

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

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In re:	)	Chapter 11
	)	
BLITZ U.S.A., Inc., <i>et al.</i> , <sup>1</sup>	)	Case No. 11-13603 (PJW)
	)	
Debtors.	)	(Jointly Administered)
	)	
	)	Re: Docket No. 230
	)	

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**SUPPLEMENT TO DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 105(a), 363, AND 365, AND BANKRUPTCY RULES 2002, 6004, AND 6006 FOR (I) ENTRY OF AN ORDER (A) ESTABLISHING BIDDING AND AUCTION PROCEDURES RELATED TO THE SALE OF CERTAIN OF THE DEBTORS' ASSETS; (B) ESTABLISHING PROCEDURES FOR APPROVAL OF RELATED BID PROTECTIONS; (C) SCHEDULING AN AUCTION AND SALE HEARING; (D) ESTABLISHING NOTICE PROCEDURES FOR DETERMINING CURE AMOUNTS FOR EXECUTORY CONTRACTS AND LEASES TO BE ASSIGNED; AND (E) GRANTING CERTAIN RELATED RELIEF; AND (II) ENTRY OF AN ORDER (A) APPROVING THE SALE OF CERTAIN OF THE DEBTORS' ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS, ENCUMBRANCES AND INTERESTS; AND (B) AUTHORIZING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) hereby file this supplement (the “Supplement”) in connection with the *Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(a), 363, and 365, and Bankruptcy Rules 2002, 6004, and 6006 for (I) Entry of an Order (A) Establishing Bidding and Auction Procedures Related to the Sale of Certain of the Debtors’ Assets; (B) Establishing Procedures for Approval of Related Bid Protections; (C) Scheduling an Auction and Sale Hearing; (D) Establishing Notice Procedures for Determining Cure Amounts for Executory Contracts and Leases to be Assigned; and (E) Granting Certain Related Relief; and (II) Entry of an Order (A) Approving the Sale of Certain of*

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: LAM 2011 Holdings, LLC (8742); Blitz Acquisition Holdings, Inc. (8825); Blitz Acquisition, LLC (8979); Blitz RE Holdings, LLC (9071); Blitz U.S.A., Inc. (8104); and F3 Brands LLC (2604). The location of the Debtors’ corporate headquarters and the Debtors’ service address is: 404 26th Ave. NW Miami, OK 74354.



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*the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; and (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases* [Docket No. 230] (the "Motion")<sup>2</sup>, which was filed with the Court on February 7, 2012.

### **BACKGROUND TO THE SUPPLEMENT**

1. Pursuant to the Motion, the Debtors sought, among other things, the entry of an order (A) establishing bidding and auction procedures (the "Bidding Procedures") in connection with the sale of the Debtors' F3 Brands LLC ("F3 Brands") business division assets (the "Assets"), free and clear of all claims and any other interests, liens, mortgages, pledges, security interests, rights of first refusal, obligations and encumbrances of any kind whatsoever (collectively, the "Interests"), except to the extent identified in a Successful Bidder's asset purchase agreement; (B) establishing procedures for approval of bid protections, if any; (C) scheduling an auction (the "Auction") and setting a date and time for a sale hearing (the "Sale Hearing") for the sale of Assets (the "Sale"), and approving the form and manner of notice thereof; (D) establishing procedures for noticing and determining cure amounts for executory contracts (the "Executory Contracts") and unexpired nonresidential real property leases (the "Real Property Leases") to be assigned; and (E) granting certain related relief.<sup>3</sup>

2. On February 24, 2012, the Court entered the *Order (A) Establishing Bidding and Auction Procedures Related to the Sale of Certain of the Debtors' Assets; (B) Establishing Procedures for Approval of Related Bid Protections; (C) Scheduling an Auction and Sale Hearing; (D) Establishing Notice Procedures for Determining Cure Amounts for Executory Contracts and Leases to be Assigned; and (E) Granting Certain Related Relief*

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings given to them in the Motion.

<sup>3</sup> By the Motion, the Debtors also requested that at the Sale Hearing, subject to the results of the Auction, consistent with the Bidding Procedures, this Court enter an order (A) approving and authorizing the Sale, free and clear of all Interests, except to the extent set forth in the Successful Bidder's asset purchase agreement; and (B) authorizing the assumption and assignment of certain Executory Contracts and Real Property Leases.

[Docket No. 275] (the “Original Bidding Procedures Order”), which, among other things, approved the Bidding Procedures.

3. Consistent with the procedures contemplated in the Motion and the Original Bidding Procedures Order, the Debtors selected Scepter Holdings Inc. to serve as the stalking horse bidder (the “Stalking Horse Bidder”) under the Bidding Procedures. Accordingly, on March 15, 2012, the parties entered into that certain Asset Purchase Agreement (the “Stalking Horse APA”) by and among F3 Brands, Blitz U.S.A., Inc. (“Blitz U.S.A.”) and Blitz RE Holdings, LLC (“Blitz RE”, and together with the Stalking Horse Bidder and Blitz U.S.A., the “Sellers”), whereby, subject to higher and better offers to be submitted in connection with the Bidding Procedures, the Stalking Horse Bidder agreed to purchase and assume from the Sellers the Purchased Assets and Assumed Liabilities (as such terms are defined in the Stalking Horse APA) on the terms and subject to the conditions set forth therein.

4. Moreover, pursuant to Section 9.4 of the Stalking Horse APA, to provide an incentive and to compensate the Stalking Horse Bidder for performing the substantial due diligence and incurring the expenses necessary and entering into the Stalking Horse APA with the knowledge and risk that arises from participating in the sale and subsequent bidding process, the Debtors agreed to pay the Stalking Horse Bidder, under the conditions outlined in the Stalking Horse APA, a break-up fee in the amount of \$438,500.00 (the “Break-Up Fee”).

5. In selecting the Stalking Horse Bidder and in negotiating the Stalking Horse APA, the Debtors have agreed to certain modifications to the Original Bidding Procedures Order and the Bidding Procedures, which are reflected in amended versions of the Original Bidding Procedures Order (the “Amended Bidding Procedures Order”) and Bidding Procedures (the “Amended Bidding Procedures”). The Amended Bidding Procedures Order and Amended

Bidding Procedures provide for the approval and consideration of the Break-Up Fee and certain additional bid protections (collectively, the “Bid Protections”).

6. Contemporaneously with the filing of the Supplement, the Debtors have or will be filing a notice (the “Stalking Horse Notice”) (i) identifying the Stalking Horse Bidder and (ii) noticing a hearing to consider approval of the Bid Protections and entry of the Amended Bidding Procedures Order. Copies of the Stalking Horse APA, proposed Amended Bidding Procedures Order and proposed Amended Bidding Procedures are attached as exhibits to the Stalking Horse Notice.

#### **SUPPLEMENT TO THE MOTION**

7. As discussed in the Motion, F3 Brands is a spinoff of Blitz U.S.A. Indeed, in early 2011, Blitz U.S.A. began contemplating a spinoff of its non-gas can product lines, which included the 2x4 Basics products, as well as certain other automotive maintenance products produced by Blitz U.S.A. In October 2011, Blitz U.S.A. formally spun off these additional product lines into F3 Brands, which is now a wholly-owned subsidiary of Blitz U.S.A. As a result of its recent spinoff from Blitz U.S.A., certain of the Purchased Assets under the Stalking Horse Agreement may be considered property of Blitz U.S.A.’s estate. Moreover, Debtor Blitz RE may have certain rights, title and interest to and under the Purchased Real Property (as defined in the Stalking Horse APA).

8. In pursuing the Sale, the Debtors have always intended to sell substantially all assets primarily relating to the F3 Brands’ business division, regardless of whether the assets are owned by F3 Brands or one of its affiliated Debtors. Accordingly, for the reasons discussed above, Debtors Blitz U.S.A. and Blitz RE have been identified as Sellers under the terms of the

Stalking Horse APA. Moreover, Section 2.1 of the Stalking Horse APA provides in relevant part as follows:

2.1 Purchase of Assets.

\* \* \*

In connection with any assets or property of [Blitz U.S.A.'s] estate primarily related to the Business and held by [Blitz U.S.A], if any, [Blitz U.S.A.] shall be deemed to be a seller for all purposes of this Agreement notwithstanding anything contained in this Agreement to the contrary, and shall execute and deliver such other documents, instruments and certificates as Purchaser may reasonably request, at or any time after the Closing, in order to transfer, assign, convey and deliver such assets or properties to Purchaser.

B. On the terms and subject to the conditions set forth in this Agreement, at and as of the Closing, Blitz RE hereby sells, transfers, assigns, conveys and delivers to Purchaser, and Purchaser purchases and accepts from Blitz RE, free and clear of all Liens and Claims pursuant to the Sale Order, except Permitted Exceptions, all right, title and interest of Blitz RE, to and under the Purchased Real Property.

9. Accordingly, the Debtors have filed this Supplement, out of an abundance of caution, to make clear that Debtors Blitz U.S.A and Blitz RE are included as Sellers under the terms of the Stalking Horse APA, and likely under any competing bids submitted in accordance with the Amended Bidding Procedures, and that these Debtors may be selling or transferring certain property of their estates in connection with the Sale.

Dated: March 15, 2012  
Wilmington, Delaware

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Daniel J. DeFranceschi (No. 2732)

Michael J. Merchant (No. 3854)

Julie A. Finocchiaro (No. 5303)

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**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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<b>In re:</b>	)	
	)	<b>Chapter 11</b>
<b>BLITZ U.S.A., Inc., et al.,<sup>1</sup></b>	)	
	)	<b>Case No. 11-13603 (PJW)</b>
	)	
<b>Debtors.</b>	)	<b>(Jointly Administered)</b>
	)	
	)	<b>Re: Docket No. 230</b>
	)	<b>Hearing Date: March 28, 2012 at 10:00 a.m. (EDT)</b>

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**NOTICE OF SUPPLEMENT TO MOTION AND HEARING**

PLEASE TAKE NOTICE that, on February 7, 2012, the above-captioned debtors and debtors in possession (collectively, the “Debtors”) filed the **Debtors’ Motion Pursuant to 11 U.S.C. §§ 105(a), 363, and 365, and Bankruptcy Rules 2002, 6004, and 6006 for (I) Entry of an Order (A) Establishing Bidding and Auction Procedures Related to the Sale of Certain of the Debtors’ Assets; (B) Establishing Procedures for Approval of Related Bid Protections; (C) Scheduling an Auction and Sale Hearing; (D) Establishing Notice Procedures for Determining Cure Amounts for Executory Contracts and Leases to be Assigned; and (E) Granting Certain Related Relief; and (II) Entry of an Order (A) Approving the Sale of Certain of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; and (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases [Docket No. 230] (the “Motion”) with the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 3<sup>rd</sup> Floor, Wilmington, Delaware 19801 (the “Bankruptcy Court”).**

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, include: LAM 2011 Holdings, LLC (8742); Blitz Acquisition Holdings, Inc. (8825); Blitz Acquisition, LLC (8979); Blitz RE Holdings, LLC (9071); Blitz U.S.A., Inc. (8104); and F3 Brands LLC (2604). The location of the Debtors’ corporate headquarters and the Debtors’ service address is: 404 26th Ave. NW Miami, OK 74354.

PLEASE TAKE NOTICE that, on March 15, 2012, the Debtors filed the **Supplement to Debtors' Motion Pursuant to 11 U.S.C. §§ 105(a), 363, and 365, and Bankruptcy Rules 2002, 6004, and 6006 for (I) Entry of an Order (A) Establishing Bidding and Auction Procedures Related to the Sale of Certain of the Debtors' Assets; (B) Establishing Procedures for Approval of Related Bid Protections; (C) Scheduling an Auction and Sale Hearing; (D) Establishing Notice Procedures for Determining Cure Amounts for Executory Contracts and Leases to be Assigned; and (E) Granting Certain Related Relief; and (II) Entry of an Order (A) Approving the Sale of Certain of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; and (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases** (the "Supplement") with the Bankruptcy Court.

PLEASE TAKE FURTHER NOTICE that a hearing to consider the Motion and Supplement will be held before The Honorable Peter J. Walsh at the Bankruptcy Court, 824 Market Street, 6<sup>th</sup> Floor, Courtroom 2, Wilmington, Delaware 19801 on **March 28, 2012 at 10:00 a.m. (Eastern Daylight Time)**.



Dated: March 15, 2012  
Wilmington, Delaware



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