EXHIBIT A

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
BARCALOUNGER CORPORATION, et al.,[1]	)	Case No. 10-11637 (BLS)
Debtors.	)	Jointly Administered
	)	RE: Docket No. 6

FINAL ORDER (I) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE, (II) AUTHORIZING THE USE OF CASH COLLATERAL PURSUANT TO SECTION 363 OF THE BANKRUPTCY CODE, (III) GRANTING LIENS AND SUPERPRIORITY CLAIMS, AND (IV) GRANTING ADEQUATE PROTECTION TO THE PREPETITION SECURED PARTY

WHEREAS, on May 19, 2010 (the "Petition Date") Barcalounger Corporation ("Barcalounger") and American of Martinsville, Inc. ("AOM" and, together with Barcalounger, the "Debtors") filed voluntary petitions for reorganization pursuant to Chapter 11 of Title 11, United States Code (the "Bankruptcy Code"); and

WHEREAS, the Debtors have been continued in the management and operation of their businesses pursuant to Bankruptcy Code §§ 1107 and 1108, and no trustee or examiner has been appointed in these cases; and

WHEREAS, the Debtors have filed a motion with the Court (i) Authorizing the Debtors to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (ii) Authorizing the Use of Cash Collateral Pursuant to Section 363 of the Bankruptcy Code, (iii) Granting Liens and Superpriority Claims, (iv) Granting Adequate Protection to the Prepetition Secured Party, and (v) Scheduling a Final Hearing on the Debtors' Motion to Incur Such

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Barcalounger Corporation (9018); and American of Martinsville, Inc. (6836). The location of the Debtors' corporate headquarters and service address is: 128 East Church Street, Martinsville, Virginia 24112.

Financing on a Permanent Basis (the "Motion"). Specifically, among other things, the Debtors seek authority, pursuant to Bankruptcy Code sections 363 and 364(c), to ratify, reaffirm and adopt, as amended, modified and/or supplemented by this Order, their pre-petition secured financing arrangement with, and obtain debtor-in-possession financing from, Capital Business Credit LLC (the "Lender") pursuant to the terms and conditions of the Pre-Petition Agreements (as such term is defined below), as amended, modified and/or supplemented by, (a) the budget annexed as Exhibit "1" to this Order and all extensions thereof agreed to in furtherance thereof (the "Budget"), and (b) this Order (collectively, the Pre-Petition Agreements, as amended, modified and/or supplemented by the Budget and this Order, shall be referred to hereinafter as the "DIP Financing Documents"); and

WHEREAS, the Debtors have admitted, represented and stipulated to the Court, without prejudice to the rights of third parties set forth below in this Order with respect to a Challenge, the following (collectively, the "Admissions"):

(a) Prior to the Petition Date, the Debtors defaulted under the Pre-Petition Agreements and such defaults have not been cured or waived and are continuing;

(b) Pursuant to (x) that certain secured Receivables Management and Revolving Loan Agreement dated as of June 18, 2008 (the "Loan Agreement"), (y) that certain secured Factoring Agreement between Barcalounger and Lender dated June 10, 2009 (the "Barcalounger Factoring Agreement"), and (z) that certain secured Factoring Agreement between AOM and Lender dated November 11, 2009 (together with the Loan Agreement, the Barcalounger Factoring Agreement and all related loan and credit documents, collectively, the "Pre-Petition Agreements"), (1) as of the Petition Date, the Debtors were indebted to the Lender, without defense, counterclaim, recoupment or

offset of any kind, in the aggregate amount of $1,142,546.72 in respect of loans, advances, agreed fees, and other financial accommodations made to the Debtors, together with fees and expenses, including attorneys' fees and costs, in an unliquidated amount under the Pre-Petition Agreements (collectively, the "Pre-Petition Obligations"), and (2) the Pre-Petition Obligations were secured by valid, enforceable and properly perfected first priority liens and/or security interests in substantially all assets of the Debtors, (the "Pre-Petition Collateral"), the value of which exceeded the amount of the Pre-Petition Obligations;

(c) the Lender is willing to extend post-petition loans, advances and other financial accommodations to the Debtors pursuant to the DIP Financing Documents (the "DIP Loan"), and to consent to the Debtors' use of the Pre-Petition Collateral and Cash Collateral (as such term is defined in Bankruptcy Code § 363(a)), only upon the conditions contained in this Order;

(d) the Debtors are unable to obtain sufficient levels of unsecured credit allowable under Bankruptcy Code § 503(b)(1) as an administrative expense necessary to maintain and conduct their businesses;

(e) the Debtors are unable to obtain secured credit allowable under Bankruptcy Code § 364(c)(1) and (c)(2), except under the terms and conditions provided in this Order; and

(f) the Debtors reasonably and in good faith believe that their use of the Pre-Petition Collateral and Cash Collateral and the proceeds of the DIP Loan to be obtained from Lender pursuant to this Order are sufficient to fund all projected legitimate and

allowable expenses of their Chapter 11 cases from the Petition Date through the Expiration Date (as such term is defined below); and

WHEREAS, the Court held an interim hearing with respect to the Motion on May 21, 2010 (the "Interim Hearing"); and the Court, having considered the Motion and the proceedings before the Court at the Interim Hearing; and all objections, if any, to the interim relief requested in the Motion having been withdrawn, resolved or overruled by the Court as reflected on the record of the Interim Hearing; on May 21, 2010, the Court entered its Interim Order (the "Interim Order") (I) Authorizing Debtors to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (II) Authorizing the Use of Cash Collateral Pursuant to Section 363 of the Bankruptcy Code, (III) Granting Liens and Superpriority Claims, (IV) Granting Adequate Protection to the Prepetition Secured Party, and (V) Scheduling a Final Hearing on the Debtors' Motion to Secure Such Financing on a Permanent Basis; and

WHEREAS, the Court held a final hearing (the "Final Hearing") pursuant to its Interim Order on June 21, 2010; and the Court having considered the Motion and the proceedings before the Court at the Final Hearing; and all objections, if any, to the relief requested in the Motion having been withdrawn, resolved, or overruled by the Court as reflected on the record of the Final Hearing;

THE COURT HEREBY FINDS AND DETERMINES THAT:

(a) it is in the best interest of the Debtors' estates that Debtors be allowed to obtain the DIP Loan, and to use the Pre-Petition Collateral and Cash Collateral under the terms and conditions set forth herein, as such is necessary to permit the orderly administration of the Debtors' estates;

(b) the DIP Loan to be extended under the DIP Financing Documents is being extended by Lender in good faith, and the Lender is entitled to the protection of Bankruptcy Code § 364(e);

(c) notice of relief sought by the Motion and the hearings with respect to this Order, believed by the Debtor to be the best available notice under the circumstances, has been given pursuant to Bankruptcy Rule 4001(c) and Local Bankruptcy Rules 2002-1(b), 4001-2(c) and 9013-1(m) to the creditors holding the thirty largest unsecured claims against the Debtors' estates, counsel for the official committee of unsecured creditors (the "Committee"), the Office of the U.S. Trustee, counsel to the Lender, the Internal Revenue Service, the Office of the United States Attorney for the District of Delaware, counsel for the proposed purchaser of the Debtors' assets, and other secured creditors of record known to the Debtor as of the Petition Date, and no further notice of, or hearing on, the relief sought in the Motion is required;

(d) the Court has core jurisdiction over the Debtors' bankruptcy cases, the Motion, and the parties and property affected by this Order pursuant to 28 U.S.C. §§ 157(b) and 1334, and venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409; and

(e) good and sufficient cause exists for the issuance of this Order, to prevent immediate and irreparable harm to the Debtors' estates;

NOW, THEREFORE, IT IS HEREBY ORDERED:

1. The Motion is hereby granted in all respects, and the Debtors are authorized to borrow the DIP Loan from the Lender and to use the Pre-Petition Collateral, Cash Collateral and all proceeds and products thereof (the DIP Loan, the DIP Fee (as defined herein) and use of Pre-

Petition Collateral and Cash Collateral are, collectively, the "Post-Petition Obligations") pursuant to the terms and conditions of the DIP Financing Documents but only for the payment of expenses set forth in the Budget to the extent set forth in the Budget and this Order. The Debtors are expressly not authorized to use the DIP Loan, Pre-Petition Collateral, Cash Collateral or any proceeds or products thereof, to pay any portion of the "Payments to Retained Professionals" specified in the Budget; provided, however, that in the event the Debtors, Committee and Lender agree or the Court orders an extension of the Expiration Date (as defined below), all of the parties and their respective professionals reserve their rights concerning the payment of professional fees.

2. Lender shall be entitled to be paid the sum of $50,000 in consideration for its agreement to finance the Budget (the "DIP Fee").

3. As adequate protection for any post-petition diminution in value of the Lender's interests in the Pre-Petition Collateral, including without limitation that caused by the Debtor's use of Pre-Petition Collateral and/or Cash Collateral, including without limitation for purposes of the Carve-Out (as such term is defined below), the Lender is hereby granted a post-petition administrative claim pursuant to section 507(b) of the Bankruptcy Code (the "Adequate Protection Claim") jointly and severally against the Debtors' estates.

4. The Adequate Protection Claim and any and all Post-Petition Obligations of the Debtors to the Lender pursuant to the DIP Financing Documents (collectively, the "Post-Petition Claim") jointly and severally shall be allowed administrative expenses of the Debtors' estates which shall have priority in payment over any other indebtedness and/or obligations now in existence or incurred hereafter by the Debtors and over all administrative expenses or charges against property arising in the Debtors' Chapter 11 cases or any superseding Chapter 7 cases,

including without limitation those specified in Bankruptcy Code sections 105, 326, 328, 330, 331, 503(b), 507(a), 507(b), 726, 1113 or 1114, subject only to the Carve-Out. The time of payment of the Post-Petition Claim shall not be altered, extended or impaired by any plan or plans of reorganization that may hereafter be accepted or confirmed or any further orders of the Court which may hereafter be entered.

5. Pursuant to Bankruptcy Code sections 362, 363(c) and 363(e), as security for the Post-Petition Claim, the Debtors are hereby authorized to and are hereby deemed to grant to the Lender a valid, binding and enforceable lien, mortgage and/or security interest (a "Lien", and as so granted to the Lender, the "Post-Petition Lien") in all of the Debtors' presently owned or hereafter acquired property and assets, whether such property and assets were acquired before or after the Petition Date, of any kind or nature, whether real or personal, tangible or intangible, wherever located, and the proceeds and products thereof (collectively, the "Collateral", and to the extent acquired after the Petition Date, the "Post-Petition Collateral"). Notwithstanding the foregoing, (a) the Post-Petition Lien shall be subject to (i) Liens existing as of the Petition Date that are valid, enforceable and not subject to avoidance by a trustee under the Bankruptcy Code and any replacement Liens granted by order of the Court with respect to such Liens (collectively, "Senior Third Party Liens"), and (ii) the Carve-Out, and (b) the Collateral shall not include causes of action brought pursuant to Bankruptcy Code sections 544, 547, 548, 550 and 553 and recoveries upon such causes of action, but shall include other causes of action of the Debtor (including without limitation those arising under Bankruptcy Code section 549 but only to the extent that the avoided transfer was of an asset otherwise constituting the Collateral) that are not within the scope of said statutory provisions. The Post-Petition Lien shall not be subject to any Lien which is avoided and which would otherwise be preserved for the benefit of the Debtors'

estates under Bankruptcy Code section 551. The Lender shall not be subject to the equitable doctrines of "marshaling" or any similar claim or doctrine with respect to any Collateral.

6. The automatic stay provisions of Bankruptcy Code section 362 are hereby modified to permit (a) the Debtors to implement and perform the terms of the DIP Financing Documents, and (b) the Debtors to create, and the Lender to perfect, any and all Liens granted hereunder. The Debtors and the Lender shall not be required to enter into any additional security agreements to create the Liens granted by this Order or to file UCC financing statements or other instruments with any other filing authority to perfect the Liens granted by this Order or take any other action to memorialize and/or perfect such Liens, which shall be and are deemed valid, binding, enforceable and automatically perfected by the docket entry of this Order by the Clerk of the Court. If, however, the Lender shall, in its sole and absolute discretion, elect for any reason to file, record or serve any such security agreements, financing statements or other documents with respect to such Liens, then the Debtors shall execute same upon request and the filing, recording or service thereof (as the case may be) shall be deemed to have been made at the time and on the date of the docket entry of this Order by the Clerk of the Court. The Lender is hereby relieved of any requirement to file proofs of claim in the Debtors' bankruptcy cases with respect to the Post-Petition Claim and/or the Post-Petition Lien, but the Lender may in its sole and absolute discretion file any such proof of claim.

7. Notwithstanding the liens, mortgages, and/or security interests securing the Pre-Petition Obligations or the Lender's Post-Petition Claims and Post-Petition Liens, the Debtors may use the Collateral to pay (the "Carve-Out") the statutory fees of the United States Trustee pursuant to 28 U.S.C. § 1930(a), any unpaid fees due and owing to the Clerk of the Court, and interest due thereon (collectively, the "Statutory Fees"), whether incurred or payable prior or

subsequent to (i) the occurrence and/or continuance of a duly noticed Event of Default (as such term is defined below) or (ii) the occurrence of the Expiration Date (as such term is defined below).

8. The Debtors shall be permitted to pay compensation and make reimbursement of expenses, allowed pursuant to Bankruptcy Code §§ 330 and 331 and incurred prior to the occurrence of an Event of Default or the occurrence of the Expiration Date, to the Debtors' Professionals and the Committee's Professionals, to the extent set forth in the Budget, without such payments and reimbursements reducing the Carve-Out amounts set forth in paragraph 7 of this Order, notwithstanding the payment of same after the occurrence and during the continuance of a duly noticed Event of Default or after the occurrence of the Expiration Date. Any amounts paid from the Collateral or the proceeds thereof, or funded by the Lender, with respect to the Carve-Out shall be Post-Petition Obligations of the Debtors to the Lender and afforded Post-Petition Claim status and shall be secured by the Post-Petition Lien.

9. Effective *nunc pro tunc* as of the date of the Interim Order:

(a) the Debtors waive irrevocably all claims and rights, if any, they might otherwise assert against the Collateral pursuant to Bankruptcy Code sections 506(c) or 552(b).

(b) except pursuant to the terms of the Carve-Out, no entity in the course of the Debtors' bankruptcy cases (whether under Chapter 11 or subsequently under Chapter 7), shall be permitted to recover from the Collateral (whether directly or through a grant of derivative and/or equitable standing in the name of the Debtors and/or the Debtors' estates) any cost or expense of preservation or disposition of the Collateral, including,

without limitation, expenses and charges as provided in Bankruptcy Code sections 506(c) or 552(b) without the prior written consent of the Lender; and

(c) no entity shall be permitted to recover from the Collateral, or assert against the Lender, any claim with respect to any unpaid administrative expense of the Debtors' bankruptcy cases, whether or not the Debtors' payment of such administrative claim was contemplated by or included in the Budget.

10. So long as there are any Pre-Petition Obligations or Post-Petition Claims outstanding to the Lender (collectively, the "Obligations"), unless the Lender shall have given its prior written consent, or the Court enters an order, upon proper notice to the Lender and after a hearing, requiring that all of the Obligations be immediately satisfied in full, there shall not at any time be entered in the Debtors' Chapter 11 cases any further orders which authorize: (a) under Bankruptcy Code § 363, the use of Cash Collateral in which the Lender has an interest, or the sale, use, or lease, other than in the ordinary course of business, of property of the Debtors in which the Lender has an interest; (b) the obtaining of credit or the incurring of indebtedness pursuant to Bankruptcy Code sections 364(c) or 364(d), or any other grant of rights against the Debtors and/or their estates, secured by a Lien in the Collateral or entitled to priority administrative status which is equal or superior to that granted to the Post-Petition Claim; or (c) the return of goods by the Debtors pursuant to Bankruptcy Code section 546(h).

11. In addition to the fees, costs, charges and expenses authorized under the Pre-Petition Agreements, the Debtors shall pay in accordance with the procedures set forth in the following sentences, as allowed Post-Petition Obligations of the Debtors to the Lender that is afforded Post-Petition Claim status secured by the Post-Petition Lien, all of the Lender's reasonable attorneys' and other professionals' fees and reimbursable expenses arising from or

related to (a) this Order, including without limitation the negotiating, closing, documenting and obtaining of Court approval thereof, (b) all proceedings in connection with any Disposition (as such term is defined below), (c) all proceedings in connection with the interpretation, amendment, modification, enforcement, enforceability, validity or implementation of the DIP Financing Documents, (d) defending any Challenge (as such term is defined below) and/or responding to any Bankruptcy Rule 2004 discovery or other investigation brought with respect to any prospective Challenge, (e) all other matters and proceedings arising in or related to the Debtors' bankruptcy case, and (f) all reasonable expenses, costs and charges in any way or respect arising in connection with the foregoing and any other fees and expenses payable under the Pre-Petition Agreements (collectively, the "Lender Expenses"). The Lender may seek payment of any Lender Expenses by written request to respective counsel of the Debtors, the Committee and the U.S. Trustee (the "Noticed Parties"), accompanied by copies of appropriate detailed invoices for such Lender Expenses (subject to redaction against disclosure of privileged and/or confidential information) (the "Fee Request"). The Noticed Parties shall have five (5) days from the date of the Fee Request to file with the Court and serve upon the Lender appropriate pleadings objecting to the payment of any amount set forth in a Fee Request. Any amount set forth in a Fee Request not timely objected to shall be paid by the Debtors, or in the Lender's discretion charged to the Debtors' account under the DIP Financing Documents, within ten (10) days after the date of the Fee Request. Any amount set forth in a Fee Request timely objected to shall be paid by the Debtors, or in the Lender's discretion charged to the Debtors' account under the DIP Financing Documents, as and when such objection is determined by the Court or otherwise agreed to by the parties.

12. Each of the following shall constitute an "Event of Default" for purposes of this Order:

(a) the Court enters an order authorizing the sale of all or substantially all assets of the Debtors that does not provide for the payment in full of the Obligations in cash upon the closing of the sale, unless otherwise agreed to by the Lender in its sole and absolute discretion;

(b) the Court enters an order granting relief from the automatic stay to a third party with respect to material assets of the Debtors' estates;

(c) the Debtors cease doing business as contemplated in the Budget or take any material action for the purpose of effecting the foregoing without the prior written consent of the Lender, except to the extent contemplated by the Budget;

(d) the Debtors' bankruptcy cases are either dismissed or converted to Chapter 7 cases pursuant to an order of the Court, the effect of which has not been stayed;

(e) a Chapter 11 trustee, or an examiner with materially expanded powers beyond those set forth in Bankruptcy Code sections 1106(a)(3) and 1106(a)(4), or any other responsible person or officer of the Court with similar powers, is appointed in the Debtors' Chapter 11 cases by order of the Court, the effect of which has not been stayed;

(f) this Order is reversed, vacated, stayed, amended, supplemented or otherwise modified in a manner which shall materially and adversely affect the rights of the Lender hereunder or shall materially and adversely affect the priority of any or all of the Obligations and/or the Lender's Liens;

(g) the occurrence subsequent to the Petition Date of an Event of Default under the DIP Financing Documents, other than any Event of Default occurring and/or

existing solely because of the commencement of the Debtors' bankruptcy cases on the Petition Date, and/or the continuance of the automatic stay to the extent not vacated by this Order;

(h) (1) the Debtors expend any funds or monies for any purpose other than those set forth on the Budget, or (2) the Debtors expend any funds or monies in excess of the amounts authorized in the Budget;

(i) the occurrence of a material adverse change, including without limitation any such occurrence resulting from the entry of any order of the Court, in (1) the condition (financial or otherwise), assets, business or business prospects of the Debtors, (2) the Debtors' ability to repay the Obligations, and/or (3) the value of the Collateral;

(j) any material and/or intentional misrepresentation by the Debtors in any financial reporting or certifications to be provided by the Debtors to the Lender;

(k) non-compliance or default by the Debtors with any of the terms and provisions of this Order; provided, however, that said non-compliance or default shall not be deemed an Event of Default if curable and cured by the Debtor within three business days after notice of such non-compliance or default is given to the Debtor by the Lender; and

(l) (1) the failure of the Debtors to conduct an auction of all or substantially all of their assets on or before August 16, 2010; and (2) if a hearing to approve the sale of such assets does not occur on or before August 18, 2010.

13. Upon the occurrence of an Event of Default and written notice thereof by the Lender to the Noticed Parties (which notice may be given by facsimile or e-mail transmission,

the automatic stay being deemed lifted for such purpose) (the "Default Notice"), or on the Expiration Date (as defined below):

(a) the Lender shall have the right, free of the restrictions of Bankruptcy Code section 362 or under any other section of the Bankruptcy Code or applicable law or rule, to take immediate reasonable action to protect the Collateral from harm, theft and/or dissipation;

(b) the Lender shall have no obligation to make any further loans, advances and/or other financial accommodations to the Debtors;

(c) with respect to an Event of Default as to which a Default Notice has been given, the Noticed Parties shall have seven days from the receipt of the Default Notice (the "Remedy Notice Period") to obtain an order of the Court on notice to the Lender enjoining or restraining the Lender from exercising rights and remedies based upon the Event of Default specified in the Default Notice ("Restraint on Remedies"), provided that a Restraint on Remedies may be sought solely on grounds of the non-occurrence or timely cure of the Event of Default specified in the Default Notice, and provided further that during the Remedy Notice Period Lender shall take steps to protect and secure the Collateral but shall not otherwise exercise its rights and remedies; and

(d) (i) with respect to an Event of Default as to which a Default Notice has been given, immediately upon expiration of the Remedy Notice Period, unless a Restraint on Remedies has timely been obtained from the Court, or (ii) immediately upon the occurrence of the Expiration Date, but in either case subject in all respects to the Carve-Out, the payment of any and all Obligations of the Debtors to the Lender shall be due and payable, the Debtors' use of the Collateral (including without limitation Cash Collateral)

pursuant to this Order and the Budget shall cease, the Lender shall have the right, free of the restrictions of Bankruptcy Code section 362 or under any other section of the Bankruptcy Code, to exercise contractual, legal and equitable rights and remedies as to all or such part of the Collateral as the Lender shall elect, and the Lender shall have the right, free of the restrictions of Bankruptcy Code section 362 or any other section of the Bankruptcy Code, to impose an "administrative freeze" with respect to, and thereafter set off, the Debtors' cash on deposit at or within their control.

14. The Debtors, at their expense, shall (a) continue to keep the Collateral fully insured as set forth in the Pre-Petition Agreements, and (b) pay any and all undisputed pre-petition and post-petition taxes, assessments and governmental charges with respect to the Collateral, in both cases as provided under the DIP Financing Documents. The Debtors shall provide the Lender with proof of the foregoing within three business days of written demand and will give the Lender reasonable access to its records in this regard.

15. The Debtors shall provide the Lender and the Committee with such written reports as are required under the Pre-Petition Agreements, except that the Debtors shall provide the Lender and the Committee a weekly report no later than Wednesday of each week following the entry of this Order showing the Debtors' actual cash receipts and disbursements for the prior week and the variances between such actual amounts and the amounts set forth in the Budget for such Budget period. All written reports provided by the Debtor to the Lender and the Committee shall be certified by an officer of the Debtor acceptable to the Lender to be accurate to the best of such officer's knowledge, information and belief.

16. The Lender shall have the right, upon one business days' notice to the Debtors by telephone or facsimile transmission, at any time during the Debtors' normal business hours, to

inspect, audit, examine, check, make copies of or extracts from the books, accounts, checks, orders, invoices, bills of lading, correspondence and other records of the Debtors, and to inspect, audit and monitor all or any part of the Collateral, and the Debtors shall make all of same available to the Lender and its representatives, for such purposes. The Lender and its representatives may, without the Lender being deemed to be in control of, or a fiduciary for, the Debtors, and without obtaining prior consent from the Debtors, (1) discuss the Debtors' books and records, the Collateral, the Budget and/or the Debtors' business operations with the Debtors' directors, officers, retained professionals (including without limitation attorneys, accountants, investment bankers and financial, restructuring and/or workout advisors and consultants) or employees, and (2) make observations and recommendations regarding the Debtors' books and records, the Collateral, the Budget and/or the Debtors' business operations, to the Debtors' directors, officers, retained professionals (including without limitation attorneys, accountants, investment bankers and financial, restructuring and/or workout advisors and consultants) or employees.

17. For purposes of this Order, (a) "Proceeds" shall mean any and all payments, proceeds or other consideration realized upon the sale, liquidation, realization, collection or other manner of disposition of the Collateral, whether in the ordinary course of the Debtors' businesses (including without limitation accounts and other proceeds arising from the Debtor's sales of inventory and/or performance of services) or other than in the ordinary course of the Debtors' businesses, and (b) "Disposition" shall mean any sale, liquidation, realization, collection or other manner of disposition of Collateral other than in the ordinary course of the Debtors' businesses, including without limitation any sale authorized pursuant to Bankruptcy Code § 363 and/or any plan of reorganization.

18. From and after the Petition Date, the Debtors shall maintain in full force and effect the pre-petition clearing, dominion, lockbox and similar accounts maintained by or on behalf of the Debtors pursuant to the Pre-Petition Agreements for the collection of Proceeds obtained in the ordinary course of the Debtors' businesses (the "Collection Accounts"), and the payment procedures under which such accounts are administered (the "Collection Procedures"), unless otherwise directed by the Lender. Without limitation of the foregoing, from and after the date of this Order, the Debtors shall continue to remit to the Lender such cash, cash equivalents and checks as are Proceeds obtained in the ordinary course of the Debtors' businesses to the Lender, and/or shall cause customers and account debtors of the Debtors to remit to the Lender such cash, cash equivalents and checks as are such Proceeds to the Collection Accounts in accordance with the Collection Procedures. To the extent that as of the date of this Order, the Debtors maintain custody and/or control of any cash, cash equivalents or checks that is Cash Collateral, whether in its possession, in bank accounts, in lockbox accounts or otherwise, other than in the Collection Accounts and in contravention of the Collection Procedures, then upon entry of this Order the Debtors shall deliver such cash, cash equivalents or checks, and the proceeds thereof, to the Lender.

19. The Debtors and any successors to the Debtors, including without limitation any successor trustee or trustees, shall assign or direct to the Lender any and all Proceeds realized in any Disposition, and immediately deliver any and all such Proceeds which come into their possession to the Lender in the form received. No further order of the Court shall adversely affect the rights of the Lender to receive the Proceeds of any Disposition in accordance with the provisions of this paragraph or as otherwise agreed to by the Lender. In furtherance of the foregoing, neither the Debtors nor the Committee shall seek to cause the escrow of, enjoin the

Lender's receipt of, or otherwise withhold from the Lender any Proceeds of any Disposition. The foregoing is without prejudice to the rights of, (a) the Lender and/or the Committee to object to any proposed Disposition, and/or (b) any third party with respect to the allocated Proceeds of any Disposition of Collateral encumbered by a Senior Third Party Lien. The Lender is hereby authorized pursuant to Bankruptcy Code section 363(k) to credit-bid all or any portion of the Obligations at any Disposition subject to the right of the Committee to challenge any such credit bid at any Disposition or hearing thereon.

20. The Lender is authorized, notwithstanding the provisions of Bankruptcy Code section 362, to retain and apply all Proceeds obtained or received pursuant to the preceding two paragraphs of this Order first to the repayment of the Pre-Petition Obligations, including without limitation interest accrued with respect thereto, until such are paid in full, and thereafter to the repayment of the Post-Petition Claim. Such applications of Proceeds shall be free and clear of any claim, charge, assessment or other liability including, without limitation, any such claim or charge arising out of or based on, directly or indirectly, Bankruptcy Code sections 506(c) or 552(b).

21. Without prejudice to the rights of third parties to the extent set forth in the following paragraph of this Order, (a) the Admissions shall be binding upon the Debtors in all circumstances, (b) the validity, extent, priority, perfection, enforceability and non-avoidability of the Lender's pre-petition claims against the Debtors and/or pre-petition Liens shall not be subject to challenge by the Debtors, (c) the Debtors shall not seek to avoid or challenge (whether pursuant to Chapter 5 of the Bankruptcy Code or otherwise) any transfer made by or on behalf of the Debtors to or for the benefit of the Lender prior to the Petition Date, and (d) the Debtors hereby release and waive all defenses, affirmative defenses, counterclaims, claims, causes of

action, recoupments, setoffs or other rights that it may have to contest (1) any Defaults or Events of Default (as defined in the DIP Financing Documents) which were or could have been declared by the Lender as of the Petition Date, (2) any provisions of the Pre-Petition Agreements, (3) the amount of the Pre-Petition Obligations and/or the value of the Pre-Petition Collateral on the Petition Date, or (4) the conduct of the Lender and its directors, officers, employees, agents, attorneys and other professionals (collectively, the "Lender Parties") in administering the pre-petition business relationship among the Debtors and the Lender, including without limitation "equitable subordination", "lender liability" and/or "deepening insolvency" claims and causes of action.

22. Notwithstanding the Debtors' release and waiver set forth in the preceding paragraph of this Order, the Committee shall have until 5:00 p.m. on August 4, 2010 (or such longer period as the Committee may obtain for cause shown before the expiration of such period) to commence an adversary proceeding against the Lender (a "Challenge") for the purpose of (1) challenging the validity, extent, priority, perfection, enforceability and non-avoidability of the Lender's pre-petition claims and/or Liens against the Debtor, (2) seeking to avoid or challenge (whether pursuant to Chapter 5 of the Bankruptcy Code or otherwise) any transfer made by or on behalf of the Debtor to or for the benefit of the Lender prior to the Petition Date, and/or (3) seeking damages or equitable relief against the Lender arising from or related to the pre-petition business relationship among the Debtor and the Lender, including without limitation "equitable subordination", "lender liability" and/or "deepening insolvency" claims and causes of action. The Committee is granted standing to commence such a proceeding. Any other party in interest shall have until 5:00 p.m. on August 12, 2010 (or a longer period for cause shown before the expiration of such period) to move this Court for an order granting it standing to commence a

Challenge. All parties in interest, including without limitation the Committee, that fail to act in accordance with the time periods set forth in the preceding sentences of this paragraph shall be, and hereby are, barred forever from commencing a Challenge. The foregoing is without prejudice to any and all of the Lender's legal and equitable claims, counterclaims, defenses and/or rights of offset and setoff in response to any such Challenge, all of which are reserved, and the foregoing shall in no event revive, renew or reinstate any applicable statute of limitations which may have expired prior to the date of initiation of such Challenge. Despite the commencement of a Challenge, the Lender's Pre-Petition Obligations and Liens shall be deemed valid, binding, properly perfected, enforceable, non-avoidable, not subject to disallowance under Bankruptcy Code section 502(d) and not subject to subordination under Bankruptcy Code section 510 until such time as a final and non-appealable judgment order and judgment entered sustaining such Challenge in favor of the plaintiffs therein. Nothing contained herein shall limit the Court's ability to fashion an appropriate remedy should the Court determine, by entry of a final and non-appealable order and judgment, a Challenge in favor of the plaintiffs therein.

23. Nothing in this Order shall preclude the Court from entering a final order containing provisions inconsistent with or contrary to the provisions of this Order; *provided, however*, that the Lender shall be entitled to the benefits and protections of this Order, including the protections afforded pursuant to Bankruptcy Code section 364(e), with respect to all loans, advances and/or financial accommodations made by the Lender to or for the benefit of the Debtors pursuant to this Order. Pursuant to the provisions of Bankruptcy Code section 364(e), the Post-Petition Lien shall be binding on the Debtors or any successor trustee or trustees even if this Order is reversed or modified on appeal.

24. This Order shall be binding upon and inure to the benefit of the Lender, the Debtors and their respective successors and assigns, including, without limitation, any trustee, responsible officer, examiner, estate administrator or representative, or similar person appointed in a case for the Debtors under any chapter of the Bankruptcy Code. Except as set forth herein with respect to a Challenge and/or the Carve-Out, no rights are created under this Order for the benefit of any creditor of the Debtors, any other party in interest in the Debtors' bankruptcy cases, or any other persons or entities, or any direct, indirect or incidental beneficiaries thereof.

25. The terms and conditions of this Order shall be immediately enforceable pursuant to Bankruptcy Rule 6004.

26. The provisions of this Order and any actions taken pursuant to this Order shall survive entry of any orders which may be entered confirming any plan of reorganization or which may be entered converting this bankruptcy case from Chapter 11 to Chapter 7 of the Bankruptcy Code. The terms and provisions of this Order, as well as the claims and Liens granted by this Order, shall continue in these or any superseding case under the Bankruptcy Code and shall continue notwithstanding any dismissal of the Debtors' bankruptcy cases, and such claims and Liens shall maintain their priority as provided by this Order until the Obligations are satisfied in full. No Proceeds, Cash Collateral or Carve-Out may be used by any party in interest seeking to modify any of the rights granted to the Lender under this Order or any of the DIP Financing Documents without the Lender's prior written consent.

27. To the extent that any of the provisions of this Order shall conflict with any of the provisions of any of the DIP Financing Documents, this Order is deemed to control and shall supersede the conflicting provision(s). To the extent that any of the provisions of this Order shall conflict with any order of the Court authorizing the Debtors to continue the use of pre-

petition bank accounts, cash management systems and/or business forms, or any similar orders, then this Order is deemed to control and supersede the conflicting provision(s) in said orders.

28. The Lender and the Debtors may amend, modify or supplement any of the provisions of the Pre-Petition Agreements (collectively, a "Modification") without further order of the Court, provided that (a) such Modification is not material, and (b) notice of such Modification is filed with the Court and given to counsel for the Committee and the U.S. Trustee reasonably prior to the proposed effective date thereof, except that a filing with the Court shall not be required with respect to any Modification that in addition to being non-material is also technical and/or ministerial. The foregoing provisions shall not apply to any forbearance or waiver by the Lender with respect to any Events of Default which may have occurred (and the foregoing provisions shall not limit or impair the Lender's absolute discretion to agree to such forbearance or waiver), provided that such forbearance or waiver is not itself conditioned upon the Debtors' agreeing to any Modification that is material.

29. The Debtors' authorization to obtain loans, advances and/or other financial accommodations from the Lender, and the Debtors' authorized use of Collateral (including without limitation Cash Collateral) pursuant to this Order, shall be in effect for the period commencing with the Petition Date through and including the "Expiration Date", which shall be August 24, 2010.

Dated: June ____, 2010

The Honorable Brendan L. Shannon
United States Bankruptcy Judge

EXHIBIT 1

BUDGET

American of Martinsville and Barcalounger
Cash Flow Budget
For the Periods as Indicated

Week No. >>	1	2	3	3	4	4	5	6	7	8	9	10	11	12	13	14	Totals	All	Total
Week Beginning >>	5/19 Pet.	05/24/10	05/31/10	05/31/10	06/07/10	06/07/10	06/14/10	06/21/10	06/28/10	07/05/10	07/12/10	07/19/10	07/26/10	08/02/10	08/09/10	08/16/10	through	Subsequent	for all
Week Ending >>	05/21/10	05/28/10	06/04/10	06/04/10	06/11/10	06/11/10	06/18/10	06/25/10	07/02/10	07/09/10	07/16/10	07/23/10	07/30/10	08/06/10	08/13/10	08/24/10	Expiration Date	Weeks (5)	Weeks
	Actual	Actual	Budget	Actual	Budget	Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
Cash Receipts																			
DIP Advances																			
CBC Advances	12	-	75	75	7	8	99	35	105	133	36	30	40	97	115	252	1,026	-	1,026
Total DIP Advances	12	-	75	75	7	8	99	35	105	133	36	30	40	97	115	252	1,026	-	1,026
Asset Conversion Proceeds																			
Accounts Receivable (1)	-	-	-	167	-	145	-	-	-	-	-	-	-	-	-	-	312	889	1,200
Costco Catalina Order (2)	-	-			-		-	-	90	180	8	123	74	57	66	41	639	78	717
All Other Assets (Non-A/R)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,500	1,500	-	1,500
Total Asset Conversion Proceeds	-	-	-	167	-	145	-	-	90	180	8	123	74	57	66	1,541	2,450	967	3,417
Total Cash Receipts	12	-	75	242	7	152	99	35	195	313	45	153	114	154	181	1,793	3,571	967	4,537
Cash Disbursements																			
Payroll & Employee Benefits, Post-Petition (3)	-	-	53	52	-		53	-	53	-	20	-	20	-	20	-	219	40	259
Utilities (Office Only)	-	-	-	-	-	4	-	7	-	-	-	7	-	-	7	-	25	7	32
Communications	-	-	-	-	-		-	-	16	-	-	8	-	-	8	-	32	8	40
Rents & Leases (Office & Plant) - Includes amounts deposited into escrow for power reimbursement at Plant and estimate for post petition taxes and insurance due to Landlords (9)	-	-	22	23	-		39	-	-	45	-	-	-	33	-	-	141	33	174
Security	-	-	-	1	2	2	2	3	2	2	3	2	2	3	2	2	26	8	34
Insurance - Commercial Liab & Workers Comp. Assumes curing May prepetition balance	-	-	-		-		-	-	24	-	-	-	-	48	-	-	72	-	72
Costco Catalina Order																	-		
Fortune QC Fees	-	-	-		-	2	-	-	-	19	3	3	3	3	12	-	45	-	45
Sales Commission	-	-	-		-		-	-	-	56	-	-	-	-	56	-	112	-	112
Notice of Sale (USA Today)	-	-	-		-		-	15	-	-	-	-	-	-	-	-	15	-	15
US Trustee - Quarterly Fees (Due 7/31)	-	-	-		-		-	-	-	-	-	-	5	-	-	-	5	9	14
Payments to Retained Professionals (8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	240	240	360	600
Contingency	-	-	-	-	5	-	5	10	10	10	10	10	10	10	10	10	95	75	170
Total Cash Disbursements	-	-	75	75	7	8	99	35	105	133	36	30	40	97	115	252	1,108	540	1,648
Net Cash Flow	12	-	-	167	-	145	-	-	90	180	8	123	74	57	66	1,541	2,462	427	2,889
DIP Loan																			
Beginning Balance including Prepetition	1,193	1,230	1,255	1,255	1,336	1,163	1,027	1,139	1,174	1,201	1,179	1,207	1,114	1,094	1,133	1,183	1,193	-	1,193
Plus: DIP Financing Fee	25	25	-		-	-	-	-	-	25	-	-	-	-	-	-	50	-	50
Plus: Total DIP Advances	12	-	75	75	7	8	99	35	105	133	36	30	40	97	115	252	1,026	-	1,026
Plus: Interest (4)	-	-	6	-	-	-	13	-	13	-	-	-	13	-	-	12	50	-	50
Less: Asset Conversion Proceeds	-	-	-	(167)	-	(145)	-	-	(90)	(180)	(8)	(123)	(74)	(57)	(66)	(1,541)	(2,450)	(427)	(2,877)
Ending Balance	1,230	1,255	1,336	1,163	1,343	1,027	1,139	1,174	1,201	1,179	1,207	1,114	1,094	1,133	1,183	(94)	(131)	(427)	(557)
Average Loan Balance (Reference)		*1,243*						*1,196.7*				*1,175.5*			*1,131.1*		*(37.0)*		
Excess Proceeds Available for Distribution																			557

(1) The timing of collection of A/R is difficult to predict. Collections are all assumed to be at the end of the budget period for the purposes of this analysis. Actual collections are reflected through 6/11. Gross A/R balance is approximately $1.6MM but allowance of $400k is estimated for customer allowances and bad debts.

(2) Total cash receipts from the entire Costco order will be $717,000

(3) Assumes current staffing levels in place through end of June. Then reduction in force to 5 full time and 1 part time EE through sale date.

(4) Interest = (Average loan balance) * (8% + 5% per annum) * (Days in the period) / (365 days per year).

(5) "All Subsequent Weeks" Assumes costs will continue to be incurred to arrange physical distribution of acquired assets and turnover facilities.

(6) Incremental cost to operate Estate for 6 additional weeks beyond original DIP budget period are estimated at $193k including incremental interest expense.

(7) Proceeds from sale presumed to be received in week 14. Actual receipt may take 10 days or more post sale date.

(8) The Debtors have no authorization under the financing approved by the Final Order to borrow any funds from Lender to pay professional fees and expenses incurred by the Debtors and the Committee. In the event the Debtors have adequate liquidity to pay professional fees incurred by the Debtors and the Committee, the amounts set forth in this Budget shall not be deemed to or constitute a cap or limitation on the amount of professional fees that can be sought or awarded by the Court.

(9) The amounts budgeted to the Landlords are subject to adjustment in the event that the Debtors seek the rejection of certain leases.