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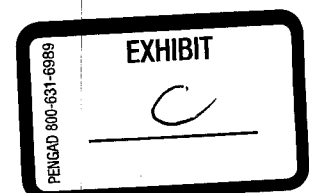
UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

In re	)	Chapter 11
ONEIDA LTD., <i>et al.</i> ,	)	Case No. 06-10489(ALG)
Debtors. <sup>1</sup>	)	Jointly Administered

**INTERIM ORDER (I) AUTHORIZING DEBTORS (A) TO OBTAIN POST-PETITION FINANCING PURSUANT TO 11 U.S.C. §§ 105, 362, 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) AND 364(e) AND (B) TO UTILIZE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363, (II) GRANTING ADEQUATE PROTECTION PURSUANT TO 11 U.S.C. §§ 361, 362, 363 AND 364 AND (III) SCHEDULING FINAL HEARING PURSUANT TO BANKRUPTCY RULES 4001(b) AND 4001(c)**

Upon the motion (the “**Motion**”), dated March 19, 2006, of Oneida Ltd. (“**Oneida**” or the “**Borrower**”) and certain of its direct and indirect subsidiaries, each as debtor and debtor-in-possession (collectively, the “**Debtors**”), in the above-captioned cases (the “**Cases**”) pursuant to Sections 105, 361, 362, 363(c)(2), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the “**Bankruptcy Code**”), and Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), seeking, among other things:

(1) authorization for the Borrower to obtain post petition financing (the “**Financing**”), and for all of the other Debtors to guaranty (as such, the “**Guarantors**”) the Borrower’s obligations in connection with the Financing, up to the aggregate principal amount of \$40 million comprised of a revolving credit and letter of credit



facility (the actual available principal amount at any time being subject to those conditions set forth in the Loan Documents (as defined below)), from JPMorgan Chase Bank, N.A. ("**JPMCB**"), acting as Administrative Agent and Collateral Agent (in such capacities, the "**Agent**"), for itself and a syndicate of financial institutions (together with JPMCB and including<sup>2</sup> the fronting and issuing banks for the letters of credit, the "**DIP Lenders**");

(2) authorization for the Debtors to execute and enter into the Loan Documents (as defined below) and to perform such other and further acts as may be required in connection with the Loan Documents;

(3) the granting of adequate protection to (A) the lenders (the "**Prepetition Secured Lenders**") under or in connection with (i) that certain Second Amended and Restated Credit Agreement, dated as of August 9, 2004 (as heretofore amended, supplemented or otherwise modified, the "**Prepetition Credit Agreement**"), among Oneida, the Guarantors signatory thereto, the Prepetition Secured Lenders party thereto and JPMCB, as a lender and as administrative agent and collateral agent for the Prepetition Secured Lenders (the "**Prepetition Agent**") and Bank of America, N.A., ("**Bank of America**"), solely in its capacity as issuer of the Bank of America L/C, pursuant to the Bank of America L/C Agreement (each as defined in the Prepetition

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<sup>1</sup> In addition to Oneida Ltd., the following entities are debtors in these cases: Sakura, Inc.; Buffalo China, Inc.; Delco International, Ltd.; Kenwood Silver Company, Inc.; Oneida Food Service, Inc.; Oneida International Inc.; Oneida Silversmiths Inc.; and THC Systems, Inc.

<sup>2</sup> The word "including" shall be deemed to be followed by the phrase "without limitation" in each case it appears herein.

Credit Agreement) pursuant to the terms of the Prepetition Credit Agreement<sup>3</sup> and (ii) those certain security agreements referred to within the definition of Fundamental Documents (as defined in the Prepetition Credit Agreement), each dated as of August 9, 2004, among Oneida, the Guarantors signatory thereto and JPMCB as collateral agent for the Prepetition Secured Lenders (as heretofore amended, supplemented or otherwise modified, the **“Prepetition Security Agreements”** and, collectively with the Prepetition Credit Agreement, and the mortgages and all other documentation executed in connection therewith, (including, for the avoidance of doubt, any Hedging Agreements and the Bank of America L/C Agreement (each as defined in the Prepetition Credit Agreement), the **“Existing Agreements”**), and (B) to the Pension Benefit Guaranty Corporation (the **“PBGC”**) with respect to the priming of liens imposed pursuant to, among other things, the Employee Retirement Income Security Act of 1974 (**“ERISA”**) in connection with certain missed minimum funding obligations for the Pension Plans (as defined in the DIP Credit Agreement) for pension years 2004 and 2005 to the extent such liens and security interests are being primed by the Financing;

(4) authority to immediately borrow and/or obtain letters of credit from the DIP Lenders up to an aggregate face amount of \$30.0 million which shall be used for the purposes permitted under the Loan Documents, including: (i) to refinance the Prepetition Revolving Loan Debt (as defined below) under the Prepetition Credit Agreement (including the cash collateralization of certain letters of credit issued thereunder or

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<sup>3</sup> Bank of America, for purposes hereof, shall be deemed a Prepetition Secured Lender. In addition, pursuant to the Prepetition Credit Agreement, at such time when obligations due under the Bank of America L/C (as defined below) are the subject of an unreimbursed draw, such obligations shall become Tranche A Loans (as defined in the Existing Agreements) and Bank of America shall be then treated as a Tranche A Lender (as defined in the Existing Agreements) in connection therewith.

provision of back-to-back letters of credit, as the Borrower may elect), subject, however, to the right of any statutory committee appointed in these Cases (a “Creditors’ Committee”), if any, to challenge such refinancing pursuant to the provisions of paragraphs 16 and 17 of the Interim Order (as defined below) **(this provision constitutes an Extraordinary Provision under General Order No. M-274 of the United States Bankruptcy Court for the Southern District of New York, an “Extraordinary Provision”)**; (ii) to satisfy the Adequate Protection Obligations (as defined below) incurred pursuant to this Interim Order; and (iii) for working capital and other general corporate purposes of the Debtors;

(5) authorization for the Debtors to use cash collateral (as such term is defined in the Bankruptcy Code) in which the Prepetition Secured Lenders (other than Bank of America as a result of the cash collateralization of the Bank of America L/C Obligations (as defined below) in accordance with the Existing Agreements) and the PBGC have an interest, and the granting of adequate protection to the Prepetition Secured Lenders and the PBGC with respect to, *inter alia*, such use of their cash collateral, to the extent required pursuant to this Interim Order;

(6) approval of certain stipulations by the Debtors with respect to the Existing Agreements and the PBGC Claim (as defined below) and liens and security interests arising therefrom, which stipulations with respect to the liens and security interests are **Extraordinary Provisions**;

(7) the granting of liens and superpriority claims to the DIP Lenders payable from, and having recourse to, prepetition and post-petition property of the Debtors’ estates and all proceeds thereof (including the proceeds of any Avoidance Actions (as

defined below) (this provision with respect to the granting of liens on proceeds of Avoidance Actions is an **Extraordinary Provision**), subject only to the Carve Out (as defined below);

(8) permission for the Agent to accelerate Loans and other Obligations (each as defined in the DIP Credit Agreement) and to terminate the commitments under the DIP Credit Agreement, for among other reasons, the occurrence of a Change of Control (as defined in the DIP Credit Agreement) (which is an **Extraordinary Provision**) or the entry of an order or orders granting relief from the automatic stay applicable under Section 362 of the Bankruptcy Code to the holder or holders of any security interest to permit foreclosure (or the granting of a deed in lieu of foreclosure or the like) on any assets of the Borrower or any of the Guarantors which have a value in excess of \$1 million in the aggregate (which may be an **Extraordinary Provision**);

(9) entry of an order approving the Financing on a final basis (the “**Final Order**”), which includes a waiver of the Debtors’ right to surcharge against collateral pursuant to Section 506(c) of the Bankruptcy Code (which is an **Extraordinary Provision**);

(10) pursuant to Bankruptcy Rule 4001, that an interim hearing (the “**Interim Hearing**”) on the Motion be held before this Court to consider entry of this proposed order annexed to the Motion (the “**Interim Order**”) (a) authorizing the Borrower, on an interim basis, to forthwith borrow or obtain letters of credit from the DIP Lenders under the Loan Documents up to an aggregate principal or face amount not to exceed \$30.0 million under the DIP Credit Agreement for the purposes set forth in this Interim Order, (b) authorizing the Guarantors, on an interim basis, to forthwith guaranty all such

obligations of the Borrower; (c) authorizing the Debtors' use of cash collateral of the Prepetition Secured Lenders (other than of Bank of America as a result of the cash collateralization of the Bank of America L/C Obligations in accordance with the Existing Agreements), and (d) granting the adequate protection described herein; and

(11) that this Court schedule a final hearing (the "**Final Hearing**") to be held within 30 days of the entry of the Interim Order to consider entry of the Final Order authorizing the balance of the borrowings and letter of credit issuances under the Loan Documents on a final basis, as set forth in the Motion and the Loan Documents filed with this Court.

Adequate notice of the Motion, the relief requested therein and the Interim Hearing having been served by the Debtors on the thirty largest unsecured creditors of the Debtors, on the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Lenders, the PBGC and on the office of the United States Trustee for the Southern District of New York.

The Interim Hearing having been held by this Court on March 20, 2006.

Upon the record of the Interim Hearing, the non-objection of the PBGC and after due deliberation and consideration and sufficient cause appearing therefor;

IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

1. *Jurisdiction.* This Court has core jurisdiction over the Cases, this Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.
2. *Notice.* Under the circumstances, the notice given by the Debtors of the Motion and the Interim Hearing constitutes adequate notice thereof and complies with Bankruptcy Rules 4001 (b) and (c).

3. *Debtors' Stipulations.* Without prejudice to the rights of any other party (but subject to the limitations thereon contained in paragraphs 16 and 17 below), the Debtors admit, stipulate and agree that:

(a) as of March 19, 2006 (the "**Petition Date**"), the Borrower and the Guarantors party to the Prepetition Credit Agreement were indebted and liable to certain Prepetition Secured Lenders (the "**Prepetition Revolving Loan Lenders**"), without defense, counterclaim or offset of any kind, whether arising under the Bankruptcy Code or otherwise, in the aggregate principal amount of (y) approximately \$7,300,000 in respect of the Revolving Credit Loans (as defined in the Prepetition Credit Agreement) made (including approximately \$3,300,000 in Swingline Loans (as defined in the Prepetition Credit Agreement)) and (z) approximately \$1,771,044 in respect of letters of credit issued and outstanding ("**Prepetition Revolving L/C Exposure**"), in each case, by the Prepetition Revolving Loan Lenders (including, with respect to letters of credit issued, the issuing banks), pursuant to, and in accordance with the terms of the Existing Agreements, plus, in each case, interest thereon and fees, expenses (including any attorneys', accountants', appraisers' and financial advisors' fees that are chargeable or reimbursable under the Existing Agreements), charges and other obligations incurred in connection therewith as provided in the Existing Agreements (collectively, the "**Prepetition Revolving Loan Debt**");

(b) as of the Petition Date, the Borrower and the Guarantors party to the Prepetition Credit Agreement were indebted and liable to the Prepetition Secured Lenders holding Tranche A Debt (as defined below), Tranche B Debt (as defined below) and Bank of America L/C Obligations, without defense, counterclaim or offset of any kind, whether arising under the Bankruptcy Code or otherwise, in the aggregate principal amount of approximately (x) \$115,266,963 in respect of Tranche A Loans (the "**Tranche A Debt**") made by the Tranche A

Lenders (as defined in the Prepetition Credit Agreement); (y) \$10,950,747 in respect of the face amount of letters of credit issued and outstanding by Bank of America (the “**Bank of America L/C Obligations**”); and (z) \$100,224,972 in respect of Tranche B Loans made (the “**Tranche B Debt**”) made by the Tranche B Lenders (as defined in the Prepetition Credit Agreement), in each case, pursuant to, and in accordance with the terms of, the Existing Agreements, plus, in each case, interest thereon and fees, expenses (including any attorneys’, accountants’, appraisers’ and financial advisors’ fees that are chargeable or reimbursable under the Existing Agreements), charges and other obligations incurred in connection therewith as provided in the Existing Agreements (the Tranche A Debt, the Tranche B Debt and the Bank of America L/C Obligations collectively, the “**Prepetition Debt**”),

(c) as of the Petition Date, (i) the Prepetition Revolving Loan Debt and the Prepetition Debt constitute the legal, valid and binding obligations of the Debtors, enforceable in accordance with the terms of the Existing Agreements (other than in respect of the stay of enforcement arising from Section 362 of the Bankruptcy Code), (ii) no portion of the Prepetition Revolving Loan Debt or the Prepetition Debt is subject to avoidance, recharacterization, recovery or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law and (iii) pursuant to the Existing Agreements, (y) the Tranche B Debt is immediately junior and subordinate, in all respects, to the Tranche A Debt and the Bank of America L/C Obligations, and (z) the Tranche A Debt and the Bank of America L/C Obligations (which obligations are *pari passu*) are immediately junior and subordinate, in all respects, to the Prepetition Revolving Loan Debt;

(d) the liens and security interests granted to the Prepetition Agent pursuant to and in connection with the Existing Agreements (including all security agreements, pledge agreements,



mortgages, deeds of trust and other security documents executed by any of the Debtors in favor of the Prepetition Agent, for its benefit and for the benefit of the Prepetition Secured Lenders) in connection with the Existing Agreements, are (i) valid, binding, perfected, enforceable, first-priority liens and security interests in the personal and real property described in the Existing Agreements (including set-off rights described in the Existing Agreements or arising by operation of law) (collectively, the “**Prepetition Collateral**”), (ii) not subject to avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or applicable nonbankruptcy law; provided, however, that the priorities of the liens and security interests with respect to Prepetition Debt and the Prepetition Revolving Loan Debt are as follows: (x) the liens and security interests with respect to the Tranche B Debt are immediately junior and subordinate to the liens and security interests with respect to the Tranche A Debt and the Bank of America L/C Obligations; (y) the liens and security interests with respect to the Tranche A Debt and the Bank of America L/C Obligations are *pari passu*; and (z) the liens and security interests with respect to the Tranche A Debt and the Bank of America L/C Obligations are immediately junior and subordinate, in all respects, to the liens and security interests with respect to the Prepetition Revolving Loan Debt; and (iii) after giving effect to this Interim Order, subject and subordinate only to (A) the DIP Liens (as defined below), (B) the Carve Out (as defined below) to which the DIP Liens are subject and (C) valid, perfected and unavoidable liens permitted under the Existing Agreements to the extent such permitted liens are senior to or *pari passu* with the liens of the Prepetition Agent on the Prepetition Collateral;

(e) as of the Petition Date, the aggregate value of the Prepetition Collateral exceeds the aggregate amount of the Prepetition Revolving Loan Debt and the Tranche A Debt; and

(f) as of the Petition Date, (i) the PBGC maintained, pursuant to 26 U.S.C. §412 (n), (y) liens on certain property of the Debtors which was subject to a lien or security interest in favor of the Prepetition Secured Lenders (the “**Subordinated PBGC Collateral**”) and (z) liens on portions of the C.A.C. Clubhouse (as defined in the DIP Credit Agreement) and the 35% of the capital stock of any direct or indirect foreign subsidiaries of the Borrower or the Guarantors, as applicable (the “**Excluded Foreign Stock**” and together with the portion of the C. A. C. Clubhouse as to which the PBGC maintained, as of the Petition Date, a lien senior to the lien of the Prepetition Agent in such property, the “**Excluded First Lien Collateral**” and the Excluded First Lien Collateral together with the Subordinated PBGC Collateral, the “**PBGC Collateral**”), over which Excluded First Lien Collateral only the PBGC shall have a lien and security interest and neither the Prepetition Agent, the Prepetition Secured Lenders, nor the DIP Lenders have or will have liens, except to the extent of liens granted pursuant to this Interim Order with respect to proceeds of such Excluded First Lien Collateral. The liens on the PBGC Collateral secure amounts due from the Debtors in respect of certain missed minimum funding contributions for the 2004 and 2005 plan years pursuant to Section 302 of the Employee Retirement Income Security Act of 1974 (the “**PBGC Claim**”); and (ii) the PBGC Claim constitutes the legal, valid and binding obligations of the Debtors, enforceable in accordance with its terms (other than in respect of the stay of enforcement arising from Section 362 of the Bankruptcy Code);

(g) pursuant to those certain letter agreements, dated as of September 27, 2004, October 15, 2004 and April 15, 2005 from the PBGC in favor of the Prepetition Agent, the liens and security interests of the PBGC with respect to the Subordinated PBGC Collateral are (i) immediately junior and subordinate, in all respects, to the liens and security interests of the Prepetition Agent, the Prepetition Revolving Loan Lenders and the Prepetition Secured Lenders

in the Prepetition Collateral; and (ii) after giving effect to this Interim Order, are further subject and subordinate to (A) the DIP Liens (as defined below) and (B) the Carve Out (as defined below) to which the DIP Liens are subject.

4. *Findings Regarding the Financing.*

(a) Good cause has been shown for the entry of this Interim Order.

(b) The Debtors have an immediate need to obtain the Financing and use Cash Collateral (as defined below) in order to permit, among other things, the orderly continuation of the operation of their businesses, to maintain business relationships with vendors, suppliers and customers, to make payroll, to make capital expenditures and to satisfy other working capital and operational needs. The access of the Debtors to sufficient working capital and liquidity through the use of Cash Collateral, incurrence of new indebtedness for borrowed money and other financial accommodations is vital to the preservation and maintenance of the going concern values of the Debtors and to a successful reorganization of the Debtors.

(c) The Debtors are unable to obtain financing on more favorable terms from sources other than the DIP Lenders under the Loan Documents and are unable to obtain adequate unsecured credit allowable under Section 503(b)(1) of the Bankruptcy Code as an administrative expense. The Debtors are also unable to obtain secured credit allowable under Sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without the Debtors granting to the Agent and the DIP Lenders, subject to the Carve Out as provided for herein, the DIP Liens and the Superpriority Claims (as defined below) under the terms and conditions set forth in this Interim Order and in the Loan Documents.

(d) The terms of the Financing and the use of Cash Collateral are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

(e) The Financing and the use of Cash Collateral have been negotiated in good faith and at arm's length among the Debtors, the Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Secured Lenders, and all of the Debtors' obligations and indebtedness arising under, in respect of or in connection with the Financing and the Loan Documents and this Order, including without limitation, (i) all loans made to, and all letters of credit issued for the account of, the Debtors pursuant to the Revolving Credit and Guaranty Agreement substantially in the form attached as Exhibit A to the Motion (the "**DIP Credit Agreement**"), (ii) any Obligations (as defined in the DIP Credit Agreement and the Loan Documents), including, to the extent credit is extended in respect of overdrafts and related liabilities and other depository, treasury, and cash management services and other clearing services provided by JPMCB, the DIP Lenders or any of their banking affiliates and hedging obligations owed to JPMCB or its banking affiliates (all of the foregoing in clauses (i) and (ii) collectively, the "**DIP Obligations**"), and (iii) any obligations in respect of adequate protection due to the Prepetition Agent, the Prepetition Secured Lenders, and the PBGC, shall be deemed to have been extended by the Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Secured Lenders, and their respective affiliates, and the PBGC, respectively, in good faith, as that term is used in Section 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by Section 364(e) of the Bankruptcy Code, and shall be entitled to the full protection of Section 364(e) of the Bankruptcy Code in the event that this Interim Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(f) The Debtors have requested entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2). Absent granting the relief sought by this Interim Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the Financing and the use of Cash Collateral in accordance with this Interim Order and the Loan Documents is therefore in the best interest of the Debtors' estates.

5. *Authorization of the Financing and the Loan Documents.*

(a) The Debtors are hereby authorized to enter into the DIP Credit Agreement and the Loan Documents. The Borrower is hereby authorized to borrow money and obtain letters of credit pursuant to the DIP Credit Agreement, and the Guarantors are hereby authorized to guaranty such borrowings and the Borrower's obligations with respect to such letters of credit, up to an aggregate principal or face amount of \$30.0 million (plus interest, fees and other expenses provided for in the DIP Credit Agreement and the Loan Documents), in accordance with the terms of this Interim Order and the DIP Credit Agreement and the Loan Documents, which shall be used for all purposes permitted under the DIP Credit Agreement and the Loan Documents, including to provide working capital for the Borrower and the Guarantors, to pay interest, fees and expenses in accordance with this Interim Order and the Loan Documents, to satisfy Adequate Protection Obligations (as defined below) authorized pursuant to this Interim Order and to refinance the Prepetition Revolving Loan Debt (subject only to the right of a Creditors' Committee, if any, pursuant to the terms of this Interim Order, to object to such refinancing based upon a timely and successful challenge to the validity, enforceability, extent and priority of the Prepetition Revolving Loan Debt). **The refinancing of the Prepetition Revolving Loan Debt constitutes an Extraordinary Provision.** In addition to such loans and obligations, the Borrower is authorized to incur overdrafts and related liabilities arising from

treasury, depository and cash management services including any automated clearing house fund transfers provided to or for the benefit of the Debtors by JPMCB, any other DIP Lender or any of their banking affiliates and to incur obligations arising as a result of certain hedging activities to the extent permitted by the DIP Credit Agreement with JPMCB or its banking affiliates; *provided, however*, that nothing herein shall require JPMCB or any other party to incur overdrafts or to provide any such services or functions to the Debtors.

(b) In furtherance of the foregoing and without further approval of this Court, each Debtor is authorized and directed to perform all acts, to make, execute and deliver all instruments and documents (including the execution or recordation of security agreements, mortgages and financing statements), and to pay all fees, that may be reasonably required or necessary for the Debtors' performance of its obligations under the Financing, including, without limitation:

(i) the execution, delivery and performance of the DIP Credit Agreement and the Loan Documents and any exhibits attached thereto, including the Security and Pledge Agreement (as defined in the DIP Credit Agreement),

(ii) the execution, delivery and performance of one or more amendments to the DIP Credit Agreement for, among other things, the purpose of adding additional financial institutions as DIP Lenders and reallocating the commitments for the Financing among the DIP Lenders, in each case in such form as the Debtors, the Agent and the DIP Lenders may agree (it being understood that no further approval of the Court shall be required for amendments to the DIP Credit Agreement that do not shorten the maturity of the extensions of credit thereunder or increase the commitments, the rate of interest or the letter of credit fees payable thereunder),

(iii) the nonrefundable payment to the Agent, for its account and for the account of the DIP Lenders, as the case may be, of the fees referred to in the DIP Credit Agreement (and in the separate letter agreement between JPMCB and Oneida in connection with the Financing) and reasonable costs and expenses as may be due from time to time, including reasonable fees and expenses of the professionals retained as provided for in the Loan Documents, and

(iv) the performance of all other acts required under or in connection with the Loan Documents.

(c) Upon execution and delivery of the Loan Documents, the Loan Documents shall constitute valid and binding obligations of the Debtors, enforceable against each Debtor party thereto in accordance with the terms of the Loan Documents. No obligation, payment, transfer or grant of security under the Loan Documents or this Interim Order shall be stayed, restrained, voidable, or recoverable under the Bankruptcy Code or under any applicable law (including without limitation, under Section 502(d) of the Bankruptcy Code), or subject to any defense, reduction, set-off, recoupment or counterclaim.

6. *Superpriority Claims.*

(a) Pursuant to Section 364(c)(1) of the Bankruptcy Code, all of the DIP Obligations shall constitute allowed claims against the Debtors with priority over any and all administrative expenses, diminution claims (including all Adequate Protection Obligations) and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including all administrative expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code, and over any and all administrative expenses or other claims arising under Sections 105, 326, 328, 330, 331, 503(b), 506(c) (subject to entry of the Final Order), 507(a), 507(b), 726,

1113 and 1114 of the Bankruptcy Code (the “**Superpriority Claims**”), which allowed Superpriority Claims shall be payable from and have recourse to all pre-petition and post-petition property of the Debtors and all proceeds thereof including the proceeds of claims and causes of action under Sections 105, 502(d), 544, 545, 547, 548, 549 and 550 of the Bankruptcy Code or any other avoidance actions under the Bankruptcy Code (collectively, the “**Avoidance Actions**”), and the proceeds of all Collateral described in paragraph 7 below, subject only to the payment of the Carve Out to the extent specifically provided for herein.

(b) For purposes hereof, the “**Carve Out**” means (i) all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee pursuant to 28 U.S.C. §1930, (ii) after the occurrence and during the continuance of an Event of Default (as defined in the DIP Credit Agreement) in an amount not to exceed \$4,000,000 (plus all accrued and unpaid professional fees and disbursements incurred prior to the occurrence of an Event of Default to the extent allowed by the Bankruptcy Court at any time) in the aggregate, which amount may be used subject to the terms of this Interim Order, including paragraph 17 hereof, to pay any fees or expenses incurred by the Debtors and any Creditors’ Committee in the Cases in respect of (A) compensation for services rendered or reimbursement of expenses allowed by the Bankruptcy Court to the Debtors’ or any Creditors’ Committee’s professionals and (B) the reimbursement of expenses allowed by the Bankruptcy Court incurred by Creditors’ Committee members in the performance of their duties (but excluding fees and expenses of third party professionals employed by such members) and (iii) in the event of the conversion of these Cases to cases under Chapter 7 of the Bankruptcy Code, to pay reasonable fees and expenses incurred by a trustee and any professionals retained by such trustee, in an amount not to exceed \$50,000 in respect of allowances of compensation for services rendered and reimbursement of expenses



awarded by the Bankruptcy Court to the trustee or any professional retained by such trustee; *provided, however*, (x) that the dollar limitation in this clause 6(b)(ii) on fees and disbursements shall neither be reduced nor increased by the amount of any compensation or reimbursement of expenses incurred or paid (to the extent ultimately allowed by order of the Bankruptcy Court) prior to the occurrence of an Event of Default in respect of which the Carve Out is invoked or by any fees, expenses, indemnities or other amounts paid to the Agent, any DIP Lender or their respective attorneys and agents under the DIP Credit Agreement or otherwise and (y) that nothing herein shall be construed to impair the ability of any party to object to any of the fees, expenses, reimbursement or compensation described in clauses (A) and (B) above.

7. *DIP Liens.* As security for the DIP Obligations, effective and perfected upon the date of this Interim Order and without the necessity of the execution, recordation or filing of mortgages, security agreements, control agreements, pledge agreements, financing statements or other similar documents, the following security interests and liens are hereby granted to the Agent for its own benefit and the benefit of the DIP Lenders (all property identified in clauses (a), (b) and (c) below being collectively referred to as the “**Collateral**”), subject, only in the event of the occurrence and during the continuance of an Event of Default, to the payment of the Carve Out (all such liens and security interests granted to the Agent, for its benefit and for the benefit of the DIP Lenders, pursuant to this Interim Order and the Loan Documents, collectively, the “**DIP Liens**”):

(a) First Lien on Cash Balances and Unencumbered Property. Pursuant to Section 364(c)(2) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior security interest in and lien upon all pre-petition and post-petition property of the Debtors, whether existing on the Petition Date or thereafter acquired, that, on or as of the Petition

Date is not subject to valid, perfected, non-avoidable and enforceable liens, or valid liens in existence as of the Petition Date that are perfected subsequent to the Petition Date to the extent permitted by Section 546(b) of the Bankruptcy Code (collectively, “**Unencumbered Property**”), including all cash and cash collateral (other than cash collateral of Bank of America’s as a result of the cash collateralization of the Bank of America L/C Obligations in accordance with the Existing Agreements) of the Debtors (whether maintained with the Agent or otherwise) and any investment of such cash and cash collateral, all cash and cash equivalents in the Letter of Credit Account (as defined in the DIP Credit Agreement), inventory, accounts receivable, other rights to payment whether arising before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, capital stock of subsidiaries, and the proceeds of all the foregoing. Unencumbered Property shall exclude however: (i) Avoidance Actions and (ii) any leases of real property which, pursuant to the express provisions of such leases or applicable controlling law prohibit the granting or taking of a lien thereon (“**Excluded Leases**”); provided, however, that Unencumbered Property shall include all proceeds of, or property and interests, unencumbered or otherwise, recovered in respect of all of the foregoing property described in (i) and (ii) hereof.

(b) Liens Priming Prepetition Secured Lenders’ Liens. Pursuant to Section 364(d)(1) of the Bankruptcy Code, a valid, binding, continuing, enforceable, fully-perfected first priority senior priming security interest in and lien upon all pre-petition and post-petition property of the Debtors (including cash collateral (other than cash collateral of Bank of America’s as a result of the cash collateralization of the Bank of America L/C Obligations in accordance with the Existing Agreements), inventory, accounts receivable, other rights to payment whether arising

before or after the Petition Date, contracts, properties, plants, equipment, general intangibles, documents, instruments, interests in leaseholds, real properties, patents, copyrights, trademarks, trade names, other intellectual property, capital stock of subsidiaries (provided, however, that such liens and security interests shall not be granted with respect to Excluded Leases and Excluded First Lien Collateral), and the proceeds of, or property and interests, unencumbered or otherwise, recovered in respect of all of the foregoing (other than the proceeds of the Excluded First Lien Collateral), whether now existing or hereafter acquired, that is subject to the existing liens presently securing the Prepetition Debt (including in respect of issued but undrawn letters of credit) and the Prepetition Revolving Loan Debt (until the Prepetition Revolving Loan Debt shall have been indefeasibly satisfied in full) and the PBGC Claim and the liens that are *pari passu* with or junior to such existing liens, including the Subordinated PBGC Liens. Such security interests and liens shall be senior in all respects to the interests in such property of the Prepetition Secured Lenders and the PBGC arising from current and future liens of the Prepetition Secured Lenders and the PBGC (including adequate protection liens granted hereunder), but shall not be senior to any valid, perfected, enforceable and non-avoidable interests of other parties arising out of liens, if any, on such property existing immediately prior to the Petition Date, to any valid, perfected, enforceable and non-avoidable interests in such property arising out of liens to which the liens of the Prepetition Secured Lenders and the PBGC become subject subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code or to Permitted Liens (as defined in the Existing Agreements).

(c) Liens Junior to Certain Other Liens. Pursuant to Section 364(c)(3) of the Bankruptcy Code, valid, binding, continuing, enforceable, fully-perfected security interests in and liens upon all prepetition and post-petition property of the Debtors (other than the property

described in clauses (a) or (b) of this paragraph 7, as to which the liens and security interests in favor of the Agent will be as described in such clauses) whether now existing or hereafter acquired, that is subject to valid, perfected, enforceable and non-avoidable liens in existence immediately prior to the Petition Date, to valid, enforceable and non-avoidable liens in existence immediately prior to the Petition Date that are perfected subsequent to the Petition Date as permitted by Section 546(b) of the Bankruptcy Code or to Permitted Liens (as defined in the Existing Agreements), which security interests and liens in favor of the Agent and the DIP Lenders are immediately junior to such valid, perfected, enforceable and non-avoidable liens.

(d) Liens Senior to Certain Other Liens. The DIP Liens and the Adequate Protection Liens (as defined below) shall not be subject or subordinate to (i) any lien or security interest that is avoided and preserved for the benefit of the Debtors and their estates under Section 551 of the Bankruptcy Code or (ii) any liens arising after the Petition Date including any liens or security interests granted in favor of any federal, state, municipal or other governmental unit, commission, board or court for any liability of the Debtors.

8. *Protection of DIP Lenders' Rights.*

(a) So long as there are any borrowings or letters of credit or other amounts (other than contingent indemnity obligations as to which no claim has been asserted when all other amounts have been paid and no letters of credit are outstanding) outstanding, or the DIP Lenders have any Commitment (as defined in the DIP Credit Agreement) under the DIP Credit Agreement, the Prepetition Agent, the Prepetition Secured Lenders and the PBGC shall (i) take no action to foreclose upon or recover in connection with the liens granted thereto pursuant to the Existing Agreements, other agreements, or operation of law or this Interim Order, or otherwise exercise remedies against any Collateral, except to the extent authorized by an order of this

Court; (ii) be deemed to have consented to any release of Collateral authorized under the Loan Documents; (iii) not file any further financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments, or otherwise take any action to perfect their security interests in the Collateral unless solely as to this clause (iii), the Agent or the DIP Lenders file financing statements or other documents to perfect the liens granted pursuant to this Interim Order, or as may be required by applicable state law to continue the perfection of valid liens or security interests as of the Petition Date; and (iv) not seek to terminate or modify the use of Cash Collateral, or obtain additional or different adequate protection than set forth in this Interim Order.

(b) The automatic stay provisions of Section 362 of the Bankruptcy Code are vacated and modified to the extent necessary (i) to permit the Agent and the DIP Lenders to exercise, upon the occurrence of an Event of Default, all rights and remedies under the Loan Documents (other than those rights and remedies against the Collateral as provided in clause (ii) below) and (ii) to permit the Agent and the DIP Lenders to exercise, upon the occurrence and during the continuance of an Event of Default and the giving of five business days prior written notice to the extent provided for in the DIP Credit Agreement, all rights and remedies against the Collateral provided for in the Loan Documents (including the right to set-off monies of the Debtors in accounts maintained with the Agent or any DIP Lender). In any hearing regarding any exercise of rights or remedies, the only issue that may be raised by any party in opposition thereto shall be whether, in fact, an Event of Default has occurred and is continuing, and the Debtors, the Prepetition Secured Lenders and the PBGC hereby waive their right to seek relief, including under Section 105 of the Bankruptcy Code, to the extent such relief would in any way impair or restrict the rights and remedies of the Agent or the DIP Lenders set forth in this Interim

Order or the Loan Documents. In no event shall the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Lenders or the PBGC be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the Collateral.

9. *Notice of Intention to Seek Limitation on Charging Expenses Against Collateral.* In connection with the Final Order, the Debtors shall have sought approval of a waiver, pursuant to which, except to the extent of the Carve Out, no expenses of administration of the Cases or any future proceeding that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral pursuant to Section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the Agent or the Prepetition Agent or the PBGC, as their interests may appear, and no such consent shall be implied from any other action, inaction, or acquiescence by the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Lenders or the PBGC.

10. *The Cash Collateral.* To the extent any funds of any Debtor were on deposit with the Prepetition Agent or any of the Prepetition Secured Lenders as of the Petition Date, including all funds deposited in, or credited to, an account of any Debtor with the Prepetition Agent, or any Prepetition Secured Lender immediately prior to the filing of the Debtors’ bankruptcy petitions (the “**Petition Time**”) (regardless of whether, as of the Petition Time, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the “**Deposited Funds**”) are subject to rights of set-off. By virtue of such set-off rights, the Deposited Funds are subject to a lien in favor of such Prepetition Secured Lenders pursuant to Sections 506(a) and 553 of the Bankruptcy Code. The Prepetition Secured Lenders are obligated, to the extent provided in the Existing Agreements, to share the benefit of such liens and set-off rights with the

other Prepetition Secured Lenders party to such Existing Agreements. Any proceeds of the Prepetition Collateral (including the Deposited Funds or any other funds on deposit at the Prepetition Secured Lenders or at any other institution as of the Petition Date) are cash collateral of the Prepetition Secured Lenders within the meaning of Section 363(a) of the Bankruptcy Code. The Deposited Funds and all such proceeds of Prepetition Collateral are referred to herein as “**Cash Collateral.**”

11. *Use of Cash Collateral.* The Debtors are hereby authorized to use all Cash Collateral of the Prepetition Secured Lenders (other than of Bank of America as a result of the cash collateralization of the Bank of American L/C Obligations in accordance with the Existing Agreements) and the PBGC, and the Prepetition Secured Lenders (other than Bank of America as a result of the cash collateralization of the Bank of America L/C Obligations in accordance with the Existing Agreements) are directed promptly to turn over to the Debtors all Cash Collateral received or held by them, *provided* that the Prepetition Secured Lenders and the PBGC are granted adequate protection as hereinafter set forth. The Debtors’ right to use Cash Collateral shall terminate automatically on the Termination Date (as defined in the DIP Credit Agreement). In addition, if the Borrower voluntarily terminates the Commitment prior to the Maturity Date (as each such term is defined in the DIP Credit Agreement), the Debtors shall, for the benefit of the Prepetition Secured Lenders and the PBGC, continue to comply with the requirements of Sections 5 and 6 of the DIP Credit Agreement and, upon any failure by the Debtors to observe any such requirement or upon the occurrence of any event that would have constituted an Event of Default under the DIP Credit Agreement prior to the termination of the Commitment, only the Prepetition Agent on behalf of the Prepetition Secured Lenders shall have the immediate right unilaterally to terminate the Debtors’ right to use Cash Collateral.

12. *Adequate Protection.* The Debtors acknowledge and stipulate that the Prepetition Secured Lenders and the PBGC are entitled, pursuant to Sections 361, 363(e) and 364(d)(1) of the Bankruptcy Code, to adequate protection of their interest in the Prepetition Collateral and the Subordinated PBGC Collateral, as the case may be, including the Cash Collateral, for and equal in amount to the aggregate diminution in value of the Prepetition Collateral and the Subordinated PBGC Collateral, as the case may be, including any such diminution resulting from the sale, lease or use by the Debtors (or other decline in value) of Cash Collateral and any other Prepetition Collateral or the Subordinated PBGC Collateral, the priming of the Prepetition Agent's and PBGC's security interests and liens in such collateral by the Agent and the DIP Lenders pursuant to the Loan Documents and this Interim Order, and the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code. As adequate protection, the Prepetition Agent, the Prepetition Secured Lenders and the PBGC are hereby granted the following adequate protection (collectively, the "**Adequate Protection Obligations**"):

(a) Adequate Protection Liens. The Prepetition Agent (for itself and for the benefit of the Prepetition Secured Lenders) and the PBGC, are hereby granted, effective and perfected upon the date of this Interim Order and without the necessity of the execution by the Debtors of mortgages, security agreements, pledge agreements, financing statements or other agreements, a replacement security interest in and lien upon all the Collateral (other than the Excluded Leases (as to which they will receive liens on the proceeds thereof) and the Excluded First Lien Collateral), subject and subordinate only to (i) the security interests and liens granted to the Agent for the benefit of the DIP Lenders in this Interim Order and pursuant to the Loan Documents and any liens on the Collateral to which such liens so granted to the Agent are junior and (ii) the Carve Out (the "**Adequate Protection Liens**"); provided, further, that, the relative



priority of such adequate protection liens shall be as follows: (x) first, to the Prepetition Agent for itself and on behalf of the Tranche A Lenders and Bank of America, which lien shall be *pari passu* as between the Tranche A Lenders and Bank of America; (y) second, to the Prepetition Agent for itself and on behalf of the Tranche B Lenders, which lien shall be immediately junior and subordinate, in all respects, to the adequate protection liens granted to the Prepetition Agent for the benefit of the Tranche A Lenders and Bank of America; and (z) third, to the PBGC, with respect to the Subordinated PBGC Collateral, which lien shall be immediately junior and subordinate, in all respects, to the adequate protection liens granted to the Prepetition Agent for the benefit of the Tranche B Lenders.

(b) Section 507(b) Claim. The Prepetition Agent, the Prepetition Secured Lenders, and the PBGC are hereby granted, subject to the payment of the Carve Out, a superpriority claim as provided for in Section 507(b) of the Bankruptcy Code, immediately junior to the claims under Section 364(c)(1) of the Bankruptcy Code granted to the Agent and the DIP Lenders by this Interim Order; *provided, however*, that the Prepetition Agent, the Prepetition Secured Lenders and the PBGC shall not receive or retain any payments, property or other amounts in respect of the superpriority claims under Section 507(b) of the Bankruptcy Code granted hereunder or with respect to the Prepetition Agent and the Prepetition Secured Lenders under the Existing Agreements unless and until the DIP Obligations have indefeasibly been paid in cash in full; and provided further, that as among the Prepetition Secured Lenders and the PBGC, the relative priority of such adequate protection claim shall be as follows: (x) first, to the Prepetition Agent for itself and on behalf of the Tranche A Lenders and Bank of America, which claim shall be *pari passu* as between the Tranche A Lenders and Bank of America; (y) second, to the Prepetition Agent for itself and on behalf of the Tranche B Lenders, which claim shall be

immediately junior and subordinate, in all respects, to the adequate protection claim granted to the Prepetition Agent for the benefit of the Tranche A Lenders and Bank of America; and (z) third, to the PBGC, with respect to the Subordinated PBGC Collateral, which claim shall be immediately junior and subordinate, in all respects, to the adequate protection claim granted to the Prepetition Agent for the benefit of the Tranche B Lenders.

(c) Interest, Fees and Expenses. The Prepetition Agent shall receive from the Debtors (i) immediate cash payment of all accrued and unpaid interest on a monthly basis on the Tranche A Debt at the non-default contract rates applicable to Eurodollar Loans or Base Rate Loans (as such terms are defined in the Prepetition Credit Agreement), as and when applicable for the Tranche A Loans then outstanding plus the applicable margins provided for in the Existing Agreements, and all other accrued and unpaid reasonable fees and disbursements (including, but not limited to, fees owed to the Prepetition Agent under the Existing Agreements and incurred prior to the Petition Date) and (ii) current cash payments of all reasonable fees and expenses payable to the Prepetition Agent under the Existing Agreements, including, but not limited to, the reasonable fees and disbursements of counsel, financial and other consultants for the Prepetition Agent. The Debtors shall pay Bank of America, as issuer of the Bank of America L/C, until such time as such obligations shall become Tranche A Loans (as a result of an unreimbursed draw at which time such obligations will be treated as Tranche A Loans), the monthly payment in cash of fees and expenses and other charges that are accrued and unpaid as of the Petition Date at the applicable nondefault contract rate pursuant to the Bank of America L/C Agreement (as such term is defined in the Prepetition Credit Agreement)).

(d) Monitoring of Collateral. The Prepetition Agent shall be permitted to retain expert consultants and financial advisors at the expense of the Debtors, which consultants and

advisors shall be given reasonable access for purposes of monitoring the business of the Debtors and the value of the Collateral; and

(e) Information. The Debtors shall provide the Prepetition Agent and the PBGC with any written financial information or periodic reporting that is provided to, or required to be provided to, the Agent or the DIP Lenders.

13. *Reservation of Rights of Prepetition Secured Lenders*. Under the circumstances and given that the above described Adequate Protection Obligations are consistent with the Bankruptcy Code, including Section 506(b) thereof, this Court finds that the Adequate Protection Obligations provided herein are reasonable and sufficient to protect the interests of the Prepetition Secured Lenders and the PBGC. Except as expressly provided herein, nothing contained in this Interim Order (including the authorization of the use of any Cash Collateral) shall impair or modify any rights, claims or defenses available in law or equity to the Prepetition Agent, any Prepetition Secured Lender the PBGC, the Agent or any DIP Lender including, without limitation rights of a party to a swap agreement, securities contract, commodity contract, forward contract or repurchase agreement with a Debtor to assert rights of set-off or other rights with respect thereto as permitted by law (or the right of the Debtor to contest such assertion.).

14. *Perfection of DIP Liens and Adequate Protection Liens*.

(a) Subject to the provisions of paragraph 8(a) above, the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Lenders and the PBGC are hereby authorized, but not required, to file or record financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments in any jurisdiction or take any other action in order to validate and perfect the liens and security interests granted to them hereunder. Whether or not the Agent on behalf of the DIP Lenders or the Prepetition Agent on behalf of the Prepetition

Secured Lenders or the PBGC shall, in their sole discretion, choose to file such financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge dispute or subordination, at the time and on the date of entry of this Interim Order. Upon the request of the Agent, each of the Prepetition Agent, Prepetition Secured Lenders and the PBGC, without any further consent of any party, is authorized to take, execute and deliver such instruments (in each case without representation or warranty of any kind) to enable the Agent to further validate, perfect, preserve and enforce DIP Liens.

(b) A certified copy of this Interim Order may, in the discretion of the Agent, be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Interim Order for filing and recording.

15. *Preservation of Rights Granted Under the Order.*

(a) Except for the Carve Out, no claim or lien having a priority superior to or *pari passu* with those granted by this Order to the Agent and the DIP Lenders or to the Prepetition Agent and the Prepetition Secured Lenders or the PBGC, respectively, shall be granted or allowed while any portion of the Financing (or any refinancing thereof) or the Commitments thereunder or the DIP Obligations or the Adequate Protection Obligations remain outstanding, and the DIP Liens and the Adequate Protection Liens shall not be (i) subject or junior to any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under

Section 551 of the Bankruptcy Code or (ii) subordinated to or made *pari passu* with any other lien or security interest, whether under Section 364(d) of the Bankruptcy Code or otherwise.

(b) Unless all DIP Obligations shall have been paid in full (and, with respect to outstanding letters of credit issued pursuant to the DIP Credit Agreement, cash collateralized in accordance with the provisions of the DIP Credit Agreement) and the Adequate Protection Obligations shall have been paid in full, the Debtors shall not seek, and it shall constitute an Event of Default and a termination of the right to use Cash Collateral if any of the Debtors seek, or if there is entered, (i) any modifications or extensions of this Interim Order without the prior written consent of the Agent, or with respect to the rights and benefits granted to the Prepetition Secured Lenders, the Prepetition Agent, or with respect to the rights and benefits granted to the PBGC, the PBGC, and no such consent shall be implied by any other action, inaction or acquiescence by the Agent or the Prepetition Agent, any Prepetition Secured Lender or the PBGC, or (ii) an order dismissing any of the Cases. If an order dismissing any of the Cases under Section 1112 of the Bankruptcy Code or otherwise is at any time entered, such order shall provide (in accordance with Sections 105 and 349 of the Bankruptcy Code) that (i) the Superpriority Claims, DIP Liens (including the priming liens), the Adequate Protection Obligations (including the security interests and replacement security interests) granted to the Agent and, as applicable, the Prepetition Agent and the PBGC pursuant to this Interim Order shall continue in full force and effect and shall maintain their priorities as provided in this Interim Order until all DIP Obligations and Adequate Protection Obligations shall have been paid and satisfied in full (and that such Superpriority Claims, DIP Liens (including priming liens) and Adequate Protection Obligations (including replacement security interests), shall, notwithstanding such dismissal, remain binding on all parties in interest and (ii) this Court shall

retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the claims, liens and security interests referred to in (i) above.

(c) If any or all of the provisions of this Interim Order are hereafter reversed, modified, vacated or stayed, such reversal, stay, modification or vacation shall not affect (i) the validity of any DIP Obligations or Adequate Protection Obligations incurred prior to the actual receipt of written notice by the Agent, the Prepetition Agent, Bank of America and the PBGC, as applicable, of the effective date of such reversal, stay, modification or vacation or (ii) the validity or enforceability of any lien or priority authorized or created hereby or pursuant to the DIP Credit Agreement with respect to any DIP Obligations or Adequate Protection Obligations. Notwithstanding any such reversal, stay, modification or vacation, any use of Cash Collateral, or DIP Obligations or Adequate Protection Obligations incurred by the Debtors to the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Secured Lenders or the PBGC prior to the actual receipt of written notice by the Agent, Prepetition Agent and the PBGC of the effective date of such reversal, stay, modification or vacation shall be governed in all respects by the original provisions of this Interim Order, and the Agent, DIP Lenders, Prepetition Agent, Prepetition Secured Lenders and the PBGC shall be entitled to all the rights, remedies, privileges and benefits granted in Section 364(e) of the Bankruptcy Code, this Interim Order and pursuant to the Loan Documents with respect to all uses of Cash Collateral, DIP Obligations and Adequate Protection Obligations.

(d) Except as expressly provided in this Interim Order or in the Loan Documents, the DIP Liens, the Superpriority Claims and all other rights and remedies of the Agent and the DIP Lenders granted by the provisions of this Interim Order and the Loan Documents shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of

the Cases to a case under chapter 7, dismissing any of the Cases, terminating the joint administration of these Cases or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in any of the Cases and, pursuant to Section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived any discharge as to any remaining DIP Obligations. The terms and provisions of this Interim Order and the Loan Documents shall continue in these Cases, in any successor cases if these Cases cease to be jointly administered, or in any superseding chapter 7 cases under the Bankruptcy Code, and the DIP Liens, the Superpriority Claims and all other rights and remedies of the Agent and the DIP Lenders granted by the provisions of this Interim Order and the Loan Documents shall continue in full force and effect until the DIP Obligations are indefeasibly paid in full.

16. *Effect of Stipulations on Third Parties.* The stipulations and admissions contained in this Interim Order, including in paragraph 3 of this Interim Order, shall be binding upon the Debtors in all circumstances. The stipulations and admissions contained in this Interim Order, including in paragraph 3 of this Interim Order, shall be binding upon all other parties in interest, including any Creditors' Committee, unless (a) a party in interest has timely filed an adversary proceeding or contested matter (subject to the limitations contained herein, including, *inter alia*, in paragraph 17) by no later than the date that is either (I) 60 days after the initial selection of counsel by the Creditors' Committee (or such later date (x) as has been agreed to, in writing, by the Prepetition Agent in its sole discretion or (y) as has been ordered by the Court) or (II) if no Creditors' Committee is appointed, 75 days after the Petition Date, challenging the validity, enforceability, priority or extent of the Revolving Loan Debt, the Prepetition Debt or the Prepetition Revolving Loan Lenders, or the Prepetition Agent's or the Prepetition Secured Lenders' liens on the Prepetition Collateral, and (b) there is a final order in favor of the plaintiff sustaining any such

challenge or claim in any such timely filed adversary proceeding or contested matter. To the extent not timely or properly challenged, (w) all payments made pursuant to this Interim Order, including the refinancing of the Prepetition Revolving Loan Debt, shall not be subject to counterclaim, set-off, subordination, recharacterization, defense or avoidance for all purposes in the Cases and any subsequent chapter 7 or 11 cases of the Debtors (x) the Prepetition Revolving Loan Debt, the Prepetition Debt and all related obligations of the Debtors (the “**Prepetition Obligations**”) shall constitute as of the Petition Date allowed claims, not subject to counterclaim, set-off, subordination, recharacterization, defense or avoidance, for all purposes in the Cases and any subsequent chapter 7 or 11 cases of the Debtors, (y) the liens and security interests of the Prepetition Agent, the Prepetition Revolving Loan Lenders, the Prepetition Secured Lenders and the PBGC shall be deemed to have been, as of the Petition Date, legal, valid, binding and perfected, not subject to recharacterization, subordination or avoidance and (z) the Prepetition Revolving Loan Debt, the Prepetition Debt, the PBGC Claim, the liens and security interests of the Prepetition Agent, the Prepetition Revolving Loan Lenders, the Prepetition Secured Lenders and the PBGC’s shall not be subject to any other or further challenge by any party in interest seeking to exercise the rights of the Debtors’ estates, including any successor thereto (including any chapter 7 or 11 trustee appointed or elected for any of the Debtors).

17. *Limitation on Use of Financing Proceeds and Collateral.* Notwithstanding anything herein or in any other order by this Court to the contrary, no borrowings, letters of credit, Cash Collateral, Collateral or the Carve Out may be used to (a) object, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of any amount due under the Loan Documents or the Existing Agreements or the PBGC Claim, or the liens or claims granted under



this Interim Order, the Loan Documents, the Existing Agreements or otherwise, (b) challenge the refinancing of the Prepetition Revolving Loan Debt; (c) assert any claims or defenses or causes of action against the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Revolving Loan Lenders, the Prepetition Secured Lenders, the PBGC or their respective agents, affiliates, representatives, attorneys or advisors, (d) prevent, hinder or otherwise delay the Agent's, the Prepetition Agent's or the PBGC's assertion, enforcement or realization on the Cash Collateral or the Collateral in accordance with the Loan Documents, the Existing Agreements or this Interim Order, (e) subject to entry of the Final Order, seek to modify any of the rights granted to the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Revolving Loan Lenders, the Prepetition Secured Lenders or the PBGC hereunder or under the Loan Documents or the Existing Agreements, in each of the foregoing cases without such parties' prior written consent or (f) pay any amount on account of any claims arising prior to the Petition Date unless such payments are approved by an Order of this Court in accordance with the Loan Documents, provided that the proceeds of the Financing and Collateral may be used to fund, in the aggregate, up to \$50,000 for any Creditors' Committee to conduct any investigations contemplated hereby.

18. *Order Governs.* In the event of any inconsistency between the provisions of this Interim Order and the Loan Documents, the provisions of this Interim Order shall govern.

19. *Binding Effect; Successors and Assigns.* The Loan Documents and the provisions of this Interim Order, including all findings herein, shall be binding upon all parties in interest in these Cases, including the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Revolving Loan Lenders, the Prepetition Secured Lenders, the PBGC, any Creditors' Committee appointed in these Cases, and the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the

Debtors) and shall inure to the benefit of the Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Revolving Loan Lenders, the Prepetition Secured Lenders, the PBGC and the Debtors and their respective successors and assigns; *provided, however*, that the Agent and the DIP Lenders shall have no obligation to extend any financing to any chapter 7 or 11 trustee or similar responsible person appointed for the estates of the Debtors.

20. *Limits on DIP Lenders' Liability.* Nothing in this Interim Order or in any of the Loan Documents or any other documents related to this transaction shall in any way be construed or interpreted to impose or allow the imposition upon the Agent or the DIP Lenders any liability for any claims arising from the pre-petition or post-petition activities by the Debtors or Debtors-in-Possession and their affiliates in the operation of their businesses, or in connection with their restructuring efforts.

21. *Final Hearing.* The Final Hearing is scheduled for April 5, 2006 at 2:30 p.m. before this Court.

22. The Debtors shall promptly mail copies of this Interim Order (which shall constitute adequate notice of the Final Hearing, including without limitation, notice that the Debtors will seek approval at the Final Hearing of a waiver of rights under Bankruptcy Code § 506 (c) to the parties having been given notice of the Interim Hearing, and to any other party that has filed a request for notices with this Court and to any Creditors' Committee after the same has been appointed, or Creditors' Committee counsel, if the same shall have been appointed. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections; which objections shall be served by courier and electronic mail upon (a) Shearman & Sterling LLP, 599 Lexington Avenue, New York, NY 10022, Attention: Douglas P. Bartner, Esq. (dbartner@shearman.com) and Michael H. Torkin, Esq (mtorkin@shearman.com), attorneys for

the Debtors; (b) Morgan, Lewis & Bockius LLP, 101 Park Avenue, New York, New York 10178, Attention: Richard S. Toder, Esq. (rtoder@morganlewis.com) and Leonard Klingbaum, Esq. (lklingbaum@morganlewis.com), attorneys for JPMCB as Prepetition Agent and the Agent; (c) Pension Benefit Guaranty Corporation, 1200 K Street, N.W., Washington, DC, 20005-4026, Attention: Larry Landgraff; (d) the Office of the United States Trustee for the Southern District of New York; (e) Bank of America, 100 N. Tryon Street, Charlotte, NC 28255-0001, Attention Laura Sweet, and shall be filed with the Clerk of the United States Bankruptcy Court, Southern District of New York, in each case to allow actual receipt by the foregoing no later than April 4, 2006 at 12:00 noon, prevailing Eastern time.

Dated: March 21, 2006  
New York, New York

/s/ Allan L. Gropper  
UNITED STATES BANKRUPTCY JUDGE