

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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: **Chapter 11**
: **Case No. 09-14267 (BRL)**
: **Debtor.**
: X

**INTERIM ORDER PURSUANT TO SECTIONS 105(a) AND 363(b) OF
THE BANKRUPTCY CODE (I) AUTHORIZING PAYMENT OF
WAGES, COMPENSATION AND EMPLOYEE BENEFITS AND
(II) AUTHORIZING FINANCIAL INSTITUTIONS TO HONOR AND
PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS**

Upon the motion, dated July 1, 2009 (the “Motion”),¹ of Crabtree & Evelyn, Ltd., as debtor and debtor in possession (the “Debtor”),² for an order pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the “Bankruptcy Code”) (i) authorizing payment of wages, compensation, certain severance, and employee benefits and (ii) authorizing the banks identified in Exhibit A (the “Banks”) to honor and process checks and electronic funds transfers related to such obligations, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to (i) the Office of the

¹ Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Motion.

² The last four digits of the Debtor’s federal tax identification number are 1685.

United States Trustee for the Southern District of New York (Attn: Serene Nakano, Esq.), (ii) SilvermanAcampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753 (Attn: Ronald J. Friedman, Esq.) as counsel for Kuala Lumpur Kepong Berhad, (iii) the Debtor's 40 largest unsecured creditors, and (iv) the Banks listed on Exhibit A hereto, and it appearing that no other or further notice need be provided; and the Court having determined that the relief requested in the Motion being in the best interests of the Debtor, its creditors, and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED that the Motion is granted to the extent provided herein on an interim basis; and it is further

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtor is authorized, but not required, to satisfy certain prepetition Employee Obligations (as defined below) without further Order of the Court, and in accordance with the Debtor's stated policies, including, without limitation, all obligations with respect to (i) wages and salaries, (ii) payroll taxes, social security taxes, Medicare taxes, (iii) paid time-off benefits, health and welfare benefit plans, (iv) savings plans, (v) business expense reimbursements, (vi) severance obligations (up to the statutory priority cap), (vii) other employee benefit programs, and (viii) all obligations with respect to insurance policies and coverage related to the foregoing (collectively, the "Employee Obligations"); and it is further

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtor is authorized, but not required, to pay amounts owed prior to the Petition Date in the aggregate amount of \$1,045,000, comprised of amounts owed (i) to the Debtor's Employees, up

to \$510,000, which is comprised of (a) Wage Obligations in the amount of \$449,552.00;³ (b) amounts owed under the Incentive Sales Programs (for store-level employees) in the amount of \$20,000; (c) Severance Obligations in the amount of \$14,636.75; and (d) Expense Reimbursements in the amount of \$14,000; (ii) to the Debtor's Contract Employees, up to \$100,000; (iii) to the Debtor's Wholesale Representatives, up to \$135,000; and (iv) on account of the Debtor's Health and Welfare Plans, up to \$300,000; and it is further

ORDERED that the Debtor is authorized, but not required, to continue to honor its practices, programs, and policies with respect to its employees as such practices, programs, and policies were in effect as of the Petition Date, including, but not limited to the Employee Obligations; and it is further

ORDERED that the Debtor is authorized, but not required, to pay costs and expenses incidental to the payment of the Employee Obligations, including all administration and processing costs and payments to outside professionals or independent contractors, in the ordinary course of business, in order to facilitate the administration and maintenance of the Debtor's programs and policies related to the Employee Obligations; and it is further

ORDERED that, pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtor is authorized, but not required, to pay certain prepetition amounts due to Contract Employees and Wholesale Representatives without further order of the Court, and in accordance with the Debtor's agreements relating to such Contract Employees and Wholesale Representatives; and it is further

ORDERED that nothing in this Order nor any action taken by the Debtor in furtherance of the implementation hereof shall be deemed an approval of the assumption or

³ The Debtor believes that two Employees are owed in excess of the statutory cap, one being owed approximately \$1,050 in excess of the cap and one being owed approximately \$800 in excess of the cap.

rejection of any executory contract or unexpired lease pursuant to section 365 of the Bankruptcy Code; and it is further

ORDERED that nothing in this Order shall impair the ability of the Debtor or appropriate party in interest to contest any claim of any creditor pursuant to applicable law or otherwise dispute, contest, setoff, or recoup any claim, or assert any rights, claims or defenses related thereto; and it is further

ORDERED that each Bank and all other applicable banks or financial institutions are authorized, when requested by the Debtor in the Debtor's sole discretion, to receive, process, honor and pay all checks drawn on or direct deposit and funds transfer instructions relating to the Debtor's Accounts and any other transfers that are related to Employee Obligations, Contract Employee or Wholesale Representative compensation, and the costs and expenses incident thereto; provided, however, that sufficient funds are available in the Accounts to make such payments; provided, further, that any such bank or financial institution may rely on the representations of the Debtor regarding which checks that were drawn or instructions that were issued by the Debtor before the Petition Date should be honored postpetition pursuant to an order of this Court and that any such bank or financial institution shall not have any liability to any party for relying on the representations of the Debtor as provided herein; and it is further

ORDERED that the Debtor is authorized (consistent with this Order) to issue postpetition checks or to effect postpetition fund transfer requests in replacement of any checks or fund transfer requests related to Employee Obligations, Contract Employee or Wholesale Representative compensation to the extent that such checks or transfers have been dishonored or rejected as a consequence of the commencement of the Debtor's chapter 11 case; and it is further

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation and/or enforcement of this Order; and it is further

ORDERED that a final hearing on the relief requested in the Motion shall be scheduled for July 29, 2009 at 10:00 a.m. (prevailing Eastern time); and it is further

ORDERED that notice of the Motion as provided herein shall be deemed good and sufficient notice of such Motion.

Dated: July 2, 2009
New York, New York

/s/Burton R. Lifland
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

BANK ACCOUNTS

<u>Account Description</u>	<u>Bank Name and Address</u>	<u>Account No.</u>
Crabtree & Evelyn Operating Account	HSBC USA, NA 950 Third Avenue New York, NY 10022	629748403
Crabtree & Evelyn Operating Account	Citibank, N.A. 399 Park Avenue New York, NY 10022	30440584
C&E Controlled Disbursement Account	HSBC USA, NA 950 Third Avenue New York, NY 10022	797044132