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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re) Chapter 11
))
MUSICLAND HOLDING CORP., et al.,¹) Case No. 06-10064-SMB
) Jointly Administered
Debtors.)
_____))

ORDER (A) AUTHORIZING DEBTORS TO OBTAIN INTERIM POST-PETITION FINANCING AND GRANT SECURITY INTERESTS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS PURSUANT TO 11 U.S.C. §§ 105 AND 364(c); (B) MODIFYING THE AUTOMATIC STAY PURSUANT TO 11 U.S.C. § 362; (C) AUTHORIZING DEBTORS TO ENTER INTO AGREEMENTS WITH WACHOVIA BANK, NATIONAL ASSOCIATION; (D) AUTHORIZING DEBTORS TO USE THE CASH COLLATERAL OF SECURED TRADE CREDITORS AND GRANTING ADEQUATE PROTECTION AND ADMINISTRATIVE EXPENSE PRIORITY THERETO AND (E) SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001

Upon the motion (the "Motion"), dated January 12, 2006, of Suncoast Motion Picture Company, Inc. ("SMPC"), Suncoast Group, Inc. ("SGI"), Suncoast Retail, Inc. ("SRI"), TMG Caribbean, Inc. ("Caribbean"), The Musicland Group, Inc. ("TMG"), Musicland Purchasing Corp. ("Purchasing"), Musicland Retail, Inc. ("MRI"), TMG-Virgin Islands, Inc. ("TMGVI"), MLG Internet, Inc. ("Internet"), Media Play, Inc. ("Media Play"), Request Media, Inc.

¹ The Debtors are: Musicland Holding Corp, Media Play, Inc., MG Financial Services, Inc., MLG Internet, Inc., Musicland Purchasing Corp., Musicland Retail, Inc., Request Media, Inc., Sam Goody Holding Corp., Suncoast Group, Inc., Suncoast Holding Corp., Suncoast Motion Picture Company, Inc., Suncoast Retail, Inc., TMG Caribbean, Inc., TMG-Virgin Islands, Inc., The Musicland Group, Inc.

("Request" and together with SMPC, SGI, SRI, Caribbean, TMG, Purchasing, MRI, TMGVI, Media Play and Internet, each individually, a "Borrower" and collectively, the "Borrowers"), Musicland Holding Corp. ("Holding"), MG Financial Services, Inc. ("MGF"), Sam Goody Holding Corp. ("Sam Goody") and Suncoast Holding Corp. ("Suncoast" and, together with Holding, MGF and Sam Goody, each individually, a "Guarantor" and collectively, the "Guarantors"; and together with Borrowers, each individually, a "Debtor" and collectively, the "Debtors"), each as a debtor and debtor-in-possession in the above-captioned chapter 11 cases (collectively, the "Cases"), pursuant to sections 105, 361, 362, 364(c)(1), 364(c)(2) and 364(c)(3) of title 11 of the United States Code, 11 U.S.C. §§ 101, et seq. (the "Bankruptcy Code") and Rules 2002, 4001(c), and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), seeking, among other things:

(1) authorization for Borrowers to obtain post-petition loans, advances and other financial accommodations on an interim basis for a period through and including the date of the Final Hearing (as hereinafter defined) from Wachovia Bank, National Association, formerly known as Congress Financial Corporation (Florida), in its capacity as agent (in such capacity, "Agent") for the financial institutions from time to time party to the Loan Agreement (as hereinafter defined) as lenders (each individually, a "Lender" and collectively, the "Lenders"), inclusive of the amount of all pre-petition indebtedness owed by Debtors to Agent and Lenders, in accordance with all of the lending formulae, sublimits, terms and conditions set forth in the Existing Loan Agreement (as hereinafter defined), as amended and ratified by the Ratification Agreement (as hereinafter defined), and in accordance with this Order, secured by security interests in and liens upon all of the Collateral (as hereinafter defined) pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code;

(2) authorization for Debtors to enter into the Ratification and Amendment Agreement, dated of even date herewith (the "Ratification Agreement", a copy of which is annexed hereto and incorporated herein as Exhibit "A"), by and among Debtors, Agent and Lenders, which ratifies, extends, adopts and amends the Existing Loan Agreement and the other

existing loan, financing and security agreements by and among Debtors, Agent and Lenders (capitalized terms not otherwise defined in this Order shall have the respective meanings ascribed thereto in the Existing Loan Agreement, as amended and ratified by the Ratification Agreement);

(3) modification of the automatic stay to the extent hereinafter set forth;

(4) granting to Agent, for the benefit of itself and the other Lenders, a superpriority administrative claim status pursuant to section 364(c)(1) of the Bankruptcy Code in respect of all Post-Petition Obligations (as defined in the Ratification Agreement);

(5) authorizing Debtors to continue to use the Secured Trade Collateral of the Secured Trade Creditors (as both terms are hereinafter defined) and to provide adequate protection with respect thereto in the form of replacement liens and superpriority administrative claim status pursuant to Section 507(b) of the Bankruptcy Code; and

(6) setting a final hearing on the Motion.

Due and appropriate notice of the Motion, the relief requested therein, and the Interim Hearing (as defined below) (the "Notice") having been served by the Debtors on (i) the Agent and Lenders; (ii) the United States Trustee for the Southern District of New York (the "U.S. Trustee"); (iii) the holders of the thirty (30) largest unsecured claims against the Debtors' estates on a consolidated basis (the "30 Largest Unsecured Creditors"); and (iv) Morgan, Lewis & Bockius LLP, in its capacity as counsel to the Informal Committee of Secured Trade Creditors (the "Informal Committee of Secured Trade Creditors") (collectively, the "Noticed Parties").

The interim hearing on the Motion having been held by this Court on January 13, 2006 (the "Interim Hearing").

Upon the record made by the Debtors at the Interim Hearing, including the Motion, and the filings and pleadings in the Cases, and good and sufficient cause appearing therefore **and upon consideration of the letter dated January 17m 2006 from Jonathan Friedman to the Court; SMB 1/17/2006**

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACTS
AND CONCLUSIONS OF LAW:

A. Petition. On January 12, 2006 (the "Petition Date"), each Debtor filed a voluntary petition (the "Petition") under chapter 11 of the Bankruptcy Code. The Debtors continue to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. Jurisdiction and Venue. The Court has jurisdiction of this proceeding and the parties and property affected hereby pursuant to 28 U.S.C. §§ 157(b) and 1334. The Motion is a "core" proceeding as defined in 28 U.S.C. § 157(b)(2)(A), (D), and (M). Venue of the Cases and the Motion in this Court is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Notice. Under the circumstances, the Notice given by the Debtors of the Motion, the Interim Hearing and the relief granted under this Order constitutes due and sufficient notice thereof and complies with Bankruptcy Rule 4001(c).

D. Debtors' Acknowledgments and Agreements. The Debtors admit, stipulate, acknowledge and agree that:²

(i) *Pre-Petition Financing Agreements.* Prior to the commencement of the Cases, Agent and Lenders made loans, advances and provided other credit accommodations to Borrowers pursuant to: (1) Loan and Security Agreement, dated August 11, 2003, by and among Debtors, Lenders, Agent and Co-Agent, together with Amendment No. 1 to Loan and Security Agreement, dated October 24, 2003, Amendment No. 2 to Loan and Security Agreement, dated November 17, 2003, Amendment No. 3 to Loan and Security Agreement, dated June 10, 2004, Amendment No. 4 to Loan and Security Agreement, dated September 21,

² The admissions, stipulations, acknowledgements and agreements of Debtors under Paragraph D of this Order are expressly subject to the rights of the Official Committee of Unsecured Creditors, or if none appointed, all other creditors of the Debtors' estates, as set forth in paragraph 4.1 of this Order.

2004, Amendment No. 5 to Loan and Security Agreement, dated September 22, 2004, Amendment No. 6 to Loan and Security Agreement, dated October 15, 2004, Amendment No. 7 to Loan and Security Agreement, dated February 28, 2005, Amendment No. 8 to Loan and Security Agreement, dated August 31, 2005 and Letter Agreement, dated December 9, 2005 (as the same has heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, the "Existing Loan Agreement", a copy of which is annexed to the Exhibit Supplement to the Motion (the "Exhibit Supplement") as Exhibit "A" thereto and is incorporated herein by reference) and (2) all other agreements, documents and instruments executed and/or delivered with, to, or in favor of Agent and Lenders, including, without limitation, the Existing Guarantor Documents (as defined in the Ratification Agreement), security agreements, notes, guarantees, mortgages, Uniform Commercial Code ("UCC") financing statements and all other related agreements, documents and instruments executed and/or delivered in connection therewith or related thereto (all of the foregoing, together with the Existing Loan Agreement, as all of the same have heretofore been amended, supplemented, modified, extended, renewed, restated and/or replaced at any time prior to the Petition Date, collectively, the "Pre-Petition Financing Agreements"). Copies of the operative Pre-Petition Financing Agreements are contained in the Exhibit Supplement.

(ii) *Secured Trade Debt.* Prior to the Petition Date, each Trade Creditor (as defined in the Secured Trade Creditor Intercreditor Agreement and referred to herein as "Secured Trade Creditor") from time to time extended trade credit to Debtors on terms and conditions agreed to by the Debtors and such Secured Trade Creditor. Pursuant to a Security Agreement, dated November 5, 2003 (the "Secured Trade Debt Security Agreement"), by and among Debtors and The Bank of New York, in its capacity as agent (in such capacity, "Secured Trade Agent"), all obligations owing by Debtors to Secured Trade Agent and Secured Trade Creditors are secured by the Trade Collateral (as defined in the Secured Trade Creditor Intercreditor Agreement and referred to herein as the "Secured Trade Collateral").

(iii) *Subordinated Merchandise Debt.* Prior to the Petition Date, Media Play, Purchasing and Hilco Merchant Resources, LLC ("Merchandise Agent") entered into an Agency Agreement, dated December 9, 2005 (the "Merchandise Agency Agreement"), pursuant to which Merchandise Agent was retained as the exclusive agent for the limited purpose of selling all of the Merchandise (as defined in the Merchandise Consent Agreement referred to below) located in certain of Media Play's retail store locations. Pursuant to a Security Agreement, dated December 9, 2005, by and among Media Play, Purchasing and Merchandise Agent, all obligations owing to Merchandise Agent under the Merchandise Agency Agreement are secured by a security interest in the Merchandise (as defined in the Merchandise Consent Agreement referred to below) and the proceeds thereof.

(iv) *Intercreditor Agreements.*

(a) Agent and Secured Trade Agent entered into an Intercreditor Agreement, dated November 5, 2003 (as from time to time supplemented to add Additional Trade Creditors (as such term is defined in the Secured Trade Intercreditor Agreement), the "Secured Trade Creditor Intercreditor Agreement"), which sets forth, inter alia, the respective rights, obligations, and priorities of the claims and interests of Agent and Secured Trade Agent with respect to the Secured Trade Collateral and the Revolving Loan Collateral (as such term is defined in the Secured Trade Creditor Intercreditor Agreement). A copy of the Secured Trade Creditor Intercreditor Agreement is annexed to the Exhibit Supplement as part of Exhibit "E."

(b) Agent and Merchandise Agent entered into a Consent Agreement, dated December 9, 2005 (the "Merchandise Consent Agreement" and together with the Secured Trade Creditor Intercreditor Agreement, the "Intercreditor Agreements"), which sets forth, inter alia, the respective rights, obligations, and priorities of the claims and interests of Agent and Merchandise Agent with respect to the Merchandise (as defined in the Merchandise Consent Agreement) and the proceeds thereof. A copy of the Merchandise Consent Agreement is annexed to the Exhibit Supplement as part of Exhibit "E."

(v) *Pre-Petition Obligations Amount.* As of the Petition Date, the aggregate amount of all Loans, Letter of Credit Accommodations and other Pre-Petition Obligations (as defined in the Ratification Agreement) owed by Debtors to Agent and Lenders under and in connection with the Pre-Petition Financing Agreements was not less than approximately \$38,097,756, plus all interest accruing thereon, and all fees, costs, expenses, and other charges accrued, accruing, or chargeable with respect thereto (collectively, the "Pre-Petition Obligations", as such term is more fully defined in the Ratification Agreement³). Subject to the provisions set forth in Section 4.1 (herein), the Pre-Petition Obligations constitute allowed, legal, valid, binding, enforceable and non-avoidable obligations of Debtors, and are not subject to any offset, defense, counterclaim, avoidance, recharacterization or subordination pursuant to the Bankruptcy Code or any other applicable law, and Debtors do not possess and shall not assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of the Pre-Petition Obligations.

(vi) *Pre-Petition Collateral.* As of the Petition Date, the Pre-Petition Obligations were fully secured pursuant to the Pre-Petition Financing Agreements by valid, perfected, enforceable and non-avoidable first priority security interests and liens granted by Debtors to Agent, for the benefit of itself and the other Lenders, upon all of the Collateral (as defined in the Existing Loan Agreement) existing as of the Petition Date and all issues, profits, proceeds, and products thereof (collectively, together with any other property of the Debtors' bankruptcy estates (as defined under section 541 of the Bankruptcy Code, the "Estates") in which a security interest or lien was granted to Agent, for the benefit of itself and the other Lenders,

³ To the extent that the term "Pre-Petition Obligations" as defined and used in this Interim Order is in any way inconsistent or conflicts with the way in which such term is defined in the Ratification Agreement, the definition of such term contained in the Ratification Agreement shall control and shall be incorporated into this Interim Order.

prior to the Petition Date, the "Pre-Petition Collateral", as such term is more fully defined in the Ratification Agreement)⁴, subject only to the liens specifically listed on Schedule 8.4 of the Existing Loan Agreement or permitted under Section 9.8 of the Existing Loan Agreement to the extent that such encumbrances are (a) valid, perfected, and unavoidable liens or security interests existing as of the Petition Date, and (b) senior to and have not been subordinated to Agent's and Lenders' liens and security interests in the Pre-Petition Collateral, and, in each instance, only for so long as and to the extent that such encumbrances are and remain senior and outstanding (hereinafter referred to as the "Permitted Encumbrances"). The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-avoidability of any of Agent's or Lenders' liens, claims and/or security interest in the Pre-Petition Collateral.

(vii) *Secured Trade Creditor Pre-Petition Collateral.* As of the Petition Date, the Secured Trade Debt was secured pursuant to the Secured Trade Debt Security Agreement by valid, perfected, enforceable and non-avoidable security interests and liens granted by Debtors to Secured Trade Agent, for the benefit of itself and the Secured Trade Creditors, upon all of the Secured Trade Collateral existing as of the Petition Date and all issues, profits, proceeds, and products thereof in which a security interest or lien was granted to Secured Trade Agent, for the benefit of itself and the Secured Trade Creditors, prior to the Petition Date, subject only to the liens created by or permitted under the Existing Loan Agreement. The Debtors do not possess and will not assert any claim, counterclaim, setoff or defense of any kind, nature or description which would in any way affect the validity, enforceability and non-

⁴ The acknowledgment and agreement by Debtors of the Pre-Petition Obligations and the liens, rights, priorities and protections granted to or in favor of Agent and Lenders as set forth herein and in the Pre-Petition Financing Agreements shall constitute a proof of claim on behalf of Lenders in the Cases.

avoidability of any of Secured Trade Agent's or Secured Trade Creditors' liens, claims and/or security interest in the Secured Trade Collateral.

E. Findings Regarding the Postpetition Financing.

(i) *Postpetition Financing.* The Debtors have requested from Agent and Lenders, and Agent and Lenders are willing to extend, certain loans, advances and other financial accommodations, as more particularly described and on the terms and conditions set forth in this Order and the Financing Agreements (as hereinafter defined).

(ii) *Need for Post-Petition Financing.* The Debtors do not have sufficient available sources of working capital to operate their businesses in the ordinary course of their business without the financing requested under the Motion. The Debtors' ability to maintain business relationships with their vendors, suppliers, and customers, to pay their employees, and to otherwise fund their operations is essential to Debtors' continued viability. The ability of the Debtors to obtain sufficient working capital and liquidity through the proposed post-petition financing arrangements with Agent and Lenders as set forth in this Order and the Financing Agreements is vital to the preservation and maintenance of the going concern values of the Debtors. Accordingly, the Debtors have an immediate need to obtain the post-petition financing in order to permit, among other things, the orderly continuation of the operation of their businesses, to minimize the disruption of their business operations, and to manage and preserve the assets of their estates in order to maximize the recovery to all estate creditors.

(iii) *No Credit Available on More Favorable Terms.* The Debtors are unable to procure financing in the form of unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code, as an administrative expense under section 364(a) or (b) of the Bankruptcy Code, or in exchange for the grant of an administrative expense priority pursuant to section 364(c)(1) of the Bankruptcy Code without the grant of liens on assets. The Debtors have been unable to procure the necessary financing on terms more favorable than the financing offered by Agent and Lenders pursuant to the Financing Agreements; and

(iv) *Budget.* Debtors have prepared and delivered to Agent and Lenders an initial budget (the "Budget", as such term is more fully defined in the Ratification Agreement). A copy of the initial Budget is annexed hereto as Exhibit "B" and is incorporated herein by reference. Such Budget has been thoroughly reviewed by the Debtors and their management and sets forth, among other things, the Projected Information (as defined in the Ratification Agreement) for the periods covered thereby. The Debtors represent that the Budget is achievable and will allow the Debtors to operate in Chapter 11 without the accrual of unpaid administrative expenses. Agent and Lenders are relying upon the Debtors' compliance with the Budget in accordance with Section 5.3 of the Ratification Agreement and this Order in determining to enter into the post-petition financing arrangements provided for herein.

(v) *Business Judgment and Good Faith Pursuant to Section 364(e).* The terms of the Financing Agreements and this Order are fair, just and reasonable under the circumstances, are ordinary and appropriate for secured financing to debtors-in-possession, reflect the Debtors' exercise of their prudent business judgment consistent with their fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The terms and conditions of the Financing Agreements and this Order have been negotiated in good faith and at arms' length by and among the Debtors, Agent and the Lenders, with all parties represented by counsel. Any credit extended under the terms of this Order shall be deemed to have been extended in good faith by the Agent and Lenders as that term is used in section 364(e) of the Bankruptcy Code.

(vi) *Good Cause.* The relief requested in the Motion is necessary, essential, and appropriate and is in the best interest of and will benefit the Debtors, their creditors, and their Estates as its implementation will, among other things, provide the Debtors with the necessary liquidity (i) to minimize disruption to the Debtors' businesses and on-going operations, (ii) preserve and maximize the value of the Debtors' Estates for the benefit of all the Debtors' creditors, and (iii) avoid immediate and irreparable harm to the Debtors, their creditors, their businesses, their employees, and their assets.

(vii) *Immediate Entry.* Sufficient cause exists for immediate entry of this Order pursuant to Bankruptcy Rules 4001(c)(2). No party appearing in the Cases has filed or made an objection to the relief sought in the Motion and the entry of this Order, or any objections that were made (to the extent such objections have not been withdrawn) are hereby overruled.

(viii) *Committee.* As of the date hereof, the U.S. Trustee has not appointed a Committee in accordance with section 1102 of the Bankruptcy Code.

Based upon the foregoing, and after due consideration and good cause appearing therefor;

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, that:

Section 1. Authorization and Conditions to Financing.

1.1 Motion Granted. The Motion is granted in accordance with Bankruptcy Rule 4001(c)(2) to the extent provided in this Order. This Order shall hereinafter be referred to as the "Interim Order."

1.2 Authorization to Borrow and Use of Loan Proceeds. The Borrowers are hereby authorized and empowered to immediately borrow and obtain Loans and Letter of Credit Accommodations and to incur indebtedness and obligations owing to Agent and Lenders pursuant to the terms and conditions of this Interim Order and the Existing Loan Agreement, as ratified and amended by the Ratification Agreement (as the same has heretofore been or may hereafter be amended, modified, supplemented, restated, extended or replaced, the "Loan Agreement"; as such term is more fully defined in the Ratification Agreement) and the other Financing Agreements during the period commencing on the date of this Interim Order through and including the date of the Final Hearing as set forth in section 6 of this Interim Order (the "Interim Financing Period"), and in accordance with the Budget, in such amounts as may be made available to the Borrowers by the Agent and Lenders in accordance with the Budget and all of the lending formulae, sublimits, terms and conditions set forth in the Loan Agreement, the other Financing Agreements and this Interim Order; provided that, pending entry of a Final

Financing Order (as defined in the Ratification Agreement) in respect of the Motion, the aggregate outstanding amount of such Loans and Letter of Credit Accommodations shall not exceed the aggregate principal amount of \$60,000,000 at any one time, which amount is inclusive of all Pre-Petition Obligations. Subject to the terms and conditions contained in this Interim Order and the Financing Agreements, and in accordance with the Budget, the Financing Agreements and this Interim Order, Borrowers shall use the proceeds of the Loans and any other credit accommodations provided to Borrowers pursuant to this Interim Order, the Loan Agreement and the other Financing Agreements for the payment of the expense items specified in the Budget, including, without limitation, the fees of the U.S. Trustee, the Clerk of this Court and, subject to section 2.3 of this Interim Order, Allowed Professional Fees (as hereinafter defined).

1.3 Financing Agreements.

1.3.1 Authorization. The Debtors are hereby authorized and directed to enter into, execute, deliver, perform, and comply with all of the terms, conditions and covenants of the Loan Agreement, the other Financing Agreements and all other agreements, documents and instruments executed and/or delivered in connection with or related to the Loan Agreement, the other Financing Agreements and this Interim Order, including, without limitation, the Ratification Agreement, pursuant to which, inter alia, each Debtor ratifies, reaffirms, extends, assumes, adopts, amends, and restates the Existing Loan Agreement and the other Pre-Petition Financing Agreements to which it is a party, including, without limitation, the Deposit Account Control Agreement, dated October 29, 2003, by and among Wells Fargo Bank, National Association (the "Blocked Account Bank"), Agent and Purchasing (the "Blocked Account Agreement"), the Existing Loan Agreement, the Pre-Petition Financing Agreements and all other agreements, documents and instruments executed and/or delivered in connection with or related to any of the foregoing, in each case as ratified and amended by the Ratification Agreement (as all of the same have heretofore been or may hereafter be amended, modified, extended, supplemented, restated or replaced, collectively, the "Financing Agreements").

1.3.2 Approval. The Financing Agreements (including, without limitation, the Loan Agreement) and each term set forth therein are approved to the extent necessary to implement the terms and provisions of this Interim Order. All of such terms, conditions, and covenants shall be sufficient and conclusive evidence of the borrowing arrangements by and among Debtors, Agent and Lenders, and of the Debtors' assumption and adoption of all of the terms, conditions, and covenants of the Loan Agreement and the other Financing Agreements for all purposes, including, without limitation, to the extent applicable, the payment of all Obligations (as defined in the Loan Agreement) arising thereunder, including, without limitation, all principal, interest, commissions, Letter of Credit Accommodations fees, servicing fees, unused line fees, DIP facility fee, early termination fees, and other fees and expenses, including, without limitation, all of Agent's and Lenders' consultant fees, professional fees and reasonable attorneys' fees and legal expenses, as more fully set forth in the Financing Agreements.

1.3.3 Amendment. Subject to the terms and conditions of the Loan Agreement and the other Financing Agreements, Agent, Lenders and Debtors may amend, modify, supplement, or waive any provision of the Financing Agreements (an "Amendment") without further approval or order of the Court so long as (i) such Amendment is not material (for purposes hereof, a "material" Amendment shall mean, any Amendment that operates to increase the rate of interest other than as currently provided in the Financing Agreements, increase the Maximum Credit (as defined in the Loan Agreement), add specific new events of default or enlarge the nature and extent of default remedies available to the Agent and Lenders following an event of default, or otherwise modify any terms and conditions in any Financing Agreement in a manner materially less favorable to Debtors) and is undertaken in the good faith by the Agent, Lenders and Debtors; (ii) the Debtors provides prior written notice of not less than three (3) business days of the effectiveness of the Amendment (the "Amendment Notice") to (x) counsel to the Secured Trade Creditors, (y) counsel to any official committee appointed in the Cases under section 1102 of the Bankruptcy Code (collectively, the "Committee(s)") or in the

event no such Committee is appointed at the time of such Amendment, the 20 Largest Unsecured Creditors and (z) the U.S. Trustee, and file the Amendment Notice with the Court; and (iii) no objection to the Amendment is filed with the Court within two (2) business days from the later of the date the Amendment Notice is served or the date the Amendment Notice is filed with the Court in accordance with this section. Any material Amendment to the Financing Agreements must be approved by the Court to be effective.

1.4 Payment of Prepetition Debt. The Debtors are authorized to pay the Agent and Lenders on account of the Pre-Petition Obligations in accordance with the Financing Agreements and sections 1.5 and 1.6 of this Interim Order.

1.5 Payments and Application of Payments. The Debtors are authorized and directed to make all payments and transfers of Estate property to the Agent, for the benefit of itself and the other Lenders, as provided, permitted, and/or required under the Loan Agreement and the other Financing Agreements, which payments and transfers shall not be avoidable or recoverable from Agent or Lenders under Sections 547, 548, 550, 553 or any other provision of the Bankruptcy Code or any other claim, charge, assessment, or other liability, whether by application of the Bankruptcy Code, other law, or otherwise. Agent and Lenders shall apply the proceeds of the Collateral or any other amounts or payments received by Agent and Lenders in respect of the Obligations in accordance with the Loan Agreement, the other Financing Agreements and this Interim Order, including, without limitation, applying all payments, proceeds and other amounts first to the Pre-Petition Obligations, until such Pre-Petition Obligations are indefeasibly paid in full and completely satisfied, and then to the Post-Petition Obligations. Without limiting the generality of the foregoing, the Debtors are authorized and directed, without further order of this Court, to pay or reimburse the Agent and Lenders for all present and future costs and expenses, including, without limitation, all reasonable professional fees, consultant fees and legal fees and expenses, paid or incurred by the Agent and/or any Lender in connection with the financing transactions as provided in this Interim Order and the

Financing Agreements, all of which shall be and are included as part of the principal amount of the Obligations, and shall be secured by the Collateral.

1.6 Continuation of Prepetition Procedures. All pre-petition practices and procedures for the payment and collection of proceeds of the Collateral, the turnover of cash, and delivery of property to the Agent and Lenders, and the funding pursuant to the Financing Agreements, including the Blocked Account Agreement and any other similar lockbox and blocked depository bank accounts arrangements, are hereby approved, shall continue without interruption or break in continuity after the commencement of the Cases, and shall apply to any and all deposit accounts established in accordance with applicable Guidelines of the United States Trustee, other local rules and mandates or otherwise.

Section 2. Postpetition Lien; Superpriority Administrative Claim Status.

2.1 Post-Petition Lien.

2.1.1 Post-Petition Lien Granting. To secure the prompt payment and performance of:

(x) for purposes of this Interim Order, any and all Post-Petition Obligations (as defined in the Ratification Agreement) and, **SMB 1/17/2006**

(y) upon entry of a Final Order **and except as otherwise noted in the Final Order**, any and all Obligations (including without limitation all Pre-Petition Obligations and all Post-Petition Obligations, collectively, the “Obligations”, as such term is more fully defined in the Ratification Agreement), of Debtors to Agent and Lenders of whatever kind or nature or description, absolute or contingent, now existing or hereafter arising,

Agent, for itself and for the benefit of the other Lenders, shall have and is hereby granted, effective as of the Petition Date, valid and perfected first priority security interests and liens in and upon all of the Pre-Petition Collateral and the Post-Petition Collateral (as each term is defined in the Ratification Agreement), superior to all other liens, claims and/or security interests that any creditor of the Debtors' Estates may have (but subject to the terms of the Intercreditor

Agreements and certain claims entitled to priority, including the Permitted Liens and Claims (as hereinafter defined), as and to the extent expressly provided in section 2.1.2 below), The Pre-Petition Collateral and the Post-Petition Collateral are collectively referred to herein as the "Collateral". Notwithstanding the foregoing or anything to the contrary contained in the Loan Agreement, Agent's and Lenders' liens on and security interests in avoidance actions under Chapter 5 of the Bankruptcy Code shall secure Post-Petition Obligations upon entry of this Interim Order and all other Obligations upon entry of a Final Order. In accordance with sections 552(b) and 361 of the Bankruptcy Code, the value, if any, in any of the Collateral, in excess of the amount of Obligations secured by such Collateral after satisfaction of the Post-Petition Obligations of Debtors to Agent and Lenders, shall constitute additional security for the repayment of the Pre-Petition Obligations and adequate protection for the use by Debtors and the diminution in the value of the Collateral existing on the Petition Date.

2.1.2 Lien Priority. The pre-petition and post-petition liens and security interests of Agent and Lenders granted under the Financing Agreements and this Interim Order in the Collateral shall be and shall continue to be first and senior in priority to all other interests and liens of every kind, nature and description, whether created consensually, by an order of the Court, or otherwise, including, without limitation, liens or interests granted in favor of third parties in conjunction with sections 363, 364, and/or any other sections of the Bankruptcy Code or other applicable law; provided, however, that Agent's and Lenders' liens and security interests in the Collateral shall be subject only to (i) the Permitted Encumbrances and (ii) the Carve-Out Expenses (as defined herein) solely to the extent provided for in sections 2.3, 2.4 and 2.5 of this Interim Order (the foregoing clauses (i) and (ii) are collectively referred to herein as the "Permitted Liens and Claims").

2.1.3 Post-Petition Lien Perfection. This Interim Order shall be sufficient and conclusive evidence of the priority, perfection, and validity of the post-petition liens and security interests granted herein, effective as of the Petition Date, without any further act and without regard to any other federal, state, or local requirements or law requiring notice,

filing, registration, recording, or possession of the Collateral or other act to validate or perfect such security interest or lien, including without limitation, financing statements, mortgages, deeds of trust, control agreements with the Blocked Account Bank, or other financial institutions holding a Blocked Account or other depository account consisting of Collateral or other agreements, documents or instruments which may otherwise be required under federal or state law in any jurisdiction (a "Perfection Act"). Notwithstanding the foregoing, if the Agent and/or any Lender, or the Secured Trade Agent and/or any Secured Trade Creditor, shall, in its sole discretion, elect for any reason to file, record, or otherwise effectuate any Perfection Act, the Agent and/or such Lender, or the Secured Trade Agent and/or such Secured Trade Creditor, as the case may be, is authorized to perform such act and the Debtors are authorized and directed to perform such act to the extent necessary or required by the Agent and/or any Lender, or the Secured Trade Agent and/or any Secured Trade Creditor, which act or acts shall be deemed to have been accomplished as of the date and time of entry of this Interim Order notwithstanding the date and time actually accomplished, and in such event, the subject filing or recording office is authorized to accept, file, and/or record any document in regard to such act in accordance with applicable law. The Agent and/or any Lender, or the Secured Trade Agent and/or any Secured Trade Creditor, may choose to file, record, or present a certified copy of this Interim Order in the same manner as a Perfection Act, which shall be tantamount to a Perfection Act, and, in such event, the subject filing or recording office is authorized to accept, file, or record such certified copy of this Interim Order in accordance with applicable law. Should the Agent and/or any Lender, or the Secured Trade Agent and/or any Secured Trade Creditor, so choose and attempt to file, record, or perform a Perfection Act, no defect or failure in connection with such attempt shall in any way limit, waive, or alter the validity, enforceability, attachment, or perfection of the post-petition liens and security interests granted herein by virtue of entry of this Interim Order.

2.1.4 Nullifying Pre-Petition Restrictions to Post-Petition Financing.

The grant of a post-petition lien on Leasehold Interests in favor of Agent and Lenders shall, for purposes of this Interim Order, be subject only to the terms of any pre-petition lease document to

which any Debtor is a party or under which any Debtor is obligated, which contains a provision that restricts, limits or impairs in any way any Debtor from granting Agent and/or any Lender security interests in or liens upon such Leasehold Interests (including, among other things, any anti-lien granting or anti-assignment clauses in any leases or other contractual arrangements to which any Debtor is a party), and in such circumstance, the liens and security interests granted in favor of Agent and Lenders in this Interim Order, shall attach to the proceeds and products derived from the sale or other disposition of such Leasehold Interests.

2.1.5 Leasehold Rights of Agent. Upon or after the occurrence of an Event of Default, without limiting any of the rights and remedies of Agent as set forth in this Interim Order and the Financing Agreements, Agent shall have the right, in its discretion, subject to the affected lessor's rights under Section 365 of the Bankruptcy Code, to file and pursue (on behalf of any Debtor or as the secured party with respect to any Leasehold Interest) or direct and require any Debtor to immediately file and diligently pursue, and prosecute any motion or other appropriate pleading with this Court seeking the assumption, assignment or rejection of such of the Leasehold Interests as Agent shall specify. In the event Agent or any Lender becomes a tenant or lessee under such lease by foreclosing on the liens on Leasehold Interests granted herein with respect to such lease, nothing in this paragraph shall preclude any lessor from enforcing any provision of its applicable lease. Nothing herein shall require Agent or any Lender to assume any lease or cure any defaults.

2.2 Superpriority Administrative Expense. For all Post-Petition Obligations now existing or hereafter arising pursuant to this Interim Order, the Financing Agreements or otherwise, Agent, for the benefit of itself and the other Lenders, is granted an allowed superpriority administrative claim pursuant to section 364(c)(1) of the Bankruptcy Code, having priority in right of payment over any and all other obligations, liabilities and indebtedness of Debtors, whether now in existence or hereafter incurred by Debtors, and over any and all administrative expenses or priority claims of the kind specified in, or ordered pursuant to, inter alia sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 364(c)(1), 546(c), 726,

and/or 1114 of the Bankruptcy Code (the "Superpriority Claim"), provided, however, the Superpriority Claim shall be subject only to the Permitted Liens and Claims as and to the extent expressly set forth in this Interim Order.

2.3 Carve-Out Expenses.

2.3.1 Carve-Out Expenses. Upon the declaration by Agent of the occurrence of an Event of Default (as defined herein), Agent's and Lenders' liens, claims and security interests in the Collateral and the Superpriority Claim shall be subject only to the right of payment of the following expenses (the "Carve-Out Expenses"):

- a. statutory fees payable to the U.S. Trustee pursuant to 28 U.S.C. section 1930(a)(6);
- b. fees payable to the Clerk of this Court; and
- c. subject to the terms and conditions of this Interim Order, (i) the unpaid and outstanding reasonable fees and expenses actually incurred on or after the Petition Date, and approved by a final order of the Court pursuant to sections 326, 328, 330, or 331 of the Bankruptcy Code (collectively, the "Allowed Professional Fees") by attorneys, accountants and other professionals retained by the Debtors and any Committee(s) under section 327 or 1103(a) of the Bankruptcy Code (collectively, the "Professionals") less the amount of any retainers, if any, then held by each Professional, and (ii) the allowed reasonable fees and expenses (in an amount not to exceed \$50,000 in the aggregate) of any and all Chapter 7 trustees appointed in any subsequently converted Chapter 7 bankruptcy case(s) of any Debtor, in a cumulative, aggregate sum (inclusive of the sum of \$50,000 allocated for the benefit of any and all Chapter 7 Trustees) not to exceed \$1,750,000 for the period from the Petition Date through February 3, 2006, which aggregate sum shall increase to \$3,100,000 for the period from February 4, 2006 through February 28, 2006 and \$3,500,000 for the period from and after March 1, 2006 (the "Professional Fee Carve-Out"). So long as Agent has not declared the occurrence of an Event of Default, the Debtors shall be permitted to pay the compensation and reimbursement of fees and expenses allowed and payable under 11 U.S.C. §§328, 330 and 331, as the same may be due and

payable and as are otherwise permitted in accordance with the terms of the Budget, this Interim Order and the Financing Agreements. In the event Agent has declared an Event of Default, which Event of Default is determined by the Court pursuant to a final, non appealable order to not have occurred, any Allowed Professional Fees paid after such purported declaration shall not be applied to, or reduce, the Professional Fee Carve-Out.

2.3.2 Excluded Professional Fees. Notwithstanding anything to the contrary in this Interim Order, the Professional Fee Carve-Out shall not be used to pay any Allowed Professional Fees or any other fees and/or expenses incurred by any Professional in connection with any of the following: (a) an assertion or joinder in (but excluding any investigation into) any claim, counter-claim, action, proceeding, application, motion, objection, defense, or other contested matter seeking any order, judgment, determination or similar relief: (i) challenging the legality, validity, priority, perfection, or enforceability of the Obligations or Agent's and Lenders' liens on and security interests in the Collateral, (ii) invalidating, setting aside, avoiding, or subordinating, in whole or in part, the Obligations or Agent's and Lenders' liens on and security interests in the Collateral, or (iii) preventing, hindering, or delaying the Agent's and/or any Lender's assertion or enforcement of any lien, claim, right or security interest or realization upon any Collateral in accordance with the terms and conditions of this Interim Order, (b) a request to use the Cash Collateral (as such term is defined in section 363 of the Bankruptcy Code) without the prior written consent of the Agent and the Lenders in accordance with the terms and conditions of this Interim Order, (c) a request for authorization to obtain debtor-in-possession financing or other financial accommodations pursuant to section 364(c) or (d) of the Bankruptcy Code other than from Agent and Lenders without the prior written consent of Agent and Lenders, (e) the commencement or prosecution of any action or proceeding of any claims, causes of action, or defenses against Agent or any Lender or any of their respective officers, directors, employees, agents, attorneys, affiliates, assigns, or successors, including, without limitation, any attempt to recover or avoid any claim or interest from Agent or any Lender under Chapter 5 of the Bankruptcy Code, or (f) any act which has or could have the

effect of materially and adversely modifying or compromising the rights and remedies of the Agent or Lenders, or which is contrary, in a manner that is material and adverse to the Agent and/or the Lenders, to any term or condition set forth in or acknowledged by the Financing Agreements or this Interim Order and which results in the occurrence of an Event of Default under the Financing Agreements and/or this Interim Order. Nothing contained herein shall limit or prevent the Professional Fee-Carve-Out from being used to investigate the Pre-Petition Obligations or Agent's and Lenders' pre-petition liens and security interests in the Pre-Petition Collateral.

2.4 Carve-Out Reserve. At Agent's sole discretion, Agent may, at any time and in any increment in accordance with the Loan Agreement, establish an Availability Reserve against the amount of Loans and other credit accommodations that would otherwise be made available to Borrowers pursuant to the lending formulae contained in the Loan Agreement in respect of the Professional Fee Carve-Out and the other Carve-Out Expenses.

2.5 Payment of Carve-Out Expenses. Subject to section 2.3. of this Interim Order, any payment or reimbursement made either directly by Agent or any Lender at any time or by or on behalf of the Debtors on or after the occurrence of an Event of Default in respect of any Allowed Professional Fees or any other Carve-Out Expenses shall, in either case, permanently reduce the Professional Fee Carve-Out on a dollar-for-dollar basis. Agent's and Lenders' obligation to fund or otherwise pay the Professional Fee Carve-Out and the other Carve-Out Expenses shall be added to and made a part of the Obligations, secured by the Collateral, and entitle Agent and Lenders to all of the rights, claims, liens, priorities and protections under this Interim Order, the Financing Agreements, the Bankruptcy Code, and/or applicable law. Payment of any Carve-Out Expenses, whether by or on behalf of the Agent and Lenders, shall not and shall not be deemed to reduce the Obligations and shall not and shall not be deemed to subordinate any of Agent's and Lenders' liens and security interests in the Collateral or their Superpriority Claim to any junior pre-petition or post-petition lien, interest, or claim in favor of any other party. Except as otherwise provided herein with respect to the

Professional Fee Carve and the other Carve-Out Expenses, neither Agent nor any Lender shall be responsible for the direct payment or reimbursement of any fees or disbursements of any Professionals incurred in connection with the Case under any chapter of the Bankruptcy Code, and nothing in sections 2.3, 2.4, 2.5 or 2.6 of this Interim Order shall be construed to obligate the Agent or any Lender in any way, to pay compensation to or to reimburse expenses of any Professional, or to ensure that the Debtors have sufficient funds to pay such compensation or reimbursement.

2.6 Section 507(b) Priority. To the extent Agent's and Lenders' liens on and security interests in the Collateral or any other form of adequate protection of the Agent's and Lenders' interests is insufficient to pay indefeasibly in full all Obligations, Agent and Lenders shall also have the priority in payment afforded by section 507(b) to the extent of any such deficiency.

Section 3. Default; Rights and Remedies; Relief from Stay.

3.1 Events of Default. The occurrence of any of the following events shall constitute an Event of Default under this Interim Order:

a. Debtors' failure to perform, in any respect, any of the terms, conditions or covenants or their obligations under this Interim Order; or

b. An "Event of Default" under the Loan Agreement or any of the Financing Agreements.

3.2 Rights and Remedies Upon Event of Default. Upon the occurrence of and during the continuance of an Event of Default, the Debtors shall be bound by all restrictions, prohibitions, and other terms as provided in this Interim Order, the Loan Agreement, and the other Financing Agreements, and, subject to the terms of the Intercreditor Agreements, Agent may elect any and all consequences of such Event of Default, and Agent shall be entitled to take any act or exercise any right or remedy (subject to section 3.4 below) as provided in this Interim Order and/or any Financing Agreement, including, without limitation, declaring all Obligations immediately due and payable, accelerating the Obligations, ceasing to extend Loans and/or make

Letter of Credit Accommodations on behalf of Debtors, setting off any Obligations with Collateral or proceeds in the Agent's possession, and enforcing any and all rights with respect to the Collateral. The Agent and Lenders shall have no obligation to lend or advance any additional funds to or on behalf of Borrowers, or provide any other financial accommodations to Debtors, immediately upon or after the occurrence of an Event of Default or an act, event, or condition that with the giving of notice or the passage of time, or both, would constitute an Event of Default;

3.3 Expiration of Commitment. Upon the expiration of Borrowers' authority to borrow and obtain other credit accommodations from the Agent and Lenders pursuant to the terms of this Interim Order and the Financing Agreements (except if such authority shall be extended with the prior written consent of the Agent, which consent shall not be implied or construed from any other action, inaction or acquiescence by the Agent or any Lender), unless an Event of Default set forth in section 3.2 above occurs sooner and the automatic stay has been lifted or modified pursuant to section 3.4 of this Interim Order, all of the Obligations shall immediately become due and payable and the Agent and Lenders shall be automatically and completely relieved from the effect of any stay under section 362 of the Bankruptcy Code or any other restriction on the enforcement of their liens upon and security interests in the Collateral or any other rights granted to the Agent and/or Lenders pursuant to the terms and conditions of the Financing Agreements or this Interim Order, and Agent and Lenders shall be and are hereby authorized, in their discretion, to take any and all actions and remedies provided to them in this Interim Order, the Financing Agreements and/or applicable law which the Agent and Lenders may deem appropriate and to proceed against and realize upon the Collateral and any other property of the Debtors' Estates.

3.4 Relief from Automatic Stay. The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or by law are hereby modified and vacated without further notice, application, or order of the Court to the extent necessary to permit the Agent to perform any act authorized or permitted under or by

virtue of this Interim Order or the Financing Agreements, including, without limitation, (a) to implement the post-petition financing arrangements authorized by this Interim Order and pursuant to the terms of the Financing Agreements, (b) to take any act to create, validate, evidence, attach, or perfect any lien, security interest, right or claim in the Collateral, and (c) to assess, charge, collect, advance, deduct, and receive payments with respect to the Obligations, including, without limitation, all interests, fees, costs, expenses permitted under the Financing Agreements, and apply such payments to the Obligations pursuant to the Financing Agreements and this Interim Order. In addition, and without limiting the foregoing, upon the occurrence of an Event of Default and after providing three (3) business days prior written notice (the "Enforcement Notice") to counsel for the Debtors, counsel for the Secured Trade Creditors, counsel for the Committee (if appointed), the U.S. Trustee and the Court, Agent and Lenders shall be entitled to take any action and exercise all rights and remedies provided to them by this Interim Order, the Financing Agreements and/or applicable law as Agent may deem appropriate in its sole discretion to, among other things, proceed against and realize upon the Collateral and any other assets and properties of Debtors' Estates upon which Agent, for itself and the benefit of the other Lenders, has been or may hereafter be granted liens and security interests to obtain the full and indefeasible repayment of all Obligations.

Section 4. Representations; Covenants; and Waivers.

4.1 Objections to Pre-Petition Obligations. Any and all actions, claims, or defenses of any kind (hereinafter, an "Objection"), including any claim that seeks to object to, challenge, contest, or otherwise invalidate or reduce, whether by setoff, recoupment, counterclaim, deduction, disgorgement or claim of any kind (a) the existence, validity, or amount of the Pre-Petition Obligations, (b) the extent, legality, validity, perfection, or enforceability of Agent's and Lenders' pre-petition liens and security interests in the Pre-Petition Collateral, or (c) Agent's and Lenders' right to apply proceeds of Post-Petition Collateral against Pre-Petition Obligations in satisfaction of Agent's and Lenders' pre-petition liens as provided for in this Interim Order (provided however, that the only grounds for challenging such right is that the Pre-

Petition Obligations were not fully secured by the Pre-Petition Collateral as of the Petition Date and such application unduly advantaged Agent and the Lenders) shall be filed with the Court (x) by any Committee, and no other party, within sixty (60) calendar days from the date of appointment of counsel by the Committee, or (y) in the event no Committee is appointed within the thirty (30) days following the Petition Date, by any party in interest with requisite standing within seventy-five (75) calendar days from the date of entry of this Interim Order (the "Objection Period"). If any such Objection is timely filed and successfully pursued, nothing in this Interim Order shall prevent the Court from granting appropriate relief with respect to the Pre-Petition Obligations and/or Agent's and Lenders' liens on the Pre-Petition Collateral. If no Objection is timely filed or an Objection is timely filed but denied, (a) the Pre-Petition Obligations shall be deemed allowed in full, shall not be subject to any setoff, recoupment, counterclaim, deduction, or claim of any kind, and shall not be subject to any further objection or challenge by any party at any time, and Agent's and Lenders' pre-petition liens on and security interest in the Pre-Petition Collateral shall be deemed legal, valid, perfected, enforceable, and non-avoidable for all purposes and of first and senior priority, subject to only the Permitted Liens and Claims, and (b) Agent and Lenders, their participants, and each of their respective agents, officers, directors, employees, attorneys, professionals, successors, and assigns shall be deemed released and discharged from any and all claims and causes of action related to or arising out of the Pre-Petition Financing Agreements and shall not be subject to any further objection or challenge by any party at any time.

4.2 Debtors' Waivers. At all times during the Cases and whether or not an Event of Default has occurred, the Debtors irrevocably waive any right that they may have to seek authority in accordance with this Interim Order (i) to use Cash Collateral of the Agent or any Lender under section 363 of the Bankruptcy Code, (ii) to obtain post-petition loans or other financial accommodations pursuant to section 364(c) or (d) of the Bankruptcy Code other than from the Agent and/or the Lenders, or as may be otherwise expressly permitted pursuant to the Loan Agreement, (iii) to challenge the application of any payments authorized by this Interim

Order as pursuant to section 506(b) of the Bankruptcy Code, or to assert that the value of the Pre-Petition Collateral is less than the Pre-Petition Obligations, (iv) to propose or support a plan of reorganization that does not provide for the indefeasible payment in full and satisfaction of all Obligations on the effective date of such plan, or (v) to seek relief under the Bankruptcy Code, including without limitation, under section 105, to the extent any such relief would in any way restrict or impair the rights and remedies of the Agent and Lenders as provided in this Interim Order and the Financing Agreements or Agent's or any Lenders' exercise of such rights or remedies; provided, however, the Agent and Lenders may otherwise consent in writing, but no such consent shall be implied from any other action, inaction, or acquiescence by Agent and Lenders; provided that Debtors, in the exercise of their fiduciary obligations, shall not be precluded from commencing an action against Agent or any Lender for any willful misconduct by Agent or any Lender that may occur after the Petition Date.

4.3 Section 506(c) Claims. Subject to the entry of a Final Financing Order or an order extending this Interim Financing Period for more than thirty (30) calendar days, no costs or expenses of administration which have or may be incurred in the Cases at any time during the Interim Financing Period shall be charged against the Agent and/or any Lender, their claims, or the Collateral pursuant to section 506(c) of the Bankruptcy Code without the prior written consent of the Agent and Lenders, and no such consent shall be implied from any other action, inaction, or acquiescence by the Agent and Lenders.

4.4 Collateral Rights. Until all of the Obligations shall have been indefeasibly paid and satisfied in full:

4.4.1 no other party shall foreclose or otherwise seek to enforce any junior lien or claim in any Collateral; and

4.4.2 upon and after the occurrence of an Event of Default, and subject to the provisions of Section 2.1.5 hereunder and to Agent obtaining relief from the automatic stay as provided for herein, in connection with a liquidation of any of the Collateral, Agent (or any of its employees, agents, consultants, contractors or other professionals) shall have the right,

at the cost and expense of Debtors, to: (i) enter upon, occupy and use any real or personal property, fixtures, equipment, leasehold interests or warehouse arrangements owned or leased by Debtors and (ii) use any and all trademarks, tradenames, copyrights, licenses, patents or any other similar assets of Debtors, which are owned by or subject to a lien of any third party and which are used by Debtors in their businesses. Agent and Lenders will be responsible for the payment of any applicable fees, rentals, royalties or other amounts due such lessor, licensor or owner of such property for the period of time that Agent actually uses the equipment or the intellectual property (but in no event for any accrued and unpaid fees, rentals or other amounts due for any period prior to the date that Agent actually occupies or uses such assets or properties).

4.5 Release. Subject to the entry of a Final Financing Order approving the Motion, and subject to paragraph 4.1 above, in consideration of Agent and Lenders making post-petition loans, advances and providing other credit and financial accommodations to the Debtors pursuant to the provisions of the Financing Agreements and this Interim Order, each Debtor, on behalf of itself and its successors and assigns, (collectively, the "Releasors"), shall, forever release, discharge and acquit Agent and each Lender, and their respective officers, directors, agents, attorneys and predecessors-in-interest (collectively, the "Releasees") of and from any and all claims, demands, liabilities, responsibilities, disputes, remedies, causes of action, indebtedness and obligations, of every kind, nature and description, including, without limitation, any so-called "lender liability" claims or defenses, that Releasors had, have or hereafter can or may have against Releasees as of the date hereof, in respect of events that occurred on or prior to the date hereof with respect to the Debtors, the Pre-Petition Obligations, the Financing Agreements and any Loans, Letter of Credit Accommodations or other financial accommodations made by Lender to Debtors pursuant to the Financing Agreements.

4.6 Adequate Protection to Secured Trade Agent and Secured Trade Creditors

4.6.1 Adequate Protection. During the period commencing upon the entry of this Interim Order, Debtors shall be authorized to use, subject to the terms and

conditions of this Interim Order, the Secured Trade Creditor Collateral of the Secured Trade Agent and Secured Trade Creditors. As adequate protection for the use of such Secured Trade Creditor Collateral, to the extent of any diminution in the value of the Secured Trade Agent's and Secured Trade Creditors' liens on the Secured Trade Collateral existing as of the Petition Date, (a) the Secured Trade Agent, for the benefit of itself and the Secured Trade Creditors, is hereby granted, subject to the terms and conditions of this section 4.6.1, a replacement lien on all Collateral (the "Secured Trade Credit Replacement Lien"), which Secured Trade Credit Replacement Lien shall be subject to the terms and conditions set forth in the Secured Trade Creditor Intercreditor Agreement, and shall be junior and subordinate in all respects to (i) the right of payment of all Obligations owing to Agent and Lenders, (ii) Agent's and Lender's liens on and security interests in the Collateral and (iii) all Carve-Out Expenses (including, without limitation, the Professional Fee Carve-Out); provided, however, that Secured Trade Agent and Secured Trade Creditors shall have no right to seek or exercise any rights or remedies in respect of the Secured Trade Credit Replacement Lien (whether in these Chapter 11 Cases or any subsequently converted case(s)) until all Obligations owing to Agent and Lenders have been indefeasibly paid and satisfied in full in accordance with the Financing Agreements and this Interim Order; and (b) upon the presentment of regular invoices, as additional adequate protection for the use of the Secured Trade Collateral of Secured Trade Agent and Secured Trade Creditors, the Debtors shall pay the reasonable fees and expenses incurred by one counsel to, and one financial advisor retained by, the Informal Committee of Secured Trade Creditors in connection with these Chapter 11 Cases as well as the fees and expenses of the Secured Trade Agent.

4.6.2 Section 507(b) Priority Claim. To the extent the Secured Trade Credit Replacement Lien is insufficient to adequately protect against the diminution in the value of the Secured Trade Agent's and Secured Trade Creditors' liens on the Secured Trade Collateral existing as of the Petition Date, Secured Trade Agent, for the benefit of itself and the Secured Trade Creditors, shall also have, subject to the terms and conditions of this section 4.6.2, the

priority in payment afforded by Bankruptcy Code section 507(b) in an amount equal to the amount by which such diminution exceeds the value of the Secured Trade Credit Replacement Lien (the "Secured Trade Credit 507(b) Claim"), which Secured Trade Credit 507(b) Claim shall be junior and subordinate in all respects to (i) the right of payment of all Obligations owing to Agent and Lenders, (ii) the Superpriority Claim granted in favor of Agent and Lenders and (iii) all Carve-Out Expenses (including, without limitation, the Professional Fee Carve-Out); provided, however, that Secured Trade Agent and Secured Trade Creditors shall have no right to seek or exercise any rights or remedies in respect of the Secured Trade Credit 507(b) Claim (whether in these Chapter 11 Cases or any subsequently converted case(s)) until all Obligations owing to Agent and Lenders have been indefeasibly paid and satisfied in full in accordance with the Financing Agreements and this Interim Order.

4.6.3 Objections to Secured Trade Creditors' Pre-Petition Obligations.

Any action, claim, or defense (hereinafter, a "Secured Trade Objection") that seeks to object to, challenge, contest, or otherwise invalidate or reduce, whether by setoff, recoupment, counterclaim, deduction, disgorgement or claim of any kind (a) the existence, validity, or amount of the pre-petition obligations due the Secured Trade Creditors, or (b) the extent, legality, validity, perfection, or enforceability of the Secured Trade Agent's and the Secured Trade Creditors' pre-petition liens and security interests in the Secured Trade Collateral shall be filed with the Court (x) by any Committee, and no other party, within sixty (60) calendar days from the date of appointment of counsel by the Committee by the U.S. Trustee, or (y) in the event no Committee is appointed within the thirty (30) days following the Petition Date, by any party in interest with requisite standing within seventy-five (75) calendar days from the date of entry of this Interim Order (the "Secured Trade Objection Period"). If any such Secured Trade Objection is timely filed and successfully pursued, nothing in this Interim Order shall prevent the Court from granting appropriate relief with respect to the pre-petition obligations and/or the Secured Trade Agent's and Secured Trade Creditors' liens in the Secured Trade Collateral. If no Secured Trade Objection is timely filed or a Secured Trade Objection is timely filed but denied, (a) the

pre-petition obligations due the Secured Trade Agent and each of the Secured Trade Creditors shall be deemed allowed in full, shall not be subject to any setoff, recoupment, counterclaim, deduction, or claim of any kind, and shall not be subject to any further objection or challenge by any party at any time, and the Secured Trade Agent's and Secured Trade Creditors' liens in the Secured Trade Collateral shall be deemed legal, valid, perfected, enforceable, and non-avoidable for all purposes and of a second priority, subject to only the Permitted Claims and the Agent's and Lender's first and senior priority liens.

4.7 Adequate Protection to Merchandise Agent.

4.7.1 Replacement Lien. To the extent of any diminution in the value of the Merchandise Agent's liens on the Merchandise existing as of the Petition Date, the Merchandise Agent is hereby granted, subject to the terms and conditions of this section 4.7.1, a replacement lien on all Inventory (the "Merchandise Replacement Lien"), which Merchandise Replacement Lien shall be junior and subordinate in all respects to (i) the right of payment of the Obligations owing to Agent and Lenders, (ii) Agent's and Lenders' liens on, and security interests in, the Inventory, (iii) the right of payment of the obligations due Secured Trade Agent and Secured Trade Creditors, (iv) Secured Trade Agent's and Secured Trade Creditors' liens on, and security interests in, the Inventory and (v) all Carve-Out Expenses (including, without limitation, the Professional Fee Carve-Out); provided, however, that Merchandise Agent shall have no right to seek or exercise any rights or remedies in respect of the Merchandise Replacement Lien (whether in these Chapter 11 Cases or any subsequently converted case(s)) until all Obligations owing to Agent and Lenders, and all obligations owing to Secured Trade Agent and Secured Trade Creditors, have been indefeasibly paid and satisfied in full in accordance with the Financing Agreements and this Interim Order.

4.7.2 Section 507(b) Priority Claim. To the extent the Merchandise Replacement Lien is insufficient to adequately protect Merchandise Agent against the diminution in the value of the Merchandise Agent's liens on the Merchandise existing as of the Petition Date, Merchandise Agent shall also have, subject to the terms and conditions of this section 4.7.2, the

priority in payment afforded by Bankruptcy Code section 507(b) in an amount equal to the amount by which such diminution exceeds the value of the Merchandise Replacement Lien (the "Merchandise 507(b) Claim"), which Merchandise 507(b) Claim shall be junior and subordinate in all respects to (i) the right of payment of all Obligations due Agent and Lenders, (ii) the Superpriority Claim granted in favor of Agent and Lenders, (iii) the right of payment of all obligations due the Secured Trade Agent and Secured Trade Creditors, (iv) Secured Trade Credit 507(b) Claim and (v) all Carve-Out Expenses (including, without limitation, the Professional Fee Carve-Out); provided, however, that Merchandise Agent shall have no right to seek or exercise any rights or remedies in respect of the Merchandise 507(b) Claim (whether in these Chapter 11 Cases or any subsequently converted case(s)) until all Obligations owing to Agent and Lenders, and all obligations owing to Secured Trade Agent and Secured Trade Creditors, have been indefeasibly paid and satisfied in full in accordance with the Financing Agreements and this Interim Order.

Section 5. Other Rights and Obligations.

5.1 No Modification or Stay of This Interim Order. ~~**In the event of any stay, modification, amendment, supplement, vacating, revocation, or reversal of this Interim Order, the Financing Agreements, or any term hereunder or thereunder.**~~ SMB 1/17/2006

The acts taken by the Agent and Lenders in accordance with this Interim Order, the Post-Petition Obligations incurred or arising pursuant to the terms of this Interim Order, and the post-petition liens granted to Agent and Lenders in the Collateral, and all other rights, remedies, privileges, and benefits in favor of the Agent and Lenders pursuant to this Interim Order and the Financing Agreements shall be entitled to the protection and benefits of section 364(e) of the Bankruptcy Code.

5.2 Power to Waive Rights; Duties to Third Parties. The Agent and Lenders shall have the right to waive any obligations of the Debtors, or any rights, and remedies provided or acknowledged in this Interim Order (the "Lender Rights"), and shall have no obligation or duty to any other party with respect to the exercise or enforcement, or failure to exercise or

enforce any Lender Rights. Any waiver by the Agent or any Lender of any Lender Rights shall not be or constitute a continuing waiver. A delay in or failure to exercise or enforce any Lender Right shall neither constitute a waiver of such Lender Right, subject the Agent or any Lender to any liability to any other party, nor cause or enable any other party to rely upon or in any way seek to assert as a defense to any obligation owed by the Debtors to the Agent and Lenders.

5.3 Disposition of Collateral. Except as otherwise permitted in the Loan Agreement, Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the Collateral, or assume, reject or assign any leasehold interest, without the prior written consent of Agent and Lenders (and no such consent shall be implied, from any other action, inaction or acquiescence by Agent or any Lender) and an order of this Court; provided, however, that nothing herein shall impair the Debtors' exercise of their fiduciary duties with respect to the assumption, rejection or assignment of any real property leases.

5.4 Inventory. Debtors shall not, without the consent of Agent and Lenders, enter into any agreement to return any inventory to any of its creditors for application against any pre-petition indebtedness under any applicable provision of section 546 of the Bankruptcy Code, or consent to any creditor taking any setoff against any of its pre-petition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise.

5.5 Reservation of Rights. Except as may be inconsistent with the provisions of this Interim Order, the terms, conditions and provisions of this Interim Order are in addition to and without prejudice to the rights of Agent and/or any Lender to pursue any and all rights and remedies under the Bankruptcy Code, the Financing Agreements, or any other applicable agreement or law, including, without limitation, rights to seek adequate protection and/or additional or different adequate protection, to seek relief from the automatic stay, to seek an injunction, to oppose any request for use of cash collateral or granting of any interest in the Collateral or priority in favor of any other party, to object to any sale of assets, and to object to applications for allowance and/or payment of compensation of Professionals or other parties seeking compensation or reimbursement from the Estate.

5.6 Restrictions on Use of Cash Collateral, Additional Financing. All post-petition advances and other financial accommodations under the Loan Agreement and the other Financing Agreements are made in reliance on this Interim Order and there shall not at any time be entered in Debtors' Chapter 11 Cases, or in any subsequently converted case under Chapter 7 of the Bankruptcy Code, any order (other than the Final Financing Order) which (a) authorizes the use of cash collateral of Debtors in which Agent and Lenders have an interest, or the sale, lease, or other disposition of property of Debtors' estates in which Agent and Lenders have a lien or security interest, except as expressly permitted hereunder or in the Financing Agreements, or (b) authorizes under Section 364 of the Bankruptcy Code the obtaining of credit or the incurring of indebtedness secured by a lien or security interest which is equal or senior to a lien or security interest in property in which Agent and Lenders hold a lien or security interest, or which is entitled to priority administrative claim status which is equal or superior to that granted to Agent and Lenders herein; unless, in each instance (i) Agent and Lenders shall have given their express prior written consent thereto, no such consent being implied from any other action, inaction or acquiescence by Agent or any Lender, or (ii) such other order requires that the Obligations shall first be indefeasibly paid in full, including, without limitation, all debts and obligations of Debtors to Agent and Lenders which arise or result from the obligations, loans, security interests and liens authorized herein, on terms and conditions acceptable to Agent and Lenders. The security interests and liens granted to or for the benefit of Agent and Lenders hereunder and the rights of Agent and Lenders pursuant to this Interim Order and the Financing Agreements with respect to the Obligations and the Collateral are cumulative and shall not be altered, modified, extended, impaired, or affected by any plan of reorganization of Debtors and, if Agent and Lenders shall expressly consent in writing that the Obligations shall not be repaid in full upon confirmation thereof, shall continue after confirmation and consummation of any such plan.

5.7 Binding Effect. This Interim Order shall be binding upon Debtors, all parties in interest in the Case, and their respective successors and assigns, including any trustee or other fiduciary appointed in the Cases or any subsequently converted bankruptcy case(s) of

the Debtors. This Interim Order shall also inure to the benefit of Agent, Lenders, Secured Trade Creditor Agent, Secured Trade Creditors, Merchandise Agent, Debtors, and their respective successors and assigns. The provisions of this Interim Order and the Financing Agreements, Post-Petition Obligations, Superpriority Claim, Secured Trade Creditors' 507(b) Claim, Merchandise 507(b) Claim and any and all rights, remedies, privileges, and benefits in favor of the Agent and Lenders, the Secured Creditor Agent, Secured Trade Creditors, and Merchandise Agent provided or acknowledged in this Interim Order, and any actions taken pursuant thereto, shall be effective immediately upon entry of this Interim Order pursuant to Bankruptcy Rules 6004(g) and 7062, shall continue in full force and effect, and shall survive entry of any such other order, including without limitation any order which may be entered confirming any plan of reorganization, converting one or more of the Cases to any other chapter under the Bankruptcy Code, or dismissing one or more of the Cases. Any order dismissing one or more of the Cases under section 1112 or otherwise shall be deemed to provide (in accordance with sections 105 and 349 of the Bankruptcy Code) that (a) the Superpriority Claim and Agent's and Lenders' liens, the Secured Trade Creditor Agent's and Secured Trade Creditor's lien and the Merchandise Agent's Lien in the Collateral shall continue in full force and effect notwithstanding such dismissal until the Obligations are indefeasibly paid and satisfied in full, and (b) this Court shall retain jurisdiction, notwithstanding such dismissal, for the purposes of enforcing the Superpriority Claim, the Secured Trade Creditors' 507(b) Claim, the Merchandise 507(b) Claim and liens in the Collateral.

5.8 Term; Termination. Notwithstanding any provision of this Interim Order to the contrary, the term of the financing arrangements among Debtors, Agent and Lenders authorized by this Interim Order may be terminated pursuant to the terms of the Loan Agreement.

5.9 Limited Effect. Unless the Interim Order specifically provides otherwise, in the event of a conflict between the terms and provisions of any of the Financing Agreements

and this Interim Order, the terms and provisions of this Interim Order shall govern, interpreted as most consistent with the terms and provisions of the Financing Agreements.

5.10 Objections Overruled. All objections to the Motion on an interim basis are hereby overruled.

Section 6. Final Hearing and Response Dates. The Final Hearing on the Motion pursuant to Bankruptcy Rule 4001(c)(2) is scheduled for February 7, 2006, at 2:00 p.m. before this Court. *The Debtors shall promptly mail copies of this Interim Order to the Noticed Parties, and to any other party that has filed a request for notices with this Court and to any Creditors' Committee after same has been appointed, or Creditors' Committee counsel, if same shall have filed a request for notice. Any party in interest objecting to the relief sought at the Final Hearing shall serve and file written objections, which objections shall be served upon (a) counsel for the Debtors, Kirkland & Ellis LLP, 153 E. 53rd Street, New York, New York, 10022-4611; Attn: James A. Stempel, Fax: (312) 861-2200; (b) counsel for the Agent, Otterbourg, Steindler, Houston & Rosen, P.C., 230 Park Avenue, New York, New York 10169-0075; Attn: Jonathan N. Helfat, Esq. and Andrew M. Kramer, Esq., Fax: (212) 682-6104; (c) counsel for the Secured Trade Agent, Morgan, Lewis & Bockius LLP; Attn: Michael A. Bloom, Esq., Fax (215) 963-5001 and Richard S. Toder, Esq., Fax (212) 309-6001; (d) counsel for the Merchandise Agent, Eric Kaup, Esq., Fax (847) 897-0766; (e) counsel to any Committee; and (f) the U.S. Trustee; and shall be filed with the Clerk of the United States Bankruptcy Court for the Southern District of New York, in each case to allow actual receipt of the foregoing no later than February 1, 2006 at 4:00 p.m., prevailing Eastern time. In the event this Court modifies any of the provisions of this Interim Order or the Financing Agreements following such further hearing, such modifications shall not affect the rights and priorities of Agent and Lenders pursuant to this Interim Order with*

respect to the Collateral, and any portion of the Obligations which arises or is incurred or is advanced prior to such modifications (or otherwise arising prior to such modifications), and this Interim Order shall remain in full force and effect except as specifically amended or modified at such Final Hearing.

Dated: January 17, 2006
New York, New York

S/ STUART M. BERNSTEIN
CHIEF UNITED STATES BANKRUPTCY JUD