

LIQUIDATION ANALYSIS

This analysis has been prepared by management based on the Company's best estimates and knowledge of events as of 9/7/2010. Although the estimates and assumptions that were made in preparing the analysis are considered reasonable by management, they are inherently subject to significant uncertainties and contingencies. Accordingly, there can be no assurance that the estimates shown below will be realized. Actual results may therefore vary materially from those presented.

\$ in millions	Note	Estimated 10/3/2010 Balances	Chapter 7	
			Estimated Proceeds Available to be Distributed under Chapter 7	
			Low	High
A. Estimated Proceeds from Sale of Assets				
Cash and cash equivalents	1	\$100.5	\$100.5	\$100.5
Distribution Center inventory	2	16.1	1.1	2.1
Accounts receivable, net	3	0.9	-	0.5
Corporate PP&E	4	3.0	0.2	0.3
Intangible assets	5	16.8	-	0.8
Prepaid expenses and deposits	6	28.3	-	1.5
Total Estimated Proceeds from Sale of Assets		\$165.6	\$101.7	\$105.6
B. Wind Down Expenses				
Estimated professional fees after October 3, 2010	7		\$0.9	\$0.7
Estimated accrued and unpaid professional fees as of October 3, 2010	8		2.0	1.0
Estimated Chapter 7 trustee fees	9		3.1	3.2
Estimated operating expenses	10		4.5	2.3
Total Wind Down Expenses			\$10.5	\$7.1
Net Estimated Proceeds Before Distribution			\$91.3	\$98.5
C. Secured Claims - Revolving Credit Facility	11	\$55.7	\$55.7	\$55.7
<i>% Recovery for Secured Claims - Revolving Credit Facility</i>			100.0%	100.0%
Amount Available for Remaining Secured Claims			\$35.6	\$42.8
D. Secured Claims - 1st Lien Term Loan	11	\$408.0	\$35.6	\$42.8
<i>% Recovery for Secured Claims - 1st Lien Term Loan</i>			8.7%	10.5%
Amount Available for Remaining Secured Claims			-	-
E. Secured Claims - 2nd Lien Term Loan	11	\$151.6	-	-
<i>% Recovery for Secured Claims - 2nd Lien Term Loan</i>			0.0%	0.0%
Amount Available for Miscellaneous Secured Claims			-	-
F. Secured Claims - Other Miscellaneous	12	\$0.1	-	-
<i>% Recovery for Secured Claims - Other Miscellaneous</i>			0.0%	0.0%
Amount Available for Administrative Claims			-	-
G. Chapter 11 Administrative Claims	13			
503(b)(9) and General Administrative Claims		\$2.0	-	-
Total Administrative Claims		\$2.0	-	-
<i>% Recovery for Administrative Claims</i>			0.0%	0.0%
Amount Available for Priority and General Unsecured Creditors			-	-
H. Prepetition Priority Claims	14	\$2.5	-	-
<i>% Recovery for Unsecured Claims</i>			0.0%	0.0%
Amount Available for Unsecured Claims			-	-
I. Unsecured Claims	15	See Note 15 Below	-	-
<i>% Recovery for Unsecured Claims</i>			0.0%	0.0%

Assumptions

The following notes describe the significant assumptions that were applied to individual assets within the broader asset categories.

Note 1

The Debtors' estimated cash and cash equivalents as of October 3, 2010 is expected to be \$100.5 million.

Note 2

The Debtors' Distribution Center inventory is approximately \$16.1 million. This analysis assumes 7 million total units of inventory, and \$0.15 to \$0.30 total proceeds per unit.

Note 3

The Debtors' accounts receivable consist of a receivable from one vendor. This analysis assumes between 0.0% and 50.0% recovery of the book value of receivables as of 10/3/2010.

Note 4

The estimate for property and equipment assumes between a 5.0% and 10.0% recovery of the estimated book value as of 10/3/2010.

Note 5

The Debtors' intangibles consist primarily of trademarks and customer lists. Based on input from its financial advisor in intangibles, Streambank, management assumes between 0.0% and 4.5% recovery of the book value of intangibles as of 10/3/2010.

Note 6

The Debtors' prepaid expenses and deposits are approximately \$28.3 million. These consist primarily of pre-paid insurance and credit card holdbacks. This analysis assumes between 0% and 5% recovery of the book value of other assets as of 10/3/2010.

Note 7

Estimated professional fees represent the costs for financial advisors, attorneys and other professionals. Assumes \$75,000 to \$100,000 of fees per month for 6 months, and \$37,500 to \$50,000 of fees per month for 6 months thereafter.

Note 8

Estimated accrued and unpaid professional fees represent the costs accrued for financial advisors, attorneys and other professionals through 10/3/2010.

Note 9

Chapter 7 trustee fees are estimated at 3.0% of all amounts disbursed to parties in interest.

Note 10

Operating expenses assume a wind down period of approximately twelve months following the appointment or election of a Chapter 7 trustee. Assumes \$250,000 to \$500,000 per month for the first 6 months, and \$125,000 to \$250,000 per month thereafter.

Note 11

Estimates for the senior secured claims as of 9/3/10.

Note 12

There are numerous asserted non-bank secured claims. The Company is still reviewing these miscellaneous asserted secured claims but has assumed \$100,000 to be the amount of those claims solely for purpose of this analysis. Solely for purposes of this analysis, the Company has assumed that certain alleged purchase money security interests in inventory do not prime the blanket lien of the first lien lenders on that same inventory, although the Company is still analyzing those claims. If certain of the purchase money security interest claims were determined to be valid and primed other secured claims, this miscellaneous secured claim amount could be substantially higher.

Note 13

There are numerous asserted administrative expense claims, many of which are disputed by the Company and others of which are still being reviewed by the Company. Solely for purposes of this analysis, the Debtors have assumed that \$2.5 million of unpaid administrative expense claims as of October 3, 2010 would be ultimately allowed in a Chapter 7 case, although that number could ultimately be higher or lower. The main categories of potential administrative expense claims asserted against the Debtors are for post-petition taxes, post-petition landlord claims, 503(b)(9) claims and other post-petition trade vendor claims and miscellaneous asserted administrative expense claims. Administrative claims within the carve-out amount are not included in this number.

Note 14

There are numerous asserted pre-petition priority claims, many of which are disputed by the Company and others of which are still being reviewed by the Company. Solely for purposes of this analysis, the Debtors have assumed that the aggregate amount of non-disputed priority claims remaining unpaid as of October 3, 2010 are \$2.5 million. The primary types of priority claims asserted against the Debtors are for certain pre-petition taxes and pre-petition employee severance claims.

Note 15

The Debtors do not believe it is necessary to estimate the projected amount of general unsecured claims that will ultimately be allowed against the Debtors in view of the liquidating nature of the Plan, the costs involved in making such a projection and the certainty that there would be no recovery for general unsecured claims in any Chapter 7 liquidation.