

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF CONNECTICUT
BRIDGEPORT DIVISION**

-----X	X	
In re:	:	CHAPTER 11
	:	
	:	
LATEX FOAM INTERNATIONAL, LLC.;	:	CASE NO. 14-50845
PURELATEX BLISS LLC.;	:	CASE NO. 14-50846
LATEX FOAM INTERNATIONAL	:	CASE NO. 14-50847
HOLDINGS, INC.;	:	
PLB HOLDINGS, LLC	:	CASE NO. 14-50848
LATEX FOAM ASSETS	:	CASE NO. 14-50849
ACQUISITION, LLC	:	
	:	Jointly Administered under
Debtors	:	Case No. 14-50845
-----X	X	
LATEX FOAM INTERNATIONAL, LLC.;	:	
PURELATEX BLISS LLC.;	:	
LATEX FOAM INTERNATIONAL	:	
HOLDINGS, INC.;	:	
PLB HOLDINGS, LLC	:	
LATEX FOAM ASSETS	:	
ACQUISITION, LLC	:	
	:	
Movants	:	
VS	:	
	:	
WELLS FARGO,	:	
	:	
Respondent	:	
-----X	X	

**SIXTH INTERIM STIPULATION AND ORDER (A) AUTHORIZING DEBTORS TO
USE CASH COLLATERAL, (B) GRANTING ADEQUATE PROTECTION, AND (C)
SCHEDULING A FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

AND NOW, upon consideration of the Motion of Debtors for an Order Pursuant to Fed. R. Bankr. P. 4001(b) and 11 U.S.C. § 363(c)(2)(B) Authorizing Debtors to Use Cash Collateral and Provide Adequate Protection (the “Motion”)¹, and after notice of the Motion together with notice

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Motion.

of the interim hearing thereon having been given and served by Latex Foam International, LLC ("Latex"), Latex Foam International Holdings, Inc. ("Holdings"), Latex Foam Assets Acquisition, LLC ("LFA"), PLB Holdings, LLC ("PLB"), PureLatex Bliss, LLC ("Bliss", and together with Holdings, LFA, and PLB are referred to collectively herein as the "Guarantors"; the Guarantors and Latex are collectively referred to herein as the "Debtors"), to the (1) United States Trustee, (2) the Debtors' secured creditors, and (3) counsel for the Official Committee of Unsecured Creditors appointed under 11 U.S.C. § 1102 (the "Committee") and after the fifth interim hearing on the Motion, on this 28th day of October 28, 2014, this Interim Stipulation and Order Authorizing Debtors to Use Cash Collateral Pursuant to Fed. R. Bankr. P. 4001(b) and 11 U.S.C. § 363(c)(2)(B) on a Limited Basis and Provide Adequate Protection (this "Stipulation") is entered into by and between the Debtors and Wells Fargo Bank, a national banking association (the "Bank") and Ordered by the Court.

A. Debtors & Bankruptcy Cases.

1. The Debtors each filed a voluntary petition under chapter 11 of title 11 of the United States Bankruptcy Code (the "Bankruptcy Code") on May 30, 2014 (the "Petition Date") in the United States Bankruptcy Court for the District of Connecticut (the "Court").

2. Since the Petition Date, each of the Debtors has remained in possession of its assets and is operating its business as a debtor-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code.

3. Notice of the Motion and Order shortening time pursuant Fed. R. Bankr. P. 9006(c) for the interim hearing on the Debtors' use of cash collateral has been served in accordance with § 102(1) of the Bankruptcy Code and Fed. R. Bankr. P. 4001(d). Such notice is

appropriate in the particular circumstances and is sufficient for all purposes under the Bankruptcy Code and the applicable rules of procedure in respect to the relief requested.

B. Pre-Petition Agreements and Collateral.

4. The Bank provided financing to Latex in the original principal amount of \$34,000,000 pursuant to the Loan Agreement (as defined below) entered into by the Bank, Latex and Latex International West Coast, Inc. ("LIW"). LIW was dissolved on December 30, 2011. The loans advanced under the Loan Agreement are secured by substantially all assets of the Debtors.

5. The Guarantors guaranteed all of Latex's obligations arising under the Loan Agreement.

6. The Bank, Latex and LIW (together, the "Original Borrowers"), are parties to that certain Amended and Restated Loan and Security Agreement dated April 17, 2006 (the "Original Loan Agreement"), as amended by those certain Master Reaffirmation and Amendments No. 1 through Master Reaffirmation and Amendments No. 14 (together with all exhibits, schedules, annexes, and as further amended and restated, collectively, the "Pre-Petition Loan Agreement").

7. In conjunction with the Loan Agreement, the Guarantors, as applicable, executed the following guarantees whereby each guaranteed the obligations of the Original Borrowers under the Loan Agreement: (i) that certain Amended and Restated Continuing Guaranty Agreement dated April 17, 2006 by Holdings in favor of the Bank; (ii) that certain Continuing Guaranty Agreement dated September 28, 2008 by and between LFA and the Bank; (iii) that certain Continuing Guaranty Agreement dated May 7, 2010 by and between PLB and the Bank; and (iv) that certain Continuing Guaranty Agreement dated May 7, 2010 by and between Bliss and the Bank (collectively, as each has been amended or reaffirmed from time to time, the "Guarantees").

8. As additional security for the obligations under the Loan Agreement and the Guarantees, the Debtors, as applicable, executed the following: (i) that certain Security Agreement dated September 28, 2008 by and between LFA and the Bank; (ii) that certain Security Agreement dated May 7, 2010 by and between Bliss and the Bank; (iii) that certain Security Agreement dated May 7, 2010 by and between PLB and the Bank; (iv) that certain Security Agreement dated February 28, 2011 by and between Holdings and the Bank; and (v) that certain Second Amended and Restated Stock and Membership Interest Pledge Agreement dated May 7, 2010 by and between Holdings and the Bank (collectively, the "Security Agreements").

9. In addition to the Pre-Petition Loan Agreement, the Bank and Latex entered into that certain WellsOne® Commercial Card Program, dated on or about October 15, 2011 (the "WellsOne Card Program").

10. The Bank asserts that the Loan Documents grant the Bank a first priority lien on all assets of the Debtor (the "Pre-Petition Collateral"). The Bank asserts that it perfected its lien by filing UCC-1 Financing Statements in the state of formation of each respective Debtor. The Loan Agreement, the WellsOne Card Program, Guarantees, Security Agreements and the other documents executed in connection therewith, as each may have been amended or modified from time to time through the date hereof, are collectively referred to herein as the "Pre-Petition Loan Documents".

C. Acknowledgments and Representations.

11. Subject to the paragraph 13, each Debtor hereby acknowledges, represents, warrants, and agrees that:

a. all of the provisions contained in Sections A and B hereto are true and correct in all respects and are expressly incorporated herein by reference;

b. the Pre-Petition Loan Documents are legal, valid, and binding obligations of the Debtors and are enforceable against the Debtors in accordance with their respective terms, except to the extent contrary to federal/state bankruptcy or insolvency laws;

c. the principal amount outstanding by the Debtors under the Loan Documents as of the Petition Date, is as follows: (i) Revolver Loan: \$6,280,838.10; (ii) Term Loan: \$1,820,000.00; (iii) 2011 Term Loan \$2,750,000.00; (iv) Capex Term Loans: (a) Obligation #75: \$322,827.16; (b) Obligation #109: \$452,380.90; (c) Obligation #83: \$2,583,333.51; and (d) Obligation #91: \$713,432.35; and (v) the WellsOne Card Program: \$21,174.57. Such amounts do not include interest, fees, costs, and expenses, including, without limitation, attorneys' fees and costs, and other sums recoverable by the Bank under the Pre-Petition Loan Documents;

d. the Bank has duly perfected, valid, non-avoidable, first priority liens on and security interests in the Pre-Petition Collateral (collectively, the "Pre-Petition Liens") to secure the obligations of the Debtors under the Pre-Petition Loan Documents (collectively, the "Pre-Petition Obligations"); and

e. the Pre-Petition Obligations, Pre-Petition Liens, and Pre-Petition Loan Documents are not subject to any counterclaim, right of offset, claim, or other defense of the Debtors of any kind.

12. Each Debtor hereby waives any right it may have as of the date of this Stipulation to contest, setoff against, counterclaim, or seek other defense to or reduction of the Pre-Petition Obligations, Pre-Petition Liens, and/or Pre-Petition Loan Documents.

13. The acknowledgements, representations, warranties, agreements, and findings made above in this Order and all prior Interim Stipulation and Orders shall be binding on the

Committee and the Debtors, who hereby waive any claims and objections to claims relating thereto, *except to the extent that, and reserving all rights of all parties with respect to*, claims relating to, and the Bank's claim to the extent that it asserts, amounts or security interests that the Bank claims:

1. are first in priority in any property of Bliss, to the extent any other party has a senior perfected lien on such property;
2. were incurred by the Debtors in connection with one or more payoff(s) to the "Colts Lenders";
3. were incurred by the Debtors in connection with "Amendment" or other similar "Fees" charged by Wells;
4. extend to any insurance policies; or
5. extend to the proceeds of any insurance policies, including but not limited to business interruption claims and proceeds of same, covering assets of the Debtors that are not the proceeds of identifiable Pre-Petition Collateral.

D. Cash Collateral and Other Agreements.

14. For purposes of this Stipulation, "Cash Collateral" shall have the meaning ascribed to it pursuant to § 363(a) of the Bankruptcy Code and shall include products, rents, profits, and proceeds (as described in § 9-306 of the Uniform Commercial Code) of and from all Pre-Petition Collateral.

15. The Debtors require the use of Cash Collateral for the purpose of funding its operations during a limited period of time during the pendency of these bankruptcy cases, and the Debtors have requested that the Bank consent to the Debtors' use of Cash Collateral pursuant to the terms and subject to the conditions set forth herein.

16. The Debtors' limited and temporary use of Cash Collateral may result in a reduction in the value of the Pre-Petition Liens without a corresponding reduction in the Pre-Petition Obligations owed to the Bank by the Debtors under the Pre-Petition Loan Documents.

17. Based on the various acknowledgments, representations, warranties, findings, waivers, releases, and covenants contained herein, the Bank is willing to consent to the Debtors' use of Cash Collateral commencing on the date that this Stipulation is approved by the Court for the limited purposes and for the term set forth herein and otherwise in accordance with the terms and subject to the conditions contained herein.

18. The budget attached hereto as "Exhibit A" (the "Budget") was prepared by the Debtors and enumerates in detail the Debtors' projected cash expenses of operations, including the amounts budgeted for the Committee's professionals and for the Debtors' counsel and special counsel, which shall be paid, if available and held in escrow, pending approved fee application (collectively, the "Approved Expenses"), from the Petition Date through the Termination Date (as defined hereinafter).

19. Subject to the terms and conditions set forth herein (and contingent on the Debtors' compliance herewith), and on the condition precedent that this Stipulation is approved by the Court, the Bank hereby consents to the Debtors' use of Cash Collateral to pay only the Approved Expenses set forth in the Budget so long as the Debtors have sufficient cash to make such payments, from the date this Stipulation is approved and entered as an order by the Court until the "Termination Date" which shall be the earlier of (a) 5:00 p.m. (ET) on November 30, 31, 2014; or (b) the date upon which an Event of Default (as defined hereinafter) occurs, except as otherwise agreed to by the Debtors and the Bank.

20. Except as otherwise agreed to by the Debtors and the Bank, on a weekly basis the Debtors shall not exceed five percent (5%) of the aggregate Approved Expenses, compared to the amounts projected in the Budget.

21. Nothing contained in this Stipulation shall be deemed to require the Bank to advance uncollected funds or otherwise make loans, advances, and/or extensions of credit to the Debtors.

22. The Debtors' right to continue to use Cash Collateral shall be contingent on the Debtors' compliance with each and every provision of this Stipulation.

E. Adequate Protection

23. As adequate protection for any diminution in the value of the Pre-Petition Liens in favor of the Bank securing the Pre-Petition Obligations caused by the Debtors' use of the Bank's Cash Collateral, and to the extent that the Debtors' uses the Bank's Cash Collateral and such use diminishes the value of the Pre-Petition Liens:

24. Pursuant to § 361(2) of the Bankruptcy Code, and subject only to any purchase money security interests that may have priority over the Bank's Pre-Petition Liens as of the Petition Date, the Bank is granted, and the Debtors hereby grant to the Bank, first priority, valid, and perfected replacement liens on and security interests in all of the Debtors' now existing and hereafter acquired real and personal property and assets, including, without limitation, equipment, motor vehicles, accounts, accounts receivable, deposit accounts, equipment, goods, inventory, contracts, contract rights, claims, chattel paper, notes, instruments, tax refunds, insurance proceeds, files, records, securities, general intangibles, investment property, deposits, cash, all actions against any person or entity that is or becomes obligated to the Debtors (whether such action is commenced in this Court or any other court), and all cash and non-cash proceeds thereof (collectively, the "Post-Petition Collateral"), which first priority, valid, and perfected

replacement liens and security interests shall be deemed to be effective nunc pro tunc from the Petition Date without further action by the Bank, subject to a carve-out for: (a) fees payable pursuant to 28 U.S.C. 1930; (b) employee wages of the Debtors accrued but unpaid post-petition and prior to an Event of Default hereunder; and (c) a carve-out for the Debtors' and Committee's professionals to be determined in connection with a final order approving cash collateral; provided, however, that such replacement liens and security interests shall not attach to any claims or causes of action arising under 11 U.S.C. §§ 544, 545, 547, 548, or 549 or the proceeds thereof, excluding recoveries under 11 U.S.C. § 549 on account of Post-Petition Collateral.

25. Any diminution in the value of the Pre-Petition Liens in favor of the Bank securing the Pre-Prepetition Obligations caused by the Debtors' use of the Bank's Cash Collateral that is not compensated by Post-Petition Collateral shall constitute a cost and expense of administration in the bankruptcy case in accordance with § 503(b)(1) of the Bankruptcy Code and shall have a superpriority status pursuant to § 507(b) of the Bankruptcy Code and, thus, shall be paid ahead of all other costs and expenses of administration of the bankruptcy case, including, without limitation, those specified in §§ 503(b) or 507(a) of the Bankruptcy Code except to the extent that there is a specific carve-out for any particular other cost and expense of administration. The post-petition replacement liens and security interests granted to the Bank pursuant to this Stipulation are automatically perfected by operation of law upon the Court's approval of this Stipulation nunc pro tunc from the Petition Date without further action by the Bank. The Bank may, but shall not be required to, file any Uniform Commercial Code financing statements and record any additional documents in any jurisdiction or take any other or further action to validate or perfect the security interests and liens granted to it pursuant to and in accordance with this Stipulation. If the Bank deems it necessary or convenient, the Debtors shall

execute and deliver to the Bank, or shall have executed and delivered to the Bank, all in form and substance reasonably satisfactory to the Bank, any other agreements, instruments, documents, or writings to evidence the terms of this Stipulation, the use of Cash Collateral, and/or the Bank's liens and security interests, and the Bank may request from time to time the execution and delivery of Uniform Commercial Code financing statements, continuation statements, amendments to financing statements, and any other agreements, instruments, and/or documents relating to the use of Cash Collateral and/or the security interests and liens granted hereunder. Each Debtor hereby authorizes the execution and filing of all financing statements, amendments, continuations, and other agreements, instruments, and documents desired by the Bank or the perfection of the security interests and liens granted hereunder, and each Debtor agrees to a lifting of the automatic stay for the limited purpose of carrying out the purposes of this Section. Furthermore, each Debtor irrevocably authorizes the filing of a carbon, photographic or other reproduction of this Stipulation as a financing statement and agrees that such filing is sufficient as a financing statement subject to applicable state law.

26. All of the liens on and security interests in the Post-Petition Collateral granted hereunder are hereby deemed to be effective on and after the Petition Date, shall continue in full force and effect, and shall survive the termination of this Stipulation.

F. Additional Adequate Protection and Reporting

27. As additional adequate protection for the Debtors' use of Cash Collateral and as a further condition to the Bank's entry into this Stipulation:

a. The Debtors shall pay to the Bank as and when due and payable (collectively, the "Adequate Protection Payments"): (i) commencing on the first business day following the date of this Stipulation and continuing on the first business day of each month thereafter, an amount equal to the accrued and unpaid interest on the outstanding principal

balances of the Pre-Petition Obligations at the applicable non-default rates of interest set forth in the Pre-Petition Loan Documents, the amount of which may be auto-debited and withdrawn by the Bank from the operating account maintained by the Debtors with the Bank and the application of which will be without prejudice to any objections based on the Bank's secured status; (ii) the reasonable costs and expenses of the Bank incurred in connection with the bankruptcy cases, the Pre-Petition Obligations, the preservation of the Bank's Pre-Petition Collateral and/or Post-Petition Collateral, the preparation and approval of this Stipulation, the preservation and protection of the Bank's rights hereunder, and the collection of the Indebtedness (as defined hereinafter); provided, however, such amounts shall accrue and shall not be due and payable until all other Obligations are paid by the Debtors i.e. the Bank is fully secured within the meaning of 11 U.S.C. § 506; and (iii) to the extent that the Debtors fail to maintain insurance on the Pre-Petition Collateral and/or Post-Petition Collateral, all insurance premiums and other payments reasonably incurred by the Bank to adequately insure its interests in the Pre-Petition Collateral and/or Post-Petition Collateral shall be due and payable on demand by the Bank (collectively, the "Post-Petition Costs and Expenses").

b. The Debtors shall continue to provide such annual, quarterly, monthly, weekly, and/or other reporting as it is obligated to provide the Bank pursuant to the Pre-Petition Loan Documents. In addition, on Tuesday, June 10, 2014 and on each successive Tuesday thereafter, the Debtors shall provide the Bank, the Office of the United States Trustee, counsel to the Committee and the State of Connecticut, Department of Economic and Community Development (the "DECD") with (i) a certified report listing the value of all of the Debtors' (A) Eligible Accounts and Eligible Inventory (as such terms are defined in the Pre-Petition Loan Documents) as of Friday of the immediately preceding week and (B) cash and total outstanding

accounts receivable as of Friday of the immediately preceding week, an aging thereof, and a record of collections from the immediately preceding, (C) all of the Debtors' outstanding accounts payable, an aging thereof, and a record of payments from the immediately preceding week, and (D) total inventory as of Friday of the immediately preceding week; and (ii) a cash flow statement showing actual cash receipts and disbursements from operations on a weekly basis and comparing actual results compared to the line items in the Budget for all prior periods; (iii) a compliance certificate certifying (X) comparing the actual results to the aggregate Approved Expenses, together with a certification indicating whether the actual cash expenses paid by the Debtors during the prior week was greater than five (5%) of the aggregate Approved Expenses; and (Y) indicating whether the aggregate value of the cash, the Eligible Accounts Receivable, and the Eligible Inventory as of Friday of the immediately preceding week was equal to or greater than \$6,734,000, other than for the week ending July 11, 2014 in which case the amount shall not be less than \$6,283,000; and (iv) a report indicating (1) all damages, claims and liabilities arising from the Fire, (2) all payments made with respect to damages or liabilities arising from the Fire, and (3) the source proceeds used to make the payments described in (2). In addition, the Debtors shall provide the Bank, the United States Trustee, counsel to the Committee, and the DECD with the Debtors' monthly United States Trustee operating reports.

c. Upon reasonable prior notice, the Debtors shall provide the Bank and the Committee, their representatives, and/or their consultants with reasonable and free access to all financial books, records, and files (whether such information is stored on any computer or disk) during normal business hours to, among other things, verify cash receipts, collateral levels, and results of operations, and the Bank and the Committee shall be entitled to share such information with its representatives and consultants.

d. For the purpose of this Stipulation, “Indebtedness” shall mean all of the Debtors’ obligations to the Bank arising under this Stipulation and the Pre-Petition Loan Documents, including, without limitation, the Pre-Petition Obligations, the Cash Collateral used by the Debtors, and the Post-Petition Costs and Expenses.

e. The Debtors hereby agree to take all actions necessary to recover all proceeds from any and all applicable insurance policies providing coverage to Debtors for any aspect of loss and damage, both physical and economic, and the consequences thereof experienced by the Debtors as a result of that certain fire that took place at its facilities on or about June 25, 2014 and the subsequent fire on or about June 30, 2014 (the “Fire”).

f. Any insurance policy payments or proceeds that reimburse the Debtors for any disbursements made by the Debtors shall be subject to the Bank’s liens, which are subject to any objection filed by the Committee. The foregoing shall not limit the Bank’s rights to assert a right to be paid insurance proceeds either as loss payee or otherwise; all such rights are preserved, and all rights of the Committee and the Debtors to object to such asserted right are also preserved. The Debtors agree that any insurance policy payments or proceeds or other amount paid by check or other means to the Debtors or their counsel shall be promptly deposited in the Debtors’ Debtor in Possession bank accounts maintained with Wells Fargo.

G. Events of Default and Termination.

29. The occurrence of any of the following shall constitute an event of default hereunder (an “Event of Default”):

a. Any Debtor shall fail to keep, observe, or perform any of its agreements or undertakings hereunder, including, without limitation, the Debtors’ violation of paragraph 20 or failing to provide any reporting required pursuant to paragraph 29(b);

b. If at any time the aggregate value of the cash, the Eligible Accounts Receivable, and the Eligible Inventory is less than \$6,734,000, other than for the week ending July 11, 2014 in which case the amount shall not be less than \$6,283,000;

c. Any Debtor shall knowingly furnish or knowingly make any false, inaccurate, or incomplete representation, warranty, certificate, report, or summary in connection with or under this Stipulation;

d. Any Debtor or other person shall contest any Pre-Petition Obligation, Pre-Petition Loan Document, or Pre-Petition Lien or other lien or security interest of the Bank, file any claim, complaint, adversary proceeding, suit, demand, action, or cause of action against the Bank with this Court, or seek to have the Court annul, modify, or amend any part of this Stipulation without the prior written consent of the Bank;

e. Any Debtor shall suffer the appointment of a trustee or examiner;

f. Any Debtors' chapter 11 case is converted to a case under chapter 7 of the Bankruptcy Code, or any Debtor files a motion to convert its chapter 11 case to a case under chapter 7 of the Bankruptcy Code;

g. Any Debtor shall contract or agree to sell any of its real or personal property or assets, outside of the ordinary course of business, which are subject to the Bank's liens and/or security interests, without the prior written consent of the Bank;

h. The seizure or forfeiture of any material portion of the Pre-Petition Collateral and/or Post-Petition Collateral by any governmental authority;

i. Any Debtor shall pledge or file a motion to pledge any of its real or personal property or assets to any entity other than the Bank, whether pursuant to § 364 of the Bankruptcy Code or otherwise, or allow, voluntarily or involuntarily, any liens or security

interests to attach to a material portion of its assets other than liens and security interests existing as of or by reason of this Stipulation; or

j. The entry of an order granting relief from the automatic stay with respect to any property or asset of the Debtor with a value greater than \$50,000.

30. Upon the Termination Date (as a result of the occurrence of an Event of Default or otherwise), this Stipulation shall automatically and immediately terminate, and unless otherwise ordered by the Court, the Debtors' right to use Cash Collateral shall automatically and immediately terminate. Notwithstanding the foregoing, nothing contained in this section 30 or this Order shall prohibit the Debtors from filing a motion, on an expedited basis or otherwise, for authority to use cash collateral following an Event of Default. Upon the Termination Date, the Bank may seek expedited relief from any stay under § 362 or § 105 of the Bankruptcy Code or other restriction in the enforcement of its liens and security interests under the Pre-Petition Loan Documents and/or this Stipulation. The Bank and Debtors agree that the Bank may seek an expedited hearing before the Court to consider the entry of such order upon three (3) business days after certification by the Bank of an Event of Default to the Debtors, the United States Trustee, the Committee, any creditors who assert an interest in Cash Collateral, any taxing authorities to which the Debtors is indebted, and any parties requesting notice under Fed. R. Bankr. P. 2002, and the Debtors reserve and preserve all rights to object to any request of the Bank for relief from any stay under § 362 or § 105 of the Bankruptcy Code or otherwise. Notwithstanding the foregoing and notwithstanding anything to the contrary in this Order, any payments to be made to any professionals for the Debtors or the Committee pursuant to this Order, as well as the first through third prior interim orders, shall be paid and/or retained in escrow, pending and subject to Court approval pursuant to 11 U.S.C. §§ 330 or 331, to such

professional, notwithstanding any failure by the Debtors prior to the Termination Date to have actually paid such amount.

H. Miscellaneous.

31. The Debtors' representations, warranties, acknowledgments, waivers, and releases set forth in this Stipulation shall survive the termination hereof.

32. The rights, powers, and remedies of the Bank provided in this Stipulation and the Pre-Petition Loan Documents are cumulative and not exclusive of any right, power, or remedy provided by law or equity. No failure or delay on the part of the Bank in the exercise of any right, power, or remedy shall constitute a waiver of such right, power, or remedy.

33. This Stipulation constitutes the sole agreement of the Bank and Debtors with respect to the subject matter hereof and supersedes all oral negotiations and prior writings with respect to the subject matter hereof.

34. No amendment or extension of this Stipulation, and no waiver of any one or more of the provisions hereof, shall be effective unless set forth in writing and signed by the Bank and Debtors.

35. This Stipulation: (a) shall be binding on the Debtors and Bank and, where applicable, their respective predecessors, successors, agents, and permitted assigns (including, as to the Debtors, any trustee); and (b) shall inure to the benefit of the Debtors and Bank and, where applicable, their respective predecessors, successors, agents, and permitted assigns; provided, however, that the Debtors may not assign its rights hereunder without the written consent of the Bank, and any such assignment or attempted assignment by the Debtors shall be void and of no effect with respect to the Bank.

36. The performance of the Bank's and Debtors' obligations under this Stipulation are expressly conditioned upon the approval by the Court of this Stipulation.

37. The Debtors and Bank represents and warrants to each other that this Stipulation has been duly and validly executed and delivered and that the Stipulation constitutes a valid and legally binding obligation subject only to approval by the Court.

38. No rights are intended to be created hereunder for the benefit of any third party, creditor, or incidental beneficiary.

39. Except as expressly provided herein, the parties' execution of this Stipulation shall not be deemed to constitute a waiver of any of their respective rights or remedies, or any other party's right or remedies, including the rights of the Committee to object to the terms of any proposed final order, under the Bankruptcy Code or other applicable law. By way of amplification, but not limitation, the Bank is not waiving any of its rights and remedies with respect to any of its claims, rights, liens, security interests, or remedies under or contained in the Pre-Petition Loan Documents. In addition, the Bank does not waive any right to seek additional adequate protection in the future or to object to, or refuse any request of the Debtors or any trustee appointed in the bankruptcy cases, for consent to, the use, sale, or other disposition of any Pre-Petition Collateral or Post-Petition Collateral, and/or the use, sale, or other disposition of other property or assets of the Debtors.

40. This Stipulation may be executed in any number of counterparts and by the different parties on separate counterparts. Each such counterpart shall be deemed an original, but all such counterparts together shall constitute one and the same Stipulation.

41. As adequate protection for any diminution in value of any pre-petition liens held in favor of the DECD in the Cash Collateral caused by the Debtors' use of the Cash Collateral, if any, of DECD, DECD shall receive replacement liens in the Debtors' assets, exclusive of avoidance causes of actions and related claims, to the same extent, priority, and validity of the

liens DECD held, if any, as of the Petition Date, subordinate to the Bank's replacement liens, and subject to the same carve outs that were carved out from the Bank's replacement liens. Furthermore, any replacement lien granted to the DECD pursuant to this Order shall be subject to the terms and conditions of that certain Subordination Agreement dated on or about July 23, 2012 by and between the Bank, Latex, and the DECD (the "Subordination Agreement"). The DECD replacement lien, subject to the Subordination Agreement, shall include insurance proceeds to the same extent, validity, and priority of any lien the DECD may have held against insurance proceeds as of the Petition Date.

42. A final hearing to consider the Debtors' use of Cash Collateral shall be held on **December 2, 2014 at 10:00 a.m. before the Honorable Alan H.W. Shiff, United States Bankruptcy Judge, at the U. S. Bankruptcy Court, 915 Lafayette Boulevard, Bridgeport, Connecticut.**

43. A copy of this Stipulation shall be served on or before November 7, 2014, by the Debtors' counsel upon (a) counsel to the Committee, if one has been appointed, and, if not, the twenty largest unsecured creditors in the bankruptcy case under Fed. R. Bankr. P. 1007(d), (b) the Office of the United States Trustee, (c) all parties who have timely filed requests for notices under Fed. R. Bankr. P. 2002, (d) counsel for the Bank, and (e) all parties known to the Debtors to have liens on or a security interest in the Cash Collateral. The Debtors shall immediately file with the Clerk a Certificate of Service of said mailing.

44. Notwithstanding Rule 6004(g) of the Federal Rules of Bankruptcy Procedure or any other rule of procedure, this Stipulation shall take effect immediately upon its entry.

45. The Court shall retain exclusive jurisdiction to enforce and interpret the terms of this Stipulation.

IN WITNESS WHEREOF, the Debtors and Bank, by and through their counsel,
have caused this Stipulation to be executed on the date set forth above.

By: /s/ James Berman
James Berman
Zeisler & Zeisler, P.C.
10 Middle Street, 15th Fl.
Bridgeport, CT 06604

Counsel for the Debtor

By: /s/ Scott M. Esterbrook
Scott M. Esterbrook
Reed Smith LLP
1717 Arch Street
Philadelphia, PA 19103

Counsel for the Bank

So ORDERED, this 4th day
of November, 2014.

By the Court

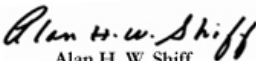

Alan H. W. Shiff
United States Bankruptcy Judge

EXHIBIT A

BUDGET

Latex Foam International LLC Consolidated Cash Flow Projection Worksheet \$(000's)							4.0	Nov-14		6
							3	4	5	6
							7-Nov	14-Nov	21-Nov	28-Nov
Disbursements										
Latex & Other Raw Materials										
RCMA/Centrotrade										
Goodyear/BASF/SBR	80	121	80	401.8	0					
Tarco - Octocure5541 (weekly)	147	147	147	589.4	0					
Tarco - Octocure449 (weekly)	50	50	50	150.0	0					
Tarco-specialty (DPG,ZDC,Zinc/Gum)	18	18	18	71.3	0					
Praxair/Esquire/CO2	22	16	22	76.5	0					
Feldspar/Minispar/200 (weekly)	8	8	8	30.0	0					
Microtek/BASF/Celcon (once per mo)	3	3	3	12.4	0					
GL-4153 Polyurethane Gel	0	10	0	20.6	0					
Anthracite/Graphite	24	0	24	48.0	0					
DeWolf - Cream of Tartar	0	3	0	3.0	0					
DeWolf - Standapoll/Aqua Ammonia	0	5	0	10.0	0					
Frekote (twice per month)	4	0	4	8.0	0					
PolyOne - Geon 471 (once per month)	8	6	6	25.2	0					
Crop Freight (Pittman, Dana, Martell, Shipley	0	5	0	10.0	0					
Global Pallets/Pallet Outlet	3	3	3	12.0	0					
Unicorr - Corrugated	5	5	5	20.0	0					
Carter-McLeod	10	10	10	40.0	10					
Tissue Paper (once per month)	4	4	4	15.8	4					
Quilt Backing (twice per month)-Hanes	2	3	2	8.0	3					
Pillow (Ruckel/Royal/Abs Knits/Velocity)	0	2	0	4.0	2					
Unilutex/Polv/Artlat	20	20	20	80.0	0					
	9	9	9	35.2	0					
Total Latex & Other Raw Materials	417	447	414	1,671	20					
Freight (Frachtt, K&M, SPC, R&R, Unisource)										
Fracht/Rail/Schneider	10	10	10	41.0	10					
3 Trucks per week to LTX	6	6	6	24.0	6					
R&R/SPC/Berna/18 Hunt	18	18	18	70.0	18					
Unisource	51	51	51	204.0	51					
UPS/FedEx	9	9	9	36.0	9					
Total Freight Costs	94	94	94	375	94					
Other Mfg/Plant Costs										
LTX Plant/Supplies/Glue/Pallets	3	3	3	11.6	3					
CT Fabrication/Supplies/Glue	3	3	3	12.2	3					
Electricity	0	224	0	224.0	0					
Utilities Deposit	0	0	0	0.0	0					
Gas	0	84	0	84.0	0					
MRO/Maint/Supplies/Plant	21	21	21	164.0	21					
Waste Water/United Industrial/Tradebe	24	24	24	94.8	0					
Water/BHC/Drum Waste/Sabage	5	5	5	21.0	5					
Total Other Mfg/Plant Costs	56	364	56	612	32					
Facility Costs										
River Road Facilities	2	2	2	9.0	2					
Facility Rents	0	17	94	111.0						
Total Facility Costs	2	19	96	120	2					
Bliss Material Costs										
BUS/Colonial/FC Retail	0	0	0	0.0	0					
Lava/Lebanon -	42	42	42	169.4	42					
Hickory/WG&R - foundations	3	3	3	13.9	3					
Total Bliss Material Costs	46	46	46	183	46					
Total Operating & Mfg Costs	615	969	706	2,961	193					
Other Costs										
Hourly Wages - LINE	12	12	12	48.0	2					
Hourly Wages - LITX	7	7	7	28.0	1					
Hourly Wages & benefits - Foam Factory	56	56	56	224.0	11					
Biweekly Salaries	132	132	132	264.0						
401k	3	13	3	32.0	13					
Total Payroll	210	88	210	596	28					
Other Admin & Employment Costs										
Medical/Dental	0	15	115	130.0	0					
Accounting/IT/Mktg/Legal/HR	20	20	20	80.0	20					

Latex International 15 Week Cash Flow Forecast

	4.0				Nov-14		6
	3	4	5	6	7	8	
	7-Nov	14-Nov	21-Nov	28-Nov			
Total Other Admin/Employment Costs	20	35	135	210	20		
Selling & Marketing Costs							
Travel Expenses - Admin/Op/Sales	3	0	3	6.0	0		
Total Selling & Mktg Costs	3	0	3	6	0		
BLISS Selling Costs							
BLISS Travel Expenses	5	0	5	10.4	0		
BLISS Marketing/Admin/PSA/Rebates	7	7	7	28.8	7		
Total BLISS Selling Costs	12	7	12	39	7		
All Other Costs, Ind Insurance/Taxes							
Bank Principal & Interest/CC Fees	10			100.0	15		
Insurance (workers comp/liability)	100			100.0			
Property Insurance				32.0	32		
Domestic and Export Credit Insurance				0.0			
Capital expenditures				0.0			
Expenses for Fire Repair/Cleanup	200	400	400	1,200.0			
Other/Taxes				0.0			
US Trustee Fees				0.0			
Committee Professionals	20			20.0			
Debtors' counsel/special counsel/Duff & Phelps	20	50		70.0			
Total All Other Costs, Ind Insurance/Taxes	350	450	400	1,522	47		
Total Other Expenses	595	580	760	2,373	102		
Total Disbursements	1,210	1,550	1,466	5,334	296		

Latex Foam International LLC Consolidated
Cash Flow Projection Worksheet
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