

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
EXTREME PLASTICS PLUS, INC., et.al. ¹)	Case Nos.: 16-10221 and 16-10222
)	(Joint Administration Pending)
Debtors.)	Related Docket No. 11

**INTERIM ORDER AUTHORIZING THE
USE OF CASH COLLATERAL AND GRANTING ADEQUATE PROTECTION**

This matter came to be heard on the Motion (the “**Motion**”) of Extreme Plastics Plus, Inc. (“**EPP**”) and EPP Intermediate Holdings, Inc. (“**Holdings**”), as debtors-in-possession (the “**Debtors**”), for the entry of an order (A) authorizing the Debtors to use certain “Cash Collateral” (as defined in Section 363(a) of the United States Bankruptcy Code, 11 U.S.C. §101, et. seq. (the “**Code**”) and hereinafter referred to as “**Cash Collateral**”), all of which Cash Collateral is presently subject to security interests, liens, mortgages, and rights of set-off claimed by Citizens Bank of Pennsylvania (the “**Agent**”), as agent pursuant to that certain Amended and Restated Credit Agreement dated September 3, 2014 among the Debtors, the Agent, and the other lenders party thereto (collectively with the Agent in its capacity as a lender, the “**Lenders**”), and, in connection with that authorization, (B) granting certain substitute and additional liens and other relief for the benefit of the Agent for the benefit of the Lenders. Counsel for the Agent appeared and consented to the use of certain Cash Collateral up to the amount stated herein, provided that such use is conditioned upon the entry of an order in the present form imposing certain conditions and granting certain relief for the benefit of the Agent and the Lenders as hereinafter set forth.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are Extreme Plastics Plus, Inc. (6913) and EPP Intermediate Holdings, Inc. (6129). The location of the Debtors’ corporate headquarters and service address is: 360 Epic Circle Dr., Fairmont, WV 26554.

THE COURT HAS BEEN ADVISED THAT THE DEBTORS AND THE AGENT HAVE STIPULATED TO THE FOLLOWING:

A. On January 31, 2016 (the "**Petition Date**"), the Debtors filed petitions for relief under chapter 11 of the Code. Pursuant to sections 1107 and 1108 of the Code, the Debtors have retained possession of their property and are authorized thereby, as a debtor-in-possession, to continue the operation and management of their business.

B. On or about September 3, 2014, the Agent, the Lenders, and EPP entered into (1) the Credit Agreement referenced above (as such agreement has been amended from time to time, the "**Credit Agreement**"), and, with Holdings, (2) various security and other agreements and documents in connection with the Credit Agreement (as such agreements and documents have been amended from time to time, and, together with the Credit Agreement and other agreements contemplated by the Credit Agreement, the "**Prepetition Loan Documents**"). Pursuant to the Prepetition Loan Documents, the Lenders agreed to make, and have made, various advances and other financial accommodations to EPP, and, as a result thereof and the guarantee thereof by Holdings, on the Petition Date, the Debtors were indebted to the Lenders pursuant to the Prepetition Loan Documents in the aggregate amount of approximately \$50 million (such aggregate amount, together with all interest, fees, costs, expenses, and other amounts now or hereafter owing or accruing pursuant to the Prepetition Loan Documents and the other agreements entered into by the Debtors in connection therewith, including, without limitation, all cash management, swap, and credit card obligations owed to the Agent under agreements and documents entered into by either Debtor at any time, are collectively referred to hereinafter as the "**Prepetition Indebtedness**").

C. The Prepetition Indebtedness is secured by substantially all of the Debtors' real and personal property, and all products, rents, profits, and proceeds of the foregoing, pursuant to agreements and documents between or among the Debtors and the Agent on behalf of the Lenders (as such documents may have been amended from time to time (collectively, the **"Prepetition Security Documents,"** and all such collateral immediately prior to the Petition Date being referred to herein as the **"Prepetition Collateral"**).

D. The Agent, on behalf of the Lenders, asserts that the security interests in and liens and mortgages upon the Prepetition Collateral were properly perfected prior to ninety (90) days preceding the Petition Date, and such security interests, liens, and mortgages are valid, choate, enforceable, non-avoidable, and of first priority (subject only to certain "Permitted Liens", as defined in the Credit Agreement).

E. Pursuant to the Prepetition Loan Documents, the Prepetition Security Documents, and the other documents and agreements related to each of the foregoing (collectively, including the Prepetition Loan Documents, the **"Prepetition Agreements"**), the Agent and the Lenders have a security interest in, *inter alia*, the cash proceeds of, and rents, products, and profits from, the Prepetition Collateral. Cash proceeds, rents, products, and profits of the Prepetition Collateral that come into the possession, custody, or control of the Debtors constitute Cash Collateral.

F. The Agent has indicated a willingness to consent to the Debtors' use of Cash Collateral for a limited period of time and only pursuant to the terms of this Order, on the condition that the Court, pursuant to sections 361 and 363 of the Code, provides to the Agent, on behalf of the Lenders, (1) a security interest in and lien and mortgage upon all of the property of the Debtors and their estates (the **"Estates"**), whether now existing or hereafter acquired or

arising, except as provided herein, and (2) the other relief accorded the Agent and the Lenders pursuant to this Order.

G. The Debtors, on behalf of themselves and any successors, , in consideration of the Agent's consent to the use of Cash Collateral according to the terms of this Order, (1) agree not to contest the validity or enforceability of the Prepetition Indebtedness or the Agent's or any Lender's security interests, mortgages, or liens in the Prepetition Collateral, or the proceeds, rents, products, or profits thereof, (2) agree not to assert any claim against any of the Agent or the Lenders, including the Agent in its capacity as a Lender, including any set-offs and counterclaims with respect to the Prepetition Indebtedness, and (3) waive any and all claims they may have to seek avoidance of the Lenders' or the Agent's, including the Agent in its capacity as a Lender, claims or security interests in and mortgages and liens on the Prepetition Collateral or the proceeds, rents, products, or profits thereof.

BASED UPON THE MOTION, THE RECORD BEFORE THE COURT, AND THE COMBINED CONSENT OF THE DEBTORS AND THE AGENT TO THE ENTRY OF THIS ORDER, THE COURT FINDS AS FOLLOWS:

i. The Debtors have provided such notice as was practicable under the circumstances and as may be required by Bankruptcy Rule 4001(b) to (1) counsel to the Agent , (2) the twenty (20) largest unsecured creditors of the Debtors as set forth on the schedule filed by the Debtors pursuant to Bankruptcy Rule 1007(d), and (3) the United States Trustee for the District of Delaware (the "**United States Trustee**") of the hearing to be held in connection with this Order by serving upon them, by _____ on _____, 2016, the Motion and a notice of the interim hearing on the Motion. The Court expressly finds, in view of the urgency of the relief requested and the notice procedures for objection to the Motion prior to a final hearing

thereon, that such notice is adequate and sufficient under the circumstances and under Bankruptcy Rule 4001(b), and that no further or other notice need be given.

ii. No creditors' committee, as provided for under Section 1102 of the Code, has yet been appointed.

iii. An emergency need exists for the Debtors to use Cash Collateral. The Debtors require Cash Collateral for the payment of, inter alia, wages, salaries and operating expenses, the purchase of inventory, equipment and supplies, and to meet other expenses necessary to preserve their assets. The Debtors will be irreparably harmed unless they are authorized immediately to use Cash Collateral on the terms and conditions set forth herein.

iv. The Agent will not consent to the usage of Cash Collateral except on the terms and conditions contained in this Order and is relying on such terms and conditions in agreeing to the Debtors' use of Cash Collateral on the terms hereof. It is necessary and appropriate for the Debtors to grant to the Agent, for the benefit of the Lenders, liens, security interests, and mortgages in the property of the Estate as set forth in this Order and to provide the Agent and the Lenders the other rights and protections set forth herein.

v. The security interests, liens, and mortgages granted in this Order to the Agent, for the benefit of the Lenders, do not impair the valid and perfected security interests and liens, if any, of any holder of a security interest or lien in the property of the Estate other than the Agent, on behalf of the Lenders.

vi. The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rule 4001(b)(2). Good cause has been shown for the entry of this Order, and entry of this Order is in the best interests of the Debtors, their creditors, and the Estates. The terms of the use of

Cash Collateral authorized hereby are fair under the circumstances and reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties.

vii. The Agent, on behalf of the Lenders, and the Debtors have (1) negotiated the terms and conditions of this Order in good faith and at arms-length, and (2) offered sufficient evidence of the Agent's and the Lenders' good faith in agreeing to this Order and the Debtors' use of the Lenders' Cash Collateral on the terms set forth herein on an interim basis.

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

1. For purposes of this Order, the term "Cash Collateral" shall be deemed to include all "cash collateral" as defined by section 363 of the Code, all deposits subject to setoff, and all cash arising from the collection or other conversion to cash of property of the Debtors in which the Agent or any Lender has a security interest, lien, or mortgage, whether those security interests, liens, or mortgages existed as of the commencement of these proceedings or arise thereafter pursuant to this Order, and whether the property converted to cash existed as of the commencement of these proceedings or arose or was generated thereafter.

Cash Collateral Usage

2. Subject to the terms and conditions contained in this Order, the Debtors may use Cash Collateral during the period commencing on the date of this Order through and including the earlier of (A) 5:00 p.m. (Wilmington Time) on February 29, 2016, and (B) the time when the Agent's consent to the Debtors' use of Cash Collateral is terminated pursuant to the terms of this Order (the "**Budget Period**"). The Debtors shall use or consume Cash Collateral only (1) in accordance with the budget attached hereto as Exhibit A (the "**Budget**"), including the time period and category limits set forth therein, and only for the Budget Period, (2) to make those payments to the Agent required by the terms of this Order, and (3) in compliance with the other terms of this Order. The amount of such Cash Collateral usage during such period shall not

exceed in the aggregate ~~[\$2,636,415.00]~~ million plus the amounts to be paid to the Agent pursuant to this Order. Notwithstanding the foregoing, all fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code, plus interest at the statutory rate (collectively, the "Statutory Fee"), shall in no way be subject to the Budget.

3. Notwithstanding anything to the contrary herein, no Cash Collateral may be used to compensate professional services rendered or expenses incurred in connection with, directly or indirectly, (A) the modification, stay, or amendment of this Order without the consent of the Agent, or (B) a violation, breach, or default of this Order or any provision of the Loan Documents made applicable to this proceeding by this Order, including, without limitation, any claim or action the purpose of which is to seek or the result of which would be to obtain any relief (i) invalidating, setting aside, avoiding, or subordinating, in whole or in part, the Prepetition Indebtedness or the Agent's or any Lender's liens or security interests or mortgages in the Collateral, or (ii) preventing, hindering, or otherwise delaying, whether directly or indirectly, the Agent's or the Lenders' assertion, enforcement, or realization upon any Collateral as permitted by this Order or the Loan Documents.

4. The Agent shall have the right to terminate the Debtors' right to use Cash Collateral pursuant to the terms of this Order upon (A) a default in the performance of any obligation of the Debtors hereunder, (B) the modification, stay, or amendment of this Order without the consent of the Agent, (C) the institution of any claim or action the purpose of which is to seek or the result of which would be to obtain any relief (i) invalidating, setting aside, avoiding, or subordinating, in whole or in part, the Prepetition Indebtedness or the Agent's or any Lender's liens, mortgages, or security interests in the Collateral, (ii) preventing, hindering, or

otherwise delaying, whether directly or indirectly, the Agent's or any Lender's assertion, enforcement, or realization upon any Collateral as permitted by this Order, or (iii) otherwise seeking relief against the Agent or any Lender without its consent, (D) the conversion or dismissal of any of the Debtors' bankruptcy cases, or (E) the institution by the Debtors of an action to seek that the Court grant or impose, under section 364 of the Code or otherwise, liens, security interests, or mortgages on any of the Collateral equal or superior to the Agent's or any Lender's liens, security interests, or mortgages on that property.

5. Notwithstanding the foregoing, upon the occurrence of any of the events described in paragraph 4 other than those events described in subsection (B) thereof, the Agent's consent to the use of Cash Collateral shall not terminate until 8:00 a.m. (Wilmington Time) on the 4th day after the day on which the Agent shall have given written notice (by facsimile or otherwise) to the Debtors and their counsel, to counsel of record for the Debtors' Official Committee of Unsecured Creditors (the "**Committee**"), if any, and to the United States Trustee of its termination of such consent (the "**Termination Notice**").

Adequate Protection Liens

6. ,As protection for the Agent's and Lenders' interests as of the Petition Date in the Prepetition Collateral, solely to the extent there is a diminution in value of the pre-petition collateral which is the result of, or arises from, or is attributable to, the imposition of the automatic stay, or the use, sale or lease of such pre-petition collateral, and subject to the limitations set forth in this paragraph 6, the Agent, for the benefit of the Lenders, is hereby granted, pursuant to sections 361 and 363 of the Code, a valid, choate, perfected, enforceable, and non-avoidable first priority security interest in and lien and mortgage upon all assets and property of the Debtors and the Estates, of any kind or nature whatsoever, whether now existing or hereafter acquired or arising, and all proceeds, rents, products, or profits thereof (collectively,

the “Postpetition Collateral” and, together with the Prepetition Collateral, the “Collateral”), including, without limitation, the Prepetition Collateral owned by the Debtors as of the Petition Date and all proceeds, rents, products, or profits thereof. Such security interest, lien, and mortgage shall be superior in priority to the security interests, liens, and mortgages of the Agent and any Lender existing prior to the Petition Date. Notwithstanding the foregoing, (A) the Agent is not hereby granted a security interest or lien in any cause of action of the Estate arising solely under sections 544, 545, 547, 548, or 549 of the Code, and (B) such security interest, lien, and mortgage shall be subject to valid, perfected, enforceable, and non-avoidable liens and security interests in the Debtors' assets held by parties other than the Agent as of the Petition Date which are superior in priority to the Agent's security interests, liens, and mortgages on such assets as of the Petition Date. The liens, security interests, mortgages, rights, and remedies granted to the Agent, for the benefit of the Lenders, pursuant to this Order shall not be modified, altered, or impaired in any manner by any plan of reorganization or order of confirmation for the Debtors, or by any other financings of, extensions of credit to, or incurring of debt by the Debtors, whether pursuant to sections 363 or 364 of the Code, or otherwise.

7. The security interests, liens, and mortgages granted herein (A) are and shall be in addition to all security interests, liens, mortgages, and rights of set-off existing in favor of the Agent, for the benefit of the Lenders, on the Petition Date, and (B) are and shall be valid, choate, perfected, enforceable, non-avoidable, and effective as of the Petition Date without any further action by the Debtors, the Agent, or any Lender, and without the execution, filing, or recordation of any financing statements, security agreements, vehicle lien applications, mortgages, or other documents. All security interests, liens, and mortgages granted herein to the Agent, for the benefit of the Lenders, be and they hereby are deemed perfected, and no further notice, filing, or

other act shall be required to effect such perfection. If the Agent shall, in its sole discretion, choose to file financing statements, mortgages, or other documents or otherwise confirm perfection of such security interests, liens, or mortgages, the Agent is authorized to effect such filings and recordations, and all such financing statements, mortgages, or similar documents shall be deemed to have been filed or recorded at the time and on the date of entry of this Order. A photocopy of this Order may, in the discretion of the Agent, be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, notices of lien, or similar instruments, and all filing offices are hereby directed to accept such copy of this Order for filing and recording. If the Agent hereafter requests the Debtors to execute and deliver to the Agent financing statements, mortgages, or other instruments or documents considered by the Agent to be necessary or desirable to further evidence the perfection of the liens, security interests, or mortgages granted in this Order, the Debtors are hereby authorized and directed to execute and deliver those financing statements, instruments, and documents.

8. The security interests, liens, and mortgages granted herein shall secure payment of Prepetition Indebtedness in an amount equal to any diminution in value of the interest of the Agent, on behalf of the Lenders, in the Prepetition Collateral which occurs during the pendency of the Debtors' bankruptcy case, whether such diminution is a consequence of (i) the Debtors' use of Collateral (including the Debtors' consumption of Cash Collateral), (ii) depreciation or price fluctuation in the Collateral, (iii) the conversion of such Prepetition Collateral into Postpetition Collateral, or (iv) any other action, event, or circumstance (collectively, the "**Adequate Protection Obligation**"). The Adequate Protection Obligation shall be afforded status as an administrative priority under Section 503(b) of the Code.

9. Nothing in this Order shall in any way restrict the scope of the Agent's, or any Lender's, prepetition liens, security interests, mortgages, rights of set-off, or claims with respect to the Prepetition Indebtedness or the Prepetition Collateral, or the proceeds, rents, products, or profits thereof, and the Agent's and any Lender's liens, security interests, and mortgages on the Prepetition Collateral and the proceeds, rents, products, and profits thereof, shall extend to the fullest extent permitted by section 552(b) of the Code. Cash proceeds of the Prepetition Collateral that come into the possession, custody, or control of the Debtors constitute Cash Collateral.

10. Nothing contained in this Order or otherwise, and no action or inaction of the Agent or any Lender, shall be deemed to be a consent by the Agent or any Lender to any charge, lien, assessment, or claim against the Collateral under sections 506(c) or 552(b) of the Code or otherwise.

Additional Protection

11. As further protection for the interests of the Agent, on behalf of the Lenders, as of the Petition Date in the Prepetition Collateral, the Debtors shall pay to the Agent, for the benefit of the Lenders on or before February 24, 2016, (A) \$600,000; and (B) any additional cash amount necessary to have the Debtors comply with the "Borrowing Base" (as defined below).

12. In addition to the foregoing protections, the Debtors shall fully comply with their obligations, and shall not breach any material representation or warranty as set forth in the Prepetition Agreements, with respect to (i) access to the Debtors' books and records and the Prepetition Collateral, which provisions shall be deemed to apply to all of the Collateral, (ii) financial and other reporting, (iii) inspections and audits, (iv) maintenance and preservation of Prepetition Collateral, which provisions shall be deemed to apply to all of the Collateral,

(v) operations, and (vi) the other provisions therein, except that the Debtors need not comply with representations as to the absence of any proceeding such as the Debtors' bankruptcy cases, or provisions requiring the payment of money to the Agent or any Lender (except as required by this Order) or establishing any financial covenants. Notwithstanding the foregoing, borrowing base reporting shall be on no less than a weekly basis, and the Debtors shall calculate a new borrowing base on a 4-week average basis (the "**Borrowing Base**"), which shall be the existing borrowing base, adjusted as follows: as to Accounts Receivable, existing eligibility up to \$500,000 for over 90 days but less than 120 days as an add-back to eligible A/R will be suspended and refreshed invoices will be ineligible. The Debtors shall also provide the following additional reporting to the Agent at such times and in such form as agreed by the parties or otherwise ordered by the Court:

- Weekly, rolling 13 week cash flow and liquidity forecast, including variance analysis from the previous forecast.
- Weekly flash report that includes working capital matrix, labor trends, utilization of rental equipment by category, weekly sales report by business line and new business opportunities.

13. Nothing contained in this Order shall be deemed a finding with respect to adequate protection (as that term is defined in section 361 of the Code) of the interests of the Agent or any Lender. In addition, the entry of this Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair, any of the rights, claims or privileges of the Agent or any Lender.

Miscellaneous

14. The subject of this Order is a "core" proceeding within the meaning of 28 U.S.C. § 157. This Order shall be valid and fully effective, shall be binding upon and inure to the benefit of the Agent, the Lenders, the Debtors, the Estates, and their respective successors and

assigns (including, without limitation, any trustee, examiner, or responsible person in this or any subsequent proceeding under the Code), immediately upon its entry and during the pendency of the Debtors' bankruptcy proceedings, subject to the right of the Agent to terminate its consent to the Debtors' use of Cash Collateral as provided in this Order or the expiration of such consent on the date set forth herein.

15. The automatic stay provisions of section 362 of the Code are hereby vacated as to the Agent and any Lender to the extent necessary to implement the terms of this Order and to permit the Agent to implement the provisions hereof, including, without limitation, permitting the Agent, inter alia, (A) to receive and apply collections, payments or proceeds of Collateral and (B) to file any financing statements or other instruments and documents, if any, evidencing its security interests in and liens and mortgages on the Collateral.


16. If any or all of the provisions of this Order are hereafter modified, vacated, or stayed by subsequent order of this or any other Court, such stay, modification, or vacation shall not affect (A) the validity of any benefit granted to the Agent or any Lender pursuant to this Order with respect to any Cash Collateral released by the Agent to the Debtors prior to the later of (i) the effective date of such stay, modification, or vacation, and (ii) receipt of written notice thereof by counsel to the Agent at each of the addresses listed at the end of this Order (the "**Effective Time**"), or (B) the validity and enforceability of any lien, security interest, mortgage, or priority authorized hereby. Notwithstanding any such stay, modification, or vacation, any release of Cash Collateral made pursuant to this Order by the Agent prior to the Effective Time shall be governed in all respects by the original provisions of this Order.

Notice Provisions

17. The Debtors shall, on or before February 5, 2016, serve by regular mail, copies of a notice of entry of this Order, together with a copy of this Order, to each of the Agent, its

counsel at each of the addresses set forth at the end of this Order, counsel to the Committee, if any, when and if appointed, the twenty (20) largest unsecured creditors of the Debtors as set forth on schedules filed by the Debtors pursuant to Bankruptcy Rule 1007(d), the United States Trustee, state and federal taxing authorities, any other persons which the Debtors know are entitled to notice under Bankruptcy Rule 4001(b) as of such date, and any other party-in-interest for which counsel to the Debtors has received a written request in this case before 2:00 p.m. (Wilmington Time) on such date to receive such pleadings. The notice of entry of this Order shall state that any party-in-interest objecting to the entry of a final order on the Motion shall file a written objection with the United States Bankruptcy Court Clerk for the District of Delaware no later than 4:00 p.m. (Wilmington Time) on February __, 2016, which objection shall be served so that the same is received on or before 4:00 p.m. (Wilmington Time) on such date by the United States Trustee and counsel for the Debtors and counsel for the Agent set forth at the end of this Order (at each of the addresses set forth therein). If an objection is timely filed, served and received, (i) a written reply thereto shall not be required but may be filed and served so that it is received by the objecting party and the other parties set forth above no later than 4:00 p.m. (Wilmington Time), February 18, 2016, and (ii) a final hearing shall be held on the Motion and objections thereto before this Court on February 25, 2016 at 11 : 00 A.m.

Dated: February 3, 2016


 The Honorable Mary F. Walrath
 United States Bankruptcy Judge