

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

F21 OPCO, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No. 25-10469 ()

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND
FINAL ORDERS (I) AUTHORIZING POSTPETITION USE OF
CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION
TO THE SECURED PARTIES, (III) MODIFYING THE AUTOMATIC STAY,
(IV) SCHEDULING A FINAL HEARING, AND (V) GRANTING RELATED RELIEF**

F21 OpCo, LLC and its debtor affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned chapter 11 cases (these “**Chapter 11 Cases**”), respectfully state as follows in support of this motion (this “**Motion**”):

RELIEF REQUESTED

By this Motion, the Debtors seek entry of: (a) an interim order, substantially in the form attached hereto as **Exhibit A** (the “**Interim Order**”) (i) authorizing the Debtors to use “cash collateral” as such term is defined in section 363 of the Bankruptcy Code (the “**Cash Collateral**”), including the Cash Collateral in which the Prepetition Secured Parties (as defined herein) have a lien or other interest, in each case whether existing on the Petition Date, arising pursuant to the Proposed Orders (as defined herein), or otherwise, on an interim basis pending a final hearing (the “**Final Hearing**”), (ii) granting adequate protection, solely to the extent provided in the Proposed Orders, to the Prepetition Secured Parties, (iii) modifying the

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: F21 OpCo, LLC (8773); F21 Puerto Rico, LLC (5906); and F21 GiftCo Management, LLC (6412). The Debtors’ address for purposes of service in these Chapter 11 Cases is 110 East 9th Street, Suite A500, Los Angeles, CA 90079.



automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms of the Proposed Orders, and (iv) granting related relief; and (b) entry of a final order granting the relief requested in this Motion on a final basis (the “**Final Order**” and, together with the Interim Order, the “**Proposed Orders**”). In support of this Motion, the Debtors rely upon, and incorporate by reference, the *Declaration of Stephen Coulombe in Support of Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”),² filed contemporaneously herewith.

INTRODUCTION

1. The Debtors commenced these Chapter 11 Cases to maximize the value of their assets by running in parallel an orderly liquidation at each of their brick-and-mortar retail locations in the United States (such sales, the “**Store Closing Sales**”) and a marketing process to third parties that may be interested in purchasing all or a subset of the Debtors or their assets on a going concern basis (such marketing and sale process, the “**Going Concern Sale Process**”), each of which commenced prepetition. To accomplish these goals, the Debtors need access to their cash to fund payroll obligations, maintain insurance coverage, pay taxes, and satisfy other critical obligations. All of the Debtors’ cash is collateral of the Prepetition Secured Parties (as defined below).

2. Given the Debtors’ anticipated go-forward funding needs, in the time leading up to the Petition Date (as defined below), the Debtors and their advisors engaged with the Prepetition Secured Parties on the consensual use of the Cash Collateral and have reached agreement on the terms of the Debtors’ use of Cash Collateral during these Chapter 11 Cases. This agreement, which is incorporated into the proposed Interim Order, will enable the Debtors to fund necessary

² Except where otherwise provided by this Motion, terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Interim Order or the First Day Declaration, as applicable.

operations to ensure an efficient wind down of the Debtors' estates and pay chapter 11 administrative costs. Without access to these funds, the Debtors, their creditors, and the estates generally would suffer irreparable harm because the Debtors would be forced to cease operations, which, in turn, would cause an immediate and pronounced deterioration in the value of the Debtors' assets while undergoing a disorderly liquidation. Moreover, the proposed Cash Collateral order is tied to the Prepetition Secured Parties' agreement to budget for these Chapter 11 Cases that will fund a chapter 11 plan of liquidation, resulting in a value-maximizing and efficient resolution of these cases for all parties in interest. Thus, the Debtors' access to Cash Collateral is absolutely necessary to preserve and maximize value for the benefit of all of the Debtors' stakeholders.

JURISDICTION AND VENUE

3. The United States Bankruptcy Court for the District of Delaware (the “**Court**”) has jurisdiction to consider this Motion under 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Under Rule 9013-1(f) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

4. Venue of these cases and this Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

5. The statutory and legal predicates for the relief requested herein are sections 105, 361, 362, 363, 503, 506, 507, 510, and 552 of title 11 of the United States Code,

11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Rules 2002, 4001, 6003, 7062, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Local Rules 2002-1(b), 4001-2, and 9013-1(m).

BACKGROUND

6. On the date hereof (the “**Petition Date**”), the Debtors filed voluntary petitions in the Court commencing these Chapter 11 Cases. The Debtors continue to manage and operate their businesses as debtors in possession under sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been requested and no committee has been appointed in these Chapter 11 Cases.

7. The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of these Chapter 11 Cases, is set forth in detail in the First Day Declaration. Simultaneously herewith, the Debtors filed a motion with the Court seeking to have these Chapter 11 Cases jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

CONCISE STATEMENT PURSUANT TO BANKRUPTCY RULE 4001 AND LOCAL RULE 4001-2

8. Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a), the Debtors submit the following concise statement summarizing the material terms of the Interim Order.³

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
Parties with an Interest in Cash Collateral	The “ <u>Prepetition Secured Parties</u> ” are, collectively: (i) Wells Fargo Bank, National Association and PNC Bank, National Association, in their capacities as Prepetition ABL Agents on behalf of the	¶ D(ii)-(iv)

³ Any summary of the terms of the Interim Order contained in this Motion is qualified in its entirety by reference to the provisions of the Interim Order. To the extent there is a conflict between the Motion and the Interim Order, the Interim Order shall control in all respects. The Debtors reserve the right to supplement the statements made herein. Capitalized terms used in the summary chart below that are not otherwise defined in this Motion shall have the meanings ascribed to such terms in the Interim Order.

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
Bankruptcy Rule 4001(b)(1)(B)(i)	Prepetition ABL Secured Parties, and all other holders of Prepetition ABL Obligations (as defined in the Interim Order); (ii) Pathlight Capital, L.P., in its capacity as Prepetition Term Loan Agent on behalf of the Prepetition Term Loan Secured Parties, and all other holders of Prepetition Term Loan Obligations (as defined in the Interim Order); and (iii) Simon Blackjack Consolidated Holdings, LLC, in its capacity as Prepetition Subordinated Loan Agent on behalf of the Prepetition Subordinated Loan Secured Parties, and all other holders of Prepetition Subordinated Loan Obligations (as defined in the Interim Order).	
Purposes for Use of Cash Collateral Bankruptcy Rule 4001(b)(1)(B)(ii); Local Rule 4001-2(a)(i)	To avoid immediate and irreparable harm to the Debtors and their estates, the Debtors seek authority to use Cash Collateral for general corporate and working capital purposes, to pay costs in connection with the administration of these Chapter 11 Cases and claims or amounts approved by the Court or as required under the Bankruptcy Code, to meet Adequate Protection Obligations and pay the ABL-Term Loan Fees and Expenses, and for other purposes as set forth in the Approved Budget (as defined below).	¶¶ H, 4(a)
Term and Termination Events/ Events of Default Bankruptcy Rule 4001(b)(1)(B)(iii); Local Rule 4001-2(a)(i)(M)	<p>The Debtors' authorization, and the Prepetition Secured Parties' consent, to use Cash Collateral in accordance with the Cash Collateral Orders and the Approved Budget shall terminate upon the earliest to occur of:</p> <ul style="list-style-type: none"> (i) 35 calendar days after the Petition Date, unless such date is extended pursuant to the written consent of the Prepetition ABL Administrative Agent and the Prepetition Term Loan Agent (which may be by email among counsel to the Debtors, counsel to the Prepetition ABL Secured Parties and counsel to the Prepetition Term Secured Parties), <i>provided</i> that such date shall be extended to 95 calendar days after the Petition Date upon entry of the Final Order; (ii) Consummation of a confirmed chapter 11 plan; and (iii) Delivery of a notice of the occurrence of any of the following events of default (each, an "Event of Default"), unless waived by the Prepetition ABL Administrative Agent, and Prepetition Term Loan Agent, subject to the rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements: <ul style="list-style-type: none"> (a) Failure to meet or satisfy any of the Milestones on the terms described in paragraph 10 of the Interim Order, to the extent such Milestone is not extended or waived in accordance with the terms set forth therein; (b) Failure to deliver to the Prepetition Administrative Agents any of the documents or other information required to be delivered pursuant to the Proposed Orders as and when due, if not cured within two business days of receipt by the Debtors; 	¶¶ 6, 11

	Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)	Location
	<ul style="list-style-type: none"> (c) Failure to comply with the Approved Budget, subject to the Permitted Variances and the other terms of Section 4(e); (d) Use of any Cash Collateral in a manner that is not permitted by the Approved Budget and the Proposed Orders; (e) Filing of a motion, application, or other pleading to (1) obtain postpetition financing that has not been previously consented to in writing by the Prepetition ABL Administrative Agent, and subject to the Intercreditor Agreements the Prepetition Term Loan Agent; or (2) use Cash Collateral, other than as permitted herein or consented to by the Prepetition ABL Administrative Agent and subject to the applicable Intercreditor Agreements, the Prepetition Term Loan Agent; (f) Entry of an order or judgment granting relief from the automatic stay, without the consent of the Prepetition ABL Administrative Agent, and subject to the Intercreditor Agreements the Prepetition Term Loan Agent, that would allow a third party to recover or obtain possession of property of the Debtors' estates (other than cash deposits serving as collateral) with a value in excess of \$500,000; (g) Entry of an order or judgment staying, reversing, vacating, amending, rescinding, or otherwise modifying the terms of the Proposed Orders or filing of a motion, application, or other pleading by the Debtors seeking such entry, without the consent of the Prepetition ABL Administrative Agent, the Prepetition Term Loan Agent, and the Prepetition Subordinated Loan Agent; (h) making of any payments in respect of prepetition obligations, except as permitted pursuant to the Approved Budget, otherwise permitted pursuant to this Interim Order, or with prior written consent of the Prepetition ABL Administrative Agent; (i) Dismissal of any of these Chapter 11 Cases or conversion of any of these Chapter 11 Cases under chapter 7 of the Bankruptcy Code; (j) Appointment in any of the Chapter 11 Cases of a trustee or examiner with expanded powers; (k) Entry of an order of the Court that impairs in any way the security interests, liens, priority claims, or rights granted to any of the Prepetition ABL Secured Parties or any of the Prepetition Term Secured Parties; (l) Any material misrepresentation by any Debtor in 	

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)	Location
	<p>the financial reporting or certifications to be provided by the Debtors to the Prepetition ABL Administrative Agent and/or the Prepetition Term Loan Agent under the Proposed Orders;</p> <p>(m) Any of the Debtors proposing, filing, or supporting (i) any plan of reorganization, plan of liquidation, or sale of all or substantially all of any Debtor's assets or (ii) entry of any order confirming any such confirmation plan or sale, as applicable, without the prior written consent of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent, including any order confirming a plan that materially deviates from the treatment of the Prepetition ABL Obligations as specified in the Plan Support Agreement dated March 16, 2025, including the Plan Term Sheet attached thereto, without prior written consent of the Required Supermajority Revolving Lenders (as defined in the Prepetition ABL Credit Agreement) and Prepetition Term Loan Agent;</p> <p>(n) The Debtors fail to provide any additional adequate protection ordered by the Court and such failure shall continue unremedied for more than 3 business days; or</p> <p>(o) Failure of any Debtor to perform, in any material respect, any of its obligations under the Proposed Orders.</p>
<p>Release Bankruptcy Rule 4001(b)(1)(B)(iii)</p>	<p>Subject to the relevant provisions of the Proposed Orders, effective upon entry of the Interim Order, the Final Order shall provide that the Debtors on behalf of themselves and their estates (including any successor trustee or other estate representative in any of these Chapter 11 Cases or successor cases) and any party acting by, or through, the Debtors or their estates, to the maximum extent permitted by applicable law, unconditionally, irrevocably and fully, forever waive and release the Prepetition Agents and each of the other Prepetition Secured Parties, and each of their respective former, current, or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest, in each case, solely in their capacity as such, of any and all "claims" (as such term is defined in section 101(5) of the Bankruptcy Code), counterclaims, causes of action, defenses or setoff rights that exist on the date hereof relating to any of the Prepetition Collateral and any of the Prepetition Loan Documents or the transactions contemplated under any such documents, whether known, unknown, asserted, unasserted, suspected, unsuspected, accrued, unaccrued, fixed, contingent, pending or threatened, arising at law or in equity, including, without limitation, any so-called "lender liability," any challenge or claim to exercise of remedies, recharacterization, subordination, avoidance, or other claim arising</p>

¶ 14

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	under or pursuant to section 105 or chapter 5 of the Bankruptcy Code, or under any other similar provisions of applicable state or federal law, and any and all claims and causes of action regarding the validity, priority, perfection, or putative avoidability of the liens or the claims of the Prepetition Agents and the other Prepetition Secured Parties.	
Adequate Protection Bankruptcy Rule 4001(b)(1)(B)(iv)	<p>As adequate protection against any postpetition net diminution in the value of the Prepetition Secured Parties' interests in the Collateral (including Cash Collateral) resulting from (a) the imposition of the automatic stay or the Debtors' use, sale, or disposition of the Collateral (including Cash Collateral) during these Chapter 11 Cases, the Prepetition Agents, for themselves and the benefit of the Prepetition Secured Parties, as applicable, shall receive the following adequate protection:</p> <ul style="list-style-type: none"> (i) Replacement liens, subject in every instance to the Carve-Out and the Permitted Encumbrances, and—solely with respect to the Prepetition Term Loan Secured Parties and the Prepetition Subordinated Loan Secured Parties—the Prepetition Liens and Adequate Protection Liens otherwise senior thereto, as applicable, on all property of the Debtors as of the Petition Date or acquired thereafter; (ii) Allowed superpriority administrative expenses claims in these Chapter 11 Cases pursuant to sections 503 and 507(b) of the Bankruptcy Code, having priority over all administrative expenses of the kind specified in, or ordered pursuant to the Bankruptcy Code, subject only to the Carve-Out and—solely with respect to the Prepetition Term Loan Secured Parties and the Prepetition Subordinated Loan Secured Parties—the Superpriority Claims otherwise senior thereto, as applicable; (iii) Reimbursement of the prepetition and postpetition reasonable and documented out-of-pocket professional fees, expenses, and disbursements incurred by the Prepetition ABL Agents and the Prepetition Term Loan Agent in connection with the applicable Prepetition Loan Documents or otherwise arising in connection with the Chapter 11 Cases; (iv) Compliance with the Approved Budget, subject to Permitted Variances and the other terms of section 4(e) of the Interim Order; and (v) Payment of amounts equal to any cash held by the Debtors in excess of \$65,000,000 (the “Minimum Sweep Balance”). <p>Any amendment or modification to the adequate protection package shall require, subject to the rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements, the prior written consent of the Prepetition Agents.</p>	¶¶ E,7
The Amount of Cash Collateral the Debtor Seeks Permission	The Debtors shall be allowed to use Cash Collateral in the amount set forth in the Approved Budget, subject to the Permitted Variances in an amount not to exceed at any time, prior to the Payment in Full of	¶ 2

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
to Use Local Rule 4001-2(a)(i)(A)	the Prepetition Secured Parties, the aggregate amount of disbursements projected in the Permitted Use of Cash Collateral line item of the Approved Budget, subject to the Permitted Variances and the other terms of Section 4(e) of the Interim Order, from the Petition Date through the date of measurement, or such other amounts that may be agreed to in writing by the Prepetition ABL Administrative Agent in its Permitted Discretion (as defined in the Interim Order).	
Economic Terms and Fees Local Rule 4001-2(a)(i)(B)	None	N/A
Provisions that Limit the Court's Power or Discretion Local Rule 4001-2(a)(i)(C)	None	N/A
Funding of Non-Debtor Affiliates with Cash Collateral Local Rule 4001-2(a)(i)(D)	The Debtors shall maintain their cash management arrangements in a manner consistent with any interim or final orders (collectively, the " <u>Cash Management Orders</u> ") entered by the Court authorizing the Debtors to continue their cash management system, including authorization to continue intercompany transactions with non-Debtor affiliates in the ordinary course of business.	¶ 9
Budget, Reporting, and Variance Covenants Local Rule 4001-2(a)(i)(E)	<p>Attached as <u>Exhibit A</u> to the Interim Order is the Approved Budget, including anticipated uses of the Cash Collateral for such designated period.</p> <p>The use of Cash Collateral shall be subject to compliance with the Approved Budget as described in the Proposed Orders.</p> <p>The Debtors shall provide a revised budget by 5:00 p.m. (ET) on the first Wednesday that is at least 28 calendar days after the Petition Date, and every 28 calendar days thereafter, as applicable, to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent, which Proposed Budget shall be acceptable to the Debtors, the Prepetition ABL Administrative Agent, in its Permitted Discretion. If the Prepetition ABL Administrative Agent approves of the Proposed Budget in writing (with email to counsel to the Debtors being sufficient), then such Proposed Budget shall be considered the new Approved Budget for the period covered thereby. If the Prepetition ABL Administrative Agent does not approve the Proposed Budget in writing, then the Approved Budget shall continue in effect and remain unchanged until an updated Approved Budget has been agreed, provided that in such case where the time period covered by the previously Approved Budget goes past the weekly details set forth in the previously Approved Budget, the weekly detail for periods after the weekly periods covered by the previously Approved Budget will be derived in a manner reasonably satisfactory to the Prepetition ABL Administrative Agent consistent with the weekly details set forth in the previously Approved Budget.</p>	¶¶ 4, 7

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)	Location
<p>Beginning on the Wednesday during the third full week following the Petition Date, and each Wednesday thereafter, the Debtors shall deliver a budget variance report (each, a “<u>Budget Variance Report</u>”) to the Prepetition Administrative Agents by 5:00 p.m. (ET). The Budget Variance Report shall set forth, as of the preceding Saturday of such week, variances of all actual amounts received or disbursed on a line-items basis relative to the amounts projected for each such line-item in the Approved Budget for the prior cumulative three week period (the “<u>3-Week Testing Period</u>”). Beginning with the fourth full week following the Petition Date, the Budget Variance Report shall set forth, as of the preceding Saturday of such week, variances of all actual amounts received or disbursed on a line-items basis relative to the amounts projected for each such line-item in the Approved Budget for the prior cumulative four week period (the “<u>4-Week Testing Period</u>,” and together with the 3-Week Testing Period, a “<u>Testing Period</u>”). Each Budget Variance Report shall also show cash balances.</p> <p>To the extent requested, the Debtors’ financial advisors, Berkeley Research Group, LLC shall, beginning the third full week following the Petition Date, establish a standing weekly call with advisors to the Prepetition Secured Parties to address questions related to the Budget Variance Reports and other information that is reasonably requested by any Prepetition Administrative Agent.</p> <p>Notwithstanding the Approved Budget, the following limited variances shall be permitted (each such variance, a “<u>Permitted Variance</u>”), each measured at the end of each four-week period starting with the first four full weeks following the Petition Date:</p> <ul style="list-style-type: none"> (i) The Debtors’ actual total receipts for the Testing Period shall not be less than 85% of total receipts set forth in the last Approved Budget for the Testing Period. (ii) The Debtors’ total disbursements (excluding Allow the Prepetition Secured Parties’ Fees and Expenses) for the Testing Period shall not exceed 115% of such budgeted disbursements set forth in the Current Approved Budget for the Testing Period, subject to any exclusions detailed in the Proposed Orders and the Approved Budget, <i>provided</i> that the cash disbursements considered for determining compliance with this covenant shall exclude the Debtors’ actual and projected disbursements with respect to (i)(a) Allowed Professional Fees incurred by the Debtors and Creditors Committee (if any), (b) amounts owed to the U.S. Trustee, (c) fees and expenses owed to the Prepetition Secured Parties, (d) any Disbursements paid to the Claims Agent, and (e) the portion of Store Liquidation Fee / Expense Disbursements categorized as the Base Agent Fee, Tier 1 Agent Fee, and Tier 2 Agent Fee in the Budget’s supporting schedules provided to the lenders; and (ii) any cash adequate 	

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	protection payments made in accordance with Section 7(j) hereof .	
Carve-Out and Reserve Local Rule 4001-2(a)(i)(F)	<p>Any payment or adequate protection shall be subject and subordinate to the following material provisions of the Carve-Out:</p> <ul style="list-style-type: none"> (i) All fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee; (ii) All reasonable fees and expenses up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the noticed set forth in (iii) below); (iii) To the extent allowed at any time, all unpaid fees and expenses of Professional Persons retained by the Debtors or by any official committee appointed in these Chapter 11 Cases whose retention is approved by the Court at any time before or on the first business day after delivery by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent—of a Carve Out Trigger Notice (as defined in the Interim Order), whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed \$1,500,000 incurred after the first business day following delivery by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent—of the Carve Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the <u>“Post-Carve Out Trigger Notice Cap”</u>). <p>The Debtors shall fund a reserve amount (as calculated pursuant to the formula set forth in paragraph 13(c)) in a segregated account in trust to pay Allowed Professional Fees (the <u>“Pre-Carve Out Trigger Notice Reserve”</u>) prior to any and all other claims, and all payments of Allowed Professional fees incurred prior to the Termination Date shall be paid first from such Pre-Carve Out Trigger Notice Reserve. On the Termination Declaration Date (as defined in the Interim Order), the Carve Out Trigger Notice shall constitute a demand to the Debtors to and the Debtors shall utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund the Post-Carve Out Trigger Notice Reserve (as defined in the Interim Order, and together with the Pre-Carve Out Trigger Notice Reserve, the <u>“Carve Out Reserves”</u>). ”). For purposes of the foregoing, <u>“Carve Out Trigger Notice”</u> shall mean a written notice delivered by email (or other electronic means) by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by</p>	¶¶ 3, 13(a), 13(c)

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	the Prepetition Term Loan Agent—to the Debtors, their lead restructuring counsel, the U.S. Trustee, counsel to the Prepetition Subordinated Loan Agent and counsel to the Creditors' Committee (if any), which notice may be delivered following the occurrence and during the continuation of a Termination Event stating that the Post-Carve Out Trigger Notice Cap has been invoked.	
Liens on Unencumbered Assets Local Rule 4001-2(a)(i)(G)	N/A	N/A
Milestones Local Rule 4001-2(a)(i)(H)	<p>In addition to the milestones set forth in that certain Plan Support Agreement (the “PSA”), as may be extended consistent with its terms, the Debtors have agreed to comply with the following Milestones as a condition to the use of Cash Collateral, subject to extension or waiver without further order of the Court in accordance with the terms of the Proposed Orders:</p> <ul style="list-style-type: none"> (i) Not later than 3 calendar days after the Petition Date, the Court shall have (i) entered the Interim Order, and (ii) entered an interim order authorizing the Debtors conduct store closing sales, in each case on terms and conditions satisfactory to, and in form and substance acceptable to, the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion in their respective Permitted Discretion; (ii) Not later than 10 calendar days after the Petition Date, the Debtors shall have filed, (A) the Plan, (B) the Disclosure Statement, and (C) a corresponding motion seeking approval of the Solicitation Procedures, in each case in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion; (iii) Not later than 35 calendar days after the Petition Date, the Court shall have entered (i) the Final Order, and (ii) a final order authorizing the Debtors to assume the Store Closing Agreement and conduct store closing sales, in each case in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion; (iv) Not later than 50 calendar days after the Petition Date, the Court shall have entered an order approving the Disclosure Statement and the Solicitation Procedures in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion; (v) Not later than 90 calendar days after the Petition Date, the Court shall have entered an order confirming the Plan in form and substance acceptable to the Prepetition ABL 	¶ 10

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion; and (vi) Not later than 95 calendar days after the Petition Date, the effective date under the Plan shall have occurred.	
Prepayment Penalty Local Rule 4001-2(a)(i)(I)	N/A	N/A
Joint Liability Local Rule 4001-2(a)(i)(J)	The Debtors are jointly and severally liable for the obligations set forth in the Proposed Orders.	¶¶ D, 7
Payment of Secured Parties' Fees without Review Local Rule 4001-2(a)(i)(K)	Payment of the ABL-Term Loan Fees and Expenses are subject to review by the U.S. Trustee and counsel to any official committee of unsecured creditors appointed in these Chapter 11 Cases.	¶ 7(h)
Use of Estate Funds for Investigations of Prepetition Liens and Claims Local Rule 4001-2(a)(i)(L)	Subject to the terms of the Proposed Orders, up to \$50,000 of Cash Collateral may be used to pay the allowed fees and expenses incurred solely by an official committee of unsecured creditors, if appointed by the U.S. Trustee, in these Chapter 11 Cases in investigating (but not commencing or prosecuting) the validity, enforceability, perfection, priority, or extent of the Prepetition Liens, the Prepetition Secured Obligations, or any other rights or interests under the Prepetition Loan Documents.	¶ 4(f)
Cross-Collateralization and Administrative Expense Status Local Rule 4001-2(a)(i)(N)	The Interim Order does not provide for cross-collateralization, other than adequate protection liens. The Interim Order provides for the superpriority claims to the extent of any diminution in value of the interests of the Prepetition Secured Parties in the Prepetition Collateral.	¶ 7
Roll Up Local Rule 4001-2(a)(i)(O)	N/A	N/A
Non-Consensual Priming Liens Local Rule 4001-2(a)(i)(P)	N/A	N/A
Binding Effect of the Debtors' Stipulations on Third Parties Local Rule 4001-2(a)(i)(Q)	Subject to any rights to commence a Challenge under the Interim Order, the Proposed Orders contain customary stipulations by the Debtors regarding the amount, validity, perfection, and priority of the claims arising under certain Prepetition Loan Documents and Prepetition Liens granted as security therefor on the Prepetition Collateral, including, without limitation, the following stipulations: (i) The Prepetition ABL Secured Parties and the Prepetition	¶ 5(c)

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)	Location
	<p>Subordinated Loan Secured Parties properly perfected all security interests in and liens on the Prepetition Collateral;</p> <p>(ii) Each Prepetition ABL Loan Document and Prepetition Subordinated Loan Document is valid and binding;</p> <p>(iii) The Obligations (as defined in each of the Prepetition ABL Credit Agreement and the Prepetition Subordinated Loan Credit Agreement) are enforceable against the applicable Debtors; the applicable Debtors have no objection, offset, defense, or counterclaim to the Obligations, and any amount previously paid on account thereof are not subject to avoidance, reduction, disallowance, impairment, or subordination; and</p> <p>(iv) The Obligations (as defined in each of the Prepetition ABL Credit Agreement and the Prepetition Subordinated Loan Credit Agreement) are secured by liens on all or substantially all assets of the applicable Debtors, and the Prepetition Liens are valid, binding, perfected, liens granted to the applicable Prepetition Secured Parties subject to the priorities set forth in the Proposed Orders, the applicable Prepetition Loan Documents, and the Intercreditor Agreements, which are not subject to avoidance, reduction, disallowance, impairment, or subordination.</p> <p>Subject to the below-detailed Challenge Period, these stipulations shall be binding on the Debtors, their estates, any successors thereto, and all third parties.</p> <p><u>Justification:</u> The Debtors respectfully submit that these stipulations are an integral component of the Proposed Orders without which the Prepetition ABL Secured Parties and the Prepetition Subordinated Loan Parties would not have consented to the use of Cash Collateral. The Debtors respectfully submit, moreover, that such stipulations remain subject to the Challenge Period and are otherwise customary and consistent with orders entered in other large and complex chapter 11 cases providing for the consensual use of Cash Collateral.</p>
<p>Challenge Period Bankr. R. 4001(C)(1)(B) Local Rule 4001-2(a)(i)(Q)</p>	<p>Notwithstanding that the Proposed Orders do not vest or confer on any person standing or authority to pursue any claim or cause of action belonging to the Debtors and/or their estates, any party in interest (other than the Debtors) may seek to invalidate, subordinate or otherwise challenge the Debtors' Stipulations by no later than the earlier of (x) 75 calendar days from entry of the Interim Order and (y) entry of an order confirming the Plan (the "Challenge Period"); <i>provided</i>, further, that any trustee appointed prior to the expiration of the Challenge Period will have the longer of (x) the remaining Challenge Period and (y) 30 days from the date of such trustee's appointment to commence a Challenge (as defined in the Interim Order). The timely filing of a motion seeking standing to file a Challenge before the termination of the Challenge Period that attaches a proposed pleading commencing such Challenge shall toll the Challenge Period only as to the party that timely filed such standing motion until such motion is resolved or adjudicated by the Court. Any</p> <p>¶ 5(b)</p>

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	<p>pleadings filed in any Challenge proceeding shall set forth with specificity the basis for such Challenge (and any Challenge not so specified prior to the Challenge Period shall be deemed forever waived, released, and barred). The Court may fashion any appropriate remedy following a successful Challenge.</p> <p><u>Justification:</u> The Debtors respectfully submit that a Challenge Period of the earlier of (x) 75 calendar days and (y) the entry of an order confirming the Plan appropriately balances the need for finality in these Chapter 11 Cases with the rights of parties in interest. The Debtors respectfully submit, moreover, that such Challenge Period is customary and consistent with the requirements of the Local Rules and orders entered in other large and complex chapter 11 cases providing for the consensual use of Cash Collateral.</p>	
Provisions Approving All Terms of the Loan Agreement Local Rule 4001-2(a)(i)(R)	N/A	N/A
Waiver/Modification of Automatic Stay Local Rule 4001-2(a)(i)(S)	<p>The automatic stay shall be modified to effectuate the terms of the Proposed Orders, including to:</p> <ul style="list-style-type: none"> (i) Implement the post-petition financing arrangements authorized by the Proposed Orders; (ii) Take any act to create, validate, evidence, attach, or perfect any lien, security interest, right, or claim in the Collateral; (iii) Assess, charge, collect, advance, deduct, and receive payments with respect to the Prepetition ABL Obligations, the Prepetition Term Loan Obligations, or the Prepetition Subordinated Loan Obligations, including, without limitation, all interests, fees, costs, and expenses permitted under the Loan Documents, and apply such payments to the Prepetition ABL Obligations or Prepetition Term Loan Obligations, as applicable; (iv) Immediately following the expiration of the Remedies Notice Period, to take any action and exercise all rights and remedies provided to it by this Interim Order, the Prepetition ABL Credit Agreement, the Prepetition Term Loan Credit Agreement, the Prepetition Subordinated Loan Obligations, the other Loan Documents, or applicable law. <p><u>Justification:</u> The Debtors respectfully submit that the limited modifications enumerated herein are an integral component of the Proposed Orders without which the Prepetition Secured Parties would not have consented to the use of Cash Collateral. The Debtors respectfully submit, moreover, that such limited modifications are narrowly tailored to give effect to the Proposed Orders and are otherwise customary and consistent with orders entered in other large</p>	¶¶ 7, 8, 12

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	and complex chapter 11 cases providing for the consensual use of Cash Collateral.	
Provisions Limiting Arguments at Emergency Hearings Local Rule 4001-2(a)(i)(T)	N/A	N/A
Liens on Avoidance Proceeds Local Rule 4001-2(a)(i)(U)	<p>As part of the Adequate Protection Package, the Debtors shall—subject to the priorities set forth in the Proposed Orders and the terms of the Intercreditor Agreements—grant liens on all Postpetition Collateral, including for the avoidance of doubt and subject to entry of the Final Order, the Avoidance Actions and Avoidance Proceeds.</p> <p><u>Justification:</u> The Debtors respectfully submit that the adequate protection liens on the Avoidance Actions and Avoidance Proceeds are narrowly tailored and an integral component of the Proposed Orders without which the Prepetition Secured Parties would not have consented to the use of Cash Collateral. The Debtors respectfully submit, moreover, that liens on the Avoidance Actions and Avoidance Proceeds are otherwise customary and consistent with adequate protection granted in, and orders entered in, other large and complex chapter 11 cases providing for the consensual use of Cash Collateral.</p>	¶ 7(a)-(c)
Section 506(c) Waiver Local Rule 4001-2(a)(i)(V)	<p>Upon entry of the Final Order, no costs or expenses of administration which have been or may be incurred in the Chapter 11 Cases or Successor Cases at any time shall be charged against the Prepetition Secured Parties or the Collateral pursuant to sections 105 or 506(c) of the Bankruptcy Code, or otherwise and all rights to surcharge the Prepetition Secured Parties or the Collateral or the Prepetition Secured Creditors under sections 105 or 506(c) of the Bankruptcy Code or any other applicable principle of equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtors and all parties in interest in this or any Successor Cases.</p> <p><u>Justification:</u> The Debtors and the Prepetition Secured Parties negotiated these waivers extensively and at arm's length. The Debtors respectfully submit that these waivers are an integral component of the Proposed Orders without which the Prepetition Secured Parties would not have consented to the use of Cash Collateral. The Debtors respectfully submit, moreover, that these waivers remain subject to entry of the Final Order and are customary and consistent with orders entered in other large and complex chapter 11 cases providing for the consensual use of Cash Collateral.</p>	¶ 20
Section 552(b)(1) Waiver Local Rule 4001-2(a)(i)(W)	The Prepetition Secured Parties shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code. Upon entry of the Final Order, and subject to approval by this Court therein, the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Secured Parties with respect to proceeds, products, offspring, or profits of any of the	¶ 19

Summary of Material Terms and Significant Provisions Pursuant to Bankruptcy Rule 4001 and Local Rule 4001-2(a)(i)		Location
	<p>Prepetition Collateral or Postpetition Collateral.</p> <p><u>Justification:</u> The Debtors and the Prepetition Secured Parties negotiated these waivers extensively and at arm's length. The Debtors respectfully submit that these waivers are an integral component of the Proposed Orders without which the Prepetition Secured Parties would not have consented to the use of Cash Collateral. The Debtors respectfully submit, moreover, that these waivers remain subject to entry of the Final Order and are customary and consistent with orders entered in other large and complex chapter 11 cases providing for the consensual use of Cash Collateral.</p>	
<p>Marshalling Waiver Local Rule 4001-2(a)(i)(X)</p>	<p>Subject to entry of a Final Order, in no event shall the Prepetition Secured Parties be subject to the equitable doctrine of “marshalling” or any other similar doctrine with respect to any of the Collateral.</p> <p><u>Justification:</u> The Debtors and the Prepetition Secured Parties negotiated these waivers extensively and at arm's length. The Debtors respectfully submit that these waivers are an integral component of the Proposed Orders without which the Prepetition Secured Parties would not have consented to the use of Cash Collateral. The Debtors respectfully submit, moreover, that these waivers remain subject to entry of the Final Order and are customary and consistent with orders entered in other large and complex chapter 11 cases providing for the consensual use of Cash Collateral.</p>	¶ 21

THE DEBTORS' PREPETITION INDEBTEDNESS

A. Pre-SPARC Acquisition Debt Structure

9. As is further detailed in the First Day Declaration, SPARC and certain of its direct and indirect subsidiaries, including the Debtors, were—prior to the SPARC Acquisition—party to (a) that certain Third Amended and Restated Credit Agreement, dated as of March 1, 2022 (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time, the “**Old SPARC ABL Credit Agreement**”), entered into with PNC Bank National Association, as administrative agent and collateral agent, and the lenders party thereto that provided an asset-backed facility (the “**Old SPARC ABL Facility**”), (b) that certain Credit Agreement, dated as of July 10, 2023 (as amended, restated, amended and restated, supplemented and otherwise modified from time to time, the “**Old SPARC LC Term Loan Agreement**”), by and among SPARC Group LLC, PNC Bank, National Association, as administrative agent,

and each lender from time to time party thereto, that provided a term loan backed by letter of credit (the “**Old SPARC LC Term Loan Facility**”), and (c) the initial Prepetition Subordinated Loan Credit Agreement (as defined below) originally entered into in February 2024 to provide intercompany loans for the benefit of direct and indirect subsidiaries of SPARC.

10. In connection with the SPARC Acquisition, among other things, (a) the Old SPARC ABL Facility and Old SPARC LC Term Loan Facility were repaid and refinanced, all commitments to the lenders thereunder were terminated, and all related loan documents, guarantees, liens, and other obligations thereunder were terminated and released, (b) SPARC and certain of its direct and indirect subsidiaries, including the Debtors, became joining loan parties to JC Penney’s existing debt facilities, i.e., the Prepetition ABL Facility and the Prepetition Term Loan Facility (as defined below), and (c) certain JC Penney entities that are Prepetition ABL Loan Parties and Prepetition Term Loan Parties became obligors under the Prepetition Subordinated Loan Facility.

B. Post-SPARC Acquisition Debt Structure

11. As of the Petition Date, the Debtors are obligors under the Prepetition ABL Credit Agreement, Prepetition Term Loan Credit Agreement, and Prepetition Subordinated Loan Credit Agreement (each, as defined below). The following table summarizes the Debtors’ outstanding funded-debt obligations as of the Petition Date:

Funded Debt	Maturity	Approximate Outstanding Principal Amount as of the Petition Date
Prepetition ABL Facility	December 2026	\$1.085 billion
Prepetition Term Loan Facility	December 2026	\$321 million
Prepetition Subordinated Loan Facility	May 2027	\$176 million
Total Funded Debt		\$1.582 billion

C. Prepetition ABL Facility

12. Pursuant to that certain Joinder and Third Amendment to Credit Agreement, dated as of December 6, 2024, the Debtors became Prepetition ABL Loan Parties under that certain Credit Agreement, originally dated as of December 7, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, the “**Prepetition ABL Credit Agreement**,” and, collectively with the Loan Documents (as defined in the Prepetition ABL Credit Agreement), the “**Prepetition ABL Loan Documents**”), by and among (a) Penney Holdings LLC, as lead administrative borrower, and certain other Loan Parties (as defined in the Prepetition ABL Credit Agreement), including non-Debtor affiliates (together with Penney Holdings LLC, collectively, the “**Prepetition ABL Loan Parties**”), (b) Wells Fargo Bank, N.A., in its capacity as administrative agent, and Wells Fargo Bank, N.A. and PNC Bank, N.A., as co-collateral agents (collectively, in such capacities, the “**Prepetition ABL Agents**”), and (c) the lenders party thereto from time to time (collectively, the “**Prepetition ABL Lenders**”). The Prepetition ABL Loan Documents provide for a revolving facility of up to \$1.75 billion (the “**Revolving Facility**”) and a first-in, last out facility of \$160 million (the “**FILO Facility**,” and together with the Revolving Facility, the “**Prepetition ABL Facility**”), in each case subject to certain adjustments to the applicable borrowing base as described in the Prepetition ABL Credit Agreement.

13. The maturity date on the Prepetition ABL Facility is December 16, 2026. The obligations under the Prepetition ABL Loan Documents are secured by liens on, and security interests in, substantially all assets of the Prepetition ABL Loan Parties, subject to certain exceptions (the “**Prepetition Collateral**,” and the liens attaching to such ABL Collateral, the “**Prepetition ABL Liens**”).

14. As of the Petition Date, approximately \$1.085 in aggregate principal amount is outstanding under the Prepetition ABL Facility, consisting of approximately \$925 million in principal amount outstanding under the Revolving Facility and approximately \$160 million in principal amount outstanding under the FILO Facility. The Prepetition ABL Lenders have full recourse rights against the Debtors with respect to these obligations.

D. Prepetition Term Loan Facility

15. Pursuant to that certain Joinder and Third Amendment to Credit Agreement, dated as of December 6, 2024, the Debtors became Prepetition Term Loan Parties (as defined below) under that certain Credit Agreement, originally dated as of December 7, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, the “**Prepetition Term Loan Credit Agreement**,” and collectively with the Loan Documents (as defined in the Prepetition Term Loan Credit Agreement), the “**Prepetition Term Loan Documents**”), by and among (a) Penney Holdings LLC, as lead administrative borrower, and the other Loan Parties (as defined in the Prepetition Term Loan Credit Agreement), including non-Debtor affiliates (together with Penney Holdings LLC, collectively, the “**Prepetition Term Loan Parties**”), (b) Pathlight Capital LP, in its capacity as administrative agent and collateral agent (in such capacity, the “**Prepetition Term Loan Agent**”), and (c) the lenders from time to time party thereto (collectively, the “**Prepetition Term Loan Lenders**”). The Prepetition Term Loan Documents provide for a first in, last-out term loan credit facility of up to \$340 million (the “**Prepetition Term Loan Facility**”).

16. The maturity date on the Prepetition Term Loan Facility is December 16, 2026. The obligations under the Prepetition Term Loan Documents are secured by liens on, and security interests in, (a) the Prepetition Collateral, among other assets of certain non-Debtors (collectively,

the “**Prepetition Term Loan Liens**”) The Term Loan Liens on the Prepetition Collateral are subordinate and junior in priority to the Prepetition ABL Liens on the Prepetition Collateral.

17. As of the Petition Date, approximately \$321 million in principal amount is outstanding under the Prepetition Term Loan Facility. The Prepetition Term Loan Lenders have full recourse rights against the Debtors for these obligations.

E. Prepetition Subordinated Loan Facility

18. The Debtors are party to that Amended and Restated Term Loan Credit Agreement, dated as of December 19, 2024 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, the “**Prepetition Subordinated Loan Credit Agreement**,” and collectively with the Loan Documents (as defined in the Prepetition Subordinated Loan Credit Agreement), the “**Prepetition Subordinated Loan Documents**”), by and among (a) Penney Holdings LLC, as lead administrative borrower, and the other Loan Parties (as defined in the Prepetition Subordinated Loan Credit Agreement), including non-Debtor affiliates (together with Penney Holdings LLC, collectively, the “**Prepetition Subordinated Loan Parties**”), (b) Simon Blackjack Consolidated Holdings, LLC, in its capacity as the administrative agent and collateral agent (in such capacity, the “**Prepetition Subordinated Loan Agent**,” and collectively with the Prepetition ABL Agents and the Prepetition Term Loan Agent, the “**Prepetition Agents**”), and (c) the lenders from time to time party thereto. The Prepetition Subordinated Loan Documents provide for a term loan facility of approximately \$169 million (the “**Prepetition Subordinated Loan Facility**”), with payment-in-kind interest accruing thereon.

19. The maturity date on the Prepetition Subordinated Loan Facility is May 26, 2027. The obligations under the Prepetition Subordinated Loan Documents are secured by liens on, and security interests in, the Prepetition Collateral (the “**Prepetition Subordinated Loan Liens**”).

The Prepetition Subordinated Loan Liens are subordinate and junior in priority to each of the Prepetition ABL Liens and the Prepetition Term Loan Liens on the Prepetition Collateral.

20. As of the Petition Date, approximately \$176 million in principal amount is outstanding under the Prepetition Subordinated Loan Facility. The Prepetition Subordinated Loan Parties have full recourse rights against the Debtors for these obligations.

F. Intercreditor Agreements

21. In connection with the SPARC Acquisition, the Debtors became party to that certain Amended and Restated Intercreditor Agreement, dated as of December 16, 2021 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, the “**ABL-Term Loan Intercreditor Agreement**”), by and among (a) the Prepetition ABL Agents, (b) the Prepetition Term Loan Agent, and (c) the Prepetition ABL Loan Parties and Prepetition Term Loan Parties. Among other things, the ABL-Term Loan Intercreditor Agreement sets forth the agreements among the Prepetition ABL Agents and the Prepetition Term Loan Agent with respect to the priority of liens on, and security interests in, the Prepetition Collateral.

22. In connection with the SPARC Acquisition, the Debtors also became party to that certain Intercreditor Agreement, dated as of December 19, 2024 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, the “**Senior-Subordinated Intercreditor Agreement**”), by and among (a) the Prepetition ABL Agents, (b) the Prepetition Term Loan Agent, (c) the Prepetition Subordinated Loan Agent, and (d) the Prepetition ABL Loan Parties, Prepetition Term Loan Parties, and Prepetition Subordinated Loan Parties from time to time party thereto. Among other things, the Senior-Subordinated Intercreditor Agreement sets forth the agreements among the Prepetition ABL Agents, the Prepetition Term Loan Agent and the Prepetition Subordinated Loan Agent with respect to the

priority of liens on, and security interests in, the Prepetition Collateral. Pursuant to the Senior-Subordinated Intercreditor Agreement, the parties thereto agreed, among other things, that the Prepetition Subordinated Loan Liens on the Prepetition Collateral shall be subordinate and junior in all respects to the Prepetition ABL Liens and Prepetition Term Loan Liens.

THE DEBTORS' LIQUIDITY NEEDS

23. As set forth in the First Day Declaration, and as described herein, the Debtors require cash to fund their business throughout these Chapter 11 Cases and pursue the Store Closing Sales and the Going Concern Sale Process. The Debtors have determined that access to Cash Collateral will be sufficient to continue operating their remaining business during these Chapter 11 Cases while pursuing a value-maximizing and orderly liquidation process for the benefit of all stakeholders. Without prompt access to Cash Collateral, the Debtors would be unable to (a) pay employee wages, insurance, and other critical obligations or (b) fund the administration of these Chapter 11 Cases, which would cause immediate and irreparable harm to the value of the Debtors' estates to the detriment of all stakeholders.

24. At this time, the Debtors seek authority to use Cash Collateral on an interim basis pending entry of the Final Order (such interim period, the "**Interim Period**"). Following extensive arm's length and good faith negotiations between the Debtors and the Prepetition Secured Parties, respectively, the Prepetition Secured Parties have consented to the Debtors' use of Cash Collateral to fund operations and the costs of administering their estates during the Interim Period in accordance with the Approved Budget (as defined herein), subject to the Permitted Variances, on the terms set forth in the Proposed Orders. Following the Interim Period, the Debtors will seek authority to continue the consensual use of Cash Collateral in accordance with the Final Order, a proposed form of which will be submitted to the Court before the Final Hearing.

25. The Debtors, in consultation with their financial advisor, Berkeley Research Group, LLC, prepared a 13-week cash flow (as may be updated from time to time in accordance with the terms of the Interim Order, the “**Approved Budget**”)⁴ reflecting anticipated cash receipts, operating disbursements, and non-operating expenditures, among other things. The Debtors believe that the Approved Budget establishes that the Debtors will have adequate liquidity during the period reflected therein. The Approved Budget contains line items for cash flows anticipated to be received and disbursed during the time period for which the Approved Budget has been prepared. The Debtors believe that the Approved Budget includes all reasonable, necessary, and foreseeable expenses to be incurred in connection with the operation of their business for the period set forth therein.

BASIS FOR RELIEF

I. The Debtors’ Use of Cash Collateral Is Necessary

26. Section 363 of the Bankruptcy Code governs the Debtors’ use of property of their estates, including Cash Collateral.⁵ Pursuant to section 363 of the Bankruptcy Code, a debtor may use cash collateral as long as “each entity that has an interest in such cash collateral consents” or “the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section.” 11 U.S.C. § 363(c)(2)(A), (B). Here, the Prepetition Secured Parties

⁴ A copy of the Approved Budget is attached to the Interim Order as **Exhibit A**.

⁵ The Bankruptcy Code defines “cash collateral” as follows:

Cash, negotiable instruments, documents of title, securities, deposit accounts, or other cash equivalents whenever acquired in which the estate and an entity other than the estate have an interest and includes the proceeds, products, offspring rents, or profits of property and the fees, charges, accounts or other payments for the use or occupancy of rooms and other public facilities in hotels, motels, or other lodging properties subject to a security interest as provided in section 552(b) of this title, whether existing before or after the commencement of a case under this title.

11 U.S.C. § 363(a).

have consented to the Debtors' use of Cash Collateral, subject to the terms of the Proposed Orders and the Approved Budget.

27. The Debtors require immediate access to Cash Collateral to ensure that they are able to continue operating during these Chapter 11 Cases to preserve the value of their estates for the benefit of all parties in interest through an efficient and orderly liquidation of their assets. All, or substantially all, of the Debtors' available cash constitutes Cash Collateral of the Prepetition Secured Parties, and the Prepetition Secured Parties have security interests in, and liens on, substantially all the Debtors' assets. Without immediate access to Cash Collateral, the Debtors would be unable to continue to operate resulting in a disorderly liquidation process.

28. The terms and conditions of the Debtors' use of Cash Collateral are set forth in the Interim Order and the Approved Budget, which together reflect the negotiated terms that the Prepetition Secured Parties have consented to with respect to the Debtors' use of Cash Collateral. Taken as a whole, the Debtors submit that the consensual terms of the Debtors' use of Cash Collateral are fair and reasonable under the circumstances. Accordingly, the Debtors believe that the requirements of section 362(c)(2) of the Bankruptcy Code have been satisfied, and relief is warranted under the circumstances.

II. The Adequate Protection Provisions Are Appropriate

29. Section 363(e) of the Bankruptcy Code provides for adequate protection of interests in property when a debtor uses cash collateral. *See* 11 U.S.C. § 363(e) (“[O]n request of an entity that has an interest in property . . . proposed to be used, sold, or leased, by the trustee, the court, with or without a hearing, shall prohibit or condition such use, sale, or lease as is necessary to provide adequate protection of such interest.”). Moreover, section 362(d)(1) of the Bankruptcy Code provides for adequate protection of interests in property due to the imposition of the automatic stay. *See In re Cont'l Airlines*, 91 F.3d 553, 556 (3d Cir. 1996).

30. While section 361 of the Bankruptcy Code provides examples of forms of adequate protection, such as granting replacement liens and administrative claims, courts decide what constitutes sufficient adequate protection on a case-by-case basis. *In re Swedeland Dev. Grp., Inc.*, 16 F.3d 552, 564 (3d Cir. 1994) (“[A] determination of whether there is adequate protection is made on a case[-]by[-]case basis.”); *In re Columbia Gas Sys., Inc.*, 91-803, 91-804, 1992 WL 79323, at *2 (Bankr. D. Del. Feb. 18, 1992). The essential purpose of adequate protection is to protect against the diminution in value of a secured creditor’s collateral during the period when such collateral is being used by the debtor in possession. *See In re Cont’l Airlines, Inc.*, 154 B.R. 176, 180–81 (Bankr. D. Del. 1993) (holding that adequate protection for use of collateral under section 363 of the Bankruptcy Code is limited to use-based decline in value); *see also In re Monroe Park*, 17 B.R. 934, 937 (D. Del. 1982) (noting that adequate protection requires a debtor to propose some form of relief that will preserve the secured creditor’s interest in collateral during the case).

31. The Debtors propose granting the following adequate protection to the Prepetition Secured Parties (collectively, the “**Adequate Protection Package**”):

- a. **Adequate Protection Liens**. To the extent of any diminution in value of the Prepetition Secured Parties’ interests in the Collateral resulting from the effect of the automatic stay or the Debtors’ use, sale, or disposition of the Collateral during these Chapter 11 Cases, the Debtors will provide replacement liens on all property of the Debtors as of the Petition Date or acquired thereafter, and upon entry of the Final Order, the proceeds of Avoidance Actions, to the Prepetition Secured Parties (collectively, the “**Adequate Protection Liens**”); *provided* that, each Adequate Protection Lien shall, in addition to subordination in favor of applicable Adequate Protection Liens that are senior in priority, be junior to (i) the Carve-Out and (ii) the Permitted Encumbrances.
- b. **Adequate Protection Claims**. To the extent of any diminution in value of the Prepetition Secured Parties’ interests in the Collateral resulting from the effect of the automatic stay or the Debtors’ use, sale, or disposition of the Collateral during these Chapter 11 Cases, the Prepetition Secured Parties shall be granted allowed superpriority administrative expense claims in the Chapter 11 Cases pursuant to sections 503 and 507(b) of the Bankruptcy Code (collectively, the “**Superpriority Claims**”), having priority over all

administrative expenses of the kind specified in, or ordered pursuant to, the Bankruptcy Code, subject only to (i) the Carve-Out and (ii) solely to the extent applicable, any Superpriority Claims otherwise senior thereto, as applicable.

- c. Fees and Expenses. The Debtors will pay, solely to the extent attributable to the Debtors and/or these Chapter 11 Cases, (i) all reasonable and documented prepetition and postpetition fees and out-of-pocket expenses incurred by and payable to the Prepetition Agents under the applicable Prepetition Loan Documents and (ii) the reasonable and documented fees and out-of-pocket expenses incurred by the Prepetition ABL Agents and the Prepetition Term Loan Agent in connection with the applicable Prepetition Loan Documents.
- d. Approved Budget. The Debtors will comply with the Approved Budget, subject to Permitted Variances. Specifically, by 5:00 p.m. (prevailing Eastern Time) on the first Wednesday that is at least 28 calendar days after the Petition Date, and every 28 calendar days thereafter, as applicable, to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent, which Proposed Budget shall be reasonably acceptable to the Debtors and the Prepetition ABL Administrative Agent in its Permitted Discretion. If the Prepetition ABL Administrative Agent approves of the Proposed Budget in writing (with email to counsel to the Debtors being sufficient), then such Proposed Budget shall be considered the new Approved Budget for the period covered thereby. If the Prepetition ABL Administrative Agent does not approve the Proposed Budget in writing, then the Approved Budget shall continue in effect and remain unchanged until an updated Approved Budget has been agreed, provided that in such case where the time period covered by the previously Approved Budget goes past the weekly details set forth in the previously Approved Budget, the weekly detail for periods after the weekly periods covered by the previously Approved Budget will be derived in a manner reasonably satisfactory to the Prepetition ABL Administrative Agent consistent with the weekly details set forth in the previously Approved Budget.
- e. Postpetition Payment of Prepetition ABL Obligations in Excess of Minimum Sweep Balance. The Prepetition ABL Administrative Agent, on behalf of the Prepetition ABL Lenders, shall receive from the Debtors, beginning on the first Friday day of each week following the Petition Date, adequate protection cash payments in an amount equal to any cash held by the Debtors in their deposit accounts in excess of the “**Minimum Sweep Balance**,” i.e., \$65,000,000, as of 9:00 a.m. (ET) on such date (the “**Calculation Date**”); *provided* that no such amounts will be paid to the Prepetition ABL Administrative Agent if the Debtors do not hold cash in excess of the Minimum Sweep Balance as of the Calculation Date. The Prepetition ABL Administrative Agent shall apply such amounts to repay any then-outstanding Prepetition ABL Obligations held by the

Prepetition ABL Secured Parties as set forth and in accordance with the priorities and terms of the Prepetition ABL Credit Agreement.

32. The Debtors respectfully submit that the proposed Adequate Protection Package is sufficient to protect the Prepetition Secured Parties from any diminution in value to the Collateral during pendency of these Chapter 11 Cases. Additionally, as noted above, the Prepetition Secured Parties have consented to the Debtors' use of Cash Collateral in exchange for, among other things, the Adequate Protection Package, subject to their right to request further or alternative forms of adequate protection at any time (and the rights of the Debtors or any other party in interest to contest such request are fully preserved).

33. In light of the foregoing, the Debtors submit that the proposed Adequate Protection Package to be provided for the benefit of the Prepetition Secured Parties is appropriate and consistent with the forms of adequate protection routinely approved in large and complex chapter 11 cases. The Debtors' proposed Adequate Protection Package is necessary to permit the Debtors to continue operating their business in the ordinary course. The proposed Adequate Protection Package is also fair and appropriate under the circumstances, as the Debtors' ability to continue using the Cash Collateral in the near term will benefit all parties in interest in these Chapter 11 Cases.

III. Application of Amounts in Excess of the Minimum Sweep Balance to Prepetition ABL Obligations Is Appropriate

34. Section 363(b) of the Bankruptcy Code permits a court, after notice and a hearing, to authorize a debtor to "use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). Courts regularly authorize transactions outside the ordinary course of business involving property of the estate where such transactions are supported by a sound business purpose. *See, e.g., In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (collecting cases). This deferential "business judgment" standard shields debtors

and their management from judicial second-guessing. *See In re Ultimate Escapes Holdings, LLC*, 2015 WL 1590132, at *16 (Bankr. D. Del. Feb. 5, 2015).

35. Here, the Debtors' use of cash in excess of the Minimum Sweep Balance to repay the Prepetition ABL Obligations is supported by a sound business purpose. Repayment of the Prepetition ABL Obligations will be required upon confirmation of a chapter 11 plan, conversion of these Chapter 11 Cases to cases under chapter 7, or dismissal of these Chapter 11 Cases. The Debtors believe and have stipulated that the Prepetition ABL Obligations are fully secured by valid, perfected, first-priority liens on substantially all the Debtors' assets, such that payment to the Prepetition ABL Secured Parties of cash held by the Debtors in excess of the Minimum Sweep Balance will not affect recoveries otherwise available to junior creditors. Section 1129 of the Bankruptcy Code further requires that secured claims must be satisfied in full before recoveries to junior creditors are permitted, absent the consent of any secured parties. 11 U.S.C. § 1129. For this reason, repayment of the Prepetition ABL Obligations will affect merely the timing, not the amount or certainty, of recovery by the Prepetition ABL Secured Parties.

36. The Prepetition Secured Parties have, subject to the terms of the PSA and the rights and obligations of all parties thereunder, consented to a recovery for general unsecured creditors. Absent this consent, the general unsecured creditors would not otherwise be entitled to any recovery due to the significant funded debt claims secured by liens on the Debtors' assets. This consent was tied to the Debtors' agreement on the consensual use of Cash Collateral as set forth in the Proposed Orders, including the application of amounts in excess of the Minimum Sweep Balance to repay Prepetition ABL Obligations. In other words, the repayment is an integral component of the overall deal with the Prepetition Secured Parties. Moreover, the Minimum Sweep Balance ensures that the Debtors have sufficient cash to fund the administrative costs of

these Chapter 11 Cases, so the repayment of the Prepetition ABL Obligations will not harm the Debtors' estates. Given these circumstances, the proposed repayment of the Prepetition ABL Obligations from cash held by the Debtors in excess of the Minimum Sweep Balance represents a sound exercise of the Debtors' business judgment.

IV. Other Significant Provisions Are Appropriate

37. Local Rule 4001-2(a)(i) requires a debtor to justify the inclusion of certain provisions enumerated in Local Rule 4001-2(a)(i)(N) through (X) (collectively, the “**Significant Provisions**”) in a proposed cash collateral order. As detailed above, the Debtors believe that each Significant Provision included in the Proposed Orders is justified and necessary in the context and circumstances of these Chapter 11 Cases. In addition to the justifications provided above in respect of all the Significant Provisions, the Debtors note that the Debtors' Stipulations, Milestones, and the Carve-Out and Carve Out Reserves are justified for the additional reasons set forth below.

A. The Findings of Validity, Perfection, or Amount of Prepetition Liens and Challenge Period Are Appropriate

38. Local Rule 4001-2(a)(i)(Q) requires explicit disclosure of provisions that bind the estate or other parties in interest with respect to the validity, perfection, or amount of the secured creditor's prepetition lien or the waiver of claims against the secured creditor without first giving parties in interest at least 75 days from the entry of the order to investigate such matters. Here, the Interim Order complies with this requirement by providing any party in interest with the opportunity to file an adversary proceeding challenging the validity, extent, perfection, or priority of the Prepetition Secured Obligations or the Prepetition Liens on the Collateral securing the Prepetition Secured Obligations by no later than the earlier of (x) 75 calendar days from entry of the Interim Order and (y) entry of an order confirming the Plan. The Debtors believe that this proposed Challenge Period is appropriate under the circumstances, consistent with the Local

Rules, adequate to protect the interests of any official committee or other party in interest in these Chapter 11 Cases, and calibrated to balance the interests of finality with the rights of parties in interest to conduct a thorough investigation.

B. The Milestones Are Appropriate

39. The Proposed Orders incorporate certain Milestones set forth in the PSA, which the Debtors must meet throughout the Chapter 11 Cases. These Milestones were negotiated in good faith by the Debtors and the Prepetition Secured Parties and were a critical component of the agreement reached by the parties to enable the Debtors to obtain the consensual use of Cash Collateral. The terms to which the Debtors and the Prepetition Secured Parties agreed for the consensual use of Cash Collateral will, among other things, avoid costly litigation regarding adequate protection at the outset of these Chapter 11 Cases and allow the Debtors to pursue the Store Closing Sales and the Going Concern Sale Process more generally in a cost-effective and expeditious manner that will benefit all creditors.

C. The Scope of the Carve-Out and the Reserve Accounts Is Appropriate

40. The Proposed Orders provide that the Adequate Protection Obligations and the Debtors' prepetition obligations are subordinate to the Carve-Out. The Carve-Out includes, among other things, subject to Court approval, (a) all fees required to be paid to the Clerk of the Court and to the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the set forth in (c) below), (b) all reasonable fees and expenses up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (c) below), (c) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the "**Allowed Professional Fees**") incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the "**Debtor Professionals**") and the Creditors' Committee

pursuant to section 328 or 1103 of the Bankruptcy Code (the “**Committee Professionals**,” and, together with the Debtor Professionals, the “**Professional Persons**”) at any time before or on the first business day following delivery by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent—of a Carve Out Trigger Notice (as defined in the Interim Order), whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice, and (d) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed \$1,500,000 incurred after the first business day following delivery by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent— of the Carve Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the “**Post-Carve Out Trigger Notice Cap**”). The Proposed Orders also ensure that the Carve-Out will be appropriately funded via the Carve Out Reserve, which will be funded weekly.

41. Carve-outs for professional fees under the terms of an agreement to use cash collateral, such as the Carve-Out proposed under the Proposed Orders, have been found to be reasonable and necessary to ensure that a debtor’s estate and any statutory committee can retain assistance from their professionals during the Chapter 11 Cases, including following an event of default. *See In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 39 (Bankr. S.D.N.Y. 1990); *see also In Residential Cap., LLC*, 501 B.R. 549, 621 (Bankr. S.D.N.Y. 2013) (“A carve[-]out is a provision of a cash collateral order that allows for some expenditure of administrative and/or professional fees to be paid before a secured creditor gets paid on its collateral.”) (citing *In re Blackwood Assocs., L.P.*, 153 F.3d 61, 68 (2d Cir. 1998)). Without the Carve-Out,

the Debtors' estates may be deprived of possible rights and powers because the services for which professionals may be paid in these Chapter 11 Cases could be restricted. *See In re Ames Dep't Stores*, 115 B.R. at 38 (observing that courts insist on carve-outs for professionals representing parties in interest because "[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced"). Additionally, the Carve-Out and the Professional Fee Reserve Account protect against administrative insolvency during the course of these Chapter 11 Cases by ensuring that assets remain to ensure payment of statutorily required fees to the U.S. Trustee and allowed professional fees, notwithstanding the grant of the Superpriority Claims and the Adequate Protection Liens as part of the Adequate Protection Package described above.

V. The Automatic Stay Should Be Modified on a Limited Basis

42. The relief requested herein contemplates a modification of the automatic stay to permit the Debtors to, among other things, grant the security interests and liens described above to the Prepetition Secured Parties, perform such acts as may be requested to assure the perfection and priority of such security interests and liens, incur all liabilities and obligations to the Prepetition Secured Parties under the Proposed Orders, and make payments in accordance with the terms of the Proposed Orders and the Approved Budget.

VI. Failure to Obtain the Immediate Interim Use of Cash Collateral Would Cause Immediate and Irreparable Harm

43. Bankruptcy Rule 4001(b) provides that a final hearing on a motion to use cash collateral pursuant to section 363 of the Bankruptcy Code may not be commenced earlier than 14 days after the service of such motion. However, the Court is authorized to conduct a preliminary expedited hearing on this Motion and authorize the Debtors' proposed use of Cash Collateral to the extent necessary to avoid immediate and irreparable harm to the Debtors' estates. *See* Fed. R. Bankr. P. 4001(b)(2).

44. As detailed in the First Day Declaration, the Debtors have an immediate postpetition need to use Cash Collateral. The Debtors cannot maintain the value of their estates during the pendency of these Chapter 11 Cases or pursue the Store Closing Sales or the Going Concern Sale Process without access to Cash Collateral. The Debtors believe that substantially all of their available cash constitutes the Prepetition Secured Parties' Cash Collateral. The Debtors will therefore be unable to proceed with the Store Closing Sales or the Going Concern Sale Process, or otherwise fund these Chapter 11 Cases without immediate access to Cash Collateral, and will suffer immediate and irreparable harm to the detriment of all creditors and other parties in interest in the event the relief requested herein is denied.

45. The Debtors therefore seek immediate authority to use the Cash Collateral on an interim basis and as set forth in this Motion and in the Interim Order to prevent immediate and irreparable harm to their estates pending the Final Hearing pursuant to Bankruptcy Rule 4001(b). Accordingly, the Debtors respectfully submit that they have satisfied the requirements of Bankruptcy Rule 4001 to support an expedited preliminary hearing and the immediate availability of Cash Collateral on an interim basis.

VII. Processing of Checks and Electronic Funds Transfers Should Be Authorized

46. The Debtors further request that the Court (a) authorize the Debtors' banks (the "**Banks**") to receive, process, honor, and pay all checks presented for payment and electronic payment requests relating to the relief sought herein to the extent that the Debtors have sufficient funds on deposit in their accounts with the Banks, whether such checks were presented or electronic requests were submitted before or after the Petition Date, (b) authorize the Banks to rely on the Debtors' designation of any particular check or electronic payment request as appropriate pursuant to this Motion without any duty of further inquiry and without liability for following the Debtors' instructions, (c) authorize the Debtors to issue replacement checks or transfers to the

extent any checks or transfers that are issued and authorized to be paid in accordance with this Motion are dishonored or rejected by the Banks.

**BANKRUPTCY RULE 6003 HAS BEEN SATISFIED
AND BANKRUPTCY RULE 4001(A)(3) SHOULD BE WAIVED**

47. Under Bankruptcy Rule 6003, the Court may grant a motion to “use . . . property of the estate, including a motion to pay all or part of a claim that arose before the filing of the petition” within 21 days after the commencement of a chapter 11 case to the extent “relief is necessary to avoid immediate and irreparable harm.” Fed. R. Bankr. P. 6003. The Debtors believe an immediate and orderly transition into chapter 11 is critical to the success of these Chapter 11 Cases. As discussed in detail above and demonstrated by the First Day Declaration, immediate and irreparable harm would result if the relief herein is not granted. The Debtors have an immediate need to use the Cash Collateral to, among other things, preserve and maximize the value of the Debtors’ assets, absent which immediate and irreparable harm will result to the Debtors, their estates, and creditors. Accordingly, the Debtors submit that they have satisfied the “immediate and irreparable harm” standard of Bankruptcy Rule 6003 and, therefore, respectfully request that the Court approve the relief requested in this Motion on an emergency basis.

48. The Debtors also request a waiver of the stay of the effectiveness of the Interim Order under Bankruptcy Rule 4001(a)(3). Bankruptcy Rule 4001(a)(3) provides that “[an] order granting a motion for relief from an automatic stay made in accordance with Rule 4001(a)(1) is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 4001(a)(3). As explained herein, access to Cash Collateral is essential to prevent irreparable damage to the Debtors’ estates. Accordingly, the Debtors submit that ample cause exists to justify the waiver of the 14-day stay imposed by Bankruptcy Rule 4001(a)(3), to the extent such stay applies.

RESERVATION OF RIGHTS

49. Except where otherwise stated expressly in the Interim Order, nothing in this Motion shall be deemed: (a) an implication or admission as to the amount of, basis for, or validity of any claim against the Debtors under the Bankruptcy Code or other applicable non-bankruptcy law; (b) a waiver of the Debtors' or any other party in interest's right to dispute any claim; (c) a promise or requirement to pay any particular claim; (d) an implication or admission that any particular claim is of a type specified or defined in this Motion; (e) a concession by the Debtors that any lien (contractual, common, statutory, or otherwise) satisfied pursuant to this Motion is valid (and all rights to contest the extent, validity, or perfection or seek avoidance of all such liens are expressly reserved); (f) a request or authorization to assume, adopt, or reject any agreement, contract, or lease pursuant to section 365 of the Bankruptcy Code; (g) an admission as to the validity, priority, enforceability, or perfection of any lien on, security interest in, or other encumbrance on property of the Debtors' estates; (h) a waiver of the obligation of any party in interest to file a proof of claim; or (i) a waiver of any claims or causes of action which may exist against any entity under the Bankruptcy Code or any other applicable law. If the Court enters any order granting the relief sought herein, including, without limitation, the Interim Order, any payment made pursuant to such order is not intended and should not be construed as an admission as to the validity of any particular claim or a waiver of the Debtors' rights to subsequently dispute such claim, except where otherwise so stated in such order.

NOTICE

50. Notice of this Motion will be given to: (a) the Office of the U.S. Trustee for the District of Delaware; (b) counsel to each of the Prepetition Agents; (c) the creditors listed on the Debtors' consolidated list of 30 creditors holding the largest unsecured claims against the Debtors;

(d) the United States Attorney for the District of Delaware; (e) the Internal Revenue Service; (f) the state attorneys general for states in which the Debtors conduct business; and (g) all parties entitled to notice pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). The Debtors submit that, under the circumstances, no other or further notice is required.

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Orders granting the relief requested in this Motion and such other and further relief as may be just and proper.

Dated: March 17, 2025

YOUNG CONAWAY STARGATT &
TAYLOR, LLP

/s/ S. Alexander Faris

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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

F21 OPCO, LLC, et al.,¹

Debtors.

Chapter 11

Case No. 25-10469 (____)

(Jointly Administered)

Ref: Docket No. ____

**INTERIM ORDER (I) AUTHORIZING POSTPETITION USE
OF CASH COLLATERAL, (II) GRANTING ADEQUATE PROTECTION
TO THE SECURED PARTIES, (III) MODIFYING THE AUTOMATIC STAY,
(IV) SCHEDULING A FINAL HEARING, AND (V) GRANTING RELATED RELIEF**

This matter coming before this Court on the motion (the “**Motion**”)² of the debtors and debtors in possession (collectively, the “**Debtors**”) in the above-captioned cases (the “**Chapter 11 Cases**”) seeking entry of an interim order (this “**Interim Order**”) and a final order (the “**Final Order**”), pursuant to sections 105, 361, 362, 363, 503, 506, 507, 510, and 552 of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “**Bankruptcy Code**”), Rules 2002, 4001, 6003, 6004, 7062, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 2002-1(b), 4001-2, and 9013-1(m) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “**Local Rules**”) *inter alia*:

(a) authorizing the Debtors’ use of cash collateral, as such term is defined in section 363(a) of the Bankruptcy Code, subject to the terms of this Interim Order, and

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: F21 OpCo, LLC (8773); F21 Puerto Rico, LLC (5906); and F21 GiftCo Management, LLC (6412). The Debtors’ address for purposes of service in these Chapter 11 Cases is 110 East 9th Street, Suite A500, Los Angeles, CA 90079.

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

granting adequate protection to each of the Prepetition Secured Parties (as defined herein), as applicable, and their interests in the Prepetition Collateral (as defined herein) pursuant to sections 105, 361, 362, 363, and 507 of title 11 of the Bankruptcy Code with respect to any diminution in value of such rights and interests on and after the Petition Date (as defined below);

(b) vacating and modifying the automatic stay arising under section 362 of the Bankruptcy Code in accordance with the provisions hereof, to the extent necessary to implement and effectuate the terms and provisions of this Interim Order;

(c) subject to entry of the Final Order, waiving all rights to surcharge any Collateral (as defined herein) under sections 506(c) or 552(b) of the Bankruptcy Code or any other applicable principle of equity or law;

(d) scheduling, pursuant to Bankruptcy Rule 4001, a final hearing (the “**Final Hearing**”) to consider approval of the relief sought in the Motion on a final basis pursuant to the Final Order;

(e) granting related relief, all as more fully set forth herein; and an initial hearing on the Motion having been held by this Court on [____], 2025 (the “**Interim Hearing**”), and this Court having considered the Motion, the *Declaration of Stephen Coulombe in Support of Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”), and the evidence submitted or adduced and the arguments of counsel made at the Interim Hearing; and due and proper notice of the Motion and the Interim Hearing having been given as set forth in the Motion; and such notice having been adequate and appropriate under the applicable Bankruptcy Rules and Local Rules, and it appearing that no other or further notice need be provided; and all objections, if any, to the relief requested

in the Motion on an interim basis having been withdrawn, resolved, or overruled by this Court; and it appearing that granting the relief requested in the Motion on an interim basis is necessary to avoid immediate and irreparable harm to the Debtors and their estates, and otherwise is fair and reasonable, in the best interests of the Debtors, their estates, creditors, and other parties in interest; and after due deliberation and consideration, and for good and sufficient cause appearing therefor;

THIS COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:³

A. Petition Date. On March 16, 2025 (the “**Petition Date**”), each of the Debtors filed a voluntary petition under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “**Court**”).

B. Debtors in Possession. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner or official committee of unsecured creditors (the “**Creditors’ Committee**”) has been appointed in the Chapter 11 Cases.

C. Jurisdiction and Venue. This Court has jurisdiction over these proceedings, and the persons and properties affected hereby, under 28 U.S.C. § 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. Venue is proper under 28 U.S.C. §§ 1408 and 1409. The Motion is a core proceeding pursuant to 28 U.S.C. § 157(b).

³ The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

D. Debtors' Stipulations. In requesting the use of Cash Collateral (as defined herein), and in exchange for and as a material inducement to the consent of the Prepetition Secured Parties (as defined herein) to the use of their Cash Collateral, and subject only to the challenge rights set forth in paragraph 5 below (but subject to the limitations thereon contained herein), the Debtors, for themselves, their estates, and all representatives of such estates, acknowledge, represent, admit, stipulate, and agree as follows (collectively, the "**Debtors' Stipulations**"):

(i) *Cash Collateral*. Any and all cash of the Debtors, including cash, cash equivalents and other amounts on deposit or maintained in any deposit account or any other account of the Debtors and any amounts generated by the collection of accounts receivable, the sale of inventory, or any other disposition of Prepetition Collateral (as defined below), wherever located and whether existing as of the Petition Date or arising or acquired after the Petition Date, together with all proceeds of any of the foregoing, is cash collateral within the meaning of section 363(a) of the Bankruptcy Code (the "**Cash Collateral**") of the Prepetition Secured Parties (defined below). The Debtors are not able to use Cash Collateral without the Prepetition Secured Parties' consent or this Court's authorization after notice and a hearing pursuant to section 363(c)(2) of the Bankruptcy Code. The Prepetition Secured Parties are willing to consent to the Debtors' use of the Cash Collateral, expressly limited to, and conditioned upon, the terms and conditions specified in this Interim Order.

(ii) *Prepetition ABL Loan Documents*. Prior to the Petition Date, certain of the Prepetition Secured Parties made loans, advances, and other extensions of credit pursuant to that certain Credit Agreement, originally dated as of December 7, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, including pursuant to that certain Joinder and Third Amendment to Credit Agreement, dated as of

December 6, 2024, the “**Prepetition ABL Credit Agreement**,” and collectively with the Loan Documents (as defined in the Prepetition ABL Credit Agreement), the “**Prepetition ABL Loan Documents**”), by and among (a) Penney Holdings LLC, as lead administrative borrower, and the other Loan Parties (as defined in the Prepetition ABL Credit Agreement) party thereto (together with Penney Holdings LLC, collectively, the “**Prepetition ABL Loan Parties**”), (b) Wells Fargo Bank, National Association (“**Wells Fargo**”), as administrative agent (solely in such capacity, the “**Prepetition ABL Administrative Agent**”), (c) Wells Fargo and PNC Bank, National Association (each solely in such capacity, together the “**Prepetition ABL Co-Collateral Agents**,” and together with the Prepetition ABL Administrative Agent, the “**Prepetition ABL Agents**”), and (d) the Lenders (as defined in the Prepetition ABL Credit Agreement) from time to time party thereto with respect to the Revolving Loans, the FILO Loans, and any other Obligations (each as defined in the Prepetition ABL Credit Agreement) (collectively, the “**Prepetition ABL Lenders**,” and collectively with the Prepetition ABL Agents and all other holders of Prepetition ABL Obligations (as defined herein), the “**Prepetition ABL Secured Parties**”). Each of the Prepetition ABL Loan Documents is valid, binding, non-voidable, and enforceable against the Debtors in accordance with its terms.

(iii) *Prepetition Term Loan Documents.* Prior to the Petition Date, certain of the Prepetition Secured Parties made loans, advances, and other extensions of credit pursuant to that certain Credit Agreement, originally dated as of December 7, 2020 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, including pursuant to that certain Joinder and Third Amendment to Credit Agreement, dated as of December 6, 2024, the “**Prepetition Term Loan Credit Agreement**,” and collectively with the Loan Documents (as defined in the Prepetition Term Loan Credit Agreement), the “**Prepetition**

Term Loan Documents”), by and among (a) Penney Holdings LLC, as lead administrative borrower, and the other Loan Parties (as defined in the Prepetition Term Loan Credit Agreement) party thereto (together with Penney Holdings LLC, collectively, the “**Prepetition Term Loan Parties**”), (b) Pathlight Capital LP, as administrative and collateral agent (solely in such capacities, the “**Prepetition Term Loan Agent**”), and (d) the Lenders (as defined in the Prepetition Term Loan Credit Agreement) from time to time party thereto with respect to the Loans and any other Obligations (each as defined in the Prepetition Term Loan Credit Agreement) (collectively, the “**Prepetition Term Loan Lenders**,” and collectively with the Prepetition Term Loan Agent and all other holders of Prepetition Term Loan Obligations (as defined herein), the “**Prepetition Term Loan Secured Parties**”). Each of the Prepetition Term Loan Documents is valid, binding, non-voidable, and enforceable against the Debtors in accordance with its terms.

(iv) *Prepetition Subordinated Loan Documents.* Prior to the Petition Date, certain of the Prepetition Secured Parties made loans, advances, and other extensions of credit pursuant to that certain Term Loan Credit, Guaranty and Security Agreement, dated as of February 23, 2024 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, including pursuant to that certain Amended and Restated Credit Agreement, dated as of December 19, 2024, the “**Prepetition Subordinated Loan Credit Agreement**,” and collectively with the Loan Documents (as defined in the Prepetition Subordinated Loan Credit Agreement), the “**Prepetition Subordinated Loan Documents**,” and the Prepetition Subordinated Loan Documents collectively with the Prepetition ABL Loan Documents and the Prepetition Term Loan Documents, the “**Prepetition Loan Documents**”), by and among (a) Penney Holdings LLC, as lead administrative borrower, and the other Loan Parties (as defined in the Prepetition Subordinated Loan Credit Agreement) party thereto (together

with Penney Holdings LLC, collectively, the “**Prepetition Subordinated Loan Parties**”), (b) Simon Blackjack Consolidated Holdings, LLC, as administrative and collateral agent (solely in such capacities, the “**Prepetition Subordinated Loan Agent**,” and collectively with the Prepetition ABL Agents and the Prepetition Term Loan Agent, the “**Prepetition Agents**”), and (d) the Lenders (as defined in the Prepetition Subordinated Loan Credit Agreement) from time to time party thereto with respect to the Loans and any other Obligations (each as defined in the Prepetition Subordinated Loan Credit Agreement) (collectively, the “**Prepetition Subordinated Loan Lenders**,” and collectively with the Prepetition Subordinated Loan Agent and all other holders of Prepetition Subordinated Loan Obligations (as defined herein), the “**Prepetition Subordinated Loan Secured Parties**,” and the Prepetition Subordinated Loan Secured Parties collectively with the Prepetition ABL Secured Parties and the Prepetition Term Loan Secured Parties, the “**Prepetition Secured Parties**”). Each of the Prepetition Subordinated Loan Documents is valid, binding, and, subject to applicable bankruptcy law, enforceable against the applicable Debtors in accordance with its terms.

(v) *Prepetition ABL Obligations.* All indebtedness, liabilities, and obligations owing from time to time under the Prepetition ABL Loan Documents, specifically to the extent constituting Obligations (as defined in the Prepetition ABL Credit Agreement), and for the avoidance of doubt, including all fees, premiums, interest on interest, expenses of legal counsel and financial advisors, whether matured or unmatured, are collectively referred to herein as “**Prepetition ABL Obligations**”. As of the Petition Date, each of the Debtors, without defense, counterclaim, or offset of any kind, were jointly and severally indebted and liable to the Prepetition ABL Secured Parties under the Prepetition ABL Loan Documents in a principal amount not less than (x) \$1,085,633,778.08 on account of Loans (as defined in the Prepetition ABL Credit

Agreement), *plus* (y) additional amounts arising from and relating to Letters of Credit (as defined in the Prepetition ABL Credit Agreement) in the aggregate undrawn face amount of \$178,273,737.26, *plus* (z) all interest accrued and accruing thereon, together with all costs, fees, premiums, expenses (including attorneys' fees and legal expenses), and all other Obligations (as defined in the Prepetition ABL Credit Agreement) accrued, accruing, or otherwise chargeable in respect thereof or in addition thereto. The Prepetition ABL Obligations and the Prepetition ABL Loan Documents constitute (1) the legal, valid, binding, enforceable, and non-avoidable obligations and agreements of the Debtors, enforceable in accordance with their terms; and (2) allowed claims under sections 502 and 506 of the Bankruptcy Code. The Prepetition ABL Liens, the Prepetition ABL Obligations, and all payments made to any of the Prepetition ABL Secured Parties or applied to the Prepetition ABL Obligations owing under the Prepetition ABL Loan Documents prior to the Petition Date, are not subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaim, defense, or "claim" (as defined in the Bankruptcy Code) of any kind, nature or description pursuant to the Bankruptcy Code or other applicable law.

(vi) *Prepetition Term Loan Obligations.* All indebtedness, liabilities, and obligations owing from time to time under the Prepetition Term Loan Documents, specifically to the extent constituting Obligations (as defined in the Prepetition Term Loan Credit Agreement), and for the avoidance of doubt, including all fees, premiums, interest on interest, expenses of legal counsel and financial advisors, whether matured or unmatured, are collectively referred to herein as "**Prepetition Term Loan Obligations.**" As of the Petition Date, the applicable Debtors were indebted and liable under the Prepetition Term Loan Documents to the Prepetition Term Loan Lenders in respect of the Prepetition Term Loan Obligations for: (a) an aggregate principal amount of not less than \$320,875,000.00 in respect of the Loans issued under the Prepetition Term

Loan Credit Agreement; and (b) accrued and unpaid interest, fees, premiums, and costs, expenses (including any attorneys' and financial advisors' fees), charges, indemnities, and all other Obligations (as defined in the Prepetition Term Loan Credit Agreement) incurred or accrued with respect to the foregoing pursuant to, and in accordance with, the Prepetition Term Loan Documents. The Prepetition Term Loan Obligations and the Prepetition Term Loan Documents constitute (1) the legal, valid, binding, enforceable and non-avoidable obligations and agreements of the Debtors, enforceable in accordance with their terms; and (2) allowed claims under sections 502 and 506 of the Bankruptcy Code. The Prepetition Term Loan Liens, the Prepetition Term Loan Obligations, and all payments made to any of the Prepetition Term Loan Secured Parties or applied to the Prepetition Term Loan Obligations owing under the Prepetition Term Loan Documents prior to the Petition Date, are not subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaim, defense, or "claim" (as defined in the Bankruptcy Code) of any kind, nature, or description pursuant to the Bankruptcy Code or other applicable law.

(vii) *Prepetition Subordinated Loan Obligations.* All indebtedness, liabilities, and obligations owing from time to time under the Prepetition Subordinated Loan Documents, specifically to the extent constituting Obligations (as defined in the Prepetition Subordinated Loan Credit Agreement), and for the avoidance of doubt, including all fees, premiums, interest on interest, expenses of legal counsel and financial advisors, whether matured or unmatured, are collectively referred to herein as "**Prepetition Subordinated Loan Obligations**," and the Prepetition ABL Obligations, the Prepetition Term Loan Obligations, and the Prepetition Subordinated Loan Obligations are, together, collectively referred to herein as the "**Prepetition Secured Obligations**." As of the Petition Date, the applicable Debtors were indebted and liable

under the Prepetition Subordinated Loan Documents to the Prepetition Subordinated Loan Lenders in respect of the Prepetition Subordinated Loan Obligations for: (a) an aggregate principal amount of not less than \$176,147,053.95 in respect of the Loans issued under the Prepetition Subordinated Loan Credit Agreement; and (b) accrued and unpaid interest, fees, premiums, and costs, expenses (including any attorneys' and financial advisors' fees), charges, indemnities, and all other Obligations (as defined in the Prepetition Subordinated Loan Credit Agreement) incurred or accrued with respect to the foregoing pursuant to, and in accordance with, the Prepetition Subordinated Loan Documents. The Prepetition Subordinated Loan Obligations and the Prepetition Subordinated Loan Documents constitute (1) the legal, valid, binding, enforceable, and non-avoidable obligations and agreements of the Debtors, enforceable in accordance with their terms; and (2) allowed claims under sections 502 and 506 of the Bankruptcy Code. The Prepetition Subordinated Loan Liens, the Prepetition Subordinated Loan Obligations, and all payments made to any of the Prepetition Subordinated Loan Secured Parties or applied to the Prepetition Subordinated Loan Obligations owing under the Prepetition Subordinated Loan Documents prior to the Petition Date, are not subject to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaim, defense, or "claim" (as defined in the Bankruptcy Code) of any kind, nature, or description pursuant to the Bankruptcy Code or other applicable law.

(viii) *Prepetition Liens and Prepetition Collateral.* Pursuant to and as more particularly described in the Prepetition Loan Documents, and subject in all cases to the terms of the Intercreditor Agreements (as defined herein), as applicable, the Prepetition Secured Obligations are secured by, among other things, senior liens on, security interests in, and assignments and pledges of (collectively, the "**Prepetition Liens**," and as such Prepetition Liens secure Obligations under and as defined in the Prepetition ABL Credit Agreement, the Prepetition

Term Loan Credit Agreement, and the Prepetition Subordinated Loan Credit Agreement, respectively, the “**Prepetition ABL Liens**,” the “**Prepetition Term Loan Liens**,” and the “**Prepetition Subordinated Loan Liens**,” respectively), substantially all assets of the Debtors as more fully described in the Prepetition Loan Documents, including without limitation any property described as Collateral in the Prepetition Loan Documents (the “**Prepetition Collateral**”),⁴ subject, however, to other valid, perfected, and unavoidable senior priority liens and security interests existing as of the Petition Date securing valid, binding and unavoidable debt permitted under the Loan Documents or arising by operation of an applicable statute (collectively, the “**Permitted Encumbrances**”). The Prepetition Liens granted to the Prepetition Agents for the benefit of themselves and the Prepetition Secured Parties in the Collateral pursuant to and in connection with the Loan Documents, including, without limitation, any security agreements, pledge agreements, mortgages, deeds of trust, deposit account control agreements and other security documents executed by any of the Debtors in favor of any of the Prepetition Administrative Agents, (A) are valid, binding, perfected, enforceable and non-avoidable, properly perfected, first-priority liens and security interests in the Debtors’ assets (except with respect to Prior Senior Liens, as defined below), (B) are not subject, pursuant to the Bankruptcy Code or other applicable law, to avoidance, recharacterization, recovery, subordination, attack, offset, counterclaim, defense, or “claim” (as defined in the Bankruptcy Code) of any kind, (C) are subject and/or subordinate only Permitted Encumbrances, and (D) constitute the legal, valid, and binding

⁴ In addition to the Prepetition Collateral, the Prepetition Term Loan Obligations are secured by, among other things, first-priority liens on, security interests in, and assignments and pledges of certain ABL Term Loan Exclusive Collateral that is owned by ABL Term Loan Exclusive Obligors (each such term as defined in the Prepetition ABL Credit Agreement), all of which are non-Debtor entities. For the avoidance of doubt, the Prepetition Collateral does not include ABL Term Loan Exclusive Collateral as such term is defined in the in the Prepetition ABL Credit Agreement, and no Debtor entity is an ABL Term Loan Exclusive Obligor as such term is defined in the Prepetition ABL Credit Agreement.

obligations of the Debtors, enforceable in accordance with the terms of the applicable Loan Documents.

(ix) *Validity of Prepetition ABL Obligations.* The Prepetition ABL Liens are (a) valid, binding, perfected, duly recorded, and enforceable liens on, and security interests in, the Prepetition Collateral, and (b) not subject to, pursuant to the Bankruptcy Code or other applicable law (foreign or domestic), avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual, or otherwise), attachment, setoff, offset, recoupment, counterclaim, defense, “claim” (as such term is defined in the Bankruptcy Code), impairment, or any other challenge of any kind by any person or entity. The Prepetition ABL Liens were granted for fair consideration and reasonably equivalent value, and were granted in consideration of the making and/or continued making of loans, commitments, and/or other financial accommodations under the Prepetition ABL Loan Documents. The Prepetition ABL Obligations owing to the Prepetition ABL Secured Parties constitute legal, valid, and binding obligations of the applicable Debtors, enforceable against them in accordance with their respective terms, and no portion of the Prepetition ABL Obligations or any payments made to the Prepetition ABL Secured Parties or applied to or paid on account of the Prepetition ABL Obligations owing under the Prepetition ABL Loan Documents prior to the Petition Date is subject to any contest, attack, rejection, recovery, recoupment, reduction, defense, counterclaim, setoff, offset, subordination (whether equitable, contractual, or otherwise), recharacterization, avoidance, or other claim, cause of action, or other challenge of any nature under the Bankruptcy Code or applicable non-bankruptcy law. The Prepetition ABL Obligations constitute allowed, secured claims within the meaning of sections 502 and 506 of the Bankruptcy Code.

(x) *Validity of Prepetition Term Loan Obligations.* The Prepetition Term Loan Liens are (a) valid, binding, perfected, duly recorded, and enforceable liens on, and security interests in, the Prepetition Collateral, and (b) not subject to, pursuant to the Bankruptcy Code or other applicable law (foreign or domestic), avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual, or otherwise), attachment, setoff, offset, recoupment, counterclaim, defense, “claim” (as such term is defined in the Bankruptcy Code), impairment, or any other challenge of any kind by any person or entity. The Prepetition Term Loan Liens were granted for fair consideration and reasonably equivalent value, and were granted in consideration of the making and/or continued making of loans, commitments, and/or other financial accommodations under the Prepetition ABL Loan Documents. The Prepetition Term Loan Obligations owing to the Prepetition Term Loan Secured Parties constitute legal, valid, and binding obligations of the applicable Debtors, enforceable against them in accordance with their respective terms, and no portion of the Prepetition Term Loan Obligations or any payments made to the Prepetition Term Loan Secured Parties or applied to or paid on account of the Prepetition Term Loan Obligations owing under the Prepetition Term Loan Documents prior to the Petition Date is subject to any contest, attack, rejection, recovery, recoupment, reduction, defense, counterclaim, setoff, offset, subordination (whether equitable, contractual, or otherwise), recharacterization, avoidance, or other claim, cause of action, or other challenge of any nature under the Bankruptcy Code or applicable non-bankruptcy law. The Prepetition Term Loan Obligations constitute allowed, secured claims within the meaning of sections 502 and 506 of the Bankruptcy Code.

(xi) *Validity of Prepetition Subordinated Loan Obligations.* The Prepetition Subordinated Loan Liens are (a) valid, binding, perfected, duly recorded, and enforceable liens on,

and security interests in, the Prepetition Collateral, and (b) not subject to, pursuant to the Bankruptcy Code or other applicable law (foreign or domestic), avoidance, disallowance, reduction, recharacterization, recovery, subordination (whether equitable, contractual, or otherwise), attachment, setoff, offset, recoupment, counterclaim, defense, “claim” (as such term is defined in the Bankruptcy Code), impairment, or any other challenge of any kind by any person or entity. The Prepetition Subordinated Loan Liens were granted for fair consideration and reasonably equivalent value, and were granted in consideration of the making and/or continued making of loans, commitments, and/or other financial accommodations under the Prepetition Subordinated Loan Documents. The Prepetition Subordinated Loan Obligations owing to the Prepetition Subordinated Loan Secured Parties constitute legal, valid, and binding obligations of the applicable Debtors, enforceable against them in accordance with their respective terms, and no portion of the Prepetition Subordinated Loan Obligations or any payments made to the Prepetition Subordinated Loan Secured Parties or applied to or paid on account of the Prepetition Subordinated Loan Obligations owing under the Prepetition Subordinated Loan Documents prior to the Petition Date is subject to any contest, attack, rejection, recovery, recoupment, reduction, defense, counterclaim, setoff, offset, subordination (whether equitable, contractual, or otherwise), recharacterization, avoidance, or other claim, cause of action, or other challenge of any nature under the Bankruptcy Code or applicable non-bankruptcy law. The Prepetition Subordinated Loan Obligations constitute allowed, secured claims within the meaning of sections 502 and 506 of the Bankruptcy Code.

(xii) *No Control.* None of the Prepetition ABL Secured Parties or the Prepetition Term Loan Secured Parties controls (or has in the past controlled) the Debtors or their properties or operations, has authority to determine the manner in which any of the Debtors’ operations are

conducted, or is a control person or insider of the Debtors or any of their affiliates by virtue of any of the actions taken with respect to, in connection with, related to, or arising from this Interim Order or the Prepetition ABL Loan Documents or Prepetition Term Loan Documents, respectively.

(xiii) *No Claims Against Prepetition ABL Secured Parties, Prepetition Secured Term Parties, or Prepetition Subordinated Loan Secured Parties.* The Debtors hold no valid or enforceable “claims” (as defined in the Bankruptcy Code), counterclaims, causes of action, defenses, or setoff rights of any kind (including any challenge, avoidance, disallowance, disgorgement, recharacterization, or subordination) against any of the Prepetition ABL Secured Parties, Prepetition Term Secured Parties, Prepetition Subordinated Loan Secured Parties, and/or the Prepetition Collateral. Each Debtor hereby forever waives and releases any and all “claims” (as defined in the Bankruptcy Code), counterclaims, causes of action, defenses, or setoff rights against each of the Prepetition ABL Secured Parties, Prepetition Term Secured Parties, Prepetition Subordinated Loan Secured Parties, and each of their respective officers, directors, employees, agents, sub-agents, attorneys, consultants, advisors, and affiliates and the Collateral, whether arising at law or in equity, under tort (including lender liability) or contract, including recharacterization, subordination, avoidance, or other claim arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code or under any other similar provisions of applicable state or federal law.

(xiv) *Prepetition Intercreditor Agreements.*

a) *ABL-Term Loan Intercreditor Agreement.* Reference is made to that certain Amended and Restated Intercreditor Agreement, dated as of December 16, 2021 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior

to the Petition Date, the “**ABL-Term Loan Intercreditor Agreement**”), by and among (a) the Prepetition ABL Agents, (b) the Prepetition Term Loan Agent, and (c) Penney Intermediate Holdings LLC, as holdings, Penney Borrower LLC, as lead borrower, and the Prepetition ABL Loan Parties and the Prepetition Term Loan Parties from time to time party thereto. Among other things, the ABL-Term Loan Intercreditor Agreement governs the rights, interests, obligations, priorities, and positions of the liens and claims of the Prepetition ABL Secured Parties and the Prepetition Term Loan Secured Parties with respect to the Prepetition Liens and the Prepetition Collateral. Pursuant to the ABL-Term Loan Intercreditor Agreement, the parties thereto agreed, among other things, that any lien on the Prepetition Collateral securing or purporting to secure any Prepetition ABL Obligations shall have priority over and be senior in all respects and prior to any lien on the Prepetition Collateral securing or purporting to secure any Prepetition Term Loan Obligations.

b) *Senior-Subordinated Intercreditor Agreement.* Reference is made to that certain Intercreditor Agreement, dated as of December 19, 2024 (as amended, restated, amended and restated, supplemented, waived, or otherwise modified prior to the Petition Date, the “**Senior-Subordinated Intercreditor Agreement**,” and together with the ABL-Term Loan Intercreditor Agreement, the “**Intercreditor Agreements**”), by and among (a) the Prepetition ABL Agents, (b) the Prepetition Term Loan Agent, (c) the Prepetition Subordinated Loan Agent, and (d) the Prepetition ABL Loan Parties, the Prepetition Term Loan Parties, and the Prepetition Subordinated Loan Parties from time to time party thereto. Among other things, the Senior-Subordinated Intercreditor Agreement governs the rights, interests, obligations, priorities, and positions of the liens and claims of the Prepetition ABL Secured Parties, the Prepetition Term Loan Secured Parties, and the Prepetition Subordinated Loan with respect to the Prepetition Liens

and the Prepetition Collateral. Pursuant to the Senior-Subordinated Intercreditor Agreement, the parties thereto agreed, among other things, that any lien on the Prepetition Collateral securing or purporting to secure any Prepetition ABL Obligations or Prepetition Term Loan Obligations shall, subject to the terms of the ABL-Term Loan Intercreditor Agreement, have priority over and be senior in all respects and prior to any lien on the Prepetition Collateral securing or purporting to secure any Prepetition Subordinated Loan Obligations.

c) Pursuant to section 510 of the Bankruptcy Code, the Intercreditor Agreements and any other applicable intercreditor or subordination provisions contained in any of the other Prepetition Loan Documents (a) are in full force and effect, (b) shall continue to govern the relative priorities, rights, and remedies of the Prepetition Secured Parties (including the relative priorities, rights, and remedies of such parties with respect to replacement liens, administrative expense claims, and superpriority administrative expense claims granted or amounts payable in respect thereof by the Debtors under this Interim Order or otherwise), and (c) shall not be deemed to be amended, altered, or modified by the terms of this Interim Order, unless otherwise expressly set forth herein.

E. Adequate Protection for the Prepetition Secured Parties. The Prepetition Secured Parties are entitled to receive adequate protection pursuant to sections 361, 362, and 363 of the Bankruptcy Code for any diminution in the value, from and after the Petition Date, of their interests in the Collateral, including, without limitation, the aggregate amount of Cash Collateral used by any Debtor, the imposition of the automatic stay, the consent to the Carve Out to the extent set forth herein, and any other act or omission which may cause diminution in the value of its rights or interests in the Collateral (collectively, the “**Diminution in Value**”); *provided* that nothing set forth herein shall be construed as a determination or finding as to the amount of any Diminution

in Value of the Prepetition Collateral. As adequate protection therefor, the Prepetition Secured Parties will receive the adequate protection described in this Interim Order, including the adequate protection set forth in paragraph 7 hereof. In exchange for such adequate protection, the Prepetition Secured Parties have consented to the Debtors' use of the Cash Collateral, solely on the terms and conditions set forth in this Interim Order. The adequate protection provided herein and other benefits and privileges contained herein are consistent with and authorized by section 363 and all other relevant provisions of the Bankruptcy Code and are necessary to obtain such consent. The terms of the proposed adequate protection arrangements and of the use of the Collateral (as defined below), including the Cash Collateral, are fair and reasonable, reflect the Debtors' prudent exercise of business judgment, and constitute reasonably equivalent value and fair consideration for the use of Cash Collateral. The Prepetition Secured Parties reserve the right to seek additional adequate protection beyond the adequate protection provided in this Interim Order, and nothing in this Interim Order or otherwise shall be deemed or construed to limit, impair or otherwise prejudice the Prepetition Secured Parties' rights to seek and/or obtain such other or additional adequate protection or any other relief during these Chapter 11 Cases.

F. Good Cause. Good cause has been shown for immediate entry of this Interim Order, and the entry of this Interim Order is in the best interests of the Debtors, the Estates, and their stakeholders. Among other things, the relief granted herein will avoid distracting litigation, added administrative expense, possible delay, and will minimize disruption of the Debtors' businesses and permit the Debtors to immediately meet payroll and other expenses necessary to maximize the value of the Estates.

G. Good Faith. The terms of the Cash Collateral arrangement described herein are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their

fiduciary duties, and are supported by reasonably equivalent value and fair consideration. The Debtors' use of Cash Collateral in accordance with the terms hereof has been negotiated in good faith and at arms' length among the Debtors and the Prepetition ABL Administrative Agent, the Prepetition Term Loan Agent, and the Prepetition Subordinated Loan Agent, and the consent of the Prepetition ABL Administrative Agent, the Prepetition Term Loan Agent, and the Prepetition Subordinated Loan Agent to the Debtors' use of Cash Collateral in accordance with the terms hereof shall be deemed to have been made in "good faith". Accordingly, the Prepetition ABL Secured Parties', the Prepetition Term Secured Parties', and the Prepetition Subordinated Loan Secured Parties' claims, superpriority claims, replacement liens, and other protections granted pursuant to this Interim Order will not be affected by any subsequent reversal, modification, vacatur, amendment, reargument, or reconsideration of this Interim Order or any other order, solely to the extent such claims, superpriority claims, replacement liens, and other protections exist as of the date of any such subsequent reversal, modification, vacatur, amendment, reargument, or reconsideration.

H. Necessity for Relief Requested; Immediate and Irreparable Harm. The Debtors requested the entry of this Interim Order pursuant to Bankruptcy Rule 4001(b)(2). The Debtors have an immediate need to use the Cash Collateral to, among other things, preserve and maximize the value of the Debtors' assets, absent which immediate and irreparable harm will result to the Debtors, their estates, and creditors. The preservation and maintenance of the Debtors' assets and business are necessary and appropriate to maximize value available for distribution to creditors. Absent the Debtors' ability to use Cash Collateral, the Debtors would not have any available sources of working capital and would be unable to pay their operating expenses or maintain their assets to the detriment of the Debtors' estates and creditors. The relief requested in the Motion is

therefore necessary to avoid immediate and irreparable harm to the Debtors, their estates, and creditors. Additionally, the use of Cash Collateral avoids the immediate need for the Debtors to obtain postpetition financing, which would require the Debtors to, among other things, incur fees in connection with such financing and otherwise would result in additional expense for the Debtors and their estates. The Prepetition Secured Parties and the Debtors have negotiated at arm's length and in good faith regarding the Debtors' use of Cash Collateral during the pendency of the Chapter 11 Cases. Accordingly, this Court finds that entry of this Interim Order is necessary to avoid immediate and irreparable harm to the Debtors' estates, is critical to the Debtors' ability to maximize the value of their estates, is in the best interests of the Debtors' estates, and is necessary, essential, and appropriate for the continued operation of the Debtors' business and the management and preservation of their assets and properties.

I. Proper Exercise of Business Judgment; Arm's-Length, Good-Faith Negotiations.

Based on the Motion, the First Day Declaration, and the record presented to this Court at the Interim Hearing, (i) the terms of adequate protection to be granted to the Prepetition Secured Parties hereunder, (ii) the terms on which the Debtors may continue to use Prepetition Collateral (including Cash Collateral) as reflected herein, and (iii) the Cash Collateral arrangements described herein pursuant to this Interim Order, in each case: (a) are fair, reasonable, and the best available to the Debtors under the circumstances; (b) reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties; and (c) are supported by reasonably equivalent value and fair consideration. The use of Prepetition Collateral (including Cash Collateral) was negotiated in good faith and at arm's length among the Debtors and the Prepetition Secured Parties.

J. Consent by Prepetition Secured Parties. The Prepetition Secured Parties have consented to, or are deemed to consent under, the applicable Intercreditor Agreement to the Debtors' use of Cash Collateral, in accordance with and subject to the terms and conditions provided for in this Interim Order, including the respective rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements.

K. Notice. In accordance with Bankruptcy Rules 2002, 4001(b) and (c), and 9014, notice of the Interim Hearing and the emergency relief requested in the Motion has been provided by the Debtors. The notice given by the Debtors of the Motion, the relief requested therein, and of the Interim Hearing is good, sufficient, and appropriate and complies with the requirements of Bankruptcy Rules. The parties have made reasonable efforts to afford the best notice possible under the circumstances to permit the relief set forth in this Interim Order to be granted with immediate effect, and no other or further notice is required.

BASED UPON THE FORGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, THE MOTION, THE RECORD BEFORE THE COURT WITH RESPECT TO THE MOTION, AND GOOD AND SUFFICIENT CAUSE APPEARING THEREFOR, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. Motion Granted. The Motion is GRANTED to the extent provided herein. Any objection to the Motion, to the extent not withdrawn, waived or resolved, is hereby overruled.

2. Authorization to Use Cash Collateral. The Debtors are authorized on an interim basis to use Cash Collateral solely in accordance with and to the extent set forth in the Approved Budget (as defined below) and this Interim Order during the period commencing on the date of this Interim Order through the Termination Date (as defined below), in an amount not to exceed at any time, prior to the Payment in Full (as defined below) of the Prepetition Secured Parties, the

aggregate amount of disbursements projected in the Permitted Use of Cash Collateral line item of the Approved Budget (as defined below), subject to the Permitted Variances (as defined herein) and the other terms of Section 4(e), from the Petition Date through the date of measurement, or such other amounts that may be agreed to in writing by the Prepetition ABL Administrative Agent in its Permitted Discretion.⁵

3. Minimum Sweep Balance. Subject to the terms of paragraph 12 hereof, the Debtors shall retain cash across the Debtors' total "**Deposit Accounts**" (as defined in the Prepetition ABL Credit Agreement), inclusive of amounts held in the Pre-Carve Out Trigger Notice Reserve, in an amount up to \$65,000,000 (the "**Minimum Sweep Balance**"), which Minimum Sweep Balance will be funded in accordance with the Approved Budget and from the proceeds of the Prepetition Collateral (including Cash Collateral).

4. Budget.

(a) Subject to the other provisions of this Interim Order, the Debtors may use Cash Collateral during the Cash Collateral Period only to pay the expenses set forth in the 13-week cash collateral budget, a summary of which is attached as **Exhibit A** hereto (as the same may be updated from time to time with the prior written consent of the Prepetition ABL Administrative Agent, the "**Approved Budget**") in the amounts and during the periods in which such expenses are projected in the Approved Budget to be paid, subject to the Permitted Variance and the other terms of Section 4(e).

(b) Beginning on the first Wednesday that is at least 28 calendar days after the Petition Date, and every 28 calendar days thereafter, as applicable, the Debtors shall provide a

⁵ "**Permitted Discretion**" as used herein shall mean acting reasonably from the standpoint of a secured asset-based lender or secured term loan lender, as applicable.

revised budget updating the budget line items only for the 13-week period following delivery of such revised budget (each, a “**Proposed Budget**”) to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent by 5:00 p.m. (prevailing Eastern Time), which Proposed Budget shall be acceptable to the Debtors and the Prepetition ABL Administrative Agent in its Permitted Discretion. If the Prepetition ABL Administrative Agent approves of the Proposed Budget in writing (with email to counsel to the Debtors being sufficient), then such Proposed Budget shall be deemed the Approved Budget for the period covered thereby. If the Prepetition ABL Administrative Agent does not approve the Proposed Budget in writing, then the Approved Budget shall continue in effect and remain unchanged until an updated Approved Budget has been agreed, *provided* that in such case where the time period covered by the previously Approved Budget goes past the weekly details set forth in the previously Approved Budget, the weekly detail for periods after the weekly periods covered by the previously Approved Budget will be derived in a manner satisfactory to the Prepetition ABL Administrative Agent consistent with the weekly details set forth in the previously Approved Budget.

(c) Beginning on the Wednesday during the third full week following the Petition Date, and each Wednesday thereafter, the Debtors shall deliver a budget variance report (the “**Budget Variance Report**”) to the Prepetition Administrative Agents⁶ by 5:00 p.m. (prevailing Eastern Time). The Budget Variance Report shall set forth, as of the preceding Saturday of such week, variances of all actual amounts received or disbursed on a line-items basis relative to the amounts projected for each such line-item in the Approved Budget for the prior cumulative three week period (the “**3-Week Testing Period**”). Beginning with the fourth full

⁶ The “**Prepetition Administrative Agents**” are, collectively, the Prepetition ABL Administrative Agent, the Prepetition Term Loan Agent, and the Prepetition Subordinated Loan Agent.

week following the Petition Date, the Budget Variance Report shall set forth, as of the preceding Saturday of such week, variances of all actual amounts received or disbursed on a line-items basis relative to the amounts projected for each such line-item in the Approved Budget for the prior cumulative four week period (the “**4-Week Testing Period**,” and together with the 3-Week Testing Period, a “**Testing Period**”). Each Budget Variance Report shall also show cash balances.

(d) To the extent requested, the Debtors’ financial advisors, Berkeley Research Group, LLC shall, beginning the third full week following the Petition Date, establish a standing weekly call with advisors to the Prepetition Secured Parties to address questions related to the Budget Variance Report and other information that is reasonably requested by any Prepetition Administrative Agent.

(e) Notwithstanding the Approved Budget, the following limited variances shall be permitted (each such variance, a “**Permitted Variance**,” and all Permitted Variances collectively, the “**Permitted Variances**”), each measured at the end of each applicable Testing Period: (i) the actual total receipts during such Testing Period shall not be less than eighty five percent (85%) of the total projected receipts set forth in the Approved Budget for such Testing Period; and (ii) the actual total disbursements during such Testing Period shall not exceed one hundred and fifteen percent (115%) of the projected disbursements set forth in the Approved Budget for such Testing Period; *provided* that the cash disbursements considered for determining compliance with this covenant shall exclude the Debtors’ actual and projected disbursements with respect to (i)(a) Allowed Professional Fees incurred by the Debtors and Creditors Committee (if any), (b) amounts owed to the U.S. Trustee, (c) fees and expenses owed to the Prepetition Secured Parties, (d) any Disbursements paid to the Claims Agent, and (e) the portion of Store Liquidation Fee / Expense Disbursements categorized as the Base Agent Fee, Tier 1 Agent Fee, and Tier 2

Agent Fee in the Budget's supporting schedules provided to the lenders; and (ii) any cash adequate protection payments made in accordance with Section 7(j) hereof.

(f) Notwithstanding anything to the contrary set forth herein or otherwise, neither Cash Collateral nor the Carve-Out may be used: (i) to investigate (except as expressly provided in this Section 4(f)), initiate, prosecute, join, or finance the initiation or prosecution of any claim, counterclaim, action, suit, arbitration, proceeding, application, motion, objection, defense, or other litigation of any type (A) against the Prepetition Secured Parties or seek relief that would impair the rights and remedies of the Prepetition Secured Parties under the Prepetition Loan Documents or this Interim Order, including, without limitation, for the payment of any services rendered by the professionals retained by the Debtors or any Creditors' Committee (if appointed) in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense, or other contested matter, that is adverse to the interests of any of the Prepetition Secured Parties; (B) invalidating, setting aside, avoiding, or subordinating, in whole or in part, any of the Prepetition Secured Obligations or Prepetition Liens on Prepetition Collateral or any portion thereof; or (C) for monetary, injunctive, or other affirmative relief against any of the Prepetition Secured Parties or with respect to any of the Prepetition Liens on the Prepetition Collateral; (ii) for objecting to or challenging in any way the legality, validity, priority, perfection, or enforceability of any claims, liens, or interests (including the Prepetition Liens) held by or on behalf of any of the Prepetition Secured Parties; (iii) for asserting, commencing, or prosecuting any claims or causes of action whatsoever, including, without limitation, any Avoidance Actions against any of the Prepetition Secured Parties; (iv) for prosecuting an objection to, contesting in any manner, or raising any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the Prepetition Liens,

the Prepetition Secured Obligations, or any other rights or interests of the Prepetition Secured Parties under the Prepetition Loan Documents or herein; or (v) preventing, hindering or otherwise delaying the exercise by any of the Prepetition Administrative Agents or any other Prepetition Secured Party of any rights under this Interim Order; *provided, however*, that an amount up to \$50,000 of Cash Collateral (including any Cash Collateral used to fund the Carve-Out nevertheless may be used exclusively by any Creditors' Committee (if appointed) solely to investigate the foregoing matters within the Challenge Period (as defined herein).

(g) Notwithstanding anything to the contrary in the Prepetition Loan Documents, to the extent not cash collateralized prior to the Petition Date or set forth in the Approved Budget, the Debtors may, but shall not be required to, cash collateralize any ABL Letters of Credit or any similar instrument outstanding under the Prepetition Loan Documents.

(h) The Prepetition ABL Administrative Agent may, in its discretion, agree in writing to the use of the Cash Collateral (i) in a manner or amount which does not conform to the Approved Budget (each such approved non-conforming use of Cash Collateral, a “**Non-Conforming Use**”) or (ii) for a period following the Termination Date (such period, the “**Subsequent Budget Period**”). If such written consent is given, the Debtors shall be authorized pursuant to this Interim Order to expend Cash Collateral for any such Non-Conforming Use or any such Subsequent Budget Period in accordance with a subsequent Budget (a “**Subsequent Budget**”) without further Court approval, and the Prepetition Agents and other Prepetition Secured Parties shall be entitled to all of the protections specified in this Interim Order for any such use of Cash Collateral; *provided* that each such permitted Non-Conforming Use shall be deemed a modification to the Budget for all testing purposes. The Debtors shall provide notice

of any Non-Conforming Use, Subsequent Budget Period, and Subsequent Budget to the United States Trustee and the Committee, if any.

5. Effect of Stipulation on Third Parties.

(a) Subject to the terms of Paragraph 5(b), each stipulation, admission, and agreement contained in this Interim Order including, without limitation, the Debtors' Stipulations, shall be binding upon the Debtors, their estates, and any successors thereto (including, without limitation, any chapter 7 or chapter 11 trustee appointed or elected for the Debtors), creditors, responsible persons, examiners with expanded powers, any other estate representatives, and any other third parties and all of their successors in interest and assigns, including, without limitation, any Creditors' Committee, under all circumstances and for all purposes, and the Debtors are deemed to have irrevocably waived and relinquished all Challenges (as defined herein) as of the date of the Petition Date.

(b) Nothing in this Interim Order shall prejudice the rights of any Committee or any other party in interest, if granted standing by the Court, to seek, solely in accordance with the provisions of this Paragraph 5(b), to assert claims against any of the Prepetition Administrative Agents or any other Prepetition Secured Parties, on behalf of the Debtors or the Debtors' creditors or to otherwise challenge the Debtors' Stipulations, including, in relation to (i) the validity, extent, priority, or perfection of the security interests and liens of the Prepetition Administrative Agent or any other Prepetition Secured Parties, (ii) the validity, allowance, priority, or amount of the Prepetition ABL Obligations, the Prepetition Term Loan Obligations, or the Prepetition Subordinated Loan Obligations, or (iii) any liability of the any of the Prepetition Secured Parties with respect to anything arising from the Loan Documents, in each case whether under sections 502 or 506 of the Bankruptcy Code or otherwise (collectively, the "**Prepetition Lien and Claim**

Matters”); *provided* that, and solely to the extent that, any such party in interest (including the Creditors Committee, if any) with standing and requisite authority (other than the Debtors, as to which any Challenge is irrevocably waived and relinquished) timely files the appropriate papers, and timely commences the appropriate proceeding required under the Bankruptcy Code and Bankruptcy Rules, including, without limitation, as required pursuant to Part VII of the Bankruptcy Rules (in each case subject to the limitations set forth in paragraph 4(c) of this Interim Order) challenging (or to the extent challenging) the Prepetition Lien and Claim Matters (each such proceeding or appropriate pleading commencing a proceeding or other contested matter, a “**Challenge**”) by no later than, with respect to parties in interest, including the Creditors’ Committee (if appointed), the earlier of (x) 75 calendar days from entry of the Interim Order and (y) entry of an order confirming the Plan (as defined below) (the “**Challenge Period**”); *provided*, further, that any trustee appointed prior to the expiration of the Challenge Period will have the longer of (x) the remaining Challenge Period and (y) 30 days from the date of such trustee’s appointment to commence a Challenge. The timely filing of a motion seeking standing to file a Challenge before the termination of the Challenge Period that attaches a proposed pleading commencing such Challenge shall toll the Challenge Period only as to the party that timely filed such standing motion until such motion is resolved or adjudicated by the Court. Any pleadings filed in any Challenge proceeding shall set forth with specificity the basis for such Challenge (and any Challenge not so specified prior to the Challenge Period shall be deemed forever waived, released, and barred). The Court may fashion any appropriate remedy following a successful Challenge.

(c) *Binding Effect.* To the extent no Challenge is timely and properly commenced during the Challenge Period by a party in interest with requisite standing, or to the

extent such proceeding does not result in a final and non-appealable judgment or order of this Court that is inconsistent with the Prepetition Lien and Claim Matters, then, without further notice, motion, or application to, order of, or hearing before this Court, and without the need or requirement to file any proof of claim, the Prepetition Lien and Claim Matters shall, pursuant to this Interim Order, become binding, conclusive, and final on the Debtors, their estates, all creditors, any person, entity, or party in interest in the Chapter 11 Cases, and the successors and assigns, as applicable, of any of the foregoing, and in any Successor Cases (as defined herein) for all purposes and shall not be subject to challenge or objection by any party in interest, including, without limitation, a trustee, responsible individual, examiner with expanded powers, or other representative of the Debtors' estates. More specifically, as to (i) any parties in interest, including any Creditors' Committee, if appointed, that fail to file a Challenge within the Challenge Period, or if any such Challenge is filed and overruled, or (ii) any and all matters that are not expressly the subject of a timely Challenge: (A) any and all such Challenges by any party (including, without limitation, any Creditors' Committee, if appointed, any chapter 11 trustee, any examiner, or any other estate representative appointed in the Chapter 11 Cases, or any chapter 7 trustee, any examiner, or any other estate representative appointed, as applicable, in any Successor Cases), shall be deemed to be forever waived and barred; (B) all of the findings, Debtors' Stipulations, waivers, releases, affirmations, and other stipulations hereunder as to the priority, extent, validity, and enforceability as to the Prepetition Liens and the Prepetition Secured Obligations shall be of full force and effect and forever binding upon the Debtors' estates and all creditors, interest holders, and other parties in interest in the Chapter 11 Cases and any Successor Cases; and (C) the Prepetition Secured Parties and each of their respective agents, officers, directors, employees, attorneys, consultants, professionals, successors, and assigns shall be deemed released

and discharged from all claims and causes of action arising out of or in any way relating to the Prepetition Lien and Claim Matters and shall not be subject to any further objection or challenge by any party at any time.

(d) *No Standing.* Nothing in this Interim Order vests or confers on any “person” (as such term is defined in the Bankruptcy Code), including any Creditors’ Committee (if appointed), standing or authority to pursue any claim or cause of action belonging to the Debtors and/or their estates, including, without limitation, any Challenge with respect to the Prepetition Loan Documents, the Prepetition Liens, and/or the Prepetition Secured Obligations.

6. Termination Date. Unless otherwise ordered by this Court, the Debtors’ authorization, and the Prepetition Secured Parties’ consent, subject in all circumstances to the respective rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements, to use Cash Collateral in accordance with this Interim Order shall terminate on the earliest to occur of (the “**Termination Date**”): (a) the date that is 35 calendar days after the Petition Date, unless such date is extended pursuant to the written consent of the Prepetition ABL Administrative Agent and the Prepetition Term Loan Agent (which may be by email among counsel to the Debtors, counsel to the Prepetition ABL Secured Parties and counsel to the Prepetition Term Secured Parties); *provided* that such date shall be extended to 95 calendar days after the Petition Date upon entry of the Final Order; (b) consummation of a confirmed chapter 11 plan in the Chapter 11 Cases; and (c) the delivery by the Prepetition ABL Administrative Agent to counsel to the Debtors, counsel to the Prepetition Term Loan Agent, counsel to the Prepetition Subordinated Loan Agent, and counsel to the Creditors’ Committee (if appointed) of notice of the occurrence of an Event of Default.

7. Adequate Protection. As adequate protection against any postpetition Diminution in Value of the Prepetition Secured Parties' interests in the Collateral (including Cash Collateral) resulting from: (a) the imposition of the automatic stay or (b) the Debtors' use, sale, or disposition of the Collateral (including Cash Collateral) during the Chapter 11 Cases (the "**Adequate Protection Obligations**"), the Prepetition Agents, for themselves and for the benefit of the Prepetition Secured Parties, as applicable, shall receive the following adequate protection (collectively, the "**Adequate Protection Package**"):

(a) *Adequate Protection Liens for the Prepetition ABL Secured Parties*. Subject to the Carve-Out, the terms of this Interim Order, and the terms of the Intercreditor Agreements, pursuant to sections 361 and 363(e) of the Bankruptcy Code, and in consideration of the stipulations and consents set forth herein, including, without limitation, the Debtors' Stipulations, the Prepetition ABL Agents, for themselves and for the benefit of the Prepetition ABL Secured Parties, effective as of the Petition Date, is hereby granted, pursuant to sections 361 and 363 of the Bankruptcy Code, valid, binding, enforceable and perfected replacement liens ("**ABL Adequate Protection Liens**") upon and security interests in all of each Debtor's presently owned or hereafter acquired property and assets, whether such property and assets were acquired by such Debtor before or after the Petition Date, of any kind or nature, whether real or personal, tangible or intangible, wherever located, and the proceeds and products thereof, including, without limitation, all causes of action and property recovered as a result of transfers or obligations avoided or actions maintained pursuant to chapter 5 of the Bankruptcy Code or section 724(a) of the Bankruptcy Code or any other avoidance actions under the Bankruptcy Code or applicable state law or foreign law equivalents (such actions, "**Avoidance Actions**" and any proceeds therefrom "**Avoidance Proceeds**") and any proceeds or value received by the Debtors in connection with a

disposition of any leasehold interests (whether by sale, financing, or other disposition or form of transfer, termination, or transaction) and (collectively, to the extent acquired after the Petition Date, the “**Postpetition Collateral**” and, together with the Prepetition Collateral and the Cash Collateral, the “**Collateral**”); *provided* that the ABL Adequate Protection Liens (i) shall not attach to any of the Debtors’ leasehold interests of non-residential real property that prohibit or restrict the granting of such liens in the applicable lease unless otherwise permitted pursuant to applicable non-bankruptcy law, and (ii) prior to the entry of the Final Order shall not attach to any Avoidance Actions or Avoidance Proceeds. The ABL Adequate Protection Liens shall be subject or junior only to (i) the Carve-Out, and (ii) the Permitted Encumbrances. Moreover, the ABL Adequate Protection Liens shall not be subject or subordinate to or made *pari passu* with (x) any lien or security interest that is avoided and preserved for the benefit of the Debtors’ estates under section 551 of the Bankruptcy Code, (y) any intercompany claim, whether secured or unsecured, of any Debtor or any domestic or foreign subsidiary or affiliate of any Debtor, or (z) any other lien or security interest under sections 361, 363, or 364 of the Bankruptcy Code or otherwise, except as expressly provided in this Interim Order. The ABL Adequate Protection Liens shall be enforceable against and binding upon the Debtors, their estates, and any successors thereto, including, without limitation, any trustee, examiner, or other estate representative appointed in the Chapter 11 Cases, or any case under chapter 7 of the Bankruptcy Code upon the conversion of any of the Chapter 11 Cases, or in any other proceedings superseding or related to any of the foregoing (each, a “**Successor Case**”). For the avoidance of doubt, this Interim Order shall be sufficient and conclusive evidence of the attachment, validity, perfection, and priority of the ABL Adequate Protection Liens, without any further act and without the necessity of the execution, filing, or recording of any financing statement, mortgage, security agreement, pledge agreement,

notice, or other instrument or document, or the registration of liens on any certificates of title, that may otherwise be required under the law or regulation of any jurisdiction, or the taking of any other action (including, without limitation, entering into any deposit account control agreement or other act to take possession or control of any Postpetition Collateral, subject to the terms of the Intercreditor Agreements) to attach, validate, perfect, or prioritize such liens and security interests, or to entitle the Prepetition ABL Secured Parties to the priorities granted herein.

(b) *Adequate Protection Liens for the Prepetition Term Loan Secured Parties.*

Subject to the Carve-Out, the terms of this Interim Order, and the terms of the Intercreditor Agreements, pursuant to sections 361 and 363(e) of the Bankruptcy Code, and in consideration of the stipulations and consents set forth herein, including, without limitation, the Debtors' Stipulations, the Debtors are authorized to grant and hereby grant to the Prepetition Term Loan Agent, for itself and for the benefit of the Prepetition Term Loan Secured Parties, effective as of the Petition Date, additional and replacement valid, binding, enforceable, non-avoidable, and automatically perfected, postpetition security interests in, and liens on (the "**Term Loan Adequate Protection Liens**"), without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages, or other similar documents, all of the right, title, and interest of the Debtors and their "estates" (as created pursuant to section 541(a) of the Bankruptcy Code) in, to, and under the Postpetition Collateral; *provided* that the Term Loan Adequate Protection Liens (i) shall not attach to any of the Debtors' leasehold interests of non-residential real property that prohibit or restrict the granting of such liens in the applicable lease unless otherwise permitted pursuant to applicable non-bankruptcy law, and (ii) prior to the entry of the Final Order shall not attach to any Avoidance Actions or Avoidance Proceeds. The Term Loan Adequate Protection Liens shall be subject or

junior only to (i) the Carve-Out, (ii) the Permitted Encumbrances, (iii) subject to the Intercreditor Agreements, the ABL Adequate Protection Liens, and (v) subject to the Intercreditor Agreements, the Prepetition ABL Liens. Moreover, the Term Loan Adequate Protection Liens shall not be subject or subordinate to or made *pari passu* with (x) any lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code, (y) any intercompany claim, whether secured or unsecured, of any Debtor or any domestic or foreign subsidiary or affiliate of any Debtor, or (z) any other lien or security interest under sections 361, 363, or 364 of the Bankruptcy Code or otherwise, except as expressly provided in this Interim Order or the Intercreditor Agreements. The Term Loan Adequate Protection Liens shall be enforceable against and binding upon the Debtors, their estates, and any successors thereto, including, without limitation, any trustee, examiner, or other estate representative appointed in the Chapter 11 Cases or any Successor Cases. For the avoidance of doubt, this Interim Order shall be sufficient and conclusive evidence of the attachment, validity, perfection, and priority of the Term Loan Adequate Protection Liens, without any further act and without the necessity of the execution, filing, or recording of any financing statement, mortgage, security agreement, pledge agreement, notice, or other instrument or document, or the registration of liens on any certificates of title, that may otherwise be required under the law or regulation of any jurisdiction, or the taking of any other action (including, without limitation, entering into any deposit account control agreement or other act to take possession or control of any Postpetition Collateral, subject to the terms of the Intercreditor Agreements) to attach, validate, perfect, or prioritize such liens and security interests, or to entitle the Prepetition Term Loan Secured Parties to the priorities granted herein.

(c) *Adequate Protection Liens for the Prepetition Subordinated Loan Secured Parties.* Subject to the Carve-Out, the terms of this Interim Order, and the terms of the Intercreditor Agreements, pursuant to sections 361 and 363(e) of the Bankruptcy Code, and in consideration of the stipulations and consents set forth herein, including, without limitation, the Debtors' Stipulations, the Debtors are authorized to grant and hereby grant to the Prepetition Subordinated Loan Agent, for itself and for the benefit of the Prepetition Subordinated Loan Secured Parties, effective as of the Petition Date, additional and replacement valid, binding, enforceable, non-avoidable, and automatically perfected, postpetition security interests in, and liens on (the "**Subordinated Loan Adequate Protection Liens**," and collectively with the ABL Adequate Protection Liens and the Term Loan Adequate Protection Liens, the "**Adequate Protection Liens**"), without the necessity of the execution by the Debtors (or recordation or other filing) of security agreements, control agreements, pledge agreements, financing statements, mortgages, or other similar documents, all of the right, title, and interest of the Debtors and their "estates" (as created pursuant to section 541(a) of the Bankruptcy Code) in, to, and under the Postpetition Collateral; *provided* that the Subordinated Loan Adequate Protection Liens (i) shall not attach to any of the Debtors' leasehold interests of non-residential real property that prohibit or restrict the granting of such liens in the applicable lease unless otherwise permitted pursuant to applicable non-bankruptcy law, and (ii) prior to the entry of the Final Order shall not attach to any Avoidance Actions or Avoidance Proceeds. The Subordinated Loan Adequate Protection Liens shall be subject or junior only to (i) the Carve-Out, (ii) the Permitted Encumbrances, (iii) the ABL Adequate Protection Liens, (iv) the Prepetition ABL Liens, (v) the Term Loan Adequate Protection Liens, and (vi) the Prepetition Term Loan Liens. Moreover, the Subordinated Loan Adequate Protection Liens shall not be subject or subordinate to or made *pari passu* with (x) any

lien or security interest that is avoided and preserved for the benefit of the Debtors' estates under section 551 of the Bankruptcy Code, (y) any other intercompany claim, whether secured or unsecured, of any Debtor or any domestic or foreign subsidiary or affiliate of any Debtor, or (z) any other lien or security interest under sections 361, 363, or 364 of the Bankruptcy Code or otherwise, except as expressly provided in this Interim Order or the Intercreditor Agreements. The Subordinated Loan Adequate Protection Liens shall be enforceable against and binding upon the Debtors, their estates, and any successors thereto, including, without limitation, any trustee, examiner, or other estate representative appointed in the Chapter 11 Cases or any Successor Cases. For the avoidance of doubt, this Interim Order shall be sufficient and conclusive evidence of the attachment, validity, perfection, and priority of the Subordinated Loan Adequate Protection Liens, without any further act and without the necessity of the execution, filing, or recording of any financing statement, mortgage, security agreement, pledge agreement, notice, or other instrument or document, or the registration of liens on any certificates of title, that may otherwise be required under the law or regulation of any jurisdiction, or the taking of any other action (including, without limitation, entering into any deposit account control agreement or other act to take possession or control of any Postpetition Collateral, subject to the terms of the Intercreditor Agreements) to attach, validate, perfect, or prioritize such liens and security interests, or to entitle the Prepetition Subordinated Loan Secured Parties to the priorities granted herein.

(d) *Allowed Superpriority Claim of the Prepetition ABL Secured Parties.*

Pursuant to section 503 and section 507(b) of the Bankruptcy Code, the Prepetition ABL Administrative Agent, for itself and for the benefit of the Prepetition ABL Secured Parties, effective as of the entry of this Interim Order, is hereby further granted an allowed superpriority administrative expense claim (the "**ABL Superpriority Claim**") in each of the Chapter 11 Cases

or any Successor Cases, solely to the extent of any Diminution in Value of the Prepetition Collateral, which claim shall be junior only to the Carve-Out and shall be senior to and have priority over all other administrative expenses pursuant to the Bankruptcy Code and all other claims against the Debtors or their estates in any of the Chapter 11 Cases or any Successor Cases, at any time existing or arising, of any kind or nature whatsoever. The ABL Superpriority Claim shall be against each Debtor on a joint and several basis, and, subject to the Carve Out, shall be payable from and have recourse to all assets and properties of each of the Debtors. Except for the Carve-Out and subject to the Intercreditor Agreements, the ABL Superpriority Claim shall not be made subject to, or *pari passu* with, any claim heretofore or hereinafter granted or created in any of the Chapter 11 Cases or any Successor Cases, and shall be valid and enforceable against the Debtors, their estates, and any successors or assigns thereto, including, without limitation, any trustee appointed in any of the Chapter 11 Cases or any Successor Cases.

(e) *Allowed Superpriority Claim of the Prepetition Term Loan Secured Parties.*

Pursuant to section 507(b) of the Bankruptcy Code, the Prepetition Term Loan Agent, for itself and for the benefit of the Prepetition Term Loan Secured Parties, effective as of the entry of this Interim Order, is hereby further granted an allowed superpriority administrative expense claim (the “**Term Loan Superpriority Claim**”) in each of the Chapter 11 Cases or any Successor Cases, solely to the extent of any Diminution in Value of the Prepetition Collateral, if any, subsequent to the Petition Date, which claim shall be junior only to the Carve-Out and the ABL Superpriority Claim, but shall be senior to and have priority over all other administrative expenses pursuant to the Bankruptcy Code and all other claims against the Debtors or their estates in any of the Chapter 11 Cases or any Successor Cases, at any time existing or arising, of any kind or nature whatsoever. The Term Loan Superpriority Claim shall be against each Debtor on a joint and

several basis, and, subject to the Carve-Out and the ABL Superpriority Claim, shall be payable from and have recourse to all assets and properties of each of the Debtors. Except for the Carve-Out and the ABL Superpriority Claim, the Term Loan Superpriority Claim shall not be made subject to, or *pari passu* with, any claim heretofore or hereinafter granted or created in any of the Chapter 11 Cases or any Successor Cases, and shall be valid and enforceable against the Debtors, their estates, and any successors or assigns thereto, including, without limitation, any trustee appointed in any of the Chapter 11 Cases or any Successor Cases.

(f) *Allowed Superpriority Claim of the Prepetition Subordinated Loan Secured Parties.* Pursuant to section 507(b) of the Bankruptcy Code, the Prepetition Subordinated Loan Agent, for itself and for the benefit of the Prepetition Subordinated Loan Secured Parties, effective as of the entry of this Interim Order, is hereby further granted an allowed superpriority administrative expense claim (the “**Subordinated Loan Superpriority Claim**,” and collectively with the ABL Superpriority Claim and the Term Loan Superpriority Claim, the “**Superpriority Claims**”) in each of the Chapter 11 Cases or any Successor Cases, solely to the extent of any Diminution in Value of the Prepetition Collateral, if any, subsequent to the Petition Date, which claim shall be junior only to the Carve-Out, the ABL Superpriority Claim, and the Term Loan Superpriority Claim, but shall be senior to and have priority over all other administrative expenses pursuant to the Bankruptcy Code and all other claims against the Debtors or their estates in any of the Chapter 11 Cases or any Successor Cases, at any time existing or arising, of any kind or nature whatsoever. The Subordinated Loan Superpriority Claim shall be against each Debtor on a joint and several basis, and, subject to the Carve-Out, the ABL Superpriority Claim, and the Term Loan Superpriority Claim, shall be payable from and have recourse to all assets and properties of each of the Debtors. Except for the Carve-Out, the ABL

Superpriority Claim, and the Term Loan Superpriority Claim, the Subordinated Loan Superpriority Claim shall not be made subject to, or *pari passu* with, any claim heretofore or hereinafter granted or created in any of the Chapter 11 Cases or any Successor Cases, and shall be valid and enforceable against the Debtors, their estates, and any successors or assigns thereto, including, without limitation, any trustee appointed in any of the Chapter 11 Cases or any Successor Cases.

(g) *Payment of ABL-Term Loan Fees and Expenses.* As further adequate protection, the Debtors shall pay in cash, without the need for the filing of formal fee applications:

(i) immediately upon entry of this Interim Order, the reasonable and documented out-of-pocket professional fees, expenses, and disbursements incurred by the Prepetition ABL Agents and the Prepetition Term Loan Agent in connection with the applicable Prepetition Loan Documents or otherwise arising in connection with the Chapter 11 Cases prior to the Petition Date, including, without limitation, the fees, expenses, and disbursements of Otterbourg, P.C., as primary counsel to the Prepetition ABL Agents, Richards, Layton, & Finger, P.A., as Delaware counsel to the Prepetition ABL Agents, M3 Advisory Partners, LP as financial advisor to the Prepetition ABL Administrative Agent, Riemer & Braunstein LLP, as primary counsel to the Prepetition Term Loan Agent, and Ashby & Geddes, P.A., as Delaware counsel to the Prepetition Term Loan Agent (collectively, the “**Advisors**”); and (ii) the reasonable and documented out-of-pocket professional fees, expenses, and disbursements (including, but not limited to, the fees, expenses, and disbursements of the Advisors) incurred by the Prepetition ABL Agents and the Prepetition Term Loan Agent in connection with the applicable Prepetition Loan Documents and arising subsequent to the Petition Date in connection with the Chapter 11 Cases (collectively, the “**ABL-Term Loan Fees and Expenses**”). Debtors shall pay all ABL-Term Loan Fees and Expenses within ten (10) days of delivery of a summary statement or invoice for such fees and expenses (it being understood

that such statements or invoices shall not be required to be maintained in any particular format, nor shall any such counsel or other professional be required to file any interim or final fee applications with the Court or otherwise seek Court's approval of any such payments) to the Debtors, the U.S. Trustee and the Committee (if one is appointed), unless, within such ten (10) day period, the Debtors, the U.S. Trustee or the Committee (if one is appointed) serve a written objection upon the requesting party, in which case, the Debtors shall pay only such amounts that are not the subject of any objection until such time as either (1) the requesting party and objecting party reach agreement on payment of such amount or (2) Debtors are ordered by the Court to pay such amount. Any and all amounts paid by the Debtors pursuant to this paragraph 7(h) are deemed permitted uses of Cash Collateral and not subject to the Approved Budget or Permitted Variance.

(h) *Compliance with the Budget.* The Debtors shall comply with the Approved Budget on the terms provided herein, subject to the Permitted Variances and the other terms of Section 4(e).

(i) *Postpetition Payment of Prepetition ABL Obligations in Excess of Minimum Sweep Balance.* Subject to the terms of this Interim Order, the Prepetition ABL Administrative Agent, on behalf of the Prepetition ABL Lenders, shall receive from the Debtors, beginning on the first Friday following the Petition Date, and occurring each Monday, Wednesday, and Friday thereafter, adequate protection cash payments in an amount equal to any cash held by the Debtors in their Deposit Accounts in excess of the Minimum Sweep Balance as of 9:00 a.m. (ET) on such date (the "**Calculation Date**"), *provided* that no such amounts will be paid to the Prepetition ABL Administrative Agent if the Debtors do not hold cash in excess of the Minimum Sweep Balance as of the Calculation Date. The Prepetition ABL Administrative Agent shall, and is hereby authorized to, apply such amounts to repay any then-outstanding Prepetition ABL Obligations held

by the Prepetition ABL Secured Parties as set forth and in accordance with the priorities and terms of the Prepetition ABL Credit Agreement.

(j) *Adequate Protection Reservation of Rights.* The receipt by the Prepetition Secured Parties of the Adequate Protection Package provided herein shall not be deemed an admission that the interests of the Prepetition Secured Parties are adequately protected. Furthermore, this Interim Order shall not prejudice or limit the rights of the Prepetition Secured Parties to seek additional relief with respect to the use of Cash Collateral or for additional adequate protection. Each of the Debtors shall be jointly and severally liable for the Adequate Protection Package provided for herein, and any amendment or modification to the Adequate Protection Package shall require, subject to the rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements, the prior written consent of any applicable Prepetition Administrative Agent.

8. Modification of Automatic Stay. The automatic stay provisions of section 362 of the Bankruptcy Code and any other restriction imposed by an order of the Court or applicable law are hereby modified without further notice, application, or order of the Court to the extent necessary to permit the Prepetition ABL Administrative Agent, the Prepetition Term Loan Agent, or the Prepetition Subordinated Loan Agent to perform any act authorized or permitted under or by virtue of this Interim Order, the Prepetition ABL Credit Agreement, the Prepetition Term Loan Credit Agreement, Prepetition Subordinated Loan Credit Agreement or other Loan Documents, as applicable, including, without limitation, (i) to implement the post-petition financing arrangements authorized by this Interim Order, (ii) to take any act to create, validate, evidence, attach or perfect any lien, security interest, right or claim in the Collateral, (iii) to assess, charge, collect, advance, deduct and receive payments with respect to the Prepetition ABL Obligations, the Prepetition Term

Loan Obligations, or the Prepetition Subordinated Loan Obligations, including, without limitation, all interests, fees, costs, and expenses permitted under the Loan Documents, and apply such payments to the Prepetition ABL Obligations, Prepetition Term Loan Obligations, or Prepetition Subordinated Loan Obligations, as applicable, and (iv) immediately following the expiration of the Remedies Notice Period, to take any action and exercise all rights and remedies provided to it by this Interim Order, the Prepetition ABL Credit Agreement, the Prepetition Term Loan Credit Agreement, the Prepetition Subordinated Loan Agreement, the other Loan Documents, or applicable law.

9. Cash Management. The Debtors shall maintain their cash management arrangements in a manner consistent with any interim or final orders entered by this Court authorizing the Debtors to continue their cash management system.

10. Milestones. As a condition to the use of Cash Collateral, the Debtors have agreed to the following milestones (the “**Milestones**”), *provided, however*, that the Milestones may be extended without further order of this Court with the prior written approval of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent (which may be by email from counsel to the Prepetition ABL Secured Parties and counsel to the Prepetition Term Secured Parties to counsel to the Debtors):

(a) Not later than 3 calendar days after the Petition Date, this Court shall have (i) entered this Interim Order, and (ii) entered an interim order authorizing the Debtors conduct store closing sales, in each case on terms and conditions satisfactory to, and in form and substance acceptable to, the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion;

(b) Not later than 10 calendar days after the Petition Date, the Debtors shall have filed, (i) a chapter 11 plan (the “**Plan**”), (ii) a corresponding disclosure statement (the “**Disclosure Statement**”), and (iii) a corresponding motion seeking approval of procedures for solicitation (such procedures, the “**Solicitation Procedures**”), in each case in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion;

(c) Not later than 35 calendar days after the Petition Date, this Court shall have entered (i) the Final Order, and (ii) a final order authorizing the Debtors to assume its prepetition store closing liquidation agreement, entered into between Debtors and the Liquidator Joint Venture (as defined in the First Day Declaration) (the “**Store Closing Agreement**”) and conduct store closing sales, in each case in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion;

(d) Not later than 50 calendar days after the Petition Date, this Court shall have entered an order approving the Disclosure Statement and the Solicitation Procedures in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion;

(e) Not later than 90 calendar days after the Petition Date, this Court shall have entered an order confirming the Plan (the “**Confirmation Order**”) in form and substance acceptable to the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent in their respective Permitted Discretion; and

(f) Not later than 95 calendar days after the Petition Date, the effective date under the Plan shall have occurred.

11. Events of Default. The occurrence of any of the following events, unless waived in writing by the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent (which may be by email from counsel to the Prepetition ABL Secured Parties and counsel to the Prepetition Term Secured Parties to counsel to the Debtors), in all instances, subject to the rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements, shall constitute an event of default hereunder (each, an “**Event of Default**”):

(a) failure to meet or satisfy any of the Milestones on the terms described in paragraph 10 hereof, to the extent such Milestone is not extended or waived in accordance with the terms of paragraph 10 of this Interim Order;

(b) failure to deliver to the Prepetition Administrative Agents any of the documents or other information required to be delivered pursuant to this Interim Order as and when due, if not cured within two business days of receipt by the Debtors;

(c) failure to comply with the Approved Budget, subject to the Permitted Variances and the other terms of Section 4(e);

(d) the use of any Cash Collateral in a manner that is not permitted by the Approved Budget and this Interim Order;

(e) filing of a motion, application, or other pleading to: (i) obtain postpetition financing that has not been previously consented to in writing by the Prepetition ABL Administrative Agent, and subject to the Intercreditor Agreements the Prepetition Term Loan Agent; or (ii) use Cash Collateral, other than as permitted herein or consented to by the Prepetition ABL Administrative Agent and subject to the applicable Intercreditor Agreements, the Prepetition Term Loan Agent;

(f) entry of an order or a judgment by this Court or any other court granting relief from the automatic stay, without the consent of the Prepetition ABL Administrative Agent, and subject to the Intercreditor Agreements the Prepetition Term Loan Agent, that would allow a third party to recover or obtain possession of any property of the Debtors' estates (other than cash deposits serving as collateral) with a value in excess of \$500,000;

(g) entry of an order or a judgment by this Court or any other court staying, reversing, vacating, amending, rescinding, or otherwise modifying any of the terms of this Interim Order or filing of a motion, application, or other pleading by the Debtors seeking such entry, without the consent of the Prepetition ABL Administrative Agent, the Prepetition Term Loan Agent and the Prepetition Subordinated Loan Agent;

(h) making of any payments in respect of prepetition obligations, except as permitted pursuant to the Approved Budget, otherwise permitted pursuant to this Interim Order, or with prior written consent of the Prepetition ABL Administrative Agent;

(i) dismissal of any of the Chapter 11 Cases or conversion of any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code;

(j) the appointment in any of the Chapter 11 Cases of a trustee or examiner with expanded powers;

(k) the entry of an order of the Court that impairs in any way the security interests, liens, priority claims or rights granted to any of the Prepetition ABL Secured Parties or any of the Prepetition Term Secured Parties;

(l) any material misrepresentation by any Debtor in the financial reporting or certifications to be provided by the Debtors to the Prepetition ABL Administrative Agent and/or the Prepetition Term Loan Agent under this Interim Order;

- (m) any of the Debtors proposes, files, or supports (i) any plan of reorganization, plan of liquidation, or sale of all or substantially all of any Debtor's assets or (ii) entry of any order confirming any such confirmation plan or sale, as applicable, without the prior written consent of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent, including any order confirming a plan that materially deviates from the treatment of the Prepetition ABL Obligations as specified in the Plan Support Agreement dated March 16, 2025, including the Plan Term Sheet attached thereto, without the prior written consent of the Required Supermajority Revolving Lenders (as defined in the Prepetition ABL Credit Agreement) and Prepetition Term Loan Agent;
- (n) the Debtors fail to provide any additional adequate protection ordered by the Court and such failure shall continue unremedied for more than three (3) business days; or
- (o) any Debtor fails to perform, in any respect, any of its obligations under this Interim Order.

12. Exercise of Remedies. Upon the occurrence and during the continuation of an Event of Default, unless such Event of Default has been waived in writing (which may be by email from counsel to the applicable Prepetition Secured Parties to counsel to the Debtors) by the applicable Prepetition Administrative Agent, in every instance subject to the rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements, the automatic stay imposed under section 362 of the Bankruptcy Code is hereby modified to permit the applicable Prepetition Agent to, upon the delivery of written notice (the "**Termination Notice**") to counsel to the Debtors, counsel to any Creditors' Committee (if appointed), and the U.S. Trustee (collectively, the "**Remedies Notice Parties**") at the conclusion of the Remedies Notice Period, subject to the terms of the Intercreditor Agreements:

- (a) terminate and/or revoke the Debtors' right under this Interim Order to use any Cash Collateral

of the Prepetition Secured Parties; (b) subject to the Carve-Out, freeze monies or balances in any accounts subject to a control agreement or otherwise subject to a lien in favor of the Prepetition Secured Parties pursuant to the terms of this Interim Order; (c) take any act to create, validate, evidence, attach, or perfect any lien, security interest, right, or claim in the Collateral; and (d) take any action and exercise all rights and remedies provided to it by this Interim Order, the applicable Prepetition Loan Documents, applicable law, or otherwise; *provided* that, notwithstanding anything in this Interim Order to the contrary, prior to the exercise of any right by any Prepetition Agent set forth in clauses (a) through (d) of this paragraph 12, the automatic stay imposed under section 362 of the Bankruptcy Code shall not be so modified for a period of 5 business days (the “**Remedies Notice Period**”) from the Remedies Notice Parties’ receipt of the Termination Notice, and, during the Remedies Notice Period, the Debtors shall be entitled to object to the termination of the consensual use of Cash Collateral on the basis that no such Event of Default has occurred and is continuing and to seek authority and approval for the non-consensual use of Cash Collateral, subject to the Prepetition Secured Parties’ rights (in each case, subject to the applicable Intercreditor Agreement) to object to, or otherwise oppose, any such non-consensual use and seek adequate protection in connection therewith. Notwithstanding anything to the contrary set forth herein, during the Remedies Notice Period, the Debtors may use Cash Collateral to pay the following amounts and expenses: (a) the Carve-Out; (b) amounts that the Debtors have determined in good faith are necessary for the preservation of the Debtors’ business and their estates during the Remedies Notice Period, in each case not to exceed any amounts set forth in the Approved Budget; and (c) amounts otherwise approved in advance in writing (which may be by email from counsel to the applicable Prepetition Secured Parties to counsel to the Debtors) by the applicable Prepetition Administrative Agent, subject in all circumstances to the

rights and obligations of the Prepetition Secured Parties set forth in the Intercreditor Agreements. On the first business day following the end of the Remedies Notice Period, unless otherwise ordered by this Court and subject to the Carve-Out, the Debtors will immediately cease using Cash Collateral hereunder and the applicable Prepetition Agent may thereupon exercise the rights and remedies available under the applicable Prepetition Loan Documents, this Interim Order, or applicable non-bankruptcy law, including, without limitation but subject to the terms of the Intercreditor Agreements, foreclosing upon and selling all or a portion of the Collateral to collect any amounts payable to the applicable Prepetition Secured Parties pursuant to this Interim Order and apply the same to such obligations. The automatic stay under section 362 of the Bankruptcy Code shall be deemed immediately modified and vacated to the extent necessary to permit such actions. Any delay or failure of any of the Prepetition Secured Parties to exercise rights under any Prepetition Loan Document or this Interim Order shall, subject in all circumstances to the terms of the Intercreditor Agreements and the rights and obligations of the respective Prepetition Secured Parties set forth thereunder, not constitute a waiver of their respective rights hereunder, under any Prepetition Loan Document, or otherwise. Notwithstanding the occurrence of a Termination Date, all of the rights, remedies, benefits, and protections provided to the Prepetition Secured Parties under this Interim Order as of such date shall survive the Termination Date, subject in all circumstances to the terms of the Intercreditor Agreements and the rights and obligations of the respective Prepetition Secured Parties set forth thereunder.

13. Carve-Out; Payment of Estate Professionals.

(a) Generally. As used in this Interim Order, the “**Carve Out**” means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States

Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate (without regard to the notice set forth in (iii) below); (ii) all reasonable fees and expenses up to \$50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code (without regard to the notice set forth in (iii) below); (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses (the “**Allowed Professional Fees**”) incurred by persons or firms retained by the Debtors pursuant to section 327, 328, or 363 of the Bankruptcy Code (the “**Debtor Professionals**”) and, to the extent set forth in the Approved Budget, the Creditors’ Committee pursuant to section 328 or 1103 of the Bankruptcy Code (the “**Committee Professionals**” and, together with the Debtor Professionals, the “**Professional Persons**”) at any time before or on the first business day following delivery by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent—of a Carve Out Trigger Notice (as defined below), whether allowed by the Court prior to or after delivery of a Carve Out Trigger Notice; and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed \$1,500,000 incurred after the first business day following delivery by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent— of the Carve Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the “**Post-Carve Out Trigger Notice Cap**”). For purposes of the foregoing, “**Carve Out Trigger Notice**” shall mean a written notice delivered by email (or other electronic means) by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent—to the Debtors, their lead

restructuring counsel, the U.S. Trustee, counsel to the Prepetition Subordinated Loan Agent and counsel to the Creditors' Committee (if any), which notice may be delivered following the occurrence and during the continuation of a Termination Event stating that the Post-Carve Out Trigger Notice Cap has been invoked.

(b) Fee Estimates. Not later than 7:00 p.m. Eastern Time on the Wednesday of each week starting with the first full calendar week following the Petition Date, each Professional Person shall deliver to the Debtors, with email being sufficient, a good-faith estimate of the amount of fees and expenses incurred during the preceding week by such Professional Person (through Saturday of such week, the "**Fee Estimate Calculation Date**") (collectively, "**Estimated Fees and Expenses**"), along with a good-faith estimate of the cumulative total amount of unreimbursed fees and expenses incurred through the applicable Fee Estimate Calculation Date and the amount of such fees and expenses that have been paid to date by the Debtors (the "**Weekly Statement**"); *provided* that within three calendar days of the occurrence of the Termination Declaration Date (as defined below), each Professional Person shall deliver, with email being sufficient, one additional good-faith estimate of the amount of fees and expenses incurred during the period commencing on the calendar day after the most recent Fee Estimate Calculation Date for which a Weekly Statement has been delivered and concluding on the Termination Declaration Date (the "**Final Statement**") (and the Debtors shall cause such Weekly Statement and Final Statement to be delivered on the same day received to the Prepetition ABL Administrative Agent and the Prepetition Term Loan Agent). If any Professional Person fails to timely deliver a Weekly Statement within three calendar days after such Weekly Statement is due, such Professional Person's entitlement (if any) to any funds in the Carve Out Reserves (as defined below) with respect to the aggregate unpaid amount of Allowed Professional Fees for the applicable period(s) for which such Professional Person failed

to deliver a Weekly Statement covering such period shall be limited to the aggregate unpaid amount of Allowed Professional Fees included in the Approved Budget for such period for such Professional Person; *provided* that such Professional Person shall be entitled to be paid any unpaid amount of Allowed Professional Fees in excess of professional fees included in the Approved Budget for such period for such Professional Person from the Pre-Carve Out Trigger Notice Reserve (as defined below), to the extent there are any excess funds after each Professional Person is paid its Allowed Professional Fees up to the respective weekly amounts set forth in their timely Weekly Statements or as set forth in the Approved Budget, as applicable.

(c) Carve Out Reserves. On or before the Thursday of each week, Debtors shall utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund a reserve account in an amount equal to the sum of (x) the amounts contemplated under paragraphs (a)(i) and (a)(ii) above (to the extent such amounts have been incurred as of the date of such funding), *plus* (y) the greater of (A) the aggregate amount of all Estimated Fees and Expenses reflected in the Weekly Statement delivered on the immediately prior Wednesday to the Debtors, Prepetition ABL Administrative Agent, and Prepetition Term Loan Agent, and (B) the aggregate amount of Allowed Professional Fees contemplated to be incurred in the Approved Budget during such week. The Debtors shall deposit and hold such amounts in a segregated account in trust to pay such Allowed Professional Fees (the “**Pre-Carve Out Trigger Notice Reserve**”) prior to any and all other claims, and all payments of Allowed Professional fees incurred prior to the Termination Declaration Date shall be paid first from such Pre-Carve Out Trigger Notice Reserve. Upon the foregoing funding, (i) the Prepetition ABL Secured Parties and Prepetition Term Loan Secured Parties shall have no further obligation to fund the Pre-Carve Out Trigger Notice Reserve on account of any Allowed Professional Fees incurred through the Calculation Date for the most

recent Weekly Statement delivered in accordance with Section 13(b) above and (ii) subordinate their liens and claims to the Carve Out on account of any Allowed Professional Fees incurred through the Calculation Date for the most recent Weekly Statement delivered in accordance with Section 13(b) above.

(d) On the day on which a Carve Out Trigger Notice is delivered by the Prepetition ABL Administrative Agent—or, following the payment in full of all Obligations (as defined in the Prepetition ABL Credit Agreement), by the Prepetition Term Loan Agent—to the Debtors with a copy to counsel to the Creditors' Committee (if any), the Prepetition Term Loan Agent, as applicable, and the Prepetition Subordinated Loan Agent (the "**Termination Declaration Date**"), the Carve Out Trigger Notice shall constitute a demand to the Debtors to and the Debtors shall utilize all cash on hand as of such date and any available cash thereafter held by any Debtor to fund (A) the Pre-Carve Out Trigger Notice Reserve Account in an amount equal to the aggregate amount of all Estimated Fees and Expenses reflected in the Final Reports timely delivered to Debtors, Prepetition ABL Administrative Agent and Prepetition Term Loan Agent, *plus* the amounts set forth in (a)(i) and (a)(ii) of this paragraph above, and (B) after funding the Pre-Carve Out Trigger Notice Reserve Account, a reserve in an amount equal to the Post-Carve Out Trigger Notice Cap (the "**Post-Carve Out Trigger Notice Reserve**") and, together with the Pre-Carve Out Trigger Notice Reserve, the "**Carve Out Reserves**") prior to any and all other claims. Upon the foregoing funding, (i) the Prepetition ABL Secured Parties and Prepetition Term Secured Parties shall have no further obligation to fund the Pre-Carve Out Trigger Notice Reserve

or Post-Carve Out Trigger Notice Reserve, and (ii) the liens and claims shall not be subordinated to the Carve Out notwithstanding anything set forth to the contrary in this Interim Order.

(e) Application of Carve Out Reserves. All funds in the Pre-Carve Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clauses (i) through (iii) of the definition of Carve Out set forth above (the “**Pre-Carve Out Trigger Amounts**”), but not, for the avoidance of doubt, the Post-Carve Out Trigger Notice Cap, until paid in full, and then, to the extent the Pre-Carve Out Trigger Notice Reserve has not been reduced to zero, to pay to the (x) Prepetition ABL Administrative Agent for the benefit of itself and the Prepetition ABL Secured Parties until all Obligations (as defined in the ABL Credit Agreement) indefeasibly paid in full in cash, and (y) then the Prepetition Term Loan Agent for the benefit of itself and the Prepetition Term Secured Parties, until all Obligations (as defined in the term Loan Credit Agreement) have been indefeasibly paid in full, in cash, in which case any such excess shall be paid to the Debtors’ creditors in accordance with their rights and priorities as of the Petition Date. All funds in the Post-Carve Out Trigger Notice Reserve shall be used first to pay the obligations set forth in clause (iv) of the definition of Carve Out set forth above (the “**Post-Carve Out Trigger Amounts**”), and then, to the extent the Post-Carve Out Trigger Notice Reserve Account has not been reduced to zero, to pay (x) first Prepetition ABL Administrative Agent for the benefit of itself and the Prepetition ABL Secured Parties until all Obligations (as defined in the ABL Credit Agreement) indefeasibly paid in full in cash, and (y) then the Prepetition Term Loan Agent for the benefit of itself and the Prepetition Term Secured Parties, until all Obligations (as defined in the term Loan Credit Agreement) have been indefeasibly paid in full, in cash, in which case any such excess shall be paid to the Debtors’ creditors in accordance with their rights and priorities as of the Petition Date. Notwithstanding anything to the contrary in the Prepetition Loan Documents, or this Interim

Order, if either of the Carve Out Reserves is not funded in full in the amounts set forth in this paragraph 13(d), then, any excess funds in one of the Carve Out Reserves following the payment of the Pre-Carve Out Trigger Amounts and Post-Carve Out Trigger Amounts, respectively, shall be used to fund the other Carve Out Reserve, up to the applicable amount set forth in this paragraph 13(d), prior to making any payments to the Prepetition Agents or any of the Debtors' creditors, as applicable. Notwithstanding anything to the contrary in the Prepetition Loan Documents, or this Interim Order, following delivery of a Carve Out Trigger Notice, no Prepetition Agent shall sweep or foreclose on cash (including cash received as a result of the sale or other disposition of any assets) of the Debtors until the Post-Carve Out Trigger Notice Reserve has been fully funded unless the proceeds of such sweep or foreclosure are applied immediately to fund the Carve-Out Reserves in the amount and to the extent provided for in Paragraph 13(c) above. Further, notwithstanding anything to the contrary in this Interim Order, (i) the failure of the Carve Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve Out, and (ii) in no way shall the Approved Budget, Carve Out, Post-Carve Out Trigger Notice Cap, Carve Out Reserves, or any of the foregoing be construed as a cap or limitation on the amount of the Allowed Professional Fees due and payable by the Debtors. For the avoidance of doubt and notwithstanding anything to the contrary in this Interim Order or in any Prepetition Loan Documents, the Carve Out shall be senior to all liens and claims securing the Prepetition Collateral, the Adequate Protection Liens, and the 507(b) Claim, and any and all other forms of adequate protection, liens, or claims securing the Prepetition Secured Obligations solely to the extent provided herein.

(f) Payment of Allowed Professional Fees Prior to the Termination Declaration Date. Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve Out;

provided that, upon the funding in of the Carve Out Reserves in accordance with Paragraph 13(c) above, none of the Prepetition ABL Agents or the Prepetition Term Loan Agent or the Prepetition Secured Parties shall have any further obligation to fund the Pre-Carve Out Trigger Notice Reserve Account on account of any Allowed Professional Fees incurred through the Calculation Date for the most recent Weekly Statement delivered in accordance with Section 13(b) above and neither the liens nor claims of the Prepetition ABL Agents or the Prepetition Term Loan Agent or the Prepetition Secured Parties shall be subordinated to the Carve Out on account of any such fees notwithstanding anything to the contrary set forth in this Interim Order.

(g) No Direct Obligation To Pay Allowed Professional Fees. None of the Prepetition ABL Agents, the Prepetition Term Loan Agent, the Prepetition Subordinated Loan Agent, or the Prepetition Secured Parties shall be responsible for the payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Cases or any successor cases under any chapter of the Bankruptcy Code. Nothing in this Interim Order or otherwise shall be construed to obligate the Prepetition Agents or Prepetition Secured Parties, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement.

(h) Payment of Carve Out On or After the Termination Declaration Date. Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve Out on a dollar-for-dollar basis.

(i) Nothing herein, including the inclusion of line items in the Budget for Professional Persons, shall be construed as consent to the allowance of any particular professional fees or expenses of the Debtors, of the Committee, or of any other person or shall affect the right

of the Prepetition ABL Agents or the Prepetition Term Loan Agent to object to the allowance and payment of such fees and expenses. Furthermore, nothing in this Interim Order or otherwise shall be construed: (i) to obligate the Prepetition ABL Agents or the Prepetition Term Loan Agent in any way to pay compensation to or to reimburse expenses of any Professional Person, or to guarantee that the Debtors have sufficient funds to pay such compensation or reimbursement; or (ii) to increase the Carve Out if allowed fees and/or disbursements are higher in fact than the amounts subject to the Carve Out as set forth in this Interim Order.

14. Release. Subject to the Challenge provisions set forth in Paragraph 5(b), effective upon entry of this Interim Order, the Debtors on behalf of themselves and their estates (including any successor trustee or other estate representative in any of the Chapter 11 Cases or Successor Cases) and any party acting by, or through, the Debtors or their estates, hereby, to the maximum extent permitted by applicable law, unconditionally, irrevocably and fully, forever waive and release the Prepetition Agents and each of the other Prepetition Secured Parties, and each of their respective former, current, or future officers, employees, directors, agents, representatives, owners, members, partners, financial advisors, legal advisors, shareholders, managers, consultants, accountants, attorneys, affiliates, and predecessors in interest, in each case, solely in their capacity as such, of any and all “claims” (as such term is defined in section 101(5) of the Bankruptcy Code), counterclaims, causes of action, defenses, or setoff rights that exist on the date hereof relating to any of the Prepetition Collateral and any of the Prepetition Loan Documents or the transactions contemplated under any such documents, whether known, unknown, asserted, unasserted, suspected, unsuspected, accrued, unaccrued, fixed, contingent, pending or threatened, arising at law or in equity, including, without limitation, any so-called “lender liability,” any challenge or claim to exercise of remedies, recharacterization,

subordination, avoidance, or other claim arising under or pursuant to section 105 or chapter 5 of the Bankruptcy Code, or under any other similar provisions of applicable state or federal law, and any and all claims and causes of action regarding the validity, priority, perfection, or putative avoidability of the liens or the claims of the Prepetition Agents and the other Prepetition Secured Parties.

15. Access Rights. Notwithstanding anything contained herein to the contrary, and without limiting any other rights or remedies of the Prepetition Secured Parties pursuant to this Interim Order, the Prepetition Loan Documents, or otherwise available at law or in equity, the rights of the Prepetition Secured Parties to enter onto the Debtors' leased premises shall be limited to (a) any such rights agreed to in writing by the applicable landlord pursuant to any separate agreement by and between such landlord and the Prepetition Secured Parties and/or the applicable Prepetition Agent, if any, (b) any rights that the Prepetition Secured Parties or any Prepetition Agent have under the Prepetition Loan Documents that are valid and enforceable under applicable non-bankruptcy law, if any, (c) any such rights of any of the Prepetition Secured Parties pursuant to applicable law, and (d) such rights as may be granted by the Court on a separate motion with notice to the applicable landlords of the leased premises and an opportunity for such landlords to respond and be heard.

16. Reversal, Modification, Vacatur, or Stay. Any reversal, modification, vacatur, or stay of any or all of the provisions of this Interim Order shall not affect the validity or enforceability of any Adequate Protection Liens, or any claim, lien, security interest, or priority authorized or created hereby with respect to any Adequate Protection Obligations, incurred prior to the effective date of such reversal, modification, vacatur, or stay. Notwithstanding any reversal, modification, vacatur, or stay, (a) this Interim Order shall govern, in all respects, any use of

Cash Collateral or Adequate Protection Package incurred by the Debtors prior to the effective date of such reversal, modification, vacatur, or stay, and (b) the Prepetition Secured Parties shall be entitled to all the benefits and protections granted by this Interim Order with respect to any such use of Cash Collateral or such Adequate Protection Package incurred by the Debtors.

17. No Waiver for Failure to Seek Relief. The failure or delay of any Prepetition Secured Party to seek relief or otherwise exercise any rights and remedies under this Interim Order, the applicable Prepetition Loan Documents, or applicable law, as the case may be, shall not constitute a waiver of any rights hereunder, thereunder, or otherwise, by the Prepetition Secured Parties.

18. Section 507(b) Reservation. Nothing herein shall impair or modify the application of section 507(b) of the Bankruptcy Code in the event that the adequate protection provided to the Prepetition Secured Parties hereunder is insufficient to compensate for the Adequate Protection Obligations during the Chapter 11 Cases. Nothing contained herein shall be deemed a finding by this Court, or an acknowledgment by the Prepetition Secured Parties, that the Adequate Protection Package does, in fact, adequately protect the Prepetition Secured Parties against any Diminution in Value of their interests in and against the Prepetition Collateral, including the Cash Collateral.

19. Section 552(b) Waiver. The Prepetition Secured Parties shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code. Upon entry of the Final Order, and subject to approval by this Court therein, the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Secured Parties with respect to proceeds, products, offspring, or profits of any of the Prepetition Collateral or Postpetition Collateral.

20. Section 506(c) Waiver. Upon entry of the Final Order, no costs or expenses of administration which have been or may be incurred in the Chapter 11 Cases or Successor Cases at any time shall be charged against the Prepetition Secured Parties or the Collateral pursuant to sections 105 or 506(c) of the Bankruptcy Code, or otherwise and all rights to surcharge the Prepetition Secured Parties or the Collateral or the Prepetition Secured Creditors under sections 105 or 506(c) of the Bankruptcy Code or any other applicable principle of equity or law shall be and are hereby finally and irrevocably waived, and such waiver shall be binding upon the Debtors and all parties in interest in this or any Successor Cases.

21. No Marshalling / Application of Proceeds. Subject to entry of the Final Order, in no event shall the Prepetition Secured Parties be subject to the equitable doctrine of “marshalling” or any other similar doctrine with respect to any of the Collateral.

22. Good Faith. Based on the findings set forth in this Interim Order and the record made during the Interim Hearing, pursuant to sections 105, 361, and 363 of the Bankruptcy Code, the Debtors and the Prepetition Secured Parties are hereby found to be entities that have acted in good faith in connection with the negotiation and entry of this Interim Order and are entitled to the protections afforded by section 363(m) of the Bankruptcy Code.

23. No Third-Party Rights. Except as otherwise expressly provided herein, this Interim Order does not create any rights for the benefit of any third party, creditor, equity holder, or any direct, indirect, or incidental beneficiary.

24. No Liability to Third Parties. In permitting the use of the Cash Collateral or in exercising any rights or remedies as and when permitted pursuant to this Interim Order, the Prepetition Secured Parties shall not be deemed to be in control of the operations of the Debtors or to be acting as a “responsible person” or “owner or operator” with respect to the operation or

management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. §§ 9601 *et seq.*, as amended, or any similar federal or state statute), nor shall they owe any fiduciary duty to the Debtors, their creditors, or estates, nor shall they constitute or be deemed to constitute a joint venture or partnership with the Debtors. Furthermore, nothing in this Interim Order shall in any way be construed or interpreted to impose upon the Prepetition Secured Parties any liability for any claims arising from the prepetition or postpetition activities of the Debtors and/or their “affiliates” as such term is defined in section 101(2) of the Bankruptcy Code.

25. Master Proof of Claim. None of the Prepetition Secured Parties will be required to file proofs of claim in the Chapter 11 Cases or Successor Cases, and the Debtors’ Stipulations shall be deemed to constitute timely filed proofs of claim for each of the Prepetition ABL Secured Parties, the Prepetition Term Loan Secured Parties, and the Prepetition Subordinated Loan Parties against the applicable Debtors; *provided, however*, that each Prepetition Administrative Agent (on behalf of itself and the other applicable Prepetition Secured Parties) is hereby authorized, in its sole discretion, to file (and amend and/or supplement, as it sees fit) a master proof of claim for the claims of such applicable Prepetition Secured Parties arising from the applicable Prepetition Loan Documents in accordance with any order entered by this Court in relation to the establishment of a bar date in the Chapter 11 Cases; *provided, further*, that nothing herein shall waive the right of any Prepetition Secured Party to file its own proof of claim against the Debtors.

26. Inventory. Debtors shall not, without the consent of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent, (a) enter into any agreement to return any inventory to any of their creditors for application against any prepetition indebtedness under any

applicable provision of section 546 of the Bankruptcy Code, or (b) consent to any creditor taking any setoff against any of its prepetition indebtedness based upon any such return pursuant to section 553(b)(1) of the Bankruptcy Code or otherwise, in an aggregate amount not to exceed \$50,000.

27. Disposition of Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the Collateral outside the ordinary course of business, other than pursuant to the terms of the Store Closing Agreement, the Prepetition ABL Credit Agreement, and the Approved Budget, without the prior written consent of the Prepetition ABL Administrative Agent and subject to the applicable Intercreditor Agreements the Prepetition Term Loan Agent (and no such consent shall be implied, from any other action, inaction, or acquiescence by the Prepetition ABL Agents, Prepetition Term Loan Agent, or any of the Prepetition Secured Parties) and, in each case, an order of this Court.

28. Right of Setoff. To the extent any funds were on deposit with the Prepetition Agents or any other Prepetition Secured Party as of the Petition Date, regardless of the capacity in which such Prepetition Secured Party held such funds, including, without limitation, all funds deposited in, or credited to, an account of any Debtor with any such institution immediately prior to the filing of the Chapter 11 Cases (regardless of whether, as of the Petition Date, such funds had been collected or made available for withdrawal by any such Debtor), such funds (the “**Deposited Funds**”) are subject to rights of setoff in a manner not inconsistent with the terms of this Order and the Approved Budget. By virtue of such setoff rights, the Deposited Funds are subject to a lien in favor of Prepetition Agents and the applicable Prepetition Secured Parties pursuant to sections 506(a) and 553 of the Bankruptcy Code.

29. The Debtors' Waivers/Covenants. At all times during the Chapter 11 Cases prior to the payment in full of the Prepetition Secured Obligations, and whether or not an Event of Default has occurred, the Debtors irrevocably waive and covenant not to seek authority to take any of the following actions, other than as expressly provided for in this Interim Order, or unless each of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent otherwise consent in writing: (i) use Cash Collateral under section 363 of the Bankruptcy Code other than as set forth herein; (ii) obtain post-petition loans or other financial accommodations pursuant to section 364(c) or 364(d) of the Bankruptcy Code; (iii) challenge the application of any payments authorized hereunder pursuant to section 506(b) of the Bankruptcy Code, or assert that the value of the Prepetition Collateral is less than the Prepetition Secured Obligations; (iv) propose, support, file or otherwise have a plan of reorganization or liquidation that does not provide for the indefeasible payment in full in cash in full satisfaction of all Prepetition Secured Obligations on the effective date of such plan or to which each of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent have consented in writing; (v) seek relief under the Bankruptcy Code, including without limitation, under section 105 of the Bankruptcy Code, to the extent any such relief would in any way restrict or impair the rights and remedies of any Prepetition Secured Parties as provided in this Interim Order and the Prepetition Loan Documents or any Prepetition Secured Party's exercise of such rights or remedies; or (vi) challenge, contest or otherwise seek to impair or object to the validity, extent, enforceability, or priority of any Prepetition Secured Party's post-petition liens and claims.

30. Binding Effect of Interim Order. The provisions of this Interim Order shall be binding upon all parties in interest in the Chapter 11 Cases, including the Prepetition Secured Parties, any statutory committees that may be appointed in any Chapter 11 Cases, including,

without limitation, any Creditors' Committee (if appointed), and the Debtors and their respective successors and assigns and shall inure to the benefit of the Prepetition Secured Parties, the Debtors, and their respective successors and assigns. This Interim Order shall bind any trustee hereafter appointed or elected for the Debtors' estates, whether in the Chapter 11 Cases or any Successor Cases. Such binding effect is a benefit of the Prepetition Secured Parties' bargain in connection with the Debtors' use of Cash Collateral and is an integral part of this Interim Order.

31. Discharge Waiver. Subject to the entry of the Final Order, the obligations of the Debtors with respect to the Superpriority Claims or the Replacement Liens shall not be discharged by the entry of an order confirming any plan of reorganization in any of the Chapter 11 Cases, notwithstanding section 1142(d) of the Bankruptcy Code, unless (i) the order is entered with the prior written consent of the Prepetition ABL Administrative Agent and Prepetition Term Loan Agent (*provided* that the Plan Support Agreement, dated March 16, 2025, by and between the Debtors and, among others, the Consenting ABL Lenders and the Consenting Term Loan Lenders (in each case, as defined therein) will qualify as such prior written consent for this paragraph 31), or (ii) the Superpriority Claims have been Paid in Full on or before the effective date of such plan.

32. Survival. The provisions of this Interim Order and any actions taken pursuant hereto shall survive the entry of any order: (a) confirming any chapter 11 plan in the Chapter 11 Cases, including, without limitation, the Plan; (b) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code; or (c) dismissing the Chapter 11 Cases. The terms and provisions of this Interim Order, including, for the avoidance of doubt, the provisions in paragraph 5 hereof, as well as the Adequate Protection Package granted pursuant to this Interim Order shall continue in full force and effect notwithstanding the entry of any of the foregoing orders, and the claims and liens provided for herein shall maintain their priority as provided by

this Interim Order, the applicable Prepetition Loan Documents, and to the maximum extent permitted by law until all of the Prepetition Secured Obligations are indefeasibly paid and satisfied in full in cash.

33. Effect of Dismissal. If the Chapter 11 Cases are dismissed or converted to cases under chapter 7 of the Bankruptcy Code, such dismissal or conversion of the Chapter 11 Cases shall not affect the rights of the Prepetition Secured Parties under this Interim Order to the extent of the adequate protection provided hereunder, and all rights and remedies hereunder of the Prepetition Secured Parties to the extent of adequate protection provided hereunder shall remain in full force and effect as if the Chapter 11 Cases had not, as applicable, been dismissed or converted. If an order dismissing the Chapter 11 Cases is entered, the adequate protection granted to and conferred upon the Prepetition Secured Parties as of such date shall continue in full force and effect and this Court shall retain jurisdiction, notwithstanding such dismissal, for the purpose of enforcing the Adequate Protection Obligations detailed herein. The provisions of this Interim Order, and any actions taken pursuant hereto, shall survive the entry of and shall govern with respect to any conflict with any order that may be entered confirming any chapter 11 plan in the Chapter 11 Cases, including, without limitation, the Plan, dismissing the Chapter 11 Cases, or converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code.

34. Findings of Fact and Conclusions of Law. This Interim Order shall constitute findings of fact and conclusions of law effective as of the Petition Date. To the extent that any findings of fact are determined to be conclusions of law, such findings of fact shall be adopted as such; and to the extent that any conclusions of law are determined to be findings of fact, such conclusions of law shall be adopted as such.

35. Order Effective upon Entry. Notwithstanding any Bankruptcy Rule to the contrary, the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

36. Retention of Jurisdiction. This Court has and will retain jurisdiction and power to enforce this Interim Order in accordance with its terms and to adjudicate all matters arising from or related to the implementation, interpretation, or enforcement of this Interim Order.

37. Final Hearing. A hearing on the Debtors' request for a Final Order approving the Motion on a final basis is scheduled for _____, 2025, at __:__ a.m./p.m. (prevailing Eastern time) before this Court. Within three business days after entry of this Interim Order, the Debtors shall serve, or cause to be served, by first class mail or other appropriate method of service, a copy of the Motion (to the extent the Motion was not previously served on a party), together with this Interim Order, on (a) the Notice Parties and (b) counsel to any Creditors' Committee (if appointed). Any responses or objections to approval of the Motion on a final basis shall be made in writing, conform to the applicable Bankruptcy Rules, be filed with this Court, set forth the name of the objecting party, the basis for the objection, and the specific grounds therefor, and be served so as to be actually received no later than [_____], 2025, at 4:00 p.m. (prevailing Eastern time) by the following parties: (a) proposed counsel to the Debtors, Young Conaway Stargatt & Taylor, LLP, 1000 North King Street, Wilmington, DE 19801, Attn.: Andrew L. Magaziner, amagaziner@ycst.com and S. Alexander Faris, afaris@ycst.com; (b) the Office of the U.S. Trustee for the District of Delaware, 844 King Street, Suite 2207, Wilmington, Delaware, 19801, Attn.: Jane M. Leamy, Esq., jane.m.leafy@usdoj.gov; (c) counsel to the Prepetition ABL Agents, (i) Otterbourg, P.C., Attn.: Chad Simon, csimon@otterbourg.com, and Daniel Fiorillo, dfiorillo@otterbourg.com, and (ii) Richards,

Layton, and Finger, P.A., Attn.: John Henry Knight, knight@rlf.com; (d) counsel to the Prepetition Term Loan Agent, (i) Riemer & Braunstein LLP, Attn.: Steven E. Fox, SFox@riemerlaw.com, and Paul Bekker, pbekker@riemerlaw.com, and (ii) Ashby & Geddes, P.A., Attn.: Gregory A. Taylor, GTaylor@ashbygeddes.com; (e) counsel to the Prepetition Subordinated Loan Agent, (i) Choate Hall & Stewart LLP, Attn.: Mark D. Silva, msilva@choate.com, and Rick Thide, rthide@choate.com, and Hampton Foushee, hfoushee@choate.com, and (ii) Pashman Stein Walder Hayden, P.C., Attn.: Joseph C. Barsalona, jbarsalona@pashmanstein.com; and (f) proposed counsel to any statutory committee appointed in the Chapter 11 Cases. If no objections to the Motion are filed, this Court may enter a Final Order without further notice or hearing.

EXHIBIT A

Approved Budget

Forever 21
Cash Collateral Budget
(\$ in 000s)

		Petition																End of Case	
Fiscal Month		March -1	March 0	March 1	March 2	April 3	April 4	April 5	April 6	May 7	May 8	May 9	May 10	June 11	June 12	June 13	June 14	June 15	
Restructuring Week																			
Week Ending (Saturday)		15-Mar	22-Mar	29-Mar	5-Apr	12-Apr	19-Apr	26-Apr	3-May	10-May	17-May	24-May	31-May	7-Jun	14-Jun	21-Jun	28-Jun	5-Jul	
Forecast / Actual		Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Total
Cash Receipts																			
01.)	Collections	33,767	45,521	45,890	33,372	15,393	12,989	13,114	5,235	712	712	379	-	-	-	174	156	-	207,414
02.)	Other Receipts	98	99	102	2,052	31	27	21	2,835	-	-	-	-	-	-	-	-	28,500	33,766
03.)	Total Cash Receipts	33,865	45,620	45,991	35,424	15,424	13,016	13,135	8,071	712	712	379	-	-	-	174	156	28,500	241,179
Operating Disbursements																			
04.)	Merchandise Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
05.)	Royalty	(706)	-	-	-	-	(1,255)	-	-	-	(386)	-	-	-	-	-	-	-	(2,347)
06.)	Payroll & Benefits	(34)	(644)	(34)	(643)	(30)	(492)	(26)	(492)	(15)	(60)	(3)	(60)	(3)	(60)	(2)	(20)	(123)	(2,742)
07.)	Sales Tax Remittance	-	-	-	(115)	(574)	(2,869)	(7,460)	(574)	(118)	(592)	(1,539)	(1,470)	-	-	-	-	-	(15,312)
08.)	Occupancy	(815)	(1,043)	(1,024)	(4,458)	(983)	(11,890)	(982)	(681)	(681)	(2,308)	(681)	-	-	-	-	-	-	(25,546)
09.)	Freight	(587)	(500)	(250)	(250)	(250)	(248)	-	-	-	-	-	-	-	-	-	-	-	(2,085)
10.)	Other OpEx	(1,939)	(1,192)	(2,077)	(1,175)	(1,853)	(950)	(497)	(497)	(181)	(132)	(71)	(71)	(71)	(71)	(71)	(71)	(71)	(10,992)
11.)	Foreign Operations Funding	-	-	-	(170)	(263)	-	-	(1,487)	-	-	-	-	-	-	-	(1)	-	(1,921)
12.)	Reimbursement to Parent ⁽¹⁾	-	-	-	-	-	(20,608)	-	-	-	(22,244)	-	-	-	(1,855)	-	-	(2,314)	(47,021)
13.)	Total Operating Disbursements	(4,081)	(3,380)	(3,385)	(6,812)	(3,953)	(38,312)	(8,964)	(3,730)	(995)	(25,723)	(2,295)	(1,601)	(74)	(1,986)	(73)	(92)	(2,508)	(107,965)
14.)	Operating Cash Flow	29,785	42,240	42,606	28,612	11,471	(25,296)	4,171	4,340	(283)	(25,011)	(1,915)	(1,601)	(74)	(1,986)	101	63	25,992	133,214
Restructuring Disbursements																			
15.)	Professional Fees	(985)	(1,089)	(839)	(1,014)	(984)	(914)	(864)	(1,114)	(739)	(834)	(514)	(764)	(584)	(514)	(514)	(514)	(664)	(13,437)
16.)	Lender Fees	(2,230)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,230)
17.)	Store Liquidation Fee / Expense	(1,639)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(666)	-	-	-	-	-	-	-	-	(9,305)
18.)	UST Fees	-	-	-	-	-	-	-	-	(250)	-	-	-	-	-	-	-	(250)	(500)
19.)	Utility Deposits	-	-	(940)	-	-	-	-	-	-	-	-	-	-	-	-	-	940	-
20.)	Credit Card Holdbacks	-	(1,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,000	-
21.)	503(b)(9)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,500)	(3,500)
22.)	Stub Rent	-	-	-	-	-	-	-	(1,788)	-	-	-	-	-	-	-	-	-	(1,788)
23.)	D&O Insurance	(250)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(250)
24.)	Final Wind Down Expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(589)	(589)
25.)	Total Restructuring Disbursements	(5,103)	(3,089)	(2,779)	(2,014)	(1,984)	(1,914)	(1,864)	(3,901)	(1,655)	(834)	(514)	(764)	(584)	(514)	(514)	(514)	(3,063)	(31,599)
26.)	Net Cash Flow	24,681	39,152	39,828	26,599	9,487	(27,209)	2,307	439	(1,938)	(25,845)	(2,429)	(2,365)	(658)	(2,500)	(413)	(450)	22,929	101,616
Cash Roll																			
27.)	Beginning Book Cash	3,320	7,001	46,153	64,981	64,580	62,067	34,858	37,165	37,604	35,666	9,822	7,393	5,028	4,370	1,870	1,457	1,007	3,320
28.)	Net Cash Flow	24,681	39,152	39,828	26,599	9,487	(27,209)	2,307	439	(1,938)	(25,845)	(2,429)	(2,365)	(658)	(2,500)	(413)	(450)	22,929	101,616
29.)	Cash Sweep to Secured Lender	(21,000)	-	(21,000)	(27,000)	(12,000)	-	-	-	-	-	-	-	-	-	-	-	-	(81,000)
30.)	Final Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(23,936)	(23,936)
31.)	Ending Book Cash	7,001	46,153	64,981	64,580	62,067	34,858	37,165	37,604	35,666	9,822	7,393	5,028	4,370	1,870	1,457	1,007	-	-
32.)	Outstanding Checks	815	1,043	1,024	4,458	983	11,890	982	681	681	2,308	-	-	-	-	-	-	-	-
33.)	Ending Bank Cash	7,816	47,196	66,005	69,038	63,050	46,747	38,147	38,285	36,347	12,130	7,393	5,028	4,370	1,870	1,457	1,007	-	-
34.)	Permitted Use of Cash Collateral	(5,108)	(4,510)	(4,459)	(7,456)	(4,685)	(39,074)	(9,767)	(6,491)	(1,911)	(25,723)	(2,295)	(1,601)	(74)	(1,986)	(73)	(92)	(4,907)	(120,215)

Notes:

(1) Includes payroll, payroll taxes, and PTO & Severance; remitted back to parent monthly