

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW HAMPSHIRE**

In re:

Kingsbury Corporation
Donson Group, Ltd.
Ventura Industries, LLC

Bk. No. 11-13671-JMD
Bk. No. 11-13700-JMD
Bk. No. 11-13687-JMD
Jointly Administered

Debtors.

**ORDER GRANTING DEBTOR'S MOTION FOR ENTRY OF AN ORDER
AUTHORIZING DEBTOR TO PAY PREPETITION CLAIMS OF
CERTAIN CRITICAL VENDORS AND APPROVING
PROCEDURES RELATED THERETO**

This matter having come before the Court on the Motion for Entry of an Order Authorizing Debtor to Pay Prepetition Claims of Certain Critical Vendors and Approving Procedures Related Thereto (the "Motion"), filed by Kingsbury Corporation (the "Debtor"), after such notice and opportunity for hearing as was required under United States Bankruptcy Code and the Federal Rules of Bankruptcy Procedure; the Court having conducted a hearing on the Motion on October 6, 2011 (the "Hearing") and having considered the evidence admitted at the Hearing, including, without limitation, the Affidavit of Iris A. Mitropoulis in Support of Certain First Day Motions, which was admitted into evidence without objection from any party; it is hereby **ORDERED, ADJUDGED,** and **DECREED** that:

1. The Motion is granted.
2. Critical Vendor Payments (as such term is defined in the Motion) made to the Critical Vendors (as such term is defined in the Motion) shall not exceed the amounts set forth on **Exhibit A** to this Order, unless otherwise ordered by the Court.
3. The Debtor is authorized, but not directed, to make Critical Vendor Payments upon such terms and in the manner provided in this Order, and in the ordinary course of business, when

due, and not on an accelerated basis, *provided, however*, that the recipient of any Critical Vendor Payment shall agree to provide the Debtor with services in accordance with such terms as agreed by the Debtor and such Critical Vendors to the extent the Debtor determines such terms are necessary to procure essential services.

4. The Debtor shall undertake all appropriate efforts to cause the Critical Vendors to enter into an agreement with the Debtor (each a “Critical Vendor Agreement”) substantially similar to the form annexed to the Motion as **Exhibit B**, wherein a recipient of a Critical Vendor Payment shall additionally agree as follows:

- a. Not to file or otherwise assert against the Debtor, its estate or any other person or entity, or any of their respective assets or property (real or personal) any lien (each, a “Lien”) (regardless of the statute or other legal authority upon which such Lien is asserted), related in any way to any remaining prepetition amounts allegedly owed to the Critical Vendors by the Debtor and, that, to the extent that the Critical Vendor has previously obtained such a Lien, the Critical Vendor shall immediately take all necessary actions to remove such Lien;
- b. That it has reviewed the terms and provisions of this Order and consents to be bound hereby;
- c. That, if either the payments authorized by this Order granting this Motion or the Critical Vendor’s participation therein terminates, or a Critical Vendor who has received payment of a prepetition claim later refuses to continue to supply services to the Debtor, subject to defenses, any payments received by the Critical Vendor on account of such Critical Vendor’s prepetition claim will be deemed to have been in payment of then outstanding postpetition obligations owed to such Critical Vendor, and such Critical Vendor shall immediately repay to the Debtor any such payments made to it on account of such payments exceeding the postpetition obligations then outstanding, without the right of any setoffs, claims or otherwise; and
- d. That the Critical Vendor, to the extent necessary, will be required to return property of the Debtor held by the Critical Vendor so that the value of all such property does not exceed the amount of the Critical Vendor’s prepetition claim after taking into account any Critical Vendor Payment.

5. The Critical Vendor Agreement shall be the legally binding commercial contractual arrangement between the parties governing the commercial relationship. This Order authorizes, but does not direct, the Debtor to enter into Critical Vendor Agreements, it being the express intention of

this Court that the Debtor shall enter into a Critical Vendor Agreement only with the Critical Vendors identified on **Exhibit A** to this Order and only when the Debtor determines, in its sole discretion, that the Critical Vendor Payment is necessary and the Critical Vendor Agreement is advisable.

6. The Debtor is granted the authority to make a Critical Vendor Payment in the event that no Critical Vendor Agreement has been reached, if the Debtor determines, in its business judgment, that failure to make the Critical Vendor Payment is likely to result in irreparable harm to the Debtor's business operations and there is no reasonable likelihood that the Debtor will negotiate an acceptable Critical Vendor Agreement with the applicable Critical Vendor.

7. Unless authorized by another order of this Court, the Debtor shall not pay any prepetition claims that are inconsistent with the claims listed on **Exhibit A** to this Order and nothing in this Order or the Motion shall be construed as prejudicing any right the Debtor may have to contest the amount of or basis for any prepetition obligations owed to any Critical Vendor.

8. All Critical Vendor Agreements shall be deemed to have terminated, together with the other benefits to Critical Vendors as contained in this Order, upon entry of an order converting the Debtor's chapter 11 case to a case under chapter 7 of the Bankruptcy Code.

9. In accordance with this Order and any other order of this Court, each of the financial institutions at which the Debtor maintains its accounts relating to the payment of the claims that the Debtor requests authority to pay in the Motion are authorized and directed to honor checks presented for payment and to honor all funds transfer requests made by the Debtor related thereto, to the extent sufficient funds are on deposit in such accounts.

10. Nothing in the Motion or this Order, nor as a result of the Debtor's payment of claims pursuant to this Order, shall be deemed or construed as: (a) an admission as to the validity or priority of any claim against the Debtor; (b) a waiver of the Debtor's right to dispute any claim; or (c) an

approval or assumption of any agreement, contract or lease pursuant to § 365 of the Bankruptcy Code.

11. The Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

12. Notwithstanding the possible applicability of Bankruptcy Rules 6003, 6004(h), 7062 and 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

13. This court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: October 07, 2011

/s/ J. Michael Deasy

The Honorable J. Michael Deasy
United States Bankruptcy Judge

EXHIBIT A**Critical Vendors**

Vendor	Service	Prepetition Claim
Pennoni Associates, Inc.	Underground storage tank testing	\$950.00
Chemserve	Wastewater testing	\$5,202.95
Keene Gas	Propane; only source	\$1,601.57
Airgas	Nitrogen; only source	\$11,377.30
Bodycote Corporation	Heat treatment subcontractor	\$1,533.00

EXHIBIT B

October __, 2011

TO: **[Insert Vendor Name & Address]**

Dear Valued Vendor:

As you are aware, Kingsbury Corporation (“Kingsbury”) filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of New Hampshire (the “Bankruptcy Court”) on September 30, 2011 (the “Petition Date”). On September 30, 2011, Kingsbury requested the Bankruptcy Court’s authority to pay certain vendors in recognition of the critical nature of its relationship with such vendors and its desire that the bankruptcy cases have as little effect on these critical vendors as possible. On October __, 2011, the Bankruptcy Court entered an order (the “Order”) authorizing Kingsbury, under certain conditions, to pay pre-petition claims of certain critical vendors that agree (a) to the terms set forth below, and (b) to be bound by the terms of the Order. A copy of the Order is enclosed.

In order to receive payment on pre-bankruptcy claims, each trade vendor must agree to continue to supply services to Kingsbury upon terms that are acceptable to Kingsbury in light of historical practices between the parties; *provided that* Kingsbury reserves the right to negotiate terms with any vendor demanding terms less favorable to Kingsbury (to the extent Kingsbury determines such terms are necessary to procure essential goods or services). For purposes of administration of this vendor payment program as authorized by the Bankruptcy Court (the “Vendor Payment Program”), Kingsbury and you agree as follows:

1. Kingsbury will provisionally pay you \$ _____ in satisfaction of your prepetition claim.
2. You will continue to provide services on the following terms: ____ (the “Customary Terms”).
3. In consideration for payment of a portion of your prepetition claim, you agree not to file or otherwise assert against Kingsbury, its estate or any other person or entity, or any of its assets or property (real or personal) any lien (each, a “Lien”) (regardless of the statute or other legal authority upon which such Lien is asserted), related in any way to any remaining prepetition amounts allegedly owed to you by Kingsbury and, that, to the extent that you have previously obtained such a Lien, you shall immediately take all necessary actions to remove such Lien.
4. Any payment of your prepetition claim in the manner set forth in the Order may only occur upon execution of this letter by a duly authorized representative of your company and the return of this letter to Kingsbury. Your execution of this letter and return of same to Kingsbury constitutes an agreement by you and Kingsbury:

- a. That, for a period of no less than one year from the Petition Date, you will continue to supply the Company with services in accordance with the Customary Terms, and that Kingsbury will pay for such services in accordance with the Customary Terms;
- b. That you have reviewed the terms and provisions of the Order and that you consent to be bound by such terms;
- c. That, if either the payments authorized by the Order or your participation therein terminates, or after you receive payment of a prepetition claim you later refuse to continue to supply services to Kingsbury in accordance with the Customary Terms, subject to defenses, any payments received by you on account of your prepetition claim will be deemed to have been in payment of then outstanding postpetition obligations owed to you, and you shall immediately repay to Kingsbury any payments made to it on account of such payments exceeding the postpetition obligations then outstanding, without the right of any setoffs, claims or otherwise; and
- d. That you, to the extent necessary, will be required to return property of Kingsbury held by you so that the value of all such property does not exceed the amount of your prepetition claim after taking into account the making of payments authorized by the Order.

Kingsbury and you also hereby agree that any dispute with respect to this letter agreement, the Order and/or your participation in the Vendor Payment Program shall be determined by the Bankruptcy Court.

If you have any questions about this Agreement or Kingsbury's financial restructuring, do not hesitate to call _____ at (603) ____ - ____.

Sincerely,

Kingsbury Corporation

By: _____

Its: _____

Date: _____

Agreed and Accepted by:

By: _____

Title: _____

Dated: _____