

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA**

In re	)	Case No. 04-31444
	)	Chapter 11
Helical Dynamics, Inc.,	)	
	)	
Debtor.	)	
	)	

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**ORDER AUTHORIZING DEBTOR-IN-POSSESSION FINANCING PURSUANT  
TO SECTIONS 364(c) OF THE BANKRUPTCY CODE SECURED BY SENIOR  
LIENS AND SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS**

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This matter came before the Court on Debtor’s Expedited Motion for an Order Authorizing Post-Petition Financing (the “Motion”) filed by Helical Dynamics, Inc. (the “Debtor”). Appearances of counsel were noted in the record. Pursuant to the Motion, and subject in all respects to the terms and conditions hereof, the Debtor seeks: (1) authority to obtain debtor-in-possession secured financing (the “DIP Financing”) from Moen Leuer Construction, Inc. (“Moen”); (2) authority to use the DIP Financing for the purposes set forth herein; (3) authority to grant to Moen, pursuant to Section 364(c) of Chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the “Bankruptcy Code”), as security for the DIP Financing, security interests in and liens upon certain contracts and accounts of the Debtor or the estate of the Debtor; and (4) authority to grant superpriority administrative status to Moen with respect to the DIP Financing pursuant to Section 364(c)(1) of the Bankruptcy Code.

NOTICE OF ELECTRONIC ENTRY AND FILING ORDER OR JUDGMENT Filed and Docket Entry made on 09/21/04 Lori Vosejпка, Acting Clerk, By jrb
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**THE COURT HEREBY FINDS AND CONCLUDES AS FOLLOWS:**

A. This Court has jurisdiction to hear this Motion pursuant to 28 U.S.C. §1334 and 28 U.S.C. §157. This is a core proceeding under 28 U.S.C. §157(b)(2)(D), (K), (M), and (O).

B. Notice of this hearing was adequate and sufficient under the circumstances pursuant to the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and the Local Bankruptcy Rules.

C. It is necessary for the Debtor to obtain debtor-in-possession financing for a period of time and in an amount which would allow the Debtor to continue to operate as a going concern and to preserve the value of its assets, and that an immediate need exists for the Debtor to obtain sufficient debtor-in-possession financing without which it will suffer immediate and irreparable harm.

D. The Debtor represents to the Court that the Debtor reasonably believes that it is unable to obtain the needed credit: (i) on an unsecured basis with claims having administrative priority pursuant to Section 364(a) or 364(b) of the Bankruptcy Code, (ii) on an unsecured basis with claims having priority over all administrative claims of the kind specified in Section 503(b) or 507(b) of the Bankruptcy Code, pursuant to Section 364(c)(1) of the Bankruptcy Code, (iii) secured by a first lien on unencumbered assets of the Debtor pursuant to Section 364(c)(2) of the Bankruptcy Code, or (iv) secured by a junior lien on assets of the Debtor pursuant to Section 364(c)(3) of the Bankruptcy Code.

E. The financing approved hereby is necessary to permit the Debtor to continue to operate its business in the ordinary course during this bankruptcy case.

F. Without adequate financing the Debtor will be unable to maintain its operations, preserve and maximize the value of its estate and reorganize its businesses.

G. Pursuant to Bankruptcy Rules 4001(b), (c) and (d), the Debtor has provided such notice as was practicable under the circumstances of the time, place and nature of the hearing on the Motion and the opportunity to object to the entry of this Stipulated Order. The foregoing notice is adequate and sufficient in light of the nature of the relief requested in the Motion.

H. Good cause has been shown for entry of this Order. Among other things, entry of this Order will minimize disruption of Debtor's business as a going concern, preserve and maintain the assets of Debtor's estate and increase the possibility of a successful reorganization of Debtor's business. Accordingly, entry of this Order is in the best interests of the Debtor and the Debtor's estate.

**ACCORDINGLY, IT IS HEREBY ORDERED AS FOLLOWS:**

1. The Debtor shall be and hereby is authorized to obtain advances consistent with the budget attached to the Debtor's Motion as Exhibit A.

2. The terms of the DIP Financing are fair and reasonable, have been negotiated by the parties at arms-length and in good faith, and are the best available to the Debtor under present market conditions and the Debtor's financial circumstances. The obligations incurred by the Debtor pursuant to the DIP Financing are incurred by the

Debtor and extended by Moen in good faith within the meaning of Section 364(e) of the Bankruptcy Code.

3. To secure the payment of the obligations under the DIP Financing, Moen shall be and the Debtor is authorized to grant Moen pursuant to Section 364(c) and (d) of the Bankruptcy Code, a first priority perfected lien and security interest in the Debtor's right to receive payment from (i) Daimler Chrysler Corporation under Purchase Order # JRW1885411 dated August 23, 2004; (ii) American Axle and Manufacturing under Purchase Order # 12560 dated July 22, 2004; (iii) Allison Transmission of General Motors Corporation under Purchase Order # 128273 dated September 2, 2004; and General Motors Corporation Power Train under Purchase Order # TTS03327 dated July 30, 2004, together with all non-finished goods and finished goods manufactured by the Debtor for purposes of fulfilling the foregoing purchase orders (the "Postpetition Security Interest"); provided however, that the post petition security interest shall be subject and subordinate to: (a) valid and perfected liens on prepetition collateral existing as of March 11, 2004 (the "Petition Date"); and (b) quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court. The Debtor is further authorized to grant Moen pursuant to Section 364(c) of the Bankruptcy Code, a second priority perfected lien and security interest in all present and after-acquired accounts receivable and other contract rights of the Debtor or the Debtor's estate of any nature whatsoever; provided however, that such post petition security interest shall be subject and subordinate to: (a) the first priority liens granted to Expert Financial Services, Inc. d/b/a Expert Leasing under this Court's Orders dated March 17, 2004 and

April 7, 2004; (b) valid and perfected liens on prepetition collateral existing as of March 11, 2004 (the “Petition Date”); and (c) quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6), the Professional Fees Carveout as described herein, and any fees payable to the Clerk of the Bankruptcy Court.

4. The liens and security interest granted to Moen under the prior DIP Financing and hereunder as security for the DIP Financing shall be deemed to be perfected as of the date of each respective Order, without the need to file any financing statement or take any further action.

5. All obligations of the Debtor to Moen under any DIP Financing shall have superpriority administrative expense status under the provisions of Section 364(c)(1) of the Bankruptcy Code over all other administrative expenses incurred in this case, except for the quarterly fees due pursuant to 28 U.S.C. § 1930 and up to an aggregate of \$25,000 of fees and disbursements of expenses allowed and payable under 11 U.S.C. §§ 330 and 331 for professionals retained by Debtor and the Official Committee of Unsecured Creditors (the “Profession Fees Carveout”).

6. Pursuant to Section 364(e) of the Bankruptcy Code, neither the reversal or modification of this Stipulated Order, nor the entry of an order confirming a plan of reorganization in the Debtor’s case or the conversion of the Debtor’s cases to a case under Chapter 7 of the Bankruptcy Code shall affect the validity or priority of Moen’s administrative expenses status with respect to or liens and security interest as security for the Debtor’s obligations under the DIP Financing, as approved by this Order.

7. Upon the failure by the Debtor to comply with any of the terms and conditions contained in this Order, which failure is not cured within seven (7) business days after written notice of such failure is served by Moen on the Debtor and its counsel and counsel to the Official Committee of Unsecured Creditors (the "Committee"), Moen shall be entitled to an order granting it relief from the automatic stay, upon submission to this Court of an affidavit indicating such failure and lack of cure, unless within that 7 days, Debtor cures the default or counsel to the Committee schedules a hearing. The Debtor's only defense to such relief shall be that no default exists under this Order; however, the Committee is not limited in the defenses it may assert. Nothing in the Order shall limit Moen's right to otherwise seek relief from the automatic stay or take any other action in connection with the Debtor's bankruptcy case on any other grounds.

8. A final hearing on the Debtor's Motion is scheduled for Monday, October 4, 2004 at 11:30 a.m., in the United States Bankruptcy Court, at Courtroom No. 228B, 316 North Robert Street, St. Paul, Minnesota.

Dated: September 21, 2004

Handwritten signature of Gregory F. Kishel in black ink, written over a horizontal line. The signature includes the initials "IEI" to the left of the name.

The Honorable Gregory F. Kishel  
Chief Judge, United States Bankruptcy Court

U.S. BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

I, Judy Brooks, hereby certify that I am judicial assistant to Gregory F. Kishel, Chief Bankruptcy Judge for the District of Minnesota; that on September 21, 2004, true and correct copies of the annexed:

ORDER

were placed by me in individual official envelopes, with postage paid; that said envelopes were addressed individually to each of the persons, corporations, and firms at their last known addresses appearing hereinafter; that said envelopes were sealed and on the day aforesaid were placed in the United States mails at St. Paul, Minnesota, to:

OFFICE OF THE U.S. TRUSTEE  
1015 U.S. COURTHOUSE  
300 SOUTH FOURTH STREET  
MINNEAPOLIS MN 55415

HELICAL DYNAMICS INC  
3600 HOLLY LANE NORTH, SUITE 10  
PLYMOUTH MN 55447

NOSEK, STEVEN B  
701 4TH AVE S STE 300  
MINNEAPOLIS MN 55415

KLEIN, LORIE A  
MOSS & BARNETT  
90 S 7TH ST STE 4800  
MINNEAPOLIS MN 55402

LAWVER, JOSEPH W  
MESSERLI & KRAMER PA  
150 S 5TH ST RM 1800  
MINNEAPOLIS MN 55402

and this certificate of service was made by me.

*/s/ Judy Brooks*  
Judy Brooks

Filed on September 21, 2004 Lori Vosejka, Acting Clerk BY jrb, Deputy Clerk
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