Docket #0009 Date Filed: 9/21/2026

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Yardbird Group LLC, *et al.*,[1]	Case No. 26-11479 (___)
Debtors.	(Joint Administration Requested)

DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION WAGES, COMPENSATION, EMPLOYEE BENEFITS, AND OTHER EMPLOYEE OBLIGATIONS AND (B) CONTINUE CERTAIN EMPLOYEE BENEFIT PROGRAMS IN THE ORDINARY COURSE; (II) AUTHORIZING ALL BANKS TO HONOR PREPETITION CHECKS FOR PAYMENT OF PREPETITION EMPLOYEE OBLIGATIONS; AND (III) GRANTING RELATED RELIEF

The above-captioned debtors and debtors in possession (collectively, the "Debtors"), seek entry of interim and final orders, substantially in the forms attached hereto as **Exhibit A** and **Exhibit B** (the "Proposed Interim Order" and the "Proposed Final Order," respectively), (i) authorizing, but not directing, the Debtors to (a) pay prepetition wages, compensation, employee benefits, and other employee obligations and (b) continue certain employee benefit programs in the ordinary course; (ii) authorizing all banks to honor prepetition checks for payment of prepetition employee obligations; and (iii) granting other related relief. In support of this motion (this "Motion"), the Debtors respectfully state as follows:

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Yardbird Group LLC (7139); Southern Operations, LLC (5384); Yardbird Beverly Hills, LLC (9735); Yardbird DFW, LLC (2545); Yardbird DC, LLC (2651); Yardbird Chicago, LLC (6273); Yardbird Denver LLC (8819), YB Las Vegas, LLC (4071), Yardbird DFW Management LLC (8949), Yardbird DFW Concession LLC (1952), and The Bird Singapore LLC (8264). The location of the Debtors' service address in these chapter 11 cases is 3355 Las Vegas Boulevard South, Las Vegas, Nevada 89109.

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JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (this "Court") has jurisdiction over the above-captioned chapter 11 cases (these "Chapter 11 Cases"), the Debtors, property of the Debtors' estates, and these matters under 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012. This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2).

2. Pursuant to rule 9013-1(f) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "Local Rules"), the Debtors consent to the entry of a final order with respect to this Motion if it is determined that this Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.

3. Venue of these Chapter 11 Cases in this district is proper under 28 U.S.C. §§ 1408 and 1409.

4. The statutory bases for the relief requested herein are sections 105(a), 362, 363, 363, 507(a), and 541 of title 11 of the United States Code (the "Bankruptcy Code"), rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Rule 9013-1(m).

GENERAL BACKGROUND

5. On the date hereof (the "Petition Date"), each of the Debtors filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code. The Debtors have also filed a motion requesting joint administration of these Chapter 11 Cases pursuant to Bankruptcy Rule 1015(b). The Debtors are operating their business and managing their properties, as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No request for the

appointment of a trustee or examiner has been made, and no official committees have been appointed in these Chapter 11 Cases.

6. The Debtors own and operate "Yardbird Southern Table & Bar," an award-winning polished casual dining concept offering a modern take on traditional Southern American cuisine. Beyond its famed fried chicken, Yardbird is known for its weekend brunch, chef-curated bourbon dinners, and an award-winning mixology program and extensive wine list, all served in an inviting, open atmosphere anchored by signature floor-to-ceiling windows and open kitchens. Event dining and catering represent a significant portion of the Debtors' revenue, complementing the Debtors' three operating restaurant locations in Dallas, Texas; Washington, D.C.; and Chicago, Illinois, and its two licensed locations in Las Vegas, Nevada and Singapore.

7. Additional factual background regarding the Debtors, including their business operations, their corporate and capital structure, and the events leading to the filing of these Chapter 11 Cases is set forth in detail in the *Declaration of Albert Altro in Support of Chapter 11 Petitions and First Day Motions* (the "First Day Declaration"), which is incorporated herein by reference.[2]

FACTS RELEVANT TO THIS MOTION

8. As of the Petition Date, the Debtors employ 508 employees (the "Employees"), most of which are employed within the United States. Of this total, 51 Employees are full-time salaried employees and 457 are hourly Employees.

9. The Employees provide a variety of essential functions, including management and leadership, finance and accounting, human resources, and restaurant operations. The Employees

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

include personnel that are intimately familiar with the Debtors' business, many of whom have developed relationships with the Debtors' customers and vendors—key constituents essential to the Debtors' business. Thus, the Employees are essential to the effective operation of the Debtors' business and their ability to maximize value during the pendency of these Chapter 11 Cases.

10. In the ordinary course of their business, the Debtors maintain the following compensation and benefit programs and pay various administrative fees in connection therewith (collectively, the "Employee Programs" and the obligations to the Employees thereunder are the "Employee Obligations," as more fully described below).[3]

11. For an Employee to be eligible for most Employee Programs, the Employee must have worked an average of 30 hours per week (the "Benefits Threshold"). If an hourly Employee meets the Benefits Threshold, they are eligible after six (6) months of employment. If a salaried Employee meets the Benefit Threshold, they are eligible after sixty (60) days of employment. If an Employee does not meet the Benefits Threshold, they are not eligible for benefits. If an Employee does not meet the Benefits Threshold, they are only eligible to participate in the 401(k) Plan (as defined below).

12. To effectuate a successful sale process, and continue operating within these Chapter 11 Cases, the Debtors need the Employees' continued commitment and support. Therefore, the Debtors are requesting the relief set forth in this Motion to minimize any hardship to the Employees resulting from the commencement of these Chapter 11 Cases. The Debtors must take all necessary

[3] The summary of the Employee Obligations provided herein is qualified entirely by the Debtors' official policies or other practices, programs, or agreements, whether written or unwritten, evidencing an arrangement among the Debtors and their Employees (each, an "Official Policy"). In the event of any inconsistency or ambiguity between the summary contained herein and an Official Policy, the terms of such Official Policy shall govern, but, for the avoidance of doubt, in no event shall the Debtors make any prepetition payments or honor any prepetition obligations other than what is authorized by the Court after consideration of this Motion.

steps to retain the Employees and bolster their morale to preserve and maximize the value of the Debtors' estates.

13. Accordingly, the Debtors seek authority to pay and honor their prepetition Employee Obligations, each as further detailed below, in the following amounts:

Employee Obligations	**Interim Amount**	**Final Amount**
Wages	$1,105,000	$1,105,000
Withholdings	$243,000	$243,000
401(K) Plan	$9,000	$9,000
PTO Program	$300,000	$300,000
Reimbursable Expenses and Corporate Cards	$51,000	$51,000
Health Insurance Plans	$66,000	$66,000
Disability and Life and AD&D Programs	$5,000	$5,000
Total:	**$1,779,000**	**$1,779,000**

14. The Debtors will not pay any individual Employee an amount in excess of the $17,150 limit contained in section 507(a)(4) of the Bankruptcy Code (the "Priority Cap") on account of prepetition Employee Obligations without further order of this Court.

A. Employee Compensation.

i. Employee Wages.

15. In the ordinary course of business, the Debtors pay their Employees on a biweekly basis (the "Bi-Weekly Wages").[4] The Debtors' payroll obligations are approximately $1.78 million per month, including Withholdings (defined below) and tips, which are included in and paid out with the Bi-Weekly Wages. The Debtors' next payroll is due Wednesday, September 23, 2026.

[4] For Debtor YB Las Vegas, LLC, Bi-Weekly Wages are pre-funded by the Venetian, the Debtor's licensee. One week prior to the payroll date, the Debtors make a disbursement request to the Venetian. The Venetian funds the amounts requested, which YB Las Vegas then pays to its Employees.

16. The Debtors also have off-cycle payrolls for the following: quarterly operational bonuses for certain restaurant Employees if performance targets are met (the "Quarterly Bonus Program") and monthly commissions (the "Commissions," and with the Quarterly Bonus Program and the Bi-Weekly Wages, the "Wages") for the Debtors' catering and events teams. Because eligible Employees must be employed at the time of the Quarterly Bonus Program payment, and the next quarter ends on September 30, 2026, the Debtors believe no prepetition fees are owed on account of the Quarterly Bonus Program. Nevertheless, the Debtors request authority to (i) pay amounts owed on account of the Quarterly Bonus Program incurred prepetition, if any, and (ii) continue to pay amounts on account of the Quarterly Bonus Program in the ordinary course.

17. The Debtors' Employees on the catering and events teams earn Commissions in the course of their employment. The Debtors believe that, as of the Petition Date, approximately $25,000 are owed on account of prepetition Commissions, all of which will come due during the first 30 days in these Chapter 11 Cases (the "Interim Period").

18. As of the Petition Date, the Debtors estimate that there is approximately $1,105,000 outstanding in prepetition obligations owed on account of the Wages (inclusive of the Commissions), all of which will become payable during the Interim Period. The Debtors request authority to pay the prepetition Wages outstanding, as well as continue to pay Wages in the ordinary course of business.

ii. Payroll Processing Fees.

19. The Debtors' payroll process is administered through Puzzle Solutions LLC ("Puzzle"). In the ordinary course, Puzzle draws the Wages from the Debtors' bank accounts at City National Bank ending in 2666, 6033, and 5594 (the "Payroll Accounts") one day prior to

distributing the funds to Employees. The next draw scheduled to be made from the Payroll Account for the Wages is scheduled for Tuesday, September 22, 2026.

20. The Debtors pay service fees of approximately $7,700 per month in advance to Puzzle (the "Payroll Processor Fees") on account of the administration of Employee payroll. As of the Petition Date, the Debtors do not believe there are any outstanding obligations on account of the Payroll Processor Fees. Nevertheless, the Debtors request authority to (i) pay the Payroll Processor Fees incurred prepetition, if any, and (ii) continue to pay the Payroll Processor Fees as they become due in the ordinary course.

iii. Social Security, Income Taxes, and Other Withholdings.

21. In connection with paying wages and salaries, the Debtors routinely withhold from Employees' Wages amounts that the Debtors are required to transmit to third parties ("Withholdings"). Examples of such Withholdings include, without limitation, FICA (Social Security and Medicare), federal, state, and local income taxes, garnishments, health care payments, and certain voluntary payroll deductions. Typically, total Withholdings are approximately $190,000 per pay period, including both the Debtors' obligations and the Employees' obligations. Such Withholdings, to the extent that they remain in the Debtors' possession, constitute monies held in trust and, therefore, are not property of the Debtors' estates. Accordingly, the Debtors hereby request authority to continue deducting and remitting amounts to the appropriate third parties, as applicable, in a manner consistent with historical practice for any unpaid Withholdings, as of the Petition Date, and to continue to honor the Withholdings in the ordinary course on a postpetition basis and consistent with past practice.

22. As of the Petition Date, the Debtors estimate that there is approximately $243,000 outstanding in prepetition obligations owed on account of the Withholdings, all of which will

become due during the Interim Period. The Debtors request authority to remit these amounts to the appropriate third parties, as applicable, on account of the unremitted prepetition Withholdings.

iv. The 401(k) Plan.

23. The Debtors sponsor a 401(k) retirement savings plan (the "401(k) Plan") for eligible Employees. Employees are eligible to participate in the 401(k) Plan after 1 year of employment. The 401(k) Plan provides for pre-tax salary deductions of compensation up to limits established under the Internal Revenue Code. The 401(k) Plan is provided by John Hancock and administered by Definiti LLC ("Definiti").

24. Employee participants in the 401(k) Plan have contributions deducted from their payroll based on predetermined contribution amounts (the "401(k) Employee Contributions"). These amounts are automatically remitted to the 401(k) Plan by Paylocity.

25. The Debtors provide a safe harbor matching contribution (the "401(k) Debtor Contributions") of up to 100% of an Employee's 401(k) Employee Contribution, not to exceed 4% of an Employee's total eligible compensation. Both the Employee's 401(k) Employee Contribution and the 401(k) Debtor Contributions vest upon contribution.

26. As of the Petition Date, the Debtors anticipate approximately $9,000 in prepetition obligations are owed on account of the 401(k) Plan, all of which will become due during the Interim Period. The Debtors request authority to pay the accrued prepetition contributions and to continue to pay amounts on account of the 401(k) Plan as they become due in the ordinary course of business.

B. Other Employee Compensation.

27. In addition to Wages, the Debtors offer their Employees other forms of compensation, including paid holidays (for salaried Employees) and personal days (*i.e.*, vacation

or illness). The Debtors also reimburse certain business expenses incurred by applicable Employees. These forms of compensation are usual, customary, and necessary if the Debtors are to retain qualified Employees to continue operating in the normal course during these Chapter 11 Cases. The Debtors request authority, but not direction, to honor outstanding prepetition obligations with respect to PTO (as defined herein) and expense reimbursements, as further described below, in the ordinary course of business, subject to the Debtors' discretion and applicable restrictions under the Debtors' policies.

i. Holiday Time Off.

28. In the ordinary course of business, the Debtors grant salaried Employees thirteen days of paid holidays per year ("Holiday Pay"). Holiday Pay does not accrue and cannot be carried over into following years. Accordingly, the Debtors request authority, but not direction, to honor their Holiday Pay program in the ordinary course of these Chapter 11 Cases.

ii. PTO Program.

29. In the ordinary course of business, the Debtors grant eligible Employees between 30 hours and 80 hours of paid time off ("PTO") per year, depending on the Employee's tenure with the Debtors (the "PTO Program"). The Debtors' PTO Program is an all-purpose time off policy and is in accordance with applicable local and federal laws.

30. The Debtors estimate that they owe approximately $300,000 in prepetition accrued obligations under the PTO Program, all of which may, but is not expected to, come due in the Interim Period. The Debtors' request authority to (i) out of an abundance of caution, pay the prepetition amounts accrued as they become payable under the PTO Program and (ii) continue to honor obligations under the PTO Program as they become due in the ordinary course of these Chapter 11 Cases.

iii. Other Time-Off Policies.

31. The Debtors maintain policies governing requests by eligible Employees for time off from work, whether paid or unpaid, as the result of, among other things, bereavement leave, voting time, jury duty, family and medical leave, and other leaves of absence in compliance with applicable federal and state laws. The Debtors seek authority, but not direction, to continue to honor their additional time-off policies in the ordinary course of business during the pendency of these Chapter 11 Cases.

iv. Reimbursable Expenses and Corporate Cards.

32. In the ordinary course of business, the Debtors utilize a Ramp Business Corporation ("Ramp") to reimburse eligible Employees for certain reasonable expenses incurred within the scope of their employment, including expenses for travel, lodging, ground transportation, meals, supplies, car allowance, internet and cell phone costs, Employee incentives, and other business expenses (collectively, the "Reimbursable Expenses"). The Debtors require Employees to submit claims for reimbursement within a timely manner after the expense is incurred. The Employees may charge the Reimbursable Expenses to their personal credit cards and submit a request for reimbursement from the Debtors.

33. The Debtors believe that payment of the Reimbursable Expenses is important to the morale of the Debtors' workforce, which, in turn, is critical to maintaining operations during the pendency of these Chapter 11 Cases. Absent payment of the Reimbursable Expenses, the Debtors would encounter difficulties with retention of their Employees, who are the key to the Debtors' ability to continue operating during these Chapter 11 Cases. The Reimbursable Expenses represent a relatively minimal cost to the Debtors' estates in light of the overall benefits achieved.

34. Additionally, the Debtors maintain 7 physical and 22 virtual company credit cards (the "Corporate Cards") through Ramp, which are held by various Employees. Certain Employees use the Corporate Cards to make necessary purchases in furtherance of the Debtors' business operations. The balance of the Corporate Cards is paid off at the beginning of each month, and the approximate monthly balance is $50,000. The Debtors do not separately pay a fee to Ramp for use of its platform.

35. As of the Petition Date, the Debtors estimate that they owe approximately $1,000 in Reimbursable Expenses and $50,000 on account of the Corporate Cards, all of which will become payable during the Interim Period. Requiring Employees to personally bear the cost of any approved, business-related expenses incurred in furtherance of their responsibilities to the Debtors would significantly impair Employee morale. Additionally, maintenance of the Corporate Cards is necessary to permit the Debtors' business to operate in an efficient manner. Accordingly, to avoid harm to the Debtors' business, the Debtors seek authority, but not direction, to pay all outstanding prepetition Reimbursable Expenses and amounts on account of the Corporate Cards and to continue honoring their expense reimbursement policy and the Corporate Cards in the ordinary course of business.

C. Health and Welfare Programs.

36. In the ordinary course of business, the Debtors have established standard and customary plans and policies to provide their eligible Employees with health benefits, including medical, gap, dental, vision, and life insurance, and other ancillary benefits programs (collectively, the "Health and Welfare Programs").

i. Health Insurance Benefits.

37. The Debtors offer eligible Employees and their dependents with medical and prescription healthcare plans (the "Medical Plan") through Blue Cross Blue Sheild (the "Medical Insurance Provider"). The Debtors pay an average of approximately $60,000 per month to the Medical Insurance Provider for premiums and administration fees on account of the Medical Plan. Such amounts are usually paid by the Debtors in the middle of each month, although the Debtors have until the end of each month to make such payments. The Debtors also offer eligible Employees heath and dependent flexible spending account plans through the Medical Insurance Provider (the "FSA Plans") as well as a health savings account plan (the "HSA Plan") through the Medical Insurance Provider.

38. In addition, the Debtors offer eligible Employees and their dependents a dental plan (the "Dental Plan") and a vision plan (the "Vision Plan," and collectively with the Medical Plan and Dental Plan, the "Health Insurance Plans") administered by Principal National Life Insurance Company ("Principal"). The Debtors pay an average of approximately $6,000 on a monthly basis to Principal for premiums in connection with the Dental Plan and Vision Plan.

39. Each of the Health Insurance Plans is important to the maintenance of Employee welfare and morale and is therefore critical to the uninterrupted operation of the Debtors' business. As of the Petition Date, the Debtors owe approximately $66,000 in prepetition amounts on account of the Health Insurance Plans, all of which will come due during the Interim Period. The Debtors request authority to (i) pay the outstanding prepetition obligations on account of the Health Insurance Plans and (ii) continue to honor the Health Insurance Plans in the ordinary course of business on a postpetition basis.

ii. Disability and Life and AD&D Benefits.

40. The Debtors offer eligible Employees access to short and long-term disability plans (the "Disability Plans") at an additional cost to the Employees. In addition to the Disability Plans, the Debtors offer eligible Employees the option to purchase (a) basic life and accidental death and dismemberment insurance that pays benefits to the Employee's beneficiary in the event of a covered accident or death and (b) optional life and accidental death and dismemberment insurance that provides additional coverage in the event of a covered accident or death (collectively with the Disability Plans, the "Disability and Life and AD&D Programs"). The providers for the Disability and Life and AD&D Programs is the Principal and American Public Life ("APL"). The Debtors pay approximately $2,000 monthly to Principal and $3,000 to APL to administer the Disability and Life and AD&D Programs.

41. As of the Petition Date, the Debtors owe approximately $5,000 in prepetition obligations on account of the Disability and Life and AD&D Programs, all of which will come due during the Interim Period. The Debtors request authority to (i) pay the outstanding prepetition obligations on account of the Disability and Life and AD&D Programs and (ii) continue to honor the Disability and Life and AD&D Programs in the ordinary course of business on a postpetition basis.

D. Workers' Compensation Program.[5]

42. The Debtors also provide eligible Employees with workers' compensation insurance (the "Workers' Compensation Program"), which is provided by Liberty Mutual

[5] Concurrently herewith, the Debtors filed the *Debtors' Motion for Entry Of Interim and Final Orders (I) Authorizing the Debtors to (A) Maintain Existing Insurance Programs and Pay All Obligations Arising Thereunder and (B) Renew, Revise, Extend, Supplement, or Enter into New Insurance Programs; (II) Authorizing All Banks to Honor Payments of Insurance Obligations; and (III) Granting Related Relief* (the "Insurance Motion"). To the extent not covered under the Insurance Motion, the Debtors hereby reincorporate and restate

Insurance Company. The Debtors pay premiums and related fees on account of the Workers' Compensation Program on a monthly basis in arrears. As of the Petition Date, the Debtors are aware of three (3) outstanding claims on account of the Workers' Compensation Program.

43. The Debtors may be statutorily or contractually obligated to maintain the Workers' Compensation Program, and their inability to do so may result in adverse legal consequences that potentially could disrupt the reorganization process. The Workers' Compensation Program is similarly critical to maintaining Employee morale. The Debtors respectfully request authority to: (a) pay any prepetition amounts owed on account of the Workers' Compensation Program that may come due during the pendency of these Chapter 11 Cases; (b) modify the automatic stay solely to permit Employees to proceed with their workers' compensation claims in the appropriate judicial or administrative forum; and (c) pay all workers' compensation obligations, including any outstanding insurance premiums, as they become due in the ordinary course of the Debtors' business.

E. Non-Insider Incentives Programs.

i. Employee Referral Plan.

44. The Debtors offer an Employee Referral Plan (the "ERP," and the obligations owed thereunder, the "Non-Insider Incentive Program") to incentivize the referral of qualified candidates by the Employees. Under the ERP, Employees are eligible to receive a $5,000 bonus following 90 days of employment by the referred individual.

45. As of the Petition Date, the Debtors do not believe there are any outstanding claims or prepetition obligations owed on account of the Non-Insider Incentive Program. Nevertheless,

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the relief requested in the Insurance Motion only as it pertains to the Workers' Compensation Program and the ability to continue funding the Workers' Compensation insurance policy in the ordinary course of these Chapter 11 Cases.

the Debtors request authority (i) to pay any amounts owed prepetition on account of the Non-Insider Incentive Program in the Interim Period and (ii) to continue the Non-Insider Incentive Program in the ordinary course of business on a postpetition basis.

RELIEF REQUESTED

46. The Debtors seek entry of the Proposed Interim Order and the Proposed Final Order, pursuant to Bankruptcy Code sections 105(a), 362, 363, 363, 507(a), and 541, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1(m), authorizing, but not directing, the Debtors to (i) pay the Employee Obligations in an aggregate amount not to exceed $1,776,000 on an interim basis, and $1,776,000 on a final basis, (ii) honor and continue the Employee Programs in the ordinary course of business until further notice, and (iii) granting related relief.

47. To assist in implementing the relief requested, the Debtors also request an order (i) authorizing the Debtors' banks to receive, process, honor, and pay all of the Debtors' prepetition checks and to fund transfers on account of any Employee Obligations to the extent sufficient funds are available and (ii) authorizing, but not directing, the Debtors to issue new postpetition checks or effect new postpetition fund transfers on account of the Employee Obligations to replace any prepetition checks or fund transfers that may be dishonored or rejected.

BASIS FOR RELIEF

48. As a result of the commencement of these Chapter 11 Cases and in the absence of an order of the Court providing otherwise, the Debtors will be prohibited from paying or otherwise satisfying their prepetition Employee Obligations, and the checks, wire transfers, and direct deposit transfers issued in respect of any such prepetition Employee Obligations would be dishonored. Failing to honor these obligations would have devastating consequences on the Debtors' business and, thus, these Chapter 11 Cases.

I. The Proposed Payment of Employee Obligations Is Warranted Under Section 363(b) of the Bankruptcy Code and the Doctrine of Necessity.

49. Under section 363 of the Bankruptcy Code, a bankruptcy court is empowered to authorize a chapter 11 debtor to expend funds in the Court's discretion outside the ordinary course of business. 11 U.S.C. § 363. Under section 363(b), courts require only that the debtor "show that a sound business purpose justifies such actions." *In re Montgomery Ward Holding Corp.*, 242 B.R. 147, 153 (D. Del. 1999) (requiring that the debtor show a "sound business purpose" to justify its actions under section 363 of the Bankruptcy Code) (internal citations omitted); *see also In re Phx. Steel Corp.,* 82 B.R. 334, 335–36 (Bankr. D. Del. 1987) (requiring a "good business reason for completing [a] sale" under section 363 of the Bankruptcy Code); *In re Adelphia Commc'ns Corp.*, 2003 WL 22316543, at *29–31 (Bankr. S.D.N.Y. Mar. 4, 2003) (requiring a "good business reason" for disposition of assets outside of the ordinary course in bankruptcy).

50. Payment of prepetition wage and salary claims to preserve and protect a debtor's business, maximize value of the estate, and maintain positive employee morale, even if such payments were deemed to be outside the ordinary course of business, is a sufficient business justification for such an authorization. *See In re Ionosphere Clubs, Inc.*, 98 B.R. 174, 175 (Bankr. S.D.N.Y. 1989). Accordingly, this Court should grant the requested relief herein under section 363 of the Bankruptcy Code.

51. Even if a particular claim is not entitled to priority, payment is nonetheless justified under section 105(a) of the Bankruptcy Code and the well-established "necessity of payment doctrine." Under the "necessity of payment doctrine" and section 105(a) of the Bankruptcy Code, courts have consistently permitted immediate payment of prepetition obligations where necessary to preserve or enhance the value of a debtor's estate for the benefit of all creditors, specifically including payment of prepetition employee claims. *See, e.g.*, *Miltenberger v. Logansport Ry. Co.*,

106 U.S. 286, 312 (1882) (stating that payment of pre-receivership claim prior to reorganization permitted to prevent "stoppage of . . . [crucial] business relations"); *see also Gregg v. Metro. Trust Co.*, 197 U.S. 183, 187 (1905) (stating that "the payment of the employees of the [rail]road is more certain to be necessary in order to keep it running than the payment of any other class of previously incurred debts"); *Ionosphere*, 98 B.R. at 175-76 (finding that payment of prepetition wages, salaries, reimbursable business expenses, and health benefits to active employees of debtor airline authorized). The modern application of the doctrine of necessity is largely unchanged from the Supreme Court's reasoning in *Miltenberger*. *See In re Lehigh & New Eng. Ry. Co.*, 657 F.2d 570, 581–82 (3d Cir. 1981) ("[I]n order to justify payment under the 'necessity of payment' rule, a real and immediate threat must exist that failure to pay will place the continued operation of the [debtor] in serious jeopardy."); *see also In re Just for Feet, Inc.*, 242 B.R. 821, 825 (Bankr. D. Del. 1999) ("The Supreme Court, the Third Circuit and the District of Delaware all recognize the court's power to authorize payment of pre-petition claims when such payment is necessary for the debtor's survival during chapter 11."); *In re Columbia Gas Sys., Inc.*, 171 B.R. 189, 191–92 (Bankr. D. Del. 1994).

52. As described above, the Employees are skilled and experienced, and without whom the Debtors could not operate. Thus, the Debtors' ability to continue operating depends, in large part, upon the retention and motivation of the Employees. Most of the Debtors' Employees (and their families) are dependent upon the wages, salaries, reimbursements, and other benefits they receive from the Debtors. Any disruption from Employee resignations or lack of morale could have devastating effects on the Debtors' restructuring efforts. Indeed, payments which maintain the morale of the Debtors' workforce add value to the estates because an unplanned reduction in the workforce or productivity could have significant effect on the Debtors' business operations.

Accordingly, it is critical that the Debtors be authorized to honor their Employee Obligations, subject to the limitations described herein.

II. The Proposed Payments of Employee Obligations Do Not Exceed the Statutory Caps Under Section 507 of the Bankruptcy Code.

53. The Debtors believe that all or substantially all of the amounts they seek to pay are entitled to priority under sections 507(a)(4) or (a)(5) of the Bankruptcy Code. Section 507(a)(4)(A) of the Bankruptcy Code grants priority to employee claims for "wages, salaries, or commissions, including vacation, severance and sick leave pay" earned within 180 days before the filing of the applicable petition up to $17,150 per employee. 11 U.S.C. § 507(a)(4). Similarly, section 507(a)(5) of the Bankruptcy Code provides that claims for contributions to certain employee benefit plans are also afforded priority treatment to the extent of the number of employees covered by each plan multiplied by $17,150, less any amounts paid pursuant to section 507(a)(4) of the Bankruptcy Code. 11 U.S.C. § 507(a)(5). Thus, granting the relief sought herein would affect only the timing, and not the amount, of payment of the Employee Obligations to the extent they constitute priority claims.

III. The Proposed Payment of Withholdings Is Authorized by Section 541 of the Bankruptcy Code.

54. Moreover, a portion of the Employee Obligations constitutes funds held in trust for payment to third parties. Specifically, under Bankruptcy Code section 541, all prepetition legal or equitable interests of a debtor are considered property of the estate subject to certain exclusions. Bankruptcy Code section 541(b)(7) explicitly excludes amounts withheld by an employer from employee wages as employee contributions to employee benefit plans under ERISA and health insurance plans under state law. Thus, the payment of the employee contribution component of the employer taxes or payment of garnished wages will not prejudice the Debtors' estates because such withholdings are held in trust for the benefit of the related payees and, thus, do not constitute

property of the Debtors' estates under section 541 of the Bankruptcy Code. *See Begier v. IRS*, 496 U.S. 53, 57 (1990); *In re Am. Int'l Airways, Inc.*, 70 B.R. 102, 103 (Bankr. E.D. Pa. 1987) (funds held in trust for federal excise and withholding taxes are not property of debtor's estate and, therefore, not available for distribution to creditors).

55. Courts in this district have routinely granted to chapter 11 debtors the same or similar relief requested in this Motion. *See, e.g.*, *Simply Interior Homes, LLC*, No. 26-10922 (CTG) (Bankr. D. Del. June 30, 2026) [Docket No. 161] (authorizing debtors to continue employee compensation and benefit programs and pay certain prepetition obligations related thereto on a postpetition basis); *In re Apple Tree Life Sciences, Inc.*, No. 25-12177 (LSS) (Bankr. D. Del. Jan. 20, 2026) [Docket No. 193] (same); *In re Charter School Capital, Inc.*, No. 25-11016 (CTG) (Bankr. D. Del. June 30, 2025) [Docket No. 77] (same); *In re Brightmark Plastics Renewal LLC*, No. 25-10472 (LSS) (Bankr. D. Del. Apr. 10, 2025) [Docket No. 113] (same); *In re Nikola Corp.*, No. 25-10258 (TMH) (Bankr. D. Del. Mar. 17, 2025) [Docket No. 177] (same).[6]

IV. A Limited Waiver of the Automatic Stay for Workers' Compensation Claims is Appropriate Here.

56. Section 362(a)(1) of the Bankruptcy Code operates to stay:

> [T]he commencement or continuation, including the issuance or employment of process, of a judicial, administrative, or other action or proceeding against the debtor that was or could have been commenced before the commencement of the case under this title, or to recover a claim against the debtor that arose before the commencement of the case under this title[.]

11 U.S.C. § 362(a)(1). Section 362(d) of the Bankruptcy Code, however, permits a debtor or other parties in interest to request a modification or termination of the automatic stay for "cause." *Id.* at § 362(d)(1).

[6] Because of the voluminous nature of the unreported orders cited herein, they are not annexed to this Motion. Copies of these orders are available upon request.

57. In accordance with section 362(d) of the Bankruptcy Code, the Debtors seek to modify the automatic stay to permit Employees to proceed with their workers' compensation claims, if any, in the appropriate judicial or administrative forum. Cause exists here to modify the automatic stay because staying the workers' compensation claims could have a detrimental effect on the financial wellbeing and morale of certain Employees and lead to the departure of Employees who are critical at this juncture. Such departures could cause a severe disruption in the Debtors' businesses, which would be to the detriment of all parties in interest.

58. For all the reasons previously set forth herein, the Debtors submit that payment of the Employee Obligations and the continuation of the Employee Programs are necessary to the success of the Debtors' Chapter 11 Cases and should be authorized by this Court.

RESERVATION OF RIGHTS

59. Nothing contained herein is or should be construed as: (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any other party in interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors, (iii) a waiver of any claims or causes of action that may exist against any creditor or interest holder, (iv) a promise to pay any claim, (v) a concession by the Debtors that any liens (contractual, common law, statutory or otherwise) satisfied pursuant to this Motion are valid (and all rights to contest the extent, validity or perfection or seek avoidance of all such liens are expressly reserved), (vi) an approval, assumption, adoption, or rejection of any agreement, contract, program, policy, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code, (vii) a waiver of the obligation of any party in interest to file a proof of claim, or (viii) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Any payment made pursuant to this Motion is not intended to be and should not be construed as an admission to the validity of any

claim or a waiver of the Debtors' rights to subsequently dispute such claim. Likewise, if the Court grants the relief sought herein, any payment made pursuant to the Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to dispute such claim subsequently.

IMMEDIATE RELIEF IS NECESSARY

60. The Court may grant the relief requested in this Motion immediately if the "relief is needed to avoid immediate and irreparable harm." Fed. R. Bank. P. 6003; *In re First NLC Fin. Servs., LLC*, 382 B.R. 547, 549 (Bankr. S.D. Fla. 2008). The Third Circuit has interpreted the language "immediate and irreparable harm" in the context of preliminary injunctions. In that context, the Third Circuit has instructed that irreparable harm is that which "cannot be redressed by a legal or an equitable remedy following a trial." *Instant Air Freight Co. v. C.F. Air Freight, Inc.*, 882 F.2d 797, 801 (3d Cir. 1989). The Debtors submit that, for the reasons already set forth herein, the relief requested in this Motion is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

61. Accordingly, the Debtors request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that "[u]nless the court orders otherwise, an order authorizing the use, sale, or lease of property (other than cash collateral) is stayed for 14 days after the order is entered." Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the 14-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

62. Notice of this Motion will be provided to the following parties or their respective counsel: (a) the Office of the United States Trustee; (b) the holders of the twenty (20) largest unsecured claims against the Debtors on a consolidated basis; (c) the DIP Secured Parties; (d) the Prepetition Secured Parties; (e) CNB; (f) the Internal Revenue Service; (g) the United States Attorney's Office for the District of Delaware; (h) the state attorneys general for all states in which the Debtors conduct business; (i) banks and financial institutions where the Debtors maintain accounts; and (j) any party that has requested notice pursuant to Bankruptcy Rule 2002. As this Motion is seeking "first day" relief, within forty-eight (48) hours of the entry of an order with respect to this Motion, the Debtors will serve copies of this Motion and any order entered with respect to this Motion as required by Local Rule 9013-1(m). The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice is necessary.

[*Remainder of Page Intentionally Left Blank*]

CONCLUSION

WHEREFORE, the Debtors respectfully request that this Court enter the Proposed Interim Order and the Proposed Final Order, substantially in the forms annexed hereto as **Exhibit A** and **Exhibit B**, respectively, granting the relief requested herein and such other and further relief as may be just and proper.

Dated: September 21, 2026
Wilmington, Delaware

POTTER ANDERSON & CORROON LLP

/s/ Katelin A. Morales

M. Blake Cleary (No. 3614)
Brett M. Haywood (No. 6166)
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Proposed Counsel for Debtors and Debtors in Possession

EXHIBIT A

Proposed Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Yardbird Group LLC, *et al.*,[1]	Case No. 26-11479 (___)
Debtors.	(Joint Administration Requested)
	Re: Docket No. __

INTERIM ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION WAGES, COMPENSATION, EMPLOYEE BENEFITS, AND OTHER EMPLOYEE OBLIGATIONS AND (B) CONTINUE CERTAIN EMPLOYEE BENEFIT PROGRAMS IN THE ORDINARY COURSE; (II) AUTHORIZING ALL BANKS TO HONOR PREPETITION CHECKS FOR PAYMENT OF PREPETITION EMPLOYEE OBLIGATIONS; AND (III) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors"), for entry of an interim order (this "Interim Order"), (i) authorizing, but not directing, the Debtors to (a) pay prepetition wages, compensation, employee benefits, and other employee obligations, and (b) continue certain employee benefit programs in the ordinary course; (ii) authorizing all banks to honor prepetition checks for payment of prepetition employee obligations; and (iii) granting other related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and this Court having

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Yardbird Group LLC (7139); Southern Operations, LLC (5384); Yardbird Beverly Hills, LLC (9735); Yardbird DFW, LLC (2545); Yardbird DC, LLC (2651); Yardbird Chicago, LLC (6273); Yardbird Denver LLC (8819), YB Las Vegas, LLC (4071), Yardbird DFW Management LLC (8949), Yardbird DFW Concession LLC (1952), and The Bird Singapore LLC (8264). The location of the Debtors' service address in these chapter 11 cases is 3355 Las Vegas Boulevard South, Las Vegas, Nevada 89109.

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

found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of these Chapter 11 Cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein and that such relief is in the best interests of the Debtors, their estates, their creditors, and all parties in interest; and upon all of the proceedings had before the Court after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT,

1. The Motion is GRANTED on an interim basis as set forth herein.

2. The final hearing (the "Final Hearing") on the Motion shall be held on _____, **2026, at__:__ _.m., prevailing Eastern Time**. Any objections or responses to entry of a final order on the Motion shall be filed with the Court, and served so as to be received by the following parties, by **no later than 4:00 p.m., prevailing Eastern Time, on _____, 2026**: (i) proposed counsel to the Debtors, Potter Anderson & Corroon LLP, 1313 North Market Street, 6th Floor, Wilmington, Delaware 19801 (Attn: M. Blake Cleary (bcleary@potteranderson.com), Brett M. Haywood (bhaywood@potteranderson.com), and Katelin A. Morales (kmorales@potteranderson.com)); (ii) counsel for the DIP Secured Parties and the Prepetition Secured Parties, (a) Winston Taylor LLP, 200 Park Avenue, New York, New York 10166-4193 (Attn: Jon Levine (jon.levine@winstontaylor.com) and Tom Good (tom.good@winstontaylor.com)) and (b) Cole, Schotz, Meisel, Forman & Leonard, P.A., 1000 N. West Street, Suite 1200, Wilmington, Delaware 19801 (Attn: Patrick J. Reilley

(preilley@coleschotz.com) and Daniel F. Geoghan (dgeoghan@coleschotz.com)); (iii) Office of the United States Trustee, J. Caleb Boggs Federal Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn: Jonathan W. Lipshie (jon.lipshie@usdoj.gov)); and (iv) if any statutory committee has been appointed in these Chapter 11 Cases, counsel to such committee (collectively, the "Notice Parties").

3. The Debtors are authorized, but not directed, to pay and honor in their discretion, all prepetition Employee Obligations, including processing and administrative fees, during the Interim Period, in aggregate amounts not to exceed the following:

Employee Obligations	**Interim Amount**
Wages	$1,105,000
Withholdings	$243,000
401(K) Plan	$9,000
PTO Program	$300,000
Reimbursable Expenses and Corporate Cards	$51,000
Health Insurance Plans	$66,000
Disability and Life and AD&D Programs	$5,000
Total:	**$1,779,000**

4. Notwithstanding the foregoing, payments made on account of the prepetition Employee Obligations during the Interim Period shall be limited by 11 U.S.C. §§ 507(a)(4) or 507(a)(5), unless applicable state law requires payments upon termination of an Employee that, in combination with the other payments authorized by this Interim Order, would exceed the limits of §§ 507(a)(4) and 507(a)(5).

5. The Debtors are authorized, but not directed, in their discretion, to honor and continue the Employee Programs that were in effect as of the Petition Date; *provided*, *however*, that such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Programs under section 365(a) of the Bankruptcy Code.

6. Nothing herein shall be deemed to authorize the payment of any amounts that would violate or implicate section 503(c) of the Bankruptcy Code, including, for the avoidance of doubt, payment of any bonus, severance, or retention obligations to or on behalf of any "insider" (as defined by section 101(31) of the Bankruptcy Code). To the extent the Debtors seek to pay any bonuses which would implicate section 503(c) of the Bankruptcy Code, the Debtors shall file a motion seeking such authority.

7. The Debtors shall not make any cash-out payments to Employees on account of the PTO Program during the Interim Period unless the Debtors determine such payments are required by applicable state law, *provided*, *however*, the Debtors will continue to honor the PTO Program in the ordinary course.

8. The Debtors' banks and other financial institutions shall be and hereby are authorized to receive, process, honor, and pay all prepetition and postpetition checks and fund transfers on account of the Employee Obligations that had not been honored and paid as of the Petition Date, up to the amounts authorized to be paid pursuant to this Interim Order, *provided that* sufficient funds are on deposit in the applicable accounts to cover such payments. The Debtors shall be and hereby are authorized to issue new postpetition checks or effect new postpetition funds transfers on account of the Employee Obligations to replace any prepetition checks or funds transfer requests that may be dishonored or rejected.

9. Pursuant to section 362(d) of the Bankruptcy Code, the automatic stay is modified solely to the extent necessary to allow Employees to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum, and Employees are authorized to so proceed. The Debtors are authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of

business. The modification of the automatic stay set forth in this paragraph pertains solely to claims under the Workers' Compensation Program.

10. The Debtors may pay any and all Withholdings, including social security, FICA, federal and state income taxes, garnishments, health care payments, retirement fund withholding, and other types of withholdings, whether these relate to the period prior to Petition Date or subsequent thereto.

11. The Debtors are authorized, but not directed, to pay all processing fees associated with, and all costs incident to, the foregoing, including but not limited to, the Payroll Processor Fees.

12. Nothing contained herein is or should be construed as: (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any other party-in-interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors, (iii) a waiver of any claims or causes of action that may exist against any creditor or interest holder, (iv) a promise to pay any claim, (v) a concession by the Debtors that any liens (contractual, common law, statutory or otherwise) satisfied pursuant to this Interim Order are valid (and all rights to contest the extent, validity or perfection or seek avoidance of all such liens are expressly reserved), (vi) an approval, assumption, adoption, or rejection of any agreement, contract, program, policy, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code, (vii) a waiver of the obligation of any party in interest to file a proof of claim, or (viii) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Any payment made pursuant to this Interim Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

13. The Court finds and determines that the requirements of Bankruptcy Rule 6003 are satisfied, and that the interim relief requested is necessary to avoid immediate and irreparable harm.

14. The notice requirement of Bankruptcy Rule 6004(a) is waived.

15. This Interim Order shall be immediately effective and enforceable upon its entry. The fourteen-day stay imposed by Bankruptcy Rule 6004(h) is hereby waived.

16. The Debtors are authorized and empowered to take all actions necessary to implement the relief granted in this Interim Order.

17. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Interim Order.

EXHIBIT B

Proposed Final Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
Yardbird Group LLC, *et al.*,[1]	Case No. 26-11479 (___)
Debtors.	(Joint Administration Requested)
	Re: Docket Nos. __ & __

FINAL ORDER (I) AUTHORIZING, BUT NOT DIRECTING, THE DEBTORS TO (A) PAY PREPETITION WAGES, COMPENSATION, EMPLOYEE BENEFITS, AND OTHER EMPLOYEE OBLIGATIONS AND (B) CONTINUE CERTAIN EMPLOYEE BENEFIT PROGRAMS IN THE ORDINARY COURSE; (II) AUTHORIZING ALL BANKS TO HONOR PREPETITION CHECKS FOR PAYMENT OF PREPETITION EMPLOYEE OBLIGATIONS; AND (III) GRANTING RELATED RELIEF

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order (this "Final Order"), (i) authorizing, but not directing, the Debtors to (a) pay prepetition wages, compensation, employee benefits, and other employee obligations, and (b) continue certain employee benefit programs in the ordinary course; (ii) authorizing all banks to honor prepetition checks for payment of prepetition employee obligations; and (iii) granting other related relief, all as more fully set forth in the Motion; and upon the First Day Declaration; and this Court having jurisdiction over this matter in accordance with 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference from the United States District Court for the District of Delaware*, dated February 29, 2012; and this Court having

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number include: Yardbird Group LLC (7139); Southern Operations, LLC (5384); Yardbird Beverly Hills, LLC (9735); Yardbird DFW, LLC (2545); Yardbird DC, LLC (2651); Yardbird Chicago, LLC (6273); Yardbird Denver LLC (8819), YB Las Vegas, LLC (4071), Yardbird DFW Management LLC (8949), Yardbird DFW Concession LLC (1952), and The Bird Singapore LLC (8264). The location of the Debtors' service address in these chapter 11 cases is 3355 Las Vegas Boulevard South, Las Vegas, Nevada 89109.

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

found that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2) and that this Court may enter a final order consistent with Article III of the United States Constitution; and this Court having found that venue of these Chapter 11 Cases is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that the Debtors' notice of the Motion and opportunity for a hearing on the Motion were appropriate under the circumstances and no other notice need be provided; and this Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein and that such relief is in the best interests of the Debtors, their estates, their creditors and all parties in interest; and upon all of the proceedings had before the Court after due deliberation and sufficient cause appearing therefor, it is HEREBY ORDERED THAT,

1. The Motion is GRANTED on a final basis as set forth herein.

2. The Debtors are authorized, but not directed, to pay and honor in their discretion all prepetition Employee Obligations, including processing and administrative fees, in an aggregate amount not to exceed $1,779,000.

3. Notwithstanding the foregoing, the Debtors shall not make (a) any payments on account of the prepetition Employee Obligations in excess of the limits provided for under 11 U.S.C. §§ 507(a)(4) or 507(a)(5), unless applicable state law requires payments upon termination of an Employee that, in combination with the other payments authorized by this Final Order, would exceed the limits of §§ 507(a)(4) and 507(a)(5).

4. The Debtors are authorized, but not directed, in their discretion to honor and continue, amend, renew, replace, modify, revise, supplement, or terminate the Employee Programs that were in effect as of the Petition Date; *provided*, *however*, that (a) the Debtors shall not amend, renew, replace, modify, revise, supplement, or terminate any Employee Program without the prior

written consent (email being sufficient) of the Prepetition Secured Parties and the DIP Secured Parties and (b) such relief shall not constitute or be deemed an assumption or an authorization to assume any of such Employee Programs under section 365(a) of the Bankruptcy Code.

5. Pursuant to section 362(d) of the Bankruptcy Code, the automatic stay is modified solely to the extent necessary to allow Employees to proceed with their claims under the Workers' Compensation Program in the appropriate judicial or administrative forum, and Employees are authorized to so proceed. The Debtors are authorized, but not directed, to continue the Workers' Compensation Program and pay all prepetition amounts relating thereto in the ordinary course of business. The modification of the automatic stay set forth in this paragraph pertains solely to claims under the Workers' Compensation Program, if any.

6. Nothing herein shall be deemed to authorize the payment of any amounts that would violate or implicate section 503(c) of the Bankruptcy Code, including, for the avoidance of doubt, payment of any bonus, severance or retention obligations to or on behalf of any "insider" (as defined by section 101(31) of the Bankruptcy Code). To the extent the Debtors seek to pay any bonuses which would implicate section 503(c) of the Bankruptcy Code, the Debtors shall file a motion seeking such authority.

7. The Debtors' banks and other financial institutions shall be and hereby are authorized to receive, process, honor, and pay all prepetition and postpetition checks and funds transfers on account of the Employee Obligations that had not been honored and paid as of the Petition Date, up to the amounts authorized to be paid pursuant to this Final Order, provided that sufficient funds are on deposit in the applicable accounts to cover such payments. The Debtors shall be and hereby are authorized to issue new postpetition checks or effect new postpetition funds

transfers on account of the Employee Obligations to replace any prepetition checks or funds transfer requests that may be dishonored or rejected.

8. The Debtors may pay any and all Withholdings, including social security, FICA, federal and state income taxes, garnishments, health care payments, retirement fund withholding, and other types of withholdings, whether these relate to the period prior to Petition Date or subsequent thereto.

9. The Debtors are authorized, but not directed, to pay all processing fees associated with, and all costs incident to, the foregoing, including but not limited to, the Payroll Processor Fees.

10. Nothing contained herein is or should be construed as: (i) an implication or admission as to the validity of any claim against the Debtors, (ii) a waiver of the Debtors' or any other party-in-interest's rights to dispute the amount of, basis for, or validity of any claim against the Debtors, (iii) a waiver of any claims or causes of action that may exist against any creditor or interest holder, (iv) a promise to pay any claim, (v) a concession by the Debtors that any liens (contractual, common law, statutory or otherwise) satisfied pursuant to this Final Order are valid (and all rights to contest the extent, validity or perfection or seek avoidance of all such liens are expressly reserved), (vi) an approval, assumption, adoption, or rejection of any agreement, contract, program, policy, or lease between the Debtors and any third party under section 365 of the Bankruptcy Code, (vii) a waiver of the obligation of any party in interest to file a proof of claim, or (viii) otherwise affecting the Debtors' rights under section 365 of the Bankruptcy Code to assume or reject any executory contract or unexpired lease. Any payment made pursuant to this Final Order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtors' rights to subsequently dispute such claim.

11. All objections to entry of this Final Order, to the extent not withdrawn or settled, are overruled.

12. The Debtors are authorized to take all actions necessary to effectuate the relief granted in this Final Order in accordance with the Motion.

13. This Final Order shall be immediately effective and enforceable upon its entry. The fourteen-day stay imposed by Bankruptcy Rule 6004(h) is hereby waived.

14. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Final Order.