

of the Proposed Final Order; and upon consideration of the First Day Declaration; and it appearing that this Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that venue of these chapter 11 cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and after due deliberation thereon; and good and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED as set forth herein.
2. The Final Hearing shall be held on **February 15, 2012 at 11:00 a.m.**

prevailing Eastern Time. Any objections or responses to the Motion shall be filed on or before **February 8, 2012 at 4:00 p.m.** and served on parties in interest as required by the Local Rules.

3. Nothing herein shall be deemed to authorize the payment of any amounts or the incurrence of any obligation that would violate section 503(c) of the Bankruptcy Code.

4. The Debtors are authorized, but not directed, to pay and honor all prepetition obligations associated with the Employee Obligations and to continue the Employee Obligations in the ordinary course of business to the extent requested in the Motion and summarized in Appendix I and Appendix II; *provided, however*, that the Debtors may not pay
(a) any Employee more than \$11,725 in the aggregate on account of Unpaid Prepetition Compensation and prepetition accrued but unused Vacation Time until entry of a Final Order or
(b) any Independent Contractor more than \$11,725 on account of Independent Contractor

Compensation, and (c) more than 50% of the outstanding prepetition Staffing Agency Compensation; *provided further, however*, that the Debtors are not authorized to pay and honor prepetition and postpetition amounts related to the Director Obligations, Employee Cash Incentive Programs, Equity Plans or Termination Allowance Programs prior to the Final Hearing and entry of a Final Order approving the same.

5. The Debtors and any applicable third parties are authorized, but not directed, to continue to allocate and distribute Deductions and Payroll Taxes to the appropriate third-party recipients or taxing authorities consistent with the Debtors' stated prepetition policies and practices.

6. The Debtors are authorized, but not directed, to continue to honor their obligations, including any prepetition obligations, to Employees for Reimbursable Expenses, American Express Corporate Card Expenses, Citibank Purchasing Card Expenses and Relocation and Expatriate Expenses in accordance with the Debtors' stated policies and prepetition practices.

7. The Debtors are authorized, but not directed, to honor the Employee Benefit Programs to the extent requested in the Motion and to make any necessary contributions to such programs and pay any unpaid premium, claim or amount owed as of the Petition Date with respect thereto.

8. The Debtors are authorized, but not directed, to pay all processing and administrative fees associated with and all costs and expenses incidental to payment of the Employee Obligations.

9. Each Debtor that operates a Foreign Branch is authorized, but not directed, to continue its employment practices at such Foreign Branch in the ordinary course of business, consistent with past practice.

10. There shall be considered in connection with the proposed entry of the Final Order, the Debtors' request to modify, change and discontinue any of the Employee Obligations, and the policies related thereto, to implement new Employee Obligations and continue to provide compensation to their Employees in the ordinary course of business, each to the extent permitted by applicable law, during these chapter 11 cases in their sole discretion without the need for further Court approval.

11. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order.

12. In accordance with this Interim Order (or other order of this Court), each of the financial institutions at which the Debtors maintain their accounts relating to the payment of the obligations described in the Motion is authorized to (a) receive, process, honor and pay all checks presented for payment and to honor all fund transfer requests made by the Debtors related thereto, to the extent that sufficient funds are on deposit in those accounts and (b) accept and rely on all representations made by the Debtors with respect to which checks, drafts, wires or automated clearing house transfers should be honored or dishonored in accordance with this or any other order of this Court, whether such checks, drafts, wires, or transfers are dated prior to, on or subsequent to the Petition Date, and have no duty to inquire otherwise, and shall be without liability for following the Debtors' instructions. For the avoidance of doubt, all financial institutions are authorized and directed to honor, consistent with the normal course of business, all fund transfers made by the Bank of New York Mellon with respect to funds in the ACH

prefunding account ending in the digits 8352 (the “**ACH Account**”), and, to the extent that any financial institution receives funds in error, it is ordered to promptly remit such funds to the ACH Account at the Bank of New York Mellon.

13. Nothing in the Motion or this Order, nor as a result of any payment made pursuant to this Order, shall be deemed or construed as an admission as to the validity or priority of any claim against the Debtors, an approval or assumption of any agreement, contract or lease pursuant to section 365 of the Bankruptcy Code or a waiver of the right of the Debtors, or shall impair the ability of the Debtors, to contest the validity and amount of any payment made pursuant to this Order.

14. The Debtors shall provide to the agent for the DIP Financing bi-weekly written reports of all payments made hereunder and reasonable and timely access to information sufficient to enable such parties to monitor payments made, obligations satisfied and other actions taken pursuant to this Interim Order.

15. To the extent that any inconsistency exists between the terms of the interim or final order approving the DIP Financing, if and when entered, and this Order, the terms of the interim or final order approving the DIP Financing, as applicable, shall govern.

16. The requirements set forth in Local Rule 9013-1(b) are satisfied.

17. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied.

18. The requirements set forth in Bankruptcy Rule 6004(a) are satisfied.

19. This Order is successfully effective and enforceable, notwithstanding the possible applicability of Bankruptcy Rule 6004(h) or otherwise.

20. This Court retains jurisdiction with respect to all matters arising from or related to the enforcement of this Order.

Dated: January 20, 2012
New York, New York

/s/Allan L. Gropper
United States Bankruptcy Judge

Appendix I

The following chart summarizes the Debtors’ interim request and is solely for the convenience of the Court and is qualified, in all respects, by the totality of this Motion and the Proposed Interim Order. Nothing contained in this chart constitutes the assumption of any Employee Obligation nor is the chart intended to bind the Debtors with respect to the relief sought herein. The Debtors expressly reserve their rights to seek to modify or terminate any benefits provided under any agreements in any manner permitted by law, including, as applicable, pursuant to section 1114 of the Bankruptcy Code or otherwise.

INTERIM ORDER REQUEST ¹	ESTIMATED PARTICIPANTS ²	ESTIMATED PREPETITION AMOUNTS
Wages, Salaries, Commissions and Other Compensation		
Unpaid Prepetition Compensation ³	9,100	\$6,000,000
Payroll Providers	9,100	\$100,000
Payroll Taxes and Deductions	9,100	\$600,000
Staffing Agency Compensation		
	175-425	\$4,800,000
Independent Contractor Compensation³		
	28	\$170,000
Reimbursable Expenses		
	9,100	\$250,000
Employee Benefits		
Health Care Plans	63,600	\$4,400,000
Flexible Benefit Plans	21,100	\$720,000

¹ The Debtors are not seeking authority to pay (i) \$2.4 million of the \$4.8 million of the Staffing Agency Compensation, (ii) prepetition amounts on account of Outplacement Services through TAP of \$180,000, (iii) Unpaid Subsidiary Termination Obligations at the subsidiary level of \$110,000 and (iv) prepetition amounts earned by non-insiders under the individual incentive arrangements of approximately \$235,000 until entry of the Proposed Final Order.

² The estimated participants include, and the estimated prepetition amounts as of January 9, 2012 are on account of, Employees, retirees, long-term disability recipients, survivors and dependents, as applicable.

³ No individual Employee will receive more than the \$11,725 priority cap under section 507(a)(4) of the Bankruptcy Code (the “**Priority Cap**”) in the aggregate on account of Unpaid Prepetition Compensation and prepetition accrued but unused Vacation Time pursuant to the Proposed Interim Order. Employees only are entitled to accrued and unused Vacation Time upon termination. No individual Independent Contractor will receive more than the Priority Cap. The Debtors believe that no members of the Workforce are owed amounts exceeding the Priority Cap, not including amounts payable in February or March that are owed under the Sales and Commissions Plans, except for six Independent Contractors, who are owed an aggregate amount of \$20,100 in excess of the cap. The Debtors are not requesting the authority to pay any amounts payable in February or March on account of the Sales and Commissions Programs with entry of the Proposed Interim Order. The Debtors request the authority, but not the direction, to pay amounts outstanding to Employees participating in the Sales and Commissions Programs and Independent Contractors, and, out of an abundance of caution, any other amounts in excess of the Priority Cap to any other members of the Workforce in the Proposed Final Order.

Workers' Compensation	9,100	— ⁴
Vacation Time ³	9,100	— ⁴
Life Insurance Benefits	35,000	\$2,800,000
Disability Benefits	10,000	\$900,000
Accident Benefits	9,100	\$4,000
Certain Employee Savings and Retirement Plans		
SIP	29,700	— ⁴
KSSP	28	— ⁴
KIN	95	— ⁴
Qualex Plan	97	— ⁴
Laser-Pacific Plan	9	— ⁴
KRIP	55,000	— ⁴
Qualex Pension Plan	9,000	— ⁴
Local 966 Pension Plan	—	— ⁴
Other Employee Benefit Programs	9,100	— ⁴

⁴ As of the Petition Date, the Debtors do not believe that they owed any prepetition amounts under this plan or program (or, as applicable, are not aware of any prepetition claims under the plan or program), but out of an abundance of caution request the authority to pay any prepetition amounts that may be outstanding.

Appendix II

The Debtors do not intend to and are not seeking authority to pay prepetition amounts on account of, or to continue, the KERIP during these chapter 11 cases.

The Debtors are not seeking authority to pay prepetition amounts on account of, or to continue, the KURIP, the EDCP or the GPP for inactive participants.

The Debtors are seeking authority to continue the KURIP, the EDCP, the GPP and the Directors DCP in the ordinary course of business consistent with historical practice.

The Debtors do not intend to make payments for the 2011 performance period under the Employee Cash Incentive Programs to the extent described in the Motion, but reserve the right to make payments under the Employee Cash Incentive Program for future performance periods.

The Debtors do not intend to make any grants under the Equity Plans during these chapter 11 cases.