

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:)	Chapter 11
EBHI HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 09-12099 (MFW)
Debtors.)	Jointly Administered
)	Docket Ref. Nos. 1129, 1130 and 1131

**ORDER APPROVING STIPULATION FOR
RESOLUTION AND SETTLEMENT OF ALL CLAIMS FILED BY
THE PENSION BENEFIT GUARANTY CORPORATION AGAINST THE DEBTORS**

Upon consideration of the Stipulation for Resolution and Settlement of All Claims filed by the Pension Benefit Guaranty Corporation against the Debtors (the "Stipulation")² entered into by and between the above-captioned debtors and debtors-in-possession (collectively the "Debtors"), the official committee of unsecured creditors appointed in the above captioned bankruptcy cases (the "Creditors' Committee"), and the Pension Benefit Guaranty Corporation; and sufficient cause appearing 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: EBHI Holdings, Inc. (f/k/a Eddie Bauer Holdings, Inc.), a Delaware corporation (2352); Amargosa, Inc. (f/k/a Eddie Bauer, Inc.), a Delaware corporation (9737); Gobi Fulfillment Services, Inc. (f/k/a Eddie Bauer Fulfillment Services, Inc), a Delaware corporation (0882); Arabian Diversified Sales, LLC (f/k/a Eddie Bauer Diversified Sales, LLC), a Delaware limited liability company (1567); Gibson Services, LLC (f/k/a Eddie Bauer Services, LLC), an Ohio limited liability company (disregarded); Karakum International Development, LLC (f/k/a Eddie Bauer International Development, LLC), a Delaware limited liability company (1571); Simpson Information Technology, LLC (f/k/a Eddie Bauer Information Technology, LLC), a Delaware limited liability company (disregarded); Sandy Financial Services Corporation (f/k/a Financial Services Acceptance Corporation), a Delaware corporation (7532); and Sonoran Acceptance Corporation (f/k/a Spiegel Acceptance Corporation), a Delaware corporation (7253). The mailing address for EBHI Holdings, Inc. is 10401 N.E. 8th Street, Suite 500, Bellevue, WA 98004. On or about the Petition Date, Tenere of Canada, Inc., and Yuma 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.


² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Stipulation.



ORDERED, that the Stipulation annexed hereto as Exhibit 1 is hereby APPROVED; and
it is further

ORDERED, that this Court shall retain jurisdiction over any matters related to or arising
from the implementation of this Order.

Dated: Wilmington, Delaware
January 28, 2010



Mary F. Walrath
United States Bankruptcy Judge

EXHIBIT 1

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

In re:)	Chapter 11
EBHI HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 09-12099 (MFW)
Debtors.)	Jointly Administered
)	Hearing Date: January 28, 2010 3:00 p.m.
)	Objection Deadline: January 21, 2010 4:00 p.m.

**STIPULATION FOR RESOLUTION AND SETTLEMENT
OF ALL CLAIMS FILED BY
THE PENSION BENEFIT GUARANTY CORPORATION AGAINST THE DEBTORS**

EBHI Holdings, Inc., and the other above captioned debtors and debtors-in-possession (each a "Debtor" and collectively, the "Debtors"), the official committee of unsecured creditors appointed in the above captioned bankruptcy cases (the "Creditors' Committee"), and the Pension Benefit Guaranty Corporation (the "PBGC") stipulate and agree as follows:

1. The PBGC is a wholly-owned United States government corporation established under Section 4002 of the Employee Retirement Income Security Act of 1974 ("ERISA").

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: EBHI Holdings, Inc. (*f/k/a* Eddie Bauer Holdings, Inc.), a Delaware corporation (2352); Amargosa, Inc. (*f/k/a* Eddie Bauer, Inc.), a Delaware corporation (9737); Gobi Fulfillment Services, Inc. (*f/k/a* Eddie Bauer Fulfillment Services, Inc), a Delaware corporation (0882); Arabian Diversified Sales, LLC (*f/k/a* Eddie Bauer Diversified Sales, LLC), a Delaware limited liability company (1567); Gibson Services, LLC (*f/k/a* Eddie Bauer Services, LLC), an Ohio limited liability company (disregarded); Karakum International Development, LLC (*f/k/a* Eddie Bauer International Development, LLC), a Delaware limited liability company (1571); Simpson Information Technology, LLC (*f/k/a* Eddie Bauer Information Technology, LLC), a Delaware limited liability company (disregarded); Sandy Financial Services Corporation (*f/k/a* Financial Services Acceptance Corporation), a Delaware corporation (7532); and Sonoran Acceptance Corporation (*f/k/a* Spiegel Acceptance Corporation), a Delaware corporation (7253). The mailing address for EBHI Holdings, Inc. is 10401 N.E. 8th Street, Suite 500, Bellevue, WA 98004. On or about the Petition Date, Tenere of Canada, Inc., and Yuma 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.

29 U.S.C. § 1302 (2006). Congress established the PBGC to administer the pension plan termination program under Title IV of ERISA, 29 U.S.C. §§ 1301-1461.

2. On June 17, 2009, the Debtors filed voluntary petitions (the “Bankruptcy Cases”) for relief under Chapter 11 of Title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

3. On June 25, 2009, the Office of the United States Trustee appointed the Creditors’ Committee pursuant to section 1102 of the Bankruptcy Code.

4. By order entered June 30, 2009 (the “Sale Procedures Order”) this Court approved the sale procedures for a sale of all or a portion of the Debtors’ assets. [Docket No. 222]. In accordance with the Sale Procedures Order, a hearing to approve the Debtors’ proposed sale of their assets was held on July 22, 2009. At the conclusion of that hearing, the Court entered an order approving the sale of substantially all of the Debtors’ assets (the “Sale Order”) to Everest Holdings LLC (the “Buyer”) [Docket No. 508], and the sale closed on August 3, 2009.

5. On September 18, 2009, the PBGC filed 36 claims against the Debtors, which represented four distinct categories of claims filed against each of the nine Debtors relating to the Eddie Bauer Pension Plan (the “Pension Plan”). The categories of claims are: (i) under 26 U.S.C. §§ 412, 430 and 29 U.S.C. § 1082 for unpaid minimum funding contributions; (ii) under 29 U.S.C. § 1307 for Termination Premiums and Flat and Variable Rate Premiums; (iii) under 29 U.S.C. §§ 1362 and 1368 for unfunded benefit liabilities; and (iv) under 29 U.S.C. § 1362(c) for shortfall and waiver amortization charges (collectively, the “PBGC Claims”).

6. In order to preserve the Debtors' estates, Amargosa, Inc. had the right to file a notice with the PBGC to initiate a voluntary distress termination of the Pension Plan under 29 U.S.C. § 1341(c)(2)(B)(i). Instead, in order to avoid incurring unnecessary legal and actuarial expenses, Eddie Bauer entered into discussions with the PBGC to terminate the Pension Plan consensually and have the PBGC appointed trustee under 29 U.S.C. § 1342(c).

7. On November 23, 2009, the PBGC issued a Notice of Determination that the Pension Plan should be terminated. On December 29, 2009, Amargosa, Inc. and the PBGC executed an Agreement for Appointment of Trustee and Termination of Plan (the "Termination Agreement") under which Amargosa, Inc. and the PBGC agreed that the Pension Plan would be terminated as of August 3, 2009, the date on which the Debtors sold substantially all of their assets pursuant to the Sale Order, and the PBGC would become Trustee of the Pension Plan.

8. Subject to Bankruptcy Court approval of this stipulation (the "Stipulation"), and confirmation of the Chapter 11 Plan, the PBGC and the Debtors have agreed to settle their disputes pursuant to the terms of this Stipulation.

NOW THEREFORE, in the collective efforts of the Debtors, the Creditors' Committee and the PBGC to resolve the PBGC Claims, and for good and valuable consideration, the adequacy of which is hereby acknowledged, and based upon the mutual agreements and covenants set forth in this Stipulation, and for good and sufficient cause, the Debtors, the Creditors' Committee and the PBGC hereby stipulate and agree as follows:

A. The Debtors, the Creditors' Committee and PBGC agree that the PBGC shall have an allowed general unsecured claim in the amount of \$21 million.

B. So long as the Chapter 11 Plan is confirmed, the Debtors, the Creditors' Committee and PBGC agree that the PBGC shall have no administrative or priority claims.

C. Except with respect to the amounts and classifications allowed under paragraph A, infra, (collectively, the "Allowed PBGC Claims"), the PBGC Claims shall be deemed withdrawn with prejudice in their entirety, and the PBGC shall not assert or file any other claims in the Chapter 11 Cases.

D. In exchange for the consideration recited above, upon the Court's entry of an order approving this Stipulation, all claims of the PBGC asserted in the Debtors' cases (the "Cases"), including the PBGC Claims, shall be fully and finally compromised pursuant to the terms of this Stipulation, and the PBGC shall neither have nor assert any other claims against the Debtors or their estates related to the Pension Plan or the Cases.

E. Upon satisfaction of the allowed general unsecured claims pursuant to the Plan, the Debtors shall be deemed to have discharged and satisfied any and all of PBGC's claims and causes of action that were either asserted as part of the PBGC Claims or could have been asserted as part of the PBGC Claims (the "Discharge"). The Discharge shall be self-executing upon satisfaction of the allowed general unsecured claims pursuant to the Plan.

F. This Stipulation shall be binding upon and inure to the benefit of the parties and signatories hereto as well as their respective, heirs, representatives, predecessors, successors and assigns, as the case may be.

G. No amendment or waiver of any provision of this Stipulation shall be effective unless the same shall be in writing and signed by the parties hereto, and then such amendment,

waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

H. Each of the undersigned parties represents that the individual signing on its behalf has the full authority to do so, and to bind the undersigned to the terms and conditions of this Stipulation.

I. This Stipulation may be executed in counterparts, any of which may be transmitted by facsimile, and each of which should be deemed an original and all of which together shall constitute one and the same instrument.

J. This Stipulation shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to principles of conflicts of laws.

K. The Debtors, the Creditors' Committee and the PBGC hereby agree that the Court shall retain jurisdiction over the interpretation, implementation and enforcement of the terms of the Stipulation.

[SIGNATURES APPEAR ON NEXT PAGE]

Dated: January 26, 2010



Israel Goldowitz, Chief Counsel
Karen L. Morris, Deputy Chief Counsel
Kartar S. Khalsa, Assistant Chief Counsel
Cassandra R. Burton, Staff Attorney
Pension Benefit Guaranty Corporation
Office of the Chief Counsel
1200 K Street, N.W.
Washington, D.C. 20005-4026
Telephone: (202) 326-4020 x6778
Facsimile: (202) 326-4112

Dated: January ____, 2010

Bradford J. Sandler, Esq.
Benesch, Friedlander, Coplan & Aronoff LLP
222 Delaware Avenue, Suite 801
Wilmington, DE 19801
Telephone: (302) 442-7007
Facsimile: (302) 442-7012

-and-

Cathy Hershkopf, Esq.
Seth Van Aalten, Esq.
Cooley Godward Kronish LLP
1114 Avenue of the Americas
New York, NY 10036
Telephone: (212) 479-6138
Facsimile: (212) 479-6275

COUNSEL FOR THE CREDITORS' COMMITTEE

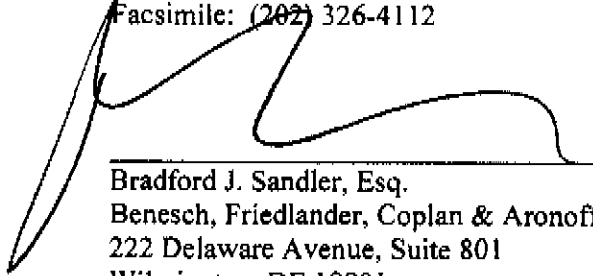
Dated: January ____, 2010

Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

Dated: January ____, 2010

Israel Goldowitz, Chief Counsel
Karen L. Morris, Deputy Chief Counsel
Kartar S. Khalsa, Assistant Chief Counsel
Cassandra R. Burton, Staff Attorney
Pension Benefit Guaranty Corporation
Office of the Chief Counsel
1200 K Street, N.W.
Washington, D.C. 20005-4026
Telephone: (202) 326-4020 x6778
Facsimile: (202) 326-4112

Dated: January 26, 2010




Bradford J. Sandler, Esq.
Benesch, Friedlander, Coplan & Aronoff LLP
222 Delaware Avenue, Suite 801
Wilmington, DE 19801
Telephone: (302) 442-7007
Facsimile: (302) 442-7012

-and-

Cathy Hershcopf, Esq.
Seth Van Aalten, Esq.
Cooley Godward Kronish LLP
1114 Avenue of the Americas
New York, NY 10036
Telephone: (212) 479-6138
Facsimile: (212) 479-6275

COUNSEL FOR THE CREDITORS' COMMITTEE

Dated: January 26, 2010



Michael R. Nestor (No. 3526)
Kara Hammond Coyle (No. 4410)
YOUNG CONAWAY STARGATT & TAYLOR, LLP
1000 West Street, 17th Floor
Wilmington, Delaware 19801
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

-and-

David S. Heller
Josef S. Athanas
Michael J. Faris
LATHAM & WATKINS LLP
233 South Wacker Drive
Suite 5800
Chicago, IL 60606
Telephone: (312) 876-7700
Facsimile: (312) 993-9767

COUNSEL FOR DEBTORS AND DEBTORS-IN-
POSSESSION