

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

In re:

TACTICAL INTERMEDIATE HOLDINGS,
INC., *et al.*¹

Debtors.

Chapter 11

Case No. 14-11659 (KG)

Joint Administration Requested

Related to Docket No. 12

FINAL ORDER (I) AUTHORIZING (A) THE DEBTORS TO OBTAIN POSTPETITION FINANCING ON A SENIOR SECURED SUPERPRIORITY BASIS PURSUANT TO 11 U.S.C. §§ 105, 361, 362, 363, AND 364; (B) TO UTILIZE CASH COLLATERAL PURSUANT TO 11 U.S.C. § 363; (II) GRANTING ADEQUATE PROTECTION PURSUANT TO 11 U.S.C. §§ 361, 363 AND 364; (III) SCHEDULING FINAL HEARING PURSUANT TO BANKRUPTCY RULES 4001(b) AND (c); AND (IV) GRANTING RELATED RELIEF

Upon the motion (the “**Motion**”)² dated July 8, 2014 [Docket No. 12] of Tactical Intermediate Holdings, Inc. (“**Intermediate**”), Tactical Holdings Operations, Inc. (“**Tactical**”), Wellco Enterprises, Inc. (“**Wellco**”), Ro-Search, Incorporated (“**Ro-Search**”), Mo-Ka Shoe Corporation (“**Mo-Ka**”), Altama Delta Corporation (“**Altama**”), Altama Delta (Puerto Rico) Corporation (“**Altama PR**”), Massif Holdings, LLC (“**Massif Holdings**”), Massif Mountain Gear Company, L.L.C. (“**Massif**” and collectively with Intermediate, Tactical, Wellco, Ro-Search, Mo-Ka, Altama, Altama PR, and Massif Holdings, the “**Debtors**”), in the above-

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Tactical Intermediate Holdings, Inc. (4895); Tactical Holdings Operations, Inc. (8504); Wellco Enterprises, Inc. (9274); Ro-Search Incorporated (6293); Mo-Ka Shoe Corporation (2446); Altama Delta Corporation (6369); Altama Delta (Puerto Rico) Corporation (3459); Massif Holdings LLC (1692); and Massif Mountain Gear Company LLC (9717). The address of the Debtors' corporate headquarters is 5968 Commerce Blvd., Morristown, TN 37814.

² Capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Motion.

captioned chapter 11 cases (the “**Cases**”) seeking, pursuant to sections 105, 361, 362, 363(c)(2), 364(c)(1), 364(c)(2), 364(c)(3), 364(d)(1) and 364(e) of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “**Bankruptcy Code**”), Rules 2002, 4001 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), entry of an interim and final order (the “**Order**”) *inter alia*:

(a) authorizing the Debtors to obtain senior secured postpetition financing pursuant to that certain Debtor-In-Possession Credit Agreement dated as of July 8, 2014 (as amended from time to time (to the extent authorized by this Order), the “**DIP Facility**”, collectively with all ancillary documents at any time executed in connection therewith (to the extent authorized by this Order) (including, without limitation, any loan agreement, notes, guaranties, security agreements, pledge agreements, control agreements, mortgages or other agreements or instruments executed by one or more Debtors in connection with the DIP Facility to evidence or govern the terms thereof), the “**DIP Documents**”), up to the aggregate principal amount of \$3.5 million (the actual available principal amount at any time being subject to the conditions set forth in the DIP Documents, this Order and any subsequent order entered with respect to the Motion) from Wells Fargo Bank, N.A. (“**Bank**”), acting as lender (the “**DIP Lender**”), substantially in the form of Exhibit A attached to the Motion:

(b) granting to the DIP Lender allowed superpriority administrative expense claims in each of the Cases and any Successor Cases (as defined below) for the DIP Facility and all obligations owing thereunder and under the DIP Documents, subject to the priorities set forth in paragraph 6 below;

(c) granting to the DIP Lender, automatically perfected security interests in and liens on all of the Collateral (as defined herein), including, without limitation, all property constituting “cash collateral” (as defined in section 363(a) of the Bankruptcy Code, “**Cash Collateral**”), which liens shall be subject to the priorities set forth in paragraph 8 below;

(d) authorizing and directing the Debtors to pay the principal, interest, fees, expenses and other amounts payable under each of the DIP Documents as they become due, including, without limitation, fees associated with establishing and perfecting liens created under the DIP Documents, the fees and disbursements of DIP Lender’s attorneys, advisers, accountants, and other consultants, all to the extent provided by and in accordance with the terms of the respective DIP Documents;

(e) authorizing the Debtors to use the Cash Collateral pursuant to sections 361, 362 and 363 of the Bankruptcy Code, and other collateral in which the Prepetition Secured Lender (as defined below) has an interest (together with the Cash Collateral, the “**Prepetition Collateral**”);

(f) providing adequate protection with respect to any diminution in the value of the interests of the Prepetition Secured Lender and Subordinated Lender in the Prepetition Collateral resulting from the use of the Cash Collateral and the use, sale or lease of the Prepetition Collateral or imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code;

(g) 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 Documents and this Order;

(h) scheduling, pursuant to Bankruptcy Rule 4001, a final hearing (the “**Final Hearing**”) for this Court to consider entry of a final order (the “**Final Order**”) authorizing the DIP Facility on a final basis, as set forth in the Motion and the DIP Facility; and

(i) granting certain related relief.

The Court having considered the Motion, the Declaration of Carlin Adrianopoli, in Support of First Day Pleadings and the further Declaration of Carlin Adrianopoli in Support of this Motion, the exhibits attached thereto, the DIP Documents, and the evidence submitted or adduced and the arguments of counsel made at the hearing having been held by this Court on July 9, 2014 (the “**Interim Hearing**”); and notice of the Interim Hearing having been provided in accordance with Bankruptcy Rules 2002, 4001(b), (c) and (d), and 9014; and the Interim Hearing to consider the interim relief requested in the Motion having been held and concluded; and an Interim Order having been entered on July 9, 2014; and a final hearing with respect to the Motion having been held on July 30, 2014 (the “**Final Hearing**”); and notice of the Final Hearing having been provided in accordance with Bankruptcy Rules 2002, 4001(b), (c) and (d), and 9014; and the Court having considered the Motion and the evidence submitted or adduced and the arguments of counsel made at the Final Hearing; and all objections, if any, to the entry of this Order approving the Motion and the DIP Documents having been withdrawn, resolved or overruled by the Court; and it appearing to the Court that granting the relief requested is necessary to avoid immediate and irreparable harm to the Debtors and their estates, and otherwise is fair and reasonable and in the best interests of the Debtors, their estates, and their

creditors and equity holders, and is essential for the continued operation of the Debtors' businesses; and after due deliberation and consideration, and for good and sufficient cause appearing therefor;

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

A. *Petition Date.* On July 8, 2014 (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 District of Delaware (the "**Court**") commencing these Cases.

B. *Debtors in Possession.* 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.

C. *Jurisdiction and Venue.* This Court has core jurisdiction over the Cases, the Motion, and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. Venue for the Cases and proceedings on the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

D. *Official Committee.* The United States Trustee (the "**U.S. Trustee**") appointed an official committee of unsecured creditors in these Cases (a "**Committee**") on July 18, 2014.

E. *Debtors' Stipulations Regarding Prepetition Credit Facility.* After consultation with their attorneys and financial advisors, and without prejudice to the rights of parties in interest as exclusively set forth in paragraph 24 below, the Debtors admit, stipulate, acknowledge and agree that:

(i) Prepetition Facility. Pursuant to, and in accordance with the terms of, the Debtors' indebtedness under or in connection with that certain Amended and Restated Loan and Security Agreement dated as of July 12, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "**Prepetition Credit Agreement**"), among the Debtors, as borrowers, and Wells Fargo Bank, N.A., successor by merger to Wachovia Bank, National Association, as lender (the "**Prepetition Secured Lender**"), and together with all other loan and security documents executed in connection therewith (the "**Prepetition Credit Documents**"), among the Debtors and the Prepetition Secured Lender, the Prepetition Secured Lender provided credit to the Debtors and provided other financial accommodations to or for the benefit of the Debtors (collectively, the "**Prepetition Facility**"). Pursuant to the Fifth Amendment to Loan and Security Agreement, dated as of May 16, 2014, the Prepetition Facility was amended to include a bridge loan in the maximum amount of \$1,500,000.00 (the "**DIP Bridge Loan**") to finance the Borrower's operations and the preparation of an orderly commencement of these chapter 11 Cases.

(ii) Prepetition Secured Obligations. As of the Petition Date, the outstanding amount of obligations under the Prepetition Credit Agreement was not less than \$48,208,493.86, which amount includes the amount of \$1,059,902.78 outstanding under the DIP Bridge Loan, (all such amounts outstanding under the Prepetition Credit Agreement, together with any amounts paid, incurred or accrued prior to the Petition Date in accordance with the Prepetition Credit Documents, principal, accrued and unpaid interest, any fees, expenses, and disbursements (including, to the extent set forth in the Prepetition Credit Documents, without limitation, attorneys' fees, related expenses and disbursements), indemnification obligations and other charges of whatever nature, whether or not contingent, whenever arising, due or owing

under the terms of the Prepetition Facility, the “**Prepetition Secured Obligations**”). Pursuant to the Prepetition Credit Documents, each of the Debtors are borrowers in respect of the Prepetition Secured Obligations and are jointly and severally liable for the Prepetition Secured Obligations.

(iii) Prepetition Senior Liens and Prepetition Collateral. As more fully set forth in the Prepetition Credit Documents, prior to the Petition Date, the Debtors granted security interests in and liens on substantially all assets of the Debtors (collectively, the “**Prepetition Collateral**”) to the Prepetition Secured Lender (the “**Prepetition Senior Liens**”) to secure the Prepetition Secured Obligations.

(iv) Validity, Perfection and Priority of Prepetition Senior Liens, Prepetition Secured Obligations. Subject to the provisions of paragraph 24 of this Order, the Debtors (for themselves and their estates) and the Prepetition Secured Lender acknowledge and agree that: (a) as of the Petition Date, the Prepetition Senior Liens on the Prepetition Collateral are valid, binding, enforceable, non-avoidable and properly perfected in all material respects; (b) as of the Petition Date, the Prepetition Senior Liens are senior in priority over any and all other liens on the Prepetition Collateral except as may be permitted under the Prepetition Facility or created by operation of law; (c) the Prepetition Secured 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 Secured Obligations exist, and no portion of the Prepetition Secured Obligations is subject to any challenge or defense including, without limitation, avoidance, disallowance, disgorgement, recharacterization, or subordination (whether equitable or otherwise) pursuant to the Bankruptcy Code or applicable non-bankruptcy law as of the date hereof; and (e) the Debtors and their estates have no claims, objections, challenges, causes of action, and/or choses in action of any

nature whatsoever, including, without limitation, avoidance claims under chapter 5 of the Bankruptcy Code, against the Prepetition Secured Lender or any of its respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees as of the date hereof.

(v) Cash Collateral. The Debtors acknowledge 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 Secured Lender.

(vi) Default by the Debtors. The Debtors acknowledge and stipulate that the Debtors are in default under the Prepetition Credit Documents.

F. *Debtors' Stipulations Regarding Subordinated Debt*. After consultation with their attorneys and financial advisors, and without prejudice to the rights of parties in interest as exclusively set forth in paragraph 24 below, the Debtors admit, stipulate, acknowledge and agree that:

(i) Subordinated Debt. Pursuant to, and in accordance with the terms of, the Debtors' indebtedness under or in connection with that certain 12% Secured Promissory Note dated as of October 5, 2012 (as amended, restated, supplemented or otherwise modified from time to time, the "**Subordinated Note**") made by the Debtors, as borrowers, in favor of GGC Tactical Debt Holdings, LLC, as lender (the "**Subordinated Lender**"), and together with all other loan and security documents executed in connection therewith (the "**Subordinated Loan Documents**"), among the Debtors and the Subordinated Lender.

(ii) Subordinated Obligations. As of the Petition Date, the outstanding principal balance under the Subordinated Loan Documents was not less than \$7,000,000 (all such amounts outstanding under the Subordinated Loan Documents, together with any amounts

paid, incurred or accrued prior to the Petition Date in accordance with the Subordinated Loan Documents, principal, accrued and unpaid interest, any fees, expenses, and disbursements (including, to the extent set forth in the Subordinated Loan Documents, without limitation, attorneys' fees, related expenses and disbursements), indemnification obligations and other charges of whatever nature, whether or not contingent, whenever arising, due or owing under the terms of the Subordinated Loan Documents, the "**Subordinated Obligations**").

(iii) Prepetition Subordinated Liens and Prepetition Collateral. As more fully set forth in the Subordinated Loan Documents, prior to the Petition Date, the Debtors granted security interests in and liens on the Prepetition Collateral to the Subordinated Lender (the "**Subordinated Liens**") to secure the Subordinated Obligations.

(iv) Validity, Perfection and Priority of Subordinated Liens, Subordinated Obligations. Subject to the provisions of paragraph 24 of this Order, the Debtors (for themselves and their estates) and the Subordinated Lender acknowledge and agree that: (a) as of the Petition Date, the Subordinated Liens on the Prepetition Collateral are valid, binding, enforceable, non-avoidable and properly perfected in all material respects; (b) as of the Petition Date, the Subordinated Liens are junior in priority to the Prepetition Senior Liens of the Prepetition Secured Lender but are otherwise senior in priority over any and all other liens on the Prepetition Collateral except as may be permitted under the Prepetition Facility, the Subordinated Loan Documents or created by operation of law; (c) the Subordinated 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 Subordinated Obligations exist, and no portion of the Subordinated Obligations is subject to any challenge or defense including, without limitation, avoidance, disallowance, disgorgement,

recharacterization, or subordination (whether equitable or otherwise) pursuant to the Bankruptcy Code or applicable non-bankruptcy law as of the date hereof; and (e) the Debtors and their estates have no claims, objections, challenges, causes of action, and/or choses in action of any nature whatsoever, including, without limitation, avoidance claims under chapter 5 of the Bankruptcy Code, against the Subordinated Lender or any of its respective affiliates, agents, attorneys, advisors, professionals, officers, directors and employees as of the date hereof.

(v) Cash Collateral. The Debtors acknowledge 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 Subordinated Lender (subject to the senior Prepetition Senior Liens of the Prepetition Secured Lender).

(vi) Default by the Debtors. The Debtors acknowledge and stipulate that the Debtors are in default under the Subordinated Loan Documents.

G. *Intercreditor Agreement*. The Prepetition Secured Lender and Subordinated Lender are parties to that certain Subordination and Intercreditor Agreement dated as of October 5, 2012 by and among the Prepetition Secured Lender, Subordinated Lender and the Debtors (as amended and in effect, the "**Prepetition Intercreditor Agreement**"). The Prepetition Intercreditor Agreement is a "subordination agreement" within the meaning of section 510(a) of the Bankruptcy Code in the chapter 11 Cases. Pursuant to the Prepetition Intercreditor Agreement, Subordinated Lender agreed, among other things, (i) to subordinate the Subordinated Debt to the Prepetition Secured Obligations, (ii) that it would not accept any payments on the Subordinated Debt unless and until the Prepetition Secured Obligations were paid in full, (iii) to subordinate the Subordinated Liens to the Prepetition Senior Liens, and (iv) to consent to any

extension of credit pursuant to Section 364 of the Bankruptcy Code (regardless of whether such extension of credit is secured by a Lien that is senior to any Lien of Prepetition Secured Lender, and including, without limitation, any related professional fee and expense carve-out) to which the Prepetition Secured Lender consented.

H. *Findings Regarding the DIP Facility.*

Based on the record presented to the Court by the Debtors, it appears that:

(i) Good cause has been shown for the entry of this Order.

(ii) The Debtors have an immediate need to obtain the DIP Facility and continue to use the Prepetition Collateral in order to permit, among other things, the orderly continuation of the operation of their businesses, to maintain business relationships with vendors, suppliers and customers pending the orderly sale of all or substantially all of the Debtors' assets, to make payroll, to satisfy other working capital and operational needs, to pay interest, fees and expenses in accordance with this Order, and to pay amounts approved by other Order of this Court. The Debtors' use of the Prepetition Collateral in general and access to the proceeds of the DIP Facility specifically, is necessary in order to ensure that the Debtors have sufficient working capital and liquidity to preserve and maintain the going concern value of the Debtors.

(iii) The Debtors are unable to obtain financing on more favorable terms from sources other than the DIP Lender under the DIP Facility and are unable to obtain adequate unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense or unsecured credit with the enhanced priority afforded by section 364(c)(1) of the Bankruptcy Code. The Debtors are also unable to obtain secured credit allowable under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without the Debtors granting to the DIP Lender, subject to the Carve Out (as defined below) as provided for

herein, the DIP Liens (as defined below) and the DIP Superpriority Claims (as defined below) under the terms and conditions set forth in this Order and in the DIP Documents.

(iv) The terms of the DIP Documents and the use of Cash Collateral are fair and reasonable under the circumstances of the Cases, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

(v) The DIP Documents and use of Cash Collateral have been negotiated in good faith and at arm's length between the Debtors and the DIP Lender, and all of the Debtors' obligations and indebtedness arising under, in respect of or in connection with the DIP Facility, including, without limitation, all loans made to the Debtors pursuant to the DIP Facility (together with any other obligation arising under this Order or the DIP Documents, collectively, the "**DIP Obligations**"), shall be deemed to have been extended by the DIP Lender in good faith, and the consent of Prepetition Secured Lender and Subordinated Lender to the DIP Facility and the Debtors' use of Cash Collateral shall be deemed to have been in good faith, as that term is used in sections 363(m) and 364(e) of the Bankruptcy Code and in express reliance upon the protections offered by sections 363(m) and 364(e) of the Bankruptcy Code, and shall be entitled to the full protection of sections 363(m) and 364(e) of the Bankruptcy Code in the event that this Order or any provision hereof is vacated, reversed or modified, on appeal or otherwise.

(vi) The Debtors have requested entry of this Order pursuant to Bankruptcy Rules 4001(b)(2), 4001(c)(2) and 4001(d). Absent granting the relief sought by this Order, the Debtors' estates will be immediately and irreparably harmed. Consummation of the DIP Facility and the use of Cash Collateral in accordance with this Order and the DIP Documents is therefore in the best interest of the Debtors' estates.

(vii) Upon entry of this order and, subject to satisfaction of all conditions precedent contained in the DIP Agreement the Debtors are authorized to borrow up to \$3,500,000 pursuant to the DIP Documents, for uses consistent with and in accordance with the Approved Budget (as defined in the DIP Agreement) and the DIP Documents (including amounts required to be paid with respect to the DIP Facility and amounts necessary to pay the reasonable out-of-pocket outstanding fees and expenses (including reasonable fees and expenses of their professionals) of the Prepetition Secured Lender and the DIP Lender).

(viii) A portion of the DIP Facility in the amount of \$1,059,902.78 (plus additional interest that has accrued since July 7, 2014) shall be used solely to refinance (the “**Refinancing**”) the DIP Bridge Loan. The DIP Bridge Loan was necessary to allow the Debtors to continue their business operations pending the preparation of an orderly commencement of these chapter 11 Cases, to commence the Sale Process (as defined below) and to avoid the irreparable harm and depletion of value that would have resulted from a disorderly liquidation of the Debtors’ businesses and assets. The Refinancing shall be effected pursuant to a cashless exchange (i.e., not involving any cash payment in respect of any principal or interest) of such loans under the Prepetition Credit Agreement for loans under the DIP Facility. Upon entry of this Order, the Refinancing shall be deemed to be indefeasible, final and not subject to challenge. Payment of the DIP Bridge Loan (and all obligations related thereto) in accordance with this Order is necessary as the DIP Lender will not otherwise consent to providing and administering, as applicable, the DIP Facility and extending credit to the Debtors thereunder, and the Prepetition Secured Lender would not otherwise consent to the use of its Cash Collateral and other Prepetition Collateral or the subordination of its liens to the DIP Liens and Carve Out.

I. *Application of Proceeds of Collateral.* As a condition to the entry into the DIP Documents, the extension of credit under the DIP Facility and the authorization to use Cash Collateral and other Prepetition Collateral, the Debtors agreed that the Debtors shall apply the proceeds from the disposition of Collateral and Prepetition Collateral as set forth in the DIP Documents.

J. *Adequate Protection.* The Prepetition Secured Lender (to the extent any Prepetition Secured Obligations remain outstanding) and the Subordinated Lender (to the extent any Subordinated Obligations remain outstanding), are entitled to receive adequate protection on account of their interests in the Prepetition Collateral pursuant to sections 361, 362, 363 and 364 of the Bankruptcy Code to the extent of any diminution in value of its interests in the Prepetition Collateral (including the Cash Collateral). Pursuant to sections 361, 363, 364 and 507(b), as adequate protection, the Prepetition Secured Lender and Subordinated Lender, will receive adequate protection liens, superpriority claims, and other protections as more fully set forth in paragraph 12 herein.

K. *Final Approval.* Based upon the record of the Final Hearing, the Court (i) authorizes the Debtors to execute and deliver the DIP Documents, (ii) authorizes the Debtors to borrow up to \$3,500,000.00 pursuant to the DIP Documents, and (iii) authorizes and directs the Debtors after execution to perform all of the DIP Obligations in accordance with the terms of this Order and DIP Documents, including, without limitation, the payment of fees, expenses and other amounts described in the DIP Documents as such became due.

L. *Good Faith of the DIP Lender.*

(i) Willingness to Provide Financing. The DIP Lender has indicated a willingness to provide financing to the Debtors subject to: (a) the entry of the Interim Order

within 3 business days of the Petition Date; (b) entry of this Order no later than 30 days following entry of the Interim Order; (c) approval of the terms and conditions of the DIP Facility and the DIP Documents; and (d) entry of findings by this Court that such financing is essential to the Debtors' estates, that the DIP Lender is administering and extending, as applicable, credit to the Debtors pursuant to the DIP Documents in good faith, and that the DIP Lender's claims, superpriority claims, security interests, liens, rights, and other protections granted pursuant to this Order and the DIP 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 Order, or any other order.

(ii) Business Judgment and Good Faith Pursuant to

Section 364(e). Based upon the record presented to the Court by the Debtor, it appears that the terms and conditions of the DIP Facility and the DIP 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 Facility and the use of Cash Collateral were negotiated in good faith and at arms' length among the Debtors, DIP Lender, Prepetition Secured Lender, and Subordinated Lender. Use of Cash Collateral and all credit to be extended under the DIP 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. Accordingly, the DIP Lender is entitled to the protection and benefits of section 364(e) of the Bankruptcy Code, and this Order and will

not be affected by any subsequent reversal, modification, vacatur, amendment, reargument or reconsideration of this Order, or any other order.

M. *Notice.* Notice of the Motion, the relief requested therein and the Final Hearing was served by the Debtors on their consolidated thirty (30) largest unsecured creditors, counsel for the DIP Lender, the Prepetition Secured Lender, the Subordinated Lender, the landlords, the holders of existing liens, counsel for the Committee, and any parties required to receive notice pursuant to Bankruptcy Rules 2002, 4001, 5003(e) or 9014 or other Local Rules of this Court or requesting notice pursuant to a written and timely received request, other affected parties as determined by the parties' reasonable efforts to afford the best notice possible under the circumstances, and the U.S. Trustee.

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. *Financing Approved.* The Motion is granted on a final basis as set forth herein, the DIP Facility is authorized and approved, and the use of Cash Collateral is authorized subject to the terms and conditions set forth in this Order.

2. *Objections.* All objections to the Motion and entry of this Order, if any, are resolved hereby or, to the extent not withdrawn or resolved, are overruled.

DIP Facility Authorization

3. *Authorization of the DIP Financing and DIP Documents.* The DIP Facility is hereby approved as set forth in this Order and the Debtors are hereby authorized to borrow money pursuant to the DIP Documents and this Order, up to an aggregate principal or face

amount of \$3,500,000, subject to satisfaction or waiver of any conditions precedent set forth in the DIP Documents, which shall be used for all purposes permitted under the DIP Facility, including, without limitation, to repay all amounts owed under the DIP Bridge Loan, to pay interest, fees and expenses in accordance with this Order, to pay amounts approved by other Order of this Court, to provide working capital for the Debtors, to pay amounts owing under the Carve Out and to fund an orderly sale process of the Debtors' businesses, in each case in accordance with the Approved Budget. The Approved Budget may be amended, supplemented, extended or otherwise modified from time to time in any manner as to which the Debtors and the DIP Lender mutually agree without further order of this Court or advance notice to any person. The Debtors shall promptly provide any modified Approved Budget to the U.S. Trustee and counsel for the Committee. All collections and proceeds, whether from ordinary course collections, asset sales, debt or equity issuances, insurance recoveries, condemnations or otherwise, including all Cash Collateral in existence on the Petition Date, will be deposited and applied as required by this Order, the Approved Budget and the DIP Documents. Upon execution and delivery, the DIP Documents shall represent valid and binding obligations of the Debtors, enforceable against each of the Debtors and their estates and any successors thereto, including, without limitation, any trustee or other estate representative appointed in any Successor Case in accordance with their terms.

4. *Acts in Furtherance of the DIP Financing.* In furtherance of the foregoing and without further approval of this Court, the Debtors are authorized and directed to perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution or recordation of security agreements, pledge agreements, mortgages, control agreements and financing statements), and to pay all fees that may be reasonably required or

necessary for the Debtors' performance of their obligations under the DIP Facility, including, without limitation:

(a) the execution, delivery and performance of the DIP Documents and any exhibits attached thereto, including, without limitation, the DIP Facility;

(b) the execution, delivery and performance of one or more amendments to the DIP Documents, including, without limitation, an amendment to effectuate the terms of this Order, in each case in such form as the Debtors and the DIP Lender may agree (it being understood that, *inter alia*, no further approval of the Court shall be required for non-material amendments to the DIP Documents that do not shorten the maturity of the extensions of credit thereunder or increase the commitments, or the rate of interest payable thereunder; *provided, however*, that notice of any proposed non-material amendment to the DIP Documents shall be filed with this Court and served electronically upon counsel to the Prepetition Secured Lender, counsel to the Subordinated Lender, counsel to the Committee and the U.S. Trustee; *provided, further*, that the aforementioned parties shall have five (5) business days from the date of electronic service to object to any such non-material amendment);

(c) the non-refundable payment to the DIP Lender, as the case may be, of the fees referred to in the DIP Facility (and in any separate letter agreements between them in connection with the DIP Facility) and reasonable costs and expenses as may be due from time to time, including, without limitation, fees and expenses of the professionals retained as provided for in the DIP Documents; and

(d) the performance of all other acts required under or in connection with the DIP Documents incident to the relief that has been authorized by this Court.

5. *DIP Obligations.* This Order shall constitute the valid and binding effect of the DIP Documents and DIP Obligations, enforceable against the Debtors, their estates and any successor thereto, including, without limitation, any trustee or other estate representative appointed in the Cases, or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Cases (collectively, “**Successor Cases**”). No obligation, payment, transfer or grant of security of, by and/or between the DIP Lender and/or the Debtors under the DIP Facility or this Order shall be stayed, restrained, voidable, avoidable, or recoverable under the Bankruptcy Code or under any applicable law (including, without limitation, under section 502(d) of the Bankruptcy Code, under section 548 of the Bankruptcy Code or under any applicable State Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law), or subject to any defense, reduction, setoff, recoupment or counterclaim. Upon entry of this Order, the DIP Obligations will include all loans, and any other indebtedness or obligations, contingent or absolute, which may now or from time to time be owing by any of the Debtors to the DIP Lender under the DIP Documents and borrowed under the terms of this Order, including, without limitation, all principal, accrued interest, costs, fees, expenses and other amounts owed pursuant to the DIP Documents.

6. *Superpriority Claims.* Pursuant to section 364(c)(1) of the Bankruptcy Code, all of the DIP Obligations shall constitute allowed claims against the Debtors and at all times be senior to the rights of the Debtors and their estates, and any successor trustee or other estate representative, with priority over any and all administrative expenses, diminution claims (including all Adequate Protection Obligations (as defined below)) and all other claims against the Debtors, now existing or hereafter arising, of any kind whatsoever, including, without limitation, all administrative expenses of the kind specified in sections 503(b) and 507(b) of the

Bankruptcy Code, and over any and all administrative expenses or other claims arising under sections 105, 326, 328, 330, 331, 365, 503(a), 503(b), 506(c), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 or 1114 of the Bankruptcy Code (the “**DIP Superpriority Claims**”), whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment, which allowed claims shall be payable from and have recourse to all pre- and postpetition property of the Debtors and all proceeds thereof, subject only to the payment of the Carve Out to the extent specifically provided for herein. Without limiting the generality of the foregoing, the DIP Superpriority Claims shall be payable from proceeds of all other avoidance actions or claims arising under chapter 5 of the Bankruptcy Code. For the avoidance of doubt, the DIP Superpriority Claims (including, without limitation, DIP Superpriority Claims on proceeds of avoidance actions) shall be of no further force and effect upon (i) repayment in full of all obligations owed under the DIP Facility and (ii) termination of any commitment by DIP Lender to make further advances under the DIP Facility.

7. *DIP Liens and Collateral.* Effective immediately upon the entry of this Order, to secure the DIP Obligations pursuant to sections 361, 362, 364(c)(2), 364(c)(3), and 364(d) of the Bankruptcy Code, the DIP Lender is granted continuing, valid, binding, enforceable, non-avoidable and automatically and properly perfected postpetition security interests in and liens on (all such liens and security interests granted to the DIP Lender, pursuant to this Order and the DIP Documents, the “**DIP Liens**”) any and all presently owned and hereafter acquired personal property, real property, mixed property and other assets of the Debtors, whether owned or consigned by or to, or leased from or to the Debtors, including, without limitation, the following

(collectively, the “**Collateral**”):³ (a) all cash and currency; (b) all Inventory; (c) all General Intangibles; (d) all Accounts; (e) all Chattel Paper; (f) all Instruments and Documents and any other instrument or intangible representing payment for goods or services; (g) all Equipment; (h) all Investment Property; (i) all Commercial Tort Claims; (j) all Letter-of-Credit Rights; (k) all Deposit Accounts and funds on deposit therein, including but not limited to the Disbursements Account, Collections Account or funds otherwise on deposit with or under the control of Bank or its agents or correspondents; (l) all Real Estate and Fixtures located at or affixed to any Real Estate; (m) all Intellectual Property; (n) all other Goods not otherwise described above; (o) all claims or choses in action (provided, however, no DIP Lien shall attach to any avoidance actions under chapter 5 of the Bankruptcy Code but, instead, the DIP Liens shall attach only to any proceeds of such avoidance actions); (p) all rights of the Debtor to obtain a distribution of any excess funds in the Professional Fee Escrow Account pursuant to paragraph 37(a); (q) all rights of the Debtor under any asset purchase agreement for the sale of its assets including, without limitation, the right to receive any deposit, earn-out payment, working capital adjustment, contingent payment, or other consideration owed to Debtor thereunder, (r) the Administrative Reserve; (s) all books and records pertaining to the foregoing; and, (x) all parts, replacements, substitutions, profits, products, Accessions and cash and non-cash Proceeds and Supporting Obligations of any of the foregoing (including, but not limited to, insurance proceeds) in any form and wherever located. Collateral shall include all written or electronically recorded books and records relating to any such Collateral and other rights relating thereto. For the avoidance of doubt, the Collateral shall include all rights of the Debtors pursuant to (i) the asset purchase

³ All defined terms in the description of Collateral shall have the meanings ascribed thereto in the DIP Documents. All terms not specifically defined in the DIP Documents shall have the meanings ascribed to such terms in Articles 8 or 9 of the Uniform Commercial Code.

agreement entered into by certain Debtors on July 3, 2014, to sell selected operating assets of Debtor Massif Mountain Gear Company, L.L.C., including, without limitation, the right to receive any amounts to be paid to the Debtors thereunder and (ii) the asset purchase agreement entered into by certain debtors on July 21, 2014, to sell certain assets to Original Footwear Holding Inc. For the avoidance of doubt, all DIP Liens (including, without limitation, DIP Liens upon commercial tort claims and proceeds of avoidance actions) shall be extinguished and of no further force and effect upon (i) repayment in full of all obligations owed under the DIP Facility and (ii) termination of any commitment by DIP Lender to make any further advances under the DIP Facility

8. *DIP Lien Priority.* The DIP Liens securing the DIP Obligations shall be junior only to the (a) Carve Out, (b) Liens on real estate to secure the obligations of the Debtors pursuant to that certain Loan Agreement between The Industrial Development Board of the city of Morristown, Tennessee and Wellco Enterprises, Inc. dated as of October 1, 2009, and (c) any other non-avoidable, valid, enforceable and perfected Liens in favor of any person or entity on or in the assets of any Borrower, in existence on the Petition Date, but only to the extent such Liens are superior in priority to the Prepetition Senior Liens (collectively, the items in (a), (b), and (c), the “**Prior Claims**”), and shall otherwise be first in priority and superior to any security, mortgage, collateral interest, lien or claim on or to any of the Collateral including, without limitation, any lien in favor of Subordinated Lender. Other than as 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 Successor Cases. The DIP Liens shall be valid and enforceable against any trustee or other estate representative appointed in the Cases or any Successor Cases, upon the conversion of any of the Cases to a case under chapter 7 of the

Bankruptcy Code (or in any other Successor Case), and/or upon the dismissal of any of the Cases or Successor Cases. The DIP Liens and the Prepetition Senior Liens shall not be subject to sections 506(c), 510, 549, or 550 of the Bankruptcy Code (in each case with respect to the Prepetition Senior Liens and Subordinated Liens, subject to Paragraph 24). No lien or interest avoided and preserved for the benefit of any estate pursuant to section 551 of the Bankruptcy Code shall be made *pari passu* with or senior to the DIP Liens.

9. No Obligation to Extend Credit. The DIP Lender shall not have any obligation to make any loan or advance under the DIP Documents unless all of the conditions precedent to the making of such extension of credit specified in the DIP Agreement and this Order have been satisfied in full or waived by the DIP Lender, in its sole discretion.

10. Use of DIP Facility Proceeds; Payment of Prepetition Secured Obligations. From and after the Petition Date, the Debtors shall use advances of credit under the DIP Facility only for the purposes specifically set forth in this Order, the DIP Documents and in accordance with the Approved Budget. Notwithstanding any first-day orders entered authorizing the Debtors to pay any prepetition or other expenses, all such payments shall be made in accordance with the Approved Budget. A copy of the Approved Budget in effect as of the date hereof is attached to this Order as **Exhibit A**. Upon entry of this Order, the Refinancing of the DIP Bridge Loan shall be deemed to be indefeasible, final and not subject to challenge.

**Authorization to Use Cash Collateral
and Provision for Adequate Protection**

11. *Use of Cash Collateral.* Subject to the terms and conditions of this Order and the DIP Documents, and in accordance with the Approved Budget, the Debtors are authorized to use Cash Collateral until the Commitment Termination Date (as defined herein). Nothing in this Order shall authorize the disposition of any assets of the Debtors or their estates outside the

ordinary course of business, or any Debtors' use of any Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Order, the DIP Facility, the DIP Documents, and in accordance with the Approved Budget.

12. *Adequate Protection.* Each of the Prepetition Secured Lender and Subordinated Lender is entitled, pursuant to sections 361, 363(c)(2) and 363(e) of the Bankruptcy Code, to adequate protection of its interest in the Prepetition Collateral, in an amount equal to the aggregate diminution in value of each lender's respective interest in the Prepetition Collateral, including, without limitation, any such diminution resulting from the sale, lease or use by the Debtors (or other decline in value) of the Prepetition Collateral, and the imposition of the automatic stay pursuant to section 362 of the Bankruptcy Code (such diminution in value, the "**Adequate Protection Obligations**"). As adequate protection, the Prepetition Secured Lender and Subordinated Lender is hereby granted the following:

(a) Adequate Protection Liens. Effective and perfected upon the date of this Order and without the necessity of the execution by the Debtors of security agreements, pledge agreements, financing statements or other agreements, solely to the extent of the diminution in value of its interests in the Collateral, a replacement security interest in and lien upon all the Collateral (the "**Adequate Protection Liens**"), of the same type and category in which they had Prepetition Senior Liens or Subordinated Liens, as applicable (such collateral, the "**Replacement Collateral**") (for clarification, the Replacement Collateral shall not include avoidance actions or claims arising under chapter 5 of the Bankruptcy Code or the proceeds thereof); and

(b) Superpriority Claims. Effective immediately upon execution of the Order, as further adequate protection of the interest of the Prepetition Secured Lender and

Subordinated Lender in the Prepetition Collateral against any diminution in value of each lender's respective interests in the Prepetition Collateral, the Prepetition Secured Lender and Subordinated Lender is granted as and to the extent provided by sections 503(b) and 507(b) of the Bankruptcy Code an allowed superpriority administrative expense claim in each of the Cases and any Successor Cases (the "**Adequate Protection Superpriority Claims**"). Without limiting the generality of the foregoing, the Adequate Protection Superpriority Claims shall be payable from proceeds of all other avoidance actions or claims arising under chapter 5 of the Bankruptcy Code; provided, however, in the event that (i) upon the closing of the sale contemplated by that certain asset purchase agreement entered into by certain Debtors on July 3, 2014, to sell selected operating assets of Debtor Massif Mountain Gear Company, L.L.C., the Debtors receive cash proceeds in an amount of at least \$8,000,000 and (ii) upon the closing of the sale contemplated by that certain asset purchase agreement entered into by certain debtors on July 21, 2014, to sell certain assets to Original Footwear Holding Inc., the Debtors receive cash proceeds in an amount of at least \$6,900,000, then no proceeds of avoidance actions or claims arising under chapter 5 of the Bankruptcy Code shall be used to pay any Adequate Protection Superpriority Claim.

(c) Additional Adequate Protection. With respect to the Flame Resistant Business and the Footwear Business, the Debtors shall pay shippers, vendors, materialmen, warehousemen, and landlords in the ordinary course of business pursuant to the Approved Budget and only for so long as there is no Event of Default under the DIP Credit Agreement or the Financing Orders, and the Debtors shall file a motion on the Petition Date seeking approval of such payments ("**Additional Adequate Protection**").

13. *Priority of Adequate Protection Liens.* The Adequate Protection Liens granted to Prepetition Secured Lender shall be junior only to the: (A) Carve Out; (B) DIP Liens; and (C) Prior Claims (as defined herein). The Adequate Protection Liens granted to Subordinated Lender shall be junior only to the: (A) Carve Out; (B) DIP Liens; (C) Prior Claims; and (D) any other Lien or Adequate Protection Lien in favor of DIP Lender or Prepetition Secured Lender. The Adequate Protection Liens shall otherwise be senior to all other security interests in, liens on, or claims against any of the Prepetition Collateral and the Replacement Collateral. Except as provided herein, the Adequate Protection Liens shall not be made subject to or *pari passu* with any lien or security interest by any court order heretofore or hereafter entered in the Cases or any Successor Cases, and shall be valid and enforceable against any trustee appointed in any of the Cases or any Successor Cases, or upon the dismissal of any of the Cases or Successor Cases. The Adequate Protection Liens shall not be subject to sections 506(c), 510, 549, or 550 of the Bankruptcy Code. No lien or interest avoided and preserved for the benefit of any estate pursuant to section 551 of the Bankruptcy Code shall be made *pari passu* with or senior to the Adequate Protection Liens. Notwithstanding anything to the contrary in this Order, any right or remedy provided to Subordinated Lender by this Order shall be subject to the terms of the Prepetition Intercreditor Agreement, and the Prepetition Intercreditor Agreement shall continue to govern the respective rights and obligations of Prepetition Secured Lender and Subordinated Lender in all respects. Without limiting the generality of the foregoing, pursuant to paragraph 10(b) of the Prepetition Intercreditor Agreement, notwithstanding any right to consent or other right granted to the Subordinated Lender hereunder, if Prepetition Secured Lender consents to the use of Cash Collateral or any extension of financing pursuant to section 364 of the Bankruptcy Code (in either case, whether by amendment of this DIP Order or otherwise),

Subordinated Lender shall not object to or contest (or support or encourage any other Person to object or contest) the use of such Cash Collateral or the provision of such financing.

14. *Priority of Adequate Protection Superpriority Claims.* The Adequate Protection Superpriority Claims of Prepetition Secured Lender shall be junior only to the Carve Out and DIP Superpriority Claims. The Adequate Protection Superpriority Claims of Subordinated Lender shall be junior only to the Carve Out, DIP Superpriority Claims, and the Adequate Protection Superpriority Claims of Prepetition Secured Lender. Except as set forth herein, the Adequate Protection Superpriority Claims 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), 506(c), 507(a), 507(b), 546(c), 546(d), 726 (to the extent permitted by law), 1113 and 1114 of the Bankruptcy Code.

15. *Reservation of Rights.* Under the circumstances and given that the above-described adequate protection is consistent with the Bankruptcy Code, including section 506(b) thereof, the Court finds that the adequate protection provided herein is reasonable and sufficient to protect the interests of the Prepetition Secured Lender and Subordinated Lender. However, the Prepetition Secured Lender and Subordinated Lender may request further or different adequate protection or other relief, and the Debtors or any other party may contest any such request; provided, however, that Subordinated Lender may request additional adequate protection only to the extent permitted by the Prepetition Intercreditor Agreement. Except as expressly provided herein, nothing contained in this Order shall impair or modify any rights, claims or defenses available in law or equity to the Prepetition Secured Lender, the DIP Lender,

or the Subordinated Lender. Notwithstanding anything contained herein or in the DIP Documents, the Prepetition Secured Lender and Subordinated Lender do not consent to the priming of their liens on property of the Debtors except as specifically set forth in this Order (or in the case of the Subordinated Lender, as specifically set forth in the Prepetition Intercreditor Agreement), and reserves the right to object to any other attempt to prime its liens on property of the Debtors in the Cases, including in connection with any alternatively proposed debtor in possession financing.

**Provisions Common to DIP Financings
and Use of Cash Collateral Authorizations**

16. *Approved Budget Maintenance.* The Approved Budget and any modification to, or amendment or update of, the Approved Budget shall be in form and substance acceptable to and approved by the DIP Lender, in its discretion. The Approved Budget may be amended or modified in writing from time to time only with the written consents required under the DIP Documents. The Debtors shall update the Approved Budget as provided herein and in the DIP Documents. In the event that the DIP Obligations have been indefeasibly paid in full, all in accordance with the terms of the DIP Agreement, and the DIP Agreement has been terminated, any modification to the Approved Budget shall be in form and substance acceptable to and approved by the Prepetition Secured Lender, in its sole discretion.

17. *Modification of Automatic Stay.* The automatic stay imposed under section 362(a) of Bankruptcy Code is hereby modified as necessary to effectuate all of the terms and provisions of this Order, including, without limitation, to: (a) permit the Debtors to grant the DIP Liens, Adequate Protection Liens, DIP Superpriority Claims, and Adequate Protection Superpriority Claims; (b) permit the Debtors to perform such acts as the DIP Lender, Prepetition Secured Lender or Subordinated Lender may request (each in its reasonable discretion) to ensure the

perfection and priority of the liens granted herein; (c) permit the Debtors to incur all liabilities and obligations to the DIP Lender, Prepetition Secured Lender, and Subordinated Lender under the DIP Documents, the DIP Facility and this Order; (d) authorize the Debtors to pay, and the DIP Lender and Prepetition Secured Lender to retain and apply, payments made in accordance with the terms of this Order and the DIP Documents; and (e) permit the Debtors to refinance the DIP Bridge Loan consistent with the terms of this Order. In no event shall the DIP Lender or the Prepetition Secured Lender be subject to the equitable doctrine of “marshaling” or any similar doctrine with respect to the Collateral. The DIP Lender’s, Prepetition Secured Lender’s or Subordinated Lender’s failure to seek relief or otherwise exercise their rights and remedies under the DIP Documents, the Prepetition Credit Documents, the Subordinated Loan Documents, this Order, or applicable law as the case may be, shall not constitute a waiver of the DIP Lender’s, Prepetition Secured Lender’s or Subordinated Lender’s rights hereunder, thereunder or otherwise.

18. *Limitation on Charging Expenses Against Collateral.* No expenses of administration of the Cases or any Successor Case that may result therefrom, including liquidation in bankruptcy or other proceedings under the Bankruptcy Code, shall be charged against or recovered from the Collateral, the Prepetition Collateral or the Replacement Collateral, pursuant to section 506(c) of the Bankruptcy Code or any similar principle of law, without the prior written consent of the DIP Lender, the Prepetition Secured Lender or the Subordinated Lender, as the case may be, and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Lender, the Prepetition Secured Lender or the Subordinated Lender.

19. *Proceeds of Subsequent Financing.* If the Debtors, any trustee, any examiner with enlarged powers, any responsible officer or any other estate representative subsequently appointed in these Cases or any Successor Cases, shall obtain credit or incur debt pursuant to

sections 364(b), 364(c) or 364(d) of the Bankruptcy Code at any time prior to the repayment in full of all DIP Obligations, the cancellation, backing or cash collateralization of letters of credit under the DIP Facility, and the termination of the DIP Lender's obligation to extend credit under the DIP Facility, including subsequent to the confirmation of any plan with respect to any or all of the Debtors and the Debtors' estates, then all the cash proceeds derived from such credit or debt shall immediately be turned over to the DIP Lender to be applied as set forth in the DIP Documents.

20. *Payments Free and Clear.* All payments or proceeds remitted to the DIP Lender pursuant to the provisions of this Order or any subsequent order of the Court shall be received free and clear of any claim, charge, assessment or other liability including, without limitation, any such claim or charge arising out of or based on, directly or indirectly, sections 506(c) (whether asserted or assessed by, through or on behalf of the Debtors) or 552(b) of the Bankruptcy Code. No party shall assert the "equities of the case" exception under section 552(b) of the Bankruptcy Code with respect to proceeds, product, offspring or profits of any of the Prepetition Collateral in these chapter 11 Cases or any Successor Case and the foregoing waiver shall be binding and enforceable against each of the Debtors and their estates and any successors thereto, including, without limitation, any trustee or other estate representative appointed in any Successor Case, and all other parties in interest in these chapter 11 Cases or any Successor Case.

21. *Interest on DIP Obligations.* Interest on the DIP Obligations shall accrue at the rates and shall be paid at the times as provided in the DIP Documents and in any separate letter agreements between the DIP Lender and the Debtors in connection with the DIP Documents.

22. *Perfection of DIP Liens and Adequate Protection Liens.*

(a) The DIP Lender, the Prepetition Secured Lender, and Subordinated Lender are hereby authorized, but not required, to file or record financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments in any jurisdiction or take any other action in order to validate and perfect the liens and security interests granted to them hereunder. Whether or not the DIP Lender, the Prepetition Secured Lender, or Subordinated Lender shall, in their sole discretion, choose to file such financing statements, trademark filings, copyright filings, mortgages, notices of lien or similar instruments or otherwise confirm perfection of the liens and security interests granted to them hereunder, such liens and security interests shall be deemed valid, perfected, allowed, enforceable, non-avoidable and not subject to challenge dispute or subordination, at the time and on the date of entry of this Order.

(b) A certified copy of this Order may, in the discretion of the DIP Lender, the Prepetition Secured Lender, or Subordinated Lender be filed with or recorded in filing or recording offices in addition to or in lieu of such financing statements, mortgages, notices of lien or similar instruments, and all filing offices are hereby authorized to accept such certified copy of this Order for filing and recording.

(c) The Debtors shall execute and deliver to the DIP Lender, the Prepetition Secured Lender, and Subordinated Lender all such agreements, security agreements, pledge agreements, control agreements, financing statements, mortgages, instruments and other documents as the DIP Lender, the Prepetition Secured Lender, or Subordinated Lender may reasonably request that are not inconsistent with this Order to evidence, confirm, validate or perfect the DIP Liens and Adequate Protection Liens granted pursuant hereto.

(d) Any provision of any lease or other license, contract or other agreement that requires the consent or approval of one or more landlords or other parties, in order for any Debtor to grant DIP Liens and Adequate Protection Liens upon the Debtor's rights in such license, contract or other agreement, is hereby deemed to be inconsistent with the applicable provisions of the Bankruptcy Code, and any such provision shall have no force and effect with respect to the granting of DIP Liens and Adequate Protection Liens pursuant to this Order. Notwithstanding the foregoing, (a) none of the DIP Liens or Adequate Protection Liens granted hereby shall be granted on or extend to the Debtors' non-residential real property leases or government contracts themselves, but rather any such liens and/or encumbrances shall extend only to the proceeds of such non-residential real property lease or government contract and (b) upon an Event of Default, the rights of the DIP Lender, the Prepetition Secured Lender, and/or the Subordinated Lender to enter onto the Debtors' leased premises to access and/or liquidate any of the Collateral, the Prepetition Collateral, or the Replacement Collateral shall be limited to (i) any such rights agreed to in writing by the applicable landlord prior to entry onto the leased premises, (ii) any rights that the DIP Lender, the Prepetition Secured Lender, and/or the Subordinated Lender have under applicable non-bankruptcy law, or (iii) such rights as may be granted by this Court on a separate motion with notice to the applicable landlords of the leased premises and an opportunity for such landlords to respond and be heard. Further, notwithstanding any provision in this Order or the DIP Documents, nothing shall be interpreted to impact the rights of any governmental unit under applicable federal law, including the Anti-Assignment Act and the Federal Acquisition Regulation, and the governmental unit's right to approve any proposed assignment or transfer of any lease, contract, or other agreement, and except to the extent expressly provided in paragraph 38 of this Order, the governmental unit's

right to offset or recoup any amounts due under, or relating to, any federal interests are expressly preserved.

23. *Survival.* Except as expressly provided in this Order or in the DIP Documents, the DIP Liens, the DIP Superpriority Claims and all other rights and remedies of the DIP Lender granted by the provisions of this Order and the DIP Documents shall survive, and shall not be modified, impaired or discharged by (i) the entry of an order converting any of the Cases to cases under chapter 7, dismissing any of the Cases (excepting the DIP Superpriority Claims) or by any other act or omission, or (ii) the entry of an order confirming a plan of reorganization in the Cases notwithstanding section 1141(d) of the Bankruptcy Code, unless the DIP Obligations have been paid in full in cash on or before the effective date of a confirmed plan of reorganization or liquidation. None of the Debtors shall propose or support any plan of reorganization or sale of all or substantially all of the Debtors' assets or entry of any confirmation order or sale order that is not conditioned upon the payment in full in cash, on the effective date of such plan of reorganization or sale, of all DIP Obligations. The terms and provisions of this Order and the DIP Documents shall continue in the Cases or in any Successor Case, and the DIP Liens, the DIP Superpriority Claims and all other rights and remedies of the DIP Lender and the DIP Lender granted by the provisions of this Order and the DIP Documents shall continue in full force and effect in such cases until the DIP Obligations are indefeasibly paid in full.

24. *Effect of Stipulations on Third Parties.*

(a) Nothing in this Order or the DIP Documents shall prejudice the rights of the Committee or any other party in interest, to seek, in accordance with the provisions of this paragraph 24, standing to assert claims against the Prepetition Secured Lender on behalf of the Debtors or Debtors' creditors or interest holders or to otherwise challenge the Debtors'

stipulations set forth in paragraphs E(i) through (vi), including, but not limited to those in relation to: (i) the validity, extent, priority, or perfection of the mortgages, security interests, and liens of any Prepetition Secured Lender; (ii) the validity, allowability, priority, fully secured status or amount of the Prepetition Secured Obligations; or (iii) any liability of the Prepetition Secured Lender with respect to anything arising from the Prepetition Facility. A party (including the Committee) must, after obtaining requisite standing that has been sought and granted by this Court, commence a contested matter or adversary proceeding raising such claim, objection or challenge, including, without limitation, any claim or cause of action against the Prepetition Secured Lender (each, a **“Challenge”**), upon the earlier of (i) the 60th day after the appointment of the Committee or (ii) the 75th day after the Petition Date (the **“Prepetition Secured Lender Challenge Period”**). If a chapter 11 trustee is appointed before the end of the Prepetition Secured Lender Challenge Period, the Prepetition Secured Lender Challenge Period shall be extended, for the chapter 11 trustee only, to the date that is 75 days after the appointment of the chapter 11 trustee. If the Cases are converted to chapter 7 before the end of the Prepetition Secured Lender Challenge Period, the Prepetition Secured Lender Challenge Period shall be extended, for the chapter 7 trustee only, to the date that is 75 days after the conversion of the case. Except as expressly set forth herein, the Prepetition Secured Lender Challenge Period may only be extended with the written consent of the Prepetition Secured Lender, or by order of the Court for cause shown prior to the expiration of the Prepetition Secured Lender Challenge Period. If a party (including the Committee) files a motion for extension of the Prepetition Secured Lender Challenge Period prior to the expiration of the Prepetition Secured Lender Challenge Period, then the Prepetition Secured Lender Challenge Period shall be extended for a period ending on the earlier of the Court’s ruling on such motion or fifteen (15) days from the filing of

such motion, and any such motion may be heard on shortened notice without the need for any further order of the Court. Only those parties in interest (including the Committee) who commence a Challenge (after being granted standing to do so) within the Prepetition Secured Lender Challenge Period may prosecute such Challenge against Prepetition Secured Lender. As to (A) any parties in interest, including the Committee, who fail to file a Challenge within the Challenge Period, or, if any such Challenge is filed and overruled or (B) any and all matters that are not the subject of a timely Challenge: (1) any and all such Challenges by any party (including, without limitation, the Committee, any chapter 11 trustee, and/or any examiner or other estate representative appointed in these Cases, and any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case), shall be deemed to be forever waived and barred, (2) all of the findings, Debtors' stipulations set forth in paragraphs E(i) through (vi), waivers, releases, affirmations and other stipulations as to the priority, extent, and validity as to the Prepetition Secured Lender's claims, liens, and interests 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 any Successor Cases (including any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case), and (3) any and all claims or causes of action against the Prepetition Secured Lender arising from, related to, or based upon the existence of the Prepetition Facility (including, without limitation, the negotiation, execution, provision, or administration of the Prepetition Facility) or any other financial or other banking services provided by Prepetition Secured Lender to the Debtors shall be released by the Debtors' estates (which release shall be binding upon any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case).

(b) Nothing in this Order or the DIP Documents shall prejudice the rights of the Committee or any other party in interest, to seek, in accordance with the provisions of this paragraph 24, standing to assert claims against the Subordinated Lender on behalf of the Debtors or Debtors' creditors or interest holders or to otherwise challenge the Debtors' stipulations set forth in paragraphs F(i) through (vi), including, but not limited to those in relation to: (i) the validity, extent, priority, or perfection of the mortgages, security interests, and liens of the Subordinated Lender; (ii) the validity, allowability, priority, fully secured status or amount of the Subordinated Obligations; or (iii) any liability of the Subordinated Lender with respect to anything arising from the Subordinated Loan Documents. A party (including the Committee) must, after obtaining requisite standing that has been sought and granted by this Court, commence a Challenge, upon the earlier of (a) the 60th day after the appointment of the Committee or (b) the 75th day after the Petition Date (the "**Subordinated Debt Challenge Period**"). If a chapter 11 trustee is appointed before the end of the Subordinated Debt Challenge Period, the Subordinated Debt Challenge Period shall be extended, for the chapter 11 trustee only, to the date that is 75 days after the appointment of the chapter 11 trustee. If the Cases are converted to chapter 7 before the end of the Subordinated Debt Challenge Period, the Subordinated Debt Challenge Period shall be extended, for the chapter 7 trustee only, to the date that is 75 days after the conversion of the case. Except as expressly set forth herein, the Subordinated Debt Challenge Period may only be extended with the written consent of the Subordinated Lender, or by order of the Court for cause shown prior to the expiration of the Subordinate Debt Challenge Period. If a party (including the Committee) files a motion for extension of the Subordinated Debt Challenge Period prior to the expiration of the Subordinated Debt Challenge Period, then the Subordinated Debt Challenge Period shall be extended for a

period ending on the earlier of the Court's ruling on such motion or fifteen (15) days from the filing of such motion, and any such motion may be heard on shortened notice without the need for any further order of the Court. Only those parties in interest (including the Committee) who commence a Challenge (after being granted standing to do so) within the Subordinated Debt Challenge Period may prosecute such Challenge against Subordinated Lender. As to (A) any parties in interest, including the Committee, who fail to file a Challenge within the Subordinated Debt Challenge Period, or, if any such Challenge is filed and overruled or (B) any and all matters that are not the subject of a timely Challenge: (1) any and all such Challenges by any party (including, without limitation, the Committee, any chapter 11 trustee, and/or any examiner or other estate representative appointed in these Cases, and any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case), shall be deemed to be forever waived and barred, (2) all of the findings, Debtors' stipulations set forth in paragraphs F(i) through (vi), waivers, releases, affirmations and other stipulations as to the priority, extent, and validity as to the Subordinated Lender's claims, liens, and interests 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 any Successor Cases (including any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case), and (3) any and all claims or causes of action against the Subordinated Lender arising from, related to, or based upon the existence of the Subordinated Loan Documents (including, without limitation, the negotiation, execution, provision, or administration of the Subordinated Loan Documents) shall be released by the Debtors' estates (which release shall be binding upon any chapter 7 trustee and/or examiner or other estate representative appointed in any Successor Case).

25. To the extent any Challenge is filed and the Prepetition or Subordinated Lender successfully defends such Challenge, the Prepetition Secured Lender or Subordinated Lender, as applicable, shall be entitled to include the costs and expenses, including but not limited to reasonable attorneys' fees and disbursements, incurred in defending the Challenge as part of (i) the Prepetition Secured Obligations (and any corresponding claim) to the extent permitted pursuant to the relevant Prepetition Credit Documents or (ii) the Subordinated Obligations (and any corresponding claims) to the extent permitted pursuant to the relevant Subordinated Loan Documents, as applicable.

26. *Waiver of Claims and Causes of Action Against the DIP Lender.* Without prejudice to the rights of any other party under paragraph 24, including the Committee, the Debtors have waived any and all claims and causes of action against the DIP Lender, and their affiliates, directly related to the DIP Documents or the negotiation of the terms thereof.

27. *Limitation on Use of DIP Facility Proceeds and Collateral.* The Debtors shall use the proceeds of the DIP Facility solely as provided in this Order and in the DIP Documents. Notwithstanding anything herein or in any other order by this Court to the contrary, no borrowings, letters of credit, Cash Collateral, Prepetition Collateral, Replacement Collateral, Collateral, funds in the Professional Fee Escrow Account (as defined below), Administrative Reserve, or the Carve Out may be used to (a) object, contest or raise any defense to, the validity, perfection, priority, extent or enforceability of any amount due under this Order, the DIP Facility, the Prepetition Credit Documents, or the Subordinated Loan Documents, or the liens or claims granted under this Order, the DIP Documents, the Prepetition Credit Documents or the Subordinated Loan Documents, (b) assert any action for preferences, fraudulent conveyances, other avoidance power claims or any other any claims, counterclaims or causes of action,

objections, contests or defenses against the DIP Lender, the Prepetition Secured Lender, the Subordinated Lender or their respective agents, affiliates, representatives, attorneys or advisors, (c) prevent, hinder or otherwise delay the DIP Lender's, the Prepetition Secured Lender's or the Subordinated Lender's assertion, enforcement or realization on the Cash Collateral or the Collateral in accordance with the DIP Documents, the Prepetition Credit Documents, the Subordinated Loan Documents or this Order, (d) seek to modify any of the rights granted to the DIP Lender, the Prepetition Secured Lender or the Subordinated Lender hereunder, under the DIP Documents, the Prepetition Credit Documents, the Subordinated Loan Documents, in each foregoing case without such party's prior written consent or (e) pay any amount on account of any claims arising prior to the Petition Date unless such payments are in accordance with the terms of the DIP Documents. The foregoing shall not limit the ability of the Committee to use proceeds of any extensions of credit under the DIP Facility, any proceeds of Collateral, or any amounts received pursuant to the Carve Out to pay professionals engaged by the Committee for fees incurred solely in connection with the investigation of any claims against or liens and security interests held by the Prepetition Secured Lender or the Subordinated Lender (but not in connection with any adversary proceeding, contested matter, or other proceeding that the Committee may attempt to assert against Prepetition Secured Lender or the Subordinated Lender); provided, however, the amount of proceeds of any extensions of credit under the DIP Facility, any proceeds of Collateral, or any amounts received pursuant to the Carve Out that may be used for the investigation of any claims against or liens and security interests held by the Prepetition Secured Lender shall not exceed \$25,000.

28. *Maintenance of Collateral; Insurance.* Until the payment in full in cash of all DIP Obligations, Prepetition Secured Obligations and the Subordinated Obligations and the

termination of the DIP Lender's obligations to extend credit under the DIP Facility, the Debtors shall (a) insure the Collateral and Prepetition Collateral as required under the DIP Facility and the Prepetition Facility and the Subordinated Loan Documents; and (b) maintain the cash management system which has first been agreed to by the required consents under the DIP Documents, or as otherwise required by the DIP Documents. Pursuant to this Order, (x) the DIP Lender shall be and shall be deemed to be, without any further action or notice, named as an additional insured on each insurance policy maintained by the Debtors which in any way relates to the Collateral, and (y) the Prepetition Secured Lender and the Subordinated Lender, to the extent of their respective Adequate Protection Liens, shall be and shall be deemed to be, without any further action or notice, named as an additional insured on each insurance policy maintained by the Debtors which in any way relates to the Prepetition Collateral or Replacement Collateral.

29. *Binding Effect; Successors and Assigns.* The DIP Documents and the provisions of this Order, including all findings herein, shall be binding upon all parties in interest in the Cases, including, without limitation, the DIP Lender, the Prepetition Secured Lender, the Subordinated Lender, any Committee appointed in the Cases, and the Debtors and their respective successors and assigns (including any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the estate of any of the Debtors, an examiner appointed pursuant to section 1104 of the Bankruptcy Code, or any other fiduciary hereafter appointed as a legal representative of any Debtor or with respect to the property of any of the Debtors' estates) and shall inure to the benefit of the DIP Lender, the Prepetition Secured Lender, the Subordinated Lender, and the Debtors and each of their respective successors and assigns; *provided, however*, that the DIP Lender shall have no obligation to extend any financing to any chapter 7 trustee or similar responsible person appointed for the estate of any Debtor.

30. [Intentionally Deleted].

31. *Proofs of Claim.* The DIP Lender, Prepetition Secured Lender and Subordinated Lender will not be required to file proofs of claim or requests for approval of administrative expenses in any of the Cases or Successor Cases, and the provisions of this Order relating to the amount of the Prepetition Secured Obligations, the Subordinated Obligations and DIP Claims shall constitute a timely filed proof of claim and/or administrative expense request. Notwithstanding any order entered by the Court in relation to the establishment of a bar date in any of the Cases or Successor Cases to the contrary, each of the Prepetition Secured Lender and the Subordinated Lender 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 or Successor Cases for any claim. Unless otherwise ordered by the Court, any order entered by the Court in relation to the establishment of a bar date for any claim (including, without limitation, administrative claims) in any of the Cases or Successor Cases shall not apply to the DIP Lender or Prepetition Secured Lender or the Subordinated Lender.

32. *Right of Access and Information.* Without limiting the rights of access and information afforded the DIP Lender under the DIP Documents, the Debtors shall be, and hereby are, required to afford representatives, agents and/or employees of the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender reasonable access to the Debtors' premises and their books and records in accordance with the DIP Documents, Prepetition Credit Documents and Subordinated Loan Documents, and shall reasonably cooperate, consult with, and provide to such persons all such information as may be reasonably requested, subject to, and without waiver of, any applicable attorney client or similar privilege. In addition, the Debtors authorize, if any, their independent certified public accountants, financial advisors, investment

bankers and consultants to cooperate, consult with, and provide to the DIP Lender, Prepetition Secured Lender and Subordinated Lender all such information as may be reasonably requested with respect to the business, results of operations and financial condition of any Borrower, subject to and without waiver of, any applicable attorney client or similar privilege. Upon the request of the Committee, any financial information provided to DIP Lender, Prepetition Secured Lender, or Subordinated Lender pursuant to this paragraph shall also be provided by the Debtors to the Committee.

33. *DIP Termination.* The “**Commitment Termination Date**” shall occur on the earlier of (a) the Termination Date (as defined below), (b) the date on which a plan of liquidation of the Debtors is substantially consummated and (c) November 15, 2014. On the Commitment Termination Date, (a) all DIP Obligations shall be immediately due and payable, all commitments to extend credit under the DIP Facility will terminate, and (b) subject to the Carve Out and the Administrative Reserve, all authority to use Cash Collateral shall cease.

34. *Events of Default.* Each of the following shall constitute an “**Event of Default**” hereunder unless expressly waived in writing by the DIP Lender as required by the DIP Documents: (a) any failure by any Debtors to comply with the Approved Budget, subject to the variance provisions set forth in the DIP Documents; (b) the dismissal of any chapter 11 Case of any Debtor or the conversion of any chapter 11 Case of any Debtor to a case under chapter 7 of the Bankruptcy Code (or any other Successor Case), or the filing of any motion or other pleading by (or with the support of) any Debtor which seeks the dismissal or conversion of the chapter 11 Case of any Debtor; (c) the appointment of trustee or examiner in the chapter 11 Case of any Debtor, or the filing of any motion or other pleading by (or with the support of) any Debtor for the appointment of a trustee or examiner; (d) any Debtor attempts (whether by motion, plan of

reorganization or otherwise): (i) to obtain additional financing not otherwise permitted pursuant under the DIP Financing; (ii) to grant any Lien (as defined in the DIP Documents) other than Permitted Liens upon or affecting any DIP Collateral; (iii) to use cash collateral of the Prepetition Secured Lender or Subordinated Lender without the prior written consent of the Prepetition Secured Lender or Subordinated Lender; or (iv) to provide 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), 507(a) or 507(b) of the Bankruptcy Code) in any of the Cases or Successor Cases, equal or superior to the DIP Superpriority Claims or Adequate Protection Superpriority Claims, other than the Carve Out; (e) the failure to comply with the milestones set forth in the DIP Documents and this Order; (f) for so long as the Plan Support Agreement is in effect, the filing of any plan of reorganization or the taking of any other action in violation of the Plan Support Agreement, (g) at any time that the Plan Support Agreement is not in effect, the filing of any plan of reorganization that (i) does not provide for the payment in full of the DIP Obligations owed under the DIP Facility on the Maturity Date, or (ii) is otherwise unacceptable to Prepetition Secured Lender or the Subordinated Lender in their respective discretion; (h)(i) the entry of an order amending, supplementing, staying, vacating or otherwise modifying the DIP Documents or this Order, or (ii) the filing of a motion or other pleading by (or with the support of) any Debtor seeking the entry of any such order; (i) the payment of, or the filing of a motion or other pleading for authority to pay, any pre-petition claim without the DIP Lender's prior written consent; (j) the allowance (or the filing of any motion or other pleading by (or with the support of) any Debtor seeking such allowance) of any claim or claims under section 506(c) of the Bankruptcy Code or otherwise against the DIP Lender or its DIP Collateral; (k) the

entry of an order by the Court granting relief from or modifying the automatic stay of section 362 of the Bankruptcy Code to allow any creditor to execute upon or enforce a Lien on any DIP Collateral if the Collateral that is subject to such motion has a value greater than \$25,000; (l) the commencement of a suit or action against the DIP Lender that asserts or seeks, (i) a claim for monetary relief against the DIP Lender based upon the transactions between the DIP Lender and any Debtor, or (ii) any legal or equitable remedy that would have the effect of avoiding, subordinating or re-characterizing any or all of the DIP Obligations owing to, or DIP Liens of, the DIP Lender; (m) the failure of any Debtor to perform any of its obligations under this Order; (n) the entry of an order granting, approving or allowing, or the filing of any motion or other pleading by (or with the support of) any Debtor seeking the entry of an order granting, approving or allowing, in the chapter 11 Cases, any other superpriority administrative claim or Lien equal or superior to that granted to the DIP Lender; (o) the entry of an order terminating any of the exclusivity periods set forth in section 1121 of the Bankruptcy Code; and (p) the occurrence of an "Event of Default" under Section 8.1 of the DIP Agreement. In the event that the DIP Obligations have been indefeasibly paid in full, all in accordance with the terms of the DIP Agreement, and the DIP Agreement has been terminated, the covenants set forth in Sections 5 and 6 of the DIP Agreement and the Events of Default set forth in Section 8.1 of the DIP Agreement shall continue to apply to this Order for purposes of determining whether an Event of Default in the use of Cash Collateral has occurred.

35. *Rights and Remedies Upon Event of Default.* Immediately upon the occurrence and during the continuation of an Event of Default and subject to the Carve Out, (a) the DIP Lender as provided in the DIP Documents, may declare (i) all DIP Obligations owing under the DIP Documents to be immediately due and payable, (ii) the termination, reduction or restriction

of any further commitment to extend credit to the Debtors to the extent any such commitment remains, (iii) the termination of the DIP Agreement and any other DIP Document as to any future liability or obligation of the DIP Lender, but without affecting any of the DIP Liens or the DIP Obligations, and/or (iv) a termination, reduction or restriction on the ability of the Debtors to use Cash Collateral; and (b) to the extent any Prepetition Secured Obligations or Subordinated Obligations remain outstanding, the Prepetition Secured Lender or Subordinated Lender, as applicable, may declare a termination, reduction or restriction of the ability of the Debtors to use any Cash Collateral (any such declaration by the DIP Lender, Prepetition Secured Lender, or Subordinated Lender shall be referred to herein as a “**Termination Declaration**”). The Termination Declaration shall be given by email (or other electronic means) to the Debtors, counsel to the Debtors, counsel to the Prepetition Secured Lender, counsel to the Subordinated Lender, counsel to the Committee (if one is appointed), and the U.S. Trustee (the earliest date any such Termination Declaration is made shall be referred to herein as the “**Termination Date**”). The DIP Obligations shall be due and payable, without notice or demand, and the use of Cash Collateral shall automatically cease on the Termination Date. Any automatic stay otherwise applicable to the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender is hereby modified so that five (5) business days after the Termination Date (the “**Remedies Notice Period**”), (y) the DIP Lender shall be entitled to exercise all rights and remedies against the Collateral in accordance with the DIP Documents and this Order and shall be permitted to satisfy the DIP Obligations and DIP Superpriority Claims, subject to the Carve Out, and (z) the Prepetition Secured Lender and the Subordinated Lender shall be entitled to exercise their respective rights and remedies to satisfy the Prepetition Secured Obligations and Subordinated Obligations and Adequate Protection Superpriority Claims, subject to the Carve

Out and the Prepetition Intercreditor Agreement. Notwithstanding anything to the contrary, during the Remedies Notice Period, the Debtors and/or the Committee shall be entitled to seek an emergency hearing with the Court. Unless the Court enters an order during the Remedies Notice Period either (i) holding that an Event of Default has not occurred and/or is not continuing or (ii) staying the enforcement of remedies hereunder, the automatic stay shall automatically be terminated at the end of the Remedies Notice Period without further notice or order, and, subject to the Carve Out, the DIP Lender and/or Prepetition Secured Lender and/or Subordinated Lender shall be permitted to exercise all remedies set forth herein, in the DIP Agreement, the DIP Documents, Prepetition Credit Agreement, Prepetition Credit Documents, the Subordinated Note, or the Subordinated Loan Documents, as applicable, and as otherwise available at law against the Collateral, Prepetition Collateral and/or Replacement Collateral, without any 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, against the enforcement of the liens and security interest in the Collateral or any other rights and remedies granted to the DIP Lender with respect thereto pursuant to the DIP Agreement, DIP Documents, or this Order, in each case subject to the terms of the Prepetition Intercreditor Agreement.

36. *Sale Milestones.* The Debtors shall, as a continuing condition to their use of the Cash Collateral and/or DIP Facility (the following, collectively, the “**Sale Process**”),

(i) on the Petition Date, file one or more motions under section 363 establishing bid procedures for the sale of the Flame Resistant Business (the “**Massif Bid Procedures**”) and the assets used in connection with the Footwear Business (the “**Footwear Bid Procedures**”) including therewith a list of assets to be sold, in form and substance satisfactory to DIP Lender in its reasonable discretion, and the proposed form of asset purchase agreement, in form and substance reasonably satisfactory to DIP Lender and Debtors as agreed between them;

(ii) on or before August 5, 2014, obtain entry from the Court of an order (the “**Footwear Bid Procedures Order**”) approving the Footwear Bid Procedures (and attaching the list

of assets to be sold) in form and substance satisfactory to DIP Lender in its sole discretion, which order shall authorize credit bids by the DIP Lender and the Prepetition Secured Lender and deem each of the DIP Lender and the Prepetition Secured Lender a "Qualified Bidder" (as to be defined in the Footwear Bid Procedures Order);

(iii) on or before August 5, 2014, obtain entry from the Court of an order (the "**Massif Bid Procedures Order**") approving the Massif Bid Procedures (and attaching the list of assets to be sold) in form and substance satisfactory to DIP Lender in its sole discretion;

(iv) on or before August 27, 2014, obtain entry from the Court of an order approving the sale of the assets used in connection with the Footwear Business, in form and substance acceptable to the DIP Lender in its sole discretion and containing provisions authorizing the disbursement of the net proceeds of such sale to the DIP Lender for application to the DIP Obligations owed under the DIP Facility;

(vi) on or before August 27, 2014, obtain entry from the Court of an order approving the sale of Flame Resistant Business, in form and substance acceptable to the DIP Lender in its sole discretion and containing provisions authorizing the disbursement of the net proceeds of such sale, less the amount of the Administrative Reserve, to the DIP Lender for application to the DIP Obligations owed under the DIP Facility; and,

(v) on or before September 12, 2014, close on the sale of the assets used in connection with the Footwear Business;

(vii) on or before September 12, 2014, close on the sale of the Flame Resistant Business.

The deadlines in subsections (ii)-(vii) in the preceding sentence may only be extended with the written consent of the DIP Lender or further order of the Court upon a showing of cause based on a change in circumstances.

37. *Professional Fees and Expenses.*

(a) Professional Fee Escrow Account. Debtors' counsel shall maintain a separate segregated account (the "**Professional Fee Escrow Account**"). Subject to the Approved Budget, prior to the occurrence of the Commitment Termination Date, the Professional Fee Escrow Account shall be funded by the Debtors on Monday of each week in an amount equal to the specific line item amount set forth for the fees and expenses of each of the professionals retained by the Debtors or the Committee (collectively, the

“Estate Professionals”) on a professional-by-professional basis in the Approved Budget for that week. Amounts in the Professional Fee Escrow Account may be used solely for payment of fees, disbursements, costs and expenses (the **“Professional Fees”**) incurred by Estate Professionals. Professional Fees shall be paid from the Professional Fee Escrow Account only to the extent that such Professional Fees are authorized to be paid by the Bankruptcy Court. Any funds remaining in the Professional Fee Escrow Account on the Commitment Termination Date may be used to pay only those Professional Fees incurred prior to the Commitment Termination Date. As of any date of determination, no Estate Professional may receive payment from the Professional Fee Escrow Account of any amount in excess of the cumulative amount budgeted for payment of that Estate Professional on a line item basis through the date of determination. After the Commitment Termination Date, each Estate Professional shall within thirty (30) days file appropriate applications for payment of Professional Fees incurred prior to the Commitment Termination Date, and upon entry of a Final Order approving or disallowing such fees, each Estate Professional shall be entitled to a disbursement of funds from the Professional Fee Escrow Account in an amount equal to the lesser of (i) the amount of Professional Fees approved by the Bankruptcy Court or (ii) the cumulative amount of Professional Fees budgeted for such Estate Professional on a line item basis through the Commitment Termination Date, in each case less the amount of any Professional Fees previously paid (whether from the Professional Fee Escrow Account or other source). Any excess funds in the Professional Fee Escrow Account after payment of Professional Fees to the extent provided in this paragraph shall be paid first, to the DIP Lender for application to the DIP Obligations until all DIP Obligations are paid in full, and second, to the Prepetition Secured

Lender for application to the Prepetition Secured Obligations until all Prepetition Secured Obligations are paid in full, and third to the Subordinated Lender until all Subordinated Obligations are paid in full, and fourth, to the Debtors' bankruptcy estates or as otherwise ordered by the Bankruptcy Court. Except to the extent provided in the foregoing sentence, neither the Debtors, their bankruptcy estates, or their creditors shall have any claim to or interest in the funds in the Professional Fee Escrow Account.

(b) Carve Out. As used in this Order, the “**Carve Out**” shall encompass the following expenses: (a) the administrative expense claims approved by the Court for Professional Fees incurred after the Commitment Termination Date in an aggregate amount not to exceed \$50,000, and (b) the payment of any unpaid fees payable pursuant to 28 U.S.C. § 1930 and any unpaid fees payable to the Clerk of this Court or the U.S. Trustee. The dollar amounts available to be paid under the Carve Out shall be reduced to the extent proceeds of any pre-petition or post-petition Loans or proceeds of any DIP Collateral are used to pay (i) any Professional Fees incurred after the Commitment Termination Date or (ii) any retainer of any Estate Professionals that remained unused on the Commitment Termination Date. In addition, all Professional Fees must be paid first from any retainers held by such Estate Professionals before any proceeds of the DIP Facility or any proceeds of DIP Collateral (other than the retainers) may be used to pay such fees and expenses.

(c) No Direct Obligation to Pay Professional Fees; No Waiver of Right to Object to Fees. The DIP Lender shall not be responsible for the direct payment or reimbursement of any Professional Fees incurred in connection with the Cases or any Successor Cases. Without limiting the generality of the foregoing, the DIP Lender shall not be responsible for ensuring that the Debtor deposits any proceeds of the DIP Facility into

the Professional Fee Escrow Account. Nothing in this Order or otherwise shall be construed (i) to obligate the DIP Lender, in any way to pay compensation to or to reimburse expenses of any professionals retained by the Debtors and/or any statutory committee appointed, or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement; (ii) to obligate the DIP Lender to increase the amount budgeted for the payment of fees and expenses of Estate Professionals set forth in the Approved Budget; (iii) as consent to the allowance of any professional fees or expenses of any professionals retained by the Debtors and/or any statutory committee appointed; or (iv) to affect the right of the Prepetition Secured Lender, DIP Lender, or Subordinated Lender to object to the allowance and payment of such fees and expenses.

38. *Resolution of Government Receivables.* The Department of Defense (“**DoD**”) has agreed to immediately release any block or administrative hold on the funds otherwise payable to the Debtors and to allow payment to the Debtors in the ordinary course, subject to all parties’ rights in the ordinary course. The DoD shall be and hereby is granted a validly perfected first priority priming lien, senior in priority to all other liens granted herein or otherwise held by the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender (the “**Quarantined Inventory Lien**”), in the Quarantined Inventory (as set forth on Schedule 1.1(d) to the Asset Purchase Agreement dated as of July 21, 2014 between the Original Footwear Holding Inc. and Wellco Enterprises, Inc., Altama Delta Corporation, Ro-Search, Incorporated, Mo-Ka Shoe Corporation, and Altama Delta (Puerto Rico) Corporation, the “**Footwear APA**”). The DoD shall have an allowed secured claim (the “**DoD Secured Claim**”) in the proceeds of the Quarantined Inventory as a result of any and all fines and penalties associated with the investigation that gave rise to the quarantining of the Quarantined Inventory. The DoD agrees to

accept as payment in full for the DoD Secured Claim and the Quarantined Inventory Lien, the first \$800,000.00 recovered on the sale of the Quarantined Inventory, plus 50% of the proceeds of the Quarantined Inventory in excess of \$800,000.00, with the remaining 50% to be distributed pursuant to the priority of other liens granted in the Quarantined Inventory to the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender (and to the extent that the secured claims of the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender have been fully satisfied, such excess proceeds shall be distributed pursuant to further order of this Court). In addition, the order approving the Footwear APA shall provide that \$290,000 of the proceeds received by the Debtors upon the closing of the Footwear APA shall be deposited into an escrow account (the “*Quarantined Inventory Escrow Account*”). In the event that the proceeds received upon the sale of the Quarantined Inventory is less than \$290,000.00, the DoD shall receive from the Quarantined Inventory Escrow Account an amount equal to \$290,000 less the proceeds received upon the sale of the Quarantined Inventory. In the event that (i) the proceeds received upon the sale of the Quarantined Inventory is equal to or greater than \$290,000 or (ii) any funds remain in the Quarantined Inventory Escrow Account after the release of any funds to the DoD in accordance with the previous sentence, then the balance of the funds in the Quarantined Inventory Escrow Account shall be distributed pursuant to the priority of the liens of the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender (and to the extent that the secured claims of the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender have been fully satisfied, such funds shall be distributed pursuant to further order of this Court). The Criminal Division of the US Attorney’s Office for the Eastern District of Tennessee agrees to not unreasonably prevent the sale of the Quarantined Inventory. The DIP Lender shall advance to the Debtors \$100,000.00 to be held in escrow to be used to fund the

storage and delivery costs relating to the storage and sale of the Quarantined Inventory, with any balance remaining on such escrow at the expiration of six (6) months from the closing date of the Footwear APA to be distributed pursuant to the priority of the liens of the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender (and to the extent that the secured claims of the DIP Lender, the Prepetition Secured Lender and the Subordinated Lender have been fully satisfied, such funds shall be distributed pursuant to further order of this Court). This provision shall not address any claim of the DoD that is in excess of the amount recovered on the Quarantined Inventory and the rights of all parties, including, but not limited to, the DoD, the Debtors, the Committee, the DIP Lender, the Prepetition Secured Lender, the Subordinated Lender, and all creditors to assert and contest such claim are fully preserved, including any claims by the United States under the False Claims Act, 31 U.S.C. §§ 3729-3733. The Debtors agree not to assert any claims against the DoD relating to the assertion of the administrative freeze up to and including this date. This provision shall be binding on the debtors successors and assigns including, but not limited to, a chapter 7 trustee in the event of a conversion of these cases.

39. *Order Controls.* In the event of any inconsistency between the terms and condition of the DIP Documents or this Order, the provisions of this Order shall govern and control.

40. *No Waiver.* This Order shall not be construed in any way as a waiver or relinquishment of any rights that the DIP Lender, Prepetition Secured Lender or Subordinated Lender 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 Order or the DIP Documents shall require the approval of DIP Lender,

and, as and to the extent required by the voting provisions of the DIP Documents and shall not be deemed a waiver or relinquishment of any of the rights of the DIP Lender. Nothing contained in this Order (including, without limitation, the authorization to use the DIP Facility and/or any Cash Collateral) shall impair, prejudice or modify any rights, claims or defenses available in law or equity to the DIP Lender, Prepetition Secured Lender or the Subordinated Lender, including, without limitation, the right to (a) request conversion of any Debtor's chapter 11 Case to chapter 7, (b) seek to terminate the exclusive rights of the Debtors to file, and solicit acceptances of, a plan of reorganization under section 1121 of the Bankruptcy Code or propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans, (c) object to the fees and expenses of any professionals retained in the Cases, 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.

41. *No Third Party Rights.* Except as explicitly provided for herein, this Order does not create any rights for the benefit of any third party, creditor, equity holder or any direct, indirect, or incidental beneficiary.

42. *Joint and Several Liability.* Nothing in this 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 Facility and the DIP Documents.


43. *Right to Credit Bid.* The DIP Lender shall have the right to "credit bid" the DIP Obligations during any sale of any of the Collateral, including, without limitation, in connection with sales occurring pursuant to section 363 of the Bankruptcy Code or included as part of any plan subject to confirmation under section 1129 of the Bankruptcy Code.

44. *Rights Preserved.* Other than as expressly set forth in this Order, any other rights, claims or privileges (whether legal, equitable or otherwise) of the DIP Lender, Prepetition Secured Lender and Subordinated Lender are preserved.

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

46. *Retention of Jurisdiction.* The Court has and will retain jurisdiction to enforce this Order.

Dated: July 30, 2014
Wilmington, Delaware



The Honorable Kevin Gross
United States Bankruptcy Judge

EXHIBIT A

[Approved Budget]

CONFIDENTIAL
WORKING DRAFT / SUBJECT TO MATERIAL CHANGE

7/8 Filing Date	Bankruptcy Massif Gala Process												Post Gala		
	12-Jul	19-Jul	26-Jul	2-Aug	9-Aug	16-Aug	23-Aug	30-Aug	6-Sep	13-Sep	20-Sep	27-Sep	Total	Prior-BK Total	Post-BK Total
Week-ended Week	1	2	3	4	5	6	7	8	9	10	11	12			
Sides	\$ 278	\$ 827	\$ 1,259	\$ 225	\$ 225	\$ 944	\$ 1,237	\$ 250	-	-	-	-	\$ 7,203	\$ 1,959	\$ 5,244
Accounts Receivable Receipts - Government	\$ -	\$ -	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	-	-	-	-	\$ 0	\$ -	\$ 15
Accounts Receivable Receipts - Non-Government	12	552	467	780	1,104	200	279	315	-	-	-	-	1,697	1,697	3,708
Cash Initiatives / Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Receipts - Massif	13	562	467	795	1,104	200	279	315	-	-	-	-	1,697	1,697	3,723
Accounts Payable Disbursements	(783)	(216)	(266)	(510)	(319)	(524)	(725)	(352)	-	-	-	-	(1,997)	(406)	(3,693)
Payroll & Taxes	(100)	-	(100)	-	-	(100)	-	(100)	-	-	-	-	(406)	(406)	(806)
Benefits	-	-	(35)	-	-	-	-	-	-	-	-	-	-	-	(31)
Total Disbursements - Massif	(883)	(216)	(601)	(510)	(319)	(624)	(725)	(452)	-	-	-	-	(2,435)	(4,130)	(6,465)
Net Cash Flow - Massif	\$ (871)	\$ 336	\$ 65	\$ 285	\$ 784	\$ (424)	\$ (446)	\$ (137)	\$ -	\$ -	\$ -	\$ -	\$ (738)	\$ (487)	\$ (1,145)
Cumulative Net Cash Flow - Massif	\$ 1,169	\$ (1,273)	\$ (1,208)	\$ (923)	\$ (130)	\$ (545)	\$ (1,009)	\$ (1,146)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sides	\$ 377	\$ 371	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,617	\$ 2,876	\$ 741
Accounts Receivable Receipts - Government	-	-	-	-	-	-	-	-	-	-	-	-	\$ -	\$ -	\$ -
Accounts Receivable Receipts - Non-Government	61	66	71	22	-	-	-	74	-	-	-	-	\$ 2,898	\$ 2,117	\$ 5,015
Cash Initiatives / Other	-	-	-	-	-	-	-	-	-	-	-	-	1,422	220	1,642
Total Receipts - Massif	61	66	71	22	-	-	-	74	-	-	-	-	1,422	220	1,642
Accounts Payable Disbursements	(61)	(66)	(71)	(22)	-	-	-	(74)	-	-	-	-	(1,422)	(220)	(1,642)
Payroll & Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Disbursements - Massif	(61)	(66)	(71)	(22)	-	-	-	(74)	-	-	-	-	(1,422)	(220)	(1,642)
Net Cash Flow - Massif	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Net Cash Flow - Massif	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sides	61	273	323	254	302	381	-	742	-	-	-	-	4,320	2,337	6,657
Accounts Payable Disbursements	(75)	(82)	(81)	(83)	(303)	(61)	(15)	(94)	-	-	-	-	(1,947)	(794)	(2,740)
Payroll & Taxes	(71)	(115)	(115)	(35)	(35)	(35)	(27)	(50)	-	-	-	-	(1,299)	(489)	(1,788)
Benefits	-	-	(74)	-	(11)	-	(11)	-	-	-	-	-	(242)	(96)	(338)
Accounts Salary & Severance	(30)	(87)	(104)	(126)	-	-	-	-	-	-	-	-	-	(347)	(347)
Accrued & Unpaid Vacation	(16)	(109)	-	-	-	-	(36)	-	-	-	-	-	(29)	(161)	(190)
Debt Service	(44)	-	(26)	-	(36)	-	-	-	-	-	-	-	(64)	(106)	(170)
Other Operating and Tax Disbursements	(50)	-	(225)	-	-	-	(50)	-	-	-	-	-	(553)	(325)	(888)
Total Disbursements - Footwear & THIO	(286)	(393)	(625)	(244)	(385)	(96)	(92)	(198)	-	-	-	-	(4143)	(2,319)	(6,462)
Net Cash Flow - Footwear & THIO	\$ (225)	\$ (118)	\$ (302)	\$ 10	\$ (83)	\$ 285	\$ (92)	\$ 44	\$ -	\$ -	\$ -	\$ -	\$ 177	\$ 18	\$ 105
Cumulative Net Cash Flow - Footwear & THIO	\$ (48)	\$ (167)	\$ (469)	\$ (459)	\$ (542)	\$ (257)	\$ (349)	\$ 190	\$ 195	\$ 195	\$ 195	\$ 195	\$ -	\$ -	\$ -
Bankruptcy-Related Costs	(263)	(248)	(198)	(233)	(118)	(108)	(98)	(238)	-	-	-	-	(938)	(1,500)	(2,438)
Professional Fees	-	-	-	-	-	-	-	-	-	-	-	-	-	(250)	(250)
Plaid/Farmer/ Administrator/ Additional Admin Reserve	-	-	-	-	-	-	-	-	(250)	-	-	-	-	(57)	(57)
Utility Deposit	(67)	-	-	-	(29)	-	-	(100)	-	-	-	-	-	(129)	(129)
Key Employee Incentive Plan	-	-	-	-	-	(63)	-	-	-	-	-	-	-	(63)	(63)
Return of Customer Deposits	-	-	-	-	-	-	-	-	(100)	-	-	-	-	(100)	(100)
Quantified Inventory/ Escrow Account	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Bankruptcy Disbursements	(263)	(248)	(198)	(233)	(118)	(200)	(98)	(330)	(350)	-	-	-	(938)	(1,500)	(2,438)
Net Cash Flow	\$ (1,359)	\$ (87)	\$ (434)	\$ 62	\$ 583	\$ (338)	\$ (635)	\$ 70	\$ (350)	\$ -	\$ -	\$ -	\$ -	\$ (2,999)	\$ (3,037)
Net Cash Flow	\$ (1,359)	\$ (87)	\$ (434)	\$ 62	\$ 583	\$ (338)	\$ (635)	\$ 70	\$ (350)	\$ -	\$ -	\$ -	\$ -	\$ (2,999)	\$ (3,037)
Cumulative Net Cash Flow	\$ (2,857)	\$ (2,944)	\$ (3,379)	\$ (3,316)	\$ (2,733)	\$ (3,071)	\$ (3,707)	\$ (3,637)	\$ (3,987)	\$ (3,987)	\$ (3,987)	\$ (3,987)	\$ (1,489)	\$ (2,488)	\$ (3,987)
Estimated Beginning Cash	\$ 346	\$ (1,012)	\$ (1,099)	\$ (1,534)	\$ (1,471)	\$ (888)	\$ (1,226)	\$ (1,862)	\$ (1,792)	\$ (2,142)	\$ (2,142)	\$ (2,142)	\$ -	\$ -	\$ -
Loan Advance	(1,359)	(87)	(434)	62	583	(338)	(635)	70	(350)	-	-	-	-	-	-
Net Cash Flow	\$ (1,012)	\$ (1,099)	\$ (1,534)	\$ (1,471)	\$ (888)	\$ (1,226)	\$ (1,862)	\$ (1,792)	\$ (2,142)	\$ (2,142)	\$ (2,142)	\$ (2,142)	\$ -	\$ -	\$ -
Finding Cash	\$ 2,862	\$ 2,149	\$ 2,584	\$ 2,521	\$ 1,938	\$ 2,276	\$ 2,912	\$ 2,842	\$ 3,192	\$ 3,192	\$ 3,192	\$ 3,192	\$ -	\$ -	\$ -
DIP Facility Ending Balance															

CONFIDENTIAL
WORKING DRAFT / SUBJECT TO MATERIAL CHANGE

Tactical Holdings
 Week Cash Flow in Bankruptcy - Professional Fee Detail
 \$ 000s

Professional Fee Detail	Week-ended Week	Bankruptcy Post Massif Sale												Total
		12-Jul	19-Jul	26-Jul	2-Aug	9-Aug	16-Aug	23-Aug	30-Aug	6-Sep	13-Sep	20-Sep	27-Sep	
	1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bankruptcy Prep - F.A. & Company Counsel		13	13	13	13	13	13	13	13	13	13	13	13	100
M&E Appraiser		45	45	45	45	25	25	25	50	50	50	50	50	305
Bankruptcy - Additional Debtors Advisor Expense:		100	100	75	75	10	10	10	10	40	40	40	40	420
Bankruptcy - Company FA		75	75	50	50	10	10	10	40	40	40	40	40	320
Bankruptcy - Company Counsel		30	15	15	15	60	40	40	60	60	60	60	60	275
Bankruptcy - Claims Agent		-	-	-	35	-	10	-	35	-	-	-	-	80
Bankruptcy - UCC		-	-	-	-	-	-	-	-	-	-	-	-	-
Bankruptcy - US Trustee		-	-	-	-	-	-	-	-	-	-	-	-	-
Total		\$ 263	\$ 248	\$ 198	\$ 233	\$ 118	\$ 108	\$ 98	\$ 238	\$ -	\$ -	\$ -	\$ -	\$ 1,500