

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

-----X		
	:	
<b>In re</b>	:	<b>Chapter 11</b>
	:	
<b>BLOCKBUSTER INC., et al.,<sup>1</sup></b>	:	<b>Case No. 10-14997 (BRL)</b>
	:	
	:	<b>(Jointly Administered)</b>
<b>Debtors.</b>	:	
-----X		

**ORDER AUTHORIZING THE DEBTORS,  
PURSUANT TO 11 U.S.C. §§ 105(a) AND 363(b),  
TO (I) RETAIN ALVAREZ & MARSAL NORTH  
AMERICA, LLC TO PROVIDE THE DEBTORS A  
CHIEF RESTRUCTURING OFFICER AND  
CERTAIN ADDITIONAL PERSONNEL AND (II) DESIGNATE  
JEFFERY J. STEGENGA AS CHIEF RESTRUCTURING OFFICER  
FOR THE DEBTORS NUNC PRO TUNC TO THE COMMENCEMENT DATE**

Upon the application, dated September 23, 2010 (the “*Application*”),<sup>2</sup> of Blockbuster Digital Technologies Inc., its parent, Blockbuster Inc., and their debtor affiliates, as debtors and debtors in possession (collectively, the “*Blockbuster*” or the “*Debtors*”), pursuant to sections 105(a) and 363(b) of title 11 of the United States Code (the “*Bankruptcy Code*”), for authorization to retain Alvarez & Marsal North America, LLC (“*A&M*”) to provide the Debtors with a CRO and certain Additional Personnel (as

---

<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 otherwise defined herein shall have the meanings ascribed to such terms in the Application.

described in the Application) and designate Jeffery J. Stegenga as the Debtors' CRO, *nunc pro tunc* to the Commencement Date, on the terms set forth in the Engagement Letter annexed to the Application as **Exhibit "B"** and the Stegenga Declaration annexed to the Application as **Exhibit "C"**, all as more fully described in the Application; and the Court having jurisdiction to consider the Application and grant the requested relief 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 Application 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 the Debtors having provided notice of the Application and Hearing (as defined below) to the Notice Parties; and the Court having held a hearing to consider the requested relief (the "**Hearing**"); and the record of the Hearing, and all of the proceedings before the Court, the Court finds and determines that the requested relief is in the best interests of the Debtors, their estates, creditors, and all parties in interest; the Debtors have provided due and proper notice of the Application and Hearing and no further notice is necessary; the legal and factual bases set forth in the Application establish just and sufficient cause to grant the requested relief herein; **IT IS HEREBY ORDERED THAT:**

1. The Application is granted to the extent set forth herein.
2. Pursuant to sections 105(a) and 363(b) of the Bankruptcy Code, the Debtors are hereby authorized to retain A&M to provide the Debtors with a CRO and certain Additional Personnel and to designate Jeffery J. Stegenga as the Debtors' CRO,

*nunc pro tunc* to the Commencement Date, on the terms and conditions set forth in the Application and in the Engagement Letter.

3. The terms of the Engagement Letter, including without limitation, the compensation provisions and the indemnification provisions, as modified by the Application and this Order, are reasonable terms and conditions of employment and are hereby approved.

4. The CRO and Additional Personnel shall act under the direction, control, and guidance of the Board of Directors of Blockbuster Inc. and shall serve at the Board's pleasure.

5. A&M, the CRO, and Additional Personnel shall not act in more than one of the following capacities in the Debtors' chapter 11 cases: crisis manager, financial advisor, claims agent, and investor or acquirer. For a period of three years after the conclusion of the engagement, A&M shall not make any investments in the Debtors or reorganized Debtors where A&M has been engaged.

6. In the event that the Debtors and A&M agree that the CRO will assume an additional or different executive officer position or agree to modify materially the duties of the CRO, then the Debtors shall file a motion to modify the retention specified in the Application.

7. A&M shall file monthly invoices with the Court, summarizing the services provided and any expenses incurred by A&M, and shall serve such invoices upon the Office of the United States Trustee for the Southern District of New York (the "*U.S. Trustee*") and the Official Committee of Unsecured Creditors (the "*Creditors' Committee*").

8. A&M shall receive (a) compensation as specified in the Engagement Letter and (b) reimbursement of expenses, which in each case A&M shall file quarterly reports of compensation paid and expenses reimbursed with the Court, with notice to the U.S. Trustee and Creditors' Committee. Parties in interest shall have the right to object to fees paid when quarterly reports of compensation are filed with the Court, *provided that* such payments shall not hereafter be subject to challenge except (i) with respect to A&M's hourly and monthly fees and reimburseable expenses, under the reasonableness standard provided for in section 330 of the Bankruptcy Code, and (ii) with respect to A&M's Completion Fee (as defined in the Engagement Letter), under the standard of review set forth in section 328 of the Bankruptcy Code and not under the standard of review set forth in section 330 of the Bankruptcy Code; and *further provided that*, notwithstanding the foregoing, the U.S. Trustee retains all rights to object to any of A&M's compensation (including expenses) under the reasonableness standard provided for in section 330 of the Bankruptcy Code.

9. Any sale or sales of assets by going out of business, store closing, or other similar liquidation process is not a transaction or an event entitling A&M to a Completion Fee (as defined in the Engagement Letter). For the avoidance of doubt, a sale of all or substantially all of the assets of the Debtors pursuant to a sale under section 363 of the Bankruptcy Code (or similar sale or auction) will entitle A&M to the Completion Fee.

10. Notwithstanding anything to the contrary contained in the Engagement Letter, the Debtors are authorized to indemnify (a) the Chief Restructuring Officer, as a person serving as an executive officer of the Debtors, on the most favorable

terms as provided to the Debtors' other officers and directors and as more fully set out in paragraph 13 of the Engagement Letter, and (b) A&M and certain related parties pursuant to the Indemnification Agreement attached to the Engagement Letter.

11. Notwithstanding anything to the contrary in the Engagement Letter or the Application, A&M shall be entitled to seek and obtain payment of its reasonable attorneys' fees only upon its prior application to this Court pursuant to sections 330 and 331 of the Bankruptcy Code; *provided, however*, the U.S. Trustee retains all rights to object to any attorneys' fees sought, including the right to assert that such fees are not permitted.

12. To the extent there is any inconsistency between the terms of the Engagement Letter, the Application, and this Order, the terms of this Order shall govern.

13. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

14. Notwithstanding the possible applicability of Rules 6004(h), 7062, and 9014 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.

15. 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, the Engagement Letter and/or the services provided by the CRO or Additional Personnel.

Dated: October 27, 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