IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION

In re:	)	Chapter 11
	)	
SCOVILL FASTENERS INC.,	)	Case No. 11-21650
SCOVILL, INC.,	)	Case No. 11-21652
PCI GROUP, INC.,	)	Case No. 11-21655
RAU FASTENER COMPANY, L.L.C.,	)	Case No. 11-21654
SCOMEX, INC.,	)	Case No. 11-21653
	)	
Debtors.[1]	)	Joint Administration Pending
	)	

DEBTORS' EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS PURSUANT TO 11 U.S.C. §§ 105, 362, 363, 364 AND 507 (I) APPROVING POSTPETITION FINANCING, (II) AUTHORIZING USE OF CASH COLLATERAL AND REPAYMENT OF CERTAIN PREPETITION REVOLVING AND TERM LOAN DEBT, (III) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (IV) GRANTING ADEQUATE PROTECTION, (V) MODIFYING AUTOMATIC STAY, AND (VI) SCHEDULING A FINAL HEARING

Scovill Fasteners Inc., ("**Scovill**" or "**Borrower**"), Scovill, Inc. ("**Parent**"), PCI Group, Inc. ("**PCI**"), Rau Fastener Company, L.L.C. ("**Rau**") and Scomex, Inc. ("**Scomex**") (Scovill, Parent, PCI, Rau and Scomex, the "**Debtors**") submit this emergency motion (the "**Motion**") to obtain credit on a secured, superpriority basis pursuant to the terms and conditions of that certain Senior Secured, Priming and Super-Priority Debtor-In-Possession Credit Agreement, attached hereto as **Exhibit A** (the "**DIP**

[1] A Motion for Joint Administration has been filed in these cases. The last four digits of the tax identification number for each of the Debtors follow in parenthesis: (i) Scovill Fasteners, Inc. (9561); (ii) Scovill, Inc. (3634); (iii) PCI Group, Inc. (7672) and Rau Fastener Company, L.L.C. (0883). Scomex, Inc. does not have a taxpayer identification number. The mailing address of the Debtors is 1802 Scovill Drive, Clarkesville, GA 30523-6348.

Credit Agreement")[2] and the proposed order attached hereto as **Exhibit B** (the "**Interim Order**"). In support of this Motion, the Debtors incorporate by reference the Declaration of Stewart Little in Support of First Day Motions and Applications (the "**Little Declaration**") filed contemporaneously herewith and represent as follows:

I. RELIEF REQUESTED

1. By this Motion, the Debtors seek entry of the following orders:

- A scheduling and notice order substantially in the form of order annexed hereto as **Exhibit C** (the "**Scheduling and Notice Order**"), scheduling a final hearing to consider the Motion and prescribing and approving the form and manner of service and notice of the final hearing (the "**Final Hearing**") on the Motion pursuant to Rule 4001(b)(2) and (c)(2) of the Federal Rules of Bankruptcy Procedures (the "**Bankruptcy Rules**").

- The proposed interim order (the "**Interim Order**") substantially in the form annexed hereto as **Exhibit B**, approving on an interim basis (pending the Final Hearing) the terms and conditions of the DIP Credit Agreement set forth in the Interim Order (1) authorizing the Debtors to obtain financing, grant security interests and accord priority status pursuant to Sections 361, 364(c), and 364(d) of Title 11 of the United States Code (the "**Bankruptcy Code**"); and (2) modifying the automatic stay, subject to modifications, if any, disclosed at the initial hearing (the "**Interim Hearing**").

2. At the Final Hearing, the Debtors will seek final approval of the proposed postpetition financing and cash collateral arrangements pursuant to a proposed final order (the "**Final Order**"), which shall be in form and substance acceptable to the DIP Agent and Prepetition Agent (each in their sole discretion) and notice of which Final Hearing and Final Order will be provided in accordance with the Interim Order.

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[2] For confidentiality purposes the DIP Credit Agreement attached hereto does not attach any exhibits or schedules.

3. The reasons supporting the Debtors' need to incur postpetition financing are compelling. The Debtors have entered into a purchase agreement for the sale of their assets and have or are filing a motion to consummate this sale or sale to a higher and better bidder. The Debtors will need financing to continue their operations until a sale is completed. Given their prepetition capital structure, the Debtors' assets are fully encumbered and thus the Debtors need financing on the terms identified herein to obtain additional funds to operate.

II. STATEMENT REQUIRED BY BANKRUPTCY RULE 4001(c)(1)(B)

4. Pursuant to Bankruptcy Rule 4001(c)(1)(B), the material terms of the DIP Credit Agreement and form of order are summarized[3] as follows:

A. The Facility

A senior secured, priming and super-priority revolving credit facility (the "**DIP Credit Facility**") of up to $20,772,167.31 between Scovill, as Borrower, and Parent, Scomex, PCI and Rau, as Guarantors (together with Scovill, the "**Credit Parties**") and General Electric Capital Corporation (the "**DIP Agent**"), for itself as DIP Lender and as Agent to the DIP Lenders.

B. Use of Proceeds

(a) To pay (or cash collateralize) in full (i) the outstanding balance of the Prepetition Revolving Loan; (ii) the outstanding balance of the Prepetition Term Loan C; and (iii) any amounts owing under the Prepetition Loan Documents relating to the Prepetition Revolving Loan and/or the Prepetition Term Loan C that are contingent and unliquidated and subsequently become liquidated. DIP Credit Agreement § 1.4(a).

(b) (i) to make adequate protection payments as required by the Interim Order and the Final Order; (ii) for working capital and to pay administrative expenses, including but

[3] The following summary is qualified in its entirety by the actual terms and conditions of the DIP Credit Facility. Capitalized terms used in this Motion have the meaning given in the DIP Credit Agreement, unless otherwise defined herein, notwithstanding the fact that a simplified and/or summary some of the terms defined in the DIP Credit Agreement may used in this summary with a simplified and summary definition.

not limited to claims allowed pursuant to Section 503(b)(9) of the Bankruptcy Code but solely to the extent set forth in the Budget, for goods and services in the ordinary course of business (other than fees and expenses of professional persons), including payments, not exceeding $300,000 in the aggregate, to critical vendors and employees pursuant to First Day Orders and to the extent set forth in the Budget; (iii) pay amounts owing to the DIP Agent and DIP Lenders under the Agreement; and (iv) prior to an Event of Default, pay fees and expenses of professionals retained by the Borrower or Statutory Committee, to the extent set forth in the Budget and subject to such carve outs and other agreements as may be agreed to by the DIP Agent, to the extent such professional fees and expenses are approved by final order of the Bankruptcy Court. DIP Credit Agreement § 1.4(b).

C. Interest Rates

At Borrower's option, Revolving Credit Advances will bear interest at (i) the Index Rate plus the Applicable Revolver Interest Margin, or (ii) the LIBOR Rate plus the Applicable Revolver LIBOR Margin. DIP Credit Agreement § 1.5(a).

Index Rate is a floating rate equal to the highest of (i) the rate publicly quoted from time to time by The Wall Street Journal as the "base rate on corporate loans posted by at least 75% of the nation's 30 largest banks", and (ii) the federal funds rate plus 50 basis points per annum. Applicable Revolver Interest Margin means 5.25% per annum. DIP Credit Agreement; Definitions.

LIBOR Rate means for each LIBOR Period, a rate of interest per annum equal to the offered rate per annum for deposits of Dollars for the relevant interest period that appears on Reuters Screen LIBOR01 Page, as of 11:00 a.m. (London, England time) on the day which is two (2) Business Days prior to the first day of such interest period adjusted for reserve requirements. Applicable Revolver LIBOR Margin is 8.00% per annum. DIP Credit Agreement; Definitions.

Following an Event of Default the interest rates applicable to the Revolving Loan shall be increased by two percentage points (2%) per annum unless DIP Agent or Requisite DIP Lenders elect to impose a smaller increase. DIP Credit Agreement § 1.5(d).

D. Maturity

Upon the Commitment Termination Date, which is the earliest of (a) one hundred and twenty (120) days after the Petition Date, (b) thirty-five (35) days after entry of the Interim Order if the Final Order is not entered prior to the expiration of such 35-day period (or such longer period as may be agreed upon by the DIP Agent in its sole discretion), (c) the closing of a sale of all or substantially all of the Borrower's assets, (d) the effective date of a plan of reorganization or liquidation in any of the Chapter 11

Cases, and (e) the occurrence of any Termination Event. DIP Credit Agreement § 1.1(a) and Definitions.

Termination Event – Borrower's (a) failure to deliver 13-week cash flow budget, (b) failure to conduct weekly update progress call on strategic alternatives, (c) failure to file a motion which provides for the sale of all or substantially all of its assets within two (2) days of the Petition Date, which motion shall be acceptable to Agent in its sole and absolute discretion, (d) failure to obtain an order approving bidding procedures relating to the sale of all or substantially all of the assets of the Borrowers within twenty-five (25) days of the Petition Date, which order shall be acceptable to Agent in its sole and absolute discretion, (e) failure to obtain an order confirming such sale by June 12, 2011, which order shall be acceptable to Agent in its sole and absolute discretion, or (f) failure to consummate such sale by July 1, 2011.

E. Events of Default

In addition to customary events of default (non-payment, failure to perform certain covenants, breach of representations or warranties, and the like) and the events described in clauses (c) – (h) of the immediately preceding paragraph, the following are Events of Default specific to these Chapter 11 cases as set forth in Section 8.1 of the DIP Credit Agreement:

- Any action taken by a Credit Party: to obtain additional financing not otherwise permitted by the DIP Credit Agreement; to grant any Lien other than Permitted Encumbrances; except as provided in the Interim or Final Order, to use cash collateral of DIP Agent without prior written consent; or any other action or actions adverse to DIP Agent and DIP Lenders;

- The filing of any plan of reorganization or disclosure statement, or any amendment to such plan or disclosure statement, to which the DIP Agent and the Requisite DIP Lenders do not consent;

- The challenge by any Credit Party to the validity, extent, perfection, characterization or priority of any liens granted under or in connection with the Prepetition Credit Agreement;

- The entry of an order in any of the Chapter 11 Cases confirming a plan that does not contain a provision for termination and repayment in full in cash of all of the Obligations under the DIP Credit Agreement on or before the effective date of such plan;

- The entry of an order modifying the Loan Documents (herein referred to as the "**DIP Loan Documents**") or the Interim Order or the Final Order without the

written consent of all DIP Lenders or the filing of a motion for reconsideration with respect to the Interim Order or the Final Order;

- The Final Order is not entered immediately following expiration of the Interim Order;

- The payment of, or application for authority to pay, any Prepetition claim without the DIP Agent's and Requisite DIP Lenders' prior written consent unless otherwise permitted under the DIP Credit Agreement;

- The allowance of any claim under Section 506(c) of the Bankruptcy Code or otherwise against the DIP Agent, any DIP Lender or any of the Collateral (herein referred to as the "**DIP Collateral**") or against the Prepetition Agent, any Prepetition Lender or any Prepetition Collateral;

- The appointment of an interim or permanent trustee in any Chapter 11 Case or the appointment of a receiver or an examiner in any Chapter 11 Case with expanded powers; or the sale without the DIP Agent and DIP Lenders' consent, of all or substantially all of Borrower's assets that does not provide for payment in full in cash of the Obligations and termination of DIP Lenders' commitment to make Loans;

- The dismissal or the conversion of any Chapter 11 Case or the filing by any Credit Party of a motion or other pleading seeking the dismissal of any Chapter 11 Case;

- The entry of an order by the Court granting relief from or modifying the automatic stay to allow any creditor to execute upon or enforce a Lien on any DIP Collateral, in either case in excess of $100,000, or with respect to any Lien of or the granting of any Lien on any DIP Collateral to any state or local environmental or regulatory agency or authority, in each case with a value in excess of $100,000;

- The commencement of an action against the DIP Agent or any DIP Lender and, as to any action brought by any Person other than a Credit Party, the continuation thereof without dismissal for thirty (30) days after service, that asserts or seeks by or on behalf of a Borrower, the Environmental Protection Agency, any state environmental protection or health and safety agency, any official committee in any Chapter 11 Case or any other party in interest in any of the Chapter 11 Cases, (a) a claim in excess of $500,000, (b) any legal or equitable remedy that would have the effect of subordinating any or all of the Obligations or Liens of the DIP Agent or any DIP Lender under the DIP Loan Documents to any other claim, (c) would otherwise have a material adverse effect, or (d) have a material adverse effect on the rights and remedies of the DIP Agent or any DIP Lender under any

DIP Loan Document or the collectability of all or any portion of the DIP Obligations;

- The filing of a claim or counterclaim related to Borrower, Guarantors or DIP Collateral against the DIP Agent, DIP Lenders, Prepetition Agent or Prepetition Lenders by any Credit Party;

- The entry of an order in any Chapter 11 Case avoiding or requiring repayment of any portion of the payments made on account of the DIP Obligations owing under the DIP Credit Agreement or the other DIP Loan Documents;

- The failure of Borrower to perform any of its obligations under the Interim Order or Final Order;

- The marshalling of any DIP Collateral;

- The consolidating or combining of Credit Parties with any other Person except pursuant to a confirmed plan of reorganization or liquidation with the prior written consent of the Requisite DIP Lenders;

- The termination or modification of exclusivity as to the proposal of any reorganization or liquidation plan; or

- The entry of an order in any of the Chapter 11 Cases granting any other super priority administrative claim or Lien equal or superior to that granted to DIP Agent, on behalf of itself and DIP Lenders;

- Borrower fails to:
    - within two (2) days of the Petition Date, file a motion, acceptable to Agent in its sole and absolute discretion, providing for the sale of substantially all of the Credit Parties' assets;

    - within twenty-five (25) days of the Petition Date, obtain an order, acceptable to Agent in its sole and absolute discretion, approving bidding procedures relating to the sale of substantially all of the Credit Parties' assets;

    - by June 12, 2011, obtain an order, acceptable to Agent in its sole and absolute discretion, confirming such sale; or

    - by July 1, 2011, consummate such sale.

F. Liens Granted

In and on any and all of the assets of the Debtors or their estates.

G. Borrowing Limits

The Revolving Loan Maximum Amount (initially $22,500,000, but subject to adjustment). The aggregate principal amount of Revolving Loans outstanding at any time shall not exceed for any week, the principal amount of the Revolving Loans projected to be outstanding during such week as set forth in the Budget for such week. The Revolving Loan Borrowing Availability may be reduced by Reserves imposed by the DIP Agent in its reasonable credit judgment. DIP Credit Agreement, § 1.1(a) and Definitions.

H. Borrowing Conditions

In addition to customary conditions precedent, the following conditions precedent are specific to these Chapter 11 cases:

- Entry of the Interim Order no later than five (5) days after the Petition Date and such Interim Order shall not have been reversed, modified, amended or stayed.

- Credit Parties shall have established the Cash Management System described in Annex C to the DIP Credit Agreement and Credit Parties shall have obtained appropriate court orders approving such system.

- The first day orders described on Disclosure Schedule 2.1 in form and substance satisfactory to the DIP Agent shall have been entered in the Chapter 11 Cases (the Interim Order shall be acceptable to the DIP Agent and DIP Lenders in their sole discretion).

- DIP Agent shall have received, in form and substance satisfactory to the DIP Agent, the Budget.

- No pleading or application seeking to amend or modify the provisions of the DIP Credit Agreement and the credit facility provided thereunder on the terms set forth therein shall have been filed in the Bankruptcy Court by the Borrower that has not been withdrawn, dismissed or denied within fifteen (15) days after filing of such pleading or application.

- Entry of the Final Order no later than thirty-five (35) days after the Petition Date (and before the expiration of the Interim Order) and such Final Order shall not have been reversed, modified, amended or stayed.

DIP Credit Agreement § 2.

I. Priority Status Provided

An allowed superpriority administrative expense claim (the "**DIP Superpriority Claim**") for all DIP Obligations: (a) except as set forth herein, with priority over any and all administrative expense claims and unsecured claims against the Debtors or their estates in any of the Chapter 11 cases, at any time existing or arising, of any kind or nature whatsoever; and (b) which shall at all times be senior to the rights of the Debtors and their estates, and any successor trustee or other estate representative to the extent permitted by law. Notwithstanding the foregoing, the DIP Superpriority Claim shall be subject to the Carve Out.

An allowed superpriority claim (the "**Prepetition Lender Superpriority Claim**") for the Debtors' use of Cash Collateral, the use, sale or lease of any other Prepetition Collateral, market value decline of the collateral and the priming of the Prepetition Liens. The Prepetition Lender Superpriority Claim shall have priority over all administrative expense claims and unsecured claims against the Debtors or their estates, now existing or hereafter arising, of any kind or nature whatsoever; *provided*, *however*, that the Prepetition Lender Superpriority Claim shall be junior to the DIP Superpriority Claim and to the Carve Out.

J. Adequate Protection Provided

Liens in and on any and all of the assets of the Debtors or their estates to the extent of any diminution in the value of Prepetition Lenders' interests in Prepetition Collateral (including Cash Collateral). Interim Order § 11.

K. Determination of Validity, Enforcement, Priority or Amount of Claims

Debtors stipulate that the (a) Prepetition Liens on the Prepetition Collateral are valid, binding, enforceable, non-avoidable and perfected; (b) as of the Petition Date, the Prepetition Liens had priority over any and all other liens on the Prepetition Collateral, subject only to certain liens otherwise permitted by the Prepetition Credit Documents (to the extent any such permitted liens were valid, properly perfected, non-avoidable and senior in priority to the Prepetition Liens as of the Petition Date, the "**Permitted Prior Liens**"); (c) the Prepetition Obligations constitute legal, valid, binding, and non-avoidable obligations of the Debtors; (d) no offsets, challenges, objections, defenses, claims or counterclaims of any kind or nature to any of the Prepetition Liens or the Prepetition Obligations exist, and no portion of the Prepetition Liens or the Prepetition Obligations is subject to any challenge or defense, including, without limitation, avoidance, recharacterization, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (e) the Debtors and their estates have no offsets, defenses, claims, objections, challenges, causes of actions, and/or choses in action, including without limitation, avoidance claims under Chapter

5 of the Bankruptcy Code, against the Prepetition Agent or the Prepetition Lenders arising out of, based upon or related to the Prepetition Credit Documents; (f) as of the Petition Date, the value of the Prepetition Collateral securing the Revolver/Term C Obligations exceeded the amount of those obligations, and accordingly the Revolver/Term C Obligations are allowed secured claims within the meaning of Section 506 of the Bankruptcy Code; and (g) the Debtors have released any right they may have to challenge any of the Prepetition Obligations and the security for these obligations, and to assert any offsets, defenses, claims, objections, challenges, causes of action and/or choses of action against the Prepetition Agent or Prepetition Lenders. Interim Order; Findings of Fact Paragraph C(v).

Nothing in this Interim Order or the DIP Loan Documents shall prejudice the rights of a Statutory Committee, a successor trustee and any other party in interest with requisite standing other than the Debtors, to seek to object to or to challenge the findings, Debtors' Stipulations, or any other stipulations herein, including, but not limited to those in relation to: (a) the validity, extent, priority, or perfection of the mortgage, security interests, and liens of the Prepetition Agent with respect to the Prepetition Collateral; or (b) the validity, characterization, allowability, priority, fully-secured status, or amount of the Prepetition Obligations. A party, including the Statutory Committee, if appointed, must commence an adversary proceeding or contested matter, as required by the applicable Bankruptcy Rules, to challenge, including, without limitation, any claim against the Prepetition Agent or the Prepetition Lenders in the nature of a setoff, counterclaim or defense to the Prepetition Obligations, or must file a motion seeking standing within the earlier of (i) with respect to the Statutory Committee, sixty (60) calendar days from the selection of counsel to the Statutory Committee, and (ii) with respect to other parties in interest with requisite standing other than the Debtors or the Statutory Committee, seventy-five (75) calendar days following the date of entry of the Interim Order (the "**Challenge Period**"). The applicable Challenge Period may only be extended with the written consent of the Prepetition Agent and the Prepetition Lenders, as applicable, or by order of the Court. Interim Order; Paragraph 29.

L. Waiver of Automatic Stay

The automatic stay is vacated and modified to the extent necessary to implement and effectuate the terms and provisions of the DIP Loan Documents and the Interim Order. Interim Order; Paragraph 16.

M. Waiver of Right to Request Authority to Obtain Credit

Unless permitted by the DIP Credit Agreement, requesting authority to obtain credit is an Event of Default. DIP Credit Agreement § 8.1(m).

N. Deadlines Imposed

See Maturity and Events of Default, above.

O. Waivers Relating to Perfection or Enforcement of Liens

See Determination of Validity, Enforcement, Priority or Amount of Claims, above.

P. Release of Claims

Effective upon the entry of the Final Order, the Debtors release DIP Agent and DIP Lenders from any claims. DIP Credit Agreement § 1.21.

Q. Indemnification

The Debtors indemnify DIP Agent and DIP Lenders from any claims asserted against them arising out of or relating to the transactions contemplated by the Credit Agreement and any Environmental Liabilities. Credit Agreement § 1.13.

R. Release of Rights under Section 506 of the Bankruptcy Code

No costs of administration shall be charged against the DIP Lenders or DIP Collateral pursuant to Section 506(c) of the Bankruptcy Code without their prior written consent. Interim Order; Paragraph 31.

S. Liens on Certain Causes of Action

The liens granted in favor of the DIP Lenders on any claim or cause of action under Chapter 5 of the Bankruptcy Code shall be effective upon entry of the Final Order. Interim Order; Paragraph 5.

III. JURISDICTION

5. This Court has jurisdiction over these cases and this proceeding pursuant to 28 U.S.C. §§ 157 and 1334. Venue of these cases is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This Motion is a core proceeding pursuant to 28 U.S.C. § 157(b).

IV. BACKGROUND

General Background

6. On April 19, 2011 (the "**Petition Date**"), Scovill commenced a voluntary case under Chapter 11 of the United States Code (the "**Bankruptcy Code**"). On the same day, Scovill's sole owner, Parent and three of Scovill's wholly owned subsidiaries, PCI, Rau, and Scomex, also filed Chapter 11 petitions in this Court. The Debtors are authorized to operate and manage their businesses as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

7. Scovill is an industry leader in the production of high quality snap fasteners and tack buttons. Scovill manufactures the majority of its products at its 300,000 square foot factory located in Clarkesville, Georgia. Clarkesville is also its headquarters location. Scovill employs approximately 200 employees in Clarkesville, approximately 17 employees in other U.S. location, and 5 independent contractors in South America. Scovill also owns several foreign subsidiaries and maintains a network of licensees and subcontractors overseas, primarily in Asia.

8. In September 2010, Scovill retained Carl Marks Advisory Group, LLC to provide financial advisory services to assist Scovill with exploration of a prospective sale or merger. Following an extensive marketing effort, the Debtors entered into an Asset Purchase Agreement with a stalking horse bidder, which contemplates sale of substantially all of the Debtors' assets pursuant to Section 363 of the Bankruptcy Code following an auction to determine if a higher and better bid can be obtained. The Debtors

have filed, or promptly will file, a motion seeking, among other things, this Court's approval of such a sale (the "**Sale**").

The Debtors' Prepetition Credit Structure

9. While Scovill is currently the only operating entity of the Debtors in the U.S., the other Debtors are parties to several loan documents. Scovill is party to that certain Credit Agreement (the "**Prepetition Credit Agreement**"), dated as of February 2, 2004, as amended, by and between Scovill, as Borrower, and General Electric Capital Corporation, for itself as Prepetition Lender and as Agent for the Prepetition Lenders. Parent, PCI, Rau and Scomex are each Guarantors under the Prepetition Credit Agreement. Pursuant to this agreement, the Prepetition Lenders agreed to make revolving credit advances and make Term Loan A, Term Loan B and Term Loan C.

10. As of the Petition Date, Scovill was indebted to the Lenders in respect of (i) the Revolving Credit Advances in the approximate principal amount of $13,399,685.87 and approximately $258,440.74 in accrued interest and fees; (ii) the Term Loan B in the principal amount of $10,000,000 and approximately $575,342.47 in accrued interest and fees; (iii) the Term Loan C in the principal amount of $2,075,000 and approximately $39,040.70 in accrued interest and fees; (iv) interest accruing thereon and (v) other costs, fees, expenses, and charges now or hereafter payable thereunder.

11. The Prepetition Credit Agreement is secured by all, or substantially all, of the assets of Parent, Scovill, PCI, Rau and Scomex.

12. On December 30, 2010, the parties to the Prepetition Credit Agreement entered into a "Forbearance Agreement" under which the Prepetition Lenders agreed that

the Debtors are not obligated to pay interest or principal until a transaction for the sale of their assets is completed.

Senior Subordinated Notes

13. Scovill is a party to that certain Third Amended and Restated Loan and Security Agreement (the "**Tranche B Credit Facility**"), dated as of February 2, 2004, as amended, by and among Scovill, Rau, Scomex, PCI, , as borrowers, and GSCP Recovery Inc. ("**Recovery Inc**."), GSC Recovery II, L.P. ("**Recovery II**"), and GCS Recovery IIA, L.P. ("**Recovery IIA**") (Recovery Inc., Recovery II and Recovery IIA are sometimes collectively referred to as "**Recovery**"), as the lenders, and Recovery, Inc., as administrative agent. Recovery Inc., Recovery II and Recovery IIA are the sole owners of Parent. Pursuant to the Tranche B Credit Facility, Recovery agreed to continue to extend certain financing to Scovill in the form of Bridge Loans (as defined therein). Recovery is no longer obligated to provide additional Bridge Loans to Scovill.

14. As of the Petition Date, Scovill was indebted to Recovery in the approximate amount of $158,855,000 pursuant to the Tranche B Credit Facility.

15. The Tranche B Credit Facility is secured by all, or substantially all, of the assets of Scovill, Rau, Scomex and PCI.

16. All of the indebtedness and obligations of Scovill, Rau, Scomex and PCI arising under the Tranche B Credit Facility are subordinated to all obligations under the Prepetition Credit Agreement pursuant to that certain Subordination Agreement, dated as of February 2, 2004, as amended, by and among Recovery and Agent for the Prepetition Lenders.

17. Scovill is a party to that certain Term Loan Agreement dated December 23, 2005 (the "**Recovery Term Loan**") by and among Scovill, Rau, PCI and Scomex, as borrowers. and Recovery, as the lenders.

18. As of the Petition Date, Scovill was indebted to Recovery in the approximate amount of $48,929,000 pursuant to the Recovery Term Loan.

19. All of the indebtedness and obligations of Scovill, Rau, Scomex and PCI arising under the Recovery Term Loan are subordinated to all obligations under the Prepetition Credit Agreement pursuant to that certain Subordination Agreement, dated as of December 23, 2005, as the same may have been amended, by and among Recovery and Agent for the Prepetition Lenders.

Background Specific to This Motion

20. The Debtors' need to use Cash Collateral on an interim basis and to obtain credit on an interim basis pursuant to the DIP Credit Agreement is immediate and critical to enable the Debtors to facilitate a sale of their businesses and to administer and preserve the value of their estates for all stakeholders. The ability of the Debtors to finance their operations, maintain business relationships with their customers, pay their employees and otherwise finance their operations throughout the Chapter 11 process requires the availability of working capital from the DIP Credit Facility and the use of Cash Collateral. The absence of either of these cash sources would immediately and irreparably harm the Debtors, their estates, and their creditors.

21. Given their current financial condition, financing arrangements, and capital structure, the Debtors are unable to obtain financing from sources other than the DIP

Lenders on terms more favorable than provided for in the DIP Credit Facility. The Debtors have been unable to obtain unsecured credit allowable under as an administrative expense under Section 364(b)(1) of the Bankruptcy Code. The Debtors have also been unable to obtain sufficient credit (a) having priority over that of administrative expenses of the kind specified in Sections 503(b), 507(a) and 507(b) of the Bankruptcy Code; (b) secured by a lien on property of the Debtors and their estates that is not otherwise subject to a lien; or (c) secured solely by a junior lien on property of the Debtors and their estates that is subject to a lien. Financing on a postpetition basis is not otherwise available without granting the DIP Agent, for the benefit of itself and the DIP Lenders (a) perfected security interests in and liens on (each as provided herein) all of the Debtors' existing and after-acquired assets with the priorities set forth in the DIP Credit Agreement, (b) superpriority claims and liens, and (c) the other protections set forth in this Interim Order.

22. As a condition to entry into the DIP Credit Agreement, the extension of credit under the DIP Credit Facility and the authorization to use Cash Collateral, the DIP Agent, the DIP Lenders, the Prepetition Agent, and the Prepetition Lenders require, and the Debtors have agreed, that proceeds of the DIP Credit Facility shall be used, in each case in a manner consistent with the terms and conditions of the DIP Loan Documents and in accordance with an Approved Budget solely for (a) working capital and other general corporate purposes, (b) permitted payment of costs of administration of the Chapter 11 cases, (c) payment of such prepetition expenses as consented to by the DIP Agent, in its sole discretion, and as approved by the Court, and (d) the indefeasible repayment in full in cash of the Revolver/Term C Obligations. The repayment in full in

cash of the Prepetition Revolving Loan and Term Loan C on the DIP Closing Date (which has the meaning ascribed to "Closing Date" in the DIP Loan Documents) is necessary as the Prepetition Agent and Prepetition Lenders will not otherwise consent to providing the DIP Credit Facility and providing credit to the Debtors hereunder, and the Prepetition Agent and the Prepetition Lenders have not otherwise consented to the use of their Cash Collateral or the subordination of their liens to the DIP Liens.

23. The priming of the Prepetition Liens and all other liens of the Prepetition Agent and the Prepetition Lenders on the Prepetition Collateral under Section 364(d) of the Bankruptcy Code, as contemplated by the DIP Credit Facility and as further described below, will enable the Debtors to obtain the DIP Credit Facility and to continue to operate their businesses and to fund the sale process to the benefit of their estates and creditors. The Prepetition Agent and the Prepetition Lenders are entitled to receive adequate protection pursuant to Sections 361, 363 and 364 of the Bankruptcy Code for any diminution in the value of their respective interests in the Prepetition Collateral (including Cash Collateral) resulting from, among other things, the Debtors' use, sale or lease of such collateral, market value decline of such collateral, the imposition of the automatic stay, the priming (to the extent provided for herein) of the Prepetition Liens, and the subordination to the Carve Out (collectively, and solely to the extent of any such diminution in value, the "**Diminution in Value**").

V. BASIS FOR RELIEF

Business Judgment and Good Faith Pursuant to Section 364(e)

24. The Debtors' continued operations during these Chapter 11 cases are essential to the success of the proposed auction and the closing of the Sale. The Debtors' need to obtain credit on an interim basis pursuant to the DIP Credit Facility is immediate and critical to enable the Debtors to preserve the value of their estates for all stakeholders through continued and uninterrupted operations pending the Sale.

25. The ability of the Debtors to finance their operations, maintain business relationships with their customers, to pay employees and otherwise finance operations throughout the Chapter 11 process requires the availability of working capital from the DIP Credit Facility, the absence of which would immediately and irreparably harm the Debtors, their estates, and their creditors. The Debtors' assets are fully encumbered and there is little or no unencumbered cash with which the Debtors can fund operations, especially in light of the extra expenses resulting from the Chapter 11 filings.

26. Accordingly, the Debtors cannot continue operations, and therefore preserve the value of their estates, without the post-petition financing to be made available under the DIP Credit Facility. Given their current financial condition, financing arrangements, and capital structure, the Debtors are unable to obtain financing from sources other than the DIP Lenders on terms more favorable than provided for in the DIP Credit Facility.

27. The terms and conditions of the DIP Credit Facility and the DIP Loan Documents, and the fees paid and to be paid thereunder, (i) are fair, reasonable, and the

best available to the Debtors under the circumstances, (ii) reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and (iii) are supported by reasonably equivalent value and consideration. The DIP Credit Facility and the use of Cash Collateral were negotiated in good faith and at arms' length among the Debtors, the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders. Use of Cash Collateral and credit to be extended under the DIP Credit Facility is for valid business purposes and uses, and is in good faith in all respects.

The Necessary Showings Under Section 364

28. Section 364 of the Bankruptcy Code provides, in pertinent part, as follows:

> (a) If the trustee is authorized to operate the business of the debtor under section 721, 1108, 1203, 1204, or 1304 of this title, unless the court orders otherwise, the trustee may obtain unsecured credit and incur unsecured debt in the ordinary course of business allowable under section 503(b)(1) of this title as an administrative expense.
>
> (b) The court, after notice and a hearing, may authorize the trustee to obtain unsecured credit or to incur unsecured debt other than under subsection (a) of this section, allowable under section 503(b)(1) of this title as an administrative expense.
>
> (c) If the trustee is unable to obtain unsecured credit allowable under section 503(b)(1) of this title as an administrative expense, the court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt --
>
> (1) with priority over any or all administrative expenses of the kind specified in section 503(b) or 507(b) of this title;
>
> (2) secured by a lien on property of the estate that is not otherwise subject to a lien; or
>
> (3) secured by a junior lien on property of the estate that is subject to a lien.
>
> (d) (1) The court, after notice and a hearing, may authorize the obtaining of credit or the incurring of debt secured by a senior or equal lien on property of the estate that is subject to a lien only if --

(A) the trustee is unable to obtain such credit otherwise; and

(B) there is adequate protection of the interest of the holder of the lien on the property of the estate on which such senior lien is proposed to be granted.

11 U.S.C. § 364(a)-(d).

29. Generally, Section 364(c) of the Bankruptcy Code requires a debtor to demonstrate that alternative sources of credit are not available under the other provisions of Section 364. *See In re Ames Dep't Stores, Inc.*, 115 B.R. 34, 37 (Bankr. S.D.N.Y. 1990). Although there is "no duty to seek credit from every possible lender before concluding that such credit is unavailable," the statute obligates a debtor to show "by a good faith effort that credit was not available without the senior lien." *Bray v. Shenandoah Fed. Sav. & Loan Ass'n (In re Snowshoe Co.),* 789 F.2d 1085, 1088 (4th Cir. 1986).

30. Against this statutory backdrop, courts will evaluate the facts and circumstances of a debtor's case, and will accord significant weight to the necessity for obtaining the financing. *See, e.g.*, *In re Snowshoe*, 789 F.2d at 1088; *In re Ames,* 115 B.R. at 40. For example, the need for a swift injection of cash to preserve a debtor's business satisfies the requirements of Section 364(d) when coupled with unsuccessful attempts to locate alternative financing. *See In re Ames*, 115 B.R. at 40; *see also In re Snowshoe*, 789 F.2d at 1088 (primary facts supporting priming liens included lack of alternative financing sources and need to obtain prompt cash infusion to preserve value of debtor's business).

The Search for the Best DIP Financing Available

31. Through its financial advisors, the Debtors made a serious and good faith effort to obtain postpetition financing from third party lenders that offer debtor in possession financing, pursuant to Sections 364(a) and (b) of the Bankruptcy Code. Aside from the DIP Lenders, however, the Debtors were unable to obtain financing from other sources. Based upon those unsuccessful efforts, as well as the short timeframe in which the Debtors need to conclude a sale to maximize the value of their assets, the Debtors concluded that (a) unsecured financing on any basis would not be available, and (b) super-priority claims and liens would, as a practical matter, be the only basis upon which to structure an alternative facility. The Debtors believe that the proposal contained in the DIP Credit Agreement is the best financing available to the Debtors.

Need for Postpetition Financing

32. Without the funds contemplated in this Motion, the Debtors will not have sufficient liquidity to properly sell their assets and the value of the Debtors' assets will deteriorate rapidly. Indeed, as set forth above and in the Little Declaration, on an interim basis and pending the Final Hearing, the Debtors need the proceeds from the DIP Credit Facility in order to continue to pay all necessary expenses. Therefore, interim approval of the proposed financing pending the Final Hearing is in the best interests of the Debtors, their estates and creditors.

33. On a longer-term basis, and for many of the same reasons, it is essential to the sale or wind-down and orderly liquidation of the Debtors' assets that the Debtors obtain authority to incur postpetition financing to continue ordinary course operations

and conduct a successful sale or orderly liquidation of their businesses. Only through the DIP Credit Facility can the Debtors be assured of sufficient liquidity to maximize the value of their assets for the benefit of their creditors.

VI. SATISFACTION OF BANKRUPTCY RULE 6003(b) AND WAIVER OF STAY UNDER BANKRUPTCY RULES 6004(h)

34. Pursuant to Bankruptcy Rule 6003(b), any motion seeking to use property of the estate pursuant to Section 363 of the Bankruptcy Code, or to incur an obligation regarding property of the estate within twenty-one (21) days of the petition date, requires that Debtors demonstrate that such relief would prevent "immediate and irreparable harm." As set forth herein, the Debtors do not have sufficient liquidity to properly sell or wind-down and liquidate their estates and assets and immediately obtaining the proposed financing is therefore vital to maintaining the value of the Debtors' assets. Accordingly, the Debtors respectfully submit that Bankruptcy Rule 6003(b) has been satisfied.

35. Additionally, any delay in authorizing the relief requested herein would be detrimental to the Debtors, their estates and their creditors. Accordingly, and to successfully implement the foregoing, the Debtors seek a waiver of the stay imposed under Bankruptcy Rule 6004(h), to the extent such provision may be applicable to the order approving this Motion.

VII. NOTICE

36. No trustee or creditors' committee has been appointed in the Debtors' Chapter 11 cases.

37. Notice of this Motion (through service of the Motion without exhibits or schedules other than the form of Scheduling and Notice Order and the Interim Order) has

been given to the following parties, or in lieu thereof, to their counsel: (i) the U.S. Trustee; (ii) the Internal Revenue Service; (iii) the parties included on the Debtors' list of forty (40) largest unsecured creditors; (iv) counsel to the Prepetition Agent for itself and for the Prepetition Lenders; (v) counsel to the DIP Agent for itself and for the DIP Lenders; (vi) all financial institutions at which the Debtors maintain deposit accounts; (vii) the landlords for all non-residential real properties occupied by the Debtors as of the Petition Date; (viii) GSCP Recovery Inc.; (ix) all taxing authorities in the jurisdictions where the Debtors operate that have a reasonably known interest in the relief requested and which may have claims against the Debtors, and (x) all entities known to have asserted any lien, claim, interest or encumbrance in or upon any of the DIP Collateral and (xi) all other parties required to receive notice pursuant to Bankruptcy Rules 2002, 4001 or 9014 or requesting to receive notice prior to the date hereof. (collectively, the "**DIP Notice Parties**").

38. Given the exigencies of these Chapter 11 cases and the Debtors' urgent need to obtain postpetition financing, the Debtors respectfully request that the Court approve the proposed Scheduling and Notice Order.

39. Pursuant to the Scheduling and Order Notice, notice of the Interim Order (as entered) and of the scheduling of the Final Hearing will be provided promptly to the DIP Notice Parties. The Scheduling and Order Notice will also provide that Debtors' attorneys will promptly transmit to any party interest via electronic mail a copy of the proposed DIP Credit Agreement (exclusive of exhibits and schedules) upon the telephonic or electronic request of such party. The other terms of the notice are set forth more fully in the

Scheduling and Notice Order. In addition, any material modifications made to the forms of the DIP Loan Documents or the proposed Interim Order shall be disclosed at the Interim and/or Final Hearings as appropriate.

40. The cost of mailing the Scheduling and Notice Order and the DIP Financing Motion to all creditors in this Chapter 11 Case would be exceedingly expensive, and would not, in the Debtors' view, confer any substantial benefit on Debtors, their estates or creditors. Accordingly, in light of the urgency of the relief requested, the Debtors respectfully request that notice of the Interim and Final Hearing, and of the relief requested herein be provided only to the DIP Notice Parties and that, other than as provided for in this Motion and in the Scheduling and Notice order, any other notice requirements be dispensed with and waived. Debtors respectfully submit that the foregoing proposed notice procedures provide due and ample notice of the interim and final relief sought by this Motion.

41. No previous motion or application for the relief sought in this Motion has been made to this or any other Court.

WHEREFORE, the Debtors respectfully request that the Court enter an order (i) granting the relief requested herein, and (ii) granting such other relief as is just and proper.

This 20th day of April, 2011.

ALSTON & BIRD LLP

/s/ John C. Weitnauer
John C. Weitnauer (Bar No. 746550)
Heather Byrd Asher (Bar No. 139022)
1201 West Peachtree Street
Atlanta, GA 30309
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Proposed Attorneys for the Debtors

EXHIBIT A

DIP CREDIT AGREEMENT

Execution Version

SENIOR SECURED, PRIMING AND SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT

Dated as of [ ], 2011

among

SCOVILL FASTENERS INC.,

as Debtor in Possession and as Borrower,

THE OTHER CREDIT PARTIES SIGNATORY HERETO,

as Credit Parties,

THE LENDERS SIGNATORY HERETO

FROM TIME TO TIME,

as Lenders,

and

GENERAL ELECTRIC CAPITAL CORPORATION,

as Agent and Lender

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This SENIOR SECURED, PRIMING AND SUPER-PRIORITY DEBTOR-IN-POSSESSION CREDIT AGREEMENT (this "Agreement"), dated as of [ ], 2011, among SCOVILL FASTENERS INC., a Delaware corporation ("Borrower"); the other Credit Parties signatory hereto; GENERAL ELECTRIC CAPITAL CORPORATION, a Delaware corporation (in its individual capacity, "GE Capital"), for itself, as Lender, and as Agent for Lenders, and the other Lenders signatory hereto from time to time.

RECITALS

WHEREAS, on [ ], 2011 (the "Petition Date"), Rau Fastener Company, L.L.C., a Delaware limited liability company, Scomex, Inc., a Delaware Corporation, PCI Group, Inc., a Delaware Corporation, Scovill, Inc., a Delaware Corporation (each a Guarantor hereunder) and Borrower commenced Chapter 11 Case Nos. [11-] through [11-], as administratively consolidated Chapter 11 Case No. [11-] (each a "Chapter 11 Case" and collectively, the "Chapter 11 Cases"), by filing separate voluntary petitions for reorganization under Chapter 11, 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code"), with the United States Bankruptcy Court for the Northern District of Georgia (the "Bankruptcy Court"). Borrower and Guarantors continue to operate their businesses and manage their properties as debtors and debtors-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code;

WHEREAS, prior to the Petition Date, GE Capital and certain other lenders provided financing to Borrower pursuant to that certain Credit Agreement, dated as of February 2, 2004 (as amended, modified or supplemented through the Petition Date, the "Prepetition Credit Agreement");

WHEREAS, Borrower has requested that Lenders provide a senior secured, priming and super-priority revolving credit facility to Borrower of up to $20,772,167.31 in the aggregate to be used for the purposes set forth in Section 1.4 (including on the date of the first advance thereunder, the payment in full of all amounts due and owing by Borrower under the Prepetition Revolving Loan and the Prepetition Term Loan C);

WHEREAS, Lenders are willing to make certain Postpetition loans and other extensions of credit to Borrower of up to such amount upon the terms and conditions set forth herein;

WHEREAS, Borrower and the other Credit Parties signatory hereto have agreed to secure all of their Obligations under the Loan Documents by granting to Agent, for the benefit of Agent and Lenders, security interests in and liens upon all of their existing and after-acquired personal and real property;

WHEREAS, Borrower and Guarantors acknowledge that each will receive substantial direct and indirect benefits by reason of the making of the loans and other financial accommodations to Borrower as provided in this Agreement; and

WHEREAS, capitalized terms used in this Agreement shall have the meanings ascribed to them in Annex A and, for purposes of this Agreement and the other Loan Documents, the rules of construction set forth in Annex A shall govern. All Annexes, Disclosure Schedules, Exhibits and other attachments (collectively, "Appendices") hereto, or expressly identified to this

Agreement, are incorporated herein by reference, and taken together with this Agreement, shall constitute but a single agreement. These Recitals shall be construed as part of the Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, and for other good and valuable consideration, the parties hereto agree as follows:

1. AMOUNT AND TERMS OF CREDIT

1.1 Revolving Credit Facility.

(a) Subject to the terms and conditions hereof, each Revolving Lender agrees to make available to Borrower from time to time until the Commitment Termination Date its Pro Rata Share of advances (each, a "Revolving Credit Advance"). The Pro Rata Share of the Revolving Loan of any Revolving Lender shall not at any time exceed its separate Revolving Loan Commitment. The obligations of each Revolving Lender hereunder shall be several and not joint. Until the Commitment Termination Date, Borrower may from time to time borrow, repay and reborrow under this Section 1.1; provided, that the aggregate Revolving Loan at any one time shall not exceed the Revolving Loan Maximum Amount as then in effect. The aggregate principal amount of Revolving Loans outstanding at any time hereunder, shall not exceed for any week, the principal amount of the Revolving Loans projected to be outstanding during such week as set forth in the Budget for such week. The Revolving Loan Borrowing Availability may be reduced by Reserves imposed by Agent in its reasonable credit judgment. Each Revolving Credit Advance shall be made on notice by Borrower to one of the representatives of Agent identified in Disclosure Schedule 1.1 at the address specified therein. Any such notice must be given no later than (1) 11:00 a.m. (New York time) on the Business Day of the proposed Revolving Credit Advance, in the case of an Index Rate Loan, or (2) 11:00 a.m. (New York time) on the date which is three (3) Business Days prior to the proposed Revolving Credit Advance, in the case of a LIBOR Loan. Each such notice (a "Notice of Revolving Credit Advance") must be given in writing (by telecopy or overnight courier) substantially in the form of Exhibit 1.1(a)(i), and shall include the information required in such Exhibit and such other information as may be reasonably required by Agent. If Borrower desires to have the Revolving Credit Advances bear interest by reference to a LIBOR Rate, it must comply with Section 1.5(e).

(b) The entire unpaid balance of the Revolving Loan and all other non-contingent Obligations shall be immediately due and payable in full in immediately available funds on the Commitment Termination Date.

(c) Reliance on Notices. Agent shall be entitled to rely upon, and shall be fully protected in relying upon, any Notice of Revolving Credit Advance, Notice of Conversion/Continuation or similar notice believed by Agent to be genuine. Agent may assume that each Person executing and delivering any notice in accordance herewith was duly authorized, unless the responsible individual acting thereon for Agent has actual knowledge to the contrary.

1.2 [Intentionally Omitted]

1.3 Prepayments.

(a) Reductions in Revolving Loan Commitment. Borrower may at any time on at least five (5) days' prior written notice to Agent permanently reduce (but not terminate) the Revolving Loan Commitment; provided that (A) any such reductions shall be in a minimum amount of $500,000 and integral multiples of $250,000 in excess of such amount, and (B) the Revolving Loan Commitment shall not be reduced to an amount less than the amount of the Revolving Loan then outstanding. In addition, Borrower may at any time on at least ten (10) days' prior written notice to Agent terminate the Revolving Loan Commitment, provided that upon such termination, all Loans and other Obligations shall be immediately due and payable in full. Any voluntary reduction or termination of the Revolving Loan Commitment must be accompanied by payment of any LIBOR funding breakage costs in accordance with Section 1.13(b). Upon any such reduction or termination of the Revolving Loan Commitment, Borrower's right to request Revolving Credit Advances shall simultaneously be permanently reduced or terminated, as the case may be. Each notice of partial prepayment shall designate the Loan or other Obligations to which such payment is to be applied.

(b) Mandatory Prepayments.

(i) If at any time the outstanding balance of the Revolving Loan exceeds the Revolving Loan Maximum Amount as then in effect, Borrower shall immediately repay the aggregate outstanding Revolving Credit Advances to the extent required to eliminate such excess.

(ii) Immediately upon receipt by any Credit Party of any proceeds of any asset disposition or Foreign Stock Disposition, Borrower shall prepay the Loans in an amount equal to all such proceeds, net of (A) commissions and other reasonable and customary transaction costs, fees and expenses properly attributable to such transaction and payable by any Credit Party in connection therewith (in each case, paid to non-Affiliates), (B) transfer taxes, (C) amounts payable to holders of senior Liens on such asset (to the extent such Liens constitute Permitted Encumbrances hereunder), if any, and (D) an appropriate reserve for income taxes in accordance with GAAP in connection therewith. Any such prepayment shall be applied in accordance with Section 1.3(c). Proceeds of sales of Inventory in the ordinary course of business and proceeds of sales of equipment consisting of attaching machines no longer used or useful in the business of the Credit Parties and not exceeding $50,000 in any Fiscal Year shall not be subject to mandatory prepayment under this clause (ii).

(iii) If any Credit Party issues Stock or debt securities or incurs any Funded Debt, no later than the Business Day following the date of receipt of the proceeds thereof, Borrower shall prepay the Loans in an amount equal to all such proceeds, net of underwriting discounts and commissions and other reasonable costs paid to non-Affiliates in connection therewith. Any such prepayment shall be applied in accordance with Section 1.3(c).

(iv) [Intentionally Omitted]

(c) Application of Certain Mandatory Prepayments. Any prepayments made by Borrower pursuant to Sections 1.3(b)(ii) or (b)(iii) above or Section 5.4(c) below shall be applied in the following order: (i) to Fees and reimbursable expenses of Agent then due and

payable pursuant to any of the Loan Documents; (ii) to accrued interest then due and payable on the Loans or other Obligations; (iii) to the outstanding principal balance of Revolving Credit Advances until the same has been paid in full; and (iv) to any other Obligations that are then due and payable until all such Obligations shall have been paid in full. The Revolving Loan Commitment shall not be permanently reduced by the amount of any such prepayments.

(d) [Intentionally Omitted]

(e) No Implied Consent. Nothing in this Section 1.3 shall be construed to constitute Agent's or any Lender's consent to any transaction that is not permitted by other provisions of this Agreement or the other Loan Documents.

1.4 Use of Proceeds.

(a) Upon entry of the Interim Order, the Borrower shall borrow sufficient funds under this Agreement in order to pay, and shall concurrently apply the proceeds of such borrowings on the Closing Date (and as a condition to closing under this Agreement), to pay (or, as applicable, cash collateralize in a manner satisfactory to the Agent) in full (i) the outstanding balance of the Prepetition Revolving Loan; (ii) the outstanding balance of the Prepetition Term Loan C; and (iii) any amounts owing under the Prepetition Loan Documents relating to the Prepetition Revolving Loan and/or the Prepetition Term Loan C that are contingent and unliquidated and subsequently become liquidated.

(b) Borrower shall also use the proceeds of the Loans: (i) to make adequate protection payments as required by the Interim Order and the Final Order; (ii) for working capital and to pay administrative expenses, including but not limited to claims allowed pursuant to Section 503(b)(9) of the Bankruptcy Code but solely to the extent set forth in the Budget, for goods and services in the ordinary course of business (other than fees and expenses of professional persons), including payments, not exceeding $300,000 in the aggregate, to employees pursuant to First Day Orders and to the extent set forth in the Budget; (iii) pay amounts owing to Agent and Lenders under the Agreement; and (iv) prior to an Event of Default under this Agreement, pay fees and expenses of professionals retained by Borrower or the Committee, to the extent set forth in the Budget and subject to such carve outs and other agreements as may be agreed to by Agent, to the extent such professional fees and expenses are approved by final order of the Bankruptcy Court (provided, however, the form of any interim compensation procedures order shall be acceptable in form and substance to Agent in its sole discretion and such order shall, in any event, preserve Agent's right to review and object to any monthly, interim or final request for payment of fees or reimbursement of expenses submitted to the Bankruptcy Court).

(c) Borrower shall not be permitted to use the proceeds of the Loans: (i) for the payment of interest and principal with respect to Subordinated Debt, (ii) to finance in any way any action, suit, arbitration, proceeding, application, motion or other litigation of any type adverse to (a) the interests of Agent and Lenders or their rights and remedies under this Agreement, the other Loan Documents, the Interim Order or the Final Order, or (b) the interests of the Prepetition Agent and Prepetition Lenders under the Prepetition Loan Documents, including, without limitation, for the payment of any services rendered by the professionals

retained by the Borrower or the Committee in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek, or the result of which would be to obtain, any order, judgment determination, declaration or similar relief (x) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Prepetition Lender Obligations or the Liens securing same, or the Obligations or the Liens securing same, (y) for monetary, injunctive or other affirmative relief against any Prepetition Lender or Prepetition Agent or any Lender or Agent or their respective collateral, or (z) preventing, hindering or otherwise delaying the exercise by any Prepetition Lender, Prepetition Agent, Lender or Agent of any rights and remedies under the Interim Order or Final Order, the Prepetition Loan Documents, the Loan Documents or applicable law, or the enforcement or realization (whether by foreclosure, credit bid, further order of the court or otherwise) by any or all of the Prepetition Lenders, the Prepetition Agent, the Lenders and the Agent upon any of their Collateral; (iii) to make any distribution under a plan of reorganization in any Chapter 11 Case; (iv) to make any payment in settlement of any claim, action or proceeding, before any court, arbitrator or other governmental body without the prior written consent of Agent; or (v) to pay any fees or similar amounts to any person who has proposed or may propose to purchase interests in any Borrower or any other Credit Party (including so-called "Topping Fees," "Exit Fees," and similar amounts) without the prior written consent of the Agent. Disclosure Schedule (1.4) contains a description of Borrower's sources and uses of funds as of the Closing Date, including Loans to be made or incurred on that date, and a funds flow memorandum detailing how funds from each source are to be transferred to particular uses.

1.5 Interest and Applicable Margins.

(a) With respect to the Revolving Credit Advances, Borrower shall pay interest to Agent, for the ratable benefit of Lenders in accordance with the various Loans being made by each Lender, in arrears on each applicable Interest Payment Date, at the Index Rate plus the Applicable Revolver Index Margin or, at the election of Borrower, the applicable LIBOR Rate plus the Applicable Revolver LIBOR Margin.

(b) If any payment on any Loan becomes due and payable on a day other than a Business Day, the maturity thereof will be extended to the next succeeding Business Day (except as set forth in the definition of LIBOR Period) and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension.

(c) All computations of Fees calculated on a per annum basis and interest shall be made by Agent on the basis of a 360-day year (or, in the case of Index Rate Loans, a 365/366-day year), in each case for the actual number of days occurring in the period for which such interest and Fees are payable. The Index Rate is a floating rate determined for each day. Each determination by Agent of interest rates and Fees hereunder shall be final, binding and conclusive on all Credit Parties, absent manifest error.

(d) So long as an Event of Default has occurred and is continuing under Section 8.1(a), or so long as any other Default or Event of Default has occurred and is continuing and at the election of Agent (or upon the written request of Requisite Lenders) confirmed by written notice from Agent to Borrowers, and without further notice, motion or application to,

hearing before, or order from the Bankruptcy Court, the interest rates applicable to the Revolving Loan shall be increased by two percentage points (2%) per annum above the rates of interest or the rate of such Fees otherwise applicable hereunder unless Agent or Requisite Lenders elect to impose a smaller increase (the "Default Rate"), and all outstanding Obligations shall bear interest at the Default Rate applicable to such Obligations. Interest at the Default Rate shall accrue from the initial date of such Default or Event of Default until that Default or Event of Default is cured or waived and shall be payable upon demand.

(e) Subject to the conditions precedent set forth in Section 2.2, Borrower shall have the option to (i) request that any Revolving Credit Advance be made as a LIBOR Loan, (ii) convert at any time all or any part of outstanding Loans from Index Rate Loans to LIBOR Loans, (iii) convert any LIBOR Loan to an Index Rate Loan, subject to payment of LIBOR breakage costs in accordance with Section 1.13(b) if such conversion is made prior to the expiration of the LIBOR Period applicable thereto, or (iv) continue all or any portion of any Loan as a LIBOR Loan upon the expiration of the applicable LIBOR Period and the succeeding LIBOR Period of that continued Loan shall commence on the first day after the last day of the LIBOR Period of the Loan to be continued. Any Loan or group of Loans having the same proposed LIBOR Period to be made or continued as, or converted into, a LIBOR Loan must be in a minimum amount of $1,000,000 and integral multiples of $500,000 in excess of such amount. Any such election must be made by 11:00 a.m. (New York time) on the third Business Day prior to (1) the date of any proposed Advance which is to bear interest at the LIBOR Rate, (2) the end of each LIBOR Period with respect to any LIBOR Loans to be continued as such, or (3) the date on which Borrower wishes to convert any Index Rate Loan to a LIBOR Loan for a LIBOR Period designated by Borrower in such election. If no election is received with respect to a LIBOR Loan by 11:00 a.m. (New York time) on the third Business Day prior to the end of the LIBOR Period with respect thereto (or if a Default or an Event of Default has occurred and is continuing or the additional conditions precedent set forth in Section 2.2 shall not have been satisfied), that LIBOR Loan shall be converted to an Index Rate Loan at the end of its LIBOR Period. Borrower must make such election by notice to Agent in writing, by telecopy or overnight courier. In the case of any conversion or continuation, such election must be made pursuant to a written notice (a "Notice of Conversion/Continuation") in the form of Exhibit 1.5(e).

(f) Notwithstanding anything to the contrary set forth in this Section 1.5, if a court of competent jurisdiction determines in a final order that the rate of interest payable hereunder exceeds the highest rate of interest permissible under law (the "Maximum Lawful Rate"), then so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate; provided, however, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, Borrower shall continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by Agent, on behalf of Lenders, is equal to the total interest that would have been received had the interest rate payable hereunder been (but for the operation of this paragraph) the interest rate payable since the Closing Date as otherwise provided in this Agreement. Thereafter, interest hereunder shall be paid at the rate(s) of interest and in the manner provided in Sections 1.5(a) through (e), unless and until the rate of interest again exceeds the Maximum Lawful Rate, and at that time this paragraph shall again apply. In no event shall the total interest received by any Lender pursuant to the terms hereof exceed the amount that such Lender could lawfully have received had the interest due hereunder been calculated for the

full term hereof at the Maximum Lawful Rate. If the Maximum Lawful Rate is calculated pursuant to this paragraph, such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate divided by the number of days in the year in which such calculation is made. If, notwithstanding the provisions of this Section 1.5(f), a court of competent jurisdiction shall finally determine that a Lender has received interest hereunder in excess of the Maximum Lawful Rate, Agent shall, to the extent permitted by applicable law, promptly apply such excess in the order specified in Section 1.11 and thereafter shall refund any excess to Borrowers or as a court of competent jurisdiction may otherwise order.

1.6 [Intentionally Omitted]

1.7 [Intentionally Omitted]

1.8 Cash Management Systems. On or prior to the Closing Date, Borrower will establish and will maintain until the Termination Date, the cash management systems described in Annex C (the "Cash Management Systems").

1.9 Fees.

(a) Borrower shall pay to GE Capital, individually, the Fees specified in the GE Capital Fee Letter at the times specified for payment therein.

(b) [Intentionally Omitted]

1.10 Receipt of Payments. Borrower shall make each payment under this Agreement not later than 2:00 p.m. (New York time) on the day when due in immediately available funds in Dollars to the Collection Account. For purposes of computing interest and Fees and determining the Revolving Loan Borrowing Availability as of any date, all payments shall be deemed received on the Business Day on which immediately available funds therefor are received in the Collection Account prior to 2:00 p.m. (New York time). Payments received after 2:00 p.m. (New York time) on any Business Day or on a day that is not a Business Day shall be deemed to have been received on the following Business Day.

1.11 Application and Allocation of Payments.

(a) So long as no Default or Event of Default has occurred and is continuing, (i) payments consisting of proceeds of Accounts and other proceeds from the sale of inventory received in the ordinary course of business shall be applied to the Revolving Loan; (ii) voluntary prepayments shall be applied in accordance with the provisions of Section 1.3(a); and (iv) mandatory prepayments shall be applied as set forth in Sections 1.3(c) and 1.3(d). As to any other payment, and as to all payments made or proceeds of Collateral received when a Default or an Event of Default has occurred and is continuing or following the Commitment Termination Date, Borrower hereby irrevocably waives the right to direct the application of any and all payments received from or on behalf of Borrower, and Borrower hereby irrevocably agrees that Agent shall have the continuing exclusive right to apply any and all such payments against the Obligations as Agent may deem advisable notwithstanding any previous entry by Agent in the Loan Account or any other books and records. In the absence of a specific determination by Agent with respect thereto, but in accordance with the limitations set forth in the preceding

sentence, such payments and proceeds shall be applied to amounts then due and payable in the following order: (1) to Fees and Agent's expenses reimbursable hereunder; (2) to accrued interest on the Loans, ratably in proportion to the interest accrued as to each Loan; (3) to principal payments on the Revolving Loan (if and to the extent required under Section 8.2(b)); and (4) to all other Obligations including expenses of Lenders to the extent reimbursable under Section 11.3.

(b) Agent is authorized to, and at its sole election may, charge to the Revolving Loan balance on behalf of Borrower and cause to be paid all Fees, expenses, Charges, costs (including insurance premiums in accordance with Section 5.4(a)) and interest and principal, other than principal of the Revolving Loan, owing by Borrower under this Agreement or any of the other Loan Documents if and to the extent Borrower fails to pay promptly any such amounts as and when due, even if the amount of such charges would cause the aggregate Revolving Loan to exceed the Revolving Loan Maximum Amount as then in effect. At Agent's option and to the extent permitted by law, any charges so made shall constitute part of the Revolving Loan hereunder.

1.12 Loan Account and Accounting. Agent shall maintain a loan account (the "Loan Account") on its books to record: all Advances, all payments made by Borrower, and all other debits and credits as provided in this Agreement with respect to the Loans or any other Obligations. All entries in the Loan Account shall be made in accordance with Agent's customary accounting practices as in effect from time to time. The balance in the Loan Account, as recorded on Agent's most recent printout or other written statement, shall, absent manifest error, be presumptive evidence of the amounts due and owing to Agent and Lenders by Borrower; provided that any failure to so record or any error in so recording shall not limit or otherwise affect Borrower's duty to pay the Obligations. Agent shall render to Borrower a monthly accounting of transactions with respect to the Loans setting forth the balance of the Loan Account for the immediately preceding month. Unless Borrower notifies Agent in writing of any objection to any such accounting (specifically describing the basis for such objection), within thirty (30) days after the date thereof, each and every such accounting shall, absent manifest error, be deemed final, binding and conclusive on Borrower in all respects as to all matters reflected therein. Only those items expressly objected to in such notice shall be deemed to be disputed by Borrower.

1.13 Indemnity.

(a) Each Credit Party that is a signatory hereto shall jointly and severally indemnify and hold harmless each of Agent, Lenders and their respective Affiliates, and each such Person's respective officers, directors, employees, attorneys, agents and representatives (each, an "Indemnified Person"), from and against any and all suits, actions, proceedings, claims, damages, losses, liabilities and expenses (including reasonable attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal) that may be instituted or asserted against or incurred by any such Indemnified Person as the result of credit having been extended, suspended or terminated in accordance with this Agreement and the other Loan Documents and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and thereunder and any actions or failures to act in connection therewith, including any and all Environmental Liabilities and legal costs and

expenses arising out of or incurred in connection with disputes between or among any parties to any of the Loan Documents (collectively, "Indemnified Liabilities"); provided, that no such Credit Party shall be liable for any indemnification to an Indemnified Person to the extent that any such suit, action, proceeding, claim, damage, loss, liability or expense results from that Indemnified Person's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. NO INDEMNIFIED PERSON SHALL BE RESPONSIBLE OR LIABLE TO ANY OTHER PARTY TO ANY LOAN DOCUMENT, ANY SUCCESSOR, ASSIGNEE OR THIRD PARTY BENEFICIARY OF SUCH PERSON OR ANY OTHER PERSON ASSERTING CLAIMS DERIVATIVELY THROUGH SUCH PARTY, FOR INDIRECT, PUNITIVE, EXEMPLARY OR CONSEQUENTIAL DAMAGES WHICH MAY BE ALLEGED AS A RESULT OF CREDIT HAVING BEEN EXTENDED, SUSPENDED OR TERMINATED UNDER ANY LOAN DOCUMENT OR AS A RESULT OF ANY OTHER TRANSACTION CONTEMPLATED HEREUNDER OR THEREUNDER.

(b) To induce Lenders to provide the LIBOR Rate option on the terms provided herein, if (i) any LIBOR Loans are repaid in whole or in part prior to the last day of any applicable LIBOR Period (whether that repayment is made pursuant to any provision of this Agreement or any other Loan Document or occurs as a result of acceleration, by operation of law or otherwise); (ii) Borrower shall default in payment when due of the principal amount of or interest on any LIBOR Loan; (iii) Borrower shall refuse to accept any borrowing of, or shall request a termination of any borrowing, conversion into or continuation of LIBOR Loans after Borrower has given written notice requesting the same in accordance herewith; or (iv) Borrower shall fail to make any prepayment of a LIBOR Loan after Borrower has given a notice thereof in accordance herewith, then Borrower shall indemnify and hold harmless each Lender from and against all losses, costs and expenses resulting from or arising from any of the foregoing. Such indemnification shall include any loss (excluding loss of margin) or expense arising from the reemployment of funds obtained by it or from fees payable to terminate deposits from which such funds were obtained. For the purpose of calculating amounts payable to a Lender under this subsection, each Lender shall be deemed to have actually funded its relevant LIBOR Loan through the purchase of a deposit bearing interest at the LIBOR Rate in an amount equal to the amount of that LIBOR Loan and having a maturity comparable to the relevant LIBOR Period; provided, that each Lender may fund each of its LIBOR Loans in any manner it sees fit, and the foregoing assumption shall be utilized only for the calculation of amounts payable under this subsection. This covenant shall survive the termination of this Agreement and the payment of all amounts payable hereunder. As promptly as practicable under the circumstances, each Lender shall provide Borrower with its written calculation of all amounts payable pursuant to this Section 1.13(b), and such calculation shall be binding on the parties hereto unless Borrower shall object in writing within ten (10) Business Days of receipt thereof, specifying the basis for such objection in detail.

1.14 Access. Each Credit Party that is a party hereto shall, during normal business hours, from time to time upon one (1) Business Day's prior notice as frequently as Agent reasonably determines to be appropriate: (a) provide Agent and any of its officers, employees and agents access to its properties, facilities, advisors, officers and employees of each Credit Party and to the Collateral, (b) permit Agent, and any of its officers, employees and agents, to inspect, audit and make extracts from any Credit Party's books and records, and (c) permit Agent, and its officers, employees and agents, to inspect, review, evaluate and make test

verifications and counts of the Accounts, Inventory and other Collateral of any Credit Party. If a Default or Event of Default has occurred and is continuing or if access is necessary to preserve or protect the Collateral as determined by the Agent, each such Credit Party shall provide such access to Agent and to each Lender at all times and without advance notice. Furthermore, so long as any Event of Default has occurred and is continuing, Borrower shall provide Agent and each Lender with access to its suppliers and customers. Each Credit Party shall make available to Agent and its counsel reasonably promptly originals or copies of all books and records that Agent may reasonably request including, without limitation, the work product of any financial advisors, investment bankers or other consultants retained by any Credit Party (redacted to exclude any privileged portion). Each Credit Party shall deliver any document or instrument necessary for Agent, as it may from time to time request, to obtain records from any service bureau or other Person that maintains records for such Credit Party, and shall maintain duplicate records or supporting documentation on media, including computer tapes and discs owned by such Credit Party. Agent will give Lenders at least five (5) days' prior written notice of regularly scheduled audits. Representatives of other Lenders may accompany Agent's representatives on any access visitation or examination permitted to Agent under this Section 1.14 at no cost to Borrower. Upon the agreement of the Agent and the other Lenders, representatives of other Lenders may constitute a part of the Agent's audit team on regularly scheduled audits, and such other Lenders shall be reimbursed by the Borrower for the fees, costs and expenses of such representatives as members of the audit team.

1.15 Taxes.

(a) Any and all payments by Borrower hereunder shall be made, in accordance with this Section 1.15, free and clear of and without deduction for any and all present or future Taxes. If Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder, (i) the sum payable shall be increased as much as shall be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 1.15) Agent or Lenders, as applicable, receive an amount equal to the sum they would have received had no such deductions been made, (ii) Borrower shall make such deductions, and (iii) Borrower shall pay the full amount deducted to the relevant taxing or other authority in accordance with applicable law. Within thirty (30) days after the date of any payment of Taxes, Borrower shall furnish to Agent the original or a certified copy of a receipt evidencing payment thereof.

(b) Each Credit Party that is a signatory hereto shall jointly and severally indemnify and, within ten (10) days of demand therefor, pay Agent and each Lender for the full amount of Taxes (including any Taxes imposed by any jurisdiction on amounts payable under this Section 1.15) paid by Agent or such Lender, as appropriate, and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally asserted.

(c) Each Lender organized under the laws of a jurisdiction outside the United States (a "Foreign Lender") as to which payments to be made under this Agreement are exempt from United States withholding tax under an applicable statute or tax treaty shall provide to Borrower and Agent a properly completed and executed IRS Form W-8ECI or Form W-8BEN or other applicable form, certificate or document prescribed by the IRS or the United States

certifying as to such Foreign Lender's entitlement to such exemption (a "Certificate of Exemption"). Any foreign Person that seeks to become a Lender under this Agreement shall provide a Certificate of Exemption to Borrower and Agent prior to becoming a Lender hereunder. No foreign Person may become a Lender or a participant hereunder if such Person fails to deliver a Certificate of Exemption in advance of becoming a Lender.

(d) To the extent that the payment of Agent's or any Lender's Taxes by Borrower hereunder gives rise from time to time to a Tax Benefit (as defined below) to such Agent or Lender in any jurisdiction other than the jurisdiction which imposed such Taxes, such Agent or Lender (as the case may be) shall pay to Borrower the amount of each such Tax Benefit so recognized or received by it. The amount of each Tax Benefit and, therefore, payment to Borrower will be determined from time to time by the relevant Agent or Lender in its sole discretion, which determination shall be binding and conclusive on all parties hereto in the absence of manifest error. Each such payment will be due and payable by such Agent or Lender to Borrower within a reasonable time after the filing of the tax return in which such Tax Benefit is recognized or, in the case of any tax refund, after the tax refund is received; provided, however, if at any time thereafter such Agent or Lender is required to rescind such Tax Benefit or such Tax Benefit is otherwise disallowed or nullified, Borrower shall promptly, after notice thereof from such Agent or Lender, repay to such Agent or Lender the amount of such Tax Benefit previously paid to it which has been rescinded, disallowed or nullified. For purposes hereof, the term "Tax Benefit" shall mean the amount by which Agent's or any Lender's liability for any Taxes for the taxable period in question is reduced below what would have been payable had the Borrower not been required to pay such Agent's or Lender's Taxes hereunder.

1.16 Capital Adequacy; Increased Costs; Illegality.

(a) If any Lender shall have determined that any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by any Lender with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law), in each case, adopted after the Closing Date, from any central bank or other Governmental Authority increases or would have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Lender and thereby reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder, then Borrower shall from time to time upon demand by such Lender (with a copy of such demand to Agent) pay to Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to the amount of that reduction and showing the basis of the computation thereof submitted by such Lender to Borrower and to Agent shall, absent manifest error, be final, conclusive and binding for all purposes. Notwithstanding the foregoing, the Borrower shall only be obligated to compensate such Lender for any amount under this subsection arising or occurring during, in the case of each such request for compensation, (i) any time or period commencing not more than ninety (90) days prior to the date on which such Lender submits such request and (ii) any other time or period during which, because of the unannounced retroactive application of such law, regulation, interpretation, request or directive, such Lender did not know that the resulting reduction in return might arise.

(b) If, due to either (i) the introduction of or any change in any law or regulation (or any change in the interpretation thereof) or (ii) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), in each case adopted after the Closing Date, there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining any Loan, then Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to Agent), pay to Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost. A certificate as to the amount of such increased cost, submitted to Borrower and to Agent by such Lender, shall be final, conclusive and binding for all purposes, absent manifest error. Each Lender agrees that, as promptly as practicable after it becomes aware of any circumstances referred to above which would result in any such increased cost, the affected Lender shall, to the extent not inconsistent with such Lender's internal policies of general application, use reasonable commercial efforts to minimize costs and expenses incurred by it and payable to it by Borrower pursuant to this Section 1.16(b). Notwithstanding the foregoing, the Borrower shall only be obligated to compensate such Lender for any amount under this subsection arising or occurring during, in the case of each such request for compensation, (i) any time or period commencing not more than ninety (90) days prior to the date on which such Lender submits such request and (ii) any other time or period during which, because of the unannounced retroactive application of such law, regulation, interpretation, request or directive, such Lender did not know that the resulting increase in cost might arise.

(c) Notwithstanding anything to the contrary contained herein, if the introduction of or any change in any law or regulation (or any change in the interpretation thereof) shall make it unlawful, or any central bank or other Governmental Authority shall assert that it is unlawful, for any Lender to agree to make or to make or to continue to fund or maintain any LIBOR Loan, then, unless that Lender is able to make or to continue to fund or to maintain such LIBOR Loan at another branch or office of that Lender without, in that Lender's opinion, adversely affecting it or its Loans or the income obtained therefrom, on notice thereof and demand therefor by such Lender to Borrower through Agent, (i) the obligation of such Lender to agree to make or to make or to continue to fund or maintain LIBOR Loans shall terminate and (ii) Borrower shall forthwith prepay in full all outstanding LIBOR Loans owing to such Lender, together with interest accrued thereon, unless Borrower, within five (5) Business Days after the delivery of such notice and demand, converts all LIBOR Loans into Index Rate Loans.

(d) Within thirty (30) days after receipt by Borrower of written notice and demand from any Lender (an "Affected Lender") for payment of additional amounts or increased costs as provided in Sections 1.15(a), 1.16(a) or 1.16(b), Borrower may, at its option, notify Agent and such Affected Lender of its intention to replace the Affected Lender. So long as no Default or Event of Default has occurred and is continuing, Borrower, with the consent of Agent, may obtain, at Borrower's expense, a replacement Lender ("Replacement Lender") for the Affected Lender, which Replacement Lender must be reasonably satisfactory to Agent. If Borrower obtains a Replacement Lender within ninety (90) days following notice of its intention to do so, the Affected Lender must sell and assign its Loans and Revolving Loan Commitments to such Replacement Lender for an amount equal to the principal balance of all Loans held by the Affected Lender and all accrued interest and Fees with respect thereto through the date of such sale; provided, that Borrower shall have reimbursed such Affected Lender for the additional amounts or increased costs that it is entitled to receive under this Agreement through the date of

such sale and assignment. Notwithstanding the foregoing, Borrower shall not have the right to obtain a Replacement Lender if the Affected Lender rescinds its demand for increased costs or additional amounts within 15 days following its receipt of Borrower's notice of intention to replace such Affected Lender. Furthermore, if Borrower gives a notice of intention to replace and does not so replace such Affected Lender within ninety (90) days thereafter, Borrower's rights under this Section 1.16(d) shall terminate with respect to such Affected Lender and Borrower shall promptly pay all increased costs or additional amounts demanded by such Affected Lender pursuant to Sections 1.15(a), 1.16(a) and 1.16(b).

1.17 Single Loan. All Loans to Borrower and all of the other Obligations of Borrower arising under this Agreement and the other Loan Documents shall constitute one general obligation of Borrower secured, until the Termination Date, by all of the Collateral.

1.18 Super Priority Nature of Obligations and Lenders' Liens.

(a) The priority of Lenders' Liens on the Collateral owned by the Credit Parties shall be set forth in the Interim Order and the Final Order.

(b) All Obligations shall constitute administrative expenses of Borrower and Guarantors in the Chapter 11 Cases, with administrative priority and senior secured status under Sections 364(c) and 364(d) of the Bankruptcy Code. Subject to the Carve Out, such administrative claim shall have priority over all other costs and expenses of the kinds specified in, or ordered pursuant to, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114 or any other provision of the Bankruptcy Code or otherwise, and shall at all times be senior to the rights of Borrower and Guarantors, Borrower's and Guarantors' estates, and any successor trustee or estate representative in the Chapter 11 Cases or any subsequent proceeding or case under the Bankruptcy Code. The Liens granted to Lenders on the Collateral owned by the Borrower and the Guarantors, and the priorities accorded to the Obligations shall have the priority and senior secured status afforded by Sections 364(c) and 364(d)(1) of the Bankruptcy Code (all as more fully set forth in the Interim Order and Final Order) senior to all claims and interests other than the Carve Out.

(c) Agent's Liens on the Collateral owned by Borrower and Guarantors and Agent's and Lenders' respective administrative claims under Sections 364(c)(1) and 364(d) of the Bankruptcy Code afforded the Obligations shall also have priority over any claims arising under Section 506(c) of the Bankruptcy Code subject and subordinate only to the Carve Out.

(d) The "Carve Out" means: (i) statutory fees payable to the United States Trustee and Clerk of the Bankruptcy Court pursuant to 28 U.S.C. § 1930(a)(6); and (ii) after the occurrence of both an Event of Default and the date that written notice thereof is delivered by the Agent to counsel to the Borrower (the "Carve Out Trigger Notice"), the following fees and expenses, but only to the extent that there are not sufficient, unencumbered funds in the Credit Parties' estates to pay such amounts at the time payment is permitted to be made: an amount (the "Case Professionals Carve Out") equal to the sum of (a) the finally allowed and unpaid professional fees and disbursements for any Case Professional (as defined below) incurred after delivery of the Carve Out Trigger Notice in an aggregate amount not in excess of $75,000 for all Case Professionals (as defined in the Interim Order), plus (b) all unpaid professional fees and

disbursements of such Case Professionals incurred prior to the delivery of the Carve Out Trigger Notice in each case to the extent such fees and expenses are ultimately allowed on a final basis by the Bankruptcy Court under Sections 328, 330, 331 or 363 of the Bankruptcy Code and any interim compensation procedures order, but solely to the extent that the same constitute Budgeted Professional Fees. "Budgeted Professional Fees" shall mean those fees and expenses incurred by Case Professionals in accordance with the professional fee schedule which is incorporated as part of the Approved Budget (as defined in the Interim Order). "Case Professionals" shall mean any professional (other than an ordinary course professional) retained by the Borrower and the Committee pursuant to a final order of the Bankruptcy Court (which order has not been vacated or stayed, unless the stay has been vacated) under Sections 327, 328, 363 or 1103(a) of the Bankruptcy Code. To the extent that any payment to a Case Professional is subsequently disallowed and/or disgorged, the proceeds of any claim against the Case Professional for amounts so disallowed or disgorged shall constitute Collateral and as such, shall be subject to the liens and claims granted hereunder; provided that, except as otherwise provided in the Interim Order or the Final Order (including, without limitation, investigation rights), no portion of the Carve Out shall be utilized for the payment of professional fees and disbursements incurred in connection with any challenge, contest or litigation as to the amount, extent, priority, validity, perfection or enforcement of the indebtedness of the Borrower owing to the Lenders, Agent or indemnified parties under the Loan Documents or the Prepetition Loans or to the collateral securing the Obligations or the Prepetition Lender Obligations. The Lenders agree that, so long as an Event of Default shall not have occurred, the Borrower shall be permitted to pay compensation and reimbursement of expenses allowed and payable under 11 U.S.C. § 328, 11 U.S.C. § 330 and 11 U.S.C. § 331, as the same may be due and payable, and the same shall not reduce the Carve Out. The foregoing shall not be construed as a consent to the allowance of any fees and expenses referred to above and shall not affect the right of the Administrative Agent and the Lenders to object to the allowance and payment of such amounts.

(e) Except as set forth herein or in the Final Order, no other claim having a priority superior or pari passu to that granted to Agent and Lenders by the Final Order shall be granted or approved while any Obligations under this Agreement remain outstanding. Except for the Carve Out, no costs or expenses of administration shall be imposed against Agent, Lenders or any of the Collateral or any of the Prepetition Agent, the Prepetition Lenders or the Prepetition Collateral under Sections 105, 506(c) or 552 of the Bankruptcy Code, or otherwise, and each of the Credit Parties hereby waives for itself and on behalf of its estate in bankruptcy, any and all rights under sections 105, 506(c) or 552, or otherwise, to assert or impose or seek to assert or impose, any such costs or expenses of administration against Agent, the Lenders, the Prepetition Agent or the Prepetition Lenders.

1.19 Payment of Obligations. Upon the maturity (whether by acceleration or otherwise) of any of the Obligations under this Agreement or any of the other Loan Documents, Lenders shall be entitled to immediate payment of such Obligations without further application to or order of the Bankruptcy Court.

1.20 No Discharge; Survival of Claims. Borrower and Guarantors agree that (a) the Obligations hereunder shall not be discharged by the entry of an order confirming a plan of reorganization or liquidation in any Chapter 11 Case (and Borrower and Guarantors, pursuant to Section 1141(d)(4) of the Bankruptcy Code, hereby waive any such discharge) and (ii) the super-

priority administrative claim granted to Agent and Lenders pursuant to the Interim Order and Final Order and described in Section 1.18 and the Liens granted to Agent pursuant to the Interim Order and Final Order and described in Section 1.18 shall not be affected in any manner by the entry of an order confirming a plan of reorganization or liquidation in any Chapter 11 Case.

1.21 Release. Borrower and Guarantors hereby acknowledges effective upon entry of the Final Order, that Borrower, Guarantors and any of their Subsidiaries have no defense, counterclaim, offset, recoupment, cross-complaint, claim or demand of any kind or nature whatsoever that can be asserted to reduce or eliminate all of any part of the Borrower's, the Guarantors' or their Subsidiaries' liability to repay Agent or any Lender as provided in this Agreement or to seek affirmative relief or damages of any kind or nature from Agent or any Lender. Borrower and Guarantors, each in their own right and on behalf of their bankruptcy estates, and on behalf of all their successors, assigns, Subsidiaries and any Affiliates and any Person acting for and on behalf of, or claiming through them, (collectively, the "Releasing Parties"), hereby fully, finally and forever release and discharge Agent and Lenders and all of Agent's and Lenders' past and present officers, directors, servants, agents, attorneys, assigns, heirs, parents, subsidiaries, and each Person acting for or on behalf of any of them (collectively, the "Released Parties") of and from any and all past, present and future actions, causes of action, demands, suits, claims, liabilities, Liens, lawsuits, adverse consequences, amounts paid in settlement, costs, damages, debts, deficiencies, diminution in value, disbursements, expenses, losses and other obligations of any kind or nature whatsoever, whether in law, equity or otherwise (including, without limitation, those arising under Sections 541 through 550 of the Bankruptcy Code and interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses, and incidental, consequential and punitive damages payable to third parties), whether known or unknown, fixed or contingent, direct, indirect, or derivative, asserted or unasserted, foreseen or unforeseen, suspected or unsuspected, now existing, heretofore existing or which may heretofore accrue against any of the Released Parties, whether held in a personal or representative capacity, and which are based on any act, fact, event or omission or other matter, cause or thing occurring at or from any time prior to and including the date hereof in any way, directly or indirectly arising out of, connected with or relating to this Agreement, the Interim Order, the Final Order and the transactions contemplated hereby, and all other agreements, certificates, instruments and other documents and statements (whether written or oral) related to any of the foregoing.

1.22 Waiver of any Priming Rights. Upon the Closing Date, and on behalf of themselves and their estates, and for so long as any Obligations shall be outstanding, Borrower and Guarantors hereby irrevocably waive any right, pursuant to Sections 364(c) or 364(d) of the Bankruptcy Code or otherwise, to grant any Lien of equal or greater priority than the Liens securing the Obligations, or to approve a claim of equal or greater priority than the Obligations.

2. CONDITIONS PRECEDENT

2.1 Conditions to the Initial Loans. No Lender shall be obligated to make any Loan on the Closing Date, or to take, fulfill, or perform any other action hereunder, until the following conditions have been satisfied or provided for in a manner satisfactory to Agent, or waived in writing by Agent and Requisite Lenders:

(a) Credit Agreement; Loan Documents. This Agreement or counterparts hereof shall have been duly executed by, and delivered to, Borrower, each other Credit Party signatory hereto, Agent and Lenders; and Agent shall have received such documents, instruments, agreements and legal opinions as Agent and Lenders shall reasonably request in connection with the transactions contemplated by this Agreement and the other Loan Documents, including all those listed in the Closing Checklist attached hereto as Annex D, each in form and substance satisfactory to Agent.

(b) Repayment of Prepetition Revolving Loan and Prepetition Term Loan C. The following obligations under the Prepetition Credit Agreement shall be repaid in full in cash from the proceeds of the initial Revolving Credit Advance: (i) the outstanding balance of the Prepetition Revolving Loan; (ii) the outstanding balance of the Prepetition Term Loan C; and (iii) any amounts owing under the Prepetition Loan Documents relating to the Prepetition Revolving Loan and/or the Prepetition Term Loan C that are contingent and unliquidated and subsequently become liquidated.

(c) Approvals. Agent shall have received (i) satisfactory evidence that the Credit Parties have obtained all required consents and approvals of all Persons, including all the board of directors, shareholders, members, governmental entities, in connection with the filing of the Chapter 11 Cases and to the execution, delivery and performance of this Agreement and the other Loan Documents or (ii) an officer's certificate in form and substance reasonably satisfactory to Agent affirming that no such consents or approvals are required.

(d) [Intentionally Omitted]

(e) Payment of Fees. Borrower shall have paid the Fees required to be paid on the Closing Date in the respective amounts specified in Section 1.9 (including the Fees specified in the GE Capital Fee Letter), and shall have reimbursed Agent for all fees, costs and expenses of closing presented as of the Closing Date. In addition, Borrower will have paid all fees and expenses of counsel to Agent and Lenders accrued with respect to this Agreement, the Prepetition Credit Agreement and the transactions contemplated thereby, through the Petition Date.

(f) Capital Structure: Other Indebtedness. The capital structure of each Credit Party and the terms and conditions of all Indebtedness of each Credit Party shall be satisfactory to Agent and Lenders. Agent shall be satisfied with the corporate structure, capital structure, debt instruments, material contracts, and governing documents of the Credit Parties, and the tax effects resulting from the commencement of the Chapter 11 Cases and the credit facility evidenced by this Agreement.

(g) Due Diligence. Agent shall have completed its business and legal due diligence, including a roll forward of its previous Collateral audit with results reasonably satisfactory to Agent and Lenders.

(h) Interim Order. Entry by the Bankruptcy Court of the Interim Order, by no later than 5 days after the Petition Date in form and substance satisfactory to Lenders and Agent in their sole discretion, among other things, (i) approving the transactions contemplated hereby,

(ii) granting a first priority perfected security interest in the Collateral subject only to the Carve Out, and (iii) modifying the automatic stay to permit the creation and perfection of Lenders' Liens and automatically vacating the automatic stay to permit enforcement of Lenders' default-related rights and remedies under this agreement, the other Loan Documents and applicable law, and such Interim Order shall not have been reversed, modified, amended or stayed.

(i) Cash Management System. Credit Parties shall have established the Cash Management System described in Annex C and Credit Parties shall have obtained appropriate court orders approving such system, all as acceptable to Agent.

(j) The First Day Orders. The first day orders described on Disclosure Schedule 2.1 in form and substance satisfactory to Agent shall have been entered in the Chapter 11 Cases (the "First Day Orders") (the Interim Order shall be acceptable to the Agent and Lenders in their sole discretion).

(k) The Budget. On or before the Closing Date, Agent shall have received, in form and substance satisfactory to Agent, the Budget.

(l) Pleadings. No pleading or application seeking to amend or modify the provisions of this Agreement and the credit facility provided hereunder on the terms set forth herein shall have been filed in the Bankruptcy Court by the Borrower that has not been withdrawn, dismissed or denied within 15 days after filing of such pleading or application.

(m) Perfection of Liens. All filings, recordations and other actions necessary or in Agent's opinion desirable to the Liens and security interests in Collateral securing the Obligations shall have been made or taken, or arrangements satisfactory to Agent and its counsel for the completion thereof shall have been made, except as otherwise agreed in writing by Agent.

(n) Executory Contracts. Borrower shall have delivered to Agent a list (and at Agent's request, copies of) all material unexpired executory contracts and unexpired leases to which Borrower is a party.

(o) No Material Adverse Change. Since December 31, 2010, there shall have occurred no material adverse change in the business, condition (financial or otherwise), operations, performance, properties, projections or prospects of the Credit Parties, other than any change of the type that customarily occurs as a result of the commencement of a proceeding under Chapter 11 of the Bankruptcy Code.

(p) No Litigation. There shall not be pending any action, suit, investigation, litigation or proceeding in any court or before any arbitrator or governmental instrumentality (other than the Chapter 11 Cases) that could reasonably be expected to have a material adverse effect on the Credit Parties or any of the other transactions contemplated hereby.

(q) Credit Approval. GE Capital shall have obtained internal credit approval for providing the DIP Facility.

2.2 Further Conditions to Each Loan. Except as otherwise expressly provided herein, no Lender shall be obligated to fund its share of any Loan, convert or continue any Loan as a LIBOR Loan, if, as of the date thereof:

(a) the Advance requested would cause the aggregate outstanding amount of the Loans to exceed the amount then authorized by the Interim Order or the Final Order, as the case may be, or any order modifying, reversing, staying or vacating such order shall have been entered, or any appeal of such order shall have been timely filed;

(b) any representation or warranty by any Credit Party contained herein or in any other Loan Document is untrue or incorrect as of such date, except to the extent that such representation or warranty expressly relates to an earlier date and except for changes therein expressly permitted or expressly contemplated by this Agreement, and Agent or Requisite Lenders have determined not to make such Advance or convert or continue any Loan as LIBOR Loan as a result of the fact that such warranty or representation is untrue or incorrect;

(c) any event or circumstance having a Material Adverse Effect has occurred since the date hereof, and Agent or the Requisite Lenders shall have determined not to make such Advance or convert or continue such Loan as a LIBOR Loan as a result of the fact that such event or circumstance has occurred;

(d) any Default or Event of Default has occurred and is continuing or would result after giving effect to any Loan, and Agent or Requisite Lenders shall have determined not to make any Advance or convert or continue any Loan as a LIBOR Loan as a result of that Default or Event of Default;

(e) after giving effect to any Loan, the aggregate outstanding principal amount of the Revolving Loan would exceed the Revolving Loan Maximum Amount;

(f) (i) the Bankruptcy Court has not entered the Final Order on or before the date that is 35 days after the Petition Date, (ii) the Bankruptcy Court has not entered the Final Order following the expiration of the Interim Order, (iii) the Interim Order or the Final Order, as the case may be, has been vacated, stayed, reversed, modified or amended without Requisite Lenders' consent or otherwise is not in full force and effect, (iv) a motion for reconsideration of any such order has been timely filed, or (v) an appeal of any such order has been timely filed and such order in any respect is the subject of a stay pending appeal; or

(g) any orders entered by the Bankruptcy Court on or prior to the entry of the Final Order are not satisfactory in form and substance to Agent and its counsel, including, without limitation, the provision, by and through such orders of adequate protection for the Prepetition Agent and the Prepetition Lenders.

The request and acceptance by Borrower of the proceeds of any Loan or the conversion or continuation of any Loan into, or as, a LIBOR Loan shall be deemed to constitute, as of the date thereof, (i) a representation and warranty by Borrower that the conditions in this Section 2.2 have been satisfied and (ii) a reaffirmation by Borrower of the granting and continuance of Agent's Liens, on behalf of itself and Lenders, pursuant to the Collateral Documents.

3. REPRESENTATIONS AND WARRANTIES

To induce Lenders to make the Loans, the Credit Parties executing this Agreement, jointly and severally, make the following representations and warranties to Agent and each Lender with respect to all Credit Parties, each and all of which shall survive the execution and delivery of this Agreement:

3.1 Corporate Existence; Compliance with Law. Each Credit Party (a) is a corporation, limited liability company, limited partnership or other legal entity duly organized, validly existing and in good standing under the laws of its respective jurisdiction of incorporation or organization set forth in Disclosure Schedule (3.1), except where the failure to be so, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect; (b) is duly qualified to conduct business and is in good standing in each other jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified would not result in exposure to losses, damages or liabilities which could reasonably be expected to have a Material Adverse Effect; (c) subject to the entry of the Interim Order (or the Final Order, when applicable) by the Bankruptcy Court, has the requisite power and authority and the legal right to own, pledge, mortgage or otherwise encumber and operate its properties, to lease the property it operates under lease and to conduct its business as now conducted or proposed to be conducted; (d) subject to specific representations regarding Environmental Laws, has all material licenses, permits, consents or approvals from or by, and has made all material filings with, and has given all notices to, all Governmental Authorities having jurisdiction, to the extent required for such ownership, operation and conduct; (e) is in compliance with its charter and bylaws or partnership or operating agreement or other governing document, as applicable; and (f) subject to specific representations set forth herein regarding ERISA, Environmental Laws, tax and other laws, is in compliance with all applicable provisions of law, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Borrower is the surviving entity from the merger on January 30, 2004 of Scovill Mergerco Inc., a Delaware corporation, with Borrower.

3.2 Executive Offices, Collateral Locations, FEIN. As of the Closing Date, each Credit Party's name as it appears in official filings in its jurisdiction of incorporation or organization, organization type, organization number, if any, issued by its state of incorporation or organization, and the current location of each Domestic Credit Party's chief executive office and the warehouses and premises at which any Collateral is located are set forth in Disclosure Schedule (3.2), and none of such locations has changed within four (4) months preceding the Closing Date. In addition, Disclosure Schedule (3.2) lists the federal employer identification number of each Credit Party.

3.3 Corporate Power, Authorization, Enforceable Obligations. Upon the entry by the Bankruptcy Court of the Interim Order (or the Final Order, when applicable), the execution, delivery and performance by each Credit Party of the Loan Documents to which it is a party and the creation of all Liens provided for therein: (a) are within such Person's corporate, company or partnership power; (b) have been duly authorized by all necessary corporate, company, partnership, member or shareholder action on its part; (c) do not contravene any provision of such Person's charter, bylaws or partnership or operating agreement as applicable; (d) do not

violate any law or regulation, or any order or decree of any court or Governmental Authority; (e) do not conflict with or result in the breach or termination of, constitute a default under or accelerate or permit the acceleration of any performance required by, any indenture, mortgage, deed of trust, lease, agreement or other instrument to which such Person is a party or by which such Person or any of its property is bound; (f) do not result in the creation or imposition of any Lien upon any of the property of such Person other than those in favor of Agent, on behalf of itself and Lenders, pursuant to the Loan Documents; and (g) do not require the consent or approval of any Governmental Authority or any other Person, except those referred to in Section 2.1(c), all of which will have been duly obtained, made or complied with prior to the Closing Date. Each of the Loan Documents shall be duly executed and delivered by each Credit Party that is a party thereto and, subject to the entry of the Interim Order (or the Final Order, when applicable), each such Loan Document shall constitute a legal, valid and binding obligation of such Credit Party enforceable against it in accordance with its terms.

3.4 Financial Statements and Projections. Except for the Projections and as set forth in Disclosure Schedule (3.4(a)), all Financial Statements concerning Holdings and its Subsidiaries that are referred to below have been prepared in accordance with GAAP consistently applied throughout the periods covered (except as disclosed therein and except, with respect to unaudited Financial Statements, for the absence of footnotes and normal year-end audit adjustments) and present fairly in all material respects the financial position of the Persons covered thereby as at the dates thereof and the results of their operations and cash flows for the periods then ended.

(a) Financial Statements. The following Financial Statements attached hereto as Disclosure Schedule (3.4(a)) have been delivered on the date hereof:

(i) The consolidated balance sheets at December 31, 2008 and the related statements of income and cash flows of Borrower and its Subsidiaries for the Fiscal Year then ended, certified by BDO Seidman, LLP.

(ii) The unaudited balance sheets at December 31, 2009 and December 31, 2010 and the related statements of income and cash flows of Borrower and its Subsidiaries for the Fiscal Years then ended.

(b) [Intentionally Omitted]

(c) Budget. The Budget delivered pursuant to Section 2.1(k) and attached hereto as Disclosure Schedule (3.4(c)) and any Budget delivered pursuant to paragraph (s) of Annex E have been prepared, or will be prepared, as applicable in good faith and the assumptions expressed therein are reasonable based on the information available to the Borrower at such date and on the Closing Date.

3.5 Material Adverse Effect. Between December 31, 2010 and the Closing Date, (a) no Credit Party has incurred any obligations, contingent or noncontingent liabilities, liabilities for Charges, long-term leases or unusual forward or long-term commitments that, alone or in the aggregate, could reasonably be expected to have a Material Adverse Effect, (b) no contract, lease or other agreement or instrument has been entered into by any Credit Party or has become

binding upon any Credit Party's assets and no law or regulation applicable to any Credit Party has been adopted that has had or could reasonably be expected to have a Material Adverse Effect, and (c) no Credit Party is in default other than the commencement of the Chapter 11 cases and to the best of the Credit Parties' knowledge no third party is in default under any material contract, lease or other agreement or instrument, that alone or in the aggregate could reasonably be expected to have a Material Adverse Effect. Except as set forth in Disclosure Schedule (3.5), between December 31, 2010 and the Closing Date, no event has occurred, that alone or together with other events, could reasonably be expected to have a Material Adverse Effect.

3.6 Ownership of Property; Liens. As of the Closing Date, the real estate ("Real Estate") listed in Disclosure Schedule (3.6) constitutes all of the real property owned, leased, subleased, or used by any Credit Party. Each Credit Party owns good and marketable fee simple title to all of its owned Real Estate, and valid and marketable leasehold interests in all of its leased Real Estate, all as described on Disclosure Schedule (3.6), and copies of all such leases or a summary of terms thereof reasonably satisfactory to Agent have been provided to Agent through an electronic data room. Disclosure Schedule (3.6) further describes any Real Estate with respect to which any Credit Party is a lessor, sublessor or assignor as of the Closing Date. Each Credit Party also has good and marketable title to, or valid leasehold interests in, all of its personal property and assets. As of the Closing Date, none of the properties and assets of any Credit Party are subject to any Liens other than Permitted Encumbrances, and there are no facts, circumstances or conditions known to any Credit Party that may result in any Liens (including Liens arising under Environmental Laws) other than Permitted Encumbrances. As of the Closing Date, each Credit Party has received all deeds, assignments, waivers, consents, nondisturbance and attornment or similar agreements, bills of sale and other documents, and has duly effected all recordings, filings and other actions necessary to establish, protect and perfect such Credit Party's right, title and interest in and to all such Real Estate and other properties and assets. Disclosure Schedule (3.6) also describes any purchase options, rights of first refusal or other similar contractual rights pertaining to any Real Estate. As of the Closing Date, no portion of any Credit Party's Real Estate has suffered any material damage by fire or other casualty loss that has not heretofore been repaired and restored in all material respects to its original condition or otherwise remedied. As of the Closing Date, all material permits required to have been issued or appropriate to enable the Real Estate to be lawfully occupied and used for all of the purposes for which it is currently occupied and used have been lawfully issued and are in full force and effect.

3.7 Labor Matters. Except as set forth on Disclosure Schedule (3.7), as of the Closing Date: (a) no strikes or other material labor disputes against any Credit Party are pending or, to any Credit Party's knowledge, threatened; (b) hours worked by and payment made to employees of each Credit Party comply with the Fair Labor Standards Act and each other federal, state, local or foreign law applicable to such matters; (c) all payments due from any Credit Party for employee health and welfare insurance have been paid or accrued as a liability on the books of such Credit Party; (d) no Credit Party is a party to or bound by any collective bargaining agreement, management agreement, consulting agreement, employment agreement, bonus, restricted stock, stock option, or stock appreciation plan or agreement or any similar plan, agreement or arrangement (and true and complete copies of any agreements described on Disclosure Schedule (3.7) have been delivered to Agent); (e) there is no organizing activity involving any Credit Party pending or, to any Credit Party's knowledge, threatened by any labor

union or group of employees; (f) there are no representation proceedings pending or, to any Credit Party's knowledge, threatened with the National Labor Relations Board, and no labor organization or group of employees of any Credit Party has made a pending demand for recognition; and (g) there are no material complaints or charges against any Credit Party pending or, to the knowledge of any Credit Party, threatened to be filed with any Governmental Authority or arbitrator based on, arising out of, in connection with, or otherwise relating to the employment or termination of employment by any Credit Party of any individual.

3.8 Ventures, Subsidiaries and Affiliates; Outstanding Stock and Indebtedness. Except as set forth in Disclosure Schedule (3.8), as of the Closing Date, no Credit Party has any Subsidiaries, is engaged in any joint venture or partnership with any other Person, or is an Affiliate of any other Person. As of the Closing Date, all of the issued and outstanding Stock of each Credit Party is owned by each of the Stockholders and in the amounts set forth in Disclosure Schedule (3.8). Except as set forth in Disclosure Schedule (3.8), as of the Closing Date there are no outstanding rights to purchase, options, warrants or similar rights or agreements pursuant to which any Credit Party may be required to issue, sell, repurchase or redeem any of its Stock or other equity securities or any Stock or other equity securities of its Subsidiaries. All outstanding Indebtedness and Guaranteed Indebtedness of each Credit Party as of the Closing Date (except for the Obligations) is described in Section 6.3 (including Disclosure Schedule (6.3)). Holdings has no assets (except Stock of the Borrower and other nominal assets necessary to maintain its corporate existence) or any Indebtedness or Guaranteed Indebtedness (except the Obligations).

3.9 Government Regulation. No Credit Party is an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. No Credit Party is subject to regulation under the Public Utility Holding Company Act of 1935, as amended, the Federal Power Act, or any other federal or state statute that restricts or limits its ability to incur Indebtedness or to perform its obligations hereunder. The making of the Loans by Lenders to Borrower and the application of the proceeds thereof and repayment thereof will not violate any provision of any such statute or any rule, regulation or order issued by the Securities and Exchange Commission.

3.10 Margin Regulations. No Credit Party is engaged, nor will it engage, principally or as one of its important activities, in the business of extending credit for the purpose of "purchasing" or "carrying" any "margin stock" as such terms are defined in Regulation U of the Federal Reserve Board as now and from time to time hereafter in effect (such securities being referred to herein as "Margin Stock"). No Credit Party owns any Margin Stock, and none of the proceeds of the Loans or other extensions of credit under this Agreement will be used, directly or indirectly, for the purpose of purchasing or carrying any Margin Stock, for the purpose of reducing or retiring any Indebtedness that was originally incurred to purchase or carry any Margin Stock or for any other purpose that might cause any of the Loans or other extensions of credit under this Agreement to be considered a "purpose credit" within the meaning of Regulations T, U or X of the Federal Reserve Board. No Credit Party will take or permit to be taken any action that might cause any Loan Document to violate any regulation of the Federal Reserve Board.

3.11 Taxes. All Federal and other material tax returns, reports and statements, including information returns, required by any Governmental Authority to be filed by any Credit Party have been filed with the appropriate Governmental Authority, and all Charges have been paid prior to the date on which any fine, penalty, interest or late charge may be added thereto for nonpayment thereof (or any such fine, penalty, interest, late charge or loss has been paid), excluding Charges or other amounts being contested in accordance with Section 5.2(b) and unless the failure to so file or pay would not reasonably be expected to result in fines, penalties or interest in excess of $50,000 in the aggregate. Proper and accurate amounts have been withheld by each Credit Party from its respective employees for all periods in full and complete compliance with all applicable federal, state, local and foreign laws and such withholdings have been timely paid to the respective Governmental Authorities. Disclosure Schedule (3.11) sets forth as of the Closing Date those taxable years for which any Credit Party's tax returns are currently being audited by the IRS or any other applicable Governmental Authority and any assessments or threatened assessments in connection with such audit, or otherwise currently outstanding. Except as described in Disclosure Schedule (3.11), as of the Closing Date, no Credit Party has executed or filed with the IRS or any other Governmental Authority any agreement or other document extending, or having the effect of extending, the period for assessment or collection of any Charges. None of the Credit Parties and their respective predecessors are liable for any Charges: (a) under any agreement (including any tax sharing agreements) or (b) to each Credit Party's knowledge, as a transferee. As of the Closing Date, no Credit Party has agreed or been requested to make any adjustment under IRC Section 481(a), by reason of a change in accounting method or otherwise, which would reasonably be expected to have a Material Adverse Effect.

3.12 ERISA.

(a) Disclosure Schedule (3.12) lists as of the Closing Date, all Plans and separately identifies all Pension Plans, including Title IV Plans, Multiemployer Plans, ESOPs and Welfare Plans, including all Retiree Welfare Plans. Copies of all such listed Plans, together with a copy of the latest Form IRS/DOL 5500-series for each such Plan have been delivered to Agent. Except with respect to Multiemployer Plans, each Qualified Plan has been determined by the IRS to qualify under Section 401 of the IRC, the trusts created thereunder have been determined to be exempt from tax under the provisions of Section 501 of the IRC, and, nothing has occurred that would cause the loss of such qualification or tax-exempt status. Each Plan is in compliance in all material respects with the applicable provisions of ERISA and the IRC, including the timely filing of all reports required under the IRC or ERISA, including the statement required by 29 CFR Section 2520.104-23. Neither any Credit Party nor ERISA Affiliate has failed to make any material contribution or pay any material amount due as required by either Section 412 of the IRC or Section 302 of ERISA or the terms of any such Plan. Neither any Credit Party nor ERISA Affiliate has engaged in a "prohibited transaction," as defined in Section 406 of ERISA and Section 4975 of the IRC, in connection with any Plan, that would subject any Credit Party to a material tax on prohibited transactions imposed by Section 502(i) of ERISA or Section 4975 of the IRC.

(b) Except as set forth in Disclosure Schedule (3.12): (i) no Title IV Plan has any material Unfunded Pension Liability; (ii) no ERISA Event or event described in Section 4062(e) of ERISA with respect to any Title IV Plan has occurred or is reasonably expected to

occur; (iii) there are no pending, or to the knowledge of any Credit Party, threatened material claims (other than claims for benefits in the normal course), sanctions, actions or lawsuits, asserted or instituted against any Plan or any Person as fiduciary or sponsor of any Plan; (iv) no Credit Party or ERISA Affiliate has incurred or reasonably expects to incur any material liability as a result of a complete or partial withdrawal from a Multiemployer Plan; (v) within the last five years no Title IV Plan of any Credit Party or ERISA Affiliate has been terminated, whether or not in a "standard termination" as that term is used in Section 4041(b)(1) of ERISA, nor has any Title IV Plan of any Credit Party or ERISA Affiliate (determined at any time within the past five years) with material Unfunded Pension Liabilities been transferred outside of the "controlled group" (within the meaning of Section 4001(a)(14) of ERISA) of any Credit Party or ERISA Affiliate; (vi) except in the case of any ESOP, Stock of all Credit Parties and their ERISA Affiliates makes up, in the aggregate, no more than 10% of fair market value of the assets of any Plan measured on the basis of fair market value as of the latest valuation date of any Plan; and (vii) no liability under any Title IV Plan has been satisfied with the purchase of a contract from an insurance company that is not rated AAA by the Standard & Poor's Corporation or an equivalent rating by another nationally recognized rating agency.

3.13 No Litigation. Except as set forth on Disclosure Schedule (3.13), no action, claim, lawsuit, demand, investigation or proceeding is now pending or, to the knowledge of any Credit Party, threatened against any Credit Party, before any Governmental Authority or before any arbitrator or panel of arbitrators (collectively, "Litigation"), (a) that challenges any Credit Party's right or power to enter into or perform any of its obligations under the Loan Documents to which it is a party, or the validity or enforceability of any Loan Document or any action taken thereunder, or (b) that has a reasonable risk of being determined adversely to any Credit Party and that, if so determined, could reasonably be expected to have a Material Adverse Effect. Except as set forth on Disclosure Schedule (3.13), as of the Closing Date, there is no Litigation pending or, to any Credit Parties' knowledge, threatened that seeks damages in excess of $100,000 or injunctive relief against, or alleges criminal misconduct of, any Credit Party.

3.14 Brokers. No broker or finder acting on behalf of any Credit Party or Affiliate thereof brought about the obtaining, making or closing of the Loans, and no Credit Party or Affiliate thereof has any obligation to any Person in respect of any finder's or brokerage fees in connection therewith.

3.15 Intellectual Property. As of the Closing Date, each Credit Party owns or has rights to use all Intellectual Property necessary to continue to conduct its business as now conducted by it or presently proposed to be conducted by it, and each Patent, Trademark, Copyright and License is listed, together with application or registration numbers, as applicable, in Disclosure Schedule (3.15). Each Credit Party conducts its business and affairs without infringement of or interference with any Intellectual Property of any other Person in any material respect. Except as set forth in Disclosure Schedule (3.15), no Credit Party is aware of any material infringement claim by any other Person with respect to any Intellectual Property.

3.16 Full Disclosure. No information contained in this Agreement, any of the other Loan Documents, any Projections, Financial Statements or other written reports from time to time prepared by any Credit Party and delivered hereunder or any written statement prepared by any Credit Party and furnished by or on behalf of any Credit Party to Agent or any Lender

pursuant to the terms of this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading in light of the circumstances under which they were made. Projections from time to time delivered hereunder are or will be based upon the estimates and assumptions stated therein, all of which the Credit Parties believed at the time of delivery to be reasonable and fair in light of current conditions and current facts known to the Credit Parties as of such delivery date, and reflect the Credit Parties' good faith and reasonable estimates of the future financial performance of the Credit Parties and of the other information projected therein for the period set forth therein. Such Projections are not a guaranty of future performance and actual results may differ from those set forth in such Projections. The Liens granted to Agent, on behalf of itself and Lenders, pursuant to the Collateral Documents will at all times be fully perfected first priority Liens in and to the Collateral described therein, subject, as to priority, only to Permitted Encumbrances.

3.17 Environmental Matters.

(a) Except (x) as set forth in Disclosure Schedule (3.17) as of the Closing Date and (y) in the case of any other matters described in clauses (i) through (viii) below that could not reasonably be expected, individually or in the aggregate, to give rise to liabilities of the Credit Parties of more than $100,000: (i) the Real Estate is free of contamination from any Hazardous Material except for such contamination that would not adversely impact the value or marketability of such Real Estate; (ii) no Credit Party has caused or suffered to occur any material Release of Hazardous Materials on, at, in, under, above, to, from or about any of its Real Estate; (iii) the Credit Parties are and have been in compliance with all Environmental Laws; (iv) the Credit Parties have obtained, and are in compliance with, all Environmental Permits required by Environmental Laws for the operations of their respective businesses as presently conducted or as proposed to be conducted, and all such Environmental Permits are valid, uncontested and in good standing; (v) no Credit Party is involved in operations or knows of any facts, circumstances or conditions, including any Releases of Hazardous Materials, that are likely to result in any Environmental Liabilities of such Credit Party; (vi) there is no Litigation arising under or related to any Environmental Laws, Environmental Permits or Hazardous Material that seeks damages, penalties, fines, costs or expenses or injunctive relief against, or that alleges criminal misconduct by, any Credit Party; (vii) no notice has been received by any Credit Party identifying it as a "potentially responsible party" or requesting information under CERCLA or analogous state statutes, and to the knowledge of the Credit Parties, there are no facts, circumstances or conditions that may result in any Credit Party being identified as a "potentially responsible party" under CERCLA or analogous state statutes; and (viii) the Credit Parties have provided to Agent copies of all existing environmental reports, reviews and audits and all written information pertaining to actual or potential Environmental Liabilities, in each case relating to any Credit Party.

(b) Each Credit Party hereby acknowledges and agrees that Agent (i) is not now, and has not ever been, in control of any of the Real Estate or any Credit Party's affairs, and (ii) does not have the capacity through the provisions of the Loan Documents or otherwise to influence any Credit Party's conduct with respect to the ownership, operation or management of any of its Real Estate or compliance with Environmental Laws or Environmental Permits.

3.18 Insurance. Disclosure Schedule (3.18) lists all insurance policies of any nature maintained, as of the Closing Date, for current occurrences by each Credit Party.

3.19 Deposit and Disbursement Accounts. Disclosure Schedule (3.19) lists all banks and other financial institutions at which any Credit Party maintains deposit or other accounts as of the Closing Date, including any Disbursement Accounts, and such Disclosure Schedule correctly identifies the name, address and telephone number of each depository, the name in which the account is held, a description of the purpose of the account, and the complete account number therefor. Credit Parties, Agent and Lenders acknowledge and agree that Annex C hereto is substantially the same as the Credit Parties' Prepetition cash management system and that such system, including all accounts established thereto, shall continue to govern the rights of the respective parties thereto, and shall be applicable under this Agreement.

3.20 Government Contracts. Except as set forth in Disclosure Schedule (3.20), as of the Closing Date, no Credit Party is a party to any contract or agreement with any Governmental Authority and no Credit Party's Accounts are subject to the Federal Assignment of Claims Act (31 U.S.C. Section 3727) or any similar state or local law.

3.21 [Intentionally Omitted]

3.22 Bonding; Licenses. Except as set forth on Disclosure Schedule (3.22), as of the Closing Date, no Credit Party is a party to or bound by any surety bond agreement or bonding requirement with respect to products or services sold by it or any trademark or patent license agreement with respect to products sold by it.

3.23 [Intentionally Omitted]

3.24 Status of Holdings. Prior to the Closing Date, Holdings will not have engaged in any business or incurred any Indebtedness or any other liabilities (except in connection with its corporate formation, the holding of the Stock of Borrower and this Agreement).

3.25 Reorganization Matters.

(a) The Chapter 11 Cases were commenced on the Petition Date in accordance with applicable law and proper notice thereof and the proper notice for (x) the motion seeking approval of the Loan Documents and the Interim Order and Final Order, (y) the hearing for the approval of the Interim Order, and (z) the hearing for the approval of the Final Order. Credit Parties shall give, on a timely basis as specified in the Interim Order or the Final Order, as applicable, all notices required to be given to all parties specified in the Interim Order or Final Order, as applicable.

(b) After the entry of the Interim Order, and pursuant to and to the extent permitted in the Interim Order and the Final Order, the Obligations will constitute allowed administrative expense claims in the Chapter 11 Cases having priority over all administrative expense claims and unsecured claims against the Credit Parties now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expense claims of the kind specified in Sections 105, 326, 330, 331, 503(b), 506(c), 507(a), 507(b), 546(c), 726, 1114

or any other provision of the Bankruptcy Code or otherwise, as provided under Section 364(c)(1) of the Bankruptcy Code, subject, as to priority only to the Carve Out.

(c) After the entry of the Interim Order and pursuant to and to the extent provided in the Interim Order and the Final Order, the Obligations will be secured by a valid and perfected first priority Lien on all of the Collateral.

(d) The Interim Order (with respect to the period prior to entry of the Final Order) or the Final Order (with respect to the period on and after entry of the Final Order), as the case may be, is in full force and effect has not been reversed, stayed, modified or amended.

(e) Notwithstanding the provisions of Section 362 of the Bankruptcy Code, and subject to the applicable provisions of the Interim Order or Final Order, as the case may be, upon the maturity (whether by acceleration or otherwise) of any of the Obligations, Agent and Lenders shall be entitled to immediate payment of such Obligations and to enforce the remedies provided for hereunder or under applicable law, without further application to or order by the Bankruptcy Court.

4. FINANCIAL STATEMENTS AND INFORMATION

4.1 Reports and Notices.

(a) Each Credit Party executing this Agreement hereby agrees that from and after the Closing Date and until the Termination Date, it shall deliver to Agent or to Agent and Lenders, as required, the Financial Statements, notices, Projections and other information at the times, to the Persons and in the manner set forth in Annex E.

(b) [Intentionally Omitted]

4.2 Communication with Accountants. Each Credit Party executing this Agreement authorizes (a) Agent (accompanied by representatives of any Lender that decides to participate) and (b) so long as an Event of Default has occurred and is continuing, each Lender, to communicate directly with its independent certified public accountants, financial advisors, investment bankers and consultants, and authorizes and, at Agent's request, shall instruct those accountants, financial advisors, investment bankers and consultants to communicate to agent and each lender and advisors to disclose and make available to Agent and each Lender any and all Financial Statements and other supporting financial documents, schedules and information relating to any Credit Party (including copies of any issued management letters) with respect to the business, financial condition and other affairs of any Credit Party.

5. AFFIRMATIVE COVENANTS

Each Credit Party executing this Agreement jointly and severally agrees as to all Credit Parties that from and after the date hereof and until the Termination Date:

5.1 Maintenance of Existence and Conduct of Business. Except as occasioned by the Chapter 11 Cases, each Credit Party shall: (i) do or cause to be done all things necessary to preserve and keep in full force and effect its corporate or legal existence as an entity and its

material rights and franchises; (ii) continue to conduct its business substantially as now conducted or as otherwise permitted hereunder; (iii) at all times maintain, preserve and protect all of its assets and properties used or useful in the conduct of its business, and keep the same in good repair, working order and condition in all material respects (taking into consideration ordinary wear and tear) and from time to time make, or cause to be made, all necessary or appropriate repairs, replacements and improvements thereto consistent with industry practices; and (iv) transact business only in such corporate names (subject to the terms and conditions of Section 6.14 respecting changes in corporate names) and trade names (unless the Borrower gives Agent 30 days prior written notice of such new or changed trade name) as are set forth in Disclosure Schedule (5.1).

5.2 Payment of Charges.

(a) Subject to Section 5.2(b), each Credit Party shall pay and discharge or cause to be paid and discharged all Charges payable by it prior to any delinquency thereof or the incurrence of any penalty or interest thereon, including (i) Charges imposed upon it, its income and profits, or any of its property (real, personal or mixed) and all Charges with respect to tax, social security and unemployment withholding with respect to its employees, (ii) lawful claims for labor, materials, supplies and services or otherwise, and (iii) all storage or rental charges payable to warehousemen or bailees, in each case, before any thereof shall become past due, except in the case of clauses (ii) and (iii) where the failure to pay or discharge such Charges would not result in aggregate liabilities in excess of $50,000 at any one time outstanding; provided, no Credit Party shall be required to pay any Charges, Taxes or Claims the nonpayment of which is permitted by the Bankruptcy Code.

(b) Each Credit Party may in good faith contest, by appropriate proceedings, the validity or amount of any Charges, Taxes or claims described in Section 5.2(a); provided, that (i) adequate reserves with respect to such contest are maintained on the books of such Credit Party, in accordance with GAAP; (ii) no Lien shall be imposed to secure payment of such Charges (other than payments to warehousemen and/or bailees and real property taxes, but only to the extent that any Lien securing such real property taxes is not enforceable or exercisable) that is superior to any of the Liens securing payment of the Obligations and such contest is maintained and prosecuted continuously and with diligence and operates to suspend collection or enforcement of such Charges, (iii) none of the Collateral becomes subject to forfeiture or loss as a result of such contest, (iv) such Credit Party shall promptly pay or discharge such contested Charges, Taxes or claims and all additional charges, interest, penalties and expenses, if any, and shall deliver to Agent evidence reasonably acceptable to Agent of such compliance, payment or discharge, if such contest is terminated or discontinued adversely to such Credit Party or the conditions set forth in this Section 5.2(b) are no longer met; and (v) Agent has not advised the Borrower in writing that Agent reasonably believes that nonpayment or nondischarge thereof could have or result in a Material Adverse Effect.

5.3 Books and Records. Each Credit Party shall keep adequate books and records with respect to its business activities in which proper entries, reflecting all financial transactions, are made in accordance with GAAP and on a basis consistent with the Financial Statements attached as Disclosure Schedule (3.4(a)).

5.4 Insurance; Damage to or Destruction of Collateral.

(a) The Credit Parties shall, at their sole cost and expense, maintain the policies of insurance described on Disclosure Schedule (3.18) as in effect on the date hereof or otherwise in form and amounts and with insurers reasonably acceptable to Agent. Such policies of insurance (or the loss payable and additional insured endorsements delivered to Agent) shall contain provisions pursuant to which the insurer agrees to provide thirty (30) days prior written notice to Agent in the event of any non-renewal, cancellation or amendment of any such insurance policy. If any Credit Party at any time or times hereafter shall fail to obtain or maintain any of the policies of insurance required above or to pay all premiums relating thereto, Agent may at any time or times thereafter obtain and maintain such policies of insurance and pay such premiums and take any other action with respect thereto that Agent deems advisable. Agent shall have no obligation to obtain insurance for any Credit Party or pay any premiums therefor. By doing so, Agent shall not be deemed to have waived any Default or Event of Default arising from any Credit Party's failure to maintain such insurance or pay any premiums therefor. All sums so disbursed, including reasonable attorneys' fees, court costs and other charges related thereto, shall be payable on demand by Borrower to Agent and shall be additional Obligations hereunder secured by the Collateral.

(b) Agent reserves the right at any time upon any change in any Credit Party's risk profile (including any change in the product mix maintained by any Credit Party or any laws affecting the potential liability of such Credit Party) to require additional forms and limits of insurance to, in Agent's opinion, adequately protect both Agent's and Lenders' interests in all or any portion of the Collateral and to ensure that each Credit Party is protected by insurance in amounts and with coverage customary for its industry. If reasonably requested by Agent, each Credit Party shall deliver to Agent from time to time a report of a reputable insurance broker reasonably satisfactory to Agent, with respect to its insurance policies.

(c) Each Credit Party executing this Agreement shall deliver to Agent, in form and substance reasonably satisfactory to Agent, endorsements to (i) all "All Risk" and business interruption insurance naming Agent, on behalf of itself and Lenders, as loss payee, and (ii) all general liability and other liability policies naming Agent, on behalf of itself and Lenders, as additional insured. Each Credit Party executing this Agreement irrevocably makes, constitutes and appoints Agent (and all officers, employees or agents designated by Agent), so long as any Default or Event of Default has occurred and is continuing or the anticipated insurance proceeds exceed $250,000, as such Credit Party's true and lawful agent and attorney-in-fact for the purpose of making, settling and adjusting claims under such "All Risk" policies of insurance, endorsing the name of such Credit Party on any check or other item of payment for the proceeds of such "All Risk" policies of insurance and for making all determinations and decisions with respect to such "All Risk" policies of insurance. Agent shall have no duty to exercise any rights or powers granted to it pursuant to the foregoing power-of-attorney. Borrower shall promptly notify Agent of any loss, damage, or destruction to the Collateral in the amount of $250,000 or more, whether or not covered by insurance. After deducting from such proceeds (i) the expenses incurred by Agent in the collection or handling thereof and (ii) amounts required to be paid to creditors (other than Lenders) having Permitted Encumbrances, the remainder of such proceeds shall be applied in accordance with Section 1.3(c).

5.5 Compliance with Laws. Each Credit Party shall comply with all federal, state, local and foreign laws and regulations applicable to it, including ERISA, labor laws, and Environmental Laws and Environmental Permits, except to the extent that the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

5.6 Supplemental Disclosure. From time to time as may be reasonably requested by Agent (which request will not be made more frequently than once each year absent the occurrence and continuance of a Default or an Event of Default) or by any Lender communicating such request through the Agent (which request by any Lender will not be made more frequently than once each year absent the occurrence and continuance of a Default or an Event of Default), the Credit Parties shall supplement each Disclosure Schedule hereto, or any representation herein or in any other Loan Document, with respect to any matter hereafter arising that, if existing or occurring at the date of this Agreement, would have been required to be set forth or described in such Disclosure Schedule or as an exception to such representation or that is necessary to correct any information in such Disclosure Schedule or representation which has been rendered inaccurate thereby (and, in the case of any supplements to any Disclosure Schedule, such Disclosure Schedule shall be appropriately marked to show the changes made therein); provided that (a) no such supplement to any such Disclosure Schedule or representation shall amend, supplement or otherwise modify any Disclosure Schedule or representation, or be or be deemed a waiver of any Default or Event of Default resulting from the matters disclosed therein, except as consented to by Agent and Requisite Lenders in writing, (b) no supplement shall be required or permitted as to representations and warranties that relate solely to the Closing Date, and (c) such supplement shall be delivered to Agent as soon as practicable but in any event not later than 30 days after the request therefor.

5.7 Intellectual Property. Each Credit Party will conduct its business and affairs without infringement of or interference with any Intellectual Property of any other Person in any material respect and shall comply in all material respects with the terms of its Licenses.

5.8 Environmental Matters. Each Credit Party shall and shall cause each Person within its control to: (a) conduct its operations and keep and maintain its Real Estate in compliance with all Environmental Laws and Environmental Permits other than noncompliance that could not reasonably be expected to have a Material Adverse Effect; (b) implement any and all investigation, remediation, removal and response actions that are appropriate or necessary to maintain the value and marketability of the Real Estate or to otherwise comply with Environmental Laws and Environmental Permits pertaining to the presence, generation, treatment, storage, use, disposal, transportation or Release of any Hazardous Material on, at, in, under, above, to, from or about any of its Real Estate in all material respects; (c) notify Agent promptly after such Credit Party becomes aware of any violation of Environmental Laws or Environmental Permits or any Release on, at, in, under, above, to, from or about any Real Estate that is reasonably likely to result in Environmental Liabilities in excess of $250,000; and (d) promptly forward to Agent a copy of any order, notice, request for information or any communication or report received by such Credit Party in connection with any such violation or Release or any other matter relating to any Environmental Laws or Environmental Permits that could reasonably be expected to result in Environmental Liabilities in excess of $250,000 in each case whether or not the Environmental Protection Agency or any Governmental Authority has

taken or threatened any action in connection with any such violation, Release or other matter. If Agent at any time has a reasonable basis to believe that there may be a violation of any Environmental Laws or Environmental Permits by any Credit Party or any Environmental Liability arising thereunder, or a Release of Hazardous Materials on, at, in, under, above, to, from or about any of its Real Estate, that, in each case, could reasonably be expected to have a Material Adverse Effect, then each Credit Party shall, upon Agent's written request (including any request of a Lender communicated through the Agent) (i) cause the performance of such environmental audits including subsurface sampling of soil and groundwater, and preparation of such environmental reports, at Borrower's expense, as Agent may from time to time reasonably request, which shall be conducted by reputable environmental consulting firms reasonably acceptable to Agent and shall be in form and substance reasonably acceptable to Agent, and (ii) permit Agent or its representatives to have access to all Real Estate for the purpose of conducting such environmental audits and testing as Agent deems appropriate, including subsurface sampling of soil and groundwater. Borrower shall reimburse Agent for the costs of such audits and tests and the same will constitute a part of the Obligations secured hereunder.

5.9 Landlords' Agreements, Mortgagee Agreements, Bailee Letters and Real Estate Purchases. As reasonably requested by Agent and to the extent not otherwise addressed to Agent's reasonable satisfaction in the Final Order, each Domestic Credit Party shall use commercially reasonable efforts to obtain a landlord's agreement, mortgagee agreement or bailee letter, as applicable, from the lessor of each leased property, mortgagee of owned property or bailee with respect to any warehouse, processor or converter facility or other location where Collateral is stored or located, which agreement or letter shall contain a waiver or subordination of all Liens or claims that the landlord, mortgagee or bailee may assert against the Collateral at that location, and shall otherwise be reasonably satisfactory in form and substance to Agent. Each Domestic Credit Party shall timely and fully pay and perform its obligations under all leases and other agreements with respect to each leased location or public warehouse where any Collateral is or may be located. To the extent permitted hereunder, if any Domestic Credit Party proposes to acquire a fee ownership interest in Real Estate after the Closing Date, it shall first provide to Agent a mortgage or deed of trust granting Agent a first priority Lien on such Real Estate, together with environmental audits, mortgage title insurance commitment, real property survey, local counsel opinion(s), and, if required by Agent, supplemental casualty insurance and flood insurance, and such other documents, instruments or agreements reasonably requested by Agent, in each case, in form and substance reasonably satisfactory to Agent.

5.10 [Intentionally Omitted]

5.11 [Intentionally Omitted]

5.12 Further Assurances. Each Credit Party executing this Agreement agrees that it shall and shall cause each other Credit Party to, at such Credit Party's expense and upon the reasonable request of Agent, duly execute and deliver, or cause to be duly executed and delivered, to Agent such further instruments and do and cause to be done such further acts as may be necessary or proper in the reasonable opinion of Agent or Requisite Lenders to carry out more effectively the provisions and purposes of this Agreement and each Loan Document.

6. NEGATIVE COVENANTS

Each Credit Party executing this Agreement jointly and severally agrees as to all Credit Parties that from and after the date hereof until the Termination Date:

6.1 Mergers, Subsidiaries, Etc. No Credit Party shall directly or indirectly, by operation of law or otherwise, (a) form or acquire any Subsidiary or (b) merge with, consolidate with, acquire all or substantially all of the assets or Stock of, or otherwise combine with or acquire, any Person; provided, that (i) any Subsidiary of Borrower may be merged into Borrower so long as Borrower is the survivor of such merger, (ii) any Domestic Subsidiary of Borrower may be merged into any Guarantor so long as such Guarantor is the survivor of such merger, and (iii) any Foreign Subsidiary of Borrower may be merged into another Foreign Subsidiary of Borrower.

6.2 Investments; Loans and Advances. Except as otherwise expressly permitted by this Section 6, no Credit Party shall make or permit to exist any investment in, or make, accrue or permit to exist loans or advances of money to, any Person, through the direct or indirect lending of money, holding of securities or otherwise, except that: (a) Borrower may hold investments comprised of notes payable, or stock or other securities issued by Account Debtors to Borrower pursuant to negotiated agreements with respect to settlement of such Account Debtor's Accounts in the ordinary course of business, consistent with past practice, (i) to the extent existing on the Closing Date and disclosed on Disclosure Schedule (6.2) and (ii) with respect to additional such investments created after the Closing Date, so long as the aggregate amount of such Accounts so settled by Borrower in any Fiscal Year does not exceed $50,000; (b) each Credit Party may maintain its existing investments in its Subsidiaries as of the Closing Date; (c) any Credit Party may enter into a Permitted Intercompany Transaction; (d) so long as no Default or Event of Default has occurred and is continuing and there is no outstanding Revolving Loan balance, Borrower may make investments, subject to Control Letters in favor of Agent for the benefit of Lenders or otherwise subject to a perfected security interest in favor of Agent for the benefit of Lenders, in (i) marketable direct obligations issued or unconditionally guaranteed by the United States of America or any agency thereof maturing within one year from the date of acquisition thereof, (ii) commercial paper maturing no more than one year from the date of creation thereof and currently having the highest rating obtainable from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., (iii) certificates of deposit maturing no more than one year from the date of creation thereof issued by commercial banks incorporated under the laws of the United States of America, each having combined capital, surplus and undivided profits of not less than $300,000,000 and having a senior unsecured rating of "A" or better by a nationally recognized rating agency (an "A Rated Bank"), (iv) time deposits maturing no more than thirty (30) days from the date of creation thereof with A Rated Banks and (v) mutual funds that invest solely in one or more of the investments described in clauses (i) through (iv) above, (e) other investments not exceeding $25,000 in the aggregate at any time outstanding and (f) advances to employees of the Credit Parties that do not violate the terms and conditions of Section 6.4(b).

6.3 Indebtedness.

(a) No Credit Party shall create, incur, assume or permit to exist any Indebtedness, except (without duplication) (i) Indebtedness secured by purchase money security interests and Capital Leases permitted in Section 6.7(c), (ii) the Loans and the other Obligations, (iii) unfunded pension fund and other employee benefit plan obligations and liabilities to the extent they are permitted to remain unfunded under applicable law, (iv) existing Indebtedness described in Disclosure Schedule (6.3) and refinancings thereof or amendments or modifications thereof that do not have the effect of increasing the principal amount thereof or changing the maturity or amortization thereof (other than to extend the same) and that are otherwise on terms and conditions no less favorable to any Credit Party, Agent or any Lender, as determined by Agent, than the terms of the Indebtedness being refinanced, amended or modified, and (v) Indebtedness consisting of a Permitted Intercompany Transaction.

(b) No Credit Party shall, directly or indirectly, voluntarily purchase, redeem, defease or prepay any principal of, premium, if any, interest or other amount payable in respect of any Indebtedness prior to its scheduled maturity, other than (i) the Obligations; (ii) Indebtedness secured by a Permitted Encumbrance if the asset securing such Indebtedness has been sold or otherwise disposed of in accordance with Sections 6.8(b) or (c); and (iii) as otherwise permitted in Section 6.14.

6.4 Employee Loans and Affiliate Transactions.

(a) No Credit Party shall enter into or be a party to any transaction with any other Credit Party or any Affiliate thereof except (x) Permitted Intercompany Transactions and (y) transactions in the ordinary course of and pursuant to the reasonable requirements of such Credit Party's business and upon fair and reasonable terms that are no less favorable to such Credit Party than would be obtained in a comparable arm's length transaction with a Person not an Affiliate of such Credit Party. In addition, if any such transaction or series of related transactions (other than Permitted Intercompany Transactions) involves payments in excess of $25,000 in the aggregate, the terms of these transactions must be disclosed in advance to Agent and Lenders. All such transactions existing as of the date hereof are described in Disclosure Schedule (6.4(a)).

(b) No Credit Party shall enter into any lending or borrowing transaction with any employees of any Credit Party.

6.5 Capital Structure and Business. No Credit Party shall (a) make any changes in any of its business objectives, purposes or operations that could in any way adversely affect the repayment of the Loans or any of the other Obligations or could reasonably be expected to have or result in a Material Adverse Effect, (b) make any change in the structure of its Stock as described in Disclosure Schedule (3.8), including the issuance or sale of any shares of Stock, warrants or other securities convertible into Stock or any revision of the terms of its outstanding Stock; provided that Holdings may issue or sell shares of its Stock to any of the Existing Shareholders for cash so long as (i) the proceeds thereof are applied in prepayment of the Obligations as required by Section 1.3(b)(iii), (ii) no Change of Control occurs after giving effect thereto, (iii) if the net cash proceeds of any such sale or issuance is less than $500,000, the

Requisite Lenders must have given their written consent to such sale or issuance prior to the consummation thereof, (iv) Holdings shall have provided written notice of such sale to Agent at least five (5) Business Days prior to such sale (which notice shall specify the dollar amount of the cash proceeds of such sale or issuance and the intended use of such cash proceeds after any reborrowing through the Revolving Loan), and (v) the proceeds of such sales or issuances, after any reborrowing through the Revolving Loan, may not be used to cure or avoid any prospective or actual Default or Event of Default under Annex G, or (c) amend its charter, bylaws or other organizational documents in a manner that would adversely affect Agent or Lenders or such Credit Party's duty or ability to repay the Obligations. No Credit Party shall engage in any business other than the businesses currently engaged in by it or businesses reasonably incidental thereto.

6.6 Guaranteed Indebtedness. No Credit Party shall create, incur, assume or permit to exist any Guaranteed Indebtedness except (a) by endorsement of instruments or items of payment for deposit to the general account of any Credit Party and (b) for Guaranteed Indebtedness incurred for the benefit of any other Credit Party if the primary obligation is not prohibited by this Agreement. NOTWITHSTANDING THE FOREGOING, AND EXCEPT FOR THE CARVE OUT, NO GUARANTEED INDEBTEDNESS UNDER THIS SECTION 6.6 SHALL BE PERMITTED TO HAVE AN ADMINISTRATIVE EXPENSE CLAIM STATUS UNDER THE BANKRUPTCY CODE SENIOR TO OR PARI PASSU WITH THE SUPER-PRIORITY ADMINISTRATIVE EXPENSE CLAIMS OF AGENT AND THE LENDERS AS SET FORTH HEREIN AND IN THE INTERIM AND FINAL ORDERS.

6.7 Liens. No Credit Party shall create, incur, assume or permit to exist any Lien on or with respect to its Accounts or any of its other properties or assets (whether now owned or hereafter acquired) except for (a) Permitted Encumbrances; (b) Liens in existence on the Petition Date and summarized on Disclosure Schedule (6.7) securing Indebtedness described on Disclosure Schedule (6.3) and permitted refinancings, extensions and renewals thereof, including extensions or renewals of any such Liens; provided that the principal amount of the Indebtedness so secured is not increased and the Lien does not attach to any other property; (c) liens under and in accordance with the Interim Order and Final Order in favor of the Prepetition Agent and Prepetition Lenders; and (d) Liens created after the date hereof by conditional sale or other title retention agreements (including Capital Leases) or in connection with purchase money Indebtedness with respect to Equipment, Fixtures and Inventory acquired by any Credit Party in the ordinary course of business, involving the incurrence of an aggregate amount of purchase money Indebtedness and Capital Lease Obligations of not more than $50,000 outstanding at any one time for all such Liens (provided that such Liens attach only to the assets subject to such purchase money Indebtedness, such Liens secure only such purchase money Indebtedness, such Liens are terminated promptly upon the repayment in full of such purchase money Indebtedness and such purchase money Indebtedness is incurred within twenty (20) days following such purchase and does not exceed 100% of the purchase price of the subject assets). Notwithstanding the foregoing, Liens permitted under Sections 6.7(b) through (d) shall at all times be junior and subordinate to the Liens under the Loan Documents and the Interim Order and Final Orders, other than the Carve Out. In addition, no Credit Party shall become a party to any agreement, note, indenture or instrument, or take any other action, that would prohibit the creation of a Lien on any of its properties or other assets in favor of Agent, on behalf of itself and Lenders, as additional collateral for the Obligations, except operating leases, Capital Leases or

Licenses which prohibit Liens upon the assets that are subject thereto. The prohibition provided for in this Section 6.7 specifically includes, without limitation, any effort by any Borrower, any Committee, or any other party-in-interest in any Chapter 11 Case to prime or create pari passu to any claims, Liens or interests of Agent and Lenders any Lien (other than for the Carve Out) irrespective of whether such claims, Liens or interests may be "adequately protected".

6.8 Sale of Stock and Assets. No Credit Party shall sell, transfer, convey, assign or otherwise dispose of any of its properties or other assets, including the Stock of any of its Subsidiaries (whether in a public or a private offering or otherwise) or any of its Accounts, (including, without limitation, any sale and lease-back transaction and any disposition under section 363 of the Bankruptcy Code) other than (a) the sale of Inventory in the ordinary course of business, (b) the sale, transfer, conveyance or other disposition by a Credit Party of Equipment, Fixtures or Real Estate that is obsolete or no longer used or useful in such Credit Party's business and having a book value or fair market value (whichever is higher) not exceeding $25,000 in the aggregate in any Fiscal Year, and (c) Foreign Stock Dispositions and the sale or other disposition of other Equipment and Fixtures to the extent that the proceeds received from all such Foreign Stock Dispositions and the book value of all such sold Equipment and Fixtures do not exceed $25,000 in the aggregate in any Fiscal Year.

6.9 ERISA. No Credit Party shall, or shall cause or permit any ERISA Affiliate to, cause or permit to occur (i) an event that could result in the imposition of a Lien under Section 412 of the IRC or Section 302 or 4068 of ERISA or (ii) an ERISA Event to the extent such ERISA Event could reasonably be expected to have a Material Adverse Effect.

6.10 Financial Covenants. Holdings and its Subsidiaries shall not breach or fail to comply with any of the Financial Covenants.

6.11 Hazardous Materials. No Credit Party shall cause or permit a Release of any Hazardous Material on, at, in, under, above, to, from or about any of the Real Estate where such Release would (a) violate in any respect, or form the basis for any Environmental Liabilities under, any Environmental Laws or Environmental Permits or (b) otherwise adversely impact the value or marketability of any of the Real Estate or any of the Collateral, other than such violations or Environmental Liabilities that could not reasonably be expected to have a Material Adverse Effect.

6.12 Sale-Leasebacks. No Credit Party shall engage in any sale-leaseback, synthetic lease or similar transaction involving any of its assets.

6.13 Restricted Payments. No Credit Party shall make any Restricted Payment, except (a) Permitted Intercompany Transactions, (b) payments of principal and interest of Intercompany Notes issued in accordance with Section 6.3, and (c) amounts approved in accordance with other "First Day" orders satisfactory to Agent.

6.14 Change of Corporate Name or Location; Change of Fiscal Year. No Domestic Credit Party shall (a) change its name as it appears in official filings in the state of its incorporation or other organization, (b) change its chief executive office, principal place of business, corporate offices or warehouses or locations at which Collateral is held or stored, or the

location of its records concerning the Collateral, (c) change the type of entity that it is, (d) change its organization identification number, if any, issued by its state of incorporation or other organization, or (e) change its state of incorporation or organization, in each case without at least thirty (30) days prior written notice to Agent and after Agent's written acknowledgment that any reasonable action requested by Agent in connection therewith, including to continue the perfection of any Liens in favor of Agent, on behalf of Lenders, in any Collateral, has been completed or taken, and provided that any such new location shall be in the continental United States. Without limiting the foregoing, no Domestic Credit Party shall change its name, identity or organizational structure in any manner that might make any financing or continuation statement filed in connection herewith seriously misleading within the meaning of Section 9-507(c) of the Code or any other then applicable provision of the Code except upon prior written notice to Agent and Lenders and after Agent's written acknowledgment that any reasonable action requested by Agent in connection therewith, including to continue the perfection of any Liens in favor of Agent, on behalf of Lenders, in any Collateral, has been completed or taken. No Credit Party shall change its Fiscal Year.

6.15 No Impairment of Intercompany Transfers. No Credit Party shall directly or indirectly enter into or become bound by any agreement, instrument, indenture or other obligation (other than this Agreement and the other Loan Documents) that could directly or indirectly restrict, prohibit or require the consent of any Person with respect to the payment of dividends or distributions or the making or repayment of intercompany loans by a Subsidiary of Borrower to Borrower.

6.16 No Speculative Transactions. No Credit Party shall engage in any transaction involving commodity options, futures contracts or similar transactions, except solely to hedge against fluctuations in the prices of commodities owned or purchased by it provided any such transaction is consistent with Credit Parties' hedging policies existing as of the Closing Date, and provided, further, no Credit Party shall change any of its hedging policies existing as of the Closing Date.

6.17 Real Estate Purchases. No Credit Party shall purchase a fee simple ownership interest in Real Estate.

6.18 [Intentionally Omitted]

6.19 Changes Relating to Subordinated Debt. No Credit Party shall change or amend the terms of any Subordinated Debt (or any indenture or agreement in connection therewith) or refinance any such Subordinated Debt if the effect of such change, refinancing or amendment is to: (a) increase the interest rate on such Subordinated Debt; (b) change the dates upon which payments of principal or interest are due on such Subordinated Debt other than to extend such dates; (c) change any default or event of default other than to delete, waive or make less restrictive any default provision therein, or add any covenant with respect to such Subordinated Debt; (d) change the redemption or prepayment provisions of such Subordinated Debt other than to extend the dates therefor or to reduce the premiums payable in connection therewith; (e) grant any security or collateral to secure payment of such Subordinated Debt; or (f) change or amend any other term if such change or amendment would materially increase the obligations of the

Credit Party thereunder or confer additional material rights on the holder of such Subordinated Debt in a manner adverse to any Credit Party, Agent or any Lender.

6.20 Cancellation of Indebtedness. No Credit Party shall cancel any claim or debt owing to it, except for reasonable consideration (which reasonable consideration could be $0 under appropriate circumstances where collection could not reasonably be expected) negotiated on an arm's-length basis and in the ordinary course of its business consistent with past practices and such Credit Party's current credit policies.

6.21 Holdings. Holdings shall not engage in any trade or business, or own any assets (other than Stock of its Subsidiaries and other nominal assets necessary to maintain its corporate existence) or incur any Indebtedness or Guaranteed Indebtedness (other than the Obligations).

6.22 Repayment of Indebtedness. Except pursuant to a confirmed reorganization plan and except as specifically permitted hereunder, no Borrower shall, without the express prior written consent of Agent and Requisite Lenders or pursuant to an order of the Bankruptcy Court after notice and hearing, make any payment or transfer with respect to any Lien or Indebtedness incurred or arising prior to the filing of the Chapter 11 Cases that is subject to the automatic stay provisions of the Bankruptcy Code whether by way of "adequate protection" under the Bankruptcy Code or otherwise.

6.23 Reclamation Claims. No Credit Party shall enter into any agreement to return any of its Inventory to any of its creditors for application against any Prepetition Indebtedness, Prepetition trade payables or other Prepetition claims under Section 546(g) of the Bankruptcy Code or allow any creditor to take any setoff or recoupment against any of its Prepetition Indebtedness, Prepetition trade payables or other Prepetition claims based upon any such return pursuant to Section 553(b)(1) of the Bankruptcy Code or otherwise.

6.24 Agreements. Except as approved in writing by Agent, no Credit Party shall assume, reject, cancel, terminate breach or modify (x) any material agreement, contract, instrument or other documents to which any Credit Party is a party or (y) any other agreement, contract, instrument or other document if such assumption, rejection, cancellation, termination, breach or modification, either individually or in the aggregate, would have a negative effect on the value of the Collateral or a Material Adverse Effect upon Borrower's operations.

6.25 Bankruptcy Matters. Credit Parties shall not (i) incur, create, assume, suffer to exist or permit any other super-priority administrative claim which is pari passu with or senior to the claims of the Agent and the Lenders against the Credit Parties hereunder, except for the Carve Out; (ii) seek or consent to, any modification, stay, vacation or amendment to (A) any First Day Order having a material adverse effect on the rights of the Lenders under this Agreement or (B) the Interim Order and Final Order; (iii) seek or consent to any order seeking authority to take any action that is prohibited by the terms of this Agreement or the other Loan Documents or refrain from taking any action that is required to be taken by the terms of this Agreement or any of the other Loan Documents; or (iv) seek or consent to any plan of reorganization or liquidation unless all of the Obligations are to be paid in full in cash or other immediately available funds and the arrangements provided for herein terminated pursuant thereto prior to or contemporaneously with the effectiveness of such plan.

6.26 Certain Payments. From and after the Petition Date, the Credit Parties shall not make cash expenditures for (i) any "key employee incentive expenses", retention payments and severance payments to employees without the prior written approval of the Agent, which approval shall not be unreasonably withheld, (ii) "utility deposits" in excess of $65,000 in the aggregate or (iii) "critical vendor payments" in excess of those provided for by the First Day Orders.

7. TERM

7.1 Termination. The financing arrangements contemplated hereby shall be in effect until the Commitment Termination Date, and the Loans and all other Obligations shall be automatically due and payable in full on such date.

7.2 Survival of Obligations Upon Termination of Financing Arrangements. Except as otherwise expressly provided for in the Loan Documents, no termination or cancellation (regardless of cause or procedure) of any financing arrangement under this Agreement shall in any way affect or impair the obligations, duties and liabilities of the Credit Parties or the rights of Agent and Lenders relating to any unpaid portion of the Loans or any other Obligations, due or not due, liquidated, contingent or unliquidated or any transaction or event occurring prior to such termination, or any transaction or event, the performance of which is required after the Commitment Termination Date. Except as otherwise expressly provided herein or in any other Loan Document, all undertakings, agreements, covenants, warranties and representations of or binding upon the Credit Parties, and all rights of Agent and each Lender, all as contained in the Loan Documents, shall not terminate or expire, but rather shall survive any such termination or cancellation and shall continue in full force and effect until the Termination Date; provided, that the provisions of Section 11, the payment obligations under Sections 1.15 and 1.16, and the indemnities contained in the Loan Documents shall survive the Termination Date.

8. EVENTS OF DEFAULT; RIGHTS AND REMEDIES

8.1 Events of Default. Notwithstanding the provisions of Section 362 of the Bankruptcy Code and without notice, application or motion to, hearing before, or order of the Bankruptcy Court or any notice to any Credit Party, and subject to Section 8.2(b), the occurrence of any one or more of the following events (regardless of the reason therefor) shall constitute an "Event of Default" hereunder:

(a) Borrower (i) fails to make any payment of principal of, or interest on, or Fees owing in respect of, the Loans or any of the other Obligations when due and payable, or (ii) fails to pay or reimburse Agent or Lenders for any expense reimbursable hereunder or under any other Loan Document within ten (10) days following Agent's demand for such reimbursement or payment of expenses.

(b) Any Credit Party fails or neglects to perform, keep or observe any of the provisions of Sections 1.4, 1.8, 5.4(a), 5.6, 5.10 or 6 of this Agreement, or any of the provisions set forth in Annexes C or G of this Agreement.

(c) Borrower fails or neglects to perform, keep or observe any of the provisions of Section 4 or any provisions set forth in Annexes E or F, respectively, and the same shall remain unremedied for three (3) Business Days or more.

(d) Borrower fails or neglects to perform, keep or observe any of the provisions of Section 5.3 and the same shall remain unremedied for five (5) days or more after the earlier of (i) the Agent giving notice to Borrower of such failure or (ii) the Borrower obtaining knowledge of such failure, or any Credit Party fails or neglects to perform, keep or observe any other provision of this Agreement or of any of the other Loan Documents (other than any provision embodied in or covered by any other clause of this Section 8.1) and the same shall remain unremedied for thirty (30) days or more after the earlier of (i) the Agent giving notice to Borrower of such failure or (ii) the Borrower obtaining knowledge of such failure.

(e) Except for defaults occasioned by the filing of the Chapter 11 Cases and defaults resulting from obligations with respect to which the Bankruptcy Code prohibits any Credit Party from complying or permits any Credit Party not to comply, a default or breach occurs under any other agreement, document or instrument entered into either (x) Prepetition and which is affirmed after the Petition Date or is not subject to the automatic stay provisions of Section 362 of the Bankruptcy Code, or (y) Postpetition, to which any Credit Party is a party that is not cured within any applicable grace period therefor, and such default or breach (i) involves the failure to make any payment when due in respect of any Indebtedness or Guaranteed Indebtedness (other than the Obligations) of any Credit Party in excess of $50,000 in the aggregate (including (x) undrawn committed or available amounts and (y) amounts owing to all creditors under any combined or syndicated credit arrangements), or (ii) causes, or permits any holder of such Indebtedness or Guaranteed Indebtedness or a trustee to cause, Indebtedness or Guaranteed Indebtedness or a portion thereof in excess of $50,000 in the aggregate to become due prior to its stated maturity or prior to its regularly scheduled dates of payment, or cash collateral to be demanded in respect thereof, in each case, regardless of whether such default is waived, or such right is exercised, by such holder or trustee.

(f) Any representation or warranty herein or in any Loan Document or in any written statement, report, financial statement or certificate made or delivered to Agent or any Lender by any Credit Party is untrue or incorrect in any material respect as of the date when made or deemed made.

(g) Assets of any Credit Party with a fair market value of $25,000 or more are attached, seized, levied upon or subjected to a writ or distress warrant, or come within the possession of any receiver, trustee, custodian or assignee for the benefit of creditors of any Credit Party and such condition continues for thirty (30) days or more.

(h) [Intentionally Omitted]

(i) [Intentionally Omitted]

(j) A final judgment or judgments for the payment of money in excess of $25,000 in the aggregate at any time are outstanding against one or more of the Credit Parties (which judgments are not covered by insurance policies as to which liability has been accepted

by the insurance carrier), and the same are not, within thirty (30) days after the entry thereof, discharged or execution thereof stayed or bonded pending appeal, or such judgments are not discharged prior to the expiration of any such stay.

(k) Any material provision of any Loan Document for any reason ceases to be valid, binding and enforceable in accordance with its terms (or any Credit Party shall challenge the enforceability of any Loan Document or shall assert in writing, or engage in any action or inaction based on any such assertion, that any provision of any of the Loan Documents has ceased to be or otherwise is not valid, binding and enforceable in accordance with its terms), or any Lien created under any Loan Document ceases to be a valid and perfected first priority Lien (except as otherwise permitted herein or therein) in any of the Collateral purported to be covered thereby.

(l) Any Change of Control occurs.

(m) The occurrence of any of the following in any Chapter 11 Case:

(i) the bringing of a motion, taking of any action or the filing of any plan of reorganization or disclosure statement attendant thereto by a Credit Party in any Chapter 11 Case: (w) to obtain additional financing under Section 364(c) or (d) of the Bankruptcy Code not otherwise permitted pursuant to this Agreement; (x) to grant any Lien other than Permitted Encumbrances upon or affecting any Collateral; (y) except as provided in the Interim or Final Order, as the case may be, to use cash collateral of Agent under Section 363(c) of the Bankruptcy Code without the prior written consent of the Agent and the Requisite Lenders; or (z) any other action or actions adverse to the Agent and the Lenders or their rights and remedies hereunder or their interest in the Collateral;

(ii) the filing of any plan of reorganization or disclosure statement attendant thereto, or any direct or indirect amendment to such plan or disclosure statement, by Borrower or any other person to which the Agent and the Requisite Lenders do not consent or otherwise agree to the treatment of their claims;

(iii) the challenge by any Credit Party to the validity, extent, perfection, characterization or priority of any liens granted under or in connection with the Prepetition Credit Agreement;

(iv) the entry of an order in any of the Chapter 11 Cases confirming a plan or plans of reorganization or liquidation that does not contain a provision for termination of the Revolving Loan Commitments and repayment in full in cash of all of the Obligations under this Agreement on or before the effective date of such plan or plans;

(v) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the Loan Documents or the Interim Order or the Final Order without the written consent of all of the Lenders or the filing of a motion for reconsideration with respect to the Interim Order of the Final Order;

(vi) the Final Order is not entered immediately following the expiration of the Interim Order;

(vii) the payment of, or application for authority to pay, any Prepetition claim without the Agent's and Requisite Lenders' prior written consent unless otherwise permitted under this Agreement;

(viii) the allowance of any claim or claims under Section 506(c) of the Bankruptcy Code or otherwise against the Agent, any Lender or any of the Collateral or against the Prepetition Agent, any Prepetition Lender or any Prepetition Collateral;

(ix) the appointment of an interim or permanent trustee in any Chapter 11 Case or the appointment of a receiver or an examiner in any Chapter 11 Case with expanded powers to operate or manage the financial affairs, the business, or reorganization of such Credit Party; or the sale without the Agent and Lenders' consent, of all or substantially all of such Credit Parties' assets either through a sale under Section 363 of the Bankruptcy Code, through a confirmed plan of reorganization in the Chapter 11 Cases, or otherwise that does not provide for payment in full in cash of the Obligations and termination of Lenders' commitment to make Loans;

(x) the dismissal of any Chapter 11 Case, or the conversion of any Chapter 11 Case from one under Chapter 11 to one under Chapter 7 of the Bankruptcy Code or the filing by any Credit Party of a motion or other pleading seeking the dismissal of any Chapter 11 Case under Section 1112 of the Bankruptcy Code or otherwise;

(xi) the entry of an order by the Court granting relief from or modifying the automatic stay of Section 362 of the Bankruptcy Code (x) to allow any creditor to execute upon or enforce a Lien on any Collateral, in either case in excess of $100,000, or (y) with respect to any Lien of or the granting of any Lien on any Collateral to any state or local environmental or regulatory agency or authority, in each case with a value in excess of $100,000;

(xii) the commencement of a suit or action against Agent or any Lender and, as to any suit or action brought by any Person other than a Credit Party or a Subsidiary, officer or employee of a Credit Party, the continuation thereof without dismissal for thirty (30) days after service thereof on Agent or such Lender, that asserts or seeks by or on behalf of a Borrower, the Environmental Protection Agency, any state environmental protection or health and safety agency, any official committee in any Chapter 11 Case or any other party in interest in any of the Chapter 11 Cases, (a) a claim in excess of $500,000, (b) any legal or equitable remedy that would have the effect of subordinating any or all of the Obligations or Liens of Agent or any Lender under the Loan Documents to any other claim, (c) would otherwise have a material adverse effect, or (d) have a material adverse effect on the rights and remedies of Agent or any Lender under any Loan Document or the collectability of all or any portion of the Obligations;

(xiii) the filing of a lawsuit, adversary proceeding, claim or counterclaim related to the Borrower, Guarantors or Collateral against the Agent, Lenders, Prepetition Agent or Prepetition Lenders by any Credit Party;

(xiv) the entry of an order in any Chapter 11 Case avoiding or requiring repayment of any portion of the payments made on account of the Obligations owing under this Agreement or the other Loan Documents;

(xv) the failure of any Borrower to perform any of its obligations under the Interim Order or the Final Order;

(xvi) the marshalling of any Collateral;

(xvii) [Intentionally Omitted];

(xviii) the consolidating or combining of Credit Parties with any other Person except pursuant to a confirmed plan of reorganization or liquidation with the prior written consent of the Requisite Lenders;

(xix) the termination or modification of exclusivity as to the proposal of any reorganization or liquidation plan; or

(xx) the entry of an order in any of the Chapter 11 Cases granting any other super priority administrative claim or Lien equal or superior to that granted to Agent, on behalf of itself and Lenders.

(n) Borrower fails to:

(i) within two (2) days of the Petition Date, file a motion, acceptable to Agent in its sole and absolute discretion, providing for the sale of substantially all of the Credit Parties' assets;

(ii) within twenty-five (25) days of the Petition Date, obtain an order, acceptable to Agent in its sole and absolute discretion, approving bidding procedures relating to the sale of substantially all of the Credit Parties' assets;

(iii) by June 12, 2011, obtain an order, acceptable to Agent in its sole and absolute discretion, confirming such sale; or

(iv) by July 1, 2011, consummate such sale.

8.2 Remedies.

(a) If any Default or Event of Default has occurred and is continuing, Agent may (and at the written request of the Requisite Lenders shall), notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before or order from, the Bankruptcy Court, suspend the Revolving Loan Commitments, with respect to additional Advances, whereupon any additional Advances shall be made or incurred in Agent's sole discretion (or in the sole discretion of the Requisite Lenders if such suspension occurred at their direction) so long as such Default or Event of Default is continuing. If any Default or Event of Default has occurred and is continuing, Agent may (and at the written request of Requisite Lenders shall), notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court, except as otherwise expressly provided herein, increase the rate of interest applicable to the Obligations to the Default Rate.

(b) If any Event of Default has occurred and is continuing, Agent may (and at the written request of the Requisite Lenders shall), notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court: (i) terminate the Revolving Loan Commitments and with respect to further Advances; (ii) reduce the Revolving Loan Commitment from time to time; (iii) declare all or any portion of the Obligations, including all or any portion of any Loan to be forthwith due and payable all without presentment, demand, protest or further notice of any kind, all of which are expressly waived by Borrower and each other Credit Party; (iv) direct any or all of the Credit Parties to sell or otherwise dispose of any or all of the Collateral on terms and conditions acceptable to the agent and lenders pursuant to Sections 363, 365 and other applicable provisions of the Bankruptcy Code (and, without limiting the foregoing, direct any Credit Party to assume and assign any lease or executory contract included in the Collateral to Agent's designees in accordance with and subject to Section 365 of the Bankruptcy Code); (v) enter onto the premises of any Credit Party in connection with an orderly liquidation of the Collateral, or (vi) exercise any rights and remedies provided to Agent under the Loan Documents or at law or equity, including all remedies provided under the Code; and pursuant to the Interim Order and the Final Order, the automatic stay of Section 362 of the Bankruptcy Code shall be modified and vacated to permit Lenders to exercise their remedies under this Agreement and the Loan Documents, without further notice, application or motion to, hearing before, or order from, the Bankruptcy Court, provided, however, notwithstanding anything to the contrary contained herein, the Agent shall be permitted to exercise any remedy in the nature of a liquidation of, or foreclosure on, any interest of any Borrower in the Collateral only upon 3 days' prior written notice to such Borrower and counsel approved by the Bankruptcy Court for the Committee. Upon the occurrence of an Event of Default and the exercise by Agent or Lenders of their rights and remedies under this Agreement and the other Loan Documents, Borrowers shall assist Agent and Lenders in effecting a sale or other disposition of the Collateral upon such terms as are acceptable to the Agent and Requisite Lenders.

8.3 Waivers by Credit Parties. Except as otherwise provided for in this Agreement or by applicable law, each Credit Party waives: (a) presentment, demand and protest and notice of presentment, dishonor, notice of intent to accelerate, notice of acceleration, protest, default, nonpayment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Agent on which any Credit Party may in any way be liable, and hereby ratifies and confirms whatever Agent may do in this regard, (b) all rights to notice and a hearing prior to Agent's taking possession or control of, or to Agent's replevy, attachment or levy upon, the Collateral or any bond or security that might be required by any court prior to allowing Agent to exercise any of its remedies, and (c) the benefit of all valuation, appraisal, marshaling and exemption laws.

9. ASSIGNMENT AND PARTICIPATIONS; APPOINTMENT OF AGENT

9.1 Assignment and Participations.

(a) Subject to the terms of this Section 9.1, any Lender may make an assignment to a Qualified Assignee of, or sell participations in, at any time or times, the Loan Documents, Loans, and any Revolving Loan Commitment or any portion thereof or interest

therein, including any Lender's rights, title, interests, remedies, powers or duties thereunder. Any assignment by a Lender shall: (i) require the consent of Agent (which consent shall not be unreasonably withheld or delayed with respect to a Qualified Assignee) and the execution of an assignment agreement (an "Assignment Agreement" substantially in the form attached hereto as Exhibit 9.1(a) and otherwise in form and substance reasonably satisfactory to, and acknowledged by, Agent; (ii) be conditioned on such assignee Lender representing to the assigning Lender and Agent that it is purchasing the applicable Loans to be assigned to it for its own account, for investment purposes and not with a view to the distribution thereof; and (iii) include a payment to Agent of an assignment fee of $3,500. In the case of an assignment by a Lender under this Section 9.1, the assignee shall have, to the extent of such assignment, the same rights, benefits and obligations as all other Lenders hereunder. The assigning Lender shall be relieved of its obligations hereunder with respect to its Revolving Loan Commitments or assigned portion thereof from and after the date of such assignment. Borrower hereby acknowledges and agrees that any assignment shall give rise to a direct obligation of Borrower to the assignee and that the assignee shall be considered to be a "Lender". In all instances, each Lender's liability to make Loans hereunder shall be several and not joint and shall be limited to such Lender's Pro Rata Share of the applicable Revolving Loan Commitment. In the event Agent or any Lender assigns or otherwise transfers all or any part of the Obligations, Agent or any such Lender shall so notify Borrower. Notwithstanding the foregoing provisions of this Section 9.1(a), any Lender may at any time pledge the Obligations held by it and such Lender's rights under this Agreement and the other Loan Documents to a Federal Reserve Bank, and any Lender that is an investment fund may assign the Obligations held by it and such Lender's rights under this Agreement and the other Loan Documents to another investment fund managed by the same investment advisor; provided, that no such pledge to a Federal Reserve Bank shall release such Lender from such Lender's obligations hereunder or under any other Loan Document.

(b) Any participation by a Lender of all or any part of its Revolving Loan Commitments shall be made with the understanding that all amounts payable by Borrower hereunder shall be determined as if that Lender had not sold such participation, and that the holder of any such participation shall not be entitled to require such Lender to take or omit to take any action hereunder except actions directly affecting (i) any reduction in the principal amount of, or interest rate or Fees payable with respect to, any Loan in which such holder participates, (ii) any extension of the scheduled amortization of the principal amount of any Loan in which such holder participates or the final maturity date thereof, and (iii) any release of all or substantially all of the Collateral (other than in accordance with the terms of this Agreement, the Collateral Documents or the other Loan Documents). Solely for purposes of Sections 1.13, 1.15, 1.16 and 9.8, Borrower acknowledges and agrees that a participation shall give rise to a direct obligation of Borrower to the participant and the participant shall be considered to be a "Lender". Except as set forth in the preceding sentence neither Borrower nor any other Credit Party shall have any obligation or duty to any participant. Neither Agent nor any Lender (other than the Lender selling a participation) shall have any duty to any participant and may continue to deal solely with the Lender selling a participation as if no such sale had occurred.

(c) Except as expressly provided in this Section 9.1, no Lender shall, as between Borrower and that Lender, or Agent and that Lender, be relieved of any of its obligations hereunder as a result of any sale, assignment, transfer or negotiation of, or granting of participation in, all or any part of the Loans, or other Obligations owed to such Lender.

(d) Each Credit Party executing this Agreement shall assist any Lender permitted to sell assignments or participations under this Section 9.1 as reasonably required to enable the assigning or selling Lender to effect any such assignment or participation, including the execution and delivery of any and all agreements, notes and other documents and instruments as shall be requested and the preparation of informational materials for, and the participation of management in meetings with, potential assignees or participants. Each Credit Party executing this Agreement shall certify the correctness, completeness and accuracy of all descriptions of the Credit Parties and their respective affairs contained in any selling materials provided by it and all other information provided by it and included in such materials, except that any Projections delivered by Borrower shall only be certified by Borrower as having been prepared by Borrower in compliance with the representations contained in Section 3.4(c).

(e) A Lender may furnish any information concerning Credit Parties in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants); provided that such Lender shall obtain from assignees or participants confidentiality covenants substantially equivalent to those contained in Section 11.8.

(f) [Intentionally Omitted]

9.2 Appointment of Agent. GE Capital is hereby appointed to act on behalf of all Lenders as Agent under this Agreement and the other Loan Documents. Without limiting the generality of the foregoing, each Lender hereby authorizes GE Capital to consent, on behalf of each Lender, to an Interim Order substantially in the form attached as Exhibit A hereto and a Final Order to be negotiated between the Borrowers, Agent and the Committee. The provisions of this Section 9.2 are solely for the benefit of Agent and Lenders and no Credit Party nor any other Person shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement and the other Loan Documents, Agent shall act solely as an agent of Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for any Credit Party or any other Person. Agent shall have no duties or responsibilities except for those expressly set forth in this Agreement and the other Loan Documents. The duties of Agent shall be mechanical and administrative in nature and Agent shall not have, or be deemed to have, by reason of this Agreement, any other Loan Document or otherwise a fiduciary relationship in respect of any Lender. Except as expressly set forth in this Agreement and the other Loan Documents, Agent shall not have any duty to disclose, and shall not be liable for failure to disclose, any information relating to any Credit Party or any of their respective Subsidiaries or any Account Debtor that is communicated to or obtained by GE Capital or any of its Affiliates in any capacity. Neither Agent nor any of its Affiliates nor any of their respective officers, directors, employees, agents or representatives shall be liable to any Lender for any action taken or omitted to be taken by it hereunder or under any other Loan Document, or in connection herewith or therewith, except for damages caused by its or their own gross negligence or willful misconduct.

If Agent shall request instructions from Requisite Lenders or all affected Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Loan Document, then Agent shall be entitled to refrain from such act or taking such action unless and until Agent shall have received instructions from Requisite Lenders or all affected Lenders, as the case may be, and Agent shall not incur liability to any Person by reason

of so refraining. Agent shall be fully justified in failing or refusing to take any action hereunder or under any other Loan Document (a) if such action would, in the opinion of Agent, be contrary to law or the terms of this Agreement or any other Loan Document, (b) if such action would, in the opinion of Agent, expose Agent to Environmental Liabilities or (c) if Agent shall not first be indemnified to its satisfaction against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Agent as a result of Agent acting or refraining from acting hereunder or under any other Loan Document in accordance with the instructions of Requisite Lenders or all affected Lenders, as applicable.

9.3 Agent's Reliance, Etc. Neither Agent nor any of its Affiliates nor any of their respective directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or the other Loan Documents, except for damages caused by its or their own gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. Without limiting the generality of the foregoing, Agent: (a) [Intentionally Omitted]; (b) may consult with legal counsel, independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken by it in good faith in accordance with the advice of such counsel, accountants or experts; (c) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations made in or in connection with this Agreement or the other Loan Documents; (d) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement or the other Loan Documents on the part of any Credit Party or to inspect the Collateral (including the books and records) of any Credit Party; (e) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or the other Loan Documents or any other instrument or document furnished pursuant hereto or thereto; and (f) shall incur no liability under or in respect of this Agreement or the other Loan Documents by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopy, telegram, cable or telex) believed by it to be genuine and signed or sent by the proper party or parties.

9.4 GE Capital and Affiliates. With respect to its Revolving Loan Commitments hereunder, GE Capital shall have the same rights and powers under this Agreement and the other Loan Documents as any other Lender and may exercise the same as though it were not Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include GE Capital in its individual capacity. GE Capital and its Affiliates may lend money to, invest in, and generally engage in any kind of business with, any Credit Party, any of their Affiliates and any Person who may do business with or own securities of any Credit Party or any such Affiliate, all as if GE Capital were not Agent and without any duty to account therefor to Lenders. GE Capital and its Affiliates may accept fees and other consideration from any Credit Party for services in connection with this Agreement or otherwise without having to account for the same to Lenders. Each Lender acknowledges the potential conflict of interest between GE Capital as a Lender and GE Capital as Agent.

9.5 Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon Agent or any other Lender and based on the Financial Statements referred to in Section 3.4(a) and such other documents and information as it has deemed

appropriate, made its own credit and financial analysis of the Credit Parties and its own decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement. Each Lender acknowledges the potential conflict of interest of each other Lender as a result of Lenders holding disproportionate interests in the Loans, and expressly consents to, and waives any claim based upon, such conflict of interest.

9.6 Indemnification. Lenders agree to indemnify Agent (to the extent not reimbursed by Credit Parties and without limiting the obligations of Credit Parties hereunder), ratably according to their respective Pro Rata Shares, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against Agent in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted to be taken by Agent in connection therewith; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from Agent's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction. Without limiting the foregoing, each Lender agrees to reimburse Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable attorney's fees) incurred by Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and each other Loan Document, to the extent that Agent is not reimbursed for such expenses by Credit Parties.

9.7 Successor Agent. Agent may resign at any time by giving not less than thirty (30) days' prior written notice thereof to Lenders and Borrower. Upon any such resignation, the Requisite Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Requisite Lenders and shall have accepted such appointment within thirty (30) days after the resigning Agent's giving notice of resignation, then the resigning Agent may, on behalf of Lenders, appoint a successor Agent, which shall be a Lender, if a Lender is willing to accept such appointment, or otherwise shall be a commercial bank or financial institution or a subsidiary of a commercial bank or financial institution if such commercial bank or financial institution is organized under the laws of the United States of America or of any State thereof and has a combined capital and surplus of at least $300,000,000. If no successor Agent has been appointed pursuant to the foregoing, within thirty (30) days after the date such notice of resignation was given by the resigning Agent, such resignation shall become effective and the Requisite Lenders shall thereafter perform all the duties of Agent hereunder until such time, if any, as the Requisite Lenders appoint a successor Agent as provided above. Any successor Agent appointed by Requisite Lenders hereunder shall be subject to the approval of Borrower, such approval not to be unreasonably withheld or delayed; provided that such approval shall not be required if a Default or an Event of Default has occurred and is continuing. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the resigning Agent. Upon the earlier of the acceptance of any appointment as Agent hereunder by a successor Agent or the effective date of the resigning Agent's resignation,

the resigning Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents, except that any indemnity rights or other rights in favor of such resigning Agent shall continue. After any resigning Agent's resignation hereunder, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was acting as Agent under this Agreement and the other Loan Documents.

9.8 Setoff and Sharing of Payments. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and during the continuance of any Event of Default and subject to Section 9.9(f), each Lender is hereby authorized (notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court) at any time or from time to time, without prior notice to any Credit Party or to any Person other than Agent, any such notice being hereby expressly waived, to offset and to appropriate and to apply any and all balances held by it at any of its offices for the account of Borrower or any Guarantor (regardless of whether such balances are then due to Borrower or any Guarantor) and any other properties or assets at any time held or owing by that Lender or that holder to or for the credit or for the account of Borrower or any Guarantor against and on account of any of the Obligations that are not paid when due; provided that the Lender exercising such offset rights shall give notice thereof to the affected Credit Party promptly after exercising such rights. Any Lender exercising a right of setoff or otherwise receiving any payment on account of the Obligations in excess of its Pro Rata Share thereof shall purchase for cash (and the other Lenders or holders shall sell) such participations in each such other Lender's or holder's Pro Rata Share of the Obligations as would be necessary to cause such Lender to share the amount so offset or otherwise received with each other Lender or holder in accordance with their respective Pro Rata Shares, (other than offset rights exercised by any Lender with respect to Sections 1.13, 1.15 or 1.16). Borrower and each Guarantor agrees, to the fullest extent permitted by law (notwithstanding the provisions of Section 362 of the Bankruptcy Code, without any application, motion or notice to, hearing before, or order from, the Bankruptcy Court), that (a) any Lender may exercise its right to offset with respect to amounts in excess of its Pro Rata Share of the Obligations and may sell participations in such amounts so offset to other Lenders and holders and (b) any Lender so purchasing a participation in the Loans made or other Obligations held by other Lenders or holders may exercise all rights of offset, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Lender or holder were a direct holder of the Loans and the other Obligations in the amount of such participation. Notwithstanding the foregoing, if all or any portion of the offset amount or payment otherwise received is thereafter recovered from the Lender that has exercised the right of offset, the purchase of participations by that Lender shall be rescinded and the purchase price restored without interest.

9.9 Advances; Payments; Non-Funding Lenders; Information; Actions in Concert.

(a) Advances; Payments.

(i) Agent shall notify Revolving Lenders, promptly after receipt of a Notice of Revolving Credit Advance and in any event prior to 1:00 p.m. (New York time) on the date such Notice of Revolving Advance is received, by telecopy, telephone or other similar form of transmission. Each Revolving Lender shall make the amount of such Lender's Pro Rata Share

of such Revolving Credit Advance available to Agent in same day funds by wire transfer to Agent's account as set forth in Annex H not later than 3:00 p.m. (New York time) on the requested funding date, in the case of an Index Rate Loan and not later than 11:00 a.m. (New York time) on the requested funding date in the case of a LIBOR Loan. After receipt of such wire transfers (or, in the Agent's sole discretion, before receipt of such wire transfers), subject to the terms hereof, Agent shall make the requested Revolving Credit Advance to Borrower. All payments by each Revolving Lender shall be made without setoff, counterclaim or deduction of any kind.

(ii) Not less than once during each calendar week or more frequently at Agent's election (each, a "Settlement Date"), Agent shall advise each Lender by telephone, or telecopy of the amount of such Lender's Pro Rata Share of principal, interest and Fees paid for the benefit of Lenders with respect to each applicable Loan. Provided that each Lender has funded all payments and Advances required to be made by it and purchased all participations required to be purchased by it under this Agreement and the other Loan Documents as of such Settlement Date, Agent shall pay to each Lender such Lender's Pro Rata Share of principal, interest and Fees paid by Borrower since the previous Settlement Date for the benefit of such Lender on the Loans held by it. To the extent that any Lender (a "Non-Funding Lender") has failed to fund all such payments and Advances or failed to fund the purchase of all such participations, Agent shall be entitled to set off the funding short-fall against that Non-Funding Lender's Pro Rata Share of all payments received from Borrower. Such payments shall be made by wire transfer to such Lender's account (as specified by such Lender in Annex H or the applicable Assignment Agreement) not later than 2:00 p.m. (New York time) on the next Business Day following each Settlement Date.

(b) Availability of Lender's Pro Rata Share. Agent may assume that each Revolving Lender will make its Pro Rata Share of each Revolving Credit Advance available to Agent on each funding date. If such Pro Rata Share is not, in fact, paid to Agent by such Revolving Lender when due, Agent will be entitled to recover such amount on demand from such Revolving Lender without setoff, counterclaim or deduction of any kind. If any Revolving Lender fails to pay the amount of its Pro Rata Share forthwith upon Agent's demand, Agent shall promptly notify Borrower and Borrower shall immediately repay such amount to Agent. Nothing in this Section 9.9(b) or elsewhere in this Agreement or the other Loan Documents shall be deemed to require Agent to advance funds on behalf of any Revolving Lender or to relieve any Revolving Lender from its obligation to fulfill its Revolving Loan Commitments hereunder or to prejudice any rights that Borrower may have against any Revolving Lender as a result of any default by such Revolving Lender hereunder. To the extent that Agent advances funds to Borrower on behalf of any Revolving Lender and is not reimbursed therefor on the same Business Day as such Advance is made, Agent shall be entitled to retain for its account all interest accrued on such Advance until reimbursed by the applicable Revolving Lender.

(c) Return of Payments.

(i) If Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Agent from Borrower and such related payment is not received by Agent, then Agent will be entitled to recover such amount from such Lender on demand without setoff, counterclaim or deduction of any kind.

(ii) If Agent determines at any time that any amount received by Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any insolvency law or otherwise, then, notwithstanding any other term or condition of this Agreement or any other Loan Document, Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Agent on demand any portion of such amount that Agent has distributed to such Lender, together with interest at such rate, if any, as Agent is required to pay to Borrower or such other Person, without setoff, counterclaim or deduction of any kind.

(d) Non-Funding Lenders. The failure of any Non-Funding Lender to make any Revolving Credit Advance or any payment required by it hereunder shall not relieve any other Lender (each such other Revolving Lender, an "Other Lender") of its obligations to make such Advance or purchase such participation on such date, but neither any Other Lender nor Agent shall be responsible for the failure of any Non-Funding Lender to make an Advance, purchase a participation or make any other payment required hereunder. Notwithstanding anything set forth herein to the contrary, a Non-Funding Lender shall not have any voting or consent rights under or with respect to any Loan Document or constitute a "Lender" or a "Revolving Lender" (or be included in the calculation of "Requisite Lenders" hereunder) for any voting or consent rights under or with respect to any Loan Document. At Borrower's request, Agent or a Person acceptable to Agent shall have the right with Agent's consent and in Agent's sole discretion (but shall have no obligation) to purchase from any Non-Funding Lender, and each Non-Funding Lender agrees that it shall, at Agent's request, sell and assign to Agent or such Person, all of the Revolving Loan Commitments of that Non-Funding Lender for an amount equal to the principal balance of all Loans held by such Non-Funding Lender and all accrued interest and fees with respect thereto through the date of sale, such purchase and sale to be consummated pursuant to an executed Assignment Agreement.

(e) Dissemination of Information. Agent shall use reasonable efforts to provide Lenders with any notice of Default or Event of Default received by Agent from, or delivered by Agent to, any Credit Party, with notice of any Event of Default of which Agent has actually become aware and with notice of any action taken by Agent following any Event of Default; provided, that Agent shall not be liable to any Lender for any failure to do so, except to the extent that such failure is attributable to Agent's gross negligence or willful misconduct. Agent shall use reasonable efforts to provide Lenders with (i) Financial Statements and other notices delivered by any Credit Party in accordance with Annexes E and F to Agent and (ii) any other information reasonably requested by any Lender related to the transactions contemplated by this Agreement and the other Loan Documents.

(f) Actions in Concert. Anything in this Agreement to the contrary notwithstanding, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of this Agreement (including exercising any rights of setoff) without first obtaining the prior written consent of Agent and Requisite Lenders, it being the intent of Lenders that any such action to protect or enforce rights under this Agreement shall be taken in concert and at the direction or with the consent of Agent or Requisite Lenders.

10. INTENTIONALLY OMITTED

11. MISCELLANEOUS

11.1 Complete Agreement; Modification of Agreement. The Loan Documents constitute the complete agreement between the parties with respect to the subject matter thereof and may not be modified, altered or amended except as set forth in Section 11.2. Any letter of interest, commitment letter, fee letter or confidentiality agreement, if any, between any Credit Party and Agent or any Lender or any of their respective Affiliates, predating this Agreement and relating to a financing of substantially similar form, purpose or effect shall be superseded by this Agreement. Notwithstanding the foregoing, the GE Capital Fee Letter between Agent and Borrower shall survive the execution and delivery of this Agreement and shall continue to be binding obligations of the parties.

11.2 Amendments and Waivers.

(a) Except for actions expressly permitted to be taken by Agent, no amendment, modification, termination or waiver of any provision of this Agreement or any other Loan Document, or any consent to any departure by any Credit Party therefrom, shall in any event be effective unless the same shall be in writing and signed by Agent and Borrower, and by Requisite Lenders or all affected Lenders, as applicable. Except as set forth in clauses (b) and (c) below, all such amendments, modifications, terminations or waivers requiring the consent of any Lenders shall require the written consent of Requisite Lenders.

(b) No amendment, modification, termination or waiver of or consent with respect to any provision of this Agreement that waives compliance with the conditions precedent set forth in Section 2.2 to the making of any Loan shall be effective unless the same shall be in writing and signed by Agent, Requisite Lenders and Borrower. Notwithstanding anything contained in this Agreement to the contrary, no waiver or consent with respect to any Default or any Event of Default shall be effective for purposes of the conditions precedent to the making of Loans set forth in Section 2.2 unless the same shall be in writing and signed by Agent, Requisite Lenders and Borrower.

(c) No amendment, modification, termination or waiver shall, unless in writing and signed by Agent and each Lender directly affected thereby: (i) increase the principal amount of any Lender's Revolving Loan Commitment (which action shall be deemed only to affect those Lenders whose Revolving Loan Commitments are increased and may be approved by Requisite Lenders, including those lenders whose Revolving Loan Commitments are increased); (ii) reduce the principal of, rate of interest on or Fees payable with respect to any Loan of any affected Lender; (iii) extend any scheduled payment date (other than payment dates of mandatory prepayments under Section 1.3(b)(ii)-(iv) or final maturity date of the principal amount of any Loan of any affected Lender; (iv) waive, forgive, defer, extend or postpone any payment of interest or Fees as to any affected Lender; (v) release any Guaranty (other than in connection with the disposition of capital stock of any Guarantor that is consented to by the Requisite Lenders) or, except as otherwise permitted herein or in the other Loan Documents, release, or permit any Credit Party to sell or otherwise dispose of, any Collateral with a value exceeding $250,000 in the aggregate during the term of this Agreement (which action shall be deemed to directly affect all Lenders); (vi) subordinate the Agent's Liens in the Collateral to the Liens of any other creditor; (vii) reserved, (viii) change the percentage of the Revolving Loan

Commitments or of the aggregate unpaid principal amount of the Loans that shall be required for Lenders or any of them to take any action hereunder; and (ix) amend or waive this Section 11.2 or the definitions of the terms "Requisite Lenders" insofar as such definitions affect the substance of this Section 11.2. Furthermore, no amendment, modification, termination or waiver affecting the rights or duties of Agent under this Agreement or any other Loan Document shall be effective unless in writing and signed by Agent in addition to Lenders required hereinabove to take such action. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given. No amendment, modification, termination or waiver shall be required for Agent to take additional Collateral pursuant to any Loan Document. No notice to or demand on any Credit Party in any case shall entitle such Credit Party or any other Credit Party to any other or further notice or demand in similar or other circumstances.

(d) If, in connection with any proposed amendment, modification, waiver or termination (a "Proposed Change"):

(i) requiring the consent of all affected Lenders, the consent of Requisite Lenders is obtained, but the consent of other Lenders whose consent is required is not obtained (any such Lender whose consent is not obtained as described in this clause (i) and in clause (ii) below being referred to as a "Non Consenting Lender"); or

(ii) requiring the consent of Requisite Lenders, the consent of Lenders holding 51% or more of the aggregate Revolving Loan Commitments is obtained, but the consent of Requisite Lenders is not obtained;

then, so long as Agent is not a Non Consenting Lender, at Borrower's request Agent, or a Person reasonably acceptable to Agent, shall have the right with Agent's consent and in Agent's sole discretion (but shall have no obligation) to purchase from such Non Consenting Lenders, and such Non Consenting Lenders agree that they shall, upon Agent's request, sell and assign to Agent or such Person, all of the Revolving Loan Commitments of such Non Consenting Lenders for an amount equal to the principal balance of all Loans held by the Non Consenting Lenders and all accrued interest and Fees with respect thereto through the date of sale, such purchase and sale to be consummated pursuant to an executed Assignment Agreement.

(e) Upon payment in full in cash and performance of all of the Obligations (other than indemnification Obligations), termination of the Revolving Loan Commitments and a release of all claims against Agent and Lenders, and in the event that in the reasonable judgment of the Agent or the Requisite Lenders any material and nonfrivolous suits, actions, proceedings, or claims are pending or threatened in writing against any Indemnified Person asserting any damages, losses or liabilities that are Indemnified Liabilities, upon the cash collateralization or other assurance of payment by the Credit Parties of such Indemnified Liabilities arising from such pending or threatened suits, action, proceedings or claims, in each case in an amount and on other terms satisfactory to the Agent or the Requisite Lenders in their reasonable credit judgment, Agent shall deliver to Borrower termination statements, mortgage releases and other documents necessary or appropriate to evidence the termination of the Liens securing payment of the Obligations.

11.3 Fees and Expenses. Borrower shall reimburse (i) Agent for all fees, costs and expenses (including the reasonable fees and expenses of all of its counsel, advisors, consultants and auditors) and (ii) Agent and all Lenders for all fees, costs and expenses, including the reasonable fees, costs and expenses of counsel or other advisors (including environmental and management consultants and appraisers) incurred in connection with the negotiation, preparation and filing and/or recordation of the Loan Documents and incurred in connection with:

(a) the forwarding to Borrower or any other Person on behalf of Borrower by Agent of the proceeds of any Loan;

(b) any amendment, modification or waiver of, or consent with respect to, or termination of, any of the Loan Documents or advice in connection with the syndication and administration of the Loans made pursuant hereto or its rights hereunder or thereunder;

(c) any litigation, contest, dispute, suit, proceeding or action (whether instituted by Agent, any Lender, any Credit Party or any other Person and whether as a party, witness or otherwise) in any way relating to the Collateral, any of the Loan Documents, the Prepetition Loan Documents or any other agreement to be executed or delivered in connection herewith or therewith, including any litigation, contest, dispute, suit, case, proceeding or action, and any appeal or review thereof, in connection with a case commenced by or against any or all of the Credit Parties or any other Person that may be obligated to Agent by virtue of the Loan Documents, including any such litigation, contest, dispute, suit, proceeding or action arising in connection with any work-out or restructuring of the Loans during the pendency of one or more Events of Default; provided, further, that no Person shall be entitled to reimbursement under this clause (c) in respect of any litigation, contest, dispute, suit, proceeding or action to the extent any of the foregoing results from such Person's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction;

(d) any attempt to enforce any remedies of Agent or any Lender against any or all of the Credit Parties or any other Person that may be obligated to Agent or any Lender by virtue of any of the Loan Documents, including any such attempt to enforce any such remedies in the course of any work-out or restructuring of the Loans during the pendency of one or more Events of Default;

(e) the obtaining of approval of the Loan Documents by the Bankruptcy Court;

(f) the preparation and review of pleadings, documents and reports related to any Chapter 11 Case and any subsequent case under Chapter 7 of the Bankruptcy Code, attendance at meetings, court hearings or conferences related to any Chapter 11 Case and any subsequent case under Chapter 7 of the Bankruptcy Code, and general monitoring of any Chapter 11 Case and any subsequent case under Chapter 7 of the Bankruptcy Code;

(g) any workout or restructuring of the Loans during the pendency of one or more Events of Default; and

(h) efforts to (i) monitor the Collateral, the Loans or any of the other Obligations, (ii) evaluate, observe or assess any of the Credit Parties or their respective affairs,

and (iii) verify, protect, evaluate, assess, appraise, collect, sell, liquidate or otherwise dispose of any of the Collateral;

including, as to each of clauses (a) through (h) above, all reasonable attorneys' and other professional and service providers' fees arising from such services and other advice, assistance or other representation, including those in connection with any appellate proceedings, and all expenses, costs, charges and other fees incurred by such counsel and others in connection with or relating to any of the events or actions described in this Section 11.3, all of which shall be payable, on demand, by Borrower to Agent. Without limiting the generality of the foregoing, such expenses, costs, charges and fees may include: fees, costs and expenses of accountants, environmental advisors, appraisers, investment bankers, management and other consultants and paralegals; court costs and expenses; photocopying and duplication expenses; court reporter fees, costs and expenses; long distance telephone charges; air express charges; telegram or telecopy charges; secretarial overtime charges; and expenses for travel, lodging and food paid or incurred in connection with the performance of such legal or other advisory services.

11.4 No Waiver. Agent's or any Lender's failure, at any time or times, to require strict performance by the Credit Parties of any provision of this Agreement or any other Loan Document shall not waive, affect or diminish any right of Agent or such Lender thereafter to demand strict compliance and performance herewith or therewith. Any suspension or waiver of an Event of Default shall not suspend, waive or affect any other Event of Default whether the same is prior or subsequent thereto and whether the same or of a different type. Subject to the provisions of Section 11.2, none of the undertakings, agreements, warranties, covenants and representations of any Credit Party contained in this Agreement or any of the other Loan Documents and no Default or Event of Default by any Credit Party shall be deemed to have been suspended or waived by Agent or any Lender, unless such waiver or suspension is by an instrument in writing signed by an officer of or other authorized employee of Agent and the applicable required Lenders and directed to Borrower specifying such suspension or waiver.

11.5 Remedies. Agent's and Lenders' rights and remedies under this Agreement shall be cumulative and nonexclusive of any other rights and remedies that Agent or any Lender may have under any other agreement, including the other Loan Documents, by operation of law or otherwise. Recourse to the Collateral shall not be required.

11.6 Severability. Wherever possible, each provision of this Agreement and the other Loan Documents shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement or any other Loan Document shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement or such other Loan Document.

11.7 Conflict of Terms. Except as otherwise provided in this Agreement or any of the other Loan Documents by specific reference to the applicable provisions of this Agreement, AND SUBJECT TO THE IMMEDIATELY FOLLOWING SENTENCE, if any provision contained in this Agreement conflicts with any provision in any of the other Loan Documents, the provision contained in this Agreement shall govern and control. NOTWITHSTANDING THE FOREGOING, IF ANY PROVISION IN THIS AGREEMENT OR ANY OTHER LOAN

DOCUMENT CONFLICTS WITH ANY PROVISION IN THE INTERIM ORDER OR FINAL ORDER, THE PROVISION IN THE INTERIM ORDER OR FINAL ORDER SHALL GOVERN AND CONTROL.

11.8 Confidentiality. Agent and each Lender agree to use commercially reasonable efforts (equivalent to the efforts Agent or such Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all confidential information provided to them by the Credit Parties and designated as confidential for a period of two (2) years following receipt thereof, except that Agent and each Lender may disclose such information (a) to Persons employed or engaged by Agent or such Lender; (b) to any bona fide assignee or participant or potential assignee or participant that has agreed to comply with the covenant contained in this Section 11.8 (and any such bona fide assignee or participant or potential assignee or participant may disclose such information to Persons employed or engaged by them as described in clause (a) above); (c) as required or requested by any Governmental Authority or reasonably believed by Agent or such Lender to be compelled by any court decree, subpoena or legal or administrative order or process; (d) as, on the advice of Agent's or such Lender's counsel, is required by law; (e) in connection with the exercise of any right or remedy under the Loan Documents or in connection with any Litigation to which Agent or such Lender is a party; or (f) that ceases to be confidential through no fault of Agent or any Lender.

11.9 GOVERNING LAW. **EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN ANY OF THE LOAN DOCUMENTS, IN ALL RESPECTS, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, THE LOAN DOCUMENTS AND THE OBLIGATIONS SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF GEORGIA APPLICABLE TO CONTRACTS MADE AND PERFORMED IN THAT STATE AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA (INCLUDING THE BANKRUPTCY CODE). EACH CREDIT PARTY HEREBY CONSENTS AND AGREES THAT THE BANKRUPTCY COURT SHALL HAVE EXCLUSIVE JURISDICTION TO HEAR AND DETERMINE ANY CLAIMS OR DISPUTES BETWEEN THE CREDIT PARTIES, AGENT AND LENDERS PERTAINING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR TO ANY MATTER ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS; PROVIDED, THAT AGENT, LENDERS AND THE CREDIT PARTIES ACKNOWLEDGE THAT ANY APPEALS FROM THE BANKRUPTCY COURT MAY HAVE TO BE HEARD BY A COURT OTHER THAN THE BANKRUPTCY COURT; PROVIDED, FURTHER THAT NOTHING IN THIS AGREEMENT SHALL BE DEEMED OR OPERATE TO PRECLUDE AGENT FROM BRINGING SUIT OR TAKING OTHER LEGAL ACTION IN ANY OTHER JURISDICTION TO REALIZE ON THE COLLATERAL OR ANY OTHER SECURITY FOR THE OBLIGATIONS, OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN FAVOR OF AGENT. EACH CREDIT PARTY EXPRESSLY SUBMITS AND CONSENTS IN ADVANCE TO SUCH JURISDICTION IN ANY ACTION OR SUIT COMMENCED IN ANY SUCH COURT, AND EACH CREDIT PARTY HEREBY WAIVES ANY OBJECTION THAT SUCH CREDIT PARTY MAY HAVE BASED UPON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE OR FORUM NON CONVENIENS AND HEREBY CONSENTS TO THE GRANTING OF**

SUCH LEGAL OR EQUITABLE RELIEF AS IS DEEMED APPROPRIATE BY SUCH COURT. EACH CREDIT PARTY HEREBY WAIVES PERSONAL SERVICE OF THE SUMMONS, COMPLAINT AND OTHER PROCESS ISSUED IN ANY SUCH ACTION OR SUIT AND AGREES THAT SERVICE OF SUCH SUMMONS, COMPLAINTS AND OTHER PROCESS MAY BE MADE BY REGISTERED OR CERTIFIED MAIL ADDRESSED TO SUCH CREDIT PARTY AT THE ADDRESS SET FORTH IN ANNEX I OF THIS AGREEMENT AND THAT SERVICE SO MADE SHALL BE DEEMED COMPLETED UPON THE EARLIER OF SUCH CREDIT PARTY'S ACTUAL RECEIPT THEREOF OR THREE (3) DAYS AFTER DEPOSIT IN THE UNITED STATES MAILS, PROPER POSTAGE PREPAID.

11.10 Notices. Except as otherwise provided herein, whenever it is provided herein that any notice, demand, request, consent, approval, declaration or other communication shall or may be given to or served upon any of the parties by any other parties, or whenever any of the parties desires to give or serve upon any other parties any communication with respect to this Agreement, each such notice, demand, request, consent, approval, declaration or other communication shall be in writing and shall be deemed to have been validly served, given or delivered (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the United States Mail, registered or certified mail, return receipt requested, with proper postage prepaid, (b) upon transmission, when sent by telecopy or other similar facsimile transmission (with such telecopy or facsimile promptly confirmed by delivery of a copy by personal delivery or United States Mail as otherwise provided in this Section 11.10); (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated in Annex I or to such other address (or facsimile number) as may be substituted by notice given as herein provided. The giving of any notice required hereunder may be waived in writing by the party entitled to receive such notice. Failure or delay in delivering copies of any notice, demand, request, consent, approval, declaration or other communication to any Person (other than Borrower or Agent) designated in Annex I to receive copies shall in no way adversely affect the effectiveness of such notice, demand, request, consent, approval, declaration or other communication.

11.11 Section Titles. The Section titles and Table of Contents contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

11.12 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which shall collectively and separately constitute one agreement.

11.13 WAIVER OF JURY TRIAL. **BECAUSE DISPUTES ARISING IN CONNECTION WITH COMPLEX FINANCIAL TRANSACTIONS ARE MOST QUICKLY AND ECONOMICALLY RESOLVED BY AN EXPERIENCED AND EXPERT PERSON AND THE PARTIES WISH APPLICABLE STATE AND FEDERAL LAWS TO APPLY (RATHER THAN ARBITRATION RULES), THE PARTIES DESIRE THAT THEIR DISPUTES BE RESOLVED BY A JUDGE APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND OF ARBITRATION, THE**

PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT, OR PROCEEDING BROUGHT TO RESOLVE ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG AGENT, LENDERS AND ANY CREDIT PARTY ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS RELATED THERETO.

11.14 Press Releases and Related Matters. Each Credit Party executing this Agreement agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of GE Capital or its affiliates or referring to this Agreement or the other Loan Documents without at least two (2) Business Days' prior notice to GE Capital and without the prior written consent of GE Capital unless (and only to the extent that) such Credit Party or Affiliate is required to do so under law and then, in any event, such Credit Party or Affiliate will consult with GE Capital before issuing such press release or other public disclosure. Each Credit Party consents to the publication by Agent or any Lender of a tombstone or similar advertising material relating to the financing transactions contemplated by this Agreement using Borrower's name, product photographs, logo or trademark. Agent or such Lender shall provide a draft of any such tombstone or similar advertising material to each Credit Party for review and comment prior to the publication thereof. Agent reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements.

11.15 Reinstatement. This Agreement shall remain in full force and effect and continue to be effective should receiver or trustee be appointed for all or any significant part of any Credit Party's assets, and shall continue to be effective or to be reinstated, as the case may be, if at any time payment and performance of the Obligations, or any part thereof, is, pursuant to applicable law, rescinded or reduced in amount, or must otherwise be restored or returned by any obligee of the Obligations, whether as a "voidable preference," "fraudulent conveyance," or otherwise, all as though such payment or performance had not been made. In the event that any payment, or any part thereof, is rescinded, reduced, restored or returned, the Obligations shall be reinstated and deemed reduced only by such amount paid and not so rescinded, reduced, restored or returned.

11.16 Advice of Counsel. Each of the parties represents to each other party hereto that it has discussed this Agreement and, specifically, the provisions of Sections 11.9 and 11.13, with its counsel.

11.17 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

11.18 Parties Including Trustees; Bankruptcy Court Proceedings. This Agreement, the other Loan Documents, and all Liens and other rights and privileges created hereby or pursuant hereto or to any other Loan Document shall be binding upon each Credit Party, the estate of each

Credit Party, and any trustee, other estate representative or any successor in interest of any Credit Party in any Chapter 11 Case or any subsequent case commenced under Chapter 7 of the Bankruptcy Code, and shall not be subject to Section 365 of the Bankruptcy Code. This Agreement and the other Loan Documents shall be binding upon, and inure to the benefit of, the successors of Agent and Lenders and their respective assigns, transferees and endorsees. The Liens created by this Agreement and the other Loan Documents shall be and remain valid and perfected in the event of the substantive consolidation or conversion of any Chapter 11 Case or any other bankruptcy case of any Credit Party to a case under Chapter 7 of the Bankruptcy Code or in the event of dismissal of any Chapter 11 Case or the release of any Collateral from the jurisdiction of the Bankruptcy Court for any reason, without the necessity that Agent file financing statements or otherwise perfect its Liens under applicable law. No Credit Party may assign, transfer, hypothecate or otherwise convey its rights, benefits, obligations or duties hereunder or under any of the other Loan Documents without the prior express written consent of Agent and Lenders. Any such purported assignment, transfer, hypothecation or other conveyance by any Credit Party without the prior express written consent of Agent and Lenders shall be void. The terms and provisions of this Agreement are for the purpose of defining the relative rights and obligations of each Credit Party, Agent and Lenders with respect to the transactions contemplated hereby and no Person shall be a third party beneficiary of any of the terms and provisions of this Agreement or any of the other Loan Documents.

Signature Page Follows

IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first written above.

BORROWER:

SCOVILL FASTENERS INC.

By:_____
Name: Stewart Little
Title: President and Chief Executive Officer

AGENTS AND LENDERS:

GENERAL ELECTRIC CAPITAL CORPORATION, as Agent and Lender

By:_____
Name: Robert A. Miller
Title: Its Duly Authorized Signatory

UPS CAPITAL CORPORATION, as Lender

By:_____
Name: William Talbot
Title: Its Duly Authorized Signatory

The following Persons are signatories to this Agreement in their capacity as Credit Parties and not as Borrowers.

SCOVILL, INC.

By:_____
Name: Stewart Little
Title: President and Chief Executive Officer

RAU FASTENER COMPANY, L.L.C.

By:_____
Name: Stewart Little
Title: President and Chief Executive Officer

SCOMEX, INC.

By:_____
Name: Stewart Little
Title: President and Chief Executive Officer

PCI GROUP, INC.

By:_____
Name: Stewart Little
Title: President and Chief Executive Officer

ANNEX A (Recitals)

to

CREDIT AGREEMENT

DEFINITIONS

Capitalized terms used in the Loan Documents shall have (unless otherwise provided elsewhere in the Loan Documents) the following respective meanings and all references to Sections, Exhibits, Disclosure Schedules or Annexes in the following definitions shall refer to Sections, Exhibits, Disclosure Schedules or Annexes of or to the Agreement:

"Account Debtor" means any Person who may become obligated to any Credit Party under, with respect to, or on account of, an Account, Chattel Paper or General Intangibles (including a payment intangible).

"Accounting Changes" has the meaning ascribed thereto in Annex G.

"Accounts" means all "accounts," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, including (a) all accounts receivable, other receivables, book debts and other forms of obligations (other than forms of obligations evidenced by Chattel Paper, Documents or Instruments), (including any such obligations that may be characterized as an account or contract right under the Code), (b) all of each Credit Party's rights in, to and under all purchase orders or receipts for goods or services, (c) all of each Credit Party's rights to any goods represented by any of the foregoing (including unpaid sellers' rights of rescission, replevin, reclamation and stoppage in transit and rights to returned, reclaimed or repossessed goods), (d) all rights to payment due to any Credit Party for property sold, leased, licensed, assigned or otherwise disposed of, for a policy of insurance issued or to be issued, for a secondary obligation incurred or to be incurred, for energy provided or to be provided, for the use or hire of a vessel under a charter or other contract, arising out of the use of a credit card or charge card, or for services rendered or to be rendered by such Credit Party or in connection with any other transaction (whether or not yet earned by performance on the part of such Credit Party), (e) all health-care insurance receivables, and (f) all collateral security, guarantees or other Supporting Obligations of any kind, now or hereafter in existence, given by any Account Debtor or other Person with respect to any of the foregoing.

"Advance" means any Revolving Credit Advance.

"Affected Lender" has the meaning ascribed to it in Section 1.16(d).

"Affiliate" means, with respect to any Person, (a) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, 5% or more of the Stock having ordinary voting power in the election of directors of such Person, (b) each Person that controls, is controlled by or is under common control with such Person, (c) each of such Person's officers, directors, joint venturers and partners and (d) in the case of Borrower, the immediate family members, spouses and lineal descendants of individuals who are Affiliates of Borrower. For the purposes of this definition (and for the purposes of the definition in this

Annex A of the term "Existing Shareholder Group"), "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise; provided, however, that the term "Affiliate" shall specifically exclude Agent and each Lender.

"Agent" means GE Capital in its capacity as Agent for Lenders or its successor appointed pursuant to Section 9.7.

"Agreement" means the Senior Secured, Priming and Super-Priority Debtor-in-Possession Credit Agreement, dated as of [_____], 2011, among Borrower, the other Credit Parties party thereto, GE Capital, as Agent and Lender and the other Lenders from time to time party thereto, as the same may be amended, supplemented, restated or otherwise modified from time to time.

"Appendices" has the meaning ascribed to it in the recitals to the Agreement.

"Applicable Margins" means collectively the Applicable Revolver Index Margin and the Applicable Revolver LIBOR Margin.

"Applicable Revolver Index Margin" means 5.25% per annum.

"Applicable Revolver LIBOR Margin" means 8.00% per annum.

"Asian Foreign Subsidiaries" means, collectively, Scovill Fasteners India Private Limited, an Indian corporation, Scovill Fasteners (HK) Ltd., a Hong Kong corporation, and Scovill Shenzhen, a China corporation.

"Assignment Agreement" has the meaning ascribed to it in Section 9.1(a).

"Bankruptcy Code" has the meaning ascribed thereto in the recitals to the Agreement.

"Bankruptcy Court" has the meaning ascribed thereto in the recitals to the Agreement.

"Belgium Subsidiary" means Scovill Fasteners Europe SA, a Belgium corporation.

"Blocked Accounts" has the meaning ascribed to it in Annex C.

"Borrower" has the meaning ascribed thereto in the preamble to the Agreement.

"Borrower's Consultant" means Carl Marks Consulting Group LLC.

"Budget" means a rolling 13-week schedule of revenues and expenditures acceptable to Agent in its sole discretion (in each iteration thereof).

"Budgeted Professional Fees" has the meaning ascribed to it in Section 1.18(d).

"Business Day" means any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the State of Georgia or New York and in reference to LIBOR Loans shall mean any such day that is also a LIBOR Business Day.

"Capital Expenditures" means, with respect to any Person, all expenditures (by the expenditure of cash or the incurrence of Indebtedness) by such Person during any measuring period for any fixed assets or improvements or for replacements, substitutions or additions thereto, that have a useful life of more than one year and that are required to be capitalized under GAAP.

"Capital Lease" means, with respect to any Person, any lease of any property (whether real, personal or mixed) by such Person as lessee that, in accordance with GAAP, would be required to be classified and accounted for as a capital lease on a balance sheet of such Person.

"Capital Lease Obligation" means, with respect to any Capital Lease of any Person, the amount of the obligation of the lessee thereunder that, in accordance with GAAP, would appear on a balance sheet of such lessee in respect of such Capital Lease.

"Carve Out" has the meaning ascribed to it in Section 1.18(d).

"Carve Out Trigger Notice" has the meaning ascribed to it in Section 1.18(d).

"Case Professionals Carve Out" has the meaning ascribed to it in Section 1.18(d).

"Cash Management Systems" has the meaning ascribed to it in Section 1.8.

"Change of Control" means any event, transaction or occurrence as a result of which (a) GSCP ceases to own and control (directly or indirectly) all of the economic and voting rights associated with ownership of at least sixty-six and two-thirds percent (66-2/3%) of all classes of the outstanding capital Stock of Holdings on a fully diluted basis, (b) Holdings ceases to own and control all of the economic and voting rights associated with all of the outstanding capital Stock of Borrower, (c) Borrower ceases to own and control (directly or indirectly) all of the economic and voting rights associated with all of the outstanding capital Stock of any of its Domestic Subsidiaries or (d) with respect any Foreign Subsidiary, Borrower ceases to own and control (directly or indirectly) all of the economic and voting rights associated with ownership of at least the percentage of the capital Stock of such Foreign Subsidiary owned (directly or indirectly) by the Borrower at the time of, and after giving effect to, the acquisition or formation of such Foreign Subsidiary by Borrower, other than Foreign Stock Dispositions expressly permitted pursuant to the terms and conditions of Section 6.8.

"Chapter 11 Case" has the meaning ascribed thereto in the recitals to the Agreement.

"Charges" means all federal, state, county, city, municipal, local, foreign or other governmental taxes, levies, assessments, charges, liens, claims or encumbrances upon or relating to (a) the Collateral, (b) the Obligations, (c) the employees, payroll, income or gross receipts of

any Credit Party, (d) any Credit Party's ownership or use of any properties or other assets, or (e) any other aspect of any Credit Party's business.

"Chattel Paper" means any "chattel paper," as such term is defined in the Code, including electronic chattel paper, now owned or hereafter acquired by any Credit Party, wherever located.

"China Facility" shall mean the production facility to be owned and operated by a Foreign Subsidiary of Borrower in Shajin, China.

"Clarkesville Facility" shall mean the production facility operated by Borrower in Clarkesville, Georgia.

"Closing Checklist" means the schedule, including all appendices, exhibits or schedules thereto, listing certain documents and information to be delivered in connection with the Agreement, the other Loan Documents and the transactions contemplated thereunder, substantially in the form attached hereto as Annex D.

"Closing Date" means [_____, 2011].

"Code" means the Uniform Commercial Code as the same may, from time to time, be enacted and in effect in the State of Georgia; provided, that to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of, or remedies with respect to, Agent's or any Lender's Lien on any Collateral is governed by the Uniform Commercial Code as enacted and in effect in a jurisdiction other than the State of Georgia, the term "Code" shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes of the provisions thereof relating to such attachment, perfection, priority or remedies and for purposes of definitions related to such provisions.

"Collateral" means any and all assets and rights and interests in or to property of each Credit Party, whether real or personal, tangible or intangible, in which a Lien is granted or purported to be granted pursuant to any Loan Document, the Interim Order or the Final Order.

"Collateral Documents" means all security agreements, pledge agreements, stock and unit transfer powers, collateral assignments of contracts, licenses, permits, deeds of trust, leasehold deeds of trust, agreements, instruments, assignments, and documents now or hereinafter executed and delivered in connection with this Agreement pursuant to which Liens are granted or purported to be granted, or rights assigned or purported to be assigned, to Agent in Collateral securing all or part of the Obligations each in form and substance satisfactory to Agent.

"Collection Account" means that certain account of Agent, account number 502-328-54 in the name of Agent at Deutsche Bank Trust Company Americas in New York, New York ABA No. 021 001 033, or such other account as may be specified in writing by Agent as the "Collection Account."

"Commercial Tort Claim" means all "commercial tort claims," as such term is defined in the Code.

"Commitment Termination Date" means the earliest of (a) one hundred and twenty (120) days after the Petition Date, (b) thirty-five (35) days after entry of the Interim Order if the Final Order is not entered prior to the expiration of such 35-day period (or such longer period as may be agreed upon by the Agent in its sole discretion), (c) the closing of a sale of all or substantially all of the Borrower's assets, (d) the effective date of a plan of reorganization or liquidation in any of the Chapter 11 Cases, and (e) the occurrence of any Termination Event.

"Committee" means the official committee of unsecured creditors appointed by the Office of the United States Trustee in the Chapter 11 Cases.

"Compliance Certificate" has the meaning ascribed to it in Annex E.

"Concentration Account" has the meaning ascribed to it in Annex C.

"Contracts" means all "contracts," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, in any event, including all contracts, undertakings, or agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which any Credit Party may now or hereafter have any right, title or interest, including any agreement relating to the terms of payment or the terms of performance of any Account.

"Control Letter" means a letter agreement between Agent and (i) the issuer of uncertificated securities with respect to uncertificated securities in the name of any Credit Party, (ii) a securities intermediary with respect to securities, whether certificated or uncertificated, securities entitlements and other financial assets held in a securities account in the name of any Credit Party, (iii) a futures commission merchant or clearing house, as applicable, with respect to commodity accounts and commodity contracts held by any Credit Party, whereby, among other things, the issuer, securities intermediary or futures commission merchant limits any security interest in the applicable financial assets in a manner reasonably satisfactory to Agent, acknowledges the Lien of Agent, on behalf of itself and Lenders, on such financial assets, and agrees to follow the instructions or entitlement orders of Agent without further consent by the affected Credit Party.

"Copyright License" means any and all rights now owned or hereafter acquired by any Credit Party under any written agreement granting any right to use any Copyright or Copyright registration.

"Copyrights" means all of the following now owned or hereafter adopted or acquired by any Credit Party: (a) all copyrights and General Intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including all registrations, recordings and applications in the United States Copyright Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof, and (b) all reissues, extensions or renewals thereof.

"Credit Parties" means Holdings, Borrower, and each of their respective Domestic Subsidiaries.

"Current Assets" means, with respect to any Person, all current assets of such Person as of any date of determination calculated in accordance with GAAP, but excluding cash, cash equivalents and debts due from Affiliates.

"Current Liabilities" means, with respect to any Person, all liabilities that should, in accordance with GAAP, be classified as current liabilities, and in any event shall include all Indebtedness payable on demand or within one year from any date of determination without any option on the part of the obligor to extend or renew beyond such year, all accruals for federal or other taxes based on or measured by income and payable within such year, but excluding the current portion of long-term debt required to be paid within one year and the aggregate outstanding principal balances of the Revolving Loan.

"Default" means any event that, with the passage of time or notice or both, would, unless cured or waived, become an Event of Default.

"Default Rate" has the meaning ascribed to it in Section 1.5(d).

"Deposit Accounts" means all "deposit accounts" as such term is defined in the Code, now or hereafter held in the name of any Credit Party.

"Disbursement Accounts" has the meaning ascribed to it in Annex C.

"Disclosure Schedules" means the Schedules prepared by Borrower and denominated as Disclosure Schedules (1.1) through (6.7) in the Index to the Agreement.

"Documents" means any "documents," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located.

"Dollars" or "$" means lawful currency of the United States of America.

"Domestic Credit Party" shall mean any Credit Party that is not a Foreign Subsidiary.

"Domestic Subsidiary" means, with respect to any Person, any Subsidiary of such Person that is not a Foreign Subsidiary.

"Environmental Laws" means all applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards and regulations, now or hereafter in effect, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. §§ 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Authorization Act of

1994 (49 U.S.C. §§ 5101 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. §§ 136 et seq.); the Solid Waste Disposal Act (42 U.S.C. §§ 6901 et seq.); the Toxic Substance Control Act (15 U.S.C. §§ 2601 et seq.); the Clean Air Act (42 U.S.C. §§ 7401 et seq.); the Federal Water Pollution Control Act (33 U.S.C. §§ 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. §§ 651 et seq.); and the Safe Drinking Water Act (42 U.S.C. §§ 300(f) et seq.), and any and all regulations promulgated thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

"Environmental Liabilities" means, with respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, natural resource damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts and consultants), fines, penalties, sanctions and interest incurred as a result of or related to any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, arising under or related to any Environmental Laws, Environmental Permits, or in connection with any Release or threatened Release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property.

"Environmental Permits" means all permits, licenses, authorizations, certificates, approvals or registrations required by any Governmental Authority under any Environmental Laws.

"Equipment" means all "equipment," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located and, in any event, including all such Credit Party's machinery and equipment, including processing equipment, conveyors, machine tools, data processing and computer equipment, including embedded software and peripheral equipment and all engineering, processing and manufacturing equipment, office machinery, furniture, materials handling equipment, tools, attachments, accessories, automotive equipment, trailers, trucks, forklifts, molds, dies, stamps, motor vehicles, rolling stock and other equipment of every kind and nature, trade fixtures and fixtures not forming a part of real property, together with all additions and accessions thereto, replacements therefor, all parts therefor, all substitutes for any of the foregoing, fuel therefor, and all manuals, drawings, instructions, warranties and rights with respect thereto, and all products and proceeds thereof and condemnation awards and insurance proceeds with respect thereto.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any regulations promulgated thereunder.

"ERISA Affiliate" means, with respect to any Credit Party, any trade or business (whether or not incorporated) that, together with such Credit Party, are treated as a single employer within the meaning of Sections 414(b), (c), (m) or (o) of the IRC.

"ERISA Event" means, with respect to any Credit Party or any ERISA Affiliate, (a) any event described in Section 4043(c) of ERISA with respect to a Title IV Plan; (b) the

withdrawal of any Credit Party or ERISA Affiliate from a Title IV Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (c) the complete or partial withdrawal of any Credit Party or any ERISA Affiliate from any Multiemployer Plan; (d) the filing of a notice of intent to terminate a Title IV Plan or the treatment of a plan amendment as a termination under Section 4041 of ERISA; (e) the institution of proceedings to terminate a Title IV Plan or Multiemployer Plan by the PBGC; (f) the failure by any Credit Party or ERISA Affiliate to make when due required contributions to a Multiemployer Plan or Title IV Plan unless such failure is cured within thirty (30) days; (g) any other event or condition that would reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Title IV Plan or Multiemployer Plan or for the imposition of liability under Section 4069 or 4212(c) of ERISA; (h) the termination of a Multiemployer Plan under Section 4041A of ERISA or the reorganization or insolvency of a Multiemployer Plan under Section 4241 or 4245 of ERISA; or (i) the loss of a Qualified Plan's qualification or tax exempt status; or (j) the termination of a Plan described in Section 4064 of ERISA.

"ESOP" means a Plan that is intended to satisfy the requirements of Section 4975(e)(7) of the IRC.

"Event of Default" has the meaning ascribed to it in Section 8.1.

"Existing Shareholders" means the Stockholders of Holdings as of the Closing Date set forth on Disclosure Schedule (3.8).

"Fair Labor Standards Act" means the Fair Labor Standards Act, 29 U.S.C. §201 et seq.

"Federal Funds Rate" means, for any day, a floating rate equal to the weighted average of the rates on overnight federal funds transactions among members of the Federal Reserve System, as determined by Agent in its sole discretion, which determination shall be final, binding and conclusive (absent manifest error).

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System.

"Fees" means any and all fees payable to Agent or any Lender pursuant to the Agreement or any of the other Loan Documents.

"Financial Covenants" means the financial covenants set forth in Annex G.

"Final Order" means, collectively, the order of the Bankruptcy Court entered in the Chapter 11 Case after a final hearing under Bankruptcy Rule 4001(c)(2) or such other procedures as approved by the Bankruptcy Court which order shall be satisfactory in form and substance to the Agent and Lenders, and from which no appeal or motion to reconsider has been timely filed, or if timely filed, such appeal or motion to reconsider has been dismissed or denied unless the Agent and the Requisite Lenders waive such requirement), together with all extensions, modifications and amendments thereto, in form and substance satisfactory to Agent and Requisite Lenders, which, among other matters but not by way of limitation, authorizes the

Borrower to obtain credit, incur (or guaranty) Indebtedness, and grant Liens under this Agreement and the other Loan Documents, as the case may be, and provides for the super priority of the Agent's and the Lenders' claims.

"Financial Statements" means the consolidated and consolidating income statements, statements of cash flows and balance sheets of Holdings and its Subsidiaries delivered in accordance with Section 3.4 and Annex E.

"First Day Orders" shall have the meaning ascribed to it in Section 2.1(j).

"Fiscal Month" means any of the monthly accounting periods of the Credit Parties.

"Fiscal Quarter" means any of the quarterly accounting periods of the Credit Parties, ending March 31, June 30, September 30 and December 31 of each year.

"Fiscal Year" means any of the annual accounting periods of the Credit Parties ending on December 31 of each year.

"Fixtures" means all "fixtures" as such term is defined in the Code, now owned or hereafter acquired by any Credit Party.

"Foreign Stock Disposition" means any sale by any Credit Party to a buyer who is not a Credit Party of any of the Stock of any Foreign Subsidiary of Borrower.

"Foreign Subsidiary" means, with respect to any Person, any Subsidiary of such Person which is not organized under the laws of any state of the United States of America or the District of Columbia.

"Funded Debt" means, with respect to any Person, without duplication, all Indebtedness for borrowed money evidenced by notes, bonds, debentures, or similar evidences of Indebtedness and that by its terms matures more than one year from, or is directly or indirectly renewable or extendible at such Person's option under a revolving credit or similar agreement obligating the lender or lenders to extend credit over a period of more than one year from the date of creation thereof, and specifically including Capital Lease Obligations, current maturities of long-term debt, revolving credit and short-term debt extendible beyond one year at the option of the debtor, and also including, in the case of Borrower, the Obligations and, without duplication, Guaranteed Indebtedness consisting of guaranties of Funded Debt of other Persons.

"GAAP" means generally accepted accounting principles in the United States of America, consistently applied, as such term is further defined in Annex G to the Agreement.

"GE Capital" means General Electric Capital Corporation, a Delaware corporation.

"GE Capital Fee Letter" means that certain letter, dated as of the date of this Agreement, between GE Capital and Borrower with respect to certain Fees to be paid from time to time by Borrower to GE Capital.

"General Intangibles" means all "general intangibles," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, including all right, title and interest that such Credit Party may now or hereafter have in or under any Contract, all payment intangibles, customer lists, Licenses, Copyrights, Trademarks, Patents, and all applications therefor and reissues, extensions or renewals thereof, rights in Intellectual Property, interests in partnerships, joint ventures and other business associations, licenses, permits, copyrights, trade secrets, proprietary or confidential information, inventions (whether or not patented or patentable), technical information, procedures, designs, knowledge, know-how, software, data bases, data, skill, expertise, experience, processes, models, drawings, materials and records, goodwill (including the goodwill associated with any Trademark or Trademark License), all rights and claims in or under insurance policies (including insurance for fire, damage, loss and casualty, whether covering personal property, real property, tangible rights or intangible rights, all liability, life, key man and business interruption insurance, and all unearned premiums), uncertificated securities, choses in action, deposit, checking and other bank accounts, rights to receive tax refunds and other payments, rights to receive dividends, distributions, cash, Instruments and other property in respect of or in exchange for pledged Stock and Investment Property, rights of indemnification, all books and records, correspondence, credit files, invoices and other papers, including without limitation all tapes, cards, computer runs and other papers and documents in the possession or under the control of such Credit Party or any computer bureau or service company from time to time acting for such Credit Party.

"Goods" means all "goods" as defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, including embedded software to the extent included in "goods" as defined in the Code, manufactured homes, standing timber that is cut and removed for sale and unborn young of animals.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof, and any agency, department or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GSCP" means GSCP Recovery Inc. and any Affiliate thereof.

"Guaranteed Indebtedness" means, as to any Person, any obligation of such Person guaranteeing, providing comfort or otherwise supporting any Indebtedness, lease, dividend, or other obligation ("primary obligation") of any other Person (the "primary obligor") in any manner, including any obligation or arrangement of such Person to (a) purchase or repurchase any such primary obligation, (b) advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet condition of the primary obligor, (c) purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, (d) protect the beneficiary of such arrangement from loss (other than product warranties given in the ordinary course of business) or (e) indemnify the owner of such primary obligation against loss in respect thereof. The amount of any Guaranteed Indebtedness at any time shall be deemed to be an amount equal to the lesser at such time of (x) the stated or determinable amount of the primary obligation in respect of which such Guaranteed Indebtedness is incurred and (y) the maximum amount for which such

Person may be liable pursuant to the terms of the instrument embodying such Guaranteed Indebtedness, or, if not stated or determinable, the maximum reasonably anticipated liability (assuming full performance) in respect thereof.

"Guaranties" means, collectively, the Holdings Guaranty, each Subsidiary Guaranty and any other guaranty executed by any Guarantor in favor of Agent and Lenders in respect of the Obligations.

"Guarantors" means Holdings, each Domestic Subsidiary of Borrower and each other Person, if any, that executes a guaranty or other similar agreement in favor of Agent, for itself and the ratable benefit of Lenders, in connection with the transactions contemplated by the Agreement and the other Loan Documents.

"Hazardous Material" means any substance, material or waste that is regulated by, or forms the basis of liability now or hereafter under, any Environmental Laws, including any material or substance that is (a) defined as a "solid waste," "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "contaminant," "hazardous constituent," "special waste," "toxic substance" or other similar term or phrase under any Environmental Laws, or (b) petroleum or any fraction or by-product thereof, asbestos, polychlorinated biphenyls (PCB's), or any radioactive substance.

"Holdings" means Scovill, Inc., a Delaware corporation.

"Holdings Guaranty" means the Holdings Guaranty, dated as of the date of the Agreement, executed by Holdings in favor of Agent and Lenders.

"Immaterial Subsidiaries" means, collectively, PCI Group, Inc., a Delaware corporation, and Scovill Puerto Rico, Inc., a Puerto Rico corporation.

"Indebtedness" means, with respect to any Person, without duplication (a) all indebtedness of such Person for borrowed money or for the deferred purchase price of property payment for which is deferred 6 months or more, but excluding obligations to trade creditors incurred in the ordinary course of business that are unsecured and not overdue by more than 6 months unless being contested in good faith, (b) all reimbursement and other obligations with respect to letters of credit, bankers' acceptances and surety bonds, whether or not matured, (c) all obligations evidenced by notes, bonds, debentures or similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations and the present value (discounted at the Index Rate as in effect on the Closing Date) of future rental payments under all synthetic leases, (f) all obligations of such Person under commodity purchase or option agreements or other commodity price hedging arrangements, in each case whether contingent or matured, (g) all net obligations of such Person under any foreign exchange contract, currency swap agreement, interest rate swap, cap or collar agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates, in each case whether contingent or matured, (h) all Indebtedness referred to above secured by (or for which the holder of such

Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property or other assets (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness, and (i) the Obligations and any Subordinated Debt.

"Indemnified Liabilities" has the meaning ascribed to it in Section 1.13.

"Indemnified Person" has the meaning ascribed to it in Section 1.13.

"Index Rate" means, for any day, a floating rate equal to the highest of (i) the rate publicly quoted from time to time by The Wall Street Journal as the "base rate on corporate loans posted by at least 75% of the nation's 30 largest banks", and (ii) the Federal Funds Rate plus 50 basis points per annum. Each change in any interest rate provided for in the Agreement based upon the Index Rate shall take effect at the time of such change in the Index Rate.

"Index Rate Loan" means a Loan or portion thereof bearing interest by reference to the Index Rate.

"Instruments" means all "instruments," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, and, in any event, including all certificated securities, all certificates of deposit, and all promissory notes and other evidences of indebtedness, other than instruments that constitute, or are a part of a group of writings that constitute, Chattel Paper.

"Intellectual Property" means any and all Licenses, Patents, Copyrights, Trademarks, and the goodwill associated with such Trademarks.

"Intercompany Notes" has the meaning ascribed to it in the definition of the term "Permitted Intercompany Transaction" in this Annex A.

"Interest Expense" means, with respect to any Person for any fiscal period, interest expense of such Person determined in accordance with GAAP for the relevant period ended on such date.

"Interest Payment Date" means (a) as to any Index Rate Loan, the first Business Day of each month to occur while such Loan is outstanding, and (b) as to any LIBOR Loan, the last day of the applicable LIBOR Period; provided that, in addition to the foregoing, each of (x) the date upon which all of the Revolving Loan Commitments have been terminated and the Loans have been paid in full and (y) the Commitment Termination Date shall be deemed to be an "Interest Payment Date" with respect to any interest that has then accrued under the Agreement through such date.

"Interim Order" means, collectively, the order of the Bankruptcy Court entered in the Chapter 11 Case after an interim hearing (assuming satisfaction of the standards prescribed in Section 364 of the Bankruptcy Code and Bankruptcy Rule 4001 and other applicable law), together with all extension, modifications, and amendments thereto, in form and substance satisfactory to Agent and Requisite Lenders, which, among other matters but not by way of

limitation, authorizes, on an interim basis, the Borrowers to execute and perform under the terms of this Agreement and the other Loan Documents, substantially in the form of Exhibit A.

"Inventory" means all "inventory," as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, wherever located, and in any event including inventory, merchandise, goods and other personal property that are held by or on behalf of any Credit Party for sale or lease or are furnished or are to be furnished under a contract of service, or that constitute raw materials, work in process, finished goods, returned goods, spare parts, supplies or materials of any kind, nature or description used or consumed or to be used or consumed in such Credit Party's business or in the processing, production, packaging, promotion, delivery or shipping of the same, including all supplies and embedded software.

"Investment Property" means all "investment property" as such term is defined in the Code now owned or hereafter acquired by any Credit Party, wherever located, including (i) all securities, whether certificated or uncertificated, including stocks, bonds, interests in limited liability companies, partnership interests, treasuries, certificates of deposit, and mutual fund shares; (ii) all securities entitlements of any Credit Party, including the rights of such Credit Party to any securities account and the financial assets held by a securities intermediary in such securities account and any free credit balance or other money owing by any securities intermediary with respect to that account; (iii) all securities accounts of any Credit Party; (iv) all commodity contracts of any Credit Party; and (v) all commodity accounts held by any Credit Party.

"IRC" means the Internal Revenue Code of 1986, as amended, and all regulations promulgated thereunder.

"IRS" means the Internal Revenue Service.

"Lenders" means GE Capital, any other Lender named on the signature pages of the Agreement, and, if any such Lender shall decide to assign all or any portion of the Obligations, such term shall include any assignee of such Lender.

"LIBOR Business Day" means a Business Day on which banks in the City of London are generally open for interbank or foreign exchange transactions.

"LIBOR Loan" means a Loan or any portion thereof bearing interest by reference to the LIBOR Rate.

"LIBOR Period" means, with respect to any LIBOR Loan, each period commencing on a LIBOR Business Day selected by Borrower pursuant to the Agreement and ending one month thereafter, as selected by Borrower's irrevocable notice to Agent as set forth in Section 1.5(e); provided, that the foregoing provision relating to LIBOR Periods is subject to the following:

(a) if any LIBOR Period would otherwise end on a day that is not a LIBOR Business Day, such LIBOR Period shall be extended to the next succeeding LIBOR Business Day unless the result of such extension would be to

carry such LIBOR Period into another calendar month in which event such LIBOR Period shall end on the immediately preceding LIBOR Business Day;

(b) any LIBOR Period that would otherwise extend beyond the Commitment Termination Date shall end two (2) LIBOR Business Days prior to such date;

(c) any LIBOR Period that begins on the last LIBOR Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such LIBOR Period) shall end on the last LIBOR Business Day of a calendar month;

(d) Borrower shall select LIBOR Periods so as not to require a payment or prepayment of any LIBOR Loan during a LIBOR Period for such Loan; and

(e) Borrower shall select LIBOR Periods so that there shall be no more than five (5) separate LIBOR Loans in existence at any one time.

"LIBOR Rate" means for each LIBOR Period, a rate of interest per annum equal to the offered rate per annum for deposits of Dollars for the relevant interest period that appears on Reuters Screen LIBOR01 Page, as of 11:00 a.m. (London, England time) on the day which is two (2) Business Days prior to the first day of such interest period adjusted for reserve requirements. If such interest rates shall cease to be available from Telerate News Service, the LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to Agent and Borrower.

"License" means any Copyright License, Patent License, Trademark License or other license of rights or interests now held or hereafter acquired by any Credit Party.

"Lien" means any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest, easement or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing, and the filing of, or agreement to give, any financing statement perfecting a security interest under the Code or comparable law of any jurisdiction).

"Litigation" has the meaning ascribed to it in Section 3.13.

"Loan Account" has the meaning ascribed to it in Section 1.12.

"Loan Documents" means the Agreement, the Collateral Documents, the GE Capital Fee Letter and all other agreements, instruments, documents and certificates identified in the Annex D executed and delivered to, or in favor of, Agent or any Lender and including all other pledges, powers of attorney, consents, assignments, contracts, notices, and all other written matter whether heretofore, now or hereafter executed by or on behalf of any Credit Party, or any employee of any Credit Party, and delivered to Agent or any Lender in connection with the

Agreement or the transactions contemplated thereby. Any reference in the Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to the Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative

"Loans" means any loan made or deemed made by any Lender hereunder.

"Lock Boxes" has the meaning ascribed to it in Annex C.

"Margin Stock" has the meaning ascribed to it in Section 3.10.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations, prospects or financial or other condition of the Credit Parties taken as a whole, (b) Borrower's and the Guarantor's ability, taken as a whole, to pay any of the Loans or any of the other Obligations in accordance with the terms of the Agreement or the other Loan Documents, (c) the Collateral or Agent's Liens, on behalf of itself and Lenders, on the Collateral or the priority of such Liens, or (d) Agent's or any Lender's rights and remedies under the Agreement and the other Loan Documents. Without limiting the generality of the foregoing, any single event or occurrence adverse to one or more Credit Parties which results or could reasonably be expected to result in losses, costs, damages, liabilities or expenditures in excess of 15% of Operating Income for the most recently completed Fiscal Year shall constitute a Material Adverse Effect.

"Mortgaged Properties" has the meaning assigned to it in Annex D.

"Mortgages" means each of the mortgages, deeds of trust, security deeds, leasehold mortgages, leasehold deeds of trust, leasehold security deeds, collateral assignments of leases or other real estate security documents delivered by any Credit Party to Agent on behalf of itself and Lenders with respect to the Mortgaged Properties, all in form and substance reasonably satisfactory to Agent.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA, and to which any Credit Party or ERISA Affiliate is making, is obligated to make or has made or been obligated to make, contributions on behalf of participants who are or were employed by any of them.

"Non-Funding Lender" has the meaning ascribed to it in Section 9.9(a)(ii).

"Notice of Conversion/Continuation" has the meaning ascribed to it in Section 1.5(e).

"Notice of Revolving Credit Advance" has the meaning ascribed to it in Section 1.1(a).

"Obligations" means all loans, advances, debts, liabilities and obligations, for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or such amounts are liquidated or determinable)

owing by any Credit Party to Agent or any Lender, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement, letter of credit agreement or other instrument, arising under the Agreement or any of the other Loan Documents. This term includes all principal, interest (including all interest that accrues after the Petition Date, whether or not allowed the Chapter 11 Cases), Fees, Charges, expenses, attorneys' fees and any other sum chargeable to any Credit Party under the Agreement or any of the other Loan Documents.

"Operating Income" means, with respect to any Person for any fiscal period, an amount equal to (a) sales during such period, less (b) the costs of good sold during such period, less (c) sales expenses and general and administrative expenses during such period, in each case as determined in accordance with GAAP.

"Patent License" means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right with respect to any invention on which a Patent is in existence.

"Patents" means all of the following in which any Credit Party now holds or hereafter acquires any interest: (a) all letters patent of the United States or any other country, all registrations and recordings thereof, and all applications for letters patent of the United States or of any other country, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State or any other country, and (b) all reissues, continuations, continuations-in-part or extensions thereof.

"Payment Intangibles" means all "payment intangibles," as such term is defined in the Code.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Pension Plan" means a Plan described in Section 3(2) of ERISA.

"Permitted Encumbrances" means any Lien on or with respect to the property of any Credit Party that is not prohibited by Section 6.7 or any other provision of any Loan Document.

"Permitted Intercompany Transaction" means (i) any investment made by any Credit Party in another Credit Party or any loan or advance of money made by any Credit Party to another Credit Party (each such investment, loan or advance, an "Investment"), (ii) the incurrence of any Indebtedness by any Credit Party to another Credit Party or (iii) the incurrence of any debt by any Credit Party to another Credit Party for the sale of goods or services (each such debt, a "Trade Debt"); provided that (x) the sum of (1) the aggregate outstanding principal balance of all such Investments made by the Domestic Credit Parties in the Asian Foreign Subsidiaries plus (2) the aggregate outstanding principal balance of all Indebtedness advanced by the Asian Foreign Subsidiaries to the Domestic Credit Parties plus (3) the aggregate outstanding principal balance of all Trade Debt owing by the Asian Foreign Subsidiaries to the Domestic Credit Parties that remains unpaid more than 120 days past the date of the invoice giving rise to any such Trade Debt shall not increase after the Petition Date; and (y) the sum of (1) the aggregate outstanding principal balance of all such Investments by the Domestic Credit Parties in

Foreign Subsidiaries other than the Asian Foreign Subsidiaries plus (2) the aggregate outstanding principal balance of all Indebtedness owing by Foreign Subsidiaries other than the Asian Foreign Subsidiaries to the Domestic Credit Parties plus (3) the aggregate outstanding principal balance of all Trade Debt advanced owing by Foreign Subsidiaries other than the Asian Foreign Subsidiaries to the Domestic Credit Parties that remains unpaid more than 120 days past the date of the invoice giving rise to any such Trade Debt shall not increase after the Petition Date.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, limited liability company, institution, public benefit corporation, other entity or government (whether federal, state, county, city, municipal, local, foreign, or otherwise, including any instrumentality, division, agency, body or department thereof).

"Petition Date" has the meaning ascribed thereto in the recitals to the Agreement.

"Plan" means, at any time, an "employee benefit plan," as defined in Section 3(3) of ERISA, that any Credit Party or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any Credit Party.

"Postpetition" means the time period beginning immediately upon the filing of the Chapter 11 Cases.

"Post-Retirement Health Care Payments" means premiums paid to fund supplemental medical care coverage in addition to Medicare for the benefit of retired employees of the Credit Parties.

"Prepetition" means the time period before the filing of the Chapter 11 Cases

"Prepetition Agent" has the meaning ascribed to the term "Agent" in the Prepetition Credit Agreement.

"Prepetition Collateral" has the meaning ascribed to the term "Collateral" in the Prepetition Credit Agreement.

"Prepetition Credit Agreement" has the meaning ascribed to it in the recitals to the Agreement.

"Prepetition Indebtedness" means any or all Indebtedness of the Borrower incurred prior to the Petition Date and outstanding on the Petition Date.

"Prepetition Lenders" has the meaning ascribed to the term "Lenders" in the Prepetition Credit Agreement.

"Prepetition Lender Obligations" has the meaning ascribed to the term "Obligations" in the Prepetition Credit Agreement.

"Prepetition Loan Documents" has the meaning ascribed to the term "Loan Documents" in the Prepetition Credit Agreement.

"Prepetition Revolving Loan" has the meaning ascribed to the term "Revolving Loan" in the Prepetition Credit Agreement.

"Prepetition Term Loan C" has the meaning ascribed to the term "Term Loan C" in the Prepetition Credit Agreement.

"Proceeds" means "proceeds," as such term is defined in the Code, including (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to any Credit Party from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to any Credit Party from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any Governmental Authority (or any Person acting under color of governmental authority), (c) any claim of any Credit Party against third parties (i) for past, present or future infringement of any Patent or Patent License, or (ii) for past, present or future infringement or dilution of any Copyright, Copyright License, Trademark or Trademark License, or for injury to the goodwill associated with any Trademark or Trademark License, (d) any recoveries by any Credit Party against third parties with respect to any litigation or dispute concerning any of the Collateral including claims arising out of the loss or nonconformity of, interference with the use of, defects in, or infringement of rights in, or damage to, Collateral, (e) all amounts collected on, or distributed on account of, other Collateral, including dividends, interest, distributions and Instruments with respect to Investment Property and pledged Stock, and (f) any and all other amounts, rights to payment or other property acquired upon the sale, lease, license, exchange or other disposition of Collateral and all rights arising out of Collateral.

"Projections" means the Credit Parties' forecasted consolidated and consolidating: (a) balance sheets; (b) profit and loss statements; (c) cash flow statements; and (d) capitalization statements, all prepared on a Subsidiary by Subsidiary or division-by-division basis, if applicable, and otherwise consistent with the historical Financial Statements of Holdings and its Subsidiaries, together with appropriate supporting details and a statement of underlying assumptions.

"Pro Rata Share" means with respect to all matters relating to any Lender (a) with respect to the Revolving Loan, the percentage obtained by dividing (i) the Revolving Loan Commitment of that Lender by (ii) the aggregate Revolving Loan Commitments of all Lenders and (b) with respect to the Revolving Loan on and after the Commitment Termination Date, the percentage obtained by dividing (i) the aggregate outstanding principal balance of the Revolving Loans held by that Lender, by (ii) the aggregate outstanding principal balance of the Revolving Loans held by all Lenders.

"Qualified Assignee" means (a) any Lender, any Affiliate of any Lender and, with respect to any Lender that is an investment fund that invests in commercial loans, any other investment fund that invests in commercial loans and that is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor, and (b) any commercial bank, savings and loan association or savings bank or any other entity which is an "accredited investor" (as defined in Regulation D under the Securities Act) which extends credit or buys loans as one of its businesses, including insurance companies, mutual funds, lease financing companies and commercial finance companies, in each case, which has a rating of

BBB or higher from S&P and a rating of Baa2 or higher from Moody's at the date that it becomes a Lender and which, through its applicable lending office, is capable of lending to Borrower without the imposition of any withholding or similar taxes; provided that (i) no Credit Party shall be a Qualified Assignee, (ii) no Person determined by Agent to be acting in the capacity of a vulture fund or distressed debt purchaser shall be a Qualified Assignee, and (iii) no Person or Affiliate of such Person (other than a Person that is already a Lender) holding any Subordinated Debt or any Stock issued by any Credit Party shall be a Qualified Assignee.

"Qualified Plan" means a Pension Plan that is intended to be tax-qualified under Section 401(a) of the IRC.

"Real Estate" has the meaning ascribed to it in Section 3.6.

"Release" means any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Material in the indoor or outdoor environment, including the movement of Hazardous Material through or in the air, soil, surface water, ground water or property.

"Released Parties" has the meaning ascribed to it in Section 1.23.

"Releasing Parties" has the meaning ascribed to it in Section 1.23.

"Requisite Lenders" means Lenders having (a) more than 66 2/3% of the Revolving Loan Commitments of all Lenders, or (b) if the Revolving Loan Commitments have been terminated, more than 66 2/3% of the aggregate outstanding amount of the Revolving Loan.

"Reserves" means (a) a reserve or reserves in the full amount of the Carve Out as established by Agent on the Closing Date and thereafter modified, as and to the extent, Agent determines to do so and (b) such other reserves against Revolving Loan Borrowing Availability that Agent may, in its reasonable credit judgment, establish from time to time. Without limiting the generality of the foregoing, Reserves established to ensure the payment of accrued Interest Expenses or Indebtedness shall be deemed to be a reasonable exercise of Agent's credit judgment..

"Restricted Payment" means, with respect to any Credit Party (a) the declaration or payment of any dividend or the incurrence of any liability to make any other payment or distribution of cash or other property or assets in respect of Stock; (b) any payment on account of the purchase, redemption, defeasance, sinking fund or other retirement of such Credit Party's Stock or any other payment or distribution made in respect thereof, either directly or indirectly; (c) any payment or prepayment of principal of, premium, if any, or interest, fees or other charges on or with respect to, and any redemption, purchase, retirement, defeasance, sinking fund or similar payment and any claim for rescission with respect to, any Subordinated Debt; (d) any payment made to redeem, purchase, repurchase or retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire Stock of such Credit Party now or hereafter outstanding; (e) any payment of a claim for the rescission of the purchase or sale of, or for material damages arising from the purchase or sale of, any shares of such Credit Party's Stock or of a claim for reimbursement, indemnification or contribution arising out of or related to

any such claim for damages or rescission; (f) any payment, loan, contribution, or other transfer of funds or other property to any Stockholder of such Credit Party other than payment of compensation in the ordinary course of business to Stockholders who are employees of such Credit Party; and (g) any payment of management fees (or other fees of a similar nature) by such Credit Party to any Stockholder of such Credit Party or its Affiliates.

"Retiree Welfare Plan" means, at any time, a Welfare Plan that provides for continuing coverage or benefits for any participant or any beneficiary of a participant after such participant's termination of employment, other than continuation coverage provided pursuant to Section 4980B of the IRC and at the sole expense of the participant or the beneficiary of the participant.

"Revolving Credit Advance" has the meaning ascribed to it in Section 1.1(a)(i).

"Revolving Lenders" means, as of any date of determination, Lenders having a Revolving Loan Commitment.

"Revolving Loan" means, at any time, the aggregate amount of Revolving Credit Advances outstanding to Borrower.

"Revolving Loan Borrowing Availability" means, as of any date of determination, the Revolving Loan Maximum Amount as then in effect less the Revolving Loan then outstanding.

"Revolving Loan Commitment" means (a) as to any Revolving Lender, the aggregate commitment of such Revolving Lender to make Revolving Credit Advances as set forth on Annex J to the Agreement or in the most recent Assignment Agreement executed by such Revolving Lender and (b) as to all Revolving Lenders, the aggregate commitment of all Revolving Lenders to make Revolving Credit Advances, which aggregate commitment shall be $20,772,167.31 on the Closing Date, as such amount may be adjusted, if at all, from time to time in accordance with the Agreement.

"Revolving Loan Maximum Amount" means, as of any date of determination, an amount equal to the aggregate Revolving Loan Commitment of all Lenders as of that date.

"Rolling Period" means, with respect to any Fiscal Month, the period of twelve (12) consecutive Fiscal Months ending with such Fiscal Month.

"Software" means all "software" as such term is defined in the Code, now owned or hereafter acquired by any Credit Party, other than software embedded in any category of Goods, including all computer programs and all supporting information provided in connection with a transaction related to any program.

"Stock" means all shares, options, warrants, general or limited partnership interests, membership interests or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock or any other "equity security" (as such term

is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934).

"Stockholder" means, with respect to any Person, each holder of Stock of such Person.

"Subordinated Debt" means any Indebtedness of any Credit Party that is on terms acceptable to the Agent and the Requisite Lenders and is subordinated to the Obligations in a manner and form satisfactory to Agent and Lenders in their sole discretion, as to right and time of payment and as to any other rights and remedies thereunder.

"Subsidiary" means, with respect to any Person, (a) any corporation of which an aggregate of more than 50% of the outstanding Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of 50% or more of such Stock whether by proxy, agreement, operation of law or otherwise, and (b) any partnership or limited liability company in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than 50% or of which any such Person is a general partner or may exercise the powers of a general partner. Unless the context otherwise requires, each reference to a Subsidiary shall be a reference to a Subsidiary of the Borrower.

"Subsidiary Guaranty" means the Subsidiary Guaranty, dated as of the date of the Agreement, executed by each Domestic Subsidiary of Borrower in favor of Agent, on behalf of itself and Lenders, and any other subsidiary guaranty agreement entered into after the Closing Date by any Subsidiary of any Borrower (as required by the Agreement or any other Loan Document).

"Supporting Obligations" means all "supporting obligations" as such term is defined in the Code, including letters of credit and guaranties issued in support of Accounts, Chattel Paper, Documents, General Intangibles, Instruments, or Investment Property.

"Taxes" means taxes, levies, imposts, deductions, Charges or withholdings, and all liabilities with respect thereto, excluding taxes imposed on or measured by the net income of Agent or a Lender by the jurisdictions under the laws of which Agent and Lenders are organized or conduct business or any political subdivision thereof.

"Termination Event" means any of the following: Borrower's (a) failure to deliver weekly 13-week cash flow budget, (b) failure to conduct weekly update progress call on strategic alternatives, (c) failure to file a motion which provides for the sale of all or substantially all of its assets within two (2) days of the Petition Date, which motion shall be acceptable to Agent in its sole and absolute discretion, (d) failure to obtain an order approving bidding procedures relating to the sale of all or substantially all of the assets of the Borrowers within twenty-five (25) days of the Petition Date, which order shall be acceptable to Agent in its sole and absolute discretion, (e)

failure to obtain an order confirming such sale by June 12, 2011, which order shall be acceptable to Agent in its sole and absolute discretion, or (f) failure to consummate such sale by July 1, 2011.

"Termination Date" means the date on which (a) all of the Loans have been indefeasibly repaid in full in cash, (b) all other Obligations under the Agreement and the other Loan Documents have been completely discharged (other than contingent indemnity obligations not yet due and payable), and (c) Borrower shall not have any further right to borrow any monies under the Agreement.

"Title IV Plan" means a Pension Plan (other than a Multiemployer Plan), that is covered by Title IV of ERISA, and that any Credit Party or ERISA Affiliate maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them.

"Trademark License" means rights under any written agreement now owned or hereafter acquired by any Credit Party granting any right to use any Trademark.

"Trademarks" means all of the following now owned or hereafter adopted or acquired by any Credit Party: (a) all trademarks, trade names, corporate names, business names, trade styles, service marks, logos, other source or business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of like nature (whether registered or unregistered), all registrations and recordings thereof, and all applications in connection therewith, including registrations, recordings and applications in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state or territory thereof, or any other country or any political subdivision thereof; (b) all reissues, extensions or renewals thereof; and (c) all goodwill associated with or symbolized by any of the foregoing.

"Unfunded Pension Liability" means, at any time, the aggregate amount, if any, of the sum of (a) the amount by which the present value of all accrued benefits under each Title IV Plan exceeds the fair market value of all assets of such Title IV Plan allocable to such benefits in accordance with Title IV of ERISA, all determined as of the most recent valuation date for each such Title IV Plan using the actuarial assumptions for funding purposes in effect under such Title IV Plan, and (b) for a period of five (5) years following a transaction which might reasonably be expected to be covered by Section 4069 of ERISA, the liabilities (whether or not accrued) that could be avoided by any Credit Party or any ERISA Affiliate as a result of such transaction.

"UPS Capital" means UPS Capital Corporation, a Delaware corporation.

"Welfare Plan" means a Plan described in Section 3(i) of ERISA.

"Working Capital" means , as of any date of determination thereof and for any Person, Current Assets minus Current Liabilities.

Rules of construction with respect to accounting terms used in the Agreement or the other Loan Documents shall be as set forth in Annex G. All other undefined terms contained in any of the Loan Documents shall, unless the context indicates otherwise, have the meanings

provided for by the Code to the extent the same are used or defined therein; in the event that any term is defined differently in different Articles or Divisions of the Code, the definition contained in Article or Division 9 shall control. Unless otherwise specified, references in the Agreement or any of the Appendices to a Section, subsection or clause refer to such Section, subsection or clause as contained in the Agreement. The words "herein," "hereof" and "hereunder" and other words of similar import refer to the Agreement as a whole, including all Annexes, Exhibits and Disclosure Schedules, as the same may from time to time be amended, restated, modified or supplemented, and not to any particular section, subsection or clause contained in the Agreement or any such Annex, Exhibit or Disclosure Schedule.

Wherever from the context it appears appropriate, each term stated in either the singular or plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter genders. The words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; the word "or" is not exclusive; references to Persons include their respective successors and assigns (to the extent and only to the extent permitted by the Loan Documents) or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of the same and any successor statutes and regulations. Whenever any provision in any Loan Document refers to the knowledge (or an analogous phrase) of any Credit Party, such words are intended to signify that such Credit Party has actual knowledge or awareness of a particular fact or circumstance or that such Credit Party, if it had exercised reasonable diligence, would have known or been aware of such fact or circumstance. Notice, knowledge or a notice or notification received by any Credit Party is effective for a particular transaction from the time when it is brought to the attention of any individual conducting such transaction on behalf of such Credit Party, and in any event from the time when it would have been brought to such individual's attention if such Credit Party had exercised due diligence, and a Credit Party exercises such due diligence if it maintains reasonable routines for communicating significant information to the individual or individuals conducting such transaction and there is reasonable compliance with such routines, but such due diligence does not require an individual acting for a Credit Party to so communicate information unless such communication is part of such individual's regular duties or unless such individual has reason to know of such transaction and that such transaction would be materially affected by such information.

ANNEX B

to

DIP CREDIT AGREEMENT

[Intentionally Omitted]

ANNEX C (Section 1.8)

to

DIP CREDIT AGREEMENT

CASH MANAGEMENT SYSTEM

Borrower shall, and shall cause each of its Domestic Subsidiaries to, establish and maintain the Cash Management Systems described below:

(a) On or before the Closing Date and until the Termination Date, Borrower shall (i) establish lock boxes ("Lock Boxes") or, at Agent's discretion, blocked accounts ("Blocked Accounts") at one or more of the banks set forth in Disclosure Schedule (3.19), and shall request in writing and otherwise take such reasonable steps to ensure that all Account Debtors of the Borrower and its Domestic Subsidiaries forward payment directly to such Lock Boxes, and (ii) deposit and cause its Domestic Subsidiaries to deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all cash, checks, drafts or other similar items of payment relating to or constituting payments made in respect of any and all Collateral (whether or not otherwise delivered to a Lock Box) into one or more Blocked Accounts in Borrower's name or any such Domestic Subsidiary's name and at a bank identified in Disclosure Schedule (3.19) (each, a "Relationship Bank"). On or before the Closing Date, Borrower shall have established a concentration account in its name (the "Concentration Account") at the bank that shall be designated as the Concentration Account bank for Borrower in Disclosure Schedule (3.19) (the "Concentration Account Bank") which bank shall be reasonably satisfactory to Agent.

(b) Borrower may maintain, in its name, an account (each a "Disbursement Account" and collectively, the "Disbursement Accounts") at a bank acceptable to Agent into which Agent shall, from time to time, deposit proceeds of Loans pursuant to Section 1.1 for use by Borrower in accordance with the provisions of Section 1.4.

(c) On or before the Closing Date (or such later date as Agent shall consent to in writing), the Concentration Account Bank, each bank where a Blocked Account or a Disbursement Account is maintained and all other Relationship Banks, shall have entered into tri-party blocked account agreements with Agent, for the benefit of itself and Lenders, and Borrower and the Domestic Subsidiaries thereof, as applicable, in form and substance reasonably acceptable to Agent, which shall become operative on or prior to the Closing Date. Each such blocked account agreement shall provide, among other things, that (i) the bank, the Borrower or Domestic Subsidiary, as applicable, and the Agent agree that the bank shall comply with instructions originated by the Agent directing disposition of funds in such account without further consent of the Borrower or Domestic Subsidiary, as applicable, (ii) the bank executing such agreement has no rights of setoff or recoupment or any other claim against such account, as the case may be, other than for payment of its service fees and other charges directly related to the administration of such account and for returned checks or other items of payment, and (iii) from and after the Closing Date (A) with respect to banks at which a Blocked Account is maintained, such bank agrees to forward immediately all amounts in each Blocked Account to

the Concentration Account Bank and to commence the process of daily sweeps from such Blocked Account into the Concentration Account and (B) with respect to the Concentration Account Bank, such bank agrees to immediately forward all amounts received in the Concentration Account to the Collection Account through daily sweeps from such Concentration Account into the Collection Account. Borrower shall not, and shall not cause or permit any Domestic Subsidiary thereof to, accumulate or maintain cash in Disbursement Accounts or payroll accounts as of any date of determination in excess of checks outstanding against such accounts as of that date and amounts necessary to meet minimum balance requirements.

(d) So long as no Default or Event of Default has occurred and is continuing, Borrower may amend Disclosure Schedule (3.19) to add or replace a Relationship Bank, Lock Box or Blocked Account or to replace any Concentration Account or any Disbursement Account; provided, that (i) Agent shall have consented in writing in advance to the opening of such account or Lock Box with the relevant bank and (ii) prior to the time of the opening of such account or Lock Box, Borrower or its Domestic Subsidiaries, as applicable, and such bank shall have executed and delivered to Agent a tri-party blocked account agreement, in form and substance reasonably satisfactory to Agent. Borrower shall close any of its accounts (and establish replacement accounts in accordance with the foregoing sentence) promptly and in any event within thirty (30) days following notice from Agent that the creditworthiness of any bank holding an account is no longer acceptable in Agent's reasonable judgment, or as promptly as practicable and in any event within sixty (60) days following notice from Agent that the operating performance, funds transfer or availability procedures or performance with respect to accounts or Lock Boxes of the bank holding such accounts or Agent's liability under any tri-party blocked account agreement with such bank is no longer acceptable in Agent's reasonable judgment.

(e) The Lock Boxes, Blocked Accounts, Disbursement Accounts and the Concentration Account shall be cash collateral accounts, with all cash, checks and other similar items of payment in such accounts securing payment of the Loans and all other Obligations, and in which Borrower and each Domestic Subsidiary thereof shall have granted a Lien to Agent, on behalf of itself and Lenders, pursuant to the Security Agreement.

(f) All amounts deposited in the Collection Account shall be deemed received by Agent in accordance with Section 1.10 and shall be applied (and allocated) by Agent in accordance with Section 1.11. In no event shall any amount be so applied unless and until such amount shall have been credited in immediately available funds to the Collection Account.

(g) Borrower shall and shall cause its Affiliates, officers, employees, agents, directors or other Persons acting for or in concert with Borrower (each a "Related Person") to (i) hold in trust for Agent, for the benefit of itself and Lenders, all checks, cash and other items of payment received by Borrower or any such Related Person, and (ii) within one (1) Business Day after receipt by Borrower or any such Related Person of any checks, cash or other items of payment, deposit the same into a Blocked Account. Borrower on behalf of itself and each Related Person acknowledges and agrees that all cash, checks or other items of payment constituting proceeds of Collateral are part of the Collateral. All proceeds of the sale or other disposition of any Collateral, shall be deposited directly into Blocked Accounts.

ANNEX D (Section 2.1(a))

to

DIP CREDIT AGREEMENT

CLOSING CHECKLIST

In addition to, and not in limitation of, the conditions described in Section 2.1 of the Agreement, pursuant to Section 2.1(a), the following items must be received by Agent in form and substance satisfactory to Agent on or prior to the Closing Date (each capitalized term used but not otherwise defined herein shall have the meaning ascribed thereto in Annex A to the Agreement):

A. Appendices. All Appendices to the Agreement, in form and substance satisfactory to Agent and Lenders.

B. Reserved.

C. Reserved.

D. Insurance. Satisfactory evidence that the insurance policies required by Section 5.4 are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements, as reasonably requested by Agent, in favor of Agent, on behalf of Lenders.

E. Reserved.

G. Reserved.

H. Holdings Guaranty. Duly executed originals of the Holdings Guaranty, dated the Closing Date, and all documents, instruments and agreements executed pursuant thereto.

I. Subsidiary Guaranty. Duly executed originals of the Subsidiary Guaranty, dated the Closing Date, and all documents, instruments and agreements executed pursuant thereto.

J. Reserved.

K. Initial Notice of Revolving Credit Advance. Duly executed originals of a Notice of Revolving Credit Advance, dated the Closing Date, with respect to the initial Revolving Credit Advance to be requested by Borrower on the Closing Date.

L. Letter of Direction. Duly executed originals of a letter of direction from Borrower addressed to Agent, on behalf of itself and Lenders, with respect to the disbursement on the Closing Date of the proceeds of the initial Revolving Credit Advance.

M. Cash Management System; Blocked Account Agreements. Evidence satisfactory to Agent that, as of the Closing Date, Cash Management Systems complying with Annex C to the Agreement have been established and are currently being maintained in the manner set forth in such Annex C, together with copies of duly executed tri-party blocked account and lock box agreements, reasonably satisfactory to Agent, with the banks as required by Annex C.

N. Charter and Good Standing. For each Domestic Credit Party, such Person's (a) charter and all amendments thereto, (b) good standing certificates (including verification of tax status) in its state of incorporation and (c) good standing certificates (including verification of tax status) and certificates of qualification to conduct business in each jurisdiction where its ownership or lease of property or the conduct of its business requires such qualification, each dated a recent date prior to the Closing Date and certified by the applicable Secretary of State or other authorized Governmental Authority.

O. Bylaws and Resolutions. For each Domestic Credit Party, (a) such Person's bylaws, together with all amendments thereto and (b) resolutions of such Person's Board of Directors, approving and authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and the transactions to be consummated in connection therewith, each certified as of the Closing Date by such Person's corporate secretary or an assistant secretary as being in full force and effect without any modification or amendment.

P. Incumbency Certificates. For each Domestic Credit Party, signature and incumbency certificates of the officers of each such Person executing any of the Loan Documents, certified as of the Closing Date by such Person's corporate secretary or an assistant secretary as being true, accurate, correct and complete.

Q. Reserved.

R. Reserved.

S. Reserved.

T. Reserved.

U. Fee Letter. Duly executed originals of the GE Capital Fee Letter.

V. Officer's Certificate. Agent shall have received duly executed originals of a certificate of the Chief Executive Officer of Borrower, dated the Closing Date, stating that, since December 31, 2010 (a) no event or condition has occurred or is existing which could reasonably be expected to have a Material Adverse Effect; (b) there has been no material adverse change in the industry in which Borrower operates; (c) no Litigation has been commenced which, if successful, would have a Material Adverse Effect or could challenge any of the transactions contemplated by the Agreement and the other Loan Documents; (d) there have been no Restricted Payments made by any Credit Party; (e) [reserved], and (f) there has been no material increase in liabilities, liquidated or contingent, and no material decrease in assets of Borrower or any of its Subsidiaries.

W. Reserved.

X. Reserved.

Y. Reserved.

Z. Reserved.

AA. Reserved.

BB. Reserved.

CC. Other Documents. Such other certificates, documents and agreements respecting any Credit Party as Agent and Lenders may reasonably request.

ANNEX E (Section 4.1(a))

to

DIP CREDIT AGREEMENT

FINANCIAL STATEMENTS AND PROJECTIONS -- REPORTING

Borrower shall deliver or cause to be delivered to Agent or to Agent and Lenders, as indicated, the following:

(a) Monthly Financials. To Agent and Lenders, within thirty (30) days after the end of each Fiscal Month (including without limitation the last Fiscal Month of each Fiscal Year), financial information regarding Holdings and its Subsidiaries, certified by the Chief Financial Officer of Borrower, consisting of consolidated and consolidating (i) unaudited balance sheets as of the close of such Fiscal Month and the related statements of income and cash flows for that portion of the Fiscal Year ending as of the close of such Fiscal Month; (ii) unaudited statements of income and cash flows for such Fiscal Month, setting forth in comparative form the figures for the corresponding period in the prior year and the figures contained in the Projections for such Fiscal Year, all prepared in accordance with GAAP (subject to normal year-end adjustments); and (iii) a summary of the outstanding balance of all Intercompany Notes as of the last day of that Fiscal Month. Such financial information shall be accompanied by (A) a statement in reasonable detail (each, a "Compliance Certificate") showing the calculations used in determining compliance with each of the Financial Covenants, (B) the certification of the Chief Financial Officer of Borrower that (i) such financial information presents fairly in accordance with GAAP (subject to normal year-end adjustments) the financial position, results of operations and statements of cash flows of Holdings and its Subsidiaries, on both a consolidated and consolidating basis, as at the end of such Fiscal Quarter and for that portion of the Fiscal Year then ended, (ii) any other information presented is true, correct and complete in all material respects and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default has occurred and is continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default, and (C) a report of the Chief Financial Officer of the Borrower with respect to the status of the Credit Parties' compliance with the requirements of Section 5.11 of the Agreement.

(b) Quarterly Management Discussion and Analysis. To Agent and Lenders, as soon as available, but not later than thirty (30) days after the end of each Fiscal Quarter (including without limitation the last Fiscal Quarter of each Fiscal Year), (i) a management discussion and analysis signed by Borrower's Chief Financial Officer that includes a comparison to budget for such Fiscal Quarter and a comparison of performance for that Fiscal Quarter to the corresponding period in the prior Fiscal Year, and (ii) a certification of the Chief Financial Officer of Borrower regarding the outstanding principal amount of all Investments and other obligations described in clauses (x) and (y) of the definition of the term "Permitted Intercompany Transaction" in Annex A outstanding as of the last day of such Fiscal Quarter.

(c) [Intentionally Omitted]

(d) Annual Audited Financials. To Agent and Lenders, within one hundred twenty (120) days after the end of each Fiscal Year, audited Financial Statements for Holdings and its Subsidiaries on a consolidated and (unaudited) consolidating basis, consisting of balance sheets and statements of income and retained earnings and cash flows, setting forth in comparative form in each case the figures for the previous Fiscal Year, which Financial Statements shall be prepared in accordance with GAAP and certified without qualification, by an independent certified public accounting firm of national standing or otherwise acceptable to Agent. Such Financial Statements shall be accompanied by (i) a statement prepared in reasonable detail showing the calculations used in determining compliance with each of the Financial Covenants, (ii) a report from such accounting firm to the effect that, in connection with their audit examination, nothing has come to their attention to cause them to believe that a Default or Event of Default has occurred (or specifying those Defaults and Events of Default that they became aware of), it being understood that such audit examination extended only to accounting matters and that no special investigation was made with respect to the existence of Defaults or Events of Default, (iii) the annual letters to such accountants in connection with their audit examination detailing contingent liabilities and material litigation matters, and (iv) the certification of the Chief Executive Officer or Chief Financial Officer of Borrower that all such Financial Statements present fairly in accordance with GAAP the financial position, results of operations and statements of cash flows of Holdings and its Subsidiaries on a consolidated and consolidating basis, as at the end of such Fiscal Year and for the period then ended, and that there was no Default or Event of Default in existence as of such time or, if a Default or Event of Default has occurred and is continuing, describing the nature thereof and all efforts undertaken to cure such Default or Event of Default.

(e) Management Letters. To Agent, within five (5) Business Days after receipt thereof by any Credit Party, copies of all management letters, exception reports or similar letters or reports received by such Credit Party from its independent certified public accountants.

(f) Default Notices. To Agent, as soon as practicable, and in any event within five (5) days after an executive officer of any Credit Party has actual knowledge of the existence of any Default, Event of Default or other event that has had a Material Adverse Effect, telephonic or telecopied notice specifying the nature of such Default or Event of Default or other event, including the anticipated effect thereof, which notice, if given telephonically, shall be promptly confirmed in writing on the next Business Day.

(g) SEC Filings and Press Releases. To Agent, promptly upon their becoming available, copies of: (i) all Financial Statements, reports, notices and proxy statements made publicly available by any Credit Party to its security holders; (ii) all regular and periodic reports and all registration statements and prospectuses, if any, filed by any Credit Party with any securities exchange or with the Securities and Exchange Commission or any governmental or private regulatory authority; and (iii) all press releases and other statements made available by any Credit Party to the public concerning material changes or developments in the business of any such Person.

(h) [Intentionally Omitted]

(i) Supplemental Schedules. To Agent, supplemental disclosures, if any, required by Section 5.6.

(j) Litigation. To Agent in writing, promptly upon learning thereof, notice of any Litigation commenced or threatened against any Credit Party that (i) seeks damages in excess of $100,000, (ii) seeks injunctive relief, (iii) is asserted or instituted against any Plan, its fiduciaries or its assets or against any Credit Party or ERISA Affiliate in connection with any Plan, (iv) alleges criminal misconduct by any Credit Party, (v) alleges the violation of any law regarding, or seeks remedies in connection with, any Environmental Liabilities; or (vi) involves any product recall.

(k) Insurance Notices. To Agent, disclosure of losses or casualties required by Section 5.4.

(l) Lease Default Notices. To Agent, (i) within two (2) Business Days after receipt thereof, copies of any and all default notices received under or with respect to any leased location or public warehouse where Collateral is located, (ii) monthly within three (3) Business Days after payment thereof, evidence of payment of lease or rental payments as to each leased or rented location for which a landlord or bailee waiver has not been obtained and (iii) such other notices or documents as Agent may reasonably request.

(m) [Intentionally Omitted]

(n) [Intentionally Omitted]

(o) Good Standing Certificates. Not less frequently than once during each calendar quarter, each Domestic Credit Party shall, unless the Agent shall otherwise consent, provide to the Agent a certificate of good standing from its state of incorporation or organization.

(p) Other Documents. To Agent, such other financial and other information respecting any Credit Party's business or financial condition as Agent or any Lender shall, from time to time, reasonably request.

(q) [Intentionally Omitted]

(r) [Intentionally Omitted]

(s) For each 13 week period during the Chapter 11 Cases, beginning with the Petition Date, a Budget for such 13 week period, which Budget for the period beginning on the Petition Date shall be delivered on the Closing Date and for any period beginning after the Petition Date shall be delivered at least one week prior to the end of the 13th week covered by the then existing Budget, and in addition, by 5:00 p.m., New York time on Friday of each week, (x) an update of such Budget (whereby the first week shall be deleted and updated with the week immediately succeeding the last week included in the previous report), (which the Borrowers acknowledge shall provide additional detail acceptable to the Agent with respect to projections delivered after the date of entry of the Final Order), (y) a detailed reconciliation analysis of actual results compared to projected results for the prior week and compared to such Budget; and (z) a written explanation of all material variances.

(t) Copies of all monthly reports, projections, or other information respecting Borrower's or any Guarantors' business or financial condition or prospects as well as all pleadings, motions, applications and judicial information filed by or on behalf of Borrower or Guarantors with the Bankruptcy Court or provided by or to the United States Trustee (or any monitor or interim receiver, if any, appointed in any Chapter 11 Case) or the Committee, at the time such document is filed with the Bankruptcy Court, or provided by or, to the United States Trustee (or any monitor or interim receiver, if any, appointed in any Chapter 11 Case) or the Committee.

ANNEX F

to

DIP CREDIT AGREEMENT

[Intentionally Omitted]

ANNEX G (Section 6.10)

to

DIP CREDIT AGREEMENT

FINANCIAL COVENANTS

Holdings and its Subsidiaries shall not breach or fail to comply with any of the following financial covenants, each of which shall be calculated in accordance with GAAP consistently applied:

(a) Budget Compliance. Subject to the terms and conditions set forth below, the proceeds of Loans made under this Agreement shall be used by the Borrower solely for the purposes and up to the amounts set forth in the Budget for the applicable line item during the applicable seven-day period:

(i) beginning on the Petition Date, compliance with each Budget as follows:

(x) weekly cumulative total operating receipts of not less than the amount set forth in such Budget,

(y) weekly cumulative total operating disbursements (excluding debt service and restructuring professional fees paid in accordance with the Budget) of not more than the amount set forth in such Budget and

(z) weekly professional fees of not more than the amount provided for each professional in such Budget;

(ii) for each period beginning on the Petition Date and ending on the last day of each seven-day period set forth in the Budget, the aggregate cumulative expenditures by the Borrowers shall not exceed one hundred percent (100%) of the aggregate cumulative amount budgeted for such cumulative time period pursuant to the Budget; and

(iii) no unused portion of any line item in the Budget may be carried forward or carried backward to the same or any other line item for any prior or subsequent seven-day period in the Budget.

Agents and Lenders (x) may assume that the Borrowers will comply with each Budget, (y) shall have no duty to monitor such compliance and (z) shall not be obligated to pay (directly or indirectly from the Collateral) any unpaid expenses incurred or authorized to be incurred pursuant to any Budget. The line items in each Budget for payment of interest, expenses and other amounts to Agent and Lenders are estimates only, and the Borrowers remain obligated to pay any and all Obligations in accordance with the terms of the Loan Documents, the Interim Order and the Final Order. Nothing in any Budget shall constitute an amendment or other modification of this Agreement or any of such restrictions or other lending limits set forth therein.

Unless otherwise specifically provided herein, any accounting term used in the Agreement shall have the meaning customarily given such term in accordance with GAAP, and all financial computations hereunder shall be computed in accordance with GAAP consistently applied. That certain items or computations are explicitly modified by the phrase "in accordance with GAAP" shall in no way be construed to limit the foregoing. If any "Accounting Changes" (as defined below) occur and such changes result in a change in the calculation of the financial covenants, standards or terms used in the Agreement or any other Loan Document, then Borrower, Agent and Lenders agree to enter into negotiations in order to amend such provisions of the Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating Holdings' and its Subsidiaries' financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made; provided, however, that the agreement of Requisite Lenders to any required amendments of such provisions shall be sufficient to bind all Lenders. "Accounting Changes" means (i) changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants (or successor thereto or any agency with similar functions), (ii) changes in accounting principles concurred in by the Credit Parties' certified public accountants; (iii) purchase accounting adjustments under A.P.B. 16 or 17 and EITF 88-16, and the application of the accounting principles set forth in FASB 109, including the establishment of reserves pursuant thereto and any subsequent reversal (in whole or in part) of such reserves; and (iv) the reversal of any reserves established as a result of purchase accounting adjustments. All such adjustments resulting from expenditures made subsequent to the Closing Date (including capitalization of costs and expenses or payment of pre-Closing Date liabilities) shall be treated as expenses in the period the expenditures are made and deducted as part of the calculation of Operating Income in such period. If Agent, Borrower and Requisite Lenders agree upon the required amendments, then after appropriate amendments have been executed and the underlying Accounting Change with respect thereto has been implemented, any reference to GAAP contained in the Agreement or in any other Loan Document shall, only to the extent of such Accounting Change, refer to GAAP, consistently applied after giving effect to the implementation of such Accounting Change. If Agent, Borrower and Requisite Lenders cannot agree upon the required amendments within thirty (30) days following the date of implementation of any Accounting Change, then all Financial Statements delivered and all calculations of financial covenants and other standards and terms in accordance with the Agreement and the other Loan Documents shall be prepared, delivered and made without regard to the underlying Accounting Change. For purposes of Section 8.1, a breach of a Financial Covenant contained in this Annex G shall be deemed to have occurred as of any date of determination by Agent or as of the last day of any specified measurement period, regardless of when the Financial Statements reflecting such breach are delivered to Agent.

ANNEX H (Section 1.1(d))

to

DIP CREDIT AGREEMENT

LENDERS' WIRE TRANSFER INFORMATION

Name:	General Electric Capital Corporation
Bank:	Deutsche Bank Trust Company Americas 60 Wall Street New York, NY 10005
ABA#:	021001033
Account #:	50279513
Account Name:	General Electric Capital Corporation
Reference:	CFK1589 Scovill DIP

ANNEX I (Section 11.10)

to

DIP CREDIT AGREEMENT

NOTICE ADDRESSES

(A) If to Agent or GE Capital,

General Electric Capital Corporation
201 Merritt Seven, 4th Floor
Norwalk, CT 06851
Attn: Robert A. Miller

Telecopier No.: 203-567-8200
Telephone No.: 203-956-4200

With copies to:

King & Spalding LLP
1180 Peachtree Street, N.E.
Atlanta, Georgia 30309
Attention: Sarah R. Borders, Esq.
Telecopier No.: 404-572-3596
Telephone No.: 404-572-5100

(B) If to UPS Capital, at
UPS Capital Corporation
35 Glenlake Parkway
Suite 500
Atlanta, Georgia 30328
Attn: Portfolio Manager
Telecopier No: 404-704-1501
Telephone No.: 404-828-6621

With copies to:

UPS Capital Corporation
35 Glenlake Parkway
Suite 500
Atlanta, Georgia 30328
Attn: Legal Department
Telecopier: 404-828-3710
Telephone: 404-828-4693

and

Parker, Hudson, Rainer & Dobbs LLP
1500 Marquis Two Tower
285 Peachtree Center Avenue, NE
Atlanta, Georgia 30303
Attn: Harrison J. Roberts, Esq.
Telecopier No.: (404) 522-8409
Telephone: 404-420-4321

(C) If to Borrower at
Scovill Fasteners Inc.
1802 Scovill Drive,
Clarkesville, Georgia 30523-0044
Attention: Mr. Stewart Q. Little
Telecopier No.: 706-754-3158
Telephone No.: 706-754-0502

With copies to:

Alston & Bird LLP
Attn: W. Hunter Holliday
John C. Weitnauer
One Atlantic Center
1201 West Peachtree Street
Atlanta, Georgia 30309-3424
Telecopier No.: (404) 881-7777
Telephone No.: (404) 881-7000

ANNEX J (from Annex A – Revolving Commitments definition)

to

DIP CREDIT AGREEMENT

Lender(s):

General Electric Capital Corporation:

Revolving Loan Commitment	$10,386,083.66

UPS Capital Corporation:

Revolving Loan Commitment	$10,386,083.65

EXHIBIT B

PROPOSED INTERIM ORDER

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION

In re:	)	Chapter 11
	)	
SCOVILL FASTENERS INC.,	)	Case No. 11-21650
SCOVILL, INC.,	)	Case No. 11-21652
PCI GROUP, INC.,	)	Case No. 11-21655
RAU FASTENER COMPANY, L.L.C.,	)	Case No. 11-21654
SCOMEX, INC.,	)	Case No. 11-21653
	)	
Debtors.[1]	)	Joint Administration Pending
	)	

INTERIM ORDER PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, 364 AND 507 GRANTING DEBTORS' EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS (I) APPROVING POSTPETITION FINANCING, (II) AUTHORIZING USE OF CASH COLLATERAL AND REPAYMENT OF CERTAIN PREPETITION REVOLVING AND TERM LOAN DEBT, (III) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS,(IV) GRANTING ADEQUATE PROTECTION, (V) MODIFYING AUTOMATIC STAY, AND (VI) SCHEDULING A FINAL HEARING

[1] A Motion for Joint Administration has been filed in these cases. The last four digits of the tax identification number for each of the Debtors follow in parenthesis: (i) Scovill Fasteners, Inc. (9561); (ii) Scovill, Inc. (3634); (iii) PCI Group, Inc. (7672) and Rau Fastener Company, L.L.C. (0883). Scomex, Inc. does not have a taxpayer identification number. The mailing address of the Debtors is 1802 Scovill Drive, Clarkesville, GA 30523-6348.

THIS MATTER having come before the Court upon the motion (the "**Motion**")[2] by Scovill Fasteners Inc. ("**Borrower**"), and Rau Fastener Company, L.L.C., Scomex, Inc., PCI Group, Inc., and Scovill, Inc., as guarantors (each a "**Guarantor**", and collectively, the "**Guarantors**"), each as a debtor and debtor in possession (collectively, the "**Debtors**") in the above-captioned Chapter 11 cases (collectively with any Successor Cases (as defined herein), the "**Cases**"), pursuant to Sections 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3), 364(d) and 507 of Title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Georgia ("**Local Rules**"), seeking, *inter alia*, entry of an interim order (this "**Interim Order**"):

(i) authorizing the Debtors to obtain secured postpetition financing on a secured, superpriority basis (the "**DIP Credit Facility**") pursuant to the terms and conditions of that certain Senior Secured Priming and Superpriority Debtor-In-Possession Credit Agreement (as amended, supplemented, restated, or otherwise modified from time to time, the "**DIP Credit Agreement**") by and among the Borrower, as borrower, the Guarantors, as guarantors, the other credit parties thereto, and General Electric Capital Corporation, as Agent (the "**DIP Agent**") for and on behalf of itself and the other lenders party thereto from time to time (collectively, including the DIP Agent, the "**DIP Lenders**"), and the DIP Lenders substantially in the form of Exhibit A annexed to the Motion;

(ii) authorizing the Debtors to execute and deliver the DIP Credit Agreement and the other related loan documents, (collectively with the DIP Credit Agreement, the "**DIP Loan Documents**") by and among the Debtors and the DIP Agent, and to perform such other acts as may be necessary or desirable in connection with the DIP Loan Documents;

(iii) granting the DIP Credit Facility and all obligations owing thereunder and under the DIP Loan Documents to the DIP Agent and DIP Lenders (collectively, and including all "Obligations" as described in the DIP Credit Agreement, the "**DIP Obligations**") allowed superpriority administrative expense claim status in each of the Cases and any Successor Cases;

[2] All capitalized terms not defined herein shall have the meaning given to them in the Motion.

(iv) granting to the DIP Agent, for the benefit of itself and the DIP Lenders, automatically and properly perfected security interests in and liens on all of the DIP Collateral (as defined herein), including, without limitation, all property constituting "Cash Collateral," as defined in Section 363(a) of the Bankruptcy Code, which liens shall be subject to the priorities set forth herein;

(v) authorizing and directing the Debtors to pay the principal, interest, fees, expenses and other amounts payable under the DIP Loan Documents as such become due, including, without limitation, closing fees, servicing fees, administrative agent's fees, the reasonable fees and disbursements of the DIP Agent's attorneys, advisors, accountants, and other consultants, and the reasonable legal expenses of the DIP Lenders, all to the extent provided in and in accordance with the terms of the DIP Credit Agreement and DIP Loan Documents;

(vi) authorizing the use of Cash Collateral of the Prepetition Agent and the Prepetition Lenders under the Prepetition Credit Documents (each as defined herein), and providing adequate protection to the Prepetition Agent and Prepetition Lenders for any Diminution in Value of their interests in the Prepetition Collateral, including the Cash Collateral to the extent any Prepetition Obligations (each as defined herein) remain outstanding;

(vii) providing for indefeasible repayment in full in cash of all obligations owed to the Prepetition Agent and Prepetition Lenders under the Revolving Loan and Term Loan C (each as defined in the Prepetition Credit Documents);

(viii) vacating and modifying the automatic stay imposed by Section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of the DIP Loan Documents and this Interim Order, as limited pursuant hereto; and

(ix) scheduling a final hearing (the "**Final Hearing**") to consider the relief requested in the Motion and approving the form of notice with respect to the Final Hearing.

The Court having considered the Motion, the exhibits attached thereto, the Declaration of Stewart Little in Support of First Day Motions and Applications, the DIP Loan Documents, and the evidence submitted at the interim hearing held on April __, 2011 (the "**Interim Hearing**"); and notice of the Interim Hearing having been given in accordance with Bankruptcy Rules 4001 and 9014; and the Local Rules; and all objections, if any, to the interim relief requested in the Motion having been withdrawn, resolved or overruled by the Court; and it appearing to the Court that granting the interim relief requested is necessary to avoid immediate and irreparable harm to

the Debtors and their estates pending the Final Hearing, and otherwise is fair and reasonable and in the best interests of the Debtors, their estates, and their creditors and after due deliberation and consideration, and for good and sufficient cause appearing therefor;

BASED UPON THE RECORD ESTABLISHED AT THE INTERIM HEARING BY THE DEBTORS, THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:

A. *Commencement of Cases*. On April 19, 2011 (the "**Petition Date**") each of the Debtors filed a separate voluntary petition under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Georgia (the "**Court**") commencing these Cases. The Debtors are continuing in the management and operation of their businesses and properties as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these Cases and the United States Trustee (the "**U.S. Trustee**") has not yet appointed the official committee of unsecured creditors in these Cases (the "**Statutory Committee**").

B. *Jurisdiction and Venue*. This Court has jurisdiction, pursuant to 28 U.S.C. §§ 157(b) and 1334, over these proceedings, and over the persons and property affected hereby. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are Sections 105, 361, 362, 363, and 364 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001, and 9014. Venue for the Cases and proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

C. *Debtors' Stipulations*. After consultation with their attorneys and financial advisors, and without prejudice to the rights of parties in interest as set forth in paragraph 29

herein, the Debtors (on behalf of and for themselves) admit, stipulate, acknowledge and agree that (collectively, paragraphs C(i) through C(vii) hereof shall be referred to herein as the "**Debtors' Stipulations**"):

(i) *Prepetition Facility*. Pursuant to that certain Credit Agreement dated as of February 2, 2004 (as amended, supplemented, restated, or otherwise modified prior to the Petition Date, the "**Prepetition Agreement**," and together with all related loan and security documents, the "**Prepetition Credit Documents**"), among Scovill Fasteners Inc., as borrower, Rau Fastener Company, L.L.C., PCI Group, Inc., Scomex, Inc., and Scovill, Inc., as guarantors, the other persons party thereto that are designated as credit parties, the lenders and L/C Issuers party thereto (collectively, the "**Prepetition Lenders**"), and General Electric Capital Corporation as Agent (the "**Prepetition Agent**") for itself as Lender and the other Prepetition Lenders, the Prepetition Lenders provided revolving credit, term loan and letter of credit facilities, and other financial accommodations to or for the benefit of the Debtors (collectively, the "**Prepetition Facility**").

(ii) *Prepetition Obligations*. The Prepetition Facility provided the Debtors with, among other things, $40,000,000 in aggregate principal amount of revolving and term loan commitments. As of the Petition Date, the outstanding principal amount owed by the Debtors under the Prepetition Agreement was at least $25,474,893 (collectively, together with any amounts paid, incurred or accrued prior to the Petition Date in accordance with the Prepetition Credit Documents, unpaid principal, accrued and unpaid interest, any reimbursement obligations (contingent or otherwise) in respect of letters of credit, any fees, expenses and disbursements (including, without limitation, attorneys' fees, related expenses and disbursements), treasury, cash management and derivative obligations, indemnification obligations, and other charges, amounts and costs of whatever nature owing, whether or not contingent, whenever arising, accrued, accruing, due, owing, or chargeable in respect of any of the Borrower's, or any other Loan Parties' (as defined in the Prepetition Credit Documents) obligations pursuant to the Prepetition Credit Documents, including all "Obligations" as described in the Prepetition Agreement, the "**Prepetition Obligations**"). Of the Prepetition Obligations, as of the Petition Date, the outstanding principal amount owed by the Borrower (x) under the Prepetition Revolving Loan was at least $13,399,893 (the "**Prepetition Revolving Loan Obligations**"), and (y) under the Term Loan C was at least $2,075,000 (the "**Term Loan C Obligations**" and, together with the Prepetition Revolving Loan Obligations, the "**Revolver/Term C Obligations**").

(iii) *Trache B Credit Facility and the Recovery Term Loan*. Scovill Fasteners, Inc., is party to that certain Third Amended and Restated Loan and Security Agreement (as amended, supplemented, restated or otherwise modified prior to the Petition Date, the "**Tranche B Credit Facility**," and together with the all related documents, the "**Tranche B Credit Documents**"), dated as of February 2, 2004, as amended, by and among Scovill Fasteners, Inc., Rau Fastener Company, L.L.C., Scomex, Inc., and PCI Group, Inc., as borrowers (the "**Tranche**

B Borrowers"), and GSCP Recovery Inc. ("**Recovery Inc.**"), GSC Recovery II, L.P. ("**Recovery II**"), and GCS Recovery IIA, L.P. ("**Recovery IIA**") (Recovery Inc., Recovery II and Recovery IIA are sometimes collectively referred to as "**Recovery**"), as the lenders, and Recovery, Inc., as administrative agent. Pursuant to the Tranche B Credit Facility, Recovery agreed to continue to extend certain financing to Borrower in the form of Bridge Loans (as defined therein). Recovery is no longer obligated to provide additional Bridge Loans to Borrower. As of the Petition Date, Borrower was indebted to Recovery in the approximate amount of $158,855,000 pursuant to the Tranche B Credit Facility (such amount, together with any amounts incurred or accrued but unpaid prior to the Petition Date in accordance with the Tranche B Credit Documents, including principal, interest, fees, expenses, indemnification or otherwise and all guarantees of any of the foregoing, the "**Tranche B Obligations**"). The Tranche B Credit Facility is secured by all, or substantially all, of the assets of Borrower, Rau Fastener Company, L.L.C., Scomex, Inc., and PCI Group, Inc. Pursuant to that certain Term Loan Agreement (the "**Recovery Term Loan**") dated as of December 23, 2005 among the Tranche B Borrowers and Recovery Inc., the Tranche B Borrowers are indebted to Recovery Inc., as of the Petition Date, in the approximate amount of $48,929,000. The Recovery Term Loan is unsecured.

(iv) *Prepetition Collateral*. To secure the Prepetition Obligations, the Borrower granted to the Prepetition Agent and Prepetition Lenders (the "**Prepetition Liens**") and to secure the Tranche B Obligations, the Borrowers granted to Recovery (the "**Tranche B Liens**"), security interests in and liens on, among other things, substantially all of the assets of the Debtors including without limitation, all (a) Accounts; (b) all Equipment, Goods, Inventory and Fixtures; (c) all Documents, Instruments and Chattel Paper; (d) all Letters of Credit and Letter-of-Credit Rights; (e) all Pledged Collateral; (f) all Investment Property; (g) all Intellectual Property; (h) all General Intangibles; (i) all money and all Deposit Accounts; (j) all Supporting Obligations; (k) all books and records relating to the Pledged Collateral; (l) all Real Property; (m) all Software; (n) certain Commercial Tort Claims described in the Prepetition Credit Documents; (o) all Intercompany Notes assigned to Debtors; and (p) to the extent not covered, all other real and personal property of the Borrower, whether tangible or intangible, and all Proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the foregoing, any and all Proceeds of any insurance, indemnity, warranty or guaranty payable to such Borrower from time to time with respect to any of the foregoing (collectively, the "**Prepetition Collateral**"); *provided*, *however*, that the Prepetition Collateral does not include any property that has been excluded from the definition of "Collateral" in the Prepetition Credit Documents.

(v) *The Prepetition Liens*. The Prepetition Liens on the Prepetition Collateral were perfected as of the Petition Date. As further described in paragraph vi herein, the Prepetition Liens on the Prepetition Collateral are subject to the terms of the Intercreditor Agreement (as defined herein).

(vi) *Priority of the Prepetition Liens and Tranche B Liens; Intercreditor Agreement*. Pursuant to that certain Subordination Agreement, dated as of February 2, 2004, by

and among Recovery and Prepetition Agent (as amended, supplemented, restated or otherwise modified prior to the Petition Date, the "**Intercreditor Agreement**"), the Prepetition Liens are senior in priority to the Tranche B Liens on all Prepetition Collateral and all of the indebtedness and obligations of the Tranche B Borrowers arising under the Tranche B Credit Facility and the Recovery Term Loan are subordinated to all obligations under the Prepetition Credit Agreement.

(vii) *Validity of Prepetition Liens, Claims and Obligations*. Subject to the provisions of paragraph 29 herein, the Debtors and the Prepetition Agent acknowledge and agree that: (a) the Prepetition Liens are valid, binding, enforceable, non-avoidable and perfected; (b) as of the Petition Date, the Prepetition Liens had priority over any and all other liens on the Prepetition Collateral, subject only to certain liens otherwise permitted by the Prepetition Credit Documents (to the extent any such permitted liens were valid, properly perfected, non-avoidable and senior in priority to the Prepetition Liens as of the Petition Date, the "**Permitted Prior Liens**"); (c) the Prepetition Obligations constitute legal, valid, binding, and non-avoidable obligations of the Debtors, enforceable in accordance with the terms of the Prepetition Credit Documents (other than in respect of the stay of enforcement arising from Section 362 of the Bankruptcy Code); (d) no offsets, challenges, objections, defenses, claims or counterclaims of any kind or nature to any of the Prepetition Liens or the Prepetition Obligations exist, and no portion of the Prepetition Liens or the Prepetition Obligations is subject to any challenge or defense, including, without limitation, avoidance, recharacterization, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (e) the Debtors and their estates have no offsets, defenses, claims, objections, challenges, causes of actions, and/or choses in action, including without limitation, avoidance claims under Chapter 5 of the Bankruptcy Code, against the Prepetition Agent, the Prepetition Lenders and/or any of their respective affiliates, parents, subsidiaries, agents, attorneys, advisors, professionals, officers, directors and employees arising out of, based upon or related to the Prepetition Credit Documents, as applicable; (f) as of the Petition Date, the value of the Prepetition Collateral securing the Revolver/Term C Obligations exceeded the amount of those obligations, and accordingly the Revolver/Term C Obligations are allowed secured claims within the meaning of Section 506 of the Bankruptcy Code; and (g) the Debtors have waived, discharged and released any right they may have to challenge any of the Prepetition Obligations and the security for these obligations, and to assert any offsets, defenses, claims, objections, challenges, causes of action and/or choses of action against the Prepetition Agent, Prepetition Lenders and/or any of their respective affiliates and/or their respective, parents, subsidiaries, agents, attorneys, advisors, professionals, officers, directors and employees.

(viii) *Cash Collateral*. The Debtors represent that all of the Debtors' cash, including the cash in their deposit accounts, wherever located, whether as original collateral or proceeds of other Prepetition Collateral, constitute the Cash Collateral of the Prepetition Agent and the Prepetition Lenders.

(ix) *Default by the Debtors*. The Debtors acknowledge and stipulate that the Debtors are in default of their debts and obligations under the Prepetition Credit Documents.

D. *Findings Regarding Postpetition Financing*.

(i) *Request for Postpetition Financing*. The Debtors seek authority to (a) enter into the DIP Credit Facility on the terms described herein and in the DIP Loan Documents, and (b) use Cash Collateral on the terms described herein to administer their Cases and fund their operations. At the Final Hearing, the Debtors will seek final approval of the proposed postpetition financing arrangements and use of Cash Collateral arrangements pursuant to a proposed final order (the "**Final Order**"), which shall be in form and substance acceptable to the DIP Agent and Prepetition Agent (each in their sole discretion) and notice of which Final Hearing and Final Order will be provided in accordance with this Interim Order.

(ii) *Priming of Liens*. The priming of the Tranche B Liens, the Prepetition Liens and all other liens of the Prepetition Agent, the Prepetition Lenders and Recovery on the Prepetition Collateral under Section 364(d) of the Bankruptcy Code, as contemplated by the DIP Credit Facility and as further described below, will enable the Debtors to obtain the DIP Credit Facility and to continue to operate their businesses and to fund the sale process to the benefit of the estates and creditors. However, the Prepetition Agent and the Prepetition Lenders are entitled to receive adequate protection as set forth in this Interim Order pursuant to Sections 361, 363 and 364 of the Bankruptcy Code, for any diminution in the value of their respective interests in the Prepetition Collateral (including Cash Collateral) resulting from, among other things, the Debtors' use, sale or lease of such collateral, market value decline of such collateral, the imposition of the automatic stay, the priming (to the extent provided for herein) of the Prepetition Liens, and the subordination to the Carve Out (collectively, and solely to the extent of any such diminution in value, the "**Diminution in Value**").

(iii) *Need for Postpetition Financing and Use of Cash Collateral*. The Debtors' need to use Cash Collateral on an interim basis and to obtain credit on an interim basis pursuant to the DIP Credit Facility is immediate and critical to enable the Debtors to facilitate a sale of their businesses and to administer and preserve the value of their estates for all stakeholders. The ability of the Debtors to finance their operations, maintain business relationships with their customers, to pay their employees and otherwise finance their operations throughout the Chapter 11 process requires the availability of working capital from the DIP Credit Facility and the use of Cash Collateral, the absence of any one of which would immediately and irreparably harm the Debtors, their estates, and their creditors.

(iv) *No Credit Available on More Favorable Terms*. Given their current financial condition, financing arrangements, and capital structure, the Debtors are unable to obtain financing from sources other than the DIP Lenders on terms more favorable than provided for in the DIP Credit Facility. The Debtors have been unable to obtain unsecured credit allowable under Bankruptcy Code Section 364(b)(1) as an administrative expense. The Debtors have also been unable to obtain sufficient credit: (a) having priority over that of administrative expenses of the kind specified in Sections 503(b), 507(a) and 507(b) of the Bankruptcy Code; (b) secured by a lien on property of the Debtors and their estates that is not otherwise subject to a lien; or (c) secured solely by a junior lien on property of the Debtors and their estates that is subject to a lien. Financing on a postpetition basis is not otherwise available without granting the DIP Agent, for the benefit of itself and the DIP Lenders: (1) perfected security interests in and liens on (each as provided herein) all of the Debtors' existing and after-acquired assets with

the priorities set forth in paragraph 4 hereof, (2) superpriority claims and liens, and (3) the other protections set forth in this Interim Order.

(v) *Use of Proceeds of the DIP Credit Facility*. As a condition to entry into the DIP Credit Agreement, the extension of credit under the DIP Credit Facility and the authorization to use Cash Collateral, the DIP Agent, the DIP Lenders, the Prepetition Agent, and the Prepetition Lenders require, and the Debtors have agreed, that proceeds of the DIP Credit Facility shall be used, in each case in a manner consistent with the terms and conditions of the DIP Loan Documents and in accordance with an Approved Budget (as defined below) solely for (a) working capital and other general corporate purposes, (b) permitted payment of costs of administration of the Cases, (c) payment of such prepetition expenses as consented to by the DIP Agent, in its sole discretion, and as approved by the Court, and (d) the indefeasible repayment in full in cash of the Revolver/Term C Obligations. The repayment in full in cash of the Prepetition Revolving Loan and Term Loan C on the DIP Closing Date (which has the meaning ascribed to "Closing Date" in the DIP Loan Documents) is necessary as the Prepetition Agent and Prepetition Lenders will not otherwise consent to providing the DIP Credit Facility and providing credit to the Debtors hereunder, and the Prepetition Agent and the Prepetition Lenders have not otherwise consented to the use of their Cash Collateral or the subordination of their liens to the DIP Liens.

E. *Adequate Protection*. The Prepetition Agent, for the benefit of itself and the Prepetition Lenders, are entitled to receive adequate protection to the extent of any Diminution in Value of their interests in the Prepetition Collateral (including Cash Collateral). Pursuant to Sections 361, 363 and 507(b) and subject to the terms of this Interim Order, as adequate

protection the Prepetition Agent, for the benefit of itself and the Prepetition Lenders, will receive (a) adequate protection liens and superpriority claims, as more fully set forth in paragraphs 11 and 12 herein, and (b) ongoing payment of the reasonable fees, costs and expenses, including, without limitation, legal and other professionals' fees and expenses, of the Prepetition Agent and Prepetition Lenders under the Prepetition Credit Documents, subject to the right of the Debtors and other parties in interest to later assert that the aforementioned payments should be allocated to a reduction of principal amounts owed pursuant to Section 506(b) of the Bankruptcy Code.

F. *Sections 506(c) and 552(b)*. In light of (i) the DIP Agent's and DIP Lenders' agreement to subordinate their liens and superpriority claims to the Carve Out; and (ii) the Prepetition Agent's and the Prepetition Lenders' agreement to subordinate their liens and superpriority claims to the Carve Out and the DIP Liens (as defined herein), upon entry of a Final Order (a) the Prepetition Agent and the Prepetition Lenders are entitled to a waiver of any "equities of the case" claims under Section 552(b) of the Bankruptcy Code, and (b) the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders, are each entitled to a waiver of the provisions of Section 506(c) of the Bankruptcy Code (which waiver shall be without prejudice to the contention of the DIP Agent and DIP Lenders, that Section 506(c) of the Bankruptcy Code does not apply to secured claims incurred pursuant to Section 364 of the Bankruptcy Code).

G. *Good Faith of the Agents and the Lenders*.

(i) *Willingness to Provide Financing*. The DIP Lenders have indicated a willingness to provide financing to the Debtors subject to: (1) the entry of this Interim Order; (2) approval of the terms and conditions of the DIP Credit Facility and the DIP Loan Documents

including, and subject to, the repayment of the Revolver/Term C Obligations on the DIP Closing Date; and (3) entry of findings by this Court that such financing is essential to the Debtors' estates, that the DIP Agent and DIP Lenders are extending credit to the Debtors pursuant to the DIP Loan Documents in good faith, and that the DIP Agent's and DIP Lenders' claims, superpriority claims, security interests and liens and other protections granted pursuant to this Interim Order and the DIP Loan Documents will have the protections provided in Section 364(e) of the Bankruptcy Code and will not be affected by any subsequent reversal, modification, vacatur, amendment, reargument or reconsideration of this Interim Order or any other order.

(ii) *Business Judgment and Good Faith Pursuant to Section 364(e)*. The terms and conditions of the DIP Credit Facility and the DIP Loan Documents, and the fees paid and to be paid thereunder, are fair, reasonable, and the best available to the Debtors under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and consideration. The DIP Credit Facility and the use of Cash Collateral were negotiated in good faith and at arms' length among the Debtors, the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders. Use of Cash Collateral and credit to be extended under the DIP Credit Facility shall be deemed to have been so allowed, advanced, made, used or extended in good faith, and for valid business purposes and uses, within the meaning of Section 364(e) of the Bankruptcy Code, and the DIP Agent and DIP Lenders are therefore entitled to the protection and benefits of Section 364(e) of the Bankruptcy Code and this Interim Order.

H. *Notice*. Notice of the Interim Hearing and the emergency relief requested in the Motion has been provided by the Debtors, whether by facsimile, email, overnight courier or hand

delivery, to certain parties in interest, including: (i) the U.S. Trustee; (ii) the Internal Revenue Service; (iii) the parties included on the Debtors' list of forty (40) largest unsecured creditors; (iv) counsel to the Prepetition Agent for itself and for the Prepetition Lenders; (v) counsel to the DIP Agent for itself and for the DIP Lenders; (vi) all financial institutions at which the Debtors maintain deposit accounts; (vii) the landlords for all non-residential real properties occupied by the Debtors as of the Petition Date; (viii) Recovery Inc.; (ix) all taxing authorities in the jurisdictions where the Debtors operate that have a reasonably known interest in the relief requested and which may have claims against the Debtors, and (x) all entities known to have asserted any lien, claim, interest or encumbrance in or upon any of the DIP Collateral and (xi) all other parties required to receive notice pursuant to Bankruptcy Rules 2002, 4001 or 9014 or requesting to receive notice prior to the date hereof. The Debtors have made reasonable efforts to afford the best notice possible under the circumstances and such notice is good and sufficient to permit the interim relief set forth in this Interim Order.

Based upon the foregoing findings and conclusions, the Motion and the record before the Court with respect to the Motion, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED that:

1. Interim Financing Approved. The Motion is granted to the extent provided herein, the Interim Financing (as defined herein) is authorized and approved, and the use of Cash Collateral on an interim basis is authorized, subject to the terms and conditions set forth in this Interim Order.

2. Objections Overruled. All objections to the interim relief sought in the Motion to the extent not withdrawn or resolved are hereby overruled.

DIP Credit Facility Authorization

3. Authorization of the DIP Financing. The Debtors are expressly and immediately authorized, empowered and directed to execute and deliver the DIP Loan Documents, and to incur and to perform the DIP Obligations in accordance with, and subject to, the terms of this Interim Order and the DIP Loan Documents, and to deliver all instruments and documents which may be required or necessary for the performance by the Debtors under the DIP Credit Facility and the creation and perfection of the DIP Liens. The Debtors are hereby authorized, empowered and directed to pay, in accordance with this Interim Order, the principal, interest, fees, expenses, legal fees and other amounts described in the DIP Loan Documents and all other documents comprising the DIP Credit Facility as such become due and without need to obtain further Court approval, including, without limitation, closing fees, letter of credit fees (including issuance, fronting, and other related charges), unused facility fees, servicing fees, administrative agent's fees, the reasonable fees and disbursements of the DIP Agent's attorneys, advisors, accountants, and other consultants and the DIP Lenders' attorneys, all to the extent provided in the DIP Loan Documents. All collections and proceeds, whether from ordinary course collections, asset sales, debt or equity issuances, insurance recoveries, condemnations or otherwise, will be deposited and applied as required by this Interim Order and the DIP Loan Documents. Upon execution and delivery, the DIP Loan Documents shall represent valid and binding obligations of the Debtors, enforceable against each of the Debtors and their estates in accordance with their terms.

4. Authorization to Borrow. Until the DIP Termination Date (as defined herein), and to prevent immediate and irreparable harm to the Debtors' estates, the Debtors are hereby

authorized to request extensions of credit (in the form of loans) up to an aggregate principal amount of $20,772,167.31 at any one time outstanding under the DIP Credit Facility (the "**Interim Financing"**), subject to terms, conditions, limitations on availability and reserves set forth in the DIP Loan Documents and the DIP Credit Facility, as applicable, and this Interim Order.

5. Postpetition Liens. To secure the DIP Obligations, effective immediately upon entry of this Interim Order, pursuant to Sections 361, 362, 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code, the DIP Agent, for the benefit of itself and the DIP Lenders, is hereby granted continuing, valid, binding, enforceable, non-avoidable, and automatically and properly perfected postpetition security interests in and liens on (collectively, the "**DIP Liens**") any and all of the assets of the Debtors or their estates, including, without limitation, (a) Accounts; (b) all Equipment, Goods, Inventory and Fixtures; (c) all Documents, Instruments and Chattel Paper; (d) all Letters of Credit and Letter-of-Credit Rights; (e) all Pledged Collateral; (f) Investment Property; (g) all Intellectual Property; (h) all Commercial Tort Claims and all other causes of actions and claims, including but not limited to, upon entry of a Final Order approving such relief, any claim or cause of action under Chapter 5 of the Bankruptcy Code ("**Avoidance Actions**"); (i) all General Intangibles; (j) all money and Deposit Accounts; (k) all Supporting Obligations; (l) all books and records; (m) all real property, whether owned or leased, and any improvements, rents, permits, contracts, records and proceeds related thereto; (n) to the extent not covered in the foregoing, all other personal property of the Debtors, whether tangible or intangible, real or personal, and all proceeds and products of each of the foregoing and all accessions to, substitutions and replacements for, and rents, profits and products of, each of the

foregoing, any and all proceeds of any insurance, indemnity, warranty or guaranty payable to such Borrower from time to time with respect to any of the foregoing; (o) all Software; (p) all Intercompany Notes assigned to Debtors; and (q) upon entry of a Final Order approving such relief, the Debtors' rights under Section 506(c) of the Bankruptcy Code, other than against the DIP Lender, and the proceeds thereof (collectively, the "**DIP Collateral**"). The Prepetition Liens shall continue, shall (to the extent that the Prepetition Obligations are refinanced) inure to the benefit of the DIP Agent and DIP Lenders, shall secure the DIP Obligations, and shall be included in the definition of "DIP Liens."

6. DIP Lien Priority. The DIP Liens securing the DIP Obligations are valid, automatically and properly perfected, non-avoidable, senior in priority and superior to any security, mortgage, collateral interest, lien or claim to any of the DIP Collateral, except that the DIP Liens shall be junior only to: (a) Permitted Prior Liens; and (b) the Carve Out. Pursuant to Section 364(d) of the Bankruptcy Code, the DIP Liens shall be senior to the Prepetition Liens and the Tranche B Liens on all DIP Collateral. Except as expressly set forth herein, the DIP Liens shall not be made subject to or *pari passu* with any lien or security interest heretofore or hereinafter granted in the Cases or any other subsequent proceedings under the Bankruptcy Code, including, without limitation, any Chapter 7 proceeding if any of the Cases are converted to cases under Chapter 7 of the Bankruptcy Code (collectively, the "**Successor Cases**"), and shall be valid and enforceable against any trustee appointed in the Cases, upon the conversion of any of the Cases to a case under Chapter 7 of the Bankruptcy Code, and/or upon the dismissal of any of the Cases. The DIP Liens shall not be subject to Sections 510, 549 (to the extent a successful action is brought against any DIP Lender), or 550 of the Bankruptcy Code. No lien or

interest avoided and preserved for the benefit of the estate pursuant to Section 551 of the Bankruptcy Code shall be *pari passu* with or senior to the DIP Liens.

7. Superpriority Claims. Upon entry of this Interim Order, the DIP Agent and DIP Lenders are hereby granted, pursuant to Section 364(c)(1) of the Bankruptcy Code, an allowed superpriority administrative expense claim in each of the Cases (collectively, the "**DIP Superpriority Claim**") for all DIP Obligations: (a) except as set forth herein, with priority over any and all administrative expense claims and unsecured claims against the Debtors or their estates in any of the Cases, at any time existing or arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to Bankruptcy Code Sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 507(a), 507(b) (except as set forth herein), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114, and any other provision of the Bankruptcy Code, as provided under Section 364(c)(1) of the Bankruptcy Code; and (b) which shall at all times be senior to the rights of the Debtors and their estates, and any successor trustee or other estate representative to the extent permitted by law. Notwithstanding the foregoing, the DIP Superpriority Claim shall be subject to the Carve Out.

8. No Obligation to Extend Credit. The DIP Agent and DIP Lenders shall have no obligation to make any loan or advance under the DIP Loan Documents, unless all of the conditions precedent to the making of such extension of credit under the DIP Loan Documents and this Interim Order have been satisfied in full or waived by the Required Lenders (as defined in the DIP Credit Agreement) in their sole discretion.

9. Use of Proceeds; Repayment of Prepetition Obligations. From and after the Petition Date, the Debtors shall use advances of credit under the DIP Credit Facility only for the purposes specifically set forth in this Interim Order, the DIP Loan Documents and in compliance with the Approved Budget. On the DIP Closing Date, the Debtors are authorized to draw the financing available under the DIP Credit Facility to pay in full in cash the outstanding Revolving/Term C Obligations under the Prepetition Credit Documents (including, without limitation, accrued and unpaid interest, fees, expenses, legal fees, disbursements and other amounts properly chargeable thereunder) and any amounts owing under the Prepetition Credit Documents relating to the Prepetition Revolving Loan and/or Term Loan C that are contingent and unliquidated and subsequently become liquidated. To the extent that any Revolver/Term C Obligations under the Prepetition Credit Documents remain outstanding, all collections of Prepetition Collateral from and after the Petition Date through the Final Hearing shall be applied to the repayment of the Revolver/Term C Obligations under the Prepetition Credit Documents. The repayment of the Prepetition Obligations provided for herein shall be subject to the reservation of rights of parties in interest set forth in paragraph 29 of this Interim Order, and upon expiration, without a challenge being brought, of the Challenge Period (as defined in paragraph 29 hereof) or the final resolution of a challenge brought in compliance with the provisions of this Interim Order and applicable law (where such challenge did not have the effect of successfully impairing any of the Revolver/Term C Obligations), the Debtors' repayment of the Revolver/Term C Obligations, shall be deemed to be indefeasible, final and not subject to challenge or disgorgement.

Authorization to Use Cash Collateral

10. Authorization to Use Cash Collateral. Subject to the terms and conditions of this Interim Order, the DIP Credit Facility and the DIP Loan Documents and in accordance with the Approved Budget, the Debtors are authorized to use Cash Collateral until the DIP Termination Date. Nothing in this Interim Order shall authorize the disposition of any assets of the Debtors or their estates outside the ordinary course of business, or any Debtor's use of any Cash Collateral or other proceeds resulting therefrom, except as permitted in this Interim Order, the DIP Credit Facility, the DIP Loan Documents, and in accordance with the Approved Budget.

11. Adequate Protection Liens.

(a) Adequate Protection Liens. Pursuant to Sections 361, 363(e) and 364(d) of the Bankruptcy Code, as adequate protection of the interests of the Prepetition Agent and Prepetition Lenders in the Prepetition Collateral against any Diminution in Value of such interests in the Prepetition Collateral on account of, among other things, the granting of the DIP Liens, the Debtors' use of Cash Collateral, the use, sale or lease of any other Prepetition Collateral, market value decline of collateral, the priming of the Prepetition Liens and the imposition of the automatic stay, the Debtors hereby grant to the Prepetition Agent, for the benefit of itself and the Prepetition Lenders, continuing valid, binding, enforceable and perfected postpetition security interests in and liens on the DIP Collateral (the "**Adequate Protection Liens**") to the extent of any Diminution in Value.

(b) Priority of Adequate Protection Liens.

(i) The Adequate Protection Liens shall be junior only to: (A) Permitted Prior Liens; (B) the Carve Out; (C) the DIP Liens; and (D) the Prepetition Liens on the

Prepetition Collateral. The Adequate Protection Liens shall be senior to all other security interests in, liens on, or claims against any of the DIP Collateral.

(ii) Except as provided herein, the Adequate Protection Liens shall not be made subject to or *pari passu* with any lien or security interest heretofore or hereinafter granted or created in the Cases, and shall be valid and enforceable against any trustee appointed in any of the Cases, or upon the dismissal of any of the Cases. The Adequate Protection Liens shall not be subject to Sections 510 (except to the extent of Prepetition Liens), 549 or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of the estate pursuant to Section 551 of the Bankruptcy Code shall be *pari passu* with or senior to the Prepetition Liens or the Adequate Protection Liens.

12. Adequate Protection Superpriority Claims.

(a) Prepetition Lender Superpriority Claim. As further adequate protection of the interests of the Prepetition Agent and Prepetition Lenders in the Prepetition Collateral against any Diminution in Value of such interests in the Prepetition Collateral on account of, among other things, the granting of the DIP Liens, the Debtors' use of Cash Collateral, the use, sale or lease of any other Prepetition Collateral, market value decline of the collateral, the priming of the Prepetition Liens, and the imposition of the automatic stay, the Prepetition Agent and Prepetition Lenders are each hereby granted as and to the extent provided by Section 507(b) of the Bankruptcy Code and, to the extent of any Diminution in Value, an allowed superpriority administrative expense claim in each of the Cases (the "**Prepetition Lender Superpriority Claim**").

(b) Priority of the Adequate Protection Superpriority Claims. Except as set forth herein, the Prepetition Lender Superpriority Claim shall have priority over all administrative expense claims and unsecured claims against the Debtors or their estates, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, administrative expenses of the kinds specified in or ordered pursuant to Sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114 of the Bankruptcy Code; *provided*, *however*, that the Prepetition Lender Superpriority Claim shall be junior to the DIP Superpriority Claim and to the Carve Out.

13. Section 507(b) Reservation. Nothing herein shall impair or modify the application of Section 507(b) of the Bankruptcy Code in the event that the adequate protection provided to the Prepetition Agent or the Prepetition Lenders hereunder is insufficient to compensate for any Diminution in Value of their respective interests in the Prepetition Collateral during the Cases or any Successor Cases.

Provisions Common to DIP Financing and Use of Cash Collateral Authorizations

14. Amendment of the DIP Loan Documents. The DIP Loan Documents may from time to time be amended, modified or supplemented by the parties thereto without notice or a hearing if: (a) the amendment, modification, or supplement is (i) in accordance with the DIP Loan Documents, (ii) beneficial to the Debtors, and (iii) not prejudicial in any material respect to the rights of third parties; (b) a copy (which may be provided through electronic mail or facsimile) of the amendment, modification or supplement is provided to the Statutory Committee and the U.S. Trustee; and (c) the amendment, modification or supplement is filed with the Court; *provided*, *however*, that consent of the Statutory Committee or the U.S. Trustee, and approval of

the Court is not necessary to effectuate any such amendment, modification or supplement and provided further that such amendments, modification or supplements shall be without prejudice to the right of any party in interest to be heard.

15. Budget.

(a) Generally. Attached hereto as Exhibit A is a 13-week budget (the "**Initial Approved Budget**") which reflects the Debtors' anticipated cumulative cash receipts and expenditures on a weekly basis and all necessary and required cumulative expenses which the Debtors expect to incur during each week of the Initial Approved Budget. The Initial Approved Budget may be modified or supplemented from time to time by additional budgets (covering any time period covered by a prior budget or covering additional time periods) prepared by Debtors and approved in writing pursuant to the applicable terms of the DIP Credit Agreement by the DIP Agent (each such additional budget, a "**Supplemental Approved Budget**"), in each case without further notice, motion or application to, order of, or hearing before, this Court; *provided*, *however*, that the Debtors shall file copies of each Supplemental Approved Budget with the Court within five (5) business days of its approval by the DIP Agent. The aggregate, without duplication, of all items in the Initial Approved Budget and any Supplemental Approved Budgets shall constitute an "**Approved Budget**."

(b) Budget Covenants. The Debtors acknowledge and agree that pursuant to the terms of the DIP Loan Documents they are required (x) to provide to the DIP Agent, so as actually to be received by 5:00 p.m. (New York time) on Friday of each week, weekly line-by-line certified variance reports for the preceding weekly period and on a cumulative basis from the Petition Date to the report date, comparing actual cash receipts and disbursements to amounts

projected in the Approved Budget, in form and scope reasonably acceptable to the DIP Agent, (y) by 5:00 p.m. (New York time) on Friday of each week from the DIP Closing Date until the DIP Termination Date, to deliver to the DIP Agent an updated, "rolling" 13-week budget which sets forth by line item updated projected receipts and disbursements for the Debtors during the period commencing from the end of the previous week through and including thirteen weeks thereafter; *provided* that the Debtors shall still be subject to and be governed by the terms of the Approved Budget then in effect and the DIP Agent and DIP Lenders shall, as applicable, have no obligation to fund to such updated "rolling budget" or permit the use of Cash Collateral with respect thereto and (z) by no later than five (5) business days prior to the end of the period covered by the then applicable Approved Budget, to deliver to the DIP Agent a Supplemental Approved Budget. The Debtors acknowledge and agree that (i) the incurrence or payment by the Debtors of expenses other than the itemized amounts set forth in the Approved Budget, or (ii) other violation of the terms and condition of this sub-paragraph (b), shall constitute an Event of Default (as defined in section 8.1 of the DIP Credit Agreement) under the DIP Credit Agreement.

16. Modification of Automatic Stay. Subject to paragraphs 17 and 22 below, the automatic stay imposed under Bankruptcy Code Section 362(a) is hereby modified as necessary to effectuate all of the terms, rights, benefits, privileges, remedies and provisions of this Interim Order and the DIP Loan Documents in each case without further notice, motion or application to, order of, or hearing before this Court.

17. Perfection of DIP Liens and Adequate Protection Liens. This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of all liens granted

herein including the DIP Liens and the Adequate Protection Liens, without the necessity of filing or recording any financing statement, mortgage, notice, or other instrument or document which may otherwise be required under the law or regulation of any jurisdiction or the taking of any other action (including, for the avoidance of doubt, entering into any deposit account control agreement) to validate or perfect (in accordance with applicable non-bankruptcy law) the DIP Liens, the Adequate Protection Liens, or to entitle the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders to the priorities granted herein. Notwithstanding the foregoing, the DIP Agent and the Prepetition Agent each are authorized to file, as it in its sole discretion deems necessary, such financing statements, mortgages, notices of liens and other similar documents to perfect in accordance with applicable non-bankruptcy law or to otherwise evidence the DIP Liens and the Adequate Protection Liens, and all such financing statements, mortgages, notices and other documents shall be deemed to have been filed or recorded as of the Petition Date; *provided*, *however*, that no such filing or recordation shall be necessary or required in order to create or perfect the DIP Liens and/or the Adequate Protection Liens. The Debtors are authorized and directed to execute and deliver promptly upon demand to the DIP Agent and the Prepetition Agent all such financing statements, mortgages, notices and other documents as the DIP Agent or the Prepetition Agent may reasonably request. The DIP Agent and the Prepetition Agent, each in its discretion, may file a photocopy of this Interim Order as a financing statement with any filing or recording office or with any registry of deeds or similar office, in addition to or in lieu of such financing statements, notice of lien or similar instrument.

18. Proceeds of Subsequent Financing. If the Debtors, any trustee, any examiner with enlarged powers, or any responsible officer subsequently appointed in these Cases, shall obtain

credit or incur debt pursuant to Bankruptcy Code Sections 364(b), 364(c) or 364(d) or in violation of the DIP Loan Documents at any time prior to the indefeasible repayment in full in cash of all DIP Obligations and Prepetition Obligations, and the termination or the DIP Agent's and DIP Lenders' obligation to extend credit under the DIP Credit Facility, including subsequent to the confirmation of any plan with respect to any or all of the Debtors and the Debtors' estates, and such facilities are secured by any DIP Collateral, then (i) all the cash proceeds derived from such credit or debt shall immediately be turned over to the DIP Agent to be applied pursuant to section 1.11 of the DIP Credit Agreement and (ii) after payment in full of all obligations evidenced by the DIP Credit Documents, all the cash proceeds derived from such credit or debt shall immediately be turned over to the Prepetition Agent to be applied pursuant to section 1.11 of the Prepetition Agreement.

19. Maintenance of DIP Collateral. Until the indefeasible payment in full in cash of all DIP Obligations and all Prepetition Obligations, the cancellation, backing or cash collateralization of letters of credit pursuant to the terms of the DIP Loan Documents and the termination of the DIP Agent's and the DIP Lenders' obligation to extend credit under the DIP Credit Facility, the Debtors are required to: (a) insure the DIP Collateral as required under the DIP Credit Facility and the Prepetition Facility; and (b) maintain the cash management system in effect as of the Petition Date, as modified by any order that may be entered by the Court which has first been agreed to by the DIP Agent or as otherwise required by the DIP Loan Documents.

20. Disposition of DIP Collateral. The Debtors shall not (a) sell, transfer, lease, encumber or otherwise dispose of any portion of the DIP Collateral other than in the ordinary course of business without the prior written consent of the DIP Agent and Prepetition Agent (and

no such consent shall be implied, from any other action, inaction or acquiescence by the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders, or from any order of this Court), except as otherwise provided for in the DIP Loan Documents or otherwise ordered by the Court, or (b) reject or assign any leasehold interest, except as otherwise provided for in the DIP Credit Agreement.

21. DIP Termination Date. On the DIP Termination Date, (a) all DIP Obligations shall be immediately due and payable, and all commitments to extend credit under the DIP Credit Facility will terminate pursuant to the terms of the DIP Loan Documents, and (b) all authority to use Cash Collateral shall cease. For purposes of this Interim Order, the "**DIP Termination Date**" shall mean the Termination Date as defined in the DIP Credit Agreement.

22. Rights and Remedies Upon Event of Default. Immediately upon the occurrence and during the continuation of an Event of Default, (a) the DIP Agent may, and at the request of the DIP Lenders shall, declare (1) all DIP Obligations owing under the DIP Loan Documents to be immediately due and payable, (2) the termination, reduction or restriction of any commitment to extend credit to the Debtors to the extent any such commitment remains, and (3) the termination of the DIP Credit Agreement and any other DIP Document as to any future liability or obligation of the DIP Agent and the DIP Lenders, but without affecting any of the DIP Liens or the DIP Obligations; (b) the DIP Agent may revoke the Debtors' right, if any, under this Interim Order and/or the other DIP Loan Documents to use Cash Collateral; (c) the DIP Agent may invoke the right to charge interest at the default rate under the DIP Loan Documents; and (d) the DIP Agent may collect and apply proceeds of the DIP Collateral pursuant to section 1.11(a) of the DIP Credit Agreement. The DIP Agent shall provide five (5) days' prior notice

(the "**Remedies Notice Period**") of its intent to exercise remedies (other than those set forth above in this paragraph) under this Interim Order and the DIP Loan Documents to (i) the Debtors, (ii) any Statutory Committee, and (iii) the U.S. Trustee. The Debtors acknowledge and agree, and this Court hereby orders that the only issue to be determined and decided at any Court hearing regarding such matters is whether an Event of Default has occurred and is continuing under the DIP Credit Agreement or whether the DIP Termination Date has occurred. Unless the Court determines during the Remedies Notice Period that an Event of Default has not occurred and/or is not continuing, the automatic stay, as to all of the DIP Lenders and the Prepetition Lenders shall automatically be terminated at the end of the Remedies Notice Period without further notice or order. Upon expiration of the Remedies Notice Period, the DIP Agent and the Prepetition Agent shall be permitted to exercise all rights and remedies set forth herein, in the DIP Credit Agreement, the DIP Loan Documents, the Prepetition Credit Agreement and the Prepetition Credit Documents, and as otherwise available at law without further order of or application or motion to the Court, and without restriction or restraint by any stay under Sections 362 or 105 of the Bankruptcy Code, or otherwise.

23. Good Faith Under Section 364(e) of the Bankruptcy Code; No Modification or Stay of this Interim Order. The DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders have acted in good faith in connection with this Interim Order and their reliance on this Interim Order is in good faith. Based on the findings set forth in this Interim Order and the record made during the Interim Hearing, and in accordance with Section 364(e) of the Bankruptcy Code, in the event any or all of the provisions of this Interim Order are hereafter modified, amended or vacated by a subsequent order of this Court or any other court, the DIP

Agent, the DIP Lenders, the Prepetition Agent and Prepetition Lenders are entitled to the protections provided in Section 364(e) of the Bankruptcy Code. Any such modification, amendment or vacatur shall not affect the validity and enforceability of any advances previously made or made hereunder, or lien, claim or priority authorized or created hereby. Any liens or claims granted to the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders hereunder arising prior to the effective date of any such modification, amendment or vacatur of this Interim Order shall be governed in all respects by the original provisions of this Interim Order, including entitlement to all rights, remedies, privileges and benefits granted herein.

24. DIP and Other Expenses. The Debtors are authorized and directed to pay all reasonable out-of-pocket expenses of the DIP Agent and the DIP Lenders in connection with the DIP Credit Facility, as provided in the DIP Loan Documents, whether or not the transactions contemplated hereby are consummated, including, without limitation, legal, accounting, collateral examination, monitoring and appraisal fees, financial advisory fees, fees and expenses of other consultants, and indemnification and reimbursement of fees and expenses. Payment of all such fees and expenses shall not be subject to allowance by the Court. Professionals for the DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders shall not be required to comply with the U.S. Trustee fee guidelines, however any time that such professionals seek payment of fees and expenses from the Debtors, each professional shall provide copies of its fee and expense statements to the U.S. Trustee and counsel for the Statutory Committee contemporaneously with the delivery of such fee and expense statements to the

Debtors.[3] The U.S. Trustee or any Statutory Committee may object to the reasonableness of the fees, costs and expenses included in any professional fee invoice submitted hereunder; *provided* that, any such objection shall be forever waived and barred unless (i) it is filed with this Court and served on counsel for the party seeking reimbursement no later than ten (10) days after the objecting party's receipt of the applicable professional fee invoice; and (ii) it describes with particularity the items or categories of fees, costs and expenses that are the subject of the objection and provides the specific basis for the objection to each such item or category of fees, costs and expenses, *provided further*, *however*, that the Debtor shall promptly pay all amounts that are not the subject of any objection. Any hearing on an objection to payment of any fees, costs and expenses of the DIP Agent, any DIP Lenders, the Prepetition Agent, and any Prepetition Lenders set forth in a professional fee invoice shall be limited to the reasonableness or necessity of the particular items of categories of the fees, costs and expenses which are the subject of such objection.

25. Proofs of Claim. The DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders will not be required to file proofs of claim in any of the Cases for any claim allowed herein. Notwithstanding any order entered by the Court in relation to the establishment of a bar date in any of the Cases to the contrary, each of the Prepetition Agent on behalf of itself and the Prepetition Lenders is hereby authorized and entitled, in its sole discretion, but not required, to file (and amend and/or supplement, as it sees fit) a proof of claim and/or aggregate proofs of claim in each of the Cases for any claim allowed herein. Any proof of claim filed by

[3] Such invoices may be redacted to the extent necessary to delete any information subject to the attorney-client privilege, any information constituting attorney work product, or any other confidential information, and the provision of such invoices shall not constitute any waiver of the attorney-client privilege or of any benefits of the attorney work product doctrine.

the Prepetition Agent shall be deemed to be in addition to and not in lieu of any other proof of claim that may be filed by any of the Prepetition Lenders. Any order entered by the Court in relation to the establishment of a bar date in any of the Cases shall not apply to the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders.

26. Carve Out; Payment of Case Professionals.

(a) Carve Out. As used in this Interim Order, the "**Carve Out**" means (i) statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. § 1930(a)(6); and (ii) after the occurrence of an Event of Default under the DIP Loan Documents and following delivery of written notice of the occurrence of such Event of Default to the Debtors by the DIP Agent (the "**Carve Out Trigger Notice**"), the following expenses, but only to the extent that there are not sufficient, unencumbered funds in the Debtors' estates to pay such amounts at the time payment is required to be made: an amount (the "**Case Professionals Carve Out**") equal to the sum of (a) the allowed and unpaid professional fees and disbursements for any Case Professional (as defined below) incurred after the delivery of a Carve Out Trigger Notice in an aggregate amount not in excess of $75,000, plus (b) all unpaid professional fees and disbursements of such Case Professionals incurred prior to the delivery of a Carve Out Trigger Notice to the extent allowed or later allowed and payable by order of the Court (which order has not been vacated or stayed, unless the stay has been vacated) under Sections 328, 330, 331 or 363 of the Bankruptcy Code and any interim compensation procedures order, but solely to the extent that the same constitute Budgeted Professional Fees. "**Budgeted Professional Fees**" shall mean those fees and expenses incurred by Case Professionals in accordance with the professional fee schedule which is incorporated as part of the Approved Budget. "**Case Professionals**" shall mean any professional

retained by the Debtors and any Statutory Committee pursuant to a final order of the Court (which order has not been vacated or stayed, unless the stay has been vacated) under Sections 327, 328, 363 or 1103(a) of the Bankruptcy Code and any claims agent. To the extent that any payment to a Case Professional is subsequently disallowed and/or disgorged, the proceeds of any claim against the Case Professional for amounts so disallowed or disgorged shall constitute DIP Collateral and as such, shall be subject to the liens and claims granted hereunder.

(b) No Direct Obligation to Pay Professional Fees and Disbursements. None of the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders shall be responsible for the payment or reimbursement of any fees or disbursements of any Case Professionals incurred in connection with the Cases under any chapter of the Bankruptcy Code.

(c) Payment of Allowed Professional Fees Prior to the Event of Default. Prior to the delivery of a Carve Out Trigger Notice, the Debtors shall be permitted to pay Budgeted Professional Fees. The amounts so paid shall not reduce the Case Professionals Carve Out.

(d) Payment of Carve Out After An Event of Default. Any payment or reimbursement made on or after the delivery of a Carve Out Trigger Notice in respect of any professional fees and disbursements to a Case Professional shall permanently reduce the Case Professionals Carve Out on a dollar-for-dollar basis. Any funding of the Carve Out by the DIP Lenders shall be added to and made a part of the DIP Obligations and secured by the DIP Collateral and otherwise entitled to the protections granted under this Interim Order, the DIP Loan Documents, the Bankruptcy Code and applicable law.

27. Limitations on the DIP Credit Facility, the DIP Collateral, the Cash Collateral and the Case Professionals Carve Out.

(a) The DIP Credit Facility, the DIP Collateral, the Cash Collateral and the Case Professionals Carve Out may not be used in connection with: (i) preventing, hindering, or delaying any of the DIP Agent's, the DIP Lenders', the Prepetition Agent's or the Prepetition Lenders' enforcement or realization upon any of the DIP Collateral once an Event of Default has occurred (other than with respect to rights otherwise granted herein with respect to the Remedies Notice Period); (ii) using or seeking to use Cash Collateral or, except to the extent permitted by the terms of the DIP Loan Documents, selling or otherwise disposing of DIP Collateral without the consent of the DIP Agent and the DIP Lenders; (iii) except to the extent permitted by the terms of the DIP Loan Documents, using or seeking to use any insurance proceeds constituting DIP Collateral without the consent of the DIP Agent and the DIP Lenders; or (iv) incurring Indebtedness (as defined in the DIP Credit Agreement) without the prior consent of the DIP Agent and the DIP Lenders, except to the extent permitted under the DIP Loan Documents.

(b) The DIP Credit Facility, the DIP Collateral, the Cash Collateral and the Case Professionals Carve Out may not be used in connection with: (i) objecting, challenging, litigating, opposing, or seeking to subordinate or recharacterize in any way any claims, liens, DIP Collateral (including Cash Collateral), or Prepetition Collateral held by or on behalf of any of the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders; (ii) asserting, commencing or prosecuting any claims or causes of action, including, without limitation, any actions under Chapter 5 of the Bankruptcy Code, against any of the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders, or any of their respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees; or (iii) prosecuting an objection to, or contesting or opposing in any manner, or raising any defenses to, the validity,

extent, amount, perfection, priority, character or enforceability of any of the DIP Obligations, the DIP Liens, the Prepetition Obligations or the Prepetition Liens, or any other rights or interests of any of the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders; *provided*, *however*, that the Case Professionals Carve Out and such collateral proceeds and loans under the DIP Loan Documents may be used for allowed fees and expenses, in an amount not to exceed $35,000 in the aggregate, incurred solely by a Statutory Committee, if appointed, in investigating (but not objecting to, challenging, litigating, opposing, or seeking to subordinate or recharacterize) the validity, enforceability, perfection, priority, character or extent of the Prepetition Liens during the Challenge Period (as defined herein).

28. Payment of Compensation. Nothing herein shall be construed as a consent to the allowance of any professional fees or expenses of any Case Professionals or shall affect the right of the DIP Agent, the DIP Lenders, the Prepetition Agent and/or the Prepetition Lenders, to object to the allowance and payment of such fees and expenses.

29. Reservation of Certain Third Party Rights and Bar of Challenges and Claims. Nothing in this Interim Order or the DIP Loan Documents shall prejudice the rights of a Statutory Committee, a successor trustee and any other party in interest with requisite standing other than the Debtors, to seek to object to or to challenge the findings, Debtors' Stipulations, or any other stipulations herein, including, but not limited to those in relation to: (a) the validity, extent, priority, or perfection of the mortgage, security interests, and liens of the Prepetition Agent with respect to the Prepetition Collateral; or (b) the validity, characterization, allowability, priority, fully-secured status, or amount of the Prepetition Obligations. A party, including the Statutory Committee, if appointed, must commence an adversary proceeding or contested matter,

as required by the applicable Bankruptcy Rules, to challenge, including, without limitation, any claim against the Prepetition Agent or the Prepetition Lenders in the nature of a setoff, counterclaim or defense to the Prepetition Obligations, or must file a motion seeking standing within the earlier of (i) with respect to the Statutory Committee, sixty (60) calendar days from the selection of counsel to the Statutory Committee, and (ii) with respect to other parties in interest with requisite standing other than the Debtors or the Statutory Committee, seventy-five (75) calendar days following the date of entry of the Interim Order (the "**Challenge Period**"). The applicable Challenge Period may only be extended with the written consent of the Prepetition Agent and the Prepetition Lenders, as applicable, or by order of the Court. Except to the extent asserted in an adversary proceeding or contested matter, as required by the applicable Bankruptcy Rules, timely filed during the Challenge Period, upon the expiration of such applicable Challenge Period, to the extent not otherwise waived or barred: (A) any and all such challenges and objections by any party (including, without limitation, any Statutory Committee, any Chapter 11 trustee, and/or any examiner appointed in these Cases, and any Chapter 7 trustee and/or examiner appointed in any Successor Case), shall be deemed to be forever waived and barred; (B) all of the Debtors' Stipulations, waivers, releases, affirmations and other stipulations as to the priority, extent, and validity of the Prepetition Agent's and the Prepetition Lenders' claims, liens, and interests, of any nature, under the Prepetition Credit Documents, respectively, or otherwise incorporated or set forth in this Interim Order, shall be of full force and effect and forever binding upon the Debtors, the Debtors' bankruptcy estates and all creditors, interest holders, and other parties in interest in these Cases; and (C) without further order of the Court, the Revolver/Term C Obligations shall be allowed as fully secured claims within the meaning of

Section 506 of the Bankruptcy Code for all purposes in connection with these Cases and any Successor Cases.

30. No Third Party Rights. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

31. Section 506(c) Claims; Liens on Avoidance Actions. Upon entry of the Final Order, to the extent such relief is granted, no costs or expenses of administration which have been or may be incurred in the Cases at any time shall be charged against the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders, or any of their respective claims, the DIP Collateral, or the Prepetition Collateral pursuant to Sections 105 or 506(c) of the Bankruptcy Code, or otherwise, without the prior written consent, as applicable, of the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders, as applicable, and no such consent shall be implied from any other action, inaction, or acquiescence by any such agents or lenders.

32. No Marshaling/Applications of Proceeds. The DIP Agent, the DIP Lenders, the Prepetition Agent and the Prepetition Lenders shall not be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the DIP Collateral or the Prepetition Collateral, as the case may be.

33. Section 552(b). The Prepetition Agent and the Prepetition Lenders shall each be entitled to all of the rights and benefits of Section 552(b) of the Bankruptcy Code, and the "equities of the case" exception under Section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Agent and the Prepetition Lenders, with respect to proceeds, product, offspring or

profits of any of the Prepetition Collateral upon entry of the Final Order, to the extent such relief is granted.

34. Joint and Several Liability. Nothing in this Interim Order shall be construed to constitute a substantive consolidation of any of the Debtors' estates, it being understood, however, that the Debtors shall be jointly and severally liable for the obligations hereunder and in accordance with the terms of the DIP Credit Facility and the DIP Loan Documents.

35. Discharge Waiver. The DIP Obligations and the Prepetition Obligations shall not be discharged by the entry of an order confirming any plan of reorganization or liquidation, notwithstanding the provisions of Section 1141(d) of the Bankruptcy Code, unless such obligations have been indefeasibly paid in full in cash on or before the effective date of a confirmed plan of reorganization or liquidation.

36. Rights Preserved. Notwithstanding anything herein to the contrary, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) the DIP Agent's, the DIP Lenders', the Prepetition Agent's and the Prepetition Lenders', right to seek any other or supplemental relief in respect of the Debtors; (b) any of the rights of any of the DIP Agent, the DIP Lenders, the Prepetition Agent and/or the Prepetition Lenders, under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the right to (i) request modification of the automatic stay of Section 362 of the Bankruptcy Code, (ii) request dismissal of any of the Cases, conversion of any of the Cases to cases under Chapter 7, or appointment of a Chapter 11 trustee or examiner with expanded powers, or (iii) propose, subject to the provisions of Section 1121 of the Bankruptcy Code, a Chapter 11 plan or plans; or (c) any other rights, claims or privileges (whether legal, equitable or otherwise) of any of the DIP

Agent, DIP Lenders, Prepetition Agent or Prepetition Lenders. Notwithstanding anything herein to the contrary, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the Debtors', the Statutory Committee's or any party in interest's right to oppose any of the relief requested in accordance with the immediately preceding sentence except as expressly set forth in this Interim Order.

37. Collateral Rights. Unless the DIP Agent has provided its prior written consent or all DIP Obligations and all Prepetition Obligations have been indefeasibly paid in full in cash (or will be indefeasibly paid in full in cash upon entry of an order approving indebtedness described in sub-paragraph (a) below), all commitments to lend have terminated, and all indemnity obligations under the DIP Credit Agreement have been cash collateralized, there shall not be entered in these proceedings, or in any Successor Case, any order which authorizes any of the following:

(a) the obtaining of credit or the incurring of indebtedness that is secured by a security, mortgage, or collateral interest or other lien on all or any portion of the DIP Collateral, the Prepetition Collateral or the Adequate Protection Liens and/or entitled to priority administrative status which is equal or senior to those granted to the DIP Agent, DIP Lenders, Prepetition Agent or Prepetition Lenders; or

(b) relief from stay by any person other than the DIP Agent or DIP Lenders on all or any portion of the DIP Collateral; or

(c) the Debtors' return of goods constituting DIP Collateral pursuant to Section 546(h) of the Bankruptcy Code, except as permitted in the DIP Credit Agreement.

38. No Waiver by Failure to Seek Relief. The failure of the DIP Agent, DIP Lenders, Prepetition Agent or Prepetition Lenders, to seek relief or otherwise exercise their rights and remedies under this Interim Order, the DIP Loan Documents, the Prepetition Credit Documents, or applicable law, as the case may be, shall not constitute a waiver of any of the rights hereunder, thereunder, or otherwise of the DIP Agent, DIP Lenders, Prepetition Agent and/or Prepetition Lenders, the Statutory Committee or any party in interest.

39. Binding Effect of Interim Order. Immediately upon execution by this Court, the terms and provisions of this Interim Order shall become valid and binding upon and inure to the benefit of the Debtors, the DIP Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Lenders, all other creditors of any of the Debtors, any Statutory Committee or any other committee appointed in the Cases, and all other parties in interest and their respective successors and assigns, including any trustee or other fiduciary hereafter appointed in any of the Cases, or upon dismissal of any Case.

40. No Modification of Interim Order. Until and unless the DIP Obligations and the Prepetition Obligations have been indefeasibly paid in full in cash in accordance with the terms of the DIP Loan Documents (such payment being without prejudice to any terms or provisions contained in the DIP Credit Facility which survive such discharge by their terms), and all commitments to extend credit under the DIP Credit Facility have been terminated, the Debtors irrevocably waive the right to seek and shall not seek or consent to, directly or indirectly: (a) without the prior written consent of the DIP Agent and the Prepetition Agent, (i) any modification, stay, vacatur or amendment to this Interim Order; or (ii) a priority claim for any administrative expense or unsecured claim against the Debtors (now existing or hereafter arising

of any kind or nature whatsoever, including, without limitation any administrative expense of the kind specified in Sections 503(b), 506(c), 507(a) or 507(b) of the Bankruptcy Code) in any of the Cases, equal or superior to the DIP Superpriority Claim or Prepetition Lender Superpriority Claims, other than the Carve Out; (b) without the prior written consent of the DIP Agent and the Prepetition Agent, for any order allowing use of Cash Collateral resulting from DIP Collateral or Prepetition Collateral; (c) without the prior written consent of the DIP Agent and Prepetition Agent, any lien on any of the DIP Collateral with priority equal or superior to the DIP Liens, except as specifically provided in the DIP Loan Documents; or (d) without the prior written consent of the Prepetition Agent, any lien on any of the DIP Collateral with priority equal or superior to the Prepetition Liens, Adequate Protection Liens or the DIP Liens. The Debtors irrevocably waive any right to seek any amendment, modification or extension of this Interim Order without the prior written consent, as provided in the foregoing, of the DIP Agent and the Prepetition Agent, and no such consent shall be implied by any other action, inaction or acquiescence or the DIP Agent or the Prepetition Agent.

41. Landlord Agreements; Access. All landlord agreements to which Prepetition Agent is a party shall be deemed amended to include the DIP Agent as a beneficiary thereunder, and such agreements shall thereafter be additionally enforceable by the DIP Agent against, and binding upon, each landlord party thereto in accordance with, and subject to, its respective terms and conditions until the DIP Obligations shall have been paid in full in cash and the DIP Loan Documents shall have been terminated, after which such agreements shall again be solely enforceable by the Prepetition Agent.

42. Continuing Effect of Intercreditor Agreement. The Debtors, the DIP Agent, the DIP Lenders, the Prepetition Agent, the Prepetition Lenders, and Recovery each shall be bound by, and in all respects of the DIP Facility shall be governed by, and be subject to all the terms, provisions and restrictions of the Intercreditor Agreement, except as may be expressly modified by this Interim Order.

43. Setoff and Recoupment. Notwithstanding anything to the contrary contained herein, nothing in this Interim Order shall limit or impair the nature, extent, validity and/or priority of rights, if any, of any party in interest in the Cases under Bankruptcy Code Sections 546(c), 545 and 553 and/or the equitable doctrine of recoupment.

44. Limits on Lender Liability. Nothing in this Interim Order or in any of the DIP Loan Documents, the Prepetition Credit Documents or any other documents related to this transaction shall in any way be construed or interpreted to impose or allow the imposition upon the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders of any liability for any claims arising from any and all activities by the Debtors in the operation of their businesses in connection with the Debtors' postpetition efforts.

45. Interim Order Controls. In the event of any inconsistency between the terms and conditions of the DIP Loan Documents and this Interim Order, the provisions of this Interim Order shall govern and control.

46. Survival. The provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered: (a) confirming any plan of reorganization in any of the Cases; (b) converting any of the Cases to a case under Chapter 7 of the Bankruptcy Code; (c) to the extent permitted by applicable law, dismissing any of the Cases;

or (d) pursuant to which this Court abstains from hearing any of the Cases. The terms and provisions of this Interim Order, including the claims, liens, security interests and other protections granted to the DIP Agent, the DIP Lenders, the Prepetition Agent or the Prepetition Lenders, granted pursuant to this Interim Order and/or the DIP Loan Documents, notwithstanding the entry of any such order, shall continue in the Cases or, to the extent permitted by applicable law following dismissal of the Cases, and shall maintain their priority as provided by this Interim Order until: (i) in respect of the DIP Credit Facility, all the DIP Obligations, pursuant to the DIP Loan Documents and this Interim Order, have been indefeasibly paid in full in cash in accordance with the terms of the DIP Loan Documents (such payment being without prejudice to any terms or provisions contained in the DIP Credit Facility which survive such discharge by their terms), and all commitments to extend credit under the DIP Credit Facility are terminated, and (ii) in respect of the Prepetition Facility, all of the adequate protection obligations owed to the Prepetition Agent and Prepetition Lenders provided for in this Interim Order, have been indefeasibly paid in full in cash. The terms and provisions concerning the indemnification of the DIP Agent and DIP Lenders shall continue in the Cases following dismissal of the Cases or any Successor Cases, following termination of the DIP Loan Documents and/or the indefeasible repayment in full in cash of the DIP Obligations. In addition, the terms and provisions of this Interim Order shall continue in full force and effect for the benefit of the Prepetition Agent or the Prepetition Lenders, notwithstanding the indefeasible repayment in full in cash of or termination of the DIP Obligations or the Prepetition Obligations.

47. Final Hearing. The Final Hearing to consider entry of the Final Order and final approval of the DIP Credit Facility is scheduled for [_____], 2011 at [__]:00 [_].m. before

the Honorable [_____], United States Bankruptcy Judge, in Courtroom [_] at the United States Bankruptcy Court for the Northern District of Georgia. On or before [_____],2011, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the "**Final Hearing Notice**"), together with copies of this Interim Order and the Motion, on: (a) the parties having been given notice of the Interim Hearing; (b) any party which has filed prior to such date a request for notices with this Court; (c) counsel for the Statutory Committee, if appointed by such date; (d) the Securities and Exchange Commission; and (e) the Internal Revenue Service. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order shall file written objections with the Clerk of the Court no later than on [_____], 2011 at 4:00 p.m. (Eastern), which objections shall be served so as to be received on or before such date by: (i) counsel to the Debtors, attn: John C. Weitnauer, Alston & Bird LLP, 1201 W Peachtree Street, Atlanta, GA 30309; (ii) counsel to the Statutory Committee; (iii) counsel to the DIP Agent, DIP Lenders, Prepetition Agent and Prepetition Lenders, attn: Sarah R. Borders, King & Spalding LLP, 1180 Peachtree Street NE, Atlanta, GA 30309.

48. *Nunc Pro Tunc* Effect of this Interim Order. This Interim Order shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052 and shall take effect and be enforceable *nunc pro tunc* to the Petition Date immediately upon execution thereof.

49. Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this Interim Order according to its terms.

END OF ORDER

Prepared and Presented By:

ALSTON & BIRD LLP

/s/ John C. Weitnauer
John C. Weitnauer (Bar No. 746550)
Heather Byrd Asher (Bar No. 139022)
1201 West Peachtree Street
Atlanta, GA 30309
Telephone: (404) 881-7000
Facsimile: (404) 881-7777

Proposed Attorneys for the Debtors

EXHIBIT C

SCHEDULING AND NOTICE ORDER

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
GAINESVILLE DIVISION

In re:	)	Chapter 11
	)	
SCOVILL FASTENERS INC.,	)	Case No. 11-21650
SCOVILL, INC.,	)	Case No. 11-21652
PCI GROUP, INC.,	)	Case No. 11-21655
RAU FASTENER COMPANY, L.L.C.,	)	Case No. 11-21654
SCOMEX, INC.,	)	Case No. 11-21653
	)	
Debtors.[1]	)	Joint Administration Pending

ORDER AND NOTICE OF FINAL HEARING ON DEBTORS' EMERGENCY MOTION FOR INTERIM AND FINAL ORDERS (1) APPROVING POSTPETITION FINANCING, (2) AUTHORIZING USE OF CASH COLLATERAL AND REPAYMENT OF CERTAIN PREPETITION REVOLVING AND TERM LOAN DEBT, (3) GRANTING LIENS AND PROVIDING SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (4) GRANTING ADEQUATE PROTECTION, (5) MODIFYING AUTOMATIC STAY, AND (6) SCHEDULING A FINAL HEARING

PLEASE TAKE NOTICE that Scovill Fasteners Inc., ("**Scovill**"), Scovill, Inc. ("**Parent**"), PCI Group, Inc. ("**PCI**"), Rau Fastener Company, L.L.C. ("**Rau**") and Scomex, Inc. ("**Scomex**") (Scovill, Parent, PCI, Rau and Scomex, the "**Debtors**") have filed a motion (the "**Motion**") seeking an order, pursuant to Section 105, 362, 363, 364 and 507 of Title 11 of the United States Code (the "**Bankruptcy Code**") and Rules 4001 and 9014 of the Federal Rules of Bankruptcy Procedures (the "**Bankruptcy Rules**") approving the terms and conditions of the DIP Credit Agreement (1) authorizing the Debtors to obtain financing, grant security interests and accord priority pursuant to Sections 361, 364(c) and 364(d) of the Bankruptcy Code; (2) giving notice of a final

[1] A Motion for Joint Administration has been filed in these cases. The last four digits of the tax identification number for each of the Debtors follow in parenthesis: (i) Scovill Fasteners, Inc. (9561); (ii) Scovill, Inc. (3634); (iii) PCI Group, Inc. (7672) and Rau Fastener Company, L.L.C. (0883). Scomex, Inc. does not have a taxpayer identification number. The mailing address of the Debtors is 1802 Scovill Drive, Clarkesville, GA 30523-6348.

hearing pursuant to Bankruptcy Rule 4001(b)(2) and (c)(2); and (3) modifying the automatic stay.

PLEASE TAKE FURTHER NOTICE that an Interim Order approving the Motions was entered by the Court on April ___, 2011.

PLEASE TAKE FURTHER NOTICE that all capitalized terms used but not defined herein have the meaning ascribed to such terms in the Motion.

PLEASE TAKE FURTHER NOTICE that counsel for the Debtors has served, by facsimile transmission, hand delivery or overnight delivery, a copy of the Motion (excluding all exhibits and schedules other than the Interim DIP Order) upon the DIP Notice Parties promptly upon execution hereof.

PLEASE TAKE FURTHER NOTICE that upon request of any party, which may be done by electronic or telephonic request to Kit Weitnauer (kit.weitnauer@alston.com) or Heather Byrd Asher (heather.asher@alston.com) at 404-881-7000, counsel for the Debtors shall promptly transmit via electronic mail a copy of the Motion, with the attached DIP Credit Agreement (excluding exhibits and schedules), to the electronic mail address provided by such party. A copy of the Motion is also available on the Debtors' website www.bmcgroup.com/scovillfasteners.

PLEASE TAKE FURTHER NOTICE that a final hearing (the "**Final Hearing**") on the Motion shall be held on _____, 2010 at _____:_____ _.m., in the United States Bankruptcy Court, Northern District of Georgia _____. At the Final Hearing, the Debtors will seek entry of the Final Order and final authorization and approval of the DIP Credit Agreement Counsel for the Debtors is instructed to serve

each of the DIP Notice Parties with copies of the (a) proposed Final Order, (b) the Interim Order (as entered), and (c) the DIP Credit Agreement (but only to the extent that a party has already requested or obtained a copy of the DIP Credit Agreement and substantive changes have since been made) exclusive of exhibits and schedules, by hand delivery or overnight delivery, facsimile and/or e-mail transmission, no later than two business days following the Interim Hearing. The Court finds that such notice is in compliance with Bankruptcy Rule 4001 and is adequate and sufficient under the circumstances of these Chapter 11 cases.

PLEASE TAKE NOTICE that any creditor or party in interest having an objection to the relief requested by the Motion must file with the Court and serve its objection, stating with particularity the grounds for such objection on: (i) counsel for the Debtors, (ii) counsel for the DIP Lenders, (iii) the U.S. Trustee's office for the Northern District of Georgia, (iv) counsel to any official committee of unsecured creditors or any other committee appointed in this case, so as to be received by 5:00 p.m. on the date that is five business days prior to the date of the Final Hearing, with respect to the final relief sought by the Motion.

This ____ day of April, 2011.

ALSTON & BIRD LLP

/s/ John C. Weitnauer
John C. Weitnauer (Bar No. 746550)
Heather Byrd Asher (Bar No. 139022)
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