

EXHIBIT “F”

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A P P E A R A N C E S :

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BY: JAMES S. CARR, ESQ.

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A P P E A R A N C E S : (continued)

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BY: BONNIE L. POLLACK, ESQ.

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A P P E A R A N C E S : (continued)

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BY: PHILIP TOUITOU, ESQ.

APPEARING TELEPHONICALLY:

JULIA OSBORNE, BMC GROUP

ALAN HARRIS, ESQ., HARRIS & RUBLE

1 file a response here?

2 MR. TOUITOU: I am, Your Honor.

3 THE COURT: Does the order make it clear that you
4 retain whatever claim you wish to retain?

5 MR. TOUITOU: Yeah, I believe it does make that clear.

6 THE COURT: All right. So does anyone wish to be
7 heard, then, with regard to the order as revised?

8 All right, then, the claims will be expunged and
9 adjusted as requested subject to a clarification with regard to
10 the claim of 376 Boylston Street Realty.

11 All right.

12 MR. FOX: And for the last uncontested motion; which
13 is the motion to assume some modified leases, I will cede the
14 podium to Ms. Jordanna Nadritch.

15 THE COURT: All right.

16 MS. NADRITCH: Good morning, Your Honor. The motion
17 that I have before me is a motion to assume modified leases
18 seeking authority to enter into the amended real property
19 leases, as well as to assume the leases upon an effective date
20 of a plan of reorganization.

21 The terms of the amended leases have not been shared
22 with the Court due to confidentiality issues, but they have
23 been provided, both to counsel for the committee and counsel to
24 Mengnu, and neither have had any objections.

25 This motion is uncontested. While there was a limited

1 objection initially filed by one of the landlords there was
2 some confusion. And after subsequent discussions with that
3 counsel they have withdrawn that objection.

4 We've also filed a revised amended exhibit, and have
5 further amended that exhibit as of this morning, even to
6 account for further lease modifications that have been agreed
7 to, specifically with TMCC, who's in court today.

8 As you know, Your Honor, throughout the Chapter 11
9 cases, the debtors have been diligently crafting a
10 comprehensive reorganization strategy and plan. And a
11 significant part of that has been their ability to negotiate
12 more favorable terms -- lease terms, rather, with their
13 landlords.

14 In furtherance of this effort the debtors, in
15 conjunction with KPMG and on their own, as well, have engaged
16 in arm's length negotiations with many of the counterparties to
17 various leases, and are to modify the terms for the go-forward
18 store locations.

19 The modification agreements, or the list of leases to
20 be modified on Exhibit A, are the product of these
21 negotiations. And assumption of these modifications will
22 significantly benefit the debtors, their creditors and their
23 estates going forward.

24 More specifically, Your Honor, KPMG has negotiated
25 fifty-five lease modifications that are fully executed, another

1 four that landlord is countersigning today, I believe. Out of
2 those lease modifications that benefits to the estate on a go-
3 forward basis, there's a present value savings go-forward of
4 rent of 7.1 million dollars. There are landlords that have
5 waived approximately 1.8 of pre-petition arrearages.

6 In addition, the debtors, themselves, had negotiated
7 approximately fifteen additional leases that have an aggregate
8 saving of 2.7 million. Broken down I believe to be 2.9 on a
9 go-forward savings -- a present value savings, that is. And
10 about 900 of pre-petition waivers.

11 So as you can see, Your Honor, there's been a
12 significant benefit to the estate, both on a pre-petition
13 unsecured basis and on a go-forward ability to operate their
14 business successfully through their leases.

15 Your Honor, the lease obligations agreement are
16 conditioned upon approval of this Court's motion. So if we
17 seek approval of them today, as well as we also seek contingent
18 upon confirmation of plan that they be approved so we may get a
19 confirmed plan today.

20 THE COURT: Or that you have a confirmed plan in the
21 near future.

22 MS. NADRITCH: And in the near future, correct.

23 THE COURT: All right. Does anyone wish to be heard?

24 MS. POLLACK: Briefly, Your Honor, thank you.

25 Bonnie Pollack, Cullen and Dykman for TMCC.

1 The modification with TMCC was on an earlier exhibit
2 that was filed with the Court. But the name of the landlord
3 was incorrect on that exhibit, so it was previously submitted
4 to the Court.

5 I would like to say that the agenda shows TMCC's
6 motion seeking payments under 365(d)(3) as being resolved and
7 marked off as a result of this motion. And that is correct.
8 Except, Your Honor, to the extent that the plan is not
9 confirmed --

10 THE COURT: Obviously.

11 MS. POLLACK: -- then I would keep the motion on the
12 calendar for further hearing. Thank you, Your Honor.

13 MR. CARR: Good morning, Your Honor. Jim Carr of
14 Kelley Drye & Warren on behalf of the official committee of
15 unsecured creditors.

16 Your Honor, we received from the debtors' financial
17 advisors the financial effect of the modifications of the
18 leases. And as indicated to Your Honor they are substantial.
19 And in connection with the retail case, Your Honor, there's two
20 ways to make the company more successful as it emerges from
21 bankruptcy.

22 One is to increase revenue, or the other is to
23 decrease the expenses. And Mr. Bordwin (ph.) has done a
24 tremendous job in connection with decreasing the expenses at
25 all these locations, and the committee fully supports this

1 motion.

2 THE COURT: Does anyone wish to be heard?

3 All right, I will approve the motion without
4 objection.

5 Mr. Fox, do you wish to add something?

6 MR. FOX: No. The only thing I wanted to point out
7 was that Harold Bordwin and Robert Tremonicon (ph.), doing
8 terrible justice to his name, who were the real estate
9 consultants, are in court to the extent that Your Honor had any
10 questions as to any of the numbers. But once you approved it,
11 I almost didn't even want to stand up and tell you that they
12 were here if you had any questions, but they were if you did.

13 THE COURT: No, I have no ques -- I have one question.
14 Are any landlord leases not either rejected or assumed as
15 modified? Are any of them being simply assumed under the plan?

16 MS. NADRITCH: Yes, Your Honor. Including this one
17 landlord that had originally objected, JW Mays (ph.), their
18 lease is not for the modification agreement. We are similarly
19 securing it as is. So there are a few like this.

20 THE COURT: A few are, all right.

21 MS. NADRITCH: Yes.

22 THE COURT: Are any of the release -- you have
23 rejected some leases?

24 MS. NADRITCH: Yes, we've rejected leases and done
25 that pursuant throughout the case, as Your Honor's aware, as

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C E R T I F I C A T I O N

I, Esther Accardi, certify that the foregoing transcript is a true and accurate record of the proceedings.

**Esther
Accardi**

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