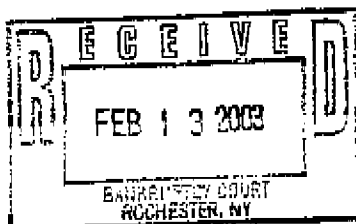
ORDERED, ADJUDGED and DECREED that since there were no objections to the sale and no other bidders at the sale, that the court waives the provisions of Bankruptcy Rule 6004(g).

ENTER *2/13/2003*

Dated: January 30, 2003
At Rochester, New York



John C. Nimfo, II, Chief Judge
United States Bankruptcy Court



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