

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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In re: : Chapter 11
: :
COMFORT CO., INC., : Case No. 08-12305 (MFW)
: :
A Delaware corporation, *et al.*,¹ : [Joint Administration Pending]
: :
Debtors. : Ref. Docket No. 10
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**ORDER (A) AUTHORIZING THE
DEBTORS TO (1) PAY AND HONOR CERTAIN PREPETITION CLAIMS
FOR (I) WAGES, SALARIES, EMPLOYEE BENEFITS AND OTHER
COMPENSATION, (II) WITHHOLDINGS AND DEDUCTIONS AND (III)
REIMBURSABLE EXPENSES; (2) CONTINUE TO PROVIDE EMPLOYEE BENEFITS
IN THE ORDINARY COURSE OF BUSINESS; (3) PAY ALL RELATED COSTS AND
EXPENSES; AND (B) DIRECTING BANKS TO RECEIVE, PROCESS, HONOR AND
PAY ALL CHECKS PRESENTED FOR PAYMENT AND ELECTRONIC PAYMENT
REQUESTS RELATING TO THE FOREGOING**

Upon consideration of the motion (the "Motion")² of the Debtors for entry of an order (A) authorizing, but not directing, the Debtors to (1) pay and honor certain prepetition claims for (i) wages, salaries, employee benefits and other compensation, (ii) withholdings and deductions and (iii) reimbursable expenses; (2) continue to provide employee benefits in the ordinary course of business; (3) pay all related costs and expenses; and (B) authorizing and directing banks and other financial institutions to receive, process, honor and pay all checks and transfers drawn on the Debtors' payroll accounts to make the foregoing payments; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and upon consideration of the First Day Declaration; and it appearing that this Court has

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Comfort Co., Inc. (0360); Sleep Innovations, Inc. (6386); Advanced Innovations Central, LLC (7109); Advanced Innovations East, LLC (2669); Advanced Innovations West, LLC (2116); Advanced Urethane Technologies, Inc. (1725); AUT Brenham, Inc. (7286); AUT Dallas, Inc. (7706); AUT Lebanon, Inc. (7928); AUT Newburyport, Inc. (7032); and AUT West Chicago, Inc. (7561). The address for all of the Debtors is 187 Route 36, Suite 101, West Long Branch, NJ 07764.

² Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Motion.

jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion and opportunity for objection having been given; and it appearing that no other notice need be given; and after due deliberation and sufficient cause therefore, it is hereby:

1. ORDERED that the Motion is granted, subject to the limitations in sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code; and it is further

2. ORDERED that nothing in the Motion or this Order shall be deemed to violate or permit a violation of section 503(c) of the Bankruptcy Code; and it is further

3. ORDERED that the Debtors are authorized, but not directed, to (a) honor, pay and modify the Employee Wages and Benefits in accordance with the Debtors' stated policies and prepetition practices, and in the ordinary course of the Debtors' businesses, including, but not limited to, the Unpaid Compensation, the Severance Pay, the Deductions, the Withheld Amounts, the Payroll Taxes, the Reimbursable Expenses, the Health Benefits, the Workers' Compensation Programs, Vacation Time, Floating Holidays, Sick Days, the Employee Disability Insurance Benefits, the Retirement Savings, the Flexible Spending Program, the Business Travel Insurance, the D&O Policies, the COBRA Benefits, and any other policy or program described in the Motion, and (b) pay any claims arising thereunder without regard to whether such claims arose before or after the Petition Date, in each case without further notice to or order of the Court; and it is further

4. ORDERED that the Debtors are authorized, but not directed, to continue the Employee Wages and Benefits programs and policies on a postpetition basis and to alter, modify or discontinue such programs and policies as they deem necessary or appropriate in the ordinary course of business, without further notice to or order of the Court; and it is further

5. ORDERED that the Debtors are authorized, but not directed, to continue to allocate and distribute the Deductions and the Payroll Taxes in accordance with the Debtors' stated policies and prepetition practices or as required by applicable federal, state and local law, without regard to whether such amounts arose before or after the Petition Date; and it is further

6. ORDERED that the Debtors are authorized, but not directed, to pay all processing fees, costs and expenses associated with the payment and administration of the Employee Wages and Benefits, including payment to third-party administrators, without regard to whether such amounts arose before or after the Petition Date, provided, however, payment of prepetition amount shall not exceed \$6,400; and it is further

7. ORDERED that the Debtors are authorized, but not directed, to honor and make payments to or on behalf of Temporary Employees and employment agencies in accordance with their prepetition practices, without regard to whether such amounts arose before or after the Petition Date; and it is further

8. ORDERED that payment of the Employee Wages and Benefits that arose before the Petition Date shall not exceed the aggregated amount of \$3,000,000; and it is further

9. ORDERED that to the extent that checks are issued to Employees or other entities in connection with the Employee Wages and Benefits programs and policies, the banks upon which any checks are drawn in payment thereof, either before, on or after the date on which the Debtors filed these Chapter 11 Cases be, and hereby are, authorized to honor such checks upon presentation; and it is further

10. ORDERED that all applicable banks and other financial institutions are hereby directed and authorized to receive, process, honor, and pay any and all checks and transfers drawn on the Debtors' payroll accounts evidencing amounts paid by Debtors under this

Order whether presented prior to or after the Petition Date. Such banks and financial institutions are authorized and directed to rely on the representations of the Debtors as to which checks are issued or authorized to be paid pursuant to this Order; and it is further

11. ORDERED that the Debtors are authorized to reissue any check, electronic payment or other transfer that was drawn in payment of any claims arising from or related to the Employee Wages and Benefits programs and policies that is not cleared by a depository; and it is further

12. ORDERED that any payment or transfer made or service rendered by the Debtors pursuant to this Order is not, and shall not be deemed, an admission as to the validity of the underlying obligation, a waiver of any rights the Debtors may have to dispute such obligation or an approval or assumption of any agreement, contract, or lease under section 365 of the Bankruptcy Code; and it is further

13. ORDERED that the Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Order; and it is further

14. ORDERED that Rule 6003(b) of the Federal Rules of Bankruptcy Procedure has been satisfied because the relief requested in the Motion is necessary to avoid immediate and irreparable harm to the Debtors; and it is further

15. ORDERED that, notwithstanding the applicability of Rule 6004(h) of the Federal Rules of Bankruptcy Procedure or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry; and it is further

16. ORDERED that, notwithstanding anything in this Order to the contrary, the payment of any claims pursuant to this Order and other honoring of the Employee Wages and Benefit claims shall neither (i) make such obligations administrative expenses of the estates

entitled to priority status under sections 503 and 507 of the Bankruptcy Code nor (ii) constitute approval by this Court of any employee plan or program, including any bonus plans and stock plans, under any section of the Bankruptcy Code, including section 503(c); and it is further

17. ORDERED that to the extent the Debtors seek to assume any employee programs, including bonus plans and stock plans, prior to the confirmation of any plan of reorganization, such assumption shall be made by separate motion; and it is further

18. ORDERED that the Debtors are authorized, but not directed, to pay the Severance Pay in an interim amount not to exceed \$10,950.00 per affected individual. A final hearing on the Debtors' request for authority to pay the balance of the Severance Pay will be held on October 24, 2008 at 10:30 A.m. (ET) and the deadline by which objections to the requested relief must be filed is October 21, 2008 at 4:00 p.m. (ET). If no objections are filed to the requested relief, the Court may enter a further order without further notice or hearing; and it is further

19. ORDERED that this Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: October 6, 2008
Wilmington, Delaware



United States Bankruptcy Judge