


Exhibit 2

Lease Procedures Order

SO ORDERED: April 7, 2017.




Robyn L. Moberly
United States Bankruptcy Judge

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION**

<p>In re:</p> <p>hhgregg, Inc., <i>et al.</i>,¹</p> <p>Debtors.</p>	<p>Chapter 11</p> <p>Case No. 17-01302-RLM-11</p> <p>(Jointly Administered)</p>
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ORDER GRANTING MOTION OF DEBTORS: (I) AUTHORIZING AND APPROVING EXPEDITED PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OR REJECTION OF EXECUTORY CONTRACTS AND LEASES, AND FOR THE ABANDONMENT OF PROPERTY; AND (II) GRANTING RELATED RELIEF (DOC. NO. 245)

This matter came before the Court on the *Motion of the Debtors for Order: (I) Authorizing and Approving Expedited Procedures for the Assumption and Assignment or Rejection of Executory Contracts and Leases, and for the Abandonment of Property; and (II)*

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: hhgregg, Inc. (0538); Gregg Appliances, Inc. (9508); and HHG Distributing LLC (5875). The location of the Debtors’ corporate headquarters is 4151 East 96th Street, Indianapolis, Indiana 46240.

Granting Related Relief (Doc. No. 245) (the “Motion”)² filed by hhgregg, Inc. and its above-captioned affiliated debtors and debtors-in-possession (each a “Debtor” and collectively, the “Debtors”); the Court having reviewed the Motion; the Court having found that (i) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (ii) venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409, (iii) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), and (iv) procedures proposed in the Motion and the assumptions and assignments or rejections, and abandonments proposed therein are reasonable and within the Debtors’ business judgment; after due deliberation, the Court having determined that the relief requested in the Motion is necessary and essential for the Debtors’ reorganization and such relief is in the best interests of the Debtors, their estates, their creditors and all parties in interest; and good and sufficient cause having been shown, it is HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to sections 105(a), 365 and 554 of the Bankruptcy Code, Bankruptcy Rules 6006 and 6007, and Local Rules B-6006-1(a) and B-6007-1(b), the expedited procedures set forth below are hereby approved and authorized, and the Debtors are authorized to assume and assign or reject all Contracts and Leases, and to abandon property of the estate, subject to the procedures set forth herein.
3. The Debtors are hereby authorized to implement an expedited process for the assumption and assignment or rejection of the Contracts and Leases, which will enable Hilco Real Estate to maximize the value of Debtors’ leasehold interests, as follows:
 - (a) Hilco Real Estate will continue to market and negotiate with interested parties concerning the Contracts and Leases;

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

- (b) As Hilco Real Estate receives offers with respect to the Contracts and Leases, Hilco Real Estate will review the terms with the Debtors' management;
- (c) To the extent multiple parties are making competing offers on the same Contract or Lease, Hilco Real Estate will confer with the Debtors' management to determine the highest and best offer;
- (d) If approved by the Debtors' management, Hilco Real Estate will proceed to document the offer in an agreement, the terms of which will be binding on the offeror, but with respect to binding the Debtors will be subject to approval by the Committee and the DIP Agent and notice and opportunity for parties in interest to these chapter 11 cases to object in response to a Notice of Lease Determination (as defined below);
- (e) Once an agreement is reached between the Debtors and an offeror with respect to a Contract or Lease, counsel for the Committee and the DIP Agent will be given written notice by electronic mail, and the Committee and the DIP Agent will have 48 hours to review and comment on the terms thereof in writing, by electronic mail;
- (f) If the Committee and the DIP Agent do not provide comments on an agreement reached between the Debtors and an offeror with respect to a Contract or Lease, or indicate their approval of the same, then the Debtors (or the Claims and Noticing Agent) will finalize the agreement and file and serve a notice of the agreement (each, a "Notice of Lease Determination") upon the affected counterparty(ies), giving parties in interest fourteen (14) days to object; and
- (g) If the Committee or the DIP Agent objects to an agreement reached between the Debtors and an offeror with respect to a Contract or Lease, then the Debtors will either: (i) seek to renegotiate the terms thereof with the offeror; or (ii) file a separate motion to approve the assumption and assignment or rejection of such Contract or Lease. The Debtors shall not request that the hearing on any such motion to approve the assumption and assignment or rejection of Contract or Lease be set on at least 7 business days' notice to the counterparty. Under no circumstances shall this paragraph reduce or limit the time period for a counterparty to object to a Notice of Lease Determination or file a Cure and Assurance Objection.

4. With respect to Contracts and Leases that the Debtors ultimately determine to reject in accordance with the expedited process set forth herein, the rejection thereof will be deemed effective for purposes of section 365 of the Bankruptcy Code as of the date of rejection

agreed upon in writing by the Debtors and the counterparty to Such Contract or Lease, or in the absence of such agreement, the latest of the following:

- (a) the date the Debtors vacate the premises subject to the Contract or Lease;
- (b) the date the Debtors return possession of the premises subject to the Contract or Lease to the counterparty, by virtue of returning the key and providing the counterparty with an unconditional and irreversible statement of rejection and surrender to the counterparty;
- (c) if a Rejection Objection is not timely filed and served by a counterparty in response to a Notice of Lease Determination concerning such Contract or Lease, upon the expiration of ten (10) days following the date of service of such Notice of Lease Determination upon the counterparty (on the eleventh (11th) day after service); or
- (d) if a Rejection Objection is timely filed and served by a counterparty, the date set forth in the order rejecting such Contract or Lease.

If, however, the rejection date is established pursuant to paragraphs 4(a) – (d) above, in no event shall such rejection be deemed effective prior to the date of entry of this Order granting the Motion. In such event, the rejection date shall be the date of this Order granting the Motion.

5. With respect to the Debtors' Determination to reject a Contract or Lease, the Notice of Lease Determination shall set forth (a) the Contract(s) and/or Lease(s) to be rejected, (b) the proposed effective date of rejection (which shall be as set forth in paragraph 4 above), (c) the Rejection Objection Deadline (as defined below), the procedures for filing a Rejection Objection and to serve the same upon the Objection Recipients, and (d) the Rejection Claims Bar Date.

6. Also with respect to the Debtors' rejection of a Contract or Lease, in the absence of a timely filed and served Rejection Objection, no further action shall be required following the filing and service of a Notice of Lease Determination, and the effective date of the rejection shall be as set forth in the Notice of Lease Determination and as determined pursuant to paragraph 4 above. Any Rejection Objection to such Notice of Lease Determination must be filed and served

by the counterparty to such Contract or Lease within ten (10) days from the date of filing and service of such Notice of Lease Determination, in accordance with Paragraph 3(f) above or otherwise, upon the counterparty (a “Rejection Objection Deadline”). Any Rejection Objection must (a) state, with specificity, the legal and factual basis for the objection, and (b) be filed and served on (i) proposed co-counsel to the Debtors, Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, Attn: Neil E. Herman, Rachel Jaffe Mauceri, and Katherine L. Lindsay; (ii) proposed co-counsel to the Debtors, Ice Miller LLP, One American Square, Suite 2900, Indianapolis, Indiana 46282, Attn: Jeffrey A. Hokanson and Sarah L. Fowler; (iii) counsel to the Agent for the Debtors’ prepetition secured lenders and the lenders providing debtor in possession financing (the “DIP Agent”), c/o Sean M. Monahan, Choate, Hall & Stewart LLP, Two International Place, Boston, MA 02110 (smonahan@choate.com) and Jay Jaffe, Faegre Baker Daniels, LLP, 600 E. 96th Street, Suite 600, Indianapolis, IN 46240 (jay.jaffe@faegrebd.com); (iv) the Office of the United States Trustee; (v) counsel for the Official Committee of Unsecured Creditors, c/o Cathy Hershcopf, Cooley LLP, 1114 Avenue of the Americas, New York, NY 10036 (chershcopf@cooley.com) and Thomas C. Scherer, Bingham Greenebaum Doll LLP, 10 West Market Street, #2700, Indianapolis, IN 46204 (tscherer@bgdlegal.com); and (vii) all parties that have requested notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002 (collectively, the “Objection Recipients”).

7. Also with respect to the Debtors’ rejection of a Contract or Lease, any and all property remaining in the premises upon rejection shall be deemed abandoned, effective as of the date of rejection, and the counterparty shall be permitted to dispose of it without liability to the Debtors or any third party and without waiving any related claims the counterparty may have

24 hours of the filing and service of the Notice of Lease Determination by electronic mail to counsel for the counterparty and overnight mail to the counterparty:

- (a) The exact name of the entity which is the proposed assignee of the Lease or Contract (the “Proposed Assignee”);
- (b) The Proposed Assignee’s and/or any guarantor’s audited financial statements (or un-audited, if audited financials are not available) and any supplemental schedules for the calendar or fiscal years ended 2015 and 2016;
- (c) The number of stores the Proposed Assignee operates and all trade names that the Proposed Assignee uses;
- (d) With respect to any Lease, a statement setting forth the Proposed Assignee’s intended use of the premises;
- (e) The Proposed Assignee’s retail experience and experience operating in-line stores in a shopping center, specifically stores selling appliances, electronics, and furniture;
- (f) The Proposed Assignee’s business plans, including sales and cash flow projections, if any and to the extent available; and
- (g) Evidence that the Proposed Assignee has obtained authorization or approval from its board of directors (or other comparable governing body).

12. Also with respect to the Debtors’ assumption and assignment of a Contract or Lease, the counterparty (as well as any sublessee) shall have fourteen (14) days from the date of the filing and service of the Notice of Lease Determination and service of the Adequate Assurance Package (a “Cure and Assurance Objection Deadline”) to file any objection to the (a) proposed Cure, pursuant to section 365(b)(1)(A) and (B) of the Bankruptcy Code, and (b) the provision of adequate assurance of future performance under such Contract or Lease, pursuant to section 365(b)(1)(C) of the Bankruptcy Code (a “Cure and Assurance Objection”) and to serve the Cure and Assurance Objection on the Objection Recipients. If a Cure and Assurance Objection is timely filed and served, but there is no objection to the adequate assurance of future

performance, the Debtors shall pay the undisputed portion of the Cure, if any, on the effective date of an assignment, with the amount of the remainder of the Cure in dispute being reserved while the Debtors and the counterparty attempt to resolve the dispute consensually. If the parties cannot resolve the Cure amount in dispute, the Cure Objection shall be heard at the next scheduled hearing or noticed for future hearing if necessary. If a Cure and Assurance Objection is timely filed, and there is an objection to the adequate assurance of future performance, then it shall be heard at the next scheduled hearing or noticed for future hearing if necessary.

13. Notwithstanding anything contained in this Order or any other order of this Court, and so long as the Contract or Lease has not been previously rejected or a notice of rejection previously sent, the following bid procedures shall supersede and govern for any bids for any of the Contracts and Leases covered by the Debtors' initial store closing sales and subject to the Store Closing Motion, which sales commenced prior to the chapter 11 filings in these cases:

- (a) Hilco Real Estate ("HRE"), as the debtors' real estate advisor, shall qualify all potential bidders, including their financial condition and other factors bearing on their ability to close (such bidder being a "Qualified Bidder") prior to the bidders participating in the Closed Bid Auction (as defined below). HRE or the Debtors, are authorized to deliver a written notice to potential bidders (by fax, email or overnight mail) giving up to five (5) days' notice (counted from date of receipt) of a proposed "Closed Bid Auction". The Debtors, in their discretion, may reduce the time period but in no event shall any Closed Bid Auction be held on less than three (3) business days' notice. The Closed Bid Notice shall set forth the address and location of the lease up for bid; the date and time that written bids are due; the name, address, fax, email and phone number of the party to whom written bids must be submitted; and any other information that would be helpful in the Debtors' business judgment and any minimum asking price, if any. The Closed Bid Auction shall consist of a single round whereby each bidder shall submit its final, binding highest and best bid in writing by the bid deadline. No further bids or amendments or "topping" bids shall be allowed following the passing of the bid deadline, unless such opportunity is given to all parties who submitted an initial bid, and any further bidding beyond the initial bid shall be in the Debtors' sole discretion, provided however, that prior to holding any additional round(s) of bidding, HRE shall disclose (a) the identity of each bidder who is

participating in the additional round(s) to each of the other participants, (b) the amount of all bids received in the prior round of bidding, and (c) the minimum bid amount, if any, that HRE will require to participate in the additional round(s) of bidding.

- (b) The counterparty to any Contract or Lease shall be deemed a Qualified Bidder for their own Contract or Lease, shall be entitled to receive the Closed Bid Notice, shall be entitled to bid on their own Contract or Lease without the need for submission of any deposit, and shall be entitled to credit bid up to the full amount of their outstanding arrears (provided such amounts shall not include any amounts disputed in good faith by the Debtors).
- (c) Promptly following the receipt of the written bids from each solicited party, the Debtors shall announce the winner of the Closed Bid Auction in writing (which may be via email) and shall then comply with the procedures set forth above in this order for the proposed assumption and assignment of such lease to any third party other than the landlord (including the adequate assurance requirements set forth above) or for the proposed lease termination or rejection of the lease in accordance with the notice, hearing and procedures detailed above. Any objections to the cure amounts or adequate assurance provisions (and any hearings thereon) shall be governed by the specific provisions of this order.

14. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry, notwithstanding the possible applicability of Bankruptcy Rule 6006 or 9014.

15. The relief granted herein shall be binding upon any chapter 11 trustee appointed in these chapter 11 cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of these chapter 11 cases to cases under chapter 7.

16. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

17. Notwithstanding anything to the contrary contained herein, any payment made or to be made under this Order, any authorization contained in this Order, or any claim for which payment is authorized hereunder, shall be subject to the requirements imposed on the Debtors

under any orders of this Court approving any debtor in possession financing for, or any use of cash collateral by, the Debtors, and any documents providing for such debtor in possession financing.

18. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

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