



SO ORDERED.

SIGNED this 16th day of October, 2018.


 LENA MANSORI JAMES
 UNITED STATES BANKRUPTCY JUDGE

**THE UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

In re:	)	Chapter 11
)	
Product Quest Manufacturing, LLC, et al.¹	)	Case No. 18- 50946
	)	(Jointly Administered)
Debtors.)	
)	

**ORDER (A) AUTHORIZING AND SCHEDULING AN AUCTION FOR THE
SALE OF CERTAIN ASSETS, (B) APPROVING BIDDING PROCEDURES, (C)
APPROVING THE FORM AND MANNER OF CERTAIN NOTICES, AND (D)
SETTING A DATE FOR THE SALE HEARING**

THIS MATTER came before the Court after due notice and hearing on October 11, 2018 for purposes of an interim order establishing bidding procedures and other relief in connection with the Debtors' Motion For Entry Of Orders (A) Authorizing And Scheduling An Auction For The Sale Of Certain Assets, (B) Approving Bidding Procedures, (C) Approving The Form And Manner Of Certain Notices, (D) Setting A Date For The Sale Hearing, (E) Approving The Sale Of The Debtors' Assets To The Highest Or Best Bidder(S), And (F) Granting Related Relief (Dkt. 115, the "Sale

¹ The Debtors in these cases are: (i) Ei LLC (Case No. 18-50945); (ii) Product Quest Manufacturing, LLC (Case No. 18-50946); (iii) Scherer Labs International, LLC (Case No. 18-50948); (iv) Product Quest Logistics, LLC (Case No. 18-50950); (v) JBTRS, L.L.C. (Case No. 18-50951); and (vi) PQ Real Estate LLC (Case No. 18-50952). The Debtors' service address is: 2865 N. Cannon Blvd., Kannapolis, North Carolina 28083.

Motion") filed by Product Quest Manufacturing, LLC, et al (collectively, the "Debtors"), pursuant to §§ 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9006 of the Federal Rules of Bankruptcy Procedure.

On October 10, 2018, the Debtors filed the Conditional Motion to Convert Case to Chapter 7 (Dkt. 186), and on October 11, 2018, the Bankruptcy Administrator filed the Motion to Convert Case to Chapter 7 or For Appointment of a Chapter 11 Trustee (Dkt. 192). Both motions to convert this case have been set for hearing on October 29, 2018, and if granted the Bankruptcy Administrator intends to nominate C. Edwin Allman, III to serve as the trustee (the "Trustee").

Upon consideration of the Sale Motion and the evidence submitted in support thereof, and it appearing that this Court has jurisdiction to consider the Sale Motion; that the relief requested in the Sale Motion is in the best interests of the Debtors, their respective estates, and all parties in interest; that adequate notice of the Sale Motion has been given; that exigent circumstances exist to justify a sale of the Debtors' assets pursuant to Section 363 of the Bankruptcy Code, rather than pursuant to a confirmed chapter 11 plan under Section 1129 of the Bankruptcy Code; that the sale is within the reasonable business judgment of the Debtors and is in the best interest of the estate, subject to the Trustee determining in his discretion whether to proceed with an Auction and if so, exposing the Sale Assets to bids and after further hearing to confirm the proposed sale; and, sufficient cause appearing therefore:

IT IS HEREBY ORDERED THAT:

1. The "Bidding Procedures" attached as Exhibit A are hereby approved by this Court and incorporated by reference as if set forth fully herein; provided however, the Bidding Procedures may be modified by the Trustee with the consent of Agent, subject to approval by the Court. The Bidding Procedures shall govern any Auction conducted in connection with the Sale. The failure specifically to include any particular provisions of the Bidding Procedures in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of this Court that the Bidding Procedures as attached hereto are authorized and approved in their entirety.

2. The notice contemplated by the Sale Motion is adequate and sufficient notice of the proposed sale of the Sale Assets, the Auction, any proposed assumption and assignment of executory contracts or unexpired leases and any cure costs associated therewith and the Sale Hearing, and no additional notice need be given. Without limiting the generality of the foregoing, the Court specifically approves the “Sale Notice” attached as Exhibit B and the “Assignment Notice” attached as Exhibit C.

3. The final hearing (the “Sale Approval Hearing”) to consider the sale of some or all of the Sale Assets, including any proposed assumption and assignment of executory contracts and unexpired leases and proposed cure costs related thereto shall be held at 10:00 o’clock a.m., Eastern Time, on November 13, 2018, in the U.S. Bankruptcy Courtroom, 226 S. Liberty Street, Winston-Salem, North Carolina 27101.

4. Within three business days after entry of this Order (the “Bidding Procedures Order”), the Debtors shall serve copies of the Bidding Procedures Order, the Bidding Procedures and the Sale Notice on (i) the parties on the Master Service List, (ii) all other known creditors and other parties in interest, and (iii) all parties known by the Debtors to assert a lien or security interest in the Sale Assets (the persons listed in clauses (i) through (iii) are referred to collectively as the “Notice Parties”).

5. In addition, although not required by the Bankruptcy Code or Rules, the Debtors shall also provide copies of the Bidding Procedures Order, the Bidding Procedures and the Sale Notice to any parties who previously have expressed interest in acquiring all or a material portion of the Sale Assets.

6. Within three days after the Auction, the Trustee shall serve a copy of the Assignment Notice upon the parties on the Master Service List and all non-debtor parties to the Debtors’ executory contracts and unexpired leases whose contracts or leases are designated in a Prevailing Bid or a Back-up Bid to be assumed and assigned at and in conjunction with the closing of approved sales.

[end of document]

Exhibit A: Bidding Procedures

**THE UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

In re:	)	Chapter 11
)	
Product Quest Manufacturing, LLC, et al.²	)	Case No. 18- 50946
	)	(Jointly Administered)
)	
Debtors.)	
)	

BIDDING PROCEDURES

The following procedures (the “Bidding Procedures”) have been approved and authorized by order (the “Bidding Procedures Order”) of the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) in the Chapter 11 case of Product Quest Manufacturing, LLC, et al (the “Debtors”), which have been administratively consolidated as Case No. 18-50946 (the “Bankruptcy Case”), subject to review by the trustee appointed by the Court (the “Trustee”) and revision by the Trustee with the consent of Agent. These procedures shall govern the proposed sale (the “Sale”), including any auction (the “Auction”) conducted in connection therewith, of certain assets of the Debtors’ bankruptcy estates pursuant to the Debtors’ motion for an order authorizing the Sale and granting related relief (the “Sale Motion”)³.

1. Sale Assets. The assets to be sold pursuant to these Bidding Procedures (the “Sale Assets”) shall consist of the Debtors’ real property (land, buildings and permanent fixtures), machinery and equipment, office furniture and equipment, vehicles, and customer lists and related data, unless sold, assigned, transferred, or otherwise administered in the Bankruptcy Case prior to the Auction; provided however, the Sale Assets do not include the Excluded Assets (as defined below) unless the Trustee and Agent otherwise agree in writing. The Sale Assets may be sold in one or more separate “Lots” as determined by the Trustee and Agent in their sole discretion, in the configuration that would generate the highest gross sale price.

² The Debtors in these cases are: (i) Ei LLC (Case No. 18-50945); (ii) Product Quest Manufacturing, LLC (Case No. 18-50946); (iii) Scherer Labs International, LLC (Case No. 18-50948); (iv) Product Quest Logistics, LLC (Case No. 18-50950); (v) JBTRS, L.L.C. (Case No. 18-50951); and (vi) PQ Real Estate LLC (Case No. 18-50952). The Debtors’ service address is: 2865 N. Cannon Blvd., Kannapolis, North Carolina 28083.

³ Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Sale Motion.

2. Excluded Assets. Specifically excluded from the Sale Assets are the following (collectively, the “Excluded Assets”):

- a. Cash now or subsequently held in bank accounts by the Debtors on behalf of the bankruptcy estate.
- b. Accounts receivable, deposits, or other debts or obligations owed to the Debtors by or from any party, including any right of setoff, recoupment or reconciliation.
- c. Minoxidil (2% and 5%) ANDA’s, Chiggerex brand and formulation, and library of sun-care formulas.
- d. Inventory, including finished goods, work in process, raw materials, chemicals and packaging supplies.
- e. Computer servers and storage devices.
- f. Licenses and permits of any nature, other than executory contracts or unexpired leases which may be selected by a Prevailing Bidder or Back-up Bidder and which may be assigned and assumed pursuant to Section 365 of the Bankruptcy Code.
- g. Any customer owned equipment or intellectual property on loan to the Debtors, and other tangible or intangible assets with are the property of a party other than the Debtors.
- h. Unless otherwise agreed by the Debtors, any identified reserve samples (“retains”), stability data or documentation, and GMP documentation.
- i. The sale price to be delivered to the Trustee in connection with any approved sale.
- j. The Debtors’ books, business and financial records, including emails, correspondence, batch records, tech transfer records, and stability data as required by the FDA and/or EPA.
- k. Insurance policies, any claims thereunder (whether asserted prior to or after the date of the Auction) and the proceeds thereof.
- l. Any claims or causes of action which may be asserted by or on behalf of the Debtors against any party, including but not limited to claims or causes of action under Code §§ 544, 547, 548, 549, 550 and 553.
- m. Any other assets that are expressly excluded by the Trustee from the Sale.

3. Sale Free and Clear of Liens. Subject to consummation of the sale and payment in full of all consideration under the applicable asset purchase agreement(s), the Sale Assets shall be sold, transferred and conveyed free and clear of all liens (as that term is defined in the Bankruptcy Code) to the fullest extent permitted under Section 363 of the Bankruptcy Code, with all liens transferred to proceeds of sale with the same validity and priority as such liens applied against the Sale Assets immediately prior to the consummation of the sale, pursuant to the Sale Order which shall provide that the proceeds of the sale are remitted to Agent for application to the Prepetition Debt in accordance with the Cash Collateral Order and the Sale Approval Order, or as otherwise Ordered after notice and hearing.

4. Diligence by Prospective Bidders. The Debtors shall give notice of the proposed Sale and these Bidding Procedures to prospective bidders, receive and consider unsolicited offers for the Sale Assets in consultation with Agent, provide information to any such prospective bidder, and allow any such prospective bidder to conduct due diligence (limited to review of materials in the data room established by the Debtors and a site inspection for physical review of the Sale Assets) in connection with consideration of a potential bid for the Sale Assets; provided, however, that any such prospective bidder desiring to conduct due diligence shall (a) demonstrate the financial ability, as determined by Debtors and Agent in their reasonable discretion, to consummate a transaction for the purchase of the Sale Assets, and (b) execute a confidentiality agreement in a form acceptable to Debtors and Agent in their reasonable discretion. The Debtors shall file with the Court, on or before the Bid Deadline (as defined below), a statement identifying any prospective bidder that is not allowed to conduct due diligence because of a determination by Debtors that said person does not have the financial ability to consummate the purchase.

5. Bid Requirements. Any entity that is interested in purchasing one or more Lots (a “Bidder”) must submit to the Debtors a bid (an “Initial Bid”) in conformance with this paragraph, in a manner such that the Initial Bid is received by the Debtors no later than the Bid Deadline. The Debtors shall have reasonable discretion (in consultation with Agent) in determining whether an Initial Bid is a conforming bid in accordance with the requirements of this paragraph. Every such Initial Bid must:

- a. Include an executed copy of a definitive Asset Purchase Agreement (the “Bidder’s Agreement”) specifying the assets to be purchased and liabilities to be assumed at closing as one or more of the Lots. The Bidder’s Agreement shall not include any assets in addition to the Sale Assets unless otherwise agreed by Debtors and Agent in writing. The Bidder’s Agreement shall be substantially in the same form as the Asset Purchase Agreement proposed by the Debtors (the “Form APA”), accompanied by a red-line document showing any and all differences between the Bidder’s Agreement and the Form APA, and shall specify any executory contracts or unexpired leases which are to be assumed and assigned to the Bidder.

- b. Provide for a fixed price (the “Sale Price”), subject to the ability to increase such price(s) at the Auction, payable in immediately available funds at closing.
- c. Be a “firm offer” subject only to final approval of the Bankruptcy Court, and not subject to further due diligence or conditional upon obtaining financing, internal approvals or any third-party approvals.
- d. Be accompanied by admissible evidence in the form of affidavits or declarations establishing the Bidder's good faith, within the meaning of section 363(m) of the Bankruptcy Code.
- e. Be accompanied by (i) financial statements or admissible evidence in the form of affidavits or declarations establishing that the Bidder is ready, willing, authorized, capable, and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Bidder's Agreement in the event that it submits the prevailing bid at the Sale Hearing, and (ii) evidence that it is duly authorized and entitled to engage in the transaction contemplated by the Initial Bid without the consent of any entity that has not been obtained, in each case, in form and substance satisfactory to Debtors and Agent.
- f. Be accompanied by a deposit in an amount equal to five percent (5%) of the Sale Price (the “Deposit Amount”) in the form of a wire transfer or cashier's check payable to counsel for the Debtors and to be held by such counsel in a non-interest-bearing segregated trust account pending completion of the Auction, and subject to the provisions of set forth below.
- g. Be accompanied by (i) a written acknowledgment and representation that the sale will be on an "as is," "where is" basis and that the Bidder had an opportunity to conduct, and is relying solely on, its own diligence in submitting its bid, (ii) a written acknowledgment and representation that such Bidder agrees to abide by and honor the terms of these Bidding Procedures and agrees not to submit a bid or seek to reopen the Auction after conclusion of the Auction, (iii) a commitment to consummate the sale on or before the date that is no later than 15 days after the Sale Hearing.

6. Bid Deadline. Any Initial Bid must be delivered to the Debtors by 4:00 o'clock p.m. Eastern, on October 26, 2018 (the “Bid Deadline”).

7. Non-Conforming Bids. Any entity that fails to submit a timely, conforming Initial Bid, as set forth above, shall be disqualified from bidding for the Sale Assets at the Auction. At least five (5) days prior to the Auction Date, the Trustee shall file with the Court and serve upon such Bidder a statement explaining the grounds for disqualification

(“Statement of Disqualification”). Any party in interest may contest the determination as to whether an Initial Bid is conforming, but any such contest must be served upon the Trustee and filed with the Bankruptcy Court by the Objection Deadline.

8. Auction Procedures. In the event that one or more timely, conforming Initial Bids are submitted (each person who has submitted such a timely, conforming Initial Bid and Agent shall be referred to herein as a “Qualified Bidder”), the Trustee shall conduct the Auction in which only Qualified Bidders may participate. The Auction shall be held on November 5, 2018 (the “Auction Date”), commencing at 10:00 o’clock a.m. Eastern, at the Debtors’ premises located at 2865 N. Cannon Blvd., Kannapolis, North Carolina 28083 (or such other date, time or location as may be determined by the Trustee and communicated to all Qualified Bidders at least two (2) business days before the Auction), and shall be governed by the following procedures:

- a. All bidders shall be deemed to have consented to the core jurisdiction of the Bankruptcy Court, to have consented to the Constitutional authority of the Bankruptcy Court to enter a final judgment, and to have waived any right to jury trial in connection with any disputes relating to the Auction and/or the sale of the Sale Assets.
- b. Bidding will commence at an amount of the highest or otherwise best conforming Initial Bid submitted by a Qualified Bidder with respect to any given Lot, as determined by the Trustee and Agent in their reasonable discretion. The Trustee will conduct the bidding process for each Lot sequentially or concurrently as he may deem appropriate and in the best interests of the estates, in consultation with Agent.
- c. Each subsequent bid by a Qualified Bidder shall be in increments that increase that aggregate consideration above the previous bid by such amount as may be determined by the Trustee and Agent in their sole discretion.
- d. Each Qualified Bidder should be prepared to make its best and final offer at the Auction, and the Trustee reserves all rights to grant or deny any request for a continuance or recess of the Auction or the Sale Hearing, in consultation with Agent.
- e. The Trustee (after consulting with Agent) may announce at the Auction any modifications of or additional procedural rules that are reasonable under the circumstances for conducting the Auction so long as such rules are not in contravention with the Bidding Procedures in any material respect.
- f. Upon conclusion of the Auction, the Trustee shall designate the highest or otherwise best bidder as the prevailing bidder with respect to each Lot (the

“Prevailing Bidder(s)”) and the next highest or otherwise best bidder after the Prevailing Bidder (the “Back-up Bidder(s)”).

- g. The Trustee shall file a Report of Auction upon completion of the Auction, designating for each Lot the Prevailing Bidder and the Back-up Bidder, if applicable, setting forth in each instance the amount of the respective Bids.

9. Back-up Bidder. Any objection to the designation of the Back-up Bidder shall be raised at the Sale Hearing and decided by the Bankruptcy Court. If, for any reason, the Prevailing Bidder is unable or unwilling timely to perform its obligations under the Prevailing Bidder's definitive sale agreement and the Bidding Procedures, the Trustee in the exercise of his business judgment may sell the Sale Assets to the Back-up Bidder without further notice or a hearing. The Back-up Bidder's bid shall remain open and binding until the sale to the Prevailing Bidder closes or, if the Prevailing Bidder is unable or unwilling to close and the Trustee elects to sell to the Back-up Bidder, until the sale to the Back-up Bidder closes.

10. Objection. Any objection to the Sale Motion, a Statement of Disqualification, the Auction, the designation of the Prevailing Bidder or the Back-up Bidder, the proposed assumption and assignment of any executory contracts or unexpired leases, or entry of the Sale Order (an “Objection”) must be filed with the Bankruptcy Court and served upon (i) C. Edwin Allman, III, Trustee, PO Box 5129, Winston-Salem, NC 27113 email: ceallman@allmanspry.com, or such other person as may be appointed by the Court as trustee, (ii) Robert E. Price, Jr., counsel for the Bankruptcy Administrator, 101 S. Edgeworth St., Greensboro, NC 27401 email: Robert_E_Price@ncmba.uscourts.gov, and (iii) Dimitri G. Karcazes, counsel for Madison Capital Funding LLC, as Agent for the Lenders, 55 East Monroe Street, Suite 3300, Chicago, IL 60603 email: dimitri.karcazes@goldbergkohn.com, in a manner such that the Objection is filed with the Bankruptcy Court and received by such parties on or before 4:00 o'clock p.m. Eastern time on **November 9, 2018** (the “Objection Deadline”). The Trustee and other parties in interest shall not be required to file responses to any Objection.

11. Sale Approval Hearing. The final hearing to approve the Prevailing Bidder and the Back-up Bidder for each Lot (the “Sale Approval Hearing”) shall be held before the Bankruptcy Court at 10:00 o'clock a.m. Eastern time on **November 13, 2018**, in the U.S. Bankruptcy Courtroom, 226 S. Liberty Street, Winston-Salem, North Carolina 27101. The Prevailing Bidder and the Back-up Bidder, if one is designated, shall appear at the Sale Approval Hearing, in person or through a duly authorized representative and not solely through counsel.

12. Business Judgment. The Trustee may elect to cancel the Auction or, if the Trustee elects to proceed with the Auction the Trustee may, in consultation with Agent, recommend a sale of one or more Lots to any Qualified Bidder pursuant to a bid which the Trustee determines, exercising reasonable business judgment, to be in the best interests of the bankruptcy estate. The Trustee may, in consultation with Agent, reject, at any time before the entry of an order of the Bankruptcy Court approving a bid from a

Qualified Bidder, any bid that is deemed inadequate or insufficient, not in substantial conformity with the Bankruptcy Code or these Bidding Procedures, or contrary to the best interests of the estate and its creditors. In exercising business judgment as to which bid constitutes the highest or otherwise best bid the Trustee may, in consultation with Agent, consider all factors which they may deem relevant, subject to the parties' right to object and raise any such issues with the Bankruptcy Court.

13. Disposition of Deposits. In the event the Trustee elects to cancel the Auction, the Trustee shall promptly notify all Bidders and direct counsel for the Debtors to return all deposits. If the Trustee proceeds with the Auction, then promptly following the Bankruptcy Court's determination of the Prevailing Bidder for each Lot, the deposits submitted by any Bidders shall be refunded to each unsuccessful bidder other than the Back-up Bidder for each Lot, if any. The deposits of the Prevailing Bidder(s) and the Back-up Bidder(s) for each Lot shall be retained as earnest money to be used in the following ways:

- a. The deposit of the Prevailing Bidder for each Lot shall either be (i) applied at closing as a credit toward the purchase price of the Prevailing Bidder or, if the purchase price is paid in full at closing, returned to the Prevailing Bidder, (ii) if the sale to the Prevailing Bidder shall fail to timely close by reason of a breach or default of the Prevailing Bidder, the deposit shall be retained by the Debtors' estate as liquidated damages, or (iii) in the event that the sale to the Prevailing Bidder shall fail to timely close by reason of a breach or default of the Trustee, the deposit shall be returned to the Prevailing Bidder.
- b. The deposit of the Back-up Bidder for each Lot shall either be (i) returned to the Back-up Bidder upon the closing of the transaction with the Prevailing Bidder, (ii) if the sale to the Prevailing Bidder shall fail to close for any reason, applied at closing as a credit toward the purchase price of the Back-up Bidder, (iii) if the sale to the Back-up Bidder shall fail to timely close by reason of a breach or default of the Back-up Bidder, retained by the Debtors' estate as liquidated damages, or (iv) if the sale to the Back-up Bidder shall fail to timely close by reason of a breach or default of the Trustee, the deposit shall be returned to the Back-up Bidder.

14. Closing Date. The closing of the sale(s) of the Sale Assets must occur as soon as practicable but in any event within 3 days of the date on which the Sale Order becomes a final, non-appealable order (or such later date as the Trustee and Agent may agree).

[end of document]

Exhibit B: Sale Notice

**THE UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

In re:	)	Chapter 11
)	
Product Quest Manufacturing, LLC, et al.⁴	)	Case No. 18- 50946
	)	(Jointly Administered)
)	
Debtors.)	
)	

SALE NOTICE

TAKE NOTICE that certain bidding procedures (the “Bidding Procedures”) have been approved and authorized by order (the “Bidding Procedures Order”) of the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) in the Chapter 11 case of Product Quest Manufacturing, LLC, et al (the “Debtors”), which have been administratively consolidated as Case No. 18-50946 (the “Bankruptcy Case”).

On October 10, 2018, the Debtors filed the Conditional Motion to Convert Case to Chapter 7 (Dkt. 186), and on October 11, 2018, the Bankruptcy Administrator filed the Motion to Convert Case to Chapter 7 or For Appointment of a Chapter 11 Trustee (Dkt. 192). Both motions to convert this case have been set for hearing on October 29, 2018, and if granted the Bankruptcy Administrator intends to nominate C. Edwin Allman, III to serve as the trustee (the “Trustee”).

The Bidding Procedures govern the proposed sale (the “Sale”), including any auction (the “Auction”) conducted in connection therewith, of certain assets of the Debtors’ bankruptcy estates pursuant to the Debtors’ motion for an order authorizing the Sale and granting related relief (the “Sale Motion”). A copy of the Bidding Procedures Order, the Bidding Procedures and the Form APA may be obtained on written request to the Debtors or their counsel.

Bid Deadline. Any Initial Bid must be delivered to the Debtors by 4:00 o’clock p.m. Eastern, on October 26, 2018 (the “Bid Deadline”).

⁴ The Debtors in these cases are: (i) Ei LLC (Case No. 18-50945); (ii) Product Quest Manufacturing, LLC (Case No. 18-50946); (iii) Scherer Labs International, LLC (Case No. 18-50948); (iv) Product Quest Logistics, LLC (Case No. 18-50950); (v) JBTRS, L.L.C. (Case No. 18-50951); and (vi) PQ Real Estate LLC (Case No. 18-50952). The Debtors’ service address is: 2865 N. Cannon Blvd., Kannapolis, North Carolina 28083.

Auction and Bidding Procedures. The Trustee may elect, in his discretion, to (i) cancel the Auction and direct the return of all deposits, or (ii) proceed with the Auction in accordance with the Bid Procedures. In the event that one or more timely, conforming Initial Bids are submitted (each person who has submitted such a timely, conforming Initial Bid shall be referred to herein as a “Qualified Bidder”) and the Trustee elects to proceed, the Trustee shall conduct the Auction in which only Qualified Bidders may participate. The Auction shall be held on November 5, 2018 (the “Auction Date”), commencing at 10:00 o’clock a.m. Eastern, at the Debtors’ premises located at 2865 N. Cannon Blvd., Kannapolis, North Carolina 28083 (or such other time, date and location as may be determined by the Trustee and communicated to all Qualified Bidders at least two (2) business days before the Auction), and shall be governed by the Bidding Procedures.

Objection. Any objection to the Sale Motion, a Statement of Disqualification, the Auction, the designation of the Prevailing Bidder(s) or the Back-up Bidder(s), or entry of the Sale Order (an “Objection”) must be filed with the Bankruptcy Court and served upon (i) C. Edwin Allman, III, Trustee, PO Box 5129, Winston-Salem, NC 27113 email: ceallman@allmanspry.com, or such other person as may be appointed by the Court as trustee, (ii) Robert E. Price, Jr., counsel for the Bankruptcy Administrator, 101 S. Edgeworth St., Greensboro, NC 27401 email: Robert_E_Price@ncmba.uscourts.gov, and (iii) Dimitri G. Karcizes, counsel for Madison Capital Funding LLC, as Agent for the Lenders, 55 East Monroe Street, Suite 3300, Chicago, IL 60603 email: dimitri.karcizes@goldbergkohn.com, in a manner such that the Objection is filed and received by such parties and the Bankruptcy Court on or before November 9, 2018 (the “Objection Deadline”). The Trustee and other parties in interest shall not be required to file responses to any Objection.

Executory Contracts and Unexpired Leases. The Bidding Procedures contemplate the possible assumption of certain executory contracts and unexpired leases and the assignment of these contracts and leases to the Prevailing Bidders or Back-up Bidders in the event assumption and assignment of such contracts and leases is specified by the such Bidders. The Trustee may seek authority to assume and assign executory contracts and unexpired leases designated by Prevailing Bidders or Back-up Bidders in conjunction with the proposed auction, and in such event the Trustee will serve a copy of the Assignment Notice, fixing the cure amounts identified therein as the exact amounts that must be paid by the purchaser to the non-debtor parties to the Assumed Contracts (the “Cure Costs”) upon the parties on the Master Service List and all non-debtor parties to such executory contracts and unexpired leases by November 7, 2018

Sale Approval Hearing. The final hearing to approve the Prevailing Bidder and the Back-up Bidder for each Lot (the “Sale Approval Hearing”) shall be held before the Bankruptcy Court at 10:00 o’clock a.m. Eastern time on November 13, 2018, in the U.S. Bankruptcy Courtroom, 226 S. Liberty Street, Winston-Salem, North Carolina 27101. The Prevailing Bidder(s) and the Back-up Bidder(s), if designated, shall appear at the Sale Approval Hearing, in person or through a duly authorized representative and not solely through counsel.

[end of document]

Exhibit C: Assignment Notice

**THE UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
WINSTON-SALEM DIVISION**

In re:	)	Chapter 11
)	
Product Quest Manufacturing, LLC, et al.⁵)	Case No. 18- 50946
)	(Jointly Administered)
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Debtors.)	
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ASSIGNMENT NOTICE

TAKE NOTICE that certain bidding procedures (the “Bidding Procedures”) were approved and authorized by order (the “Bidding Procedures Order”) of the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) in the Chapter 11 case of Product Quest Manufacturing, LLC, et al (the “Debtors”), which have been administratively consolidated as Case No. 18-50946 (the “Bankruptcy Case”).

On October 10, 2018, the Debtors filed the Conditional Motion to Convert Case to Chapter 7 (Dkt. 186), and on October 11, 2018, the Bankruptcy Administrator filed the Motion to Convert Case to Chapter 7 or For Appointment of a Chapter 11 Trustee (Dkt. 192). Both motions to convert this case have been set for hearing on October 29, 2018, and if granted the Bankruptcy Administrator intends to nominate C. Edwin Allman, III to serve as the trustee (the “Trustee”).

The Bidding Procedures govern the proposed sale (the “Sale”), including any auction (the “Auction”) conducted in connection therewith, of certain assets of the Debtors’ bankruptcy estates pursuant to the Debtors’ motion for an order authorizing the Sale and granting related relief (the “Sale Motion”).

The Bidding Procedures contemplate the possible assumption of certain executory contracts and unexpired leases and the assignment of these contracts and leases to the Prevailing Bidders or Back-up Bidders in the event assumption and assignment of such contracts and leases are specified by such Bidders in conjunction with their respective Bids.

⁵ The Debtors in these cases are: (i) Ei LLC (Case No. 18-50945); (ii) Product Quest Manufacturing, LLC (Case No. 18-50946); (iii) Scherer Labs International, LLC (Case No. 18-50948); (iv) Product Quest Logistics, LLC (Case No. 18-50950); (v) JBTRS, L.L.C. (Case No. 18-50951); and (vi) PQ Real Estate LLC (Case No. 18-50952). The Debtors’ service address is: 2865 N. Cannon Blvd., Kannapolis, North Carolina 28083.

The Trustee intends to seek authority to assume and assign such executory contracts and unexpired leases in conjunction with approval and closing of the Prevailing Bids or Back-up Bids, respectively. The Trustee also intends to request that the Sale Order include provisions (i) authorizing the Debtors to assume and assign those executory contracts and unexpired leases which were designated by the Prevailing Bidders or Back-up Bidders pursuant to Section 365 of the Bankruptcy Code (the “Assumed Contracts”), (ii) fixing the cure amounts identified in the Assignment Notice as the exact amounts that must be paid to the non-debtor parties to the Assumed Contracts (the “Cure Costs”), (iii) authorizing and directing the purchasers to pay the Cure Costs at the closing, and (iv) deeming the parties to the Assumed Contracts adequately assured of future performance.

The Prevailing Bidder(s) and the Back-up Bidder(s) designated certain Assumed Contracts as set forth on the attached Schedule, which identifies each such the contract or lease, the parties thereto, the name and contact information for the Bidder, and the Cure Costs, respectively.

Any objection to the assumption and assignment of an Assumed Contract, the amount(s) stated as Cure Costs, or the adequacy of assurance of future performance must be filed with the Bankruptcy Court and served upon (i) C. Edwin Allman, III, Trustee, PO Box 5129, Winston-Salem, NC 27113 email: ceallman@allmanspry.com, or such other person as may be appointed by the Court as trustee, (ii) Robert E. Price, Jr., counsel for the Bankruptcy Administrator, 101 S. Edgeworth St., Greensboro, NC 27401 email: Robert_E_Price@ncmba.uscourts.gov, and (iii) Dimitri G. Karcazes, counsel for Madison Capital Funding LLC, as Agent for the Lenders, 55 East Monroe Street, Suite 3300, Chicago, IL 60603 email: dimitri.karcazes@goldbergkohn.com, in a manner such that the Objection is filed and received by such parties and the Bankruptcy Court on or before **November 9, 2018** (the “Objection Deadline”). The Trustee and other parties in interest shall not be required to file responses to any Objection.

The final hearing to approve the Prevailing Bidder and the Back-up Bidder for each Lot, and in conjunction therewith the assumption and assignment of the Assumed Contracts (the “Sale Approval Hearing”), shall be held before the Bankruptcy Court at 10:00 o’clock a.m. Eastern time on **November 13, 2018**, in the U.S. Bankruptcy Courtroom, 226 S. Liberty Street, Winston-Salem, North Carolina 27101.

[end of document]