

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re  
Eastern Outfitters, LLC, *et al.*,<sup>1</sup>  
Debtors.

Chapter 11  
Case No.: 17-10243 (LSS)  
(Joint Administration Requested)  
Related to Docket No. 17

**ORDER CONFIRMING ADMINISTRATIVE EXPENSE PRIORITY  
STATUS OF DEBTORS' UNDISPUTED OBLIGATIONS FOR  
POSTPETITION DELIVERY OF GOODS ORDERED PREPETITION**

Upon the motion (the "Motion")<sup>2</sup> of Eastern Outfitters, LLC and its chapter 11 affiliates, the debtors and debtors in possession (the "Debtors") in the above-captioned jointly administered chapter 11 cases (the "Cases"), for entry of an order (this "Order"), pursuant to sections 105(a), 363(c) and 503(b)(1)(A) 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 Rule 9013-1 of the Local Rules of Bankruptcy Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules") confirming administrative expense priority status and authorizing payment of the Debtors' undisputed obligations for the postpetition delivery of goods that were ordered prepetition and that the Debtors have not canceled, declined, returned, or contested; and it appearing that the Court has jurisdiction to consider the Motion pursuant to 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 as of February 29, 2012; and it

<sup>1</sup> The Debtors and the last four digits of their respective federal taxpayer identification numbers, where applicable, are as follows: Eastern Outfitters, LLC (9164); Subortis Retail Financing, LLC (9065); Eastern Mountain Sports, LLC (9553); Subortis IP Holdings, LLC; Bob's Stores, LLC (4389); and Bob's/EMS Gift Card, LLC (9618). The Debtors' executive headquarters are located at 160 Corporate Court, Meriden, CT 06450.

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



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appearing that the Motion is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Cases and of the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that due and adequate notice of the Motion has been given under the circumstances, and that no other or further notice need be given; and after a hearing on the Motion, it appearing that the relief requested in the Motion is in the best interests of the Debtors' estates, their creditors, and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED as set forth herein.
2. The Debtors' undisputed obligations to the Suppliers under Outstanding Orders arising from shipments of goods delivered to and accepted by the Debtors on and after the Petition Date, and not subsequently canceled, declined, returned, or contested, are hereby granted administrative expense priority status pursuant to section 503(b)(1)(A) of the Bankruptcy Code as against the Debtor liable for any such Outstanding Order, and the Debtors are authorized, but not directed, to pay such obligations in the ordinary course of business and consistent with the parties' customary practices in effect prior to the Petition Date.
3. Notwithstanding anything in the Motion or this Order to the contrary, the Debtors shall have the right to (a) cancel a purchase order (including any Outstanding Order), (b) decline the acceptance of goods, (c) return any defective, nonconforming, or unacceptable good, or (d) contest the amount of any invoice or claims, or liens related thereto, on any grounds.
4. Subject to the terms of this Court's Order approving Debtors' continued use of their cash management system, the Banks are authorized, when requested by the Debtors, in the

Debtors' discretion, to honor and process checks or electronic fund transfers drawn on the Debtors' bank accounts to pay prepetition obligations authorized to be paid hereunder, whether such checks or other requests were submitted prior to, or after, the Petition Date, provided that sufficient funds are available in the applicable bank accounts to make such payments. The Banks may rely on the representations of the Debtors with respect to whether any check or other transfer drawn or issued by the Debtors prior to the Petition Date should be honored pursuant to this Interim Order, and Banks shall not be liable to any party on account of: (a) following the Debtors' instructions or representations as to any order of this Court; (b) the honoring of any prepetition check or other item drawn on any account that is the subject of this Interim Order in a good faith belief that the Court has authorized such prepetition check or item to be honored; and (c) an innocent mistake made despite implementation of reasonable item handling procedures.

5. Except as otherwise provided herein, nothing in this Order, nor as a result of any payment made pursuant to this Order, (a) is intended or shall be deemed to constitute an assumption of any agreement pursuant to section 365 of the Bankruptcy Code or an admission as to the validity of any claim against the Debtors and their estates, (b) shall impair, prejudice, waive, or otherwise affect the rights of the Debtors and their estates with respect to the validity, priority, or amount of any claim against the Debtors and their estates, or (c) shall be construed as a promise to pay a claim.

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

7. Bankruptcy Rule 6003(b) has been satisfied.

8. Notwithstanding anything to the contrary contained herein, any payment made or to be made, and authorization contained in this Order shall be subject to the requirements

imposed on the Debtors under any approved debtor in possession financing facility, any order regarding the Debtors' postpetition financing or use of cash collateral, and any budget in connection therewith.

9. On February 3, 2017, the Debtors sent to Nike USA, Inc. ("Nike") approximately \$1.4 million (the "CIA Payment") as a cash in advance payment for product that the Debtors ordered from Nike prior to the Petition Date (the "Nike Product"). Given the short duration between receipt of the CIA Payment and the Petition Date (and the intervening weekend), Nike was unable to invoice or ship the Nike Product prior to the Petition Date. Nike shall be authorized to: (i) invoice the Debtors for the Nike Product subsequent to the Petition Date (the "Invoices"); and (ii) apply the CIA Payments to the Invoices and release the Nike Product to the Debtors in the post-petition period on a cash in advance basis. The application of the CIA Payment to the Invoices shall be in complete satisfaction of the Invoices, and shall be in an amount equivalent to the CIA Payment; provided, however, that in the event that the Invoices are less than the CIA Payment (due to product unavailability, or otherwise), Nike shall refund to the Debtors any overage in the CIA Payment, unless the Debtors and Nike agree to other treatment for any such overage.

10. On February 3, 2017, the Debtors sent to Deckers Brands ("Deckers") approximately \$180,000 (the "Deckers CIA Payment") as a cash in advance payment for product that the Debtors ordered from Deckers prior to the Petition Date (the "Deckers Product"). Given the short duration between receipt of the Deckers CIA Payment and the Petition Date (and the intervening weekend), Deckers was unable to invoice or ship the Deckers Product prior to the Petition Date. Deckers shall be authorized to: (i) invoice the Debtors for the Deckers Product subsequent to the Petition Date (the "Deckers Invoices"); and (ii) apply the Deckers CIA

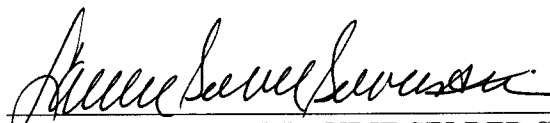
Payments to the Deckers Invoices and release the Deckers Product to the Debtors in the post-petition period on a cash in advance basis. The application of the CIA Payment to the Deckers Invoices shall be in complete satisfaction of the Deckers Invoices.

11. To the extent that the Debtors prepaid vendors (the "Prepayment") for inventory (the "Inventory") prior to the Petition Date that the vendor was unable to invoice or ship prior to the Petition Date, the applicable vendor shall be authorized to invoice the Debtors for the Inventory and apply the Prepayment to the Invoices and release the product to the Debtors in the post-petition period on a cash in advance basis.

12. Notwithstanding any provision in the Bankruptcy Rules to the contrary: (a) this Order shall be effective immediately and enforceable upon its entry; (b) the Debtors are not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order; and (c) the Debtors are authorized and empowered, and may in their discretion and without further delay, take any action necessary or appropriate to implement this Order.

13. The Court retains jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: Wilmington, Delaware  
February 8, 2017



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THE HONORABLE LAURIE SELBER SILVERSTEIN