

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Bankruptcy Order Authorizing and Approving the Sale of the Assets of the Debtors' Cycling and Fitness Divisions, Free and Clear of All Liens, Claims, Interests and Encumbrances, including related asset purchase schedule

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Harris Trust and Savings Bank		09/20/2001	(not provided):

**RECEIVING PARTY DATA**

<b>Name:</b>	Schwinn Bicycle Company
<b>Street Address:</b>	217 North Jefferson Street
<b>City:</b>	Chicago
<b>State/Country:</b>	ILLINOIS
<b>Postal Code:</b>	60606-1111
<b>Entity Type:</b>	CORPORATION: ILLINOIS

**PROPERTY NUMBERS Total: 1**

Property Type	Number	Word Mark
Registration Number:	1601104	AIRDYNE

**CORRESPONDENCE DATA**

Fax Number: (303)629-3450  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: 202-629-3400  
 Email: johnson.marilyn@dorsey.com  
 Correspondent Name: Dorsey & Whitney LLP  
 Address Line 1: 370 Seventeenth Street, Suite 4700  
 Address Line 2: Lisa A. Osman  
 Address Line 4: Denver, COLORADO 80202-5647

<b>ATTORNEY DOCKET NUMBER:</b>	60594US ~ 461066-414
<b>NAME OF SUBMITTER:</b>	Lisa A. Osman
<b>Signature:</b>	/LAO 3463/

CH \$40.00 1601104

Date:

11/07/2007

**Total Attachments: 17**

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UNITED STATES BANKRUPTCY COURT  
DISTRICT OF COLORADO

FILED  
BRADFORD L. BOLTON, CLERK  
SEP 20 2001  
U.S. BANKRUPTCY COURT  
DISTRICT OF COLORADO

In Re:

SCHWINN/GT CORP  
Debtor

Chapter 11 Case  
Case No. 01-20292 (SBB)

In Re:

SCHWINN CYCLING AND FITNESS,  
INC.  
Debtor

Chapter 11 Case  
Case No. 01-20293 (SBB)

In Re:

GT BICYCLES, INC.  
Debtor

Chapter 11 Case  
Case No. 01-20294 (SBB)

In Re:

RITEWAY DISTRIBUTION, INC.  
Debtor

Chapter 11 Case  
Case No. 01-20296 (SBB)

I hereby attest and certify on 9/20/01  
that the foregoing/affixed document(s) is/are a full, true and correct copy of the  
original on file in my office and in my  
legal custody.

Bradford L. Bolton  
Clerk, U.S. Bankruptcy Court  
District of Colorado  
Deputy Clerk

In Re:

HEBB INDUSTRIES, INC.  
Debtor

Chapter 11 Case  
Case No. 01-01-20297 (SBB)

In Re:

GT BMX, INC.  
Debtor

Chapter 11 Case  
Case No. 01-20295 (SBB)

Jointly Administered Under  
Bankruptcy Case No. 01-20292 SBB

BMW MC No. 19

ORDER (I) AUTHORIZING AND APPROVING (A) THE JOINT NON-CONFORMING  
BID AND RELATED ASSET PURCHASE AGREEMENTS WITH DIRECT FOCUS,  
INC. AND PACIFIC CYCLE, LLC (B) THE SALE OF THE ASSETS OF THE  
DEBTORS' CYCLING AND FITNESS DIVISIONS, FREE AND CLEAR OF ALL  
LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES; AND (C) THE ASSUMPTION  
AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED

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**LEASES IN CONNECTION WITH SUCH SALE;  
AND (II) GRANTING RELATED RELIEF**

A hearing having been held on September 10, 11, and 12, 2001 (the "Hearing"), to consider the motion, dated July 16, 2001 (the "Motion"), of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for, among other things, an order pursuant to sections 105(a), 363(b), 365 and 1146(c) of title 11 of the United States Code (the "Bankruptcy Code") and Bankruptcy Rules 2002, 6004 and 6006 (a) authorizing the sale of certain of the assets of the Debtors free and clear of all liens, claims, interests and encumbrances; and (b) approving the assumption and assignment of certain executory contracts and unexpired leases in connection with such sale as set forth on Exhibit A hereto (collectively, the "Cycling Assigned Contracts"); and approving the rejection of certain other executory contracts and unexpired leases as set forth on Exhibit B hereto (the "Cycling Rejected Contracts"); and the Court having entered an Order, dated July 18, 2001 (the "Scheduling Order"), among other things, establishing dates for the Bidding Procedures Hearing (as defined below) and approving the form and manner of service of notice of the Motion in respect of the Bidding Procedures Hearing (defined below); and the Court having conducted a hearing on July 30 and 31, 2001 to consider the Debtors' proposed bidding procedures and sale procedures (the "Bidding Procedures Hearing") and having entered an order dated August 3, 2001 (A) Authorizing and Scheduling an Auction and Hearing for the Sale of Certain of the Assets of the Debtors' Cycling Division (the "Auction"); (B) Approving the Terms and Conditions of Auction, Including Bidding Procedures Relating Thereto; (C) Establishing Procedures in Respect of Cure Objections; and (D) Granting Certain Bidding Protections to Huff Corporation and HSGC, Inc. (the "Bidding Procedures Order"); and the Court having jurisdiction to consider the Motion and the relief requested therein, and the responses thereto, if any, and notice of the Motion having been duly given in accordance with the Scheduling Order and the Bidding Procedures Order to (i) the Office of the United States Trustee for the District of Colorado, (ii) counsel to any statutory committee of unsecured creditors appointed in these cases; (iii) counsel to the Lenders (as defined below); (iv) all parties who have filed notices of appearance in these chapter 11 cases pursuant to Bankruptcy Rule 2002; (v) all parties who have filed proofs of claim in the Debtors' chapter 11 cases, (vi) all parties whose claims were scheduled by the Debtors as non-contingent, liquidated, and undisputed or if schedules are not filed, all parties listed on the Debtors' Creditor Matrix; (vii) all parties to the Cycling Assigned Contracts and the Cycling Rejected Contracts; and (viii) any other entities asserting liens against, or other interest in, any of the assets, and no other or further notice being necessary; and the appearances of all interested parties and all responses and objections to the Motion, if any, having been duly noted in the record of the Hearing; and upon the record of the Hearing and all prior proceedings before the Court in respect of the Motion, the Motion, said responses and objections, if any, and the Court having found that joint non-conforming bid (the "Joint Bid") for all or substantially all of the Debtors' cycling business (the "Cycling Assets") and fitness business (the "Fitness Assets" together with the Cycling Assets, the "Purchased Assets") submitted jointly by Direct Focus Inc. ("Direct Focus") and Pacific Cycle, LLC or its assigns ("Pacific Cycle," together with Direct Focus, the "Purchasers"), which joint bid includes among other documents an Asset Purchase Agreement by Direct Focus, as amended, (the "Fitness Asset Purchase Agreement") and an Asset Purchase Agreement by Pacific Cycle, as amended, (the "Cycling Asset Purchase Agreement," together with the Fitness Asset Purchase Agreement, the "Asset Purchase Agreements") is the highest or otherwise best offer for the

Purchased Assets; and after due deliberation and sufficient cause appearing therefor, the Court hereby FINDS, DETERMINES AND CONCLUDES THAT:

1. The Court has jurisdiction to hear and determine the Motion and all related matters pursuant to 28 U.S.C. §§ 1334 and 157. Venue of this proceeding in this district is proper pursuant to 28 U.S.C. § 157(b)(2)(A),(B), (N) and (O).

2. The findings and conclusions contained herein constitute the findings of fact and conclusions of law required to be entered by this Court with respect to the Motion pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Rules 7052 and 9014 of the Federal Rules of Bankruptcy Procedure.

3. 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.

4. Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed thereto in the Motion or the Asset Purchase Agreements. Other terms not defined herein or in the Asset Purchase Agreements shall have the meanings as defined in the Bankruptcy Code.

5. Notice of the Motion, the Auction, and the Hearing has been given in accordance with Bankruptcy Rules 2002, 6004 and 6006, the Scheduling Order, the Bidding Procedures Order, and the Motion. The foregoing notice constitutes good, appropriate and sufficient notice of the Motion, the Auction and the Hearing, and no other or further notice of the Motion, the Auction, the Hearing or the entry of this Order need be given.

6. In the event of any inconsistency or conflict between the Asset Purchase Agreements and this Order, this Order shall control.

7. The provisions of Sections 363(b), 363(f) and 365 of the Bankruptcy Code have been complied with and are applicable as to the Purchased Assets.

8. The Debtors' proposed sale of the Purchased Assets and all transactions contemplated by the Asset Purchase Agreements are properly authorized under sections 105, 363, 365, 1123 and 1146 of the Bankruptcy Code.

9. Certain of the Debtors' assets, including portions of the Purchased Assets, are rapidly deteriorating in value. Accordingly, the prompt disposition of the Purchased Assets is required to obtain significant value from such assets for the benefit of the Debtors, their estates, creditors and equity security holders and other parties in interest.

10. The Debtors have made significant and satisfactory efforts to realize the highest or best value for the Purchased Assets.

11. At the Hearing, in compliance with the Bidding Procedures Order, an auction for the Debtors' Cycling Assets was conducted at which the highest Bid received for the Cycling Assets was a Qualified Bid of \$86,000,000 by Pacific Cycle. The second highest

Qualified Bid for the Cycling Assets was by Huff Corporation and HSGC, Inc. ("Huffy") in the amount of \$84,000,000 plus a credit bid of its breakup fee claim of \$1,250,000. In addition, the Debtors received the Joint Bid by Purchasers in the amount of \$151,000,000, which Joint Bid allocated \$86,000,000 to the Debtors' Cycling Assets and \$65,000,000 to the Debtors' Fitness Assets as more fully set forth on the record in Court on September 12, 2001 and as more fully described in the Asset Purchase Agreements.

12. The Official Committee of Unsecured Creditors ("Committee") and the prepetition lenders holding allegedly secured claims in substantially all of the Debtors' assets ("Lenders") both endorsed and supported the selection of the Joint Bid as the highest or otherwise best offer for the Purchased Assets.

13. No creditor or other party in interest interposed any objection to the selection of the Joint Bid as the highest and best bid for the Purchased Assets.

14. The Debtors, after consulting with and receiving support of the Committee and Lenders, recommended approval of the Joint Bid as the highest and best bid, which bid was the result of a fair and open bidding process.

15. Consummation of the transactions contemplated by the Joint Bid, the Asset Purchase Agreements and related documents (collectively, the "Asset Sale") will result in maximization of the Debtors' estates and is in the best interests of the Debtors, their estates, their creditors and equity security holders and other parties in interest.

16. The Joint Bid represents the highest or otherwise best offer received for the Purchased Assets resulting from an open and complete sale process reasonably calculated to yield the highest or otherwise best offer for the Purchased Assets.

17. The sale, conveyance and assignment of the Purchased Assets pursuant to the Asset Purchase Agreements, except with respect to Assumed Liabilities and cure amounts relating to Added Contracts or as otherwise specified in each of the Asset Purchase Agreements, shall be free and clear of all liens, encumbrances and interests, including, without limitation, mortgages, security interests, consignment rights, conditional sale and or title retention agreements, pledges, liens, judgments, demands, easements, restrictions, constructive or resulting trusts, or charges of any kind, including but not limited to, any restriction on the use, voting, transfer, receipt of income or other exercise of any attribute of ownership and all debts arising in any way in connection with any acts of the Debtors, claims (as that term is defined in §101(5) of the Bankruptcy Code), obligations, demands, guarantees, options, rights, contractual commitments, restrictions, interests in matters of any kind or nature, arising prior to the Closing Date, and whether imposed by an agreement, understanding, law, equity or otherwise (the foregoing collectively referred to as "Liens" herein), with all such Liens and any and all other interests released, terminated and discharged as to the Purchased Assets and the Purchaser and to be satisfied solely from the proceeds of sale or any assets of the Debtors other than the Purchased Assets ( hereafter referred to as the "Excluded Assets").

18. In the event that the sale closes pursuant to the Asset Purchase Agreements and the terms of this Order, Direct Focus and Pacific Cycle shall each be deemed to

be a "good faith purchaser" within the meaning of section 363(m) of the Bankruptcy Code, and Direct Focus, Pacific Cycle and the Debtors are, therefore, entitled to the protections of such provision. The good faith of Direct Focus and Pacific Cycle are evidenced by, among other things, the following facts:

- a. The Debtors and the Purchasers and their respective advisors have engaged in substantial arm's length negotiations, in good faith. The Asset Purchase Agreement and related documents are the product of such bargaining among the parties and bidding process.
- b. Debtors conducted an informal solicitation of bids prior to the inception of the cases. Pacific Cycle and Direct Focus actively participated in the bid process during the approximately eight (8) weeks prior to the commencement of these bankruptcy cases.
- c. The Debtors conducted the bidding process and Auction, pursuant to the Bidding Procedures Order approved by this Court, to enable interested parties to submit bids for the Debtors' assets.
- d. At the Auction, Purchasers were selected as the Successful Competitive Bidder. The Debtors, with the assistance of their advisors and having consulted with, and receiving the support of, Lenders and Committee (each of which also had the assistance of financial advisors), determined that the Joint Bid offered the most value overall to the Debtors, their estates and all creditors.
- e. The Joint Bid provides the Debtors with the highest or otherwise best offer received for the Purchased Assets.
- f. All payments to be made by Direct Focus and Pacific Cycle in connection with the Asset Purchase Agreements have been disclosed.
- g. All agreements and relationships by and among Direct Focus and Pacific Cycle have been disclosed to the Debtors, the Committee, Huffy and the Lenders.

In the event the sale does not close pursuant to the terms of the Asset Purchase Agreements and this Order, neither Pacific Cycle nor Direct Focus shall be entitled to the "good faith purchaser" protections of section 363(m) of the Bankruptcy Code pursuant to this Order, in which event all rights of the Debtors and their estates shall be preserved including, without limitation, rights, if any, arising under section 363 (n) of the Bankruptcy Code.

19. The Asset Purchase Agreements and all covenants in and conditions thereto, as well as the relief requested in the Motion, contemplate and are to be considered an integrated transaction and are final and subject to and protected by section 363(m) of the Bankruptcy Code.

20. The Debtors have satisfied the standard set forth in section 363(f) for selling the Purchased Assets free and clear of all Liens, as (a) applicable non-bankruptcy law permits the sale of such property free and clear of such interests; (b) the Lenders have consented to the Asset Sale; or (c) such Liens are in bona fide dispute.

21. Pursuant to the Fitness Asset Purchase Agreement, Debtors shall move for an order under Section 365 of the Bankruptcy Code to assume those executory contracts and unexpired leases relating to the Fitness Assets, including those identified on Exhibit C, hereto and assign the same to Direct Focus (the "Fitness Assigned Contracts").

22. The Court finds that good cause exists to shorten notice for the Debtors to assume and assign Fitness Assigned Contracts and also for the Debtor to reject those contracts and executory contracts relating to the Fitness Assets which are not Fitness Assigned Contracts ("Fitness Rejected Contracts") to fourteen (14) days. Any interested party seeking to object to the validity of the cure amount set forth by the Debtors or to otherwise assert that any amounts, defaults, conditions or pecuniary losses that must be cured or satisfied under any of the Assigned Fitness Contracts (including accrued but not yet due obligations), for such contracts to be assumed and/or assigned (collectively, a "Fitness Cure Obligation"), must file and serve an objection (a "Cure Objection") setting forth with specificity any and all cure obligations or conditions which such party asserts must be cured or satisfied with respect to such Fitness Assigned Contract.

23. This Order shall not be deemed to have established the procedures in respect of Cure Obligations for any Assigned Contract as to which a party thereto timely files and serves a Cure Objection.

24. With the sole exception of the Cycling Assumed Liabilities and the obligations under the Contracts (as defined in the Cycling Asset Purchase Agreement) arising after the Closing Date, Pacific Cycle is not expressly or impliedly agreeing under the terms and conditions of the Cycling Asset Purchase Agreement to assume any of the debts of the Debtors.

25. With the sole exception of the Fitness Assumed Liabilities and the obligations under the Contracts (as defined in the Fitness Asset Purchase Agreement) arising after the Closing Date, Direct Focus is not expressly or impliedly agreeing under the terms and conditions of the Fitness Asset Purchase Agreement to assume any of the debts of the Debtors.

26. The Asset Sale does not amount to a consolidation, merger, de facto merger or similar restructuring of either or both of Purchasers and the Debtors.

27. The Asset Sale, including the transfer of Purchased Assets to Purchasers as contemplated thereby, is free from any fraudulent intent, purpose or desire on the part of the Purchasers to escape liability for the Debtors' obligations or debts.

28. Purchasers are only buying the Purchased Assets and are not a successor in interest to the Debtors, nor does Purchasers' acquisition of the Purchased Assets reflect a substantial continuity of the operations of the Debtors' business. The cause and circumstances leading to the sale of the Purchase Assets arise out of the Debtors' cases pre-filing events and circumstances and events which are not caused by or related to any act or conduct of Purchasers.



29. All objections, if any, to the relief requested in the Motion have been heard and considered by the Court. All such objections have been overruled, withdrawn, or otherwise resolved by and/ or between the parties or the Court.

30. Purchasers are third party purchasers presently unrelated to any of the Debtors.

31. Non-Debtor parties to the Cycling Assigned Contracts who, as of the date hereof, have not objected to the proposed assignment by filing an objection setting forth with particularity, such party's grounds for objecting, are forever barred from asserting such objection or taking any action inconsistent with the Cycling Asset Purchase Agreement.

32. The assumption and assignment of the Cycling Assigned Contracts to Pacific Cycle, effective as of the Closing Date, is supported by sound business reasons and is in the best interest of the Debtors' estates, creditors, and other parties in interest.

33. In connection with the assumption and assignment of the Cycling Assigned Contracts, the Debtors shall pay all cure amounts, as of the Closing Date, to the non-Debtor parties to the Assigned Contracts as required by the Bankruptcy Code, the Court or the Asset Purchase Agreement; provided that if the Debtors dispute the cure amount of an Assigned Contract, the Debtors will establish an escrow fund and deposit the full cure amount asserted by the non-Debtor party to the contract (or such lesser amount if so ordered by the Court) into the escrow fund to be held in escrow subject to further order of the Court or agreement of the parties; except that with respect to Added Contracts, Pacific Cycle shall pay or fund the escrow with respect to such cure amounts.

34. The Debtors shall permit Pacific Cycle to enter the premises underlying the Warehouse and Office Leases, in accordance with the terms and conditions contained in the Cycling Asset Purchase Agreement, for the purpose of removing the Cycling Purchased Assets therefrom and Pacific Cycle shall reimburse the Debtors for the Reasonable Rental Value of the Warehouse and Office Leases for up to ninety (90) days following the Closing Date pursuant to Schedule 5.7 of the Cycling Asset Purchase Agreement and shall indemnify and hold the Debtors harmless for any damages, losses, liabilities, costs or expenses arising out of or resulting from Pacific Cycle's entry upon or use of such premises.

35. The Debtors shall permit Direct Focus to enter the premises underlying the Warehouse and Office Leases, in accordance with the terms and conditions contained in the Fitness Asset Purchase Agreement, for the purpose of removing the Fitness Purchased Assets thereon and Direct Focus shall reimburse the Debtors for the Reasonable Rental Value of the Warehouse and Office Leases for up to ninety (90) days following the Closing Date pursuant to Schedule 5.7 of the Fitness Asset Purchase Agreement and shall indemnify and hold the Debtors harmless for any damages, losses, liabilities, costs or expenses arising out of or resulting from Direct Focus' entry upon or use of such premises.

36. The assumption and assignment of the Cycling Assigned Contracts under this Order will become effective as of the Closing Date. If the Closing Date under the Cycling Asset Purchase Agreement does not occur, and the Cycling Asset Purchase Agreement is

terminated, the assumption and assignment of the Cycling Assigned Contracts will not be effectuated and Debtors, at a later date, may use their business judgment to determine whether to assume or reject the Cycling Assigned Contracts at such time.

37. The Debtors are authorized to reject the Cycling Rejected Contracts, including the independent dealer agreements, and any such rejection shall be effective as of the Closing Date.

38. Pacific Cycle has provided adequate assurance of its future performance under the Assigned Contracts and the proposed assumption and assignment of the Cycling Assigned Contracts satisfies all requirements of the Bankruptcy Code including, among others, sections 365(b),(c) and (f).

39. Immediately upon the entry of this Order, this Order will constitute a final and appealable order within the meaning of 28 U.S.C. § 158(a). This Order shall be effective immediately upon entry and the stay provisions pursuant to Bankruptcy Rules 6004(g) and 6006(d) are hereby waived. The Court expressly finds that there is no just reason for delay in the implementation of this Order and the closing of the Asset Sale may occur as soon as all the conditions precedent to such closing have been satisfied or waived in accordance with the terms and conditions of the Asset Purchase Agreements.

40. The proposed sale in accordance with the Asset Purchase Agreements does not constitute a sub rosa chapter 11 plan for the Debtors as it does not: (a) propose to impair or restructure existing debt of, or equity interest in, the Debtors; (b) propose to impair or circumvent creditors' voting rights under any future Chapter 11 plan proposed by the Debtors; (c) propose to circumvent Chapter 11 safeguards such as disclosure requirements; (d) propose to classify claims, cure defaults (except with respect to the Cycling Assigned Contracts), compromise controversies or extend debt maturities.

41. The Purchased Assets include Debtors' stock in Schwinn Holdings International ("SHI"), a Swiss corporation. SHI is not a Debtor in these chapter 11 cases. SHI is a holding company whose assets include certain operating subsidiaries, Schwinn Fitness (Deutschland) GmbH (Germany), Schwinn Fitness SA (Switzerland) and Schwinn Fitness International SA (Switzerland) (collectively, the "Subsidiaries"), which are also not Debtors in these chapter 11 cases. The Lenders assert a lien on the stock and assets of the Subsidiaries. Debtors, Purchaser and the Committee have requested that Lenders release their liens in the stock of the Subsidiaries and in their assets to the extent such assets are directly or indirectly Purchased Assets (other than the cash in such Subsidiaries, which cash remains subject to the Liens of the Lenders) in order to permit the closing of the sale of the Purchased Assets. In order to induce Lenders to do so, the parties agree that such release shall be without prejudice to any of their respective rights and Liens on the proceeds of sale of such assets based upon the value attributed to the stock and assets of the Subsidiaries, as such value is determined by the Court.

42. The sale of the Purchased Assets constitutes a sale in furtherance of effectuating a plan of reorganization, and all transfers in connection therewith shall be exempt from any and all stamp, value-added, transfer, recording, and other similar taxes (other than income taxes) and any transfer or recording fees or other similar costs incurred or assessed by

any federal, state, local, or foreign taxing authority (including interest and penalties, if any) in connection with the sale or transfer of the Purchased Assets or the Asset Sale contemplated by the Asset Purchase Agreements.

43. The Court shall retain jurisdiction to, *inter alia*, interpret and enforce the terms and provisions of this Order, the Asset Purchase Agreements, and to adjudicate, if necessary, any and all disputes concerning the assumption and assignment of the Cycling Assigned Contracts, Fitness Assigned Contracts and any Liens, alleged right, title, or property interest, including ownership claims, relating to the Purchased Assets and the proceeds thereof, as well as the extent, validity, perfection, and priority of any alleged Liens, claims, encumbrances, judgments, charges and other interests relating to the Debtors and /or the Purchased Assets.

Based on the foregoing and after due deliberation this Court hereby

ORDERS, ADJUDGES AND DECREES THAT:

- (1) The relief requested in the Motion is granted and approved and the Asset Sale is authorized and approved.
- (2) The Debtors are hereby authorized to sell the Purchased Assets to Purchasers upon the terms and conditions set forth in the Asset Purchase Agreements and the Debtors' execution and delivery thereof is hereby approved.
- (3) Each of the Debtors is authorized to take any and all actions necessary or appropriate to (a) consummate the Asset Sale pursuant to the Asset Purchase Agreements and (b) perform and effectuate the relief requested in the Motion.
- (4) Each of the Debtors is hereby authorized to perform, consummate, and implement the Asset Purchase Agreements, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreements, and to take any and all further actions and may pay, fund, or reserve for payment as appropriate, the following amounts: (i) \$1,250,000 for the Huffy Break-up Fee, (ii) \$7,500,000 for deposit in applicable escrow agreements required under the Asset Purchase Agreements, (iii) \$2,100,000 for payment due under the Retention Plan, (iv) up to \$1,500,000 for Cure Amounts that may be due with respect to the Asset Purchase Agreements, (v) \$2,200,000 plus allowed expenses for amounts due Credit Suisse First Boston to the extent approved by the Court, (vi) up to \$1,500,000 for amounts that may become due with respect to real property lease payments to be made in connection with the Purchased Assets, (vii) up to \$200,000 with respect to other necessary and incidental costs required to be paid at closing or arising in regard to the Asset Purchase Agreements, and (viii) such other amounts that may be consented to by the Committee and the Lenders or ordered by the Court after notice and an opportunity to be heard from the proceeds of the Asset Sale, as may be necessary or appropriate to the performance of its obligations as contemplated by the Asset Purchase Agreements, or this Order.
- (5) The Debtors are authorized to close the Asset Sale in accordance with the terms of the Asset Purchase Agreements following the entry of this Order.

(6) Pursuant to sections 105(a) and 363(f) of the Bankruptcy Code, upon the closing of the Asset Sale, the Purchased Assets shall be transferred, sold and delivered to Purchasers free and clear of all Liens other than the Assumed Liabilities pursuant to the express terms of the Asset Purchase Agreements and cure amounts relating to Added Contracts.

(7) All Liens shall attach to the proceeds of the Asset Sale (net of any amounts authorized to be paid in paragraph 4 of this Order) in the order of their priority, with the same validity, force and effect which they now have as against the Purchased Assets, subject to the rights, claims, defenses and objections, if any, of the Debtors and all interested parties with respect to such Liens.

(8) The terms and provisions of the Asset Purchase Agreements, and all collateral documents, together with the terms and provisions of this Order, shall be binding in all respects upon the Debtors, their estates, their creditors, and all parties in interest, including any and all successors and assigns (including, without limitation, any trustee appointed under the Bankruptcy Code).

(9) Except as provided in the Asset Purchase Agreements and except with respect to the obligations arising under the Cycling Assigned Contracts from and after the Closing Date and any cure amounts relating to Added Contracts, all entities holding Liens including, without limitation, vendors, suppliers, employees, and landlords, be, and they hereby are, barred from asserting such Liens against Purchasers and/or the Purchased Assets, and all entities holding Liens of any kind and nature are ordered to release the Purchased Assets to Purchasers and to assert their Liens against the proceeds received from the Asset Sale. The Liens against the proceeds of the Asset Sale shall attach to the proceeds with the same rights, defects and priorities possessed by such Liens immediately prior to the Closing of the Asset Sale.

(10) This Order is and shall be effective as a determination that, (a) upon Closing, all Liens existing as to the Purchased Assets have been and hereby are adjudged and declared to be unconditionally released as to the Purchased Assets, (b) the conveyances described herein have been made free and clear of all such Liens, which Liens shall attach to the proceeds of the Asset Sale to the same extent and with the same priority as they attached to the Purchased Assets, and (c) Purchasers shall take the Purchased Assets free and clear of any claim by any person or entity that Purchasers shall be liable for any debt or claim arising from or relating to the Purchased Assets at or before the Closing Date including, but not limited to, causes of action in the nature of successor liability, continuation of business and product line liability ("Successor Claims").

(11) This Order shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register, or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets.

(12) All Liens of record shall, upon Closing, be removed and stricken as against the Purchased Assets, and all the entities described in the immediately preceding paragraph of this Order are authorized and specifically directed to (a) strike all recorded Liens against the Purchased Assets from their records, official and otherwise, and (b) in accordance with section 1146(c) of the Bankruptcy Code, accept for filing or recording all instruments made or delivered by or to any of the Debtors and all deeds or other documents relating to the conveyance of the Purchased Assets to Purchasers without the payment of any recording tax, stamp tax, transfer tax, or any similar tax (other than income taxes) or any transfer or recording fee or similar costs incurred or assessed by any federal, state, local, or foreign taxing authority (including interest and penalties, if any) and without the presentation of any affidavits, instruments, or returns otherwise required for recording, other than this Order, and the Court retains jurisdiction to enforce the foregoing direction, through its contempt powers or otherwise.

(13) If any person or entity that has filed statements or other documents or agreements evidencing Liens on, or interests in, the Purchased Assets shall not have delivered to Debtors prior to Closing, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary for the purpose of documenting the release of all Liens that the person or entity has or may assert with respect to the Purchased Assets, the Debtors are hereby authorized to execute and file such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Purchased Assets; provided however, the Debtors are not authorized to take such actions in regard to the Lenders' Liens. Instead, the Lenders are hereby ordered and directed to execute and file such statements, instruments, releases, and other documents with respect to the Purchased Assets as shall be reasonably requested by the Purchasers or the Debtors with no cost to the Lenders; including without limitation the release of Liens described in the above paragraph 41 of this Court's findings.

(14) Pursuant to section 365(a) of the Bankruptcy Code, the Debtors' assumption of the Cycling Assigned Contracts, effective as of the Closing Date, is hereby approved.

(15) Pursuant to section 365(b) of the Bankruptcy Code, the Debtors are authorized and directed, on or before the Closing Date, at the Debtors' expense, to cure the defaults or reserve sufficient funds to cure the defaults relating to the Cycling Assigned Contracts in accordance with the Bidding Procedures Order, except in the case of the Added Contracts, in which case Pacific Cycle shall pay the amounts necessary to cure such defaults.

(16) Pursuant to sections 365(b),(c) and (f) of the Bankruptcy Code, the Debtors are authorized to assign the Cycling Assigned Contracts to Pacific Cycle, effective as of the Closing Date.

(17) The assumption and assignment of the Cycling Assigned Contracts to Pacific Cycle shall automatically be effective on the Closing Date without the need for the execution of any further documents.

(18) Pursuant to sections 365(a),(d) and (g) of the Bankruptcy Code, the Debtors are authorized to reject all of the Cycling Rejected Contracts, effective as of the Closing Date.

(19) If the Closing Date under the Asset Purchase Agreements does not occur, and the Asset Purchase Agreements are terminated, (a) the assumption and assignment of the Cycling Assigned Contracts provided in this Order will not be effectuated, (b) the date for assuming or rejecting any unexpired lease that is among the Cycling Assigned Contracts shall be deemed extended to a date that is sixty (60) days after the termination of the Cycling Asset Purchase Agreement (without prejudice to the Debtors' right to seek a further extension), and (c) the Debtors may use their business judgment to determine whether to assume or reject the Cycling Assigned Contracts thereafter.

(20) The Debtors are hereby authorized (a) to take such corporate action as may be necessary to implement the provisions of the Asset Purchase Agreements, and any other document executed by the Debtors in connection therewith and (b) to execute and file any necessary document with any appropriate secretary of state. This Order shall constitute all approvals and consents, if any, required by the laws of any state necessary to file, record, and accept such documents.

(21) Nothing contained in any plan of reorganization (or liquidation) confirmed in the Debtors' chapter 11 cases, any order of confirmation confirming any plan of reorganization (or liquidation), or any other order of any type or kind entered in the Debtors' chapter 11 cases or any related proceeding shall conflict with or derogate from the provisions of the Asset Purchase Agreements, or the terms of this Order.

(22) The Debtors are authorized to execute, acknowledge, and deliver such deeds, assignments, conveyances, and other assurances, documents, and instruments of transfer and to take such other actions as may be reasonably necessary to perform the terms and provisions of the Asset Purchase Agreements, and all other agreements related thereto, and the Debtors shall take any other action that reasonably may be requested by Purchasers for the purpose of assigning, transferring, granting, conveying, and confirming to Purchasers or reducing to possession any or all of the Purchased Assets (any such action not expressly contemplated by the Asset Purchase Agreements to be taken by the Debtors at the sole cost and expense of Purchasers).

(23) The Court retains jurisdiction, even after the closing of the Debtors' chapter 11 cases, to do the following:

- (a) interpret, implement, and enforce the terms and provisions of this Order, the Asset Purchase Agreements and any related agreement executed in connection therewith;
- (b) resolve any disputes arising under or related to the Asset Purchase Agreements, the Asset Sale, or Purchasers' peaceful use and enjoyment of the Purchased Assets, whether or not a plan of reorganization has been confirmed in the Debtors' chapter 11 cases

and irrespective of the provisions of any such plan or order confirming any such plan;

- (c) adjudicate any and all issues and/or disputes relating to the Debtors' right, title, or interest in the Purchased Assets and the proceeds thereof, the Motion, the Asset Purchase Agreements;
- (d) adjudicate any and all remaining issues concerning the Debtors' right and authority to assume and assign the Cycling Assigned Contracts to Pacific Cycle and Pacific Cycle's rights and obligations with respect to such assignment and the existence of any default under any Cycling Assigned Contract;
- (e) adjudicate any and all remaining issues concerning the Debtors' right and authority to assume and assign the Fitness Assigned Contracts to Direct Focus and Direct Focus' rights and obligations with respect to such assignment and the existence of any default under any Fitness Assigned Contract;
- (f) protect Purchasers, or any of the Purchased Assets, against any Liens;
- (g) adjudicate the validity and priority of any Liens and the rights of such Liens against the proceeds of the Asset Sale; and
- (h) adjudicate any issue that may arise by any person or entity asserting a claim or cause of action against Purchasers arising from Debtors' use of the Purchased Assets prior to the Closing Date, which shall include, but shall not be limited to, Successor Claims.

(24) Nothing contained in this Order shall affect the right of any entity holding Liens of any kind or nature to adjudicate the validity or priority of such Liens against the proceeds of the Purchased Assets in this Court. If and only if this Court determines that it lacks jurisdiction of such matter, then nothing herein shall preclude holders of Liens from adjudicating their rights against the proceeds of the Purchased Assets in another court of competent jurisdiction. Nothing contained in this Order shall constitute a waiver of any party in interest's rights to assert Liens against the proceeds of the Purchased Assets.

(25) No fraudulent transfer, bulk sales or any similar law of any state or other jurisdiction shall apply in any way to the Asset Sale.

(26) The failure specifically to include any particular provisions of the Asset Purchase Agreements in this Order shall not diminish or impair the efficacy of such provisions, it being the intent of the Court that the Asset Purchase Agreements and each and every provision, term, and condition thereof be authorized and approved in its entirety.

(27) The ten (10) day automatic stay period under Bankruptcy Rules 6004(g) and 6006(d) is hereby waived.

(28) This Order shall be effective and enforceable immediately upon entry and its provisions shall be self-executing.

(29) Purchasers shall consummate and close the transactions set forth in the Asset Purchase Agreements no later than September 21, 2001. No extensions of this closing deadline shall be granted unless Purchasers file and serve on or before September 19, 2001, 12:00 noon eastern daylight time upon the Debtors, Committee and Lenders a motion supported by appropriate affidavit demonstrating good cause for an extension.

(30) In resolution of the Objection of James Busby to Debtors' Motion Seeking, Among Other Things, Authority to Sell All or Substantially All of the Debtors' Cycling Assets and the Objection of James Busby to Debtors' Motion Seeking, Among Other Things, the Assumption and Assignment and/or Rejection of Certain Executory Contracts and Unexpired Leases in Connection with Sale of Assets (the "Busby Objections"), Busby, Debtors and Pacific Cycle reached a stipulation, which terms, subject to the Closing of the Asset Purchase Agreements, are approved as follows:

(a) Debtors are authorized to assume the Invention Agreement and Independent Contractor Agreement between the Debtors and James Busby dated June 3, 1999 (the "Busby Royalty Agreement").

(b) The Debtors shall immediately pay \$71,401.00 to Mr. Busby, representing the amount owed to Mr. Busby through August 31, 2001 under the Busby Royalty Agreement.

(c) The Debtors are hereby authorized to assign to Pacific Cycle the Busby Royalty Agreement and Pacific Cycle and its successors, assigns and licensees are authorized to assume the Busby Royalty Agreement.

(d) As soon as reasonably practical, the Debtors shall provide Mr. Busby information sufficient to calculate royalties owed to Mr. Busby from September 1, 2001 through the closing of the Cycling Asset Sale including royalties based upon the sale of bicycles to Pacific Cycle.

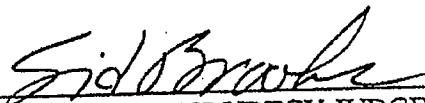
(e) The Busby Royalty Agreement shall be modified as set forth in the letter agreement dated September 10, 2001 relating to the minimum monthly payment amounts, rights of first refusal and other terms set forth therein.



(f) Royalty payments due Mr. Busby from September 1, 2001 through the closing of the Cycling Asset Sale shall be paid promptly by the Debtors from the proceeds of the Asset Sale free and clear of any and all liens, claims and encumbrances.

Dated September 20 2001 in Denver, Colorado.

BY THE COURT

  
UNITED STATES BANKRUPTCY JUDGE

The moving party is hereby ORDERED to forthwith provide a copy of this Order to interested parties in the transaction within 2 days from receipt of this Order, and file a certificate of service with the Court regarding same.

Sidney B. Brooks,  
U.S. Bankruptcy Judge

**ASSET PURCHASE AGREEMENT**

**BETWEEN**

**SCHWINN/GT CORP. AND AFFILIATED COMPANIES**

**AS SELLERS**

**AND**

**DIRECT FOCUS, INC.**

**AS PURCHASER**

**Dated as of September 6, 2001**

**SCHEDULE 1.1(c)**

**Intellectual Property (Fitness)**

**I. TRADEMARKS**

**A. Active U.S. Fitness Trademarks**

Mark	Reg. No.	Owner	Reg. Date
NATURAL STRENGTH (WO)	Pending (S/N 78/067,010)	SCF*	Pending
RIPP (WO)	Pending (S/N 76/037,952)	SCF	Pending
LINED BIRD DESIGN	Pending (S/N 76/169,929)	SCF	Pending
HEBB INDUSTRIES, INC. MANUFACTURERS OF FITNESS EQUIPMENT (WD)	2292394	HEBB	11/16/99
TRIMUP (WO)	2337407	HEBB	4/4/00
EVOLUTION (WO)	2133969	SCF	2/3/98
WINDSPRINT (WO)	2087775	SCF	8/12/97
FITNESS ADVISOR (WO)	2155607	SCF	5/5/98
WINDRIGGER (WO)	2072864	SCF	6/17/97
WINDJAMMER (WO)	2070737	SCF	6/10/97
TREAD LIGHTLY (WO)	1965583	SCF	4/2/96
BACKDRAFT (WO)	2007129	SCF	10/8/96
PT (WO)	1906930	SCF	7/18/95
HT (WO)	1876025	SCF	1/24/95
CI (WO)	1959159	SCF	2/27/96
TRIMLINE (WO)	1786230	HEBB	8/3/93
AIRDYNE (WO)	1601104	SCF	6/12/90
DX 900 (WO)	1431334	SCF	3/3/87
AIRDYNE (STYLIZED LETTERS)	1176363	SCF	11/3/81
AIR-DYNE (WD)	1153275	SCF	5/5/81
SPINNER (under Licensing Agreement)	1972363	MDA*	5/7/96
JOHNNY G. SPINNER (under Licensing Agreement)	1977743	MDA*	6/4/96
SPINNING (under Licensing Agreement)	1780650	MDA	7/6/93
Trimup	2337407	Hebb	4/4/00
Bio-Dyne	1185979	SCF	1/12/82 (from Excelsior)
Power Rod	1523651	SCF	2/7/89

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