

SO ORDERED.

SIGNED this 4th day of September,  
2013.



*William L. Socke*

US BANKRUPTCY JUDGE

**UNITED STATES BANKRUPTCY COURT  
MIDDLE DISTRICT OF NORTH CAROLINA  
GREENSBORO DIVISION**

In re:	)	
	)	
SOUTHERN FILM EXTRUDERS,	)	Case No. 13-11026-WLS
INC.	)	
	)	Chapter 11
	)	
Debtor.		

**FINAL ORDER GRANTING DEBTOR’S EMERGENCY MOTION FOR ORDER  
AUTHORIZING POSTPETITION SECURED FINANCING PURSUANT TO 11 U.S.C. §  
364(c); USE OF PREPETITION CASH COLLATERAL, AS NECESSARY;  
MODIFICATION OF SECTION 362 STAY; AND GRANTING OF SECTION 361  
ADEQUATE PROTECTION**

On the motion filed by the Debtor on August 4, 2013 [Docket No. 3], (the “Motion”) for entry of the first interim order, which was entered on August 6, 2013 [Docket No. 20] (the “First Interim Order”), the second interim order, which was entered on August 20, 2013 [Docket No. 59] and amended and clarified on August 22, 2013 [Docket No. 63] (as amended and clarified, the “Second Interim Order” and, with the First Interim Order, the “Interim Orders”), and this order approving the relief requested in the Motion on a final basis (the “Final Order” and, together with the Interim Orders, the “Orders”) authorizing the Debtor pursuant to title 11 of the United States Code (the “Bankruptcy Code”), including sections 105(a), 361, 362, 363, and 364 thereof, and the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), including

Rules 2002, 4001, and 9014, to: (i) use Cash Collateral (as defined in the First Interim Order); (ii) provide Adequate Protection (as defined in the First Interim Order) to Epsilon (as defined in the First Interim Order); (iii) obtain postpetition financing on a secured basis; (iv) modify the automatic stay pursuant to Section 362 of the Bankruptcy Code; (v) grant such additional and further relief as the Court deems appropriate; and (vi) in accordance with Bankruptcy Rule 4001(b)(2), request that this Court schedule a final hearing (the “Final Hearing”) and approve notice with respect thereto; and the Court having considered the Motion and the exhibits attached thereto, and, in accordance with Bankruptcy Rule 4001(b)(2) and (b)(3), due and proper notice of the Motion having been given, hearings to consider interim approval of the relief requested in the Motion having been held and concluded on August 6 and 16, 2013 (collectively, the “Interim Hearings”), and a final hearing to consider final approval of the relief requested in the Motion having been held and concluded on August 29, 2013 (the “Final Hearing”), and upon all of the pleadings filed with the Court and evidence presented in support of the Motion, the Court having noted the appearances of parties-in-interest at the Interim Hearings and the Final Hearing on the record, and all of the proceedings held before the Court, and it appearing that the relief requested in the Motion is in the best interests of the Debtor, its estate, and its creditors; and after due deliberation and consideration, and sufficient cause appearing therefore, the Court on a final basis makes the following

#### **FINDINGS OF FACT**

A. **Petitions.** On July 25, 2013 (the “Involuntary Petition Date”), an involuntary petition was filed under chapter 7 of the Bankruptcy Code against the Debtor as case no. 13-10977. Within the time for responding to this involuntary petition, the Debtor filed on August 4, 2013 (the “Voluntary Petition Date”), a voluntary petition for relief under chapter 11 of the

Bankruptcy Code. By order entered on August 23, 2013, the Court substantively consolidated these cases under case no. 13-10977 (the “Case”). The Debtor is continuing in the management and possession of its business and properties as a debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. An official committee of unsecured creditors (the “Committee”) has been appointed in the Case.

**B. Jurisdiction and Venue.** Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2). This Court has jurisdiction over this matter and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

**C. Notice and Hearing.** Notice of the relief sought by the Motion and of the Interim Hearings and the Final Hearing with respect thereto was delivered to the following parties-in-interest: (1) the Office of the United States Bankruptcy Administrator for the Middle District of North Carolina (the “Bankruptcy Administrator”); (2) counsel to PNC; (3) counsel to Epsilon; (4) creditors listed on the list of twenty largest unsecured creditors filed with the Debtor’s petition, which included the creditors filing the involuntary petition; (5) counsel to the creditors filing the involuntary petition; (6) other secured and reclamation creditors; (7) the Internal Revenue Service; (8) the Securities and Exchange Commission; and (9) parties that have requested notice. Under the circumstances, such notice constitutes due, sufficient, and adequate notice of the Motion, the Interim Hearings, the Final Hearing, and the Orders pursuant to the Bankruptcy Rules, including Bankruptcy Rules 2002, 4001(b) and (d), 5003(e), and 9014 and section 102(1) of the Bankruptcy Code, as required by sections 363(b) and 364(c) of the Bankruptcy Code, and no further notice of the Motion or the Orders is necessary or required.

D. **Prepetition Obligations to PNC.** On the Voluntary Petition Date, the Debtor was obligated to PNC Bank National Association and PNC Equipment Finance, LLC (collectively, “PNC”) on an asset-based revolving loan for which approximately \$6,740,874 was owed, a term loan for which approximately \$1,044,112 was owed, and a note for software upon which approximately \$313,158 was owed, for a total of approximately \$8,098,144 (collectively, the “PNC Prepetition Debt”).

E. **Extent of PNC Security Interests.** Pursuant to a financing statement filed on November 9, 2012, and a deed of trust and assignment of leases and rents and fixture filing recorded on July 5, 2013, PNC Bank National Association obtained a perfected security interest in and lien on all assets of the Debtor, and, pursuant to a financing statement filed on December 19, 2012, PNC Equipment Finance, LLC, obtained a perfected security interest in certain identified items of equipment and certain other personal property of the Debtor described in the financing statement (collectively, with all amendments thereto and the underlying loan and other documents, the “Prepetition PNC Documents,” and the collateral therefor collectively, the “PNC Prepetition Collateral”). PNC holds approximately \$1,367,063 (the “PNC Cash Account Balance”) in a cash account (the “PNC Cash Account”) which is the proceeds of collection by PNC of the Debtor’s accounts receivable pursuant to a lockbox arrangement provided in the Prepetition PNC Documents and comprises a portion of the PNC Prepetition Collateral. As of the date of the filing of the involuntary petition, the funds in the PNC Cash Account had not been applied to the PNC Prepetition Debt, and neither that amount nor subsequently received amounts have been applied to the PNC Prepetition Debt. The PNC Prepetition Debt, as secured by the PNC Prepetition Collateral, is secured by substantially all, if not all, of the real and personal property of the Debtor, and in particular is secured by a first priority security interest in the

Debtor's inventory and accounts receivable and in the Debtor's cash and proceeds of inventory and accounts receivable (the "Cash Collateral").

F. **Epsilon.** Epsilon had been negotiating with PNC to purchase the PNC Prepetition Debt and obtain an assignment of the Prepetition PNC Documents and thereby accede to PNC's position in the PNC Prepetition Collateral. On the day after the entry of the First Interim Order, Epsilon and PNC closed on this purchase and assignment (the "PNC Closing"), and Epsilon has succeeded to the PNC Prepetition Debt, the Prepetition PNC Documents, and the PNC Prepetition Collateral. Subject to the terms set forth in the Interim Orders, Epsilon has provided postpetition funding to the Debtor (the "DIP Financing") through the date of the hearing on this Final Order, and it is contemplated that Epsilon will provide further DIP Financing to the Debtor as provided by this Final Order.

G. **Necessity and Best Interest.** An immediate and critical need exists for the Debtor to obtain authority for use of Cash Collateral and to obtain funds to maintain the stability of its business through postpetition secured lending by Epsilon. The Debtor is unable to obtain financing on more favorable terms from sources other than Epsilon and is unable to obtain adequate unsecured credit from any source. The Debtor has determined that (1) the budget that is attached hereto as Exhibit A (the "Budget") is reasonable and will allow the Debtor to operate, with the available DIP Financing, without the accrual of unpaid allowed administrative expenses, and (2) the Budget includes all reasonable, necessary, and foreseeable expenses to be incurred for the period set forth in the Budget. It is in the best interests of the Debtor's estate that it be allowed to use Cash Collateral and obtain postpetition secured credit from Epsilon on the terms and conditions set forth herein. The relief requested by the Motion is necessary to avoid harm to the Debtor's estate, and good, adequate, and sufficient cause has been shown to justify the

granting of the relief requested herein and the immediate entry of this Second Interim Order. The terms of the use of Cash Collateral and the obtaining of postpetition secured credit are fair and reasonable, reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and constitute reasonably equivalent value and fair consideration.

The Court having determined that good cause exists for the relief requested in the Motion, now, therefore, it is hereby

**ORDERED** as follows:

1. **Motion.** The Motion is granted to the extent provided herein. Any objections to the relief sought in the Motion that is granted in this Final Order and that have not been previously resolved or withdrawn are hereby overruled on their merits on a final basis.

2. **Authorizations, Findings, and Definitions Set Forth in the Interim Orders are Hereby Deemed Final.** All authorizations, findings, grants, and definitions set forth in the Interim Orders, including without limitation the authorizations to use cash collateral and obtain the DIP Financing, the granting of Adequate Protection (including without limitation the granting of the Adequate Protection Liens and their automatic perfection), and the lifting of the automatic stay, are incorporated herein and deemed final pursuant to this Final Order as if fully set forth herein and shall apply to this Final Order to the same extent as if such authorizations, findings, grants, and definitions were expressly set forth in this Final Order, unless expressly modified by this Final Order.

3. **Budget.** From and after August 31, 2013, Cash Collateral and DIP Financing shall not, directly or indirectly, be used to pay expenses of the Debtor or otherwise disbursed except for those expenses and/or disbursements that are expressly permitted under the Budget. The amount of Cash Collateral and DIP Financing authorized to be used shall be pursuant to the

Budget (as amended, supplemented, extended, or otherwise modified in writing by the Debtor and Epsilon from time to time) and (1) actual disbursements with respect to professional fees and expenses shall not exceed the projected disbursements for professional fees and expenses in the Budget by any amount, as of the end of any full week after August 31, 2013, (2) actual disbursements for all expenses other than professional fees and expenses shall not exceed 110% of the projected disbursements in the Budget, as of the end of any full week after August 31, 2013, and (3) the amount of actual receipts shall not be less than 90% of the projected receipts in the Budget, as of the end of any full week after August 31, 2013, in each case, as determined on a cumulative weekly basis commencing on the starting date of the Budget on a total budget basis (as opposed to a line-by-line basis).

4. **Terms of DIP Financing.** The interest rates and other terms set forth in the Prepetition PNC Documents shall control the terms of the DIP Financing. Subject to the terms of the Orders, and the borrowing base lending percentages set out in the Prepetition PNC Documents and the Debtor's prepetition default notwithstanding, Epsilon agrees to fund the DIP Financing according to the Budget that (a) is approved in writing by Epsilon and (b) appears in this Final Order.

5. **Waiver of Right to Surcharge.** Because of the consent of Epsilon to the current payment of administrative expenses of the Debtor's estate in accordance with the Budget, Epsilon is entitled to a waiver of (i) the provisions of section 506(c) of the Bankruptcy Code and (ii) any "equities of the case" claims or other claims under sections 105(a) or 552(b) of the Bankruptcy Code. Accordingly, no costs or expenses of administration or other charge, lien, assessment, or claim incurred at any time (including, without limitation, any expenses set forth in the Budget) by the Debtor or any other person or entity shall be imposed or charged against any or all of the

Prepetition PNC Collateral or Epsilon or its claims under the Bankruptcy Code, including sections 105(a), 506(c), 552(b) thereof, or otherwise, and the Debtor, on behalf of its estate, waives any such rights. It is expressly understood by all parties that in making all such undertakings and proceeding in compliance with the Budget and the Orders, Epsilon has relied on the foregoing provisions of this paragraph. Notwithstanding any approval of or consent to the Budget, nothing in the Orders shall constitute or be deemed to constitute the consent by Epsilon to the imposition of any costs or expense of administration or other charge, lien, assessment, or claim (including, without limitation, any amounts set forth in the Budget) against such party, its claims, or its collateral under sections 105(a), 506(c), or 552(b) of the Bankruptcy Code or otherwise and no such consent shall be implied from any other action or inaction by such parties.

6. **Stipulation and Waivers.** After consultation with its attorneys, *subject to and without prejudice to the rights of any Committee and any other party-in-interest as set forth in paragraph 7 below*, the Debtor admits, stipulates, and agrees to the following, and makes the releases and waivers set forth below and as described in the Interim Orders on and as of the Voluntary Petition Date:

A. **Prepetition PNC Documents.** Prior to the Voluntary Petition Date, the Debtor entered into the Prepetition PNC Documents with PNC. Pursuant to the Prepetition PNC Documents, PNC was granted the first-priority liens in the PNC Prepetition Collateral in respect of the PNC Prepetition Debt.

B. **PNC Prepetition Debt.** Pursuant to the Prepetition PNC Documents, as of the Voluntary Petition Date, the Debtor was indebted and liable to PNC, without defense, counterclaim, recoupment, or offset of any kind, in the aggregate principal amount of at least \$8,098,144 in respect of the PNC Prepetition Debt, plus accrued but



unpaid interest at the applicable contractual rate, costs, premiums, fees, and expenses to the extent permitted under the Prepetition PNC Documents. The PNC Prepetition Debt constitutes a legal, valid, and binding obligation of the Debtor, enforceable in accordance with the terms of the Prepetition PNC Documents (other than in respect of the stay of enforcement arising under section 362 of the Bankruptcy Code) and no portion of the PNC Prepetition Debt is subject to avoidance, recharacterization, disgorgement, recovery, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law.

C. **Prepetition PNC Liens.** The liens securing the PNC Prepetition Debt (the “Prepetition PNC Liens”) (i) are valid, binding, perfected, enforceable, liens on and security interests in the PNC Prepetition Collateral and (ii) are not subject to avoidance, recharacterization, or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law. The PNC Prepetition Debt, the Prepetition PNC Documents, and the PNC Prepetition Collateral have been assigned by PNC to Epsilon, and Epsilon has succeeded to all rights of PNC in the PNC Prepetition Debt, the Prepetition PNC Documents, and the PNC Prepetition Collateral.

D. **Releases and Waivers.** The Debtor does not have, and hereby forever releases and waives, any claims, objections, challenges, counterclaims, causes of action, defenses, recoupment, or setoff rights, whether known or unknown, and whether arising under the Bankruptcy Code or applicable non-bankruptcy law, including without limitation any Avoidance Action, against PNC and Epsilon and any of their affiliates, agents, attorneys, advisors, professionals, officers, directors, and employees from the beginning of time.

E. **Default.** At least one Event of Default has occurred under the Prepetition PNC Documents and the Debtor is in default with respect to the PNC Prepetition Debt.

F. **Right to Credit Bid.** Subject to the requirements set forth herein, Epsilon has the right under section 363(k) of the Bankruptcy Code to use the PNC Prepetition Debt, the PNC Prepetition Collateral, the DIP Financing, and the Adequate Protection Liens as a credit bid at any sale of the Debtor's assets whether pursuant to a plan or otherwise, and Epsilon has the right to assign its credit bid to any third party designated by Epsilon.

7. **Effect of Debtors' Stipulations and Waivers on Third Parties.**

A. **Generally.** The admissions, stipulations, agreements, releases, and waivers set forth in the immediately preceding paragraph of this Final Order (collectively, the "Prepetition Lien and Claim Matters") are and shall be binding on the Debtor, any subsequent trustee, responsible person, examiner with expanded powers, any other estate representative, and all parties-in-interest and all of their successors-in-interest and assigns, including, without limitation, any Committee, *unless, and solely to the extent that*, (i) any Committee, or creditor, each of which pursuant to this Order shall be granted standing and requisite authority, or another party-in-interest with standing and requisite authority, has timely filed the appropriate pleadings, and timely commenced the appropriate proceeding required under the Bankruptcy Code and Bankruptcy Rules, including, without limitation, as required pursuant to Part VII of the Bankruptcy Rules (in each case subject to the limitations set forth in this Second Interim Order) challenging the Prepetition Lien and Claim Matters (each such proceeding or appropriate

pleading commencing a proceeding or other contested matter, a “Challenge”) as outlined below by September 18, 2013 (the “Challenge Deadline”):

- (i) Epsilon filed its official Proof of Claim with all supporting documents and attachments relied upon by Epsilon to substantiate its claim in this proceeding (the “Epsilon Proof of Claim”) on August 19, 2013;
- (ii) Any Challenge by the Committee to the Epsilon Proof of Claim must be filed no later than the Challenge Deadline;
- (iii) Any Challenge to the Epsilon Proof of Claim by a creditor or by another party in interest with standing and requisite authority must be filed no later than the Challenge Deadline.

B. **Binding Effect.** If no Challenge is timely commenced by the Challenge Deadline, or if such proceeding does not result in a final and non-appealable order of this Court that is inconsistent with the Prepetition Lien and Claim Matters, then, without further notice, motion, or application to, order of, or hearing before, this Court and without the need or requirement to file any proof of claim, the Prepetition Lien and Claim Matters shall pursuant to this Final Order become binding, conclusive, and final on the Committee and any other person, entity, or party-in-interest in the Case, and their successors and assigns, and in any successor case for all purposes and shall not be subject to challenge or objection by any party-in-interest, including, without limitation, a trustee, responsible individual, examiner with expanded powers, or other representative of the estate. Notwithstanding anything to the contrary herein, if any such proceeding is properly and timely commenced by the Challenge Deadline, the Prepetition Lien and Claim Matters shall nonetheless remain binding on all parties-in-interest and preclusive

as provided in sub-paragraph (a) above except to the extent that each of such Prepetition Lien and Claim Matters is expressly the subject of a timely filed Challenge. *Subject to a Section 506(b) determination of secured status, and* to the extent any such Challenge proceeding is timely commenced, Epsilon shall be entitled to include in the PNC Prepetition Debt the related costs and expenses, including but not limited to reasonable attorneys' fees, incurred in defending itself in any such proceeding pursuant to the Prepetition PNC Documents.

8. **Limitation on Use of Proceeds.** Notwithstanding anything in this Final Order to the contrary, no portion or proceeds of Cash Collateral, no funds advanced pursuant to the DIP Financing, and no disbursements set forth in the Budget, shall be used for the payment of professional fees, disbursements, costs, or expenses incurred in connection with: (a) objecting, contesting, or raising any defense to the validity, perfection, priority, extent, or enforceability of, or any amount due under, the Prepetition PNC Documents or any security interests, liens, or claims granted under the Orders or the Prepetition PNC Documents to secure such amounts; (b) asserting any Challenges, claims, actions, or causes of action against PNC or Epsilon or any of their agents, affiliates, subsidiaries, directors, officers, representatives, attorneys, or advisors; (c) preventing, hindering, or otherwise delaying enforcement or realization on the PNC Prepetition Collateral; or (d) seeking to amend or modify any of the rights granted to PNC or Epsilon under the Orders or the Prepetition PNC Documents, including seeking to use Cash Collateral on a contested basis.

9. **Successors and Assigns.** This Final Order shall be binding upon all parties-in-interest in this Case, including any subsequently appointed trustee, responsible individual, examiner with expanded powers, or other estate representative.

10. **Survival.** To the extent of any monies loaned to the Debtor pursuant to the Orders and not repaid, the provisions of this Final Order and any actions taken pursuant hereto shall survive the entry of any subsequent order, and the rights, remedies, powers, privileges, liens, and priority of Epsilon provided for in this Final Order shall not be modified, altered, or impaired in any manner by any order, including any order (a) confirming any plan of reorganization or liquidation in this Case, (b) converting this Case to a chapter 7 case, (c) dismissing this Case, or (d) any superseding case under the Bankruptcy Code. The terms and provisions of this Final Order as well as the Adequate Protection Liens shall continue in full force and effect notwithstanding the entry of any such order, and such rights, claims, and liens shall maintain their priority as provided by this Final Order to the maximum extent permitted by law.

11. **Good Faith.** The use of Cash Collateral and the provision of the DIP Financing and the other provisions of the Orders have been negotiated in good faith and at arm's-length between the Debtor and Epsilon, and the extensions of the financial accommodations to the Debtor by Epsilon pursuant to the Orders have been and are deemed to be extended in good faith.

12. **Subsequent Reversal or Modification.** If any or all of the provisions of this Final Order are hereafter reversed, modified, vacated, or stayed, to the extent of any monies loaned to the Debtor pursuant to the Orders and not repaid, that action will not affect (a) the validity of any obligation, indebtedness, or liability under the Orders by the Debtor prior to the date of receipt of written notice to Epsilon of the effective date of such action, or (b) the validity and enforceability of any lien, administrative expense, right, or priority authorized or created hereby or pursuant to the Orders, including, without limitation, PNC Prepetition Debt, PNC Prepetition Collateral, and Adequate Protection Liens. Notwithstanding any such reversal, stay,

modification, or vacatur, any postpetition indebtedness, obligation, or liability incurred by the Debtor to Epsilon prior to written notice to Epsilon shall be governed in all respects by the original provisions of this Final Order, and Epsilon shall be entitled to all the rights, remedies, privileges, and benefits granted pursuant to the Orders.

13. **No Waiver.** This Final Order shall not be construed in any way as a waiver or relinquishment of any rights that Epsilon may have to bring or be heard on any matter brought before the Court. Any consent, modification, declaration of default, or exercise of remedies or non-exercise of remedies under or in connection with this Final Order shall require the approval of Epsilon and shall not be deemed a waiver or relinquishment of any of the rights of Epsilon. Nothing contained in this Final Order (including without limitation, the authorization to use any Cash Collateral) shall impair, prejudice, or modify any rights, claims, or defenses available in law or equity to Epsilon, including, without limitation, the right to (a) request conversion of this Case to a case under chapter 7, (b) seek to terminate the exclusive right of the Debtor to file, and solicit acceptances of, a plan under section 1121 of the Bankruptcy Code or propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan, (c) object to the fees and expenses of any retained professionals, and (d) seek relief from the automatic stay. All such rights, claims, and defenses, and the rights, objections, and defenses of all parties in connection therewith, are hereby reserved.

14. **Additional Defaults.** In addition and without limitation of the Events of Default set forth in and defined in the Prepetition PNC Documents or the Orders, it shall be a default hereunder (and constitute an “Event of Default” under the Prepetition PNC Documents) if (a) an order is entered dismissing or converting the Case under section 1112 of the Bankruptcy Code or appointing a chapter 11 trustee or an examiner with expanded powers, (b) a sale of

substantially all assets is proposed by the Debtor without the written consent of Epsilon that would not indefeasibly pay the PNC Prepetition Debt and the DIP Financing in full in cash (other than any sale approved under any sale procedures approved by the Court), (c) any other motion is filed by the Debtor for any relief directly or indirectly affecting the PNC Prepetition Collateral in a material manner unless all the PNC Prepetition Debt and the DIP Financing has been indefeasibly paid in final, in full, in cash, and completely satisfied upon consummation of the transaction contemplated thereby, or (d) the Debtor fails to comply with any of the terms of this Final Order, including the Budget (subject to all applicable variances), or any stipulation, representation, or covenant by the Debtor stated herein is false or misleading. Any order for dismissal or conversion shall be automatically deemed to preserve the rights of Epsilon under this Final Order. No order providing for the sale of substantially all of the assets of the Debtor under section 363 of the Bankruptcy Code shall be entered by the Court unless, upon the closing of such transaction, all perfected liens securing the PNC Prepetition Debt and the DIP Financing are transferred to the proceeds of such sale and such proceeds are applied to permanently and indefeasibly repay all of the Debtor's obligations to Epsilon, arising under its purchase of the PNC Prepetition Debt and the DIP Financing, in full, in cash. If an order dismissing this Case under section 305 or 1112 of the Bankruptcy Code or otherwise is at any time entered, (i) the claims, security interests, liens, and claims granted to or for the benefit of the Epsilon pursuant to the Orders shall continue in full force and effect and shall maintain its priorities, without need for any additional filings or Court orders, as provided in the Orders, as applicable, until all of the Debtor's obligations to Epsilon, arising under its purchase of the PNC Prepetition Debt and the DIP Financing, shall have been paid and satisfied in full (and that such claims and liens, shall, notwithstanding such dismissal, remain binding on all parties-in-interest) and (ii) this

Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing such claims and liens.

15. **Effect of Default and Payment of Trailing Expenses.** If an Event of Default shall occur, then Epsilon in its sole discretion may on one business day's written notice to the Debtor terminate the Debtor's right to use Cash Collateral, use the DIP Financing, and incur further postpetition obligations. The Debtor may thereafter request of this Court on an expedited basis a hearing on continuing its authority to use Cash Collateral or the DIP Financing on such shortened notice to Epsilon as the Court may allow, not to be less than two business days; provided, however, that, Epsilon shall be obligated to provide the DIP Financing to allow the Debtor to pay all administrative expenses incurred by the Debtor up to the time of the termination of the Debtor's right to use Cash Collateral, use the DIP Financing, and incur further postpetition obligations provided that and solely to the extent that such payments are in compliance with the Budget.

16. **Right to Credit Bid.** Subject to any and all applicable law, pursuant to section 363(k) of the Bankruptcy Code and/or included as part of any plan subject to confirmation under section 1129(b)(2)(A)(iii) of the Bankruptcy Code, Epsilon shall have the exclusive right to use the PNC Prepetition Debt, the PNC Prepetition Collateral, the DIP Financing, and the Adequate Protection Liens to credit bid with respect to any bulk or piecemeal sale of all or any portion of the Debtor's assets and to assign its credit bid to any designee of Epsilon. As Adequate Protection to Epsilon, it shall be an Event of Default for Epsilon to not be allowed to credit bid the PNC Prepetition Debt, the PNC Prepetition Collateral, the DIP Financing, and the Adequate Protection Liens.



17. **No Marshaling.** The PNC Prepetition Collateral, the Adequate Protection Liens, and Epsilon shall not be subject to the doctrine of marshaling.

18. **No Intent to Prime Liens.** This Final Order is not intended to prime or create co-equal status with any perfected senior lienholder including, but not limited to, Plastic Packaging, Inc.

19. **Automatic Stay.** If there is a default under this Final Order, Epsilon may request an emergency hearing to modify the automatic stay to allow it to exercise its remedies. If such a hearing is requested, Epsilon shall notice the Debtor, the Bankruptcy Administrator, the attorney for the Committee, and any party who has filed an appearance and requested notices. The Debtor and the Committee have consented to this hearing being held on an expedited basis, including by telephonic notice, and, if requested by Epsilon, the hearing must be held no later than five (5) days from its request.

20. **Headings.** The headings in this Final Order are for reference purposes only and will not in any way affect the meaning and interpretation of the terms of this Final Order.

21. **Immediate Effect.** This Final Order is hereby deemed effective immediately pursuant to Bankruptcy Rule 6004(h).

22. **Period of Use of Cash Collateral and DIP Financing.** Notwithstanding the preceding provisions of this Final Order and provided there has been no Event of Default, the Debtor's right to use Cash Collateral and obtain DIP Financing from Epsilon as provided herein shall terminate on the earlier of (i) October 5, 2013, or (ii) the day before the Closing as that term is defined in the order regarding sale of substantially all of the Debtor's assets and procedures therefor entered on August 23, 2013 [Docket No. 67].

END OF DOCUMENT

Southern Film Extruders  
Cash Flow Forecast  
For the Nine weeks  
August 4 - October 5, 2013

	Post-Petition					
	Actuals	FCST	FCST	FCST	FCST	FCST
	Week 4	Week 5	Week 6	Week 7	Week 8	Week 9
	Aug. 25-31	Sept 1-7	Sept 8-14	Sept 15-21	Sept 22-28	Sept 29-Oct 5
Aug 25-27						
Daily Production	119,708	125,000	125,000	125,000	125,000	125,000
Run Days	3.0	7	7	7	7	7
Lbs Produced	359,125	875,000	875,000	875,000	875,000	875,000
Lbs shipped	534,309	875,000	875,000	875,000	875,000	875,000
Aug 26-27						
Selling Price	\$ 1.168	\$ 1.185	\$ 1.185	\$ 1.185	\$ 1.185	\$ 1.185
Revenue / A/R Additions	\$ 623,821	\$ 1,036,875	\$ 1,036,875	\$ 1,036,875	\$ 1,036,875	\$ 1,036,875
Returns & allowances	\$ -	\$ (10,500)	\$ (10,500)	\$ (10,500)	\$ (10,500)	\$ (10,500)
Net Sales / A/R Additions	\$ 623,821	\$ 1,026,375	\$ 1,026,375	\$ 1,026,375	\$ 1,026,375	\$ 1,026,375
<b>Cash Revenue</b>						
Collections A/R Deductions	\$ 1,291,879	\$ 872,990	\$ 889,509	\$ 904,248	\$ 917,400	\$ 902,837
Aug 25-28						
Resin per lb	\$ 0.79	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80	\$ 0.80
Purchased Resin-Sigma Cost	\$ 742,473	\$ 805,000	\$ 805,000	\$ 805,000	\$ 805,000	\$ 805,000
Spread Over Resin	\$ 0.375	\$ 0.385	\$ 0.385	\$ 0.385	\$ 0.385	\$ 0.385
<b>Cash Expenses:</b>						
Salary payroll-Gross	\$ 80,055	\$ -	\$ 175,000	\$ -	\$ -	\$ 85,000
Hourly Payroll-Gross	\$ 158,335	\$ -	\$ 175,000	\$ -	\$ 175,000	\$ -
Payroll Taxes Included above payrolls	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Group Insurance	\$ -	\$ -	\$ -	\$ -	\$ 60,000	\$ -
Uniforms	\$ -	\$ 180	\$ 180	\$ 180	\$ 180	\$ 180
Rent-Production Eqmt	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ -
Rent - Buildings	\$ -	\$ 28,950	\$ -	\$ -	\$ -	\$ 28,950
Insurance General	\$ 1,183	\$ -	\$ -	\$ 18,600	\$ 26,700	\$ -
Duke Power	\$ -	\$ 55,000	\$ 60	\$ 60	\$ 60	\$ 55,000
Utility Deposits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City of High Point	\$ -	\$ 47,000	\$ 690	\$ 690	\$ 690	\$ 50,000
Water	\$ -	\$ 2,500	\$ -	\$ -	\$ -	\$ 2,500
Repairs & Maintenance	\$ 3,422	\$ 8,422	\$ 8,422	\$ 8,422	\$ 8,422	\$ 8,500
Freight-In	\$ -	\$ 776	\$ 776	\$ 776	\$ 776	\$ 776
Plant Supplies	\$ -	\$ 1,712	\$ 1,712	\$ 1,712	\$ 1,712	\$ 1,712
Shipping Supplies (.023)	\$ 4,514	\$ 20,125	\$ 20,125	\$ 20,125	\$ 20,125	\$ 21,735
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel -Tech Svce	\$ -	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Outside Services	\$ 1,083	\$ 2,096	\$ 2,096	\$ 2,096	\$ 2,096	\$ 2,096
Licenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc Mfg	\$ -	\$ 487	\$ 487	\$ 487	\$ 487	\$ 487
Office rent	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Relations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Travel	\$ 264	\$ 281	\$ 281	\$ 281	\$ 281	\$ 281
Brokers Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Freight Out	\$ 5,102	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250	\$ 33,250
Deposits with Freight Companies	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rent , copiers , printers	\$ -	\$ 1,280	\$ -	\$ -	\$ -	\$ 1,280
Office Supplies, paper etc	\$ -	\$ 302	\$ 302	\$ 302	\$ 302	\$ 302
Taxes-Other	\$ 2,634	\$ 577	\$ 577	\$ 577	\$ 577	\$ 577
Travel	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Telephone	\$ -	\$ -	\$ 1,792	\$ -	\$ -	\$ -
Postage	\$ 102	\$ 222	\$ 222	\$ 222	\$ 222	\$ 222
Professional Svces	\$ -	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500
Outside Services-software support	\$ 1,100	\$ 1,500	\$ 1,500	\$ 1,500	\$ 2,500	\$ 2,500
Dues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Misc	\$ 179	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal	\$ 257,974	\$ 209,159	\$ 424,472	\$ 91,280	\$ 335,380	\$ 297,347
<b>Total Operating Cash Expenses</b>	<b>\$ 1,000,447</b>	<b>\$ 1,014,159</b>	<b>\$ 1,229,472</b>	<b>\$ 896,280</b>	<b>\$ 1,140,380</b>	<b>\$ 1,102,347</b>
<b>Adequate Protection / Bankruptcy Costs</b>						
PNC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Court Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,000
Attorney fees / Legal	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Subtotal Adequate Protection Costs	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 18,000
<b>Total Cash Expenses</b>	<b>\$ 1,005,447</b>	<b>\$ 1,019,159</b>	<b>\$ 1,234,472</b>	<b>\$ 901,280</b>	<b>\$ 1,145,380</b>	<b>\$ 1,120,347</b>
<b>Net Cash Position</b>	<b>\$ 286,432</b>	<b>\$ (146,169)</b>	<b>\$ (344,963)</b>	<b>\$ 2,969</b>	<b>\$ (227,979)</b>	<b>\$ (217,510)</b>
<b>Cummulative Cash Position</b>	<b>\$ (62,579)</b>	<b>\$ (788,948)</b>	<b>\$ (2,117,711)</b>	<b>\$ (1,116,742)</b>	<b>\$ (1,338,721)</b>	<b>\$ (1,556,232)</b>