

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)

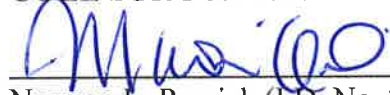
Jointly Administered  
Related to Docket No. 26

**NOTICE OF FILING OF CHANGED PAGE TO DECLARATION  
OF MARK T. WALSH IN SUPPORT OF FIRST DAY MOTIONS**

PLEASE TAKE NOTICE that, on February 7, 2017, the Declaration of Mark T. Walsh in Support of First Day Motions (the "Declaration") [Docket No. 26] was filed in the above-referenced cases. Attached hereto as **Exhibit A** is a revised paragraph 38 of the Declaration. Attached hereto as **Exhibit B** is the blackline version of the revised paragraph 38 of the Declaration.

Dated: February 8, 2017  
Wilmington, Delaware

**COLE SCHOTZ P.C.**

  
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- and -

<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.



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*Proposed Counsel for Debtors and  
Debtors in Possession*

**EXHIBIT A**

Revised Paragraph 38 to Declaration

**ii. The Debtors' Sales and Financial Challenges**

38. Following the July 18, 2016 sale, the Debtors' vendors imposed very restrictive credit terms on the Debtors' businesses. The continuing shift in consumer behavior away from traditional brick-and-mortar retailers and toward online-only stores, together with increased competition from big-box and specialty sporting goods retailers, have contributed to an industry-wide weakness in the Debtors' business segments. Inventories were depressed through December 2016, with unit inventories in certain categories down as much as 30% leaving the Debtors virtually incapable of meeting their sales plan. Only the proprietary EMS brand has continued to perform on a consistent basis. Indeed, EMS's proprietary branded product sales increased by 35% year-over-year. In addition, both e-commerce businesses performed well, with Bob's Stores e-commerce sales up 113% and EMS's e-commerce sales up 24% year-over-year.

**iii. The Debtors' Consideration of Strategic Alternatives**

39. By the fall 2016, it became clear that, due to reduced levels of vendor support and the Debtors' constricted balance sheet, the Debtors required a solution to either inject new capital into the company or an outright sale of the company. In connection with their exploration of alternatives, the Debtors retained AP Services, LLC as turnaround advisors, and Spencer Ware was retained the Debtors' Chief Restructuring Officer, and Lincoln Partners Advisors LLC ("Lincoln") to serve as the Debtors' investment banker.

40. Faced with operational challenges and tightening liquidity, the Debtors sought new financing or potential buyers. In September 2016, the Debtors began working with Lincoln to explore and solicit interest in a number of potential alternatives including, without limitation, the sale of all or a material business unit of the Company, equity investments in all or a portion of the business, the sale of a brand, licensing transaction, and potential liquidity enhancing acquisitions. During this process Lincoln approached approximately 47 strategic and financial

**EXHIBIT B**

Blackline Version of Revised Paragraph 38 to Declaration

**ii. Unsecured Debt**

35. As of the Petition Date, the Debtors believe unsecured claims against the Debtors approximate \$12 million. Unsecured claims against the Debtors include: (i) accrued and unpaid trade and other unsecured debt incurred in the ordinary course of the Debtors' business, (ii) unpaid amounts owed to the Debtors' vendors, and (iii) claims by landlords for unpaid rent and other obligations under the Debtors' leases.

**iii. Equity Interests**

36. Subortis Financing is privately owned by Subortis Retail, which, in turn, is owned indirectly by investment funds advised by Versa.

**D. Events Leading To These Cases**

**i. Sale of Assets to Versa**

37. Bob's Stores and EMS were acquired by Vestis BSI Funding II, LLC (now known as Vestis Investments II, LLC ("Vestis")), an affiliate of Versa, on July 18, 2016, in predecessor chapter 11 cases being jointly administered under the caption *In re VRG Liquidating, LLC, et al.*, Case No. 16-10971 (LSS) (the "VRG Bankruptcy"). Eastern Outfitters was formed at the time of the sale to continue to operate Bob's Stores and EMS as going concerns.

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continued to perform on a consistent basis. Indeed, EMS's ~~same-store~~proprietary branded product sales increased by 35% year-over-year. In addition, both e-commerce businesses performed well, with Bob's Stores e-commerce sales up 113% and EMS's e-commerce sales up 24% year-over-year.

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<sup>4</sup> The Debtors and the CPP are parties to a confidentiality agreement, which prohibits the Debtors from, among other things, publicly disclosing the identity of the CPP.