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10 **UNITED STATES BANKRUPTCY COURT**
11 **CENTRAL DISTRICT OF CALIFORNIA**
12 **SANTA BARBARA DIVISION**

14 In re:
15 **THE WALKING COMPANY**, a
Delaware corporation, d/b/a Alan's
16 Shoes, Footworks, Overland Trading
Co., Sole Outdoors, and Martini Shoes;
17 f/k/a TWC Acquisition Corporation;
BIG DOG USA, INC., a California
18 corporation, d/b/a Big Dog Sportswear;
f/k/a Fortune Dogs, Inc.; and **THE**
19 **WALKING COMPANY**
HOLDINGS, INC., a Delaware
20 corporation, f/k/a Big Dog Holdings,
Inc. and 190th Shelf Corporation,
21
22 Debtors.

- 23 Affects all Debtors
24 Applies only to The Walking
Company
25 Applies only to Big Dog USA, Inc.
26 Applies only to The Walking
27 Company Holdings, Inc.
28

Case No. 09-15137, 09-15138, and 09-15139

Jointly Administered under Case No. 09-15138

[Chapter 11]

**DISCLOSURE STATEMENT FOR
DEBTORS' ORIGINAL JOINT
CHAPTER 11 PLAN (DATED
FEBRUARY 1, 2010)**

Disclosure Statement Hearing

DATE: March _____, 2010
TIME: TBD
PLACE: 1415 State Street
Santa Barbara, CA 93101

Confirmation Hearing

DATE: April _____, 2010
TIME: TBD
PLACE: 1415 State Street
Santa Barbara, CA 93101



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I.
INTRODUCTION

The Walking Company, Big Dog USA, Inc., and The Walking Company Holdings, Inc. are the debtors in these Chapter 11 bankruptcy cases. On December 7, 2009, the Debtors commenced bankruptcy cases by filing voluntary Chapter 11 petitions under the Bankruptcy Code. Since the Petition Date, as authorized under Bankruptcy Code Sections 1107 and 1108, the Debtors have operated their business and managed their affairs as debtors in possession. These Reorganization Cases are being jointly administered before the Bankruptcy Court.

Chapter 11 allows the Debtors, and under some circumstances, creditors and others parties in interest, to propose a plan of reorganization. The Plan may provide for the Debtors to reorganize by continuing to operate, to liquidate by selling assets of the estates, or a combination of both. The Debtors are the parties proposing the Plan sent to you in the same envelope as this document. **THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE DEBTORS' PLAN.**

This is a joint reorganizing plan among all of the Debtors. In other words, the Debtors (also referred to as the "Proponents") seek to accomplish payments under the Plan primarily by: (a) reducing operating expenses by renegotiating its real estate leases; (b) reducing the amount due under its Notes and obtaining certain other economic concessions from the Noteholders and certain other creditors; (c) increasing its capital through a \$10 million Capital Investment and a \$30 million Exit Financing; and (d) cash from operations. The \$10 million Capital Investment will be made pursuant to a Investor Commitment Letter between the Investors and the Debtors. Of this \$10 million investment, approximately \$7.2 million will be used to pay for the Debtors' reorganization costs, including Allowed Administrative and Priority Claim and Allowed General Unsecured Claims to be paid within 30 days of the Plan's Effective Date. Any remaining balance will be retained as working capital for the reorganized company. The Effective

1 Date of the proposed Plan is the first Business Day on which the conditions specified in
2 Section IV.N. are satisfied, but that is in no event later than the Closing Deadline under
3 the WFRF Commitment Letter.

4 As discussed in detail in this Disclosure Statement, the Plan proposes to satisfy all
5 of the prepetition obligations of the Debtors, with the exception only of certain voluntary
6 discounts agreed to by the Noteholders and the possible impairment of Holdings' Existing
7 Common Stock pursuant to terms of the Investor Commitment Letter. The Debtors
8 believe that the Plan provides the greatest and earliest possible recoveries to creditors and
9 stockholders, that confirmation of the Plan is in the best interest of all parties in interest,
10 and that any alternative would result in further delay, uncertainty, and expense to the
11 Estates. The Proponents therefore recommend that all eligible creditors and stockholders
12 entitled to vote on the Plan cast their ballots to accept the Plan.

13 **A. Purpose of This Document**

14 This Disclosure Statement summarizes what is in the Plan, and tells you certain
15 information relating to the Plan and the process the Court follows in determining whether
16 or not to confirm the Plan.

17 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT**
18 **TO KNOW ABOUT:**

- 19 (1) **WHO CAN VOTE OR OBJECT;**
- 20 (2) **WHAT THE TREATMENT OF YOUR CLAIM IS (I.E., WHAT**
21 **YOUR CLAIM WILL RECEIVE IF THE PLAN IS CONFIRMED),**
22 **AND HOW THIS TREATMENT COMPARES TO WHAT YOUR**
23 **CLAIM WOULD RECEIVE IN LIQUIDATION;**
- 24 (3) **THE HISTORY OF THE DEBTORS AND SIGNIFICANT EVENTS**
25 **DURING THE BANKRUPTCY;**
- 26 (4) **WHAT THINGS THE COURT WILL LOOK AT TO DECIDE**
27 **WHETHER OR NOT TO CONFIRM THE PLAN;**
- 28 (5) **WHAT IS THE EFFECT OF CONFIRMATION; AND**

1 **(6) WHETHER THIS PLAN IS FEASIBLE.**

2 This Disclosure Statement cannot tell you everything about your rights. You should
3 consider consulting your own lawyer to obtain more specific advice on how this Plan will
4 affect you and what is the best course of action for you.

5 Be sure to read the Plan as well as the Disclosure Statement. If there are any
6 inconsistencies between the Plan and the Disclosure Statement, the Plan provisions will
7 govern.

8 The Bankruptcy Code requires a Disclosure Statement to contain “adequate
9 information” concerning the Plan. The Bankruptcy Court (“Court”) has approved this
10 document as an adequate Disclosure Statement, containing enough information to enable
11 parties affected by the Plan to make an informed judgment about the Plan. Any party can
12 now solicit votes for or against the Plan.

13 **B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing**

14 THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS
15 DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN
16 ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE COURT LATER
17 CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON THE DEBTORS
18 AND ON ALL CREDITORS AND INTEREST HOLDERS IN THESE
19 REORGANIZATION CASES.

20 **1. Time and Place of the Confirmation Hearing**

21 The hearing where the Court will determine whether or not to confirm the Plan will
22 take place on _____, 2010, at _____, at the United States Bankruptcy
23 Court, 1415 State Street, Santa Barbara, California 93101.

24 **2. Deadline For Voting For or Against the Plan**

25 If you are entitled to vote, it is in your best interest to timely vote on the enclosed
26 ballot and return the ballot in the enclosed envelope to the Debtors’ Claims Agent,
27 Kurtzman Carson Consultants LLC. Your ballot must be received by the Claims Agent
28 by _____, 2010, at 4:00 p.m. (Pacific Time) or it will not be counted.

1 **3. Deadline For Objecting to the Confirmation of the Plan**

2 Objections to the confirmation of the Plan must be filed with the Court and served
3 upon counsel for the Debtors, Arent Fox LLP, Attn: Douglas Flahaut, Esq. at 555 West
4 Fifth Street, 48th Floor, Los Angeles, CA 90013 by _____, 2010, at 4:00
5 p.m. (Pacific Time).

6 **4. Identity of Person to Contact for More Information Regarding the Plan**

7 Any interested party desiring further information about the Plan should contact
8 Mette H. Kurth, Esq. or Douglas Flahaut, Esq. at Arent Fox LLP, 555 West Fifth Street,
9 48th Floor, Los Angeles, CA 90013, telephone (213) 629-7400, and/or email
10 kurth.mette@arentfox.com or flahaut.douglas@arentfox.com.

11 **C. Disclaimer**

12 Please carefully read this document, the Plan, and the attached Exhibits. These
13 documents explain who may object to confirmation of the Plan, who is entitled to vote to
14 accept or reject the Plan, and the treatment that creditors and stockholders can expect to
15 receive if the Court confirms the Plan. **The statements and information contained in**
16 **the Plan and Disclosure Statement, however, do not constitute financial or legal**
17 **advice. You should therefore consult your own advisors if you have questions about**
18 **the impact of the Plan on your Claims or Interests.**

19 The financial data relied upon in formulating the Plan was prepared by the Debtors
20 from information in their books and records and financial statements, as well as financial
21 projections and appraisals prepared by the Debtors' financial advisors, The Clear
22 Thinking Group LLC, and is the sole responsibility of the Debtors. The information
23 contained in this Disclosure Statement is provided by Andrew D. Feshbach, the Chief
24 Executive Officer and President of the Debtors, Anthony J. Wall, the Executive Vice
25 President and General Counsel of the Debtors, and Roberta J. Morris, the Chief Financial
26 Officer of the Debtors. The Plan Proponents represent that everything stated in the
27 Disclosure Statement is true to the Proponents' best knowledge. The Debtors'
28 professionals and financial advisors have not independently verified this information.

1 The statements and information that concern the Debtors and that are set forth in
2 this document constitute the only statements and information that this Court has approved
3 for the purpose of soliciting votes to accept or reject the Plan. Therefore, no statements or
4 information that are inconsistent with anything contained in this Plan and Disclosure
5 Statement are authorized unless otherwise ordered by this Court. The Court has not yet
6 determined whether or not the Plan is confirmable and makes no recommendation as to
7 whether or not you should support or oppose the Plan.

8 **You may not rely on the Plan and Disclosure Statement for any purpose other**
9 **than to determine whether to vote to accept or reject the Plan. Nothing contained in**
10 **the Plan or Disclosure Statement constitutes an admission of any fact or liability by**
11 **any party or may be deemed to constitute evidence of the tax or other legal effects**
12 **that the Debtors' reorganization may have on entities holding Claims or Interests.**

13 Unless another time is expressly specified in the Disclosure Statement, all
14 statements contained in this document are made as of February 1, 2010. Under no
15 circumstances will the delivery of this Disclosure Statement or the exchange of any rights
16 made in connection with the Plan create an implication or representation that there has
17 been no subsequent change in the information included in this document. The Debtors
18 assume no duty to update or supplement any of the disclosure information contained in
19 this document, and they presently do not intend to undertake any such updates or
20 supplements.

21 **CAUTIONARY STATEMENT:** Some statements in this document may
22 constitute forward-looking statements within the meaning of the Securities Act and the
23 Exchange Act. Such statements are based upon information available when the
24 statements were made and are subject to risks and uncertainties that could cause actual
25 results materially to differ from those expressed in the statements. Neither the SEC nor
26 any state securities commission has approved or disapproved this document.

27
28

1 **II.**

2 **BACKGROUND**

3 **A. Description and History of the Debtors' Business**

4 The Debtors are The Walking Company Holdings, Inc., a Delaware corporation,
5 and its two wholly owned subsidiaries, The Walking Company, a Delaware corporation,
6 and Big Dog USA, Inc., a California corporation, d/b/a "Big Dog Sportswear."
7 Headquartered in Santa Barbara, California, the Debtors consist of two distinct retail
8 operations. The Debtors' operations are largely focused on TWC, which is a leading
9 specialty retailer of authentic comfort footwear, operating 207 stores in premium malls
10 across the nation. TWC generated approximately 93% of the Debtors' sales in 2009. Big
11 Dog is a retailer of a lifestyle collection of popular-priced T-shirts, casual sportswear, and
12 accessories featuring the Big Dogs trademark. Together, TWC and Big Dog employ over
13 1,600 individuals across the country.

14 **1. Walking Company Holdings, Inc.**

15 Holdings is a holding company trading on the pink sheets under the symbol
16 "WALK." Holdings' assets consist primarily of the stock of its two operating subsidiaries
17 (TWC and Big Dog) and the trademarks, copyrights and other intellectual property used in
18 the operation of TWC and Big Dog, which Holdings licenses to such subsidiaries. The
19 Debtors use a variety of trademarks that it owns, including the U.S. registered trademarks
20 THE WALKING COMPANY®, BIG DOGS®, BIG DOG SPORTSWEAR®, and a dog
21 logo.

22 **2. Big Dog USA, Inc., d/b/a Big Dog Sportswear**

23 Big Dog products have been sold since 1983, but until Big Dog and its business
24 were acquired by Holdings in 1992, its operations were limited. Big Dog's product line
25 originally concentrated on its branded collection of T-shirts, shorts, and other casual
26 sportswear featuring graphic designs focused on the BIG DOGS® trademark and a dog
27 character known as "Big Dog." Big Dog develops, markets, and retails this clothing line
28 and related accessories and gifts for men, women, and children. In the years following its

1 acquisition, Big Dog leveraged the Big Dog brand through expansion of its product line
2 and growth of its retail chain in outlet malls throughout the United States, as well through
3 a catalog and Internet business and certain other venues. At its height, Big Dog revenues
4 exceeded \$100 million annually, and it operated more than 200 stores.

5 Big Dog and its management team have a long history as an active part of the Santa
6 Barbara business community. For 14 consecutive years, Big Dog organized the annual
7 Big Dog Parade and Canine Festival, which attracted dog lovers and families from across
8 the country to Santa Barbara to compete in the largest dog parade in the country. All
9 proceeds from the event went directly to the Big Dog Foundation, a 501(c) non-profit
10 organization dedicated to bettering the lives of dogs, children, and dogs that help people.
11 Through its existence, the Big Dog Foundation has made significant donations of
12 remainder and difficult-to-sell garments to local and national charities in need. Beginning
13 in 2007, Big Dog's charitable activities have been largely suspended, and the Big Dog
14 Parade scheduled for 2009 was cancelled. However, members of Big Dog's management
15 team continue to participate as members of the board of directors of the Big Dog
16 Foundation.

17 After years of early growth, Big Dog reached a level of maturity in its number of
18 stores and breadth of product. In 2007 and 2008, Big Dog began to incur significant
19 losses as customer traffic and sales in its outlet-based stores declined. After attempts to
20 sell Big Dog in the fall 2007 and early 2008 were unsuccessful, in mid-2008 Big Dog
21 implemented a successful out-of-court workout of Big Dog, through which Big Dog was
22 able to stem further losses by reducing the chain from over 140 stores to the two stores
23 that remain at present. Big Dog remaining operations are limited, consisting mainly of
24 Internet sales. The Debtors are considering a business plan to reopen certain Big Dog
25 stores on a limited basis.

26 Although the shutdown of the Big Dog retail chain stemmed further operating
27 losses, it imposed on the Debtors a workout cost of over \$3 million, reduced overall
28 revenue, created illiquidity, and burdened TWC with a greater share of the Debtors'

1 overhead costs.

2 **3. The Walking Company**

3 Founded in 1991, TWC is a retailer of high-quality, technically designed comfort
4 footwear and accessories for men and women featuring leading comfort brands from
5 around the world, including ECCO®, Dansko®, UGG®, MBT®, and Aetrex®. When
6 TWC was acquired by Holdings in 2004, it was comprised of 72 retail stores located
7 primarily in regional malls.

8 TWC seeks out and offers to its customers shoe brands that are of high quality,
9 integrate comfort features, and are not widely distributed. TWC features a number of
10 European and other foreign comfort shoe brands not widely found in other US shoe
11 retailers. TWC stores offer a high level of customer service through a trained,
12 knowledgeable sales staff that informs customers of the health and comfort benefits and
13 the technical features of TWC's footwear. TWC's commitment to knowledgeable
14 customer service enhances its ability to generate repeat business and attract new
15 customers.

16 Although marketing focus is on baby boomers and working professionals, TWC's
17 customers include men and women of all ages. As baby boomers age, there is an
18 increasing focus on comfort footwear for both work and play. In addition, many of
19 TWC's brands are popular with working professionals such as teachers, medical staff,
20 foodservice personnel and others who spend long days on their feet. The majority of
21 TWC's footwear products range from between \$80 and \$200. TWC utilizes its
22 preeminence in the comfort market to seek strong vendor relationships and widespread
23 customer recognition.

24 TWC stores are typically located in leading regional malls in prosperous urban
25 areas where TWC believes demographics are favorable. In making site selections, TWC
26 also considers a variety of other factors, including proximity to large population centers,
27 area income, the prestige and potential customer-draw of the other tenants in the center or
28 area, rent and operating costs, store location and visibility within the center, and the

1 accessibility and visibility of the center from nearby thoroughfares. TWC store size
2 generally ranges between 1,400-1,700 square feet, and some industry reports indicate that
3 TWC stores generate twice the sales-per-square-foot of other comfort shoe retailers.

4 **B. The Expansion of The Walking Company's Retail Operation**

5 After acquiring TWC the year before, in 2005 the Debtors tested the expansion of
6 TWC's retail stores by opening 12 new stores featuring an updated look and appeal. This
7 new look was a key part of TWC's implementation of an effective, coherent marketing
8 image and strategy. This strategy has been implemented through a newly-developed store
9 design and supporting marketing endeavors. Through new store development and
10 refitting old stores, the large majority of the chain now has the new design. TWC further
11 continues its brand awareness through consistent store layout and image, collateral
12 materials (in-store posters, etc.), and development of brand-identifying trademarks and
13 slogans.

14 Encouraged by strong sales results and profitability in its test stores, TWC entered
15 a period of strategic expansion of its store chain, opening approximately 140 new stores
16 and more than doubling in size from 2006 through 2008 by leasing and building-out new
17 stores as well as by acquiring existing retail footwear stores for conversion into TWC
18 stores. In September 2005, TWC acquired the assets of Footworks, a division of the
19 privately held shoe retailer Bianca of Nevada, Inc. In January 2006, it acquired
20 substantially all the assets of Steve's Shoes, Inc., one of the largest independent comfort
21 shoe retailers in the country, through a bankruptcy auction. And in January 2008, it
22 acquired substantially all assets of Natural Comfort Footwear, Inc., one of the largest
23 independent comfort shoe retailers in Florida. All of these stores were converted to TWC
24 stores. TWC has also developed an Internet presence to generate sales and promote its
25 store-based business.

26 TWC's cost to open a store in 2007, including leasehold improvements and
27 furniture and fixtures, was approximately \$293,000 per store. The average per store initial
28 inventory for the new 2007 stores was approximately \$201,000 and pre-opening expenses

1 averaged approximately \$18,000 per store. TWC financed the capital costs of its
2 expansion from its revenues and also through the issuance in 2007 of \$18.5 million of the
3 *8.375% Convertible Notes due 2015*.

4 During this period of expansion, the Debtors built up their infrastructure and
5 overhead to accommodate the expanded TWC chain. Today, TWC is the nation's leading
6 specialty retailer of authentic comfort footwear, operating 207 stores in premium malls
7 across the nation.

8 **C. Events Leading to Chapter 11 Filing**

9 From 2005 through 2008, as the Debtors expanded their TWC operations across
10 the country, they also experienced significant growth in TWC product sales. TWC's total
11 net annual sales increased from \$179.1 million in 2005, to \$218.6 million in 2006, to
12 \$233.3 million in 2007, and to \$241.5 million in 2008. TWC's gross profits for this
13 period increased from \$98.8 million in 2005, to \$116.9 million in 2006, to \$122.4 million
14 in 2007, and decreased to \$117.5 million in 2008.

15 During this period of expansion, the Debtors agreed to the high rent levels then
16 required by landlords based on industry-wide customer traffic and sale assumptions.
17 However, these assumptions failed to materialize when the economy in general, and the
18 retail business in particular, went into serious decline in 2008 and 2009. The Debtors'
19 total net annual sales for 2008 of approximately \$242 million—while still representing an
20 increase over 2007 sales—were lower than had been projected. When combined with
21 significant expansion costs related to the growth of TWC, as well as the one-time costs
22 associated with the downsizing of Big Dog, the Debtors generated a loss from operations
23 of \$5.3 million in 2008.

24 Mall traffic and retail sales continued to be weak throughout 2009. As the retail
25 and real estate markets continued to decline, the vast majority of the Debtors' leases
26 became burdened with substantially over-market rents. And for the first time during this
27 period, the Debtors' gross sales decreased. In 2009, the Debtors' gross sales were \$193
28 million, and the Debtors generated a loss from operations of \$8.1 million.

1 Meanwhile, as TWC began incurring losses in 2008 and throughout 2009, its
2 borrowing base diminished and the Debtors' availability under its credit line with Wells
3 Fargo Retail Finance (or "WFRF") was reduced accordingly. With its ability to weather
4 the continuing economic recession and the depressed retail environment impaired, the
5 Debtors sought to strengthen their financial capital position. In early 2009, the Debtors
6 made inquiries to various financial firms about a possible capital investment. Those
7 efforts were unsuccessful largely due to concerns about the Debtors' lack of operating
8 profits and the locked-in high rents in their lease portfolio. The Debtors also made
9 inquiries within the retail industry in early 2009 regarding potential interest in the
10 purchase of the Debtors. But potential acquirers expressed similar concerns about the
11 Debtors' lack of operating profits and over-market lease rents, especially with respect to
12 TWC's newer stores.

13 While pursuing these options during early 2009, the Debtors also proceeded to
14 develop and sought to implement a turn-around plan in an effort to strengthen their
15 financial capital position. Some of the key elements of the turn-around plan, which has
16 focused on cost cutting, financial restructuring, and efforts to renegotiate its lease
17 obligations, include the following:

- 18 a) Holdings voluntarily delisted itself from NASDAQ and de-registered with
19 the SEC in order to relieve itself of the costs of complying with SEC
20 reporting, Sarbanes-Oxley, and other requirements of being a publicly
21 registered and traded company;
- 22 b) Employee compensation was reduced and over 500 employees (largely at
23 Big Dog) were terminated;
- 24 c) The Debtors implemented year-over-year inventory reductions of nearly
25 35% in order to generate additional cash and liquidity;
- 26 d) The Debtors obtained from WFRF, their secured lender, an increase in their
27 available line of credit as a result of personal guaranties provided to WFRF
28

1 by Andrew D. Feshbach and Fred Kayne;¹

2 e) The Debtors negotiated certain concessions from their Noteholders, who
3 among other things agreed to allow quarterly cash interest payments to be
4 paid through PIK Interest for up to two years and who agreed to extend the
5 Notes' maturity dates in exchange for a subordinated security interest in
6 certain assets of Holdings and its subsidiaries; and

7 f) The Debtors actively sought from their landlords reductions of their now
8 above-market rents for the remainder of 2009 so that their store operating
9 expenses could be brought in line with the now reduced customer traffic and
10 retail sales being experienced at malls across the country.

11 While the Debtors were successful in implementing all other elements of their turn-
12 around plan and achieving significant cost reductions, their landlords largely refused to
13 provide meaningful rent reductions. After originally proposing rent reductions to the
14 landlords in early spring of 2009, the Debtors spent the entire balance of 2009 through the
15 Petition Date persistently seeking much needed rent reductions, but without meaningful
16 success. The Debtors' landlords, while acknowledging that many of the Debtors rents are
17 above-market and/or above the percentage of sales at which they were originally set,
18 largely refused the requested reductions.

19 Accordingly, it became apparent that the Debtors could not consensually obtain the
20 rent concessions needed to strengthen its financial capital position sufficiently to weather
21 the continuing economic recession. With the capital markets and buyout environment
22 remaining dormant, the Debtors concluded that it was necessary to pursue a "right sizing"
23 strategy that would permit them to adjust their lease portfolio, reorganize around their
24 profitable stores, and eliminate those stores whose continued operation would prevent a
25 successful reorganization.

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¹ In consideration of providing his personal guaranty of the WFRF overadvance facility to Debtors, described in
28 Section II.C. above, Mr. Kayne was paid a fee of \$43,616.44.

1 **D. The Debtors' Progress in Pre-Negotiating a Plan of Reorganization**

2 As noted above, TWC more than doubled in size by adding 140 stores to its
3 portfolio from 2006 through 2008, which is now widely recognized as having been the
4 height of the commercial real estate market. Today, the large majority of TWC's leases
5 have over-market rents. During the months preceding the Petition Date, the Debtors
6 developed a turnaround plan through which they would divest their unprofitable and
7 marginal leases immediately after commencing these Reorganization Cases, and retain
8 those stores that are profitable and contributing significantly to the Debtors' revenue, as
9 well as its Internet sale portal. The Debtors commenced these Reorganization Cases in
10 order to implement that strategy, which would have allowed the Debtors to emerge from
11 chapter 11 with profitable operations and generating \$140 million in annual revenue.

12 Based on this reorganization plan, the Debtors secured debtor-in-possession
13 financing from WFRF. In addition, WFRF and the Debtors began negotiating the terms of
14 the Exit Financing for the Debtors, and on December 4, 2009, WFRF provided the
15 Debtors with an initial letter of interest regarding an exit financing arrangement. In
16 addition, after substantial negotiations, the Debtors obtained a commitment in principle
17 with respect to the key terms of a chapter 11 plan under which, among other things, an
18 Investor group lead by Richard Kayne of Kayne Anderson Capital Advisors, LP would
19 contribute \$10 million to recapitalize the Debtors pursuant to a confirmed plan of
20 reorganization. Finally, the Debtors initiated discussions with certain key vendors, who
21 began forming an *ad hoc* trade committee during the weeks prior to the Petition Date.
22 Discussions with these vendors were very constructive, resulting in commitments from
23 certain vendors to continue to ship product to the Debtors during the course of these
24 Reorganization Cases.

25 With these pre-negotiated commitments and financings in place, the Debtors
26 commenced these Reorganization Cases on December 7, 2009, in order to implement their
27 "right-sizing" strategy and reorganize their business. As discussed in greater detail below,
28 this effort has been significantly more successful than originally anticipated, resulting in

1 the filing of this Chapter 11 Plan, which proposes to satisfy all of the prepetition
2 obligations of the Debtors, with the exception only of certain voluntary discounts agreed
3 to by the Noteholders and the possible impairment of Holdings' Existing Common Stock
4 pursuant to the terms of the Investor Commitment Letter.

5 **E. Principals/Affiliates of Debtors' Business**

6 Both TWC and Big Dog are affiliates of Holdings, and Holdings is an affiliate of
7 each of those entities, on account of Holdings' ownership of 100% of the security interests
8 in TWC and Big Dog.

9 Fred Kayne, who is also the Chairman of the Board of Directors of Holdings,
10 controls Holdings through his living trust's ownership of approximately 56% of Holdings'
11 outstanding stock. Inasmuch as Fred Kayne directly or indirectly owns, controls, or holds
12 with power to vote, 20% or more of the outstanding voting securities of Holdings, Fred
13 Kayne is also an affiliate of the Debtors. Moreover, any of Fred Kayne's relatives are, on
14 that account, insiders of the Debtors. Fred Kayne's brother, Richard Kayne, owns only
15 9% of Holdings' outstanding stock, and therefore Ric Kayne is considered to be an insider
16 of the Debtors.

17 **F. Management of the Debtors Before and After the Bankruptcy**

18 The Debtors' key management prior to the filing of the petition remain in charge of
19 the Debtors as of the filing of this Disclosure Statement, and Debtors intend to emerge
20 from bankruptcy with the same key management.

21 **1. The Debtors' Board of Directors**

22 The Board of Directors of each of the Debtors before, during, and after bankruptcy
23 will be comprised of: (a) Fred Kayne, who is Chairman and also the majority stockholder
24 of Holdings; (b) Andrew D. Feshbach, who is also the Debtors' Chief Executive Officer;
25 and (c) David Walsh, who is an independent director and does not occupy a management
26 position.

27 **2. The Debtors' Management Team**

28 The following is information regarding the Debtors' officers and members of the

1 management team that was in place prior to the filing of the petition, has continued to
2 manage the Debtors during these Reorganization Cases, and is expected to be employed
3 by Debtors as of the Effective Date:

4 **a. Andrew D. Feshbach, Chief Executive Officer**

5 Mr. Feshbach co-founded Holdings in May 1992, and he has served as the
6 President and Chief Executive Officer of Big Dog and Holdings and a member of their
7 respective Boards of Directors since that time. He is also the Chief Executive Officer,
8 President, and a member of the Board of Directors of TWC, which Holdings acquired in
9 2004 through a bankruptcy auction.

10 Prior to 1992, Mr. Feshbach served as a Vice President of Fortune Financial, a
11 private merchant banking firm owned by Holdings' Chairman and majority stockholder,
12 Fred Kayne. Prior to that, he was a partner in Maiden Lane, a merchant bank, and a Vice
13 President in the Mergers and Acquisitions Group of Bear Stearns & Co. Mr. Feshbach
14 holds an M.B.A. degree from Harvard Business School and a B.A. degree in Economics
15 (Phi Beta Kappa) from the University of California at Berkeley.

16 **b. Roberta J. Morris, Chief Financial Officer**

17 Ms. Morris joined Holdings in 1993 and serves as the Debtors' Chief Financial
18 Officer. Ms. Morris is a certified public accountant. Prior to joining Holdings, Ms. Morris
19 was employed as a Senior Audit Manager with Deloitte & Touche LLP. Prior to 1993,
20 Ms. Morris served as a Senior Audit Manager at Deloitte & Touche LLP, an international
21 public accounting firm. Prior to that, she was with Kenneth Leventhal & Company, a real
22 estate boutique accounting firm. Ms. Morris holds an accounting degree from California
23 State University Northridge and is a Certified Public Accountant.

24 **c. Anthony J. Wall, Executive Vice President and General Counsel**

25 Mr. Wall joined Holdings in 1994 and serves as their Executive Vice President—
26 Business Affairs, General Counsel and Secretary. Prior to joining Holdings, Mr. Wall
27 was a partner in the corporate department of the international law firm of Gibson, Dunn &
28 Crutcher. Mr. Wall is an Order of the Coif graduate of USC Law School and is admitted

1 to the California bar. Mr. Wall also provides occasional legal and business services to
2 certain other private companies controlled by Fred Kayne, the Chairman and controlling
3 stockholder.

4 **d. Lee M. Cox, Senior Vice President-Retail**

5 Mr. Cox joined the Debtors in 2000 and serves as the Senior Vice President –
6 Retail of TWC. He has been a retail executive for over 20 years with extensive
7 experience in operations, marketing and real estate. Prior to joining the Debtors, Mr. Cox
8 was Director of Retail Stores for Adidas America for seven years. Before that he served
9 as an account executive for Sonoma Real Estate. Mr. Cox holds a business degree from
10 the University of Colorado.

11 **e. Michael Grenley, Senior Vice President-Merchandising**

12 Mr. Grenley joined the Debtors in 1994 and serves as TWC's Senior Vice
13 President – Merchandising. He has been a retail executive for over 29 years with
14 extensive buying experience in shoes, apparel and accessories. Prior to joining the
15 Debtors, Mr. Grenley was Vice President of Merchandise at Macy's California. Prior to
16 joining the Debtors, Mr. Grenley was the Vice President and Divisional Merchandise
17 Manager at Macy's West / Bullocks. Mr. Grenley holds an economics degree from The
18 University of California at Davis.

19 **G. Current and Historical Financial Conditions**

20 **1. The Debtors' Assets**

21 Based on Holdings' books and records, as of the Petition Date, Holdings'
22 unaudited, balance sheet assets totaled approximately \$80.9 million. These assets
23 consisted primarily of 100% of the stock of TWC, with a book value of \$78.6 million, and
24 100% of the stock of Big Dog, with a book value of \$2.1 million, \$200,000 in
25 miscellaneous assets, and intellectual property assets with an unknown value.

26 Based on TWC's books and records as set forth in the Debtors' Schedules, as of the
27 Petition Date, TWC's unaudited, balance sheet assets totaled approximately \$79.1 million.
28 Of this amount, the Debtors held, on a book value basis, approximately \$40.3 million in

1 net inventories; fixed assets (including property and equipment) of \$33.5 million, net of
2 depreciation; \$3.6 million in accounts receivable; \$1.4 million in cash; other assets
3 totaling \$300,000; and intellectual property and customer lists with an unknown value.²

4 Based on Big Dogs' books and records as set forth in the Debtors' schedules, as of
5 the Petition Date, Big Dog's unaudited, balance sheet assets totaled approximately \$10.9
6 million. These assets consisted primarily of an \$8.8 million intercompany balance due
7 from TWC, \$2.0 million in inventory, \$200,000 in cash and miscellaneous assets, and
8 intellectual property and customer lists with an unknown value.³

9 The identity and fair market value of each Estate's assets are listed in Exhibit A so
10 that you can assess what assets are available to satisfy Claims and to evaluate the overall
11 value of the Estates.

12 **2. The Debtors' Liabilities**

13 Based on Holdings' books and records, as of the Petition Date, Holdings'
14 unaudited, balance sheet liabilities totaled approximately \$50.5 million. These liabilities
15 included approximately \$20.2 million in principal and accrued PIK Interest owing under
16 the Notes; \$25.7 million on account of Holdings' guaranty of obligations under the
17 Prepetition Credit Facility owing to WFRF; \$1.7 million on account of Holding's
18 guaranty of the Atchinson Note; \$1.2 million owing under a capital lease; approximately
19 \$1.0 million on account of the Employee Stock Option Notes; \$500,000 in priority wage
20 claims; and \$200,000 in unsecured landlord claims.

21 Based on TWC's books and records, as set forth in the Debtors' Schedules, as of
22 the Petition Date, TWC's unaudited, balance-sheet liabilities totaled approximately \$68.5
23 million. This amount included approximately \$20.2 million on account of TWC's
24 guaranty of the Notes; \$25.7 million outstanding as a co-borrower with Big Dog under the
25 Prepetition Credit Facility owing to WFRF; an intercompany balance of \$8.8 million due
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27 ² In addition, the Debtors' books and records included \$1.5 million of uncheduled assets relating to such
intangibles as deferred taxes and prepaid assets.

28 ³ In addition, the Debtors' books and records included \$11.8 million of uncheduled assets relating to such
intangibles as deferred taxes and prepaid assets.

1 to Big Dog; priority unsecured claims consisting of \$1.426 million in employee wages and
2 benefits, \$900,000 in outstanding gift certificates and customer refund checks, and \$1
3 million in sales and personal property taxes; and general unsecured claims comprised of
4 \$1.7 million outstanding under the Atchinson Note, \$1.0 million on account of its
5 guaranty of the Employee Stock Option Notes, \$8.3 million in trade claims (of which
6 approximately \$3.5 million may be entitled to administrative priority under Bankruptcy
7 Code section 503(b)(9), and \$400,000 in general liability claims.⁴

8 Based on Big Dog's books and records, as set forth in its Schedules, as of the
9 Petition Date, Big Dog's unaudited, balance sheet liabilities totaled approximately \$46.6
10 million. These liabilities included approximately \$20.2 million on account of Big Dog's
11 guaranty of Holdings' obligations under the Notes; \$25.7 million outstanding as a co-
12 borrower with TWC under the Prepetition Credit Facility owing to WFRF; priority
13 unsecured claims consisting of \$42,000 in employee wages and benefits, \$24,000 in
14 outstanding gift certificates, and 65,000 in sales and personal property taxes; and general
15 unsecured claims comprised of \$177,000 in trade claims and \$349,000 in general liability
16 claims.⁵

17 **a. The Prepetition Facility and DIP Facility**

18 WFRF, as successor in interest to Wells Fargo Retail Finance II, LLC, a Delaware
19 limited liability company, as arranger and administrative agent for the lenders, and TWC
20 and Big Dog are parties to a *First Amended, Restated, and Consolidated Loan and*
21 *Security Agreement, dated as of July 7, 2005* (as amended by nine amendments thereto,
22 the "Prepetition Credit Facility"), and Holdings is a guarantor under this facility. The
23 Prepetition Credit Facility, which has been rolled into the DIP Facility, provides for a total
24 commitment of \$60 million, with the ability for the Debtors to issue documentary and
25 standby letters of credit of up to \$8 million. The Debtors' ability to borrow under the

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27 ⁴ In addition, the Debtors' books and records included \$14.7 million of unscheduled liabilities relating to deferred
rent, tenant improvement allowances, capitalized lease liabilities, and sales returns and other reserves.

28 ⁵ In addition, the Debtors' books and records included \$400,000 of unscheduled liabilities for sales returns and
other reserves.

1 facility is determined using an availability formula based on eligible assets, and pursuant
2 to this formula, the Debtors had approximately \$100,000 in availability under the DIP
3 Facility on December 4, 2009.

4 As part of the earlier attempt to turnaround the Debtors' operations outside of
5 bankruptcy, in March 2009 Fred Kayne and Andrew D. Feshbach provided personal
6 guaranties of the Debtors' obligations to WFRF in order to obtain an over-advance
7 facility. Such over-advance facilities were paid in full by the Debtors in October 2009,
8 and the guaranties were then withdrawn.

9 As of the Petition Date, the approximate loan balance under the Prepetition Credit
10 Facility was \$25.7 million and there were no outstanding letters of credit. During the
11 course of these Reorganization Cases, pursuant to the DIP Order, WFRF's prepetition
12 secured claim has been repaid in full and WFRF has made, and shall continue to make
13 through the Effective Date, postpetition debtor in possession financing loans. (The total
14 amount outstanding under the DIP Facility as of December 31, 2009 was \$7.1 million,
15 which amount may fluctuate based on the Debtors' usage of the DIP Facility.) The
16 interest rate under the Prepetition Credit Facility ranges from the bank's base rate plus a
17 margin of 0.5% or a LIBOR loan rate plus a margin ranging between 1.75% and 2.25%
18 depending upon the average excess availability under the Prepetition Credit Facility. As
19 of the Petition Date, the interest rate for the outstanding base rate loans was 3.75% and the
20 interest rate for the outstanding LIBOR rate loans was between 2.489% and 2.492%.

21 The Prepetition Credit Facility is collateralized by substantially all of the Debtors'
22 assets and requires daily, weekly, and monthly financial reporting as well as compliance
23 with financial, affirmative, and negative covenants. Based on the value of WFRF's
24 collateral, which includes approximately \$39.6 million in net inventories, the outstanding
25 indebtedness owing under the Prepetition Credit Facility and the DIP Facility is more than
26 fully secured.

27 **b. 8.375% Convertible Notes due 2015**

28 On April 3, 2007, Holdings entered into a *Convertible Note Purchase Agreement*

1 with certain purchasers, including some of the Debtors’ officers, pursuant to which
 2 Holdings issued and sold \$18.5 million of Notes, interest payable quarterly. TWC and
 3 Big Dog have guaranteed Holding’s obligations under the Notes. Among other features of
 4 the Notes, they are convertible into fully paid and non-assessable shares of Holdings’
 5 Common Stock to an aggregate of up to 1,027,777 shares at any time after the issuance
 6 date, at an initial conversion price of \$18.00 per share. The Noteholders are:

Noteholder	Insider (Y/N)	Principal Amount	PIK Interest
Blackwell Partners	N	\$1,325,000.00	\$93,202.22
Cotsen Family Foundation	N	\$5,000,000.00	\$351,706.50
David Wolf	N	\$500,000.00	\$35,170.65
Doug Nilsen	N	\$200,000.00	\$14,068.26
Gary Liberthal Trustee	N	\$150,000.00	\$10,551.20
Joel Reims and Kathleen Ann Reims, TTEES	N	\$250,000.00	\$17,585.33
Kayne Anderson Capital Income Partners	N	\$3,900,000.00	\$274,331.07
RBC Dain Rauscher	N	\$500,000.00	\$35,170.65
Robert P. Abate Trustee	N	\$200,000.00	\$14,068.26
Kayne Foundation	N	\$2,500,000.00	\$175,853.25
Anthony J. Wall	Y	\$500,000.00	\$35,170.65
Lee Cox	Y	\$360,000.00	\$25,322.87
Michael Grenley	Y	\$900,000.00	\$63,307.17

1	Richard Kayne,	Y	\$675,000.00	\$47,480.38
2	Trustee Living Trust			
3	Robert Schnell IRA	Y	\$1,000,000.00	\$1,096,733.28
4	Roberta Morris	Y	\$360,000.00	\$25,322.87
5	Susan Minier	Y	\$180,000.00	\$12,661.43

7 If the Notes are not converted before their maturity, the Notes provide that they are
8 to be redeemed by the Debtors on the maturity date at a redemption price equal to 100%
9 of the principal amount of the Notes then outstanding, plus any accrued and unpaid
10 interest. The net proceeds of the Notes, after debt issuance costs, were used to reduce the
11 outstanding balance of Debtors' Prepetition Credit Facility, and thereby to support TWC's
12 store expansion throughout 2006 and 2007. The Notes shall be subject to the terms of a
13 subordination agreement in favor of WFRF on substantially similar terms as the
14 subordination agreement provided by the Noteholders to WFRF prepetition.

15 Effective as of April 1, 2009, as noted above, the Debtors negotiated with the
16 Noteholders an agreement to amend the Notes to provide that the interest on the Notes
17 could be paid through PIK Interest for up to eight quarters, at the Debtors' option,
18 beginning with interest accrued from January 1, 2009, and to extend the maturity of the
19 Notes by three years. In exchange for these concessions, among other things, the
20 Noteholders required that the Debtors secure their obligations under the Notes with a
21 junior security interest in substantially all of its assets (excluding certain trademarks and
22 other intellectual property relating to Big Dog), subject and subordinated to the security
23 interests of WFRF under the Prepetition Credit Facility.

24 In addition, the following Noteholders—Kayne Anderson Capital Income Partners
25 (QP), LP; the Cotsen Family Foundation; The Kayne Foundation, Richard A. Kayne,
26 Trustee; and Richard & Suzanne Kayne Living Trust dated 1/14/99—who are collectively
27 owed approximately \$12 million in principal amount of Notes, agreed to amend their
28 Notes to provide that the outstanding principal amount of the Notes would be reduced by

1 25%, conditioned upon the Debtors' landlords agreeing to grant certain rent concessions
2 to the Debtors no later than December 1, 2009. The Debtors were not able to achieve
3 these rent concessions.

4 **c. General Unsecured Priority Claims**

5 As of the Petition Date, the Debtors' books and records reflected \$457,000 in
6 priority wage claims owed by Holdings, \$1.426 million in priority wage claims owed by
7 TWC, and \$42,300 in priority wage claims owed by Big Dog. The books and records for
8 TWC and Big Dog also reflected approximately \$1.02 million priority unsecured claims
9 on account of outstanding gift certificates and customer refund checks. Finally, the books
10 and records for TWC and Big Dog reflected approximately \$1 million in priority
11 unsecured claims for sales and personal property taxes outstanding as of the Petition Date.
12 These claims have been all been satisfied, or will be satisfied, in the ordinary course of the
13 Debtors' business pursuant to Orders entered by the Bankruptcy Court in December 2009.

14 **d. General Unsecured Non-Priority Claims**

15 The General Unsecured Non-priority claims, as listed on the Debtors' Schedules,
16 reflect the following amounts General Unsecured Non-Priority Claims outstanding as of
17 the Petition Date: (a) Holdings - \$2.9 million; (b) TWC - \$19.2 million; and Big Dog -
18 \$500,000. As discussed below, TWC's Schedules include an \$8.8 million intercompany
19 payable from TWC to Big Dog USA Inc., with an offsetting intercompany receivable by
20 Big Dog USA Inc. Additionally, as discussed in greater detail below, TWC's Schedules
21 reflect \$1.7 million owed under the Atchinson Note, which obligations were guaranteed
22 by Holdings, and are therefore also reflected on Holdings' listing of General Unsecured
23 Non-priority claim as a co-debtor claim. Thus, on a consolidated basis, the total General
24 Unsecured Non-priority claims against three Debtors is \$12.1 million.

25 Of the \$12.1 million, \$4.1 million relates to trade inventory claims owed by TWC;
26 \$3.3 million relates to landlord claims owed by TWC, Holdings and Big Dog; \$1.7
27 million related to the Atchison Note, \$1.0 million relates to Employee Stock Option
28 Notes, \$1.4 million relates to various vendor claims, and \$600,000 relates to workers'

1 compensation and general liability claims asserted as owed by TWC and Big Dog.

2 ***The Atchinson Note.*** As part of the acquisition of Natural Comfort, Inc., TWC
3 issued a \$1,700,000 three-year unsecured promissory note to the seller, Ken Atchinson.
4 The principal on this note is payable on January 15, 2011, subject to a subordination
5 agreement in favor of WFRF. The note bears an interest rate of 7.0% and accrued interest
6 is payable quarterly. A settlement agreement has been entered into with respect to this
7 claim, and a motion seeking approval of this settlement will shortly be filed with the
8 Bankruptcy Court.

9 ***The Employee Stock Option Notes.*** On May 9, 2007, TWC purchased from its
10 officers all of the vested employee stock options held by them that would otherwise have
11 expired on or before May 9, 2008. Options for a total of 245,000 shares were purchased
12 from five officers and employees (no options were purchased from the CEO), as follows:
13 Roberta Morris, Anthony J. Wall, Douglas Nilsen, David Wolf, and John Otchis. The
14 purchase price was \$16.00 per share, less the exercise price of the options, which ranged
15 from \$6.50 to \$10.00 per share. The \$16.00 price represents a discount of approximately
16 5% from the May 9, 2007 closing price of \$16.80. The net purchase price was
17 \$1,965,000. TWC paid for the options by delivery of Employee Stock Option Notes
18 bearing interest at 7% per annum and payable in two equal installments on April 10, 2008
19 and April 10, 2009.⁶

20 TWC has paid the first installment of principal due under the Employee Stock
21 Option Notes. The final installment of principal was due April 10, 2009 (*e.g.*, the
22 maturity date), but has not been paid. TWC has continued to pay interest at the rate of 7%
23 per annum on the Employee Stock Option Notes past the Maturity, and as of the date of
24 this Agreement has paid such interest through September 30, 2009. The total amount
25 outstanding under the Employee Stock Option Notes as of the Petition Date was
26 approximately \$995,312. A settlement agreement has been entered into with respect to

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1 this claim, and a motion seeking approval of this settlement will shortly be filed with the
2 Bankruptcy Court.

3 ***Landlord Claims.*** As of the Petition Date, the Debtors' books and records
4 reflected \$200,000 in landlord claims owed by Holdings, \$3.0 million in landlord claims
5 owed by TWC and \$100,000 in landlord claims owed by Big Dog USA Inc.

6 ***Trade Inventory Claims and Other Miscellaneous Unsecured Claims.*** A total of
7 \$4.1 million in trade inventory claims are reflected on the books and records for TWC as
8 of the Petition Date, in addition to \$1.4 million in various vendor claims owed by TWC
9 and Big Dog, and approximately \$600,000 in general liability claims owed by TWC and
10 Big Dog.

11 ***The Intercompany Claims.*** The intercompany balances shown on the Debtors'
12 Schedules are reflected in the books and records of the Debtors as maintained in the
13 ordinary course of their respective businesses. As to these items, although the Debtors
14 generally maintained consolidated balance sheets pursuant to which intercompany
15 balances were netted out for consolidated reporting purposes, to the extent stand-alone or
16 consolidating (*i.e.*, individual) balance sheets were maintained, those balance sheets
17 showed these amounts as assets or liabilities. Such intercompany amounts principally
18 represent payments made by one entity on account of indebtedness as to which another
19 entity was co-liable as a principal obligor or a guarantor. For example, TWC and Big Dog
20 were (and are) liable under the Prepetition Credit Facility. Where cash derived from the
21 operations of TWC or Big Dog was used to satisfy interest or principal obligations on
22 account of that indebtedness, an intercompany debit was reflected on the books and
23 records of the entity liable on such indebtedness, and an intercompany credit was reflected
24 on the books and records of the entity funding such payment. No promissory notes or
25 other documentation, other than the respective financial statements, exists with respect to
26 these intercompany amounts. The Plan provides that Intercompany Claims will be
27 Reinstated and maintained in the ordinary course of business; no cash payments will be
28 made from one Debtor to another on account of the Intercompany Claims.

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e. Reclamation Claims

Shortly after filing its Reorganization Cases, the Debtors received one reclamation demand totaling approximately \$264,000 from Aetrex Worldwide, Inc. on account of shipments of inventory to TWC that the vendor asserts were shipped within 45 days preceding the Petition Date. Bankruptcy Code section 546(c) honors the rights of a reclamation claimant under non-bankruptcy law, where, among other things, the goods were sold in the ordinary course of the seller's business, the debtor was insolvent, and the claimant made timely written demand for reclamation. Under the Bankruptcy Code, however, even an otherwise valid reclamation claim may be denied (*i.e.*, the claimant may be denied the right to reclaim the goods subject to the demand) if the court grants the claimant an administrative priority or secured claim, which presumably must be satisfied thereafter in accordance with the Bankruptcy Code's requirements. Following the Debtors' receipt of the Reclamation Claim, the Debtors advised the claimant that they would evaluate the Claim and advise the claimant regarding their determination. The Plan proposes that the Reclamation Demand, to the extent valid, will be paid in full.

3. Interests

a. Common Stock

TWC and Big Dog are wholly owned subsidiaries of Holdings. Holdings is a holding company trading on the pink sheets under the symbol "WALK." Holdings is authorized to issue 30,000,000 shares of common stock. As of December 31, 2009, the Debtors had 10,973,264 of common stock issued and outstanding. The Prepetition Credit Facility and DIP Financing prohibit the payment of dividends.

Fred Kayne, who is also the Chairman of the Board of Directors of Holdings, controls Holdings through his ownership of approximately 56% of Holdings' outstanding common stock. Fred Kayne's brother, Richard Kayne, owns approximately 9% of Holdings' outstanding stock, and Andrew D. Feshbach, the Chief Executive Officer of Holdings, owns approximately 7% of the outstanding stock. Other officers, including

1 Anthony J. Wall, Roberta J. Morris, Michael Grenley, and Lee Cox, each own stock
2 constituting less than 1% of the outstanding shares. The Debtors are unaware of any
3 individuals who own more than 5% of Holdings' outstanding common stock, except as set
4 forth above.

5 **b. Preferred Stock**

6 Holdings is authorized to issue 3,000,000 shares of preferred stock. As of the
7 Petition Date, Holdings did not have any preferred stock issued or outstanding. Under
8 Holdings' Certificate of Incorporation, its Board of Directors is authorized to fix the terms
9 of any preferred stock issued.

10 **c. Employee Stock Options**

11 The Debtors have adopted a performance award plan (the "Performance Award
12 Plan") to attract, reward, and retain officers and employees. The maximum number of
13 shares of common stock reserved for issuance under this plan is 3,000,000. Awards under
14 the Plan may be in the form of nonqualified stock options, incentive stock options, stock
15 appreciation rights, restricted stock, performance shares, stock bonuses, or cash bonuses
16 based upon performance.

17 **H. Current and Historical Financial Conditions**

18 The Debtors' primary income comes from TWC's sales of high-quality, technically
19 designed comfort footwear and accessories for men and women and from Big Dog's sales
20 of its branded collection of T-shirts, shorts, and other casual sportswear featuring graphic
21 designs focused on the BIG DOGS® trademark and a dog character known as "Big Dog."
22 The Debtors own no real property. The identity and value of the each of the Estates'
23 assets are listed in detail on Exhibit A, and consolidated historical financial statements for
24 the three years 2007, 2008, and 2009 are set forth at Exhibit B.

25 **I. Significant Events During the Bankruptcy**

26 The following is a chronological list of significant events which have occurred
27 during these Reorganization Cases:
28

1 In broad outline, the DIP Facility provided for: (a) WFRF to make advances to TWC and
2 Big Dog based upon eligible inventory and receivables as calculated under the Prepetition
3 Loan Agreement; (b) the Debtors to remit all cash generated from prepetition collateral
4 (*i.e.*, receivables on hand as of the Petition Date) to WFRF for application against, and
5 partial satisfaction of, WFRF's prepetition Claims under the Prepetition Loan Agreement;
6 (c) the Debtors' authority to expend funds for the purposes set forth in the financing
7 budget, subject to a negotiated variance; (d) the Debtors to pay interest to WFRF in the
8 amount of LIBOR plus 3.5% under the revolving facility; and (e) a stated maturity of
9 April 15, 2010. The Debtors' obligations under the DIP Facility were to be secured by
10 valid and perfected first priority priming liens on and security interests in substantially all
11 assets owned by Debtors, except avoidance actions under the Bankruptcy Code and
12 subject to a professional-fee carveout.

13 Shortly after filing their chapter 11 petition, on December 16, 2009, the Debtors
14 obtained interim approval of the DIP Facility. Thereafter, the Committee, the Debtors,
15 and WFRF engaged in negotiations regarding final approval of the financing. These
16 discussions focused predominantly on: (a) the adequacy of the financing provided by
17 WFRF; and (b) the Committee's interest in creating a two-track process that would permit
18 the Debtors to move forward with this Plan while simultaneously conducting a "market
19 test" to determine whether a sale process would be likely to generate greater recoveries to
20 creditors than the Debtors' proposed Plan. These issues were all addressed and resolved
21 consensually among the parties. Among other things, WFRF agreed to make certain
22 modifications to the postpetition financing that provided the Debtors with approximately
23 \$2.45 million in additional liquidity, and certain deadlines under the DIP Facility were
24 extended in order to accommodate a "two track" reorganization and due diligence process.
25 Subsequently, the DIP Financing agreement was approved on a final basis on January 14,
26 2010. Pursuant to the "roll up" under the DIP Facility, the prepetition indebtedness owing
27 to WFRF has been fully paid off, and the outstanding balance on the DIP Facility as of
28 December 31, 2009 was approximately \$7.1 million. This outstanding balance could

1 fluctuate with borrowings and pay downs between now and the Effective Date. The
2 Debtors anticipate that as of April 15, 2010, the outstanding balance on the DIP Facility
3 should total about \$15 million.

4 **3. Appointment of the Committee.**

5 Shortly after the Debtors commenced their Reorganization Cases, the U.S. Trustee
6 appointed an Official Committees of Unsecured Creditors in these Reorganization Cases.
7 The Committee members are: Deckers Outdoor Corp.; Ken Atchinson; Simon Property
8 Group; General Growth Properties, Inc.; Dansko, LLC; Ecco USA Inc.; UPS; Aetrex
9 Worldwide Inc.; and MBT-Masai USA Corp. From time-to-time, the Debtors
10 management and professionals have provided information to, and interacted with, both the
11 Committee and its member. In addition to monitoring the Reorganization Cases, the
12 Committee from time to time has requested documentation regarding, among other things,
13 the Debtors' operations, its financing needs, its progress towards formulating a plan, and
14 the status of the due diligence being conducted by various interested parties.

15 **4. Professionals Retained by the Estates and Professional Fee Budgets.**

16 The Debtors have retained four professionals to assist with the administration of
17 their estates, and they anticipate retaining three more. In addition, the Committee has an
18 additional two professionals. These professionals are listed in the following table.

Professional	Representation	Date Order Entered Authorizing Employment
<i><u>Estate Professionals</u></i>		
Arent Fox LLP	Reorganization Counsel	Order Pending
Kurtzman Carson Consultants	Claims Agent	1/26/2010
Clear Thinking Group	Financial Advisors	1/11/2010
Tiger Capital Group		1/29/2010

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Singerlewak	Accountant	Application Pending
Holthouse Carlin & Van Trigt	Accountant	Application Pending
Koenig and Associates	Special IP Counsel	Application Pending
<u>Committee Professionals</u>		
Pachulski Stang Zhiel & Jones	Committee Counsel	1/21/2010
BDO Seidman, LLP	FinancialAdvisor	1/21/2010

As discussed in Section II.G.2.a., above, early in the Reorganization Cases, the Debtors entered into a DIP Facility, which included a budget for estimated professional fees and expenses payable on an interim basis. (See Section III.C.1 summarizing payments made and estimating anticipated Professional-Fee Claims through the Effective Date.)

5. The Bar Date and Claim Objections

On January 15, 2010 Debtors filed a Motion for Entry of an Order (A) Establishing Bar Date for Filing (I) Proofs of Claim or Interest and (II) Requests for Allowance of Section 503(B)(9) Administrative Expense; (B) Approving Form and Manner of Notice of Bar Date. By this Motion, the Debtors proposed that the Court establish March 3, 2010 as the general bar date for filing any proofs of claim or interest against the Debtors. Approximately 73 proofs of claim or interest have been filed in case no. 09-15138. Approximately 8 proofs of claim have been filed in case no. 09-15137. Approximately 6 proofs of claim have been filed in case no. 09-15139. Accordingly the total proofs of claim filed in these Reorganization Cases to date is approximately 87, and this number is likely to increase once the bar date notice is served on all creditors and parties in interest. Promptly following the bar date and prior to the hearing to approve the adequacy of this Disclosure Statement, the Debtors and their claims agent will file an update to this section

1 of the Disclosure Statement identifying the following rough categories of Claims that may
2 be asserted against each Debtor: Secured Claims, Priority Claims, and Unsecured Claims.
3 The Debtors will include with this update a preliminary analysis setting forth the extent to
4 which they believe that Claims may be reduced as objections to claims are identified and
5 either resolved or prosecuted and the extent to which the claim reconciliation and
6 objection process may impact distributions under the Plan.

7 **6. The Debtors' Positive Postpetition Performance**

8 Leading up to the filing, the Debtors were was concerned about their liquidity
9 following the 2009 holiday period. Faced with tightening vendor credit, tightening bank
10 covenants, and the obligation to repay deferred rent payments commencing in December
11 2009, it did not appear the Debtors would have the financial ability to operate effectively
12 in the first half of 2010 without resort to the bankruptcy process. The Debtors selected a
13 December filing date because they believed this would be the least disruptive to business
14 operations (and subsequent recoveries to creditors) since at that time the Debtors would be
15 well-stocked with inventory for the holiday season. Any interruption of inventory
16 purchases following a bankruptcy filing was expected to be less disruptive during this
17 period, as it would primarily impact sales in January and February—a much lower sales
18 time frame than the December holiday period. Further, it would be relatively easy to
19 close stores during this time frame and the ensuing weeks.

20 This strategy proved effective. Subsequent to the Petition Date, the Debtors
21 incurred a strong December selling period that resulted in comparative store sales of
22 approximately 6% for the postpetition period and 2.9% for the fourth quarter. Postpetition
23 pre-tax income is approximately \$2.1 million, which is the result of higher sales as well as
24 cost cutting measures that the Debtors are continuing to roll out. While initial inventory
25 shipments from vendors were slow following the filing, as had been anticipated, all
26 critical vendors are now shipping and on-track with improving credit terms. Specifically,
27 the Debtors were particularly successful in managing down their year-over-year
28 inventories, resulting in lower debt and lower levels of discounted merchandise going

1 forward. As noted above, the Debtors have also paid down their Prepetition Credit
2 Facility and DIP Facility by over \$18 million for the period, ending the year with only
3 \$7.1 million outstanding on their DIP Facility. And as discussed in greater detail below,
4 the Debtors now appear better situated to achieve profitability given their new rent
5 structures and further reductions in overhead and field operating costs.

6 **7. Restructuring Efforts and the Plan Process.**

7 **a. The Debtors' Successful Renegotiation of Its Real Estate Lease**
8 **Portfolio**

9 On the Petition Date, the Debtors were parties to approximately 215 unexpired
10 leases of non-residential real property. The Debtors' corporate headquarters are located at
11 an approximately 24,000 square foot leased office building in Santa Barbara, California,
12 pursuant to a non-residential real estate lease entered into by Holdings. Additionally, the
13 Debtors lease an office for the TWC merchandising group comprising approximately
14 17,000 square feet in Westlake, California. Lastly, Holdings leases a 230,000 square foot
15 distribution center in Lincolnton, North Carolina. The total monthly rent under these
16 leases is approximately \$116,341. The Debtors are currently using the facilities in the
17 ordinary course of their business operations. As required under the Bankruptcy Code, the
18 Debtors have timely satisfied all of their postpetition rent and other obligations under
19 these real estate leases. The Debtors are unaware of any unpaid, prepetition obligations in
20 connection with the real-estate leases.

21 In addition, as of the Petition Date, TWC was a party to approximately 207
22 unexpired leases of non-residential real property relating to TWC stores doing business in
23 38 states across the country. As of the Petition Date, the total monthly rent under these
24 leases was approximately \$2.8 million. In addition, Big Dog was a party to eight
25 unexpired leases of non-residential real property relating to Big Dog stores doing business
26 in California and Florida. The total monthly rent under these leases is approximately
27 \$100,000. As required under the Bankruptcy Code, the Debtors have timely satisfied all
28 of their postpetition rent and other obligations under these real estate leases.

1 To further their “right-sizing” plan, shortly after commencing these Reorganization
2 Cases, the Debtors filed a motion seeking authority to close approximately 130 stores, all
3 of which were at above-market rents, and establishing streamlined procedures to handle
4 the rejection of their non-residential, real property leases. The Court approved this motion
5 in December 2009, and in January 2010 the Debtors filed a motion seeking authority to
6 close approximately 40 additional stores. In the meantime, however, in response to
7 landlords’ expressed desire not to have stores closed, the Debtors also reached out to their
8 landlords to explore the possibility of renegotiating existing leases at market rents. The
9 Committee conducted its own lease analysis, and while there were some differences in the
10 methodology used by the Debtors and the Committee, conceptually the Committee and
11 the Debtors agreed that the Estates would be benefited if additional stores could be kept
12 open at more favorable rents.

13 Subsequently, the Debtors have been engaged in extensive negotiations regarding
14 their portfolio of unexpired, non-residential real estate leases. They have now
15 successfully entered into agreements that provide for the modification of many of their
16 leases, subject to Bankruptcy Court approval of these lease modification agreements.
17 While the lease modifications impact approximately 90 of the Debtors’ 210 total leases,
18 and none of the agreements are identical, the changes all follow a general template. By
19 way of summary, the lease modification provide for a reduction of the Debtors’ rent to
20 market rates for a period of, typically, about 18 months. After that time, the Debtors have
21 the right to terminate the modified leases. If the modified leases are not terminated, then
22 the rent will reset, on a prospective basis only, to the rental rates otherwise provided for in
23 the original, unmodified leases.

24 These modifications provide the Debtors with significant protection. First, the
25 Debtors obtain immediate rent relief which will reduce their aggregate monthly store rent
26 from approximately \$2.8 million to \$2.4 million. As a result of the restructuring and cost
27 reduction initiatives, the company expects to generate annual cost savings of
28 approximately \$3 million. The savings will begin currently, with substantially all of the

1 benefit of these cost initiatives expected to be realized by the end of 2010.

2 Second, if the economy improves over the next 18 months, then even at the higher
3 rent rates, the Debtors will be well positioned to continue their business operations with
4 substantially all of their current stores in place. If the economy does not improve and the
5 Debtors cannot operate profitably under higher rents after this period of adjusted rent, the
6 leases can simply be terminated and the Debtors' operations can be downsized in an
7 orderly fashion without exposing the Debtors to claims for early termination or rejection
8 damages. Based on the significant success that the Debtors have achieved in their lease
9 negotiations, TWC has modified its reorganization plan to provide for the closing of only
10 one TWC store. The balance of the stores originally slated for closure now remain open
11 pursuant to lease modification agreements, pending Bankruptcy Court approval. The
12 Debtors' Plan therefore contemplates that substantially all of its stores will be retained on
13 the Effective Date, and substantially all its executory contracts and unexpired leases will be
14 assumed, subject to the negotiated lease modifications.

15 As required under the Bankruptcy Code, the Debtors have timely satisfied all of
16 their postpetition rent and other obligations under these real estate leases. The Debtors'
17 books and records indicate that the unpaid, prepetition obligations owed in connection
18 with these real estate leases are approximately \$3.3 million. However, pursuant to the
19 lease modification agreements, the Debtors have successfully reduced their "cure"
20 obligations with respect to this lease portfolio to \$3.2 million in the aggregate, and
21 substantially all other general unsecured claims against the Debtors will be waived upon
22 the Debtors' assumption of the modified leases.

23 Substantially contemporaneously with the filing of this Disclosure Statement, the
24 Debtors are preparing to file a motion seeking approval of the negotiated lease
25 modifications. Promptly following the Court's entry of an order on such motion, which
26 the Debtors anticipate will occur prior to the hearing on this Disclosure Statement, the
27 Debtors will file an amendment to this Disclosure Statement reflecting the Court's ruling.
28 If modifications to the Schedules of Assumed and Rejected Agreements are required

1 during the course of these Reorganization Cases, the amended Schedules of Assumed and
2 Rejected Agreements will be filed and served on or before the Exhibit Filing Date.

3 **b. Other Unexpired Leases and Executory Contracts**

4 The Debtors' business involves hundreds of creditors nationwide with numerous
5 contracts, leases, and other agreements. Throughout these Reorganization Cases, the
6 Debtors have been analyzing their agreements to determine whether it would be beneficial
7 to accept or reject them on the Effective Date. The Debtors are currently using
8 substantially all of these agreements in the ordinary course of their business, and rejection
9 of the vast majority of these agreements before Plan confirmation could therefore be
10 extremely disruptive to its operations. Inasmuch as the Plan contemplates that
11 substantially all of the Debtors stores will remain open pursuant to the modified lease
12 portfolio, resulting in 100% distributions to most Classes of creditors, the Plan
13 contemplates that substantially all of the Debtors' executory contracts and unexpired, non-
14 real estate leases will be assumed on the Effective Date.

15 As noted above, the Debtors are preparing to file a motion seeking approval of the
16 negotiated lease modifications with respect to their portfolio of real estate leases, they will
17 file an amendment to this Disclosure Statement reflecting the Court's ruling on this
18 motion. Inasmuch as the assumption of many of the Debtors' other agreements is
19 premised on the Court's approval of the modifications to the Debtors' lease portfolio,
20 which will enable virtually all of the Debtors' stores to remain open, if modifications to
21 the Schedules of Assumed and Rejected Agreements are required during the course of
22 these Reorganization Cases, such amended Schedules of Assumed and Rejected
23 Agreements will be filed and served on or before the Exhibit Filing Date.

24 **c. The Debtors' New Value Plan**

25 Prior to the filing, the Debtors apprised Richard Kayne that it may be in the best
26 interests of the Debtors and all interested parties for the company to be reorganized and
27 that additional capital would be required to support the reorganization effort and to
28 capitalize the Reorganized Debtors going forward. After some negotiations, Mr. Kayne

1 provided a letter of intent to provide the necessary capital. Shortly thereafter, the Debtors
2 filed their chapter 11 petitions. At that time, it was anticipated that the Debtors would be
3 able to quickly propose a confirmable chapter 11 plan, although as a result of significant
4 anticipated rejection damage claims resulting from planned store closings, it appeared that
5 unsecured creditors would receive only a *pro rata* recovery on their claims and that all
6 existing equity interests in the Debtors would be cancelled.

7 As a result of the Debtors' significant success in their negotiations with landlords,
8 it became apparent that the Debtors would close fewer stores than had first been planned
9 and that significantly fewer rejection damage claims would result. Further, the rent
10 concessions that were being obtained and the Debtors' improving operating results
11 indicated that the recoveries to creditors potentially could be significantly improved over
12 what had originally been expected and that perhaps the equity interests of stockholders
13 could be preserved, allowing the Debtors a possibility of preserving approximately \$17
14 million in tax loss carryforwards for the benefit of the Debtors' Estates. This change in
15 the Debtors' reorganization strategy was met with initial resistance from Mr. Kayne's
16 advisors and counsel, but eventually Mr. Kayne and the Investors agreed to fund the
17 current Plan, which provides a full recovery to all creditors other than the Noteholders,
18 and which preserves Holdings' Existing Common Stock subject to possible impairment
19 pursuant to the terms of the Investor Commitment Letter.

20 The Debtors further negotiated with Mr. Kayne regarding the extent to which the
21 Investors' Capital Investment would be dilutive to existing stockholders. After
22 negotiations, Mr. Kayne and the Investor group agreed to allow existing stockholders to
23 avoid dilution by having the ability to participate in the Capital Investment through a
24 planned rights offering to occur following the Effective Date. The Reorganized Debtors
25 intend to make a rights offering to existing stockholders late in 2010 or early in 2011,
26 subject to compliance with applicable federal and state securities laws. The Debtors and
27 Mr. Kayne intend to privately solicit certain other stockholders of the Company, each who
28 qualifies as an accredited investor within the meaning of Regulation D under the

1 Securities Act, to participate in this investment. The Debtors are supportive of this rights
2 offering, as seeking to avoid a change in ownership may preserve approximately \$17
3 million tax loss carry forwards that could benefit the Debtors and all of their stakeholders
4 going forward.

5 In consideration of the capital support, financial advice, and concessions from the
6 Investors, the Debtors have agreed to their request for an advisory fee to be paid to in
7 connection with the Capital Investment. The advisory fee, in the amount of \$2.5 million,
8 will be payable in cash to the Investors upon the earliest to occur of (a) the closing of the
9 rights offering required under the Investor Commitment Letter, (b) a liquidation,
10 dissolution, or winding up of the Debtors as contemplated under the “Liquidation
11 Preference” in the Commitment Letter, or (c) January 31, 2011. Furthermore, under the
12 terms of the Exit Financing to be provided by WFRF, the payment of such an advisory fee
13 will be subject to a subordination agreement in favor of WFRF as well as maintenance of
14 a minimum specified level of availability both for a period before and after giving effect
15 to the payment, under the Exit Facility. The Debtors believe that this fee request is fair
16 and reasonable given the extent to which the Investors’ capital support and financial
17 advice will be used to enable a highly successful reorganization of the Debtors, which will
18 emerge as a profitable enterprise going forward having paid all of their prepetition
19 debts—other than those obligations being voluntarily impaired by the Noteholders and the
20 holders of the Employee Stock Option Notes—and having preserved Holdings’ equity
21 value for all of its stockholders.

22 **d. Marketing Testing of the New Value Plan and a Possible Sale**
23 **Process**

24 As noted above, at the time that the Debtors commenced these Reorganization
25 Cases, it was anticipated that rejection damage claims resulting from planned store
26 closings would result in only a *pro rata* recovery to unsecured creditors. Moreover, in the
27 first week following the Petition date two parties materialized expressing an interest in
28 acquiring some of the Debtors’ assets on a going concern basis. Accordingly, the Debtors

1 and the Committee agreed that a process would be commenced to subject the Debtors’
2 contemplated new value plan to a market test to ascertain whether the Capital Investment
3 represented fair value for the equity interests in the Reorganized Debtors and to help the
4 Debtors and the Committee to evaluate whether greater recoveries might be generated by
5 a sale of the Debtors’ business pursuant to Bankruptcy Code Section 363.

6 To that end, significant marketing activity has occurred since the Petition Date.
7 The Debtors, with the assistance of their financial advisor, opened a “virtual data room”
8 during the fourth week of December, approximately two weeks after the Petition Date,
9 and began populating that data room with significant financial data regarding the Debtors
10 based on a due diligence list provided by the Committee’s financial advisor. The Debtors
11 have continued to add data to the virtual due diligence room, on a rolling basis, during the
12 course of this Reorganization Case and, from time to time, to add additional documents in
13 response to requests from interested parties. The Debtors drafted a form of confidentiality
14 agreement and provided it to Committee counsel for comment during the first week of
15 January 2010. The Debtors then began circulating the confidentiality agreement to all
16 interested parties, and these parties were all granted access to the virtual data room
17 promptly following their execution of the confidentiality agreement. The confidentiality
18 agreement was received on or about January 7, 2010.

19 Meanwhile, the Committee and its financial advisors reached out to at least a dozen
20 parties who they believed might be interested in pursuing a transaction, and the Debtors
21 also reached out to one interested party about a possible transaction. To date, 11
22 interested parties requested additional information and were provided with a
23 confidentiality agreement. Of these parties, one indicated, through counsel, that it would
24 only return an executed confidentiality agreement and participate in due diligence if it
25 could withhold its identity from the Debtors, the Committee, WFRF, this Court, and all
26 other parties in interest. The Debtors declined to go forward on this basis. Another seven
27 parties returned an executed confidentiality agreement and have been provided with
28 access to the virtual data room. Two of these parties have indicated that they are not

1 interested in going forward with a sale process, or that they are only interested in going
2 forward if they believe they can purchase the Debtors' assets at a significant discount
3 relative to the Debtors' debt structure. None of the remaining five parties have provided
4 the Debtors' with a letter of intent or otherwise indicated the terms on which they might
5 be interested in moving forward with a transaction, if at all, or what the structure of such a
6 transaction might be.

7 **8. Other Legal Proceedings**

8 Currently, there are no pending adversary proceedings in these Reorganization
9 Cases, and no pending motions other than those noted above. The Debtors are currently
10 involved in the following nonbankruptcy legal proceedings, all of which have been
11 automatically stayed. The Debtors are not the plaintiffs in any pending state-court
12 litigation that should be pursued for the benefit of the Estates.

13 **a. Actions against Holdings**

14 **Mayorga v. Feshbach (Dog Bite /Indemnification Claim):** A complaint entitled
15 *Jade Mayorga v. Andrew Feshbach, Juicy Couture, Liz Claiborne, Inc.*, was filed on
16 September 15, 2009 in the Superior Court of California, Santa Barbara County. The
17 complaint alleges, *inter alia*, that Holding's CEO, Andrew Feshbach, negligently failed to
18 prevent an injury to defendant in a retail store by a dog owned by Mr. Feshbach. Plaintiff
19 claims unspecified damages for physical and psychological injuries. The accident
20 occurred in the course of business being conducted by Mr. Feshbach on behalf of
21 Holdings, and accordingly Holdings has agreed to defend and indemnify him. The claim
22 has been turned over to Debtors' insurance carrier.

23 **Margaritaville Enterprises (IP Litigation):** Margaritaville Enterprises, LLC has
24 filed Opposition No. 91186184 against App. Ser. No. 78979408 in classes 16, 24, and 25
25 for the mark IT'S FIVE O'CLOCK SOMEWHERE! owned by The Walking Company
26 Holdings, Inc. Margaritaville Enterprises, LLC has filed Opposition No. 91186185 against
27 App. Ser. No. 78453043 in Class 043 for the mark IT'S FIVE O'CLOCK SOMEWHERE!
28 owned by The Walking Company Holdings, Inc. Both proceedings are currently pending

1 in the Trademark Trial and Appeal Board of the United States Patent and Trademark
2 Office and the two proceedings have been consolidated into one proceeding with Opp.
3 No. 91186184 being labeled as the “Parent”.

4 **Obersheimer v. Holdings (Contractor Dispute):** A complaint entitled *Clayton B.*
5 *Obersheimer v The Walking Company Holdings, Inc d/b/a The Walking Company* was
6 filed on October 15, 2009 in Supreme Court of the State of New York, County of Eire.
7 The complaint alleges, *inter alia*, that the plaintiff subcontractor provided goods and
8 services to a general contractor hired by TWC to build out one of its stores, that the
9 contractors has not paid plaintiff and that TWC is responsible for payment. Plaintiff
10 claims damages in the amount of \$19,100 plus interest and attorney’s fees.

11 **b. Actions against TWC**

12 **Andrews & Park v. TWC (Employee Claims):** A complaint entitled *Erin Andrews*
13 *and Keith Park, on behalf of themselves and all others similarly situated, vs. The Walking*
14 *Company* was filed in Los Angeles Superior Court on December 31, 2008. The
15 complaint, as amended, seeks to certify a class of all non-exempt employees employed by
16 TWC in California. The complaint alleges that TWC incorrectly calculated overtime pay
17 for commissioned employees in violation of the California Labor Code and as a result
18 such employees are entitled to wages, interest and penalties. Without admitting liability,
19 the parties entered into a settlement agreement as of July 17, 2009 under which TWC
20 agreed, subject to final court approval of the settlement, to pay \$225,000 in 2010 to the
21 class to settle the action. As of the Petition Date, the hearing for final approval of the
22 settlement has not occurred. It is anticipated that this claim will be settled by way of a
23 further settlement agreement negotiated between the parties following the Petition Date,
24 and which will shortly be presented to the Bankruptcy Court for approval.

25 **Rosa Maentas v. TWC (Slip and Fall):** A complaint entitled *Rosa Amentas v The*
26 *Walking Company* was filed on July 17, 2009 in the Superior Court of New Jersey, Law
27 Division, Morris County. The complaint alleges, *inter alia*, that negligence by TWC
28 resulted in a slip and fall injury to plaintiff in one of TWC’s stores. Plaintiff claims

1 unspecified damages for medical expense, pain, physical impairment, interest and cost of
2 suit. The claim has been turned over to Debtors' insurance carrier. Because the defense
3 of this adversary proceeding is being handled by Debtors' insurance carrier and because
4 any judgment would be paid by the carrier, the Debtors do not anticipate that this cause of
5 action will have an effect on the plan.

6 **Bobbi Gordon v. TWC (Slip and Fall):** A complaint entitled *Bobbi Gordon v The*
7 *Walking Company* was filed on October 8, 2009 in District Court of New Jersey, Law
8 Division, Collin County. The complaint alleges, *inter alia*, that negligence by TWC
9 resulted in a slip and fall injury to plaintiff in one of TWC's stores. Plaintiff claims
10 unspecified damages for medical expenses, pain and suffering and loss of earnings. The
11 claim has been turned over to Debtors' insurance carrier.

12 **Scottsdale Fashion Square v. TWC (LeaseDispute):** A Complaint entitled
13 *Scottsdale Fashion Square LLC v. The Walking Company* was filed as of October 17,
14 2009 in the Superior Court of Arizona, Maricopa County. The Complaint alleges breach
15 of contract by TWC under a retail store lease between TWC and the plaintiff.

16 **Bayrock Investment v. TWC (Lease Dispute):** A Complaint entitled *Bayrock*
17 *Investment Co. v. The Walking Company* was filed as of November 17, 2009 in the Circuit
18 Court of the Twelfth Judicial Circuit in and for Sarasota County, Florida, Civil Division.
19 The Complaint alleges breach of contract by TWC under a retail store lease between TWC
20 and the plaintiff. The Debtors are currently negotiating a settlement of this claim by way
21 of a lease amendment, and the Debtors will seek approval of that settlement from the
22 Bankruptcy Court.

23 **Pearland Town Center v. TWC (Lease Dispute):** A Complaint entitled *Pearland*
24 *Town Center Limited Partnership v. The Walking Company* was filed as of November 19,
25 2009 in the District Court, 412th Judicial District of Brazoria County, Texas. The
26 Complaint alleges breach of contract by TWC under a retail store lease between TWC and
27 the plaintiff. The Debtors are currently negotiating a settlement of this claim by way of a
28 lease amendment, and the Debtors will seek approval of that settlement from the

1 Bankruptcy Court.

2 **Trumbell Shopping Center v. TWC (Lease Dispute):** A Complaint entitled
3 *Trumbell Shopping Center #2, LLC v The Walking Company* was filed as of December 7,
4 2009 in the Superior Court J.D. of Fairfield at Bridgeport Housing Session. The
5 Complaint alleges breach of contract by TWC under a retail store lease between TWC and
6 the plaintiff. The Debtors are currently negotiating a settlement of this claim by way of a
7 lease amendment, and the Debtors will seek approval of that settlement from the
8 Bankruptcy Court.

9 **Arlington Highlands v. TWC (Lease Dispute):** A Complaint entitled *Arlington*
10 *Highlands LTD. v. The Walking Company* was filed as of December 2, 2009 in the
11 County Court at Law No. 3, Tarrant County, TX. The Complaint alleges breach of
12 contract by TWC under a retail store lease between TWC and the plaintiff.

13 **In Line Construction Group v. TWC (Contractor Dispute):** A Complaint entitled
14 *In Line Construction Group, Inc. v. CCS, LLC d/b/a Columbia Construction Services,*
15 *LLC and The Walking Company* was filed on December 26, 2008, in the Circuit Court of
16 Cook County, Illinois. The complaint alleges that the plaintiff subcontractor provided
17 goods and services to a general contractor hired by TWC to build out one of its stores, that
18 the contractor has not paid plaintiff and that TWC is responsible for payment. A default
19 order was obtained by plaintiff against TWC (and also the general contractor). Before
20 prove-up was made and a default judgment entered, settlement conversations between
21 TWC and plaintiff commenced but no settlement was finalized.

22 **c. Actions against Big Dog**

23 **Harris v Big Dog (Slip and Fall):** A complaint entitled *Judy Harris v. The*
24 *Walking Company, Inc. f/k/a Big Dog Holdings, Inc.* was filed on November 12, 2008 in
25 Circuit Court, Hamilton County, Tennessee. The complaint alleges, *inter alia*, that
26 negligence by defendant resulted in a slip and fall injury to plaintiff in one of Big Dog's
27 stores, and plaintiff claims unspecified damages for medical expenses, pain and suffering
28 and emotional distress. The claim has been turned over to Debtors' insurance carrier.

1 **Atlantic City v. Big Dog (Lease Dispute):** A complaint entitled *Atlantic City*
2 *Associates Number Two (S-1), LLC v. Big Dog USA, Inc.* was filed November 20, 2008 in
3 Superior Court of New Jersey, Atlantic County. The complaint alleges, *inter alia*, breach
4 of contract by Big Dog under a retail store lease between Big Dog and the plaintiff.
5 Plaintiff claim \$50,996 in damages plus fees and interest. A judgment was entered for an
6 award against Big Dog of \$121, 470.54. A settlement agreement has been entered into
7 with respect to this claim, and a motion seeking approval of this settlement will shortly be
8 filed with the Bankruptcy Court.

9 **Buckner v. Big Dog (Slip and Fall):** A complaint entitled “Karen Buckner v. Big
10 Dog USA, Inc.” was filed April 28, 2009 in District Court, Galveston County, Texas. The
11 complaint alleges, *inter alia*, that negligence by Big Dog resulted in a slip and fall injury
12 to plaintiff in one of Big Dog’s stores, and plaintiff claims unspecified damages for
13 medical expenses, pain and suffering and mental anguish. The claim has been turned over
14 to Debtors’ insurance carrier.

15 **EEOC (Employment Matter):** A notice of charge of discrimination dated July 31,
16 2009 was given by the Baltimore Field Office of the U.S. Equal Employment
17 Opportunities Commission (the “EEOC”) to Big Dogs regarding a claim brought by Erika
18 Chaney, a former Big Dog store employee. Ms. Chaney claims employment
19 discrimination in connection with Big Dog’s termination of her employment in violation
20 of Title VII of the Civil Right Act. The matter is under investigation by the EEOC.

21 **9. Actual and Projected Recovery of Preferential or Fraudulent Transfers**

22 The Plan vests in the Reorganized Debtors any so-called avoidance actions,
23 including the right to assert claims under Bankruptcy Code Section 547, *i.e.*, the
24 preference section. Section 547(b) authorizes the debtor in possession to avoid (*i.e.*, set
25 aside) a transfer of property of the debtor that: (a) was made to or for the benefit of a
26 creditor, for or on account of an antecede-dent debt owed by the debtor before the transfer
27 was made; (b) was made while the debtor was insolvent and on or before 90 days before
28 the date of the bankruptcy filing (between 90 days and one year before the date of the

1 petition, if such creditor at the time of such transfer was an insider); and (c) that enabled
2 the creditor to receive more than the creditor would receive if the case were a liquidation
3 case under Chapter 7 of the Bankruptcy Code, the transfer had not been made, and the
4 creditor received payment of the debt to the extent provided by the provisions of the
5 Bankruptcy Code. Bankruptcy Code Section 547(c) provides certain defenses to actions
6 under Section 547(b), including a defense if the debt was incurred in the ordinary course
7 of business or financial affairs of the debtor and the creditor and if the transfer was made
8 in the ordinary course of business and according to ordinary business terms.

9 The Debtors Statement of Financial Affairs identifies approximately
10 \$45,461,740 (\$0.00 - Holdings) (\$44,353,353.50 - TWC) (\$1,108,387.53 - Big Dog) in
11 transfers made in the 90-days prior to the Petition Date, as well as \$3,490,646.44 in
12 transfers made to Insiders during the one-year prior to the Petition Date. However, the
13 Debtors do not believe that there are any material preference actions that may be available
14 to the Estates. The Debtors believe that substantially all of their vendors received
15 payments in the ordinary course of the Debtors business. Furthermore, inasmuch as the
16 Plan contemplates payment in full of all Allowed General Unsecured Claims against the
17 estate, the successful prosecution of avoidance actions, which would result in the
18 reinstatement of a claim in favor of the defendant to the extent of the avoidance recovery,
19 which would then be satisfied in full under the terms of the Plan, would provide no
20 economic benefit to the Estates while causing the Estates to incur unnecessary legal fees.
21 Therefore, it is not anticipated that any avoidance actions will be prosecuted during the
22 Reorganization Cases or after the Effective Date.

23 III.

24 SUMMARY OF THE PLAN OF REORGANIZATION

25 A. What Creditors and Interest Holders Will Receive Under The Proposed Plan

26 As required by the Bankruptcy Code, the Plan classifies claims and interests in
27 various classes according to their right to priority. The Plan states whether each class of
28 claims or interests is impaired or unimpaired. The Plan provides the treatment each class

1 will receive. The following summary of the Plan is qualified in its entirety by the actual
2 terms of the Plan. In the event of any conflict, the terms of the Plan will control over any
3 summary set forth in this Disclosure Statement.

4 **B. General Overview**

5 As required by the Bankruptcy Code, the Plan classifies claims and interests in
6 various classes according to their right to priority of payments as provided in the
7 Bankruptcy Code. The Plan states whether each class of claims or interests is impaired or
8 unimpaired. The Plan provides the treatment each class will receive under the Plan. The
9 categories set forth in this Section and summarized in the following table classify Claims
10 and Interests for all purposes, including, without limitation, voting, confirmation, and
11 distribution under the Plan.

CLASS	SUMMARY	VOTING STATUS
None	Administrative Claims and Administrative Tax Claims	Not Entitled to Vote
None	Priority Tax Claims	Not Entitled to Vote
Class 1	WFRF's Secured Claims Against the Debtors Under the Prepetition Credit Facility and DIP Facility	Unimpaired – Deemed to Accept
Class 2	The Noteholders' Secured Claims Against the Debtors Under the Notes	Impaired – Entitled to Vote
Class 3	Other Secured Claims	Unimpaired – Deemed to Accept
Class 4	Reclamation Claims	Unimpaired – Deemed to Accept
Class 5	Priority Unsecured Claims	Unimpaired – Deemed to Accept
Class 6	General Unsecured Claims-Big Dog	Unimpaired – Deemed to Accept
Class 7	General Unsecured Claims-TWC	Unimpaired – Deemed to Accept
Class 8	General Unsecured Claims-Holdings	Unimpaired – Deemed to Accept
Class 9	Intercompany Claims	Unimpaired – Deemed to Accept

CLASS	SUMMARY	VOTING STATUS
Class 10	Employee Stock Option Claims	Impaired – Entitled to Vote
Class 11	Holdings’ Existing Common Stock	Impaired – Entitled to Vote ⁷
Class 12	TWC’s Existing Common Stock	Unimpaired – Not Entitled to Vote
Class 13	Big Dog’s Existing Common Stock	Unimpaired – Not Entitled to Vote

The treatment set forth below is in full and complete satisfaction of the legal, contractual, or equitable rights in or against the Debtors of each Person holding an Allowed Claim or Allowed Interest. This treatment supersedes and replaces any agreements or rights those Persons have in or against the Debtors or their respective property. All distributions provided under the Plan will be tendered to the Person holding the Allowed Claim or Allowed Interest. Notwithstanding any agreement to the contrary to which a Debtor is or may be a party (including, without limitation, any prepetition intercreditor or subordination agreement, which will be cancelled and in no force or effect as of the Effective Date), any lien securing a Secured Claim will be void as of the Effective Date, and any lien granted under the Plan will be subject to the Plan's terms.

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS PLAN, NO DISTRIBUTIONS WILL BE MADE, AND NO RIGHTS WILL BE RETAINED, ON ACCOUNT OF ANY CLAIM OR INTEREST THAT IS NOT AN ALLOWED CLAIM OR AN ALLOWED INTEREST.

C. Unclassified Claims

Certain types of claims are not placed into voting classes; instead they are unclassified. They are not considered impaired and they do not vote on the Plan because

⁷ The Debtors believe that the Class 11 (Holdings’ Existing Common Stock) on account of certain voting rights and/or other corporate governance matters called for under the Investor Commitment Letter. Accordingly, the Plan contemplates that holders of Class 11 Interest will be entitled to vote. The Debtors will be seeking a determination from this Court in connection with the hearing to approve the Disclosure Statement, and if this Court concludes that the holders of Class11 Interests are not impaired, then the Plan will be modified to provide that such Persons are deemed to accept the Plan.

1 they are automatically entitled to specific treatment provided for them in the Bankruptcy
 2 Code. As such, the Plan Proponents have not placed the following claims in a class.

3 **1. Administrative Expenses**

4 Administrative expenses are claims for costs or expenses of administering the
 5 Debtors' Reorganization Cases which are allowed under section 503(b) of the Bankruptcy
 6 Code. The Bankruptcy Code requires that all administrative claims be paid on the
 7 Effective Date of the Plan, unless a particular claimant agrees to a different treatment.³⁴

8 The following chart lists all of the Debtors' known Section 503(b) Non-Ordinary
 9 Course Administrative Claims:

<i>CLAIMANT</i>	<i>ESTIMATED CLAIM</i>
<i><u>Estate Professionals</u></i>	
Arent Fox LLP	\$771,000
Kurtzman Carson Consultants	\$125,000
Clear Thinking Group	\$330,000
Tiger Capital Group	\$75,000
Singerlewak	\$15,000
Holthouse Carlin & Van Trigt	\$8,000
Koenig and Associates	\$5,000
<i><u>Committee Professionals</u></i>	
Pachulski Stang Zhiel & Jones	\$300,000 ⁸
BDO Seidman, LLP	\$300,000
<i><u>Administrative Tax Claims</u></i>	\$2,665,000 in sales tax. This number does not including payroll taxes which are processed by the Debtors'

27 ⁸ The DIP Financing Order includes a \$600,000 budget for Committee professionals. The Committee has note
 28 provided an allocation of this budget at between their legal counsel and financial advisors. For presentation purposes only, the Debtors have allocated this amount equally between the two Committee professionals.

1 payroll company. All
2 administrative taxes are
3 being paid as they become
4 due.

5 The Reorganized Debtors will need to pay approximately \$2 million worth of
6 Administrative Claims on the Effective Date of the Plan unless the claimant has agreed to
7 be paid later or the Court has not yet ruled on the claim. Pursuant to the DIP Order, the
8 Debtors and WFRF are funding the amounts budgeted for their legal advisors, claims
9 agent, and financial advisor, and for the Committee professionals, on a weekly basis, with
10 such amounts being segregated in a professional fee account pending a Court order
11 approving fees and authorizing payment. The estimated fees for the other professionals
12 are expected to be \$28,000 and will be funded from cash generated from operations, the
13 Capital Investment, and approximately \$15 million of availability under the Exit
14 Financing. In addition, Administrative Tax Claims are being paid in the ordinary course
15 of business from cash generated from the Debtors' operations pursuant to the *Final Order*
16 *Pursuant to 11 U.S.C. Section 105, 361, 362, 363, and 364 and Rules 2002, 4001 and*
17 *9014 of the Federal Rules of Bankruptcy Procedure (1) Authorizing incurrence by the*
18 *Debtors of Post Petition Secured Indebtedness with Priority Over All Secured*
19 *Indebtedness and with Administrative Superpriority, (2) Granting Liens, (3) Authorizing*
20 *Use of Cash Collateral by the Debtors Pursuant to 11 U.S.C. Section 363 Providing for*
21 *Adequate Protection, and (4) Modifying the Automatic Stay* and the Debtors therefore
22 anticipate the amount of any outstanding Administrative Tax Claims on the Effective Date
23 will be *de minimis*.

24 Unless the Person holding an Allowed Administrative Claim and the Debtors or
25 Reorganized Debtors agree otherwise, the Disbursing Agent will pay to that Person cash
26 in the Allowed Administrative Claim's full amount, without interest, on or before the later
27 of: (a) as soon as reasonably practicable on or after the Effective Date; (b) 30 days after
28 the date on which the Administrative Claim becomes an Allowed Administrative Claim;
or (c) the date on which the Allowed Administrative Claim becomes due and payable.

1 The Court must rule on all fees listed in the above chart before the fees will be
2 owed. For all Professional Fee Claims, the claimant or professional in question must file
3 and serve a properly noticed fee application and the Court must rule on the application.
4 Only the amount of fees allowed by the Court will be owed and required to be paid under
5 this Plan.

6 More specifically, Administrative Claims will be allowed as follows:

7 **Ordinary-Course Administrative Claims:** Unless the Debtors or the Reorganized
8 Debtors object to an Ordinary-Course Administrative Claim (which claims include
9 Clerk's Office fees and U.S. Trustee's fees), the Claim will be allowed in accordance with
10 the terms and conditions of the particular transaction that gave rise to the Ordinary-Course
11 Administrative Claim, and the Person holding the Ordinary-Course Administrative Claim
12 need not File any request for payment of its Claim.

13 **Non-Ordinary-Course Administrative Claims:** A Non-Ordinary-Course
14 Administrative Claim will be allowed only if:

- 15 a) On or before 60 days after the Effective Date, the Person holding the Claim
16 both Files with the Court a motion requesting that the Debtors or the
17 Reorganized Debtors pay the Non-Ordinary-Course Administrative Claim
18 and serves the motion on the Debtors or Reorganized Debtors and
19 Reorganization Counsel; and
20 b) The Court, in a Final Order, allows the Non-Ordinary-Course
21 Administrative Claim.

22 The Debtors or Reorganized Debtors may File an objection to such a motion within
23 the time provided by the Bankruptcy Rules or within any other period that the Court
24 establishes. **Persons holding Non-Ordinary-Course Administrative Claims who do
25 not timely File and serve a request for payment will be forever barred from asserting
26 those Claims against the Debtors, the Estates, the Reorganized Debtors, or their
27 respective property.**
28

1 **Professional Fee Claims.** The Court must approve all Professional Fee Claims.
2 As set forth below, each professional in question must file and serve a properly noticed
3 fee application, and the Court must rule on the application. Only the amount of fees
4 allowed by the Court will be required to be paid under this Plan.

5 A Professional Fee Claim will be allowed only if:

- 6 a) On or before 60 days after the Effective Date, the Person holding the
7 Professional Fee Claim both Files with the Court a motion requesting that
8 the Reorganized Debtors pay the Professional Fee Claim and serves the
9 motion on the Reorganized Debtors and their Reorganization Counsel; and
10 b) The Professional Fee Claim is allowed by a Final Order.

11 The Reorganized Debtors or any other party in interest may File an objection to
12 such a motion within the time provided by the Bankruptcy Rules or within any other
13 period that the Court establishes. **Persons holding Professional Fee Claims who do not**
14 **timely File and serve a motion for payment will be forever barred from asserting**
15 **those Claims against the Debtors, the Estates, the Reorganized Debtors, or their**
16 **respective property.**

17 **Administrative Tax Claims.** An Administrative Tax Claim will be allowed only if:

- 18 a) On or before the later of: (1) 60 days after the Effective Date; or (2) 120
19 days after a Debtor files the tax return for the underlying taxes with the
20 applicable governmental unit, the Person holding the Administrative Tax
21 Claim both Files with the Court either a proof of Administrative Tax Claim
22 or a motion requesting that the Reorganized Debtor pay the Administrative
23 Tax Claim and serves the proof of Claim or motion on the Reorganized
24 Debtor and the Debtors' Reorganization Counsel; and
25 b) The Court, in a Final Order, allows the Administrative Tax Claim.

26 The Reorganized Debtors may File an objection to such a proof of Claim or motion
27 within the time provided by the Bankruptcy Rules or within any other period that the
28 Court establishes. **Persons holding Administrative Tax Claims who do not timely File**

1 and serve a proof of Administrative Tax Claim or motion for payment will be
2 forever barred from asserting those Claims against the Debtors, the Estates, the
3 Reorganized Debtors, or their respective property, whether the Administrative Tax
4 Claim is deemed to arise before, on, or after the Effective Date.

5 **2. Priority Tax Claims**

6 Priority tax claims are certain unsecured income, employment and other taxes
7 described by Bankruptcy Code Section 507(a)(8). The Bankruptcy Code requires that each
8 holder of such a Section 507(a)(8) priority tax claim receive the present value of such
9 claim in deferred cash payments, over a period not exceeding six years from the date of
10 the assessment of such tax. The Debtors believe that Holdings will have a Priority Tax
11 Claims for personal property tax assessed prior to the petition of approximately \$19,036.
12 TWC's Priority Tax Claims include income / sales tax claims in the amount of
13 approximately \$894,940.79, and personal property taxes in the amount of \$102,097.24.
14 Big Dog's Priority Tax Claims include sales taxes of \$51,894.92 and personal property
15 tax in the amount of \$13,482.57. Exhibit G lists all of the Debtors' known Section
16 507(a)(8) priority tax claims as of the petition date.

17 Priority Tax Claims are being paid in the ordinary course of business from cash
18 generated from the Debtors' operations pursuant to the December 18, 2009 Order
19 Granting Emergency Motion of Debtor for an Order (I) Authorizing the Debtor to Pay
20 Prepetition Sales and Use and Similar Taxes in the Ordinary Course of Business and (II)
21 Directing Banks and Financial Institutions to Honor and Process Checks and Transfers
22 Related Thereto, and the Debtors therefore anticipate the amount of any outstanding
23 Allowed Priority Tax Claims on the Effective Date will be *de minimis*. Unless the Person
24 holding an Allowed Priority Tax Claim and the Debtors or Reorganized Debtors agree
25 otherwise, the Reorganized Debtors will pay to that Person, over a period not exceeding
26 six years from the date on which the underlying tax was assessed, deferred cash payments
27 in an aggregate amount equal to the amount of the Allowed Priority Tax Claim, plus
28 simple interest from the Effective Date on the unpaid balance of the Allowed Priority Tax

1 Claim at the Statutory Interest Rate. The Reorganized Debtors will make these payments
2 in equal semiannual installments. The first installment will be due on the later of: (a) 30
3 days after the Effective Date; (b) 30 days after the date on which the Priority Tax Claim
4 becomes an Allowed Priority Tax Claim; or (c) 30 days after the date on which the
5 Priority Tax Claim is allowed by a Final Order. Each installment will include simple
6 interest, in arrears, on the unpaid balance of the Allowed Priority Tax Claim at Statutory
7 Interest Rate but will include no penalty of any kind. The Reorganized Debtors will have
8 the right to pay any unpaid balance on an Allowed Priority Tax Claim in full at any time
9 on or after the Effective Date without premium or penalty of any kind.

10 **D. Classified Claims and Interests**

11 **1. Classes of Secured Claims**

12 Secured claims are claims secured by liens on property of the Estates. The
13 following discussion lists all classes containing Debtors' secured prepetition claims and
14 their treatment under this Plan.

15 **a. Class 1 (WFRF's Secured Claims Against the Debtors Under the**
16 **Prepetition Credit Facility and DIP Facility).**

17 **Classification:** Class 1 consists of WFRF's Allowed Secured Claims against the
18 Debtors under the Prepetition Credit Facility and the DIP Facility, which Claims are
19 deemed to be fully secured and allowed in full, including interest and legal fees properly
20 chargeable to the Debtors pursuant to the Prepetition Credit Facility and the DIP Facility.
21 As of the Petition Date, the Debtors acknowledge that the aggregate amount of WFRF's
22 Secured Claims was \$25,730,089 plus loans, advances, interest, and legal fees accruing
23 from and after the Petition Date. During the course of these Reorganization Cases,
24 pursuant to the DIP Order, WFRF's prepetition secured claim has been repaid in full and
25 WFRF has made, and shall continue to make through the Effective Date, postpetition
26 debtor in possession financing loans. Interest and legal fees shall continue to be charged
27 and paid in accordance with the Prepetition Credit Facility and the DIP Facility until
28 WFRF's Secured Claims have been fully satisfied.

1 **Treatment:** WFRF has provided TWC and Big Dog with the legally binding
2 WFRF Commitment Letter to, subject to satisfaction of certain generally customary terms
3 and conditions set forth therein, provide Exit Financing to TWC and Big Dog on
4 substantially the same terms and conditions as the Prepetition Credit Facility (including,
5 but not limited to, such Exit Financing's being secured by a duly perfected, first lien
6 security interest on substantially all of the Reorganized Debtors' assets), except as
7 otherwise provided in the WFRF Commitment Letter. The proceeds of the Exit Financing
8 will be used to refinance the Prepetition Debt and DIP Obligations upon the Effective
9 Date and to provide financing for working capital, issuance of letters of credit, capital
10 expenditures, and other general corporate purposes of the Reorganized Debtors. The
11 refinancing of the Prepetition Debt and DIP Obligations pursuant to the Exit Financing
12 will be in full satisfaction of all Allowed Class 1 Claims held by WFRF and of all legal,
13 equitable, and contractual rights to which WFRF is entitled under the Prepetition Credit
14 Facility or the DIP Facility. On or before the Effective Date, TWC and Big Dog will
15 deliver to WFRF the Post-Confirmation Credit Agreement and other documents related
16 thereto substantially consistent with the terms and conditions provided in the WFRF
17 Commitment Letter and the Prepetition Credit Facility and in a principal amount equal to
18 the outstanding balance of the DIP Facility (estimated to be approximately \$5 million and
19 Reorganized TWC and Reorganized Big Dog will agree to pay WFRF all amounts due
20 under the Post-Confirmation Credit Agreement in accordance with such legal, equitable,
21 and contractual rights as previously existed under the Prepetition Credit Facility. The
22 obligations under the Post-Confirmation Credit Agreement will be guaranteed by
23 Reorganized Holdings and secured by duly perfected, first liens on substantially all of the
24 Reorganized Debtors' assets.

25 **b. Class 2 (The Noteholders' Secured Claims Against the Debtors**
26 **Under the Notes)**

27 **Classification:** Class 2 consists of the Noteholders' Allowed Secured Claims
28 against the Debtors under the Notes, which Claims are deemed to be fully secured and

1 allowed in full, including interest and legal fees properly chargeable to the Debtors
2 pursuant to the Notes. As of the Petition Date, the Debtors acknowledge that the
3 aggregate amount of the Noteholders' Secured Claims was \$20.21 million, which includes
4 principal as well as PIK Interest and interest accrued and owing as of the Petition Date.

5 **Treatment:** On the Effective Date, each of the Notes will be Reinstated; *provided,*
6 *however,* that the aggregate principal amount of the Notes will be reduced to \$19.5
7 million, which represents the cancellation of an aggregate of \$960,000 in PIK Interest due
8 under the Notes as of the Petition Date, and the principal amount of each Note held by a
9 Noteholder will be reduced by a proportionate amount. The Reinstated Notes will be
10 secured by substantially all of the assets of the Reorganized Debtors, but shall be subject
11 and subordinate in lien priority and right of payment to WFRF's liens and claims under the
12 Exit Facility pursuant to a Subordination Agreement on substantially the same terms and
13 conditions as the existing Subordination Agreement executed by each Noteholder in favor
14 of WFRF in connection with the Prepetition Credit Facility and otherwise reasonably
15 satisfactory to WFRF. The holders of Allowed Class 2 Claims will also receive an
16 aggregate payment of \$423,602 in cash on or before the Distribution Date, as provided for
17 under the Notes, which represents the interest owing under the Notes for the first quarter
18 of 2009 plus interest at 10% that has accrued on that interest. The holders of Allowed
19 Class 2 Claims will receive no other distributions or payments under the Plan on account
20 of either principal or accrued and unpaid interest, PIK Interest, or other obligations under
21 the Notes, except as expressly provided for herein.

22 **c. Class 3 (Other Secured Claims)**

23 **Classification:** Class 3 consists of all Other Secured Claims.

24 **Treatment:** Unless the Person holding an Allowed Class 3 Claim and the Debtors
25 or Reorganized Debtors agree otherwise, the Person holding the Claim will receive one or
26 more of the following treatments as soon as reasonably practicable on or after the
27 Effective Date in full satisfaction of its Allowed Class 3 Claim:
28

- 1 a) The Reorganized Debtors will: (1) cure any default, other than those
2 defaults enumerated in Bankruptcy Code Section 365(b)(2), with respect to
3 that Person's Allowed Class 3 Claim, without recognizing any default
4 interest rate or similar penalty or charge, after which no default will exist;
5 (2) reinstate the maturity date of that Person's Allowed Class 3 Claim to the
6 maturity date that existed before any default, without recognizing any
7 default interest rate or similar penalty or charge; (3) compensate that Person
8 for any actual damages incurred due to that Person's reasonable reliance on
9 any provision that entitled that Person to accelerate its Allowed Class 3
10 Claim's maturity; and (4) leave unaltered all of that Person's other legal,
11 equitable, or contractual rights with respect to its Allowed Class 3 Claim;
- 12 b) The Disbursing Agent will convey to the Person holding the Claim the
13 collateral in which that Person has a security interest; or
- 14 c) The Disbursing Agent will pay to the Person holding the Claim cash in the
15 amount of that Person's Allowed Class 3 Claim.

16 The Debtors or Reorganized Debtors may, in their sole discretion, select which of
17 these treatments each Person holding an Allowed Class 3 Claim will receive. If, by 14
18 days before the Confirmation Hearing Date, the Debtors have not notified a Person which
19 treatment has been selected for that Person's Allowed Class 3 Claim, the Reorganized
20 Debtors will be deemed to have selected the treatment set forth in Subparagraph (a),
21 above.

22 **d. Class 4 (Reclamation Claims).**

23 **Classification:** Class 4 consists of the Reclamation Claims.

24 **Treatment:** Each holder of an allowed Reclamation Claim shall receive payment
25 in full of its allowed Reclamation Claim on or before the Distribution Date, plus
26 Postpetition Interest on the face amount of their Allowed Claims.

27
28

1 **2. Classes of Priority Unsecured Claims**

2 Certain priority claims that are referred to in the sections 507(a)(3), (4), (5), and (6)
3 of the Bankruptcy Code and are required to be placed in classes. These types of claims are
4 entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of
5 such a claim receive cash on the Effective Date equal to the allowed amount of such
6 claim.

7 The Bankruptcy Code provides that holders of Allowed Reclamation Claims and
8 Allowed Unsecured Priority Claims are generally entitled to be paid Postpetition Interest
9 on the face amount of their Allowed Claims before Interest holders receive value under a
10 Chapter 11 plan. Accordingly, the Plan provides for payment of Postpetition Interest on
11 Allowed Claims identified in Classes 4 and 5 on before the Distribution Date.

12 The following chart lists all classes containing Debtors' 507(a)(3), (4), (5), and (6)
13 priority unsecured claims and their treatment under this Plan (see Exhibit G for more
14 detailed information about each priority unsecured claim).

15 **a. Class 5 (Priority Unsecured Claims).**

16 **Classification:** Class 5 consists of all Priority Unsecured Claims other than
17 Priority Tax Claims.

18 **Treatment:** Unless the Person holding an Allowed Class 4 Claim and the Debtors
19 or the Reorganized Debtors agree otherwise, the Person holding the Claim will receive
20 one or more of the following treatments as soon as reasonably practicable on or after the
21 Effective Date in full satisfaction of its Allowed Class 5 Claim:

- 22 a) The Allowed Claim will be Reinstated; or
23 b) The Disbursing Agent will pay to each Person holding an Allowed Class 5
24 Claim cash equal to the amount of the Allowed Class 5 Claim, plus
25 Postpetition Interest on the face amount of their Allowed Claims, on or
26 before the later of: (a) as soon as reasonably practicable on or after the
27 Effective Date; (b) 30 days after the date on which the Claim becomes an
28 Allowed Class 5 Claim; or (c) the date on which the Allowed Class 5 Claim

1 becomes due and payable.

2 The Debtors or Reorganized Debtors may, in their sole discretion, select which of
3 these treatments each Person holding an Allowed Class 5 Claim will receive. To the
4 extent that such Allowed Class 5 Claims constitutes a claim for the value of any goods
5 received by a Debtor within 20 days before the Petition Date, which goods have been sold
6 to the Debtor in the ordinary course of the Debtor's business, the Allowed Class 5 Claim
7 will receive the treatment set forth in Subparagraph (a), above. If, by 14 days before the
8 Confirmation Hearing Date, the Debtors have not notified a Person which treatment has
9 been selected for that Person's Allowed Class 5 Claim, the Reorganized Debtors will be
10 deemed to have selected the treatment set forth in Subparagraph (a), above.

11 **3. Class of General Unsecured Claims**

12 General unsecured claims are unsecured claims not entitled to priority under
13 section 507(a) of the Bankruptcy Code. The following narrative identifies this Plan's
14 treatment of the class containing all of Debtors' general unsecured claims (see Exhibit H
15 for detailed information about each general unsecured claim).

16 The Bankruptcy Code provides that holders of Allowed General Unsecured Claims
17 are generally entitled to be paid Postpetition Interest on the face amount of their Allowed
18 Claims before Interest holders receive value under a Chapter 11 plan. Accordingly, the
19 Plan provides for payment of Postpetition Interest on Allowed Claims identified in
20 Classes 6 through 8 on before the Distribution Date.

21 **a. Class 6 (General Unsecured Claims-Big Dog).**

22 **Classification:** Class 6 consists of all non-priority, General Unsecured Claims
23 asserted against Big Dog.

24 **Treatment:** Unless the Person holding an Allowed Class 6 Claim and Big Dog or
25 Reorganized Big Dog agree otherwise, the Person holding the Claim will receive one or
26 more of the following treatments as soon as reasonably practicable on or after the
27 Effective Date in full satisfaction of its Allowed Class 6 Claim:

28 a) The Allowed Claim will be Reinstated; or

1 b) The holders of the Allowed Class 6 Claim will receive payment in full in
2 cash on or before the Distribution Date, plus Postpetition Interest on the face
3 amount of its Allowed Claims.

4 The Big Dog or Reorganized Big Dog may, in their sole discretion, select which of
5 these treatments each Person holding an Allowed Class 6 Claim will receive. To the
6 extent that such Allowed Class 6 Claims constitutes a claim for the value of any goods
7 received by a Debtor within 20 days before the Petition Date, which goods have been sold
8 to the Debtor in the ordinary course of the Debtor's business, the Allowed Class 6 Claim
9 will receive the treatment set forth in Subparagraph (a), above. If, by 14 days before the
10 Confirmation Hearing Date, the Debtors have not notified a Person which treatment has
11 been selected for that Person's Allowed Class 6 Claim, Reorganized Big Dog will be
12 deemed to have selected the treatment set forth in Subparagraph (b), above.

13 **b. Class 7 (General Unsecured Claims-TWC).**

14 **Classification:** Class 7 consists of all non-priority, General Unsecured Claims
15 asserted against TWC.

16 **Treatment:** Unless the Person holding an Allowed Class 7 Claim and TWC or
17 Reorganized TWC agree otherwise, the Person holding the Claim will receive one or more
18 of the following treatments as soon as reasonably practicable on or after the Effective
19 Date in full satisfaction of its Allowed Class 7 Claim:

- 20 a) The Allowed Claim will be Reinstated; or
21 b) The holders of the Allowed Class 7 Claim will receive payment in full in
22 cash on or before the Distribution Date, plus Postpetition Interest on the face
23 amount of its Allowed Claims.

24 TWC or Reorganized TWC may, in their sole discretion, select which of these
25 treatments each Person holding an Allowed Class 7 Claim will receive. To the extent that
26 such Allowed Class 7 Claims constitutes a claim for the value of any goods received by a
27 Debtor within 20 days before the Petition Date, which goods have been sold to the Debtor
28 in the ordinary course of the Debtor's business, the Allowed Class 7 Claim will receive

1 the treatment set forth in Subparagraph (a), above. If, by 14 days before the Confirmation
2 Hearing Date, the Debtors have not notified a Person which treatment has been selected
3 for that Person's Allowed Class 8 Claim, Reorganized TWC will be deemed to have
4 selected the treatment set forth in Subparagraph (b), above.

5 A settlement agreement has been entered into between Mr. Atchinson and the
6 Debtors pursuant to which, among other things, the Atchinson Claim will be Allowed in
7 the total amount of \$1.1 million, of which \$100,000 will be paid on or before the
8 Distribution Date, and the balance will be paid in full no later than 12 months following
9 the Effective Date, in exchange for which the Debtors will return to Mr. Atchinson the
10 Natural Comfort trademark and provide him with a partial release of the restrictions under
11 the Debtors' Noncompetition and Nonsolicitation Agreement. The proposed payments to
12 Mr. Atchinson to will be subject to a subordination agreement in favor of WFRF as well
13 as maintenance of a minimum specified level of availability both for a period before and
14 after giving effect to the payment under the Exit Facility. Provided that such settlement
15 agreement is approved by the Bankruptcy Court, the Allowed Atchinson Claim will
16 receive the alternate treatment provided therein.

17 **c. Class 8 (General Unsecured Claims-Holdings).**

18 **Classification:** Class 8 consists of all non-priority, General Unsecured Claims
19 asserted against Holdings.

20 **Treatment:** Unless the Person holding an Allowed Class 8 Claim and Holdings or
21 Reorganized Holdings agree otherwise, the Person holding the Claim will receive one or
22 more of the following treatments as soon as reasonably practicable on or after the
23 Effective Date in full satisfaction of its Allowed Class 8 Claim:

- 24 a) The Allowed Claim will be Reinstated; or
25 b) The holders of the Allowed Class 8 Claim will receive payment in full in
26 cash on or before the Distribution Date, plus Postpetition Interest on the face
27 amount of its Allowed Claims.

28 Holdings or Reorganized Holdings may, in their sole discretion, select which of

1 these treatments each Person holding an Allowed Class 8 Claim will receive. If, by 14
2 days before the Confirmation Hearing Date, the Debtors have not notified a Person which
3 treatment has been selected for that Person's Allowed Class 7 Claim, Reorganized
4 Holdings will be deemed to have selected the treatment set forth in Subparagraph (b),
5 above.

6 **d. Class 9 (Intercompany Claims)**

7 **Classification:** Class 9 consists of all Intercompany Claims.

8 **Treatment:** Intercompany Claims will be Reinstated under the Plan, without
9 interest, penalty, or premium of any kind.

10 **e. Class 10 (Employee Stock Option Notes)**

11 **Classification:** Class 10 consists of all Claims asserted against TWC pursuant to
12 the Employee Stock Option Notes.

13 **Treatment:** Each Stockholder Option Note will be amended to extend its maturity
14 date to the date one year from the Effective Date of the Plan. On or before the Distribution
15 Date, Reorganized TWC will pay to each holder of a Stockholder Option Note an amount
16 equal to the unpaid interest (accrued at the rate of 7% per annum) on the outstanding
17 principal amount of such Person's Stockholder Option Note through the end of the
18 immediately preceding calendar quarter, and interest for each subsequent calendar quarter
19 shall accrued and be payable in accordance with the terms of the Stockholder Option
20 Notes. All other terms of the Notes will remain the same.

21 **4. Class(es) of Interest Holders**

22 Interest holders are the parties who hold ownership interest (*i.e.*, equity interest) in
23 the Debtors. If the Debtors are a corporation, entities holding preferred or common stock
24 in the Debtors are interest holders. If the Debtors are a partnership, the interest holders
25 include both general and limited partners. If the Debtors are individuals, the Debtors are
26 the interest holders. This section identifies the Plan's treatment of the classes of interest
27 holders (see Exhibit I for more detailed information about each interest holder).
28

1 **a. Class 11 (Holdings' Existing Common Stock).**

2 **Classification:** Class 11 consists of Holdings' Existing Common Stock,
3 (including, without limitation, any rights to existing warrants and options).

4 **Treatment:** Allowed Class 11 Interests will be Reinstated under the Plan;
5 *provided, however,* that such Interests will be subject to dilution on account of the
6 issuance of the New Preferred Stock under the Plan.

7 **b. Class 12 (TWC's Existing Common Stock).**

8 **Classification:** Class 12 consists of TWC's Existing Common Stock (including,
9 without limitation, any rights to existing warrants and options).

10 **Treatment:** Allowed Class 12 Interests will be Reinstated under the Plan.

11 **c. Class 13 (Big Dog's Existing Common Stock).**

12 **Classification:** Class 13 consists of Big Dog's Existing Common Stock (including,
13 without limitation, any rights to existing warrants and options).

14 **Treatment:** Allowed Class 13 Interests will be Reinstated under the Plan.

15 **E. Means of Performing Under the Plan**

16 **1. Exit Financing.**

17 WFRF has provided TWC and Big Dog with the WFRF Commitment Letter,
18 pursuant to which WFRF has issued a legally binding commitment to provide Exit
19 Financing, subject to satisfaction of certain generally customary terms and conditions set
20 forth therein, to TWC and Big Dog on substantially the same terms and conditions as the
21 Prepetition Credit Facility (including, but not limited to, such Exit Financing's being
22 secured by a duly perfected, first lien security interest on substantially all of the
23 Reorganized Debtors' assets), except as otherwise provided in the WFRF Commitment
24 Letter. The proceeds of the Exit Financing will be used to refinance the Prepetition Debt
25 and DIP Obligations upon the Effective Date and to provide financing for working capital,
26 issuance of letters of credit, capital expenditures, and other general corporate purposes of
27 the Reorganized Debtors. On or before the Effective Date, TWC and Big Dog will deliver
28 to WFRF the Post-Confirmation Credit Agreement and other documents related thereto

1 substantially consistent with the terms and conditions provided in the WFRF Commitment
2 Letter and the Prepetition Credit Facility and in a principal amount equal to the
3 outstanding balance of the DIP Facility (estimated to be approximately \$5 million, and
4 Reorganized TWC and Reorganized Big Dog will agree to pay WFRF all amounts due
5 under the Post-Confirmation Credit Agreement in accordance with such legal, equitable,
6 and contractual rights as previously existed under the Prepetition Credit Facility. The
7 obligations under the Post-Confirmation Credit Agreement will be guaranteed by
8 Reorganized Holdings and secured by duly perfected, first liens on substantially all of the
9 Reorganized Debtors' assets. The principal terms and conditions of the Exit Financing are
10 set forth below:

11 ***Borrowers:*** The Walking Company and Big Dog USA, Inc. and each of their
12 presently existing or hereafter formed or acquired subsidiaries.

13 ***Guarantor:*** The Walking Company Holdings, Inc.

14 ***Agent:*** Wells Fargo Retail Finance, LLC.

15 ***Lender:*** Wells Fargo Retail Finance, LLC together with any other financial
16 institution becoming a party to the loan documents.

17 ***L/C Issuing Bank:*** Wells Fargo Bank, N.A., or any other financial institution
18 reasonably acceptable to the agent.

19 ***Credit Facility:*** Senior Secured Asset Based Revolving Credit Facility up to
20 \$30,000,000 including a \$3,000,000 sub-limit for standby and documentary letters
21 of credit.

22 ***Purpose:*** The proceeds will be used to refinance the Debtors' obligations under
23 the Prepetition Credit Facility and the DIP Facility as well as to provide financing
24 for working capital, issuance of letters of credit, capital expenditures, and other
25 general corporate purposes.

26 ***Priority and Security:*** The Exit Financing will be secured by a first priority
27 security interest in all of the Debtors' assets and all proceeds realized thereof.
28

1
2 **Closing Date:** April 15, 2010 (extendable under certain circumstances to May 7,
3 2010).

4 **Maturity:** Four years from the Closing Date.

5 **Expenses:** The Debtors will agree to pay all reasonable costs of WFRF in
6 connection with the facility.

7
8 **Indemnity:** The Debtors agree to indemnify the agent, lenders, and issuing bank.

9 **2. Funding for the Plan**

10 The Plan will be funded by the following: (a) reducing operating expenses by
11 renegotiating its real estate leases; (b) reducing the amount due under its Notes and
12 obtaining certain other economic concessions from the Noteholders and certain other
13 creditors; (c) increasing its capital through a \$10 million capital Investment and the \$30
14 million Exit Financing; and (d) cash from operations. The \$10 million capital Investment
15 will be made pursuant to a Investor Commitment Letter between the Investors and the
16 Debtors. Of this \$10 million investment, approximately \$7.2 million will be used to pay
17 for the Debtors' reorganization costs, including Allowed Administrative and Priority
18 Claim and Allowed General Unsecured Claims to be paid within 30 days of the Plan's
19 Effective Date. Any remaining balance will be retained as working capital for the
20 Reorganized Debtors.

21 **3. Issuance of New Preferred Stock.**

22 The New Preferred Stock will have the attributes set forth in the Investor
23 Commitment Letter attached to the Plan at Exhibit 4. On or before the Distribution Date,
24 the New Preferred Stock will be issued to Investors in accordance with the terms of the
25 Investor Commitment Letter.

26 **F. Preservation of Claims and Rights Not Expressly Settled and Released.**

27 **1. General Claims and Rights.**

28 As permitted by Bankruptcy Code Section 1123(b)(3), the Reorganized Debtors

1 will be revested with, and may enforce, any claims and rights that the Debtors or the
2 Estates may hold or have against any Person. These claims and rights include, without
3 limitation:

- 4 a) Any claims or rights under Bankruptcy Code Sections 544 through 550, any
5 similar state-law provisions, or any similar statute or legal theory;
- 6 b) Any rights of equitable subordination or disallowance;
- 7 c) Any derivative claims that may be brought by or on behalf of the Debtors or
8 the Estates;
- 9 d) Any other claims or rights of any kind that either the Debtors or the Estates
10 may have or hold under any applicable law, including any and all claims or
11 rights referred to in the Schedules; and
- 12 e) Any rights to object to, settle, compromise, or resolve Claims or Interests.

13 The Reorganized Debtors will retain any related recoveries free and clear of all
14 Claims and Interests and may pursue, settle, or abandon such revested claims and rights,
15 in accordance with their best interests.

16 **2. Avoidance Actions.**

17 The Reorganized Debtors will be vested with, and serve as representative of the
18 Estates with respect to, Avoidance Actions. At any time on or before the Exhibit Filing
19 Date, the Debtors may elect not to prosecute any potential Avoidance Action against a
20 Person if the Debtors determine, in good faith, that: (a) the potential Avoidance Action
21 would not be cost-effective to pursue either because the amounts at issue are *de minimis*
22 when compared to the litigation costs, because there are significant potential defenses to
23 the Avoidance Action, or because successful prosecution of the Avoidance Action would
24 otherwise provide no economic benefit to the Estates; or (b) prosecuting the action would
25 interfere with the Reorganized Debtors' business relationship with that Person, and
26 preservation of such business relationship is important to the Reorganized Debtors'
27 operations. The Debtors will file a Schedule of Avoidance Actions on or before the
28 Exhibit Filing Date indicating which potential Avoidance Actions the Reorganized

1 Debtors intend to preserve and pursue under the Plan, if any.

2 **G. The Releases, Waivers & Injunctions**

3 **1. The WFRF Waiver and Injunction**

4 In consideration for, among other things, the financial accommodations provided
5 by WFRF during the Reorganization Cases, as well as the Exit Financing, the Debtors, the
6 Reorganized Debtor, and every holder either of a Claim or cause of action against the
7 Debtors—insofar as such Claim or cause of action may be asserted as a derivative claim
8 or right arising out of or relating to property of any of the Debtors' estates—or of a WFRF
9 Claim (as defined, and subject to the terms set forth, below) (collectively, the "WFRF
10 Releasers")—shall be deemed hereunder to have waived, released and relinquished any
11 and all obligations, debts, losses, damages, liabilities, contracts, controversies,
12 agreements, claims, causes of action, and demands of any kind whatsoever at law or in
13 equity, including without limitation claims under Bankruptcy Code sections 510, 541,
14 542, 544, 545, 547, 548, 549, 550, 551 or 553 or any other provisions of the Bankruptcy
15 Code, direct or indirect, known or unknown, discovered or undiscovered, asserted or
16 unasserted: (a) either against WFRF or—solely in their representative capacity as
17 representatives of WFRF—against each of WFRF's officers, directors, stockholders,
18 partners, agents, employees, consultants, attorneys, accountants, advisors, affiliates and
19 other representatives (the "WFRF Releasees"); and (b) arising out of or relating to the
20 Debtors, Claims against the Debtors, the Reorganization Cases, the Plan, the loans,
21 advances and financial accommodations provided to the Debtors by WFRF, the Debtors'
22 business operations and/or management of the affairs of the Debtors and/or their affiliates,
23 arising at any time on or prior to the Effective Date (the "Released Claims").

24 The WFRF Releasers shall be specifically permanently enjoined and restrained
25 from commencing, conducting or continuing any action or proceeding against the WFRF
26 Releasees upon the Released Claims, including, but not limited to (a) commencing,
27 conducting or continuing in any manner, directly or indirectly, any suit, action or other
28 proceeding of any kind (including, without limitation, any proceeding in a judicial,

1 arbitral, administrative or other forum) against or affecting the WFRF Releasees or any of
2 their property, or any direct or indirect transferee of any property of, or successor in
3 interest to, any of the WFRF Releasees based upon the Released Claims; (b) enforcing,
4 levying, attaching (including, without limitation, any pre-judgment attachment), collecting
5 or otherwise recovering by any manner or means, whether directly or indirectly, of any
6 judgment, award, decree or order against the WFRF Releasees or any of their property, or
7 any direct or indirect transferee of any property of, or successor in interest to, any of the
8 WFRF Releasees; (c) creating, perfecting or otherwise enforcing in any manner, directly
9 or indirectly, any encumbrance of any kind against the WFRF Releasees or any of their
10 property, or any direct or indirect transferee of any property of, or successor in interest to,
11 any of the WFRF Releasees; and (d) asserting any right of setoff, subrogation, or
12 recoupment of any kind, directly or indirectly, against any obligation due the WFRF
13 Releasees, any of their property, or any direct or indirect transferee of any property of, or
14 successor in interest to, the WFRF Releasees (collectively, the "WFRF Waiver and
15 Injunction"). Nothing herein shall release any obligations of WFRF under the DIP
16 Financing or the Exit Financing.

17 *The Debtors are not aware of any claims or causes of action against WFRF, and in*
18 *fact believe that WFRF has played a constructive role in these Reorganization Cases. The*
19 *preceding provisions are designed solely to facilitate WFRF's provision of the Exit*
20 *Financing.*

21 **2. The Noteholder Releases**

22 If Class 2 votes to accept the Plan, in consideration of the cancellation of PIK
23 Interest provided under the Plan with respect to the Noteholders, the Debtors on behalf of
24 the Estate hereby fully and unconditionally release and forever discharge each Noteholder
25 who cast a vote to accept the Plan and their attorneys, agents, advisors, professionals,
26 representatives and assigns (the "Noteholder Releasees'") from and against any and all
27 claims, causes of action, damages, losses, liabilities, obligations, expenses, debts, dues,
28 sums of money, accounts, reckonings, contracts, controversies, known or unknown, fixed

1 or contingent, direct or indirect, accrued or not accrued, liquidated or unliquidated or
2 suspected or unsuspected, in contract or in tort or otherwise, that the Debtors or the
3 Estates ever had, now have or hereafter can, shall or may have, or may claim to have,
4 whether directly or indirectly, or by assignment or succession, against the Noteholder
5 Releasees, or any of them, for, upon, or by reason of any matter relating to the Notes
6 through the Effective Date. This release shall be effective as of the Effective Date.

7 *As noted above, the Debtors are currently evaluating all Avoidance Actions, and at*
8 *any time on or before the Exhibit Filing Date the Debtors may elect not to prosecute any*
9 *potential Avoidance Actions. With respect to potential Avoidance Actions against the*
10 *Noteholders, the Debtors have evaluated whether the Estates may seek to avoid payments*
11 *to the Noteholders, or the grant of security interests to the Noteholders, as either*
12 *preferences or fraudulent transfers. As a preliminary matter, Notes in the principal*
13 *amount of only \$3.975 million were issued to Insiders. The remaining Notes, in the*
14 *principal amount of \$14.525 million, were issued to non-Insiders. The Debtors do not*
15 *believe that there are any grounds to recharacterize or subordinate the Claims of the non-*
16 *Insider Noteholders, and the preference period with respect to non-Insiders reaches back*
17 *only 90 days (unlike the 1-year preference period applicable to Insiders). As part of the*
18 *Debtors' efforts to achieve an out-of-court restructuring and to avoid bankruptcy, they*
19 *granted certain security interests to the Noteholders in exchange for financial concessions*
20 *described above. The Debtors may now have grounds to seek to avoid this grant of*
21 *security interests if the Noteholders are found not to have provided reasonably equivalent*
22 *value for the financial concessions, or if aspects of the transaction are found to constitute*
23 *a preference payment within the meaning of Bankruptcy Code section 547. However, the*
24 *Noteholders have asserted significant defenses, including that the Debtors may not have*
25 *been insolvent at the time that many or all of the Noteholder transactions occurred, that*
26 *reasonably equivalent value was provided to the Debtors, that significant questions exist*
27 *with respect to the viability of the recharacterization doctrine in the Ninth Circuit, and*
28 *that there are no equitable grounds on which to subordinate the Notes. And significantly,*

1 *even if the Debtors were to avoid some or all of the transfers to the Noteholders, the*
2 *Noteholders would then be entitled to unsecured claims against the Debtors under*
3 *Bankruptcy Code Section 502(h). Inasmuch as the Plan provides for the payment in full*
4 *of all Allowed Unsecured Claims against the Estates, there is no economic advantage to*
5 *pursuing such Avoidance Actions. Instead, the Plan provides that if Class 2 accepts the*
6 *Plan, thereby cancelling \$960,000 of PIK Interest to which the Noteholders would*
7 *otherwise be entitled, then those Noteholders voting to accept the Plan will receive a*
8 *release of potential Avoidance Actions as provided for in this Section. The Debtors*
9 *believe that the proposed release is a reasonable exercise of their business judgment and*
10 *is in the best interest of their Estates and creditors.*

11 **3. The Investor Releases**

12 In consideration for the Capital Investment made by the Investors, the Debtors on
13 behalf of the Estate hereby fully and unconditionally releases and forever discharge the
14 Investors and their attorneys, agents, advisors, professionals, representatives and assigns
15 (the "Investor Releasees") from and against any and all claims, causes of action,
16 damages, losses, liabilities, obligations, expenses, debts, dues, sums of money, accounts,
17 reckonings, contracts, controversies, known or unknown, fixed or contingent, direct or
18 indirect, accrued or not accrued, liquidated or unliquidated or suspected or unsuspected, in
19 contract or in tort or otherwise, that the Debtors or the Estates ever had, now have or
20 hereafter can, shall or may have, or may claim to have, whether directly or indirectly, or
21 by assignment or succession, against the Investor Releasees, or any of them, for, upon, or
22 by reason of any matter relating to the ownership, management or operation of the
23 Debtors, or to the extent that any Investor is also a Noteholder, for, upon, or by reason of
24 any matter relating to the Notes, through the Effective Date. This release shall be
25 effective upon the occurrence of both the Effective Date and the date of funding of the
26 Capital Investment pursuant to the Commitment Letter.

27 *The Debtors are not aware of any claims or causes of action against the Investors*
28 *(except to the extent that an Investor may be a Noteholder, as discussed above), and in*

1 *fact believes that the Investors have played a constructive role in these Reorganization*
2 *Cases. The preceding provisions are designed solely to facilitate the Investors' provision*
3 *of the Capital Investment.*

4 **4. The Debtor and Committee Releases**

5 Except to the extent arising from willful misconduct or gross negligence, pursuant
6 to section 1125(e) of the Bankruptcy Code, any and all Claims, liabilities, causes of
7 action, rights, damages, costs and obligations held by any party against the Debtors, the
8 Reorganized Debtors, the Committee and their respective present and former members,
9 ex-officio members, officers, directors, trustees, employees, attorneys, accountants,
10 professionals, agents, designees, successors or assigns, and the Debtors and any
11 Professional Persons (acting in such capacity) employed by any of the foregoing entities,
12 whether known or unknown, matured or contingent, liquidated or unliquidated, existing,
13 arising or accruing, whether or not yet due, in any manner related to the administration of
14 these Reorganization Cases following the Petition Date or the formulation, negotiation,
15 prosecution or implementation of the Plan, solicitation of acceptances of the Plan, the
16 pursuit of confirmation of the Plan, the consummation of the Plan, confirmation of the
17 Plan, or the administration of the Plan or the property to be distributed under the Plan
18 shall be deemed fully waived, barred, released and discharged in all respects, except as to
19 rights, obligations, duties, claims and responsibilities preserved, created or established by
20 terms of the Plan; provided, however, that, notwithstanding the foregoing, this provision
21 does not limit the nature of any objection to the allowance and payment of any
22 Professional Fees or any Insider compensation. Nothing in this section shall be construed
23 to exculpate any entity from liability for their willful misconduct or gross negligence.

24 *The Debtors are not aware of any claims or causes of action against the Debtors,*
25 *the Reorganized Debtors, or the Committee in connection with the administration of these*
26 *Reorganization Cases, and in fact believe that they and the Committee have played a*
27 *constructive role in these Reorganization Cases. The preceding provisions are designed*
28 *solely to facilitate the administration of these Reorganization Cases and the confirmation*

1 *of the Debtors' Plan.*

2 **5. California Civil Code Section 1542**

3 **Section 1542 of the California Civil Code provides as follows: "A general**
4 **release does not extend to claims which the creditor does not know or suspect to exist**
5 **in his or her favor at the time of executing the release, which if known by him or her**
6 **must have materially affected his or her settlement with the debtor."**

7 **6. Post-confirmation Management**

8 **a. The Reorganized Debtors' Directors.**

9 On the Effective Date, the Board of Directors of each of the Reorganized Debtors
10 will consist of: Fred Kayne, Andrew D. Feshbach, and David Walsh. The membership of
11 the Board of Directors will be subject to an election at the Reorganized Debtors' annual
12 meeting in 2010. The Reorganized Debtors' bylaws will provide for cumulative voting
13 for directors. Fred Kayne receives \$145,000.00 per year in exchange for his services,
14 which will be his initial compensation following the Effective Date. Dave Walsh receives
15 life insurance, long-term disability, and medical insurance, which will be continued
16 following the Effective Date. And Mr. Feshbach serves without compensation.

17 **b. The Reorganized Debtors' Officers.**

18 The Reorganized Debtors' officers will initially be the same as the prepetition
19 officers. After the Effective Date, each officer will serve at the pleasure of the Board of
20 Directors, subject to any agreements that each officer may have with the Reorganized
21 Debtors, which employment agreements will be assumed by the Reorganized Debtors as
22 of the Effective Date. The initial compensation for the Reorganized Debtors' officers will
23 be the same as the compensation currently received by such officers as set forth below.
24 Bonuses, if any, will continue to be entirely within the discretion of the CEO and board.

Executive	Position	Salary
Andrew Feshbach	CEO	\$460,000
Anthony J. Wall	Vice President / GC	\$375,000

1			
2	Roberta Morris	CFO	\$280,000
3	Michael Grenley	Senior Vice President –	\$300,000
4		Merchandising	
5	Lee Cox	Senior Vice President –	\$300,000
6		Retail Operations	

7 **7. Disbursing Agent**

8 The Reorganized Debtors shall act as the disbursing agent for the purpose of
9 making all distributions provided for under the Plan. The Disbursing Agent shall serve
10 without bond and shall receive no compensation for distribution services rendered and
11 expenses incurred pursuant to the Plan.

12 The Disbursing Agent, unless otherwise specified, will make all distributions
13 required under the Plan. The Reorganized Debtors, as Disbursing Agent, will be vested
14 with full authority to take any action or execute any document relating to a conveyance or
15 other transfer that the Debtors could have taken or executed.

16 The Disbursing Agent may employ or contract with other Persons to make or assist
17 with these distributions. Any Person who the Reorganized Debtors employ to assist with
18 distributions will receive from the Reorganized Debtors—on terms approved by the
19 Reorganized Debtors but without further Court approval—reasonable compensation for
20 the distribution services that they render under the Plan and reimbursement of reasonable
21 out-of-pocket expenses that they incur in connection with those services.

22 **H. Risk Factors**

23 This Section of the Disclosure Statement identifies a number of risks persons
24 reviewing the Plan should take into account in determining whether to accept or reject the
25 Plan. What follows assumes that the Plan is confirmed and the Effective Date occurs.
26 However, the occurrence of the Effective Date of the Plan is subject to a number of
27 conditions, the failure of any one of which may prevent the Effective Date from occurring
28 at all or delay the occurrence of the Effective Date.

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1. Risk Related to Plan Securities

a. The Investor Commitment Letter

The Plan funding contemplates a \$10 million capital Investment will be made by the Investors pursuant to the Investor Commitment Letter. The terms and conditions of the Investor Commitment Letter are set forth in detail at Exhibit 4 to the Plan. If the Investors do not furnish the capital contemplated under the Investor Commitment Letter, the Debtors may not have the ability to make the distributions contemplated under the Plan.

b. Lack of Market

No established market exists for the Preferred Stock, and currently, there is a very limited market for the Holdings Common Stock. The Debtors do not intend to apply to list the securities on any national securities exchange or have them quoted on an inter-dealer quotation system. Accordingly, the Debtors cannot assure the Investors or the holders of the Holdings Common Stock that any market or liquidity for the Preferred Stock or Holdings Common Stock will develop. If a trading market does not develop or is not maintained, the holders may experience difficulty in re-selling their shares. If a market for the Preferred Stock or Holdings Common Stock does develop, that market may be discontinued at any time. General declines in any such market or declines in a market for similar securities may adversely affect the liquidity of, and the trading market for, the Preferred Stock or Holdings Common Stock. These declines may adversely affect the liquidity and trading market independent of the Reorganized Debtors' financial performance and prospect.

c. Dividends

The Reorganized Debtors do not anticipate that any dividends will be paid with respect to the Holdings Common Stock. In addition, the covenants in the Exit Financing or any future indebtedness may limit the Reorganized Debtors' ability to pay dividends.

1 **d. Transfer Restrictions for Some Holders**

2 The Preferred Stock will be issued under an exemption from registration under the
3 Securities Act and applicable state securities laws. The Preferred Stock will not be
4 registered under the Securities Act and, therefore, holders of shares of Preferred Stock
5 may only offer or sell the shares pursuant to an exemption from, or in transactions not
6 subject to, the registration requirements of the Securities Act and applicable state
7 securities laws or pursuant to an effective registration statement.

8 The Holdings Common Stock is expected to be free of new restrictions on transfer,
9 except that shares held by Persons that are deemed to be "underwriters." as defined in
10 Bankruptcy Code section 1145, may be subject to certain limitations on transfer described
11 below under "Securities Law matters."

12 **e. Potential Dilution of Holdings Common Stock**

13 The issuance of shares of Preferred Stock to the Investors could result in dilution of
14 the equity interests of the holders of Holdings Common Stock, which could adversely
15 affect the value of the Holding's Common Stock. In addition, the Reorganized Debtors
16 may need to issue additional equity securities in the future in order to successfully
17 implement their business plan, if the company does not achieve its projected results or for
18 other reasons, which could lead to further dilution.

19 **f. The Investors May Have a Significant Degree of Influence or**
20 **Control over Matters Presented to the Stockholders for a Vote**

21 Following the Effective Date, the Reorganized Debtors contemplate making a
22 rights offering to the holders of the Holdings Common Stock, with the proceeds of that
23 offering being used to redeem Preferred Stock. The Holdings Common Stock to be
24 offered pursuant to the rights offering will constitute 90% of the outstanding Holdings
25 Common Stock following the offering.

26 **2. General Factors Affecting the Reorganized Debtors**

27 **a. General Economic Slowdown**

28 The Reorganized Debtors are exposed to risks related to the recent slowdown in the

1 global economy, which is due to many factors, including decreased consumer confidence,
2 concerns about inflation, and reduced corporate profits and capital spending. If these
3 weak economic conditions continue or worsen, or if a wider global economic recession
4 materializes, the Reorganized Debtors' business, financial condition, and results of
5 operations may be materially and adversely affected.

6 **b. General Risks of the Retail Industry.**

7 The retail industry, and markets within the retail industry in which the Debtors
8 compete, are subject to various risks, including: adverse changes in general economic
9 conditions; evolving consumer preferences; consumer product liability or employee
10 claims; and the availability and expense of liability insurance.

11 **c. Terrorist Attacks**

12 Terrorist attacks in New York, Washington, DC and Pennsylvania on September
13 11, 2001 disrupted domestic and international commerce. The continued threat of
14 terrorism, ongoing military action, escalating conflicts, including those between Israel and
15 the Palestinians and India and Pakistan, and heightened security measures in response,
16 may cause significant disruption to commerce throughout the world. The Reorganized
17 Debtors' business and results of operations could be harmed to the extent that this
18 disruption results in reduced traffic in retail malls, a general decrease in spending on
19 consumer footwear, delays in obtaining inventory, or an inability to market effectively and
20 ship product. The Reorganized Debtors are unable to predict whether the threat of
21 terrorism or the responses to it will result in any long-term commercial disruptions or if
22 these activities or responses will have a long-term adverse effect on their business, results
23 of operations, or financial condition.

24 **3. Specific Risks Associated with Purchaser's Future Operations**

25 Each creditor whose distributions will be funded by ongoing operations of the
26 Reorganized Debtors, or seeking adequate assurance of the Reorganized Debtors' ability
27 to perform under its executory contracts and unexpired leases, should especially analyze
28 and evaluate the risks attendant to the projected operations of the Reorganized Debtors.

1 **a. Competition.**

2 The Debtors operate in highly competitive markets with a significant number of
3 companies of varying size, including divisions or subsidiaries of larger companies. Some
4 competitors have multiple product lines or substantially greater and other resources
5 available to them. Competitive pressures or other factors could cause the Reorgnaized
6 Debtors' products to lose market share or result in significant price erosion, which would
7 have a material adverse effect on the Reorganized Debtors.

8 **b. Reliance on Key Personnel**

9 The Reorganized Debtors depend on key personnel and strong personal
10 relationships with their landlords and suppliers, and the loss of their current personnel or
11 failure to hire and retain additional personnel could affect their business negatively. The
12 Reorganized Debtors depend on their ability to attract and retain highly skilled sales, real
13 estate, and managerial personnel. They believe that their future success in procuring and
14 selling quality products and achieving a competitive position will depend in large part on
15 their ability to identify, recruit, hire, train, retain, and motivate highly skilled personnel.

16 The Reorganized Debtors' success and future prospects ultimately depend largely
17 on the continued contribution of their senior management, including Adrew D. Feshbach,
18 their Chief Executive Officer. The Reorganized Debtors might not be able to find
19 qualified replacements for Mr. Feshbach or other members of the management team if
20 their services were no longer available. The loss of services of one of one or more of
21 them could have a material adverse affect on the Debtors' business, financial condition,
22 and results of operations.

23 **c. Tax Consequences**

24 Consummation of the Plan will have significant tax consequences that may
25 adversely affect the Reorganized Debtors, as discussed in greater detail below.

26 **4. Specific Risks Relating to Financial Condition**

27 **a. Inherent Uncertainty in Projections**

28 The Projections set forth in Exhibit B attached to this Disclosure Statement cover

1 the Reorganized Debtors' operations through fiscal year 2012. These Projections are
2 based on certain assumptions, including confirmation and consummation of the Plan in
3 accordance with its terms, the anticipated future performance of the Reorganized Debtors,
4 industry performance, general business and economic conditions, and other matters, many
5 of which are beyond the Debtors' control and some or all of which may not materialize.

6 In addition, unanticipated events and circumstances occurring after the date hereof
7 may affect the actual financial results of the Debtors' operations. These variations may be
8 material and may adversely affect Reorganized Debtors' ability to make certain
9 distributions under the Plan or to perform under its real estate leases, even as modified, or
10 they may adversely affect the value of the Reorganized Debtors' stock. Because the
11 actual results achieved throughout the periods covered by the projections may vary from
12 the projected results, perhaps significantly, the projections should not be relied upon as a
13 guaranty that the actual results that will occur.

14 **b. Reorganized Debtors' Business Plans**

15 The Reorganized Debtors may make changes to their business, operations, and
16 current business plans that may have a material impact on the Reorganized Debtors' future
17 results of operations and the value of the Preferred Stock and the Holdings Common
18 Stock.

19 **c. Reorganized Debtors' Operations Might Not Be Profitable Post-**
20 **Emergence**

21 Notwithstanding significant restructuring actions undertaken by the Debtors in an
22 effort to improve their profitability, the Reorganized Debtors' operations might not be
23 profitable post-reorganization.

24 **d. Restrictions Imposed by Indebtedness**

25 The DIP Facility allowed the Debtors to refinance substantial amounts of
26 prepetition debt. Due to this refinancing, the Debtors have significant indebtedness under
27 the DIP Facility. In addition, the DIP Facility includes restrictive financial covenants that
28 require the Debtors to achieve certain levels of EBITDA. On the Effective Date, the

1 Debtors anticipate replacing the DIP Facility with the Exit Financing. The Exit Financing
2 is expected to contain covenants that, among other things and subject to certain
3 exceptions, could require the Reorganized Debtors to satisfy certain financial covenants
4 and could limit the ability of the Reorganized Debtors to (a) incur additional indebtedness,
5 (b) permit subsidiaries to issue debt and/or certain types of preferred stock, (c) pay
6 dividends or make other restricted payments, (d) sell their assets, (e) enter into
7 transactions with certain affiliates, (f) create liens, and (g) enter into sale and leaseback
8 transactions. The ability of the Reorganized Debtors to comply with any of the foregoing
9 provisions may be affected by events beyond their control. The breach of any of these
10 covenants could result in a default or event of default under the Exit Financing, which
11 may result in the entire principal balance becoming immediately due and payable.
12 Accordingly, these anticipated covenants and the potential for adverse affects upon the
13 Reorganized Debtors' ability to finance future operations, potential acquisitions, capital
14 needs or to engage in business activities that may be in their interest, may, among other
15 things, hinder or prevent the Reorganized Debtors from (a) responding to changing
16 business and economic conditions, (b) engaging in transactions that might otherwise be
17 considered beneficial, and (c) implementing their business plan. The ultimate terms and
18 conditions of the Exit Financing are subject to the conditions of the financial markets at
19 the time a commitment is obtained and the conditions contained in any such commitment
20 for the Exit Financing once obtained. These terms and conditions may contain additional
21 or more restrictive covenants than may currently be available. In addition, the interest rate,
22 fees and other economic terms applicable to the Exit Financing are also subject to the
23 conditions of the financial markets. Such interest rate, fees or other economic terms may
24 be higher or more expensive than those currently available.

25 **I. Other Provisions of the Plan**

26 **1. Executory Contracts and Unexpired Leases**

27 **a. Schedule of Assumed Agreements.**

28 On the Effective Date, the Reorganized Debtors will assume the executory

1 contracts and unexpired leases (except for any agreements that were previously assumed
2 or rejected by Final Order or under Bankruptcy Code Section 365) that are identified on
3 Exhibit 1 to the Plan and Exhibit C hereto (Schedule of Assumed Agreements). On the
4 Effective Date, each of the unexpired leases and executory contracts listed above shall be
5 assumed as obligations of the Reorganized Debtors. The Confirmation Order will
6 constitute a Court order approving the assumption, on the Effective Date, of the executory
7 contracts and unexpired leases then identified on the Schedule of Assumed Agreements.

8 The Debtors reserve the right to amend the Schedule of Assumed Agreements on
9 or before 14 days before the Confirmation Hearing Date to: (a) delete any executory
10 contract or unexpired lease and provide for its rejection under Section III.A.2; or (b) add
11 any executory contract or unexpired lease and provide for its assumption under this
12 Section. The Debtors will provide notice of any amendment to the Schedule of Assumed
13 Agreements to the party or parties to the executory contracts or unexpired leases affected
14 by the amendment.

15 **b. Cure Payments.**

16 The Schedule of Assumed Agreements also identifies any amounts that the Debtors
17 believe Bankruptcy Code Sections 365(b)(1)(A) or (B) require that the Reorganized
18 Debtors pay to cure defaults under the executory contracts and unexpired leases to be
19 assumed under the Plan. The Debtors reserve their rights to amend the Schedules of
20 Assumed Agreements, as described in Section III.I.1.a on or before 14 days before the
21 Confirmation Hearing Date to modify the cure amount.

22 As required by Bankruptcy Code Section 365(b)(1), any and all monetary defaults
23 under each executory contract and unexpired lease to be assumed under Section III.I.1.a
24 will be satisfied in one of the following two ways: (a) the Disbursing Agent will pay to
25 the non-debtor party to the executory contract or unexpired lease the default amount, as
26 set forth on the Schedules of Assumed Agreements, in cash as soon as reasonably
27 practicable on or after the Effective Date; or (b) the Disbursing Agent will satisfy any
28 other terms that are agreed to by both the Debtors and the non-debtor party to any

1 executory contract or unexpired lease that will be assumed.

2 If a dispute arises regarding: (a) the amount of any proposed cure payments;
3 (b) whether the Debtors have provided adequate assurance of future performance under an
4 executory contract or unexpired lease to be assumed; or (c) any other matter pertaining to
5 a proposed assumption, the proposed cure payments will be made within 30 days after
6 entry of a Final Order resolving the dispute and approving the assumption.

7 **c. Objections to Assumption or Proposed Cure Payments.**

8 Any Person who is a party to an executory contract or unexpired lease that will be
9 assumed under the Plan and who either contends that the proposed cure payment specified
10 on the Schedules of Assumed Agreements is incorrect or otherwise objects to the
11 contemplated assumption must File with the Court and serve upon the Debtors and the
12 Debtors' Reorganization Counsel a written statement and supporting declaration stating
13 the basis for its objection. This statement and declaration must be Filed and served by the
14 later of: (a) 21 days before the Confirmation Hearing Date; or (b) 7 days after the Debtors
15 File and serve the Schedule of Assumed Agreements, or any amendment thereto. Any
16 Person who fails to timely File and serve such a statement and declaration will be deemed
17 to waive any and all objections to both the proposed assumption and the proposed cure
18 amount.

19 **2. Rejection of Executory Contracts and Unexpired Leases**

20 **a. Schedule of Rejected Agreements.**

21 The Confirmation Order will constitute a Court order approving the rejection, as of
22 the Effective Date, of any and all of the agreements that the Debtors executed before the
23 Petition Date—except for any agreements that were previously assumed or rejected either
24 by a Final Order or under Bankruptcy Code Section 365 or that will be assumed under
25 Section III.I.1.a to the extent that these agreements constitute executory contracts or
26 unexpired leases under Code Section 365. The agreements to be rejected under the Plan
27 include all executory contracts and unexpired leases listed on Exhibit 2 to the Plan and
28 Exhibit D hereto (the Schedule of Rejected Agreements). (Listing an agreement on the

1 Schedule of Rejected Agreements is not an admission that the agreement is an executory
2 contract or unexpired lease or that the Debtors have any liability under the agreement.)

3 The Debtors reserve the right to amend the Schedule of Rejected Agreements on or
4 before 14 days before the Confirmation Hearing Date to: (a) delete any executory contract
5 or unexpired lease and provide for its assumption and assignment under Section III.I.1.a;
6 or (b) add any executory contract or unexpired lease and provide for its rejection under
7 this Section. The Debtors will provide notice of any amendment to the Schedule of
8 Rejected Agreements to the party or parties to the agreement affected by the amendment.
9 The order confirming the Plan shall constitute an order approving the rejection of the lease
10 or contract. If you are a party to a contract or lease to be rejected and you object to the
11 rejection of your contract or lease, you must file and serve your objection to the Plan
12 within the deadline for objecting to the confirmation of the Plan, as set forth in the
13 Disclosure Statement.

14 **b. Bar Date for Rejection Damage Claims.**

15 **ANY REJECTED-LEASE ADMINISTRATIVE CLAIM OR OTHER**
16 **CLAIM FOR DAMAGES ARISING FROM THE REJECTION UNDER THE**
17 **PLAN OF AN EXECUTORY CONTRACT OR UNEXPIRED LEASE MUST BE**
18 **FILED WITH THE COURT AND SERVED UPON THE REORGANIZED**
19 **DEBTORS AND THEIR REORGANIZATION COUNSEL WITHIN 30 DAYS**
20 **AFTER THE MAILING OF NOTICE OF ENTRY OF THE CONFIRMATION**
21 **ORDER.** Any such damage Claims that are not timely Filed and served will be forever
22 barred and unenforceable against the Debtors, the Reorganized Debtors, the Estates, and
23 their respective property, and Persons holding these Claims will be barred from receiving
24 any distributions under the Plan on account of their Rejected-Lease Administrative Claims
25 or other damage Claims.

26 **3. Postpetition Contracts and Leases.**

27 Except as expressly provided in the Plan or the Confirmation Order, all contracts,
28 leases, and other agreements that the Debtors entered into after the Petition Date will

1 remain in full force and effect after the Confirmation Date and the Effective Date.

2 **4. Changes in Rates Subject to Regulatory Commission Approval**

3 The Debtors are not subject to governmental regulatory commission approval of
4 their rates.

5 **5. Retention of Jurisdiction.**

6 Notwithstanding the entry of the Confirmation Order or the occurrence of the
7 Effective Date, the Court will retain jurisdiction over the Debtors' Reorganization Cases
8 after the Effective Date to the fullest extent provided by law, including, without limitation,
9 the jurisdiction to:

- 10
- 11 a) Allow, disallow, determine, liquidate, classify, establish the priority or
12 secured or unsecured status of, estimate, or limit any Claim or Interest;
- 13 b) Grant or deny any and all applications for allowance of compensation or
14 reimbursement of expenses authorized under the Bankruptcy Code or the
15 Plan for periods ending on or before the Effective Date;
- 16 c) Resolve any motions pending on the Effective Date to assume, assume and
17 assign, or reject any executory contract or unexpired lease to which the
18 Debtors are parties or with respect to which the Debtors may be liable, and
19 to hear, determine, and if necessary, liquidate any and all Claims arising
20 from such a motion;
- 21 d) Ensure that distributions to Persons holding Allowed Claims and Allowed
22 Interests are accomplished under the Plan provisions;
- 23 e) Resolve any and all applications, motions, adversary proceedings, and other
24 matters that involve the Debtors and that are pending before the Court on
25 the Effective Date;
- 26 f) Enter any orders necessary or appropriate to implement, consummate, or
27 enforce the provisions of the Plan and of all contracts, instruments, releases,
28 and other agreements or documents entered into under or in connection with

- 1 the Plan;
- 2 g) Resolve any and all controversies, suits, or issues that may arise either in
- 3 connection with the Plan's consummation, interpretation, or enforcement or
- 4 in connection with any Person's rights or obligations under the Plan;
- 5 h) Under Bankruptcy Code Section 1127, modify the Plan, the Disclosure
- 6 Statement, or any contract, instrument, release, or other agreement or
- 7 document created in connection with the Plan or Disclosure Statement;
- 8 i) Remedy—in any manner necessary and appropriate to consummate the Plan
- 9 and to the extent authorized by the Bankruptcy Code—any defect, omission,
- 10 or inconsistency in any Court order, the Plan, the Disclosure Statement, or
- 11 any contract, instrument, release, or other agreement or document created in
- 12 connection with the Plan or Disclosure Statement;
- 13 j) Issue injunctions, enter and implement orders, or take any other actions that
- 14 may be necessary or appropriate to restrict any Person's interference with
- 15 the Plan's consummation or enforcement;
- 16 k) Enter and implement any orders that are necessary and appropriate if the
- 17 Confirmation Order is for any reason modified, stayed, reversed, revoked, or
- 18 vacated;
- 19 l) Determine any other matters that may arise in connection with, or relate to,
- 20 the Plan, the Disclosure Statement, the Confirmation Order, or any contract,
- 21 instrument, release, or other agreement or document created in connection
- 22 with the Plan or the Disclosure Statement; and
- 23 m) Enter an order closing the Debtors' Reorganization Cases.

24 If the Court abstains from exercising jurisdiction, or is without jurisdiction, over

25 any matter, this Section will not effect, control, prohibit, or limit the exercise of

26 jurisdiction by any other court that has jurisdiction over that matter.

27 **J. Tax Consequences of Plan**

28 CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE

1 PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR
2 OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following
3 disclosure of possible tax consequences is intended solely for the purpose of alerting
4 readers about possible tax issues this Plan may present to the Debtors. The Plan
5 Proponents CANNOT and DOES NOT represent that the tax consequences contained
6 below are the only tax consequences of the Plan because the Tax Code embodies many
7 complicated rules which make it difficult to state completely and accurately all the tax
8 implications of any action.

9 **1. Federal Income Tax Consequences of the Plan to the Debtors**

10 The following is a general summary of certain significant U.S. federal income tax
11 consequences of the Plan to the Debtors and the Holders of certain Claims and Interests.
12 This summary is based upon the Internal Revenue Code of 1986, as amended (the "Tax
13 Code"), the Treasury Department regulations promulgated thereunder ("Treasury
14 Regulations"), judicial decisions and current administrative rulings and practice as in
15 effect on the date hereof. These authorities are all subject to change at any time by
16 legislative, judicial or administrative action, and such change may be applied retroactively
17 in a manner that could adversely affect Holders of Claims or Interests and the Debtors.

18 Due to a lack of definitive judicial or administrative authority or interpretation, the
19 complexity of the application of the Tax Code and Treasury Regulations to the
20 implementation of the Plan, the possibility of changes in the law, the differences in the
21 nature of various Claims and Interests and the potential for disputes as to legal and factual
22 matters, the tax consequences discussed below are subject to substantial uncertainties.

23 **a. Net Operating Loss Carryover**

24 The Debtors, whose tax returns are prepared on a consolidated basis, have an
25 approximately \$17 million net operating loss ("NOL") carryovers from their taxable year
26 ending December 31, 2008 and expect to have additional NOLs for the year ending
27 December 31, 2009. The Debtors believe that under the Plan they may be able to preserve
28 the NOLs. However, there is much uncertainty regarding whether, to what extent, and at

1 what rate, those NOL carryovers will be available, and at what rate, those NOL carryovers
2 will be available to the Reorganized Debtors given the change in ownership provisions of
3 the Tax Code. If the amount of the NOLs or the rate at which the Reorganized Debtors
4 can use the NOLs in the future is limited because of such provisions, the value of those
5 Debtors will be reduced accordingly.

6 **b. Realization of Cancellation of Indebtedness Income**

7 Generally, a taxpayer recognizes cancellation of indebtedness (“COD”) income
8 upon satisfaction of its outstanding indebtedness for less than its adjusted issue price. The
9 amount of COD income is, in general, the excess of (i) the amount of the indebtedness
10 satisfied, over (ii) the amount of cash and the fair market value of any other consideration
11 (including any new indebtedness issued by the taxpayer or stock of the taxpayer) given in
12 exchange for the indebtedness satisfied.

13 Each of the Debtors generally must include in its gross income the amount of any
14 COD income that is realized during the taxable year. However, COD income is not
15 included in gross income to a debtor if the discharge occurs in a formal Title 11
16 bankruptcy case or when the debtor is insolvent (except with respect to certain discharged
17 intercompany debt which is discussed below). Rather the debtor generally must instead,
18 after determining its tax for the taxable year of discharge, reduce its NOLs and any capital
19 losses and loss carryovers first and then, as of the first day of the next taxable year, reduce
20 the tax basis of its assets by the amount of COD income excluded from gross income.
21 Pursuant to applicable Treasury Regulations, the tax basis of the debtor’s assets used in its
22 trade or business or held for investment are to be reduced before reducing the tax basis in
23 the debtor’s inventory, accounts receivables or notes. As an exception to the order of
24 reduction described above, a taxpayer may elect to reduce its tax basis in its depreciable
25 assets first, then its NOLs. COD income realized from the discharge of intercompany
26 debt is generally not excluded from gross income but rather is offset by a corresponding
27 bad debt deduction to the intercompany lender. The Debtors believe that as a result of the
28 transactions contemplated by the Plan they may realize certain COD income with respect

1 to the reduction in the principal amount of the Notes.

2 **c. Alternative Minimum Tax**

3 A corporation generally must pay an alternative minimum tax (“AMT”) equal to 20
4 percent of its alternative minimum taxable income (“AMTI”) reduced by certain credits
5 allowable for AMT purposes to the extent that the AMT exceeds the tax of the corporation
6 calculated at the normal progressive income tax rates. In calculating the AMTI, a
7 corporation’s income and losses are subject to various adjustments. For example, in
8 computing AMTI, a corporation’s NOLs are adjusted for the adjustments and preferences
9 under the AMT sections of the Tax Code, and such resulting NOLs cannot be utilized to
10 fully offset the corporation’s AMTI (determined before the NOL deduction). However,
11 COD income that is excluded from taxable income under the rules discussed above
12 similarly is excluded from AMTI.

13 **2. Federal Income Tax Consequences of the Plan to Holders of Claims and**
14 **Interests**

15 The Debtors will withhold distributions provided under the Plan and required by
16 law to be withheld and will comply with all applicable reporting requirements of the Tax
17 Code. Under the Tax Code, interest, dividends and other “reportable payments” may
18 under certain circumstances be subject to “backup withholding”. Backup withholding
19 generally applies if the Holder (i) fails to furnish his social security number or other
20 taxpayer identification number (“TIN”), (ii) furnishes an incorrect TIN, (iii) fails to report
21 interest or dividends, or (iv) under certain circumstances fails to provide a certified
22 statement, signed under penalty of perjury, that the TIN provided is his correct TIN and
23 the Holder is not subject to backup withholding. Your Ballot contains a place to indicate
24 your TIN. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO SEEK
25 ADVICE FROM HIS OR HER OWN TAX ADVISOR WITH RESPECT TO THE
26 FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND, IF APPLICABLE,
27 STATE AND LOCAL TAX CONSEQUENCES.

28

1 **K. Securities Law Matters**

2 The securities law considerations detailed below pertain to the issuance by the
3 Reorganized Debtors of the Preferred Stock, which is to be distributed under the Plan, and
4 to the Holdings' Common Stock which is to be Reinstated under the Plan. The Debtors
5 have not filed, and do not intend to file, a registration statement under the Securities Act
6 or any other federal or state securities laws with respect to the issuance of the Preferred
7 Stock or the Reinstatement of the Holdings Common Stock.

8 The issuance by the Reorganized Debtors of the Preferred Stock shall be exempt
9 from the registration requirements of the Securities Act of 1933, as amended (the
10 "Securities Act") by virtue of the exemption provided in Section 4(2) thereunder. The
11 Debtors are relying on this exemption based upon the representations of each Investor
12 that: (a) such Investor understands that the Preferred Stock will not be registered under
13 the Securities Act, (b) such Investor has substantial experience in evaluating and
14 investing in private placement transactions of securities so that the Investor is capable of
15 evaluating the merits and risks of the investment in the Preferred Stock and has the
16 capacity to protect its own interests, and can afford the loss of its investment in the
17 Preferred Stock; (c) such Investor is acquiring the Preferred Stock for his or its own
18 account for investment only, and not with a view towards their sale or distribution, (d)
19 such Investor agrees that the Preferred Stock may not be sold or transferred unless such
20 Preferred Stock has subsequently been registered under the Securities Act or an exemption
21 from registration is available and such shares are sold or otherwise transferred in
22 accordance therewith, and (e) such Investor is an "accredited investor" within the meaning
23 of Regulation D under the Securities Act.

24 The Preferred Stock will constitute "restricted securities" within the meaning of
25 Rule 144 under the Securities Act and may not be sold, pledged or otherwise disposed of
26 unless it is subsequently registered under the Securities Act and registered or qualified
27 under any applicable state securities laws or unless an exemption from registration is
28 available.

1 The Debtors do not believe that the Reinstatement of the Holdings Common Stock
2 constitutes a transaction subject to the Securities Act. However, if the Reinstatement of
3 the Holdings Common Stock is deemed to be subject to the Securities Act, the
4 Reorganized Debtors, to the extent set forth herein, will rely on Bankruptcy Code section
5 1145(a) to exempt from registration under the Securities Act and any applicable state
6 securities laws the offer, any deemed issuance and sale of Holdings Common Stock that
7 may be deemed to be made pursuant to the Plan.

8 Generally, Bankruptcy Code section 1145(a)(1) exempts the offer and sale of
9 securities of the Debtor pursuant to a plan of reorganization from such registration
10 requirements if the following conditions are satisfied: (a) the securities are issued by a
11 debtor (or its affiliate or successor to the debtor) under a plan of reorganization; (b) the
12 recipients of the securities hold a claim against, an interest in, or a claim for an
13 administrative expense against, the debtor; and (c) the securities are issued entirely in
14 exchange for the recipient's claim against or interest in the debtor, or are issued
15 "principally" in such exchange and "partly for cash or property." The Debtors believe
16 that, for purposes of Bankruptcy Code section 1145(a)(1), the Reorganized Debtors
17 should be deemed a successor to the Debtors because, among other things, the Debtors'
18 assets will be revesting in the Reorganized Debtors in accordance with the provisions of
19 the Plan. The Debtors maintain that any deemed issuance of the Holdings Common Stock
20 to the holders pursuant to the Plan is exempt from the registration requirements under the
21 Securities Act.

22 The Holdings Common Stock, if deemed distributed pursuant to the exemption
23 provided under Bankruptcy Code section 1145 under the Plan, is deemed to have been
24 sold in a "public offering," and therefore may be resold by the holders thereof without
25 restriction, except for any such holder that is deemed to be an "underwriter" as defined in
26 Code section 1145(b)(1) with respect to the Holdings Common Stock. Generally, Code
27 section 1145(b)(1) defines an "underwriter" as any person who (a) purchases a claim
28 against, or an interest in, a debtor with a view towards distribution of any security to be

1 received in exchange for such claim or interest, (b) offers to sell securities issued pursuant
2 to a bankruptcy plan for the holders of such securities, (c) offers to buy securities issued
3 pursuant to a bankruptcy plan from persons receiving such securities, if the offer to buy is
4 made with a view towards distribution of such securities, or (d) is an issuer within the
5 meaning of Section 2(11) of the Securities Act. Section 2(11) of the Securities Act
6 provides that the term "issuer" includes all persons who, directly or indirectly, through
7 one or more intermediaries, control, or are controlled by, or are under common control
8 with, an issuer of securities. Under Rule 405 of Regulation C under the Securities Act,
9 the term "control" means the possession, direct or indirect, of the Reorganized Debtors to
10 direct or cause the direction of the management and policies of a person, whether through
11 the ownership of voting securities, by contract or otherwise. Accordingly, an officer or
12 director of a reorganized debtor (or its affiliate or successor) under a plan of
13 reorganization may be deemed to "control" such debtor (and therefore be an underwriter
14 for purposes of Code section 1145), particularly if such management position is coupled
15 with the ownership of a significant percentage of a debtor's (or its affiliate's or successor's)
16 voting securities. Any person that is an "underwriter" but not an "issuer" with respect to
17 an issue of securities is entitled to engage in exempt "ordinary trading transactions" within
18 the meaning of Code section 1145(b).

19 Holders of such securities who are deemed to be "underwriters" within the meaning
20 of Code section 1145(b)(1) or who may otherwise be deemed to be "underwriters" of, or
21 to exercise "control" over, the Reorganized Debtors within the meaning of Rule 405 of
22 Regulation C under the Securities Act should, assuming all other conditions of Rule 144A
23 are met, be entitled to avail themselves of the safe harbor resale provisions thereof. Rule
24 144A, promulgated under the Securities Act, provides a non-exclusive safe harbor
25 exemption from the registration requirements of the Securities Act for resales to certain
26 "qualified institutional buyers" of securities which are not securities of the same class of
27 securities then listed on a national securities exchange (registered as such under Section 6
28 of the Exchange Act) or quoted in a U.S. automated interdealer quotation system (e.g.,

1 NASDAQ). Under Rule 144A, a "qualified institutional buyer" is defined to include,
2 among other persons (e.g., "dealers" registered as such pursuant to Section 15 of the
3 Exchange Act and "banks" as defined in Section 3(a)(2) of the Securities Act), any entity
4 which purchases securities for its own account or for the account of another qualified
5 institutional buyer and which (in the aggregate) owns and invests on a discretionary basis
6 at least \$100 million in the securities of unaffiliated issuers.

7 Holders of Holdings Common Stock distributed under the Plan who may be
8 deemed to be "underwriters" within the meaning of Code section 1145(b)(1), and persons
9 who are affiliates of the Reorganized Debtors, may also be able to sell such securities
10 pursuant to the safe harbor resale provisions of Rule 144 promulgated under the Securities
11 Act. Generally, such persons may resell their securities if, among other things, the
12 conditions of such Rule relating to volume limitations, manner of sale, and availability of
13 current information about the issuer, are satisfied. Such persons will not be subject to the
14 holding period requirements of Rule 144 since the securities to be received under the Plan
15 will not be deemed "restricted securities" within the meaning of Rule 144.

16 IN VIEW OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION
17 OF WHETHER A HOLDER OF THE HOLDINGS COMMON STOCK MAY BE AN
18 UNDERWRITER OR AN AFFILIATE OF THE REORGANIZED DEBTORS, THE
19 DEBTORS MAKES NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY
20 SUCH PERSON TO TRADE IN ANY HOLDINGS COMMON STOCK DEEMED TO
21 BE DISTRIBUTED PURSUANT TO THE PLAN. ACCORDINGLY, THE DEBTORS
22 RECOMMEND THAT THE PERSONS HOLDING HOLDINGS COMMON STOCK
23 CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY
24 FREELY TRADE SUCH SECURITIES.

25 At the Confirmation Hearing, the Debtors will request that the exemption from the
26 requirements of Section 5 of the Securities Act, 15 U.S.C. § 77e, and any state or local
27 law requiring registration or qualification for the offer or sale of a security, provided
28 under Code section 1145 shall apply to any deemed issuance by the Reorganized Debtors

1 of Holdings Preferred Stock and any deemed distribution of such securities by the
2 Reorganized Debtors pursuant to the Plan.

3 **IV.**

4 **CONFIRMATION REQUIREMENTS AND PROCEDURES**

5 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THIS
6 PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW
7 ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The
8 following discussion is intended solely for the purpose of alerting readers about basic
9 confirmation issues, which they may wish to consider, as well as certain deadlines for
10 filing claims. The Plan Proponents CANNOT and DOES NOT represent that the
11 discussion contained below is a complete summary of the law on this topic.

12 Many requirements must be met before the Court can confirm a Plan. Some of the
13 requirements include that the Plan must be proposed in good faith, acceptance of the Plan,
14 whether the Plan pays creditors at least as much as creditors would receive in a Chapter 7
15 liquidation, and whether the Plan is feasible. These requirements are not the only
16 requirements for confirmation.

17 **A. Who May Vote or Object**

18 **1. Who May Object to Confirmation of the Plan**

19 Any party in interest may object to the confirmation of the Plan in the event that
20 their rights are affected, but as explained below not everyone is entitled to vote to accept
21 or reject the Plan.

22 **2. Who May Vote to Accept/Reject the Plan**

23 A creditor or interest holder has a right to vote for or against the Plan if that
24 creditor or interest holder has a claim which is both (1) allowed or allowed for voting
25 purposes and (2) classified in an impaired class.

26 **a. What Is an Allowed Claim/Interest**

27 As noted above, a creditor or interest holder must first have an allowed claim or
28 interest to have the right to vote. Generally, any proof of claim or interest will be allowed,

1 unless a party in interest brings a motion objecting to the claim. When an objection to a
2 claim or interest is filed, the creditor or interest holder holding the claim or interest cannot
3 vote unless the Court, after notice and hearing, either overrules the objection or allows the
4 claim or interest for voting purposes.

5 THE DEBTORS HAVE REQUESTED THAT THE BAR DATE FOR FILING A
6 PROOF OF CLAIM IN THIS CASE BE ESTABLISHED AS MARCH 3, 2010. A
7 creditor or interest holder may have an allowed claim or interest even if a proof of claim
8 or interest was not timely filed. A claim is deemed allowed if (1) it is scheduled on the
9 Debtors' schedules and such claim is not scheduled as disputed, contingent, or
10 unliquidated, and (2) no party in interest has objected to the claim. An interest is deemed
11 allowed if it is scheduled and no party in interest has objected to the interest.

12 **b. What Is an Impaired Claim/Interest**

13 As noted above, an allowed claim or interest only has the right to vote if it is in a
14 class that is impaired under the Plan. A class is impaired if the Plan alters the legal,
15 equitable, or contractual rights of the members of that class. For example, a class
16 comprised of general unsecured claims is impaired if the Plan fails to pay the members of
17 that class 100% of what they are owed.

18 In this case, the Plan Proponents believe that classes 2, 10, and 11 are impaired and
19 that holders of claims in each of these classes are therefore entitled to vote to accept or
20 reject the Plan. The Plan Proponents believe that classes 1, 3, 4, 5, 6, 7, 8, 9, 12 and 13
21 are unimpaired and that holders of claims in each of these classes therefore do not have
22 the right to vote to accept or reject the Plan. Parties who dispute the Plan Proponents'
23 characterization of their claim or interest as being impaired or unimpaired may file an
24 objection to the Plan contending that the Plan Proponents have incorrectly characterized
25 the class.

26 **3. Who is Not Entitled to Vote**

27 The following four types of claims are not entitled to vote: (1) claims that have
28 been disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant

1 to Code sections 507(a)(1), (a)(2), and (a)(8); and (4) claims in classes that do not receive
2 or retain any value under the Plan. Claims in unimpaired classes are not entitled to vote
3 because such classes are deemed to have accepted the Plan. Claims entitled to priority
4 pursuant to Code sections 507(a)(1), (a)(2), and (a)(7) are not entitled to vote because
5 such claims are not placed in classes and they are required to receive certain treatment
6 specified by the Bankruptcy Code. Claims in classes that do not receive or retain any
7 value under the Plan do not vote because such classes are deemed to have rejected the
8 Plan. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY
9 STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

10 **4. Who Can Vote in More Than One Class**

11 A creditor whose claim has been allowed in part as a secured claim and in part as
12 an unsecured claim is entitled to accept or reject a Plan in both capacities by casting one
13 ballot for the secured part of the claim and another ballot for the unsecured claim.

14 **5. Votes Necessary to Confirm the Plan**

15 If impaired classes exist, the Court cannot confirm the Plan unless (1) at least one
16 impaired class has accepted the Plan without counting the votes of any insiders within that
17 class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible
18 to be confirmed by “cramdown” on non-accepting classes, as discussed later in Section
19 {IV.A.8.}.

20 **6. Votes Necessary for a Class to Accept the Plan**

21 A class of claims is considered to have accepted the Plan when more than one-half
22 (1/2) in number and at least two-thirds (2/3) in dollar amount of the claims which actually
23 voted, voted in favor of the Plan. A class of interests is considered to have accepted the
24 Plan when at least two-thirds (2/3) in amount of the interest-holders of such class which
25 actually voted, voted to accept the Plan.

26 **7. Treatment of Nonaccepting Classes**

27 As noted above, even if all impaired classes do not accept the proposed Plan, the
28 Court may nonetheless confirm the Plan if the nonaccepting classes are treated in the

1 manner required by the Bankruptcy Code. The process by which nonaccepting classes are
2 forced to be bound by the terms of the Plan is commonly referred to as “cramdown.” The
3 Bankruptcy Code allows the Plan to be “crammed down” on nonaccepting classes of
4 claims or interests if it meets all consensual requirements except the voting requirements
5 of 1129(a)(8) and if the Plan does not “discriminate unfairly” and is “fair and equitable”
6 toward each impaired class that has not voted to accept the Plan as referred to in 11 U.S.C.
7 § 1129(b) and applicable case law.

8 **8. Request for Confirmation Despite Nonacceptance by Impaired**
9 **Class(es)**

10 The party proposing this Plan asks the Court to confirm this Plan by cramdown on
11 impaired Classes 10, 11 and 12 if any of these classes do not vote to accept the Plan.

12 Please note that the proposed Plan treatment described by this Disclosure
13 Statement cannot be crammed down on the following classes: Class 2. AS A RESULT,
14 IF CLASS 2 DOES NOT VOTE TO ACCEPT THE PLAN, THE PLAN WILL NOT BE
15 CONFIRMED.

16 **B. Liquidation Analysis**

17 Another confirmation requirement is the “Best Interest Test”, which requires a
18 liquidation analysis. Under the Best Interest Test, if a claimant or interest holder is in an
19 impaired class and that claimant or interest holder does not vote to accept the Plan, then
20 that claimant or interest holder must receive or retain under the Plan property of a value
21 not less than the amount that such holder would receive or retain if the Debtors were
22 liquidated under Chapter 7 of the Bankruptcy Code.

23 In a Chapter 7 case, the Debtors’ assets are usually sold by a Chapter 7 trustee.
24 Secured creditors are paid first from the sales proceeds of properties on which the secured
25 creditor has a lien. Administrative claims are paid next. Next, unsecured creditors are
26 paid from any remaining sales proceeds, according to their rights to priority. Unsecured
27 creditors with the same priority share in proportion to the amount of their allowed claim in
28 relationship to the amount of total allowed unsecured claims. Finally, interest holders

1 receive the balance that remains after all creditors are paid, if any.

2 For the Court to be able to confirm this Plan, the Court must find that all creditors
 3 and interest holders who do not accept the Plan will receive at least as much under the
 4 Plan as such holders would receive under a Chapter 7 liquidation. The Plan Proponents
 5 maintain that this requirement is met here for the following reasons: The plan provides
 6 for the payment of 100% of all Allowed Priority and General Unsecured Claims as well as
 7 100% of all Allowed Administrative Claims and Allowed Reclamation Claims in these
 8 Reorganization. The Plan also provides for WFRF to receive 100% of its Allowed Class 1
 9 Clams and 95% of the Noteholders' Allowed Class 2 Claims. Allowed Secured Claims.
 10 Under a Chapter 7 liquidation, unsecured creditors would receive 0% after payment of all
 11 administrative expenses/claims and payment of secured claims.

12 Below is a demonstration, in balance sheet format, that all creditors and interest
 13 holders will receive at least as much under the Plan as such creditor or interest holder
 14 would receive under a Chapter 7 liquidation. (See Exhibit D for a detailed explanation of
 15 how the following assets are valued. This information is provided by the Debtors'
 16 financial advisor, The Clear Thinking Group, based on information provided by the
 17 Debtors' management.

ASSETS VALUE AT LIQUIDATION VALUES:		
CURRENT ASSETS		
a.	Cash on hand	\$1,415,220
b.	Accounts receivable	\$3,400,000
c.	Inventories (Net of Recovery Fees & Expenses of \$1,659,249)	\$36,050,948
TOTAL CURRENT ASSETS		\$40,866,168
FIXED ASSETS		
a.	Furniture, Fixtures & Equipment (Net of Recovery Fee of \$350,135)	\$1,400,539
TOTAL FIXED ASSETS		\$1,400,539

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OTHER ASSETS	
a. Intellectual Property (Trademarks, URL's, etc.)	\$750,000
TOTAL OTHER ASSETS	\$750,000
TOTAL ASSETS AT LIQUIDATION VALUE	\$43,016,707
Less:	
Secured creditor's recovery ⁹	\$7,136,000
Secured Bondholders	\$20,210,390
Less:	\$19,853,950
Chapter 7 trustee fees and expenses ¹	
Less:	
Chapter 11 administrative expenses	\$5,291,212
Less:	
Chapter 11 503(b)9 claims	\$4,574,000
Less:	
Priority Admin claims	\$4,098,000
(1) Balance for unsecured claims	<\$18,146,845>
(2) Total amt of unsecured claims	\$45,129,293

% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WOULD RECEIVE OR RETAIN IN A CH. 7 LIQUIDATION¹⁰: =0%

% OF THEIR CLAIMS WHICH UNSECURED CREDITORS WILL RECEIVE OR RETAIN UNDER THIS PLAN: =100%

Below is a demonstration, in tabular format, that all creditors and interest holders will receive at least as much under the Plan as such creditor or holder would receive under a Chapter 7 liquidation.

<u>CLAIMS & CLASSES⁸⁵</u>	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Administrative Claims	100%	98%

¹ Includes operating expenses incurred in conducting an orderly liquidation..

¹⁰ Note: If this percentage is greater than the amount to be paid to the unsecured creditors on a "present value basis" under the Plan, the Plan is not confirmable unless Plan Proponents obtain acceptance by every creditor in the general unsecured class.

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<u>CLAIMS & CLASSES</u> ⁸⁵	<u>PAYOUT PERCENTAGE UNDER THE PLAN</u>	<u>PAYOUT PERCENTAGE IN CHAPTER 7 LIQUIDATION</u>
Priority Tax Claims	100%	100%
Class 1 – WFRF’s Secured Claims Against the Debtors Under the Prepetition Credit Facility and DIP Facility	100%	100%
Class 2 – The Noteholders’ Secured Claims Against the Debtors Under the Notes	95%	0%
Class 3 – Other Secured Claims	100%	0%
Class 4 – Reclamation Claims	100%	100%
Class 5 – Priority Unsecured Claims	100%	100%
Class 6 – Atchinson Unsecured Claims	100%	0%
Class 7 – General Unsecured Claims-Big Dog	100%	0%
Class 8 – General Unsecured Claims-TWC	100%	0%
Class 9 – General Unsecured Claims-Holdings	100%	0%
Class 10 – Intercompany Claims	100%	0%
Class 11 – HoldCo’s Existing Common Stock	100%	0%
Class 12 – TWC Existing Common Stock	100%	0%
Class 13 – Big Dogs’s Existing Common Stock	100%	0%

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26 **C. Feasibility**

27 Another requirement for confirmation involves the feasibility of the Plan, which
28 means that confirmation of the Plan is not likely to be followed by the liquidation, or the

1 need for further financial reorganization, of the Debtors or any successor to the Debtors
2 under the Plan, unless such liquidation or reorganization is proposed in the Plan.

3 There are at least two important aspects of a feasibility analysis. The first aspect
4 considers whether the Debtors will have enough cash on hand on the Effective Date of the
5 Plan to pay all the claims and expenses which are entitled to be paid on such date. The
6 Plan Proponents maintain that this aspect of feasibility is satisfied as illustrated here:

7	Cash Debtors will have on hand by Effective Date	<u>\$11,587,500</u>
8	To Pay: Administrative claims ¹¹	<u>\$ 2,000,000</u>
9	To Pay: Statutory costs & charges (US Trustee expenses)	<u>\$ 32,275</u>
10	To Pay: Other Plan Payments due on Effective Date ^{12 13}	<u>\$ 7,200,000</u>
11		
12	Balance after paying these amounts	<u>\$2,355,225</u>

13 The sources of the cash Debtors will have on hand by the Effective Date, as shown above
14 are:

15	\$ _____	Cash in DIP Account now
16	+ _____	Additional cash DIP will accumulate from net earnings between
17		now and Effective Date
18	+ _____	Borrowing ¹⁴
19	+ <u>10,000,000</u>	Capital Contributions ¹⁵
20	+ <u>1,587,500</u>	Other ¹⁶
21	_____	

22 ¹¹ The Debtors will pay administrative claims of \$2,000,000 which \$1,587,500 represent professional fees held in
Trust. All other administrative claims are being paid in the ordinary course of business

23 ¹² Debtor will pay unsecured and reclamation claims of approximately \$7.2 million within 30 days of the effective
date, followed by monthly payments over primarily the next 12 months totaling ~ \$2.9 million.

24 ¹³ Debtor will pay Kayne Anderson Capital Advisors a \$2.5 million advisory fee to be paid after the plan effective
date. Payment is anticipated to be the earlier of the closing of the rights offering or January 31, 2011.

25 ¹⁴ WFRF will provide a \$30 million revolving credit facility upon the effective date, of which the Debtor estimates
26 \$6 million outstanding before payment of unsecured claims of \$7.2 million.

27 ¹⁵ Debtor will pay Kayne Anderson Capital Advisors a \$2.5 million advisory fee to be paid after the plan effective
date. Payment is anticipated to be the earlier of the closing of the rights offering or January 31, 2011.

28 ¹⁶ Debtor will pay administrative claims of \$2,000,000 which \$1,587,500 represent professional fees held in Trust.
All other administrative claims are being paid in the ordinary course of business

1 \$ 11,587,500 **Total**

2 The proceeds of the Exit Financing will be used to refinance the Debtors'
3 obligations under the Prepetition Credit Facility and the DIP Obligations upon the
4 Effective Date and to provide financing for working capital, issuance of letters of credit,
5 capital expenditures, and other general corporate purposes of the Reorganized Debtors.
6 Borrowings under the Exit Facility will be repaid from the Reorganized Debtors' cash
7 from operations.

8 The second aspect considers whether the Plan Proponents will have enough cash
9 over the life of the Plan to make the required Plan payments.

10 The Plan Proponents have provided financial statements which include both
11 historical and projected financial information. Please refer to Exhibit B for the relevant
12 financial statements YOU ARE ADVISED TO CONSULT WITH YOUR
13 ACCOUNTANT OR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS
14 PERTAINING TO THESE FINANCIAL STATEMENTS.

15 Exhibit E provides financial projections for the Reorganized Debtors, including
16 projected balanced sheets, cash flow statements, and income and expenses statements
17 (collectively, the "Projections"). The Projections project financial information on an
18 annual basis for fiscal years 2010 - 2012.

19 The Projections have been prepared by or under the direction of the Debtors. To
20 the best of the Debtors' knowledge, the projections present the expected financial results
21 of the Reorganized Debtors for the periods projected, subject to the various assumptions
22 set forth therein. Readers are urged to review carefully all of the notes and assumptions
23 including the projections and to consult with their own financial and legal advisors
24 regarding the same.

25 The Projections are based upon a variety of estimates and assumptions, which
26 though considered reasonable at the time they were prepared, may not be realized and are
27 inherently subject to significant business, economic, and competitive uncertainties and
28 contingencies, many of which are beyond the Debtors' control. The Debtors caution that

1 no representations can be made as to the accuracy of the projections or Purchaser's ability
2 to achieve the projected or illustrated results. Some assumptions inevitably will not
3 materialize, and events and circumstances occurring after the date on which the
4 projections were prepared, but which were not then known to the Debtors, may differ
5 materially from those assumed. The Projections therefore may not be relied upon as a
6 guarantee or other assurance of the actual results that will occur.

7 The Debtors do not, as a matter of course, publish their business plans and
8 strategies or projections or their anticipated financial position or results of operations.
9 Accordingly, the Debtors do not intend to, and disclaims any obligation to, furnish
10 updated business plans or projections of Purchaser at any time prior to or after the
11 Effective Date. To assist the reader to understand the Debtors' recent operating
12 performance, Exhibit B includes the Debtors' unaudited income statement and balance
13 sheet as of December 31, 2009.

14 In summary, the Plan proposes to pay 100% of all unsecured creditors of its claims
15 and 100% of all administrative expenses/claims in the case. As Debtors' financial
16 projections demonstrate, Debtors will have an average cash flow, after paying operating
17 expenses and post-confirmation taxes, of more than \$8 million each year for the life of the
18 Plan. The final Plan payment is expected to be paid on May 11, 2011. The Plan
19 Proponents contend that Debtors' financial projections are feasible.

20 As shown by Debtors' historical financial statements, the Debtors' average yearly
21 cash flow, after paying operating expenses and post-confirmation taxes, in the three years
22 preceding the filing of these Reorganization Cases has been approximately \$1.7 million.
23 The Debtors' average monthly cash flow, after paying operating expenses and post-
24 confirmation taxes, during the Reorganization Cases is approximately \$450,000.
25 Furthermore, as discussed at length earlier in the Disclosure Statement at Section II., the
26 Debtors have implemented procedures to decrease costs.

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V.

EFFECT OF CONFIRMATION OF PLAN

A. Discharge

This Plan provides that upon the Effective Date, Debtors shall be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. Any liability imposed by the Plan will not be discharged. However, this Plan provides that upon the Effective Date, the Debtors will be discharged of liability for payment of debts incurred before confirmation of the Plan, to the extent specified in 11 U.S.C. § 1141. The rights afforded under the Plan and the treatment of Claims and Interests under the Plan will be in exchange for—and in complete satisfaction, discharge, and release of—all Claims and Interests of any nature whatsoever (including, without limitation, any interest accrued on Claims from and after the Petition Date except as such interested is expressly provided for under the Plan) against the Debtors, the Reorganized Debtors, the Estates, or their property. Except as otherwise provided in the Plan or the Confirmation Order:

- a) On the Effective Date, the Debtors, the Estates, the Reorganized Debtors, and their property will, to the fullest extent permitted by Bankruptcy Code Section 1141, be deemed discharged and released from all Claims and Interests including, without limitation, demands, liabilities, Claims, and Interests that arose before the Confirmation Date and all debts of the kind specified in Bankruptcy Code Sections 502(g), 502(h), or 502(i) regardless of whether: (1) a proof of Claim or proof of Interest based on such a debt or Interest is Filed or deemed Filed; (2) a Claim or Interest based on such a debt or Interest is allowable under Bankruptcy Code Section 502; or (3) the Person holding the Claim or Interest based on such a debt or Interest has accepted the Plan; and
- b) All Persons will be precluded from asserting against the Debtors, the Estates, the Reorganized Debtors, or their property any other or further

1 Claims or Interests based upon any act or omission, transaction, or other
2 activity of any kind that occurred before the Confirmation Date.

3 **B. Injunction**

4 Except as otherwise provided in the Plan or the Confirmation Order, commencing
5 on the Effective Date, all Persons who have held, currently hold, or may hold a debt,
6 Claim, or Interest discharged under the Plan are permanently enjoined from taking any of
7 the following actions on account of that discharged debt, Claim, or Interest:

- 8 a) Commencing or continuing in any manner any action or other proceeding
9 against the Debtors, the Estates, the Reorganized Debtors, or their property;
10 b) Enforcing, attaching, collecting, or recovering in any manner any judgment,
11 award, decree, or order against the Debtors, the Estates, the Reorganized
12 Debtors, or their property;
13 c) Creating, perfecting, or enforcing any lien or encumbrance against the
14 Debtors, the Estates, the Reorganized Debtors, or their property;
15 d) Asserting any setoff, subrogation, or recoupment right against any
16 obligation due to the Debtors, the Estates, the Reorganized Debtors, or their
17 property; or
18 e) Commencing or continuing any action, in any manner or in any place, which
19 does not comply with or is inconsistent with the Plan provisions or the
20 Confirmation Order.

21 Any Person injured by a willful violation of this injunction is entitled to recover
22 from the violator actual damages (including, without limitation, costs and attorneys' fees)
23 and, in appropriate circumstances, punitive damages.

24 **C. Revesting of Property in the Debtors**

25 Except as otherwise provided in the Plan or in any agreements contemplated under
26 the Plan, the confirmation of the Plan revests all of the property of the Estates in the
27 Reorganized Debtors free and clear of all Claims, liens, encumbrances, or Interests.
28 Commencing on the Effective Date, the Reorganized Debtors may operate their business

1 and use, acquire, or dispose of property or settle or compromise Claims or Interests
2 without Court supervision and free of any restrictions imposed by the Bankruptcy Code or
3 Bankruptcy Rules, other than those restrictions that the Plan or Confirmation Order
4 expressly impose on the Reorganized Debtors..

5 **D. Modification of Plan**

6 Subject to the restrictions set forth in Bankruptcy Code Section 1127, the
7 Reorganized Debtors reserve the right to alter, amend, or modify the Plan before it is
8 substantially consummated. The Court may require a new disclosure statement and/or
9 revoting on the Plan if the Proponent modifies the plan before confirmation. The Debtors
10 may also seek to modify the Plan at any time after confirmation so long as (a) the Plan has
11 not been substantially consummated and (b) the Court authorizes the proposed
12 modifications after notice and a hearing.

13 **E. Dissolution of the Committee.**

14 The Committee shall dissolve on the Effective Date, and the members of the
15 Committee and counsel for the Committee will be released and discharged from all rights
16 and duties arising from or related to these Reorganization Cases except for their duties
17 regarding final applications for compensation. Neither the professionals retained by the
18 Committee nor the Committee members will be entitled to compensation or
19 reimbursement of expenses for any services rendered or expenses incurred after the
20 Effective Date, except for services or expenses relating to their applications for
21 compensation that were pending on the Effective Date or that were timely Filed after the
22 Effective Date.

23 **F. Post-Confirmation Status Report**

24 Within 120 days of the entry of the order confirming the Plan, Plan Proponents
25 shall file a status report with the Court explaining what progress has been made toward
26 consummation of the confirmed Plan. The status report shall be served on the United
27 States Trustee, the twenty largest unsecured creditors, and those parties who have
28 requested special notice. Further status reports shall be filed every 120 days and served

1 on the same entities.

2 **G. Quarterly Fees**

3 Quarterly fees accruing under 28 U.S.C. § 1930(a)(6) to date of confirmation shall
4 be paid to the United States Trustee on or before the effective date of the Plan. Quarterly
5 fees accruing under 28 U.S.C. § 1930(a)(6) after confirmation shall be paid to the United
6 States Trustee in accordance with 28 U.S.C. § 1930(a)(6) until entry of a final decree, or
7 entry of an order of dismissal or conversion to chapter 7.

8 **H. Post-Confirmation Conversion/Dismissal**

9 A creditor or party in interest may bring a motion to convert or dismiss the case
10 under § 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If
11 the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all
12 property that had been property of the Chapter 11 Estates and that has not been disbursed
13 pursuant to the Plan, will revert in the Chapter 7 Estates. The automatic stay will be
14 reimposed upon the revested property, but only to the extent that relief from stay was not
15 previously authorized by the Court during these Reorganization Cases.

16 The order confirming the Plan may also be revoked under very limited
17 circumstances. The Court may revoke the order if the order of confirmation was procured
18 by fraud and if the party in interest brings an adversary proceeding to revoke confirmation
19 within 180 days after the entry of the order of confirmation.

20 **I. Final Decree**

21 Once the Estates have been fully administered as referred to in Bankruptcy Rule
22 3022, the Plan Proponents, or other party as the Court shall designate in the Plan
23 Confirmation Order, shall file a motion with the Court to obtain a final decree to close the
24 Cases.

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VII.

RECOMMENDATION AND CONCLUSION

The Debtors believe that Plan confirmation and implementation are preferable to any feasible alternative because the Plan will provide entities holding Claims and Interests with substantially greater recoveries than the alternatives. Accordingly, the Debtors urge entities who hold impaired Claims and Interest to vote to accept the Plan by checking the box marked "Accept" on their Ballots and then returning the Ballots to the Debtors as directed in the Plan and Disclosure Statement.

Dated: February 1, 2010

The Walking Company Holdings, Inc.
The Walking Company, and Big
Dog USA, Inc..

By


Andrew D. Feshbach
Chief Executive Officer

SUBMITTED BY:

/s/ Mette H. Kurth

Mette H. Kurth,
Reorganization Counsel for the Debtors
ARENT FOX LLP
555 West Fifth Street, 48th Floor
Los Angeles, CA 90013-1065

EXHIBIT "A"

EXHIBIT A-1
ASSETS – THE WALKING COMPANY HOLDINGS, INC.
As of 12/07/2009

	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
REAL PROPERTY	\$ None
PERSONAL PROPERTY	
Patents, Copyrights	\$ unknown
Licenses, Franchises	\$ unknown
Interest in IRA, ERISA	\$ 213,687.00
Shares of The Walking Company and Big Dog USA, Inc.	\$ 80,690,976.23
TOTAL	\$ 80,904,663.23

**EXHIBIT A-2
ASSETS – THE WALKING COMPANY
As of 12/07/2009**

	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
REAL PROPERTY	\$ None
PERSONAL PROPERTY	
Cash on hand	\$ 60,765.00
Checking, Savings, or other Financial accounts, Certificates of deposit, or Shares in Banks, Savings and Loan, Thrift, Building and Loan, and Homestead Associations, or Credit Unions, Brokerage Houses, or Cooperatives	\$ 1,358,629.55
Security Deposits with Public Utilities, Telephone Companies, Landlords Etc...	\$ 233,308.00
Accounts Receivable	\$ 3,589,742.53
Other Liquidated debts Owed to Debtor Including Tax Refunds	\$ 5,840.00
Other Contingent and Unliquidated Claims of Every Nature, Including Tax Refunds, Counterclaims of the Debtor, and Rights to Setoff Claims	\$ 986.00
Licenses, Franchises, and other General Intangibles	\$ unknown
Customer Lists or other Compilations Containing Personally Identifiable Information (as defined in 11 U.S.C. § 101(41A)) Provided to the Debtor by Individuals in Connection with Obtaining a Product or Service from the Debtor Primarily for Personal, Family, or Household Purposes	\$ unknown
Automobiles, Trucks, Trailers, and other Vehicles and Accessories	\$ 3,939.26
Office Equipment, Furnishings and Supplies	\$ 154,567.28
Machinery, Fixtures, Equipment, and Supplies Used in Business	\$ 33,379,625.98
Inventory	\$ 40,268,005.00
TOTAL	\$ 79,055.409.04

EXHIBIT A-3
ASSETS – BIG DOG USA, INC.
As of 12/07/2009

	CURRENT VALUE OF DEBTOR'S INTEREST IN PROPERTY WITHOUT DEDUCTING ANY SECURED CLAIM OR EXEMPTION
REAL PROPERTY	\$ None
PERSONAL PROPERTY	
Cash on Hand	\$ 6,800.00
Checking, Savings, or other Financial accounts.	\$ 29,451.69
Security Deposits with Public Utilities, Telephone Companies, Landlords Etc...	\$ 21,550.00
Accounts Receivable	\$ 8,876,723.81
Other Liquidated Debts owed to Debtor including Tax Refunds	\$ 11,892.00
Other Contingent and Unliquidated Claims of Every Nature, Including Tax Refunds, Counterclaims of the Debtor, and Rights to Setoff Claims	\$ 5,295.00
Licenses, Franchises, and other General Intangibles	\$ unknown
Machinery, Fixtures, Equipment, and Supplies Used in Business	\$ 8,454.00
Inventory	\$ 1,957,662.00
TOTAL	\$ 10,917,829.00

EXHIBIT "B-1"

The Walking Company
December 31, 2009 - Preaudited (000's omitted)

Balance Sheet

December-09

Cash & cash equivalents	\$ 1,408
Accounts receivable, net	4,881
Inventories	31,342
Prepaid expenses & deferred taxes	12,725
Total current assets	50,356
Property & equipment, net	33,014
Intangible assets, net	8,467
Total assets	\$ 91,837
Revolving line of credit - WF	7,136
Accounts payable (primarily mdse vendors)	15,261
Accrued expenses (payroll, sales tax, credit card, interest)	5,248
Current Portion of Long Term Liability	8
Other current liabilities	3,111
Current liabilities	30,764
BDOG Deferred rent and other long-term liabilities	11
Long term portion - capital leases	455
Convertible Bond, net	19,318
Note to Natural Comfort, 7%, due 2011	1,700
TWC Deferred rent and other long-term liabilities	11,272
Total liabilities	63,520
Stockholders' equity	28,317
Total liabilities & stockholders equity	\$ 91,837

2009 Statements of Income

YTD 2009

Sales	\$ 192,577
Cost of sales	96,221
Gross profit	96,357
<i>Gross profit %</i>	50.0%
Operating expenses	96,840
EBITDA	(483)
Depreciation and amortization	8,518
EBIT	(9,001)
Interest expense	3,777
Pre-tax loss	(12,778)
Benefit for income taxes	4,515
Net loss	\$ (8,263)

2009 Statement of Cash Flow

YTD 2009

Cash flows from operating activities:

Net income (loss)	\$ (8,263)
Adjustments to reconcile net loss to net cash:	
Depreciation, amortization & other	8,541
Changes in operating assets and liabilities:	
Receivables	(1,782)
Inventories	21,139
Prepaid expenses & other assets	(3,771)
Accounts payable & other accrued liabilities	3,498
Deferred rent & lease incentives	690
Other current liabilities	3,643
Net cash used in operating activities	<u>\$ 23,695</u>

Cash flows from investing activities:

Capital expenditures	(3,623)
Other	-
Net cash used in investing activities	<u>\$ (3,623)</u>

Cash flows from financing activities:

Short-term borrowings, net - WF	(18,705)
Term Debt-WF	(995)
Convertible Debt	-
Repayment of long-term capital lease obligations	(590)
Net cash used in financing activities	<u>\$ (20,290)</u>

Net increase (decrease) in cash	(218)
Cash, beginning of period	1,626
Cash, end of period	<u><u>\$ 1,408</u></u>

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES

(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES

(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2008 and 2007

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Walking Company Holdings, Inc. and Subsidiaries
(FKA Big Dog Holdings, Inc. and Subsidiaries)
Santa Barbara, California

We have audited the accompanying consolidated balance sheets of The Walking Company Holdings, Inc. and Subsidiaries (FKA Big Dog Holdings, Inc. and Subsidiaries) (collectively, the "Company") as of December 31, 2008 and 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Walking Company Holdings, Inc. and Subsidiaries as of December 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Singer Lewak LLP".

SingerLewak LLP

Los Angeles, California
April 1, 2009

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
CONSOLIDATED BALANCE SHEETS

ASSETS	DECEMBER 31,	
	2008	2007
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,626,000	\$ 2,529,000
Receivables, net	2,908,000	3,756,000
Income taxes receivable	248,000	5,049,000
Inventories, net	52,480,000	63,927,000
Prepaid expenses and other current assets	1,136,000	1,796,000
Deferred income taxes (Note 7)	<u>2,843,000</u>	<u>1,805,000</u>
Total current assets	61,241,000	78,862,000
PROPERTY AND EQUIPMENT, net (Note 2)	37,477,000	35,642,000
INTANGIBLE ASSETS, net (Notes 1 and 4)	3,252,000	3,689,000
GOODWILL (Note 4)	5,296,000	3,131,000
DEFERRED INCOME TAXES (Note 7)	4,937,000	1,863,000
OTHER ASSETS	<u>334,000</u>	<u>435,000</u>
TOTAL	<u>\$ 112,537,000</u>	<u>\$ 123,622,000</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings (Note 5)	\$ 24,111,000	\$ 23,203,000
Current portion of long-term debt (Note 6)	1,113,000	1,718,000
Current portion of long-term debt, related party (Note 6)	982,000	982,000
Current portion of capital lease obligations (Note 9)	754,000	683,000
Accounts payable	9,605,000	12,974,000
Accrued expenses and other current liabilities (Note 3)	<u>8,531,000</u>	<u>8,693,000</u>
Total current liabilities	45,096,000	48,253,000
LONG TERM CONVERTIBLE DEBT, NET (Note 6)	17,617,000	17,345,000
NOTE PAYABLE, RELATED PARTY (Note 6)	—	983,000
NOTE PAYABLE (Note 6)	1,702,000	1,115,000
CAPITAL LEASE OBLIGATIONS (Note 9)	1,065,000	1,761,000
DEFERRED RENT AND LEASE INCENTIVES (Note 9)	10,464,000	7,795,000
DEFERRED GAIN ON SALE-LEASEBACK (Note 2)	<u>37,000</u>	<u>90,000</u>
Total liabilities	<u>75,981,000</u>	<u>77,342,000</u>
COMMITMENTS AND CONTINGENCIES (Notes 5 and 9)		
STOCKHOLDERS' EQUITY (Note 10):		
Preferred stock, \$.01 par value, 3,000,000 shares authorized, none issued and outstanding	\$ —	\$ —
Common stock \$.01 par value, 30,000,000 shares authorized, 11,251,594 and 11,187,608 shares issued at December 31, 2008 and 2007, respectively	112,000	111,000
Additional paid-in capital	28,676,000	28,228,000
Retained earnings	17,214,000	27,387,000
Treasury stock, 1,710,598 shares at December 31, 2008 and 2007	<u>(9,446,000)</u>	<u>(9,446,000)</u>
Total stockholders' equity	<u>36,556,000</u>	<u>46,280,000</u>
TOTAL	<u>\$ 112,537,000</u>	<u>\$ 123,622,000</u>

See notes to consolidated financial statements.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
 (FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
 CONSOLIDATED STATEMENTS OF OPERATIONS

	<u>YEARS ENDED DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
NET SALES.....	\$ 229,930,000	\$ 206,335,000
COST OF GOODS SOLD	<u>117,455,000</u>	<u>98,432,000</u>
GROSS PROFIT.....	<u>112,475,000</u>	<u>107,903,000</u>
 OPERATING EXPENSES:		
Selling, marketing and distribution	107,342,000	95,063,000
General and administrative.....	<u>10,513,000</u>	<u>10,799,000</u>
Total operating expenses.....	<u>117,855,000</u>	<u>105,862,000</u>
 (LOSS) INCOME FROM OPERATIONS.....		
	(5,380,000)	2,041,000
 INTEREST INCOME		
	(2,000)	(10,000)
 INTEREST EXPENSE (Notes 5 and 6).....		
	<u>4,157,000</u>	<u>4,255,000</u>
 LOSS BEFORE BENEFIT FROM INCOME TAXES.....		
	(9,535,000)	(2,204,000)
 BENEFIT FROM INCOME TAXES (Note 7)		
	<u>(2,288,000)</u>	<u>(849,000)</u>
 LOSS FROM CONTINUING OPERATIONS.....		
	(7,247,000)	(1,355,000)
 LOSS FROM DISCONTINUED OPERATIONS, NET OF TAX BENEFIT (Note 8).....		
	<u>(2,926,000)</u>	<u>(2,101,000)</u>
 NET LOSS		
	<u>\$ (10,173,000)</u>	<u>\$ (3,456,000)</u>

See notes to consolidated financial statements.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	<u>COMMON STOCK</u>		<u>ADDITIONAL</u>	<u>RETAINED</u>	<u>TREASURY STOCK</u>		<u>TOTAL</u>
	<u>SHARES</u>	<u>AMOUNT</u>	<u>PAYED-IN</u>	<u>EARNINGS</u>	<u>SHARES</u>	<u>AMOUNT</u>	
			<u>CAPITAL</u>				
BALANCE, JANUARY 1, 2007	10,973,264	\$ 109,000	27,622,000	\$ 30,843,000	1,710,598	\$ (9,446,000)	\$ 49,128,000
Options exercised	214,344	2,000	1,184,000	---	---	---	1,186,000
Tax benefits related to exercise of stock options (Notes 7 and 10)	---	---	1,220,000	---	---	---	1,220,000
Non-cash compensation recognized on share based payments (Note 10)	---	---	167,000	---	---	---	167,000
Repurchased stock options (Notes 6 and 10)	---	---	(1,965,000)	---	---	---	(1,965,000)
Net loss	---	---	---	(3,456,000)	---	---	(3,456,000)
 BALANCE, DECEMBER 31, 2007	 11,187,608	 111,000	 \$ 28,228,000	 27,387,000	 1,710,598	 (9,446,000)	 46,280,000
Options exercised	63,986	1,000	263,000	---	---	---	264,000
Tax benefits related to exercise of stock options (Notes 7 and 10)	---	---	35,000	---	---	---	35,000
Non-cash compensation recognized on share based payments (Note 10)	---	---	150,000	---	---	---	150,000
Net loss	---	---	---	(10,173,000)	---	---	(10,173,000)
 BALANCE, DECEMBER 31, 2008	 <u>11,251,594</u>	 <u>\$ 112,000</u>	 <u>\$ 28,676,000</u>	 <u>\$ 17,214,000</u>	 <u>1,710,598</u>	 <u>\$ (9,446,000)</u>	 <u>\$ 36,556,000</u>

See notes to consolidated financial statements.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,	
	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (10,173,000)	\$ (3,456,000)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Loss from discontinued operations	2,926,000	2,101,000
Depreciation and amortization	10,573,000	7,458,000
Stock-based compensation expense	150,000	167,000
Excess tax benefits from share-based payment arrangements	(35,000)	(1,220,000)
Amortization of deferred financing fees	16,000	9,000
Amortization of debt issuance costs	272,000	204,000
Provision for losses on receivables	1,000	2,000
(Gain) Loss on disposition of property and equipment	(48,000)	364,000
Deferred income taxes	(4,077,000)	2,514,000
Changes in operating assets and liabilities:		
Receivables	848,000	(1,248,000)
Inventories	7,481,000	(7,655,000)
Prepaid expenses and other current assets	804,000	(658,000)
Accounts payable	(3,843,000)	5,194,000
Income taxes receivable	4,801,000	(5,049,000)
Income taxes payable	---	(1,511,000)
Accrued expenses and other current liabilities	(193,000)	358,000
Deferred rent and lease incentives	2,669,000	3,288,000
Deferred gain on sale-leaseback	(53,000)	(53,000)
Net cash provided by continuing operations	<u>12,119,000</u>	<u>809,000</u>
Net cash provided by discontinued operations	<u>2,384,000</u>	<u>392,000</u>
Net cash provided by operating activities	<u>14,503,000</u>	<u>1,201,000</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(11,615,000)	(18,889,000)
Acquisitions, net of cash acquired	(2,064,000)	---
Proceeds from sale of property and equipment	451,000	254,000
Other	---	(1,000)
Net cash used in investing activities for continuing operations	(13,228,000)	(18,636,000)
Net cash used in investing activities for discontinued operations	(30,000)	(334,000)
Net cash used in investing activities	<u>(13,258,000)</u>	<u>(18,970,000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line of credit agreement	908,000	(2,520,000)
Proceeds from issuance of convertible debt, net of debt issuance costs of \$1,359,000	---	17,141,000
Net funds received from sale/leaseback transaction	---	2,062,000
Payment of deferred financing fees	(30,000)	---
Exercise of stock options	264,000	1,186,000
Excess tax benefits from share-based payment arrangements	35,000	1,220,000
Repayment of capital lease obligations	(624,000)	(656,000)
Repayment of notes payable	(2,701,000)	(1,722,000)
Net cash (used in) provided by financing activities	<u>(2,148,000)</u>	<u>16,711,000</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(903,000)	(1,058,000)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,529,000</u>	<u>3,587,000</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,626,000</u>	<u>\$ 2,529,000</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid (received) for:		
Interest	\$ 3,898,000	\$ 4,008,000
Income taxes	\$ (3,901,000)	\$ 3,103,000

See notes to consolidated financial statements.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
 (FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
 CONSOLIDATED STATEMENTS OF CASH FLOWS

SUPPLEMENTAL INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES:

	<u>2008</u>	<u>2007</u>
ACQUISITION OF NATURAL COMFORT, INC.:		
Inventories	\$ 1,007,000	\$ ---
Prepaid rents	29,000	---
Properties	68,000	---
Goodwill	3,165,000	---
Accrued expenses and other liabilities	(505,000)	---
Notes payable	<u>(1,700,000)</u>	---
Net cash effect due to acquisition of net assets of Natural Comfort, Inc.	<u>\$ 2,064,000</u>	<u>\$ ---</u>
OTHER:		
Purchase of stock options with note payable	<u>\$ ---</u>	<u>\$ 1,965,000</u>
Acquisition of equipment through capital lease	<u>\$ ---</u>	<u>\$ 969,000</u>

See notes to consolidated financial statements.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BUSINESS

The consolidated financial statements include the accounts of The Walking Company Holdings, Inc. (fka Big Dog Holdings, Inc.) and its subsidiaries Big Dog Sportswear ("Big Dogs") and The Walking Company ("TWC"), collectively the "Company". All significant intercompany accounts and transactions have been eliminated.

On May 7, 2008, the Company changed its name from Big Dog Holdings, Inc. to The Walking Company Holdings, Inc. The name change was effected pursuant to Section 253 of the Delaware General Corporation Law through a merger with a newly formed wholly owned subsidiary; stockholder approval was not required. The merger did not affect the outstanding stock of the Company and no other changes were made to the Company's Certificate of Incorporation.

TWC principally markets and sells authentic comfort footwear and accessories through Company-operated retail stores located throughout the United States, catalogs and the Internet website.

In 2008, the Company formally announced their plans to close all Big Dog Sportswear stores by the end of 2009. Big Dogs has principally developed and marketed apparel and other consumer products through Company-operated retail stores located throughout the United States, corporate sales accounts, catalogs and the Internet website.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with a maturity of less than three months when purchased to be cash equivalents.

RECEIVABLES, NET

Receivables, net consists primarily of tenant allowances, corporate sales and credit card transactions that remain outstanding at the end of the period. These amounts are reflected net of any allowance for doubtful accounts. The Company does not extend credit to its customers, except through third-party credit cards.

INVENTORIES, NET

Inventories, consisting substantially of finished goods, are valued at the lower of cost (first-in, first-out and weighted average methods) or market. The Company continually evaluates its inventories by assessing slow-moving current product as well as prior seasons' inventory. Market value of non-current inventory is estimated based on historical sales trends for this category of inventory, the impact of market trends, and an evaluation of economic conditions. The Company closely monitors its off-price sales to ensure the actual results closely match initial estimates. Estimates are regularly updated based upon this continuing review. Inventory adjustments incurred during the years ended December 31, 2008 and 2007 were \$831,000 and \$559,000, respectively.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization of property and equipment are provided using the straight-line method over the following useful lives:

Store fixtures	5 years
Machinery and equipment.....	5 years
Computer equipment.....	3 years
Software	5 years

Leasehold improvements are depreciated over the lesser of the estimated useful life of the asset or the term of the lease, whichever is shorter.

IMPAIRMENT OF LONG-LIVED ASSETS

The Company evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. This evaluation is performed based on the estimated undiscounted future cash flows from operating activities compared with the carrying value of the related asset. If the undiscounted future cash flows are less than the carrying value, an impairment loss is recognized, measured by the difference between the carrying value and the estimated fair value of the assets, with such estimated fair values determined using the best information available generally based on prices for similar assets for stores recently opened. The Company's evaluation for the year ended December 31, 2008 indicated that asset impairment related to the Natural Comfort acquisition (see Note 4) was incurred and accordingly a write down of \$1,000,000 was recorded in 2008. No impairment existed as of December 31, 2007.

GOODWILL AND OTHER INTANGIBLE ASSETS

Indefinite Lived Intangibles

The Company accounts for indefinite lived intangible assets in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." The Company tests trademarks for impairment in the fourth quarter of each year and more often as circumstances require. As of December 31, 2008 and 2007, net trademarks totaled \$300,000 for both years. Management does not believe any impairment of its trademark related intangible assets existed at December 31, 2008 and 2007, respectively.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
 (FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold Intangible Assets

In conjunction with the Footworks acquisition in 2005, the Company acquired lease related intangible assets valued at \$4,408,000, which are being amortized over the life of the related leases. Accumulated amortization was \$1,456,000 and \$1,020,000 at December 31, 2008 and 2007, respectively.

The estimate of aggregate amortization expense for the subsequent years is as follows:

<u>FOR THE YEARS ENDED DECEMBER 31,</u>	
2009.....	\$ 439,000
2010.....	435,000
2011.....	354,000
2012.....	359,000
2013.....	333,000
Thereafter.....	<u>1,032,000</u>
	<u>\$2,952,000</u>

Goodwill

The Company accounts for goodwill in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets." In 2005, the Company recorded \$3,131,000 of goodwill in conjunction with the Footworks acquisition. In 2008, the Company recorded \$3,165,000 of goodwill in conjunction with the Natural Comfort acquisition (see Note 4.). All of the Company's goodwill is allocated to the TWC segment. The Company tests goodwill for impairment in the fourth quarter of each year and more often as circumstances require. The Company's evaluation for the year ended December 31, 2008 indicated that an asset impairment related to the Natural Comfort acquisition was incurred and accordingly a write down of \$1,000,000 was recorded in 2008. No impairment existed as of December 31, 2007.

REVENUE RECOGNITION

Substantially all of the Company's revenues are generated by its retail operations, which are recognized at the time of sale. The Company also generates revenues through its corporate sales, Internet and mail order catalog operations, which are recognized at the time of shipment. Outbound shipping charges billed to customers are included in net sales when the products are shipped for corporate sales, Internet and mail order catalog sales. Sales tax charged, when applicable, is not included in net sales. The Company records an allowance for estimated returns in the period of sale based on prior experience. The Company accrues for estimated sales returns by customers based on historical sales return results.

Gift Cards

The Company sells gift cards to its customers; the cards do not have expiration dates. Revenue from gift card sales is recorded when the gift cards are redeemed or when the likelihood of the gift card being redeemed by the customer is remote and there is no legal obligation to remit the value of unredeemed gift cards to the relevant jurisdictions. The Company has determined its gift card breakage rate based upon historical redemption patterns. Gift card breakage income totaled \$292,000 for the year ended 2008 and is included in selling, marketing and distribution expenses on the accompanying statements of operations. No gift card breakage income was recorded in 2007. Unredeemed gift cards are recorded as a current liability.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME STATEMENT COMPONENTS

Cost of goods sold consists of the cost of the product and related overhead costs related to the product, including purchasing, inbound freight charges, warehouse receiving costs, quality control inspection costs, internal product development costs and shipping and other handling costs to our stores or customers. Depreciation is not included in the calculation of cost of goods sold.

Selling, marketing and distribution expenses consist of expenses associated with creating, distributing, and selling products through all channels of distribution, including occupancy, payroll and catalog costs. The distribution costs included in selling, marketing and distribution expense were \$4,158,000 and \$5,612,000 for the years ended December 31, 2008 and 2007, respectively. Of such distribution expense, \$3,874,000 and \$4,898,000 are included in operating expenses in the consolidated statements of operations for years ended 2008 and 2007, respectively, and \$284,000 and \$714,000 are included in discontinued operations in the consolidated statements of operations for years ended 2008 and 2007, respectively.

General and administrative expenses consist of administrative salaries, corporate occupancy costs and other corporate expenses.

VENDOR ALLOWANCES

Vendor allowances include allowances, rebates and cooperative advertising funds received from vendors. The amount of these funds is determined for each fiscal year and the majority is based on various quantitative contract terms. Amounts received from vendors relating to the purchase of merchandise inventories are recognized as a reduction of cost of the inventory. Amounts that represent a reimbursement of costs incurred, such as advertising, are recorded as a reduction to the related expense in the period that the related expense is incurred.

STORE PREOPENING EXPENSES

The Company expenses store pre-opening costs as incurred, which totaled \$417,000 and \$834,000 in 2008 and 2007, respectively and are included in operating expenses in the consolidated statements of operations.

ADVERTISING COSTS

Costs associated with the production of our mail order catalogs are capitalized and expensed over the expected revenue stream following the mailing of the respective catalog, generally three months. All other advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2008 and 2007 totaled \$934,000 and \$3,858,000, respectively. Of such advertising expense, \$932,000 and \$3,831,000 is included in operating expenses in the consolidated statements of operations for years ended 2008 and 2007, respectively, and \$2,000 and \$27,000 is included in discontinued operations in the consolidated statements of operations for years ended 2008 and 2007, respectively. Capitalized advertising costs related to our mail order catalogs were \$73,000 and \$278,000 as of December 31, 2008 and 2007, respectively, and are included in prepaid expenses and other current assets on the consolidated balance sheets.

DEFERRED LEASE INCENTIVES

The Company accounts for landlord allowances in accordance with SFAS 13, "Accounting for Leases" and FASB Technical Bulletin 88-1, "Issues Relating to Accounting for Leases." Accordingly, all incentives received from landlords to fund tenant improvements are recorded as deferred liabilities and then amortized over the related store's lease term.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

STRAIGHT-LINE RENT

The Company accounts for rent expense in accordance with SFAS 13, "Accounting for Leases," and FASB Technical Bulletin 85-3, "Accounting for Operating Leases with Scheduled Rent Increases." Accordingly, rent expense under the Company's store operating leases is recognized on a straight-line basis over the original term of each store's lease, inclusive of rent holiday periods during store construction and excluding any lease renewal options.

MEDICAL SELF-INSURANCE RESERVE

The Company is self-insured for medical insurance coverage. The self-insurance liability is based on the historical claims rate and is anticipated to cover reported claims as well as incurred but not reported claims. The Company also maintains stop loss insurance coverage which reimburses the Company for an individual claim in excess of \$130,000 and for company-wide claims in excess of an aggregate amount. The annual aggregate amount is determined based on a per month, per participant amount which ranges from \$291 to \$949.

INCOME TAXES

The Company accounts for income taxes using an asset and liability approach for measuring deferred income taxes based on temporary differences between the financial statement and income tax bases of assets and liabilities existing at each balance sheet date. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount expected to be realized. The Company considers a number of factors to determine if a valuation allowance is necessary, including historical earnings and past experience with similar timing differences. For the year ended December 31, 2008, the Company determined that a valuation allowance of \$418,000 was required (See Note 7). No valuation allowance was required for the year ended December 31, 2007.

Effective January 1, 2007 the Company began accounting for uncertain tax provisions under the provisions of Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes," ("FIN 48"). FIN 48 prescribes a comprehensive model for how a company should recognize and measure the impact of uncertain tax positions on its financial statements. Determining whether an uncertain tax position should be recognized and how to measure the amount of the tax benefit requires significant judgment. As a result of adoption, the Company did not record any initial amount for previously unrecognized tax liabilities, and as of December 31, 2008 and 2007, the Company did not recognize any additional estimated liability. (See Note 7).

DISCONTINUED OPERATIONS

In October 2008, the Company announced its decision to close substantially all of its Big Dog Sportswear retail stores by the end of 2009. As of December 31, 2008, 32 stores were closed and the results of operations for these stores, as well as previously closed stores, are reported as discontinued operations for the fiscal year ended December 31, 2008 in accordance with the reporting provisions of SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," ("SFAS 144"). The consolidated statements of operations for all years presented have been adjusted to remove the operations of the closed stores which were reclassified as discontinued operations. The Company also recorded a pre-tax loss of \$2.1 million related to restructuring expenses for the year ended December 31, 2008, which has been included in the loss from discontinued operations in the consolidated statements of operations. The amounts presented throughout, except where otherwise indicated, relate to continuing operations only. (See Note 8.)

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCOUNTING FOR STOCK-BASED COMPENSATION

On January 1, 2006, the Company adopted the provisions of Financial Accounting Standards Board Statement No. 123R, "Share-Based Payment" ("SFAS 123R"). The statement provides for, and the Company elected to adopt the standard using the modified prospective application under which compensation cost is recognized on or after the required effective date for the fair value of all future share based award grants and the portion of outstanding awards at the date of adoption of this statement for which the requisite service has not been rendered, based on the grant-date fair value of those awards calculated under Statement 123 for pro forma disclosures.

Prior to January 1, 2006, the Company accounted for its stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," and related interpretations. No stock-based employee compensation cost was recorded, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The Company recorded a \$35,000 and \$1,220,000 tax benefit for the years ended December 31, 2008 and 2007, respectively, related to the exercise of stock options for which no compensation expense was recorded.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

The Company had \$199,000 of cash on deposit with a high credit quality financial institution in excess of the Federal Deposit Insurance Corporation limits as of December 31, 2007. The Company had no cash concentrations in excess of the Federal Deposit Insurance Corporation limits as of December 31, 2008.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair values of receivables, accounts payable and short-term borrowings approximate their carrying values because of the short-term maturity of these instruments.

The fair value of the Company's debt instruments are based on the amount of future cash flows associated with each instrument discounted using the Company's borrowing rate. At December 31, 2008 and 2007, the carrying value of all financial instruments was not materially different from fair value, as both the fixed and variable rate debt approximated rates currently available to the Company.

RECENTLY ISSUED ACCOUNTING STANDARDS

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (Revised 2007), "Business Combinations" ("SFAS 141(R)"). Under SFAS 141(R), an acquiring entity will be required to recognize all the assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. SFAS 141(R) will change the accounting treatment for certain specific acquisition-related items, including expensing acquisition-related costs as incurred, valuing noncontrolling interests (minority interests) at fair value at the acquisition date, and expensing restructuring costs associated with an acquired business. SFAS 141(R) also includes a substantial number of new disclosure requirements. SFAS 141(R) is to be applied prospectively to business combinations for which the acquisition date is on or after January 1, 2009. Early adoption is not permitted. Generally, the effect of SFAS 141(R) will depend on the circumstances of any potential future acquisition.

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RECENTLY ISSUED ACCOUNTING STANDARDS (continued)

Also in December 2007, the FASB issued Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes new accounting and reporting standards for a noncontrolling interest (minority interest) in a subsidiary, provides guidance on the accounting for and reporting of the deconsolidation of a subsidiary, and increases transparency through expanded disclosures. Specifically, SFAS 160 requires the recognition of a minority interest as equity in the consolidated financial statements and separate from the parent company's equity. It also requires consolidated net earnings in the consolidated statement of earnings to include the amount of net earnings attributable to minority interest. This statement will be effective for the Company as of the beginning of fiscal year 2009. Early adoption is not permitted. The Company does not believe the adoption of SFAS 160 will have a material impact on its consolidated financial statements.

In February 2008, the FASB issued FASB Staff Position No. FAS 157-2, ("FSP FAS 157-2"), which delayed the effective date of SFAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually), to fiscal years beginning after November 15, 2008. The Company is presently evaluating the impact of the adoption of SFAS 157 for its nonfinancial assets and nonfinancial liabilities and do not believe it will have a material effect on its consolidated financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures About Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS 161"). SFAS 161 expands the disclosure requirements in SFAS 133 about an entity's derivative instruments and hedging activities. This statement will be effective for the Company as of the beginning of fiscal year 2009. The Company does not believe the adoption of SFAS 161 will have a material impact on its consolidated financial statements.

In April 2008, the FASB issued FASB Staff Position (FSP), FAS 142-3, "Determination of the Useful Life of Intangible Assets" ("FSP FAS 142-3"). FSP FAS 142-3 removes the requirement of SFAS 142, "Goodwill and Other Intangible Assets" for an entity to consider, when determining the useful life of an acquired intangible asset, whether the intangible asset can be renewed without substantial cost or material modifications to the existing terms and conditions associated with the intangible asset. FSP FAS 142-3 replaces the previous useful-life assessment criteria with a requirement that an entity considers its own experience in renewing similar arrangements. If the entity has no relevant experience, it would consider market participant assumptions regarding renewal. FSP FAS 142-3 is effective for fiscal years beginning after December 15, 2008. The Company does not expect the adoption of FSP FAS 142-3 to have a material effect on its Consolidated Financial Statements for 2009.

RECLASSIFICATIONS

Certain reclassifications have been made to the Consolidated Statement of Operations and Consolidated Statements of Cash Flows to conform to current year reporting. Reclassifications have been made to the prior years' Consolidated Statements of Operations and all related notes to reflect the effect of discontinued operations. (See Note 8.)

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2. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Leasehold improvements.....	\$39,849,000	\$33,435,000
Store fixtures.....	18,422,000	19,660,000
Machinery and equipment.....	5,011,000	5,436,000
Computer equipment and software.....	10,924,000	9,802,000
Land.....	---	63,000
	<u>74,206,000</u>	<u>68,396,000</u>
Less accumulated depreciation and amortization.....	<u>36,729,000</u>	<u>32,754,000</u>
Property and equipment, net.....	<u>\$ 37,477,000</u>	<u>\$ 35,642,000</u>

Depreciation and amortization expense of property and equipment totaled \$9,475,000 and \$7,177,000 and in 2008 and 2007, respectively. Of such depreciation and amortization expense, \$9,137,000 and \$7,021,000 is included in operating expenses in the consolidated statements of operations for years ended 2008 and 2007, respectively, and \$338,000 and \$156,000 is included in discontinued operations in the consolidated statements of operations for years ended 2008 and 2007, respectively.

In May 1999, the Company purchased the building which houses its downtown Santa Barbara retail store for \$1,600,000. In August 1999, the Company sold this building for \$2,119,000 and simultaneously entered into a 10-year lease. The \$527,000 gain related to the sale of this building is being deferred over the life of the lease.

3. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following:

	<u>DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Accrued compensation and benefits.....	\$ 2,401,000	\$ 4,260,000
Sales tax payable.....	1,499,000	1,609,000
Store closure costs.....	1,410,000	---
Store credits.....	803,000	618,000
Sales return reserve.....	876,000	619,000
Gift certificates.....	591,000	730,000
Other current liabilities.....	951,000	857,000
Total accrued expenses and other current liabilities.....	<u>\$ 8,531,000</u>	<u>\$ 8,693,000</u>

4. ACQUISITION

NATURAL COMFORT INC.

On January 15, 2008, The Walking Company ("TWC"), a subsidiary of the Company, acquired the assets and assumed certain liabilities of Natural Comfort, Inc. pursuant to an asset purchase agreement for a purchase price of approximately \$3.8 million including acquisition costs. Of this amount, \$0.1 million was allocated to fixed assets, \$1.0 million was allocated to inventory, \$3.2 million was allocated to goodwill and \$0.5 million was allocated to liabilities. TWC assumed liabilities for certain outstanding sales returns and gift certificates. As of December 31, 2008, the Company has estimated a \$1.0 million impairment of its goodwill relating to this acquisition. Accordingly, a \$1.0 million impairment expense has been recorded in the accompanying financial statements.

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4. ACQUISITION (continued)

Under the terms of the asset purchase agreement, TWC acquired substantially all of the assets of Natural Comfort, Inc. including, but not limited to, the inventory and fixed assets of 8 stores. The primary reason for the acquisition was to continue the growth of the Company by acquiring stores in strategic locations. TWC has converted all of the acquired stores into "The Walking Company" stores. The transaction was accounted for under the purchase method of accounting, and accordingly the results of operations have been consolidated in the Company's financial statements since acquisition on January 15, 2008.

The Company funded the purchase price by drawing upon existing lines of credit, from available cash and through a \$1.7 million note payable to the seller. Pro forma results of operations have not been presented as the acquisition is not considered material to the Company's consolidated financial statements.

5. SHORT-TERM BORROWINGS

In October 2001, the Company entered into a credit facility with Wells Fargo Retail Finance ("WFRF"), which was most recently amended in March, 2008 (the "Amended Credit Agreement") and previously amended in November, 2006. Subsequent to the November 2006 amendment, the Amended Credit Agreement provides for a total commitment of \$60,000,000 with the ability for the Company to issue documentary and standby letters of credit of up to \$3,000,000. Prior to the amendment, the agreement provided for a total commitment of \$47,000,000. The Company's ability to borrow under the facility was determined using an availability formula based on eligible assets. The facility was collateralized by substantially all of the Company's assets and requires daily, weekly and monthly financial reporting as well as compliance with financial, affirmative and negative covenants. The most significant of the amended financial covenants, most recently amended in March 2008, includes compliance with a pre-defined annual maximum capital expenditure amount and a restriction on the payment of dividends. At December 31, 2008 and 2007, the Company was not in compliance with one of its covenants and subsequently obtained a waiver from the WFRF. This credit agreement provides for a performance-pricing structured interest charge which was based on excess availability levels. The Company had \$24,111,000 in borrowings at an average rate of 3.59% outstanding at December 31, 2008. The Amended Credit Agreement expires in October 2011. At December 31, 2008, the Company had approximately \$432,000 of outstanding letters of credit expiring through February 2009. Subsequent to year end, the availability was increased on this line of credit (see Note 13).

6. DEBT

Debt consists of the following as of December 31, 2008 and 2007:

	<u>DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Convertible debt, net of unamortized debt issuance costs of \$883,000 and \$1,155,000 at December 31, 2008 and 2007, respectively	\$ 17,617,000	\$ 17,345,000
Note payable, related party	982,000	1,965,000
Wells Fargo Retail Finance 4-year term facility	1,111,000	1,778,000
Natural Comfort, Inc. 3-year promissory note	1,700,000	—
Bianca of Nevada, Inc. 3-year promissory note	—	1,000,000
Priority tax claim notes	<u>4,000</u>	<u>55,000</u>
	21,414,000	22,143,000
Less current installments	<u>(2,095,000)</u>	<u>(2,700,000)</u>
Notes payable, excluding current installments	<u>\$ 19,319,000</u>	<u>\$ 19,443,000</u>

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
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6. DEBT (continued)

The aggregate annual principal repayments required in respect of debt as of December 31, 2008 are as follows:

Years Ending December 31,	
2009.....	\$ 2,095,000
2010.....	2,000
2011.....	1,700,000
2012.....	18,500,000
2013.....	---
	<u>\$22,297,000</u>

CONVERTIBLE DEBT

On April 3, 2007, the Company entered into a Convertible Note Purchase Agreement with certain purchasers, including some officers of the Company and entities which are controlled by a principal shareholder in the Company, pursuant to which the Company issued and sold \$18,500,000 of 8.375% Convertible Notes ("Note" or "Notes") due March 31, 2012, interest payable quarterly. Of this amount, \$3,000,000 of the Notes were sold to management, and \$7,075,000 of the Notes were sold to entities which are controlled by a principal shareholder in the Company. The Notes are convertible into fully paid and nonassessable shares of the Company's common stock to an aggregate of up to 1,027,777 shares at any time after the issuance date, at an initial conversion price of \$18.00 per share. Any time after the eighteen month anniversary of the issuance date, the Company has the right to require the holder of a Note to convert any remaining amount under a Note into common stock if: (i) (x) the closing sale price of the common stock exceeds 175% of the conversion price on the issuance date for each of any 20 consecutive trading days or (y) following the consummation of a bona fide firm commitment underwritten public offering of the common stock resulting in gross proceeds to the Registrant in excess of \$30 million, the closing sale price of the common stock exceeds 150% of the conversion price on the issuance date for each of any 20 consecutive trading days and (ii) certain equity conditions have been met. In circumstances where Notes are being converted either in connection with a voluntary conversion or an exercise of the Company's right to force conversion, the Company has the option to settle such conversion by a net share settlement, for some or all of the Notes. If it exercises such right, the Company is to pay the outstanding principal amount of a Note in cash and settle the amount of equity in such Investor's conversion right by delivery of shares of common stock of equal value. If the Notes are not converted before its maturity, the Notes will be redeemed by the Company on the maturity date at a redemption price equal to 100% of the principal amount of the notes then outstanding, plus any accrued and unpaid interest. The offer and sale of the Notes were made in accordance with Rule 506 of Regulation D of the Securities Act of 1933. The net proceeds from the sale of the Notes were \$17,141,000 after \$1,359,000 of debt issuance costs. Debt issuance costs are being amortized over the term of the note. Amortization of debt issuance costs totaling \$272,000 and \$204,000 is included in interest expense for the years ended December 31, 2008 and 2007, respectively, on the accompanying statements of operations. As of December 31, 2008 and 2007, the convertible note payable balance includes unamortized debt issuance costs of \$883,000 and \$1,155,000, respectively, in the accompanying consolidated balance sheets. The net proceeds of this offering were used to reduce the outstanding balance of Company's line of credit. As of December 31, 2008, the Company's stock price was \$2.00, which was less than the conversion price of \$18.00. Accordingly, the Company anticipates the Notes will be settled in cash at maturity. Subsequent to year end, the Company negotiated a reduction in principal with the note holders as part of a larger restructuring plan discussed in Note 13. This reduction reduced the outstanding principal by approximately \$3.0 million.

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6. DEBT (continued)

On May 9, 2007, the Company purchased from the officers of the Company all of the vested employee stock options held by them that would otherwise have expired on or before May 9, 2008. Options for a total of 245,000 shares were purchased from five officers (no options were purchased from the CEO). The purchase price was \$16.00 per share, less the exercise price of the options, which ranged from \$6.50 to \$10.00 per share. The \$16.00 price represents a discount of approximately 5% from the May 9, 2007 closing price of \$16.80. The net purchase price was \$1,965,000. The Company paid for the options by delivery of notes bearing interest at 7% per annum and payable in two equal installments on April 10, 2008 and April 10, 2009. At December 31, 2008 and 2007, \$982,000 and \$982,000, respectively, of the notes is classified as current portion of long-term debt to related parties in the accompanying consolidated balance sheets.

NOTES PAYABLE

In conjunction with the Company's acquisition of Footworks in 2005, Wells Fargo Retail Finance issued a \$3,000,000 four-year term loan facility. Monthly payments of \$55,555 were due beginning in March of 2006 with the balance due at the maturity date of the loan, October 2009. The term loan interest charge is Prime plus .5% or LIBOR plus 2.75% (3.75% at December 31, 2008). At December 31, 2008 and 2007, \$1,111,000 and \$667,000 of the term loan facility is classified as current and is included in current portion of long-term debt in the accompanying consolidated balance sheets.

In addition, in conjunction with the acquisition of Footworks, the Company also entered into a \$3,000,000 three-year promissory note with the seller, Bianca of Nevada, Inc. The principal on this note is payable in three annual installments beginning August 31, 2006. The note bears an interest rate of 5.0% and accrued interest is payable quarterly beginning December 2005. At December 31, 2007, \$1,000,000 of the promissory note is classified as current and is included in current portion of long-term debt in the accompanying consolidated balance sheet. The balance of the note was paid in full on August 31, 2008 and no balance remained outstanding as of December 31, 2008.

7. INCOME TAXES

The benefit from income taxes consists of the following:

	<u>YEARS ENDED DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Current:		
Federal	\$ 45,000	\$ (2,919,000)
State	<u>820,000</u>	<u>(539,000)</u>
Total	<u>865,000</u>	<u>(3,458,000)</u>
Deferred:		
Federal	(3,190,000)	1,241,000
State	<u>(887,000)</u>	<u>53,000</u>
Total	<u>(4,077,000)</u>	<u>1,294,000</u>
Less benefit from income tax for discontinued operations (See Note 8.)	<u>924,000</u>	<u>1,315,000</u>
Total benefit from income tax	<u>\$ (2,288,000)</u>	<u>\$ (849,000)</u>

The Company's effective income tax rate differs from the federal statutory rate due to the following:

	<u>YEARS ENDED DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Federal statutory income tax rate	34.0%	34.0%
State taxes, net of federal benefit	4.1	4.3
Valuation allowance	(10.6)	—
Other, net	<u>(3.5)</u>	<u>0.2</u>
Total	<u>24.0%</u>	<u>38.5%</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAXES (continued)

Significant components of the Company's net deferred income tax assets are as follows:

	<u>DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Deferred income tax assets:		
Allowance for doubtful receivables and sales returns.....	\$ 347,000	\$ 252,000
Accrued vacation	197,000	206,000
Inventory uniform capitalization	690,000	864,000
Inventory reserve	786,000	442,000
Tax benefit carryover.....	6,360,000	—
Deferred rent.....	4,128,000	3,157,000
Deferred gain on sale of building	14,000	36,000
Stock-based compensation.....	161,000	123,000
Charitable contribution carryover.....	636,000	662,000
Reserve liabilities	118,000	93,000
Intangible assets.....	<u>100,000</u>	<u>—</u>
Total gross deferred income tax assets	13,537,000	5,835,000
Less valuation allowance.....	<u>1,418,000</u>	<u>—</u>
Total deferred income tax assets.....	<u>12,119,000</u>	<u>5,835,000</u>
Deferred income tax liabilities:		
Depreciation.....	(3,432,000)	(1,142,000)
Intangible assets.....	—	(188,000)
State income taxes	(608,000)	(424,000)
Prepaid expenses.....	<u>(299,000)</u>	<u>(413,000)</u>
Total deferred income tax liabilities	<u>(4,339,000)</u>	<u>(2,167,000)</u>
Deferred income tax asset, net.....	<u>\$ 7,780,000</u>	<u>\$3,668,000</u>

The Company from time to time makes contributions of excess inventory to qualified charities. However, charitable contributions are limited to 10% of taxable income. As such, in recent years, the Company's contribution deduction has exceeded the amount allowed to be deducted on its tax returns. The excess contributions are allowed to be carried forward for up to five future tax years. The Company has provided a valuation allowance in the amount of \$156,000 for the charitable contribution carryover originally created in tax year 2004, which is set to expire in tax year 2009. Such valuation allowance reduces the charitable contribution carryover tax asset to a level which, more likely than not, will be realized.

In addition, the Company provided a valuation allowance of \$1,262,000 to reduce the portion of its deferred tax assets consisting of net operating loss carryforwards to a level which, more likely than not, will be realized.

The remaining balance of the net deferred tax assets should be realized through future operating results, the reversal of taxable temporary differences, and available tax planning strategies.

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7. INCOME TAXES (continued)

Implementation of FIN 48

On January 1, 2007, the Company adopted the provisions of FIN 48 (see Note 1). As a result of adoption, the Company did not record any initial amount for previously unrecognized tax liabilities. As of December 31, 2008 and 2007, the Company did not recognize any additional estimated liability. The Company does not expect the amounts of unrecognized benefits to change significantly in the next 12 months.

Although no adjustments were recorded as of December 31, 2008 and 2007, effective with the adoption of FIN 48, the Company will record any future accrued interest resulting from unrecognized tax benefits as a component of interest expense and accrued penalties resulting from unrecognized tax benefits as a component of income tax expense.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state jurisdictions. The Company's Federal and State income tax returns remain subject to examination for all tax years ended on or after December 31, 2001, with regard to all tax positions and the results reported.

8. DISCONTINUED OPERATIONS

Discontinued operations consist of the Company's Big Dog Sportswear stores which closed on or before December 31, 2008. Due to the continued decline of Big Dogs sales experienced over the past few years, the Company announced its intent to close substantially all of its Big Dog Sportswear retail stores as part of a restructuring plan. As of December 31, 2008, the Company evaluated the planned store closures in accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144") and determined that the planned closure of these stores meet the criteria required to account for the operations as discontinued.

The Company recorded a pre tax charge of \$2,101,000 related, in part, to the closure of 32 stores in 2008. This charge includes \$1,050,000 related to lease termination costs, \$608,000 related to one time benefits to employees who are involuntarily terminated and \$443,000 related to costs to consolidate facilities. Such restructuring and exit costs are included in discontinued operations in the accompanying consolidated statement of operations for the year ended December 31, 2008.

An additional 65 stores are anticipated to close by the end of 2009, when the restructuring plan will be completed. Total costs are expected to be \$2,942,000, of which \$1,050,000 relates to lease termination costs, \$794,000 relates to one time benefits for employees who are involuntarily terminated and \$1,098,000 relates to costs to consolidate facilities.

The following is a reconciliation of the beginning and ending balances of the restructuring liability:

	<u>Lease Termination</u> <u>Costs</u>	<u>Employee</u> <u>Termination</u> <u>Benefits</u>	<u>Facility</u> <u>Consolidation</u> <u>Costs</u>	<u>Total</u> <u>Costs</u>
Balance, Beginning of the Period	\$ -	\$ -	\$ -	\$ -
Additional expense incurred	1,050,000	608,000	442,000	2,100,000
Amounts paid	<u>98,000</u>	<u>183,000</u>	<u>409,000</u>	<u>690,000</u>
Balance, End of Period	<u>\$ 952,000</u>	<u>\$ 425,000</u>	<u>\$ 33,000</u>	<u>\$ 1,410,000</u>

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8. DISCONTINUED OPERATIONS (continued)

Summarized operating results of the discontinued operations for the years ended December 31, 2008 and 2007 were:

	<u>YEARS ENDED DECEMBER 31,</u>	
	<u>2008</u>	<u>2007</u>
Loss before benefit from income taxes	\$ (3,850,000)	\$ (3,416,000)
Benefit from income taxes	<u>(924,000)</u>	<u>(1,315,000)</u>
Loss from discontinued operations, net	<u>\$ (2,926,000)</u>	<u>\$ (2,101,000)</u>

9. COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases retail stores, office buildings and warehouse space under lease agreements that expire through 2019. Future minimum lease payments under noncancelable operating and capital leases are as follows:

<u>YEARS ENDING DECEMBER 31,</u>	<u>Operating Leases</u>	<u>Capital Leases</u>
2009	\$ 30,395,000	\$ 916,000
2010	27,603,000	915,000
2011	25,730,000	230,000
2012	25,143,000	---
2013	23,937,000	---
Thereafter	<u>79,103,000</u>	<u>---</u>
Total minimum obligations	<u>\$211,911,000</u>	2,061,000
Less amount representing interest		<u>242,000</u>
Present value of minimum lease payments		1,819,000
Less current portion		<u>754,000</u>
Long-term portion		<u>\$ 1,065,000</u>

The above amounts do not include contingent rentals based on sales in excess of the stipulated minimum that may be paid under certain leases on retail stores. In addition, certain leases contain future adjustments in rental payments based on changes in a specified inflation index. The effective annual rent expense for the Company is the total rent paid over the term of the lease, amortized on a straight-line basis. The difference between the actual rent paid and the effective rent recognized for financial statement purposes is reported as deferred rent.

Rent expense for 2008 and 2007, totaled \$39,590,000 and \$37,702,000, respectively. Of such rent expense, \$37,750,000 and \$32,906,000 is included in operating expenses in the consolidated statements of operations for the years ended 2008 and 2007, respectively, and includes \$491,000 recorded in 2007 related to the relocation of the Company's distribution center (described below), and contingent rentals of \$636,000 and \$573,000 for 2008 and 2007, respectively.

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9. COMMITMENTS AND CONTINGENCIES (continued)

In addition, \$1,840,000 and \$4,796,000 of rent expense is included in discontinued operations in the consolidated statements of operations for the years ended 2008 and 2007, respectively, and includes lease termination fees of \$1,050,000 recorded in 2008 related to the early closure of certain Big Dog Sportswear stores (described below) and contingent rentals of \$28,000 and \$214,000 for 2008 and 2007, respectively. The cost of equipment under capital leases at December 31, 2008 and 2007 was \$3,044,000 and \$3,044,000, respectively, and accumulated depreciation for such equipment at December 31, 2008 and 2007 was \$718,000 and \$363,000, respectively.

In the first quarter 2007, the Company entered into a \$2,973,000 four-year capital lease agreement to finance equipment purchased for the Company's new distribution center located in North Carolina. The capital lease agreement requires monthly payments of approximately \$75,000 through March 2011 and includes a dollar purchase option at the end of the term. Depreciation expense of equipment purchased under this capital lease is included in selling, marketing and distribution expense in the accompanying consolidated statements of operations.

In January 2007, the Company terminated their lease of a 143,000 square foot facility in Santa Fe Springs, California and as a result paid a \$491,000 termination fee. The Company's distribution center was housed in this facility prior to its relocation to a larger facility in Charlotte, North Carolina. The termination of the lease was recorded in accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". Under SFAS 146, liabilities arising from exit or disposal activities are recognized only when incurred, and measured at their fair value.

In late 2008, the Company obtained early lease termination agreements from substantially all of the remaining landlords for Big Dog Sportswear stores. The Company agreed to pay landlords a total of \$1,050,000 in early termination fees. As of December 31, 2008, the Company had paid \$98,000 in early termination fees. The balance is scheduled to be paid in 2009. (See Note 8).

LITIGATION

From time to time the Company is involved in other pending or threatened litigation incidental to its business. The Company believes that the outcome of such litigation will not have a material adverse impact on its consolidated operations or financial condition.

10. STOCKHOLDERS' EQUITY

COMMON STOCK

The Company is authorized to issue 30,000,000 shares of common stock. As of December 31, 2008 and 2007, the Company had 11,251,594 and 11,187,608 of common stock issued, respectively.

In March 1998, the Board of Directors authorized the repurchase of up to \$10,000,000 of its common stock. The Company has repurchased 1,710,598 shares totaling \$9,446,000 as of December 31, 2008 and 2007.

The Company's credit agreement prohibits the payment of dividends. The Company did not pay a dividend in 2008 and 2007, and does not expect to pay dividends in the future.

PREFERRED STOCK

The Company is authorized to issue 3,000,000 shares of preferred stock. As of December 31, 2008 and 2007, the Company did not have any preferred stock issued or outstanding. Under the Company's Certificate of Incorporation, the Board of Directors is authorized to fix the terms of the preferred stock provided for in such Certificate.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
 (FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. STOCKHOLDERS' EQUITY (continued)

STOCK OPTIONS

In August 1997, the Company adopted the 1997 Performance Award Plan, which was amended in 1998 and again in 2002 to attract, reward and retain officers and employees. The maximum number of shares reserved for issuance under this amended plan is 3,000,000. Awards under this Plan may be in the form of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, performance shares, stock bonuses, or cash bonuses based upon performance.

The fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model. This model incorporates certain assumptions for inputs including a risk-free market interest rate, expected dividend yield of the underlying common stock, expected option life and expected volatility in the market value of the underlying common stock. There were no options granted in the years ended December 31, 2008 and 2007. The Company most recently granted options in the year ended December 31, 2005. Those options were granted with the following assumptions:

Expected volatility	35%
Expected lives	7 yrs.
Risk-free interest rate – high	4.28%
Risk-free interest rate – low	3.95%
Expected dividend yield	none

Expected volatilities are based on the historical volatility of the Company's common stock. The risk free interest rate is based upon quoted market yields for United States Treasury debt securities. The expected dividend yield is zero as the Company is subject to a debt covenant prohibiting the payment of dividends. Expected term is derived from the historical option exercise behavior. Compensation expense related to stock options is recorded net of estimated forfeitures of 10%.

The following table summarizes the stock option activity for 2008:

	Number of Shares	Weighted Average Exercise Price
Outstanding, December 31, 2007	1,424,856	\$ 4.55
Granted	-	\$ -
Exercised	63,986	\$ 4.12
Forfeited	158,609	\$ 3.97
Outstanding, December 31, 2008	1,202,261	\$ 4.65

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. STOCKHOLDERS' EQUITY (continued)

The following table summarizes information about stock options outstanding at December 31, 2008:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	OPTIONS OUT-STANDING	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS EXERCIS-ABLE	WEIGHTED-AVERAGE EXERCISE PRICE
\$2.90 - 3.60	294,245	4.6 years	\$ 3.46	258,345	\$ 3.45
4.00 - 4.85	572,916	2.5 years	4.28	569,616	4.28
5.00 - 7.00	310,100	5.3 years	6.13	273,350	6.19
8.00	12,500	2.1 years	8.00	12,500	8.00
10.00 - 12.00	<u>12,500</u>	2.1 years	10.00	<u>12,500</u>	10.00
2.90 - 12.00	<u>1,202,261</u>	3.7 years	4.65	<u>1,126,311</u>	4.66

11. EMPLOYEE BENEFIT PLAN

The Company has a Retirement Savings Plan (the "Plan"), a defined contribution plan adopted pursuant to Section 401(k) of the Internal Revenue Code. The Plan is available to substantially all of the Company's employees. The Company amended the Plan in November 2000 to match each dollar deferred up to 3% of compensation, which is limited to \$1,000 annually, per participant. Participants vest in the Company's contribution at varying rates of 0% to 20% per year over six years. The Company contributed approximately \$321,000 and \$278,000 in 2008 and 2007, respectively.

12. RELATED PARTY TRANSACTIONS

On April 3, 2007, the Company entered into a Convertible Note Purchase Agreement with certain purchasers, including some officers of the Company, pursuant to which the Company issued and sold \$18,500,000 of 8.375% Convertible Notes due March 31, 2012, interest payable quarterly, of which \$3,000,000 of the Notes were sold to management, and \$7,075,000 of the Notes were sold to entities which are controlled by a principal shareholder in the Company. The Notes are convertible into fully paid and nonassessable shares of the Company's common stock to an aggregate of up to 1,027,777 shares at any time after the issuance date, at an initial conversion price of \$18.00 per share. As of December 31, 2008, the Company's stock price was \$2.00, which was less than the conversion price of \$18.00. Accordingly, the Company anticipates the Notes will be settled in cash at maturity. See Note 6, Debt.

On May 9, 2007, the Company purchased from the officers of the Company all of the vested employee stock options held by them that would otherwise have expired on or before May 9, 2008. Options for a total of 245,000 shares were purchased from five officers (no options were purchased from the CEO). The purchase price was \$16.00 per share, less the exercise price of the options, which ranged from \$6.50 to \$10.00 per share. The \$16.00 price represents a discount of approximately 5% from the May 9, 2007 closing price of \$16.80. The net purchase price was \$1,965,000. The Company paid for the options by delivery of notes bearing interest at 7% per annum and payable in two equal installments on April 10, 2008 and April 10, 2009. See Note 6, Debt.

Two of the Company's stockholders and directors have ownership interests in two former merchandise vendors to the Company. Merchandise inventory purchased from these related vendors totaled \$35,000 in 2007. No merchandise was purchased from related vendors in 2008.

THE WALKING COMPANY HOLDINGS, INC. AND SUBSIDIARIES
(FKA BIG DOG HOLDINGS, INC. AND SUBSIDIARIES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS (continued)

In the normal course of business, one of the Company's officers pays for certain operating expenses which are reimbursed by the Company. At December 31, 2008 and 2007, the related outstanding payable was \$10,000 and \$63,000, respectively.

From time to time, the Company rents a plane for its own corporate travel use from a company where a majority stockholder and director is also the majority owner of the Company. The Company has no obligation to use such plane for any minimum amount, and to the extent it does use it, the Company pays for such use on terms at least as favorable to the Company as could be obtained from an independent third party. Costs associated with the use of such plane totaled \$204,000 and \$268,000 for the years ended December 31, 2008 and 2007, respectively.

13. SUBSEQUENT EVENTS

On March 23, 2009, the Company announced a comprehensive financial restructuring plan. This plan includes staffing reductions, across the board salary reductions, a \$3.0 million principal reduction and payment in kind interest payments for up to two years with respect to certain outstanding debt obligations, and rent reductions. In addition, in order to reduce costs, the Company has filed for de-listing of its stock from NASDAQ. Annually, these changes and others are expected to result in upward of \$10 million in cost savings and \$15 million in improved cash flow. In addition, the plan includes the agreement with the Company's lender to increase the availability under the Company's line of credit by \$4.0 million as a result of certain guarantees provided by the controlling shareholders. The amounts as presented may be based on management estimates and may be subject to change.

THE WALKING COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30,	
	2009	2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 526,000	\$ 536,000
Receivables, net	1,367,000	5,098,000
Inventories, net	49,657,000	75,028,000
Prepaid expenses and other current assets	948,000	1,600,000
Deferred income taxes	3,083,000	2,081,000
Total current assets	55,581,000	84,343,000
PROPERTY AND EQUIPMENT, Net	35,094,000	38,817,000
INTANGIBLE ASSETS, Net	2,924,000	3,361,000
GOODWILL	5,296,000	6,296,000
DEFERRED INCOME TAXES	10,870,000	8,000,000
OTHER ASSETS	327,000	388,000
TOTAL	\$ 110,092,000	\$ 141,205,000
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	\$ 30,080,000	\$ 38,580,000
Current portion of long-term debt	2,402,000	2,385,000
Accounts payable	12,305,000	24,115,000
Accrued expenses and other current liabilities	7,255,000	7,539,000
Total current liabilities	52,042,000	72,619,000
LONG-TERM CONVERTIBLE DEBT	18,465,000	17,549,000
NOTES PAYABLE	1,700,000	2,313,000
CAPITAL LEASE OBLIGATIONS	667,000	1,262,000
DEFERRED RENT AND LEASE INCENTIVES	11,591,000	10,393,000
DEFERRED GAIN ON SALE-LEASEBACK	-	50,000
Total liabilities	84,465,000	104,186,000
STOCKHOLDERS' EQUITY	25,627,000	37,019,000
TOTAL	\$ 110,092,000	\$ 141,205,000

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Walking Company Pro Forma Income Statement - 179 Stores

179
 Annual Projected Internet Sales (TWC) 12,000
 Annual Projected Internet (Big Dog) 1,500

Year Ending 2010:

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
Sales (Retail Stores)	10,765	9,928	11,551	11,718	12,556	11,133	10,800	11,371	12,596	15,653	17,344	22,217	158,733
Cost of Sales	840	480	600	600	500	600	600	480	840	1,200	2,160	3,000	12,000
Gross Profit	10,925	9,448	10,951	11,118	12,056	10,533	10,200	10,891	11,756	14,453	15,184	19,217	146,733
Operating Expenses	11,710	10,468	12,226	12,393	13,331	11,808	11,475	11,911	13,541	18,003	19,774	25,592	172,233
Depreciation and Amortization	5,949	5,087	5,856	6,073	6,599	5,211	5,047	5,670	6,920	8,299	10,164	13,461	86,336
SG&A	5,761	5,381	6,370	6,321	6,732	5,597	5,428	6,242	6,622	9,704	9,610	12,131	85,897
SG&A %	49.2%	51.4%	52.1%	51.0%	50.5%	47.4%	47.3%	52.4%	48.9%	53.9%	48.6%	47.4%	49.9%
SG&A % of Sales	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	2,074	24,887
SG&A % of Sales	1,489	1,374	1,805	1,624	1,746	1,534	1,482	1,551	1,713	1,902	2,142	2,755	20,918
SG&A % of Sales	1,050	1,064	1,103	1,051	1,090	1,023	1,102	1,133	1,125	1,345	1,240	1,315	13,642
SG&A % of Sales	4,613	4,512	4,782	4,749	4,910	4,632	4,659	4,758	4,912	5,321	5,457	6,143	59,447
SG&A % of Sales	199	133	171	159	159	164	133	133	194	274	483	685	2,910
SG&A % of Sales	950	736	1,417	1,413	1,864	801	613	1,350	1,516	4,109	3,671	5,302	23,540
SG&A % of Sales	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	1,214	14,563
SG&A % of Sales	6,025	5,859	6,167	6,122	6,282	6,009	6,028	6,105	6,320	6,808	7,153	8,042	78,920
SG&A % of Sales	(2,264)	(2,178)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)	(2,933)
SG&A % of Sales	462	462	462	462	462	462	462	462	462	462	462	462	5,544
SG&A % of Sales	(726)	(940)	(259)	(283)	(12)	(874)	(1,063)	(326)	(160)	2,433	1,955	3,627	3,432
SG&A % of Sales	1,100	1,114	1,122	1,122	(12)	(874)	(1,063)	(326)	(160)	2,433	1,955	3,627	3,432
SG&A % of Sales	(1,826)	(2,054)	(1,381)	3,695	(12)	(874)	(1,063)	(326)	(160)	2,433	1,955	3,627	4,054
SG&A % of Sales	285	286	285	284	262	274	300	309	296	270	213	175	3,220
SG&A % of Sales	(2,111)	(2,340)	(1,667)	3,431	(274)	(1,148)	(1,363)	(635)	(456)	2,163	1,782	3,452	834
SG&A % of Sales	(760)	(843)	(600)	1,235	(99)	(473)	(491)	(229)	(164)	779	642	1,243	300
SG&A % of Sales	(1,351)	(1,498)	(1,067)	2,196	(176)	(735)	(872)	(406)	(292)	1,385	1,140	2,208	533
SG&A % of Sales	598	317	93	-	1,108	-	-	-	-	-	-	-	-
SG&A % of Sales	698	317	93	-	1,108	-	-	-	-	-	-	-	-
SG&A % of Sales	377	171	50	-	598	-	-	-	-	-	-	-	-
SG&A % of Sales	321	146	43	-	510	-	-	-	-	-	-	-	-
SG&A % of Sales	296	135	40	-	471	-	-	-	-	-	-	-	-
SG&A % of Sales	25	11	3	-	39	-	-	-	-	-	-	-	-
SG&A % of Sales	500	500	500	-	1,500	-	-	-	-	-	-	-	-
SG&A % of Sales	625	625	625	-	1,875	-	-	-	-	-	-	-	-
SG&A % of Sales	(1,100)	(1,114)	(1,122)	(625)	(3,961)	-	-	-	-	-	-	-	-
SG&A % of Sales	402	162	53	-	637	-	-	-	-	-	-	-	-

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
SG&A % of Sales	598	317	93	-	1,108	-	-	-	-	-	-	-	-
SG&A % of Sales	698	317	93	-	1,108	-	-	-	-	-	-	-	-
SG&A % of Sales	377	171	50	-	598	-	-	-	-	-	-	-	-
SG&A % of Sales	321	146	43	-	510	-	-	-	-	-	-	-	-
SG&A % of Sales	296	135	40	-	471	-	-	-	-	-	-	-	-
SG&A % of Sales	25	11	3	-	39	-	-	-	-	-	-	-	-
SG&A % of Sales	500	500	500	-	1,500	-	-	-	-	-	-	-	-
SG&A % of Sales	625	625	625	-	1,875	-	-	-	-	-	-	-	-
SG&A % of Sales	(1,100)	(1,114)	(1,122)	(625)	(3,961)	-	-	-	-	-	-	-	-
SG&A % of Sales	402	162	53	-	637	-	-	-	-	-	-	-	-

SG&A % of Sales (rent reductions for 64 C stores; avg reduction per store is \$5K)

SG&A % of Sales	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 2,344	\$ 28,127
SG&A % of Sales	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 2,074	\$ 24,887
SG&A % of Sales	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 270	\$ 3,240

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The Walking Company Pro Forma Balance Sheets - 179 Stores

	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Assets:													
Cash	300	300	300	300	300	300	300	300	300	300	300	300	300
Accounts Receivables	400	400	400	500	500	500	500	600	600	700	700	700	400
Prepaid Expenses	650	650	650	650	650	650	650	650	650	650	650	650	650
Inventory	40,042	38,486	38,159	37,431	38,073	38,087	36,918	38,528	41,332	44,804	44,769	41,781	35,289
Deferred Tax Assets	18,000	18,760	19,602	20,203	18,987	19,066	19,480	19,970	20,199	20,363	19,584	18,942	17,700
Total Current Assets	59,392	58,576	59,111	59,083	58,490	58,603	57,948	60,049	63,080	66,816	66,003	62,374	54,339
Net Fixed Assets:	28,029	27,650	27,271	26,892	26,513	26,134	25,755	25,376	24,997	24,618	24,239	23,860	23,481
Deposits	250	250	250	250	250	250	250	250	250	250	250	250	250
Intangibles & Goodwill	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets:	87,671	86,476	86,632	86,225	85,253	84,987	83,953	85,675	88,327	91,684	90,492	86,484	78,070
Liabilities:													
Accounts Payable	5,700	7,300	5,200	5,700	6,000	7,200	6,900	5,000	7,500	8,900	10,300	9,100	7,000
Accrued Liabilities	3,300	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Prepetition Liabilities	7,500	7,500	7,500	7,500	-	-	-	-	-	-	-	-	-
Capital Leases-Current Portion	800	800	800	800	800	800	800	800	800	800	800	800	800
Customer Deposits	950	900	900	900	900	900	900	900	900	900	900	900	900
Total Current Liabilities	18,250	20,500	18,400	18,900	11,700	12,900	12,600	10,700	13,200	14,600	16,000	14,800	12,700
Line of Credit	17,116	14,921	18,584	18,639	15,252	13,855	13,755	18,121	18,506	20,584	16,430	12,307	3,607
Prepetition Unsecured Note	2,683	2,683	2,683	2,683	-	-	-	-	-	-	-	-	-
Convertible Bond-LT	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500
Convertible Bond-PIK	1,162	1,299	1,423	1,561	1,897	1,837	1,973	2,117	2,261	2,400	2,547	2,689	2,836
Less: Bond Debt Issuance	(607)	(561)	(538)	(515)	(492)	(469)	(446)	(423)	(400)	(377)	(354)	(331)	(308)
Capital Leases	462	371	307	243	178	113	47	-	-	-	-	-	-
Capitalized Rent	5,244	5,275	5,306	5,337	5,368	5,399	5,430	5,461	5,492	5,523	5,554	5,585	5,616
Deferred Rent-PI Allowance	4,862	4,839	4,816	4,793	4,770	4,747	4,724	4,701	4,678	4,655	4,632	4,609	4,586
Total Long Term Liabilities	49,421	47,327	51,081	51,241	45,273	43,982	43,983	48,477	49,036	51,285	47,308	43,359	34,837
Total Liabilities:	67,671	67,827	69,481	70,141	56,973	56,882	56,583	59,177	62,236	65,885	63,308	58,159	47,537
Stockholders Equity:													
Stockholders Equity	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
New Capital	-	-	-	-	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Retained Earnings	(1,351)	(2,849)	(3,916)	(3,916)	(1,720)	(1,995)	(2,630)	(3,503)	(3,909)	(4,201)	(2,816)	(1,676)	533
Total Stockholders Equity:	20,000	18,649	17,151	16,084	28,280	28,105	27,370	26,497	26,091	25,799	27,184	28,324	30,533
Total Liabilities & Stockholders Equity:	87,671	86,476	86,632	86,225	85,253	84,987	83,953	85,675	88,327	91,684	90,492	86,484	78,070
Wells Fargo Credit Line	17,116	14,921	18,584	18,639	15,252	13,855	13,755	18,121	18,506	20,584	16,430	12,307	3,607
Average Eligible Inventory @ 60%	24,025	23,080	22,895	22,458	22,844	22,852	22,151	23,117	24,799	26,882	26,862	25,069	21,174
Excess Availability	6,910	8,159	4,311	3,819	7,591	8,997	8,396	4,996	6,293	6,298	10,432	12,761	17,567

Notes:
See notes from 125 model; all balances adjusted to assume 179 stores

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The Walking Company Pro Forma Cash Flow Statement - 179 Stores

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES:													
Net income (Loss)	(1,351)	(1,498)	(1,067)	2,196	(176)	(735)	(872)	(406)	(292)	1,385	1,140	2,209	533
Adjustments to reconcile net income (loss) to net cash used on operations:													
Depreciation and Amortization	462	462	462	462	462	462	462	462	462	462	462	462	5,544
Amortization of debt issuance cost	46	23	23	23	23	23	23	23	23	23	23	23	299
Gain on debt forgiveness	-	-	-	(4,863)	-	-	-	-	-	-	-	-	(4,863)
Deferred Income Taxes	(760)	(843)	(600)	1,235	(98)	(413)	(491)	(229)	(164)	779	642	1,243	300
Changes in operating assets and liabilities:													
Receivables	-	-	(100)	-	-	(100)	-	-	(100)	-	-	300	-
Inventories	1,576	308	728	(642)	(14)	1,169	(1,610)	(2,803)	(3,472)	34	2,988	6,492	4,753
Prepaid expenses and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Accounts payable	1,600	(2,100)	500	300	1,200	(300)	(1,300)	2,500	1,400	1,400	(1,200)	(2,100)	1,300
Accrued expenses and other current liabilities	650	-	-	-	-	-	-	-	-	-	-	-	650
Deferred rent and lease incentives	B	B	B	B	B	B	B	B	B	B	B	B	96
Net cash from operating activities	2,231	(3,640)	(46)	(1,601)	1,405	113	(4,380)	(445)	(2,135)	4,091	4,063	8,637	8,893
CASH FLOW USED IN INVESTING ACTIVITIES:													
Capital expenditures	(83)	(93)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(996)
Capital investment (\$10MM), net of debt repayment (\$5.6MM)	-	-	-	4,400	-	-	-	-	-	-	-	-	4,400
Proceeds from the sales of PP&E	-	-	-	-	-	-	-	-	-	-	-	-	-
Net cash from investing activities	(83)	(93)	(83)	4,317	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	3,404
CASH FLOW FROM FINANCING ACTIVITIES:													
Net (payments) borrowing under line of credit agreements	(2,194)	3,663	55	(3,387)	(1,397)	(100)	4,366	384	2,079	(4,154)	(4,122)	(8,701)	(13,509)
Payment in kind on convertible debt	137	124	137	136	141	136	144	144	139	147	142	147	1,674
Repayment of capital lease obligations (long term)	(91)	(64)	(64)	(65)	(65)	(66)	(47)	-	-	-	-	-	(462)
Net cash from financing activities	(2,148)	3,723	129	(3,316)	(1,322)	(30)	4,453	528	2,218	(4,008)	(3,980)	(8,554)	(12,297)
NET INCREASE (DECREASE) IN CASH	(0)	0	0	0	(0)	(0)	-	-	0	-	-	-	(0)
CASH, BEGINNING OF PERIOD	300	300	300	300	300	300	300	300	300	300	300	300	300
CASH, END OF PERIOD	300	300	300	300	300	300	300	300	300	300	300	300	300

Liquidation and Bankruptcy expenses	1,100	1,114	1,122	625	3,961
Assumed payment of Priority Claims	-	-	-	4,500	4,500
Assumed payment of Unsecured Claims	-	-	-	1,100	1,100
TOTAL	1,100	1,114	1,122	6,225	9,561

Total payments

Notes:
 Unsecured notes 2,683
 Pre-bankruptcy rejected rents not paid and other 3,000
 12 months rent for rejected leases 4,400
TOTAL 10,083
 Payment of debt 5,600
 Accrued debt 10,183
 Forgiveness of debt 4,583
 Tax effected at 36% 1,650
Net gain 2,933

11/5/09 DRAFT

The Walking Company Pro Forma Income Statement - 54 C Stores

Year Ending 2010:	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
Sales (Retail Stores)	2,172	2,020	2,402	2,488	2,623	2,343	2,245	2,355	2,522	3,474	3,653	4,781	33,097
Sales (TWC Internet)	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales (Big Dog Internet)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	2,172	2,020	2,402	2,488	2,623	2,343	2,245	2,355	2,522	3,474	3,653	4,781	33,097
Total Sales w/ YoY change	0.00%												100.0%
Cost of sales	1,103	982	1,150	1,209	1,299	1,232	1,183	1,121	1,289	1,601	1,898	2,515	16,582
Gross profit	1,068	1,038	1,251	1,289	1,325	1,111	1,062	1,234	1,233	1,872	1,755	2,266	16,514
Gross profit %	49.2%	51.4%	52.1%	51.0%	50.5%	47.4%	47.3%	52.4%	48.9%	53.9%	48.5%	47.4%	49.9%
Store Occupancy	696	696	696	696	696	696	696	696	696	696	696	696	8,352
Store Payroll	347	322	384	393	417	371	357	374	399	448	517	665	4,994
Store Other	281	266	315	273	291	267	311	268	283	346	307	321	3,510
Total Store Expenses	1,304	1,285	1,394	1,362	1,404	1,334	1,364	1,338	1,378	1,490	1,520	1,682	16,856
Total Store Contribution	(235)	(246)	(143)	(104)	(80)	(224)	(302)	(104)	(145)	382	275	584	(342)
Total Store Contribution w/ Rent Reductions	35	24	127	166	190	46	(32)	166	125	652	545	854	2,898
													8.8%

DRAFT 11/6/2009

The Walking Company Pro Forma Income Statement - 125 Stores
Annual projected internet sales \$ 12,000

Year Ending 2010:	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
Sales (Retail Stores) (a)	\$ 8,594	\$ 7,908	\$ 9,149	\$ 9,250	\$ 10,033	\$ 8,790	\$ 8,654	\$ 9,017	\$ 10,074	\$ 13,179	\$ 13,651	\$ 17,438	\$ 125,687
Sales (Internet) (b)	840	480	600	600	600	600	600	480	840	1,200	2,160	3,000	12,000
Sales (Big Dog Internet) (f)	90	110	150	115	130	130	105	110	75	100	150	250	1,500
Total Sales	9,524	8,498	9,899	9,965	10,748	9,520	9,259	9,607	10,989	14,479	15,961	20,688	139,137
Total Sales w YoY change	0.0%												
Cost of sales	4,838	4,130	4,742	4,883	5,320	5,008	4,880	4,573	5,616	6,675	8,204	10,881	69,749
Gross profit ©	4,686	4,368	5,157	5,082	5,428	4,513	4,380	5,034	5,374	7,804	7,757	9,807	69,388
Gross profit %	49.2%	51.4%	52.1%	51.0%	50.5%	47.4%	47.3%	52.4%	48.9%	53.9%	48.6%	47.4%	49.9%
Store Occupancy (d)	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	1,648	19,775
Store Payroll (e)	1,142	1,052	1,221	1,231	1,328	1,163	1,126	1,178	1,314	1,454	1,626	2,090	15,924
Store Other (e)	789	797	789	778	789	756	791	865	842	999	933	993	10,132
Total Store Expenses	3,579	3,497	3,658	3,657	3,775	3,667	3,565	3,691	3,804	4,101	4,206	4,731	45,831
Internet and Mail Order Expenses (f)	199	133	171	159	169	164	156	133	194	274	483	685	2,912
Total Store and Internet Contribution	908	737	1,329	1,267	1,393	781	659	210	376	350	3,067	4,389	20,646
Corporate Overhead	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	12,660
Total Operating expenses	4,833	4,666	4,884	4,871	4,989	4,786	4,775	4,879	5,053	5,430	5,745	6,472	61,402
EBITDA	4,687	4,338	5,157	5,082	5,428	4,513	4,380	5,034	5,374	7,804	7,757	9,807	69,388
Depreciation and amortization	332	332	332	332	332	332	332	332	332	332	332	332	3,984
EBIT before non recurring expenses	(479)	(650)	(58)	(120)	106	(606)	(726)	(177)	(11)	2,043	1,680	3,002	4,002
Debt forgiveness				(4,433)									(4,433)
Store closing and inventory liquidation and other	1,094	1,115	1,100	625									3,934
EBIT after non recurring expenses	(1,572)	(1,765)	(1,159)	3,688	108	(606)	(726)	(177)	(11)	2,043	1,680	3,002	4,501
Interest expense (g)	281	259	273	252	233	230	241	248	257	266	238	189	2,967
Pre-tax income (loss)	(1,853)	(2,024)	(1,432)	3,436	(127)	(836)	(969)	(425)	(268)	1,777	1,442	2,813	1,534
Provision (benefit) for taxes*	(687)	(729)	(516)	1,237	(46)	(301)	(349)	(153)	(96)	640	519	1,013	552
Net income (loss) (h)	(1,166)	(1,295)	(917)	2,199	(81)	(535)	(620)	(272)	(171)	1,137	923	1,800	981

- Notes:
- (a) Sales are for 125 retail stores
 - (b) Internet sales held constant at \$12MM
 - (c) Gross margin is same as last year
 - (d) Assumes no rent relief on 125 stores
 - (e) Assumes no cost reductions
 - (f) Expenses have been increased to reflect revenue increase
 - (g) Interest expense is assumed 8% for line of credit
 - (h) Included herein are estimated store closure, inventory liquidation, severance and bankruptcy costs. See table below
 - (i) Big Dog internet revenue of \$1.5MM; assumed contribution of \$240K

Equity/Debt Costs	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
Total Sales	900	2,464	1,396	523	-	4,383	5,283							
Cost of Sales	486	1,331	754	282	-	2,367	2,853							
Gross Margin	414	1,133	642	241	-	2,016	2,430							
Operating Expenses	414	1,102	632	216	-	1,950	1,950							
Income from store closures and liquidations		31	10	25	-	66	480							
Overhead and severance costs		500	500	500	-	1,500	1,500							
Bankruptcy costs		625	625	625	-	1,875	1,875							
TOTAL NONRECURRING TYPE EXPENSES	414	(1,094)	(1,115)	(1,100)	(625)	(3,934)	(3,520)							
Cash from store closures & liquidation	900	1,362	764	307	-	2,433	3,333							

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The Walking Company Pro Forma Balance Sheets - 125 Stores

Balance Sheet	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Assets:													
Cash	300	300	300	300	300	300	300	300	300	300	300	300	300
Accounts Receivables	400	400	400	500	500	500	600	600	600	700	700	700	400
Prepaid Expenses	650	650	650	650	650	650	650	650	650	650	650	650	650
Inventory (h)	39,835	36,928	36,332	33,965	34,181	33,738	33,017	34,926	37,141	40,095	39,252	35,031	29,257
Deferred Tax Assets*	18,000	18,667	19,396	19,911	18,674	18,720	19,021	19,370	19,523	19,619	18,980	18,461	17,448
Total Current Assets	59,185	56,945	57,077	55,926	54,305	53,998	53,588	55,846	58,214	61,364	59,882	55,142	48,055
Net Fixed Assets (g)	19,687	19,438	19,189	18,940	18,691	18,442	18,193	17,944	17,695	17,446	17,197	16,948	16,699
Deposits	250	250	250	250	250	250	250	250	250	250	250	250	250
Intangibles* and Goodwill*													
Total Assets:	79,122	76,633	76,516	74,516	73,246	72,600	72,031	74,040	76,159	79,060	77,329	72,340	65,004
Liabilities:													
Accounts Payable (a)	4,500	4,400	5,400	3,900	5,800	5,500	4,400	6,800	7,300	8,700	6,800	5,200	4,000
Accrued Liabilities (b)	3,300	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Prepetition liabilities* (c)	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500
Capital Leases-Current Portion	800	800	800	800	800	800	800	780	712	644	575	506	436
Customer Deposits (d)	950	900	900	900	900	900	900	900	900	900	900	900	900
Total Current Liabilities	17,050	17,600	18,600	17,100	11,500	11,200	10,100	12,480	12,912	14,244	12,276	10,606	9,336
WFCR Line of Credit (h)	17,156	15,206	15,294	15,608	10,322	9,953	10,920	11,043	12,830	14,402	13,326	8,913	871
Prepetition Unsecured Note*	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683	2,683
Convertible Bond-LT	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500	18,500
Convertible Bond-PIK through 3/11	1,162	1,299	1,423	1,561	1,697	1,837	1,973	2,117	2,261	2,400	2,547	2,689	2,836
Less: Bond Debt Issuance	(607)	(561)	(538)	(515)	(492)	(469)	(446)	(423)	(400)	(377)	(354)	(331)	(308)
Capital Leases	462	371	307	243	178	113	47	113	113	113	113	113	113
Capitalized Rent (f)	3,444	3,481	3,518	3,555	3,592	3,629	3,666	3,703	3,740	3,777	3,814	3,851	3,888
Deferred Rent-TI Allowance (f)	2,272	2,241	2,210	2,179	2,148	2,117	2,086	2,055	2,024	1,993	1,962	1,931	1,900
Total Long Term Liabilities	45,072	43,219	43,398	43,814	35,945	35,879	36,746	36,935	38,954	40,695	39,795	35,553	27,687
Total Liabilities:	62,122	60,819	61,998	60,914	47,445	46,879	45,846	49,475	51,867	54,939	52,070	46,159	37,022
Stockholders Equity:													
Stockholders Equity*	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000
New Capital		(1,186)	(2,481)	(3,396)	(1,199)	(1,280)	(1,815)	(2,435)	(2,708)	(2,879)	(1,742)	(619)	961
Retained Earnings	17,000	15,814	14,519	13,602	25,801	25,720	25,185	24,565	24,292	24,121	25,258	26,161	27,981
Total Stockholders Equity:	34,000	31,628	29,038	33,206	41,601	41,440	41,390	39,090	38,484	38,099	41,516	42,502	45,962
Total Liabilities & Stockholders Equity:	79,122	76,633	76,516	74,516	73,246	72,600	72,031	74,040	76,159	79,060	77,329	72,340	65,004
Wells Fargo Credit Line	17,156	15,206	15,294	15,608	10,322	9,953	10,920	11,043	12,830	14,402	13,326	8,913	871
Average Eligible Inventory @ 60%	23,901	22,157	21,799	20,379	20,508	20,243	19,810	20,955	22,285	24,057	23,551	21,019	17,554
Excess Availability	6,745	5,951	6,505	4,771	10,186	10,290	8,890	9,912	9,455	9,655	10,225	12,106	16,683

Notes:
 * subject to review by auditors and "fresh start" after filing.
 (a) Accounts payable assumes 30 day terms from the trade
 (b) Accrued liabilities is comprised of sales tax, payroll and health accrual, and sales return allowance
 (c) Prepetition liabilities includes some liabilities which will become priority claims (e.g. rents)
 (d) Customer deposits is comprised mainly of unused gift cards
 (e) Prepetition unsecured notes include \$1.7MM Natural comfort and \$983K stock option notes
 (f) Capital rent and deferred rent liabilities amount with change based on the number of stores closed
 (g) Fixed assets have been reduced to reflect reduction in store count to 125 stores
 (h) Line of credit and inventory balances have been adjusted to assume a Nov/Dec 2009 sales plan of ~ 0% comp sales increase

DRAFT 11/6/2009

The Walking Company Pro Forma Cash Flow Statements - 125 Stores

CASH FLOWS FROM OPERATING ACTIVITIES:

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	TOTAL
Net Income (Loss)	(1,186)	(1,295)	(917)	2,199	(81)	(535)	(620)	(272)	(171)	1,137	923	1,800	981
Adjustments to reconcile net income (loss) to net cash used on operations:													
Depreciation and Amortization	332	332	332	332	332	332	332	332	332	332	332	332	3,984
Amortization of debt issuance cost	46	23	23	23	23	23	23	23	23	23	23	23	299
Gain on debt forgiveness	(667)	(729)	(516)	(4,433)	(46)	(301)	(349)	(153)	(96)	640	519	1,013	(4,433)
Deferred Income Taxes				1,237									552
Changes in operating assets and liabilities:													
Receivables			(100)			(100)			(100)			300	
Inventories	2,907	597	2,367	(216)	443	720	(1,909)	(2,216)	(2,953)	843	4,221	5,774	10,578
Prepaid expenses and other assets													
Accounts payable	(100)	1,000	(1,500)	1,900	(300)	(1,100)	2,400	500	1,400	(1,900)	(1,600)	(1,200)	(500)
Accrued expenses and other current liabilities	650						(20)	(67)	(88)	(89)	(70)	(70)	286
Deferred rent and lease incentives	6	6	6	6	6	6	6	6	6	6	6	6	72
Net cash used in operating activities	1,987	(66)	(304)	1,048	378	(954)	(137)	(1,847)	(1,628)	1,012	4,354	7,978	11,819

CASH FLOW USED IN INVESTING ACTIVITIES:

Capital expenditures	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	(996)
Capital investment (\$10MM), net of debt repayment (\$5.75M)				4,250									4,250
Proceeds from the sales of PP&E													
Net cash used in investing activities	(83)	(83)	(83)	4,167	(93)	(83)	(83)	(83)	(83)	(83)	(83)	(83)	3,254

CASH FLOW FROM FINANCING ACTIVITIES:

Net (payments) borrowing under line of credit agreements	(1,950)	89	314	(5,286)	(370)	968	123	1,787	1,572	(1,076)	(4,413)	(8,042)	(16,286)
Payment in kind on convertible debt	137	124	137	136	141	136	144	144	139	147	142	147	1,674
Repayment of capital lease obligations (long term)	(91)	(63)	(64)	(65)	(65)	(66)	(47)						(462)
Net cash provided by financing activities	(1,904)	149	387	(5,215)	(295)	1,037	220	1,930	1,711	(929)	(4,271)	(7,895)	(15,073)

NET INCREASE (DECREASE) IN CASH

CASH, BEGINNING OF PERIOD	300	300	300	300	300	300	300	300	300	300	300	300	300
CASH, END OF PERIOD	300	300	300	300	300	300	300	300	300	300	300	300	300

Liquidation and Bankruptcy expenses	1,094	1,115	1,100	625	3,934								
Assumed payment of Priority Claims				3,750	3,750								
Assumed payment of Unsecured Claims				2,000	2,000								
TOTAL	1,094	1,115	1,100	6,375	9,684								
													total payments

Notes:

Unsecured notes
Pre-bankruptcy rejected rents not paid and other
12 months rent for rejected leases
TOTAL

Payment of debt
Accrued debt
Forgiveness of debt *UNRECORDED*
Tax effected at 36%
Net gain

11/5/09 DKM

The Walking Company Pro Forma Income Statement - 54 C Stores

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
Year Ending 2010:													
Sales (Retail Stores)	2,172	2,020	2,402	2,468	2,623	2,343	2,245	2,355	2,522	3,474	3,693	4,781	33,097
Sales (TWC Internet)	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales (Big Dog Internet)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	2,172	2,020	2,402	2,468	2,623	2,343	2,245	2,355	2,522	3,474	3,693	4,781	33,097
Total Sales w/ YoY change	0.00%												100.0%
Cost of sales	1,103	982	1,150	1,209	1,299	1,232	1,183	1,121	1,289	1,601	1,898	2,515	16,582
Gross profit	1,068	1,038	1,251	1,259	1,325	1,111	1,062	1,234	1,233	1,872	1,795	2,266	16,514
Gross profit %	49.2%	51.4%	52.1%	51.0%	50.5%	47.4%	47.3%	52.4%	48.9%	53.9%	48.6%	47.4%	49.9%
Store Occupancy	696	696	696	696	696	696	696	696	696	696	696	696	8,352
Store Payroll	347	322	384	393	417	371	357	374	399	448	517	665	4,994
Store Other	261	266	315	273	291	267	311	268	283	346	307	321	3,510
Total Store Expenses	1,304	1,285	1,394	1,362	1,404	1,334	1,364	1,338	1,378	1,490	1,520	1,682	16,856
Total Store Contribution	(235)	(246)	(143)	(104)	(80)	(224)	(302)	(104)	(145)	382	275	584	(342)
Total Store Contribution w/ Rent Reductions	35	24	127	166	190	46	(32)	166	125	652	545	854	2,898
													8.8%

11/5/09 Draft

The Walking Company Store Contribution Statement - 36 D Stores

Year Ending 2010:

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	2010 Total
Sales (Retail Stores)	1,188	1,060	1,257	1,198	1,241	1,075	1,065	1,010	1,066	1,425	1,467	1,922	14,973
Sales (TWC Internet)	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales (Big Dog Internet)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Sales	1,188	1,060	1,257	1,198	1,241	1,075	1,065	1,010	1,066	1,425	1,467	1,922	14,973
Total Sales w/ YoY change	0.00%												100.0%
Cost of sales	603	515	602	587	614	565	561	481	545	657	754	1,011	7,496
Gross profit	584	545	655	611	627	510	504	529	521	768	713	911	7,477
Gross profit %	49.2%	51.4%	52.1%	51.0%	50.5%	47.4%	47.3%	52.4%	48.9%	53.9%	48.6%	47.4%	49.9%
Store Occupancy	370	370	370	370	370	370	370	370	370	370	370	370	4,436
Store Payroll	257	233	275	259	271	232	230	216	224	257	284	374	3,112
Store Other	167	169	174	172	177	173	169	189	178	188	165	165	2,066
Total Store Expenses	794	772	819	800	817	775	768	775	772	824	819	908	9,645
Internet and Mail Order Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Store and Internet Contribution	(210)	(227)	(164)	(190)	(190)	(265)	(264)	(248)	(251)	(57)	(106)	3	(2,168)
													-14.5%

THE WALKING COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 599,278	\$ 1,626,122
Receivables, net	2,035,918	2,907,618
Other receivable, income taxes	-	247,931
Inventories	46,636,761	52,479,725
Prepaid expenses and other current assets	368,568	1,135,890
Deferred income taxes	3,083,234	2,842,933
Total current assets	52,723,759	61,240,219
PROPERTY AND EQUIPMENT, Net	36,761,547	37,477,143
INTANGIBLE ASSETS, Net	3,033,615	3,252,063
GOODWILL	5,296,068	5,296,068
OTHER ASSETS	330,639	334,060
DEFERRED INCOME TAXES	9,285,188	4,936,758
TOTAL	\$ 107,430,816	\$ 112,536,311
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings - WFRF	\$ 27,495,149	\$ 24,110,610
Current portion-capital lease obligations	806,201	753,960
Current portion-notes payable	1,762,375	1,113,087
Current portion-notes payable-related party	-	982,500
Accounts payable	9,940,028	9,604,575
Accrued sales tax	692,607	1,499,203
Accrued expenses and other current liabilities	6,749,397	7,032,358
Total current liabilities	47,445,757	45,096,293
NOTES PAYABLE-SALES TAX, BIANCA, WFRF	1,700,000	1,702,075
LONG TERM CONVERTIBLE DEBT	18,500,000	18,500,000
LESS BOND DEBT ISSUANCE COSTS	(747,423)	(883,317)
CAPITAL LEASE OBLIGATIONS - LONG TERM	674,641	1,065,445
DEFERRED RENT AND LEASE INCENTIVES	11,090,647	10,464,223
DEFERRED GAIN ON SALE-LEASEBACK	10,696	37,068
Total liabilities	78,674,318	75,981,787
STOCKHOLDERS' EQUITY:	28,756,498	36,554,524
TOTAL	\$ 107,430,816	\$ 112,536,311

THE WALKING COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited *)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2009	2008	2009	2008
NET SALES	\$ 43,069,000	\$ 56,020,000	\$ 82,152,000	\$ 102,398,000
COST OF GOODS SOLD	21,504,000	27,442,000	41,107,000	50,485,000
GROSS PROFIT	21,565,000	28,578,000	41,045,000	51,913,000
OPERATING EXPENSES:				
Selling, marketing and distribution	21,802,000	26,370,000	43,744,000	52,236,000
General and administrative	1,688,000	1,975,000	3,452,000	4,004,000
Depreciation and amortization	2,023,000	2,511,000	4,109,000	4,579,000
Total operating expenses	25,513,000	30,856,000	51,305,000	60,819,000
LOSS FROM OPERATIONS	(3,948,000)	(2,278,000)	(10,260,000)	(8,906,000)
INTEREST INCOME	-	-	-	2,000
INTEREST EXPENSE	(933,000)	(1,075,000)	(1,806,000)	(2,106,000)
LOSS BEFORE BENEFIT FROM				
INCOME TAXES	(4,881,000)	(3,353,000)	(12,066,000)	(11,010,000)
BENEFIT FROM INCOME TAXES	(1,709,000)	(1,175,000)	(4,223,000)	(3,855,000)
NET LOSS	\$ (3,172,000)	\$ (2,178,000)	\$ (7,843,000)	\$ (7,155,000)
NET LOSS PER SHARE				
BASIC	\$ (0.33)	\$ (0.23)	\$ (0.82)	\$ (0.75)
DILUTED	\$ (0.33)	\$ (0.23)	\$ (0.82)	\$ (0.75)
WEIGHTED AVERAGE SHARES OUTSTANDING:				
BASIC	9,541,000	9,518,000	9,541,000	9,499,000
DILUTED	9,541,000	9,518,000	9,541,000	9,499,000

* This income statement does not reflect any adjustments to separate activity for discontinued operations for the Big Dogs chain.

THE WALKING COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited *)

	6 MONTHS ENDED	
	June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES.		
Net Loss	\$ (7,843,000)	\$ (7,154,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,109,000	4,579,000
Stock-based compensation expense	45,000	77,000
Excess tax benefits from share-based payment arrangements	-	(56,000)
Amortization of deferred financing fees	12,000	7,000
Amortization of debt issuance costs	136,000	136,000
Provision for losses on receivables	-	1,000
Gain on disposition of property and equipment	-	(45,000)
Deferred income taxes	(4,589,000)	(4,952,000)
Changes in operating assets and liabilities:		
Receivables	871,000	3,705,000
Inventories	5,843,000	(3,042,000)
Prepaid expenses and other assets	784,000	296,000
Accounts payable	56,000	138,000
Income taxes receivable	248,000	-
Accrued expenses and other current liabilities	(1,089,000)	(1,707,000)
Deferred rent and lease incentives	626,000	1,305,000
Deferred gain on sale-leaseback	(26,000)	(26,000)
Net cash used in operating activities	(817,000)	(6,738,000)
CASH FLOWS FROM INVESTING ACTIVITIES.		
Capital expenditures	(2,883,000)	(7,084,000)
Acquisition of Natural Comfort Shoes, net of cash acquired	-	(2,064,000)
Proceeds from sale of property and equipment	-	450,000
Net cash used in investing activities	(2,883,000)	(8,698,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line of credit agreement	3,385,000	15,193,000
Exercise of stock options	-	258,000
Excess tax benefits from share-based payment arrangements	-	56,000
Payment of deferred financing fees	(25,000)	(30,000)
Repayment of notes payable	(335,000)	(1,347,000)
Repayment of capital lease obligations	(352,000)	(277,000)
Net cash provided by financing activities	2,673,000	13,853,000
NET DECREASE IN CASH	(1,027,000)	(1,583,000)
CASH, BEGINNING OF PERIOD	1,626,000	2,529,000
CASH, END OF PERIOD	\$ 599,000	\$ 946,000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid (received) for:		
Interest	\$ 1,132,000	\$ 1,992,000
Income taxes	\$ 118,000	\$ (3,896,000)
SUPPLEMENTAL INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES:		
ACQUISITION OF NATURAL COMFORT SHOES		
Inventories		\$ 1,007,000
Prepaid rents		29,000
Properties		68,000
Goodwill		3,165,000
Accrued expenses and other liabilities		(505,000)
Notes payable		(1,700,000)
Net cash effect due to acquisition of net assets of Steve's Shoes		\$ 2,064,000
OTHER:		
Capital leases	\$ 13,000	-
Payment for capital expenditures by landlord	\$ 279,000	-

* This cash flow statement does not reflect any adjustments to separate activity for discontinued operations for the Big Dogs chain.

THE WALKING COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited *)

	6 MONTHS ENDED	
	June 30,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	\$ (7,843,000)	\$ (7,154,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	4,109,000	4,579,000
Stock-based compensation expense	45,000	77,000
Excess tax benefits from share-based payment arrangements	-	(56,000)
Amortization of deferred financing fees	12,000	7,000
Amortization of debt issuance costs	136,000	136,000
Provision for losses on receivables	-	1,000
Gain on disposition of property and equipment	-	(45,000)
Deferred income taxes	(4,589,000)	(4,952,000)
Changes in operating assets and liabilities:		
Receivables	871,000	3,705,000
Inventories	5,843,000	(3,042,000)
Prepaid expenses and other assets	784,000	296,000
Accounts payable	56,000	138,000
Income taxes receivable	248,000	-
Accrued expenses and other current liabilities	(1,089,000)	(1,707,000)
Deferred rent and lease incentives	626,000	1,305,000
Deferred gain on sale-leaseback	(26,000)	(26,000)
Net cash used in operating activities	(817,000)	(6,738,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(2,883,000)	(7,084,000)
Acquisition of Natural Comfort Shoes, net of cash acquired	-	(2,064,000)
Proceeds from sale of property and equipment	-	450,000
Net cash used in investing activities	(2,883,000)	(8,698,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings under line of credit agreement	3,385,000	15,193,000
Exercise of stock options	-	258,000
Excess tax benefits from share-based payment arrangements	-	56,000
Payment of deferred financing fees	(25,000)	(30,000)
Repayment of notes payable	(335,000)	(1,347,000)
Repayment of capital lease obligations	(352,000)	(277,000)
Net cash provided by financing activities	2,673,000	13,853,000
NET DECREASE IN CASH	(1,027,000)	(1,583,000)
CASH, BEGINNING OF PERIOD	1,626,000	2,529,000
CASH, END OF PERIOD	\$ 599,000	\$ 946,000
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid (received) for:		
Interest	\$ 1,132,000	\$ 1,992,000
Income taxes	\$ 118,000	\$ (3,896,000)
SUPPLEMENTAL INFORMATION ON NON-CASH INVESTING AND FINANCING ACTIVITIES:		
ACQUISITION OF NATURAL COMFORT SHOES		
Inventories		\$ 1,007,000
Prepaid rents		29,000
Properties		68,000
Goodwill		3,165,000
Accrued expenses and other liabilities		(505,000)
Notes payable		(1,700,000)
Net cash effect due to acquisition of net assets of Steve's Shoes		\$ 2,064,000
OTHER:		
Capital leases	\$ 13,000	-
Payment for capital expenditures by landlord	\$ 279,000	-

* This cash flow statement does not reflect any adjustments to separate activity for discontinued operations for the Big Dogs chain.

EXHIBIT "B-2"

The Walking Company

Appendix
Consolidated Statement of Cash Flows-Positive Case
 (000's omitted)

	2007 Actual	2008 Actual	2009 Estimate	2010 Budget*	2011 Budget	2012 Budget
CASH FLOWS FROM OPERATING ACTIVITIES:						
Net income (loss)	\$ (3,456.0)	\$ (10,174.0)	\$ (7,735.0)	\$ 3,769.0	\$ 3,730.0	\$ 5,691.8
Adjustments to reconcile net income (loss) to net cash used on operations:	9,654.0	7,191.0	7,565.0	5,763.9	7,894.1	8,191.6
Changes in operating assets and liabilities:	(4,997.0)	17,487.0	19,169.5	(2,898.1)	6,898.6	1,295.2
Net cash from operating activities	1,201.0	14,504.0	18,999.5	6,634.8	18,522.8	15,178.6
CASH FLOW USED IN INVESTING ACTIVITIES:						
Capital expenditures	(19,223.0)	(11,645.0)	(3,965.0)	(747.0)	(996.0)	(996.0)
Capital investment	-	(2,064.0)	-	10,000.0	-	-
Proceeds from the sales of PP&E	254.0	451.0	-	-	-	-
Other	(1.0)	-	-	-	-	-
Net cash from investing activities	(18,970.0)	(13,258.0)	(3,965.0)	9,253.0	(996.0)	(996.0)
CASH FLOW FROM FINANCING ACTIVITIES:						
Net (payments) borrowing under line of credit agreements	(2,520.0)	908.0	(16,975.0)	(14,095.2)	(16,165.8)	(14,182.4)
Payment in kind on convertible debt	-	-	1,429.0	(960.3)	(0.0)	-
Repayment of prepetition notes	-	-	34.5	(598.3)	(1,359.0)	-
Repayment of capital lease obligations (long term)	(656.0)	(624.0)	(649.0)	(234.0)	(2.0)	-
Other financing activities	19,887.0	(2,434.0)	-	-	-	-
Net cash from financing activities	16,711.0	(2,150.0)	(16,160.5)	(15,887.8)	(17,526.8)	(14,182.4)
NET INCREASE (DECREASE) IN CASH	16,711.0	(2,150.0)	(1,125.9)	-	0.0	0.0
CASH, BEGINNING OF PERIOD	3,587.0	2,529.0	1,626.0	300.0	500.0	500.0
CASH, END OF PERIOD	\$ 1,626.0	\$ 2,529.0	\$ 500.1	\$ 300.0	\$ 500.0	\$ 500.0

*Note: 2010 only represents the post confirmation period of April - Dec 2010

The Walking Company
Appendix
Consolidated Statement of Cash Flows-Conservative Case
 (000's omitted)

CASH FLOWS FROM OPERATING ACTIVITIES:

	2007 Actual	2008 Actual	2009 Estimate	2010 Budget*	2011 Budget	2012 Budget
Net income (Loss)	\$ (3,456.0)	\$ (10,174.0)	\$ (7,735.0)	\$ 2,864.8	\$ (326.1)	\$ 1,152.3
Adjustments to reconcile net income (loss) to net cash used on operations:	9,654.0	7,191.0	7,565.0	5,255.2	5,469.9	6,142.3
Changes in operating assets and liabilities:	(4,997.0)	17,487.0	19,169.5	(3,472.9)	5,155.2	152.4
Net cash from operating activities	1,201.0	14,504.0	18,999.5	4,647.1	10,299.0	7,447.0

CASH FLOW USED IN INVESTING ACTIVITIES:

Capital expenditures	(19,223.0)	(11,645.0)	(3,965.0)	(747.0)	(996.0)	(996.0)
Capital investment	-	(2,064.0)	-	10,000.0	-	-
Proceeds from the sales of PP&E	254.0	451.0	-	-	-	-
Other	(1.0)	-	-	-	-	-
Net cash from investing activities	(18,970.0)	(13,258.0)	(3,965.0)	9,253.0	(996.0)	(996.0)

CASH FLOW FROM FINANCING ACTIVITIES:

Net (payments) borrowing under line of credit agreements	(2,520.0)	908.0	(16,975.0)	(12,107.6)	(7,942.0)	(6,450.9)
Payment in kind on convertible debt	-	-	1,429.0	(960.3)	(0.0)	-
Repayment of prepetition notes	-	-	34.5	(598.3)	(1,359.0)	-
Repayment of capital lease obligations (long term)	(656.0)	(624.0)	(649.0)	(234.0)	(2.0)	-
Other financing activities	19,887.0	(2,434.0)	-	-	-	-
Net cash from financing activities	16,711.0	(2,150.0)	(16,160.5)	(13,900.1)	(9,303.0)	(6,450.9)

NET INCREASE (DECREASE) IN CASH

	16,711.0	(2,150.0)	(1,125.9)	-	0.0	0.0
CASH, BEGINNING OF PERIOD	3,587.0	2,529.0	1,626.0	300.0	500.0	500.0
CASH, END OF PERIOD	\$ 1,626.0	\$ 2,529.0	\$ 500.1	\$ 300.0	\$ 500.0	\$ 500.0

*Note: 2010 only represents the post confirmation period of April - Dec 2010

The Walking Company

Appendix

Consolidated Balance Sheet-Conservative Case

(000's omitted)

Assets:

	2007 Actual	2008 Actual	2009 Estimate	2010 Budget	2011 Budget	2012 Budget
Cash	\$ 2,529.0	\$ 1,626.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0
Accounts Receivable	8,806.0	3,156.0	4,700.0	1,000.0	1,000.0	1,000.0
Inventory	63,927.0	52,480.0	31,200.0	33,865.1	32,513.0	31,822.7
Other Current Assets	5,464.0	8,916.0	12,500.0	11,044.6	11,370.7	10,218.4
Total Current Assets	80,726.0	66,178.0	48,900.0	46,409.7	45,383.7	43,541.2

Other Assets

	42,896.0	46,359.0	33,328.0	27,877.0	23,353.0	19,635.0
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Total Assets

	123,622.0	112,537.0	82,228.0	74,286.7	68,736.7	63,176.2
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Liabilities:

Accounts Payable	12,974.0	9,605.0	2,400.0	4,800.0	8,320.1	8,933.3
Pre-petition Liabilities	-	-	11,227.5	15.1	1.1	-
Other Current Liabilities	11,094.0	10,399.0	8,027.0	6,103.0	6,400.0	5,250.0
Total Current Liabilities	24,068.0	20,004.0	21,654.5	10,918.1	14,721.1	14,183.3

Line of Credit

	23,203.0	24,111.0	7,136.0	3,170.2	(4,771.8)	(11,222.7)
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Prepetition Unsecured Notes

	1,965.0	2,683.0	2,717.5	1,359.0	-	-
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Net Convertible Bonds (Bonds + PIK - Issuance)

	17,345.0	17,617.0	19,317.1	19,124.3	19,400.3	19,676.3
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Other Liabilities

	10,761.0	11,568.0	11,815.0	11,362.0	11,360.0	11,360.0
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Total Liabilities

	77,342.0	75,983.0	62,640.1	45,933.5	40,709.6	33,996.8
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Equity:

Stockholder's Equity	46,280.0	36,554.0	19,588.0	19,588.0	19,588.0	19,588.0
New Capital	-	-	-	10,000.0	10,000.0	10,000.0
Retained Earnings	-	-	-	(1,234.8)	(1,560.9)	(408.7)
Total Equity	46,280.0	36,554.0	19,588.0	28,353.2	28,027.1	29,179.3

Total Liabilities & Equity

	\$ 123,622.0	\$ 112,537.0	\$ 82,228.1	\$ 74,286.7	\$ 68,736.7	\$ 63,176.2
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The Walking Company

Appendix

Consolidated Balance Sheet-Positive Case

(000's omitted)

Assets:

	2007 Actual	2008 Actual	2009 Estimate	2010 Budget	2011 Budget	2012 Budget
Cash	\$ 2,529.0	\$ 1,626.0	\$ 500.0	\$ 500.0	\$ 500.0	\$ 500.0
Accounts Receivable	8,806.0	3,156.0	4,700.0	1,000.0	1,000.0	1,000.0
Inventory	63,927.0	52,480.0	31,200.0	33,956.9	33,247.6	32,764.2
Other Current Assets	5,464.0	8,916.0	12,500.0	10,410.3	8,312.2	5,110.7
Total Current Assets	80,726.0	66,178.0	48,900.0	45,867.2	43,059.7	39,375.0

Other Assets

	42,896.0	46,359.0	33,328.0	27,877.0	23,353.0	19,635.0
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Total Assets

	123,622.0	112,537.0	82,228.0	73,744.2	66,412.7	59,010.0
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Liabilities:

Accounts Payable	12,974.0	9,605.0	2,400.0	5,800.0	11,706.3	13,669.2
Pre-petition Liabilities	-	-	11,227.5	15.1	1.1	-
Other Current Liabilities	11,094.0	10,399.0	8,027.0	6,103.0	6,400.0	5,250.0
Total Current Liabilities	24,068.0	20,004.0	21,654.5	11,918.1	18,107.4	18,919.2

Line of Credit

	23,203.0	24,111.0	7,136.0	500.1	(15,665.7)	(29,848.1)
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Prepetition Unsecured Notes

	1,965.0	2,683.0	2,717.5	1,359.0	-	-
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Net Convertible Bonds (Bonds + PIK - Issuance)

	17,345.0	17,617.0	19,317.1	19,124.3	19,400.3	19,676.3
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Other Liabilities

	10,761.0	11,568.0	11,815.0	11,362.0	11,360.0	11,360.0
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Total Liabilities

	77,342.0	75,983.0	62,640.1	44,263.4	33,201.9	20,107.4
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Equity:

Stockholder's Equity	46,280.0	36,554.0	19,588.0	19,588.0	19,588.0	19,588.0
New Capital	-	-	-	10,000.0	10,000.0	10,000.0
Retained Earnings	-	-	-	(107.2)	3,622.8	9,314.6
Total Equity	46,280.0	36,554.0	19,588.0	29,480.8	33,210.8	38,902.6

Total Liabilities & Equity

	\$ 123,622.0	\$ 112,537.0	\$ 82,228.1	\$ 73,744.2	\$ 66,412.7	\$ 59,010.0
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The Walking Company
 Appendix
 Consolidated Income Statement-Conservative Case
 (000's omitted)

	2007 Actual	% to Sales	2008 Actual	% to Sales	2009 Estimate	% to Sales	2010 Budget	% to Sales	2011 Budget	% to Sales	2012 Budget	% to Sales
Sales (Retail Stores)	223,586.0		229,243.0		179,485.0		134,960.0		164,768.7		158,429.9	
Sales (TWC Internet)	3,651.8		7,658.7		9,878.0		10,080.0		14,000.0		16,000.0	
Sales (Big Dog Internet)	6,030.6		4,604.6		3,159.0		1,280.0		1,500.0		1,500.0	
Total Sales	\$ 233,268.3	100.0%	\$ 241,506.3	100.0%	\$ 192,522.0	100.0%	\$ 146,300.0	100.0%	\$ 180,268.7	100.0%	\$ 175,929.9	100.0%
Cost of sales	110,821.0		123,963.0		96,754.0		72,589.9		89,143.6		87,134.8	
Gross profit	122,447.3	52.5%	117,543.3	48.7%	95,768.0	48.7%	73,710.2	50.4%	91,125.1	50.5%	88,795.2	50.5%
Store Occupancy	34,607.1	14.8%	37,469.8	15.5%	33,299.0	17.3%	20,305.0	13.9%	26,593.7	14.8%	26,430.8	15.0%
Store Payroll	31,379.3	13.5%	31,073.8	12.9%	25,123.0	13.0%	17,279.3	11.8%	22,734.4	12.6%	22,734.4	12.9%
Store Other	21,788.0	9.3%	20,133.3	8.3%	17,550.0	9.1%	11,881.6	8.0%	15,308.2	8.5%	15,308.2	8.7%
Total Store Expenses	87,784.4	37.6%	88,676.9	36.7%	75,972.0	39.5%	49,285.9	33.7%	64,636.3	35.9%	64,473.4	36.6%
Internet and Mail Order Expenses increase 5%	2,981.4	1.3%	1,949.4	0.8%	2,986.0	1.6%	2,341.4	1.6%	2,926.8	1.6%	3,073.1	1.7%
Total Store and Internet Contribution	31,711.5	13.6%	26,917.0	11.1%	16,810.0	8.7%	22,102.9	15.1%	23,562.0	13.1%	21,248.6	12.1%
Corporate Overhead decrease 8%	25,487.4	10.9%	25,224.6	10.4%	16,416.0	8.5%	10,875.0	7.4%	13,771.2	7.6%	13,062.6	7.4%
Total Operating expenses	116,203.2	49.8%	115,850.9	48.0%	95,374.0	49.5%	62,482.3	42.7%	81,334.3	45.1%	80,629.2	45.8%
EBITDA before non-recurring expenses	\$ 6,244.1	2.7%	\$ 1,682.4	0.7%	\$ 394.0	0.2%	\$ 11,227.9	7.7%	\$ 9,790.8	5.4%	\$ 8,168.0	4.6%
Depreciation expense	7,612.1	3.3%	10,922.6	4.5%	8,514.0	4.4%	6,752.0	3.2%	5,520.0	3.1%	4,714.0	2.7%
EBIT	(1,368.0)	-0.6%	(9,230.2)	-3.8%	(8,120.0)	-4.2%	6,475.9	4.4%	4,270.8	2.4%	3,452.0	2.0%
Debitclaims forgiveness (NC and rents)							(1,315.2)		2,500.0		-	
Exp store closing, inventory liquidation, & other							400.0					
EBIT	(1,368.0)		(9,230.2)		(8,120.0)		7,391.1		1,770.8		3,452.0	
Interest expense	4,247.4	1.8%	4,154.8	1.7%	3,778.0	2.0%	2,914.9	2.0%	2,280.3	1.3%	1,651.6	0.9%
Pre-tax income (loss)	(6,615.4)	-2.4%	(13,385.0)	-5.5%	(11,888.0)	-6.2%	4,476.2	3.1%	(508.5)	-0.3%	1,800.4	1.0%
Provision (benefit) for taxes	(2,164.0)	-0.9%	(3,211.0)	-1.3%	(4,163.0)	-2.2%	1,811.4	1.1%	(183.4)	-0.1%	648.2	0.4%
Net income (loss)	\$ (3,451.4)	-1.5%	\$ (10,174.0)	-4.2%	\$ (7,785.0)	-4.0%	\$ 2,964.8	2.0%	\$ (326.1)	-0.2%	\$ 1,152.3	0.7%

*Note: 2010 only represents the post confirmation period of April - Dec 2010

The Walking Company
 Appendix
 Consolidated Income Statement - Positive Case
 ('000's omitted)

	2007 Actual	% to Sales	2008 Actual	% to Sales	2009 Estimate	% to Sales	2010 Budget*	% to Sales	2011 Budget	% to Sales	2012 Budget	% to Sales
Sales (Retail Stores)	223,586.0		229,243.0		179,485.0		137,645.6		176,173.0		186,207.9	
Sales (TWC Internet)	3,651.8		7,658.7		9,878.0		10,080.0		15,000.0		18,000.0	
Sales (Big Dog Internet)	6,030.6		4,604.6		3,158.0		1,260.0		1,500.0		1,500.0	
Total Sales	\$ 233,268.3	100.0%	\$ 241,506.3	100.0%	\$ 192,522.0	100.0%	\$ 148,985.6	100.0%	\$ 194,673.0	100.0%	\$ 204,707.9	100.0%
Cost of sales	110,821.0		123,963.0		96,754.0		73,914.6		96,273.1		101,378.8	
Gross profit	122,447.3	52.5%	117,543.3	48.7%	95,768.0	49.7%	75,070.9	50.4%	98,398.9	50.5%	103,329.1	50.5%
Store Occupancy	34,607.1	14.8%	37,469.8	15.5%	33,299.0	17.3%	20,377.4	13.7%	28,985.3	13.9%	31,701.3	15.5%
Store Payroll	31,379.3	13.5%	31,073.8	12.9%	25,123.0	13.0%	17,279.3	11.6%	22,734.4	11.7%	22,734.4	11.1%
Store Other	21,768.0	9.3%	20,133.3	8.3%	17,550.0	9.1%	11,681.6	7.8%	15,307.9	7.9%	15,307.9	7.5%
Total Store Expenses	87,754.4	37.6%	88,676.9	36.7%	75,972.0	39.5%	49,338.3	33.1%	65,007.7	33.4%	69,743.6	34.1%
Internet and Mail Order Expenses Increase 5%	2,981.4	1.3%	1,949.4	0.8%	2,986.0	1.6%	2,341.4	1.6%	2,926.8	1.5%	3,131.6	1.5%
Total Store and Internet Contribution	31,711.5	13.6%	26,917.0	11.1%	16,810.0	8.7%	23,391.2	15.7%	30,465.4	15.6%	30,453.8	14.9%
Corporate Overhead decrease 5%	25,467.4	10.9%	25,224.6	10.4%	16,416.0	8.5%	10,875.0	7.3%	14,930.9	7.7%	15,376.8	7.5%
Total Operating expenses	116,203.2	49.8%	115,850.9	48.0%	95,374.0	49.5%	62,554.7	42.0%	82,865.4	42.6%	88,254.1	43.1%
EBITDA before non-recurring expenses	\$ 6,244.1	2.7%	\$ 1,692.4	0.7%	\$ 394.0	0.2%	\$ 12,516.2	8.4%	\$ 15,534.5	8.0%	\$ 15,075.0	7.4%
Depreciation expense	7,612.1	3.3%	10,922.6	4.5%	8,514.0	4.4%	4,752.0	3.2%	5,520.0	2.8%	4,714.0	2.3%
EBIT	(1,368.0)	-0.6%	(9,230.2)	-3.8%	(8,120.0)	-4.2%	7,764.2	5.2%	10,014.5	5.1%	10,361.0	5.1%
Debit/claims forgiveness (NC and rents)							(1,315.2)					
Exp store closing, inventory liquidation, & other							400.0					
EBIT	(1,368.0)		(9,230.2)		(8,120.0)		8,679.4		7,514.5		10,361.0	
Interest expense	4,247.4	1.8%	4,154.8	1.7%	3,778.0	2.0%	2,790.3	1.9%	1,686.3	0.9%	1,467.6	0.7%
Pre-tax income (loss)	(5,615.4)	-2.4%	(13,386.0)	-5.5%	(11,886.0)	-6.2%	5,889.1	4.0%	5,828.2	3.0%	8,893.4	4.3%
Provision (benefit) for taxes	(2,164.0)	-0.9%	(3,211.0)	-1.3%	(4,163.0)	-2.2%	2,120.1	1.4%	2,098.1	1.1%	3,201.6	1.6%
Net income (loss)	\$ (3,451.4)	-1.5%	\$ (10,174.0)	-4.2%	\$ (7,735.0)	-4.0%	\$ 3,769.0	2.5%	\$ 3,730.0	1.9%	\$ 5,691.8	2.8%

*Near: 2010 only represents the post confirmation period of April - Dec 2010

EXHIBIT "C"

Kayne Anderson

Richard A. Kayne
Chief Executive Officer

January 28, 2010

The Walking Company Holdings, Inc.
The Walking Company
Big Dog USA, Inc.
121 Gray Avenue
Santa Barbara, CA 93101

Gentlemen:

I understand that The Walking Company Holdings, Inc. ("Holdings"), The Walking Company and Big Dog USA, Inc. (collectively, the "Company") commenced jointly administered cases under chapter 11 of the Bankruptcy Code on December 7, 2009, and the Company intends to file with the Bankruptcy Court a chapter 11 plan of reorganization (the "Plan") that contains, among other things, the terms and conditions set forth in this Commitment Letter (as defined below) and is based on the economics reflected in Exhibit "A" hereto. A draft of the Plan is attached hereto as Exhibit "B."

Understanding the current circumstances of the Company, I am pleased to provide the Company with a binding commitment (the "Commitment") to purchase a to-be-issued new series of preferred stock from Holdings (collectively, the "Securities") on the terms and subject to the conditions set out below and on the Term Sheet attached hereto as Exhibit "C" (the "Term Sheet") to this commitment letter (including the Term Sheet, the "Commitment Letter"). The aggregate purchase price for the Securities to be purchased by me and/or my designees (collectively, the "Investors" or "Purchasers") shall be equal to \$10,000,000.

I further understand that the proceeds to be received by Holdings from the issuance and sale of the Securities will be used to make payments under the Plan. Of the \$10 million of such proceeds, approximately \$8 million will be used to pay for the Company's reorganization costs and short-term cash requirements to emerge from bankruptcy. The \$2 million remaining balance as working capital for the reorganized company.

The Purchasers' commitment to purchase the Securities shall be subject to the conditions precedent set forth in the Term Sheet.

This Commitment Letter shall constitute the entire agreement between the parties hereto with respect to the purchase and sale of the Securities, and shall supersede any prior oral or written term sheets or other agreements, commitments, undertakings, or understandings concerning the subject matter hereof.

Kayne Anderson Capital Advisors, L.P.
1800 Avenue of the Stars • Second Floor • Los Angeles, California 90067
2183475.5 Tel 310 284 5574 Fax 310 284 6490
e-mail: rkayne@kaynecapital.com

This Commitment Letter shall be governed by, and construed in accordance with, the internal laws of the State of Delaware without regard to conflicts of law or choice of law principles.

This Commitment Letter may be executed in multiple counterparts, each of which shall be deemed an original and part of one instrument, and a signature hereto sent by facsimile transmission or by pdf shall be as binding as delivery of a manually executed counterpart hereof.

This Commitment Letter may be modified or amended only by the written agreement of all of the parties hereto.

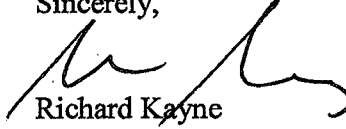
This Commitment Letter is not assignable by the Company without the prior written consent of the Investors and is intended to be solely for the benefit of the Company (and not any of its stockholders, affiliates, creditors or any other persons).

This Commitment Letter will expire at 6:00 p.m. (Pacific time) on February 1, 2010, unless accepted in writing by the Company on or before such time and, assuming this Commitment Letter has not previously expired, will thereafter expire at 6:00 p.m. (Pacific time) on (i) the Effective Date (as such term is defined in the Plan) unless definitive documentation, in form and substance reasonably satisfactory to the Investors, for the purchase and sale of the Securities is executed and delivered and all conditions precedent for the closing have been satisfied (or waived by the Investors) on or prior to such date or (ii) August 15, 2010 if the Effective Date has not occurred by such date.

[Remainder of Page Left Blank; Signatures Appear on Following Page]

If you agree to and accept the terms and conditions of this Commitment Letter, please acknowledge the same by executing this Commitment Letter in the space indicated below and returning the signed copy to us before the first expiration date described above.

Sincerely,



Richard Kayne

Agreed to and accepted by:

The Walking Company Holdings, Inc.
The Walking Company
Big Dog USA, Inc.

By: _____

Name:

Title:

EXHIBIT "B"

TERM SHEET

This term sheet (the "Term Sheet") is attached to and made a part of that certain commitment letter dated as of January __, 2010 (the "Commitment Letter") from Richard Kayne (including his named designees, the "Investors" or "Purchasers"), to The Walking Company Holdings, Inc., The Walking Company and Big Dog USA, Inc. (collectively, the "Company"). This Term Sheet summarizes the material terms and conditions of the Securities (as defined in the Commitment Letter) to be purchased by the Investors as contemplated by the Commitment Letter. This Term Sheet is further conditioned upon satisfaction of the conditions precedent outlined herein.

Issuer: The Walking Company Holdings, Inc.

Investors: Richard Kayne and/or his designees

Securities: \$10 million in newly issued preferred stock (the "Preferred Stock").

Dividends: Cumulative, quarterly compounding, dividends at a rate of 10% per annum. Dividends will be payable quarterly in arrears commencing three months after the Effective Date (as defined in the Commitment Letter)

Ranking: Senior to all other classes and series of capital stock of the Issuer

Voting Rights: The Preferred Stock shall be non-voting.

Special Consent Rights: Without the prior written consent of the Purchasers, the Issuer shall not take any of the following actions: (a) authorize or create a series or class of stock senior to or on a parity with the Preferred Stock; (b) increase or decrease the authorized number of shares of Preferred Stock, or alter the powers, preferences or rights of the Preferred Stock; (c) declare or pay any dividend or distribution on any common stock; (d) amend the charter documents of the Issuer; (e) take any other action which adversely affects the holders of the Preferred Stock disproportionately to the holders of the common stock; or (f) take action over such other matters as are customary in transactions of this type.

Liquidation In the event of any liquidation, dissolution or winding up of the Issuer

- Preference:** (a sale, transfer or other disposition of all or substantially all of the assets of the Issuer, or an acquisition of control of the Issuer by another person or entity, whether by merger, consolidation, reorganization or similar transaction or otherwise, shall be treated as a liquidation for purposes of this provision), the holders of Preferred Stock will be entitled to receive in preference to the holders of common stock or any other junior stock of the Issuer an amount in cash equal to \$10 million (the "Original Purchase Price"), plus cumulative but unpaid dividends. After payment to the Preferred Stock, the balance, if any, will be paid pro-rata to the holders of the common stock.
- Conversion:** The Preferred Stock shall be non-convertible.
- Mandatory Redemption:** The Preferred Stock shall be redeemed in full or in part to the extent of proceeds paid by investors from the Rights Offering.
- Registration Rights of Preferred Stock:** None.
- Rights Offering:** The Issuer will use its reasonable commercial efforts to consummate a \$10 million rights offering of shares of its common stock (with oversubscription rights) as promptly as reasonably practicable, with a closing to take place no later than January 31, 2011 (the "Rights Offering"). To the extent holders of common stock subscribe for and purchase shares of the Issuer's common stock in the Rights Offering, the net cash proceeds thereof will be used to redeem the Preferred Stock at a price equal to the Original Purchase Price plus cumulative but unpaid dividends. Assuming the successful completion of the entire Rights Offering, after the closing of the Rights Offering, holders of the common stock issued in the Rights Offering will own 90% of the outstanding equity in the Issuer, as reorganized under the Plan. The common stock issued in the Rights Offering will be unregistered and will not have any registration rights.
- Board Representation:** If the Issuer fails to complete the Rights Offering on or prior to January 31, 2011, pursuant to which the Issuer receives at least \$6 million of gross proceeds, the Purchasers shall be entitled to designate and appoint a majority of the authorized number of directors of the Issuer. At the closing, the Issuer and its stockholders will enter into a voting agreement, in form and substance satisfactory to the Purchasers, with respect to such matters.

Conditions Precedent to Closing: The purchase of the Preferred Stock is subject to the following conditions precedent:

(i) satisfaction of each of the terms and conditions set forth in the Commitment Letter and the Plan;

(ii) the negotiation, execution and delivery of definitive documentation, in form and substance reasonably satisfactory to the Investors, for the purchase and sale of the Securities that is consistent with the Term Sheet;

(iii) the effectiveness of a Plan that is consistent in all material respects with the economics of Schedule A and includes no material modifications of the Plan terms as attached, and will include approval of the issuance of the Securities; and

(iv) no change, event, occurrence, effect or development shall have occurred after the date of this Commitment Letter that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on the business, assets, liabilities, results of operations, condition (financial or otherwise) or prospects of the Issuer taken as a whole

Net Operating Losses: The parties hereto agree that certain terms of the Preferred Stock and the Rights Offering may need to be revised in order to preserve the Issuer's ability to fully utilize its net operating losses ("NOLs") and other tax benefits. Each of the parties agrees to work to create a mutually advantageous tax structure.

Transaction Fees: The Issuer will pay all reasonable costs and expenses incurred by or on behalf of Investors associated with the Commitment Letter, the preparation and negotiation of definitive documentation and the closing of the transactions contemplated hereby and by the definitive documentation.

Covenants: Usual and customary affirmative and negative covenants for transactions of this type, including that the proceeds of the issuance of the Securities are used as described in the Commitment Letter.

Representations and Warranties: Usual and customary for transactions of this type, including without limitation, corporate existence and good standing, corporate power and authority, due authorization, no conflict with material agreements, and enforceability.

Advisory Fee: \$2.5 million payable in cash to the Investors upon the earliest to occur of (1) the closing of the Rights Offering; (ii) a liquidation, dissolution or winding up of the Issuer as contemplated under the "Liquidation Preference" above; and (iii) January 31, 2011.

Governing Law: Delaware

EXHIBIT "C"

TERM SHEET

This term sheet (the "Term Sheet") is attached to and made a part of that certain commitment letter dated as of January 28, 2010 (the "Commitment Letter") from Richard Kayne (including his named designees, the "Investors" or "Purchasers"), to The Walking Company Holdings, Inc., The Walking Company and Big Dog USA, Inc. (collectively, the "Company"). This Term Sheet summarizes the material terms and conditions of the Securities (as defined in the Commitment Letter) to be purchased by the Investors as contemplated by the Commitment Letter. This Term Sheet is further conditioned upon satisfaction of the conditions precedent outlined herein.

Issuer: The Walking Company Holdings, Inc.

Investors: Richard Kayne and/or his designees

Securities: \$10 million in newly issued preferred stock (the "Preferred Stock").

Dividends: Cumulative, quarterly compounding, dividends at a rate of 10% per annum. Dividends will be payable quarterly in arrears commencing three months after the Effective Date (as defined in the Commitment Letter)

Ranking: Senior to all other classes and series of capital stock of the Issuer

Voting Rights: The Preferred Stock shall be voting, with rights described herein .

Special Consent Rights: Without the prior written consent of the Purchasers, the Issuer shall not take any of the following actions: (a) authorize or create a series or class of stock senior to or on a parity with the Preferred Stock; (b) increase or decrease the authorized number of shares of Preferred Stock, or alter the powers, preferences or rights of the Preferred Stock; (c) declare or pay any dividend or distribution on any common stock; (d) amend the charter documents of the Issuer; (e) take any other action which adversely affects the holders of the Preferred Stock disproportionately to the holders of the common stock; or (f) take action over such other matters as are customary in transactions of this type.

Liquidation Preference: In the event of any liquidation, dissolution or winding up of the Issuer (a sale, transfer or other disposition of all or substantially all of the assets of the Issuer, or an acquisition of control of the Issuer by another person or entity, whether by merger, consolidation, reorganization or similar transaction or otherwise, shall be treated as a liquidation for purposes of this provision), the holders of Preferred Stock will be entitled to receive in preference to the holders of common stock or any other junior stock of the Issuer an amount in cash equal to \$10 million (the "Original Purchase Price"), plus cumulative but unpaid dividends. After payment to the Preferred Stock, the balance, if any, will be paid pro-rata to the holders of the common stock.

Conversion: The Preferred Stock shall be non-convertible.

Mandatory Redemption: The Preferred Stock shall be redeemed in full or in part to the extent of proceeds paid by investors from the Rights Offering.

Registration Rights of Preferred Stock: None.

Rights Offering: The Issuer will use its reasonable commercial efforts to consummate a \$10 million rights offering of shares of its common stock (with oversubscription rights) as promptly as reasonably practicable, with a closing to take place no later than January 31, 2011 (the "Rights Offering"). To the extent holders of common stock subscribe for and purchase shares of the Issuer's common stock in the Rights Offering, the net cash proceeds thereof will be used to redeem the Preferred Stock at a price equal to the Original Purchase Price plus cumulative but unpaid dividends. Assuming the successful completion of the entire Rights Offering, after the closing of the Rights Offering, holders of the common stock issued in the Rights Offering will own 90% of the outstanding equity in the Issuer, as reorganized under the Plan. The common stock issued in the Rights Offering will be unregistered and will not have any registration rights.

Board Representation: If the Issuer fails to complete the Rights Offering on or prior to January 31, 2011, pursuant to which the Issuer receives at least \$6 million of gross proceeds, the Purchasers shall be entitled to designate, appoint and vote for a majority of the authorized number of directors of the Issuer. At the closing, the Issuer and its stockholders will enter into a voting agreement, in form and substance satisfactory to the Purchasers, with respect to such matters.

Conditions Precedent to Closing: The purchase of the Preferred Stock is subject to the following conditions precedent:

(i) satisfaction of each of the terms and conditions set forth in the Commitment Letter and the Plan;

(ii) the negotiation, execution and delivery of definitive documentation, in form and substance reasonably satisfactory to the Investors, for the purchase and sale of the Securities that is consistent with the Term Sheet;

(iii) the effectiveness of a Plan that is consistent in all material respects with the economics of Schedule A and includes no material modifications of the Plan terms as attached, and will include approval of the issuance of the Securities; and

(iv) no change, event, occurrence, effect or development shall have occurred after the date of this Commitment Letter that, individually or in the aggregate, has had, or would reasonably be expected to have, a material adverse effect on the business, assets, liabilities, results of operations, condition (financial or otherwise) or prospects of the Issuer taken as a whole

Net Operating Losses: The parties hereto agree that certain terms of the Preferred Stock and the Rights Offering may need to be revised in order to preserve the Issuer's ability to fully utilize its net operating losses ("NOLs") and other tax benefits. Each of the parties agrees to work to create a mutually advantageous tax structure.

Transaction Fees: The Issuer will pay all reasonable costs and expenses incurred by or on behalf of Investors associated with the Commitment Letter, the preparation and negotiation of definitive documentation and the closing of the transactions contemplated hereby and by the definitive documentation.

Covenants: Usual and customary affirmative and negative covenants for transactions of this type, including that the proceeds of the issuance of the Securities are used as described in the Commitment Letter.

Representations and Warranties: Usual and customary for transactions of this type, including without limitation, corporate existence and good standing, corporate power and authority, due authorization, no conflict with material agreements, and enforceability.

Advisory Fee: \$2.5 million payable in cash to the Investors upon the earliest to occur of (1) the closing of the Rights Offering; (ii) a liquidation, dissolution or winding up of the Issuer as contemplated under the "Liquidation Preference" above; and (iii) January 31, 2011.

Governing Law: Delaware

EXHIBIT "D"

Plan Exhibit 2-1(a) / Disclosure Statement Exhibit D-1(a)

The Walking Company Holdings Inc.
Schedule of Rejected Contracts and Leases

Non-Residential Real Estate Leases

Store #	Location	City	Tenant	Landlord	Address	Lease Start Date	Lease Term Date
NONE							
NONE							
NONE							
NONE							
NONE							
NONE							
NONE							
NONE							
NONE							
NONE							
NONE							

Plan Exhibit 2-1(b) / Disclosure Statement D-1(b)

The Walking Company Holdings, Inc.
 Schedule of Rejected Contracts and Leases

Other Executory Contracts / Leases

Contracts

NAME	VENDOR #	ADDRESS	PHONE	FAX	CONTRACT ID	DESCRIPTION OF CONTRACT	TERM START	TERM END
NONE								
NONE								
NONE								
NONE								
NONE								

Plan Exhibit 2-1(c) / Disclosure Statement Exhibit D-1©

The Walking Company Holdings, Inc.
 Schedule of Rejected Contracts and Leases

Intellectual Property

B. Licenses Granted To Debtor

LICENSOR	TYPE OF LICENSE	ADDRESS OF LICENSOR	LICENSED TERRITORY/LOCATION
NONE			
NONE			
NONE			

Plan Exhibit 2-2(a) / Disclosure Statement Exhibit D-2(a)

The Walking Company
Schedule of Rejected Contracts and Leases

Non-Residential Real Property Leases

Store #	Name/Location	City	Tenant	Landlord	Address	Lease Start Date	Lease Term Date
282	Arlington Heights	Dallas	TWC	Arlington Highlands	2525 McKinnon Street, Suite 700, Dallas, TX 75201	10/28/2007	10/31/2017
258	Plaza At Williams, Broadway Blvd.	Tucson	TWC	Plaza at Williams Center LLC	6289 E. Grant Rd. #100, Tucson, AZ 85712	4/1/2009	3/31/2013
375	John Ringling	Charlotte	TWC	Bayrock Investment Co.	1031 South Caldwell Street, Suite 101, Charlotte, NC 28203	3/1/2009	7/31/2010
372	5th Ave. Naples	Naples	TWC	Blind Canyon Partnership	P.O. Box 249, Naples, FL 34006-0249	9/1/2009	8/31/2010
385	Pearland	Chattanooga	TWC	CBL & Associates Management	2030 Hamilton Place Boulevard, Suite 500, Chattanooga, TN 37421	7/30/2008	7/31/2018
379	Johns Pass Boardwalk	Madera Beach	TWC	Hubbard Properties, LLC	198 129th Avenue West, Madera Beach, FL 33708	4/11/2008	3/27/2011
378	John's Pass	Seminole	TWC	Orcutt Critellie Properties	13750 77th Ave. North, Seminole, FL 33776	3/1/2009	4/30/2010

Plan Exhibit 2-2(b) / Disclosure Statement Exhibit D-2-(b)

The Walking Company
Schedule of Rejected Contracts and Leases

Executory Contracts & Leases (Other Than Real Estate Leases)

NAME	VENDOR #	ADDRESS	PHONE	FAX	CONTRACT ID	DESCRIPTION OF CONTRACT	TERM START	TERM END
NONE								
NONE								
NONE								

Plan Exhibit 2-2(c) / Disclosure Statement Exhibit D-2(c)

**The Walking Company Holdings, Inc.
Schedule of Rejected Contracts and Leases**

Intellectual Property

LICENSOR	TYPE OF LICENSE	ADDRESS OF LICENSOR	LICENSED TERRITORY/LOCATION
NONE			
NONE			
NONE			

Plan Exhibit 2-3(a) / Disclosure Statement Exhibit D-3(a)

Big Dog USA, Inc.
 Schedule of Rejected Contracts and Leases

Non-Residential Real Estate Leases

Store #	Location	City	Tenant	Landlord	Address	Lease Start Date	Lease Term Date
459	Atlantic City NJ	Baltimore	Big Dog	Atlantic City Assoc TWO LLC	601 East Pratt Street 6th Floor, Baltimore, MD 21202	03/01/07	02/28/14
253	Birch Run	Baltimore	Big Dog	Birch Run Outlets II, LLC	217 East Redwood St. 20th Floor, Baltimore, MD 21202	01/25/95	01/03/09
235	Grove City	Baltimore	Big Dog	Grove City Factory Shops Partnership	217 East Redwood St. 20th Floor, Baltimore, MD 21202	01/13/94	08/31/09
275	Gulfport	Baltimore	Big Dog	Gulfport Factory Shops Limited Partnership	217 East Redwood St. 20th Floor, Baltimore, MD 21202	01/13/95	01/04/09
431	Long Beach	Phoenix	Big Dog	Long Beach Town Center, LP	2425 East Camelback Road, P.O. Box 16281, Suite 750, Phoenix AZ, 85011	12/01/06	12/31/09
400	Jeffersonville	Baltimore	Big Dog	Ohio Factory Shops	217 East Redwood St. 20th Floor, Baltimore, MD 21202	08/04/99	09/30/09
238	Ellenton	Baltimore	Big Dog	Prime	100 East Pratt Street, 19th Floor, Baltimore, MD 21202	07/14/94	07/31/09
384	Hagerstown	Baltimore	Big Dog	Prime	100 East Pratt Street, 19th Floor, Baltimore, MD 21202	10/09/98	01/10/09
369	Lebanon	Baltimore	Big Dog	Prime	100 East Pratt Street, 19th Floor, Baltimore, MD 21202	08/11/98	01/05/09
202	Prime Outlets at Huntley	Baltimore	Big Dog	Prime	100 East Pratt Street, 19th Floor, Baltimore, MD 21202	09/01/94	08/31/06
257	Queenstown	Baltimore	Big Dog	Second Horizon Group LP	217 East Redwood St. 20th Floor, Baltimore, MD 21202	04/01/95	03/31/11

Plan Exhibit 2-3(b) / Disclosure Statement Exhibit D-3(b)

Big Dog USA, Inc.
 Schedule of Rejected Contracts and Leases

Other Executory Contracts / Leases									
Contracts									
NAME	VENDOR #	ADDRESS	PHONE	FAX	CONTRACT ID	DESCRIPTION OF CONTRACT	TERM START	TERM END	
NONE									
NONE									
NONE									
NONE									
NONE									

Plan Exhibit 2-3(c) / Disclosure Statement Exhibit D-3(c)

**Big Dog USA, Inc.
Schedule of Rejected Contracts and Leases**

Intellectual Property

B. Licenses Granted To Debtor

LICENSOR	TYPE OF LICENSE	ADDRESS OF LICENSOR	LICENSED TERRITORY/LOCATION
NONE			
NONE			
NONE			

EXHIBIT "E"

The Walking Company Holdings, Inc.
Liquidation Analysis Exhibit E

\$ Actual
 SCENARIO: File for bankruptcy 12/7/09. Liquidate all stores beginning 1/01/10; completed 3/31/10

	Actual		CASE SCENARIO		
	Value as of	\$ Amount	LOW	MID	HIGH
Recoverable Assets:					
a Cash	31-Dec-09	\$ 1,415,220	\$ 1,415,220	\$ 1,415,220	\$ 1,415,220
b Accounts Receivable	31-Dec-09	\$ 4,879,644	\$ -	\$ -	\$ -
		Recovery Rate	0.0%	0.0%	0.0%
c Inventory	31-Dec-09	\$31,425,164	\$ 36,138,939	\$ 37,710,197	\$ 39,281,455
d		Recovery Rate	115.0%	120.0%	125.0%
e Inventory Recovery Fees & Expenses		-4.4%	\$ (1,590,113)	\$ (1,659,249)	\$ (1,728,384)
f Pre-Paid Expenses (Supplies only)	31-Dec-09	\$11,188,945	\$ -	\$ -	\$ -
		Recovery Rate	0.0%	0.0%	0.0%
g Furniture, Fixtures & Equipment	30-Sep-09	\$63,902,323	\$ 1,047,373	\$ 1,750,674	\$ 2,453,974
		Recovery Rate	1.6%	2.7%	3.8%
h FF&E Recovery Fee		-20%	\$ (209,475)	\$ (350,135)	\$ (490,795)
i Intellectual Property (Trademarks, URL's, etc.)	31-Dec-09	\$ 5,000,000	\$ 500,000	\$ 750,000	\$ 1,000,000
			10.0%	15.0%	20.0%
Net Recovery before Administrative Expenses, Professional Fees and Return to Creditors			\$ 37,301,944	\$ 39,616,707	\$ 41,931,470
Operating and Administrative Expenses, Professional Fees and Other Expenses:					
j Company Operating Costs During Orderly Wind Down			(17,763,438)	(17,763,438)	(17,763,438)
k Administrative Professional Fees & Expenses (Legal Adv's, Fin Adv's, US Trustee)			(1,211,512)	(1,211,512)	(1,211,512)
Net Available to Creditors			\$ 18,326,994	\$ 20,641,757	\$ 22,956,520
l Amount owed to Secured Creditors - WFRF	31-Dec-09	\$ 7,136,000	(7,136,000)	(7,136,000)	(7,136,000)
		(% of Secured Claims paid to WFRF)	100.00%	100.00%	100.00%
Net available for remaining Administrative Claims			\$ 11,190,994	\$ 13,505,757	\$ 15,820,520
m Miscellaneous Administrative Claims (Estimate)	31-Dec-09	\$13,963,212	(13,963,212)	(13,963,212)	(13,963,212)
		(% of Admin. Claims paid to Vendors)	80.15%	96.72%	100.00%
Net Available to Secured Bondholders			\$ -	\$ -	\$ 1,857,308
n Amount owed to Secured Creditors - Convertible Bonds	31-Dec-09	\$20,210,390	(20,210,390)	(20,210,390)	(20,210,390)
		(% of Secured Claims paid to bondholders)	0.00%	0.00%	9.19%
Net available for Unsecured Claims			\$ -	\$ -	\$ -
o Leasehold Liabilities (502(b)6 Claims)	31-Dec-09	\$ 35,073,000	\$ (35,073,000)	\$ (35,073,000)	\$ (35,073,000)
p Pre-Petition Accounts Payable	31-Dec-09	\$ 10,056,293	(10,056,293)	(10,056,293)	(10,056,293)
		(% of Claims paid to 502B + PP Vendors)	0.00%	0.00%	0.00%
Balance Owed to Unsecured Creditors	31-Dec-09	\$ 45,129,293	\$ 45,129,293	\$ 45,129,293	\$ 45,129,293

Clear Thinking Group LLC has relied on information provided by The Walking Company and its officers. Clear Thinking Group LLC has not audited any of the information provided to us.

Assumptions:

- a Estimated cash on hand including credit card receivables.
- b Assumes all Accounts Receivable are unrecoverable (Includes tenant improvement receivables, misc receivables with offsetting vendor credits)
- c Inventory estimated on hand at 12/31/09 at cost.
- d Recovery based on April 30, 2009 appraisal. Average appraisal recoveries for the three month wind-down period.
- e Assumes liquidator cost & fees at 4.4% of gross sales
- f Assumes all pre-paid expenses are unrecoverable (includes real-estate prepaid rent, catalog expenses, software licenses)

- g NBV from 9/30/09 balance sheet and includes recovery estimates Computer Hardware and Software, Store Fixtures, Office Furniture, and Warehouse Equipment . It is assumed that there will be no collections on Signage, Leasehold Improvements, and Real Estate Development. There is no material change expected to occur to the individual asset values between 9/30/09 and 12/31/09.*
- h Assumes a recovery fee of 20% of gross sales, net of sales tax.*
- i Assumes company Intellectual Property has some value in the marketplace.*
- j Assumes operational expenses under liquidation wind-down. Assumes wind-down completed 3 mos beg 1/1/10; w/ 1 mo. wind down for administrative tasks of the estate in April. Also assumes that the Distribution Center will be vacated by 1/31/10.*
- k US Trustee fees for Ch. 7 liquidation*
- l Estimated WFRF revolving loan outstanding at 12/31/09.*
- m Outstanding Post Petition AP as of 12/31/09*
- n Estimated convertible bond debt outstanding at 12/31/09*
- o Calculated to reflect gross potential 502(b) claims.*
- p Assumes Accounts Payable less merchandise admin. claims at petition date*

EXHIBIT "F"

Exhibit F

Non-Ordinary Course Administrative Claims (Estimated)

<i>CLAIMANT</i>	<i>ESTIMATED CLAIM</i>
<u>Estate Professionals</u>	
Arent Fox LLP	\$771,000
	\$125,000
Kurtzman Carson Consultants	\$330,000
Clear Thinking Group	\$75,000
Tiger Capital Group	\$15,000
Singerlewak	\$8,000
Holthouse Carlin & Van Trigt	\$5,000
Koenig and Associates	
<u>Committee Professionals</u>	
Pachulski Stang Zhiel & Jones	\$300,000 ¹
BDO Seidman, LLP	\$300,000
	\$0.00
<u>Administrative Tax Claims</u>	

¹ The DIP Financing Order includes a \$600,000 budget for Committee professionals. The Committee has not provided an allocation of this budget at between their legal counsel and financial advisors. For presentation purposes only, the Debtors have allocated this amount equally between the two Committee professionals.

EXHIBIT "G"

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

			SCHEDULED CLAIMS		FILED CLAIMS		
Class	Name	Insider	Impaired	Amount	D/C/U*	Amount	Objection
NONE							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
Class 5 Big Dog	Schedule E1.1 - Employee Wages, Salaries (06/10/09 - 12/07/09)						
	Argyropoulos, Theoharris		N	\$ 78.78			
	Baltzis, Theoharis		N	\$ 751.27			
	Banks, William		N	\$ 232.00			
	Berry, Julia		N	\$ 1,340.30			
	Bevins, Sherry		N	\$ 1,929.41			
	Blanchard, Alanna		N	\$ 532.43			
	Branden, Julia		N	\$ 1,274.72			
	Brien, Michael		N	\$ 73.14			
	Cain, Dawn		N	\$ 802.51			
	Castillo, Vincent		N	\$ 378.13			
	Cooper, Christine		N	\$ 445.83			
	DeWitt, Debra		N	\$ 3,005.68			
	Dorsey, Tiffany		N	\$ 829.41			
	Echeverria, Selene		N	\$ 750.72			
	Frasier, Melissa		N	\$ 192.01			
	Gibson, Mary		N	\$ 229.18			
	Hargis, Jessica		N	\$ 210.19			
	Hassen, Sandra		N	\$ 3,284.53			
	Hoyt, Carrie		N	\$ 6.43			
	Hyde, Kelli		N	\$ 1,276.96			
	Lee, Andrea		N	\$ 223.91			
	Lewis, Susan		N	\$ 1,858.16			
	Lewry, Samantha		N	\$ 963.20			
	May, James		N	\$ 438.94			
	May, James		N	\$ 145.71			
	McDaniels, Windi D.		N	\$ 599.08			
	Olson, Nancy		N	\$ 690.14			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Palazzo, Florence		N	\$ 414.35			
	Ponce, Ana M.		N	\$ 2,627.16			
	Posey, Zachary		N	\$ 402.85			
	Reale, Frank		N	\$ 362.21			
	Renaud, Kathryn		N	\$ 1,484.64			
	Richardson, Susan		N	\$ 1,106.78			
	Rinella, Francis A		N	\$ 1,268.02			
	Rose, Carolyn		N	\$ 995.15			
	Ruelas, Alejandra		N	\$ 425.51			
	Sanchez, Sandra		N	\$ 96.06			
	Spence, Phyllis		N	\$ 189.44			
	Strassburg, Fay		N	\$ 2,884.47			
	Toney, Justin		N	\$ 676.63			
	Traver, Jennifer		N	\$ 254.57			
	Turner, Zackarey		N	\$ 47.59			
	Uzueta, Blas		N	\$ 745.05			
	Valentine, Russell		N	\$ 214.59			
	Villa, Esperanza		N	\$ 460.49			
	Walbolt, Karen M.		N	\$ 1,089.23			
	Wheeler, Alison		N	\$ 867.26			
	White, Haley		N	\$ 1,230.77			
	Wilkes, Shawna M		N	\$ 174.65			
	Wix, Laura		N	\$ 619.01			
Clas 5 Big Dog	Schedule E1.2 - Outstanding Payroll Checks (06/10/09 - 12/07/09)						
	Lipscomb, Elizabeth		N	\$ 41.56			
	Marte, Rubby		N	\$ 246.94			
	Pantoja, Antoni		N	\$ 49.92			
	Pecsi, Justin		N	\$ 75.08			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
Class 5 TWC	Schedule EL1 - Employee Wages, Salaries (06/10/09 - 12/07/09)						
	Abbott, Annette		N	\$ 649.26			
	Abbott, Danielle		N	\$ 468.54			
	Abel, John R.		N	\$ 2,067.89			
	Abernathy, Jennifer		N	\$ 654.11			
	Acevedo - Gonzalez, Martha		N	\$ 936.19			
	Achberger, Denise		N	\$ 187.00			
	Acito, Nancy		N	\$ 236.13			
	Ackerson, Jennifer		N	\$ 847.74			
	Acres, Sean		N	\$ 549.10			
	Adair, Barbara		N	\$ 1,456.37			
	Adams, Dustin		N	\$ 646.86			
	Adams, Evelyn		N	\$ 785.46			
	Adams, Susan Elizabeth		N	\$ 2,657.84			
	Agakhanyan, Aida		N	\$ 619.18			
	Aguilar, Arlene		N	\$ 851.61			
	Aguirre, Nancy		N	\$ 3,006.85			
	Ahmach, Halymah		N	\$ 490.31			
	Ajayi, Ahmed		N	\$ 109.38			
	Albers, Holly		N	\$ 433.32			
	Albert, Judith		N	\$ 1,129.48			
	Albert, Kassi		N	\$ 1,820.38			
	Albrecht, Debra		N	\$ 211.78			
	Alexander, Andrea		N	\$ 1,186.56			
	Allen, Alexis		N	\$ 568.97			
	Allen, Charles		N	\$ 599.26			
	Allen, Kadian		N	\$ 282.50			
	Allen, Katie		N	\$ 300.97			
	Allen, Mark		N	\$ 451.29			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Allington, Julie		N	\$ 108.73			
	Alman, Kevin		N	\$ 1,083.41			
	Alosi, Alexandria		N	\$ 285.78			
	Altieri, Luz E.		N	\$ 262.26			
	Alvarado, Alejandro		N	\$ 3,966.67			
	Amado, Priscilla		N	\$ 314.22			
	Amato, Susan		N	\$ 874.39			
	Ambaum, Monica		N	\$ 360.90			
	Amo, Jeremy		N	\$ 547.79			
	Anderson, Carmen		N	\$ 235.14			
	Anderson, Courtney		N	\$ 1,038.41			
	Anderson, Donnie		N	\$ 1,158.72			
	Anderson, Paul		N	\$ 728.32			
	Andrade, Almerinda		N	\$ 846.28			
	Angelucci, Victoria		N	\$ 840.08			
	Angoue NNA, Eugene Regis		N	\$ 170.85			
	Anter, Chris		N	\$ 2,528.92			
	Antonellos, Alexandria		N	\$ 279.63			
	Arakawa, Timothy		N	\$ 508.65			
	Ardoin, Michael		N	\$ 663.23			
	Armstrong, Sacha L.		N	\$ 1,357.22			
	Armstrong, Thelma		N	\$ 1,032.33			
	Arnau, Marangely		N	\$ 2,334.12			
	Arriaga, Yanira		N	\$ 1,240.52			
	Arrienda, Tiffany		N	\$ 66.39			
	Arroyo, Elyde		N	\$ 47.94			
	Arthur, Jordan C.		N	\$ 4,452.91			
	Arzhanghi, Mike Masoud		N	\$ 295.38			
	Asberg, Paul		N	\$ 143.63			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Ascura, Chad		N	\$ 352.64			
	Assefa, Yoseph		N	\$ 256.24			
	Aucutt, Mark		N	\$ 1,387.73			
	Augustad, Tara A		N	\$ 1,612.35			
	Aulenta, Joe		N	\$ 3,920.18			
	Austin, Adam		N	\$ 647.08			
	Austin, David		N	\$ 2,112.77			
	Austin, Jennifer		N	\$ 281.88			
	Auten, Ateena		N	\$ 704.25			
	Aversano, Anthony J.		N	\$ 1,172.75			
	Aversano, Christina		N	\$ 590.50			
	Ayala, Jennifer		N	\$ 303.39			
	Bagwell, Sheneka		N	\$ 557.56			
	Bahari, Samsuar		N	\$ 225.24			
	Bailey, Pamela		N	\$ 340.22			
	Baile, Rebecca		N	\$ 284.07			
	Bakan, Vickie L		N	\$ 874.21			
	Baker, Eric		N	\$ 1,157.90			
	Balanag, Danielle		N	\$ 1,171.66			
	Balistreri, Arlette		N	\$ 623.47			
	Ballard, Hilary		N	\$ 115.03			
	Ballard, Michael		N	\$ 474.13			
	Barcheck, Jackson		N	\$ 830.18			
	Barksdale, Kim		N	\$ 596.25			
	Barnes, Tracy		N	\$ 137.76			
	Barnhart, Sharon		N	\$ 1,747.89			
	Barrand, Jon		N	\$ 1,154.27			
	Barrett, Kayla		N	\$ 65.14			
	Barroga, Felipe		N	\$ 1,414.15			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Barron, Lauren		N	\$ 446.78			
	Barrows, Stephen		N	\$ 1,041.25			
	Bass, Paul		N	\$ 1,141.37			
	Batanides, Nicholas		N	\$ 1,088.13			
	Bates, Alexander		N	\$ 1,047.08			
	Bates, Cornelia		N	\$ 405.87			
	Batterton, Brittany		N	\$ 552.42			
	Battle, Lorrystal		N	\$ 188.71			
	Bautista, Matt Anthony		N	\$ 411.53			
	Bawab, Amanda		N	\$ 1,147.03			
	Beades, Keri		N	\$ 459.81			
	Bearden, Emily		N	\$ 222.06			
	Beatty, Ryan		N	\$ *11827.98			
	Becker, Bernadette		N	\$ 105.44			
	Beckman, Stephanie		N	\$ 951.62			
	Belew, H. Elizabeth		N	\$ 75.92			
	Belfon, Azaria		N	\$ 869.38			
	Bell, Alyssa		N	\$ 379.81			
	Bemis, Lisa		N	\$ 1,703.02			
	Benitez Avalos, Selene J.		N	\$ 774.54			
	Bennett, Brandon		N	\$ 2,576.27			
	Benoit, Rachel		N	\$ 27.65			
	Ben-Or, Yaakov		N	\$ 533.51			
	Benz, Christopher		N	\$ 147.21			
	Benz, Rachel		N	\$ 130.19			
	Berman, Edward		N	\$ 278.84			
	Berrada, Omar		N	\$ 553.67			
	Berrio, Elena		N	\$ 798.87			
	Berriochoa, Paul		N	\$ 223.53			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Bettolo, Joe		N	\$ 23.28			
	Bick, Shayna-Leah		N	\$ 693.60			
	Biek, Matthew		N	\$ 737.00			
	Biewald, Frank		N	\$ 2,931.74			
	Bird, Adam		N	\$ 296.51			
	Bishop, Stephanie		N	\$ 617.73			
	Blair, Alicia		N	\$ 833.53			
	Blake, Olando (Andy)		N	\$ 2,693.24			
	Blandford, Nancy		N	\$ 202.02			
	Bogle-Moody, Brandy		N	\$ 3,290.39			
	Bojorquez, Nydia		N	\$ 1,889.72			
	Boles, Sarah		N	\$ 248.01			
	Bolton, Erica		N	\$ 934.32			
	Bonelli, Anthony		N	\$ 307.01			
	Bonifacio, Chenty		N	\$ 1,420.08			
	Bonilla, Jayme		N	\$ 827.18			
	Bonilla, Kidanny		N	\$ 73.06			
	Bonner, Stephanie		N	\$ 605.33			
	Bonney, Ryan		N	\$ 679.02			
	Bono, Christian		N	\$ 294.77			
	Bookman, Dana		N	\$ 451.83			
	Bookman, Kyliel		N	\$ 97.80			
	Borromeo, Kristen		N	\$ 2,676.41			
	Bouchard, Scott		N	\$ 458.97			
	Bougher, Kirk		N	\$ 2,158.10			
	Bouton, David		N	\$ 302.05			
	Boyd, Brandon		N	\$ 1,707.07			
	Boyd, Dominique		N	\$ 495.42			
	Boyd, Ronald		N	\$ 46.34			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Bracco, Brock		N	\$ 2,289.92			
	Bradley, Jeanne		N	\$ 697.40			
	Brand, Stephen D		N	\$ 886.03			
	Brann, Karen		N	\$ 1,850.14			
	Breen, Christopher		N	\$ 688.52			
	Brelsford, Brian C		N	\$ 1,754.05			
	Brin, Jonathan		N	\$ 470.82			
	Briseno, Angel		N	\$ 257.45			
	Britton, Tyler		N	\$ 220.14			
	Brouillette, Bailey		N	\$ 479.53			
	Brown, Ariel		N	\$ 233.43			
	Brown, Brandon		N	\$ 1,207.14			
	Brown, Dana J.		N	\$ 8,634.37			
	Brown, Jeffery		N	\$ 291.16			
	Brown, Kashaan		N	\$ 148.89			
	Brown, Lauren M.		N	\$ 124.90			
	Brown, Le'Von		N	\$ 394.86			
	Brown, Rahsaan J.		N	\$ 3,464.36			
	Brunet, Raul		N	\$ 333.13			
	Brunke, Jennifer		N	\$ 2,571.79			
	Bryant, Anthony		N	\$ 173.15			
	Bryant, Britney		N	\$ 2,026.57			
	Bryant, Jonathan		N	\$ 940.24			
	Bryce, Amber		N	\$ 1,074.67			
	Buell, Lane		N	\$ 1,415.59			
	Bui, Mary		N	\$ 625.54			
	Bulka, Athinta		N	\$ 202.89			
	Bulliman, Nicole		N	\$ 1,034.88			
	Bupasiri, Thirasack		N	\$ 1,087.33			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Buriak, Joseph		N	\$ 1,235.02			
	Burkhardt, Lawrence		N	\$ 1,493.02			
	Burkhardt, Nancy		N	\$ 809.81			
	Burlisan, Heather		N	\$ 292.30			
	Burnell, Kristen		N	\$ 397.73			
	Burnette, Ashley		N	\$ 235.26			
	Burnette, Susan		N	\$ 2,071.51			
	Burnette, Zackary		N	\$ 3,487.61			
	Burns, Steve		N	\$ 478.30			
	Burton, Amy		N	\$ 415.40			
	Buske, Mark		N	\$ 1,053.56			
	Butler, Wesley		N	\$ 76.04			
	Byers, Marissa		N	\$ 121.80			
	Byrne, Karen		N	\$ 349.26			
	Cabagua, Jestony		N	\$ 24.48			
	Cabral, Gierardo		N	\$ 1,763.47			
	Cabrales, Pedro		N	\$ 1,506.73			
	Cabrera, Dennis		N	\$ 281.17			
	Cabuco, Clarsen		N	\$ 1,199.60			
	Calaluca, Benjamin		N	\$ 1,294.25			
	Calderon, Alejandro		N	\$ 980.45			
	Calderon, Brian		N	\$ 750.12			
	Callahan, David		N	\$ 2,652.13			
	Callard, Pablo		N	\$ 218.94			
	Callejas, Aleyandra		N	\$ 559.80			
	Callingham, Andrea		N	\$ 580.59			
	Calvi, Cristina		N	\$ 6,084.78			
	Calvo, Salomon		N	\$ 1,081.67			
	Camerlengo, Robert		N	\$ 79.46			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Campbell, Melissa		N	\$ 271.89			
	Campbell, Morgan		N	\$ 374.89			
	Campbell, Sarah		N	\$ 258.89			
	Canada, Nathaniel		N	\$ 287.73			
	Canas, Jocelin		N	\$ 295.73			
	Cantrell, Martin		N	\$ 856.80			
	Cardin, Laura Chelsea		N	\$ 429.20			
	Carminer, Ameer		N	\$ 187.64			
	Carnes, Steven		N	\$ 2,320.50			
	Carney, Kristina		N	\$ 116.51			
	Caro, Barbara		N	\$ 6,566.09			
	Carpenco, Yelena		N	\$ 469.25			
	Carr, Terrance		N	\$ 167.74			
	Carrington, Naomi		N	\$ 942.21			
	Carroll, Michael		N	\$ 2,818.26			
	Carter, Raymond		N	\$ 1,057.33			
	Casaje, Deborah		N	\$ 399.95			
	Cascio, Shakerra		N	\$ 719.04			
	Case, David		N	\$ 1,216.96			
	Cassin, Jeffrey		N	\$ 145.73			
	Castaneda, Maria Rizza		N	\$ 274.29			
	Castro, Oneyda		N	\$ 400.40			
	Chamberlain, Julie		N	\$ 1,250.84			
	Chambless, Stefanie		N	\$ 536.20			
	Chan, Joyce		N	\$ 931.83			
	Chandler, Camille		N	\$ 398.51			
	Chandler, Dustin		N	\$ 848.04			
	Chang, Lola		N	\$ 274.96			
	Chapin, Peter		N	\$ 366.00			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Chargualaf, Jay		N	\$ 74.79			
	Chase, Meagan		N	\$ 910.66			
	Chavarria, Kristen		N	\$ 268.54			
	Chavez, Monica		N	\$ 1,529.77			
	Cheeseman, Emily		N	\$ 314.54			
	Chegini, Sherri		N	\$ 665.43			
	Cheng, Harvey		N	\$ 2,492.84			
	Chermark, Simone		N	\$ 676.31			
	Cherry, Aamonda		N	\$ 79.88			
	Cheyne, Doreen		N	\$ 2,006.69			
	Chison, Ike		N	\$ 631.38			
	Chounlasa, Lai		N	\$ 2,160.55			
	Chowdhury, Mohammed		N	\$ 2,118.13			
	Chrislu, Benjamin		N	\$ 3,114.97			
	Chumney, Clifford		N	\$ 1,020.79			
	Cicotte, Jeff		N	\$ 914.50			
	Cirillo, Beth		N	\$ 206.22			
	Claassen, Kathy J.		N	\$ 34.37			
	Clark, Darrin E		N	\$ 1,584.31			
	Clark, Stephani		N	\$ 226.54			
	Clark, Troyann		N	\$ 1,246.68			
	Clay, Manika		N	\$ 175.00			
	Clayton, Rodney		N	\$ 2,387.68			
	Clougherty, Sarah		N	\$ 926.37			
	Cobbs-Jackson III, Kelvin		N	\$ 300.27			
	Cobourne, Yafatia		N	\$ 355.29			
	Cody, Robert		N	\$ 1,138.93			
	Coffey, Ashley		N	\$ 709.85			
	Coffey, Patrick		N	\$ 2,030.71			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Cohen, Scott		N	\$ 503.73			
	Cole, Roxanne		N	\$ 364.94			
	Coleman, Jeffrey		N	\$ 747.19			
	Collazo, Evelyn		N	\$ 701.13			
	Collins, Amy		N	\$ 2,386.95			
	Collins, Christopher		N	\$ 6,291.86			
	Colon, Angela		N	\$ 492.58			
	Colsell, John L.		N	\$ 1,129.62			
	Combs, Kennie R Jr		N	\$ 889.73			
	Connelly, Clarissa		N	\$ 287.95			
	Connolly, John		N	\$ 2,121.12			
	Contreras, Antoinette		N	\$ 549.92			
	Cook, James		N	\$ 1,839.25			
	Cook, Richard		N	\$ 1,511.54			
	Cooper, Judy		N	\$ 346.15			
	Cooper, Melanie		N	\$ 428.23			
	Copeland, Ruth L.		N	\$ 43.54			
	Corbett, Samantha		N	\$ 1,135.67			
	Coria, Mike		N	\$ 157.74			
	Coronado, Nicholi		N	\$ 2,945.77			
	Coronel, Yanitza		N	\$ 308.29			
	Coulter, Amanda		N	\$ 595.42			
	Covarrubias, Ramon		N	\$ 2,146.10			
	Cox, Kalene		N	\$ 2,531.22			
	Cox, Lee		N	\$ 6,923.08			
	Cox, Zach		N	\$ 330.54			
	Cracco, Kristin A		N	\$ 448.94			
	Craddock, Clark		N	\$ 3,871.35			
	Crawshaw, Larry		N	\$ 277.76			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Crosby, Jessica		N	\$ 53.08			
	Crouch, Tracy		N	\$ 755.16			
	Crowder, Charles		N	\$ 2,378.29			
	Crump, Jerrid		N	\$ 453.32			
	Cruz, Angelica		N	\$ 1,479.35			
	Cruz, Ferdinand		N	\$ 712.40			
	Culver, George		N	\$ 2,021.81			
	Cummings, Brandon		N	\$ 882.41			
	Cureton, Terrie		N	\$ 1,032.95			
	Curley, Jae		N	\$ 143.32			
	Curry, Travis		N	\$ 264.92			
	Dabner, Candice		N	\$ 905.54			
	Dahl, Michael		N	\$ 1,150.14			
	Daley, Jonathan		N	\$ 1,359.18			
	Dam, Annica		N	\$ 278.99			
	Damon, Shana		N	\$ 387.59			
	Daniels, Eric		N	\$ 656.19			
	Darbyshire, Krista		N	\$ 913.28			
	Darko, Bismarck		N	\$ 586.34			
	Darling, Misty		N	\$ 2,881.52			
	Davila, Debra		N	\$ 296.09			
	Davis, Dorothy		N	\$ 1,529.35			
	Davis, Helen		N	\$ 32.21			
	Davis, Megan		N	\$ 555.62			
	Davis, Rhonda		N	\$ 625.88			
	Dawson, Steven K.		N	\$ 5,661.69			
	De Los Santos, Waldy		N	\$ 202.24			
	De Petris, Christina		N	\$ 12.86			
	Decker, Deborah		N	\$ 533.78			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	DeLeon, Ricardo		N	\$ 560.27					
	Delgado, Gisel		N	\$ 562.74					
	Deluco, Mary		N	\$ 1,968.37					
	Demers, Peter G.		N	\$ 1,766.36					
	Dennis, Edward		N	\$ 396.06					
	Densley, Trevor		N	\$ 356.82					
	Denton, Andre		N	\$ 1,394.68					
	Derechinsky, Lee		N	\$ 4,646.92					
	Derung, Aaron J.		N	\$ 1,027.47					
	Dettloff, Eric		N	\$ 1,971.28					
	Dhesi, Harminder		N	\$ 1,239.15					
	Diaz, Lauro		N	\$ 284.91					
	Diaz, Mario		N	\$ 1,325.55					
	Diazgranados, Daniela		N	\$ 594.05					
	Dick, Courtney		N	\$ 182.94					
	Diehl, David		N	\$ 295.56					
	Dietiker, Brent		N	\$ 1,366.22					
	DiGaetano, Ronald		N	\$ 97.38					
	DiGiovanni, Daniele		N	\$ 614.67					
	Dillon, Hannah		N	\$ 148.14					
	Disle, Akeem		N	\$ 325.47					
	Dizon, Marco		N	\$ 603.55					
	Dobler, Edward		N	\$ 298.88					
	Dojliko, Amanda		N	\$ 1,336.03					
	Dombrauskas, Minette		N	\$ 580.37					
	Dominguez, Randolph		N	\$ 2,317.21					
	Donahue, Victor		N	\$ 1,760.80					
	Donlon, Deirdre		N	\$ 858.06					
	Donners, Leah		N	\$ 755.36					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Donohue Jr., Gerald		N	\$ 722.78			
	Dorch, Philip		N	\$ 316.13			
	Dotson, Marchunette		N	\$ 281.62			
	Doward, Lisa		N	\$ 241.18			
	Dowd, Laura		N	\$ 3,718.33			
	Doyle, Jaymie		N	\$ 284.82			
	Drake, Aaron		N	\$ 133.42			
	Drake, Monica		N	\$ 1,556.01			
	Dualan, Ellen		N	\$ 3,341.96			
	Dubrinsky, Shawn		N	\$ 321.35			
	Dunken, Cynthia		N	\$ 2,141.96			
	Dunlap, Naomi		N	\$ 34.80			
	Dunn, Delilah		N	\$ 627.68			
	Dunn, Elizabeth		N	\$ 434.90			
	Dunn, Jacob		N	\$ 380.52			
	Duris, Russell		N	\$ 112.32			
	East, Malcolm A.		N	\$ 148.82			
	Eberhardt, Carine		N	\$ 770.99			
	Eckles, John		N	\$ 1,223.18			
	Edes, Andrea		N	\$ 483.08			
	Edgerson, Adrian		N	\$ 545.99			
	Edmonds, Vance Ryan		N	\$ 409.28			
	Edwards, Derek		N	\$ 1,238.54			
	Edwards, Lacey		N	\$ 634.14			
	Elepano, Lea		N	\$ 2,687.34			
	Elhard, Kristen		N	\$ 217.13			
	Elliott, Eric		N	\$ 222.07			
	Ellis, Anthony		N	\$ 1,012.24			
	Elmahi, Abdalla		N	\$ 1,432.95			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Emery, Brooke		N	\$ 370.82			
	Emerzian, Peter		N	\$ 330.50			
	Endico, Gloria		N	\$ 1,947.74			
	Erickson, Lisa		N	\$ 98.18			
	Esfandiary, Priscilla		N	\$ 147.66			
	Eskridge, Travis		N	\$ 138.02			
	Espinoza, Jocelyn		N	\$ 643.29			
	Estep, Talia		N	\$ 330.90			
	Estrada, Luis		N	\$ 162.33			
	Eubanks, Mary		N	\$ 1,822.69			
	Eusebio, Ezra Kathrina		N	\$ 1,058.13			
	Evans Jr., Joseph		N	\$ 75.69			
	Evans, Christie		N	\$ 1,111.97			
	Exis, Peter		N	\$ 210.26			
	Eyrich, Timothy		N	\$ 546.94			
	Fajardo, Yvette		N	\$ 1,176.97			
	Falk, Rebecca		N	\$ 2,467.82			
	Fanning, Heather		N	\$ 1,037.02			
	Farmer, Rebecca		N	\$ 2,162.07			
	Farrell, Stephen		N	\$ 3,447.17			
	Farris, LaToya		N	\$ 343.38			
	Faxas, Tina		N	\$ 1,548.29			
	Ferguson, Tracey		N	\$ 552.11			
	Fernandez, Keiko		N	\$ 1,384.76			
	Ferris, Braley		N	\$ 167.00			
	Ferruccio, Susan		N	\$ 1,111.89			
	Fichman, Kevin		N	\$ 6,565.21			
	Figueroa, David		N	\$ 270.80			
	Figueroa, Kristian		N	\$ 1,121.20			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Fillak, Grace A.		N	\$ 1,217.53			
	Finch, Roland		N	\$ 270.57			
	Finney, Aylin		N	\$ 1,097.24			
	Fishback, Timothy		N	\$ 311.60			
	Fisher, Brian		N	\$ 5,655.08			
	Fisher, Peter		N	\$ 335.37			
	Fisher, Robert		N	\$ 969.97			
	Fisher, Vanessa		N	\$ 96.65			
	Flannegan, Anthony		N	\$ 793.03			
	Flannigan, Kyle		N	\$ 235.63			
	Fleischman, Michael J.		N	\$ 1,751.90			
	Fletschinger, Ryan		N	\$ 482.76			
	Flood, Kristina		N	\$ 222.94			
	Florence, Christen		N	\$ 57.99			
	Flores, Caitlin		N	\$ 114.67			
	Flores, Rachel		N	\$ 394.38			
	Flynn, Jessica		N	\$ 352.16			
	Fong, Kevin		N	\$ 2,866.51			
	Forbito, Lacey		N	\$ 175.75			
	Ford, Heather		N	\$ 1,116.92			
	Ford, Sara		N	\$ 773.51			
	Fore, John W.		N	\$ 3,234.56			
	Forman, Priscilla		N	\$ 345.39			
	Fouty, Jenn		N	\$ 98.06			
	Fradin, Jon		N	\$ 282.58			
	Franco, Priscilla		N	\$ 1,130.89			
	Franta, Jeff		N	\$ 398.28			
	Fredrich, Michael		N	\$ 4,858.10			
	Frey, Horacio		N	\$ 672.85			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Frias II, Jose		N	\$ 882.98			
	Froehlich, Lauren		N	\$ 899.82			
	Fryfogle, Robert		N	\$ 1,517.54			
	Fujioka, Naomi		N	\$ 3,116.03			
	Fuller, Andrew		N	\$ 8,832.13			
	Furtado, David		N	\$ 684.72			
	Gaede, Tiffani		N	\$ 1,628.29			
	Gagara-Salaou, Issoufou		N	\$ 962.56			
	Galbraith, Sam		N	\$ 249.67			
	Gall, Louis		N	\$ 270.12			
	Gallagher, Emily		N	\$ 35.42			
	Gallegos, Fernando		N	\$ 1,126.89			
	Gama, Jose		N	\$ 1,114.28			
	Gamble Sr., David		N	\$ 2,197.43			
	Ganeva, Vanya		N	\$ 947.98			
	Garcia, Angela		N	\$ 2,995.04			
	Garcia, Guillermo		N	\$ 843.70			
	Garcia, Jesus		N	\$ 2,456.10			
	Garcia, Juan		N	\$ 1,083.54			
	Garcia, Raymond		N	\$ 706.16			
	Garcia, Sarah		N	\$ 49.06			
	Gast, Brian		N	\$ 1,381.10			
	Gateson, Jacob J.		N	\$ 959.61			
	Gaytan- Sandoval, Alejandra		N	\$ 838.19			
	Geiger, Jeffrey		N	\$ 132.19			
	Gemberling, Shella-Jean		N	\$ 217.47			
	Germani, Michele		N	\$ 16.14			
	Gervais, Lise		N	\$ 1,255.03			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Geymont, Laura		N	\$ 312.52			
	Ghalchi, Michael		N	\$ 3,178.21			
	Ghebrehiwot, Nathan		N	\$ 1,180.13			
	Ghunim, Colette		N	\$ 68.96			
	Gigandet, Megan		N	\$ 549.94			
	Gilbert, John		N	\$ 1,047.87			
	Gildea, Charles		N	\$ 1,931.56			
	Gillas, Megan		N	\$ 406.14			
	Gillen, Ryan		N	\$ 334.95			
	Gilmore V, Anthony		N	\$ 1,025.42			
	Gines, John		N	\$ 322.86			
	Giordano, Alejandro		N	\$ 1,408.90			
	Giordano, Linda		N	\$ 1,592.45			
	Giovinni, Brian		N	\$ 539.00			
	Gizzi, Brian		N	\$ 925.89			
	Gleason, Bridget		N	\$ 1,625.00			
	Glickman, Michael J.		N	\$ 1,936.69			
	Glidden, Lori		N	\$ 367.74			
	Glover, Brianna		N	\$ 147.27			
	Godinet, Fred		N	\$ 165.08			
	Goglek, Sharon		N	\$ 1,824.16			
	Goldstein, Barry		N	\$ 2,377.06			
	Gollmer, Chris		N	\$ 330.48			
	Goltiao, Jenelle		N	\$ 890.06			
	Gomes, David		N	\$ 3,011.40			
	Gomoll, Nancy		N	\$ 423.04			
	Gonzalez, Christina		N	\$ 320.01			
	Gonzalez, Guillermo		N	\$ 343.07			
	Gonzalez, Hector		N	\$ 1,159.59			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Gonzalez, Jimmy		N	\$ 1,480.22			
	Gonzalez, Luz		N	\$ 148.62			
	Gonzalez, Patricia		N	\$ 686.52			
	Gonzalez, Stefany		N	\$ 1,028.13			
	Gordan, Mallory		N	\$ 104.60			
	Gordon, Andrew		N	\$ 268.70			
	Gordon, Myiesha		N	\$ 906.59			
	Gordon, Sarah		N	\$ 397.74			
	Gorman, Robert		N	\$ 486.21			
	Grabowski, Charles		N	\$ 2,912.23			
	Grace, Laura		N	\$ 47.22			
	Graf, Kaitlin		N	\$ 331.52			
	Grammas, Audrey		N	\$ 616.78			
	Granberry, Delfina		N	\$ 1,018.20			
	Grasser, Todd		N	\$ 5,435.84			
	Grau, Charles		N	\$ 1,422.06			
	Gray, Kelly		N	\$ 222.92			
	Green, Janel		N	\$ 32.21			
	Green, Janice		N	\$ 3,029.67			
	Green, Kelly		N	\$ 22.24			
	Green, Orlando		N	\$ 792.21			
	Gregory, Christopher		N	\$ 1,440.23			
	Gregory, Zachary		N	\$ 257.47			
	Grenley, Michael	Y	N	\$*20,687.00			
	Griffin, Blake		N	\$ 19.68			
	Griffin-Reed, Pamela		N	\$ 447.25			
	Griffith, Taneliya		N	\$ 1,029.19			
	Grigorian, Michael		N	\$ 839.98			
	Groce, Brian		N	\$ 963.71			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Grondin, Matthew		N	\$ 1,163.87			
	Grosman, Elise		N	\$ 489.14			
	Grove, Brian		N	\$ 2,592.59			
	Grubb, Nicholas		N	\$ 1,960.30			
	Grundland, Paola		N	\$ 697.54			
	Guerrero, Joe R.		N	\$ 3,727.87			
	Guidinger, Devon		N	\$ 257.56			
	Gurnani, Shekhar		N	\$ 315.24			
	Gustafson, Kristen		N	\$ 415.41			
	Gutierrez, Beverly		N	\$ 204.63			
	Gutierrez, Kenia		N	\$ 1,045.67			
	Guzman, Omero		N	\$ 343.83			
	Haag, Stephanie		N	\$ 700.05			
	Haas, Kathryn		N	\$ 227.83			
	Habada, Tony		N	\$ 450.62			
	Haddad, Walid		N	\$ 39.83			
	Hagen, Alex		N	\$ 456.96			
	Hahn, Dustin		N	\$ 247.96			
	Hales, Ryan		N	\$ 672.13			
	Hall, Ivan		N	\$ 121.43			
	Hall, Kathryn L		N	\$ 267.32			
	Hall, Lonni		N	\$ 299.96			
	Halstead, Daniel		N	\$ 197.45			
	Hammond, Journey		N	\$ 1,829.56			
	Hanes, Cassandra		N	\$ 192.83			
	Hansen, Johnathan		N	\$ 550.47			
	Harbert, Carol		N	\$ 1,449.11			
	Harknett, Neal		N	\$ 588.62			
	Harper, Justin		N	\$ 32.55			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Harrell, Jeremy		N	\$ 118.67			
	Harrington, Christopher		N	\$ 850.16			
	Harrington, Keith		N	\$ 472.88			
	Harris, Christiane		N	\$ 3,249.69			
	Harris, Kynan		N	\$ 331.86			
	Harris, Mario		N	\$ 465.76			
	Harris, Mica		N	\$ 820.50			
	Harshbarger, Steve		N	\$ 6,065.93			
	Haslerud, Erik		N	\$ 1,723.60			
	Havercamp, Melissa		N	\$ 210.09			
	Havey, James		N	\$ 1,056.09			
	Hawkins, Dana		N	\$ 557.40			
	Hawkins, Nathan		N	\$ 568.54			
	Hayes, Diane		N	\$ 2,120.24			
	Hayes, Janet		N	\$ 245.78			
	Heafner, Angie		N	\$ 738.76			
	Hedrick, Dominique		N	\$ 1,669.98			
	Hefner, Randy		N	\$ 1,369.74			
	Hefte, Caitlin		N	\$ 771.81			
	Helm, Phyllis		N	\$ 61.84			
	Helmetag, Steven		N	\$ 1,647.81			
	Henderson, Scott		N	\$ 984.14			
	Hendrickson, Lisa		N	\$ 660.20			
	Hennigh, Ashley		N	\$ 633.02			
	Henry Jr., Harold		N	\$ 878.07			
	Henry, Austin		N	\$ 880.24			
	Hensley, Tanya		N	\$ 254.93			
	Herbert, Alexander J		N	\$ 391.47			
	Herman, Rachel		N	\$ 2,254.10			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Hernandez, Rachel		N	\$ 628.02			
	Hernandez, Victor		N	\$ 1,005.71			
	Hess, Sheena		N	\$ 743.77			
	Hewlett, Nicole		N	\$ 309.07			
	Hext, Gillian		N	\$ 2,872.63			
	Hieber, Victoria		N	\$ 525.61			
	High, Wendy		N	\$ 259.53			
	Hill, Chelsea A		N	\$ 56.37			
	Hill, Stephanie R.		N	\$ 1,259.69			
	Hills, Barclay		N	\$ 747.56			
	Hinds, Monique		N	\$ 356.10			
	Hinkedker, Aida		N	\$ 132.43			
	Hipsber, Isham		N	\$ 787.67			
	Hirst, Chelsey		N	\$ 266.85			
	Hoag, Juliette S.		N	\$ 1,184.01			
	Hoffer, Shari		N	\$ 415.18			
	Hogan, Joshua		N	\$ 1,600.63			
	Hogue, Bobby		N	\$ 2,095.91			
	Holak, Brian		N	\$ 635.00			
	Holbrooks, Sandra		N	\$ 59.57			
	Holland, Kristen		N	\$ 3,291.61			
	Hood, Kevin		N	\$ 480.48			
	Horowitz, Corey		N	\$ 138.07			
	Horton, Michelle		N	\$ 204.49			
	Hotta, Connie		N	\$ 121.55			
	Houle, Brooke		N	\$ 325.90			
	Housman, Lisa		N	\$ 1,006.37			
	Houth, Kelly		N	\$ 226.02			
	Hoven, Rodney		N	\$ 2,041.20			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Howard Jr, Carl		N	\$ 661.78			
	Hudson, Sally		N	\$ 1,170.11			
	Huerta, Ezequiel L		N	\$ 3,338.99			
	Huson, Megan		N	\$ 79.89			
	Huynh, Una		N	\$ 365.75			
	Hyslop III, Robert		N	\$ 2,777.46			
	Ibarra, Tonia		N	\$ 1,963.93			
	Indelicato, Sharon		N	\$ 774.40			
	Irvin, Michael		N	\$ 1,102.39			
	Izaguirre Merlos, Freddy		N	\$ 685.71			
	Jack, Anthony		N	\$ 280.94			
	Jackson, Colette		N	\$ 710.84			
	Jackson, Phyllis		N	\$ 725.06			
	Jamba, Caitlin		N	\$ 213.54			
	James, Lonnie C.		N	\$ 2,780.48			
	Jardine, Mia		N	\$ 305.96			
	Jeffries, Jennifer		N	\$ 673.31			
	Jenkins Jr., Reginald A.		N	\$ 1,238.80			
	Jenkins, Elizabeth		N	\$ 715.33			
	Jenkins, Minnie		N	\$ 1,061.53			
	Jenner, David		N	\$ 611.13			
	Jensen, Jessica		N	\$ 888.02			
	Jirapongmatte, Thanasak-Lewis		N	\$ 229.37			
	John, Tammy		N	\$ 1,373.15			
	Johnson II, Howard		N	\$ 1,455.52			
	Johnson, Greg		N	\$ 3,715.35			
	Johnson, Leah		N	\$ 893.21			
	Johnston, Kimberly		N	\$ 1,610.44			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Johnston, Phil T.		N	\$ 1,384.16			
	Joiner, Crystal		N	\$ 554.95			
	Jones, Cary		N	\$ 885.15			
	Jones, Cherie		N	\$ 294.31			
	Jones, Connie		N	\$ 3,530.00			
	Jones, Devon		N	\$ 480.58			
	Jones, Dorothea		N	\$ 912.58			
	Jones, Gloria		N	\$ 136.42			
	Jones, Rusty		N	\$ 116.48			
	Jongeward, Curtis		N	\$ 1,416.26			
	Jourdain, Lionel		N	\$ 548.49			
	Joy, Tracey		N	\$ 2,567.35			
	Juarez, Jovan		N	\$ 509.23			
	Judy, Dan		N	\$ 311.50			
	Juhasz, Cheriele		N	\$ 1,245.41			
	Julien, Zoe		N	\$ 122.00			
	Juneja, Sunny		N	\$ 180.26			
	Kaap, David		N	\$ 502.73			
	Kalama, Marcia		N	\$ 926.42			
	Kan, Tiffany		N	\$ 172.54			
	Kanze, Kathryn A.		N	\$ 648.93			
	Karimabadi, Jafar		N	\$ 197.93			
	Kassinger, Steven		N	\$ 386.46			
	Katz, Jeanne		N	\$ 970.72			
	Kaurich, Denise		N	\$ 131.92			
	Kavanaght, Allen		N	\$ 169.36			
	Kazandjieff, Elizabeth		N	\$ 222.03			
	Keelling, Erica		N	\$ 563.64			
	Keen, Rebecca		N	\$ 277.97			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Keever, Jennifer		N	\$ 976.43			
	Keithly, Andrew		N	\$ 1,405.61			
	Kelley, Rhonda		N	\$ 1,412.29			
	Kelly, Lisa		N	\$ 1,164.76			
	Kephart, Anita		N	\$ 2,683.52			
	Kerr, Kristin		N	\$ 139.69			
	Khamdy, Timchi		N	\$ 94.69			
	Khami, Jessica		N	\$ 25.18			
	Killingsworth, Kelly		N	\$ 508.48			
	Kim, Jae		N	\$ 146.60			
	Kim, Sam		N	\$ 1,754.68			
	Kimball, Ralph		N	\$ 5,657.86			
	Kinn-Southworth, Sandra M.		N	\$ 6,155.25			
	Klotsman, Yolana		N	\$ 631.07			
	Kluser, Matthew		N	\$ 762.58			
	Koch, Paula		N	\$ 638.76			
	Kolinsky, Sheryl		N	\$ 1,060.80			
	Koller, Michelle		N	\$ 6,409.05			
	Kubacki, Mary		N	\$ 269.29			
	Kushner, Scott D.		N	\$ 1,228.09			
	Kyles, Andrea		N	\$ 1,519.24			
	Kylo, Deborah		N	\$ 2,249.75			
	Labrott, John		N	\$ 323.96			
	Lam, Yiu		N	\$ 502.18			
	Lamesajan, John		N	\$ 984.43			
	Lane, Vicki		N	\$ 4,395.99			
	Langa, Abby		N	\$ 531.29			
	Langendorf, Donald M.		N	\$ 726.18			
	Langner, Brittney		N	\$ 822.37			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Lanning, Danley E		N	\$ 2,337.74			
	Large, Chelsey		N	\$ 252.66			
	Lasher, Kevin		N	\$ 151.75			
	Lawrence, Clifford		N	\$ 973.06			
	Lawrence, Jeremy		N	\$ 2,435.23			
	Leach, Jeffery		N	\$ 964.76			
	LeBlanc, James		N	\$ 667.14			
	LeBlanc, Kristen		N	\$ 103.76			
	Lebowitz, Cindi		N	\$ 1,065.57			
	LeDroux, Shirley		N	\$ 757.56			
	Lee, Jenny		N	\$ 430.51			
	Lee, LaDawnya		N	\$ 631.72			
	Lees, John		N	\$ 4,470.37			
	Lefebvre, Cheryl		N	\$ 97.91			
	Leiner, Shannon		N	\$ 1,217.18			
	Leirado, Raquel		N	\$ 3,832.55			
	Leiser, John M.		N	\$ 1,890.63			
	Lemieux, Jonathan		N	\$ 637.87			
	Lennon, Raymond		N	\$ 275.00			
	Leomo, Theodore R.		N	\$ 2,538.96			
	Leon, Matthew J		N	\$ 1,705.93			
	Leonard, Molly		N	\$ 674.02			
	Letourneau, Denise		N	\$ 687.86			
	Leung, Ryan		N	\$ 556.12			
	Levin, Laura		N	\$ 285.77			
	Levin, Sarah		N	\$ 688.50			
	Levine, Charles A.		N	\$ 1,944.88			
	Levine, Joel		N	\$ 351.61			
	Lewe, Gilles		N	\$ 1,711.09			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	Lewis, Jean		N	\$ 819.88					
	Lewis, Jenowade		N	\$ 794.53					
	Lewis, Kristin		N	\$ 276.11					
	Lewis, Susan		N	\$ 1,463.73					
	Liao, Elaine		N	\$ 98.41					
	Lindsley, Blake		N	\$ 489.31					
	Linneman, Roxie		N	\$ 230.52					
	Littleton, Dave		N	\$ 174.42					
	Liu, Adrienne		N	\$ 439.42					
	Llamas, Miguel		N	\$ 3,037.60					
	Llovido, Grace		N	\$ 428.16					
	Loe, Brady		N	\$ 77.18					
	Loftis, Darius		N	\$ 439.75					
	Long, Cynthia		N	\$ 158.07					
	Long, Michael B.		N	\$ 62.02					
	Lopez, Elizabeth		N	\$ 732.57					
	Lopez, Graciela		N	\$ 2,585.38					
	Lopez, Maria		N	\$ 1,077.27					
	Lopez, Maria		N	\$ 434.42					
	Lopez, Ricardo		N	\$ 393.66					
	Lopez, Sharyn		N	\$ 617.07					
	Loveless, Brian James		N	\$ 1,164.63					
	Luce, Laura		N	\$ 513.42					
	Lucero, Dineah A.		N	\$ 924.38					
	Lukavic, Denise		N	\$ 2,231.55					
	Lulo, Samantha		N	\$ 636.52					
	Luna, Ilse		N	\$ 2,194.10					
	Luna, Jazmine		N	\$ 210.74					
	Lundsted, Neil		N	\$ 633.93					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Luttrell, Eric		N	\$ 402.77			
	Lyles, Symia		N	\$ 451.12			
	Lyons, Amber		N	\$ 122.73			
	Lyth, Michele		N	\$ 241.77			
	Mabalot, Beverly		N	\$ 1,329.70			
	Maccione, John		N	\$ 898.20			
	Mafe, Olawunmi		N	\$ 117.15			
	Magee, Nicole		N	\$ 508.01			
	Mahamadou, Abdoukarim		N	\$ 677.46			
	Mahe, John		N	\$ 548.89			
	Maille, Thomas		N	\$ 88.94			
	Maldonado, Joshua		N	\$ 308.85			
	Malfregeot, Julos		N	\$ 355.02			
	Malloy, George		N	\$ 506.84			
	Malloy, Pamela		N	\$ 211.76			
	Mangiameli, Kathryn		N	\$ 671.79			
	Mann, Antoine		N	\$ 411.41			
	Mann, Simranjit		N	\$ 487.85			
	Mannering, Gregory		N	\$ 602.85			
	Manning, Elizabeth		N	\$ 17.76			
	Mantecon, Francisco		N	\$ 925.60			
	Maples, Lacey		N	\$ 497.06			
	Marenco, Mayerlhin		N	\$ 1,935.86			
	Mariano, Randle Jesse		N	\$ 377.18			
	Mark, Rady		N	\$ 191.64			
	Markin, Tracy		N	\$ 180.39			
	Markman, Hayley		N	\$ 91.23			
	Marks, Dora		N	\$ 1,353.12			
	Martin, Jessica		N	\$ 355.51			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Martin, Kristin		N	\$ 888.77			
	Martin, Skye		N	\$ 267.30			
	Martinez, Brandon		N	\$ 274.85			
	Martinez, Emily		N	\$ 195.18			
	Martinez, Jose		N	\$ 1,090.57			
	Martinez, Luis		N	\$ 1,739.30			
	Martins, Tania		N	\$ 278.74			
	Mason, Jim		N	\$ 1,497.99			
	Mason, Mary		N	\$ 377.02			
	Matos, Danielle		N	\$ 604.81			
	Matta, Marie		N	\$ 382.69			
	Matthews, Latoya		N	\$ 100.00			
	McAvoy, Timothy		N	\$ 354.07			
	McCadney, Samuel D.		N	\$ 61.13			
	McCown, Ty		N	\$ 534.77			
	McCoy, Michael		N	\$ 1,093.77			
	McCutcheon, Victoria		N	\$ 509.55			
	McDaniel, Ashley		N	\$ 1,061.68			
	McGee, Danielle		N	\$ 498.50			
	McGinnis, Sean		N	\$ 597.88			
	McKinney, Roger G.		N	\$ 1,705.93			
	McNeill, Krissy		N	\$ 32.07			
	Medema, Leann		N	\$ 788.66			
	Medina, Luis		N	\$ 1,354.14			
	Meier, Jason		N	\$ 263.77			
	Mejia, Maribel		N	\$ 748.84			
	Mejia, Yesenia		N	\$ 600.99			
	Mejias Jr., Pedro		N	\$ 1,294.76			
	Melendez, Francisco		N	\$ 1,382.87			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Melich, Valeri		N	\$ 219.15			
	Melissen, Tom		N	\$ 1,623.41			
	Melville, Melanie		N	\$ 577.27			
	Mendoza, Eliben		N	\$ 543.90			
	Mendoza, Raymond		N	\$ 466.32			
	Mercy, Charles		N	\$ 97.88			
	Merrell, Ruth		N	\$ 85.47			
	Merritt, Bryan		N	\$ 127.71			
	Merritt, Malik		N	\$ 268.34			
	Meyer, Annette		N	\$ 560.12			
	Meyer, Cassandra		N	\$ 680.36			
	Meyer, Erin		N	\$ 739.04			
	Meyer, Lou Ann		N	\$ 847.74			
	Micael, Luwam		N	\$ 554.52			
	Migliazzo, Nathan		N	\$ 636.45			
	Milara, Jose		N	\$ 92.89			
	Milburn, Tranell		N	\$ 1,637.33			
	Miles, Aqutavia		N	\$ 538.07			
	Miley, Candice		N	\$ 462.03			
	Miller, Jessica		N	\$ 1,017.91			
	Miller, Joshua		N	\$ 1,150.29			
	Miller, Marilyn		N	\$ 5,794.45			
	Miller, Mark		N	\$ 404.00			
	Miller, Max		N	\$ 2,510.48			
	Millsbaugh, Leah		N	\$ 147.94			
	Minasyan, Mkrtich		N	\$ 637.53			
	Minehart, Nicole		N	\$ 359.63			
	Minicky, Sandra		N	\$ 169.66			
	Minier, Susan M		N	\$ 8,344.12			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Misner, Steffie		N	\$ 457.37			
	Mitchell, Danielle		N	\$ 295.75			
	Mitchell, Eric		N	\$ 1,096.65			
	Miulli, Megan		N	\$ 552.32			
	Miyaguchi, Ned		N	\$ 886.52			
	Mizyed, Nazal		N	\$ 302.10			
	Mock, Adrienne		N	\$ 779.06			
	Moczulski, Lukasz		N	\$ 200.32			
	Mogell, Kelsey		N	\$ 523.78			
	Mohammed, Sabita		N	\$ 1,136.40			
	Molina, Marco		N	\$ 1,136.28			
	Moon, Keegan		N	\$ 530.09			
	Mooney, Dana		N	\$ 910.98			
	Moore, Bonnie		N	\$ 6.03			
	Moore, Edward		N	\$ 3,902.95			
	Moore, Randi		N	\$ 772.50			
	Moorhead, Elisabeth		N	\$ 245.80			
	Morales, Arturo		N	\$ 1,501.00			
	Morales, Carlos		N	\$ 246.11			
	Moreau, Jason		N	\$ 1,188.32			
	Moreno, Damon		N	\$ 1,474.98			
	Morgan, Bryan		N	\$ 680.36			
	Morrill, John		N	\$ 886.34			
	Morris, Hezekiah		N	\$ 439.89			
	Morris, Roberta		N	\$ 21,425.38			
	Morrow, Virginia		N	\$ 1,117.98			
	Morse, Scott		N	\$ 264.26			
	Morse, William		N	\$ 659.50			
	Moss, Carol		N	\$ 1,155.63			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Mottram, Diana		N	\$ 457.87			
	Moufarrej, Jimmy		N	\$ 383.09			
	Muhammad, Naim		N	\$ 664.52			
	Mulhearn, Dennis		N	\$ 926.73			
	Mullen, Clayton		N	\$ 37.19			
	Mullin, Alexa		N	\$ 583.10			
	Mullings, Tricia Grace		N	\$ 1,139.41			
	Mullis, Phyllis		N	\$ 625.94			
	Mulvey, Sarah		N	\$ 412.76			
	Mundo, Monika		N	\$ 412.34			
	Munn, Monica		N	\$ 1,011.60			
	Munoz, Catarina M.		N	\$ 478.24			
	Murphy, Joseph		N	\$ 852.80			
	Murphy, Lucas		N	\$ 2,306.26			
	Mutz, Yadira		N	\$ 945.07			
	Myers-Coleman, Janice		N	\$ 139.14			
	Nagano, Reed		N	\$ 1,517.30			
	Najar, Daniel		N	\$ 1,603.77			
	Nakahara, David		N	\$ 1,880.42			
	Nakamura, Megumi		N	\$ 464.45			
	Nardone, John		N	\$ 143.13			
	Natali, David		N	\$ 1,181.92			
	Nedelescu, Anca		N	\$ 2,747.43			
	Needham, Nadia		N	\$ 23.72			
	Neely, Matt		N	\$ 316.13			
	Nelson, Linsey		N	\$ 487.40			
	Nelson, Malorie		N	\$ 111.47			
	Nelson, Stephanie		N	\$ 1,697.16			
	Nguyen, Marilyn		N	\$ 211.31			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Nguyen, Nam		N	\$ 636.82			
	Nguyen, Tram		N	\$ 432.53			
	Nhip, Tracy		N	\$ 1,393.76			
	Nichani, Vikram		N	\$ 322.05			
	Nicholas, Sabrina		N	\$ 907.72			
	Nichols, Audra		N	\$ 179.46			
	Nichols, Michele		N	\$ 2,418.49			
	Nicole Smith, Shaniqua		N	\$ 222.54			
	Nilsen, Douglas		N	\$ *15530.18			
	Nixon, Anamaria		N	\$ 434.52			
	Nowlin, Zabrina		N	\$ 549.86			
	Null, Pamela		N	\$ 1,348.53			
	Nunez, Primaveva		N	\$ 350.19			
	Obermiller, Elizabeth		N	\$ 948.82			
	O'Brien, Heather		N	\$ 954.41			
	O'Brien, Sydney		N	\$ 512.32			
	O'Connor, Kimberly		N	\$ 437.12			
	Odneal, Kelly		N	\$ 1,560.07			
	Okanlawon, Victoria		N	\$ 73.93			
	Okawa, Naho J		N	\$ 2,931.24			
	Olliff, Mary		N	\$ 496.64			
	Olsen, Eric		N	\$ 696.08			
	Olsen, Kristen		N	\$ 1,030.69			
	Omura, Joseph		N	\$ 1,959.23			
	O'Neal, Nathan		N	\$ 328.71			
	O'Neill, Mathew		N	\$ 109.88			
	Opp, Adriane		N	\$ 745.17			
	Ordway, Krystal		N	\$ 348.85			
	Orey, Daniel		N	\$ 400.15			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Ortega, Ben		N	\$ 1,260.63			
	Ortega, Fabian		N	\$ 340.14			
	Ortega, Noemi		N	\$ 402.83			
	Ortiz, Candice		N	\$ 690.31			
	Ortiz, Hugo		N	\$ 571.46			
	Osorio, Natalia		N	\$ 1,202.83			
	Ostrich, Johanna		N	\$ 432.45			
	Osuess, Zachary		N	\$ 417.03			
	Otchis, John		N	\$ 5,583.50			
	O'Toole, Tammy		N	\$ 1,165.28			
	Oukada, Chris		N	\$ 1,865.02			
	Overton, Ryan		N	\$ 2,213.52			
	Ovsepian, Arpina		N	\$ 1,452.09			
	Owens, Catherine		N	\$ 594.66			
	Padilla, Lillian		N	\$ 4,242.63			
	Pahl, Susan		N	\$ 577.32			
	Palavivatana, Kanchana		N	\$ 707.67			
	Palomino, Maria		N	\$ 35.56			
	Palomo, Erika		N	\$ 633.54			
	Pamplona, Susan Ann		N	\$ 429.87			
	Panneton, Elsa		N	\$ 176.93			
	Panonicial, Jean		N	\$ 125.76			
	Pantojas, Jose		N	\$ 1,013.34			
	Papania, Debra		N	\$ 1,332.10			
	Paper, Glenn		N	\$ 1,292.54			
	Parayno, Cyndi		N	\$ 434.58			
	Park, Danny		N	\$ 2,365.81			
	Parker, Shannon		N	\$ 348.04			
	Parker, Tracey		N	\$ 2,538.81			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Parkhill, Sharon		N	\$ 1,204.61			
	Parmley, Phillip		N	\$ 74.87			
	Passov, Leonid		N	\$ 215.16			
	Pate, Nora		N	\$ 327.01			
	Patel, Sandip		N	\$ 1,182.50			
	Patterson, Darwin		N	\$ 988.42			
	Paullin, Kyung		N	\$ 166.62			
	Pauta, Priscila		N	\$ 409.41			
	Payne, Pauline		N	\$ 796.86			
	Peace, Brian		N	\$ 3,203.93			
	Pearce, Jennifer		N	\$ 2,867.03			
	Pearce, Jennifer		N	\$ 329.74			
	Pedersen, Martin		N	\$ 959.73			
	Pedevilla, Emily		N	\$ 160.61			
	Peeler, Jennifer		N	\$ 1,269.46			
	Peizer, Joshua		N	\$ 491.09			
	Penda, Doumbia		N	\$ 507.38			
	Pensinger, William		N	\$ 1,601.49			
	Penza, Ronald		N	\$ 1,227.98			
	Peralta, Jose		N	\$ 629.09			
	Peralta, Tony		N	\$ 326.91			
	Peraza, Hector		N	\$ 3,408.18			
	Perera, Dimuth		N	\$ 2,124.49			
	Perez, Ronald		N	\$ 909.09			
	Perkins, Melissa		N	\$ 574.93			
	Perks, Michael R		N	\$ 1,797.78			
	Perri, Jeff		N	\$ 1,421.45			
	Perrin, Matthew		N	\$ 1,274.85			
	Perry, Harrison		N	\$ 257.24			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Peters, Mary		N	\$ 706.98			
	Peters, Reniko		N	\$ 163.15			
	Peterson, Glenn		N	\$ 678.12			
	Pethel, Jordan		N	\$ 100.48			
	Petty, Jason		N	\$ 1,391.16			
	Pewitt, Rachel		N	\$ 653.41			
	Phan, Kathy		N	\$ 328.25			
	Phelps, Rhianna		N	\$ 2,206.41			
	Phillips, Lindsay		N	\$ 545.14			
	Pigeon, Eric		N	\$ 328.40			
	Pipien-Hunter, Ariana R		N	\$ 1,204.88			
	Pippin, Scott		N	\$ 1,601.06			
	Pisani, Alyssa		N	\$ 1,325.21			
	Placko, Brian		N	\$ 1,010.84			
	Pleites, Wilson		N	\$ 737.98			
	Plotnick, Ken		N	\$ 1,729.03			
	Pollard, Ashley		N	\$ 566.39			
	Pompey, Dante		N	\$ 361.65			
	Poonati, Preetham		N	\$ 362.84			
	Porter, Marjorie		N	\$ 330.38			
	Porter, Nedra		N	\$ 461.15			
	Porter, Shauntell		N	\$ 1,629.68			
	Porterfield, Jason		N	\$ 1,313.78			
	Portes, Rocio		N	\$ 805.73			
	Poulson, Alan		N	\$ 21.83			
	Powell, Dana		N	\$ 652.88			
	Prather, Larry		N	\$ 753.23			
	Prendergast, Elizabeth		N	\$ 148.19			
	Preston-Guthrie, Terri		N	\$ 2,264.55			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	Price, Carol		N	\$ 913.95					
	Price, Javed		N	\$ 126.94					
	Proctor, Andrea		N	\$ 166.90					
	Propst, Jacob		N	\$ 136.72					
	Przybylska, Katarzyna		N	\$ 32.11					
	Pugh, Serina		N	\$ 6,291.83					
	Pulido, Joanna		N	\$ 4.24					
	Pulio, Eric		N	\$ 1,199.85					
	Purpura, Ashley		N	\$ 317.62					
	Raffaele, Joseph		N	\$ 2,338.53					
	Rahamim, Assaf		N	\$ 1,016.96					
	Rainey, Barbara		N	\$ 1,295.91					
	Ramirez, Austreberta		N	\$ 206.45					
	Ramirez, Evelyn		N	\$ 49.92					
	Ramirez, Harry		N	\$ 205.46					
	Ramirez, Jessica		N	\$ 180.10					
	Ramirez, Phillip		N	\$ 539.68					
	Ramiscal, Laleen		N	\$ 473.17					
	Ramkhelawan, Padmini		N	\$ 268.52					
	Ramos, Jessica		N	\$ 264.99					
	Ramos, Joshua		N	\$ 71.31					
	Ramsey, Ebony		N	\$ 413.72					
	Ranieri, Jamie		N	\$ 86.12					
	Rankin, Colleen		N	\$ 115.30					
	Rawles, Ralph		N	\$ 1,610.55					
	Rawlings, amanda		N	\$ 96.20					
	Ray, Kane		N	\$ 1,634.27					
	Ray, Kyle		N	\$ 630.62					
	Reasoner, Aaron		N	\$ 1,519.33					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Redmond, Amber		N	\$ 112.47			
	Reedy, David		N	\$ 558.93			
	Reichert, Darla		N	\$ 1,447.64			
	Reid, Emily		N	\$ 2,078.05			
	Reid, Lisa		N	\$ 223.35			
	Reyes, Anthony		N	\$ 130.28			
	Rhodns, Colten		N	\$ 815.80			
	Rich, Bonnie		N	\$ 2,026.59			
	Richardson, Jason		N	\$ 1,595.94			
	Richardson, Shae		N	\$ 19.77			
	Rieder, Eric A.		N	\$ 1,502.93			
	Rieman, Jessica		N	\$ 428.16			
	Rieschl, Kevin		N	\$ 172.63			
	Rigueur, Joan		N	\$ 384.70			
	Rinaldi, David		N	\$ 4,193.29			
	Rios, Edward A		N	\$ 460.77			
	Ripollone, Mark		N	\$ 1,016.48			
	Risk, Karli		N	\$ 256.21			
	Risley, Anthony		N	\$ 882.35			
	Risucci, Stephanie		N	\$ 386.88			
	Ritter, Katelyn		N	\$ 472.58			
	Rivera, Amanda		N	\$ 461.66			
	Rivera, Christina		N	\$ 1,495.61			
	Rivera, Walter		N	\$ 1,970.42			
	Roan, Christina M.		N	\$ 3,338.99			
	Roberts, Arthur		N	\$ 94.20			
	Roberts, Nicola		N	\$ 445.57			
	Robinson, Michael		N	\$ 1,872.27			
	Rocke, Dwayne		N	\$ 602.55			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Rodriguez, Anastasia		N	\$ 1,477.57			
	Rodriguez, Jenny		N	\$ 2,108.64			
	Rodriguez, Jesus		N	\$ 496.48			
	Rodriguez, John		N	\$ 249.45			
	Rodriguez, Jose Miguel		N	\$ 1,838.06			
	Rodriguez, Justin		N	\$ 448.37			
	Rodriguez, Nicolas		N	\$ 174.26			
	Rodriguez, Salvador		N	\$ 4,170.15			
	Rogers, Brittany		N	\$ 380.19			
	Roggero, James		N	\$ 5,367.48			
	Rohan, Mike		N	\$ 625.56			
	Rohowetz, Jennefer		N	\$ 1,499.12			
	Rojo, Cynthia		N	\$ 1,515.28			
	Rook, Lori		N	\$ 771.48			
	Rosales, Audie James		N	\$ 981.34			
	Rosales, Jorge		N	\$ 1,195.21			
	Rosas, Richard		N	\$ 663.85			
	Ross, Danicia		N	\$ 265.65			
	Ross, Taylor		N	\$ 493.17			
	Roth, Michael		N	\$ 1,892.60			
	Rotimi, Adeyinka		N	\$ 446.16			
	Rouadi, Hakim		N	\$ 766.81			
	Rounick, Adam		N	\$ 147.94			
	Roux, Carrie		N	\$ 1,067.34			
	Ruben Cheykaychi, Kelsey		N	\$ 318.24			
	Rucker, Frank		N	\$ 3,037.33			
	Ruemler, Aaron		N	\$ 730.60			
	Ruiz, Victor		N	\$ 569.05			
	Rupio, Gloria		N	\$ 2,062.09			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	Russell, Laura		N	\$ 2,628.00					
	Russell, Michael		N	\$ 1,956.03					
	Russo, Meredith		N	\$ 579.47					
	Russo, Susan		N	\$ 1,942.82					
	Ryan, Larry		N	\$ 1,609.16					
	Sabatino, Dina		N	\$ 486.80					
	Sackey, Linda		N	\$ 332.62					
	Sadiq, Razeena		N	\$ 720.29					
	Saenz, Mario		N	\$ 1,404.44					
	Saggau, Charles		N	\$ 5,502.84					
	Sailor, Bryant		N	\$ 203.18					
	Salamanca, Virginia		N	\$ 960.80					
	Salazar, Jesus		N	\$ 375.37					
	Saldivar, Dave		N	\$ 258.77					
	Samano, Rene		N	\$ 489.23					
	San Miguel, Zachary		N	\$ 224.94					
	Sanchez, AJ		N	\$ 651.16					
	Sanchez, Angel		N	\$ 540.68					
	Sanchez, Maria		N	\$ 843.74					
	Sanchez, Zasha		N	\$ 150.09					
	Sanchez-Diaz, Cristina		N	\$ 225.27					
	Sanne, Laura		N	\$ 236.35					
	Santana, Iriana		N	\$ 357.54					
	Santarpia, Ralph		N	\$ 527.80					
	Santiago, Joseph		N	\$ 209.59					
	Santilli, Darlene		N	\$ 55.74					
	Santos, Carmen		N	\$ 472.28					
	Santos, Jonathan		N	\$ 147.41					
	Santos, Oseas Fernando		N	\$ 1,658.31					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Santoyo-Guzman, Amabilia		N	\$ 552.11			
	Sarrett, Gary		N	\$ 457.37			
	Saumell, Rolando		N	\$ 950.34			
	Saylor, Amanda		N	\$ 788.51			
	Sbei, Smantha		N	\$ 395.92			
	Schlesinger, Danielle		N	\$ 358.45			
	Schneider, Tammi		N	\$ 1,549.64			
	Schofield, Kory		N	\$ 1,086.69			
	Schroeder, Joel		N	\$ 1,608.21			
	Schultz, Melissa R		N	\$ 584.45			
	Schwachter, Ron		N	\$ 2,250.19			
	Scott, Danielle		N	\$ 1,197.23			
	Sechrist, Kelly		N	\$ 2,127.78			
	Segal, Jennifer		N	\$ 2,854.59			
	Selby, Jennifer		N	\$ 166.30			
	Sellers, Gregory		N	\$ 325.80			
	Sellers, Lindsay		N	\$ 126.56			
	Seltzer, Wesley		N	\$ 626.57			
	Shadman, Hakha		N	\$ 230.91			
	Shahid, Mariam		N	\$ 543.71			
	Sharek, Alex		N	\$ 33.10			
	Sharkey, Erin		N	\$ 309.90			
	Shaw-Kunz, Lori E.		N	\$ 3,493.93			
	Sheard, Antjuan		N	\$ 581.43			
	Sheffield, Teresa		N	\$ 253.18			
	Sheldon, Laura		N	\$ 92.19			
	Shigaki, Brian		N	\$ 249.30			
	Shippey, Adam		N	\$ 504.51			
	Shirshac, Shane		N	\$ 548.57			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Shoemaker, Nick		N	\$ 512.00			
	Shorter, Rebecca		N	\$ 1,466.09			
	Siciliano, Daniel		N	\$ 246.03			
	Sidbury, Shauntia		N	\$ 612.11			
	Siegfried, Ariel		N	\$ 66.94			
	Silan, Rajneel		N	\$ 437.91			
	Silkman, Johanna		N	\$ 1,423.98			
	Sills, David		N	\$ 474.99			
	Simon, Christopher		N	\$ 309.55			
	Simon, Lauren		N	\$ 510.26			
	Simons, Brittany		N	\$ 300.24			
	Simpson, Peter		N	\$ 520.65			
	Simpson, Theresa		N	\$ 61.77			
	Sims, Aaron		N	\$ 60.49			
	Singh, Amanda		N	\$ 588.05			
	Singh, Timothy		N	\$ 20.76			
	Singh, Vishnu		N	\$ 307.88			
	Sitzmann, Nicole		N	\$ 836.84			
	Slabaugh, Eric		N	\$ 50.00			
	Sloane, Max		N	\$ 211.16			
	Sluka, Charles		N	\$ 553.82			
	Smith, Albert		N	\$ 763.78			
	Smith, Jamie		N	\$ 138.68			
	Smith, Lorraine		N	\$ 1,527.42			
	Smith, Michael		N	\$ 393.21			
	Smith, Nicholas		N	\$ 197.17			
	Smith, Rebecca		N	\$ 1,253.51			
	Smith, Steven		N	\$ 1,936.71			
	Smith, Tameika		N	\$ 700.89			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Smith, Vincent		N	\$ 171.38			
	Snell, Joshua		N	\$ 261.74			
	Snelson, Patrick		N	\$ 1,500.33			
	Snider, John		N	\$ 461.30			
	Snider, Michelle		N	\$ 336.70			
	Soares, Joelma		N	\$ 2,806.13			
	Soch, Kathleen		N	\$ 38.19			
	Soderblom, Jessica		N	\$ 471.12			
	Solis, Daisy		N	\$ 923.14			
	Som, Kerry		N	\$ 241.46			
	Sommers, Susan		N	\$ 1,444.82			
	Sonier, Junia		N	\$ 1,094.81			
	Sookdeo, Purusha		N	\$ 299.25			
	Sorensen, John		N	\$ 400.09			
	Soto, Paul P		N	\$ 470.01			
	Sousa, Paula		N	\$ 1,297.01			
	Spatzer, Felicia		N	\$ 1,459.81			
	Spearman, Mary		N	\$ 1,243.78			
	Spruill, Wadiyah		N	\$ 407.55			
	St. Aubin, Sheryl		N	\$ 599.60			
	Stahl, Katelyn		N	\$ 105.94			
	Stanisz, Ashley		N	\$ 1,371.93			
	Stanley, Christopher		N	\$ 693.42			
	Stanley, Derrick		N	\$ 672.00			
	Stansfield, Rebecca		N	\$ 1,824.42			
	Stapleton, Robert		N	\$ 1,506.79			
	Stark, Christine		N	\$ 54.26			
	Stea, Ami		N	\$ 453.50			
	Steinbiss, Katherine		N	\$ 969.23			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Stephen, Brad		N	\$ 7,111.24			
	Stevens, Ashleigh		N	\$ 1,543.44			
	Stevens, Chelsea		N	\$ 434.52			
	Stewart, Breanna		N	\$ 125.75			
	Stewart, Marcus D.		N	\$ 1,607.09			
	Stewart, Patrick		N	\$ 10,935.86			
	Stix, Eric		N	\$ 379.93			
	Stone, Blair		N	\$ 111.35			
	Stone, Gloria Jean		N	\$ 75.70			
	Strange, Kerry		N	\$ 857.69			
	Strasburg, Mark		N	\$ 409.01			
	Stringham, David		N	\$ 648.32			
	Strobel, Joseph M		N	\$ 957.99			
	Strohman, Sandra		N	\$ 581.43			
	Suarez-Ortiz, Gina		N	\$ 322.23			
	Sulick, Andrew		N	\$ 232.70			
	Summers, Sheena		N	\$ 592.26			
	Summins, Thomas		N	\$ 213.98			
	Sutton-Pryor, Matt A		N	\$ 305.74			
	Swain, Catherine E.		N	\$ 2,292.56			
	Swanson, Craig		N	\$ 178.14			
	Sweazy, Jeremy		N	\$ 880.80			
	Sweet, James E.		N	\$ 6,040.92			
	Sztuba, Ian		N	\$ 2,313.02			
	Tabarejo-Ishikuro, Tyler		N	\$ 677.30			
	Tallent, Renee		N	\$ 107.38			
	Talwar, Rahul		N	\$ 2,850.91			
	Tanner, Nicole		N	\$ 139.86			
	Taormina, Nicole		N	\$ 549.28			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Inslder	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Taylor, Callie		N	\$ 162.65			
	Taylor, Elizabeth		N	\$ 350.25			
	Taylor, Erik		N	\$ 190.73			
	Taylor, Leslie		N	\$ 1,285.34			
	Taylor, Morrell		N	\$ 773.06			
	Taylor, Ryan		N	\$ 1,998.51			
	Tekie, Aster		N	\$ 795.32			
	Tellez, Jessica		N	\$ 148.04			
	Telusmar, Melissa		N	\$ 537.60			
	Teunissen, Tracy		N	\$ 194.09			
	Tew, Rebecca		N	\$ 198.59			
	Thiessen, Adam J.		N	\$ 1,956.80			
	Thomas, Barbara		N	\$ 731.70			
	Thomas, Eric		N	\$ 204.13			
	Thomas, Penny		N	\$ 991.66			
	Thomas, Rodney		N	\$ 206.96			
	Thomas, Theresa		N	\$ 403.53			
	Thompson, Charlene		N	\$ 1,255.05			
	Thompson, Cherri		N	\$ 412.76			
	Thompson, Christopher		N	\$ 2,660.89			
	Thompson, Nicole		N	\$ 907.20			
	Thompson, Stephen R.		N	\$ 1,491.40			
	Threlkeld, Kelsi		N	\$ 490.51			
	Thweatt, Calvin		N	\$ 26.42			
	Tilly, Clair		N	\$ 1,857.33			
	Titlow, Charles		N	\$ 1,590.88			
	Tix, Timothy		N	\$ 1,212.93			
	Tomlinson, Hayley		N	\$ 435.62			
	Toren, Sean P		N	\$ 1,527.76			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Inslder	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Torres, Carlos		N	\$ 218.98			
	Townsend, Susan		N	\$ 59.56			
	Tracy, Micah		N	\$ 1,260.13			
	Tran, Melissa		N	\$ 508.58			
	Traxler, Stephanie		N	\$ 1,100.78			
	Trevino, Maria		N	\$ 65.10			
	Trice, Gail		N	\$ 335.08			
	Troestler, Melissa R		N	\$ 208.35			
	Trudel, Kimberly		N	\$ 541.50			
	Trudell, Andrew		N	\$ 1,014.82			
	Trujillo, Masiel		N	\$ 463.51			
	Trujillo, Steven		N	\$ 2,034.84			
	Trygar, Ashley		N	\$ 719.65			
	Turcan, Alina		N	\$ 256.62			
	Turman, Bianca		N	\$ 87.56			
	Turnell, Jeffrey		N	\$ 1,103.68			
	Turner, Jennifer		N	\$ 371.13			
	Uddin, Mohammed		N	\$ 1,794.38			
	Uliano, Angelo		N	\$ 114.21			
	Unabia, Maria		N	\$ 126.95			
	Utley, Shawn		N	\$ 1,272.20			
	Valdez, Del		N	\$ 328.50			
	Valerio, Kimberly		N	\$ 632.16			
	Vallejo-Howard, Moctezuma		N	\$ 494.85			
	Valles, Jose		N	\$ 1,441.21			
	Van Natta, Jayson		N	\$ 702.49			
	Vanderlaan, Christopher		N	\$ 570.39			
	Varnado, Mia		N	\$ 558.79			
	Vasquez, Mark		N	\$ 182.26			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	Vaudreuil, Jesse		N	\$ 203.49					
	Vaughn, Delonte		N	\$ 413.31					
	Vega, Magaly		N	\$ 326.44					
	Velez, Fernando		N	\$ 543.99					
	Vellucci, Nicole		N	\$ 2.31					
	Verma, Sharlene		N	\$ 298.43					
	Vermilyee, Adam		N	\$ 1,569.67					
	Vernon, Kendara		N	\$ 251.27					
	Vetrini, Judy		N	\$ 1,444.59					
	Viani, Maria		N	\$ 1,381.81					
	Villalobos, Curtis		N	\$ 977.96					
	Villanueva, Michael		N	\$ 2,079.33					
	Wagner, Piroška		N	\$ 512.11					
	Wagoner, Amy		N	\$ 1,713.06					
	Waisbord, Ricardo		N	\$ 1,111.29					
	Waite, Jessie		N	\$ 5.14					
	Walch, Juanita		N	\$ 278.61					
	Walker, Michael		N	\$ 4,209.00					
	Walton, Kathleen		N	\$ 1,122.66					
	Wanderlingh, Jeff		N	\$ 2,070.97					
	Warner, Toni		N	\$ 315.22					
	Warren, Heidi		N	\$ 98.11					
	Warseck, John		N	\$ 845.31					
	Washington, Shakeith		N	\$ 617.71					
	Washlock, Michael		N	\$ 100.62					
	Watler, Aaron		N	\$ 1,960.77					
	Watson, Tyler		N	\$ 167.23					
	Webb, Lee		N	\$ 1,230.69					
	Wehbi, Abraham		N	\$ 625.87					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Weinstein, Barry D		N	\$ 9,771.87			
	Weir, Cheryl		N	\$ 525.30			
	Weis, Barbara		N	\$ 922.26			
	Weiss, Ira		N	\$ 1,941.16			
	Welcome, Dominique		N	\$ 495.37			
	Wellman, Kimberly		N	\$ 835.16			
	Wendel, Karen		N	\$ 2,490.16			
	Werts, Erika		N	\$ 424.22			
	Whalen, Taylor		N	\$ 1,074.01			
	Wheeler, Matthew		N	\$ 197.50			
	Whitcomb, Ryan		N	\$ 204.56			
	White, Craig		N	\$ 197.04			
	White, Glenn		N	\$ 865.30			
	White, Gregory		N	\$ 414.85			
	Whitson, Michael		N	\$ 2,006.30			
	Wickstrom, Jennifer		N	\$ 33.92			
	Wiegmann, Melissa		N	\$ 1,205.73			
	Wilfong, Whitney		N	\$ 1,048.71			
	Williams Few, Monique		N	\$ 3.45			
	Williams, Christina		N	\$ 367.60			
	Williams, Derrick		N	\$ 874.65			
	Williams, Donald		N	\$ 40.51			
	Williams, Erinn		N	\$ 320.91			
	Williams, Jarvis		N	\$ 47.49			
	Williams, Kyesia		N	\$ 267.04			
	Williams, Leon		N	-			
	Williams, Maya		N	\$ 616.94			
	Wills, Suzanne		N	\$ 3,608.20			
	Wilson, Adam K		N	\$ 1,762.23			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	Wilson, James		N	\$ 629.72					
	Winbush, Aleesha		N	\$ 417.03					
	Winchell, Brian		N	\$ 2,624.82					
	Winfield, Catherine		N	\$ 193.63					
	Wingo, Jeannie		N	\$ 763.97					
	Winter, Fred		N	\$ 425.06					
	Withers, Brandon		N	\$ 600.24					
	Witte, Lorraine		N	\$ 440.50					
	Wofford, Jessica		N	\$ 878.08					
	Wolf, David R.		N	\$ 14,955.57					
	Wolfert, Marvin		N	\$ 1,950.20					
	Wong, Chu H.		N	\$ 2,399.78					
	Wood, Chris		N	\$ 1,029.34					
	Wood, Christopher		N	\$ 1,121.13					
	Wood, John W.		N	\$ 14,519.97					
	Wood, Nathaniel		N	\$ 365.17					
	Woodson, Kardell		N	\$ 1,423.64					
	Wright, Amanda		N	\$ 1,023.66					
	Wright, Kristen		N	\$ 672.96					
	Wright, Nikita		N	\$ 625.32					
	Wright, Peter		N	\$ 93.86					
	Wykes, Matthew		N	\$ 616.90					
	Wyllie, Tami		N	\$ 615.39					
	Xue, Jake		N	\$ 1,011.25					
	Yamamoto, Jaeda Ann		N	\$ 153.43					
	Yanchik, Beth		N	\$ 4,681.51					
	Yarbro, Micael		N	\$ 626.68					
	Yeager, Kathy A.		N	\$ 988.51					
	Yee, Deanna		N	\$ 690.52					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
	Yockey, Anna Conchetta		N	\$ 74.03					
	Yoon, Soo		N	\$ 116.11					
	Youmans, Alaina		N	\$ 1,217.20					
	Young, Kristina K.		N	\$ 933.15					
	Young, Stacey		N	\$ 537.57					
	Zache, Adam M.		N	\$ 105.71					
	Zaidi, Amber		N	\$ 113.03					
	Zaman, Sharmin		N	\$ 199.76					
	Zamudio, George		N	\$ 1,226.65					
	Zarobsky, Kimberly		N	\$ 266.20					
	Zavaleta, Karla		N	\$ 1,596.84					
	Zavattero, Jeff		N	\$ 87.03					
	Zenebe, Henok		N	\$ 930.39					
	Zepeda, Sergio		N	\$ 1,209.90					
	Ziemkowski, James J.		N	\$ 18,469.81					
	Zimmermann, Curt M.		N	\$ 736.80					
	Zinnel, David		N	\$ 459.46					
	Zuniga, Leticia		N	\$ 896.29					
	Zweifel, Sarah		N	\$ 275.46					
Class 5 TWC	Schedule E1.2 - Outstanding Payroll Checks (06/10/09 - 12/07/09)								
	Ahlgren, Victoria		N	\$ 572.34					
	Apfel, Genna		N	\$ 46.42					
	Cortina, Suzzane		N	\$ 9.66					
	Hahn, Dustin		N	\$ 9.32					
	Harer, Justin		N	\$ 93.80					
	Lenehan, Ross		N	\$ 116.36					
	Lopez, Nathalie		N	\$ 159.63					
	Lyth, Michele		N	\$ 1.08					
	Middaugh, Sarah		N	\$ 199.47					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	Ramkhelawan, Padmini		N	\$ 328.61			
	Reasoner, Aaron		N	\$ 67.52			
	Roark, Teresa		N	\$ 35.91			
	Rucker, Frank		N	\$ 138.60			
Class 5	Schedule E1 - Employee Wages, Salaries (06/10/09 - 12/07/09)						
Holdings	Dilg, Alexis		N	\$ 2,681.00			
	Pino, Patricia		N	\$ 1,286.67			
	Cattivera, Joseph		N	\$ *15680.94			
	Feshbach, Andrew		N	\$ *37153.85			
	Wall, Anthony		N	\$ *30380.40			

* To the extent that the claim exceeds \$10,950.00, the excess is not considered a Section 507(a)(4) priority claim.

** Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U**	Amount	Amount	Objection	
Class 5 Big Dog	Schedule E2 - Contributions to Employee Benefit Programs								
	ADP			\$ 517.20					
	ADP			\$ 117.50					
	LINCOLN FINANCIAL GROUP			\$ 14.40					
Class 5 TWC	SEVIER COUNTY GENERAL			\$ 164.34					
	Schedule E2 - Contributions to Employee Benefit Programs								
	ADP			\$ 57.10					
	ADP			\$ 40.00					
Class 5	ADP			\$ 434.00					
	ADP			\$ 1,849.80					
	ADP			\$ 16.80					
	AMERICAN GEN FINANCIAL			\$ 200.96					
	C DAVID COTTINGHAM			\$ 55.00					
	CA STATE DISB UNIT			\$ 208.84					
	CA STATE DISBURSE UNIT			\$ 216.34					
	CA STATE DISBURSEMENT			\$ 207.56					
	CA STATE DISBURSEMENT UNIT			\$ 182.76					
	CAPITAL ONE BANK			\$ 63.88					
	CHILD SUPP ENFORCE AGENCY			\$ 258.46					
	COMMONWEALTH OF MA			\$ 363.00					
	FAMILY SUPPORT PAYMENT CTR			\$ 163.85					
	FRANCHISE TAX BOARD			\$ 65.00					
	HMAA			\$ 1,556.80					
	INSCCU			\$ 200.00					
LINCOLN FINANCIAL GROUP			\$ 999.54						
MICHIGAN ST DISTR UNIT			\$ 11.61						

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection
	MICHIGAN STATE DISB UNIT			\$ 75.07			
	NC CHILD SUPPORT			\$ 120.00			
	NC CHILD SUPPORT			\$ 114.46			
	NYS CHILD SUPPORT PROC			\$ 30.00			
	OH CHILD SUP PMT CENTER			\$ 281.81			
	PA SCDU			\$ 198.84			
	QC FINANCE			\$ 141.43			
	SANTA BARBARA CO SHERRIFF			\$ 143.85			
	SHERIFF'S CIVIL BUREAU			\$ 47.35			
	STATE OF FL DISB UNI			\$ 142.00			
	STATE OF FL DISB UNIT			\$ 125.08			
	STATE OF FL DISBURSE UNIT			\$ 124.62			
	UNITED STATES TREASURY			\$ 193.50			
	US DEPT OF EDUCATION			\$ 125.93			
	WAGE GARNISHMENT PROCESS			\$ 85.36			
	WAGE GARNISHMENT UNIT			\$ 67.96			
	WAGES GARNISHMENT PROCESS			\$ 82.75			
	WAGES GARNISHMENT UNIT			\$ 67.96			
	WASHINGTON STATE SUPPORT			\$ 150.00			
	WI SCTF			\$ 242.30			
	WI SCTF			\$ 461.53			
Class 5	Schedule E2 - Contributions to Employee Benefit Programs						
Holdings	GWL/UHC			\$ *420616.33			

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* To the extent the contributions may exceed the limit set forth in Section 507(a)(5) the excess will be not be considered a Section 507(a)(5) priority claim.

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U**	Amount	Objection

**Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
NONE							

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection	
Class 5 Big Dog	Schedule E3 - Gift Certificates / Cards		N					
	Gift card/certificate liability not assigned		N	\$ 23,864.00	Contingent			
Class 5 TWC	Schedule E3.1 - Gift Certificates / Cards		N					
	Gift card/certificate liability not assigned		N	\$ 858,618.93	Contingent			
Class 5 TWC	Schedule E3.2 - Outstanding Customer Refund Checks		N					
	AJIT BENEPAI		N	\$ 218.45				
	ALFONSO PINEDA		N	\$ 143.27				
	ANDREA ZAVESKY		N	\$ 192.10				
	ANN VANDENBERG		N	\$ 140.35				
	ANNA FERZOCO		N	\$ 201.51				
	ANNA KOLCHINSKY		N	\$ 402.24				
	ANNE CALLAGHAN		N	\$ 131.95				
	ANNE MICHAEL		N	\$ 194.62				
	ANTHONY PRICE		N	\$ 194.89				
	ANTONELLA FAGONE		N	\$ 148.45				
	ATICQUE MAITLA		N	\$ 115.54				
	BEKI MENDORFF		N	\$ 136.82				
	BETTY CICENIA		N	\$ 109.95				
	BRENDA FOUNTAIN		N	\$ 123.86				
	CAROL GARNER		N	\$ 152.20				
	CHERYL HOLLAND		N	\$ 107.43				
	CHERYL OLSON		N	\$ 138.33				
	CHRISTINE GREEN		N	\$ 125.07				
	CLIFFORD DAY		N	\$ 266.20				
	CYNTHIA TRUJILLO		N	\$ 197.50				
	DAN TOPUZES		N	\$ 190.26				
	DEBBIE GLENN		N	\$ 124.26				

EXHIBIT 6 - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	DEBORAH NICKLES		N	\$ 95.35			
	DEREK THOMAS		N	\$ 139.95			
	DOUG HARNER		N	\$ 63.55			
	EDDILIA MARTINEZ		N	\$ 119.95			
	ELEN WOLDEMARIAM		N	\$ 114.95			
	ELIZABETH CARTER		N	\$ 118.75			
	ERNIE GOSNELL		N	\$ 175.15			
	FERESHTEH FIROOZAN		N	\$ 76.77			
	FRANCES HOLZSCHUH		N	\$ 72.82			
	FRANIA ROSS		N	\$ 128.35			
	GARY ZACCARO		N	\$ 184.60			
	GENTIANA MANO		N	\$ 109.95			
	HELEN H GOLDBERG		N	\$ 148.35			
	JACQUELINE NGUYEN		N	\$ 127.18			
	JACQUELINE OHAI		N	\$ 16.70			
	JANE RENEE CHAIGNEAU		N	\$ 86.31			
	JASMINE BURROUGHS		N	\$ 146.90			
	JENNIFER MASCARO		N	\$ 139.95			
	JHON BIVELACQUE		N	\$ 143.72			
	JILL MEZUREK		N	\$ 139.95			
	JOAN PRAY		N	\$ 194.28			
	JOANNE DOAN		N	\$ 521.84			
	JULIA NOYA		N	\$ 124.86			
	KAREN JANIYAK		N	\$ 182.49			
	KAREN PICCIRILLO		N	\$ 129.00			
	KARYL HOBBS		N	\$ 219.40			
	KATE IUKHADZE		N	\$ 164.25			
	KEE SOON WYNNE		N	\$ 101.68			
	KENNETH PRUSIK		N	\$ 209.10			
	LASHAY JORDAN		N	\$ 129.25			
	LAUREN GOLSHAN		N	\$ 153.25			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	LAUREN KEEBLER		N	\$ 179.95			
	LEENAN ROCHON		N	\$ 179.95			
	LILLIAM BASQUEZ		N	\$ 98.22			
	LILLIAM BASQUEZ		N	\$ 125.53			
	LINDA SWICKART		N	\$ 129.95			
	LISA CARL		N	\$ 152.13			
	LISA LEE		N	\$ 120.67			
	LORI HUDSON		N	\$ 117.65			
	LORI OTELSBURG		N	\$ 296.27			
	LOUISE FOX		N	\$ 125.95			
	LUI SHU YUN		N	\$ 212.13			
	M LOUISE VON WALTER		N	\$ 131.35			
	MADALINE GERLING		N	\$ 94.94			
	MADHUR CHHIKARA		N	\$ 114.99			
	MAGDALENA OCARROLL		N	\$ 71.85			
	MARY BROSEAU		N	\$ 144.40			
	MARY HORION		N	\$ 119.95			
	MARYANNE ROZAKIS		N	\$ 60.55			
	MICHELE MORIARTY		N	\$ 106.95			
	MICHELE DO		N	\$ 151.50			
	MICHELE STOUPT		N	\$ 119.95			
	NANCY KAVANAUGH		N	\$ 116.55			
	NARSHA MCLEAN		N	\$ 64.90			
	NICOLE STEVENSON		N	\$ 3.27			
	NIPA KAEWIMONRAT		N	\$ 120.67			
	PATRICA GRANT		N	\$ 125.95			
	PHYLLIS REICHMAN		N	\$ 218.45			
	RANDY MEYERS		N	\$ 100.00			
	ROBBIE MONTGOMERY		N	\$ 126.42			
	ROBERT KORAB		N	\$ 174.10			
	RONAN BREEN		N	\$ 185.67			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS	
				Amount	D/C/U+	Amount	Objection	
	ROSA ARELLANO		N	\$ 136.82				
	SABA BERHE		N	\$ 118.05				
	SANDRA WILKISON		N	\$ 118.00				
	SEAN CRUZ		N	\$ 269.95				
	SHARON GRUNST		N	\$ 64.98				
	STEFANIA DUMITRACHE		N	\$ 199.83				
	SUSAN HALE		N	\$ 141.26				
	THELMA PATENT		N	\$ 97.87				
	VICTORIA PEREZ		N	\$ 217.49				
Class 5	Schedule E3.3 - Outstanding Customer Refunds							
TWC	ANASTASIA AKDENIZ		N	\$ 238.70				
	Ann Brundrett		N	\$ 149.95				
	ANTONIO JIMENEZ		N	\$ 190.75				
	ASHLEY HERREN		N	\$ 118.44				
	Belqis Faizi		N	\$ 219.87				
	Bob Dissell		N	\$ 128.35				
	BOBBIE SUE ROGERS		N	\$ 108.95				
	BRANDI WILLIAMS		N	\$ 424.90				
	BROOK BERRY		N	\$ 156.15				
	Caprice Cahill		N	\$ 193.45				
	CAROL PATAO		N	\$ 206.96				
	CAROLINE GAVIRLIDIS		N	\$ 212.93				
	CATHIE KLEIN		N	\$ 107.62				
	CHRIS HYATT		N	\$ 214.92				
	CHRISTINA HARMON		N	\$ 146.95				
	CHRISTINA WILLIAMS		N	\$ 162.57				
	CHRISTINE MILLAGE		N	\$ 130.51				
	CINDY ROARK		N	\$ 203.55				
	CLAIRE SHANKS		N	\$ 139.95				
	Connie Manning		N	\$ 140.70				

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection	
	CONSTANCE WAY		N	\$ 144.90				
	COURTNEY COBB		N	\$ 139.95				
	Crystal Driscoll		N	\$ 139.95				
	CYNTHIA TILSON		N	\$ 196.26				
	DAVID BARNES		N	\$ 234.83				
	DAVID GILLUM		N	\$ 164.20				
	DAVID MURPHEY		N	\$ 207.96				
	DEBRA PESINO		N	\$ 116.55				
	DELFINA CARDENAS		N	\$ 129.91				
	Derek Urban		N	\$ 64.95				
	DEVON ROELL		N	\$ 49.95				
	DIANE AUSTIN		N	\$ 147.65				
	ELAINE PELLETIER		N	\$ 169.50				
	ELENA RIVERO		N	\$ 59.42				
	Emily Williams		N	\$ 222.76				
	ERIN PETERS		N	\$ 99.95				
	Erlinda Mendoza		N	\$ 273.70				
	Erlinda Soriano		N	\$ 184.77				
	ESTELLE BONGO		N	\$ 215.95				
	EVA BOND		N	\$ 129.95				
	Evelyn Thayer		N	\$ 119.57				
	FRED RUEFF		N	\$ 212.93				
	GREGORIO PEREZ-SANTOS		N	\$ 164.20				
	HAEKYUNG THOMPSON		N	\$ 210.94				
	Irma Ramirez		N	\$ 169.95				
	JAMIE LABBE		N	\$ 146.95				
	Jane Cairl		N	\$ 211.95				
	JEANETTE PALAIS		N	\$ 179.95				
	Jeanine Terry		N	\$ 127.75				
	JEFFREY COOK		N	\$ 117.56				
	JENNIFER WALLER		N	\$ 114.95				

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	Jennifer Wesley		N	\$ 178.31			
	Jessica Martin		N	\$ 192.10			
	JOAN KOENIG		N	\$ 240.69			
	JOANNA SALVO		N	\$ 143.96			
	Jodey Wong		N	\$ 189.74			
	JOHN BURNWELL		N	\$ 157.40			
	JOHN DOIG		N	\$ 179.95			
	John Heffern		N	\$ 194.35			
	JOLYNN LINGLE		N	\$ 142.86			
	Jose Rojas		N	\$ 368.63			
	Josh Reynolds		N	\$ 293.51			
	JOYCE OWENS		N	\$ 116.55			
	Juan Cardenas		N	\$ 153.60			
	JUDITH POLACEK		N	\$ 214.92			
	Julie Herp		N	\$ 127.15			
	JULIO C VELASQUEZ		N	\$ 49.75			
	Karen Henry		N	\$ 184.77			
	KASEY SAWYER		N	\$ 224.64			
	KATHLEEN MACLELLAN		N	\$ 104.95			
	KAY FULTON		N	\$ 254.35			
	KEITH ELLIOT		N	\$ 119.95			
	KIM COYLE		N	\$ 150.21			
	KIM WOOD		N	\$ 262.10			
	KRISTEN MICKLE		N	\$ 99.95			
	Kristina Brennan		N	\$ 150.45			
	Laura Damerjian		N	\$ 126.45			
	LAUREN MILLER		N	\$ 201.35			
	LAURINNE KRAS		N	\$ 266.51			
	LESLIE ROSIER		N	\$ 162.88			
	Linda Cloutier		N	\$ 119.95			
	LINDA SANCHEZ		N	\$ 267.61			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	LORI JONES		N	\$ 105.95			
	Louise Tighe		N	\$ 139.95			
	LYNN PETERSEN		N	\$ 139.95			
	MABELLE HULSE		N	\$ 127.75			
	MAI NGUYEN		N	\$ 139.95			
	MARGAUX GRUFMAN		N	\$ 42.80			
	Marilyn Mercer		N	\$ 278.10			
	MARNITA DAVIS		N	\$ 201.30			
	Mary Sotallaro		N	\$ 174.85			
	Maureen Speros		N	\$ 197.50			
	Melissa Porter		N	\$ 149.75			
	MIKE ROSSI		N	\$ 150.50			
	MOLLY MALONE		N	\$ 86.21			
	MONICA CIAMPA		N	\$ 100.00			
	NAZNEEN BAIG		N	\$ 129.85			
	Nicholas Williams		N	\$ 86.13			
	Pam Hart		N	\$ 134.77			
	PAT CARDARELLE		N	\$ 126.67			
	PATRICIA PECK		N	\$ 127.15			
	PEGGY MADSEN		N	\$ 32.00			
	Rachel Estis		N	\$ 183.67			
	RACHELE FARNUM		N	\$ 267.45			
	RAHMA ABDI		N	\$ 123.48			
	RAVINDER KAUR		N	\$ 127.15			
	REBECCA HOOD		N	\$ 210.01			
	Renédios Hernandez		N	\$ 180.35			
	RICHARD ENRIQUEZ		N	\$ 129.85			
	ROCELITA ARAGON		N	\$ 131.05			
	Rockzine Ngwa		N	\$ 122.42			
	ROLANDO ARMENGOL		N	\$ 229.95			
	RUBY DUBOIS		N	\$ 162.89			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	Rufi Hinkle		N	\$ 109.70			
	SABRINA HUSSAIN		N	\$ 152.02			
	SANCIE DE MATIOS		N	\$ 175.72			
	SANDRA AGRESTA		N	\$ 259.65			
	Sandra Delpeche		N	\$ 125.20			
	SANDRA TURICK		N	\$ 139.95			
	Sheng Moua		N	\$ 81.89			
	SHIRLEY WIRRELL		N	\$ 135.27			
	SHULAMIS LUYBELCHIK		N	\$ 139.95			
	SHUPING SHEN		N	\$ 197.95			
	STACY WORTHINGTON		N	\$ 176.50			
	STEPHEN FLOWERS		N	\$ 199.40			
	Summer Cummings		N	\$ 133.66			
	SUSAN CLARK		N	\$ 149.05			
	Susan Retallick		N	\$ 139.95			
	SUSAN WATRUD		N	\$ 258.42			
	SUZANNE MELDRUM		N	\$ 150.54			
	SYLVIA PERELL		N	\$ 99.95			
	Tanisha Teixeira		N	\$ 180.26			
	Terri Kent		N	\$ 139.95			
	UN JEON		N	\$ 149.95			
	Vanessa Suarez		N	\$ 197.50			
	VENANGIO SUNGA		N	\$ 139.00			
	VICKI FRANCE		N	\$ 126.55			
	VITA GRIPPI		N	\$ 179.95			
	VONG PHONSAYA		N	\$ 149.95			
	WARREN WATSON		N	\$ 146.13			
	WENDY REYES		N	\$ 196.60			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection

* Disputed/contingent/unliquidated

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
Big Dog	Schedule E4.1 - Taxes and Certain Other Debts Owed to Governmental Units (Sales Tax)						
	CITY OF PIGEON FORGE		N	\$ 536.24			
	CITY OF PIGEON FORGE		N	\$ 1,119.70			
	DEPT OF REVENUE-IN		N	\$ 21,587.00			
	DEPT OF REVENUE-NC		N	\$ 787.53			
	DEPT OF TAXATION-VA		N	\$ 3,212.51			
	FLORIDA DEPT OF REVENUE		N	\$ 4,138.67			
	NEW YORK STATE SALES TAX		N	\$ 2,582.63			
	STATE OF CALIFORNIA		N	\$ 13,914.64			
	STATE OF MICHIGAN		N	\$ 3,986.00			
Big Dog	Schedule E4.2 - Taxes and Certain Other Debts Owed to Governmental Units (Personal Property Tax)						
	BIRCH RUN TWP TREASU		N	\$ 280.22			
	CAMDEN COUNTY COLLEC		N	\$ 218.52			
	CHARLIE CARDWELL, TRU		N	\$ 151.27			
	CITY OF PIGEON FORGE		N	\$ 5.00			
	CITY OF PIGEON FORGE		N	\$ 20.00			
	GRAPEVINE-COLLEVVILL		N	\$ 1,827.29			
	HARRISON COUNTY TAX		N	\$ 635.16			
	HAYS COUNTY TAX OFFI		N	\$ 3,293.05			
	HOWELL TOWNSHIP TREA		N	\$ 50.50			
	HOWELL TOWNSHIP TREA		N	\$ 121.42			
	KAUFMAN COUNTY TAX C		N	\$ 3,082.85			
	ROUND ROCK TAX OFFIC		N	\$ 1,856.88			
	SEVIER COUNTY TRUSTE		N	\$ 40.00			
	SEVIER COUNTY TRUSTE		N	\$ 65.00			
	SEVIER COUNTY TRUSTE		N	\$ 247.00			
	SEVIERVILLE CITY REC		N	\$ 8.00			

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS		
				Amount	D/C/U*	Amount	Amount	Objection	
	TARRANT COUNTY ASSES		N	\$ 701.46					
	TAX ASSESSOR/COLLECT		N	\$ 631.92					
	WEST BRANCH TOWNSHIP		N	\$ 247.03					
TWC	Schedule E4.1 - Taxes and Certain Other Debts Owed to Governmental Units (Income / Sales Tax)								
	39TH STREET TRANSPORT		N	\$ 70.24					
	ARIZONA DEPT OF REV.		N	\$ 26,169.06					
	CITY OF BATON ROUGE		N	\$ 1,173.00					
	CITY OF BOULDER		N	\$ 1,305.45					
	CITY OF CHANDLER		N	\$ 1,136.41					
	CITY OF FORT COLLINS		N	\$ 2,969.00					
	CITY OF GLENDALE		N	\$ 1,214.85					
	CITY OF HOOVER		N	\$ 3,025.34					
	CITY OF HUNTSVILLE		N	\$ 1,745.28					
	CITY OF LONE TREE		N	\$ 2,543.00					
	CITY OF NEW ORLEANS		N	\$ 3,165.00					
	CITY OF PANAMA CITY BEACH		N	\$ 112.10					
	CITY OF SCOTTSDALE		N	\$ 1,189.33					
	CITY OF TUCSON		N	\$ 2,347.95					
	CITY/COUNTY OF BROOMFIELD		N	\$ 5,683.00					
	COLORADO DEPT OF REVENUE		N	\$ 347.00					
	COLORADO DEPT OF REVENUE		N	\$ 18,127.00					
	DELAWARE DIVISION OF REV		N	\$ 1,791.00					
	DEPARTMENT OF REVENUE		N	\$ 29,431.00					
	DEPT. OF TAXATION-MAINE		N	\$ 7,845.13					
	DISTRICT OF COLUMBIA		N	\$ 12,445.53					
	FLORIDA DEPARTMENT OF REV		N	\$ 75,558.55					
	FRANKLIN COUNTY TREASURER		N	\$ 95.76					

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection	
	FRANKLIN COUNTY TREASURER		N	\$ 2,074.90				
	GEORGIA, STATE OF		N	\$ 27,541.29				
	HAWAII STATE TAX COLLECT.		N	\$ 15,111.76				
	HAWAII STATE TAX COLLECT.		N	\$ 4,341.61				
	HAWAII STATE TAX COLLECT.		N	\$ 2,421.92				
	HAWAII STATE TAX COLLECT.		N	\$ 6,590.40				
	IDAHO STATE TAX COMM		N	\$ 3,904.00				
	ILLINOIS DEPT OF REVENUE		N	\$ 37,430.00				
	INDIANA DEPT OF REVENUE		N	\$ 37,612.91				
	JEFFERSON COUNTY D.O.R.		N	\$ 1,006.45				
	JEFFERSON COUNTY D.O.R.		N	\$ 1,006.45				
	KANSAS SALES TAX		N	\$ 6,980.91				
	KANSAS SALES TAX		N	\$ 1,998.10				
	LOUISIANA DEPT OF REV&TAX		N	\$ 3,467.00				
	MADISON COUNTY COURTHOUSE		N	\$ 254.85				
	MEADOWS TDD		N	\$ 217.12				
	MICHIGAN, STATE OF		N	\$ 40,597.97				
	MINN DEPT OF REVENUE		N	\$ 1,764.00				
	MISSOURI DEPT OF REVENUE		N	\$ 31,758.43				
	NEVADA DEPT OF TAXATION		N	\$ 108,341.56				
	NEW JERSEY DEPT OF TREAS		N	\$ 4,916.12				
	NORTH CAROLINA		N	\$ 40,455.15				
	OHIO, STATE OF		N	\$ 50,402.16				
	OKLAHOMA TAX COMMISSION		N	\$ 6,512.12				
	OKLAHOMA TAX COMMISSION		N	\$ 2,500.00				
	PA DEPT OF REVENUE		N	\$ 6,939.07				
	SO CAROLINA DEPT OF REV		N	\$ 5,900.00				

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection	
	STATE OF AL - DEPT OF REV		N	\$ 6,032.59				
	STATE OF AL - DEPT OF REV		N	\$ 0.24				
	STATE OF CONNECTICUT		N	\$ 39,501.00				
	STATE OF KY TREASURER		N	\$ 13,969.14				
	STATE OF MARYLAND		N	\$ 27,589.68				
	STATE OF MICHIGAN		N	\$ 7,314.00				
	UTAH STATE TAX COMMISSION		N	\$ 5,245.49				
	VIRGINIA DEPT OF TAXATION		N	\$ 23,859.37				
	WASHINGTON STATE DEPT OF		N	\$ 65,342.19				
	WISCONSIN DEPT OF REV		N	\$ 24,550.86				
TWC	Schedule E4.2 - Taxes and Certain Other Debts Owed to Governmental Units (Personal Property Tax)							
	ADA COUNTY TREASURER		N	\$ 395.08				
	ANNE ARUNDEL COUNTY		N	\$ 433.18				
	BALTIMORE COUNTY, MD		N	\$ 1,477.85				
	BROWARD COUNTY REVEN		N	\$ 465.82				
	BROWARD COUNTY REVEN		N	\$ 1,718.20				
	CITY OF GRANDVILLE		N	\$ 23.40				
	CITY OF KNOXVILLE		N	\$ 382.33				
	CITY OF TROY		N	\$ 562.48				
	CLARK COUNTY ASSESSO		N	\$ 610.21				
	CLARK COUNTY ASSESSO		N	\$ 2,106.49				
	CLARK COUNTY ASSESSO		N	\$ 342.85				
	CLARK COUNTY ASSESSO		N	\$ 1,361.76				
	CLARK COUNTY ASSESSO		N	\$ 342.92				
	CLINTON TOWNSHIP TREA		N	\$ 3,891.11				
	COLLECTOR OF REVENUE		N	\$ 1,586.27				
	COLLECTOR OF REVENUE		N	\$ 532.44				

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS	
				Amount	D/C/O*	Amount	Objection	
	DALLAS CITY TAX ASSES		N	\$ 4,610.10				
	DENTON COUNTY TAX		N	\$ 3,975.16				
	FRISCO INDEPENDENT S		N	\$ 2,371.59				
	GREENE COUNTY		N	\$ 1,016.93				
	HILLSBOROUGH COUNTY		N	\$ 1,107.29				
	HILLSBOROUGH COUNTY		N	\$ 1,255.35				
	HOWARD COUNTY		N	\$ 439.11				
	JOHNSON COUNTY TREAS		N	\$ 1,067.13				
	KENNETH L. MAUN		N	\$ 1,354.36				
	KNOX COUNTY CLERK,		N	\$ 367.00				
	LEE COUNTY TAX COLLE		N	\$ 227.80				
	MARION COUNTY TREASURER		N	\$ 1,126.34				
	MIAMI-DADE TAX COLLE		N	\$ 476.99				
	MIKE OLSON/TAX COLLE		N	\$ 630.49				
	MONTGOMERY TOWNSHIP		N	\$ 60.00				
	NELDA WELLS SPEARS		N	\$ 5,791.56				
	NOVI CITY CLERK'S OF		N	\$ 219.32				
	ORANGE CO. TAX COLLE		N	\$ 1,023.23				
	ORANGE CO. TAX COLLE		N	\$ 1,344.94				
	ORANGE CO. TAX COLLE		N	\$ 1,190.16				
	PARISH OF EST BATON		N	\$ 5,848.85				
	PAUL BETTENCOURT		N	\$ 13,767.45				
	PEGGY C. BRANNON, TA		N	\$ 2,439.93				
	RO'VIN GARRETT, RTA		N	\$ 5,676.09				
	SANTA CLARA CO.TAX C		N	\$ 215.10				
	SARASOTA COUNTY		N	\$ 336.12				
	SHELBY COUNTY TRUSTE		N	\$ 92.86				

EXHIBIT G - LIST OF PRIORITY UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS	
				Amount	D/C/U*	Amount	Objection
	ST. CHARLES CO. COLL		N	\$ 1,012.84			
	ST. JOSEPH COUNTY		N	\$ 1,476.46			
	TARRANT COUNTY TREAS		N	\$ 9,581.06			
	TARRANT COUNTY TREAS		N	\$ 6,257.40			
	TAX COLLECTOR		N	\$ 1,597.54			
	TAX COLLECTOR DUVAL		N	\$ 3,111.01			
	TAX COLLECTOR DUVAL		N	\$ 3,535.83			
	TAX COLLECTOR, PALM		N	\$ 1,261.46			

* Disputed/contingent/unliquidated
 ** Many if not all of these tax claims have already been paid pursuant to the court's 12/18/09 Order

EXHIBIT "H"

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS**	
				Amount	D/C/U*	Amount	Objection
Class 6 Big Dog	SCH F-1 - General Unsecured Creditors						
	Airoidack Factory Outlet Center, Inc.		N	\$ 5,557.60			
	AT & T- UNIVERSAL BI		N	\$ 6,127.46			
	AT&T		N	\$ 36.75			
	AT&T		N	\$ 128.88			
	AT&T TELECONFERENCE		N	\$ 218.39			
	AVIS RENT A CAR SYST		N	\$ 485.16			
	C.H. ROBINSON WORLDW		N	\$ 1,600.00			
	CENTURLINK		N	\$ 35.42			
	CITY OF PIGEON FORGE		N	\$ 21.12			
	COX SANITATION-RECYC		N	\$ 58.43			
	DELTA APPAREL		N	\$ 643.57			
	ENTERTAINMENT		N	\$ 14.60			
	FIRST DATA MERCHANT SERVICES		N	\$ 10,176.18			
	FL CRANE & SONS, INC		N	\$ 450.00			
	GAS COMPANY		N	\$ 11.28			
	GMAC Commercial Mortgage, Pigeon Forge Factory Outlet Mall		N	\$ 12,232.93			
	GRANITE TELECOMMUNIC		N	\$ 84.57			
	GUANGLI WU		N	\$ 120.00			
	GULF COAST WINDOW CL		N	\$ 10.70			
	KERNS TRUCKING, INC.		N	\$ 925.00			
	METRO DOOR		N	\$ 1,164.00			
	METRO TECH SERVICE C		N	\$ 300.00			
	NATIONAL GRID		N	\$ 529.38			
	NEVADA LEGAL PRESS		N	\$ 30.00			
	OFFICE DEPOT		N	\$ 494.67			
	ONTRAC		N	\$ 15.36			
	Opry Mills LP		N	\$ 2,328.00			
	PG&E		N	\$ 743.49			
	Pigeon Forge Associates		N	\$ 6,551.19			
	PIGEON FORGE PROMO F		N	\$ 666.86			
	Prime Outlets at Pismo Beach, LLC		N	\$ 11,970.97			
	REGENCY LIGHTING		N	\$ 328.93			
	REXEL CAPITOL LIGHT		N	\$ 58.04			
	SAN DIEGO GAS & ELEC		N	\$ 43.99			
	San Diego Seaport Village Inc.		N	\$ 13,066.01			
	SANTEE COOPER		N	\$ 42.33			
	SEAPORT VILLAGE OPER		N	\$ 1,240.24			
	SEVIER COUNTY ELEC S		N	\$ 1,133.93			
	SILVER SANDS JOINT		N	\$ 497.92			
	Silver Sands Joint Venture Partners		N	\$ 18,323.38			

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	SOUTH WALTON UTILITY		N	\$ 37.45					
	SOUTHERN CALIF EDISO		N	\$ 889.76					
	STATON		N	\$ 152.66					
	SUPERIOR PRESS		N	\$ 50.50					
	TELECHECK		N	\$ 120.00					
	TMS		N	\$ 1,955.40					
	U-HAUL		N	\$ 268.37					
	UNITED PARCEL SERVIC		N	\$ 58,386.66					
	VERIZON		N	\$ 76.96					
	VIRGINIA NATURAL GAS		N	\$ 18.30					
	WASTE MANAGEMENT OF		N	\$ 60.90					
	WASTE MGMT OF EASTERN NY		N	\$ 203.94					
	WASTE MGMT OF OREGON		N	\$ 40.00					
	Williamsburg Outlets LLC		N	\$ 15,946.63					
Class 6 Big Dog	Schedule F2 - Open Workers Comp & General Liability Claims								
	Phyllis Spence		N	\$ 204,889.62					
	Shawna Wilkes		N	\$ 87,071.27	Y				
	Jade Mayorga		N	\$ 2,511.00					
	Judy Harris		N	\$ 54,178.00					
Class 7 TWC	Schedule F1 - Unsecured Creditors TWC								
	0302 BATTLEFIELD MAL		N	\$ 1,156.08					
	121 INTERACTIVE		N	\$ 1,733.80					
	A&A WINDOW WASHING		N	\$ 30.00					
	ACCUCONFERENCE BY		N	\$ 4.77					
	ADDS LIGHT CLEANING		N	\$ 75.45					
	ADOBE SYSTEMS INC.		N	\$ 6,625.00					
	ADVANCED BARCODE & L		N	\$ 1,587.00					
	ADVANTAGE INDUSTRIAL		N	\$ 514.00					
	AETREX WORLDWIDE INC		N	\$ 122,307.67					
	Alderwood Mall LLC, General Growth Properties Inc.		N	\$ 18,708.66					
	ALL STATES MALL SVCS		N	\$ 37.94					
	ALL-ASPECTS PEST		N	\$ 128.40					
	ALLIANT ENERGY/ WP&L		N	\$ 199.86					
	AMEREN UE		N	\$ 778.20					
	AMERICAN EXPRESS - F		N	\$ 4,114.97					
	AMERICAN WATER & ENE		N	\$ 30.08					
	Amerishop Suburban, LP, c/o Kimco Realty Corp		N	\$ 2,087.40					
	Annapolis Mall Ltd Pshp, Westfield Corporation, Inc.		N	\$ 19,659.56					
	ARANDELL CORP.		N	\$ 50,256.60					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	Arden Fair Associates LP		N	\$ 3,815.28					
	ARIAT INTERNATIONAL,		N	\$ 8,985.15					
	ARLINGTON HIGHLANDS		N	\$ 18.53					
	Arlington Highlands Ltd		N	\$ 22,486.68					
	ARROWHEAD MTN SPRING		N	\$ 44.34					
	AT&T		N	\$ 11,957.76					
	AT&T		N	\$ 12.74					
	AT&T		N	\$ 2,663.58					
	AT&T		N	\$ 588.25					
	AT&T		N	\$ 136.50					
	AT&T		N	\$ 1,097.66					
	AT&T		N	\$ 99.81					
	AT&T		N	\$ 755.31					
	AT&T		N	\$ 587.15					
	AT&T		N	\$ 63.86					
	AT&T CHARLOTTE		N	\$ 1,570.09					
	AT&T MOBILITY		N	\$ 775.99					
	AT&T TELECONFERENCE		N	\$ 370.45					
	AT&T-NJ		N	\$ 348.59					
	AT&T-SACRAMENTO		N	\$ 305.56					
	AT&T-W SACRAM		N	\$ 51.27					
	Atlantic Pier Associates LLC, Caesars Atlantic City		N	\$ 22,437.90					
	AUGEO AFFINITY MARKE		N	\$ 125.71					
	AUGUSTA MALL LLC, General Growth Properties Inc.		N	\$ 17,380.50					
	AUTOMATED PACKAGING		N	\$ 2,796.00					
	AVAYA, INC.		N	\$ 947.48					
	Aventura Mall Venture, M.S. Management Associates Inc		N	\$ 15,291.06					
	AVID FLOOR MAINT., I		N	\$ 1,953.73					
	AVISTA UTILITIES		N	\$ 204.21					
	Bayrock Investment Co		N	\$ 7,605.94					
	BB&H BENEFIT DESIGNS		N	\$ 299.19					
	Beachwood Place Ltd Pshp, General Growth Properties Inc.		N	\$ 28,378.57					
	BEAUTFEEL		N	\$ 57,038.55					
	BELD BRAINTREE E/L D		N	\$ 627.83					
	Bell Tower Shops LLP, Madison Marquette		N	\$ 10,197.13					
	Bell Wether Properties of South Carolina Limited Partnership, c/o M.S. Management Associates, Inc.		N	\$ 12,090.43					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	BELL WINDOW CLEANING		N	\$ 56.00					
	Belleve Square LLC		N	\$ 18,778.32					
	Bellwether Properties of MA LP, c/o M.S. Management Associates, Inc.		N	\$ 21,625.24					
	BENTON P.U.D.		N	\$ 360.61					
	BGE UTILITIES		N	\$ 1,092.11					
	BIG DOG USA, INC.	Y	N	\$ 8,787,477.00					
	Blind Canyon Partnership		N	\$ 9,594.86					
	BLUE DRAGONFLY MARKE		N	\$ 239.79					
	BOCA RATON CMTY HOSP		N	\$ 40.00					
	Bohannon Development Co.		N	\$ 1,404.53					
	Bohn & Kouretas, PLC		N	\$ 6,272.36					
	Boise Mall LLC, General Growth Properties Inc.		N	\$ 10,716.26					
	BOMBARD MECHANICAL		N	\$ 142.50					
	BOONE GRAPHICS		N	\$ 987.23					
	BOSTON LOCK & SAFE		N	\$ 364.90					
	B-P TRUCKING, INC.		N	\$ 163.75					
	Braintree Property Assoc LP, c/o M.S. Management Associates, Inc.		N	\$ 17,664.61					
	Brandon Shopping Centers Partners, LTD , Westfield Corporation, Inc.		N	\$ 17,690.47					
	Briarwood LLC		N	\$ 333.94					
	Bridgewater Commons Mall LLC		N	\$ 22,109.97					
	BRIGHT HOUSE NETWORK		N	\$ 9.00					
	BRINK'S, INC.		N	\$ 268.94					
	Brookfield Square Joint Venture, CBL Center		N	\$ 2,560.46					
	C.H. ROBINSON W/W, IN		N	\$ 50,246.79					
	Caesars Palace Realty Corp		N	\$ 53,188.51					
	CANON PERDIDO COPIER		N	\$ 154.90					
	CAPITAL WASTE, INC		N	\$ 23.52					
	CAROLINA HANDLING LL		N	\$ 73.50					
	Cary Venture Limited Partnership & CBL and Associates Limited Partnership, CBL Center		N	\$ 12,744.77					
	CBF PRINT SOLUTIONS		N	\$ 8,830.50					
	CENTRAL MAINE POWER		N	\$ 787.26					
	Century City Mall LLC, Westfield Corporation, Inc.		N	\$ 76,211.10					
	CENTURY WINDOW CLEAN		N	\$ 35.00					
	CENTURYLINK		N	\$ 107.61					
	CENTURYLINK		N	\$ 139.87					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS**	
				Amount	D/C/U*	Amount	Objection
	CENTURYLINK		N	\$ 96.56			
	CHARTER COMMUNICARIO		N	\$ 3.90			
	Chesterfield Mall LLC, CBL Center		N	\$ 18,689.88			
	CHRISTIANA MALL LLC, General Growth Properties Inc.		N	\$ 18,173.18			
	CINCINNATI BELL		N	\$ 112.46			
	CINTAS FIRE PROTECTI		N	\$ 58.85			
	Circle Center Mall LLC, Simon Property Group		N	\$ 16,872.27			
	CITY OF AUSTIN		N	\$ 763.96			
	CITY OF BROOKFIELD U		N	\$ 81.82			
	CITY OF FORT LAUDERD		N	\$ 34.38			
	CITY OF GRAND RAPIDS		N	\$ 76.32			
	CITY OF HURST		N	\$ 113.89			
	CITY OF KENNEWICK		N	\$ 61.03			
	CITY OF LANCASTER		N	\$ 16.01			
	CITY OF PALM DESERT		N	\$ 19.04			
	CITY OF PALO ALTO UT		N	\$ 1,034.76			
	CITY OF ROSEVILLE		N	\$ 406.51			
	CITY OF SANTA BARBAR		N	\$ 2,291.76			
	CITY OF SANTA BARBAR		N	\$ 36.12			
	CITY OF SARASOTA		N	\$ 67.66			
	CITY OF SEATTLE (SDO		N	\$ 36.72			
	CITY OF SEATTLE DEPT		N	\$ 480.05			
	Claskamas Associates LP, c/o Jones Lang Wootton		N	\$ 22,149.40			
	CLEANSCAPES		N	\$ 14.75			
	CLEAR DAY WINDOWS		N	\$ 30.00			
	CLEARVIEW CLEAN. CON		N	\$ 338.92			
	C-N-C CLEAN CO.		N	\$ 23.00			
	Coconut Point Developers, LLC, Simon Property Group		N	\$ 12,573.25			
	COLONIAL PARKING		N	\$ 121.94			
	Columbia Mall Partnership, Simon Property Group		N	\$ 7,802.39			
	Columbia Mall, SPE, LLC, Columbia Regional Office		N	\$ 19,607.21			
	COMCAST - DSL		N	\$ 22.54			
	COMM SOLUTIONS COMPA		N	\$ 641.10			
	COMMONWEALTH EDISON		N	\$ 1,089.75			
	CON EDISON		N	\$ 2,532.12			
	Copley Place Associates LLC, Simon Property Group		N	\$ 33,752.31			

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	CLASSIFIED CLAIMS			GENERAL UNSECURED CLAIMS			SCHEDULED CLAIMS			FILED CLAIMS**		
		Insider	Impaired	Amount	D/C/U*	Amount	D/C/U*	Amount	Objection				
	COPLEY PLACE GARAGE		N	\$ 81.27									
	Coral SC / Ltd Assoc, c/o M.S. Management Associates, Inc.		N	\$ 10,462.75									
	CORAL SPRINGS IMPROV		N	\$ 77.81									
	COSERV		N	\$ 701.38									
	COVAD COMM.		N	\$ 20.64									
	Crossgates Mall Company NewCo LLC, Pyramid Management Group, Inc		N	\$ 24,362.35									
	CRYSTAL CLEAR WINDOW		N	\$ 19.26									
	C-THRU WINDOW CLEAN'		N	\$ 45.00									
	CITY OF KENTWOOD TREA		N	\$ 322.51									
	CUIVRE RIVER ELECTRI		N	\$ 236.00									
	D.C.TREASURER/INFRAC		N	\$ 3,000.00									
	Danbury Mall Assoc LP		N	\$ 3,163.38									
	DANSKO INC.		N	\$ 725,544.85									
	DATAVANTAGE		N	\$ 20,218.70									
	Davis Street Land Co of MO III LLC		N	\$ 2,912.24									
	Davis Street Land Co of TN LLC, The Mall at Green Hills		N	\$ 13,663.00									
	DC TREASURER: DEPT O		N	\$ 25.00									
	DENISON PARKING #144		N	\$ 29.33									
	DEPT OF LABOR & INDU		N	\$ 2,533.26									
	DOMINION VIRGINIA PO		N	\$ 480.39									
	DOWNTOWN EASYPARK		N	\$ 114.00									
	DUKE ENERGY		N	\$ 5,426.48									
	DUKE ENERGY 150		N	\$ 682.50									
	DUKE ENERGY 225		N	\$ 323.51									
	Dulles Town Ctr Mall LLC, Lerner Corporation		N	\$ 5,324.36									
	Eastview Mall LLC, Wilmorite Management Group		N	\$ 2,277.88									
	EBMUD EAST BAY MUNIC		N	\$ 33.04									
	ECCO USA INC		N	\$ 13,580.50									
	ECCO USA INC.		N	\$ 252,807.30									
	ECKLAND WINDOW CLEAN		N	\$ 105.00									
	EFAX CORPORATE		N	\$ 928.83									
	EkleCo NewCo LLC, Pyramid Management Group, Inc		N	\$ 20,511.90									
	ELBEBY WINDOW CLEANIN		N	\$ 40.00									
	ENERGY MANAGEMENT SYS		N	\$ 686.64									
	ENERGYWORKS LANCASTE		N	\$ 2,226.70									
	EPAX SYSTEMS, INC.		N	\$ 45.01									
	EWEEB EUGENE WATER/EL		N	\$ 304.54									

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS**	
				Amount	D/C/U*	Amount	Objection
	EWB Escondido Assoc LP, Westfield Corporation, Inc.		N	\$ 1,870.28			
	EXACTTARGET		N	\$ 4,323.54			
	EXCELLENCE IN WINDOW		N	\$ 30.00			
	EXOFFICIO		N	\$ 4,026.00			
	Falls Shopping Center Assoc LLC, Simon Property Group		N	\$ 12,980.11			
	Fashion Centre Associates LLC, Simon Property Group		N	\$ 24,505.35			
	Fashion Show Mall LLC, General Growth Properties Inc.		N	\$ 31,225.15			
	Fashion Valley Mall LLC, Simon Property Group		N	\$ 51,012.94			
	FEDEX		N	\$ 938.29			
	FIRESERV		N	\$ 3,312.95			
	First Data Merchant Services		N	\$ 136,695.50			
	FIRST IMPRESSION		N	\$ 192.00			
	FIRSTDIGITAL TELECOM		N	\$ 48.09			
	FISH WINDOW		N	\$ 60.00			
	FISH WINDOW CLEANING		N	\$ 100.00			
	FISH WINDOW CLEANING		N	\$ 30.00			
	FISH WINDOW CLEANING		N	\$ 30.00			
	FISH WINDOW CLEANING		N	\$ 125.00			
	FISH WINDOW CLEANING		N	\$ 40.00			
	FISH WINDOW CLEANING		N	\$ 30.00			
	FISH WINDOW CLEANING		N	\$ 70.00			
	Flatiron Property Holding LLC, Management Office		N	\$ 6,438.40			
	Florida Mall Assoc Ltd, Simon Property Group		N	\$ 13,789.44			
	Forest City James Park LLC, Terminal Tower		N	\$ 18,831.53			
	FOX RIVER MILLS INC		N	\$ 70,997.59			
	FPL FLORIDA P & L CO		N	\$ 3,675.76			
	FREEHOLD TOWNSHIP FI		N	\$ 120.00			
	Freemall Associates, LLC		N	\$ 29,604.21			
	FRIT SAN JOSE TOWN &		N	\$ 3,275.07			
	Frit San Jose Town & Cntry , c/o FRIT		N	\$ 32,170.64			
	FRONTIER		N	\$ 37.40			
	Galleria at Wolfchase LLC, c/o M.S Management Assc		N	\$ 19,692.78			
	Galleria Mall Investors LP, c/o General Growth Properties		N	\$ 3,138.28			

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	Gardens SPE II LLC		N	\$ 2,102.26					
	GDS - HICKORY #685		N	\$ 522.45					
	GEORGIA POWER CO.		N	\$ 362.74					
	GORCE PRINTING & GR		N	\$ 4,483.06					
	GGP Ala Moana LLC		N	\$ 30,983.90					
	GGP Ala Moana LLC		N	\$ 4,590.00					
	GGP Foothills LLC, General Growth Properties Inc.		N	\$ 10,671.45					
	GGP Grandville LLC, General Growth Properties Inc.		N	\$ 20,886.12					
	GGP Natick LP, General Growth Properties Inc.		N	\$ 20,145.88					
	GGP Steeplegate Inc, General Growth Properties Inc.		N	\$ 11,417.38					
	GGP-Maine Mall LP		N	\$ 28,403.36					
	GLASSMASTERS N/WEST,		N	\$ 82.25					
	Glendale I Mall Assoc LLC, General Growth Properties Inc.		N	\$ 29,717.44					
	Goodforest LLC, Forest City		N	\$ 17,328.12					
	GOODHEW LLC		N	\$ 10,863.07					
	GOODHEW LLC		N	\$ 11,018.11					
	GRAND & BENEDICTS, I		N	\$ 3,145.86					
	Grand Canal Shops II, LLC, c/o GGP		N	\$ 47,516.38					
	GRANITE TELECOMMUNIC		N	\$ 1,978.39					
	GRAPHIC SYSTEMS, INC		N	\$ 34,914.44					
	GRIFFITH'S INC		N	\$ 2,589.19					
	GSI GENERAL SVCS INC		N	\$ 37.10					
	GULF POWER		N	\$ 1,824.82					
	Hamilton Town Center LC, Simon Property Group		N	\$ 10,341.83					
	HARRY RYAN WINDOW SV		N	\$ 50.00					
	HAWAII ELECTRIC LIGH		N	\$ 1,704.64					
	HAWAIIAN ELECTRIC CO		N	\$ 2,569.80					
	HAWAIIAN TELCOM		N	\$ 269.30					
	Hawthorne LP, Westfield Corporation, Inc.		N	\$ 19,677.59					
	HG Galleria I,II,III LP, c/o M.S. Management Associates, Inc.		N	\$ 50,511.90					
	Hill Country Galleria, L.P., Barton Oak V		N	\$ 19,169.85					
	HILTON NEW ORLEANS		N	\$ 168.00					
	HOCKER OXMOOR, LLC, OXMOOR CENTER MALL		N	\$ 20,789.12					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	HOME IMPROVEMENT CEN		N	\$ 43.59					
	Horton Plaza LP, Westfield Corporation, Inc.		N	\$ 2,261.33					
	HOUCHINS PEST CONTROL		N	\$ 20.00					
	Hover Mall Ltd LLC, General Growth Properties Inc.		N	\$ 20,614.36					
	Howard Rock Fee, LLC, c/o Howard Group		N	\$ 8,118.88					
	Hubbard Properties LLC		N	\$ 7,925.68					
	HUNTINGTON WINDOW CL		N	\$ 65.18					
	Huntsville Shores, LLC, c/o O&S Holdings, LLC		N	\$ 15,563.43					
	HUNTSVILLE UTILITIES		N	\$ 242.13					
	I & G Direct Real Estate 3, LP, c/o JP Morgan Invest Mngmt		N	\$ 2,460.10					
	IBM CORPORATION		N	\$ 440.30					
	ID TECHNOLOGY		N	\$ 222.82					
	IDAHO POWER #329		N	\$ 167.20					
	IM INTER'L ENVIR'L		N	\$ 74.94					
	IESI-NY CORPORATION		N	\$ 272.22					
	IMPLUS FOOTCARE LLC		N	\$ 3,984.00					
	IN BLOOM LAWN & LAND		N	\$ 50.00					
	Inland US Management LLC		N	\$ 6,937.93					
	INTERNATIONAL PAPER		N	\$ 33,553.05					
	IPL INDIANAPOLIS P/L		N	\$ 268.38					
	IRON MOUNTAIN		N	\$ 2,590.45					
	Jacksonville Avenues LP, c/o M.S. Management Associates, Inc.		N	\$ 17,292.73					
	JERSEY CTL P&L CO.(J		N	\$ 537.48					
	JG Southcenter LTD, Westfield Corporation, Inc.		N	\$ 25,069.32					
	JOHNSON COUNTY WASTE		N	\$ 7.98					
	JOSEF SEIBEL N.A. IN		N	\$ 1,621.99					
	JP WINDOW CLEANING		N	\$ 56.00					
	JUSTIN BLAIR & CO.		N	\$ 3,966.75					
	Kamehameha Schools		N	\$ 4,483.42					
	KANSAS CITY POWER &		N	\$ 763.82					
	KC Owner, LLC, CoastWood Capital Group LLC		N	\$ 14,532.66					
	KEN ATCHISON		N	\$ 1,722,169.86					
	Kenwood Mall LLC, General Growth Properties Inc.		N	\$ 27,873.77					
	KEY EQUIPMENT FINANCE		N	\$ 1,487.93					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS**	
				Amount	D/C/U*	Amount	Objection
	Keystone Florida Property Holding Corp, Kravco/Simon KFT&R		N	\$ 15,845.45			
	King of Prussia Associates, Kravco/Simon		N	\$ 798.50			
	KU, AN E-ON CO.		N	\$ 290.74			
	KUB(KNOXVILLE UTIL B		N	\$ 310.34			
	LA DEPT. OF WATER &		N	\$ 1,714.22			
	LAKE COUNTY DEPT. OF		N	\$ 64.74			
	Lancaster Trust, General Growth Properties Inc.		N	\$ 12,152.08			
	LANSPEED		N	\$ 17,415.67			
	Lawrence Associates		N	\$ 2,265.15			
	LEE COUNTY UTILITIES		N	\$ 69.30			
	Lexington Joint Venture, CBL Center		N	\$ 1,809.47			
	LG&E UTILITIES		N	\$ 270.11			
	LINCOLN COUNTY PUBLIC WORKS		N	\$ 303.84			
	Lincoln Plaza Associates, c/o Kravco Simon		N	\$ 10,399.96			
	LINCOLN STAFFING		N	\$ 79,326.09			
	LIPA LONG ISLAND POW		N	\$ 1,495.11			
	LOBB LIGHTING SERVIC		N	\$ 1,451.25			
	LOOMIS- PHILADELPHIA		N	\$ 63.76			
	M.T.M. JANITORIAL SV		N	\$ 40.00			
	Macarthur Shopping Ctr LLC, The Taubman Company		N	\$ 4,581.49			
	Macerich Northwestern Associates, Macerich Company		N	\$ 3,489.72			
	Macerich Oaks LLC, Management Office		N	\$ 22,047.64			
	Macerich Twenty Ninth Street LLC		N	\$ 22,237.84			
	Madison / West Towne LLC, CBL Center		N	\$ 15,337.00			
	MADISON GAS & ELECTR		N	\$ 19.43			
	Mainplace Shoppingtown LLC, Westfield Corporation, Inc.		N	\$ 1,453.00			
	Mall at North Shore LLC, c/o M.S. Management Associates, Inc.		N	\$ 13,195.55			
	Mall at Solomon Pond LLC, Simon Property Group		N	\$ 14,809.53			
	Mall of Louisiana LP		N	\$ 12,107.70			
	MARKETWIRE, INC.		N	\$ 186.75			
	MARTIN COUNTY UTILIT		N	\$ 78.04			
	Mayfair Property LLC		N	\$ 18,765.34			
	MBT-MASAI USA CORP		N	\$ 69,590.55			

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	MCCRAE ENTERPRISES, Meadowood Mall, LLC, c/o Simon Properties		N	\$ 214.55					
	MEB CONSTRUCTION, LL		N	\$ 240.00					
	MESCO MAUI ELECT. CO.		N	\$ 1,915.11					
	MEDIA GRAPH DEPOT IN		N	\$ 659.50					
	MEMPHIS LIGHT,GAS &		N	\$ 830.43					
	MEPHISTO INC (DROP S		N	\$ 5,298.50					
	MERIDIAN SVCS, INC.		N	\$ 1,990.00					
	METRO DOOR		N	\$ 43,886.99					
	METRO TECH SERVICE C		N	\$ 25,640.39					
	METROPOLITAN TRUSTEE		N	\$ 592.08					
	MIELE SANITATION CO.		N	\$ 83.10					
	MILLER PROPERTY MAIN		N	\$ 65.00					
	MISHAWAKA UTILITIES		N	\$ 459.70					
	Mission Viejo Associates LP, Simon Property Group		N	\$ 11,988.36					
	MKI'S BRITE WINDOW S		N	\$ 30.00					
	MNH Mall LLC, Simon Property Group		N	\$ 12,663.17					
	MNJ TECHNOLOGIES DIR		N	\$ 14,310.96					
	Montgomery Mall LLC, Westfield Corporation, Inc.		N	\$ 2,588.86					
	MONTGOMERY TOWNSHIP		N	\$ 108.30					
	MONTGOMERY TOWNSHIP		N	\$ 451.25					
	MORRIS VISITOR PUBLI		N	\$ 2,303.62					
	MSC INDUSTRIAL SUPPL		N	\$ 503.66					
	MUZAK		N	\$ 105.32					
	NASHVILLE ELEC SVC		N	\$ 263.54					
	NATIONALGRID		N	\$ 899.38					
	NEA MEMBER BENEFITS		N	\$ 87.97					
	NETTLES EXTERMINATIN		N	\$ 211.09					
	NETWOLVES NETWORK SV		N	\$ 84.00					
	NEW BALANCE (DROP SH		N	\$ 7,195.20					
	NEW JERSEY AMERICAN		N	\$ 602.08					
	New Orleans Riverwalk Assoc, General Growth Properties Inc.		N	\$ 3,404.63					
	NEW PERCEPTIONS VOIC		N	\$ 116.00					
	New River Associates		N	\$ 31,647.59					
	NICOR GAS		N	\$ 424.96					
	NORRIS, INC.		N	\$ 49.13					
	NORTH AMERICAN SIGNS		N	\$ 3,268.60					
	Northgate Mall Partnership, Simon Property Group		N	\$ 11,689.46					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS**	
				Amount	D/C/U*	Amount	Objection
	Northwest Ohio Mall LLC, General Growth Properties Inc.		N	\$ 10,839.79			
	NSTAR ELECTRIC		N	\$ 3,855.55			
	NV ENERGY		N	\$ 1,772.61			
	Oak Park Mall LLC, CBL Center		N	\$ 3,258.38			
	Oakbrook Shopping Ctr LLC, General Growth Properties Inc.		N	\$ 29,553.06			
	OFFICE DEPOT		N	\$ 39,004.44			
	Old Orchard Urban Limited Partnership, Westfield Corporation, Inc.		N	\$ 30,802.15			
	OLYMPIC II MALL SERV		N	\$ 13.72			
	OLYMPIC III MALL SER		N	\$ 12.57			
	OLYMPIC MALL SERVICE		N	\$ 24.01			
	ORANGE & ROCKLAND		N	\$ 768.88			
	ORKIN CHARLOTTE		N	\$ 281.22			
	ORKIN-RIVERSIDE, CA		N	\$ 175.00			
	Orland LP, M.s. Management Associates Inc		N	\$ 17,947.45			
	OUC ORLANDO UTILES C		N	\$ 530.31			
	PACIFIC PAPER		N	\$ 41.90			
	PACTRANS AIR CARGO I		N	\$ 502.26			
	Palmer Square LP		N	\$ 5,944.62			
	PARKING SERVICES		N	\$ 10.29			
	Partridge Creek Fashion Park LLC, The Taubman Company		N	\$ 13,618.93			
	PEABODY MUNICIPAL LI		N	\$ 643.67			
	Pearland Town Ctr LP, CBL Center		N	\$ 5,306.10			
	PEG/PARK, LLC		N	\$ 21.92			
	Penn-Ross Joint Venture, c/o M.S. Management Associates		N	\$ 13,831.17			
	PEFCO POTOMAC E & P		N	\$ 2,362.60			
	Perimeter Mall LLC, General Growth Properties Inc.		N	\$ 26,468.40			
	PEROTTO CONSULTING &		N	\$ 1,100.00			
	PEP Columbus, LLC, General Counsel		N	\$ 2,679.44			
	PG&E -SACR 212/228/		N	\$ 1,070.50			
	PG&E -SACR 997300		N	\$ 296.67			
	PG&E -SACR 110		N	\$ 493.00			
	PGE PORTLAND GEN'L E		N	\$ 436.24			
	Pheasant Lane Realty Trust, Simon Property Group		N	\$ 14,194.24			
	PIEDMONT FIRE PROTEC		N	\$ 53.00			

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	PIEDMONT NATURAL GAS		N	\$ 5,602.86					
	PIONEER PARKING		N	\$ 68.88					
	Pioneer Place LP, c/o GGP, Inc.		N	\$ 10,239.12					
	PITNEY BOWES		N	\$ 285.98					
	Plaza at Williams Center LLC		N	\$ 6,643.31					
	POLARIS ENERGY SERVI		N	\$ 783.74					
	PPR Washington Square LLC		N	\$ 2,210.06					
	PROGRESS ENERGY FL.,		N	\$ 1,681.35					
	PSE PUGET SOUND ENER		N	\$ 1,585.39					
	PSE&G CO.		N	\$ 1,613.74					
	PUBLIC SVC OF N H		N	\$ 1,700.33					
	PWC HAWAII CORPORATI		N	\$ 132.81					
	PYE - BARKER		N	\$ 86.49					
	Pyramid Walden Company LP, Pyramid Management Group. Inc		N	\$ 22,084.61					
	OKC Maui Owner, LLC a Delaware Limited Liability Company, Re: Queen Ka'ahumana Center c/o Somera Capital Management LLC		N	\$ 1,904.27					
	QUANTUM GRAPHIX OF H		N	\$ 37.00					
	QWEST		N	\$ 62.56					
	QWEST		N	\$ 179.64					
	QWEST - PHOENIX		N	\$ 246.21					
	RAAB & RAAB, INC.		N	\$ 4,449.00					
	RALPH GOODICK, DBA,		N	\$ 36.00					
	RAY BRAZ WINDOW WASH		N	\$ 67.50					
	Regency Centers LP		N	\$ 9,945.89					
	RELIANT ENERGY HL&P		N	\$ 899.91					
	RESCUE 1 FIRE SAFETY		N	\$ 86.32					
	Rich-Taubman Associates, The Taubman Company		N	\$ 25,217.15					
	Ridgedale Center LLC, General Growth Properties Inc.		N	\$ 31,737.52					
	RIVER CLEAR WINDOW		N	\$ 64.94					
	RIVERTOWN CROSSINGS, c/o GGP Grandville LLC		N	\$ 359.10					
	Rockaway Center Associates, Simon Property Group		N	\$ 15,600.58					
	Rocksall Mall LLC, c/o M.S. Management Associates, Inc.		N	\$ 14,622.95					
	ROCKY MOUNTAIN POWER		N	\$ 353.68					
	ROSE DISPLAYS, LTD.		N	\$ 843.60					
	Roseville Shoppingtown LLC		N	\$ 7,154.97					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	Rouse-Park Meadows LLC, General Growth Properties Inc.		N	\$ 28,208.73					
	RFS II, L.L.C.		N	\$ 1,752.45					
	RREEF America REITII Corp BBB, Preef Asset Manager		N	\$ 1,750.60					
	S.O.S MAINTENANCE IN		N	\$ 1,160.10					
	SAFE-T SALES & SERVI		N	\$ 110.00					
	Saint Louis Galleria LLC, c/o GGP		N	\$ 20,835.90					
	SAMY'S CAMERA		N	\$ 302.33					
	SAN DIEGO G&E/SDG&E		N	\$ 3,268.78					
	SANITA CLOGS INC		N	\$ 148,846.87					
	Santa Anita Shopping Town LP, Westfield Corporation, Inc.		N	\$ 2,147.60					
	Scottsdale Fashion Square Partnership		N	\$ 39,437.02					
	SDG Fashion Mall LP, c/o Simon Properties		N	\$ 11,155.86					
	SECURE CASH ADVANTAG		N	\$ 28.15					
	SEE THROUGH IT ALL		N	\$ 63.60					
	Seminole Properties Retail, LL		N	\$ 10,040.71					
	SENTRY WATCH INC		N	\$ 71.33					
	SF Shopping Centre Assoc LP, Westfield Corporation, Inc.		N	\$ 21,499.29					
	SHELL FLEET		N	\$ 253.13					
	Sherman Oaks Fashion Associates LP, Westfield Corporation, Inc.		N	\$ 19,195.53					
	Shoppes at Chino Hills, Inc		N	\$ 24,965.19					
	Short Hills Assoc LLC, The Taubman Company		N	\$ 7,233.78					
	SHRED-IT CHARLOTTE		N	\$ 68.00					
	SHUR-MAINTENANCE		N	\$ 5.88					
	Simon Capital GP, Simon Property Group		N	\$ 9,421.13					
	Simon Property Group (Texas) LP		N	\$ 13,845.30					
	Simon Property Group Inc., Simon Property Group Inc		N	\$ 13,937.68					
	Simon Property Group LP, Simon Property Group LP		N	\$ 10,822.15					
	Simon Property Group LP, Simon Property Group LP		N	\$ 9,649.29					
	SLIPPERS INT'L INC.		N	\$ 35.18					
	SM Eastland Mall LLC, Simon Property Group		N	\$ 10,959.58					
	SMART & FINAL		N	\$ 179.48					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	CLASSIFIED CLAIMS			GENERAL UNSECURED CLAIMS			FILED CLAIMS**		
		Insider	Impaired	Amount	D/C/U*	Amount	Objection	Amount	Objection	
	SMARTWOOL CORP.	N	N	\$ 112,598.97						
	SMUD SAC MUNI UTIL D	N	N	\$ 812.40						
	SO CAL EDISON CO.	N	N	\$ 14,786.61						
	SOFFT SHOE COMPANY	N	N	\$ 41,130.54						
	South Bay Center SPE LLC, Forrest City Enterprises	N	N	\$ 13,994.00						
	SOUTH FLORIDA WINDOW	N	N	\$ 19.17						
	South Hills Village Associates, c/o M.S. Management Associates, Inc.	N	N	\$ 14,372.85						
	Southgate Plaza LiC, c/o Westfield Corporation, Inc	N	N	\$ 3,805.32						
	Southpark Mall LLC, Westfield Corporation, Inc.	N	N	\$ 14,830.58						
	SOUTHPARK MALL LP	N	N	\$ 16,187.16						
	SOUTHWEST GAS CORP.	N	N	\$ 27.81						
	SPARKLETT'S LV, CA	N	N	\$ 328.76						
	SPARTAN STAFFING	N	N	\$ 12,439.35						
	SPG Center LLC, Simon Property Group	N	N	\$ 20,745.43						
	SPG Independence Ctr LLC, c/o M.S. Management Associates, Inc.	N	N	\$ 13,325.11						
	SPRINT	N	N	\$ 30.42						
	SPRINT	N	N	\$ 100.21						
	SPRINT	N	N	\$ 468.00						
	SQUEAKY CLEAN	N	N	\$ 100.00						
	St Johns Town Center LLC, Simon Property Group	N	N	\$ 15,839.26						
	STANDARD PARKING	N	N	\$ 320.00						
	STAPLES CREDIT PLAN	N	N	\$ 69.57						
	STAR PARK	N	N	\$ 245.48						
	STERLING COMMERCE-73	N	N	\$ 1,115.53						
	Stonebriar Mall Ltd Pshp, General Growth Properties Inc.	N	N	\$ 22,497.20						
	STONEFLY USA	N	N	\$ 879.37						
	Stoneridge Properties LLC, c/o M.S. Management Associates, Inc.	N	N	\$ 27,281.78						
	Stony Point Associates LiC, The Taubman Company	N	N	\$ 2,644.38						
	Sun Valley Shopping Ctr LLC, The Taubman Company	N	N	\$ 2,083.88						
	SUNSHINE RECYCLING,	N	N	\$ 188.82						
	SUPER COLOR DIGITAL,	N	N	\$ 585.45						
	SUPERIOR PRESS	N	N	\$ 50.75						

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS		FILED CLAIMS**	
				Amount	D/C/U*	Amount	Objection
SUREWEST	Tacoma Mall Pshp, c/o M.S. Management Associates, Inc.		N	\$ 165.48			
	TAILWIND VOICE & DAT		N	\$ 3,841.25			
	Tampa Westshore Associates Limited Partnership, The Taubman Company		N	\$ 5,438.56			
	TAOS FOOTWEAR		N	\$ 11,057.52			
	Taubman Cherry Creek Shopping Ctr LLC, The Taubman Company		N	\$ 5,509.04			
	Taubman Regency Square Assoc LLC, The Taubman Company		N	\$ 683.54			
	TECHDEPOT		N	\$ 9,929.78			
	TECO TAMPA ELECTRIC		N	\$ 4,548.67			
	TEKSERVE POS, LLC		N	\$ 725.25			
	Telecheck		N	\$ 7,561.56			
	Temecula Towne Ctr Assc LLC, Forest City		N	\$ 2,128.29			
	TERMINIX PROCESSING		N	\$ 12,053.36			
	THE ALTERNATIVE COPY		N	\$ 35.00			
	THE ANOZIRA CONSUL.		N	\$ 150.73			
	The District at GVR LLC, American Nevada Realty		N	\$ 2,550.00			
	The Equitable Life Assurance Society of the United States, Jones Lang Lasalle Americas		N	\$ 8,206.79			
	THE GAS COMPANY		N	\$ 8,953.42			
	THE HARTFORD		N	\$ 109.01			
	THE ILLUMINATING CO.		N	\$ 1,460.86			
	The Retail Property Trust, Simon Property Group		N	\$ 863.42			
	The Retail Property Trust, Simon Property Group		N	\$ 14,371.13			
	The Retail Property Trust, Simon Property Group		N	\$ 22,489.22			
	The Retail Property Trust, Simon Property Group		N	\$ 26,741.63			
	The Shops at Wailea LP, c/o Wailea Retail Associates		N	\$ 3,685.77			
	THE UNITED ILLUMINAT		N	\$ 915.93			
	THE VENETIAN RESORT		N	\$ 48.47			
	THOR*LO INC		N	\$ 2,842.69			
	TIANA GARRY		N	\$ 31.68			
	TIME WARNER CABLE		N	\$ 20.30			
	TJ Palm Beach Associates LP		N	\$ 2,446.84			
	TJB SUNSHINE ENTERP.		N	\$ 43.20			

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
T-MOBILE			N	\$ 147.30					
TOLEDO EDISON			N	\$ 447.83					
Town Center at Boca Raton Trust, Simon Property Group			N	\$ 18,424.24					
Town Center At Cobb, LLC, c/o M.S. Management Associates, Inc.			N	\$ 11,071.68					
TOWN OF HEMPSTEAD			N	\$ 8.59					
TOWNSHIP OF FREEHOLD			N	\$ 126.34					
Towson TC LLC, General Growth Properties Inc.			N	\$ 24,329.45					
Treasure Coast-JCP Assoc LTD, c/o M.S. Management Associates, Inc.			N	\$ 16,084.79					
TRG Charlotte LLC, The Taubman Company			N	\$ 8,617.74					
Triangle Town Center, LLC, c/o CBL & Associates MGWF			N	\$ 8,348.58					
Trumbull Shopping Center #2 LLC, Westfield Corporation, Inc.			N	\$ 5,733.15					
TUCSON E/P CO			N	\$ 945.70					
Turnberry/Centra Sub LLC, c/o Turnberry Associates			N	\$ 20,306.74					
Tuttle Crossing Assoc II LLC, Simon Property Group			N	\$ 12,037.36					
TW TELECOM			N	\$ 4,078.38					
TWC Chandler LLC			N	\$ 8,929.98					
TWC Tucson LLC			N	\$ 28,848.06					
Twelve Oaks Mall LLC, The Taubman Company			N	\$ 21,530.31					
TXU ENERGY			N	\$ 1,154.59					
UGG/DECKERS OUTDOOR			N	\$ 2,309,318.31					
ULINE			N	\$ 54.50					
UNITED CLEAN'G CONTR			N	\$ 43.25					
UNITED MECHANICAL CO			N	\$ 635.00					
UNITED PARCEL SERVICE			N	\$ 261,194.29					
UNITIL			N	\$ 504.02					
University Park Associates, c/o M.S. Management Assc., Inc			N	\$ 15,256.65					
UNSTRUCTURED (CLARKS			N	\$ 35,094.42					
UPPER MERION SEWER R			N	\$ 42.00					
UPS SUPPLY CHAIN SOL			N	\$ 2,359.54					
US CONTINENTAL MARKE			N	\$ 47,305.96					
UTC Venture LLC, Westfield Corporation, Inc.			N	\$ 2,454.32					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	Valley River Center LLC, Macerich Company		N	\$ 25,768.32					
	VERIZON - ALBANY		N	\$ 62.03					
	VERIZON - ALBANY		N	\$ 65.26					
	VERIZON - DALLAS		N	\$ 35.71					
	VERIZON - DALLAS		N	\$ 219.80					
	VERIZON CALIFORNIA		N	\$ 53.54					
	VERIZON FLORIDA -DAL		N	\$ 263.41					
	VERIZON LEHIGH VALLE		N	\$ 250.30					
	VERIZON NORTHWEST		N	\$ 612.87					
	VERIZON ONLINE		N	\$ 284.66					
	VERIZON -TRENTON		N	\$ 680.70					
	VERIZON WIRELESS		N	\$ 282.44					
	VERIZON WIRELESS		N	\$ 40.00					
	VERIZON/FAIRPOINT CO		N	\$ 386.29					
	VERIZON/FAIRPOINT CO		N	\$ 852.10					
	VF Mall LLC, Westfield Corporation, Inc.		N	\$ 21,133.10					
	Village at Corte Madera, Management Office		N	\$ 10,767.61					
	VILLAGE OF NYACK WAT		N	\$ 19.50					
	VILLAGE OF ORLAND PA		N	\$ 12.41					
	VILLAGE OF SCHAUMBUR		N	\$ 17.16					
	W.B. MCCLOUD CO., IN		N	\$ 40.00					
	WASTE MAGT		N	\$ 322.79					
	WASTE MAGT		N	\$ 259.30					
	WASTE MAGT		N	\$ 13.79					
	WASTE MAGT		N	\$ 197.26					
	WASTE MAGT		N	\$ 17.57					
	WASTE MAGT OF GASTON		N	\$ 88.21					
	WASTE MAGT OF ILL.		N	\$ 187.81					
	WASTE MAGT-MICHIGAN		N	\$ 108.71					
	WASTE MAGT-PHILLY		N	\$ 603.99					
	WASTE MGMT-NORTHWEST		N	\$ 178.83					
	WATER DIST. NO.1		N	\$ 21.59					
	Water Tower LLC, General Growth Properties Inc.		N	\$ 72,772.52					
	WB MCCLOUD CO., INC.		N	\$ 40.00					
	Wells Fargo Merchant Services		N	\$ 50,173.00					
	West Farms Mall LLC, The Taubman Company		N	\$ 5,396.12					
	West Town Mall Joint Venture, c/o M.S. Management Associates, Inc.		N	\$ 13,610.00					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	Westcoast Estates GP, General Growth Properties Inc.		N	\$ 6,501.84					
	Western San Tan Village LLC		N	\$ 27,510.78					
	WESTERN PEST SERVICE		N	\$ 127.20					
	Westfield Franklin Park LLC, Westfield Corporation, Inc.		N	\$ 7,067.69					
	Westfield Topanga Owner LP		N	\$ 23,502.79					
	Westland Garden State Plaza Limited Partnership, Westfield Corporation, Inc.		N	\$ 19,422.69					
	WESTSIDE HEATING & A		N	\$ 126.50					
	WINDSTREAM KY		N	\$ 138.37					
	WIPE-OUT WINDOW CLEA		N	\$ 154.76					
	WITHLACOCHEE RIVER		N	\$ 511.09					
	Woodbridge Center Property LLC		N	\$ 3,475.56					
	Woodfield Mall LLC, The Taubman Company		N	\$ 4,226.32					
	Woodland Hills Mall LLC, M.S. Management		N	\$ 13,202.39					
	Woodland, Preit ServicesLLC		N	\$ 753.53					
	WORLD CLASS CLEAN GL		N	\$ 168.00					
	WEROMOTE, INC.		N	\$ 7,400.00					
	WSI WASTE SOLUTIONS,		N	\$ 27.58					
	WV Sub LLC, General Growth Properties Inc.		N	\$ 37,216.84					
	XCEL ENERGY - 121, 3		N	\$ 1,161.20					
	XPEDX		N	\$ 6,296.38					
	X-TECH LASER PRINTIN		N	\$ 894.04					
Class 7 TWC	Schedule F2 - Open Workers Comp & General Liability Claims TWC								
	Alejandra Gaytan-Sandoval		N	\$ -	Y				
	Hector Peraza		N	\$ 439.00	Y				
	Elena Berrio		N	\$ 11,500.00					
	Morell Taylor Jr.		N	\$ 3,000.00	Y				
	Lorraine Constantine		N	\$ 18,424.42					
	John Maccione		N	\$ 2,434.13					
	Curt Zimmermann		N	\$ 1,500.00					
	Stephen Thompson		N	\$ 3,764.85					
	Morell Taylor		N	\$ 10,000.00					
	Michael Russell		N	\$ 2,951.30					
	Mary Spearman		N	\$ 34,461.94					
	Martha Linnins		N	\$ 23,526.22					
	Jennifer Selby		N	\$ 9,950.00					

Exhibit H - LIST OF GENERAL UNSECURED CLAIMS

Class	Name	Insider	Impaired	SCHEDULED CLAIMS			FILED CLAIMS**		
				Amount	D/C/U*	Amount	Amount	Objection	
	Curt Zimmermann		N	\$ 47,905.25					
	Jeffrey Cassin		N	\$ 127,756.91	Y				
	Maria Villaseñor		N	\$ 5,575.27	Y				
	Rosa Amentis		N	\$ 81,000.00					
	Marcia Trudgen		N	\$ 28,000.00					
	Marcia Trudgen		N	\$ 10,000.00					
	Bobbi Gordon		N	\$ 2,511.00					
Class 8 Holdings	Schedule F1 - Unsecured Creditors								
	ANTHONY WALL	Y	N	\$ 202,608.22					
	DAVID WOLF		N	\$ 202,608.22					
	DOUG NILSEN		N	\$ 405,216.44					
	FREELAND REALTY LLC		N	\$ 56,246.02					
	JOHN OTCHIS		N	\$ 24,059.73					
	KEN ATCHISON		N	\$ 1,722,169.86					
	ROBERTA MORRIS	Y	N	\$ 160,820.27					
	TKC XCIX.LLC		N	\$ 52,003.33					
	TOWNSGATE ROAD LLC		N	\$ 85,034.59					
	TOTAL AMOUNT FOR CLASS			\$ 22,684,156.92					

* disputed / contingent / unliquidated

** as no bar date has been set as of 2/1/2010 the debtor has not yet analysed the claims that have been filed and may amend this portion at an appropriate time.

EXHIBIT "I"

Exhibit I-1 Interest Holders

The Walking Company Holdings, Inc.

RECORD HOLDERS AS OF 1/20/2010 (Record holders do not reflect beneficial interest and some of the non-insider record holders may be holding stock for the benefit of insiders.)

FULL NAME	C01_CLASS_TOTAL	Insider	Impaired	Percentage Scheduled*	D / C / U	Claim Filed / Percentage	Objection
Kelly J Abbott	200	Y	Y	N/A	N/A	N/A	None as of 2/1/10
Ross W Abbott Cust Jennifer Abbott Utma II	25	Y	Y	N/A	N/A	N/A	None as of 2/1/10
Daniel Abrams	100	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Steven Abrams	100	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
William Abrams	100	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Anthony Amory	10	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Anamarie B Bratcher & David Donald Bratcher Unif Trf Min Act AI	50	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Kenneth E Ayres Cust Tyler Lee Ayres Utma In	2	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Darwin Barrad	15	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Marinell Bartlett & Tim Bartlett Jt Ten	10	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Dawn Battles Cust Olivia Grace Battles Utma Ca	20	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Andre D Becker	41	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Victor Bickmore	7,440	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Anne I Boliver & Ruth I Boliver Jt Ten	14	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Charles P Boychenko & Mary Cay Boychenko Jt Ten	10	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Andrew Brennan Jr	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Danny O Brien	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Robert Brierton Jr	20	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Monya L Bryant & Richard A Bryant Jt Ten	30	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Frank B Bugaj & Shari L Tidrick Ten Com	50	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Julie Buresh & Rob Buresh Jt Ten	20	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Cede & Co	3,996,687	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
John R Chortie & Kaylynn Chortie Jt Ten	100	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Dorothy Dee Collins Cust Samuel Porter Collins Ugma Tx	15	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Joe Controne	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Michelle Cook	2,480	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Skip Ralph B Coomber Iii	200	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Craig R Cordi	50	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Frederick M Cottrell & Linda Cottrell Jt Ten	27	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Harold B Coughlin	2,000	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Christy B Day Cust Julia Anne Day Utma Nh	10	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Matthew F Deninno	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Marguerite Deppert Cust Shane Deppert Utma Nj	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Christopher J De Soto	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Kathleen Dolge	10	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Stephanie Kenitz Dunn Cust Austin Emerson Dunn Utma Ca	10	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Lawrence Falater & Delphine Falater Jt Ten	3	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Andrew D Feshbach & Kendra L Feshbach Tr Ua 26-Jul-95 The Feshbach Living Trust	500 Y	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Andrew D Feshbach & Kendra L Feshbach Tr Ua 07/26/95 The Feshbach Tr	100 Y	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Laura Feshbach Cust Rachel Harmatta Ugma Ca	248	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Laura Feshbach Cust Kelsey Harmatta Ugma Ca	248	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Sally Bloom Feshbach Cust Alison Bloom Feshbach Ugma Ca	248	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Sally Bloom Feshbach Cust Kimberly Bloom Feshbach Ugma Ca	248	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Kevin Nicholas Finch Cust Randy Finch Ugma Ca	1	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Charles R Firestone & Sandra Firestone Jt Ten	150	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Henry H Fishkind & Linda Z Fishkind Jt Ten	20	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Newell D Fox	200	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Fred & Lenore Kayne Family Trust Ua 03/29/2004	2,000,000 Y	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10
Naomi Fujioka	2,480 Y	Y	Y	N/A	N/A	None as of 2/1/10	None as of 2/1/10

Matt Gjersee	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Lonny Gold	10	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Steven Good	2,480	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
David Goularte	3	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Gerald Gowan	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Dean Grason Cust Connor Grason Utma Ca	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Jeff Haines	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Ronald E Halsne	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Mark W Hein	4	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Mark Hess Cust Jared Hess Utma Ca	18	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Makayla Himmes	10	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Aaron K Hodge Sr	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Jennifer Holley & Clarence R Holley Jt Ten	50	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Kathy Holt Cust Cody Holt Utma Ca	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Robert Hopkins	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Melanie I Hull	10	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Thomas J Hurst Cust John Hurst Utma Va	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Ashley Jones	5	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Gregory S Joyce	19,150	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Keyne Family Partnership	35,000	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Fred Kayne	3,313,332	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Fred Kayne & Lenore Kayne Tr Ua 03/29/04 Fred & Lenore Kayne Family	10	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Daniel Mitchell Kleeberg & Kay S Kleeberg Jt Ten	5	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Julianne M Lampe	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Kyle Mitchell Land	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Susan L Langdon	200	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Laura E Leine	20	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Thomas Roy Maclaren	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Carlie T Magill	2	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Troy Mai Cust Jon Mai Uigma Co	100	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Charles D Matthews & Deborah J Potratz Jt Ten	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Shane Maxwell	6	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Randall C McKenzie Cust Randall C McKenzie Jr Utma Il	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Troy Mia Cust Jon Mia Uigma Co	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Troy Mia Cust Jon Mia Utma Co	912	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Greg Milne	100	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Susan Minier Cust Madison Minier Uigma Ca	11,380	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Susan Minier	41,904	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Roberta Morris	200	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
David M Mueller Cust Christine R Mueller Uigma Tx	10	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Roberta Nanfito	930	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Steve Nessim	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
John J Nielson	58,221	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Douglas Nilsen	2,480	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
John Otchis	44	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
William R Owensby	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Amy L Parker	20	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Lynn K Pendergraft	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Reid Petersen Cust Patricia Petersen Uigma Wa	30	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Kelli Pettit	10	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Philip Pitz	1,200	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Nancy Ricci	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10
Roland Rodriguez	1	N/A	Y	N/A	None as of 2/1/10	None as of 2/1/10

Leslie Roman	9	Y	N/A	None as of 2/1/10	None as of 2/1/10
Leslie M Roman	6	Y	N/A	None as of 2/1/10	None as of 2/1/10
Lee Rosenblatt	12,500	Y	N/A	None as of 2/1/10	None as of 2/1/10
Eric Rothfeld & Harriet Rothfeld Jt Ten	5	Y	N/A	None as of 2/1/10	None as of 2/1/10
Joseph E Rovegno	13	Y	N/A	None as of 2/1/10	None as of 2/1/10
Scott Rozansky	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Catherine Ruch & Benjamin Ruch Ten Com	20	Y	N/A	None as of 2/1/10	None as of 2/1/10
Renee Becker Rudd	39	Y	N/A	None as of 2/1/10	None as of 2/1/10
Colleen Rydjord	32	Y	N/A	None as of 2/1/10	None as of 2/1/10
Carol S Salazar	100	Y	N/A	None as of 2/1/10	None as of 2/1/10
Nathan Samp	5	Y	N/A	None as of 2/1/10	None as of 2/1/10
George Santellan Cust Stephen Santellan Ugma Tx	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Rodrick L Schmidt	10	Y	N/A	None as of 2/1/10	None as of 2/1/10
Alyssa L Schoenfeldt	5	Y	N/A	None as of 2/1/10	None as of 2/1/10
Donald Schoenfeldt	5	Y	N/A	None as of 2/1/10	None as of 2/1/10
Leilani A Schrock & Paul C Schrock Jt Ten	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Peter C Schweitzer	2	Y	N/A	None as of 2/1/10	None as of 2/1/10
David Scoby	5	Y	N/A	None as of 2/1/10	None as of 2/1/10
Elizabeth M Sestric Cust Bradley K Juszkowich Utma Pa	10	Y	N/A	None as of 2/1/10	None as of 2/1/10
Elizabeth M Sestric Cust Matthew D Juszkowich Ugma Pa	10	Y	N/A	None as of 2/1/10	None as of 2/1/10
Ling Shao	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
James Joseph Shields & Nancy E Shields Jt Ten	20	Y	N/A	None as of 2/1/10	None as of 2/1/10
Anthony K Siff & Lisa B Siff Community Property	20	Y	N/A	None as of 2/1/10	None as of 2/1/10
Jean M Silvestri	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Herbert Simon	23,805	Y	N/A	None as of 2/1/10	None as of 2/1/10
Stephen R Slejko	10	Y	N/A	None as of 2/1/10	None as of 2/1/10
Andrew Smith	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Annette Smith	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Audrey A Smith	3	Y	N/A	None as of 2/1/10	None as of 2/1/10
Corey Charles Smith	10	Y	N/A	None as of 2/1/10	None as of 2/1/10
Harry W Smith Jr	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Janice L Smith	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Eiichiro Takeda	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Eriko Takeda	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Ichiro C Takeda Cust Yuriko Takeda Utma Ca	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Ichiro C Takeda Cust Kojiro Takeda Utma Ca	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Hai D Thoms	2	Y	N/A	None as of 2/1/10	None as of 2/1/10
Marilyn T Thoms Cust Tricia T Thoms Utma Ca	2	Y	N/A	None as of 2/1/10	None as of 2/1/10
James Trail & Jacqueline Trail Jt Ten	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Jeffrey Vidal	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Robert S Villanueva	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Mark Vittert & Carol Holt Vittert Ten Ent	1,000	Y	N/A	None as of 2/1/10	None as of 2/1/10
Nicholas Wainwright	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
James R Walsh & Kathleen M Walsh Jt Ten	100	Y	N/A	None as of 2/1/10	None as of 2/1/10
Dennis Whelan & Susan Whelan Jt Ten	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Cheryl L Whipp	1,000	Y	N/A	None as of 2/1/10	None as of 2/1/10
Ward B Whiteside	5	Y	N/A	None as of 2/1/10	None as of 2/1/10
David Word	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
Kurt Yockey Cust Scott Yockey Ugma Mi	1	Y	N/A	None as of 2/1/10	None as of 2/1/10
James W Zalaudek	1	Y	N/A	None as of 2/1/10	None as of 2/1/10

*note that the only interests in Holdings scheduled were that of Fred Kayne (56%), Andrew Fesibach (9%), and Richard Kayne (7%).

9,540,949

**Exhibit I-2 Interest Holders
The Walking Company**

**The Walking Company is a subsidiary of The Walking
Company Holdings, Inc. and Holdings owns all (100%)
of the outstanding shares of TWC**

**Exhibit I-3 Interest Holders
Big Dog USA, Inc.**

**Big Dog USA, Inc. is a wholly owned subsidiary of The
Walking Company Holdings, Inc. and Holdings owns all
(100%) of the outstanding shares of Big Dog**

<p>In re: THE WALKING COMPANY, a Delaware corporation, d/b/a Alan's Shoes, Footworks, Overland Trading Co., Sole Outdoors, and Martini Shoes; f/k/a TWC Acquisition Corporation; BIG DOG USA, INC., a California corporation, d/b/a Big Dog Sportswear; f/k/a Fortune Dogs, Inc.; and THE WALKING COMPANY HOLDINGS, INC., a Delaware corporation, f/k/a Big Dog Holdings, Inc. and 190th Shelf Corporation,</p> <p style="text-align: center;">Debtor(s).</p>	<p>CHAPTER: 11</p> <p>CASE NUMBER: 9:09-bk-15138-RR</p> <p>[Jointly Administered with Case Nos. 9:09-bk-15137-RR and 9:09-bk-15139-RR]</p>
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NOTE: When using this form to indicate service of a proposed order, **DO NOT** list any person or entity in Category I. Proposed orders do not generate an NEF because only orders that have been entered are placed on the CM/ECF docket.

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is: Arent Fox, LLP, 555 West Fifth Street, 48th Floor, Los Angeles, CA 90013-1065

A true and correct copy of the foregoing document described as **DISCLOSURE STATEMENT FOR DEBTORS' ORIGINAL JOINT CHAPTER 11 PLAN (DATED FEBRUARY 1, 2010)** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner indicated below:

I. **TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF")** – Pursuant to controlling General Order(s) and Local Bankruptcy Rule(s) ("LBR"), the foregoing document will be served by the court via NEF and hyperlink to the document. On **February 1, 2010** checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following person(s) are on the Electronic Mail Notice List to receive NEF transmission at the email address(es) indicated below:

Service information continued on attached page

II. **SERVED BY U.S. MAIL OR OVERNIGHT MAIL**(indicate method for each person or entity served): On **February 1, 2010** I served the following person(s) and/or entity(ies) at the last known address(es) in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States Mail, first class, postage prepaid, and/or with an overnight mail service addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

III. **SERVED BY PERSONAL DELIVERY, FACSIMILE TRANSMISSION OR EMAIL** (indicate method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on _____ I served the following person(s) and/or entity(ies) by personal delivery, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

February 1, 2010
Date

Adriane Lark Madkin
Type Name

/s/ Adriane Lark Madkin
Signature

In re: THE WALKING COMPANY, a Delaware corporation, d/b/a Alan's Shoes, Footworks, Overland Trading Co., Sole Outdoors, and Martini Shoes; f/k/a TWC Acquisition Corporation; BIG DOG USA, INC., a California corporation, d/b/a Big Dog Sportswear; f/k/a Fortune Dogs, Inc.; and THE WALKING COMPANY HOLDINGS, INC., a Delaware corporation, f/k/a Big Dog Holdings, Inc. and 190th Shelf Corporation,
Debtor(s).

CHAPTER: 11

CASE NUMBER: 9:09-bk-15138-RR

[Jointly Administered with Case Nos. 9:09-bk-15137-RR and 9:09-bk-15139-RR]

I. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING ("NEF"):

- Craig H Averch caverch@whitecase.com
- Lawrence Bass lbass@faegre.com
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- Lawrence A Diamant kfinn@rdwlawcorp.com
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This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

In re: THE WALKING COMPANY, a Delaware corporation, d/b/a Alan's Shoes, Footworks, Overland Trading Co., Sole Outdoors, and Martini Shoes; f/k/a TWC Acquisition Corporation; BIG DOG USA, INC., a California corporation, d/b/a Big Dog Sportswear; f/k/a Fortune Dogs, Inc.; and THE WALKING COMPANY HOLDINGS, INC., a Delaware corporation, f/k/a Big Dog Holdings, Inc. and 190th Shelf Corporation,
Debtor(s).

CHAPTER: 11

CASE NUMBER: 9:09-bk-15138-RR

[Jointly Administered with Case Nos. 9:09-bk-15137-RR and 9:09-bk-15139-RR]

II. SERVED BY U.S. MAIL OR OVERNIGHT MAIL:

VIA OVERNIGHT MAIL

Honorable Robin Riblet
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VIA U.S. MAIL

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