

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION**

In re:)	
)	Chapter 11
ORECK CORPORATION, et al)	Case No. 13-04006
)	
565 Marriott Dr., Suite 300)	Judge Lundin
Nashville, TN 37214)	(Jointly Administered)
)	
Debtors.)	

**SECOND NOTICE OF CONSENSUAL ASSUMPTION AND ASSIGNMENT OF
CERTAIN UNEXPIRED LEASES TO ORECK ACQUISITION HOLDINGS LLC**

Pursuant to (i) the Order (I) Authorizing Sale Of Assets Free And Clear Of Claims, Liens, Encumbrances, And Other Interests Pursuant To Asset Purchase Agreement With OAC Acquisition Company, LLC (II) Authorizing The Assumption And Assignment Of Certain Executory Contracts And Unexpired Leases In Connection With The Sale; And (III) Granting Related Relief (Docket No. 617) (the “Sale Order”), and (ii) the asset purchase agreement (the “Royal APA”)¹ dated July 24, 2013 between Royal Appliance Mfg. Co. and its affiliates (collectively, “Royal”) and the above-captioned debtors, debtors-in-possession and certain affiliates (collectively, the “Debtors”), the Debtors hereby provide notice (the “Assignment Notice”) of the consensual assumption of certain unexpired non-residential real property leases (the “TO Leases”)² and simultaneous assignment (the “Consensual Assignment”) of those TO Leases to Oreck Acquisition Holdings LLC (“OAH”) and request entry of the Assignment Order. In support of the Consensual Assignment, the Debtors respectfully state as follows:

¹ The Royal APA was filed as Exhibit A to the Report Of Sale Of Substantially All Of The Assets Of Debtors (Docket No. 646) (the “Report of Sale”).

BACKGROUND

Asset Sale and Election Period

1. As set forth in the Sale Order, Royal was the winning bidder at the Court-approved auction for the Debtors' assets. Royal's bid formed the basis for the Royal APA which was executed and closed on July 24, 2013 (the "Closing").

2. Under the Royal APA, as amended, Royal has until December 2, 2013 to make decisions regarding the disposition of the Debtors' executory contracts and unexpired leases, and to direct the Debtors to seek the assumption and assignment or rejection of those agreements.

Agreement Between Royal and OAH To Keep Retail Stores Open

3. As set forth on the record at the Sale Hearing, as part of its winning bid and at the request of the Debtor and creditors' committee (the "Committee"), Royal agreed that it would take steps to try and find one or more parties interested in purchasing some or all of the retail stores owned and operated by the Debtors, including taking assignment the applicable leases and employing the employees for those purchased stores.

4. Immediately after being selected as the winning bidder at the auction, Royal (with the knowledge and approval of the Debtors, creditors' committee, lenders and U.S. Trustee) approached the prior stalking horse bidder, OAH and its principal Tom Oreck, the son of the Debtors' founder David Oreck, about the possibility of OAH purchasing some or all of the Debtors' retail stores.

5. After extensive, arms-length negotiations, Royal and OAH entered into an agreement whereby OAH agreed to take a majority of the Debtors' retail stores (the "TO

² The TO Leases are listed on Exhibit 1 to the Consensual Assignment order attached hereto as Exhibit A (the "Assignment Order"). The Debtors and Royal reserve the right to amend the list of TO Leases, including

Stores”) by purchasing the assets and taking assignment of the TO Leases and certain executory contracts related to the TO Stores. OAH also reached out to the landlords of the TO Stores to try and obtain their consent to the assignment of their lease(s) to OAH and, in certain instances, certain concessions or lease amendments. With respect to each of the TO Leases that are the subject of this Assignment Notice, OAH has obtained the consent of the applicable landlords to the assignment of their lease(s) to OAH and, in certain instances, certain concessions or lease amendments. In some circumstances, OAH has made certain concessions to the landlord. To the extent that a landlord and OAH have agreed to concessions and/or lease amendments, OAH and the landlord have entered into a Lease Modification Agreement or other similar agreement (LMA).

6. In connection with the Consensual Assignment of the TO Leases to OAH, OAH has agreed that its affiliate, Oreck Floor Care Centers Ltd., a Texas limited partnership (“OFCC”) will guaranty OAH’s obligations under the TO Leases and that OFCC will execute a guaranty in a form agreed to by OAH and each landlord.

Cure Amounts and Amendments.

7. The cure amounts, which have been agreed to by each of the landlords of the TO Stores that are the subject of this Assignment Notice (the “Cure Amount”), are listed on Exhibit 1 to the Assignment Order. If a landlord has agreed to a lease modification and entered into an LMA with OAH, the existence of the LMA is also indicated on Exhibit 1 to the Assignment Order.

8. The Debtors believe that they are current with respect to post-petition obligations due under the TO Leases and that no post-petition cure amounts are owed. Within five (5) business days of the assignment of the TO Leases to OAH, OAH will pay the Cure Amount to

without limitation removing any of the agreements listed on Exhibit 1 to the Assignment Order.

the counterparty to each of the TO Leases.

RELIEF REQUESTED

9. Per paragraph 10 of the Sale Order, Royal has directed the Debtors to file this Assignment Notice and seek entry of the Assignment Order granting Court authorization and approval of the Debtors' assumption of the TO Leases and simultaneous assignment of the TO Leases to OAH.

WHEREFORE, the Debtors respectfully request that the Court immediately enter the Assignment Order substantially in the form attached hereto as Exhibit A (i) authorizing and approving the Debtors' assumption of the TO Leases and simultaneous assignment of the TO Leases to OAH (as modified by an LMA, if applicable), and (ii) granting such other and further relief as the Court deems just and proper.

Dated: September 25, 2013
Nashville, Tennessee

Respectfully Submitted:

/s/ William L. Norton, III

William L. Norton, III (#10075)
Alexandra E. Dugan (#30420)
Bradley Arant Boult Cummings LLP
1600 Division St., Suite 700
Nashville, TN 37203
(615) 252-2397
(615)252-6397 (fax)
bnorton@babbc.com
adugan@babbc.com

Attorneys for Debtors