

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

In re:

EDDIE BAUER HOLDINGS, INC.,
et al.,¹

Debtors.

Chapter 11

Case No. 09-12099 (MFW)

Jointly Administered

Doc. Ref. No. 8

**ORDER GRANTING MOTION PURSUANT TO 11 U.S.C. §§ 105(a), 363(b), 507(a) AND
541(d), (I) AUTHORIZING PAYMENT OF CERTAIN TAXES AND FEES AND
(II) AUTHORIZING AND DIRECTING BANKS AND FINANCIAL INSTITUTIONS TO
HONOR AND PROCESS RELATED CHECKS AND TRANSFERS**

Upon consideration of the motion (the "Motion")² of the Debtors for entry of an order authorizing the Debtors to (i) authorize, but not require, the payment of certain taxes as well as fees, licenses and other similar charges and assessments as Debtors, in their discretion, deem necessary or appropriate and (ii) direct banks and financial institutions to honor and process related checks and transfers; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Motion is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Motion and opportunity for objection having been given; and it appearing that no other notice need be given; and after due deliberation and sufficient cause therefore, it is hereby:

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Eddie Bauer Holdings, Inc., a Delaware corporation (2352); Eddie Bauer, Inc., a Delaware corporation (9737); Eddie Bauer Fulfillment Services, Inc., a Delaware corporation (0882); Eddie Bauer Diversified Sales, LLC, a Delaware limited liability company (1567); Eddie Bauer Services, LLC, an Ohio limited liability company (disregarded), Eddie Bauer International Development, LLC, a Delaware limited liability company (1571); Eddie Bauer Information Technology, LLC, a Delaware limited liability company (disregarded); Financial Services Acceptance Corporation, a Delaware corporation (7532); and Spiegel Acceptance Corporation, a Delaware corporation (7253). The mailing address for Eddie Bauer Holdings, Inc. is 10401 N.E. 8th Street, Suite 500, Bellevue, WA 98004. On or about the Petition Date, Eddie Bauer of Canada, Inc. and Eddie Bauer Customer Services, Inc., affiliates of the Debtors, commenced a proceeding before the Superior Court of Justice, Commercial List, for the Judicial District of Ontario, for a plan of compromise or arrangement under the Companies' Creditors Arrangement Act.



ORDERED, that the Motion is granted in its entirety; and it is further

ORDERED, that the Debtors are authorized, but not directed, in their sole discretion, to pay all Sales and Use Taxes in an approximate aggregate amount of \$6,750,000 (including, subject to further court order, other Sales and Use Taxes subsequently determined upon audit to be owed for periods prior to the Petition Date) by whatever means the Debtors may deem appropriate, including, without limitation, the issuance of postpetition checks and electronic transfers; and it is further

ORDERED, that the Debtors are authorized, but not directed, in their sole discretion, to pay, subject to further court order, all Sales and Use Taxes subsequently determined upon audit to be owed for periods prior to the Petition Date, provided, however, that such subsequently determined Sales and Use Taxes are not included in the approximate aggregate amount set forth above, as such amount owing are not currently determined, and therefore are not subject to a cap or otherwise restricted based on amounts set forth herein; and it is further

ORDERED, that a hearing to approve the payment of the Franchise Taxes, Property Taxes, Business License Fees and Annual Report Taxes shall be held on July 7, 2009 at 9:30^a p.m. (prevailing Eastern time) (the "**Tax Hearing**"); and it is further

ORDERED, that all banks and financial institutions are authorized and directed to (i) receive, process, honor and pay all checks or electronic transfers sent to a Taxing Authority for Sales and Use Taxes, whether such checks or transfers were issued before or after the Petition Date and (ii) rely on the Debtors' designation of any particular check or electronic payment request as approved by this Order; and it is further

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

ORDERED, that the Debtors are authorized to reissue any check, wire or electronic payment or transfer (or similar payment) which was drawn or made in payment of any prepetition amount authorized to be paid under this Order and that is not cleared by a depository; and it is further

ORDERED, that nothing herein shall impair the Debtors' ability to contest the validity, priority and/or amounts of the Sales and Use Taxes owing to the Taxing Authorities or a waiver of any rights or remedies of the Debtors; and it is further

ORDERED, that the Debtors do not concede that liens (contractual, common law, statutory or otherwise) described in this Motion are valid, and the Debtors expressly reserve the right to contest the extent, validity or perfection or seek the avoidance of all such liens; and it is further

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

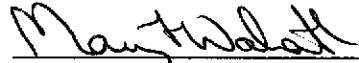
ORDERED, that nothing in this Order shall be construed as (a) a determination of the validity of any claim against the Debtors; or (b) a limitation on the Debtors' right to dispute any claim; and it is further

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

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

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

Dated: June 18, 2009
Wilmington, Delaware



Mary F. Walrath
United States Bankruptcy Judge