

## TRADEMARK ASSIGNMENT

Electronic Version v1.1

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SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	NUNC PRO TUNC ASSIGNMENT		
EFFECTIVE DATE:	04/06/2011		
CONVEYING PARTY DATA			
	Name	Formerly	Execution Date
	The Blonder Company		04/06/2011
			Entity Type
			CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Blonder Accents, LLC		
Street Address:	3950 Prospect Avenue		
City:	Cleveland		
State/Country:	OHIO		
Postal Code:	44115		
Entity Type:	LIMITED LIABILITY COMPANY: DELAWARE		
PROPERTY NUMBERS Total: 3			
	Property Type	Number	Word Mark
	Registration Number:	2977005	BLONDER HOME ACCENTS
	Registration Number:	3069645	BLONDER HOME ACCENTS
	Registration Number:	3880687	NEXTWALL
CORRESPONDENCE DATA			
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NAME OF SUBMITTER:	Charles A. Crehore
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Date:	01/24/2012
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**ASSET PURCHASE AGREEMENT**

by and between

**Blonder Accents LLC**

**("Purchaser")**

and

**The Blonder Company**

and

**WCO Decorating, Inc.**

and

**TBC Sample Book Corporation**

**(collectively, "Blonder Group")**

and

**Jeff Hastings, as Court Appointed Receiver for  
The Blonder Company, WCO Decorating, Inc. and TBC Sample Book Corporation**

**("Receiver")**

**Dated as of April 6, 2011**



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## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement"), dated as of April 6, 2011, is made and entered into by and among Blonder Accents LLC, a Delaware limited liability company ("Purchaser"), The Blonder Company, a Delaware corporation ("Blonder"), WCO Decorating, Inc., a Delaware corporation ("WCO"), and TBC Sample Book Corporation, a Delaware corporation ("TBC" and, together with Blonder, WCO and TBC, "Blonder Group"), and Jeff Hastings, in his capacity as the court appointed receiver for Blonder, WCO and TBC ("Receiver"). Purchaser, Blonder, Receiver, WCO and TBC are sometimes referred to herein, individually, as a "Party" and, collectively, as the "Parties."

### WITNESSETH:

WHEREAS, Blonder Group is engaged in the business of distributing and selling nationally recognized brands of wallpaper, wall coverings, fabrics, and décor accessories for residential and commercial use (the "Business");

WHEREAS, on April 6, 2011, the Senior Lender commenced the case captioned *Citizens Bank of Pennsylvania v. The Blonder Company, et al.*, Case No. CV-11-752715 in the Cuyahoga County Court of Common Pleas (the "Action");

WHEREAS, on April 8, 2011 the Cuyahoga County Court of Common Pleas (the "Court") entered a Stipulated and Agreed Order Appointing Receiver (the "Receiver Order") in the Action pursuant to which Jeff Hastings was duly appointed the receiver for the Blonder Group. Pursuant to the Receiver Order, Jeff Hastings, as Receiver for the Blonder Group, was authorized to carry out the transactions contemplated hereby, subject to further Order of the Court following appropriate notice to all parties entitled to such notice;

WHEREAS, the Parties desire to enter into this Agreement pursuant to which Receiver proposes to sell to Purchaser, and Purchaser proposes to purchase from Receiver, substantially all of the assets relating to, used in, or held for use by the Blonder Group in the conduct of their business as a going concern, and Purchaser proposes to assume certain specified liabilities and obligations of the Blonder Group as set forth herein (the "Acquisition"); and

NOW, THEREFORE, in consideration of the premises, which are incorporated and made part of this Agreement, and the respective covenants, agreements, and conditions set forth herein, and intending to be legally bound hereby, each Party hereby agrees as follows:

### ARTICLE I DEFINITIONS; CONSTRUCTION

1.1 Definitions. The following terms, as used herein, have the following meanings:

"Affiliate" of any specified Person means any other Person that, at the applicable time, directly or indirectly, Controls, is Controlled by, or is under common Control with such Person. The term "Control" (including, with correlative meaning, the terms "Controlled by" and "under common Control with"), as used with respect to any entity, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and

policies of such entity, whether through the ownership of voting securities, by contract, or otherwise.

**"Assumed Contracts"** means those agreements, contracts, statements of work, purchase and sale orders, and outstanding proposals and commitments listed on **Schedule 1.1(a)** to be attached hereto.

**"Blonder Group Benefit Plan"** means each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by the Blonder Group or to which the Blonder Group or any of their Subsidiaries makes or has made, or has or has had an obligation to make, contributions at any time.

**"Blonder Group Intellectual Property"** means any Intellectual Property that is owned by or licensed to the Blonder Group or any of their Subsidiaries.

**"Business Day"** means any day except Saturday, Sunday, or any day on which banks are generally not open for business in the City of Cleveland, Ohio.

**"Closing"** means the consummation of the transactions contemplated by this Agreement as set forth in Section 6.1 (Closing).

**"Closing Date"** means the date on which the Closing occurs.

**"Code"** means the United States Internal Revenue Code of 1986.

**"EBITDA"** means earnings before interest, taxes, depreciation, and amortization as determined on an accrual basis and each item consistent with GAAP.

**"Employee Benefit Plan"** means with respect to any Person: (a) each plan, fund, program, agreement, arrangement, or scheme, including each plan, fund, program, agreement, arrangement, or scheme maintained or required to be maintained under the Laws of a jurisdiction outside the United States of America, in each case, that is at any time sponsored or maintained or required to be sponsored or maintained by such Person or to which such Person makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former employees, directors, officers, managers, consultants, independent contractors, contingent workers, or leased employees of such Person or the dependents of any of them (whether written or oral), including each deferred compensation, bonus, incentive compensation, pension, retirement, stock purchase, stock option, and other equity compensation plan or "welfare" plan (within the meaning of Section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA); (b) each "pension" plan (within the meaning of Section 3(2) of ERISA, determined without regard to whether such plan is subject to ERISA); (c) each severance, retention, or change in control plan or agreement; (d) each plan or agreement providing health, vacation, paid time off, sick leave, summer hours, supplemental unemployment benefit, hospitalization insurance, medical, dental, or legal benefit; and (e) each other employee benefit plan, fund, program, agreement, or arrangement.

**"ERISA"** means the United States Employee Retirement Income Security Act of 1974.

**"ERISA Affiliate"** means any Person (whether incorporated or unincorporated) that, together with the Blonder Group and/or any of their Subsidiaries, would be deemed a "single employer" within the meaning of Section 414 of the Code.

**"ERISA Affiliate Plan"** means each Employee Benefit Plan sponsored or maintained or required to be sponsored or maintained at any time by any ERISA Affiliate, or to which such ERISA Affiliate makes or has made, or has or has had an obligation to make, contributions at any time.

**"GAAP"** means generally accepted accounting principles as applied in the United States of America.

**"Governmental Entity"** means any: (a) union of states (including the European Union), state, country, city, town, borough, village, district, or other jurisdiction; (b) federal, state, local, municipal, foreign, or other government; (c) governmental or quasi-governmental authority of any nature, including any agency, branch, department, board, commission, court, tribunal, or other entity exercising governmental or quasi-governmental powers; (d) multinational organization or body; (e) body exercising, or entitled or purporting to exercise, any administrative, executive, judicial, legislative, police, regulatory, or taxing authority or power; (f) arbitration panel or other similar dispute-resolving panel or body; and (g) official of any of the foregoing.

**"Intellectual Property"** means any or all of the following and all rights arising out of or associated therewith: (a) all United States of America, international, and foreign patents and applications therefor and all reissues, divisions, renewals, extensions, provisionals, continuations, and continuations-in-part thereof; (b) all inventions (whether patentable or not), invention disclosures, improvements, trade secrets, proprietary information, know-how, Software, technology, technical data, and customer lists, and all documentation relating to any of the foregoing throughout the world; (c) all copyrights, copyright registrations, and applications therefor, and all other rights corresponding thereto throughout the world; (d) all industrial designs and any registrations and applications therefor throughout the world; (e) all Internet uniform resource locators, domain names, slogans, designs, Marks, trademark and service mark registrations, and applications therefor throughout the world; (f) all databases and data collections and all rights therein throughout the world; (g) all economic rights of authors and inventors, however denominated, throughout the world; and (h) any similar or equivalent rights to any of the foregoing anywhere in the world.

**"Law" or "Laws"** means all statutes, codes, regulations, rules, restrictions, ordinances, approvals, directives, licenses or permits, orders, decrees, judgments, injunctions, writs, and awards of, or issued by, any Governmental Entity.

**"Leased Real Property"** means all real property (together with all easements and appurtenances thereto and all buildings, fixtures, and other improvements thereon) leased by the Blonder Group or their Subsidiaries, including the real property located at 8500 Clinton Road, Brooklyn, Ohio 44115.



**"Leases"** means all real property leases affecting the Leased Real Property.

**"Licenses"** means all notifications, licenses, permits (including environmental, construction, and operation permits), qualifications, franchises, certificates, approvals, exemptions, classifications, registrations, and other similar documents and authorizations issued by any Governmental Entity, and applications therefor.

**"Liens"** means any charge, claim, community or other marital property interest, condition, equitable interest, lien, restriction, option, pledge, security interest, mortgage, right of first refusal or offer, and any other encumbrance or restriction of any nature whatsoever, including any restriction on use, voting (in case of any security or equity interest), transfer, receipt of income, or exercise of any other attribute of ownership.

**"Losses"** means, with respect to any Person, any and all claims, liabilities, obligations, losses, diminution of value, damages, costs, expenses, penalties, fines, taxes, deficiencies, assessments, and judgments (in equity or at law) suffered or incurred by such Person (including amounts paid in settlement, costs of investigation, and reasonable accountants' and attorneys' fees and expenses), whenever arising or incurred, whether involving a direct claim or a third-party claim.

**"Marks"** means any or all of the following and all rights arising out of or associated therewith: all trademarks, service marks, trade names, and logos.

**"Material Adverse Effect"** means any state of facts, change, event, effect, or occurrence (when taken together with all other states of facts, changes, events, effects, or occurrences) that is or may be reasonably likely to be materially adverse to the financial condition, results of operations, prospects, properties, assets, or liabilities (including contingent liabilities) of the Blonder Group, the Business, or the Assets taken as a whole. A Material Adverse Effect shall also include any state of facts, change, event, or occurrence that shall have occurred or been threatened that (when taken together with all other states of facts, changes, events, effects, or occurrences that have occurred or been threatened) is or would be reasonably likely to prevent or materially delay the performance by the Blonder Group or any Subsidiary of any of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

**"Non-Assignable Contracts"** means Assumed Contracts that require third-party consents for assignment that have not been obtained by the Blonder Group as of the Closing.

**"Ordinary Course"** means the ordinary course of business consistent with past practice of the Blonder Group.

**"Owned Real Property"** means all real property (together with all easements and appurtenances thereto and all buildings, fixtures, and other improvements thereon) owned by the Blonder Group, including the real property located at 3950 Prospect Avenue, Cleveland, Ohio 44115.

**"Permitted Liens"** means Liens (other than Liens securing any indebtedness, including capital leases) that do not materially impair the value of the Assets or the operation of the

Business as currently conducted.

**"Person"** means any individual, corporation, partnership, joint venture, limited liability company, trust, unincorporated organization, or Governmental Entity.

**"Purchaser Ancillary Documents"** means any certificate, agreement, instrument, or other document, other than this Agreement, to be executed and delivered by Purchaser in connection with the transactions contemplated by this Agreement.

**"Receivables"** means: (a) all trade accounts receivable and other rights to payment from customers of the Blonder Group as of the Closing and the full benefit of all security for such accounts or rights to payment, including all trade accounts receivable representing amounts receivable in respect of goods shipped or products sold or services rendered to customers of the Blonder Group; (b) all other accounts and notes receivables of the Blonder Group as of the Closing and the full benefit of all security for such accounts or notes; and (c) any claim, remedy, or other right related to any of the foregoing.

**"Receiving Party"** shall have the meaning give to such term under the definition of "Confidential Information."

**"Seller Ancillary Documents"** means any certificate, agreement, instrument, or other document, other than this Agreement, to be executed and delivered by the Blonder Group and/or the Receiver in connection with the transactions contemplated by this Agreement.

**"Senior Lender"** means RBS Citizens, N.A. or one of its Affiliates.

**"Senior Lender Note"** means a promissory note in favor of the Senior Lender in the original principal amount of one million six hundred thousand dollars (\$1,600,000), which shall be issued on the terms and conditions set forth on Exhibit A attached hereto.

**"Software"** means all computer software programs, together with any error corrections, updates, upgrades, modifications, or enhancements thereto, in both machine-readable form and human-readable form, including all comments and any procedural code.

**"Subsidiaries"** means any direct or indirect subsidiaries of Blonder, including WCO and TBC.

**"Taxes"** means all taxes, assessments, charges, duties, fees, levies, and other governmental charges (including interest, penalties, or additions associated therewith), including income, franchise, capital stock, real property, personal property, tangible, intangible, withholding, employment, payroll, social security, social contribution, unemployment compensation, disability, transfer, sales, use, excise, license, occupation, registration, stamp, premium, environmental, customs duties, alternative or add-on minimum, estimated, gross receipts, value-added, and all other taxes of any kind imposed by any Governmental Entity, whether or not disputed.

**"Tax Return"** means any report, return, declaration, or other information required to be supplied to a Governmental Entity in connection with Taxes, including estimated returns,

amended returns, information statements, and reports of every kind with respect to Taxes.

**"Warrant"** means a warrant to purchase five percent (5%), on a fully diluted basis, of non-voting common equity of Purchaser, which shall be issued on the terms and conditions set forth on Exhibit A attached hereto.

1.2 Construction. Unless the context of this Agreement clearly requires otherwise: (a) references to the plural include the singular, and references to the singular include the plural; (b) references to any gender include the other genders; (c) the words "include," "includes," and "including" do not limit the preceding terms or words and shall be deemed to be followed by the words "without limitation"; (d) the terms "hereof," "herein," "hereunder," "hereto," "hereby," and similar terms in this Agreement refer to this Agreement as a whole and not to any particular provision of this Agreement; (e) the terms "day" and "days" mean and refer to calendar day(s); and (f) the terms "year" and "years" mean and refer to calendar year(s). Unless otherwise set forth herein, references in this Agreement to: (i) any document, instrument, or agreement (including this Agreement) (A) includes and incorporates all exhibits, schedules, and other attachments thereto, (B) includes all documents, instruments, or agreements issued or executed in replacement thereof, and (C) means such document, instrument, or agreement, or replacement or predecessor thereto, as amended, modified, or supplemented from time to time in accordance with its terms and in effect at any given time; and (ii) a particular statute or other Law means such statute or other Law together with the rules and regulations promulgated thereunder and as amended, modified, supplemented, or succeeded, from time to time and in effect at any given time. All Article, Section, Exhibit, and Schedule references herein are to Articles, Sections, Exhibits, and Schedules of this Agreement, unless otherwise specified. This Agreement shall not be construed as if prepared by one of the Parties, but rather according to its fair meaning as a whole, as if all Parties had prepared it.

1.3 Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

## ARTICLE II PURCHASE AND SALE

2.1 Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, at the Closing, in consideration for the payment of the Purchase Price in accordance with Article III (Purchase Price; Allocations), Receiver (on behalf of the Blonder Group) shall sell, convey, assign, transfer, and deliver to Purchaser, and Purchaser shall purchase and acquire from Receiver (on behalf of the Blonder Group), free and clear of all Liens, all right, title, and interest of the Blonder Group in, and good and marketable title to, (a) the Business and (b) except for the Excluded Assets, all of the assets, properties, and rights owned by the Blonder Group and the control of which was transferred to the Receiver pursuant to the Receiver Order, of every kind and description, real, personal, and mixed, tangible and intangible, wherever located (which assets, properties, and rights are collectively referred to in this Agreement as the "Assets").

2.2 Assets. Except as otherwise expressly set forth in Section 2.3 (Excluded Assets) and without in any way limiting the generality of Section 2.1 (Agreement to Purchase and Sell),

the Assets shall include the following assets, properties, and rights of the Blonder Group as of the close of business on the Closing Date:

(a) Cash. All cash, cash equivalents, marketable securities, certificates of deposit, bankers' acceptances, government securities, and investment accounts;

(b) Deposits. All deposits, advances, pre-paid expenses, accrued rebates, and credits;

(c) Bank Accounts. All bank accounts, lock box accounts, investment accounts, and other accounts maintained by or for the benefit of the Blonder Group;

(d) Inventory. All inventory, including office and other supplies, spare, replacement and component parts, samples, demonstrations or similar products with respect to the foregoing, and other inventory property, whether new or used, both in and out of service, and whether held for rental, repair and replacement, or sale, raw materials, work-in-process, or finished goods, wherever located or in transit;

(e) Tangible Personal Property. All fixed assets, machinery, equipment, furniture, furnishings, fixtures, leasehold improvements, computer hardware, printers, workstations, facsimile machines, office equipment, accessories, vehicles, and other tangible personal property, including all supplies, tools, and office equipment dedicated to or required by any employees of the Business, such as cellular phones, blackberries, PDAs, pagers, copiers, and calculators;

(f) Contracts. All rights of the Blonder Group in and to, and all benefits under, the Assumed Contracts and the right to enforce the rights and benefits of the Blonder Group under any other contract or agreement which is not an Assumed Contract;

(g) Real Property Rights. All rights of the Blonder Group with respect to the Owned Real Property, the Leased Real Property, and all Licenses, easements, and appurtenances thereto, and other rights relating thereto, and all rights of the Blonder Group in and to, and all benefits under, the Leases, including any options to purchase, renew the term of, and expand the rentable space of the leased premises;

(h) Intellectual Property. All Intellectual Property owned by or licensed to the Blonder Group;

(i) Receivables. All Receivables;

(j) Claims. All rights to causes of action, lawsuits, judgments, claims, and demands of any nature available to or being pursued by the Blonder Group, whether arising by way of counterclaim or otherwise;

(k) Warranties. All rights in and under all express or implied warranties, guarantees, representations, covenants, indemnities, and similar rights in favor of the Blonder Group;

(l) Licenses. All Licenses to the extent that they are transferable;

(m) Books and Records. All information, files, correspondence, records, data, plans, reports, contracts, and recorded knowledge, including customer, prospective customer, vendor, supplier, subcontractor, price and mailing lists, records with respect to payroll, personnel, pricing, volume, billing and payment history, cost, inventory, machinery and equipment, distribution lists, sales, purchasing and materials, technical processes, production and testing techniques and procedures, marketing research, design and manufacturing drawings and specifications and other engineering data, promotional literature, training, operations, equipment and other manuals, quotations, correspondence, and other miscellaneous information, and all accounting or other books and records of the Blonder Group, in whatever media retained or stored, including computer programs and disks;

(n) Contact Information and Domain Names. All telephone numbers, fax numbers, e-mail addresses, and uniform or universal resource locators and all domain names, web addresses, and Internet locators;

(o) Communications. All rights to receive and retain mail, payments of Receivables, and other communications (other than those solely related to Excluded Assets or Excluded Liabilities);

(p) Advertising Materials. All advertising, marketing, and promotional materials and all other printed or written materials;

(q) Goodwill. All goodwill in and to the going concern value of the Business; and

(r) Other. All other tangible and intangible assets, properties, and rights of any kind or description, wherever located, that are (i) carried on the books of the Blonder Group or (ii) owned or held for use by the Blonder Group, other than the Excluded Assets.

2.3 Excluded Assets. Notwithstanding anything to the contrary set forth in this Agreement, the Assets will not include the following assets, properties, and rights of the Blonder Group (collectively, the "Excluded Assets"), all of which are excluded from the Assets and shall remain the property of the Blonder Group after the Closing:

(a) Certain Contracts. Any contracts entered into by the Blonder Group or by which the Blonder Group or any of the Assets are bound other than the Assumed Contracts, and all ownership and other rights with respect to any employment agreement that the Blonder Group are a party to or have liability under, any Blonder Group Benefit Plan, and any ERISA Affiliate Plan;

(b) Certain Licenses. Any License or similar right that by its terms is not transferable to Purchaser;

(c) Organizational Documents. The articles of incorporation and bylaws of the Blonder Group, minute books, stock ledgers, Tax Returns, and other constituent records relating exclusively to the corporate organization of the Blonder Group;

(d) Insurance Policies. All insurance policies relating to the Business, including policies relating to property, liability, business interruption, health and workers' compensation and lives of officers of the Blonder Group or their Subsidiaries;

(e) Specific Assets. Those assets set forth on Schedule 2.3, if any, to be attached hereto; and

(f) Rights under Agreements. The rights that accrue to the Receiver under this Agreement and the Purchaser Ancillary Documents.

#### 2.4 Assumption of Assumed Liabilities.

(a) Except as expressly provided in Section 2.4(b), Purchaser shall not assume, in connection with the transactions contemplated by this Agreement, any liability or obligation of the Blonder Group whatsoever, whether known or unknown, now or hereafter existing, accrued or contingent, or arising out of or related to the Assets, the Business, or the consummation of the transactions contemplated by this Agreement, and the Blonder Group shall retain responsibility for, and shall discharge in accordance with their terms (to the extent provided in the Sale Order and the proceedings to which such Sale Order relates and as provided in applicable law), all liabilities and obligations accrued as of or at the Closing and all liabilities and obligations arising from operations of the Blonder Group prior to, at, or after the Closing, whether or not accrued and whether or not disclosed.

(b) As the sole exception to the provisions in Section 2.4(a), effective as of the close of business on the Closing Date, Purchaser shall assume (the "Assumed Liabilities"): (i) the obligations of the Blonder Group existing as of such time arising out of the conduct of the Business prior to or at the Closing under each Assumed Contract to the extent such obligations are not required to be performed at or prior to the Closing, are disclosed on the face of such Assumed Contract, and accrue and relate to the operations of the Business subsequent to the Closing, (ii) the liability of the Blonder Group for accrued personal, sick or vacation time existing as of the Closing with respect to employees of the Blonder Group who become employees of Purchaser following the Closing as set forth on Schedule 2.4(b) to be attached hereto and (iii) the obligation of Blonder to pay real estate taxes with respect to the Property (as defined on Exhibit A) for periods prior to Closing.

2.5 Excluded Liabilities. Specifically, and without in any way limiting the generality of Section 2.4(a), the Assumed Liabilities shall not include, and in no event shall Purchaser assume, agree to pay, discharge, or satisfy any liability or obligation under this Agreement or otherwise have any responsibility for, any liability or obligation (together with all other liabilities of the Blonder Group that are not Assumed Liabilities, the "Excluded Liabilities"):

(a) relating to products and services of the Blonder Group to the extent manufactured or sold or rendered prior to the close of business on the Closing Date;

(b) relating to any liability or obligation of the Blonder Group to any current or former shareholder of the Blonder Group or any Affiliate of the Blonder Group or any Affiliate of any current or former shareholder of the Blonder Group;

(c) to distribute to any shareholders of the Blonder Group or otherwise apply all or any part of the consideration received hereunder;

(d) to indemnify, reimburse, or advance amounts to any director, officer, employee, agent, or (except to the extent constituting Assumed Liabilities) independent contractor of the Blonder Group;

(e) for Taxes with respect to any period, including any amounts due for unpaid sales taxes and employee withholding taxes and all penalties and interest related thereto;

(f) subject to the provisions herein relating to the execution of the Senior Note by the Purchaser, for any indebtedness with respect to borrowed money, including any interest or penalties accrued thereon;

(g) relating to, resulting from, or arising out of: (i) claims made in pending or future suits, actions, investigations, or other legal, governmental, or administrative proceedings; or (ii) claims based on violations of Law, breach of contract, employment practices, or environmental, health, and safety matters, or any other actual or alleged failure of the Blonder Group to perform any obligation, in each case relating to, resulting from, or arising out of (A) events that shall have occurred, (B) services performed, or (C) the operation of the Business, prior to the Closing;

(h) pertaining to any Excluded Asset;

(i) relating to, resulting from, or arising out of any former operations of the Blonder Group or any predecessor entities thereof that have been discontinued or disposed of prior to the Closing;

(j) under or relating to any employment agreement, Blonder Group Benefit Plan, or ERISA Affiliate Plan, whether or not such liability or obligation arises prior to, at, or following the Closing (other than the liabilities for accrued sick, personal or vacation time expressly assumed pursuant to Section 2.4(b)(ii)); or

(k) of the Blonder Group or any of their shareholders arising or incurred in connection with the negotiation, preparation, or execution of this Agreement and the transactions contemplated hereby and any fees and expenses of counsel, accountants, brokers, financial advisors, or other experts of the Blonder Group or any of their shareholders.

Such Excluded Liabilities shall include all claims, actions, litigation, and proceedings relating to any or all of the foregoing and all costs, expenses, and related judgments, fines, interest, and penalties in connection therewith.

**ARTICLE III  
PURCHASE PRICE; ALLOCATIONS**

3.1 Purchase Price. The aggregate amount of cash to be paid for the Assets (the "Cash Purchase Price") shall be two million dollars (\$2,000,000). In addition to the Cash Purchase Price, as consideration for the sale, conveyance, assignment, transfer, and delivery of the Assets and the Business, Purchaser shall: (a) assume and discharge the Assumed Liabilities, (b) issue to the Senior Lender the Warrant and (c) deliver to the Senior Lender the Senior Lender Note and the Senior Lender Mortgage (as defined on Exhibit A) (the Cash Purchase Price, the assumption of the Assumed Liabilities, the issuance of the Warrant and the delivery of the Senior Lender Note and the Senior Lender Mortgage are collectively referred to herein as the "Purchase Price").

3.2 Payment of Purchase Price. On the Closing Date, Purchaser shall (a) pay or cause to be paid to the Senior Lender for the Receiver's account the Cash Purchase Price by wire transfer of immediately available funds to such bank account as shall be designated in writing by the Senior Lender prior to the Closing Date, (b) issue the Warrant to the Senior Lender and (c) deliver the Senior Lender Note and Senior Lender Mortgage to the Senior Lender.

3.3 Allocation of Purchase Price. For purposes of Section 1060 of the Code, the Cash Purchase Price, together with the Assumed Liabilities, shall be allocated among the Assets as mutually agreed upon by the Parties within ninety (90) days of the Closing Date, provided, however, that the failure of the Parties to agree on such allocation shall not effect in any manner the purchase and sale of the Assets hereunder or the rights of the Senior Lender with respect to the Senior Lender Note or the Senior Lender Mortgage, and shall not give rise to any rights of any Party against, or any liability of any Party to, any other Party as a result of such failure. The Parties shall be bound by such allocation for purposes of Section 1060 of the Code and all other purposes, and agree to file all Tax Returns (including IRS Form 8594) on the basis of such allocation. The Parties acknowledge and agree that the Purchase Price represents fair consideration and reasonable equivalent value for the sale and transfer of the Assets and the transactions, covenants, and agreements set forth in this Agreement, which consideration was agreed upon as the result of arm's-length, good-faith negotiations among the Parties and their respective representatives.

**ARTICLE IV  
CERTAIN COVENANTS AND AGREEMENTS**

4.1 Conduct of Business by the Blonder Group. For the period commencing on the date hereof and ending on the earlier of the Closing Date and the date that control of the Assets is transferred to the Receiver, the Blonder Group shall, except as expressly required by this Agreement and except as otherwise consented to in advance in writing by Purchaser or as set forth on Schedule 4.1 to be attached hereto conduct their businesses in the Ordinary Course and not engage in any new line of business or enter into any agreement, transaction, or activity or make any commitment with respect to the Business or the Assets except those in the Ordinary Course.



4.2 Inspection and Access to Information. During the period commencing on the date hereof and ending on the earlier of the Closing Date and the date that control of the Assets is transferred to the Receiver, the Blonder Group will (and will cause their respective directors, officers, employees, auditors, and agents to) provide Purchaser and its accountants, investment bankers, counsel, environmental consultants, and other authorized representatives full access, during reasonable hours and under reasonable circumstances, to any and all of their premises, employees (including executive officers), properties, contracts, commitments, books, records, and other information (including Tax Returns filed and those in preparation), and shall cause their officers to furnish to Purchaser and its authorized representatives, promptly upon request therefor, any and all financial, technical, and operating data and other information pertaining to the Blonder Group, the Assets, and the Business and otherwise fully cooperate with the conduct of due diligence by Purchaser and its representatives, including permission to collect samples of soil, water, or other substances which such representatives may reasonably request permission to collect and analyze.

4.3 Efforts; Further Assurances; Cooperation. Subject to the other provisions of this Agreement, the Blonder Group shall use their reasonable efforts to perform their obligations under this Agreement and to take, or cause to be taken, and do, or cause to be done, all things necessary, proper, or advisable under applicable Law to obtain all regulatory approvals and to satisfy all conditions to their respective obligations under this Agreement and to cause the transactions contemplated in this Agreement to be effected as soon as practicable, but in any event on or prior to the Termination Date, in accordance with the terms of this Agreement. Following the Closing, the Blonder Group, on the one hand, and Purchaser, on the other hand, shall deliver to the other Parties such further information and documents and shall execute and deliver to the other Parties such further instruments and agreements as any other Party shall reasonably request to consummate or confirm the transactions provided for in this Agreement, to accomplish the purpose of this Agreement, or to assure to any other Party the benefits of this Agreement.

4.4 Non-Assignable Contracts. The Blonder Group shall, during the remaining term of each Non-Assignable Contract, use reasonable efforts to: (a) obtain the consent of the applicable third party; (b) make the benefit of each such Non-Assignable Contracts available to Purchaser following the Closing so long as Purchaser fully cooperates with the Blonder Group and promptly advances and funds all payments required to be made by the Blonder Group in connection therewith; and (c) enforce following the Closing, at the request of Purchaser and at the expense and for the account of Purchaser, any right of the Blonder Group arising from such Non-Assignable Contracts against the other party or parties thereto (including the right to elect or terminate any such Non-Assignable Contract in accordance with the terms thereof). Purchaser agrees to indemnify and hold harmless the Blonder Group and the Receiver against any Loss that any of them may incur as a result of complying with (or attempting to comply with) this paragraph or following (or attempting to follow) any instructions or requests received from Purchaser in connection with the matters set forth in this paragraph.

4.5 Public Announcements. Subject to any legal obligations (including requirements of stock exchanges and other similar regulatory bodies), any public announcement, press release, or similar publicity with respect to this Agreement and the transactions contemplated herein will

be issued, if at all, at such time and in such manner as Purchaser, Blonder and Senior Lender may determine by mutual agreement.

4.6 Intentionally Deleted.

4.7 Name Change. Promptly following the Closing, the Blonder Group shall change their names to remove any reference to the names "*The Blonder Company*," "*WCO Decorating, Inc.*," "*TBC Sample Book Corporation*," or any other trade names used in the Business or any name derived from or confusingly similar to any such names. Promptly following the Closing Date, the Blonder Group shall file in all jurisdictions in which they are qualified to do business any documents necessary to reflect such change of names or to terminate its qualification therein.

4.8 Risk of Loss. The risk of loss with respect to the Assets shall remain with the Blonder Group (or, after the transfer of control of the Assets to the Receiver, the Receiver) until the Closing. Until the Closing, the Blonder Group shall maintain in force all the policies of property damage insurance under which any of the Assets is insured. In the event prior to the Closing any Asset is lost, damaged, or destroyed and the loss, damage, or destruction would likely result in a Material Adverse Effect that would not otherwise exist or occur, then:

(a) Purchaser may terminate this Agreement in accordance with the provisions of Section 7.1(c); or

(b) Purchaser may require the Blonder Group to assign to Purchaser the proceeds of any insurance payable as a result of the occurrence of such loss, damage, or destruction and proceed with the Acquisition as provided herein.

4.9 Collection of Receivables. After the Closing Date, Purchaser shall collect any Receivables that were generated in connection with the Business prior to the Closing Date. The Blonder Group shall promptly remit to Purchaser any such payments on the Receivables received by the Blonder Group after the Closing Date. After the Closing Date, Purchaser shall have the right to notify any customers who owe the Blonder Group any amounts properly payable to Purchaser to send their payments directly to Purchaser. Subject to the consummation of the Closing, the Blonder Group hereby grant Purchaser their power of attorney to endorse with the name of the applicable member of the Blonder Group and its Subsidiaries on any checks received on account of any Receivables. If, after the Closing, any such funds are deposited into a bank account of the Blonder Group or their Subsidiaries, Blonder or such Subsidiary shall instruct such bank to forward all proceeds thereof promptly to Purchaser.

4.10 Financing.

(a) Purchaser has delivered to Blonder and the Senior Lender true, accurate and complete copies of an executed debt commitment letter and related term sheet of Gibraltar Business Capital, LLC, dated March 14, 2011, pursuant to which, and subject to the terms and conditions of which, it has committed to provide and arrange the financing described therein, the proceeds of which shall be used to consummate the transactions contemplated by this Agreement (the "Financing"). The Financing Commitment is in full force and effect and has not been withdrawn or terminated or otherwise amended or modified in any respect.

(b) Purchaser shall use its reasonable best efforts to obtain the Financing on the terms and conditions described in the Financing Commitment, including using its reasonable best efforts (i) to negotiate definitive agreements with respect thereto on substantially the same terms and conditions contained in the Financing Commitment, (ii) to satisfy on a timely basis all conditions to obtaining the Financing applicable to Purchaser set forth in such definitive agreements that are within its control, (iii) to comply with its obligations under the Financing Commitment and (iv) to enforce its rights under the Financing Commitments.

4.11 Claims of Secured Creditors. The Blonder Group and Purchaser intend to address the claims of the Blonder Group's secured creditors identified in, and as contemplated by, this Section 4.11. In furtherance thereof, (a) the Blonder Group shall use commercially reasonable efforts to obtain authorization to file UCC termination statements with respect to the UCC filings made by Greater Bay Bank, N.A., Expeditors International of Washington, Inc. and Crossroads Financial Services, based on the satisfaction of any obligations owing to such parties (and the Blonder Group acknowledges that filing made by Crossroads Financial Services, Inc. was a precautionary filing made in anticipation of a financing that never occurred), (b) Purchaser shall assume the leases with each of IBM Credit LLC and NMHG Financial Services, Inc. identified in their respective UCC financing statements filed with the Secretary of State of the State of Delaware naming Blonder as debtor, which shall constitute Assumed Liabilities for purposes hereof, and (c) Purchaser shall assume Blonder's obligation to pay real estate taxes with respect to the Property for periods prior to Closing, which shall constitute an Assumed Liability for purposes hereof.

## ARTICLE V CONDITIONS TO CLOSING

5.1 Conditions to Each Party's Obligations. The respective obligations of each Party to effect the transactions contemplated hereby shall be subject to the following:

(a) No Injunction, Etc. There shall be no effective injunction, writ, or preliminary restraining order or any order of any nature issued by a Governmental Entity of competent jurisdiction to the effect that the Acquisition may not be consummated as provided in this Agreement, no proceeding or lawsuit shall have been commenced by any Governmental Entity for the purpose of obtaining any such injunction, writ, or preliminary restraining order and no written notice shall have been received from any Governmental Entity indicating an intent to restrain, prevent, materially delay, or restructure the transactions contemplated by this Agreement; and

(b) Governmental Consents. All consents, approvals, orders, or authorizations of, or registrations, declarations, or filings with, all Governmental Entities required in connection with the execution, delivery, or performance of this Agreement shall have been obtained or made.

(c) Senior Lender Documentation. The Senior Lender and Purchaser shall have negotiated and executed the Warrant, the Senior Note, the Senior Lender Mortgage and the other documents contemplated hereby and thereby on terms and conditions consistent with those

set forth on Exhibit A hereto and otherwise mutually acceptable to the Senior Lender and Purchaser.

(d) Court Approval. The Court shall have entered an Order approving this Agreement and all transactions contemplated hereby (the "Sale Order") in form and substance satisfactory to the Receiver, Blonder, the Senior Lender and Purchaser in their sole and absolute discretion, and the Sale Order shall have become a final order from which no further appeal may be taken.

5.2 Conditions to Obligations of Purchaser. The obligations of Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions (any of which may be waived by Purchaser, in whole or in part):

(a) No Material Adverse Effect. At or prior to the Closing, there shall not have occurred (nor shall Purchaser have become aware of) any Material Adverse Effect or any development likely to result in a Material Adverse Effect that occurred after the date of this Agreement;

(b) Mutual Release and Release of Security Interest. (i) Purchaser and the Senior Lender shall have entered into a mutual release of all claims other than (A) the rights and obligations of the Parties under this Agreement and the Seller Ancillary Documents and the Purchaser Ancillary Documents, and (B) Purchaser's obligations, and the Senior Lender's rights and claims, under the Senior Lender Note, the Senior Lender Mortgage, and the Warrant (and related rights that a holder of a warrant may have), and (ii) the Senior Lender shall have delivered to Purchaser a release of Liens affecting the Assets (other than the Owned Real Property and any other Assets covered by the Senior Lender Mortgage), in each case in a form mutually acceptable to the Senior Lender and Purchaser;

(c) Financing Contingency. Purchaser shall have secured adequate financing for the consummation of the transactions contemplated by this Agreement on terms set forth in the Financing Commitment;

(d) Ancillary Documents. The Blonder Group and the Receiver, respectively, shall have delivered, or caused to be delivered, to Purchaser the documents required by Section 6.2 to be delivered by them.

5.3 Condition to Obligations of Receiver. The obligations of the Receiver to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of the following conditions (which may be waived by the Receiver with the written consent of the Senior Lender, in whole or in part):

(a) Ancillary Documents. Purchaser shall have delivered, or caused to be delivered, to the Receiver and the Senior Lender, as applicable, the documents listed in Section 6.3.

(b) Mutual Release and Release of Security Interest. (i) Purchaser and the Senior Lender shall have entered into a mutual release of all claims other than (A) the rights and obligations of the Parties under this Agreement and the Seller Ancillary Documents and the Purchaser Ancillary Documents, and (B) Purchaser's obligations, and the Senior Lender's rights and claims, under the Senior Lender Note, the Senior Lender Mortgage, and the Warrant (and related rights that a holder of a warrant may have), and (ii) the Senior Lender shall have delivered to Purchaser a release of Liens affecting the Assets (other than the Owned Real Property and any other Assets covered by the Senior Lender Mortgage), in each case in a form mutually acceptable to the Senior Lender and Purchaser;

## ARTICLE VI CLOSING

6.1 Closing. The Closing shall be effective at 11:59 p.m., Cleveland, Ohio time, on the date which will be the second (2<sup>nd</sup>) Business Day following the satisfaction or waiver of all the conditions set forth in Article V that are contemplated to be satisfied prior to the Closing, or on such other date as Purchaser and the Receiver (with the consent of the Senior Lender) may agree. The Closing shall take place at such place as Purchaser and the Receiver (with the consent of the Senior Lender) may agree.

6.2 Closing Deliverables of The Blonder Group and of the Receiver. At the Closing, the Blonder Group or the Receiver, as applicable, shall deliver, or cause to be delivered, to Purchaser the following:

(a) a bill of sale and assignment and assumption agreement for (i) all of the Assets that are tangible personal property, together with possession of all such Assets, and (ii) all of the Assets that are intangible personal property, including the Assumed Contracts and any assignable Licenses, in a form mutually acceptable to the Receiver and Purchaser (the "Assignment Agreement"), executed by the Receiver or the applicable member of the Blonder Group, as applicable, and dated as of the Closing Date;

(b) assignments of all the Blonder Group Intellectual Property, in a form mutually acceptable to the Receiver and Purchaser (the "Blonder Group Intellectual Property Assignment Agreements"), each executed by the Receiver or the applicable member of the Blonder Group, as applicable, and dated as of the Closing Date;

(c) such other bills of sale, assignments, certificates of title, documents and other instruments of transfer and conveyance as may reasonably be requested by Purchaser, each in form and substance satisfactory to Purchaser and its legal counsel and executed by the Receiver or the applicable member of the Blonder Group, as applicable, and dated as of the Closing Date;

(d) all other instruments and documents required to be entered into by the Blonder Group or the Receiver pursuant to this Agreement at or prior to the Closing or may be reasonably requested by Purchaser to convey the Assets to Purchaser, free and clear of all Liens other than Permitted Liens, or to otherwise consummate the transactions contemplated by this Agreement, each in form and substance satisfactory to Purchaser and the Receiver and their legal

counsel and executed by the Receiver or the applicable member of the Blonder Group, as applicable, and dated as of the Closing Date.

6.3 Purchaser's Closing Deliverables. At the Closing, Purchaser shall deliver, or cause to be delivered to the Senior Lender (with respect to clauses (a), (b) and (c)) or to the Receiver (with respect to clause (d)), and to the Senior Lender and/or the Receiver, as applicable (with respect to clause (e)), the following:

(a) the portion of the Cash Purchase Price to be paid at Closing pursuant to Section 3.2 paid and delivered in accordance with such Section;

(b) the Warrant, executed by Purchaser and dated as of the Closing Date;

(c) the Senior Lender Note and the Senior Lender Mortgage, each executed by Purchaser and dated as of the Closing Date;

(d) the Assignment Agreement, executed by Purchaser and dated as of the Closing Date;

(e) all other instruments and documents required to be entered into by Purchaser pursuant to this Agreement at or prior to the Closing, each in form and substance satisfactory to the Receiver, the Senior Lender and their legal counsel and executed by Purchaser and dated as of the Closing Date.

## ARTICLE VII TERMINATION

7.1 Termination. This Agreement may be terminated:

(a) in writing by written mutual consent of Purchaser and (i) before control of the Assets is transferred to the Receiver, of Blonder and the Senior Lender, and (ii) after control of the Assets is transferred to the Receiver, of the Receiver and the Senior Lender;

(b) by written notice (i) prior to the transfer of the Assets to the Receiver, from Blonder and the Senior Lender, and (ii) after the transfer of the Assets to the Receiver, from the Receiver and the Senior Lender to Purchaser, or by written notice from Purchaser to Blonder, the Receiver and the Senior Lender, as the case may be, in the event the Closing has not occurred on or prior to the date that is 45 days after the date hereof (the "Termination Date") for any reason other than delay or nonperformance of the Party seeking such termination;

(c) by written notice from Purchaser to Blonder, the Receiver and the Senior Lender under the circumstances described in Section 4.8 (Risk of Loss) or upon the non-fulfillment of Purchaser's closing conditions described in Section 5.2(a) (No Material Adverse Effect) or Section 5.2(c) (Financing Contingency); or

(d) by written notice from the Receiver (with the consent of the Senior Lender) to Purchaser upon the non-fulfillment of the closing conditions described in Section 5.3.

7.2 Effect of Termination. In the event of termination of this Agreement pursuant to this Article VII, no Party or its respective shareholders, members, partners, directors, managers, officers, employees, or agents, as applicable, shall have any further rights or obligations hereunder except for obligations under this Section 7.2, Section 4.5 (Public Announcements), Section 8.1 (Governing Law), Section 8.2 (Notices), Section 8.3 (Assignment; Successors in Interest), Section 8.8 (Waiver), Section 8.10 (Integration; Amendment), Section 8.12 (No Exemplary Damages, Etc.), Section 8.13 (Joint and Several Liability), each of which shall survive the termination of this Agreement.

## ARTICLE VIII MISCELLANEOUS PROVISIONS

8.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Ohio, as applicable to agreements executed and entirely performed in such state and without giving effect to the choice of law rules of such State.

8.2 Notices. All notices, demands, and other communications pertaining to this Agreement ("Notices") shall be in writing and shall be sent by electronic-mail (with receipt thereof electronically confirmed), mailed by registered or certified mail, postage prepaid, return receipt requested, or otherwise delivered by hand or reputable overnight courier addressed as follows:

To Purchaser:           Blonder Accents LLC  
6490 Padderborne Circle  
Hudson, OH 44236  
Attn: Bill Foley  
Email: bfoley@blonderhome.com

To the Blonder  
Group  
or any Subsidiary:    The Blonder Company  
C/O Blonder Home  
3950 Prospect Ave.  
Cleveland, OH 44115  
Attn: Dan Juris  
djuris@blonderhome.com

To the Receiver:       Jeff Hastings (0052140)  
50 Public Square, Suite 3300  
Cleveland, Ohio 44113-2289  
Phone: 216.344.8300  
Fax: 216.696.1166

To the Senior Lender: Paul M. Mongeau  
RBS Citizens N.A.  
28 State St.  
MS 1100

Boston, MA 02109  
Phone: 617-994-7438

or to such other representative or at such other address of a Party (or the Senior Lender) as such Party (or the Senior Lender) may furnish to the other Parties and the Senior Lender in accordance with this Section. Any such Notice shall be deemed given or made, (a) if by electronic-mail, upon actual receipt (with receipt thereof electronically confirmed), (b) if by mail, three (3) Business Days after being sent by registered or certified mail, postage prepaid, return receipt requested, and (c) if by hand or overnight courier, upon actual delivery.

8.3 Assignment; Successors in Interest. No assignment or transfer by any Party of such Party's rights and obligations under this Agreement will be made except with the prior written consent of the other Parties to this Agreement. This Agreement will be binding upon and will inure to the benefit of the Parties and the Senior Lender and their respective successors and permitted assigns, and any reference to a Party or the Senior Lender shall also be a reference to the successors and permitted assigns thereof.

8.4 No Third-Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any Person other than the Parties and the Senior Lender, and their successors or permitted assigns, any right, remedy, obligation, or liability under or by reason of this Agreement, or result in such Person being deemed a third-party beneficiary of this Agreement.

8.5 Captions. The titles, captions, and table of contents contained in this Agreement are inserted in this Agreement only as a matter of convenience and for reference and in no way define, limit, extend, or describe the scope of this Agreement or the intent of any provision of this Agreement.

8.6 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by Law, each Party hereby waives any provision of Law that renders any such provision prohibited or unenforceable in any respect.

8.7 Counterparts. This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or the terms of this Agreement to produce or account for more than one (1) of such counterparts. Facsimiles or other electronic transmissions of signatures shall be deemed to be originals.

8.8 Waiver. Any agreement on the part of a Party or the Senior Lender to any extension or waiver of any provision of this Agreement shall be valid only if set forth in an instrument in writing signed on behalf of such Party or the Senior Lender. A waiver by a Party or the Senior Lender of the performance of any covenant, agreement, obligation, condition,



representation, or warranty shall not be construed as a waiver of any other covenant, agreement, obligation, condition, representation, or warranty. A waiver by any Party or the Senior Lender of the performance of any act will not constitute a waiver of the performance of any other act or an identical act required to be performed at a later time.

8.9 Schedules and Exhibits. The Schedules and Exhibits to this Agreement are or shall be hereby incorporated into this Agreement and are hereby made a part of this Agreement as if set out in full in this Agreement.

8.10 Integration; Amendment. This Agreement and the documents executed pursuant to this Agreement supersede all negotiations, agreements, and understandings among the Parties, whether oral or written, with respect to the subject matter of this Agreement, and constitute the entire agreement among the Parties. This Agreement may not be amended, modified, or supplemented except by written agreement of all the Parties and the Senior Lender.

8.11 Compliance with Bulk Sales Laws. Each Party hereby waives compliance by the Parties with the "bulk sale," "bulk transfers," "fraudulent transfers," or similar Laws and all other similar Laws in all applicable jurisdictions in respect of the transactions contemplated by this Agreement; provided, however, that the Blonder Group shall, jointly and severally, defend, indemnify, and hold Purchaser harmless from and against any Losses arising or resulting from the noncompliance with the provisions of any such Laws.

8.12 No Exemplary Damages, Etc. Notwithstanding anything contained in this Agreement to the contrary, no Person will be liable to any other Person for any special, consequential, remote, speculative (including lost profits), exemplary, or punitive damages relating to the breach or alleged breach of any representation, warranty, covenant, or agreement in this Agreement, unless and to the extent the same is a direct Loss incurred by the claiming Party arising from any such damages awarded to a third party.

8.13 Joint and Several Liability. Notwithstanding anything herein to the contrary, the obligations of the Blonder Group under this Agreement are joint and several, and Purchaser shall not be required to proceed against the Blonder Group and all their Subsidiaries with respect to any claim for Losses, but may proceed against the Blonder Group or any Subsidiary individually for the full amount of such claim without proceeding against or naming any other member of the Blonder Group or any of their Subsidiaries.

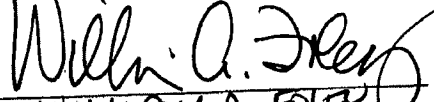
[SIGNATURES FOLLOW ON THE NEXT PAGE]

[SIGNATURES TO ASSET PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the Parties have caused this Asset Purchase Agreement to be duly executed, as of the date first above written.

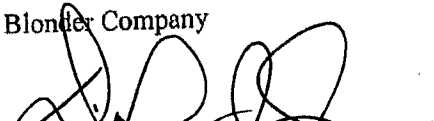
**PURCHASER:**

Blonder Accents, LLC

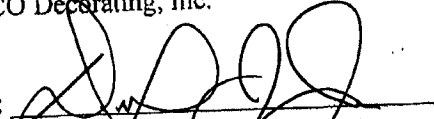
By:   
Name: WILLIAM A. FOLBER  
Title: Chairman & CEO

**THE BLONDER GROUP:**

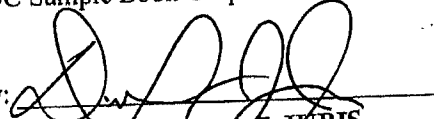
The Blonder Company

By:   
Name: DANIEL J. JURIS  
Title: Vice President

Finance, Administration & Legal Affairs  
WCO Decorating, Inc.

By:   
Name: DANIEL J. JURIS  
Title: Vice President

Finance, Administration & Legal Affairs  
TBC Sample Book Corporation

By:   
Name: DANIEL J. JURIS  
Title: Vice President

Finance, Administration & Legal Affairs  
**THE RECEIVER:**

Jeff Hastings,

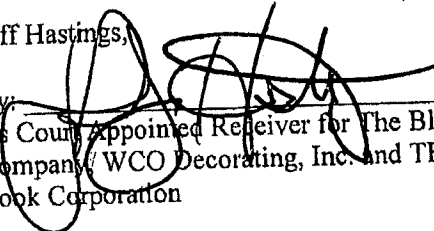
By:   
As Court Appointed Receiver for The Blonder  
Company, WCO Decorating, Inc. and TBC Sample  
Book Corporation

Exhibit A

**Terms and Conditions of Senior Lender Note, Senior Lender Mortgage and Warrant**

Senior Lender Note

1. Principal Amount – The principal amount of the Senior Lender Note shall be \$1,600,000; provided that the Senior Lender shall accept, in full and complete satisfaction of the Senior Lender Note, payment of an amount equal to the sum of \$1,000,000 plus all accrued and outstanding interest on the \$1,000,000 of the principal of the Senior Lender Note (the "Base Discounted Note Amount") at any time on or prior to the Maturity Date (as defined in Section 3 of this Exhibit A below), provided that the Base Discounted Note Amount shall be subject to increase in accordance with clauses (a) and (b) of this Section
  - a. If the note is paid in connection with a Bona Fide Sale (as defined below) for a purchase price greater than the Base Discounted Note Amount, the Base Discounted Note Amount shall be increased by an amount equal to 5% of the amount by which such purchase price exceeds the Base Discounted Note Amount.
  - b. If the note is paid in connection with a refinancing or in connection with a sale that is not a Bona Fide Sale, the Discounted Note Amount shall be increased by an amount equal to five percent (5%) of the amount, if any, by which the fair market value of the Property (determined not earlier than ninety (90) days prior to such prepayment by an appraisal process to be set forth in the Senior Lender Mortgage) exceeds the Base Discounted Note Amount.
  - c. For purposes hereof, a "**Bona Fide Sale**" shall mean a bona fide sale of the Property to a Person that is not an Affiliate of Purchaser and is not an employee, director, agent, or equityholder (or family member of any of the foregoing) of Purchaser or any such Affiliate of Purchaser.
2. Security – The Senior Lender Note shall be secured solely by a mortgage (the "Senior Lender Mortgage") on the real property located at 3950 Prospect Avenue, Cleveland, Ohio 44115 (the "Property"). The Senior Lender Mortgage shall provide that Purchaser shall not sell the Property without the consent of the Senior Lender; provided that the Senior Lender shall be obligated to provide its consent to such a sale of the Property if the Senior Lender will receive at least the Base Discounted Note Amount plus any amount payable pursuant to Section 6 of this Exhibit A below (as payoff of the Senior Lender Note) in connection with such a sale. In addition to other customary covenants, Purchaser will covenant that: (i) it will not permit any liens to exist on the Property while the Senior Lender Mortgage is in effect except for the lien securing the Senior Lender Mortgage and liens arising by operation of law that do not secure any indebtedness or monetary liability (other than real property taxes that are not past due) and (ii) it will not make distributions to its members other than tax distributions.
3. Term - Maturity shall be 5 years after the Closing Date (the "Maturity Date").
4. Interest - Interest on \$1,000,000 in original principal amount of the Senior Lender Note shall accrue at the rate of 8% per annum and shall be payable monthly beginning 90 days

after closing (i.e. with the first interest payment being the entire amount of interest that accrued during such first 90 days). The remaining \$600,000 in original principal amount of the Note shall not carry interest.

5. Voluntary Prepayment – Voluntary prepayments of the Senior Lender Note shall be permitted, solely at Purchaser's option, at any time in whole or in part without premium or penalty.

#### Warrant

1. Amount – The Warrant shall be to purchase 5%, on a fully diluted basis, of the common equity of Purchaser.
2. Exercise; Assignability – The Warrant shall be exercisable for a period of 10 years for \$0.001 per share and will be assignable in accordance with applicable securities laws.
3. Anti-Dilution; Distributions – The Warrant shall have full anti-dilution protection, such that, at the time of the exercise of the Warrant, the holder of the Warrant will in any event receive 5%, on a fully diluted basis, of the common equity of Purchaser (and 5% of any non-tax distributions received by the holders of such equity prior to such exercise).
4. Drag-Along; Tag-Along; Termination – The Warrant shall include customary tag-along, drag-along and termination provisions upon a change in control of Purchaser.

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