

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

In re:

**LUKE'S LOCKER INCORPORATED,
et al.,**

Debtors.

**Case No. 17-40126
(Jointly Administered)
Chapter 11**

**FINAL ORDER AUTHORIZING LUKE'S LOCKER INCORPORATED TO
USE CASH COLLATERAL**

CAME ON for consideration on this date *Luke's Locker Incorporated's Motion for Interim and Final Orders Authorizing it to Use Cash Collateral* (the "Motion") filed by Luke's Locker Incorporated ("LLI", and collectively with 2L Austin, LLC ("2LA") and The Quality Lifestyle I, Ltd. ("TQL", the "Debtors"), a debtor-in-possession in the above-captioned bankruptcy cases.

Upon consideration of the Motion, the Court finds that all required parties have been served with notice thereof and that the Motion is well-taken and that the relief sought therein should be, and hereby is, GRANTED. Accordingly, it is hereby found that:

1. On January 24, 2017 (the "Petition Date"), the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. § 101 *et seq.* (the "Bankruptcy Code"), commencing the above-styled bankruptcy cases. The Debtors have requested that the cases be jointly administered.

2. The Debtors continue to operate and manage their business as "debtors in possession" pursuant to sections 1107 and 1108 of the Bankruptcy Code.

3. No trustee or examiner has been appointed in these chapter 11 cases (collectively, the "Bankruptcy Cases") pursuant to section 1104 of the Bankruptcy Code.

4. This Court has jurisdiction over these cases and the Motion pursuant to 28 U.S.C. §§ 157(b) and 1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. § 157(b)(2).

5. The Debtors operate retail stores throughout Texas, known as Luke's Locker, that specialize in running and fitness apparel, footwear, and other related goods, with a particular focus on providing excellent customer service. They also provide training programs (running and walking) for their customers, and they help sponsor and host numerous running and walking events throughout the year, including everything from charitable 5Ks to free weekly social runs from the stores.

6. The Debtors' only source of operating funds is generated by the sale of fitness and running apparel, footwear, and other related goods.

7. The Debtors own several deposit accounts (the "Accounts") which are used by the Debtors to operate, including to pay payroll, insurance, utilities, rent, other operating costs, and inventory acquisitions (the "Operational Costs").

8. As of the Petition Date, the Debtors were indebted and liable to Nike USA, Inc. ("Nike") pursuant to a Security Agreement and a Promissory Note (collectively, the "Pre-Petition Documents") in the stated principal amount of \$2 million dated October 2016 (the "Pre-Petition Obligations").

9. As further described in the Pre-petition Documents, the Pre-petition Obligations are secured by valid, perfected, first-priority enforceable liens and security interests granted by the Debtors against and in substantially all of the Debtors' property existing as of the Petition Date and as described in the Pre-Petition Documents (the "Existing Collateral"), including, without limitation, all deposit accounts, inventory, equipment, furniture and fixtures, chattel paper,

documents, contracts, intellectual property, proceeds and general intangibles. Nike has filed UCC-1 financing statements with the Texas Secretary of State.

10. All of LLI's cash on hand as of the Petition Date and all cash and cash equivalents received by the Debtors after the Petition Date from the sale of Inventory held on the Petition Date are proceeds of the Existing Collateral and are cash collateral of Nike within the meaning of Section 363(a) of the Code (the "Cash Collateral").

11. LLI requires the use of Nike's Cash Collateral to continue the operation of its stores and will suffer irreparable and immediate harm if not granted the relief requested herein. An immediate and critical need exists for LLI to obtain funds in order to continue the operation of LLI's stores, and without such funds, LLI will not be able to pay payroll and other direct operating expenses and obtain goods and services needed to carry on the Luke's Locker's business during this sensitive period in a manner that will avoid irreparable harm to the Debtors' estate. LLI's ability to use Cash Collateral is vital to the confidence of LLI's customers, employees, trade vendors, and suppliers of goods and services and to the preservation and maintenance of the going concern value of the Debtors' estates and the Luke's Locker brand.

12. The value of the Existing Collateral will diminish as LLI operates, obtains collections and receipts from Existing Collateral, and uses and expends Cash Collateral. The value of the Existing Collateral will also be diminished by the closing of stores. Finally, the value of the Existing Collateral will be diminished by the payment of funds pursuant to the Budget (as defined herein). Nike is entitled to adequate protection of its interests in the Existing Collateral and for LLI's use of Cash Collateral.

13. On January 27, 2017, LLI filed its *Debtor Luke's Lockers Incorporated's Motion for Interim and Final Orders Authorizing it to Obtain Secured Credit and Use Cash Collateral* [Dkt. 20] (the "DIP Motion"). In the DIP Motion, and in order to incentivize vendors to ship inventory to LLI on credit so it can operate the Plano, Dallas, Fort Worth, and Southlake stores, LLI proposes to grant each vendor a first-priority lien on any inventory that such vendor provides, as well as the proceeds and profits thereof, provided that the vendor agrees to permit LLI to use its cash collateral in the ordinary course of LLI's business (the "DIP Facility"). Nike has consented to LLI's entry into a DIP Facility with one other trade vendor, may authorize additional DIP Facilities pursuant to the terms of the order granting the DIP Motion, and has agreed to provide LLI with a DIP Facility in accordance with the terms of that certain *Inventory Credit and Security Agreement* by and between Nike and LLI for a revolving line of credit, payable on thirty (30) day terms with a discount off the wholesale price of the inventory being provided to LLI by Nike (the "Nike DIP Facility"). The adequate protection set forth in this Order is intended to protect Nike with respect to the Nike DIP Facility and against the concomitant reduction in the collateral available to be secured by Nike's replacement liens in light of other DIP Facilities.

14. Good cause has been shown for the entry of this Order. The Court finds that the notice to the U.S. Trustee, Nike, and the Debtors' creditors was sufficient under the circumstances to support the entry of this Order. Entry of this Order is justified and appropriate under the circumstance and is in the best interest of the estate.

IT IS THEREFORE ORDERED AND ADJUDGED as follows:

15. **Use of Cash Collateral.** LLI is hereby authorized to use Cash Collateral beginning January 31, 2017. LLI is authorized to use Cash Collateral only in the amounts and for the expenses and disbursements set forth in the Budget, and Cash Collateral shall not be used for any

other purpose or in any other amount, subject to the Budget Variance as defined below. LLI shall not incur expenses nor use Cash Collateral in an amount that exceeds by more than ten percent (10%) the total expenses provided in the Budget without first obtaining Nike's consent. The Budget has been thoroughly reviewed by the Debtors and their management. The Debtors represent that the Budget is achievable and will allow the Debtors to operate their business and otherwise conduct their Bankruptcy Cases. Nike is relying upon the Debtors' compliance with the Budget in accordance with this Order in determining to permit the use of its Cash Collateral.

16. **Debtor's Stipulations.** The Debtors, on each of their own respective behalves and on behalf of each of their respective bankruptcy estates as debtors in possession, acknowledges, admits, represents, stipulates and agrees (the "Debtors' Stipulations") that effective upon the entry of this Order, the Debtors do not have, and hereby forever release, any claims, counterclaims, causes of action, defenses or setoff rights, whether arising under the Bankruptcy Code or otherwise against Nike and its respective affiliates, partners, members, agents, officers, directors, employees, attorneys and advisors whether arising under or in connection with the Pre-Petition Documents or the transactions contemplated thereunder, the Prepetition Obligations or the Existing Collateral, including, without limitation, any right to avoidance, or to assert any disgorgement or recovery,

17. The Debtors' Stipulations shall be binding on and against the Debtors in all circumstances upon the entry of this Order. The Debtors' Stipulation shall be binding on and against any other party in interest, unless such party in interest, including any Creditors' Committee or Chapter 11 or 7 Trustee appointed in the Bankruptcy Case, commences by April 3, 2017 (the "Challenge Period") a contested matter, adversary proceeding, or other action or "claim" (as defined in the Bankruptcy Code) challenging or otherwise objecting to the admissions, stipulations, or findings, included in the Debtors' Stipulations included in this Order.

18. **Life Insurance Policies.** LLI owns several life insurance policies that pay a benefit upon the death of certain of LLI's principals, which policies are included in Nike's collateral. The Debtors are hereby authorized to immediately monetize all life insurance policies save and except that certain \$500,000 whole life policy issued by Transamerica Occidental Life Insurance Company insuring the life of Don Lucas (the "Excluded Policy") by surrendering such policies (collectively, and not including the Excluded Policy, the "Surrendered Policies") for their respective cash value. LLI is hereby authorized to use the proceeds received from each of the Surrendered Policies (the "Surrendered Policy Proceeds") to fund ongoing operations in accordance with the Budget. LLI, with Nike's authorization and consent, shall monetize the Excluded Policy by either surrendering the Excluded Policy for its cash value or by selling the Excluded Policy after notice and opportunity for hearing and further order of the Court, at which time the proceeds of the Excluded Policy shall be paid to Nike in payment toward the Pre-Petition Obligations. To the extent that LLI determines, after consultation with Nike, and with Nike's authorization and consent, that the value of the Excluded Policy can be best maximized by surrendering such policy for its cash value, no further order of the Court shall be required, and LLI is hereby authorized and ordered to pay the proceeds received from surrendering the Excluded Policy to Nike upon receipt of such proceeds.

19. **Payments.** As partial adequate protection to Nike for LLI's use of Cash Collateral and Existing Collateral, LLI shall pay to Nike the amount of \$7,500.00 (the "Adequate Protection Payment") each month commencing in April 2017. LLI's Adequate Protection Payment for each month shall be tendered by no later than the 15th calendar date of such month. The amount of the Adequate Protection Payment shall increase starting in June 2017 to \$35,000 a month. In addition

to the Adequate Protection Payments, LLI shall make a single additional payment to Nike of \$200,000 by no later than August 31, 2017.

20. **Liens in Post-Petition Collateral.** In addition to the adequate protection set forth herein, Nike shall be entitled to post-petition liens in substantially all of the Debtors' assets to secure payment of the entirety of the Pre-Petition Obligations (the "Post-Petition Liens"). Notwithstanding anything to the contrary set forth herein, the Post-Petition Liens shall be senior in priority to all other liens, claims, or encumbrances on the Debtors' assets, and shall be effective and perfected pursuant to the terms of this Order without the need for any further actions; provided, however, Nike consents to the priming of the Post-Petition Liens for the sole purpose of allowing the liens granted pursuant to a DIP Facility; and provided further, Nike consents to the use of its collateral to satisfy the obligations set forth in the Budget, subject to the terms and conditions of this Order. In addition, the liens acknowledged and granted to Nike herein shall not prime the ad valorem property tax liens of Dallas County, Tarrant County, Harris County and Montgomery County to the extent that any such ad valorem property tax lien would attach to a particular asset of any of the Debtors.

21. **Replacement Liens.** As adequate protection to Nike, and except as otherwise provided herein, to the extent that LLI's use of Cash Collateral results in a decrease in the value of Nike's interest in such property (subject to the provisions of Paragraph 21 hereof), Nike is hereby granted to secure the Pre-petition Obligations of the Debtors a perfected replacement lien, security interest and claim ("Replacement Liens") against all of LLI's assets (the "Replacement Collateral"). Such Replacement Liens shall be subordinate only to any first-priority liens granted to any trade vendors pursuant to a DIP Facility and to the Carve-Out (as defined below). In addition, the liens acknowledged and granted to Nike herein shall not prime the ad valorem

property tax liens of Dallas County, Tarrant County, Harris County and Montgomery County to the extent that any such ad valorem property tax lien would attach to a particular asset of any of the Debtors.

22. **507(b) Claim.** As additional adequate protection to Nike, Nike is hereby granted an allowed superpriority administrative claim (“507(b) Claim”) with priority senior to all other administrative and/or priority claims (whether or not such expenses or claims may become secured by a judgment lien or other non-consensual lien, levy or attachment) as specified under Sections 364(c)(1) and 507(b) of the Code, which allowed claims shall be payable from and have recourse to all pre- and post-petition property of the Debtors and all proceeds thereof, subject to the payment of the Carve Out (as defined below). The 507(b) Claim shall be in an amount equal to the greater of (A) the difference between (i) the value of the Existing Collateral as of the Petition Date, and (ii) the aggregate value, effective as of the date such 507(b) Claim is determined, of the Collateral, plus the amount of the Adequate Protection Payments made to Nike by the LLI after the Petition Date; and (B) the amount determined pursuant to Paragraph 21 hereof. Notwithstanding anything to the contrary in this Order, the liens and superpriority claims granted to Nike herein are subject and subordinate to a carve-out of funds (the “Carve Out”) for the following administrative expenses: (a) all fees owed pursuant to Section 1930 of Title 28 of the United States Code (the “Trustee Fees”), and (b) all fees and expenses incurred by the Debtor’s professionals and the professionals of any statutory committee employed by Court order that are allowed by the court pursuant to the Bankruptcy Code (the “Professionals”), and neither the amounts actually paid for Trustee Fees or to the Professionals shall be subject to disgorgement in order to satisfy in whole or in part an administrative claim held by Nike; provided, however, that all such amounts (along

with all other claims accrued and/or paid by the Debtors) shall be capped at the amounts set forth in the Budget.

23. **Carve-Out Proceeds.** For the avoidance of doubt, all of the adequate protection afforded to Nike under the terms of this Order shall be in an amount no less than the aggregate payments made by the Debtors pursuant to the Budget from the Petition Date through the time at which the Debtors' use of cash collateral has terminated pursuant to the terms of this Order.

24. **Lien Upon Avoidance Actions.** All Liens granted to Nike in this Order shall extend to the Debtors' transfer or lien avoidance rights and claims under Sections 544, 545, 547, 548, 549 or 550 of the Code or funds received from same.

25. **Limitation of Use of Carve-Out.** The Carve-Out cannot be used for the payment or reimbursement of any fees or disbursements of the Debtors or the Creditors' Committee or any other party-in-interest incurred in connection with the assertion or joinder in any claim, counter-claim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek any order, judgment, determination or similar relief: (1) invalidating, setting aside, avoiding, subordinating, or otherwise challenging in whole or in part, the Pre-Petition Obligations or lien and security interest set forth herein, or securing the Prepetition Obligations; or (2) preventing, hindering or delaying, whether directly or indirectly, the enforcement by Nike of its liens or claims or realization upon any of the respective Collateral; or (3) seeking an affirmative recovery from Nike.

26. **Priority of Replacement Liens.** The Replacement Liens shall be prior and senior to any other security interest, interest, encumbrance, right or lien in the Replacement Collateral, subject only to: (i) the valid and perfected pre-petition liens and security interests of Nike in such Replacement Collateral existing as of the Petition Date, (ii) valid and perfected liens and security

interests, if any, of other trade vendors granted to such trade vendors pursuant to a DIP Facility (as defined in the Motion), (iii) the payment of the Carve Out; and (iv) any ad valorem property tax liens of Dallas County, Tarrant County, Harris County and Montgomery County to the extent that any such ad valorem property tax lien would attach to a particular asset of any of the Debtors.

27. **Perfection of Liens.** The Replacement Liens and the 507(b) Claim are, and shall be, valid, perfected, enforceable and effective as of the Petition Date without the need for any further action by the Debtors, Nike or the necessity of execution or filing of any instruments or agreements. This Order and the Replacement Liens, rights, 507(b) Claim, and other protections granted to Nike herein do not waive, restrict, or alter the validity, extent, priority, perfected status, or scope of the pre-petition liens, security interests, priorities, rights of set-off, remedies, or claims of Nike.

28. **Reporting.** The Debtors shall provide Nike with reporting every two weeks that shows: (i) actual payments made as compared to the amounts for any line item contained in the Budget (“Actual-to-Budget Analysis”); (ii) a cash flow statement showing the sources and uses of cash for the given period; and (iii) an itemized listing of the Existing Collateral liquidating during the relevant period and the proceeds derived from the liquidation/monetization of that Collateral. Such reporting shall be provided by no later than the third business day following the fifteenth calendar day and the last calendar day of each month. In addition, the Debtors shall provide Nike with a balance sheet and income statement in the Debtors’ standard form, covering the previous month’s operations by no later than the twentieth day of the following month.

29. **Waiver of 506(c) Claims.** Except for the Carve-Out, no costs or expenses of administration which already have been, or may hereafter be, incurred in the Debtors’ Bankruptcy Cases or in any subsequently converted case(s) under chapter 7 of the Bankruptcy Code shall be

charged or asserted by the Debtors or their estates against Nike, its claims or the Collateral, pursuant to Bankruptcy Code §§ 105 or 506(c) 552 or otherwise.

30. **Term of Use of Cash Collateral.** LLI is authorized to use Cash Collateral in accordance with this Order until the earlier of the following (the “Termination Date”): (i) five calendar days after notice by Nike to LLI of any “Termination Event” as described below, unless within such five day period LLI has cured such Termination Event or unless waived by Nike, (ii) the date of the dismissal of LLI’s bankruptcy case or the conversion of LLI’s bankruptcy case to a case under Chapter 7 of the Code, and (iii) the date of appointment of a trustee in LLI’s bankruptcy case. Each of the following events constitute a “Termination Event”: (i) any material failure of LLI to comply with this Order; (ii) the failure by LLI to pay when due operating expenses incurred after the Petition Date, including payments owed under any DIP Facility; (iii) the failure by LLI to maintain property, casualty and liability insurance; (iv) the occurrence of the effective date or consummation date of a plan of reorganization for LLI; (v) the entry by this Court or any other court of an order reversing, staying, or vacating this Order or amending, supplementing, or otherwise modifying in any material manner the protections granted to LLI in this Order; or (vi) the entry by this Court of an order granting relief from the automatic stay imposed by Section 362 of the Code to any entity other than LLI that permits such entity to exercise foreclosure or disposition rights with respect to the Existing Collateral, Cash Collateral, or Replacement Collateral; (vii) the Debtors’ failure to make any of the payments due to Nike under this Order or the DIP Facility; (viii) the failure of the Debtors to satisfy either the Total Revenue or Cash Flow After Restructuring Cost estimates set forth in the Budget; (ix) the incurrence by the Debtors of any expense that exceeds the amount set forth for that expense in the Budget by more than 10%; (x) the Debtors’ failure to pay, when due, any post-petition invoice due and owing to Nike; (xi)

the Debtors' failure to maintain a positive cash balance, as set forth in the Budget; (xii) the Debtors' failure to commence operations at a total of 4 retail locations on or before March 15, 2017; (xiii) the Debtors' failure to timely submit all reporting required by this Order, this Court, the Local Rules of this Court, the Bankruptcy Rules, the Bankruptcy Code and/or the Office of the United States Trustee; (xiv) the Debtors' failure to maintain adequate insurance over its assets and business operations and/or (xv) the Debtors' failure to timely remit any post-petition sales, use, ad valorem, or other withholdings taxes when due. Upon the Termination Date, LLI shall cease using Cash Collateral unless LLI obtains either written consent of Nike to further use or an order of the Court after notice and an opportunity for hearing.

31. **Protection of Existing Collateral.** Collateral, including Cash Collateral, shall not be used or sold other than in the ordinary course, unless Nike consents to such extraordinary use or sale or LLI obtains the approval of this Court.

32. **Good Faith.** The use of Cash Collateral as set forth herein, is fair, just and reasonable under the circumstances, ordinary and appropriate for debtors-in-possession, reflects the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitutes reasonably equivalent value and fair consideration. The use of Cash Collateral and the terms this Order have been negotiated in good faith and at arm's length among the Debtors and Nike, with all parties represented by counsel, and any credit extended and/or other financial accommodations extended to the Debtors by Nike shall be deemed to have been extended, issued, or made, as the case may be, in "good faith" as that term is used in Bankruptcy Code § 364(e) and in express reliance upon the protections afforded by Bankruptcy Code § 364(e) in the event that this Order or any provision hereof is reversed or modified, on appeal or otherwise

33. **Effect of this Order.** The Debtors irrevocably waive any right to seek any modifications or extensions of this Order without the prior written consent of Nike, and no such consent shall be implied by any other action, inaction or acquiescence by Nike. The provisions of this Order and any actions taken pursuant hereto shall survive entry of any order which may be entered converting any one or more of the Debtors' Bankruptcy Cases to chapter 7 case(s), dismissing any one or more of the Debtors' Bankruptcy Cases (in the case of such dismissal, to the maximum extent permitted under the Bankruptcy Code and other applicable law) or any order which may be entered confirming or consummating any plan of reorganization of the Debtors; and the terms and provisions of this Order as well as the priorities of payment, liens, and security interests granted pursuant to this Order shall continue in this or any superseding case under the Bankruptcy Code, and such priorities of payment, liens and security interests shall maintain their priority as provided by this Order until all DIP Facility Obligations are indefeasibly paid and satisfied in full. The provisions of this Order shall be binding upon and inure to the benefit of all parties-in-interest in this case, including, without limitation, the Debtors and the Creditors' Committee (if one is appointed), and their respective successors and assigns (including, to the fullest extent permitted by applicable law, any chapter 7 or chapter 11 trustee hereinafter appointed or elected for the Debtors' estates, an examiner appointed pursuant to Bankruptcy Code § 1104 (subject to entry of a Final Order) or any other fiduciary hereafter appointed as a legal representative of the Debtors or with respect to the property of the Debtors' estate), and shall inure to the benefit of the Debtors, Nike, and the Creditors' Committee, and their respective successors and assigns; provided, however, that Nike shall have no obligation permit the use of its cash collateral by any chapter 7 trustee or similar responsible person appointed for the Debtors' estates.

34. **Notice.** Within five business days after entry of this Order, Debtors' counsel shall file and serve a notice advising all parties-in-interest of the entry of this Order and the Challenge Period. Such notice shall be served on all parties listed on the Debtors' creditor matrix.

35. **Limitation of Liability.** Nothing in this Order shall in any way be construed or interpreted to impose, or allow the imposition upon Nike of any liability for any claims arising from the prepetition or postpetition activities by the Debtors in the operation of their business or in connection with their restructuring efforts.

Signed on 2/15/2017

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HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

Cash Flow Model v09 Cash Projections

Opening Cash Balance	14,000	96,807	253,838	457,727	165,870	240,201	222,565	231,466	135,905	232,704	318,509	371,247
	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
Sales												
Shoes		279,342	517,681	521,224	591,467	675,629	703,614	1,045,861	791,711	752,179	733,757	695,889
Apparel		71,230	204,388	203,400	235,506	222,671	175,857	201,307	185,099	219,846	302,872	337,161
Socks		25,536	57,529	61,214	79,270	89,781	89,068	127,237	98,502	99,261	99,810	124,011
Accessories		23,460	44,179	46,016	54,167	76,545	75,977	93,524	77,316	77,576	77,237	120,781
LL Brand		1,082	0	0	0	0	0	0	29,904	(20)	1,216	1,858
Total Revenues	82,807	400,650	823,778	831,854	960,410	1,064,626	1,044,517	1,467,929	1,182,532	1,148,841	1,214,892	1,279,700
COGS												
Shoes	0	168,553	312,366	314,504	356,888	407,672	424,558	631,067	477,715	453,861	442,746	419,896
Apparel	0	42,296	121,365	120,778	139,843	132,221	104,423	119,536	109,911	130,544	179,845	200,205
Socks	0	12,192	27,467	29,226	37,847	42,865	42,525	60,749	47,029	47,392	47,654	59,208
Accessories	0	14,143	26,633	27,741	32,654	46,145	45,803	56,381	46,610	46,767	46,562	72,812
LL Brand	0	1,082	0	0	0	0	0	0	29,904	(20)	1,216	1,858
Vendor Discount	0	(27,948)	(57,221)	(57,739)	(66,534)	(73,768)	(72,408)	(101,782)	(83,417)	(79,590)	(84,221)	(88,439)
Total COGS	0	210,319	430,611	434,510	500,699	555,136	544,901	765,951	627,752	598,953	633,801	665,541
Gross Margin %												
Shoes		39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%
Apparel		40.6%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%
Socks		52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%	52.3%
Accessories		39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%	39.7%
LL Brand												
Total GM %		47.5%	47.7%	47.8%	47.9%	47.9%	47.8%	47.8%	46.9%	47.9%	47.8%	48.0%
Gross Profit \$												
Shoes		110,788	205,315	206,720	234,578	267,958	279,057	414,793	313,996	298,318	291,012	275,993
Apparel		28,934	83,023	82,621	95,663	90,449	71,433	81,772	75,188	89,302	123,027	136,956
Socks		13,344	30,062	31,988	41,423	46,916	46,543	66,488	51,473	51,869	52,156	64,803
Accessories		9,317	17,546	18,275	21,512	30,400	30,174	37,143	30,706	30,809	30,675	47,968
LL Brand		0	0	0	0	0	0	0	0	0	0	0
Vendor Discount		27,948	57,221	57,739	66,534	73,768	72,408	101,782	83,417	79,590	84,221	88,439
Total GP \$	82,807	190,331	393,167	397,343	459,712	509,491	499,616	701,978	554,780	549,889	581,091	614,158
Store Operating Expenses												
Payroll	74,000	108,000	151,385	151,385	151,385	227,077	169,867	220,189	177,380	172,326	182,234	227,077
Occupancy Costs	0			344,937	114,979	114,979	114,979	114,979	114,979	114,979	114,979	114,979
Store Level SG&A	0	40,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000
Total Store Op Expense	74,000	148,000	221,385	566,322	336,364	412,056	354,846	405,168	362,359	357,305	367,213	412,056
Store Profit (Loss)	8,807	42,331	171,782	(168,979)	123,348	97,435	144,770	296,810	192,421	192,583	213,878	202,102
Nike LOC												
Nike COGS		115,000	199,407	199,829	228,613	242,842	230,773	319,297	254,622	259,279	287,840	292,697
Nike 30 Day LOC		77,000	199,407	199,829	228,613	242,842	230,773	250,000	250,000	250,000	250,000	250,000
COGS Adjust to Cash Basis		77,000	122,407	422	28,784	14,229	(12,069)	19,227	0	0	0	0
Store Net Cash Flow	8,807	119,331	294,189	(168,557)	152,132	111,664	132,701	316,036	192,421	192,583	213,878	202,102
Corporate Expenses												
Payroll	0	24,000	24,000	24,000	24,000	36,000	24,000	24,000	24,000	24,000	24,000	36,000
Back Payroll for Plano & Southlake			20,000									
Insurance	0	19,300	11,300	11,300	11,300	11,300	11,300	11,300			11,300	11,300
Occupancy Costs		5,000		24,000								
Marketing	0	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Turkey Trot											21,000	
Gift Card Redemption			50,000	35,000	20,000	10,000	10,000	5,000				
Cash out life insurance	(74,000)	(108,000)	(40,000)									
Asset sales												
Utility Adqdt Assurance Deposit		3,000	3,000	3,000	3,000							
Total Corporate Expenses	(74,000)	(49,700)	75,300	104,300	65,300	64,300	52,300	47,300	31,000	31,000	63,300	54,300
Net CF before restructuring cost	82,807	169,031	218,889	(272,857)	86,832	47,364	80,401	268,736	161,421	161,583	150,578	147,802
Cumulative CF bef restruct	82,807	251,838	470,727	197,870	284,701	332,065	412,466	681,202	842,624	1,004,207	1,154,785	1,302,587
Restructuring Expenses												
US Trustee's Fee				6,500			6,500			6,500		
Legal	0					25,000	25,000	20,000	20,000	20,000	20,000	20,000
JSA / CRO	0	12,000	15,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Nike Adequate Assurance Pmt				7,500	7,500	35,000	35,000	235,000	35,000	35,000	35,000	35,000
Nike over credit limit payment		0	0	0	0	0	0	69,297	4,622	9,279	37,840	42,697
Brooks 503(b)9								35,000				
Total restructuring cost	0	12,000	15,000	19,000	12,500	65,000	71,500	364,297	64,622	75,779	97,840	102,697
CF after restructuring cost	82,807	157,031	203,889	(291,857)	74,332	(17,636)	8,901	(95,561)	96,799	85,805	52,738	45,105
Cumulative CF after restruct	82,807	239,838	443,727	151,870	226,201	208,565	217,466	121,905	218,704	304,509	357,247	402,352
Closing Cash Balance	96,807	253,838	457,727	165,870	240,201	222,565	231,466	135,905	232,704	318,509	371,247	416,352