

October 25, 2005

Federal-Mogul Corporation  
26555 Northwestern Highway  
Southfield, MI 48034

Attention: G. Michael Lynch  
Chief Financial Officer

**\$775 Million Superpriority Senior Secured Debtor-in-Possession Credit Facility**

**COMMITMENT LETTER**

Ladies and Gentlemen:

Federal-Mogul Corporation (the "**Company**") has informed us that (a) the Company and certain of its subsidiaries (together with the Company, the "**Debtors**") have commenced voluntary cases (the "**Cases**") under Chapter 11 of the United States Bankruptcy Code (the "**Bankruptcy Code**") in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**"), (b) the Debtors that are organized under the laws of the United Kingdom (the "**UK Debtors**") are also subject to insolvency proceedings in the United Kingdom, and (c) the Debtors plan to reorganize (the "**Reorganization**") pursuant to a Third Amended Joint Plan of Reorganization, a copy of which is attached as Annex I hereto (such plan of reorganization or any other plan of reorganization approved by CUSA in its reasonable discretion, including any Fourth Amended Joint Plan of Reorganization or succeeding plan of reorganization, the "**Plan**"). You have informed us that the total consideration necessary to finance the Debtors during the pendency of the cases will consist of the proceeds of, among other things, (i) a \$500 million senior secured asset-based revolving credit facility and (ii) a \$275 million senior secured term loan facility. In addition, the Company and certain of its subsidiaries are party to that certain Revolving Credit and Guaranty Agreement dated as of December 9, 2004 among the lenders party thereto, Citigroup Global Markets Inc. ("**CGMI**"), as sole lead arranger and bookrunner, and Citicorp USA, Inc. ("**CUSA**" and together with CGMI, "**Citigroup**"), as administrative agent (the "**Existing DIP Facility**").

CUSA is pleased to inform the Company of CUSA's commitment (the "**Amended DIP Commitment**") to provide the Company the entire amount of (i) a \$500 million superpriority senior secured debtor-in-possession revolving credit facility (the "**Revolving Credit Facility**") and (ii) a \$275 million superpriority senior secured debtor-in-possession term loan facility (the "**Term Loan Facility**") and, together with the Revolving Credit Facility, the "**Amended DIP Facility**"), which amends and restates the Existing DIP Facility and which, in part, will be used to repay the Existing DIP Facility, to be made available to the Company while it remains a debtor-in-possession under a Case and subject to the terms and conditions set forth in this letter and the Summary of Principal Terms and Conditions attached as Annex II hereto (the "**Amended DIP Term Sheet**"). In addition, CGMI is pleased to inform you of its willingness to act as sole lead arranger and sole bookrunning manager for the Amended DIP Facility, and CUSA is pleased to inform you of its willingness to act as sole Administrative Agent and sole Collateral Agent for the

Amended DIP Facility, subject in each case to the terms and conditions set forth in this letter and the Amended DIP Term Sheet. This letter and the Amended DIP Term Sheet are referred to collectively as the "**Commitment Letter**". The Commitment Letter and the Fee Letter (as defined in Section 4 below) are referred to collectively as the "**Commitment Documents**".

The proceeds of the Amended DIP Facility will be made available to the Company and any subsidiary that is a Debtor and Borrower under the Amended DIP Facility while each remains a debtor-in-possession under a Case, and will be used by the Company and its subsidiaries that are Debtors and Borrowers under the Amended DIP Facility to: (i) repay obligations owed under the Existing DIP Facility, (ii) finance the U.K. settlement agreement attached as Annex III among the Company, T&N Limited, a subsidiary of the Company organized under the laws of the United Kingdom and undergoing bankruptcy court proceedings in the United Kingdom, the U.K. Administrator, the U.K. Plan Proponents, High River Limited Partnership and the U.K. Pension Protection Fund (as amended in accordance with its terms, the "**UK Settlement Agreement**"), (iii) in connection with the settlement with the U.K. Administrator referred to in the UK Settlement Agreement, fund the purchase or retention of certain intercompany loan notes (the "**Intercompany Loan Notes**") from the U.K. Administrator pursuant to the UK Settlement Agreement and among the Borrowers and their Subsidiaries and (iv) provide working capital and funds for other general corporate purposes. For avoidance of doubt, neither the syndication of the Revolving Credit Facility nor the Term Loan Facility shall be a condition to the closing of or funding under the Amended DIP Facility.

Section 1. Conditions Precedent with respect to the Amended DIP Facility. The Amended DIP Commitment and CGMI's undertakings hereunder with respect to the Amended DIP Facility are subject to: (i) the absence of any material adverse change in the business, condition (financial or otherwise), operations, performance, properties or prospects of the Company or the Company and its subsidiaries (other than the UK Debtors), taken as a whole, since June 30, 2005, (ii) the Company's compliance with the terms of this Commitment Letter and the Fee Letter, including, without limitation, the payment in full of all fees, expenses and other amounts due and payable under this Commitment Letter and the Fee Letter and the agreements set forth in Section 3(c) below and (iii) the terms and conditions set forth in the Amended DIP Term Sheet.

Section 2. Commitment Termination. The Amended DIP Commitment will terminate on December 9, 2005 unless, on or prior to such date, you shall have delivered to us a copy of an order in respect of each Case (the "**Approval Order**") that has been entered by the Bankruptcy Court and become effective, in form and substance reasonably satisfactory to us, authorizing the Company to pay the fees and expenses set forth in the Commitment Documents with respect to the Amended DIP Facility and to accept, and to incur their obligations under, the Commitment Documents with respect to the Amended DIP Facility, which Approval Order shall specifically provide that our right to receive all amounts due and owing to us, including the fees as outlined herein and in the Fee Letter and reimbursement of all reasonable costs and expenses incurred in connection with the financing outlined herein and as set forth herein and in the Fee Letter, shall be entitled to priority as administrative expense claims under Sections 503(b)(1) and 507(a)(1) of the Bankruptcy Code, whether or not the Amended DIP Facility is entered into or funded. If you deliver the Approval Order by such date, then the Amended DIP Commitment will terminate on the earliest of (i) the date the definitive documentation evidencing the Amended DIP Facility (the "**Amended DIP Documents**") becomes effective, (ii) the dismissal or conversion to proceedings under Chapter 7 of the Bankruptcy Code of any of the Cases or the appointment in any of the Cases of a trustee or examiner, (iii) 5:00 p.m., New York City time, on (x) in the case of the Term Loan Facility, December 9, 2005 and (y) in the case of the Revolving Credit Facility, December 31, 2005 and (iv) the date on which any of the conditions to the Amended DIP Commitment as outlined herein and in the Amended DIP Term Sheet shall become incapable of being satisfied prior to the otherwise applicable expiration of the Amended DIP Commitment. Notwithstanding the foregoing, if the Approval Order shall at any time cease to be in full

force and effect or shall be modified without the consent of Citigroup or shall be reversed or stayed, in each case after November 18, 2005, CUSA may, in its sole discretion, terminate the Amended DIP Commitment, without further obligation hereunder. CGMI's undertakings with respect to the Amended DIP Facility will terminate concurrently with any termination of the Amended DIP Commitment.

Section 3. Syndication. (a) CUSA reserves the right, before or after the execution of definitive documentation, to syndicate all or a portion of its Amended DIP Commitment to one or more other financial institutions, in consultation with the Company, that will become parties to the Amended DIP Documents, pursuant to a syndication to be managed by CGMI (the financial institutions becoming parties to the Amended DIP Documents being collectively referred to herein as the "**Lenders**"). CGMI will manage all aspects of the syndication of each Facility in consultation with the Company, including the timing of all offers to potential Lenders, the determination of the amounts offered to potential Lenders, the acceptance of their commitments and the compensation to be provided to them.

(b) The Company shall take all actions as CGMI may reasonably request to assist CGMI in forming a syndicate acceptable to CGMI. The Company's assistance in forming each such syndicate shall include but not be limited to (i) making senior management and representatives of the Company available to participate in information meetings with potential Lenders at such times and places as CGMI may reasonably request; (ii) using the Company's commercially reasonable efforts to ensure that such syndication efforts benefit from the Company's lending relationships; and (iii) providing CGMI with all information reasonably deemed necessary by it to successfully complete the syndication.

(c) To ensure an effective syndication of the Amended DIP Facility, the Company agrees that it will not, and will not permit any of the other Debtors to, syndicate or issue, attempt to syndicate or issue, announce or authorize the announcement of the syndication or issuance of, or engage in discussions concerning the syndication or issuance of, any debt facility or debt security (including any renewals thereof), without the prior written consent of CGMI, until the earliest of (x) the date on which the Amended DIP Facility has been successfully syndicated (as determined by CGMI), (y) January 13, 2006 and (z) the termination of the Amended DIP Commitment.

(d) CUSA will act as the sole Administrative Agent and sole Collateral Agent for the Amended DIP Facility and CGMI will act as sole lead arranger and sole bookrunning manager for the Amended DIP Facility. You agree that no additional agents, co-agents or arrangers will be appointed with respect to the Amended Credit Facility, or other titles conferred with respect to the Amended Credit Facility, without the consent of Citigroup.

Section 4. Fees. In addition to the fees described in the Term Sheet, the Company shall pay the non-refundable fees set forth in the letter agreement dated the date hereof (the "**Fee Letter**") between the Company and Citigroup. The terms of the Fee Letter are an integral part of CUSA's commitment hereunder with respect to each Facility.

Section 5. Indemnification. The Company shall indemnify and hold harmless Citigroup, each Lender and each of their respective affiliates and each of their respective officers, directors, employees, agents, advisors and representatives (each, an "**Indemnified Party**") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, fees and disbursements of counsel), joint or several, that may be incurred by or asserted or awarded against any Indemnified Party (including, without limitation, in connection with any investigation, litigation or proceeding or the preparation of a defense in connection therewith), in each case arising out of or in connection with or by reason of the Commitment Documents or the Amended DIP Documents or the transactions contemplated hereby or thereby or any actual or proposed use of the proceeds of the Amended DIP Facility, except to the extent such claim, damage, loss, liability or expense is found in a final, non-appealable judgment by a

court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Company, any of its directors, security holders or creditors, an Indemnified Party or any other person or an Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated by the Commitment Documents are consummated.

No Indemnified Party shall have any liability (whether in contract, tort or otherwise) to the Company or any of its security holders or creditors for or in connection with the transactions contemplated hereby, except to the extent such liability is determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence, willful misconduct or breach of an express contractual obligation. Neither the Company nor any Indemnified Party shall be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings).

Section 6. Costs and Expenses. The Company shall pay, or reimburse Citigroup on demand for, all reasonable out-of-pocket costs and expenses incurred by Citigroup (whether incurred before or after the date hereof) in connection with the Amended DIP Facility and the preparation, negotiation, execution and delivery of the Commitment Documents and the Amended DIP Documents, including, without limitation, the reasonable fees and expenses of Davis Polk & Wardwell, special counsel to Citigroup, regardless of whether any of the transactions contemplated by the Commitment Documents are consummated. The Company shall also pay all reasonable costs and expenses of Citigroup (including, without limitation, the reasonable fees and disbursements of counsel) incurred in connection with the enforcement of any of its rights and remedies hereunder.

Section 7. Confidentiality. By accepting delivery of this Commitment Letter, the Company agrees that this Commitment Letter is for the Company's confidential use only and that neither its existence nor the terms hereof will be disclosed by the Company to any person except (a) as required by the Bankruptcy Court, including in connection with the Approval Order, (b) to the Company's officers, directors, employees, accountants, attorneys and other advisors, agents and representatives (the "**Company Representatives**") and then only on a confidential and "need to know" basis in connection with the transactions contemplated by the Commitment Documents and only so long as any such Company Representative agrees to be bound by the provisions of this Section 7, (c) as may be compelled in a judicial or administrative proceeding or as otherwise required by law, so long as you shall use your commercially reasonable efforts to provide us with prior notice of any proposed disclosure pursuant to this clause (c), and (d) to any official committee that has been appointed by the Bankruptcy Court in the Cases and any other Plan proponents or other persons having rights of Plan proponents and their respective advisors, so long as any disclosure pursuant to this clause (d) is made pursuant to and in accordance with any order of the Bankruptcy Court that sets forth the parameters with respect to disclosure of the Commitment Documents. Without limiting the provisions of the immediately preceding sentence, you agree that the Fee Letter shall be filed with the Bankruptcy Court in a redacted form acceptable to Citigroup and that the unredacted version of the Fee Letter shall be made available only to (x) the Bankruptcy Court, (y) the Company Representatives on the terms set forth in clause (b) of the immediately preceding sentence and (z) any other persons acceptable to Citigroup, so long as each such person agrees to be bound by appropriate confidentiality agreements.

Section 8. Representations and Warranties of the Company. The Company represents and warrants that (i) all information that has been or will hereafter be made available to Citigroup, any Lender or any potential Lender by the Company or any of its representatives in connection with the transactions contemplated by the Commitment Documents (other than financial projections and information that is identified as preliminary or non-final) is and will be complete and correct in all material respects and does

not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in light of the circumstances under which such statements were or are made and (ii) all financial projections that have been or will be prepared by the Company and made available to Citigroup, any Lender or any potential Lender have been or will be prepared in good faith based upon reasonable assumptions at the time of preparation thereof (it being understood that such projections are subject to significant uncertainties and contingencies, many of which are beyond the Company's control, and that no assurance can be given that the projections will be realized). The Company agrees to supplement the information described in clause (i) of the preceding sentence from time to time until the Amended DIP Documents have become effective so that the representations and warranties contained in clause (i) of the preceding sentence remain correct. In the event that, at any time before the Amended DIP Documents have become effective, the representations and warranties as to projections contained in clause (ii) of the first sentence of this paragraph would be materially incorrect if made as of such date, the Company shall so notify Citigroup and, if so requested by Citigroup, shall update such projections so as to eliminate such inaccuracy. In providing this Commitment Letter, Citigroup is relying on the accuracy of the information furnished to it by or on behalf of the Company and its affiliates without independent verification thereof.

Section 9. No Third Party Reliance; No Waiver. The agreements of Citigroup hereunder and of any Lender that issues a commitment to provide financing under the Amended DIP Facility are made solely for the benefit of the Company and the other borrowers contemplated under the Amended DIP Facility, and may not be relied upon or enforced by any other person. Please note that those matters that are not covered or made clear herein are subject to mutual agreement of the parties. The Company may not assign or delegate any of its rights or obligations hereunder without Citigroup's prior written consent. This Commitment Letter may not be amended or modified, or any provision hereof waived, except by a written agreement signed by all parties hereto. This Commitment Letter is not intended to create a fiduciary relationship among the parties hereto.

The Company acknowledges that Citigroup and/or one or more of its affiliates may provide financing, equity capital, financial advisory and/or other services to parties whose interests may conflict with the Company's interests. Consistent with Citigroup's policy to hold in confidence the affairs of its customers, neither Citigroup nor any of its affiliates will furnish confidential information obtained from the Company to any of Citigroup's other customers. Furthermore, neither Citigroup nor any of its affiliates will make available to the Company confidential information that Citigroup obtained or may obtain from any other person.

Neither the execution of the Commitment Documents nor the acceptance and approval by Citigroup of the Plan or any amendments, modifications or other revisions thereto for purposes of the financings contemplated hereby shall constitute or be deemed to constitute a vote in favor or other acceptance or approval of the terms, conditions or other provisions of the Plan or any amendment, modification or revision thereto by Citigroup in any capacity or for any purpose other than as provider of a commitment or undertaking hereunder and for purposes of the financing contemplated hereby and by the other Commitment Documents; and nothing contained herein shall constitute a waiver by Citigroup of any of its rights, remedies or objections, whether with respect to the Plan or otherwise, in any capacity other than as provider of a commitment or undertaking hereunder, all of which rights, remedies or objections are preserved and left unaltered by this Commitment Letter and the other Commitment Documents.

Section 10. Governing Law, Etc. This Commitment Letter shall be governed by, and construed in accordance with, the law of the State of New York. This Commitment Letter, together with the other Commitment Documents, sets forth the entire agreement between the parties with respect to the matters addressed herein and supersedes all prior communications, written or oral, with respect hereto. This

Commitment Letter may be executed in any number of counterparts, each of which, when so executed, shall be deemed to be an original and all of which, taken together, shall constitute one and the same Commitment Letter. Delivery of an executed counterpart of a signature page to this Commitment Letter by telecopier shall be as effective as delivery of an original executed counterpart of this Commitment Letter. Sections 5 through 8, 10 and 11 hereof shall survive the termination of the Amended DIP Commitment. The Company acknowledges that information and documents relating to each Facility may be transmitted through Intralinks, the Internet or similar electronic transmission systems.

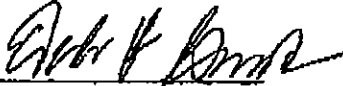
Section 11. Waiver of Jury Trial. Each party hereto irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to any Commitment Document or the transactions contemplated thereby or the actions of the parties hereto in the negotiation, performance or enforcement hereof.

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Please indicate the Company's acceptance of the provisions hereof by signing the enclosed copy of this Commitment Letter and the Fee Letter and returning them to Shapleigh Smith, Managing Director, Citigroup Global Markets Inc., 390 Greenwich Street, New York, New York 10013 (fax: 212-816-2613) at or before 5 p.m. (New York City time) on October 28, 2005, the time at which the Amended DIP Commitment, and CGMI's undertakings with respect to the Amended DIP Facility, (if not so accepted prior thereto) will terminate. If the Company elects to deliver this Commitment Letter by telecopier, please arrange for the executed original to follow by next-day courier.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By   
Name: DALE R. GONCHER  
Title: DIRECTOR

CITICORP USA, INC.

By   
Name: DALE R. GONCHER  
Title: DIRECTOR

ACCEPTED AND AGREED  
on October 25, 2005:

FEDERAL-MOGUL CORPORATION

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

Signature Page to Commitment Letter

Please indicate the Company's acceptance of the provisions hereof by signing the enclosed copy of this Commitment Letter and the Fee Letter and returning them to Shapleigh Smith, Managing Director, Citigroup Global Markets Inc., 390 Greenwich Street, New York, New York 10013 (fax: 212-816-2613) at or before 5 p.m. (New York City time) on October 28, 2005, the time at which the Amended DIP Commitment, and CGMI's undertakings with respect to the Amended DIP Facility, (if not so accepted prior thereto) will terminate. If the Company elects to deliver this Commitment Letter by telecopier, please arrange for the executed original to follow by next-day courier.

Very truly yours,

CITIGROUP GLOBAL MARKETS INC.

By \_\_\_\_\_

Name:

Title:

CITICORP USA, INC.

By \_\_\_\_\_

Name:

Title:

ACCEPTED AND AGREED  
on October 25, 2005:

FEDERAL-MOGUL CORPORATION

By *David A. Dzyrsk*

Name: *David A. Dzyrsk*

Title: *VP Treasurer*

Signature Page to Commitment Letter

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**ANNEX I**

**[THIRD AMENDED JOINT PLAN TO BE ATTACHED]**

**FEDERAL-MOGUL CORPORATION**

**[TERM SHEET TO BE ATTACHED]**

**FEDERAL-MOGUL CORPORATION  
TERM SHEET**

**Summary of Principal Terms and Conditions<sup>1</sup>  
\$775 Million Superpriority Senior Secured Debtor-in-Possession Credit Facility**

<b><i>Borrowers:</i></b>	Federal-Mogul Corporation and each of its direct and indirect domestic subsidiaries that are borrowers under the Existing DIP Facility, each of which is a debtor-in-possession in a case pending under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (collectively, the “ <b>Borrowers</b> ”).
<b><i>Facility Amounts and Types:</i></b>	(i) \$500 million superpriority senior secured revolving credit facility (the “ <b>Revolving Credit Facility</b> ”), with a letter of credit sublimit in at least the U.S. Dollar equivalent of \$375 million (denominated in U.S. Dollars, British Pound Sterling or Euro) and (ii) \$275 million superpriority senior secured term loan facility (the “ <b>Term Loan Facility</b> ” and, together with the Revolving Credit Facility, the “ <b>Amended DIP Facility</b> ”). For avoidance of doubt, the amount available under the Term Loan Facility shall not be subject to the borrowing base.
<b><i>Maturity:</i></b>	December 9, 2006 or, if earlier, the date of substantial consummation of a plan of reorganization for the Borrowers that is confirmed pursuant to an order entered by the United States Bankruptcy Court for the District of Delaware or any other court having jurisdiction.
<b><i>Purpose:</i></b>	The proceeds of the Revolving Credit Facility and the Term Loan Facility shall be used by the Borrowers to (i) repay obligations owed under the Existing DIP Facility, (ii) finance the UK Settlement Agreement, (iii) fund the purchase or retention of the Intercompany Loan Notes from the U.K. Administrator pursuant to the UK Settlement Agreement (the “ <b>Top-Up Offer</b> ”) and among the Borrowers and their Subsidiaries and (iv) provide working capital and funds for other general corporate purposes.
<b><i>Availability of Revolving Credit Facility:</i></b>	Substantially as set forth in the Existing DIP Facility
<b><i>Administrative Agent:</i></b>	Citicorp USA, Inc. (“ <b>CUSA</b> ”) (in such capacity, the “ <b>Agent</b> ”).
<b><i>Sole Arranger and</i></b>	Citigroup Global Markets, Inc. (the “ <b>Arranger</b> ”).

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<sup>1</sup> Terms used in this Annex II and not defined have the meanings assigned to them in the Commitment Letter.

***Bookrunner:***

***Lenders:***

A syndicate of financial institutions, including CUSA, arranged by the Arranger in consultation with the Borrowers for both (i) the Revolving Credit Facility (the "**Revolving Credit Lenders**") and (ii) the Term Loan Facility (the "**Term Lenders**" and, together with the Revolving Credit Lenders, the "**Lenders**").

***CUSA's Initial Commitment:***

With respect to (i) the Revolving Credit Facility, \$500 million and (ii) the Term Loan Facility, \$275 million.

***Priority and Liens:***

A superpriority administrative claim in the Bankruptcy Court, having a first priority lien on the assets of the Borrowers and, to the extent that no material adverse tax or financial consequences to the Borrowers and their Subsidiaries would in the reasonable judgment of the Borrowers result therefrom, on the Intercompany Loan Notes (the "**Claims**"). The Lenders shall release any security interest in the Intercompany Loan Notes in the event that the Borrowers determine in their reasonable judgment that in order to avoid material adverse tax or financial consequences to the Borrowers or their Subsidiaries, the Intercompany Loan Notes should be transferred to a Subsidiary of the Company that is not a Borrower.

The Claims shall be subject to certain exceptions as to priority contained in the Existing DIP Facility, and subject to the priority as to right of repayment for Revolving Credit Lenders versus Term Lenders, as follows:

(i) Revolving Credit Lenders shall have first priority in repayment with respect to the current assets of the Borrowers and second priority in repayment with respect to the fixed assets of the Borrowers;

(ii) Term Lenders shall have first priority in repayment with respect to the fixed assets of the Borrowers and second priority in repayment with respect to the current assets of the Borrowers.

***Adequate Protection:***

Substantially identical to that provided with respect to the Existing DIP Facility, with certain limited modifications to the adequate protection in favor of the Surety Bond Issuers (as defined in the Existing DIP Order) to reflect that certain Stipulation and Agreement for the Compromise and Settlement of Secured Surety Claims, for Treatment Thereof under Third Amended Joint Plan of Reorganization, and Related Matters approved by the Bankruptcy Court on or about March 17, 2005.

***Closing Date:***

The date of the initial funding of the Amended DIP Facility (the "**Amended DIP Closing Date**").

**Interest Rate:** With respect to (i) Revolving Credit Loans, LIBOR plus 2.25% or Base Rate plus 1.25% and (ii) Term Loans, LIBOR plus 2.50% or Base Rate plus 1.50%.

There will be (i) a letter of credit participation fee, (ii) a letter of credit processing fee and (iii) a letter of credit fronting fee, each of which will be identical to those fees contained in the Existing DIP Facility. In addition, there will be a commitment fee on unused amounts under the Revolving Credit Facility equal to 0.375%.

**Mandatory Prepayments and Commitment Reductions:** Substantially as set forth in the Existing DIP Facility.

**Conditions Precedent:** Customary conditions precedent to closing for facilities of this nature and substantially as set forth in the Existing DIP Facility, and to include (i) the satisfaction of the Arranger and CUSA in their sole discretion, the entry of an order of the bankruptcy court approving the full amount of the Amended DIP Facility and granting the superpriority administrative claim status and liens referred to above and (ii) the execution and delivery of mutually satisfactory definitive documentation for the Amended DIP Facility on substantially the same terms as specified herein.

Prior to any draw on the Term Loan Facility or the Revolving Credit Facility where the purpose of such draw is to fund the Top-Up Offer, or the issuance of a letter of credit in connection with such draw, receipt by the Arranger and CUSA of an executed copy of the binding agreement between the Company (or its designee that is a subsidiary of the Company) and the U.K. Administrator relating to the Intercompany Loan Notes as contemplated by the UK Settlement Agreement.

**Representations and Warranties, Affirmative and Negative Covenants, Events of Default, Funding of Term Loan:** Substantially as set forth in the Existing DIP Facility, and (A) also including an affirmative covenant requiring the Borrower to conduct an appraisal of its inventory by an independent inventory appraisal firm by March 31, 2006 which (i) is in desktop form, (ii) contains a similar level of detail as the appraisal provided to the Administrative Agent in 2004 and (iii) is satisfactory to the Administrative Agent and (B) with modifications acceptable to the Agent and the Borrowers, and including to accommodate the transactions contemplated by the UK Settlement Agreement and transfers of the Intercompany Loan Notes among the Borrowers and their Subsidiaries.

The Borrowers shall be required to make standard representations and warranties upon the Amended DIP Closing Date and upon the occurrence of each borrowing under either the Revolving Credit Facility or the Term Loan Facility, *provided* that solely in connection with any funding of the Term Loan between the period from (but not

including) the Amended DIP Closing Date to and including December 9, 2005, (i) the Borrower shall not be required to make any representations and warranties AND (ii) there shall be no condition precedent to funding that no Default or Event of Default exists at such time under the Amended DIP Facility. In addition, the Borrower shall be required to fund the Term Loan on or prior to December 9, 2005.

***Financial Covenants:*** The loan documentation will contain financial covenants that are similar to those contained in the Existing DIP Facility, including a maximum capital expenditures and a minimum consolidated EBITDA covenant, with the threshold amounts contained in the covenants to be determined.

***Required Lenders:*** Lenders holding in excess of 50% of the Amended DIP Facility.

***Other:*** The loan documentation will include customary provisions regarding indemnification, increased costs, illegality, tax indemnities, reimbursement of reasonable expenses, waiver of trial by jury and other similar matters, substantially as set forth in the Existing DIP Facility. The loan documentation will also require satisfactory cash management arrangements.

***Assignments and Participations:*** Each Lender will have the right to assign to one or more eligible assignees all or a portion of its rights and obligations under the loan documents, with the consent, not to be unreasonably withheld, of the Agent and, solely in the case of obligations issued under the Revolving Credit Facility, and so long as there is no default or event of default, the Borrowers. No portion of any Term Loan may be assigned to any competitor of the Borrowers unless the Borrowers have consented to such an assignment. The parties to the assignment (other than the Borrowers) will pay to the Agent an administrative fee of \$3,500.

***Governing Law:*** State of New York.

***Counsel to the Agent:*** Davis Polk & Wardwell.

**UK SETTLEMENT AGREEMENT**

**[TO BE ATTACHED]**