

**UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
WESTERN DIVISION**

IN RE:	)	
	)	
	)	Chapter 11
ROCKFORD PRODUCTS	)	
CORPORATION, <i>et al.</i> ,	)	
	)	Case No. 07 B 71768
Debtors.	)	Jointly Administered
	)	
	)	Hon. Manuel Barbosa
	)	

**ORDER AUTHORIZING DEBTORS: (A) TO USE CASH COLLATERAL; (B) TO  
INCUR POSTPETITION DEBT; AND (C) TO GRANT ADEQUATE PROTECTION  
AND PROVIDE SECURITY AND OTHER RELIEF TO BRIDGE OPPORTUNITY  
FINANCE, LLC AND BRIDGE HEALTHCARE FINANCE, LLC**

This matter came before this Court on the motion (the "Motion") of Rockford Products Corporation ("Debtor") and Rockford Products Global Services, Inc. ("Guarantor") requesting that this Court enter an order authorizing Debtor and Guarantor to: (a) use certain Cash Collateral; (b) incur Postpetition Debt; and (c) grant adequate protection and provide security and other relief to Bridge Opportunity Finance, LLC and Bridge Healthcare Finance, LLC (collectively, the "Agents"). Unless otherwise indicated, all capitalized terms used as defined terms herein have the meanings ascribed thereto in Schedule A attached hereto and by this reference are made a part hereof. The rules of construction set forth in Code<sup>1</sup> §102 shall also apply.

This Order shall constitute findings of fact and conclusions of law pursuant to Fed. R. Bankr. P. 7052 and shall take effect and be fully enforceable as of the Filing Date.

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<sup>1</sup> Unless otherwise indicated, all section references are to the Bankruptcy Code, 11 U.S.C. 101, *et seq* (2007).

Having examined the Motion, being fully advised of the relevant facts and circumstances surrounding the Motion and having completed a hearing pursuant to Code §§ 363 and 364 and Fed. R. Bankr. P. 4001(b) and (c), and objections, if any, having been withdrawn, resolved or overruled by the Court, **THE MOTION IS GRANTED, AND THE COURT HEREBY FINDS THAT:**

(1) On the Filing Date, Debtor and Guarantor filed voluntary petitions for relief under chapter 11 of the Code. Debtor and Guarantor have retained possession of their property and continue to operate their business as debtors in possession pursuant to Code §§ 1107 and 1108.

(2) The Court has jurisdiction over the Cases pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). Venue over this Motion is proper under 28 U.S.C. § 1409(a).

(3) Debtor and Guarantor have each stipulated with the Agents and represented to the Court that: (1) the Prepetition Documents evidence and govern the Prepetition Debt, the Prepetition Liens and the prepetition financing relationship among Debtor, Guarantor and Agents; (2) as of the Filing Date, Debtor and Guarantor are each liable to pay the Prepetition Debt, and the Prepetition Debt shall be an Allowed Claim, in an amount not less than \$19,009,064.76 (exclusive of all accrued and accruing interest, the deferred commitment fee due under Section 10(d) of the Loan Agreement, and any other fees and expenses); (3) the Prepetition Debt constitutes the legal, valid and binding obligation of Debtor and Guarantor, enforceable in accordance with the terms of the Prepetition Documents; (4) no offsets, defenses or counterclaims to the Prepetition Debt exist, and no portion of the Prepetition Debt is subject to avoidance or subordination pursuant to the Code or applicable nonbankruptcy law; (5) the

Prepetition Liens, among other things, secure payment of all of the Prepetition Debt; and (6) the Prepetition Liens are First Priority Liens, subject to Permitted Liens.

(4) This Court finds that: (1) upon the entry of this Order, Agents' interests in the Prepetition Collateral will be adequately protected; and (2) for purposes of Code §§ 506(b), 506(c), and 507(b) and Fed.R.Bankr.P. 3012, as of the Filing Date, the liquidation value of the Prepetition Collateral was not less than \$21,500,000. Such findings are made without prejudice to Agents' right to later: (1) assert that its interest in the Aggregate Collateral lacks adequate protection; and (2) seek a higher valuation of the Prepetition Collateral.

(5) No Committee has been appointed in this Case.

(6) An immediate need exists for Debtor and Guarantor to use Cash Collateral and to obtain Postpetition Debt in order to enable Debtor to minimize disruption to and to avoid the termination of its business operations. Entry of this Order will also enable Debtor and Guarantor to maximize the value of their assets for the benefit of all creditors.

(7) Debtor and Guarantor are unable to obtain unsecured credit allowable under Code § 503(b)(1) sufficient to finance the operations of Debtors' business. Further, except as provided below, Debtor and Guarantor are unable to obtain credit allowable under Code §§ 364(c)(1), (c)(2) or (c)(3) on terms more favorable than those offered by Agents.

(8) The terms of the Postpetition Debt have been negotiated in good faith and at arms' length, and the Postpetition Debt is being extended in good faith, as that term is used in Code § 364(e).

(9) In order to prevent immediate and irreparable harm to the estate pending the Final Hearing, Debtor and Guarantor needs to use Cash Collateral and to incur Postpetition Debt as provided herein through the conclusion of such Final Hearing.

(10) Under the circumstances of the Case, the terms and conditions of this Order are a fair and reasonable response to the request of Debtor and Guarantor for Agents' consent to the use of Cash Collateral and the incurrence of Postpetition Debt, and the entry of this Order is in the best interests of the estates and creditors of Debtor and Guarantor.

(11) The notice provided by Debtor and Guarantor of the Motion, the hearing on the Motion, and the entry of this Order satisfy the requirements of Fed. R. Bankr. P. 2002, 4001(b) and (c) and 9014 and Code §§ 102(1), 363 and 364(c) and were otherwise sufficient and appropriate under the circumstances.

**WHEREFORE, IT IS HEREBY ORDERED THAT THE MOTION IS GRANTED, AND THAT:**

1. Authorization to Use Cash Collateral. Debtor and Guarantor are authorized to use Cash Collateral solely in accordance with and pursuant to the terms and provisions of this Order. Prior to the Termination Date and indefeasible payment in full of the Postpetition Debt, Debtor and Guarantor may not use or seek to use Cash Collateral other than pursuant to the terms of this Order.

2. Procedure for Use of Cash Collateral.

(a) Delivery of Cash Collateral to Agents. Debtor and Guarantor are authorized and directed to deposit all Cash Collateral now or hereafter in their possession or control into the existing Blocked Account (or to otherwise deliver all such Cash Collateral to Agents in a manner satisfactory to Agents) promptly upon receipt thereof. Agents shall thereafter apply such Cash Collateral in accordance with Paragraph 5(d) of this Order.

(b) Account Debtors. Without further order of court, Agents may direct Debtor and Guarantor to, or Agents may directly, instruct all account debtors of existing and

future accounts receivable included in the Aggregate Collateral to make payments directly into such Blocked Account or such other accounts satisfactory to Agents, in which event all such proceeds shall be treated in accordance with the provisions of this Order.

(c) Cash Collateral in Agents' Possession. Agents are authorized to collect upon, convert to cash and enforce checks, drafts, instruments and other forms of payment now or hereafter coming into their possession or under their control which constitute Aggregate Collateral or proceeds of Aggregate Collateral.

3. Authorization To Incur Postpetition Debt.

(a) Debtor is authorized to incur Postpetition Debt solely: (a) to the extent of Positive Borrowing Availability; (b) in accordance with and pursuant to the terms and provisions of this Order; and (c) to the extent required to pay those expenses enumerated in the Budget as and when such expenses become due and payable. Notwithstanding anything to the contrary in this Paragraph 3, however: (1) Debtor is hereby authorized and directed to incur the Postpetition Debt at any time to pay Allowable 506(b) Amounts, the Carveout, and the Postpetition Charges (including, without limitation, the amounts due under Section 3(b) of this Order), and (2) if Agents advance monies to Debtor and Debtor uses such monies other than in accordance with or pursuant to the terms or provisions of this Order, such advances shall be considered Postpetition Debt for purposes of this Order. Debtor is authorized and directed to execute the notes attached hereto as ~~Exhibit C.~~  
Schedule

(b) Additional Terms of Postpetition Debt.

(i) Maximum Amount. The maximum principal amount of Aggregate Debt, inclusive of Allowable 506(c) Amounts and Postpetition Charges, shall be:

(A) from the Filing Date through July 31, 2007, \$26,549,000;

- (B) from August 1, 2007 through August 31, 2007, \$26,461,333;
- (C) from September 1, 2007 through September 30, 2007, \$26,373,666; and
- (D) from October 1, 2007 through October 29, 2007, \$26,285,999.

Subsequent to the Filing Date, no other loans shall be made under the Loan Agreement, other than revolving advances of Postpetition Debt in accordance with this Order.

(ii) Interest. The Postpetition Debt shall bear interest at a per annum rate equal to the default rate (as set forth in Section 4(a) of the Loan Agreement).

(iii) Postpetition Charges. Postpetition Charges shall include a closing fee of \$270,000 and a collateral monitoring fee of \$30,000. Such fees shall be fully earned as of the Filing Date and paid upon the entry of this Order.

(iv) Maturity. The Postpetition Debt shall mature and be paid in full by Debtor on the Termination Date.

(v) Guarantor. The Guaranty and related security documents shall remain in full force and effect notwithstanding the entry of this Order and any subsequent orders amending this Order or otherwise providing for the use of Cash Collateral consented to by Agents pursuant to Code § 363 or additional financing by Agents pursuant to Code § 364. Guarantor shall be and shall remain liable for the guaranteed obligations under such Guaranty, including, without limitation, all Postpetition Debt. Guarantor is hereby authorized and directed to reaffirm the Guaranty and related security documents in form and substance satisfactory to Agents, including confirmation of Guarantor's obligations to guaranty repayment in full of all Aggregate Debt and waiver by Guarantor of any defenses and counterclaims relating to the Guaranty and related security documents. With respect to Guarantor, Agents shall have the right to apply any and all proceeds received from Guarantor to reduce the Prepetition Debt and

Allowable 506(b) Amounts, and the Postpetition Debt at such times and in such manner as determined by Agents in their sole discretion; provided, however, that no marshaling shall be required. At Agents' election, no Postpetition Debt shall be incurred hereunder until Guarantor has reaffirmed its obligations as stated above.

(vi) Reserves. Agents shall have the right to establish and maintain: (a) such Reserves against Positive Borrowing Availability as Agents, in their sole and absolute discretion, deem appropriate, including, without limitation, the Reserves in existence as of the Filing Date; and (b) the Availability Block.

(c) Superpriority Administrative Expense Status: Postpetition Liens. The Postpetition Debt is hereby granted superpriority administrative expense status under Code § 364(c)(1), with priority over all costs and expenses of administration of the Cases that are incurred under any provision of the Code, other than the Carveout and fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930. In addition, Agents are hereby granted the Postpetition Liens to secure the Postpetition Debt. The Postpetition Liens: (1) are and shall be in addition to the Prepetition Liens; (2) pursuant to Code §§ 364(c)(2) and (c)(3), are and shall be First Priority Liens (subject only to Permitted Liens) without any further action by Debtor, Guarantor or Agents and without the execution, filing or recordation of any financing statements, security agreements, mortgages or other documents or instruments; (3) shall not be subject to any security interest or lien which is avoided and preserved under Code § 551; and (4) shall remain in full force and effect notwithstanding any subsequent conversion or dismissal of the Cases. Notwithstanding the foregoing, Debtor and Guarantor are authorized and directed to execute and deliver to Agents such financing statements, mortgages, instruments and other documents as Agents may deem necessary or desirable from time to time.

(d) Carveout Terms. The Carveout shall consist of the line items set forth on Schedule D hereto and shall be due and payable only as of the relevant dates set forth on such Schedule D, provided, however, that upon the Termination Date, the Carveout shall be increased by \$25,000 to pay any fees and expenses of a chapter 7 trustee and his or her professionals in any subsequent chapter 7 Case. In connection with the Carveout (i) all prepetition retainers (including the Retainers set forth on Schedule D hereto, which are already funded by the Agents prior to the Filing Date) and any other property of the estate (other than property subject to an unavoidable lien in favor of Agents) shall be used before any further payments are made from proceeds of the Postpetition Debt or the Aggregate Collateral, (ii) Agents shall have the right to establish a Reserve under the Loan Agreement, on the date hereof, of not less than \$900,000 for possible Carveout amounts, (iii) upon the Termination Date, and with the exception of the \$25,000 portion of the Carveout which Agents have agreed to fund on the Termination Date, Agents shall have no obligation to fund any fees or expenses accrued prior to, on or after the Termination Date, whether or not such fees and expenses were included on Schedule D hereto, and (iv) the Carveout shall not include fees or expenses incurred by any entity, including Debtors or the Committee and professionals retained by Debtor, Guarantor or the Committee, in connection with claims, actions or services adverse to Agents or Agents' interests in the Aggregate Debt and the Aggregate Collateral, including (1) preventing, hindering or delaying Agents' enforcement or realization upon any of the Aggregate Collateral once an Event of Default has occurred, (2) using or seeking to use Cash Collateral or selling any other Aggregate Collateral without Agents' consent, (3) incurring indebtedness without Agents' consent or (4) objecting to or contesting in any manner, or in raising any defenses to, the validity, extent, amount, perfection, priority or enforceability of the Aggregate Debt or any mortgages, liens or



security interests with respect thereto or any other rights or interests of Agents, or in asserting any claims or causes of action, including, without limitation, any actions under chapter 5 of the Code, against Agents; provided, however, that up to \$10,000 of the Carveout may be used by counsel for the Committee to investigate the validity, extent, amount, perfection, priority, or enforceability of the Aggregate Debt and the Aggregate Liens. Nothing herein shall be construed as consent to the allowance of any fees, costs or expenses of the professionals retained by Debtor, Guarantor or the Committee or shall affect the right of Agents to object to the allowance and payment of such fees, costs or expenses. For the avoidance of doubt, the amounts set forth in the Budget for professional fees and expenses are merely duplicative of the Carveout amounts set forth on Schedule D hereto, and shall not be read as being in addition to the Carveout amounts set forth on Schedule D hereto. To the extent the Budget and Schedule D of this Order conflict with respect to the Carveout or the timing or payment of professional fees, Schedule D of the Order controls.

4. Termination of Right to Use Cash Collateral And To Incur Postpetition Debt.

(a) Termination Date. Unless extended by the Court upon the written agreement of Agents, this Order and the authorization to use Cash Collateral and incur Postpetition Debt pursuant to this Order will automatically terminate on the Termination Date without further notice or order of Court. During the pendency of any motion filed by Agents alleging lack of adequate protection of its interests in the Aggregate Collateral, or during the pendency of any Event of Default for which a Cure Period is applicable, Agents shall have no obligation to consent to the use of Cash Collateral or to provide any Postpetition Debt.

(b) Rights Upon Termination. Upon the Termination Date, without further notice or order of the Court, at Agents' election: (1) the Aggregate Debt shall be immediately

due and payable; (2) Agents shall be entitled to apply or set off any cash in Agents' possession or control to the Aggregate Debt in accordance with Paragraph 5(d) of this Order, until such Aggregate Debt is indefeasibly and finally paid in full; and (3) Debtor and Guarantor shall be prohibited from using any Cash Collateral for any purpose other than application to the Aggregate Debt in accordance with Paragraph 5(d) of this Order, until such Aggregate Debt is indefeasibly and finally paid in full. On the third business day after the Termination Date: (1) at Agents' election, without further order of the Court, Agents shall have automatic and immediate relief from the automatic stay with respect to the Aggregate Collateral (without regard to the passage of time provided for in Fed. R. Bankr. P. 4001(a)(3)), and shall be entitled to exercise all rights and remedies available to them under the Prepetition Documents and applicable nonbankruptcy law with respect to the Aggregate Collateral; and (2) Debtor and Guarantor shall be authorized and directed to surrender the Aggregate Collateral and to otherwise cooperate to assist Agents in the exercise of the rights and remedies available to Agents under the Prepetition Documents and applicable nonbankruptcy law with respect to the Aggregate Collateral (provided, however, that during the two (2) business day period following the Termination Date, Debtor shall have the right to obtain an order of this Court determining that an Event of Default has not occurred and/or that the Termination Date has not occurred, but that during such two (2) business day period, neither Debtor nor Guarantor may use Cash Collateral, and Agents shall have no obligation to advance Postpetition Debt to Debtor or Guarantor without the Agents' express, written, and then-contemporaneous consent).

5. Adequate Protection of Interests of Agents in the Aggregate Collateral and the Aggregate Liens. As adequate protection of the interests of Agents in the Aggregate Collateral and the Aggregate Liens:

(a) Priority of Prepetition Liens/Allowance of Agents' Claim. Subject to the reservation of rights set forth in Paragraph 7(a) of this Order: (1) the Prepetition Liens shall constitute First Priority Liens, subject only to Postpetition Liens and Permitted Liens; (2) the Prepetition Debt constitutes the legal, valid and binding obligation of Debtor and Guarantor, enforceable in accordance with the terms of the Prepetition Documents; (3) no offsets, defenses or counterclaims to the Prepetition Debt exist, and no portion of the Prepetition Debt is subject to avoidance or subordination pursuant to the Code or applicable nonbankruptcy law; and (4) Agents' claim with respect to the Prepetition Debt shall for all purposes constitute an allowed secured claim within the meaning of Code § 506 in an amount not less than \$19,009,064.76 (exclusive of all accrued and accruing interest, fees and expenses). Effective upon entry of the Final Order, Debtor and Guarantor each waive and release any and all claims and causes of action they have or may have against Agents or the Aggregate Collateral.

(b) Replacement Liens. Agents are hereby granted the Replacement Liens as security for payment of the Prepetition Debt. The Replacement Liens: (1) are and shall be in addition to the Prepetition Liens; (2) are and shall be First Priority Liens, subject to Postpetition Liens and Permitted Liens, that are properly perfected, valid and enforceable without any further action by Debtor, Guarantor or Agents and without the execution, filing or recordation of any financing statements, security agreements, mortgages or other documents or instruments; and (3) shall remain in full force and effect notwithstanding any subsequent conversion or dismissal of the Cases. Notwithstanding the foregoing, Debtor and Guarantor are authorized and directed to execute and deliver to Agents such financing statements, mortgages, instruments and other documents as Agents may deem necessary or desirable from time to time.

(c) Allowed Code § 507(b) Claim. If and to the extent the adequate protection of the interests of Agents in the Aggregate Collateral granted to Agents pursuant to this Order proves insufficient, Agents shall have an allowed claim under Code § 507(b), subject to the Carveout and the fees of the United States Trustee pursuant to 28 U.S.C. § 1930, in the amount of any such insufficiency, with priority over: (1) all costs and expenses of administration of the Cases (other than Agents' claims under Code § 364) that are incurred under any provision of the Code, including Code §§ 503(b), 506(c), 507(a), or 552(b); and (2) the claims of any other party in interest under Code § 507(b).

(d) Application of Cash Collateral. Agents, at their election, are authorized to apply all Cash Collateral now or hereafter coming into Agents' possession or control as follows: (1) first, to payment of Prepetition Debt consisting of Allowable 506(b) Amounts; (2) second, to payment of other Prepetition Debt; (3) third, to payment of Postpetition Charges; and (4) fourth, to payment of other Postpetition Debt. All such applications to Prepetition Debt shall be final, subject only to the right of parties in interest to: (a) object solely to such applications to Allowable 506(b) Amounts under and in accordance with Paragraph 6(a) of this Order; and (b) seek a determination, no later than sixty days after any application, regarding whether such application resulted in the payment of any unsecured prepetition claim of Agents. Any amounts disgorged in connection with any such objection or determination shall be first applied to repay Postpetition Debt. All such applications to Postpetition Debt shall be final and not subject to challenge by any person, including any Trustee.

(e) Prohibition Against Use of Cash Collateral. Neither Debtor nor Guarantor will use or seek to use Cash Collateral, unless, in addition to the satisfaction of all requirements of Code § 363 for the use of such Cash Collateral: (a) Agents have consented to such order;

(b) there is no Postpetition Debt outstanding at the time of the entry of such an order, and no obligation of Agents to extend additional Postpetition Debt; or (c) such Cash Collateral is first used to immediately pay the Postpetition Debt in full.

(f) Prohibition Against Additional Debt. Neither Debtor nor Guarantor will incur or seek to incur debt secured by a lien which is equal to or superior to the Aggregate Liens, or which is given superpriority administrative expense status under Code § 364(c)(1), unless, in addition to the satisfaction of all requirements of Code § 364 for the incurrence of such debt: (a) Agents have consented to such order; (b) there is no Postpetition Debt outstanding at the time of the entry of such an order; or (c) such credit or debt is used to immediately pay the Postpetition Debt in full.

(g) No Surcharge. Debtor and Guarantor represent that the Budget contains all expenses that are reasonable and necessary for the operation of their business, including all expenses that are reasonable and necessary to preserve the value of the Aggregate Collateral, through the period for which the Budget runs. In reliance on the representation by Debtor and Guarantor that the Budget includes all items that are reasonable and necessary to preserve the value of the Aggregate Collateral and therefore includes all items potentially chargeable to Agents under Code § 506(c), Agents have agreed to the entry of this Order. Debtor and Guarantor agree that the Budget also includes items that are not chargeable to Agents under Code § 506(c). In the exercise of their business judgment, and in consideration of Agents' agreement to allow the use of Cash Collateral and the proceeds of the Postpetition Debt in accordance with this Order, to pay both the items which are, and which are not, chargeable to Agents under Code § 506(c), Debtor and Guarantor agree that there shall be no surcharge of the Aggregate Collateral for any purpose, unless agreed to by Agents. Therefore, at no time during

the Cases shall the surcharge provisions of Code § 506(c) or the enhancement of collateral provisions of Code § 552 be imposed upon Agents or any of the Aggregate Collateral for the benefit of any party in interest, including Debtor, Guarantor, any of Debtor's or Guarantor's professionals, the Committee, any of the Committee's professionals, or any Trustee; provided, however, that any party in interest other than Debtor, Guarantor or their professionals shall have the right and standing to object to this Paragraph 5(g) prior to or at the Final Hearing. Upon entry of the Final Order, Debtor shall mail notice of the terms of this Paragraph 5(g) to its creditors.

(h) Right to Credit Bid. In all events, pursuant to Code § 363(k), Agents shall have the right to use the Aggregate Debt (if any) to credit bid with respect to any bulk or piecemeal sale of all or any portion of the Aggregate Collateral.

(i) Waiver of Right to Return/Consent to Setoff. Debtor and Guarantor hereby agree that they will not: (1) return any of the Aggregate Collateral pursuant to Code § 546(h); (2) consent to any order permitting claims pursuant to Code § 503(b)(9) of a priority equal or senior to any of the Aggregate Debt and (3) consent to setoff pursuant to Code § 553 in the absence of the Agents' then-contemporaneous written consent.

(j) Indemnification. Debtor and Guarantor shall indemnify and hold harmless Agents pursuant to the Prepetition Documents (including, without limitation, Section 23 of the Loan Agreement) and as further described herein.

(k) No Marshaling. Neither Agents nor any of the Aggregate Collateral shall be subject to the doctrine of marshaling.

6. Miscellaneous Provisions.

(a) Notice of and Objections to Allowable 506(b) Amounts. Agents shall provide Debtor's counsel, counsel for any Committee, and the United States Trustee with copies of all invoices sent by Agents' counsel to Agents (edited to delete any attorney-client or other confidential information) with respect to the attorneys' fees and related costs and expenses asserted as Allowable 506(b) Amounts. Any such party may object to the reasonableness of any such fees, costs and expenses. However, any such objection shall be forever waived and barred unless, within thirty (30) days of receipt of the invoice to which the objection relates: (1) the objection is filed with the Court and served upon Agents; and (2) the objection describes with particularity the items or categories of fees, costs and expenses that are the subject of the objection and provides the specific basis of the objection to each such item or category of fees, costs and expenses. Any hearing on an objection to the fees, costs and expenses of Agents set forth on any invoice shall be limited to the reasonableness or necessity of the particular items or categories of the fees, costs and expenses which are the subject of such objection. The disallowance of any such fees and expenses shall not affect Agents' right to collect such amounts from any non-debtor party, including any subordinated creditors.

(b) Force and Effect of Prepetition Documents. Except as modified herein and subject to the other provisions of this Order and the Code, the Prepetition Documents, and the terms and provisions thereof, shall remain in full force and effect with respect to the Aggregate Debt, provided that the Loan Agreement shall be deemed terminated as of the Filing Date in respect of the Prepetition Debt for purposes of Section 10(d) thereof. To the extent there exists any conflict among the Motion, the Prepetition Documents and the terms of this Order, this Order shall govern and control.

(c) Modification of Stay. The automatic stay of Code § 362 is hereby modified with respect to Agents to the extent necessary to effectuate the provisions of this Order, including, after the Termination Date, to permit Agents to exercise their rights contemplated by Paragraph 4(b) above.

(d) Financial Information. Debtor and Guarantor are hereby directed to deliver to Agents: (1) such financial and other information concerning the business and affairs of Debtor and Guarantor and any of the Aggregate Collateral required pursuant to the Prepetition Documents; and (2) such other financial and other information as Agents shall reasonably request from time to time, including, without limitation, (a) on Tuesday of each week, reports comparing actual "Consolidated Net Receipts," "Consolidated Net Revenues," and "Consolidated Net Disbursements" (broken down by disbursement category) to those set forth in the Budget for the previous week ended Friday and (b) on Tuesday of each week, a report showing all accrued accounts payable as of the close of business on such previous Friday. Debtor and Guarantor are also directed to allow Agents access to the premises for the purpose of enabling Agents to inspect and audit the Aggregate Collateral and the Debtor's and Guarantor's books and records. Such access for such purpose shall be permitted during normal business hours and upon forty-eight hours' notice or such shorter notice as may be provided in the Prepetition Documents.

(e) Insurance. Debtor and Guarantor are directed to deliver to Agents evidence, satisfactory to Agents, that the Aggregate Collateral is insured for the full replacement value thereof, that all insurance policies required by the Prepetition Documents or obtained in connection with the Aggregate Collateral are maintained in full force and effect, and that Agents are named as loss payee on all such property insurance policies and named as additional insured on all such liability policies as their interests may appear.



(f) No Waiver. This Order shall not constitute a waiver by Agents of any of their rights under the Prepetition Documents, the Code or other applicable law, including without limitation: (1) their right to later assert that, notwithstanding the terms and provisions of this Order, any of their interests in the Aggregate Collateral lack adequate protection within the meaning of Code §§ 362(d) or 363(e); or (2) their right to later assert a claim under Code § 507. Agents' failure, at any time or times hereafter, to require strict performance by Debtor and Guarantor (or by any Trustee) of any provision of this Order shall not waive, affect or diminish any right of Agents thereafter to demand strict compliance and performance therewith. No delay on the part of Agents in the exercise of any right or remedy under this Order shall preclude any other or further exercise of any right or remedy. Agents shall not be deemed to have suspended or waived any of their rights or remedies unless such suspension or waiver is in writing, signed by a duly authorized officer of each Agent, and directed to Debtors.

(g) "Responsible Person." By accepting the Budget submitted to it by Debtor and Guarantor and by taking any other actions pursuant to this Order, Agents shall not: (1) be deemed to be in control of the operations or liquidation of Debtor or Guarantor; or (2) be deemed to be acting as a "responsible person" with respect to the operation, management or liquidation of Debtor or Guarantor.

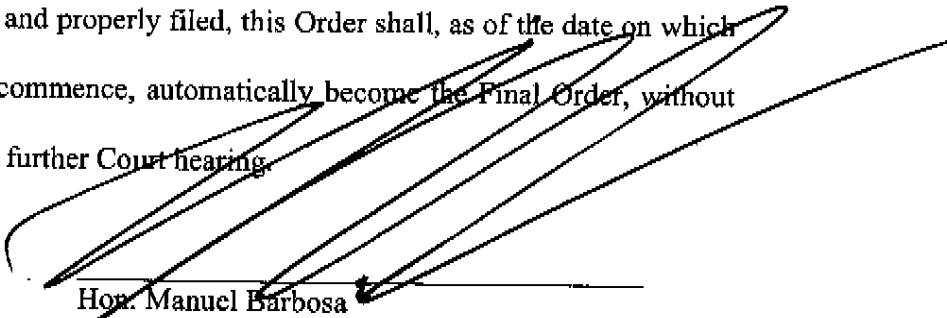
7. Binding Effect.

(a) Stipulations and Findings. The stipulations and findings contained in Paragraphs (3) and (4) of this Order shall be binding on all parties in interest in these Cases and their respective successors and assigns, including any Trustee, subject only to the right of any Committee to file an objection to the stipulations and representations contained in Paragraph (3) of this Order within 75 days of the date of this Order.

(b) Order. Except as provided in Paragraph 7(a) herein, this Order shall be binding on all parties in interest in these Cases and their respective successors and assigns, including any Trustee, except that any Trustee shall have the right to terminate this Order after notice and a hearing. If, in accordance with Code § 364(e), this Order does not become a final nonappealable order, if a Trustee terminates this Order, or if any of the provisions of the Order are hereafter modified, amended, vacated or stayed by subsequent order of this Court or any other court, such termination or subsequent order shall not effect (a) the stipulations and findings contained in Paragraphs (3) and (4) of this Order; and (b) the priority, validity, enforceability or effectiveness of any lien, security interests or any other benefit or claim authorized hereby with respect to any Cash Collateral used or Postpetition Debt incurred prior to the effective date of such termination or subsequent order. All such liens, security interests, claims and other benefits shall be governed in all respects by the original provisions of this Order, and Agents shall be entitled to all the rights, remedies, privileges and benefits, including the liens and priorities granted herein, with respect to the Postpetition Debt. Except as otherwise explicitly set forth in this Order, no third parties are intended to be, or shall be deemed to be, third party beneficiaries of this Order.

(c) Survival. The provisions of this Order, and any actions taken pursuant to or in reliance upon the terms hereof, shall survive entry of, and govern in the event of any conflict with, any order which may be entered in the Case: (1) confirming any chapter 11 plan; (2) converting the Cases to cases under chapter 7; or (3) dismissing the Cases. The terms and provisions of this Order, including the rights granted Agents under Code §§ 364(c) and (d), shall continue in full force and effect until all of the Aggregate Debt and other Obligations are indefeasibly paid in full and discharged.

(d) Notice of Final Hearing. The Final Hearing is scheduled for [ August 22 2007, at [ 11:00 ], and may be continued from time to time. Debtor and Guarantor are directed to immediately serve a copy of this Order by first class mail, postage prepaid, on Agents, counsel to the Agents, Debtor's and Guarantor's other secured creditors, the Committee (or, if no Committee has been appointed, Debtor's thirty largest unsecured creditors), and the United States Trustee, which service shall constitute adequate and proper notice of the Final Hearing. Any objection to the Order must be in writing and, no later than seventy-two hours prior to the commencement of such Final Hearing, be filed with the Court and received by respective counsel for the Debtor, Guarantor, Agents, any Committee and the United States Trustee. Any timely and properly filed and served objection will be heard at the Final Hearing. If no objection to the Order is timely and properly filed, this Order shall, as of the date on which the Final Hearing was scheduled to commence, automatically become the Final Order, without any need for the Final Hearing or any further Court hearing.

  
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Hon. Manuel Barbosa  
United States Bankruptcy Judge

Dated: [ 7/26 ], 2007

**SCHEDULE A TO PROPOSED ORDER**  
**DEFINED TERMS AND RULES OF CONSTRUCTION**

***Defined Terms***

1. ***Aggregate Collateral.*** Collectively, the Prepetition Collateral and the Postpetition Collateral.
2. ***Aggregate Debt.*** Collectively, the Prepetition Debt and the Postpetition Debt.
3. ***Aggregate Liens.*** Collectively, the Prepetition Liens, the Replacement Liens, and the Postpetition Liens.
4. ***Allowable 506(b) Amounts.*** All fees, costs, expenses, interest at the default rate set forth in Section 4(a) of the Loan Agreement and other charges due or coming due under the Prepetition Documents with respect to the Prepetition Debt (regardless of whether such fees, costs, interest and other charges are included in the Budget) to the extent allowable under Code § 506(b), including the deferred commitment fee due under Section 10(d) of the Loan Agreement, all reasonable out-of-pocket filing and recording fees, attorneys' and paralegals' fees and expenses, external and internal audit fees and expenses, closing fees, unused facility fees, letter of credit fees, and all other costs and expenses incurred by Agents under the Prepetition Documents with respect to the Prepetition Debt, including, without limitation, such fees, costs and charges incurred in connection with: (a) the negotiation, preparation and submission of this Order and any other order or document related hereto; and (b) the representation of Agents in and in connection with these Cases.
5. ***Availability Block.*** The "Availability Block," as that term is defined in the Loan Agreement.

6. **Blocked Account.** That certain blocked account maintained by ~~Borrower~~ <sup>Debtor</sup> at LaSalle Bank National Association having account number 5800973751.
7. **Budget.** The consolidated budget attached to this Order as Schedule B, as amended, modified or supplemented from time to time, for additional amounts or additional periods, all as may be agreed to by Agents from time to time.
8. **Carveout.** For the purposes of enabling Debtor's and Guarantor's estates to pay allowed fees and disbursements of professionals as may be awarded from time to time pursuant to Code §§ 330 and 331, the aggregate amount set forth in Paragraph 3(d) of this Order; provided, however, that the Carveout may be used only subject to the terms and provisions of Paragraph 3(d) of this Order.
9. **Cases.** Collectively, these jointly administered chapter 11 cases or any superseding chapter 7 cases of the Debtor or Guarantor.
10. **Cash Collateral.** All "cash collateral," as that term is defined in Code § 363(a), in which Debtor and Agents have an interest, all deposits subject to setoff rights in favor of Agents, and all cash arising from the collection or other conversion to cash of the Aggregate Collateral, including from the sale of inventory and the collection of accounts receivable. To the extent any such cash collected or received is not clearly identifiable as attributable to Prepetition Collateral or Postpetition Collateral, such cash shall be deemed to be proceeds of Prepetition Collateral.
11. **Code.** The United States Bankruptcy Code (11 U.S.C. § 101 *et seq.*), as amended, and any successor statute. Unless otherwise indicated, all statutory section references in this Order are to the Code.
12. **Committee.** Any official creditors' committee appointed to represent unsecured creditors in these Cases pursuant to Code § 1102.

13. **Cure Period.** (a) With respect to the occurrence of an Event of Default under subparagraphs (b) through (h), (j), or (k) of the definition of such term, none; and (b) with respect to any other Event of Default, two Business Days following Agents' written notice to counsel for Debtor and Guarantor, via facsimile or overnight mail, of the occurrence of such Event of Default.

14. **Event of Default.** Any one or more of the following: (a) Debtor commits any Event of Default under Section 15 of the Loan Agreement (other than by reason of Sections 15(g) of the Loan Agreement with respect to Debtor or Guarantor); (b) Debtor or Guarantor fails to perform any of their obligations in strict accordance with the terms of this Order; (c) Debtor ~~Guarantor~~ fail<sup>s</sup> to comply with any of the Variance Covenants, the Sale Covenants, or the International Inventory Sale Covenants; (d) Debtor or Guarantor, without Agents' consent, seek the use of Cash Collateral; (e) Debtor or Guarantor, without Agents' consent, file a motion to incur debt secured by a lien with priority equal to or superior to the Postpetition Liens or which is given superpriority administrative expense status under Code § 364(c); (f) Debtor or Guarantor files a motion to conduct a Code § 363 sale of all or part of the Aggregate Collateral on terms unacceptable to the Agents; (g) any key management of Debtor or Guarantor is removed or lost; (h) Debtor or Guarantor files a chapter 11 plan that is not acceptable to Agents; (i) any representation or warranty made by Debtor or Guarantor in any certificate, report or financial statement delivered to Agents proves to have been false or misleading in any material respect as of the time when made or given (including by omission of material information necessary to make such representation, warranty or statement not misleading); (j) the Cases are converted to cases under chapter 7 of the Code; or (k) a Trustee is appointed or elected in the Cases, or an examiner with the power to operate Debtor's or Guarantor's business is appointed in the Cases.

15. **Filing Date.** July 25, 2007.
16. **Final Hearing.** The final hearing on the Motion conducted in accordance with Fed. R. Bankr. P. 4001.
17. **Final Order.** A final order authorizing the use of Cash Collateral and incurring of Postpetition Debt entered at or in connection with the Final Hearing.
18. **First Priority Liens.** Liens which are first priority, properly perfected, valid and enforceable security interests, which are not subject to any claims, counterclaims, defenses, setoff, recoupment or deduction, and which are otherwise unavoidable and not subject to avoidance or subordination pursuant to any provisions of the Code, applicable nonbankruptcy law, or any agreement.
19. **Guaranty.** That certain Continuing Unconditional Guaranty executed by Guarantor in favor of Agents as of April 4, 2007.
20. **International Inventory.** All inventory held, as of the Filing Date, by the Division of the Debtor commonly referred to as Rockford International Group.
21. **International Inventory Sale Covenants.** Debtor shall be required to: (a) no later than August 17, 2007, obtain and provide Agents with an executed asset purchase agreement from an entity and on terms acceptable to Agents that (i) provides for the sale of the International Inventory no later than August 24, 2007 and (ii) provides for the indefeasible and final payment, no later than August 24, 2007, of all proceeds of such sale to Agents for application by Agents to the Aggregate Debt in accordance with Paragraph 5(d) of this Order; and (b) no later than August 24, 2007, indefeasibly and finally pay the proceeds of the sale of International Inventory to Agents for application to the Aggregate Debt in accordance with Paragraph 5(d) of this Order.

22. **Loan Agreement.** That certain Loan and Security Agreement dated as of April 4, 2007, by and among Agents and Debtor, as amended, modified and supplemented from time to time.
23. **Obligations.** The Obligations, as that term is defined in the Loan Agreement.
24. **Overadvance.** The "Overadvance" as set forth in the Budget for the relevant week.
25. **PBGC.** The Pension Benefit Guaranty Corporation, a wholly-owned United States government corporation created by Title IV of the Employee Retirement Income Security Act of 1974.
26. **PBGC Claims.** Any and all claims (as that term is defined in the Code) of the PBGC or in any way arising out, arising in connection with, or related to the pension obligations of Debtor or Guarantor.
27. **PBGC Liens.** Any and all liens that secure the PBGC Claims.
28. **Permitted Liens.** (a) Liens in favor of third parties upon the Prepetition Collateral with priority over Agents' security interests in the Prepetition Collateral, which third-party liens are: (i) not subordinated by agreement with Agents prior to the Filing Date or otherwise subordinated under Code § 510 and (ii) non-avoidable, valid, properly perfected and enforceable as of the Filing Date; (b) the Carveout; and (c) the claim of the United States Trustee for the payment of fees under 28 U.S.C. § 1930(a). For the avoidance of doubt, any PBGC Liens are not Permitted Liens, and each of the Aggregate Liens is senior in priority to any PBGC Liens and all of the Aggregate Debt is senior in priority of payment to all of the PBGC Claims.
29. **Positive Borrowing Availability.** The greater of (a) the amount of positive borrowing availability under the collateral advance formulas set forth in Section 2(a) of the Loan Agreement, taking into account all Aggregate Debt, the Availability Block in existence as of the Filing Date and all Reserves (whether such Reserves existed on the Filing Date or are put in



place thereafter), plus (ii) the Overadvance; and (b) the amount determined, by Agents, from time to time, in their discretion; provided, however, that the Postpetition Collateral and Agents' applications of Cash Collateral to the Aggregate Debt pursuant to Paragraph 5(d) of this Order shall be included in the calculations of such borrowing availability.

30. ***Postpetition Charges.*** All fees (including, without limitation, the collateral monitoring fee contained herein), costs, expenses, interest at the default rate and other charges due or coming due in connection with the Postpetition Debt (regardless of whether such fees, costs, interest and other charges are included in the Budget), including all reasonable out-of-pocket filing and recording fees, attorneys' fees and paralegals' fees and expenses, external and internal audit fees and expenses, closing fees, unused facility fees, letter of credit fees, fees and expenses of any consultant hired by Agents whether before or after the Filing Date, and all other costs and expenses incurred by Agents in connection with the Postpetition Debt.

31. ***Postpetition Collateral.*** All of the real and personal property of Debtor and/or Guarantor of any description whatsoever, wherever located and whenever arising or acquired, including all cash, accounts, inventory, equipment, fixtures, chattel paper, general intangibles (excluding claims and proceeds under Code §§ 544, 547, 548, 549, 550 and 553), all leaseholds, and all other Collateral (as that term is defined in the Loan Agreement) and all proceeds, rents, issues, profits and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any of the foregoing.

32. ***Postpetition Debt.*** (a) All indebtedness or Obligations of Debtor and/or Guarantor to Agents incurred on or after the Filing Date pursuant to this Order or otherwise, including any advances made by Agents to pay Allowable 506(b) Amounts, plus (b) the Postpetition Charges.

33. ***Postpetition Liens.*** First Priority Liens in the Aggregate Collateral, subject only to Permitted Liens.
34. ***Prepetition Collateral.*** All of the Collateral (as that term is defined in the Loan Agreement) existing as of the Filing Date, and all proceeds, rents, issues, profits and products thereof.
35. ***Prepetition Debt.*** (a) All indebtedness or obligations under the Prepetition Documents as of the Filing Date, including all fees, costs, interest, and expenses (including the yield maintenance fee set forth in Section 10(d) of the Loan Agreement), plus (b) all Allowable 506(b) Amounts.
36. ***Prepetition Documents.*** The Loan Agreement and the Loan Documents (as that term is defined in the Loan Agreement).
37. ***Prepetition Liens.*** Agents' asserted security interests in the Prepetition Collateral under the Prepetition Documents, subject only to Permitted Liens.
38. ***Replacement Liens.*** First Priority Liens in the Postpetition Collateral granted to Agents pursuant to this Order, subject only to the Postpetition Liens and the Permitted Liens.
39. ***Reserves.*** Collectively: (1) the \$1,750,000 in reserves under the Loan Agreement on the Filing Date, plus (2) all reserves established by Agents, in their sole and absolute discretion, pursuant to the Loan Agreement or this Order, after the Filing Date; plus (3) a reserve for the Carveout.
40. ***Sale Covenants.*** Debtor shall be required to: (a) no later than August 21, 2007, obtain and provide Agents with a commitment letter from an entity and on terms acceptable to Agents that (i) provides for the sale of the Aggregate Collateral no later than October 17, 2007 and (ii) provides for the use of the proceeds of such sale to indefeasibly and finally pay the Aggregate

Debt in full no later than October 17, 2007; (b) no later than September 20, 2007, obtain and provide Agents with an executed asset purchase agreement from an entity and on terms acceptable to Agents that (i) provides for the sale of the Aggregate Collateral no later than October 17, 2007 and (ii) provides for the use of the proceeds of such sale to indefeasibly and finally pay the Aggregate Debt in full no later than October 17, 2007; (c) no later than October 5, 2007, obtain entry of an order, in form and substance acceptable to Agents, that authorizes Debtor to consummate the sale contemplated by such asset purchase agreement and provides for the payment of an amount of proceeds of the Aggregate Collateral to Agents to finally and indefeasibly pay the Aggregate Debt in full no later than October 17, 2007; and (d) no later than October 17, 2007, indefeasibly and finally pay the Aggregate Debt in full from the proceeds of the sale of the Aggregate Collateral..

41. **Termination Date.** At Agents' election, the earliest to occur of: (a) the date on which Agents provides, via facsimile or overnight mail, written notice to Debtor and Guarantor of the occurrence of an Event of Default (or, if any Cure Period is applicable with respect to such Event of Default, the expiration of such Cure Period); (b) if this Order is modified at the Final Hearing in a manner unacceptable to Agents, the date of the Final Hearing; and (c) October 29, 2007.

42. **Trustee.** Any trustee appointed or elected in the Case.

43. **Variance Covenants.** Debtor, on a consolidated basis, shall be required to: (a) as of Friday, August 3, 2007, or any Friday thereafter, generate "Consolidated Net Receipts" in an amount equal to at least 95% of the amount set forth in the Budget for the cumulative period commencing on the Filing Date and ending on each such testing date, (b) as of Friday, August 3, 2007, or any Friday thereafter, generate "Consolidated Net Revenues" in an amount equal to at least 95% of the amount set forth in the Budget for the cumulative period commencing on the

Filing Date and ending on each testing date, and (c) as of Friday, August 3, 2007 or any Friday thereafter, maintain aggregate "Consolidated Net Disbursements" no greater than 5% more than the aggregate amount projected by the Budget to be expended during the cumulative period commencing on the Filing Date and ending on each such testing date.

**ROCKFORD PRODUCTS CORPORATION**  
**WEEKLY DIP CASH FLOW FORECAST (WEEKS ENDED 7/27/07 THROUGH 10/19/07)**  
**SOURCES AND USES AND ASSUMPTIONS (\$000s)**

Sources and Uses of Funds	
Sources	Amount
Accounts Receivable	1,259
Inventory	4,015
<b>Total Sources</b>	
<b>5,274</b>	
Uses	Amount
Revolver	2,216
Accounts Payable	350
Capital Expenditures	180
Principal Payments	476
Other/Accruals	588
Interest Expense/DIP Fees	1,020
EBITDA	444
<b>Total Uses</b>	
<b>5,274</b>	

**Assumptions**

1. Net sales are projected to be approximately \$6.64 million per month during this forecast period. The table below gives sales by month.

Division	July	August	September	October	Total	Avg/Month (a)
RIG	2,020	1,874	1,856	2,436	8,186	1,016
Cold Form	5,964	5,313	5,256	6,511	23,044	5,628
Elims	0	0	0	0	0	0
<b>Total</b>	<b>7,983</b>	<b>7,188</b>	<b>7,111</b>	<b>8,947</b>	<b>31,229</b>	<b>6,644</b>

(a) This avg represents the average within the cash flow period and reflects the sale of the Consumer segment after 30 days and the continued wind down of OEM.  
The monthly sales shown in the table above are from the company's most recent projections.

- These sales figures reflect approximately \$400,000 and \$100,000 of price increases in the CFP and RIG divisions, respectively from July through October. Additionally, sales for the first week are reduced to reflect \$195,000 of pre-petition credits.
2. Accounts Receivable are assumed to collect in approximately 42 days on average, creating a use of cash of approximately \$1.26 million. Approximately \$1.02 million of the total receivable run off is from the RIG division (collection of Consumer after the sale and wind down of OEM).
  3. Cold Form Products inventory is projected to increase by approximately \$1.0 million during this period primarily due to the assumption that a jump start of \$400,000 of raw material (wire) is injected into the business to prop it up for sale. As a result, absorption is projected to improve during this period, resulting in a P&L loss of \$28,000 per month on average versus recent monthly losses of \$450,000 for this division.
  4. RIG - Consumer inventory is also projected to receive a jump start of approximately \$200,000 during the first four weeks of this projection period to prop it up for sale. The sale of RIG - Consumer is estimated to occur 5 weeks after filing (week of 8/24/07). The sale is projected to produce net proceeds of exactly inventory value (\$4.1 million) for that segment. Expenses related to RIG are reduced accordingly; salary and other expenses are reduced 55% after the sale (Consumer sales as % of total RI sales).
  5. RIG - OEM inventory incorporates the following assumptions:
    - a. The "OEM" business segment is supported by customers purchasing inventory from overseas suppliers and sending it to RIG for processing and support. This is modeled in the cash flow by "Progress Billings" whereby requirements for overseas material are paid for upfront by the customer and credited against accounts receivable four weeks hence. Inventory is reduced each week to further support the anticipated sales level requirements.
    - b. The "OEM" business segment is also assumed to be wound down during this forecast. Inventory recovery is assumed to be 70%.

**ROCKFORD PRODUCTS CORPORATION**  
**WEEKLY DIP CASH FLOW FORECAST (WEEKS ENDED 7/27/07 THROUGH 10/19/07)**  
**SOURCES AND USES AND ASSUMPTIONS (\$'000s)**

- or \$1.25 million of the \$1.8 million of current inventory. Sales for the 13 weeks are assumed to be approximately \$2.1 million for this business segment.
- c. Headcount reductions will occur as "OEM" is liquidated. Approximately 22 hourly and 3 salary people are part of OEM. 3 hourly positions are eliminated at the end of August and September, respectively, while the remaining 16 hourly and 3 salary positions are eliminated at the end of October when the liquidation is generally complete (outside the time frame of this forecast).
- d. As inventory is reduced, capitalized burden will be booked to the P&L. The average monthly P&L run rate shown for RIG includes booking approximately \$95,000 per month of capitalized overhead expense as a result of liquidating OEM. Below is a reconciliation of the run rate shown in this forecast versus the normalized P&L at the given volume:

<b>P&amp;L Loss at \$1.63 million/month sales volume (current run rate):</b>		<b>(116)</b>
Monthly Sales Volume Incr/(Reduction) in CF Fcst	(615)	
-CM Gain/(Loss) from Volume Change (23%)		(141)
Interest Expense Reduction		17
Capitalized Burden Expensed/Month in CF from Inv reduction		(95)
<b>Adjusted P&amp;L Run Rate</b>		<b>(335)</b>

Although capitalized burden is a non-cash expense on the P&L, it does affect availability to the extent that inventory collateral is reduced. Not reflected in the table above is the expense reductions associated with selling Consumer and winding down OEM.

6. Principal and interest payments are projected to continue during this forecast on schedule. Interest is reflective of the default rate of interest with the senior lender which adds approximately \$40,000 per month in interest expense.

7. Professional fees during the bankruptcy are included in "Other/Accruals" in the sources and uses above. Professionals' retainers and amounts currently outstanding (LLGM, Silverman, BMC & Groom) are paid prior to filing and are reflected in the opening revolver balance under "Electronic Transfers". Retainers for the creditor committee professionals are paid during the week of 7/27 totaling \$50,000. Retainers and estimated monthly debtor professional fees as set forth in the DIP order are as follows:

Debtor Professional Fees (a)						
Debtors' Professionals	Retainer	Fees Paid	Fees Paid	Fees Paid	Fees Paid	Total Fees Incurred During 13 Wk CF
		Mid-August	Sept (Wk 1)	Sept (Wk 3)	Oct (Wk 4)	
LLGM	200,000	150,000	75,000	75,000	125,000	425,000
Silverman	150,000	100,000	37,500	37,500	75,000	250,000
BMC	25,000	15,000	7,500	7,500	15,000	45,000
Groom	-	10,000	5,000	5,000	10,000	30,000
Total	375,000	275,000	125,000	125,000	225,000	750,000

- a. The creditor committee fees of \$50,000 are in addition to the \$750,000 shown above for this 13 week period.
8. The remaining turnaround initiatives discussed in previous meetings are not included in this forecast.

**ROCKFORD PRODUCTS CORPORATION**  
**WEEKLY DIP CASH FLOW FORECAST (WEEKS ENDED 7/27/07 THROUGH 10/19/07)**  
**SOURCES AND USES AND ASSUMPTIONS (\$000s)**

9. The forecast includes approximately \$60,000 per month for capital expenditures.
10. The forecast does not include further payments to fund the pension obligation. The P&L shows the pension expense within the benefits line-item. However, the cash expense is removed in the Cold Formed Products tab to reflect not paying the pension. This is a \$413,000 positive cash effect during this 13 week period.
11. Real estate taxes of \$100,000 are paid during the week of 9/7.
12. The projections assume the float of \$835,000 is cleared at the beginning and cash disbursements clear immediately (C.O.D.).
13. Utility deposits of \$175,000 are assumed to be made within the first two weeks of the bankruptcy. ComEd for \$150,000 and \$25,000 for others.
14. The forecast assumes the contract with Alliant for \$75,000 per month is rejected and those payments are not made. In addition, the budget accounts for the payment of "Recoupment" by outside value-add suppliers in the amount of \$150,000. Vendors providing outside value-added services are typically able to circumvent the automatic stay.
14. The forecast assumes that the entire reserve of \$1.75 million stays in place during the Chapter 11 case. Additionally, a \$300,000 DIP Financing fee is being charged on the day of filing. It is shown in the "Corporate" cash flow forecast under "Interest/DIP Fees".

**P&L Reconciliation**

	Total	Cold Form	RIG	Corp
<b>Total Cash Flow</b>	<b>2,216</b>	<b>(184)</b>	<b>5,077</b>	<b>(2,677)</b>
<u>Working Capital &amp; Other Adjustments</u>				
Accounts Receivable	1,259	236	1,023	-
Inventory	4,015	(1,000)	5,015	-
Inventory Absorption (Labor & Overhead)	(350)	(150)	(200)	(476)
Accounts Payable	(476)	-	-	-
Principal Payments	(180)	(180)	-	(337)
Capital Expenditures	(1,020)	(595)	(88)	-
Interest Expense/DIP Fees	(252)	(110)	(142)	-
Accruals	-	-	-	(986)
Change in Float	(336)	413	236	(1,799)
Other	2,660	(1,387)	5,845	(879)
Total Adjustments	(444)	1,203	(768)	(33)
Operating Cash Flow/EBITDA (13 Weeks)	(743)	(693)	(16)	(37)
Less:	(720)	(595)	(88)	(949)
Depreciation	(1,906)	(85)	(872)	(316)
Interest (w/o DIP Fees)	(635)	(28)	(291)	-
Net Income/(Loss) (13 Weeks)	6,644	5,628	1,016	-
Average Net Income/(Loss) per Month				
Average Monthly Sales				

ROCKFORD PRODUCTS CORPORATION  
WEEKLY DIP CASH FLOW FORECAST (WEEKS ENDED 7/27/07 THROUGH 10/19/07)  
SOURCES AND USES AND ASSUMPTIONS (\$000s)

Break-Even Analysis

Total Cash Fixed Costs (13 Weeks)	5,311
Depreciation & Amortization	743
Total Fixed Costs (13 Weeks)	6,054
Contribution Margin	21.9%
Break-Even Sales - P&L (13 Weeks)	27,669
Break-Even Sales - P&L (Avg Month)	9,223

Effects of Sale/Leaseback Transaction

Sources	Amount	Uses	Amount
Gross Cash Proceeds from Sale	5,300	Paydown of Senior Debt	1,900
		Paydown of Accounts Payable	#REF!
		General Working Capital Needs	#REF!
		Transaction Costs	400
Total Sources from Sale/Leaseback	5,300	Total Uses from Sale/Leaseback	#REF!

Six Month Operating Cash Flow Impact

Reduction of Term Debt	1,900
Interest Savings	86
Lease Payments	(262)
Reduction of Monthly Term Payments	2277
Net Cash Savings/(Loss)	
Annual P&L Impact	
Gain on Sale of Assets	300
Interest Savings (above times two to ann'lize)	171
Total Annual P&L Benefit	471

Pre-Bankruptcy Wires

Professionals	
LLGM Retainer	200,000
LLGM Pre-Petition	-
Silverman Retainer	150,000
Silverman Pre-Petition	120,000
Katten Muchin	-
BMC (Claims Agent) (1)	15,000
Groom	-
Total Professionals	485,000

Inventory Jump Start	
Cold Form Products	-
RIG	-
Total Inventory Jump Start	-



ROCKFORD PRODUCTS CORPORATION  
WEEKLY DIP CASH FLOW FORECAST (WEEKS ENDED 7/27/07 THROUGH 10/19/07)  
SOURCES AND USES AND ASSUMPTIONS (\$000s)

<u>Freight Issues</u>	
Cold Form Freight	-
RIG Freight	-
Total Freight Issues	-
<u>Float</u>	
A/P	399,000
Medical	72,000
Payroll	364,000
Total Float	835,000

1. BMC was paid \$10,000 of the \$25,000 retainer on 7/20

**Rockford Products Corporation**  
**13-week Cash Flow Projection (000's)**  
**Consolidated**

**SUMMARY**

**Summary Cash Flow (000's)**

Week Ending	07/20/07	07/27/07	08/03/07	08/10/07	08/17/07	08/24/07	08/31/07	09/07/07	09/14/07	09/21/07	09/28/07	10/05/07	10/12/07	10/19/07	10/26/07	11/02/07	11/09/07	11/16/07	11/23/07
Budget/Actual	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget
<b>CONSOLIDATED NET REVENUES</b>																			
	1,808	1,436	1,700	1,700	1,987	1,218	1,482	1,482	1,745	1,154	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481	1,481
<b>CONSOLIDATED NET RECEIPTS</b>																			
	1,758	1,856	2,417	1,545	5,591	1,427	1,600	1,500	1,564	1,594	1,521	1,514	1,509	0	0	0	0	0	0
<b>CONSOLIDATED DISBURSEMENTS</b>																			
Material	453	584	631	631	739	478	545	525	632	451	553	553	553	553	553	553	553	553	553
	40.7%	40.5%	40.6%	40.5%	40.5%	39.2%	39.5%	38.5%	39.5%	38.0%	39.4%	39.4%	39.4%	39.4%	39.4%	39.4%	39.4%	39.4%	39.4%
<b>Consolidated Operating Expenses</b>																			
Variable Costs - Direct Labor	202	226	220	220	220	196	196	196	196	196	196	196	196	196	196	196	196	196	196
	13%	15%	13%	13%	11%	16%	13%	13%	11%	17%	13%	13%	13%	13%	13%	13%	13%	13%	13%
Variable Costs - Mfg Overhead	310	455	317	398	359	428	294	382	335	440	293	293	293	293	293	293	293	293	293
	19%	32%	19%	23%	18%	35%	20%	24%	19%	38%	20%	20%	20%	20%	20%	20%	20%	20%	20%
Variable Costs - SG&A	24	28	28	28	31	23	22	22	25	24	22	22	22	22	22	22	22	22	22
	1.51%	2.05%	1.63%	1.63%	1.57%	1.50%	1.46%	1.48%	1.44%	2.12%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Fixed Costs	134	742	74	375	134	682	365	333	122	746	64	64	64	64	64	64	64	64	64
	8.37%	51.83%	4.35%	22.23%	8.83%	50.38%	11.10%	22.51%	7.02%	64.56%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%
Discretionary Costs	10	20	10	10	10	20	7	7	7	17	7	7	7	7	7	7	7	7	7
	0.63%	1.40%	0.59%	0.59%	0.51%	1.65%	0.50%	0.50%	0.42%	1.51%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Operating Expenses Subtotal	1,333	2,050	1,335	1,715	1,553	1,832	1,258	1,505	1,375	1,826	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
	83.1%	142.7%	78.5%	100.8%	78.5%	130.4%	85.6%	101.7%	78.5%	162.8%	78.5%	78.5%	78.5%	78.5%	78.5%	78.5%	78.5%	78.5%	78.5%
<b>Consolidated Other (Income) Expense</b>																			
Subtotal	325	254	15	13	28	211	15	12	15	253	13	13	15	15	13	13	13	13	13
	20.3%	17.7%	0.8%	0.8%	1.5%	17.3%	1.0%	0.8%	0.9%	22.8%	0.9%	0.9%	1.0%	1.0%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>Consolidated Other Cash Disbursements</b>																			
Debtor Paid Fee Applications - LISA (1)	0	0	0	150	0	0	0	75	0	75	0	0	0	0	0	0	0	0	0
Debtor Paid Fee Applications - SC (1)	0	0	0	100	0	0	0	36	0	36	0	0	0	0	0	0	0	0	0
Debtor Paid Fee Applications - BMC (1)	0	0	0	15	0	0	8	0	8	0	0	0	0	0	0	0	0	0	0
Debtor Paid Fee Applications - Green (1)	0	0	0	10	0	0	5	0	5	0	0	0	0	0	0	0	0	0	0
Creditor Committee Fees	50	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AI Other	675	259	132	150	132	109	132	107	171	109	114	114	114	114	114	114	114	114	114
Other Cash Disbursements	725	259	132	425	425	132	109	107	171	109	114	114	114	114	114	114	114	114	114
	45.3%	18.0%	7.8%	25.0%	-0.6%	8.5%	8.5%	7.2%	6.2%	-0.4%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%	7.1%
<b>CONSOLIDATED NET DISBURSEMENTS</b>																			
	2,384	2,563	1,486	2,153	1,556	2,152	1,350	1,518	1,501	2,134	1,296	1,175	1,174	1,174	1,174	1,174	1,174	1,174	1,174
	148.6%	178.5%	87.4%	128.6%	79.6%	175.6%	93.8%	102.5%	86.0%	184.8%	87.4%	79.3%	117.8%	117.8%	117.8%	117.8%	117.8%	117.8%	117.8%
<b>CONSOLIDATED NET CASH FLOW (Weekly)</b>																			
NET CF (Cumulative)	(626)	(907)	931	(908)	4,025	(725)	210	62	62	(540)	226	338	(235)	0	0	0	0	0	0
	(626)	(1,533)	(602)	(1,210)	2,815	2,091	2,301	2,363	2,425	1,886	2,112	2,451	2,216	2,216	2,216	2,216	2,216	2,216	2,216

**Consolidated**

COLLATERAL & AVAILABILITY (000's)

## Colloids

**Reverber - Pre-Paid**Page 6

**Rockford Products Corporation**  
**13-week Cash Flow Projection (000's)**  
**Consolidated**

Week Ending	07/20/07	07/27/07	08/03/07	08/10/07	08/17/07	08/24/07	08/31/07	09/07/07	09/14/07	09/21/07	09/28/07	10/05/07	10/12/07	10/19/07	10/26/07	11/02/07	11/09/07	11/16/07	11/23/07
Budget/Actual	Balance	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget	Budget

Cash Receipts		(1,750)	(1,656)	(2,417)	(1,545)	(5,591)	(713)	0	0	0	0	0	0	0	0	0	0	0	0
Float	836																		
Ending Balance	13,881	11,923	10,267	7,850	6,305	713	0	0	0	0	0	0	0	0	0	0	0	0	0

**Revolver - Post-Petition**

Beginning Balance	0	2,384	4,947	6,433	8,586	10,152	11,530	11,380	11,318	11,255	11,795	11,569	11,230	11,456	11,455	11,455	11,455	11,455	11,455
Checks	1,107	1,800	1,032	1,468	1,302	1,612	1,050	1,288	1,156	1,634	948	848	1,256	0	0	0	0	0	0
Electronic Transfers	1,277	762	395	885	264	540	340	230	345	480	347	227	458	0	0	0	0	0	0
Cash Receipts	0	0	0	0	0	(714)	(1,600)	(1,580)	(1,564)	(1,564)	(1,521)	(1,514)	(1,509)	0	0	0	0	0	0
Float	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	2,384	4,947	6,433	8,586	10,152	11,530	11,380	11,318	11,255	11,795	11,569	11,230	11,456	11,455	11,455	11,455	11,455	11,455	11,455

**Reserves & Blocks**

Reserve	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Availability Block	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Reserve for Cureout	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Total Reserves & Blocks	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650	2,650

**Overdrafts**

Overdrafts	1,380	2,028	3,087	2,701	3,172	812	1,741	1,486	1,384	1,227	2,153	2,005	1,740	2,045	2,045	2,045	2,045	2,045	2,045
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**Availability**

NET AVAILABILITY	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET AVAILABILITY LESS FLOAT	(22)	1,092	2,170	4,477	5,933	9,668	10,282	10,654	10,561	10,734	10,050	10,395	10,321	10,048	10,820	10,820	10,820	10,820	10,820
IMPLIED AVAIL BLOCK								3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009	3,009

**241 Reconciliation**

Tot Cash Flow

2,216

**WYCON CASH ADJUSTMENTS**

Accounts Receivable	1,236
Inventory	4,015
Inventory Absorption	(830)
Accounts Payable	(630)
Physical Systems	(4,631)
Capital Expenditures	(1,700)
Interest Expense & Taxes	(1,026)
Accounts	(250)
Change in Float	-
Other	(736)
Operating Cash Flow/EBITDA	(444)
Average Monthly EBITDA	(146)
Less:	
Interest Expense	(240)
Depreciation & Amortization	(216)
Average Monthly Net Income	(455)
Average Monthly Sales	\$1,544

**Notes:**

1. The debtors' proportional fees shown above reflect five amounts set forth in the DIP order.

## **AMENDED AND RESTATED REVOLVING NOTE**

\$15,500,000

CHICAGO, ILLINOIS

JULY 26, 2007

FOR VALUE RECEIVED, on or before April 4, 2007 (or, if such day is not a Business Day, on the next following Business Day), the undersigned, ROCKFORD PRODUCTS CORPORATION, an Illinois corporation, as Debtor-in-Possession and each other Person that executes a joinder to the Loan Agreement and becomes a borrower thereunder (collectively, the "Borrowers" and, individually, each a "Borrower"), jointly and severally, each promise to pay to BRIDGE OPPORTUNITY FINANCE, LLC ("Payee") or its registered assigns at the principal offices of BRIDGE HEALTHCARE FINANCE, LLC, as Revolving Loan Administrative Agent (in such capacity, "Revolving Loan Administrative Agent"), the maximum principal sum of Fifteen Million Five Hundred Thousand Dollars (\$15,500,000) or, if less, the aggregate unpaid principal amount of all Revolving Loans made by Lender to any one or more of the Borrowers pursuant to the Loan Agreement and the Financing Order each referred to below, on the dates and in the amounts set forth in the Loan Agreement and the Financing Order, together with interest on the unpaid principal amount hereof, at the rates and on the dates set forth in the Loan Agreement and the Financing Order. If not sooner paid, the Borrowers shall pay the principal of and accrued and unpaid interest on the Revolving Loans in full on April 4, 2010.

Payments of both principal and interest are to be made in the lawful money of the United States of America in immediately available funds at Revolving Loan Administrative Agent's principal office at 233 South Wacker Drive, Suite 5350, Chicago, Illinois 60606, or at such other place as may be designated by Revolving Loan Administrative Agent to the Borrowers in writing.

This Revolving Note (this "Note") evidences indebtedness incurred under and is subject to the terms and provisions of (i) that certain Loan and Security Agreement dated as of April 4, 2007 (as the same has been and may hereafter be amended, modified, restated or supplemented from time to time, called the "Loan Agreement") among the Borrowers, Revolving Loan Administrative Agent, Bridge Opportunity Finance, LLC, as Term Loan Administrative Agent, Lender and certain other financial institutions from time to time a party thereto and (ii) that certain Order Authorizing Debtors: (A) To Use Cash Collateral; (B) To Incur Postpetition Debt; and (C) To Grant Adequate Protection And Provide Security And Other Relief to Bridge Opportunity Finance, LLC And Bridge Healthcare Finance, LLC, as such order may become final and/or be amended, modified or supplemented (the "Financing Order"). The Loan Agreement and the Financing Order, to which reference is hereby made, set forth said terms and provisions, including those under which this Note may or must be paid prior to its due date or may have its due date accelerated. Terms used but not otherwise defined herein are used herein as defined in the Loan Agreement. This Note is secured by the personal property described in and pursuant to the Loan Agreement and various Loan Documents referred to therein, including without limitation the Financing Order, and reference is made thereto for a statement of terms and provisions of such Collateral security, a description of Collateral and the rights of Agents and Lenders in respect thereof.

Unless and until an Assignment and Acceptance effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by Revolving Loan Administrative Agent and recorded in the Register, each of the undersigned Borrowers, Revolving Loan Administrative Agent and Lenders shall be entitled to deem and treat Payee as the owner and holder of this Note and the obligations evidenced hereby for the purpose of receiving payment of, or on account of, the principal, interest and other amounts due on this Note and for all other purposes, notwithstanding notice to the contrary (subject to the rights of any collateral assignee of this Note if so provided in Section 19(e) of the Loan Agreement). Payee hereby agrees, by its acceptance hereof, that before disposing of this Note or any part hereof it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligations of each of the undersigned Borrowers hereunder with respect to payments of principal of or interest on this Note.

Upon the occurrence of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued and unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Loan Agreement and the other Loan Documents (including without limitation the Financing Order).

In addition to, and not in limitation of, the foregoing and the provisions of the Loan Agreement and the Financing Order hereinabove referred to, each Borrower, jointly and severally, further agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and expenses, incurred by the holder of this Note in seeking to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

No reference herein to the Loan Agreement or the Financing Order and no provision of this Note, the Loan Agreement or the Financing Order shall alter or impair the obligations of each of the undersigned Borrowers, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

Each of the undersigned Borrowers and any endorser of this Note hereby consents to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waives diligence, presentment, protest, demand, notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

This Note is binding upon the Borrowers and their successors and assigns, and shall inure to the benefit of Payee and its registered assigns. The Borrowers and their successors and assigns shall be jointly and severally obligated hereunder. This Note is made under and governed by the laws of the State of Illinois without regard to conflict of laws principles.

This Amended and Restated Revolving Note amends and restates in its entirety the certain Revolving Note dated April 4, 2007 in the original principal amount of \$15,500,000 executed by Rockford Products Corporation in favor of Payee, and shall not be deemed a repayment or novation thereof.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, Borrower has executed this Amended and Restated Revolving Note as of the day and year first above written.

ROCKFORD PRODUCTS CORPORATION,  
an Illinois corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**AMENDED AND RESTATED TERM NOTE**

\$6,312,000

CHICAGO, ILLINOIS  
JULY 26, 2007

FOR VALUE RECEIVED, the undersigned, ROCKFORD PRODUCTS CORPORATION, an Illinois corporation, as Debtor-in-Possession and each other Person that executes a joinder to the Loan Agreement and becomes a borrower thereunder (collectively, the "Borrowers" and, individually, each a "Borrower"), jointly and severally, each promise to pay to BRIDGE OPPORTUNITY FINANCE, LLC ("Payee) or its registered assigns at the principal offices of BRIDGE OPPORTUNITY FINANCE, LLC, as Term Loan Administrative Agent (in such capacity, "Term Loan Administrative Agent"), the principal sum of Six Million Three Hundred Twelve Thousand Dollars (\$6,312,000), or such lesser principal amount as may be then outstanding, on the dates and in the amounts set forth in the Loan Agreement and the Financing Order each referred to below, together with interest on the unpaid principal amount hereof, at the rates and on the dates set forth in the Loan Agreement and the Financing Order. If not sooner paid, the Borrowers shall pay the principal of and accrued and unpaid interest on the Term Loan in full on April 4, 2010.

Payments of both principal and interest are to be made in the lawful money of the United States of America in immediately available funds at Term Loan Administrative Agent's principal office at 233 South Wacker Drive, Suite 5350, Chicago, Illinois 60606, or at such other place as may be designated by Term Loan Administrative Agent to the Borrowers in writing.

This Term Note (this "Note") evidences indebtedness incurred under and is subject to the terms and provisions of (i) that certain Loan and Security Agreement dated as of April 4, 2007 (as the same has been and may hereafter be amended, modified, restated or supplemented from time to time, called the "Loan Agreement") among the Borrowers, Term Loan Administrative Agent, Bridge Healthcare Finance, LLC, as Revolving Loan Administrative Agent, Lender and certain other financial institutions from time to time a party thereto and (ii) that certain Order Authorizing Debtors: (A) To Use Cash Collateral; (B) To Incur Postpetition Debt; and (C) To Grant Adequate Protection And Provide Security And Other Relief to Bridge Opportunity Finance, LLC And Bridge Healthcare Finance, LLC, as such order may become final and/or be amended, modified or supplemented (the "Financing Order"). The Loan Agreement and the Financing Order, to which reference is hereby made, set forth said terms and provisions, including those under which this Note may or must be paid prior to its due date or may have its due date accelerated. Terms used but not otherwise defined herein are used herein as defined in the Loan Agreement. This Note is secured by the personal property described in and pursuant to the Loan Agreement and various Loan Documents referred to therein, including without limitation the Financing Order, and reference is made thereto for a statement of terms and provisions of such collateral security, a description of Collateral and the rights of Agents and Lenders in respect thereof.

Unless and until an Assignment and Acceptance effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by Term Loan

Administrative Agent and recorded in the Register, each of the undersigned Borrowers, Term Loan Administrative Agent and Lenders shall be entitled to deem and treat Payee as the owner and holder of this Note and the obligations evidenced hereby for the purpose of receiving payment of, or on account of, the principal, interest and other amounts due on this Note and for all other purposes, notwithstanding notice to the contrary (subject to the rights of any collateral assignee of this Note if so provided in Section 19(e) of the Loan Agreement). Payee hereby agrees, by its acceptance hereof, that before disposing of this Note or any part hereof it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligations of each of the undersigned Borrowers hereunder with respect to payments of principal of or interest on this Note.

Upon the occurrence of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued and unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Loan Agreement and the other Loan Documents (including without limitation the Financing Order).

In addition to, and not in limitation of, the foregoing and the provisions of the Loan Agreement and the Financing Order hereinabove referred to, each Borrower, jointly and severally, further agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and expenses, incurred by the holder of this Note in seeking to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

No reference herein to the Loan Agreement or the Financing Order and no provision of this Note, the Loan Agreement or the Financing Order shall alter or impair the obligations of each of the undersigned Borrowers, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

Each of the undersigned Borrowers and any endorser of this Note hereby consents to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waives diligence, presentment, protest, demand, notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

This Note is binding upon the Borrowers and their successors and assigns, and shall inure to the benefit of Payee and its registered assigns. The Borrowers and their successors and assigns shall be jointly and severally obligated hereunder. This Note is made under and governed by the laws of the State of Illinois without regard to conflict of laws principles.

This Amended and Restated Term Note amends and restates in its entirety the certain Term Note dated April 4, 2007 in the original principal amount of \$6,312,000

executed by Rockford Products Corporation in favor of Payee, and shall not be deemed a repayment or novation thereof.

**[Signature Page Follows]**

IN WITNESS WHEREOF, Borrower has executed this Amended and Restated  
Note on the date above set forth.

ROCKFORD PRODUCTS  
CORPORATION, an  
Illinois corporation

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AMENDED AND RESTATED REVOLVING NOTE**

\$5,000,000

CHICAGO, ILLINOIS

JULY 26, 2007

FOR VALUE RECEIVED, on or before April 4, 2007 (or, if such day is not a Business Day, on the next following Business Day), the undersigned, ROCKFORD PRODUCTS CORPORATION, an Illinois corporation, as Debtor-in-Possession, and each other Person that executes a joinder to the Loan Agreement and becomes a borrower thereunder (collectively, the "Borrowers" and, individually, each a "Borrower"), jointly and severally, each promise to pay to BRIDGE HEALTHCARE FINANCE, LLC ("Payee") or its registered assigns at the principal offices of BRIDGE HEALTHCARE FINANCE, LLC, as Revolving Loan Administrative Agent (in such capacity, "Revolving Loan Administrative Agent"), the maximum principal sum of Five Million Dollars (\$5,000,000) or, if less, the aggregate unpaid principal amount of all Revolving Loans made by Lender to any one or more of the Borrowers pursuant to the Loan Agreement and the Financing Order each referred to below, on the dates and in the amounts set forth in the Loan Agreement and the Financing Order, together with interest on the unpaid principal amount hereof, at the rates and on the dates set forth in the Loan Agreement and the Financing Order. If not sooner paid, the Borrowers shall pay the principal of and accrued and unpaid interest on the Revolving Loans in full on April 4, 2010.

Payments of both principal and interest are to be made in the lawful money of the United States of America in immediately available funds at Revolving Loan Administrative Agent's principal office at 233 South Wacker Drive, Suite 5350, Chicago, Illinois 60606, or at such other place as may be designated by Revolving Loan Administrative Agent to the Borrowers in writing.

This Revolving Note (this "Note") evidences indebtedness incurred under and is subject to the terms and provisions of (i) that certain Loan and Security Agreement dated as of April 4, 2007 (as the same has been and may hereafter be amended, modified, restated or supplemented from time to time, called the "Loan Agreement") among the Borrowers, Revolving Loan Administrative Agent, Bridge Opportunity Finance, LLC, as Term Loan Administrative Agent, Lender and certain other financial institutions from time to time a party thereto and (ii) that certain Order Authorizing Debtors: (A) To Use Cash Collateral; (B) To Incur Postpetition Debt; and (C) To Grant Adequate Protection And Provide Security And Other Relief to Bridge Opportunity Finance, LLC And Bridge Healthcare Finance, LLC, as such order may become final and/or be amended, modified or supplemented (the "Financing Order"). The Loan Agreement and the Financing Order, to which reference is hereby made, set forth said terms and provisions, including those under which this Note may or must be paid prior to its due date or may have its due date accelerated. Terms used but not otherwise defined herein are used herein as defined in the Loan Agreement. This Note is secured by the personal property described in and pursuant to the Loan Agreement and various Loan Documents referred to therein, including without limitation the Financing Order, and reference is made thereto for a statement of terms and provisions of such

Collateral security, a description of Collateral and the rights of Agents and Lenders in respect thereof.

Unless and until an Assignment and Acceptance effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by Revolving Loan Administrative Agent and recorded in the Register, each of the undersigned Borrowers, Revolving Loan Administrative Agent and Lenders shall be entitled to deem and treat Payee as the owner and holder of this Note and the obligations evidenced hereby for the purpose of receiving payment of, or on account of, the principal, interest and other amounts due on this Note and for all other purposes, notwithstanding notice to the contrary (subject to the rights of any collateral assignee of this Note if so provided in Section 19(e) of the Loan Agreement). Payee hereby agrees, by its acceptance hereof, that before disposing of this Note or any part hereof it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligations of each of the undersigned Borrowers hereunder with respect to payments of principal of or interest on this Note.

Upon the occurrence of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued and unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Loan Agreement and the other Loan Documents (including without limitation the Financing Order).

In addition to, and not in limitation of, the foregoing and the provisions of the Loan Agreement and the Financing Order hereinabove referred to, each Borrower, jointly and severally, further agrees, subject only to any limitation imposed by applicable law, to pay all expenses, including reasonable attorneys' fees and expenses, incurred by the holder of this Note in seeking to collect any amounts payable hereunder which are not paid when due, whether by acceleration or otherwise.

No reference herein to the Loan Agreement or the Financing Order and no provision of this Note, the Loan Agreement or the Financing Order shall alter or impair the obligations of each of the undersigned Borrowers, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

Each of the undersigned Borrowers and any endorser of this Note hereby consents to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waives diligence, presentment, protest, demand, notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

This Note is binding upon the Borrowers and their successors and assigns, and shall inure to the benefit of Payee and its registered assigns. The Borrowers and their successors and assigns shall be jointly and severally obligated hereunder. This Note is made

under and governed by the laws of the State of Illinois without regard to conflict of laws principles.

This Amended and Restated Revolving Note amends and restates in its entirety the certain Revolving Note dated April 4, 2007 in the original principal amount of \$5,000,000 executed by Rockford Products Corporation in favor of Payee, and shall not be deemed a repayment or novation thereof.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, Borrower has executed this Amended and Restated  
Revolving Note as of the day and year first above written.

ROCKFORD PRODUCTS CORPORATION,  
an Illinois corporation

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**SCHEDULE D****Carveout Amounts****LeBoeuf Lamb**

<b><u>Date</u></b>	<b><u>Amount</u></b>
Prepetition	\$200,000 (already advanced by Agents on July 24, 2007)
August 15, 2007	\$150,000, reduced dollar-for-dollar by the difference between \$350,000 and actual fees and expenses as of August 14, 2007
September 14, 2007	\$75,000, reduced dollar-for-dollar by the difference between \$425,000 and actual fees and expenses as of September 13, 2007
September 28, 2007	\$75,000, reduced dollar-for-dollar by the difference between \$500,000 and actual fees and expenses as of September 27, 2007
October 31, 2007	\$125,000, reduced dollar-for-dollar by the difference between \$625,000 and actual fees and expenses as of October 30, 2007
November 30, 2007	\$125,000, reduced dollar-for-dollar by the difference between \$750,000 and actual fees and expenses as of November 29, 2007

**Silverman Consulting**

<b><u>Date</u></b>	<b><u>Amount</u></b>
Prepetition	\$150,000 (already advanced by Agents on July 24, 2007)
August 15, 2007	\$100,000, reduced dollar-for-dollar by the difference between \$250,000 and actual fees and expenses as of August 14, 2007
September 14, 2007	\$37,500, reduced dollar-for-dollar by the difference between \$287,500 and actual fees and expenses as of September 13, 2007
September 28, 2007	\$37,500, reduced dollar-for-dollar by the difference between \$325,000 and actual fees and expenses as of September 27, 2007
October 31, 2007	\$75,000, reduced dollar-for-dollar by the difference between \$400,000 and actual fees and expenses as of October 30, 2007

**BMC**

<b><u>Date</u></b>	<b><u>Amount</u></b>
Prepetition	\$40,000 (already advanced by Agents on July 24, 2007)
August 15, 2007	\$10,000, reduced dollar-for-dollar by the difference between \$50,000 and actual fees and expenses as of August 14, 2007
September 28, 2007	\$10,000, reduced dollar-for-dollar by the difference between \$60,000 and actual fees and expenses as of September 27, 2007
October 31, 2007	\$10,000, reduced dollar-for-dollar by the difference between \$70,000 and actual fees and expenses as of October 30, 2007

**Attorneys For Committee**

<b><u>Date</u></b>	<b><u>Amount</u></b>
The 30 <sup>th</sup> day after the entry of an order by this Court appointing counsel for the Committee	\$50,000