

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Desa IP, LLC		05/15/2009	LIMITED LIABILITY COMPANY: FLORIDA
RECEIVING PARTY DATA			
Name:	Sure Heat Manufacturing, Inc.		
Street Address:	1861 West Oak Parkway		
City:	Marietta		
State/Country:	GEORGIA		
Postal Code:	30062		
Entity Type:	CORPORATION: GEORGIA		
PROPERTY NUMBERS Total: 4			
Property Type	Number	Word Mark	
Registration Number:	2811430	NEED HEAT NOW? WE'RE REDDY!	
Registration Number:	0828558	REDDY HEATER	
Registration Number:	1442998	VANGUARD	
Registration Number:	1301450	VANGUARD	
CORRESPONDENCE DATA			
Fax Number:	(678)406-8812		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	404-577-6000		
Email:	dkennedy@bdbc.com		
Correspondent Name:	Dorian B. Kennedy		
Address Line 1:	3414 Peachtree Road		
Address Line 2:	Suite 1600, Monarch Plaza		
Address Line 4:	Atlanta, GEORGIA 30326-1164		
ATTORNEY DOCKET NUMBER:	2170521-8		

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 REEL: 004076 FRAME: 0081**

NAME OF SUBMITTER:	Dorian B. Kennedy
Signature:	/dorian b kennedy/
Date:	10/09/2009
<p>Total Attachments: 29</p> <p>source=SureHeatAssignment#page1.tif source=SureHeatAssignment#page2.tif source=SureHeatAssignment#page3.tif source=SureHeatAssignment#page4.tif source=SureHeatAssignment#page5.tif source=SureHeatAssignment#page6.tif source=SureHeatAssignment#page7.tif source=SureHeatAssignment#page8.tif source=SureHeatAssignment#page9.tif source=SureHeatAssignment#page10.tif source=SureHeatAssignment#page11.tif source=SureHeatAssignment#page12.tif source=SureHeatAssignment#page13.tif source=SureHeatAssignment#page14.tif source=SureHeatAssignment#page15.tif source=SureHeatAssignment#page16.tif source=SureHeatAssignment#page17.tif source=SureHeatAssignment#page18.tif source=SureHeatAssignment#page19.tif source=SureHeatAssignment#page20.tif source=SureHeatAssignment#page21.tif source=SureHeatAssignment#page22.tif source=SureHeatAssignment#page23.tif source=SureHeatAssignment#page24.tif source=SureHeatAssignment#page25.tif source=SureHeatAssignment#page26.tif source=SureHeatAssignment#page27.tif source=SureHeatAssignment#page28.tif source=SureHeatAssignment#page29.tif</p>	

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
DHP HOLDINGS II CORPORATION, et al.,¹) Case No. 08-13422 (MFW)
Debtors.) (Jointly Administered)
Re Docket No. 235

**ORDER APPROVING THE SALE OF ASSETS OF DESA
TOOLS AND/OR DESA INDOOR AND OUTDOOR HEATING ~~SURE HEAT~~
~~MANUFACTURING CORPORATION~~
FREE AND CLEAR OF ALL LIENS, CLAIMS AND INTERESTS**

Upon consideration of (I) the Debtors' Motion for Entry of Orders (I) Approving the Bid Procedures to be Used in Connection With the Sale of the Assets of Desa Tools and Desa Indoor and Outdoor Heating to the Proponents of the Highest and Best Bids for the Assets, (II) Scheduling an Auction and Hearing to Consider the Sale and to Approve the Form and Manner of Notice Related Thereto, and (III) Approving the Sale of the Assets, or Any Subset Thereof, to the Proponents of the Highest and Best Bids Free and Clear of All Liens, Claims and Interests (the "Motion"), filed by the captioned debtors and debtors-in-possession (the "Debtors"), pursuant to which the Debtors seek the entry of the "Bid Procedures Order" and the "Sale Order," and (II) the Court having held a hearing on March 17, 2009, at the conclusion of which the Court entered the Bid Procedures Order (a) approving the proposed bid procedures

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are DHP Holdings II Corporation (5945); DESA LLC (5717); DESA Heating LLC (8137); DESA Specialty LLC (8143); DESA FMI LLC (8146); and DESA IP LLC (8149). The address for each of the Debtors is 2701 Industrial Drive, Bowling Green, KY 42101.

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Date 5/15/09
Docket # 430

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(the "Bid Procedures")² for the sale (the "Sale") of the assets (the "Assets") of the Desa Tools and/or Desa Heating, or some combination thereof, (b) scheduling an auction (the "Auction") to occur on April 14, 2009 at 10:00 a.m., (c) scheduling a hearing on the Sale (the "Sale Hearing") to occur on April 15, 2009 at 3:00 p.m., and (d) approving the proposed manner of notice of the Auction and Sale Hearing to be provided to parties in interest and creditors, including the forms of the Sale and Bid Procedures Notice and the Creditor Notice, and (III) (a) it appearing that the Court has jurisdiction over the Motion with respect to the entry of the Sale Order pursuant to 28 U.S.C. §§ 157 and 1334, (b) that this is a core proceeding pursuant to 28 U.S.C. § 157(a), and (c) notice of the Sale Hearing was sufficient under the circumstances, and (IV) the Auction having been rescheduled for April 21, 2009 and having commenced on that date, and the Court having reopened by the Court on the motion of MTD Southwest Inc., and the reopened Auction having been held on April 27, 2009, and (V) and the Auction having been conducted in accordance with the Bid Procedures previously approved by the Bid Procedures Order and the Court's direction from the hearing held on April 23 and 24, 2009, and all potential and qualified bidders having had a full and fair opportunity to bid, and the Purchaser (defined below) having been determined to be the Successful Bidder at the conclusion of the Sale Hearing on April 27, 2009 for the property described below, and the Court having determined that the legal and factual bases set forth in the Motion and on the record at the Sale Hearing establish cause for the relief granted herein and it appearing that the relief requested is in the best interest of the Debtors, their estates,

² Capitalized terms not otherwise defined herein shall have the meanings set forth in the Motion or the Bid Procedures.

their creditors, and other parties in interest, and due and adequate notice of the Auction and the Sale having been given, and all objections to the Auction and the Sale having been withdrawn;

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS:

- A. The Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code on December 29, 2009 (the "Petition Date") thereby commencing these chapter 11 case (the "Chapter 11 Cases").
- B. All parties expressing interest in bidding on all or any portion of the Assets were provided sufficient information by the Debtors to make an informed judgment as to whether to bid on all or any portion of the Assets.
- D. At the conclusion of the Auction, Sure Heat Manufacturing Corporation (the "Purchaser") was selected as the Successful Bidder of those Assets (the "Purchased Assets") that were included in the Purchaser's asset purchase agreement (the "APA") that is attached hereto as Exhibit A, for a purchase price of \$600,000.00.
- E. Adequate notice and opportunity to bid at the Auction was provided by the Debtors to creditors and parties in interest.
- F. There has been an adequate notice and opportunity for creditors and all parties in interest to appear and be heard on the Motion with respect to the entry of the Sale Order.
- G. Based upon the representations tendered and evidence presented at the Sale Hearing, the Debtors have articulated reasonable business judgment and have demonstrated good faith for seeking the Sale of the Purchased Assets to the Purchaser. The Court finds that a prompt sale of the Purchased Assets is required if the Debtors, and their estates, are to obtain

maximum value from the Purchased Assets. Consummation of the Sale will result in the maximization of the value of the Debtors' estates. The Court further finds that approval of the Sale is in the best interests of the Debtors, their estate, and the Debtors' creditors, and, after consideration of all salient factors, there are good and sufficient business justifications for the Sale of the Purchased Assets to the Purchaser, outside of the context of a plan of reorganization or liquidation, and that the required standard of a "sound business purpose" has been established.

H. Based upon the representations tendered and evidence presented, the Purchaser is a good faith purchaser for value within the meaning of section 363(m) of the Bankruptcy Code and is entitled to all protections thereof. The Court finds that the negotiations with the Purchaser over the APA with respect to the Sale were at arms' length and in good faith. Further, there is no evidence of the existence of any agreement among potential bidders to control the bidding process or the purchase price that would permit the APA or the transactions contemplated thereby to be voided under § 363(n) of the Bankruptcy Code. The terms of the Sale are fair and reasonable under the circumstances of the Chapter 11 Cases, and the purchase price represents the highest and otherwise best offer for the Purchased Assets and constitutes reasonably equivalent value for the Purchased Assets.

K. The conditions under sections 363(b) and 363(f) of the Bankruptcy Code providing for the Sale of the Purchased Assets to Purchaser free and clear of any and all Liens, Claims, Encumbrances (as defined below) and other interests have been satisfied. Pursuant to section 363(f) of the Bankruptcy Code, the Purchaser is not a successor of or to the Debtors for any fixed or contingent, known or unknown Lien (defined below), Claim (defined below),

Encumbrance (defined below) or other interest against the Debtors or any of the Purchased Assets.

L. All findings of fact and conclusions of law made on the record at the Sale Hearing are incorporated herein by reference. Findings of fact that constitute conclusions of law shall be considered as such and vice versa.

ACCORDINGLY, IT IS HEREBY ORDERED THAT:

1. The Sale Motion is granted on the terms and conditions set forth herein. The APA and the transactions contemplated thereby are approved on the terms and conditions set forth herein. To the extent that any of the terms of this Sale Order may conflict with the APA, this Sale Order shall control.
2. The Debtors are authorized to and shall sell, assign, transfer and deliver to the Purchaser, and the Purchaser shall purchase, acquire and take assignment and delivery of the Purchased Assets in accordance with the terms and conditions of the APA and this Sale Order.
3. The Court retains jurisdiction for the purpose of enforcing the provisions of the APA and this Sale Order and determining any disputes arising therefrom, protecting the Purchaser or any of the Purchased Assets from and against any Liens, Claim, Encumbrances and other interests.
4. The Debtors are authorized to sell the Purchased Assets pursuant to sections 363(b), (f) and (m) of the Bankruptcy Code free and clear of any and all Liens, Claims, Encumbrances and other interests, with such Liens, Claims, Encumbrances and other interests to

attach to the sale proceeds of the Purchased Assets with the same validity, priority and perfection as existed immediately prior to the Sale.

5. The Purchaser and the Debtors are authorized to close the Sale immediately after entry of this Sale Order, or as soon thereafter as possible.

6. Upon failure to consummate the Sale of the Purchased Assets because of a breach or failure on the part of the Purchaser, the Debtors may select in their business judgment, and in consultation with the Committee and the Prepetition Senior Agent, the next highest or otherwise best Qualified Bid(s) to be the Successful Bid(s) (as these latter two terms are defined in the Bidding Procedures) without further order of the Court.

7. The Purchaser is found to be a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code and shall be entitled to the protections afforded a good faith purchaser pursuant to such section. The Purchaser has acted in "good faith" in connection with the Sale.

8. The Closing of the Sale of the Purchased Assets may take place even if a party in interest appeals this Sale Order, so long as this Sale Order has not been stayed.

9. This Sale Order is and shall be effective as a determination that, upon closing of the Sale under the APA, all Liens, Claims, rights, Encumbrances and other interests existing as to the Purchased Assets conveyed to the Purchaser have been and hereby are terminated and declared to be unconditionally released, discharged and terminated solely as to the Purchased Assets, and such determination shall be binding upon and govern the acts of all persons and entities, including all filing agents, filing officers, administrative agencies or units, governmental departments or units, secretaries of state, federal, state and local officials and all

other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets conveyed to the Purchaser. The Purchaser and the Debtors each shall take such further steps and execute such further documents, assignments, instruments and papers as shall be reasonably requested by the other to implement and effectuate the transactions contemplated in this Sale Order and the APA. Subject to closing the Sale under the APA, all Liens, Claims, rights, Encumbrances and other interests of record as of the date of this Sale Order shall be forthwith removed and stricken as against the Purchased Assets. All persons or entities described in this paragraph shall strike all such recorded liens, claims, rights, Encumbrances and other interests against the Purchased Assets from their records, official and otherwise.

10. All persons or entities that have filed statements or other documents or agreements evidencing Liens, Claims, rights, Encumbrances and other interests shall deliver to the Debtors or the Purchaser, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and encumbrances, and any other documents necessary for the purpose of documenting the release of all Liens, Claims, rights, Encumbrances and other interests that the person or entity has or may assert with respect to any of the Purchased Assets. In the event that any such person or entity should fail or refuse to comply with the requirements of this paragraph, the Debtors and/or the Purchaser are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of such persons or entity with respect to any of the Purchased Assets.

11. On the closing, all right, title and interest in and to the Purchased Assets shall be immediately vested in the Purchaser pursuant to Bankruptcy Code §§ 363(b) and (f), free and clear of any and all liens (including but not limited to any and all "liens" as defined in Bankruptcy Code § 101(37) ("Liens")), claims (including but not limited to any and all "claims" as defined in Bankruptcy Code § 101(5) and liabilities, ("Claims")), mortgages, deeds of trust, guarantees, security agreements, security interests, pledges, options, servitudes, liens, hypothecations, charges, employee benefits and obligations, rights of first refusal or set-off, restrictions, encumbrances and other interests in or with respect to any of the Purchased Assets (including without limitation any options or rights to purchase such property and any mechanic's or tax liens, whether asserted or unasserted, whether known or unknown, whether arising prior to or subsequent to the filing of the Debtors' Chapter 11 Cases, whether imposed by agreement, understanding, law, equity or otherwise (collectively, the "Encumbrances")), with such Encumbrances to attach to the sale proceeds of the Purchased Assets with the same validity, priority and perfection as existed immediately prior to such Sale.

12. The Purchaser shall not be liable for any Claims against the Debtors, and the Purchaser shall have no successor or vicarious liabilities of any kind or character whether known or unknown, whether asserted or unasserted, as of the closing, now existing or hereafter arising, whether fixed or contingent, with respect to the Debtors. Under no circumstance will the Purchaser be deemed a successor of or to the Debtors for any fixed or contingent, known or unknown Lien, Claim, liability, Encumbrance or other interest against the Debtors or any of the Purchased Assets, and the Purchaser shall have no liability as a successor to the Debtors. The

sale, transfer, assignment and delivery of the Purchased Assets shall not be subject to any such Liens, Claims, Encumbrances or other interests.

13. Pursuant to Bankruptcy Code sections 105(a) and 363, the Court hereby issues a permanent injunction against the holders of any Liens, Claims, Encumbrances or other interests against the Debtors or the Purchased Assets with respect to assertion of or taking any action to collect or enforce such Liens, Claims, Encumbrances or other interests against any of the Purchased Assets or Purchaser.

14. All persons or entities who are presently, or on the closing may be, in possession of any of the Purchased Assets shall surrender possession of the Purchased Assets to the Purchaser on the closing.

15. Except to the extent provided in the APA, Purchaser shall have no liability or responsibility for any Claim against or Liabilities of the Debtors.

16. The Debtors are hereby authorized and directed to comply with the terms set forth in the APA and are authorized to take such actions as are necessary thereunder, without the need for further order from the Court.

17. Each and every term and provision of this Sale Order shall be binding in all respects upon the Purchaser, the Debtors, the Debtors' estates, the Debtors' creditors, all persons or entities holding an interest in the Debtors, including, without limitation, any person or entity purporting to hold Liens, Claims, Encumbrances or other interests against all or any portion of the Purchased Assets. The APA and the transactions and instruments contemplated thereby shall be enforceable against and binding upon and shall not be subject to rejection or

avoidance by the Debtors or any chapter 7 or chapter 11 trustee for the Debtors or their estates or any other person or entity on behalf of the Debtors.

18. Nothing in this Sale Order is intended to or shall be deemed to modify the terms of the APA except as expressly provided herein.

19. The APA may be modified, amended, or supplemented by the parties thereto, in a writing signed by both parties, with the written consent of the Committee and the Prepetition Senior Agent, in accordance with the terms thereof without further order of the Court, provided that any such modification, amendment, or supplement is not material. The terms and provisions of this Sale Order shall inure to the benefit of and shall be fully enforceable by Purchaser's successors and assigns.

20. On February 6, 2009, this Court entered that certain Final Order (1) Authorizing The Debtors To Use Cash Collateral and (2) Granting Adequate Protection to Prepetition Lenders (Docket No. 132) (the "Final Cash Collateral Order"). The Purchaser shall, on the Closing Date, wire the Purchase Price (and any other cash proceeds payable under the APA on the date such amounts become payable thereunder), net of any amounts payable to third parties as set forth on the closing statement for the sale, directly to the Prepetition Senior Agent (as defined in the Final Cash Collateral Order) for application to the Prepetition Senior Indebtedness (as defined in the Final Cash Collateral Order) in accordance with the terms and conditions of the Final Cash Collateral Order.

21. This Sale Order shall be effective immediately upon entry pursuant to Rule 7062 and 9014 of the Federal Rules of Bankruptcy Procedure.

22. The Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Sale Order.

Dated: May 15, 2009

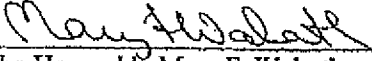

The Honorable Mary F. Walrath
United States Bankruptcy Judge

EXHIBIT A

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into as of this ___ day of May, 2009, by and between Sure Heat Manufacturing Corporation, a Florida corporation (the "Buyer"), on the one hand, and DESA IP LLC, a Florida limited liability company, DHP Holdings II Corporation, a Delaware corporation, and DESA Heating LLC, a Florida limited liability company (collectively and individually, "Seller" and together with Buyer, the "Parties"), Debtors and Debtors in Possession under Case No. 08-13422 - MFW (Jointly Administered) (the "Case") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"), on the other hand.

RECITALS

A. Seller has an interest in certain trademarks used in connection with its indoor/outdoor heating business.

B. Seller wishes to sell to Buyer pursuant to Section 363 of Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") the Property (as defined below) at the price and on the other terms and conditions specified in detail below and Buyer wishes to so purchase and acquire such assets from Seller.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Transfer of Assets.

1.1 Purchase and Sale of Assets. On the Closing Date, as hereinafter defined, in consideration of the covenants, representations and obligations of Buyer hereunder, and subject to the conditions hereinafter set forth, Seller shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Seller the following assets, wherever located, whether or not identified or disclosed on Seller's books and records (collectively, the "Property"):

1.1.1 Intangible Property. All intangible personal property owned or held by Seller and listed in Schedule 1.1.2 attached to this Agreement and incorporated herein by reference (collectively, the "Intangible Property"). As used in this Agreement, Intangible Property shall in all events exclude, (i) any materials containing privileged communications or information about employees, disclosure of which would violate an employee's reasonable expectation of privacy and any other materials which are subject to attorney-client or any other privilege, and (ii) any software or other item of intangible property held by the Seller pursuant to a license or other Contract where Buyer does not assume the underlying Contract relating to such intangible personal property at the Closing.

1.2 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the Property shall be limited to the items specifically identified or described in

Section 1.1 above (as expressly set forth in Schedules 1.1.1, 1.1.2, and 1.1.3) and shall in any event exclude all of the following (collectively, the "Excluded Assets"): (i) those items excluded pursuant to the provisions of Section 1.1 above; (ii) all cash or cash equivalents; (iii) the Seller's rights under this Agreement and all cash and non-cash consideration payable or deliverable to the Seller pursuant to the terms and provisions hereof; (iv) any leases and executory contracts of the Sellers; (v) all securities, whether capital stock or debt, of Seller or any other entity; (vi) all rights and claims in or to any refunds or credits of or with respect to any taxes, assessments or similar charges paid by or on behalf of Seller, in each case to the extent applicable to any period prior to the Closing; (vii) tax records, minute books, stock transfer books and corporate seals of Seller; (viii) any letters of credit or similar financial accommodations issued to any third party(ies) for the account of Seller; (ix) all preference or avoidance claims and actions of the Seller, including, without limitation, any such claims and actions arising under Sections 544, 547, 548, 549, and 550 of the Bankruptcy Code; and (x) all deposits and prepaid amounts of Seller held by or paid to third parties.

1.3 Instruments of Transfer. The sale, assignment, transfer, conveyance and delivery of the Property to Buyer shall be made by instruments of assignment, transfer and conveyance provided for in Section 3 below and such other instruments as may reasonably be requested by Buyer to transfer, convey, assign and deliver the Property to Buyer, but in all events only to the extent that the same do not impose any monetary obligations upon Seller or in any other respect increase in any material way the burdens imposed by the other provisions of this Agreement upon Seller.

2. Consideration.

2.1 Purchase Price.

2.1.1 The cash consideration to be paid by Buyer to Seller for the Property (the "Purchase Price") shall be \$600,000.00.

2.1.2 The Purchase Price shall be paid as follows:

(a) Concurrently with the mutual execution and delivery of this Agreement (the date of such mutual execution and delivery is sometimes referred to herein as the "Execution Date"), Buyer shall provide the Debtors an amount equal to \$5,000.00 (the "Good Faith Deposit") in immediately available, good funds to be held by the Seller pursuant to the terms of the Bid Procedures approved by the Bankruptcy Court. The Seller shall deposit the Good Faith Deposit into an interest-bearing account. The Good Faith Deposit shall become nonrefundable upon the termination of the transaction contemplated by this Agreement by reason of Buyer's default of any obligation hereunder (a "Buyer Default Termination"), it being agreed that Seller shall not have the right to so terminate this Agreement unless Buyer has failed to cure the applicable default within three (3) days following its receipt of written notice thereof from Seller. At the Closing, the Good Faith Deposit (and any interest accrued thereon) shall be credited and applied toward payment of the Purchase Price. In the event the Good Faith Deposit becomes nonrefundable by reason of a Buyer Default Termination, the Seller shall be entitled to retain the Good Faith Deposit and all interest accrued thereon for its own account. If the

transactions contemplated herein terminate by reason of (A) Seller's material default under this Agreement, it being agreed that Buyer shall not have the right to so terminate this Agreement unless Seller has failed to cure the applicable default within three (3) days following its receipt of written notice thereof from Buyer, or (B) the failure of a condition to Buyer's obligations hereunder (including the conditions set forth in Sections 3.4 and 4.2, below), the Seller shall return to Buyer the Good Faith Deposit (together with all interest accrued thereon).

(b) On the Closing Date, Buyer shall (A) release the Good Faith Deposit (together with all accrued interest thereon) to Seller, and (B) deliver to Seller, in Good Funds, the balance of the Purchase Price.

3. Closing Transactions.

3.1 Closing Conference. The Closing of the transactions provided for herein (the "Closing") shall take place at the offices of Pachulski Stang Ziehl & Jones LLP, located in Wilmington, Delaware.

3.2 Closing Date. The Closing shall be held upon the earlier to occur of (i) the second (2nd) business day following the satisfaction of the last of the conditions set forth in Sections 4.1 and 4.2 below, and (ii) May 18, 2009 (the "Outside Date"). In the event the conditions to Closing have not been satisfied or waived by the Outside Date, then any Party who is not in default hereunder may terminate this Agreement. Alternatively, the Parties may mutually agree to an extended Closing Date. Until this Agreement is either terminated or the Parties have agreed upon an extended Closing Date, the Parties shall diligently continue to work to satisfy all conditions to Closing and the transaction contemplated herein shall close as soon as such conditions are satisfied or waived.

3.3 Seller's Deliveries to Buyer at Closing. On the Closing Date, Seller shall make the following deliveries to Buyer:

3.3.1 A counterpart assignment of intangible property, duly executed by Seller, in the form and content of the assignment of intangible property attached as Exhibit "A" hereto, pursuant to which Seller assigns to Buyer its interest, if any, in and to the Intangible Property (the "Assignment of Intangible Property").

3.3.2 Any such other documents, funds or other things reasonably contemplated by this Agreement to be delivered by Seller to Buyer at the Closing.

3.4 Buyer's Deliveries to Seller at Closing. On the Closing Date, Buyer shall make or cause the following deliveries to Seller:

3.4.1 That portion of the Purchase Price to be delivered by Buyer directly to Seller at the Closing under Section 2.1 (and Buyer shall release the Good Faith Deposit to Seller as contemplated in Section 2.1.2(b) hereof).

3.4.2 A counterpart of the Assignment of Intangible Property, duly executed by Buyer.

3.4.3 Any such other documents, funds or other things reasonably contemplated by this Agreement to be delivered by Buyer to Seller at the Closing.

3.5 Sales, Use and Other Taxes. Any sales, purchases, transfer, stamp, documentary stamp, use or similar taxes under the laws of the states in which any portion of the Property is located, or any subdivision of any such state, which may be payable by reason of the sale of the Property under this Agreement or the transactions contemplated herein shall be borne and timely paid by Buyer.

3.6 Possession. Right to possession of the Property shall transfer to Buyer on the Closing Date.

4. Conditions Precedent to Closing.

4.1 Conditions to Seller' Obligations. Seller' obligation to make the deliveries required of Seller at the Closing Date and otherwise consummate the transaction contemplated herein shall be subject to the satisfaction or waiver by Seller of each of the following conditions:

4.1.1 All of the representations and warranties of Buyer contained herein shall continue to be true and correct at the Closing in all material respects.

4.1.2 Buyer shall have executed and delivered to Seller the Assignment of Intangible Property.

4.1.3 Buyer shall have delivered, or shall be prepared to deliver to Seller at the Closing, all cash and other documents required of Buyer to be delivered at the Closing.

4.1.4 Buyer shall have delivered to Seller appropriate evidence of all necessary entity action by Buyer in connection with the transactions contemplated hereby, including, without limitation: (i) certified copies of resolutions duly adopted by Buyer approving the transactions contemplated by this Agreement and authorizing the execution, delivery, and performance by Buyer of this Agreement; and (ii) a certificate as to the incumbency of the parties executing this Agreement and any instrument or other document delivered in connection with the transactions contemplated by this Agreement.

4.1.5 No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

4.1.6 Buyer shall have substantially performed or tendered performance of each and every material covenant on Buyer's part to be performed which, by its terms, is required to be performed at or before the Closing.

4.1.7 The Bankruptcy Court shall have entered the Approval Order (as defined in Section 8.2. below) in accordance with Section 8.2. below and the Approval Order shall not have been stayed as of the Closing Date.

4.2 Conditions to Buyer's Obligations. Buyer's obligation to make the deliveries required of Buyer at the Closing, and to otherwise close the transaction contemplated herein, shall be subject to the satisfaction or waiver by Buyer of each of the following conditions:

4.2.1 Seller shall have substantially performed or tendered performance of each and every covenant on Seller's part to be performed which, by its terms, is capable of performance before the Closing.

4.2.2 All representations and warranties of Seller contained herein shall continue to be true and correct at the Closing in all material respects.

4.2.3 Seller shall have executed and be prepared to deliver to Buyer the Assignment of Intangible Property.

4.2.4 Seller shall have delivered, or shall be prepared to deliver to Buyer at the Closing, all other documents required of Seller to be delivered at the Closing.

4.2.5 No action, suit or other proceedings shall be pending before any court, tribunal or governmental authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain substantial damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any governmental authority having appropriate jurisdiction.

4.2.6 The Bankruptcy Court shall have entered the Approval Order in accordance with Section 8.2.1 below and the Approval Order shall not have been stayed as of the Closing Date.

4.3 Termination. If any of the above conditions is neither satisfied nor waived on or before the date by which the condition is required to be satisfied, a Party who is not then in default hereunder may terminate this Agreement by delivering to the other written notice of termination. Any waiver of a condition shall be effective only if such waiver is stated in writing and signed by the waiving party; provided, however, that the consent of a Party to the Closing shall constitute a waiver by such party of any conditions to Closing not satisfied as of the Closing Date.

5. Seller Representations and Warranties. Seller hereby makes the following representations and warranties to Buyer:

5.1 Organization, Standing and Power. Subject to the applicable provisions of bankruptcy law, Seller has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and, upon obtaining the Approval Order, will have the power and authority to execute, deliver and perform this Agreement and all writings relating hereto.

5.2 Authorization of Seller. Subject to the Seller obtaining the Approval Order, the execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Seller do not and will not: (i) conflict with or result in a breach of organizational documents of Seller; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (iii) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which Seller is a party or by which Seller or its assets or properties may be bound.

6. Buyer's Warranties and Representations. In addition to the representations and warranties contained elsewhere in this Agreement, Buyer hereby makes the following representations and warranties to Seller:

6.1 Organization, Standing and Power. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Georgia. Buyer has all requisite entity power and authority to own, lease and operate its properties, to carry on its business as now being conducted and to execute, deliver and perform this Agreement and all writings relating hereto.

6.2 Authorization of Buyer. The execution, delivery and performance of this Agreement and all writings relating hereto by Buyer have been duly and validly authorized. The execution and delivery of this Agreement, the consummation of the transactions herein contemplated, and the performance of, fulfillment of and compliance with the terms and conditions hereof by Buyer do not and will not: (i) conflict with or result in a breach of the organizational documents of Buyer; (ii) violate any statute, law, rule or regulation, or any order, writ, injunction or decree of any court or governmental authority; or (iii) violate or conflict with or constitute a default under any agreement, instrument or writing of any nature to which Buyer is a party or by which Buyer or its assets or properties may be bound.

7. "AS IS" Transaction. Buyer hereby acknowledges and agrees that Seller makes no representations or warranties whatsoever, express or implied, with respect to any matter relating to the Property (including, without limitation, income to be derived or expenses to be incurred in connection with the Property, the physical condition of any personal property comprising a part of the Property, the title of the Property (or any portion thereof), the merchantability or fitness of any portion of the Property for any particular purpose, or any other matter or thing relating to the Property or any portion thereof). Without in any way limiting the foregoing, Seller hereby disclaims any warranty (express or implied) of merchantability or

fitness for any particular purpose as to any portion of the Property. Buyer further acknowledges that Buyer has conducted an independent inspection and investigation of the physical condition of all portions the Property and all such other matters relating to or affecting the Property as Buyer deemed necessary or appropriate and that in proceeding with its acquisition of the Property, Buyer is doing so based solely upon such independent inspections and investigations. Accordingly, except only for such surviving representations, Buyer will accept the Property at the Closing "AS IS," "WHERE IS," and "WITH ALL FAULTS."

8. Actions Prior to Closing.

8.1 Access to Records and Properties of Seller. From and after the date of this Agreement until the Closing Date, Seller shall afford to Buyer's employees, independent public accountants, counsel, lenders, consultants and other representatives, reasonable access for examination at all reasonable times to the Property and all records pertaining exclusively to the Property. Buyer, however, shall not be entitled to access to any materials containing privileged communications or information about employees, disclosure of which might violate an employee's reasonable expectation of privacy. Buyer expressly acknowledges that nothing in this Section 8.1 is intended to give rise to any contingency to Buyer's obligations to proceed with the transactions contemplated herein.

8.2 Bankruptcy Court Approval. This Agreement is subject to approval by the Bankruptcy Court, which approval has been requested by the Seller's motion filed at docket no. 235 in the Case (the "Sale Motion"). Seller shall use reasonable efforts to obtain entry of the order approving the sale to Buyer and the pursuant to this Agreement (the "Sale Order"). Both Buyer's and Seller's obligations to consummate the transactions contemplated in this Agreement which the Buyer and Seller may hereafter enter into shall be conditioned upon the Bankruptcy Court's entry of the Sale Order. If the Bankruptcy Court refuses to issue the Sale Order then this transaction shall automatically terminate and the Seller and the Buyer shall be relieved of any further liability or obligation hereunder and the Good Faith Deposit shall be immediately returned by or on behalf of Seller to Buyer. This Agreement shall automatically terminate if Closing does not occur by the Outside Date. Upon entry of the Sale Order in accordance with the provisions of this Section 8.2 (such entry date being referred to herein as the "Sale Approval Date"), the condition for approval by the Bankruptcy Court set forth in this Section 8.2 shall conclusively be deemed satisfied.

9. Miscellaneous.

9.1 Damage and Destruction; Condemnation. Intentionally deleted.

9.2 Attorneys' Fees. In the event that either party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of this Agreement, the prevailing party in that action or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action or proceeding.

9.3 Reasonable Access to Records and Certain Personnel. Until the closing of the Bankruptcy Case, (i) the Buyer shall permit Seller's counsel and other professionals and counsel for any successor to Seller and their respective professionals (collectively, "Permitted Access Parties") reasonable access to the financial and other books and records relating to the Property or the Transferred Business, which access shall include (xx) the right of such Permitted Access Parties to copy, at such Permitted Access Parties' expense, such documents and records as they may request in furtherance of the purposes described above, and (yy) Buyer's copying and delivering to the relevant Permitted Access Parties such documents or records as they may request, but only to the extent such Permitted Access Parties furnish Buyer with reasonably detailed written descriptions of the materials to be so copied and the applicable Permitted Access Party reimburses the Buyer for the reasonable costs and expenses thereof, and (ii) Buyer shall provide the Permitted Access Parties (at no cost to the Permitted Access Parties) with reasonable access to Michael Mulberry and Jay Weeks during regular business hours to assist Seller and the other Permitted Access Parties in their post-Closing activities (including, without limitation, preparation of tax returns), provided that such access does not unreasonably interfere with the Buyer's business operations.

9.4 Notices. Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by any Party to the other may be effected by personal delivery in writing, or by registered or certified mail, postage prepaid, return receipt requested, and shall be deemed communicated as of the date of mailing. Mailed notices shall be addressed as set forth below, but each Party may change his address by written notice in accordance with this Section 9.4.

To Seller: 2701 Industrial Drive
Bowling Green, KY 42102
Attn: Craig S. Dean, Chief
Restructuring Officer

AND

c/o AEG Partners
200 West Madison Street, Suite 500
Chicago, IL 60614
Attn: Craig S. Dean

With a copy to: Pachulski, Stang, Zielil & Jones LLP
150 California Street, 15th Floor
San Francisco, CA 94111
Attn: David M. Bertenthal, Esq.

To Buyer: Sure Heat Manufacturing, Inc.
1861 West Oak Parkway
Marietta, GA 30062
Attn: Michael Mulberry and Jay Weeks

9.5 Entire Agreement. This instrument, that certain Confidentiality Agreement entered into between the parties and the documents to be executed pursuant hereto contain the entire agreement between the parties relating to the sale of the Property. Any oral representations or modifications concerning this Agreement or any such other document shall be of no force and effect excepting a subsequent modification in writing, signed by the Party to be charged.

9.6 Modification. This Agreement may be modified, amended or supplemented only by a written instrument duly executed by all the parties hereto.

9.7 Closing Date. All actions to be taken on the Closing pursuant to this Agreement shall be deemed to have occurred simultaneously, and no act, document or transaction shall be deemed to have been taken, delivered or effected until all such actions, documents and transactions have been taken, delivered or effected.

9.8 Severability. Should any term, provision or paragraph of this Agreement be determined to be illegal or void or of no force and effect, the balance of the Agreement shall survive.

9.9 Captions. All captions and headings contained in this Agreement are for convenience of reference only and shall not be construed to limit or extend the terms or conditions of this Agreement.

9.10 Further Assurances. Each Party hereto will execute, acknowledge and deliver any further assurance, documents and instruments reasonably requested by any other Party for the purpose of giving effect to the transactions contemplated herein or the intentions of the Parties with respect thereto; provided that nothing herein shall be deemed to require any Party to execute or deliver any such further assurance, document or instrument to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon such Party by this Agreement.

9.11 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

9.12 Brokerage Obligations. Seller and the Buyer each represent and warrant to the other that, such party has incurred no liability to any real estate broker or other broker or agent with respect to the payment of any commission regarding the consummation of the transaction contemplated hereby. If any claims for commissions, fees or other compensation, including, without limitation, brokerage fees, finder's fees, or commissions are ever asserted against Buyer or the Seller in connection with this transaction, all such claims shall be handled and paid by the party whose actions form the basis of such claim and such party shall indemnify, defend (with counsel reasonably satisfactory to the party entitled to indemnification), protect and save and hold the other harmless from and against any and all such claims or demands asserted by any person, firm or corporation in connection with the transaction contemplated hereby.

9.13 Payment of Fees and Expenses. Except as provided in Section 9.2 above, each party to this Agreement shall be responsible for, and shall pay, all of its own fees and expenses, including those of its counsel, incurred in the negotiation, preparation and consummation of the Agreement and the transaction described herein.

9.14 Survival. The respective representations, warranties, covenants and agreements of Seller and Buyer herein, or in any certificates or other documents delivered prior to or at the Closing, shall not be deemed waived or otherwise affected by the Closing.

9.15 Assignments. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other party hereto, which consent the Parties may grant or withhold in their sole and absolute discretion.

9.16 Binding Effect. Subject to the provisions of Section 9.15, above, this Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the parties hereto.

9.17 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of Delaware.

9.18 Good Faith. All parties hereto agree to do all acts and execute all documents required to carry out the terms of this Agreement and to act in good faith with respect to the terms and conditions contained herein before and after Closing.

9.19 Construction. In the interpretation and construction of this Agreement, the parties acknowledge that the terms hereof reflect extensive negotiations between the parties and that this Agreement shall not be deemed, for the purpose of construction and interpretation, drafted by either party hereto.

9.20 Counterparts. This Agreement may be signed in counterparts. The parties further agree that this Agreement may be executed by the exchange of facsimile signature pages provided that by doing so the parties agree to undertake to provide original signatures as soon thereafter as reasonable in the circumstances.

9.21 Time is of the Essence. Time is of the essence in this Agreement, and all of the terms, covenants and conditions hereof.

9.22 Interpretation and Rules of Construction. In this Agreement, except to the extent that the context otherwise requires:

9.22.1 when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or a Schedule to, this Agreement unless otherwise indicated;

9.22.2 the headings and captions used in this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

9.22.3 whenever the words "include," "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation";

9.22.4 the words "hereof," "herein" and "hereunder" and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

9.22.5 all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

9.22.6 the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

9.22.7 any law defined or referred to herein or in any agreement or instrument that is referred to herein means such law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor laws;

9.22.8 references to a person are also to its permitted successors and assigns; and

9.22.9 the use of "or" is not intended to be exclusive unless expressly indicated otherwise.

In Witness Whereof, Buyer and Seller have executed this Asset Purchase Agreement as of the day and year first above written.

BUYER:

Sure Heat Manufacturing Corporation,
a Florida corporation

By: _____
Name: Michael Mulberry
Its: _____

SELLER:

DESA LP LLC, a Florida
limited liability company and Chapter 11 Debtor and
Debtor in Possession

By: _____
Name: _____
Its: _____

DHP Holdings II Corporation,
a Delaware corporation, and
Chapter 11 Debtor and Debtor in Possession

By: _____
Name: _____
Its: _____

DESA Heating, LLC,
a Florida limited liability company, and
Chapter 11 Debtor and Debtor in Possession

By: _____
Name: _____
Its: _____

In Witness Whereof, Buyer and Seller have executed this Asset Purchase Agreement as of the day and year first above written.

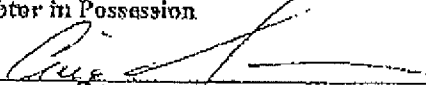
BUYER:

Sure Heat Manufacturing Corporation,
a Florida corporation

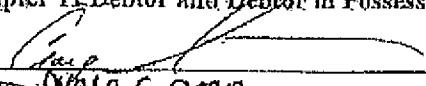
By: _____
Name: _____
Its: _____

SELLER:

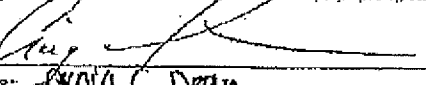
DESA LP LLC, a Florida
limited liability company and Chapter 11 Debtor and
Debtor in Possession

By: 
Name: Paula C. Dean
Its: Chief Restructuring Officer

DHP Holdings II Corporation,
a Delaware corporation, and
Chapter 11 Debtor and Debtor in Possession

By: 
Name: Paula C. Dean
Its: Chief Restructuring Officer

DESA Heating, LLC,
a Florida limited liability company, and
Chapter 11 Debtor and Debtor in Possession

By: 
Name: Paula C. Dean
Its: Chief Restructuring Officer

And All Schedules

[ATTACHED]

DOCS_DE:147709.5

TRADEMARK
REEL: 004076 FRAME: 0108

DESA, LLC
Schedule - 1.1.1

NONE

DESA, LLC

Schedule - 1.1.2
Tepdesades

Note: Reflects best estimate based on Company's excel records

COUNTRY	TRADEMARK	FILING DATE	SERIAL NO.	REG. DATE	REG. NO.	STATUS	Class Description
CANADA	NEED HEAT NOW? WE'RE REDDY!	09/26/2002	1154075	10/13/2005	TM4259283	REGISTERED	090 - forced air heaters, fueled by kerosene, diesel, liquid petroleum and natural gas; convection heaters; propane tank tops
UNITED STATES	NEED HEAT NOW? WE'RE REDDY!	05/31/2002	76/416,334	07/03/2004	2,811,430	REGISTERED	023 - forced air heaters, fueled by kerosene, diesel, liquid petroleum and natural gas; convection heaters; propane tank tops
CANADA	REDDY HEATER	06/12/1987	309441	05/29/1993	TM4162,590	REGISTERED	090 - portable oil burning space heaters and oil burners
UNITED STATES	REDDY HEATER	01/19/1984	72/197,025	05/09/1987	428,554	REGISTERED	021 - portable oil heaters
UNITED STATES	VANGUARD	06/09/1984	75/603,145	06/16/1987	1,442,926	REGISTERED	021 - fluid fuel fired and mobile space heaters for domestic and industrial use
UNITED STATES	VANGUARD	11/00/1982	73/401,817	10/23/1984	1,201,450	REGISTERED	021 - liquid fuel burning space heaters
CANADA	VANGUARD	07/15/1981	0672934	03/28/1992	TM4409,056	REGISTERED	090 - fluid fuel fired, fixed and mobile space heaters for domestic and industrial use

DESA, LLC

Schedule - 1.1.3

NONE