

SO ORDERED



DUNCAN W. KEIR
U. S. BANKRUPTCY JUDGE

**THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)**

In re

The Boyds Collection, Ltd., et al.

- * Case Nos. 05-43793DK
- * 05-43805DK
- * 05-43816DK
- * 05-43824DK
- * 05-43833DK
- * 05-43838DK
- * 05-43848DK
- * 05-43857DK
- * 05-43863DK

* Chapter 11

* (Jointly Administered under

Debtor(s)

* Case No. 05-43793DK)

* * * * *

**FINAL ORDER: (I) AUTHORIZING DEBTORS IN POSSESSION
TO ENTER INTO POST-PETITION CREDIT AGREEMENT
PURSUANT TO SECTION 364 OF THE BANKRUPTCY CODE,
(II) AUTHORIZING USE OF CASH COLLATERAL PURSUANT
TO SECTION 363 OF THE BANKRUPTCY CODE, AND (III)
GRANTING ADEQUATE PROTECTION PURSUANT TO
SECTIONS 363 AND 364 OF THE BANKRUPTCY CODE**

Upon the motion, dated October 16, 2005 (the "Motion"), of Boyds
Collection, Ltd. ("Borrower") and certain of its subsidiary debtors in the above-captioned
chapter 11 cases (the "Subsidiary Guarantors" and, together with Borrower, the

“Debtors”): (a) for the entry of Orders authorizing them to: (i) obtain post-petition financing pursuant to sections 363 and 364 of title 11 of the United States Code (the “Bankruptcy Code”) by entering into that certain Debtor-in-Possession Credit and Guaranty Agreement, dated as of October 16, 2005, as the same may be amended, supplemented or otherwise modified from time to time (the “Post-Petition Credit Agreement,” and together with all agreements, documents, notes, instruments and any other agreements delivered thereto or in connection therewith, the “Loan Documents”),¹ by and among Borrower, certain of its subsidiaries, the lender or lenders identified in the Post-Petition Credit Agreement (the “Lenders”), Bank of America, N.A, as the initial L/C Issuer and as the administrative agent and collateral agent for the Lenders and the L/C Issuer (together with its successor and permitted assigns in such capacities, the “Administrative Agent”), subject to the terms and conditions set forth herein and in the Post-Petition Credit Agreement; and (ii) grant mortgages, security interests, liens and superpriority claims to the Administrative Agent, acting on behalf of itself and the Lenders (including, as specifically set forth herein and in the Post-Petition Credit Agreement, an administrative priority pursuant to section 364(c)(1) of the Bankruptcy Code, liens pursuant to sections 364(c)(2) and (3) of the Bankruptcy Code and priming liens pursuant to section 364(d) of the Bankruptcy Code); and by order dated October 19, 2005 (the “Interim Order”) the Court having, among other things: (i) authorized the Debtors to enter into the Post-Petition Credit Agreement for the limited purpose of obtaining letters of credit; (ii) authorized the use of cash collateral pursuant to section 363

¹ Unless otherwise defined herein, all capitalized terms used herein have the meanings ascribed to such terms in the Post-Petition Credit Agreement.

of the Bankruptcy Code; (iii) granted adequate protection solely in connection with the use of cash collateral and letters of credit; and (iv) established October 31, 2005 as the date to consider final approval of the Motion and the Post-Petition Credit Agreement (the “Final Hearing”); and based upon the evidence presented by the Debtors, and the Court having considered the Motion and the Exhibits attached thereto; and in accordance with Bankruptcy Rule 4001(c)(1) and (c)(3), due and proper notice of the Motion having been given, and the Final Hearing having been held and concluded on the date hereof; and upon all of the pleadings filed with the Court and all of the proceedings held before the Court; and after due deliberation and consideration and good and sufficient cause appearing therefor,

THE COURT HEREBY FINDS:

A. On October 16, 2005 (the “Petition Date”), each of the Debtors filed with this Court a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. An official committee of the unsecured creditors in the Debtors’ chapter 11 cases (the “Committee”) was appointed by the United States Trustee on October 24, 2005.

B. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 361, 362, 363 and 364 of the Bankruptcy Code and Bankruptcy Rules 4001(b) and (c). Venue of the Debtors’ chapter 11 cases and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

C. Pursuant to that certain Credit Agreement, dated as of February 23, 2005, among Borrower and certain of its subsidiaries, the Pre-Petition Lenders and the Pre-Petition Agent (as amended, supplemented or otherwise modified from time to time, the “Pre-Petition Credit Agreement” and together with all agreements, documents, notes, instruments and any other agreements delivered pursuant thereto or in connection therewith, the “Pre-Petition Loan Documents”), Borrower received loans and advances and/or provided other financial accommodations to, *inter alia*, fund its operations (the “Pre-Petition Loans”). The Subsidiary Guarantors, other than those with no material assets, are also guarantors of the Pre-Petition Loans.

D. The Debtors admit that, as of the Petition Date, approximately \$56,500,000 was outstanding in respect of the Pre-Petition Loans made pursuant to the Pre-Petition Credit Agreement, plus interest thereon and fees and expenses incurred in connection therewith as provided in the Pre-Petition Loan Documents. Additionally, as of the Petition Date, \$1,019,524.63 was outstanding in face amount of pre-petition letters of credit, plus interest thereon and fees and expenses incurred in connection therewith as provided in the Pre-Petition Loan Documents. For purposes of this Order, the term “Pre-Petition Indebtedness,” as hereinafter defined, shall include the principal of, and, to the extent payable and allowable hereunder or under the Bankruptcy Code, all interest, fees and other charges owing in respect of such loans or indebtedness (including, without limitation, any reasonable attorneys’, accountants’, financial advisors’ and other fees and expenses that are chargeable or reimbursable under the relevant agreements relating to such loans or other indebtedness), as well as reimbursable or other obligations regarding letters of credit.

E. To secure the Pre-Petition Indebtedness, the Debtors encumbered substantially all of their assets by pledging personal property (including capital stock or other equivalent equity interest) and real property (all of the foregoing collateral generally described above, together with all of the proceeds, products, rents and profits thereof shall be referred to herein collectively as the “Pre-Petition Collateral” and such liens shall be referred to herein as the “Pre-Petition Liens”).

F. The Debtors acknowledge and agree and waive and release any right that the Debtors may have to challenge: (a) the Pre-Petition Liens; (b) that the Pre-Petition Liens constitute valid, binding, enforceable and perfected first priority liens subject only to liens described in or otherwise permitted by the Pre-Petition Credit Agreement, and are not subject to avoidance or subordination (except insofar as such liens are subordinated to the Post-Petition Liens, the Adequate Protection Liens, the Carve-Out and the KERP Carve-Out² in accordance with the provisions of this Order)

² As used in this Order, “Carve-Out” means an amount which shall be used, free and clear of and notwithstanding the Administrative Agent’s security interests for the benefit of the Administrative Agent and the Lenders in the Collateral, and the Pre-Petition Agent’s security interests for the benefit of the Pre-Petition Agent and the Pre-Petition Lenders in the Pre-Petition Collateral, as well as the Administrative Agent’s rights and superpriority claims hereunder (each of which interests and claims shall be subordinated to the Carve-Out), to pay: (i) unpaid fees and expenses of Professionals (as defined in the Bankruptcy Code) retained by the Debtors or the official unsecured creditors’ committee (the “Committee”) appointed in accordance with section 1102 of the Bankruptcy Code that are (a) incurred prior to the occurrence and continuance of an Event of Default and (b) allowed by the Bankruptcy Court, at any time, under sections 105(a), 330 and 331 of the Bankruptcy Code or otherwise; (ii) unpaid fees and expenses of Professionals retained by the Debtors or the Committee up to an amount not to exceed \$450,000 that (a) are incurred after the occurrence and during the pendency of an Event of Default and (b) allowed by the Bankruptcy Court, at any time, under sections 105(a), 330 and 331 of the Bankruptcy Code or otherwise; (iii) fees required to be paid to the Clerk of the Bankruptcy Court and to the Office of the United States Trustee under section 1930(a), Title 28, United States Code and (iv) any reasonable out-of-pocket expenses of the Committee members that are allowed by the Bankruptcy Court under section 503(b)(3)(F) of the Bankruptcy Code; provided, however, that the Carve-Out shall not include any fees or expenses incurred in challenging the Liens or claims of the Pre-Petition Agent or the Pre-Petition Lenders; provided, further, however, the Carve-Out shall include any allowed fees or expenses incurred in investigating the Liens or claims of the Pre-Petition Agent or the Pre-Petition Lenders. For so long as no Event of Default shall have occurred and be continuing, the Borrower and the Guarantors shall be permitted to pay compensation and

pursuant to the Bankruptcy Code or applicable non-bankruptcy law; (c) that the Pre-Petition Indebtedness constitutes legal, valid and binding obligations of the Debtors, enforceable in accordance with its terms (other than in respect of the stay of enforcement arising from section 362 of the Bankruptcy Code); (d) that the Debtors have no offsets, defenses or counterclaims to the Pre-Petition Indebtedness; (e) that no portion of the Pre-Petition Liens or the Pre-Petition Indebtedness is subject to avoidance or subordination pursuant to the Bankruptcy Code or applicable non-bankruptcy law; and (f) that, as of the Petition Date, the claim of the Pre-Petition Lenders is an allowed secured claim within the meaning of section 506 of the Bankruptcy Code in an amount that is not less than \$56,500,000 (exclusive of obligations in respect of pre-petition letters of credit), plus accrued but unpaid interest thereon, and the fees, costs and expenses of the Pre-Petition Lenders and the Pre-Petition under or incurred in connection with the Pre-Petition Loan Documents. This Order does not constitute a finding that the Pre-Petition Lenders are oversecured with respect to the Pre-Petition Obligations within the meaning of section 506(b) of the Bankruptcy Code. All parties reserve their rights with respect to the characterization of payments received by the Pre-Petition Lenders with respect to the Pre-Petition Obligations hereunder.

reimbursement of fees and expenses allowed and payable under 11 U.S.C. §§ 321, 330 and 331, as the same may be due and payable, and neither such amounts nor any retainers paid to the professionals retained by the debtors or the committee shall reduce the Carve-Out. “KERP Carve-Out” means an amount which shall be used, free and clear of and notwithstanding the Administrative Agent’s security interests for the benefit of the Administrative Agent and the Lenders in the Collateral and the Administrative Agent’s rights and superpriority claims (each of which interests and claims shall be subordinated to the KERP Carve-Out), to pay any unpaid amounts that are or become due as a result of the provisions set forth in Exhibit M to the Post-Petition Credit Agreement, after and to the extent such provisions have been approved by an order of the Bankruptcy Court.

G. The Debtors have an ongoing need for access to funds in order to continue the operation of their businesses. Without such funds, the Debtors will not be able to fund the continued operation of the Debtors' businesses in a manner that will avoid irreparable harm to the Debtors' estates. At this time, the ability of the Debtors to finance their operations and the availability to them of sufficient working capital and liquidity through the immediate use of cash collateral and other financial accommodations is vital to the confidence of the Debtors' vendors and suppliers of other goods and services, to their customers and employees and to the preservation and maintenance of the going concern value of the Debtors' estates. The Debtors are unable to obtain the required funds in the form of unsecured credit or unsecured debt allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense pursuant to section 364(a) or (b) of the Bankruptcy Code, unsecured debt having the priority afforded by section 364(c)(1) or debt secured only as described in section 364(c)(2) or (3).

H. The Pre-Petition Lenders consent and agree to the Debtors' entering into the financing arrangements contemplated by this Order and the Loan Documents, and the Administrative Agent and the Lenders are willing to provide the financing contemplated herein, all subject to the terms and conditions set forth herein, in the Post-Petition Credit Agreement, in the other Loan Documents, and the provisions of this Order assuring that the Post-Petition Liens, the Adequate Protection Liens (hereinafter defined) and the various claims, super-priority claims and other protections granted pursuant to this Order, the Post-Petition Credit Agreement and the other Loan Documents will not be affected by any subsequent reversal or modification or appeal of this Order or any other order, as provided in section 364(e) of the Bankruptcy Code,

which is applicable to the post-petition financing arrangements contemplated by this Order. The Administrative Agent and each of the Lenders have acted in good faith and at arm's-length in consenting to and/or in agreeing to provide the financing contemplated by this Order, the Post-Petition Credit Agreement and the other Loan Documents and the reliance of the Administrative Agent and each of the Lenders on the assurances referred to above is in good faith.

I. Notice of the Final Hearing on the Motion and this Order has been provided (by hand, fax, overnight mail or courier) to: (i) the Pre-Petition Agent; (ii) counsel to each of the Pre-Petition Lenders; (iii) the Administrative Agent; (iv) counsel to the Lenders; (v) the United States Trustee, (vi) counsel to the Committee; (vii) the holders of the twenty (20) largest unsecured claims against the collective Debtors; and (viii) known holders of liens in and on the Collateral. Such notice constitutes sufficient notice under Bankruptcy Rule 4001 and no other notice need be given.

J. The financing and adequate protection arrangements authorized hereunder have been negotiated in good faith and at arm's length among the Debtors, the Administrative Agent, and each of the Lenders and the terms of such financing and adequate protection arrangements are fair and reasonable under the circumstances, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and are supported by reasonably equivalent value and fair consideration.

K. Entry of this Order is in the best interests of the Debtors and their estates and creditors as its implementation will, among other things, allow for the continued operation and rehabilitation of the Debtors' existing businesses.

L. The Subsidiary Guarantors are jointly and severally unconditionally guaranteeing the Post-Petition Indebtedness and all other obligations of Borrower under the Loan Documents.

NOW, THEREFORE, IT HEREBY IS ORDERED, THAT:

1. The Debtors be, and hereby are, authorized to enter into the Loan Documents in substantially the form filed with this Court on November 1, 2005 (docket number 98), and to borrow money, incur indebtedness and perform their obligations hereunder and thereunder in accordance with, and subject to, the terms of this Order and the other Loan Documents, including, without limitation, the applicable Budget.³ The Debtors are authorized to enter into such modifications and amendments to the Loan Documents, without further order of this Court but on not less than three (3) business days' notice to counsel to any statutory committee and the U.S. Trustee, as may be agreed upon in writing by the Debtors, and the Administrative Agent (and, to the extent required by the Loan Documents, the Lenders), except for: (i) any increase in the Commitments; (ii) any increase in the applicable interest rates on or any material charges payable with respect to the Loans; (iii) any modification of the maturity of the Loans; or (iv) any other modification which imposes any additional material cost, burden, covenant or Event of Default on the Debtors. The Debtors may modify the terms and conditions establishing sublimits with the Commitments or governing fees payable and expenses reimbursable to the L/C Issuer so long as the Debtors, the Lenders, the L/C Issuer and the Administrative Agent agree that such modifications are fair and reasonable and notice is provided to the

³ A copy of the Budget is annexed hereto as Exhibit 1.

Committee and the U.S. Trustee; provided, however, the Debtors shall not be permitted to increase the Letter of Credit Sublimit above \$3,500,000. For purposes of clarification, the Debtors are hereby authorized to obtain, or use Cash Collateral to collateralize payment obligations under a post-petition letter of credit and to obtain, post-petition letters of credit issued by, a letter of credit issuer other than the L/C Issuer and not issued under or pursuant to the Post-Petition Credit Agreement; provided, however, that the Debtors shall remain bound by the restrictions on Cash Collateral and limitations on the aggregate amount of outstanding letters of credit provided herein or in the Loan Documents, including, without limitation, the Budget and the Letter of Credit Sublimit.

2. From and after the Petition Date through the Termination Date (as hereinafter defined), and subject to the terms and conditions of this Order and the Loan Documents, the Debtors are authorized to borrow and reborrow funds, use Cash Collateral, and incur indebtedness pursuant to the terms and provisions of this Order, the Post-Petition Credit Agreement and the other Loan Documents, including, without limitation, the Budget. For purposes of this Order, “proceeds” of any collateral shall mean proceeds (as defined in the Uniform Commercial Code) of such collateral as well as: (x) any and all proceeds of any insurance, indemnity or warranty or guaranty payable to the Debtors from time to time with respect to any of such collateral; (y) any and all payments (in any form whatsoever) made or due and payable to the Debtors in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of such collateral by any governmental body, authority, bureau or agency (or any person under color of governmental authority); and (z) any other payments, dividends, interest or other distributions on or in respect of any of such collateral.

3. Except as expressly set forth herein, payments in respect of the Pre-Petition Indebtedness and the Adequate Protection Obligations shall be subordinated to the indefeasible payment in full in cash of the Post-Petition Indebtedness in accordance with the Loan Documents. Without limiting the generality of the foregoing, and except as expressly set forth herein, unless and until all outstanding Post-Petition Indebtedness is indefeasibly paid in full in cash, all other amounts due and owing under the Loan Documents are indefeasibly paid in full in cash and the Post-Petition Credit Agreement and all commitments thereunder are terminated, under no circumstances shall any holder of the Adequate Protection Obligations have, with respect thereto, any enforcement rights against, or with respect to, the Collateral or any other rights or remedies that may interfere with or otherwise restrict the rights and remedies of the Administrative Agent or the Lenders hereunder, under the other Loan Documents or otherwise with respect to the Post-Petition Indebtedness.

4. As security for all Loans, Obligations and any other indebtedness or obligations, contingent or absolute which may now or from time to time hereafter be owing by the Debtors or to the Administrative Agent or the Lenders hereunder or under any of the other Loan Documents (all such Loans, Obligations and other indebtedness or obligations, together with the Post-Petition Loans and any commercially reasonable obligations at any time incurred by the Debtors on or after the Petition Date to the Administrative Agent or any of the Lenders in connection with the Debtors' cash management system (excluding obligations for borrowed money incurred in connection with the cash management system), collectively, the "Post-Petition Indebtedness"), subject to the provisions contained herein, the Administrative Agent is hereby granted for

the sole benefit of the Administrative Agent and the Lenders valid, binding, enforceable and perfected liens (the “Post-Petition Liens”), in all presently owned or hereafter acquired property and assets of the Debtors of any kind or nature, whether real or personal, tangible or intangible, wherever located, now owned or hereafter acquired or arising and all proceeds, products, rents and profits thereof, including, without limitation, all cash (including all Cash Collateral, wherever held), goods, accounts receivable, inventory, cash-in-advance deposits, real estate, investment property, stock or other equity interests in domestic subsidiaries (without prejudice to the right of the Lenders to acquire security interests in foreign subsidiaries, pursuant and subject to the terms of the Post-Petition Credit Agreement), machinery, equipment, vehicles, trademarks, trade names, licenses, causes of action, rights to payment including tax refund claims, insurance proceeds and tort claims (including but not limited to actions for preferences, fraudulent conveyances, and other avoidance power claims and any recoveries under sections 506(c), 544, 547, 548 or 550 of the Bankruptcy Code (collectively, the “Avoidance Actions”)), and the proceeds, products, rents and profits of all of the foregoing (all of the foregoing, the “Collateral”): (i) subject and subordinate only to the Carve-Out and the KERP Carve-out and the Permitted Encumbrances; and (ii) senior and superior pursuant to section 364(d)(1) of the Bankruptcy Code to any liens or claims encumbering the Collateral, including, without limitation, the Pre-Petition Liens and the Adequate Protection Liens (but subject to the Carve-Out, the KERP Carve-Out and any Permitted Encumbrances). The Post-Petition Liens provided herein pursuant to section 364(d)(1) do not prime the liens of allowed, perfected and nonavoidable secured claims

existing on the Petition Date or perfected thereafter pursuant to section 546(b) of the Bankruptcy Code other than the liens securing the Pre-Petition Indebtedness.

5. The Pre-Petition Lenders are hereby granted for the sole benefit of the Pre-Petition Lenders valid, binding, enforceable and perfected liens (the “Adequate Protection Liens”) in all Collateral to secure an amount of Pre-Petition Indebtedness equal to the sum of, without duplication, the aggregate diminution, if any, subsequent to the Petition Date, in the value of the Pre-Petition Collateral, resulting from the priming authorized hereunder, any loss in market value or otherwise (the “Adequate Protection Obligations”). The Adequate Protection Liens are: (a) subject and subordinate only to (i) the Post-Petition Liens (whether now or hereafter created), and (ii) the Carve-Out, the KERP Carve-Out and any Permitted Encumbrances; and (b) senior and superior pursuant to section 364(d) of the Bankruptcy Code to the Pre-Petition Liens. As additional adequate protection: (i) all fees and expenses of the Pre-Petition Agent and the Prepetition Lenders as may be due under the Pre-Petition Credit Agreement shall be paid in full by the Debtors as and when due thereunder, provided, however, that if the number of Pre-Petition Lenders covered by this subsection (i) increases beyond the number of the present Pre-Petition Lenders, the Debtors and the Committee reserve the right to challenge the reasonableness of paying legal fees for such additional Pre-Petition Lenders; and (ii) to the extent of any diminution in value of the Pre-Petition Collateral not otherwise covered by the Adequate Protection Liens, the claims of the Pre-Petition Lenders and the Pre-Petition Agent shall receive superpriority administrative expense status pursuant to section 507(b) of the Bankruptcy Code, junior in priority only to: (x) the claims of the Administrative Agent and the Lenders arising under the Post-Petition

Credit Agreement; and (y) the Carve-Out and the KERP Carve-Out. As further adequate protection, to the extent any Pre-Petition Date collateralized letters of credit are drawn upon after the Petition Date, the Pre-Petition L/C Issuer is authorized to recover the amount of the draw plus any related customary fees and charges associated with the payment thereof by setting off against the cash collateral account securing the relevant pre-petition letter of credit, and the automatic stay imposed by section 362(a) of the Bankruptcy Code shall be deemed lifted to permit such recovery. To the extent any pre-petition letters of credit drawn after the Petition Date were not cash-collateralized on the Petition Date, the Debtors are not authorized reimburse the Pre-Petition L/C Issuer without further order of the Court. The Pre-Petition L/C Issuer may renew any of the pre-petition letters of credit or extend the expiry dates of any of the pre-petition letters of credit or modify or amend the terms of any pre-petition letter of credit in accordance with the applicable documentation for such letter of credit; provided, however, in no event shall the face amount of any such pre-petition letter of credit be increased.

6. Except as expressly set forth in this Order or any of the Loan Documents, the liens granted in this Order shall not be: (a) subject to any lien which is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code; or (b) subordinated to or made pari passu with any other lien under section 364(d) of the Bankruptcy Code or otherwise.

7. In addition, the Post-Petition Indebtedness shall have priority in all of these chapter 11 cases in accordance with the provisions of section 364(c)(1) of the Bankruptcy Code over all administrative expenses of the kind specified in section 503(b)

or 507(b) of the Bankruptcy Code (“Superpriority”), subject and subordinate only to the Carve-Out and the KERP Carve-Out.

8. Interest on the Loans and other Post-Petition Indebtedness shall accrue at the rates (including any default rates, if applicable) and shall be paid in accordance with and at the times as provided in the Loan Documents. Except as provided in Paragraph 13 herein, the Post-Petition Indebtedness shall become due and payable, without notice or demand, on the Termination Date, as provided herein and in the other Loan Documents and from and after the Termination Date, the Debtors shall have no authority under this Order to use Cash Collateral.

9. The Debtors may use the proceeds of the Post-Petition Indebtedness solely at the times and as provided in the Loan Documents, this Order and as set forth in the Budget, subject to the variances set forth in Sections 4.2 and 8.14 of the Post-Petition Credit Agreement.

10. From and after the Petition Date, the proceeds of the Post-Petition Indebtedness, and the Collateral shall not, directly or indirectly, be used to pay expenses of the Debtors or otherwise disbursed except for: (i) those expenses and/or disbursements that are permitted under the Loan Documents and set forth in the Budget or otherwise agreed to by the requisite Lenders; (ii) compensation and reimbursement of expenses allowed or permitted to be paid by this Court to attorneys, accountants, investment bankers, financial advisors or other professional persons retained by the Debtors or any official committees that may be appointed in these chapter 11 cases; (iii) amounts due to the Administrative Agent and its accountants, appraisers, attorneys or other professionals hereunder or under the other Loan Documents; and (iv) amounts due to the Pre-Petition

Agent and its accountants, appraisers, attorneys or other professionals hereunder or under the other Pre-Petition Loan Documents; provided, however, that the foregoing shall not be construed as consent to the allowance of any of the amounts referred to in the preceding clause (ii) and shall not affect the right of the Administrative Agent or the Lenders to object to the allowance and payment of such amounts. Except to the limited extent of the Carve-Out and the KERP Carve-Out, no administrative claims, including fees and expenses of professionals, shall be assessed against or attributed to, or sought to be assessed against or attributed to, any of the Administrative Agent, or any of the Lenders, with respect to their interests in the Collateral pursuant to the provisions of section 506(c) of the Bankruptcy Code or otherwise by, through or on behalf of the Debtors, without the prior written consent of the Administrative Agent and the Lenders, and no such consent shall be implied from any action, inaction or acquiescence by the Administrative Agent or the Lenders or otherwise. Except for the purposes set forth in the first sentence of this Paragraph 10, none of the Lenders, or the Administrative Agent have consented or agreed to the use of the proceeds of the Post-Petition Indebtedness, the Pre-Petition Collateral or the Collateral.

11. The automatic stay under section 362(a) of the Bankruptcy Code shall be, and it hereby is, modified to the extent necessary to permit the Administrative Agent for the sole benefit of the Lenders to receive, collect and apply payments and proceeds in respect of the Pre-Petition Collateral and the Collateral in accordance with the terms and provisions of this Order, the Post-Petition Credit Agreement, and the other Loan Documents. Furthermore, immediately upon the drawing of any Letter of Credit issued under the Post-Petition Credit Agreement, the Administrative Agent shall be free

to apply Cash Collateral securing such Letter of Credit in an amount equal to the full amount drawn and any additional amounts payable in connection therewith to Borrower's reimbursement obligations in respect thereof without the delivery of any prior notice.

12. Notwithstanding anything herein or in the other Loan Documents to the contrary, the Debtors shall no longer, pursuant to this Order, the other Loan Documents or otherwise, be authorized to borrow funds or incur indebtedness hereunder or under the other Loan Documents or to use any proceeds of the Post-Petition Indebtedness already received and any obligation of the Lenders to make loans or advances or under the other Loan Documents or hereunder shall be terminated upon the earliest to occur of (any such event shall be referred to as a "Termination Event" and the date of any such event shall be referred to as the "Termination Date"): (i) the Maturity Date; (ii) the date of termination in whole of the Commitments pursuant to Section 2.4B, subsection (ii), or Section 8 of the Post-Petition Credit Agreement, and (iii) the effective date of a confirmed reorganization plan involving Borrower or any Subsidiary.

Notwithstanding the occurrence of the Termination Date or anything herein, all of the rights, remedies, benefits and protections provided to the Administrative Agent and the Lenders under this Order shall survive the Termination Date. Upon the Termination Date, but subject to the notice requirements set forth in Paragraph 13 herein, the principal of and all accrued and unpaid interest and fees and all other amounts owed to the Administrative Agent or the Lenders hereunder or under the other Loan Documents shall be immediately due and payable and the Administrative Agent and the Lenders shall have all other rights and remedies provided in the Loan Documents. Notwithstanding anything herein to the contrary, no Post-Petition Indebtedness or any proceeds of the Collateral

(the “Lender Funds”) may be used by any of the Debtors, any statutory committee appointed in the Debtors’ cases or any other person or entity to object to or contest in any manner, or raise any defenses or contests to, the validity, perfection, priority or enforceability of the Pre-Petition Indebtedness or the Pre-Petition Liens, or to assert or prosecute any action for preferences, fraudulent conveyances, other avoidance power claims or any other claims or causes of action against the Lenders or the Administrative Agent (collectively, “Claims and Defenses”); provided, however, that the Lender Funds may be used, subject to the limitations set forth in the Carve-Out, by any statutory committee appointed in the Debtors’ cases or any other person or entity to conduct investigations regarding the Pre-Petition Indebtedness or Pre-Petition Collateral. Without limiting the foregoing: (i) at no time shall any such committee or other person or entity have the right to use Lender Funds to prosecute any such Claims and Defenses; (ii) any such committee or other person or entity shall have the right, and the Committee is hereby accorded standing, to assert Claims and Defenses only in an action commenced in this Court on or before January 13, 2006; (iii) if no such action is commenced on or before such date, with respect to any Claims and Defenses, such Claims and Defenses shall be deemed, immediately and without further action by the Administrative Agent or the Lenders to have been forever relinquished and waived as to such committee and any other person or entity asserting any claims as successor, assignee or otherwise on behalf of any of the Debtors’ estates; and (iv) the terms of this Order pertaining to the granting of Post-Petition Liens and Superpriority claims for, and the repayment of, Pre-Petition Indebtedness shall be without prejudice to the right of any such committee or any other person or entity asserting any claims as successor, assignee or otherwise on behalf of any

of the Debtors' estates to commence and prosecute Claims and Defenses solely as set forth above; and, provided, further, that, as to the Debtors, all such Claims and Defenses are hereby deemed relinquished and waived as of the Petition Date. In addition to the foregoing, no Lender Funds may be used by any of the Debtors, any statutory committee appointed in the Debtors' cases or any other person or entity to object to or contest in any manner the Post-Petition Indebtedness or the Post-Petition Liens or to assert or prosecute any actions, claims or causes of action against the Administrative Agent or any of the Lenders.

13. If it shall be necessary for the Administrative Agent or the Lenders, at any time, to exercise any of their respective rights and remedies hereunder, under the Loan Documents, or under applicable law in order to effect repayment of the Post-Petition Indebtedness, or to receive any amounts or remittances due hereunder, the Administrative Agent and the Lenders shall have the right without any further action or approval of this Court to exercise such rights and remedies available to them under applicable law as to all or such part of the Post-Petition Collateral as the Administrative Agent and the Lenders shall, in their sole discretion, elect, and the automatic stay provided under section 362(a) of the Bankruptcy Code shall be deemed lifted to the extent necessary to permit the exercise of such rights and remedies; provided, however, that none of the Administrative Agent or the Lenders, as applicable, shall exercise such rights or remedies without having provided counsel to the Debtors, the Office of the United States Trustee and counsel to any official committee that may be appointed in these chapter 11 cases with at least five (5) business days' advance written notice (an "Enforcement Notice") by fax, overnight delivery, or hand delivery. During the five (5)

business days, the Debtors shall have the right to seek an emergency hearing before the Bankruptcy Court for the purposes of determining whether: (i) an Event of Default occurred; and (ii) the automatic stay shall be lifted. During such time, proceeds of the Collateral may be used for payroll and payroll expenses and pursuant to the terms of the Carve-Out and the KERP Carve-Out, and for such other critical expenditures as may be consented to in writing by the requisite Lenders. Unless the Bankruptcy Court determines that an Event of Default has not occurred or is not continuing, the automatic stay provided under section 362 of the Bankruptcy Code shall be deemed automatically vacated. Notwithstanding the foregoing, immediately upon the drawing of any Letter of Credit issued under the Post-Petition Credit Agreement, the Administrative Agent shall be free to apply Cash Collateral securing such letter of credit in an amount equal to the full amount drawn and any additional amounts payable in connection therewith to Borrower's reimbursement obligations in respect thereof without the delivery of an Enforcement Notice.

14. The Administrative Agent and the Lenders shall be entitled to apply the payments or proceeds of the Pre-Petition Collateral and the Collateral in accordance with the provisions of this Order (including following an Event of Default the payment of the Carve Out and any KERP Carve Out), and, in no event shall the Administrative Agent or any of the Lenders be subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any of the Pre-Petition Collateral or Collateral or otherwise, except as set forth in Paragraph 15 below.

15. In seeking satisfaction of the Post-Petition Indebtedness, the Administrative Agent and the Lenders shall not seek satisfaction of such Post-Petition

Indebtedness from the proceeds of the Avoidance Actions unless the Administrative Agent and the Lenders determine in the exercise of their reasonable business judgment that the Post-Petition Indebtedness will not be promptly satisfied from the proceeds of the Collateral other than the Avoidance Actions. In seeking satisfaction of any rights of the Pre-Petition Lenders or the Pre-Petition Agent arising under 11 U.S.C. § 507(b), the Pre-Petition Agent and the Pre-Petition Lenders shall not seek satisfaction of such claim from the proceeds of the Avoidance Actions unless the Pre-Petition Agent and the Pre-Petition Lenders determine in the exercise of their reasonable business judgment that such claims will not be promptly satisfied from the proceeds of estate assets other than the Avoidance Actions.

16. Except as provided in the Loan Documents, no order (other than this Order) shall be entered at any time during these chapter 11 cases that grants liens (other than Permitted Encumbrances) in the Pre-Petition Collateral, the Collateral or any portion thereof to any other parties pursuant to section 364(d) of the Bankruptcy Code or otherwise, which liens are senior, on a parity with or junior to the liens of the Administrative Agent therein. Except on the terms of this Order and of the Loan Documents, the Debtors shall be enjoined and prohibited from at any time, until the Post-Petition Obligations have been or will be paid in full as a result thereof, applying to the Court for an order authorizing the use of the Post-Petition Collateral. Notwithstanding anything to the contrary contained in this Order, nothing herein shall limit the Debtors' ability to seek the granting of: (i) superpriority claims in accordance with section 364 of the Bankruptcy Code; and (ii) liens senior to those held by the Lenders pursuant to this Order or the Pre-Petition Loan Documents, both of (i) and (ii) in connection with and

subject to the completion of a Court-approved refinancing and indefeasible payment in full in cash of the Post-Petition Obligations in connection with or in contemplation of the occurrence of the Termination Date; provided, however, that notwithstanding the foregoing, the Debtors shall not seek to refinance an amount less than the entire amount of the Post-Petition Obligations.

17. The Debtors shall execute and deliver to the Administrative Agent and the Lenders, all such agreements, financing statements, instruments and other documents as the Administrative Agent or any of the Lenders may reasonably request to evidence, confirm, validate or perfect the liens granted pursuant hereto.

18. Without limiting the rights of access and information afforded the Administrative Agent and the Lenders under the Loan Documents, the Debtors shall permit representatives, agents and/or employees of the Administrative Agent, the Lenders, the Pre-Petition Agent or the Pre-Petition Lenders to have reasonable access to their premises and their records during normal business hours (without unreasonable interference with the proper operation of the Debtors' businesses) and shall cooperate, consult with, and provide to such persons all such non-privileged information as they may reasonably request as provided in section 6.5 of the Post-Petition Credit Agreement. The Debtors will provide the Committee with copies of the financial statements, reports and other documents required to be provided to the Administrative Agent and Lenders pursuant to items (i) through (x) of section 6.1A of the Post-Petition Credit Agreement.

19. To the extent permitted by this Order, the Debtors shall promptly reimburse the Administrative Agent, the Lenders, the Pre-Petition Agent and the Pre-Petition Lenders for their reasonable costs and expenses provided for in the Post-Petition

Credit Agreement or the Pre-Petition Credit Agreement, as applicable. With respect to the reimbursement of reasonable professional fees and expenses under the preceding sentence, the Administrative Agent, the Lenders, the Pre-Petition Agent and the Pre-Petition Lenders shall provide the Debtors with periodic summary statements of said fees and expenses, with a copy to the Committee and U.S. Trustee. Within twenty (20) calendar days of receipt of such summary statements, the Debtors shall reimburse the Administrative Agent, the Lenders, the Pre-Petition Agent and the Pre-Petition Lenders for said fees and expenses without prejudice to the Debtors', the U.S. Trustee's and the Committee's right to request additional backup to the statements, subject to all applicable privileges and rights of the Administrative Agent, the Lenders, the Pre-Petition Agent and the Pre-Petition Lenders. None of such costs and expenses shall be subject to the approval of this Court, and no recipient of any such payment shall be required to file with respect thereto any interim or final fee application with this Court. All liens granted herein and in the other Loan Documents to secure repayment of the Post-Petition Indebtedness, and all liens granted herein to secure repayment of the Adequate Protection Obligations shall, pursuant to this Order be, and they hereby are, deemed perfected effective as of the Petition Date, and no further notice, filing or other act shall be required to effect such perfection; provided, however, that, if the Administrative Agent shall, in its sole discretion, choose to file mortgages, financing statements, notices of liens and security interests and other similar documents, all mortgages, financing statements or similar instruments shall be deemed to have been filed or recorded at the time and on the date of entry of this Order. Notwithstanding this Paragraph 19, the liens granted hereunder with respect to real property owned by the Debtors shall attach upon the filing

of a copy of this Order in the appropriate land records where such property is located (except to the extent already attached pursuant to the Interim Order).

20. The provisions of this Order shall be binding upon and inure to the benefit the Administrative Agent, each of the Lenders, each of the Pre-Petition Lenders, the Pre-Petition Agent and the Debtors, together with their respective successors and assigns (including any trustee or other fiduciary hereafter appointed as a legal representative of the Debtors or with respect to the property of the estates of the Debtors).

21. Based upon the findings set forth in this Order and in accordance with section 364(e) of the Bankruptcy Code, which is applicable to the post-petition financing arrangements contemplated by this Order, in the event any or all of the provisions of this Order or any other Loan Documents are hereafter modified, amended or vacated by a subsequent order of this or any other Court, no such modification, amendment or vacature shall affect the validity, enforceability or priority of any lien or claim authorized or created hereby or thereby. Notwithstanding any such modification, amendment or vacature, any claim granted to the Administrative Agent or to the Lenders hereunder or under the other Loan Documents arising prior to the effective date of such modification, amendment or vacation shall be governed in all respects by the original provisions of this Order and the other Loan Documents, and the Administrative Agent or the Lenders, as the case may be, shall be entitled to all of the rights, remedies, privileges and benefits, including the liens and priorities granted herein and therein, with respect to any such claim.

22. The Debtors are authorized to do and perform all acts, to make, execute and deliver all instruments and documents (including, without limitation, the

execution of additional security agreements, mortgages and financing statements) and to pay fees and expenses which may be required or necessary for the Debtors' performance under the Loan Documents, including, without limitation: (i) the execution and delivery by the Debtors of the Loan Documents; (ii) the performance of the obligations and enforcement of the rights of the Debtors under the Loan Documents; and (iii) the payment by the Debtors of the fees and other expenses described in the Loan Documents as such become due and payable, including, without limitation, agents' fees, commitment fees, letter of credit fronting fees and reasonable attorneys', financial advisers', appraisers' and accountants' fees and disbursements as provided for in the Loan Documents.

23. The obligations of the Debtors in respect of the Post-Petition Obligations unless otherwise paid in full or provided as otherwise agreed upon, shall not be discharged by the entry of an order: (i) confirming a plan of reorganization in any of the Debtors' chapter 11 cases and, pursuant to section 1141(d)(4) of the Bankruptcy Code, the Debtors having hereby waived such discharge; or (ii) dismissing any or all of the Debtors' chapter 11 cases. Without limiting the foregoing, the Debtors shall not seek the entry of an order dismissing any of the Debtors' chapter 11 cases under section 1112 of the Bankruptcy Code or otherwise shall be entered unless, prior to the entry thereof: (x) all Post-Petition Indebtedness owing to the Administrative Agent and the Lenders shall have been paid in full; or (y) all material assets of the Debtors shall have been liquidated and the proceeds thereof distributed in accordance with the priorities established by this Order and the Bankruptcy Code; or (z) agreed to in writing by the Administrative Agent.

24. Notwithstanding anything herein, the entry of this Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair: (a) any of the rights of the Pre-Petition Agent or the Pre-Petition Lenders under the Bankruptcy Code or under non-bankruptcy law, including, without limitation, the rights of the Pre-Petition Agent and the Pre-Petition Lenders to: (i) request additional adequate protection of their interests in the Pre-Petition Collateral or relief from or modification of the automatic stay extant under section 362 of the Bankruptcy Code; (ii) request conversion of any of the Debtors' chapter 11 cases to cases under chapter 7 of the Bankruptcy Code; and (iii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans; or (b) any of the rights, claims or privileges (whether legal, equitable or otherwise) of the Pre-Petition Agent or the Pre-Petition Lenders.

25. Based upon the record presented to the Court, this Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof.

26. To the extent of any inconsistency between the terms of this Order and the Post-Petition Credit Agreement, the terms and provisions of this Order shall govern.

27. To the extent not otherwise withdrawn or deemed to be moot, the Objections are hereby overruled.

END OF ORDER

The Boyds Collection Ltd
13 Week Cash Projection

Week Ending	1 10/16	2 10/23	3 10/30	4 11/6	5 11/13	6 11/20	7 11/27	8 12/4	9 12/11	10 12/18	11 12/25	12 1/1	13 1/8	sum thru 1/1
Beginning Cash Balance	2,644,615	1,280,564	679,137	1,152,209	1,321,352	982,878	722,056	1,260,768	1,820,880	1,119,756	2,420,484	4,220,765	4,009,678	
Cash Inflows														
US Wholesale AR Collections	833,435	1,033,699	1,011,498	1,317,115	977,651	931,553	798,652	1,348,809	799,497	2,388,584	2,288,584	984,806	559,502	14,713,883.1
Canadian AR Collections	55,954	55,954	55,954	78,819	95,968	95,968	95,968	90,907	78,257	78,257	78,257	78,257	63,799	938,519.4
Royalties	-	-	100,000	100,000	-	-	-	-	-	-	-	-	-	200,000.0
Geitysburg Deposits	246,972	226,893	206,814	234,107	300,278	313,743	286,812	362,350	216,969	226,163	189,388	168,213	92,980	2,978,700.7
Pigeon Forge Deposits	255,799	235,002	214,206	154,102	179,630	187,686	171,575	253,045	196,154	204,465	171,219	152,075	66,070	2,374,958.8
Total Inflows	1,392,160	1,551,548	1,588,472	1,884,143	1,553,526	1,528,949	1,353,008	2,095,112	1,290,876	2,897,469	2,727,448	1,383,351	782,351	21,206,062.0
Cash Outflows														
Accounts Payable	1,350,000	500,000	802,400	600,000	500,000	500,000	500,000	400,000	500,000	500,000	500,000	500,000	500,000	7,152,400.0
Product Payments	644,210	743,280	300,000	300,000	300,000	300,000	301,296	300,000	300,000	486,741	300,000	484,438	50,000	4,759,965.4
Payroll & Taxes	165,000	625,000	13,000	785,000	-	605,000	13,000	765,000	-	605,000	13,000	605,000	160,000	4,194,000.0
Sales Taxes & Other	92,000	164,695	-	-	92,000	124,771	-	-	92,000	-	114,167	-	-	679,633.8
Restructuring Charges	505,000	120,000	-	30,000	1,000,000	260,000	-	30,000	1,100,000	5,000	-	5,000	125,000	3,065,000.0
Bond Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sr. Debt Interest Payment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Outflows	2,756,210	2,152,975	1,115,400	1,715,000	1,892,000	1,789,771	814,296	1,495,000	1,992,000	1,596,741	927,167	1,594,438	835,000	19,840,999.3
Net Cash Flow	(1,364,051)	(601,428)	473,072	169,143	(338,474)	(260,822)	538,712	560,112	(701,124)	1,300,728	1,800,281	(211,087)	(52,649)	1,365,062.7
Ending Cash	1,280,564	679,137	1,152,209	1,321,352	982,878	722,056	1,260,768	1,820,880	1,119,756	2,420,484	4,220,765	4,009,678	3,957,029	
Ending Balance														
LC - Prepaid LC	577,414	1,320,694	1,170,566	438,485	515,240	404,735	447,571	408,145	154,363	521,769	651,759	649,456	534,438	
LC - Credit Agreement	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	577,414	1,320,694	1,170,566	438,485	515,240	404,735	447,571	408,145	154,363	521,769	651,759	649,456	534,438	