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AUG 24 2005

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF GEORGIA
NEWNAN DIVISION

In re	:	Chapter 11
	:	
Allied Holdings, Inc., et al.,	:	Case Nos. 05-12515 through 05-12537
	:	Jointly Administered under Case No. 05-12515
	:	
Debtors.	:	Judge Drake

FINAL ORDER (i) AUTHORIZING DEBTORS TO OBTAIN POSTPETITION FINANCING PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE, (ii) GRANTING LIENS AND SUPER-PRIORITY CLAIMS, (iii) GRANTING ADEQUATE PROTECTION TO THE PREPETITION AGENTS AND PREPETITION SECURED LENDERS, AND (iv) AUTHORIZING USE OF CASH COLLATERAL, PROHIBITING SETOFFS, AND PROVIDING ADEQUATE PROTECTION TO THE BANK OF NOVA SCOTIA

This matter is before the Court on August 24, 2005 on the motion filed by Allied Holdings, Inc., Allied Automotive Group, Inc., Allied Systems, Ltd. (L.P.), Allied Systems (Canada) Company, QAT, Inc., RMX LLC, Transport Support LLC, F.J. Boutell Driveaway LLC, Allied Freight Broker LLC, GACS Incorporated, Commercial Carriers, Inc., Axis Group, Inc., Kar-Tainer International LLC, Axis Netherlands, LLC, Axis Areta, LLC, Logistic Technology, LLC, Logistic Systems, LLC, CT Services, Inc., Cordin Transport LLC, Terminal Services LLC, Axis Canada Company, Ace Operations, LLC, and AH Industries, Inc., debtors and debtors-in-possession herein (collectively, the "Debtors") in the above captioned Chapter 11 cases (collectively, the "Cases") dated July 31, 2005 (the "Motion") requesting entry of an Order:

(1) authorizing and approving, pursuant to sections 105, 361, 362, and 364 of title 11 of the United States Code (the "Bankruptcy Code") and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), the

postpetition financing (the "DIP Facility"), provided to the Debtors and guaranteed by the Guarantors[1] pursuant to that certain Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement (the "DIP Facility Agreement") dated as of August 1, 2005 by and among Allied Holdings, Inc. and Allied Systems, Ltd. (L.P.), as Borrowers, the other Credit Parties signatory thereto, as Credit Parties, the Lenders signatory thereto from time to time, as Lenders, and General Electric Capital Corporation ("GE Capital"), as Administrative Agent, Collateral Agent (the "DIP Facility Collateral Agent"), co-Revolver Agent, co-Syndication Agent and Lender, Morgan Stanley Senior Funding, Inc. ("Morgan Stanley"), as co-Term Loan B Agent, co-Syndication Agent, co-Term Loan B Lead Arranger and co-Bookrunner, Marathon Structured Finance Fund, L.P. ("Marathon"), as co-Revolver Agent, Term Loan A Agent, co-Term Loan B Agent, Term Loan A Lead Arranger, co-Term Loan B Lead Arranger and co-Revolver Lead Arranger and GE Capital Markets, Inc., as co-Revolver Lead Arranger and co-Bookrunner ("GE Capital Markets") (GE Capital, GE Capital Markets, Marathon and Morgan Stanley, in their respective agent capacity, collectively, the ("DIP Facility Agents") and GE Capital, Marathon and Morgan Stanley, together with the other lenders, if any, each in their lender capacity, collectively, the "DIP Facility Lenders"), and authorizing the incurrence by the Debtors and the Guarantors of all indebtedness under the DIP Facility Agreement and the related DIP Facility Documents (as defined below) including, without limitation, all amounts due on account of principal, accrued interest, unpaid fees and expenses, indemnification obligations and all other amounts due to the DIP Facility Agents or the DIP Facility Lenders or otherwise constituting Obligations (collectively, the "Postpetition Indebtedness"),

[1] Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the DIP Facility Agreement.

(2) requesting, pursuant to section 364(c) and (d) of the Bankruptcy Code, that the financing under the DIP Facility:

a. have priority over any and all administrative expenses other than the Carve-Out (as defined below), including, without limitation, administrative expenses or claims of the kind specified in sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1113, or 1114 of the Bankruptcy Code, whether or not such expenses or claims may become secured by a judgment lien or other consensual or non-consensual lien, levy or attachment, which allowed super-priority claims of the DIP Facility Agents and DIP Facility Lenders shall be payable from and have recourse to all prepetition and postpetition property of the Debtors, as provided for herein (the "DIP Facility Superpriority Claim"); and

b. be and be deemed to be secured, effective as of the date of entry of the Interim Order, by valid, binding, continuing, enforceable, fully perfected and unavoidable (i) first priority senior security interests in, and liens upon, all prepetition and postpetition assets of the Debtors and other Guarantors (excluding assets encumbered by Senior Claims), whether now existing or hereafter acquired, including all Accounts, Chattel Paper, Documents, General Intangibles (including payment intangibles), Real Estate, Goods (including equipment and inventory), Rolling Stock, Instruments, Investment Property, Deposit Accounts (including all controlled deposit accounts, concentration accounts, disbursement accounts, and all other bank accounts and all deposits therein), money, cash or cash equivalents, Supporting Obligations and Letter-of-Credit Rights, sixty-six percent (66%) of the voting stock of each foreign subsidiary of the Debtors excluding the Canadian subsidiaries, all shares of capital stock[2] of (or other ownership interests in) and intercompany

[2] Although the stock of (or other ownership interest in) Haul Insurance Limited ("HIL") is included in the Collateral, all assets of HIL are expressly excluded from the definition of Collateral.

debt of each Borrower and each Guarantor, as well as intercompany debt of each present and future direct or indirect U.S. or Canadian subsidiary of each Borrower, all commercial tort claims (whether now existing or hereafter acquired, and without the need for any more specific description of such commercial tort claims), and to the extent not otherwise included, all proceeds, tort claims, insurance claims, and other rights to payments not otherwise included in the foregoing and products of the foregoing and all accessions to, substitutions and replacements for, and rents and profits of, each of the foregoing (collectively, the "Collateral"), as provided for by section 364(c) and (d) of the Bankruptcy Code and (ii) second priority security interest in the Indemnification Fund (as defined below), the LC Fund (as defined below) and all collateral encumbered by Senior Claims, which Senior Claims are not primed by entry of this Order (collectively, the liens described in (i) and (ii) above, "DIP Facility Liens"), but specifically excluding avoidance actions under Chapter 5 of the Bankruptcy Code (the "Avoidance Actions"), and subject solely to the Carve-Out to the extent provided for below;

(3) authorizing pursuant to sections 361(a), 363(c), and 364(d)(1) of the Bankruptcy Code the provision of adequate protection to the Prepetition Agents (as defined below) and the Prepetition Lenders (as defined below) on account of their claims under the Prepetition Credit Facility, which liens and claims were "primed" by and treated as junior in all respects to the DIP Facility upon entry of the Interim Order due to the satisfaction of the Prepetition Indebtedness (as defined below) and the establishment of the Indemnification Fund (as defined below) and the LC Fund (as defined below) and are now deemed terminated and extinguished upon entry of this Order with the exception of the Indemnification Fund and the LC Fund pursuant and subject to the terms hereof;

(4) a. authorizing and approving, pursuant to sections 105, 361, 363, 541 and 553 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014, the use by the Debtors, and particularly, Allied Systems (Canada) Company ("Allied Canada"), of their cash, cash equivalents, accounts, accounts receivables, and all products and proceeds thereof now or hereafter on deposit with, in the possession of, received by or otherwise held, maintained or controlled (collectively, the "Canadian Cash Collateral") by The Bank of Nova Scotia ("Scotia"), so as to fund, among other things, ongoing working capital needs of Allied Canada;

b. prohibiting Scotia from exercising or implementing any rights of offset, recoupment, restraint, sweep, reserve or other similar application or remedy against, or in connection with, the Cash Collateral on account of any outstanding prepetition general unsecured advances made by Scotia to Allied Canada pursuant to that certain $2.5 million (Canadian) revolving credit agreement dated June 9, 2004 by and between Allied Canada and Scotia (the "Prepetition Scotia Credit Agreement");

c. permitting Allied Canada continued uninterrupted access to and use of all of Allied Canada's accounts identified in the Motion (collectively, "Canadian Accounts") so as to allow any and all checks, drafts, notes and transfers from and instruments drawn against, and all cash, cash equivalents, checks, drafts, wire transfers and other deposits presently or hereafter received and deposited in, the Canadian Accounts, to be fully credited and processed for use by Allied Canada in the ordinary course, provided, however, that Scotia shall not be required to advance or loan any funds to Allied Canada and Allied Canada's use of the Canadian Cash Collateral shall be limited to the actual cash balances presently, and as may

become available in, the Canadian Accounts and the cash collections as may be received by and/or deposited into the Canadian Accounts;

d. authorizing, pursuant to sections 361(c) and 363 of the Bankruptcy Code the provision of adequate protection to Scotia on account of its claims under the Prepetition Scotia Credit Agreement consisting of (i) the continuation, but not enforcement, of Scotia's interests in and claims, if any, to and in all the Canadian Cash Collateral hereafter deposited and maintained from time to time in the Canadian Accounts and (ii) the indubitable equivalent of Scotia's "security" consisting of the continued maintenance and preservation in accordance with its present terms of that certain $2.6 Million (U.S.) Standby Letter of Credit previously issued to and for the benefit of Scotia by Wells Fargo Bank, N.A. (the "Standby L/C") (or such other replacement letter of credit in a form and substance acceptable to Scotia as may be issued under the DIP Facility) and to provide continuing security and assurance of repayment for any outstanding loans and advances by Scotia to Allied Canada; and

e. permitting Allied Canada and Scotia, subject to their mutual consent and joint execution, to enter into an agreement for the continuation and/or renewal of the Prepetition Scotia Credit Agreement without further order of this Court; provided, however, that such continuation and/or renewal shall be required to be on substantially the same terms and conditions as those currently contained in the Prepetition Scotia Credit Agreement.

Pursuant to Bankruptcy Rules 4001(b) and 4001(c)(1), the Court having found that due and sufficient notice of the Motion and this final hearing (the "Final Hearing") was provided by the Debtors as set forth in paragraph M below; having held an interim hearing (the "Interim Hearing") on the DIP Facility on August 1, 2005; having entered the interim order

authorizing the DIP Facility (the "Interim Order") on August 1, 2005; having been advised that the Debtors have satisfied the Prepetition Indebtedness and established the Indemnification Fund and the LC Fund each in accordance with the terms of the Interim Order; having considered the pleadings filed with this Court; and having overruled all unresolved objections to the relief requested in the Motion; and upon the record made by the Debtors at the Interim Hearing, Final Hearing and upon the Declaration of Thomas H. King in Support of Chapter 11 Petitions and First Day Motions and upon all of the pleadings and proceedings of record in these Cases, and after due deliberation and consideration and good and sufficient cause appearing therefor;

IT IS HEREBY FOUND:

A. On July 31, 2005 (the "Commencement Date"), each Debtor commenced in this Court a case under chapter 11 of the Bankruptcy Code. The Debtors are continuing to operate their respective businesses and manage their respective properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

B. Pursuant to an order of this Court entered on August 1, 2005, the Cases have been consolidated for procedural purposes only and are being jointly administered.

C. On August 5, 2005, pursuant to section 1102(a) of the Bankruptcy Code, the Office of the United States Trustee for the Northern District of Georgia (the "U.S. Trustee"), appointed the committee of creditors holding unsecured claims (the "Committee").

D. On or about August 2, 2005, Allied Systems Company, AH Industries, Inc. and Axis Canada Company (collectively, the "Canadian Debtors") filed a motion in Ontario Superior Court of Justice (Commercial List) (the "Canadian Court") seeking, among other things, recognition of their respective Cases as "foreign proceedings" as defined by

section 18.6 of the Companies' Creditors Arrangement Act, R.S.C., 1985, chapter C-36, as amended (the "CCAA"), staying all proceedings against the Canadian Debtors, the Canadian Debtors' property and their respective directors and officers and requesting recognition of this Court and all proceedings before, all orders judgments and decrees of this Court including this Order. The motion was granted and an order was entered on August 5, 2005 (the "Recognition Order") and a notice of the Recognition Order was filed in the Cases on August 10, 2005 (docket no. 117). Upon entry of this Order, the Canadian Debtors will seek an order from the Canadian Court recognizing this Order under the CCAA.

E. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

F. Pursuant to that certain Amended and Restated Financing Agreement, dated as of September 4, 2003, by and among Allied Holdings, Inc., Allied Systems, Ltd. (L.P.), each subsidiary of Allied Holdings, Inc. signatory as a guarantor thereto, Abelco Finance LLC as collateral agent (the "Prepetition Collateral Agent") and a lender and Wells Fargo Foothill, Inc. as administrative agent (the "Prepetition Administrative Agent" and, together with the Prepetition Collateral Agent, collectively, the "Prepetition Agents") and a lender and those lenders parties signatory thereto (collectively, the "Prepetition Lenders") (as amended from time to time, the "Prepetition Credit Facility" and together with all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith, the "Prepetition Financing Documents"), the Prepetition Lenders made loans and advances to, issued letters of credit for and/or provided other financial accommodations (collectively, the "Prepetition Indebtedness") to or for the benefit of the

Debtors from time to time[3]. The Prepetition Indebtedness was incurred by the Debtors under the following two (2) facilities of the Prepetition Credit Facility: (i) a revolving credit facility pursuant to which certain Prepetition Lenders committed to advance loans and provide letters of credit in an aggregate principal amount of up to $90 million and (ii) three (3) term loans pursuant to which certain Prepetition Lenders advanced loans in an aggregate principal amount of $145 million. Without prejudice to the rights of any other non-debtor party in interest as provided in paragraph 6 below, the Debtors hereby stipulate that: (i) as of the Commencement Date, the Debtors are indebted to the Prepetition Lenders pursuant to the Prepetition Financing Documents in the aggregate principal amount of $26,700,000 under such revolving credit facility, $113,550,097.87 under such term facilities and $43,695,036.45 in face amount of issued letters of credit, each plus accrued per diem interest with respect thereto and any fees, Prepayment Premium (as defined in the Prepetition Credit Facility), costs and charges provided under the Prepetition Financing Documents and (ii) as collateral for the Prepetition Indebtedness, the Debtors granted to the Prepetition Agents, for their benefit and the benefit of the Prepetition Lenders, a security interest in and lien upon (collectively, the "Prepetition Liens") all or substantially all of the Debtors' property, including without limitation, all of the Debtors' accounts, inventory, equipment, general intangibles, documents, instruments and chattel paper. The Debtors further acknowledge, agree and stipulate that (x) the Prepetition Liens in and to the Prepetition Collateral constitute valid, binding, enforceable, and perfected liens in and to the Prepetition Collateral having the priority set forth in the Prepetition Credit

[3] For purposes of this Order, unless otherwise specifically discussed in the context of a particular paragraph of this Order, each of the terms Postpetition Indebtedness and Prepetition Indebtedness shall include the principal of, and all interest, fees, prepayment premium and other charges owing in respect of, such loans or indebtedness (including any reasonable attorneys', accountants' and financial advisors' fees) that are chargeable or reimbursable under the relevant agreements relating to such loans or other indebtedness relating to periods prior and subsequent to the Commencement Date.

Facility and subject only to the liens described in the Prepetition Credit Facility, and are not subject to avoidance, reduction, disallowance, disgorgement, counterclaim, surcharge or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law, (y) the Prepetition Indebtedness constituted allowed secured claims against the estates, and (z) no claim of or cause of action held by the Debtors exists against the Prepetition Agents, the Prepetition Lenders, or their agents, whether arising under applicable state or federal law, or whether arising under or in connection with any of the Prepetition Financing Documents (or the transactions contemplated thereunder), the Prepetition Indebtedness, the Prepetition Liens or any Replacement Liens (as defined below), including without limitation, any right to assert any disgorgement or recovery.

G. The Interim Order, as adequate protection for any postpetition diminution in the value of the Prepetition Collateral, provided to the Prepetition Agents and Prepetition Lenders replacement liens (the "Replacement Liens") in the types of assets that constituted Prepetition Collateral whether arising prepetition or postpetition, junior only to the DIP Facility Liens and the Carve-Out. Pursuant to paragraph 9(b) herein, the Prepetition Liens and Replacement Liens are deemed terminated and extinguished upon entry of this Order.

H. Pursuant to the Prepetition Scotia Credit Agreement, Scotia made loans and advances to Allied Canada, on a general unsecured basis. The Prepetition Scotia Credit Agreement provided for loans and advances not to exceed $2.5 million (Canada) in the aggregate and under which facility, as of the Commencement Date, there was outstanding approximately $1.2 million (Canada), secured only, but completely, by the irrevocable $2.6 million (US) Standby L/C.

I. As of the Commencement Date, Allied Canada maintained all its general operating Canadian Accounts at and with Scotia, which accounts effectively constitute the sole banking and cash management systems of Allied Canada. Allied Canada's business has required and continues to require the use and maintenance of the Canadian Accounts, and the present and continuing access to and use of the postpetition of the Canadian Cash Collateral, absent which Allied Canada will not be able to operate its business, and the Debtors' and particularly Allied Canada's estates would be irreparably harmed. Allied Canada is unable to obtain sufficient financing from sources other than the use of Canadian Cash Collateral. The continued maintenance and preservation of the Standby L/C to and for the benefit of Scotia, constitutes sufficient adequate protection of Scotia's interest in the Canadian Cash Collateral and Allied Canada shall be entitled to the unfettered use thereof.

J. The Debtors' businesses require the availability of credit to finance the ordinary costs of their operations, including, without limitation, to provide letters of credit to support credit enhancements. Without such credit, the Debtors would not be able to operate their businesses and the Debtors' estates would be irreparably harmed. The Prepetition Credit Facility was inadequate for the Debtors' needs, purposes and operations, and the Prepetition Lenders had declined to significantly enlarge or expand the Prepetition Credit Facility.

K. The Debtors are unable to obtain sufficient financing from sources other than the DIP Facility Lenders on terms more favorable than under the DIP Facility and all the documents and instruments delivered pursuant thereto or in connection therewith (inclusive of the DIP Facility Agreement, the "DIP Facility Documents") and are not able to obtain sufficient credit allowable as an administrative expense under Section 503(b)(1) of the Bankruptcy Code. New credit is unavailable to the Debtors without (i) providing the DIP

Facility Agents for the benefit of the DIP Facility Lenders (a) the DIP Facility Superpriority Claims and (b) the DIP Facility Liens as provided herein and in the DIP Facility Documents and (ii) without concurrently providing for the immediate repayment of the Prepetition Indebtedness and release of Prepetition Liens on the terms set forth herein.

L. The DIP Facility Agents and DIP Facility Lenders have indicated a willingness to consent and agree to provide financing to the Debtors subject to (i) the entry of this Order, (ii) the terms and conditions of the DIP Facility Agreement and (iii) findings by the Court that such postpetition financing is essential to the Debtors' estates, that the terms of such financing were negotiated in good faith and at arm's length, and that the DIP Facility Agents' and/or the DIP Facility Lenders' DIP Facility Liens and Superpriority Claims, and other protections granted pursuant to this Order and the DIP Facility Documents will not be affected by any subsequent reversal, modification, vacatur, or amendment of this Order or any other order, as provided in section 364(e) of the Bankruptcy Code. Each of the DIP Facility Agents and DIP Facility Lenders has acted in good faith in negotiating, consenting to and in agreeing to provide the postpetition financing arrangements contemplated by this Order and the other Postpetition Financing Documents and the reliance of each of the DIP Facility Agents and DIP Facility Lenders on the assurances referred to above is in good faith.

M. Notice of the Final Hearing and the proposed entry of this Order has been provided to (i) the forty (40) largest creditors listed in the Debtors' consolidated list of creditors (excluding insiders), (ii) U.S. Trustee, (iii) the Securities and Exchange Commission, (iv) counsel to each of the DIP Facility Agents, (v) counsel to each of the Prepetition Agents, (vi) counsel to the Indenture Trustee, (vii) counsel to the Committee, (viii) counsel to Scotia Bank, (ix) each of the financial institutions identified in the Debtors' Motion For Authority To

(A) Maintain Existing Cash Management Systems, (B) Continue Use Of Existing Bank Accounts And Business Forms, And (C) Continue Use Of Existing Investment Guidelines, (x) landlords of the Debtors' nonresidential real estate property, (xi) the Environmental Protection Agency and each state environmental protection agency or department in which the Debtors own real estate, and (xii) any other parties requesting such notice (collectively, the "Notice Parties"). The requisite notice of the Motion and the relief requested thereby and this Order has been provided in accordance with Bankruptcy Rule 4001, which notice is sufficient for all purposes under the Bankruptcy Code, including, without limitation, sections 102(1) and 364 of the Bankruptcy Code, and no other notice need be provided for entry of this Order.

N. The Prepetition Agents and the Prepetition Lenders are entitled to rely upon the terms and enforceability of this Order inasmuch as, upon entry of this Order the Prepetition Collateral Agent's liens and security interests shall be deemed released and extinguished, except with respect to the liens and security interests in and against the Indemnification Fund and the LC Fund. Nothing in this Order shall be deemed to modify the authorization obtained by the Debtors in the Interim Order to pay the Prepetition Indebtedness and establish the Indemnification Fund and the LC Fund or the terms and conditions relating thereto.

O. The Debtors have requested immediate entry of this Order pursuant to Bankruptcy Rules 4001(b) (2) and 4001(c) (2). Absent entry of this Order, the Debtors' businesses, properties and estates will be irreparably harmed.

P. The ability of the Debtors to finance their respective operations and the availability to the Debtors of sufficient working capital through the incurrence of new indebtedness for borrowed money and other financial accommodations, including credit

support, is in the best interests of the Debtors and their respective creditors and estates. The DIP Facility authorized hereunder is vital to avoid irreparable harm to the Debtors' businesses, properties and estates and to allow the orderly continuation of the Debtors' businesses.

Q. The Debtors have demonstrated in accordance with section 506(a) of the Bankruptcy Code, that for the purpose of authorizing payment of the Prepetition Indebtedness from the proceeds of the DIP Facility and in light of the funding commitments under the DIP Facility Agreement, the value of the Debtors' assets and businesses subject to the Prepetition Liens exceeds the amount of the Prepetition Indebtedness. It was necessary for the Debtors to satisfy the Prepetition Indebtedness in order to obtain the DIP Facility Agreement. The Debtors presented sound business justifications in the Motion and at the Interim Hearing to satisfy the Prepetition Indebtedness in accordance with the terms of the Interim Order.

R. Based upon the pleadings and proceedings of record in these Cases: (i) the terms of the DIP Facility are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duty, and are supported by reasonably equivalent value and fair consideration; and (ii) the DIP Facility has been negotiated in good faith and at arm's length among the Debtors and the DIP Facility Agents, and any credit extended, letters of credit issued, loans made, and other financial accommodations extended to the Debtors by the DIP Facility Lenders shall be deemed to have been extended, issued, or made, as the case may be, in "good faith" within the meaning of section 364(e) of the Bankruptcy Code.

S. Each of the Prepetition Agents and Prepetition Lenders has consented to the terms and conditions of this Order.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. Disposition. The Motion is granted in its entirety as set forth herein. Any objections that have not previously been withdrawn are hereby overruled. This Order shall immediately become effective upon its entry.

2. Authorization to Borrow. The DIP Facility Agreement, in substantially the form annexed to the Motion, is hereby approved on a final basis. The DIP Facility Documents shall constitute and are hereby deemed to be legal, valid, and binding obligations of the Debtors and Guarantors party thereto and of their respective estates, enforceable against each such Debtor, Guarantor and estate in accordance with the terms of the DIP Facility Documents. Available financing and advances under the DIP Facility Agreement may be made available in accordance with the terms of the DIP Facility Documents to fund the Debtors' ordinary working capital and general corporate needs and to pay such other amounts as are required or permitted to be paid pursuant to the DIP Facility Agreement, this Order or any other orders of this Court.

3. DIP Facility Superpriority Claims. Pursuant to section 364(c) (1) of the Bankruptcy Code, effective as of the entry of the Interim Order, the Postpetition Indebtedness shall constitute DIP Facility Superpriority Claims which claims shall be payable from and have recourse to, in addition to the Collateral, any unencumbered prepetition or postpetition property of the Debtors whether now existing or hereafter acquired.

4. DIP Facility Liens. As security for the Postpetition Indebtedness, pursuant to sections 364(c)(2), (c)(3), and (d) of the Bankruptcy Code, the DIP Facility Collateral Agent, on behalf of itself, the DIP Facility Agents and the DIP Facility Lenders, without the necessity of the execution by the Debtors or the filing or recordation of mortgages, security agreements, lock box agreements, financing statements, or otherwise) was granted the

DIP Facility Liens effective as of the date of the Interim Order and hereby confirmed by the terms of this Order. In the event of the occurrence of an event of default or similar event under the DIP Facility Documents (an "Event of Default"), or an event that would constitute an Event of Default with the giving of notice or lapse of time or both (a "Default"), the DIP Facility Liens shall be subject to the payment of the Carve-Out (as defined below).

5. Carve-Out. In the event of the occurrence of an Event of Default or a Default, the DIP Facility Superpriority Claims and the DIP Facility Liens shall be subject to the payment of (x) accrued and unpaid and future fees and disbursements incurred by the Debtors' professionals and professionals for the Committee and allowed by order of this Court in an aggregate amount not to exceed $1,500,000 plus (y) fees pursuant to 28 U.S.C. § 1930 and to the Clerk of the Court (collectively, the "Carve-Out"); provided, however, that the Carve-Out, Advances, Letters of Credit or Collateral shall not include, apply to, or be available for any fees or expenses incurred by any party, including the Debtors or the Committee, in connection with (i) the initiation or prosecution of any claims, causes of action, adversary proceedings, or other litigation against any of the DIP Facility Agents or the DIP Facility Lenders, including, without limitation, challenging the amount, validity, extent, perfection, priority, or enforceability of, or asserting any defense, counterclaim, or offset to the Postpetition Indebtedness, the DIP Facility Superpriority Claim, or the security interests and liens of the DIP Facility Agents in respect thereof, or (ii) asserting any claims or causes of action, including, without limitation, claims or actions to hinder or delay the DIP Facility Agents' or DIP Facility Lenders' assertion, enforcement or realization on the Collateral in accordance with the DIP Facility Documents or this Order or any Avoidance Actions against the DIP Facility Agents or the DIP Facility Lenders. The foregoing shall not be construed as

consent to the allowance of any fees and expenses referred to above and shall not affect the right of the Debtors, the DIP Facility Agents, the DIP Facility Lenders, the Committee, the U.S. Trustee, or other parties in interest to object to the allowance and payment of such amounts.

6. Investigation Rights. Notwithstanding anything herein to the contrary, including the Debtors' stipulations and releases herein solely as they relate to the Prepetition Agents, Prepetition Lenders and Prepetition Credit Facility, the Committee and all non-debtor parties in interest shall have until September 29, 2005 (the "Investigation Termination Date")[4] to investigate the validity, perfection, and enforceability of the Prepetition Liens and the amount and allowability of the Prepetition Indebtedness, or to assert any other claims or causes of action against the Prepetition Agents or Prepetition Lenders. If the Committee, or other non-debtor party in interest hereafter vested with authority by the Court, determines that there may be a challenge to the Prepetition Liens or Prepetition Indebtedness by the Investigation Termination Date, upon three (3) days' written notice to the Debtors and the Prepetition Agents (which notice may be given on the Investigation Termination Date), the Committee, or other non-debtor party in interest hereafter vested with authority by the Court, shall be permitted to file and prosecute an objection or claim related thereto (each, a "Challenge"), and shall have only until the Investigation Termination Date to file such objection or otherwise initiate an appropriate action or adversary proceeding on behalf of the Debtors' estates setting forth the basis of any such challenge, claim or cause of action. If a Challenge is not filed on or before the Investigation Termination Date (or such other later date as extended by the written consent of the Debtors and the Prepetition Agents, or by the Court as described below), agreements,

[4] Until the occurrence of the Investigation Termination Date, the Debtors' stipulations and releases herein shall not be binding upon the Committee and any non-debtor parties in interest.

acknowledgements and stipulations contained in paragraph F of this Order and the releases set forth in paragraph 9(d) of this Order shall be irrevocably binding on the estates, the Committee and all parties in interest (including without limitation a receiver, administrator, or trustee appointed in any of the Cases or in any jurisdiction) without further action by any party or this Court and the Committee and any other party in interest (including without limitation a receiver, administrator, or trustee appointed in any of the Cases or in any jurisdiction) shall thereafter be forever barred from bringing any Challenge, provided that the Investigation Termination Date may be extended for cause pursuant to an order of the Court obtained before September 29, 2005, including, if the Debtors or the Prepetition Agents fail to reasonably cooperate in connection with any such investigation.

7. Payment of Administrative Claims. So long as no Default or Event of Default shall have occurred and be continuing or have occurred and be waived, (i) the Debtors shall be permitted to pay administrative expenses allowed and payable under sections 330 and 331 of the Bankruptcy Code, as the same may become due and payable, and (ii) such payments shall not be applied to reduce the Carve-Out.

8. Limitation on Additional Surcharges. Subject to the Carve-Out and so long as the Commitments have not been terminated, neither of the Collateral nor any DIP Facility Agent, DIP Facility Lender, Prepetition Agent or Prepetition Lender shall be subject to surcharge, pursuant to section 506(c) of the Bankruptcy Code or otherwise, by the Debtors, or any other party in interest without the prior written consent of the DIP Facility Agents and Prepetition Agents and no such consent shall be implied from any other action, inaction, or acquiescence by the DIP Facility Agents, Prepetition Agents, DIP Facility Lenders or Prepetition Lenders in this proceeding, including but not limited to funding of the Debtors'

ongoing operation by the DIP Facility Agents. Anything contained herein to the contrary notwithstanding, in the event the Court orders these Cases converted to ones under Chapter 7, and the chapter 7 trustee secures or protects the Collateral, the Chapter 7 Trustee shall be entitled to seek and be paid reimbursement of expenses and reasonable compensation pursuant to Section 506(c) of the Bankruptcy Code, subject to Court approval. In no event shall the DIP Facility Agents, Prepetition Agents, DIP Facility Lenders or Prepetition Lenders be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the Collateral.

9. Payoff of Prepetition Indebtedness and Release of Prepetition Liens. (a) As authorized in the Interim Order, the Debtors used the first proceeds from the DIP Facility to (a) repay the Prepetition Indebtedness outstanding to the Prepetition Agents and Prepetition Lenders in the amount of $142,473,718.89 pursuant to the terms of a payoff letter dated as of August 2, 2005 (the "Payoff Letter") and cash collateralized letters of credit in the face amount of $43,587,553.45 plus five percent (5%) thereof ($2,179,377.67) pursuant to the terms of the cash collateral agreement dated August 2, 2005 (the "Cash Collateral Agreement") (executed copies of the Payoff Letter and Cash Collateral Agreement were filed in the Cases on August 10, 2005 (docket no. 117), (b) transfer the sum of $500,000 to the Prepetition Agents (the "Indemnification Fund") for the payment of the Indemnification Claim (as defined and described below) and (c) transfer the sum of $45,766,931.12 to the Prepetition Agents for the collateralization of the outstanding letter of credit obligations under and in accordance with the terms of the Prepetition Credit Facility, Payoff Letter and Cash Collateral Agreement (pursuant to the Cash Collateral Agreement, upon the DIP Facility Agents issuance of the Backstop Letter of Credit, as defined in the Cash Collateral Agreement, under the DIP Facility, the Prepetition Agents remitted $43,587,553.45 representing the face amount of the outstanding

letters of credit directly to the DIP Agents to be applied against the DIP Facility) and the remaining amount ($2,179,377.67 plus interest), as of the date hereof, held by the Prepetition Agents pursuant to the Cash Collateral Agreement is referred to herein as the "LC Fund". In reliance upon the payment of the Prepetition Indebtedness in full, funding of the Indemnification Fund, funding of the LC Fund, the Interim Order and this Order, the Prepetition Agents and Prepetition Lenders irrevocably agree and consent that the only required form of continuing adequate protection of the Prepetition Lenders' interest shall be (i) the protections provided to the Indemnification Claim through the Indemnification Fund and the Prepetition Lenders Administrative Claim, as defined below and (ii) the LC Fund; *provided however*, that the DIP Facility Liens constitute second priority security interests in the Indemnification Fund and LC Fund and the Indemnification Claim shall be deemed subordinate to the DIP Facility Superpriority Claim and the Carve-Out (except to the extent of the Prepetition Agents' and the Prepetition Lenders' first priority liens and interest in the Indemnification Fund).

(b) Upon entry of this Order, the commitments, agreements, claims and liens of the Prepetition Agents and the Prepetition Lenders under the Prepetition Financing Documents are fully terminated and the Prepetition Agents and Prepetition Lenders have and are deemed to have (i) no further rights or claims against the Debtors, the Guarantors or any of their respective Subsidiaries or estates; and (ii) no liens against or other interests in any Collateral or any other assets or property of the Debtors, the Guarantors or any of their respective Subsidiaries or estates, all of which are deemed to have been automatically terminated without further action by any person, save and except to the extent of the Indemnification Fund, the LC Fund and the Prepetition Lenders Administrative Claim, in each

case as expressly set forth in this paragraph 9(b). Furthermore all (a) indemnity obligations arising under provisions of the Prepetition Financing Documents which, by their terms, survive payment in full of the Prepetition Indebtedness, (b) claims for professional fees and expenses incurred by the Prepetition Agents pursuant to the terms of the Prepetition Financing Documents (including without limitation, with respect to indemnity obligations, payment and reimbursement obligations referred to in clause (a) (the amounts described in clauses (a) and (b) collectively, the "Indemnification Claim") shall attach to and be paid from the Indemnification Fund and to the extent the Indemnification Fund is not adequate, any remaining Indemnification Claim shall constitute an administrative expense against the Debtors' estates with superpriority under section 364(c)(1) of the Bankruptcy Code, junior only to the DIP Facility Superpriority Claims and Carve-Out (the "Prepetition Lenders Administrative Claim") provided, that, if the Prepetition Indebtedness is subsequently held by order of this Court to have been undersecured as at the Commencement Date, the Prepetition Agents and Prepetition Lenders shall immediately repay to the Debtors any amounts received on account of the Prepetition Lenders Administrative Claim. The Prepetition Agents shall be authorized to periodically draw on (i) the Indemnification Fund for any Indemnification Claim of a kind described in clause (b) of the immediately preceding sentence and (ii) the LC Fund for letter of credit fees and expenses and other Letter of Credit Obligations (as defined in the Cash Collateral Agreement) as provided by in the Cash Collateral Agreement, provided that the Prepetition Agents shall furnish copies of reasonably detailed invoices or fee statements within five (5) business' days of any such withdrawals to the Debtors and the Committee, and any Indemnification Claim of the kind described in clause (a) of such sentence shall be paid by the Debtors from the Indemnification Fund promptly after such claim becomes due and

payable under the Prepetition Financing Documents. The Prepetition Agents shall have a first priority security interest in the Indemnification Fund and the LC Fund with the DIP Facility Agents' granted a second priority security interest in the Indemnification Fund and the LC Fund, and upon the Termination Date (as defined below), the Prepetition Agents shall tender any remaining balance plus interest, if any, in the Indemnification Fund, to the Debtors' estates subject to the DIP Facility Liens. The LC Fund shall remain in the possession of the Prepetition Agents, on behalf of the Prepetition Lenders, until all existing letters of credit have expired, been replaced or as otherwise provided for in the Cash Collateral Agreement and all other Letter of Credit Obligations (as defined in the Cash Collateral Agreement) have been paid in full, and upon the termination of the Cash Collateral Agreement, the Prepetition Agents shall tender any remaining balance, plus interest, if any, to the Debtors' estates subject to the DIP Facility Liens.

(c) The Prepetition Agents' and Prepetition Lenders' liens, claims and interests in the Indemnification Fund and the Prepetition Lenders Administrative Claim shall expire upon the later of (i) payment of the Prepetition Indebtedness in full and funding of the Indemnification Fund and the LC Fund, (ii) the occurrence of the Investigation Termination Date (as the same may be extended in accordance with the terms of this Order) without a Challenge being asserted by any party, (iii) if a Challenge is asserted, the first business day in which such Challenge is dismissed or withdrawn with prejudice or a final non-appealable order is entered by a court of competent jurisdiction adjudicating such Challenge in its entirety or determining that the Prepetition Indebtedness was undersecured as of the Commencement Date, (iv) payment of any then pending previously asserted Indemnification Claim that is due and payable, and (v) ninety days from entry of this Order (collectively, the "Termination

Date"). Notwithstanding the passage of the Termination Date, the Prepetition Agents' and Prepetition Lenders' liens, claims and rights to the LC Fund shall survive the passing of the Termination Date subject to the terms of the Cash Collateral Agreement. Without limiting the generality of the foregoing, upon entry of this Order, the Prepetition Agents and Prepetition Lenders (1) shall be deemed to have automatically authorized each of the Debtors and the DIP Facility Agents to file any Uniform Commercial Code termination statements, mortgage releases and all other documents necessary to evidence the release of the Prepetition Liens and (2) will take all such action, including, but not limited to, authorizing and directing the transfer of funds in any bank accounts to the Debtors and deliver all such other instruments, including transfer of any possessory collateral such as certificates of title, stock certificates or similar documents and any other documents as may be reasonably requested by the Debtors or the DIP Facility Agents to effectuate or evidence the termination of all Prepetition Liens and claims of the Prepetition Agents and Prepetition Lenders, in each case, at the sole cost and expense of the Debtors.

(d) Subject to paragraph 6 above, upon entry of this Order and in consideration for the release of the Prepetition Liens and Replacement Liens, claims and interests, the Debtors (on behalf of their estates) and any successor thereto (the "Releasing Parties") shall, and shall be deemed to have, as of the entry of this Order and release of the Prepetition Liens and Replacement Liens, fully and forever released, relieved, waived, relinquished and discharged the Prepetition Agents and Prepetition Lenders and each of their directors, officers and employees serving in any capacity or function, including as a fiduciary, agents, advisors, shareholders, subsidiaries, affiliates, heirs executors, administrators, attorneys, advisors, successors and assigns from, against and with respect to any and all actual

or potential demands, claims, actions, causes of action (including derivative causes of action), suits assessments, liabilities, losses, costs, damages, penalties, fees, charges, expenses and all other forms of liability whatsoever, in law or equity, whether asserted or unasserted, known or unknown, foreseen or unforeseen, arising under the Bankruptcy Code, state law or otherwise now existing or hereafter arising that any Releasing Party ever had, now has or hereafter may have based in whole or in party upon any agreement, act, omission or other occurrence taking place on or prior to the date of this Order and directly or indirectly related to the Prepetition Financing Facility and Prepetition Financing Documents and any and all dealings between the Prepetition Agents and the Releasing Parties in connection with the Prepetition Financing Documents, to the extent such indemnity is provided for in the Prepetition Financing Documents (the "Released Claims"). The release contained in this paragraph shall apply to all Released Claims, whether known or unknown, including without limitation (i) claims which if known by a Releasing Party might materially affect its decision to abide by the Interim Order or this Order and (ii) all fees and expenses paid to or incurred by the Prepetition Agents pursuant to the terms of the Prepetition Financing Documents prior to or subsequent to the payment of the Prepetition Indebtedness. The release shall be full and final, and shall constitute a complete defense against the Released Claims with respect to any and all parties who may seek to assert such claims derivatively or otherwise on behalf of or in the name or stead of the Debtors, their estates or any successor thereto subject to Paragraph 6 herein. As to each and every claim released hereunder, each Debtor also waives the benefit of each other similar provision of applicable federal or state law, if any, pertaining to general releases after having been advised by its legal counsel with respect thereto. As to each and every claim released hereunder, each Debtor hereby represents that it has received the advice of legal

counsel with regard to the releases contained herein, and having been so advised, each of them specifically waives the benefit of the provisions of section 1542 of the Civil Code of California (and any similar statutes) which provides as follows:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH A CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM, MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR."

10. Fees and Expenses of the DIP Facility Agents and the DIP Facility Lenders. The Debtors shall promptly following receipt of a written invoice reimburse the DIP Facility Agents and the DIP Facility Lenders for their reasonable costs, fees (including reasonable attorneys' fees), charges, and expenses incurred in connection with the Cases whether incurred prepetition or postpetition. None of such costs, fees, charges, and expenses shall be subject to Court approval and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with the Court, provided that the Court shall have jurisdiction to determine any dispute concerning such invoices.

11. Restrictions on the Debtors. Other than the Carve-Out and the Prepetition Agents' and Prepetition Lenders' liens, claims and interests in the Indemnification Fund and the LC Fund, no claim having a priority superior to or *pari passu* with those granted by this Order to the DIP Facility Agents, the DIP Facility Lenders and the Indemnification Claim or the LC Fund shall be granted or permitted by any order of the Court heretofore or hereafter entered in the Cases, while any portion of the DIP Facility (or refinancing thereof) or the commitment thereunder remains outstanding. Except as expressly permitted by the DIP Facility Agreement, the Debtors will not, at any time during the Cases, grant mortgages, security interests, or liens in the Collateral or any portion thereof to any other parties pursuant to section 364(d) of the Bankruptcy Code or otherwise.

12. Additional Perfection Measures. The DIP Facility Agents and DIP Facility Lenders shall not be required to file financing statements, mortgages, deeds of trust, security deeds, notices of lien, or similar instruments in any jurisdiction or effect any other action to attach or perfect the security interests and liens granted under the DIP Facility Documents, the Interim Order and this Order (including, without limitation, the taking possession of any of the Collateral, the execution of any control, lock-box, deposit account, or the taking of any action to have security interests or liens noted on certificates of title or similar documents). Notwithstanding the foregoing, the DIP Facility Agents and DIP Facility Lenders may, in their sole discretion, file such financing statements, mortgages, deeds of trust, notices of lien, or similar instruments or otherwise confirm perfection of such liens, security interests, and mortgages without seeking modification of the automatic stay under section 362 of the Bankruptcy Code and all such documents shall be deemed to have been filed or recorded at the time of and on the Commencement Date.

13. Access to Collateral – No Landlord's Liens. Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of the DIP Facility Agents, for the ratable benefit of the DIP Facility Lenders, contained in this Order or the DIP Facility Documents, or otherwise available at law or in equity, and subject to the terms of the DIP Facility Agreement, upon written notice to the landlord of any leased premises that an Event of Default has occurred and is continuing under the DIP Facility Documents, the DIP Facility Agents may, subject to any separate agreement by and between such landlord and the DIP Facility Agents, enter upon any leased premises of the Debtors for the purpose of exercising any remedy with respect to Collateral located thereon and shall be entitled to all of the Debtors' rights and privileges as lessee under such lease without interference from the

landlords thereunder, provided that the DIP Facility Agents shall only pay rent of the Debtors that first accrues after the DIP Facility Agent's written notice referenced above and that is payable during the period of such occupancy by the DIP Facility Agent, calculated on a per diem basis. Nothing herein shall require the DIP Facility Agent to assume any lease as a condition to the rights afforded to the DIP Facility Agent in this paragraph. Furthermore, other than Senior Claims, any landlord's lien, right of distraint or levy, security interest or other interest that any landlord, warehousemen or landlord's mortgagee may have in any Collateral of the Debtors located on such leased premises, to the extent the same is not void under section 545 of the Bankruptcy Code, is hereby expressly subordinated to the DIP Facility Liens in such Collateral.

14. Automatic Stay. Subject only to the provisions of the DIP Facility Agreement and without further order from this Court, the automatic stay provisions of section 362 of the Bankruptcy Code are vacated and modified to the extent necessary to permit the DIP Facility Agents and DIP Facility Lenders to exercise, upon the occurrence and during the continuance of any Event of Default (as defined and provided for in Article 8.1 of the DIP Facility Agreement), all rights and remedies provided for in the DIP Facility Documents (including, without limitation, the right to freeze monies or balances in the Debtors' accounts or set off monies or balances of the Debtors in accounts maintained by the DIP Facility Agents or any DIP Facility Lender); *provided however*, that prior to the exercise of any enforcement or liquidation remedies against the Collateral, the DIP Facility Agents shall be required to give five (5) business' days written notice provided to the Debtors, their bankruptcy counsel, the Committee's counsel, and the U.S. Trustee as provided for in section 8.2(b) of the DIP Facility Agreement. Notwithstanding the occurrence of an Event of Default or the Commitment

Termination Date or anything herein, all of the rights, remedies, benefits, and protections provided to the DIP Facility Agents and DIP Facility Lenders under the DIP Facility Documents and this Order shall survive the Commitment Termination Date. The Debtors and/or the Committee shall have the initial burden of proof at any hearing on any request by the Debtors and/or the Committee to re-impose or continue the automatic stay as provided for herein; *provided, however*, that nothing contained herein shall constitute a waiver of the Debtors' right to challenge the occurrence or existence of an Event of Default or shall prohibit the Debtors from contesting, disputing or challenging the occurrence or existence of an Event of Default. This Court shall retain exclusive jurisdiction to hear and resolve any disputes and enter any orders required by the provisions of this paragraph and relating to the application, re-imposition or continuance of the automatic stay as provided hereunder.

15. Binding Effect. The provisions of this Order shall be binding upon and inure to the benefit of the DIP Facility Agents, the DIP Facility Lenders, the Prepetition Agents, the Prepetition Lenders, the Debtors, and their respective successors and assigns. To the extent permitted by applicable law, this Order shall bind any trustee hereafter appointed for the estate of any of the Debtors, whether in these Cases or in the event of the conversion of any of the Cases to a liquidation under chapter 7 of the Bankruptcy Code. Such binding effect is an integral part of this Order.

16. Survival. The provisions of this Order and any actions taken pursuant hereto shall survive the entry of any order (i) confirming any plan of reorganization in any of the Cases (and, to the extent not satisfied in full in cash, the Postpetition Indebtedness shall not be discharged by the entry of any such order, or pursuant to section 1141(d)(4) of the Bankruptcy Code, each of the Debtors having hereby waived such discharge); (ii) converting

any of the Cases to a chapter 7 case; or (iii) dismissing any of the Cases, and the terms and provisions of this Order as well as the DIP Facility Superpriority Claims, the DIP Facility Liens and the Indemnification Claim granted pursuant to this Order and the DIP Facility Documents shall continue in full force and effect notwithstanding the entry of any such order, and such claims and liens shall maintain their priority as provided by this Order, and the DIP Facility Documents and to the maximum extent permitted by law until all of the Postpetition Indebtedness is indefeasibly paid in full and discharged.

17. After Acquired Property. Except as otherwise provided in this Order, pursuant to section 552(a) of the Bankruptcy Code, all property acquired by the Debtors after the Commencement Date, including, without limitation, all Collateral pledged or otherwise granted to the DIP Facility Agents, on behalf of themselves and the DIP Facility Lenders, pursuant to the DIP Facility Documents and this Order, is not and shall not be subject to any lien of any person or entity resulting from any security agreement entered into by the Debtors prior to the Commencement Date, except to the extent that such property constitutes proceeds of property of the Debtors that is subject to a valid, enforceable, perfected, and unavoidable lien as of the Commencement Date which is not subject to subordination under section 510(c) of the Bankruptcy Code or other provision or principles of applicable law.

18. Access to the Debtors. Without limiting the rights of access and information afforded any of the DIP Facility Agents and DIP Facility Lenders under the DIP Facility Documents, the Debtors shall permit representatives, agents, and/or employees of the DIP Facility Agents and DIP Facility Lenders to have reasonable access to their premises and records during normal business hours (without unreasonable interference with the proper operation of the Debtors' businesses) and shall cooperate, consult with, and provide to such

representatives, agents, and/or employees all such non-privileged information as they may reasonably request.

19. Authorization to Act. Each of the Debtors is authorized to do and perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the execution of security agreements, mortgages and financing statements), and to pay fees, which may be reasonably required or necessary for the Debtors' performance under the DIP Facility and this Order, including, without limitation:

a. the execution of the DIP Facility Documents;

b. the modification or amendment of the DIP Facility Agreement or any other DIP Facility Documents without further order of this Court, in each case, in such form as the Debtors, the DIP Facility Agents, and the DIP Facility Lenders may agree (except for any modification or amendment to shorten the maturity of the extensions of credit thereunder, or increase the rate of interest or the letter of credit fees payable thereunder); *provided, however*, that notice of any material modification or amendment shall be provided to the Committee and the U.S. Trustee, each of which will have five (5) days from the date of such notice within which to object in writing; *provided further, however*, that if such objection is timely provided, then such modification or amendment shall be permitted only pursuant to an order of the Court; and

c. the non-refundable payment to the DIP Facility Agents or the DIP Facility Lenders, as the case may be, of the Fees referred to (and defined) in the DIP Facility Agreement and the Fee Letter, dated as of July 8, 2005, and reasonable costs and expenses as may be due from time to time, including, without limitation, reasonable attorneys' and other professional fees and disbursements as provided in the DIP Facility Documents.

20. Insurance Policies. Effective as of entry of the Interim Order, the DIP Facility Agents and DIP Facility Lenders shall be, and shall be deemed to be, without any further action or notice, named as additional insureds and loss payees on each insurance policy maintained by the Debtors which in any way relates to the Collateral. Any insurance proceeds or other receipts from any source (excluding other authorized payments provided for herein) paid to the Prepetition Agents or Prepetition Lenders shall be immediately delivered to the Debtors and subject to the DIP Facility Liens and provisions of the DIP Facility Agreement.

21. Subsequent Reversal. If any or all of the provisions of this Order or the DIP Facility Documents are hereafter modified, vacated, amended, or stayed by subsequent order of this Court or any other court without the consent of the DIP Facility Agents: (i) such modification, vacatur, amendment, or stay shall not affect the validity of any obligation of any Debtor or Guarantor to the DIP Facility Agents or DIP Facility Lenders or the Prepetition Agents and Prepetition Lenders that is or was incurred prior to the effective date of such modification, vacatur, amendment, or stay (the "Effective Date"), or the validity, enforceability or priority of the DIP Facility Superpriority Claim, DIP Facility Liens or other grant authorized or created by the Interim Order or this Order and the DIP Facility Documents; (ii) the Postpetition Indebtedness pursuant to the Interim Order or this Order and the DIP Facility Documents arising prior to the Effective Date shall be governed in all respects by the original provisions of the Interim Order, this Order and the DIP Facility Documents (as applicable), and the validity of any such credit extended or security interest granted pursuant to the Interim Order, this Order and the DIP Facility Documents is and shall be protected by section 364(e) of the Bankruptcy Code and (iii) the Indemnification Claim and the adequate protection furnished to the Prepetition Agents and the Prepetition Lenders pursuant to this Order shall be governed

in all respects by the original provisions of this Order and the Prepetition Financing Documents.

22. Effect of Dismissal of Cases. If the Cases are dismissed, converted or substantively consolidated, then neither the entry of this Order nor the dismissal, conversion or substantive consolidation of these Cases shall affect the rights of the DIP Facility Agents, the Prepetition Agents, the DIP Facility Lenders or the Prepetition Lenders under their respective DIP Facility Documents or Prepetition Financing Documents or this Order, and all of the respective rights and remedies thereunder, as modified by this Order, of the DIP Facility Agents, the Prepetition Agents, the DIP Facility Lenders and the Prepetition Lenders shall remain in full force and effect as if the Cases had not been dismissed, converted, or substantively consolidated. If an order dismissing any of the Cases is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that (i) the DIP Facility Liens and DIP Facility Superpriority Claim granted to and conferred upon the DIP Facility Agents and DIP Facility Lenders and the protections afforded to the DIP Facility Agents and/or the DIP Facility Lenders pursuant to this Order and the DIP Facility Documents shall continue in full force and effect and shall maintain their priorities as provided in this Order until all Postpetition Indebtedness shall have been paid and satisfied in full and, with respect to outstanding undrawn letters of credit, cash collateralized in accordance with the provisions of the DIP Facility Agreement (and that such DIP Facility Liens, DIP Facility Superpriority Claim and other protections shall, notwithstanding such dismissal, remain binding on all interested parties), (ii) the LC Fund, the Prepetition Lenders Administrative Claim and Indemnification Fund granted to and conferred upon the Prepetition Agents and Prepetition Lenders shall continue in full force and effect and shall maintain their priorities as

provided in this Order (and that such Indemnification Claim, Indemnification Fund, LC Fund, Replacement Liens and Prepetition Lenders Administrative Claim shall, notwithstanding such dismissal, remain binding on all interested parties), (iii) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purpose of enforcing the DIP Facility Liens, DIP Facility Superpriority Claim, Prepetition Lenders Administrative Claim, Indemnification Claim, Indemnification Fund and LC Fund referred to herein, and (iv) the effectiveness of any order dismissing the Cases shall not occur until sixty (60) days after it is entered in order to give the DIP Facility Agents and DIP Facility Lenders the opportunity to perfect all security interests and liens in the Collateral under non-bankruptcy law, including, without limitation, the filing or recording of financing statements, mortgages, deeds of trust, security deeds, leasehold mortgages, notices of lien or similar instruments in any jurisdiction (including trademark, copyright, tradename or patent assignment filings with the United States Patent and Trademark Office, Copyright Office or any similar United States entity) and the procurement of waivers from any landlord, tenant, mortgagee, bailee or warehouseman and consents from any licensor or similar party-in-interest. The provisions of this Order, and any actions taken pursuant hereto, shall survive the entry of and shall govern with respect to any conflict with any order that may be entered confirming any plan of reorganization or converting any of the Cases from Chapter 11 to Chapter 7. In no event shall any plan of reorganization be allowed to alter the terms of repayment of any of the Postpetition Indebtedness from those set forth in the DIP Facility Documents. The Postpetition Indebtedness shall not be extinguished or released by the entry of any order confirming a plan of reorganization in any of the Cases unless the Postpetition Indebtedness is paid in full in cash upon the effective date of any such plan and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors have waived discharge.

23. Use of Canadian Cash Collateral. The Debtors, and in particular, Allied Canada, are authorized pursuant to sections 105, 361, 363, 541 and 553 of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014, to use the Canadian Cash Collateral, so as to fund, among other things, ongoing working capital needs of Allied. Scotia is hereby restrained and prohibited from exercising or implementing any rights of offset, recoupment, restraint, sweep, reserve or other similar application or remedy against, or in connection with, the Cash Collateral on account of any outstanding prepetition general unsecured advances made by Scotia to Allied Canada pursuant to the Prepetition Scotia Credit Agreement. Allied Canada shall have continued and uninterrupted access to and use of all of the Canadian Accounts so as to allow any and all checks, drafts, notes and transfers from and instruments drawn against, and all cash, cash equivalents, checks, drafts, wire transfers and other deposits presently or hereafter received and deposited in, the Canadian Accounts, to be fully credited and processed for use by Allied Canada in the ordinary course, provided, however, that Scotia shall not be required to advance or loan any funds to Allied Canada and Allied Canada's use of the Canadian Cash Collateral shall be limited to the actual cash balances presently, and as may become available in, the Canadian Accounts and the cash collections as may be received by and/or deposited into the Canadian Accounts. As adequate protection for the use of the Canadian Cash Collateral, pursuant to sections 361(c) and 363 of the Bankruptcy Code, Scotia is hereby granted on account of its claims under the Prepetition Scotia Credit Agreement (i) the continuation, but not enforcement, of Scotia's interests in and claims, if any, to and in all the Canadian Cash Collateral hereafter deposited and maintained from time to time in the Canadian Accounts and (ii) the indubitable equivalent of Scotia's "security" consisting of the continued maintenance and preservation in accordance with its present terms of the standby

Letter of Credit (or such other replacement letter of credit in a form and substance acceptable to Scotia as may be issued under the DIP Facility) so as to provide continuing security and assurance of repayment for any outstanding loans and advances by Scotia to Allied Canada. Allied Canada and Scotia, subject to their mutual consent and joint execution, are hereby authorized to enter into an agreement for the continuation and/or renewal of the Prepetition Scotia Credit Agreement without further order of this Court; provided, however, that such continuation and/or renewal shall be required to be on substantially the same terms and conditions as those currently contained in the Prepetition Scotia Credit Agreement.

24. Findings of Fact and Conclusions of Law. This Order constitutes findings of fact and conclusions of law and shall take effect and be fully enforceable immediately upon the entry thereof.

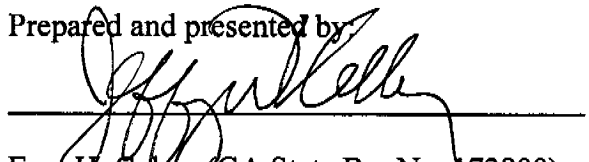
25. Controlling Effect of Order. To the extent any provision of this Order conflicts with any provision of the Motion, the Interim Order, any prepetition agreement or any document executed in connection with the DIP Facility, the provisions of this Order shall control.

26. Adequate Notice. The notice given by the Debtors of the Final Hearing was given in accordance with Bankruptcy Rule 4001(c)(2). Within three (3) business days after the Court's entry of this Order, the Debtors shall mail copies of this Order to the Notice Parties.

24 SO ORDERED, ADJUDGED, DECREED AND STIPULATED, this day of August, 2005.

W. H. DRAKE, JR.
UNITED STATES BANKRUPTCY JUDGE

Prepared and presented by:



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