

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF LOUISIANA**

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In re : Chapter 11 Case No.  
 : 06-10179 (B)  
OCA, INC., et al., :  
 : (Jointly Administered)  
 :  
Debtors. :  
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**ORDER GRANTING DEBTORS MOTION FOR ORDER  
AUTHORIZING AMENDMENT TO FINANCING  
AGREEMENT AND LIMITED WAIVER**

OCA, Inc. ("OCA"), and certain of its direct and indirect subsidiaries (collectively, the "Debtors")<sup>1</sup>, having filed the Debtors Motion for Order Authorizing Amendment to Financing Agreement and Limited Waiver on August 4, 2006 (the "Amendment Motion") (**Docket No. 1347**), which Amendment Motion seeks the

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<sup>1</sup> Orthodontic Centers of Alabama, Inc. (06-10108); Orthodontic Centers of Arizona, Inc. (06-10181); Orthodontic Centers of Arkansas, Inc. (06-10182); Orthodontic Centers of California, Inc. (06-10183); Orthodontic Centers of Colorado, Inc. (06-10184); Orthodontic Centers of Connecticut, Inc. (06-10185); Orthodontic Centers of Florida, Inc. (06-10186); Orthodontic Centers of Georgia, Inc. (06-10187); Orthodontic Centers of Illinois, Inc. (06-10188); Orthodontic Centers of Indiana, Inc. (06-10189); Orthodontic Centers of Kansas, Inc. (06-10190); Orthodontic Centers of Kentucky, Inc. (06-10191); Orthodontic Centers of Louisiana, Inc. (06-10192); Orthodontic Centers of Maine, Inc. (06-10193); Orthodontic Centers of Maryland, Inc. (06-10194); Orthodontic Centers of Massachusetts, Inc. (06-10195); Orthodontic Centers of Michigan, Inc. (06-10196); Orthodontic Centers of Minnesota, Inc. (06-10197); Orthodontic Centers of Mississippi, Inc. (06-10198); Orthodontic Centers of Missouri, Inc. (06-10199); Orthodontic Centers of Nebraska, Inc. (06-10200); Orthodontic Centers of Nevada, Inc. (06-10201); Orthodontic Centers of New Hampshire, Inc. (06-10202); Orthodontic Centers of New Jersey, Inc. (06-10203); Orthodontic Centers of New Mexico, Inc. (06-10204); Orthodontic Centers of New York (06-10205); Orthodontic Centers of North Carolina, Inc. (06-10206); Orthodontic Centers of North Dakota, Inc. (06-10207); Orthodontic Centers of Ohio, Inc. (06-10208); Orthodontic Centers of Oklahoma, Inc. (06-10209); Orthodontic Centers of Oregon, Inc. (06-10210); Orthodontic Centers of Pennsylvania, Inc. (06-10211); Orthodontic Centers of Puerto Rico, Inc. (06-10212); Orthodontic Centers of Rhode Island, Inc. (06-10213); Orthodontic Centers of South Carolina, Inc. (06-10214); Orthodontic Centers of Tennessee, Inc. (06-10215); Orthodontic Centers of Texas, Inc. (06-10216); Orthodontic Centers of Utah, Inc. (06-10217); Orthodontic Centers of Virginia, Inc. (06-10218); Orthodontic Centers of Washington, Inc. (06-10219); Orthodontic Centers of Washington, D.C., Inc. (06-10220); Orthodontic Centers of West Virginia, Inc. (06-10221); Orthodontic Centers of Wisconsin, Inc. (06-10222); Orthodontic Centers of Wyoming, Inc. (06-10223); OrthAlliance, Inc. (06-10229); OrthAlliance New Image, Inc. (06-10230); OCA Outsource, Inc. (06-10231); PedoAlliance, Inc. (06-10232); Orthodontic Centers of Hawaii, Inc. (06-10503); Orthodontic Centers of Idaho, Inc. (06-10505); and Orthodontic Center of Idaho, Inc. (06-10504).

entry of an order authorizing and approving (i) the execution and entry into, pursuant to sections 105(a), 362, 363 and 364(c) and (d) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code") and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), Amendment No. 1 and Limited Waiver (the "First Amendment"), amending that certain financing agreement dated as of May 19, 2006 (the "Financing Agreement"), and the Debtors having given notice of the Amendment Motion to (i) the United States Trustee for the Eastern District of Louisiana (the "U.S. Trustee"), (ii) counsel to the DIP Lenders, (iii) counsel to the DIP Agent, (iv) counsel to the Official Committee of Unsecured Creditors, (v) counsel to the Official Committee of Equity Security Holders, and (vi) any other party requesting notice in these chapter 11 cases; and the Court having considered the files and records herein and having heard statements of the parties and/or their counsel, and good cause appearing therefore:

**NOW, THEREFORE, THE COURT HEREBY FINDS<sup>2</sup> THAT:**

A. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.

B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of the Debtors' chapter 11 cases and for the Amendment Motion is proper under 28 U.S.C. §§ 1408 and 1409.

C. On May 12, 2006, this Court entered the Final Order Pursuant To 11 U.S.C. §§ 105, 361, 362, 363, and 364 of the Bankruptcy Code (I) Authorizing The

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<sup>2</sup> Findings of fact shall be construed as conclusions of law, and conclusions of law shall be construed as findings of fact, pursuant to Bankruptcy Rule 7052.

Debtors To Obtain Postpetition Financing And Use Cash Collateral, (II) Granting Liens, Security Interests and Superpriority Claims and (III) Granting Adequate Protection (the "Final DIP Order") (Docket No. 487) pursuant to which certain of the Debtors were authorized, on a final basis, to enter into and execute the Financing Agreement and the other DIP Loan Documents<sup>3</sup> and perform their obligations in accordance with the Financing Agreement and the DIP Loan Documents.

D. On June 16, 2006, this Court entered the Order Directing Joint Administration Of Chapter 11 Cases and Providing For Other Relief making the Final DIP Order applicable in all respects to the remaining Debtors (Docket No. 709).

E. On August 4, 2006, the Debtors, the DIP Lenders and the DIP Agents agreed to modify the Financing Agreement in accordance with the terms set forth in the First Amendment (the Financing Agreement, as amended by the First Amendment, the "Amended Financing Agreement") .

F. Notice of the Amendment Motion and the relief sought therein, having been given as described above, is sufficient and proper under the circumstances and under applicable law and no further notice is required.

G. As the First Amendment amends the Financing Agreement which was previously approved on a final basis pursuant to Bankruptcy Rule 4001, no further hearing on approval of the Amendment Motion and First Amendment is necessary.

H. The Debtors require the additional financing provided for in the First Amendment to fund, among other things, the Debtors' cash requirements for working

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<sup>3</sup> This and all other capitalized but not otherwise defined terms shall have the respective meanings ascribed to them in the Final DIP Order.

capital and general corporate needs and for other purposes permitted by the Amended Financing Agreement. If the Borrowers do not obtain authorization to borrow the additional funds as contemplated by the First Amendment, the Debtors will suffer immediate and irreparable harm. A loan facility in the additional amount provided by the First Amendment is not available to the Debtors except as set forth herein and as set forth in the First Amendment. After due consideration, the Debtors have concluded in the exercise of their prudent business judgment that the additional financing provided by the First Amendment represents the best additional source of working capital financing available to them at this time.

I. The additional liquidity to be provided under the First Amendment, the liquidity originally provided by the Financing Agreement and through the continued use of Cash Collateral will enable the Debtors to continue to operate their businesses in the ordinary course and preserve the value of the Debtors' businesses. Without entry of this order and the approval of the First Amendment, the Debtors will be in default of one or more of their obligations set forth in the Financing Agreement and, among other things, they will thus be unable to use Cash Collateral on the terms and conditions presently provided for in the Final DIP Order and the Financing Agreement and will not have any access to the liquidity presently provided in accordance with the terms of the Financing Agreement. Accordingly, the Debtors' estates will be immediately and irreparably harmed if this order is not entered. Good cause has, therefore, been shown for the relief sought in the Amendment Motion.

J. The First Amendment has been negotiated in good faith, as that term is used in section 364(e) of the Bankruptcy Code, and at arm's-length by and

among the Debtors, the DIP Agents and the DIP Lenders. Any extension of additional credit and/or other financial accommodations made to the Debtors by the DIP Agents and the DIP Lenders pursuant to this order or the First Amendment shall be deemed to have been extended by the DIP Agents and the DIP Lenders in good faith, as that term is used in section 364(e) of the Bankruptcy Code, and the DIP Agents and the DIP Lenders shall be entitled to all protections afforded thereunder. The terms of the First Amendment are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration.

K. Based on the record made before the Court and as set forth in the Amendment Motion, good, adequate and sufficient cause has been shown to justify (a) the granting of the relief requested pursuant to the Amendment Motion, and (b) granting of such relief on an emergency basis.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

1. The Amendment Motion is granted in its entirety on a final basis and the First Amendment is approved in its entirety on a final basis. This order shall be valid, binding on all parties-in-interest, and fully effective immediately upon entry notwithstanding the possible application of Bankruptcy Rules 6004(h) and 9014, and the Clerk of the Court is hereby directed to enter this order on the Court's docket in these cases. The Debtors are authorized to perform all of their obligations under the Amended Financing Agreement.

2. The Extension Protection Payment (as that term is defined in the First Amendment) shall be paid by the Debtors immediately, once it has become

payable in accordance with the terms of the First Amendment without the necessity of any further order of, or application to, the Court.

3. Except as expressly amended by the First Amendment, each of the terms and conditions of the Final DIP Order and any other applicable order entered in the Debtors' cases shall apply to the Amended Financing Agreement in all respects as if the terms and conditions set forth in the First Amendment had been incorporated into the Financing Agreement and the DIP Loan Documents in the first instance, prior to the entry of the Final DIP Order. Any additional credit extended pursuant to the Amended Financing Agreement shall be entitled to the same liens, priorities and other protections as credit extended under the original Financing Agreement.

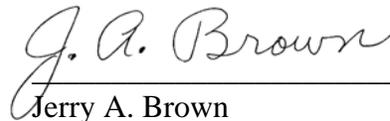
4. The First Amendment, having been entered into in good faith, shall be entitled to the full protection of Bankruptcy Code section 364(e) and the claims, liens and priorities created or authorized in the Final DIP Order, the Amended Financing Agreement and/or the other DIP Loan Documents with respect to the additional financing provided by the First Amendment are so created and authorized pursuant to Bankruptcy Code sections 364(c) and (d) and are entitled to the benefits and protections of Bankruptcy Code section 364(e).

5. Nothing in this order, the Amendment Motion or the First Amendment shall be construed in any manner to disturb, reconsider or amend the Final DIP Order or any other applicable order entered in this case, except to the extent that the terms and conditions of any such order are expressly amended by the First Amendment. For avoidance of doubt, the Final DIP Order and all other applicable orders entered in this case remain in full force and effect.

6. This Court retains and reserves jurisdiction to enforce all provisions of this order.

7. The terms of this order shall be binding on any trustee appointed under chapter 7 or chapter 11 of the Bankruptcy Code.

New Orleans, Louisiana, August 9, 2006.

A handwritten signature in cursive script that reads "J. A. Brown". The signature is written in black ink and is positioned above a horizontal line.

Jerry A. Brown  
U.S. Bankruptcy Judge