

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

In re:

ORECK CORPORATION, et al.

Debtors.

)
) Chapter 11
)

) Case No. 13-04006
)

) (Jointly Administered)
)

) Judge Lundin
)

LIMITED OBJECTION OF SECOND LIEN LENDERS TO DEBTORS' SALE OF ASSETS

Gleacher Products Corp., in its capacity as agent (the "Agent") under that certain *Second Lien Credit Agreement*, dated as of March 19, 2010, and each of the lenders thereunder (collectively, with the Agent, the "Second Lien Lenders"),¹ by and through their undersigned attorneys, hereby file this limited objection to entry of an order (the "Sale Order") approving the final relief, including approval of the proposed sale of the Debtors' assets, requested in the *Motion by the Debtors Pursuant to 11 U.S.C. §§ 363 (B), (F), (K), and (M), and 365 and Fed. R. Bankr. P. 2002, 6004, and 6006, to (I) Approve (A) the Sale Transaction Pursuant to the Asset Purchase Agreement with Oreck Acquisition Holdings LLC, Free and Clear of Claims, Liens, Encumbrances, and other Interests; (B) the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (II) (A) Establish Sale and Bidding Procedures; and (B) Schedule a Sale Approval Hearing* (the "Sale Motion") [ECF No. 93] and, in support thereof, respectfully represent as follows:

¹ The Second Lien Lenders are Flagship CLO V, Eaton Vance VT Floating-Rate Income Fund, Senior Debt Portfolio, Eaton Vance CDO VIII Ltd., Grayson & Co., Eaton Vance Institutional Senior Loan Fund, Eaton Vance Limited Duration Income Fund, Eaton Vance Short Duration Diversified Income Fund, Eaton Vance Senior Income Trust, Eaton Vance CDO IX Ltd., Nationwide Mutual Insurance Company, Nationwide Life Insurance Company, and Tralee CDO I Ltd.

1. If the winning bid at the auction of the Debtors' assets is approved by this Court, and the proposed sale closes as anticipated, there will be sufficient funds available to repay the Second Lien Lenders in full.

2. As noted in a prior objection of the Second Lien Lenders to certain preliminary relief requested in the Sale Motion [ECF No. 247], see ¶¶ 3, 19, and 20, the Second Lien Lenders will consent to a sale of the Debtors' assets, which are encumbered by their liens, only to the extent that the Second Lien Lenders are paid in full all of their outstanding obligations at the closing of such sale. Accordingly, a provision providing for repayment upon closing must be included in the Sale Order, and the Second Lien Lenders have shared proposed language similar to that attached hereto as Exhibit A regarding this issue with key parties-in-interest (and continue to negotiate the substance thereof).

3. If this proposed (or similar) language were not included in the Sale Order, the Second Lien Lenders, whose liens attach to the proceeds of the sale, do not believe that they would consent to the use of such cash collateral (and do not believe that the Debtors would otherwise be able to adequately protect the Second Lien Lenders' interests therein). Moreover, interest (at the default rate) and other fees and expenses would continue to accrue on the Second Lien Lenders' obligations until repaid in full. Thus, providing full and final payment to the Second Lien Lenders at closing is appropriate and would be of significant economic benefit to these estates and to other creditors.

CONCLUSION

WHEREFORE, the Second Lien Lenders object to entry of the Sale Order, as detailed above, to the extent it does not include their proposed provision for their payment in full upon closing.

Dated: July 15, 2013

PROCHASKA THOMPSON QUINN
& FERRARO, P.C.

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Counsel to the Second Lien Lenders

CERTIFICATE OF SERVICE

This is to certify that a true and correct copy of the foregoing was served upon all registered ECF users in this case on July 15, 2013 via the Court's electronic filing system. Notice of this filing was sent by operation of the Court's electronic filing system to all parties indicated on the electronic filing receipt. Parties may access this filing through the Court's electronic filing system.

/s/ Joseph R. Prochaska
Joseph R. Prochaska

EXHIBIT A

Upon and subject to the Closing, and as a condition thereto, \$[6,198,795.60] (the “Second Lien Lenders Payoff Amount”)¹ shall be wired to one or more bank accounts designated by the Second Lien Lenders to indefeasibly and irrevocably satisfy obligations of the Debtors under the Second Lien Credit Agreement, including an estimate of a reasonable projected amount necessary to pay the fees and expenses of counsel to the Second Lien Lenders from the Closing Date until the earlier of the effective date of a plan of reorganization for these cases or the closing of these cases. These funds are not and shall not be deemed to constitute property of the Debtors or their estates under section 541(a) of the Bankruptcy Code or any other applicable law. In the event that the estimated portion of these funds ultimately exceeds the actual amount of fees and expenses of counsel to the Second Lien Lenders upon the earlier of the effective date of a plan of reorganization for these cases or the closing of these cases, then any such excess funds shall promptly be remitted to the Debtors. Nothing herein shall constitute a waiver of any rights of the Second Lien Lenders against the Debtors and their estates in the event that the estimated portion of these segregated funds are less than the actual amount of fees and expenses of counsel to the Second Lien Lenders. Any payment of fees and expenses of counsel to the Second Lien Lenders shall be made in accordance with, and subject to, paragraph 14(e) of the Final DIP Order.

¹ In the event the Closing Date is delayed past July 23, 2013, then \$[876.38] in interest shall accrue and become payable each day and shall be added to the Second Lien Lenders Payoff Amount until the Second Lien Lenders are paid in full.