

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re : Chapter 11  
BLOCKBUSTER INC., *et al.*,<sup>1</sup> : Case No. 10-14997 (BRL)  
: (Jointly Administered)  
Debtors. :  
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**INTERIM ORDER PURSUANT TO 11 U.S.C §§ 105(a), 363(b), AND 507 AND FED. R. BANKR. P. 6003 AND 6004 (I) AUTHORIZING THE DEBTORS TO PAY CERTAIN EMPLOYEE OBLIGATIONS AND MAINTAIN AND CONTINUE EMPLOYEE BENEFITS AND PROGRAMS AND (II) DIRECTING BANKS TO HONOR AND PROCESS CHECKS AND TRANSFERS RELATED TO SUCH OBLIGATIONS**

Upon the Motion<sup>2</sup>, dated September 23, 2010, of Blockbuster Digital Technologies Inc., its parent Blockbuster Inc., and their debtor affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, “*Blockbuster*” or the “*Debtors*”), for an order, pursuant to sections 105(a), 363(b), and 507 of the Bankruptcy Code and Bankruptcy Rules 6003 and 6004 (a) authorizing, but not directing the Debtors to (i) pay, in their sole discretion, all Employee Obligations and all costs and expenses incident to the foregoing, and (ii) maintain and continue to honor and pay all amounts with respect to their practices, programs, and policies for their employees as they were in effect as of the Commencement Date, and as such may be modified, amended, or supplemented from time to

<sup>1</sup> The Debtors, together with the last four digits of each Debtor’s federal tax identification number, are: Blockbuster Inc. (5102); Blockbuster Canada Inc. (1269); Blockbuster Digital Technologies Inc. (9222); Blockbuster Distribution, Inc. (0610); Blockbuster Gift Card, Inc. (1855); Blockbuster Global Services Inc. (3019); Blockbuster International Spain Inc. (7615); Blockbuster Investments LLC (6313); Blockbuster Procurement LP (2546); Blockbuster Video Italy, Inc (5068); Movielink, LLC (5575); Trading Zone Inc. (8588); and B<sup>2</sup> LLC (5219).

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

time in the ordinary course, (b) directing the Banks to receive, honor, process, and pay any and all checks and transfers drawn on the Debtors' disbursement Bank Accounts, to the extent that such checks or transfers relate to any of the foregoing, and (c) schedule a final hearing (the "*Final Hearing*") to consider the relief requested on a permanent basis, all as more fully described in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Standing Order M-61 Referring to Bankruptcy Judges for the Southern District of New York Any and All Proceedings Under Title 11, dated July 10, 1984 (Ward, Acting C.J.); and consideration of the Motion and the relief requested therein 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 the Notice Parties, and it appearing that no other or further notice need be provided; and a hearing having been held to consider the relief requested in the Motion (the "*Interim Hearing*"); and upon the record of the Interim Hearing and all of the proceedings had before the Court; and upon the First Day Affidavit; and the Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, and creditors, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, **IT IS HEREBY ORDERED AND ADJUDGED THAT:**

1. The Motion is granted as provided herein on an interim basis.
2. The Debtors are authorized, but not directed, to pay or otherwise

honor all Employee Obligations, the most significant of which are described in the Motion, including, but not limited to, all obligations incurred under or related to Compensation Obligations, Payroll Tax Obligations, Garnishment Obligations,

Supplemental Workforce Obligations, Independent Contractor Obligations, Reimbursement Obligations, Incentive Obligations, the Retention Plan, the Severance Plan, and Employee Benefit Obligations, and all costs and expenses incident to the foregoing and all programs related thereto that come due prior to the Final Hearing, including those Employee Obligations that (i) were or are due and payable and relate to the period prior to the Commencement Date and (ii) are or become due and payable or relate to the period after the Commencement Date; *provided, however*, that prior to the Final Hearing, the Debtors' payment of prepetition Reimbursement Obligations shall be limited to \$1,000 for each eligible Employee; *provided, moreover*, that, during the interim period, no amounts shall be paid to former employees pursuant to the Severance Plan in excess of \$11,725 in the aggregate.

3. The Debtors are authorized to maintain and continue to honor their practices, programs, and policies (as more fully described in the Motion) for their Employees with respect to the Employee Obligations as they were in effect as of the Commencement Date, and as such may be modified, amended, or supplemented from time to time in the ordinary course of business.

4. The Debtors are authorized to pay, in their sole discretion, compensation owed to the Supplemental Workforce through the Agencies.

5. The Debtors are authorized to pay, in their sole discretion, compensation owed to Independent Contractors.

6. Notwithstanding anything to the contrary herein, Severance Payments to any Employee pursuant to this Order shall be subject in all respects to the provisions of section 503(c)(2) of the Bankruptcy Code.

7. The banks set forth on *Exhibit "I"* annexed hereto and any other bank authorized to administer the Debtors' bank accounts under the Cash Management Motion (the "*Banks*") are authorized and directed to receive, honor, process, and pay, to the extent of funds on deposit, any and all checks or electronic transfers drawn on the Debtors' Bank Accounts relating to the Employee Obligations, including those checks or electronic transfers that have not cleared the Banks as of the Commencement Date.

8. The Debtors are authorized to replace any prepetition checks or electronic transfers relating to the Employee Obligations that may be dishonored or rejected.

9. The Banks may rely on the representations of the Debtors as to which checks or electronic transfers are in payment of the Employee Obligations.

10. The Debtors are authorized, but not directed, to pay any and all costs and other obligations in connection with maintaining or paying third parties to maintain, administer, and provide record-keeping relating to the Employee Obligations that they may have outstanding as of the Commencement Date in the ordinary course of business.

11. Neither this Order, nor any payments made by the Debtors pursuant to the Motion or this Order, shall be deemed to change the classification of any claim or to in any way change the rights or create new rights of any Employee or other person, including without limitation, the creation of any right to payment entitled to administrative expense priority pursuant to sections 503 and 507 of the Bankruptcy Code.

12. Nothing contained in this Order shall be deemed to constitute the assumption or rejection of any employee benefit plan, employment agreement, or any

other contract, program, or agreement under section 365 of the Bankruptcy Code and all the Debtors' rights are reserved with respect thereto.

13. Notwithstanding any provision in the Bankruptcy Code or Bankruptcy Rules to the contrary, the Debtors are not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order, and the Debtors may, in their discretion and without further delay, take any action and perform any act authorized under or contemplated by this Order.

14. The requirements of Bankruptcy Rule 6003(b) are satisfied.

15. The requirements of Bankruptcy Rule 6004(a) are waived.

16. Notwithstanding the possible applicability of Bankruptcy Rule 6004(h), the terms and provisions of this Order shall be immediately effective and enforceable upon its entry.

17. The Final Hearing to consider entry of an order granting the relief requested in the Motion on a final basis shall be provided on separate notice and served upon the attorneys for the Debtors, the Notice Parties, and any official committee of unsecured creditors appointed in these chapter 11 cases.

18. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation or interpretation of this Order.

Dated: September 23, 2010  
New York, New York

/s/Burton R. Lifland  
UNITED STATES BANKRUPTCY JUDGE

## General Information

<b>Case Name</b>	BB Liquidating Inc.
<b>Docket Number</b>	1:10-bk-14997
<b>Court</b>	United States Bankruptcy Court for the Southern District of New York
<b>Primary Date</b>	2010-09-23 00:00:00
<b>Related Opinion(s)</b>	441 B.R. 239; 2011 BL 78536