BURLINGTON COAT FACTORY WAREHOUSE CORP
Form 424B3
October 21, 2011

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Filed Pursuant to Rule 424(b)(3)
Registration Statement No. 333-175594

Prospectus

$450,000,000

Burlington Coat Factory Warehouse Corporation

Exchange Offer for 10% Senior Notes due 2019

Offer for outstanding 10% Senior Notes due 2019, in the aggregate principal amount of $450,000,000 (which we refer to as the Old Notes) in exchange for up to $450,000,000 in aggregate principal amount of 10% Senior Notes due 2019 which have been registered under the Securities Act of 1933, as amended (which we refer to as the Exchange Notes and, together with the Old Notes, the notes).

Terms of the Exchange Offer

Expires 5:00 p.m., New York City time, November 22, 2011, unless extended.

You may withdraw tendered outstanding Old Notes any time before the expiration or termination of the exchange offer.

Not subject to any condition other than that the exchange offer does not violate applicable law or any interpretation of the staff of the Securities and Exchange Commission.

We can amend or terminate the exchange offer.

We will not receive any proceeds from the exchange offer.

The exchange of Old Notes for the Exchange Notes should not be a taxable exchange for United States federal income tax purposes. See Certain United States Federal Income Tax Considerations.

Terms of the Exchange Notes

The Exchange Notes will be general unsecured obligations and will rank equally in right of payment with all of our existing and future indebtedness that is not expressly subordinated thereto, senior in right of payment to any future indebtedness that is expressly subordinated in right of payment thereto and effectively junior to our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness in addition to all indebtedness of our non-guarantor subsidiary.

The Exchange Notes will be fully, jointly, severally and unconditionally guaranteed on a senior unsecured basis by Burlington Coat Factory Investments Holdings, Inc. and each of our U.S. subsidiaries to the extent such guarantor is a guarantor of our obligations under our New Term Loan Facility (as defined below).

The Exchange Notes will mature on February 15, 2019.

The Exchange Notes will accrue interest at a rate per annum equal to 10% and will be payable semi-annually on each February 15 and August 15, beginning on August 15, 2011.

We may redeem the Exchange Notes in whole or in part from time to time. See Description of Exchange Notes.

If we experience certain changes of control, we must offer to purchase the Exchange Notes at 101% of their aggregate principal amount, plus accrued and unpaid interest, if any.

The terms of the Exchange Notes are substantially identical to those of the outstanding Old Notes, except the transfer restrictions, registration rights and additional interest provisions relating to the Old Notes do not apply to the Exchange Notes.

For a discussion of the specific risks that you should consider before tendering your outstanding Old Notes in the exchange offer, see Risk Factors beginning on page 14 of this prospectus.

There is no established trading market for the Old Notes or the Exchange Notes.

Each broker dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. A broker dealer who acquired Old Notes as a result of market making or other trading activities may use this exchange offer prospectus, as supplemented or amended from time to time, in connection with any resales of the Exchange Notes.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Exchange Notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus is October 21, 2011.

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Each broker dealer that receives Exchange Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes. By so acknowledging and by delivering a prospectus, a broker dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act of 1933, as amended (the Securities Act). A broker dealer who acquired Old Notes as a result of market making or other trading activities may use this prospectus, as supplemented or amended from time to time, in connection with any resales of the Exchange Notes. We have agreed that, for a period of up to 180 days after the closing of the exchange offer, we will make this prospectus available for use in connection with any such resale. See Plan of Distribution.

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information different from that contained in this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy securities other than those specifically offered hereby or an offer to sell any securities offered hereby in any jurisdiction where, or to any person whom, it is unlawful to make such offer or solicitation. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our 10% Senior Notes due 2019.

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CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This prospectus contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E in the Securities Exchange Act of 1934, as amended (the Exchange Act) (each of which contain safe harbors which do not apply to statements made in connection with this offering), which involve risks and uncertainties. Forward-looking statements include all statements that do not relate solely to historical or current facts, and you can identify forward-looking statements because they contain words such as projects, expects, anticipates, intends, plans, believes, seeks, estimates, should, would, could, will, opportunity, potential or may, or similar expressio prospects, objectives, strategies, plans or intentions. All statements made relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to the impact of existing or proposed laws or regulations described in this prospectus are forward-looking statements. These forward-looking statements are subject to risks and uncertainties that may change at any time and, therefore, our actual results may differ materially from those expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, it is very difficult to predict the impact of known factors and, of course, it is impossible to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from the forward-looking statements contained in this prospectus include, among others:

- general economic conditions;
- changing consumer preferences and demand;
- weather patterns, including, among other things, changes in year-over-year temperatures;
- competitive factors, including pricing and promotional activities of major competitors;
- industry trends, including changes in buying, inventory and other business practices by customers;
- the availability of desirable store locations on suitable terms;
- competitive factors, including pricing and promotional activities of major competitors;
- the availability, selection and purchasing of attractive merchandise on favorable terms;
- import risks;
- our future profitability;
- our ability to control costs and expenses;
- unforeseen computer related problems;

any unforeseen material loss or casualty;

the effect of inflation;

an increase in competition within the markets in which we compete;

regulatory changes;

changes in general and/or regional economic conditions;

our relationships with employees;

the impact of current and future laws;

additional terrorist attacks, particularly attacks on or within markets in which we operate; and

natural and man-made disasters, including but not limited to fire, snow and ice storms, flood, hail, hurricanes and earthquakes.

These factors should not be construed as exhaustive and should be read with the other cautionary statements in this prospectus. Although we base these forward-looking statements on assumptions that we believe are reasonable when made, we caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which we operate may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which we operate are consistent with the forward-looking statements contained in this prospectus, those results or developments may not be indicative of results or developments in subsequent periods.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements. Any forward-looking statements contained in this prospectus speak only as of the date of such statement and, except for our ongoing obligations to disclose material information under the federal securities laws, we do not undertake any obligation to update such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments unless required by law. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data.

MARKET, RANKING AND OTHER INDUSTRY DATA

In this prospectus we rely on and refer to information and statistics regarding our industry, the size of certain markets and our position within the sectors in which we compete. Some of the market and industry data contained in this prospectus are based on independent industry publications or other publicly available information, while other information is based on our good faith estimates, which are derived from our review of internal surveys, as well as independent sources listed in this prospectus, and our management s knowledge and experience in the markets in which we operate. Our estimates have also been based on information obtained from our customers, suppliers and other contacts in the markets in which we operate. Although we believe that these independent sources and our internal data are reliable as of their respective dates, the information contained in them has not been independently verified, and we cannot assure you as to the accuracy or completeness of this information. As a result, you should be aware that the market and industry data and the market share estimates set forth in this prospectus, and beliefs and estimates based thereon, may not be reliable.

TRADEMARKS, SERVICE MARKS AND TRADE NAMES

We own the trademarks, service marks and trade names that we use in connection with the operation of our business. Our trademarks include BCF, BCF Burlington Coat Factory, Burlington Coat Factory, Cohoes, Luxury Linens, MJM Designer Shoes and Baby Depot . This pr may also contain trademarks, service marks, trade names and copyrights of other companies, which are the property of their respective owners. Solely for convenience, the trademarks, service marks, trade names and copyrights referred to in this prospectus are listed without the TM, SM, © and ® symbols, but we will assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors, if any, to these trademarks, service marks, trade names and copyrights.

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PROSPECTUS SUMMARY

This summary highlights material information about our business and about this exchange offer. This is a summary of material information contained elsewhere in this prospectus and is not complete and does not contain all of the information that may be important to you. For a more complete understanding of our business and this exchange offer, you should read this entire prospectus, including the section entitled Risk Factors , along with the detailed information and the audited Consolidated Financial Statements and the related notes thereto and the unaudited Condensed Consolidated Financial Statements and the related notes thereto, included elsewhere in this prospectus. In this prospectus, unless otherwise indicated or the context otherwise requires, we, us, our, Company, BCF and Burlington Coat Factory refers to Burlington Coat Factory Warehouse Corporation and its consolidated subsidiaries and Holdings refers to Burlington Coat Factory Investments Holdings, Inc., which is the parent of Burlington Coat Factory Warehouse Corporation.

Because Holdings is a guarantor of the notes offered hereby, it is appropriate to include in this prospectus, certain financial statements of Holdings. Separate financial statements for us have not been presented. Holdings has no operations and its only asset is all of our capital stock. All discussions of operations in this prospectus relate to us, and such operations are reflected in the historical audited Consolidated Financial Statements of Holdings and the historical unaudited interim Condensed Consolidated Financial Statements of Holdings, included elsewhere in this prospectus.

Company Overview

We are a nationally recognized off-price retailer of high-quality, branded apparel at everyday low prices (EDLP). We opened our first store in Burlington, New Jersey in 1972, selling primarily coats and outerwear. Since then, and as of July 30, 2011, we have expanded our store base to 462 stores in 44 states and Puerto Rico and diversified our product categories by offering an extensive selection of in-season better and moderate brands, fashion-focused merchandise, including: ladies sportswear, menswear, coats, family footwear, baby furniture and accessories, as well as home decor and gifts. We continue to emphasize our rich heritage of coats and outerwear and we believe that we are viewed as the destination for coat shoppers. We offer a broad selection of desirable, first-quality, branded merchandise from nationally-recognized manufacturers and other suppliers. For the fiscal year ended January 29, 2011, we generated total revenue of $3,701.1 million, net sales of $3,669.6 million, net income of $31.0 million and Adjusted EBITDA (as defined below in Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources) of $338.1 million.

As of July 30, 2011, we operated our stores under the names Burlington Coat Factory Warehouse (BCFW) (447 stores), Cohoes Fashions (two stores) and MJM Designer Shoes (13 stores). The average BCFW store is approximately 80,000 square feet, generally twice the size of our off-price competition but smaller than traditional department stores.

We believe that our customers are attracted to our stores principally by the availability of a large assortment of first-quality current branded merchandise at EDLP. We provide a wide range of apparel, accessories and furnishing for all ages. We believe our substantial selection of staple, destination products such as coats and products in our Baby Depot departments, as well as men s and boys suits, attracts customers from beyond our local trade areas. This merchandise mix drives incremental store-traffic and differentiates us from our competitors. We also optimize our inventory by purchasing both pre-season and in-season merchandise. This enables us to respond effectively to changing market conditions and consumer fashion preferences.

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We are owned by Holdings. Holdings has no operations and its only asset is all of our stock. We were initially organized in 1972 as a New Jersey corporation. In 1983, we were reincorporated in Delaware and currently exist as a Delaware corporation. Holdings was organized in 2006 (and currently exists) as a Delaware corporation. We became a wholly-owned subsidiary of Holdings in connection with our acquisition on April 13, 2006 by affiliates of Bain Capital in a take private transaction (the Merger Transaction). Holdings is a wholly-owned subsidiary of Burlington Coat Factory Holdings, Inc. (Parent).

Equity Sponsor

Bain Capital Partners, LLC is a global private investment firm that manages several pools of capital including private equity, high-yield assets, mezzanine capital and public equity with approximately $64 billion in assets under management. Since its inception in 1984, Bain Capital s private equity affiliates have made over 350 investments in a variety of industries around the world. Currently, Bain Capital has a team of over 120 professionals dedicated to investing in and supporting its portfolio companies. Headquartered in Boston, Bain Capital has offices in New York, London, Munich, Hong Kong, Shanghai and Tokyo.

Bain Capital has a long and successful history of investing in retail businesses as well as consumer products companies distributing through retailers, and has a dedicated group of investment professionals focused on the sector. Bain Capital has made a number of retail and consumer products investments, including: Dunkin Brands, Shoppers Drug Mart, Burger King, Toys R Us, Dollarama, Michael s, Gymboree, Staples, Domino s Pizza, Brookstone, Duane Reade, Sealy, and Sports Authority.

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Organizational Structure

The chart below illustrates our basic corporate and principal debt structure. The equity ownership percentages are approximations as of July 14, 2011. In connection with the offering of the Old Notes, on February 24, 2011, the Company refinanced its existing senior secured term loan credit facility (the Existing Term Loan Facility), issued in the original principal amount of $900.0 million, with the proceeds of a new $1.0 billion senior secured term loan facility (the New Term Loan Facility), and entered into a First Amendment (the First Amendment) to the Amended and Restated Credit Agreement, dated January 15, 2010 (as amended, supplemented and otherwise modified, the Amended ABL Credit Agreement), among the Company, as lead borrower, the borrowers party thereto, the facility guarantors party thereto, Bank of America, N.A. as administrative agent and collateral agent, the lenders party thereto, Wells Fargo Retail Finance, LLC and Regions Bank as co-syndication agents, J.P. Morgan Securities Inc. and UBS Securities LLC as co-documentation agents and General Electric Capital Corporation, US Bank, National Association and SunTrust Bank as senior managing agents, governing the Company s existing senior secured asset-based revolving credit facility (the ABL Line of Credit and, together with the New Term Loan Facility, the New Senior Secured Credit Facilities).

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Executive Offices

Our principal offices are located at 1830 Route 130 North, Burlington, New Jersey 08016. Our telephone number is (609) 387-7800. Our web site address is www.burlingtoncoatfactory.com. The information on our website does not constitute a part of, and is not incorporated by reference into, this prospectus.

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The Exchange Offer

On February 24, 2011, we sold, through a private placement exempt from the registration requirements of the Securities Act, $450,000,000 of our 10% Senior Notes due 2019, CUSIP Nos. 121579 AF3, U10711 AD8, all of which are eligible to be exchanged for Exchange Notes. We refer to these notes as Old Notes in this prospectus.

Simultaneously with the private placement, we entered into that certain Registration Rights Agreement, dated February 24, 2011 (the Registration Rights Agreement), with the initial purchasers of the Old Notes. Under the Registration Rights Agreement, we are required to use our reasonable best efforts to file a registration statement with the United States Securities and Exchange Commission (the SEC) enabling the holders of the Old Notes to exchange their Old Notes for Exchange Notes with identical terms, and to complete the exchange offer within 45 days after the date on which the exchange offer registration statement is declared effective by the SEC. You may exchange your Old Notes for Exchange Notes in this exchange offer. You should read the discussion under the headings Summary of Exchange Offer, Exchange Offer and Description of Exchange Notes for further information regarding the Exchange Notes.

We did not register the Old Notes under the Securities Act or any state securities law, nor do we intend to after the exchange offer. As a result, the Old Notes may only be transferred in limited circumstances under the securities laws. If the holders of the Old Notes do not exchange their Old Notes in the exchange offer, they lose their right to have the Old Notes registered under the Securities Act, subject to certain limitations. Anyone who still holds Old Notes after the exchange offer may be unable to resell their Old Notes.

Securities Offered	$450.0 million aggregate principal amount of 10% Senior Notes due 2019.
Exchange Offer	We are offering to exchange the Old Notes for a like principal amount at maturity of the Exchange Notes. Old Notes may be exchanged only in integral principal multiples of $1,000. This exchange offer is being made pursuant to the Registration Rights Agreement which grants the initial purchasers and any subsequent holders of the Old Notes certain exchange and registration rights. This exchange offer is intended to satisfy those exchange and registration rights with respect to the Old Notes. After the exchange offer is complete, you will no longer be entitled to any exchange or registration rights with respect to your Old Notes.
Expiration Date; Withdrawal of Tender	The exchange offer will expire 5:00 p.m., New York City time, on November 22, 2011, or a later time if we choose to extend the exchange offer in our sole and absolute discretion. You may withdraw your tender of Old Notes at any time prior to the expiration date. All outstanding Old Notes that are validly tendered and not validly withdrawn will be exchanged. Any Old Notes not accepted by us for exchange for any reason will be returned to you at our expense as promptly as possible after the expiration or termination of the exchange offer.

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Resales	We believe that you can offer for resale, resell and otherwise transfer the Exchange Notes without complying with the registration and prospectus delivery requirements of the Securities Act so long as: you acquire the Exchange Notes in the ordinary course of business; you are not participating, do not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the Exchange Notes; you are not an affiliate of ours, as defined in Rule 405 of the Securities Act; and you are not a broker dealer. If any of these conditions is not satisfied and you transfer any Exchange Notes without delivering a proper prospectus or without qualifying for a registration exemption, you may incur liability under the Securities Act. We do not assume, or indemnify you against, any such liability. Each broker dealer acquiring Exchange Notes issued for its own account in exchange for Old Notes, which it acquired through market making activities or other trading activities, must acknowledge that it will deliver a proper prospectus when any Exchange Notes issued in the exchange offer are transferred. A broker dealer may use this prospectus for an offer to resell, a resale or other retransfer of the Exchange Notes issued in the exchange offer.
Conditions to the Exchange Offer	Our obligation to accept for exchange, or to issue the Exchange Notes in exchange for, any Old Notes is subject to certain customary conditions, including our determination that the exchange offer does not violate any law, statute, rule, regulation or interpretation by the Staff of the SEC or any regulatory authority or other foreign, federal, state or local government agency or court of competent jurisdiction, some of which may be waived by us. We currently expect that each of the conditions will be satisfied and that no waivers will be necessary. See Exchange Offer Conditions to the Exchange Offer.
Procedures for Tendering Old Notes held in the Form of Book-Entry Interests	The Old Notes were issued as global securities and were deposited upon issuance with the Trustee which facilitated the allocation of the uncertificated depositary interests in those outstanding Old Notes, which represent a 100% interest in those Old Notes, to The Depositary Trust Company (DTC). Beneficial interests in the outstanding Old Notes, which are held by direct or indirect participants in DTC, are shown on, and transfers of the Old Notes can only be made through, records maintained in book-entry form by DTC.

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	You may tender your outstanding Old Notes by instructing your broker or bank where you keep the Old Notes to tender them for you. In some cases you may be asked to submit the letter of transmittal that may accompany this prospectus. By tendering your Old Notes you will be deemed to have acknowledged and agreed to be bound by the terms set forth under Exchange Offer. Your outstanding Old Notes must be tendered in multiples of $1,000.
	In order for your tender to be considered valid, the exchange agent must receive a confirmation of book-entry transfer of your outstanding Old Notes into the exchange agent s account at DTC, under the procedure described in this prospectus under the heading Exchange Offer, on or before 5:00 p.m., New York City time, on the expiration date of the exchange offer.
United States Federal Income Tax Considerations	The exchange offer should not result in any income, gain or loss to the holders of Old Notes or to us for United States federal income tax purposes. See Certain United States Federal Income Tax Considerations.
Use of Proceeds	We will not receive any proceeds from the issuance of the Exchange Notes in the exchange offer.
Exchange Agent	Wilmington Trust, National Association is serving as the exchange agent for the exchange offer.
Shelf Registration Statement	In limited circumstances, holders of Old Notes may require us to register their Old Notes under a shelf registration statement.

Consequences of Not Exchanging Old Notes

If you do not exchange your Old Notes in the exchange offer, your Old Notes will continue to be subject to the restrictions on transfer currently applicable to the Old Notes. In general, you may offer or sell your Old Notes only:

- if they are registered under the Securities Act and applicable state securities laws;
- if they are offered or sold under an exemption from registration under the Securities Act and applicable state securities laws; or
- if they are offered or sold in a transaction not subject to the Securities Act and applicable state securities laws.

We do not currently intend to register the Old Notes under the Securities Act. Under some circumstances, however, holders of the Old Notes, including holders who are not permitted to participate in the exchange offer or who may not freely resell Exchange Notes received in the exchange offer, may require us to file, and to cause to become effective, a shelf registration statement covering resales of Old Notes by these holders. For more information regarding the consequences of not tendering your Old Notes and our obligation to file a shelf registration statement, see Exchange Offer Consequences of Exchanging or Failing to Exchange Old Notes and Description of Exchange Notes Registration Rights.

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Description of Exchange Notes

Issuer	Burlington Coat Factory Warehouse Corporation.
Notes Offered	$450.0 million aggregate principal amount of 10% Senior Notes due 2019.
Maturity Date	The Exchange Notes will mature on February 15, 2019.
Interest Rate	The Exchange Notes will bear interest at a rate of 10% per annum. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.
Interest Payment Dates	Interest on the Exchange Notes will be payable semi-annually on February 15 and August 15 of each year, commencing on August 15, 2011.
Guarantees	The Exchange Notes will be fully and unconditionally guaranteed on a senior basis by Burlington Coat Factory Investments Holdings, Inc. and each of our U.S. subsidiaries to the extent such guarantor is a guarantor of our obligations under the New Term Loan Facility. See Description of Exchange Notes Guarantees.
Ranking	The Exchange Notes will be our senior unsecured obligations. The Exchange Notes will rank equally in right of payment with all of our existing and future indebtedness that is not expressly subordinated thereto, senior in right of payment to any future indebtedness that is expressly subordinated in right of payment thereto and effectively junior to our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness in addition to all indebtedness of our non-guarantor subsidiary.
	The guarantees will be the guarantors senior unsecured obligations. The guarantees will rank equally in right of payment with all existing and future indebtedness of each guarantor that is not expressly subordinated thereto, senior in right of payment to any future indebtedness of each guarantor that is expressly subordinated in right of payment thereto and effectively junior to all existing and future secured indebtedness of each guarantor to the extent of the value of the collateral securing such indebtedness.
Optional Redemption	Prior to February 15, 2014, we may redeem up to 35% of the aggregate principal amount of the Exchange Notes with the proceeds of certain equity offerings at the redemption price set forth in this prospectus, plus accrued and unpaid interest, if any, to the redemption date. See Description of Exchange Notes Optional Redemption.

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	Prior to February 15, 2015, we may redeem some or all of the Exchange Notes at a price equal to 100% of the principal amount of the Exchange Notes redeemed, plus accrued and unpaid interest, if any, to the redemption date and a make-whole premium as described in this prospectus. See Description of Exchange Notes Optional Redemption.
	On or after February 15, 2015, we may redeem all or a portion of the Exchange Notes at any time at the redemption prices set forth in this prospectus, plus accrued and unpaid interest, if any, to the redemption date. See Description of Exchange Notes Optional Redemption.
Change of Control Offer	If we experience certain change of control events, we must offer to repurchase the Exchange Notes at 101% of their principal amount, plus accrued and unpaid interest, if any, to the applicable repurchase date. See Description of Exchange Notes Repurchase at the Option of Holders Change of Control.
Asset Sale Offer	If we sell assets under certain circumstances we must offer to repurchase the Exchange Notes at 100% of their principal amount, plus accrued and unpaid interest, if any, to the applicable repurchase date. See Description of Exchange Notes Repurchase at the Option of Holders Asset Sales.
Restrictive Covenants	The Exchange Notes will be issued under an indenture containing covenants that, among other things, will restrict our ability and the ability of our restricted subsidiaries to: incur indebtedness or issue certain preferred equity; enter into sale-leaseback transactions; pay dividends, redeem stock or make other distributions or restricted payments; make certain investments; agree to payment restrictions affecting the restricted subsidiaries; sell or otherwise transfer or dispose of assets, including equity interests of our subsidiaries; enter into transactions with our affiliates; create liens;

designate our subsidiaries as unrestricted subsidiaries; and

consolidate, merge or sell substantially all of our assets.

These covenants will be subject to a number of important exceptions and qualifications. See Description of Exchange Notes Certain Covenants.

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No Established Trading Market	The Exchange Notes are new issues of securities with no established trading market. The Exchange Notes will not be listed on any securities exchange or on any automated dealer quotation system. We cannot assure you that a liquid market for the Exchange Notes will develop or be maintained.
Use of Proceeds	We will not receive any proceeds from the issuance of the Exchange Notes pursuant to the exchange offer.
Risk Factors	Investment in the Exchange Notes involves substantial risks. See Risk Factors for a discussion of certain risks relating to an investment in the Exchange Notes. For more complete information about the Exchange Notes, see Description of Exchange Notes section of this prospectus.

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SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our summary historical consolidated financial data and certain other financial data. The historical consolidated balance sheet data as of January 29, 2011 and January 30, 2010 and statement of operations data, statement of cash flows data and other financial data for the fiscal year ended January 29, 2011 (Fiscal 2010), the transition period from May 31, 2009 to January 30, 2010 (the Transition Period), and for the fiscal years ended May 30, 2009 and May 31, 2008 have been derived from our historical audited consolidated financial statements, which are included in this prospectus. The historical consolidated balance sheet data as of May 30, 2009 and May 31, 2008 have been derived from our historical audited consolidated financial statements, which are not included in this prospectus. The historical consolidated statement of operations data, statement of cash flows data and other financial data for the 52 weeks ended January 30, 2010, have been derived from our historical unaudited consolidated financial statements, which are not included in this prospectus. The consolidated statement of operations data, balance sheet data, statement of cash flows data and other financial data as of and for the six months ended July 30, 2011 and July 31, 2010 have been derived from our historical unaudited interim condensed consolidated financial statements, which are included in this prospectus. Operating results for the six months ended July 30, 2011 are not necessarily indicative of the results that may be expected for the entire fiscal year ending January 28, 2012.

In order to conform to the predominant fiscal calendar used within the retail industry, on February 25, 2010 our board of directors (the Board of Directors) approved a change in our fiscal year from a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to May 31 to a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to January 31. Fiscal 2010 covers the 52 week period ended January 29, 2011. The Transition Period covers the 35 week transition period beginning on May 31, 2009, the day following the end of our 2009 fiscal year, and ended on January 30, 2010. Fiscal 2009 ended on May 30, 2009 (Fiscal 2009) and was a 52 week year. Fiscal 2008 ended on May 31, 2008 (Fiscal 2008) and was a 52 week year.

The unaudited consolidated statement of operations data, statement of cash flows data and other financial data for the 52 weeks ended January 30, 2010 have been calculated based on the sum of our four unaudited recasted interim consolidated financial statement data for the quarters ended May 2, 2009, August 1, 2009, October 31, 2009 and January 30, 2010.

The historical consolidated financial data and other financial data presented below should be read in conjunction with our audited Consolidated Financial Statements and the related notes thereto and our unaudited Condensed Consolidated Financial Statements and the related notes thereto, included elsewhere in this prospectus, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. Our historical consolidated financial data may not be indicative of our future performance.

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	Fiscal Year Ended		Transition Period from May 31, 2009 to	52 Weeks Ended	Fiscal Year Ended	Six Months Ended	
	May 31, 2008	**May 30, 2009**	**January 30, 2010**	**January 30, 2010**	**January 29, 2011**	**July 31, 2010**	**July 30, 2011**
Statement of Operations Data:							
Revenues:							
Net Sales	$ 3,393,417	$ 3,541,981	$ 2,457,567	$ 3,522,914	$ 3,669,602	$ 1,623,428	$ 1,722,431
Other Revenue	30,556	29,386	21,730	30,840	31,487	14,075	14,343
Total Revenue	3,423,973	3,571,367	2,479,297	3,553,754	3,701,089	1,637,503	1,736,774
Costs and Expenses:							
Cost of Sales (Exclusive of Depreciation and Amortization)	2,095,364	2,199,766	1,492,349	2,181,707	2,252,346	1,021,741	1,084,356
Selling and Administrative Expenses	1,090,829	1,115,248	759,774	1,113,960	1,156,613	550,308	565,533
Restructuring		6,952	2,429	7,452	2,200	2,152	5,190
Depreciation and Amortization	166,666	159,607	103,605	156,388	146,759	72,235	73,987
Interest Expense	132,993	102,716	59,476	84,423	99,309	53,422	63,164
Impairment	25,256	332,048	46,776	71,391	2,080	258	34
Loss on Extinguishment of Debt							37,764
Other Income, Net	(12,861)	(5,998)	(15,335)	(16,635)	(11,346)	(6,444)	(5,120)
Total Costs and Expenses	3,498,247	3,910,339	2,449,074	3,598,686	3,647,961	1,693,672	1,824,908
(Loss)/Income Before Income Tax (Benefit)/ Expense	(74,274)	(338,972)	30,223	(44,932)	53,128	(56,169)	(88,134)
Income Tax (Benefit)/ Expense	(25,304)	(147,389)	11,570	(29,753)	22,130	(20,903)	(34,314)
Net (Loss)/Income	$ (48,970)	$ (191,583)	$ 18,653	$ (15,179)	$ 30,998	$ (35,266)	$ (53,820)
Balance Sheet Data:							
Inventory	$ 719,529	$ 641,833	$ 613,295	$ 613,295	$ 644,228	$ 661,224	$ 665,204
Total Assets	2,964,492	2,533,368	2,393,994	2,393,994	2,458,008	2,545,678	2,483,271
Working Capital(1)	284,438	312,298	349,732	349,732	386,196	167,248	199,198
Long Term Debt	1,480,231	1,438,751	1,399,152	1,399,152	1,358,021	1,262,412	1,528,411
Total Debt	1,483,884	1,449,546	1,413,353	1,413,353	1,372,285	1,279,919	1,531,683
Stockholder s Equity	323,524	135,065	154,500	154,500	187,512	119,920	(164,650)
Statement of Cash Flow Data:							
Net Cash Provided by Operations	$ 97,977	$ 172,296	$ 103,527	$ 7,980	$ 208,704	$ 274,044	$ 240,853
Net Cash Used in Investing Activities	(100,313)	(145,280)	(54,074)	(89,465)	(159,962)	(82,872)	(75,592)
Net Cash (Used in) Provided by Financing Activities	8,559	(41,307)	(50,513)	64,529	(43,278)	(134,876)	(163,667)
Capital Expenditures(2)	(102,751)	(140,185)	(60,035)	(101,657)	(132,553)	(50,510)	(68,726)
Other Financial Data:							
Rent Expense(3)	$ 153,979	$ 170,873	$ 115,862	$ 172,840	$ 182,808	$ 89,654	$ 94,647
Number of Stores (at end of period)	397	433	442	442	460	447	462
Comparative Store Sales (Decline) Growth(4)	(5.1)%	(2.5)%	(4.8)%	(4.3)%	(0.2)%	1.9%	2.1%
Gross Margin Rate	38.3%	37.9%	39.3%	38.1%	38.6%	37.1%	37.0%
Average Store Inventory	1,812	1,482	1,388	1,388	1,401	1,479	1,440
Annualized Inventory turnover	2.4	2.4	2.7	2.7	2.8	2.8	2.8
Store Payroll %	12.1%	10.9%	10.2%	10.4%	10.3%	10.9%	10.6%
Ratio of Earnings to Fixed Charges(5)	0.6x	(1.1)x	1.3x	0.6x	1.4x	N/A	N/A

(1) We define working capital as current assets (excluding restricted cash) minus current liabilities (including the current portion of long-term debt and accrued interest thereon).

(2) Includes cash paid for property and equipment, lease acquisition costs and tradename rights.

(3) Rent expense represents (i) basic rent expense on a straight-line basis; (ii) contingent rent expense; (iii) amortization of leasehold purchase rights; and (iv) amortization of leasehold incentives received from landlords.

(4) We define comparative store sales as sales of those stores commencing on the first day of the fiscal month one year after the end of their grand opening activities, which normally conclude within the first two months of operations.

(5) For purposes of calculating the ratio of earnings to fixed charges, earnings consist of income before provision for income taxes plus fixed charges. Fixed charges include: interest expense; amortization of capitalized finance costs; a portion of operating lease expenses (primarily rent) that our management believes is representative of the interest component of operating leases; and amortization of capitalized interest; less interest capitalized. Due to losses for the fiscal years ended May 31, 2008 and May 30, 2009, the coverage ratio was less than 1:1. BCF must generate additional pretax earnings of $73.8 million and $338.6 million respectively to achieve a ratio of 1:1 for the periods.

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RISK FACTORS

Before exchanging your Old Notes for the Exchange Notes, you should carefully consider the following risk factors as well as the other information and data included elsewhere in this prospectus, including our audited Consolidated Financial Statements and the related notes thereto and our unaudited Condensed Consolidated Financial Statements and the related notes thereto, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. The risks described below are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial may also materially and adversely affect our business, cash flows, financial condition or results of operations. Any of the following risks could materially and adversely affect our business, cash flows, financial condition or results of operations. In such case, you may lose all or part of your original investment.

Risks Related to the Exchange Offer and Holding the Exchange Notes

The Exchange Notes will be unsecured and will be effectively subordinated to our and the guarantors senior secured indebtedness and indebtedness of non-guarantor subsidiary.

Our obligations under the Exchange Notes and the guarantors obligations under the guarantees of the Exchange Notes will not be secured by any of our or our subsidiaries assets. Our borrowings under the New Term Loan Facility will be, secured by a pledge of the capital stock of substantially all of our and the guarantors direct domestic subsidiaries, and substantially all of our and the guarantors other tangible and intangible property. Our borrowings under our ABL Line of Credit are secured by certain of our and the guarantors assets, including credit card receivables and inventory. In addition, the indenture governing the Exchange Notes permits us and our subsidiaries to incur additional secured indebtedness. As a result, the Exchange Notes and the guarantees will be effectively subordinated to all of our and the guarantors secured indebtedness and other obligations to the extent of the value of the assets securing such obligations in addition to all indebtedness of our non-guarantor subsidiaries. As of July 30, 2011, we have $1,057.3 million of senior secured indebtedness outstanding under the New Senior Secured Credit Facilities. If we and the guarantors were to become insolvent or otherwise fail to make payments on the Exchange Notes, holders of our and our guarantors secured obligations would be paid first and would receive payments from the assets securing such obligations before the holders of the Exchange Notes would receive any payments. Holders of the Exchange Notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as the Exchange Notes, and potentially with all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. You may therefore not be fully repaid in the event we become insolvent or otherwise fail to make payments on the Exchange Notes.

The indenture governing the Exchange Notes and the credit agreements governing our New Senior Secured Credit Facilities impose significant operating and financial restrictions on us and our subsidiaries, which may prevent us from capitalizing on business opportunities.

The indenture governing the Exchange Notes and the credit agreements governing our New Senior Secured Credit Facilities contain covenants that place significant operating and financial restrictions on us. These covenants limit our ability to, among other things:

- incur additional indebtedness or enter into sale and leaseback obligations;
- pay certain dividends or make certain distributions on capital stock or repurchase capital stock;
- make certain capital expenditures;
- make certain investments or other restricted payments;

have our subsidiaries pay dividends or make other payments to us;

engage in certain transactions with stockholders or affiliates;

sell certain assets or merge with or into other companies;

guarantee indebtedness; and

create liens.

As a result of these covenants, we are limited in how we conduct our business and we may be unable to raise additional debt or equity financing to compete effectively or to take advantage of new business opportunities. The terms of any future indebtedness we may incur could include more restrictive covenants. If we fail to maintain compliance with these covenants in the future, we may not be able to obtain waivers from the lenders and/or amend the covenants.

Our failure to comply with the restrictive covenants described above, as well as others that may be contained in the indenture governing the Exchange Notes and the credit agreements governing our New Senior Secured Credit Facilities, could result in an event of default, which, if not cured or waived, could result in us being required to repay these borrowings before their due date. If we are unable to refinance these borrowings or are forced to refinance these borrowings on less favorable terms, our results of operations and financial condition could be adversely affected. See Description of Other Indebtedness.

Our substantial indebtedness requires a significant amount of cash. Our ability to generate sufficient cash depends on numerous factors beyond our control, and we may be unable to generate sufficient cash flow to service our debt obligations, including making payments on our outstanding notes.

On February 24, 2011, we completed certain refinancing transactions, described in further detail in the section of this prospectus entitled Management s Discussion and Analysis of Financial Condition and Results of Operations, Note 23 to our Consolidated Financial Statements entitled Subsequent Events and Note 3 to our Condensed Consolidated Financial Statements entitled Long Term Debt. Following these transactions our total indebtedness was $1,610.4 million, including $1.0 billion under our New Term Loan Facility, $450.0 million of 10% senior notes due 2019, and $101.6 million of additional borrowings under our ABL Line of Credit. Estimated cash required to make minimum debt service payments (including principal and interest) for these debt obligations amounts to $87.6 million for the fiscal year ended January 28, 2012, inclusive of minimum interest payments related to the ABL Line of Credit. The ABL Line of Credit has no annual minimum principal payment requirement.

Our ability to make payments on and to refinance our debt and to fund planned capital expenditures will depend on our ability to generate cash in the future, which is to some extent, subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we will be required to adopt one or more alternatives, such as refinancing all or a portion of our debt, including the notes, selling material assets or operations or raising additional debt or equity capital. We may not be able to successfully carry out any of these actions on a timely basis, on commercially reasonable terms or at all, or be assured that these actions would be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements, including the credit agreements governing our New Senior Secured Credit Facilities and the indenture governing the Exchange Notes, may restrict us from affecting any of these alternatives.

If we fail to make scheduled payments on our debt or otherwise fail to comply with our covenants, we will be in default and, as a result:

our debt holders could declare all outstanding principal and interest to be due and payable,

our secured debt lenders could terminate their commitments and commence foreclosure proceedings against our assets, and

we could be forced into bankruptcy or liquidation.

Repayment of our indebtedness, including the Exchange Notes, is dependent upon a significant amount of cash flow, all of which is generated by our subsidiaries. Our ability to generate cash depends on many factors beyond our control, and any failure to meet our debt service obligations could harm our business, financial condition and results of operations.

We are primarily a holding company with few material assets other than the equity interests of our subsidiaries. Our subsidiaries conduct substantially all of our operations and own substantially all of our assets. Therefore, repayment of our indebtedness, including the Exchange Notes, is dependent on the generation of cash flow by our subsidiaries and their ability to make such cash available to us, by dividend, debt repayment or otherwise. Our subsidiaries may not be able to, or be permitted to, make distributions to enable us to make payments in respect of our indebtedness, including the Exchange Notes. Each of our subsidiaries is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit our ability to obtain cash from our subsidiaries. While the indenture governing the Exchange Notes limits the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to us, these limitations are subject to certain qualifications and exceptions. In the event that we do not receive distributions from our subsidiaries, we may be unable to make required principal and interest payments on our indebtedness, including the Exchange Notes.

Our ability to pay interest on and principal of the Exchange Notes offered hereunder and satisfy our other debt service obligations will primarily depend upon our future operating performance. As a result, prevailing economic conditions and financial, business and other factors, many of which are beyond our control, will affect our ability to make these payments.

If we are unable to generate sufficient cash flow to service our debt and meet our other commitments, we will be required to adopt one or more alternatives, such as refinancing all or a portion of our debt, including the Exchange Notes, selling material assets or operations or raising additional debt or equity capital. We may not be able to successfully carry out any of these actions on a timely basis, on commercially reasonable terms or at all, or be assured that these actions would be sufficient to meet our capital requirements. In addition, the terms of our existing or future debt agreements, including the credit agreements governing our New Senior Secured Credit Facilities and each indenture governing the Old Notes and the Exchange Notes offered hereby, may restrict us from affecting any of these alternatives.

If we fail to make scheduled payments on our debt or otherwise fail to comply with our covenants, we will be in default and, as a result:

our debt holders could declare all outstanding principal and interest to be due and payable;

our secured debt lenders could terminate their commitments and commence foreclosure proceedings against our assets; and

we could be forced into bankruptcy or liquidation.

Contractual limitations on our ability to execute any necessary alternative financing plans could exacerbate the effects of any failure to generate sufficient cash flow to satisfy our debt service obligations. Our ABL Line of Credit permits us to borrow up to $600 million (of which $272.3 million was available and $79.0 million was outstanding as of July 30, 2011); however, our ability to borrow thereunder is limited by a borrowing base which is calculated periodically based on specified percentages of the value of eligible inventory and eligible credit card receivables, subject to certain reserves and other adjustments. Effective May 31, 2011, the original total line of credit of $721 million was reduced to $600 million through the maturity date. See Description of Other Indebtedness ABL Facility. The value of our eligible inventory and credit card receivables, which in turn affect our ability to borrow under the ABL Line of Credit, can be affected by events beyond our control, and we cannot assure you that the value of these items will not decline materially.

The Exchange Notes and the guarantees will be structurally subordinated to indebtedness and other liabilities of our non-guarantor subsidiary.

We have one non-guarantor subsidiary that is not wholly-owned and is considered to be minor as that term is defined in Rule 3-10 of Regulation S-X promulgated by the Securities and Exchange Commission. Except for this minor non-guarantor subsidiary all of our other subsidiaries will guarantee the Exchange Notes. The Exchange Notes and the guarantees will be structurally subordinated to the indebtedness and other liabilities of any non-guarantor subsidiary and holders of the Exchange Notes will not have any claim as a creditor against any non-guarantor subsidiary. Accordingly, claims of holders of the Exchange Notes will be structurally subordinated to the claims of creditors of this non-guarantor subsidiary, including trade creditors. All obligations of our non-guarantor subsidiary will have to be satisfied before any of the assets of such subsidiary would be available for distribution, upon a liquidation or otherwise, to us or a guarantor of the Exchange Notes. In addition, subject to certain limitations, the indenture governing the Exchange Notes will permit non-guarantor subsidiaries to incur additional indebtedness.

Our failure to comply with the agreements relating to our outstanding indebtedness, including as a result of events beyond our control, could result in an event of default that could materially and adversely affect our results of operations and our financial condition.

If there were an event of default under any of the agreements relating to our outstanding indebtedness, the holders of the defaulted debt could cause all amounts outstanding, with respect to that debt, to be due and payable immediately. Our assets or cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. Further, if we are unable to repay, refinance or restructure our secured indebtedness, the holders of such debt could proceed against the collateral securing that indebtedness. In addition, any event of default or declaration of acceleration under one debt instrument could also result in an event of default under one or more of our other debt instruments.

We may be unable to repay or repurchase the notes at maturity.

At maturity, the entire outstanding principal amount of the notes, together with accrued and unpaid interest, will become due and payable. We may not have the funds to fulfill these obligations or the ability to refinance these obligations. If the maturity date occurs at a time when other arrangements prohibit us from repaying the Exchange Notes, we would try to obtain waivers of such prohibitions from the lenders and holders under those arrangements, or we could attempt to refinance the borrowings that contain the restrictions. If we could not obtain the waivers or refinance these borrowings, we would be unable to repay the Exchange Notes.

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A financial failure by us or any guarantor may hinder the receipt of payment on the Exchange Notes and enforcement of remedies under the guarantees.

An investment in the Exchange Notes, as in any type of security, involves insolvency and bankruptcy considerations that investors should carefully consider. If we or any of our guarantors becomes a debtor subject to insolvency proceedings under the U.S. Bankruptcy Code, it is likely to result in delays in the payment of the Exchange Notes and in the exercise of enforcement remedies under the Exchange Notes or the guarantees. Provisions under the bankruptcy code or general principles of equity that could result in the impairment of your rights include the automatic stay, voidance of preferential transfers by a trustee or debtor-in- possession, substantive consolidation, limitations on collectability of unmatured interest or attorneys fees and forced restructuring of the Exchange Notes.

Under certain circumstances, a court could cancel the Exchange Notes or the related guarantees under fraudulent conveyance laws.

Our issuance of the Exchange Notes and the related guarantees may be subject to further review under federal or state fraudulent transfer law. If we become a debtor in a case under the U.S. Bankruptcy Code or encounter other financial difficulty, a court might avoid (that is, cancel) our and the guarantors obligations under the Exchange Notes and the related guarantees. The court might do so if it found that, when the Exchange Notes and/or the related guarantees were issued, (i) we received less than reasonably equivalent value or fair consideration and (ii) we either (1) were rendered insolvent, (2) were left with inadequate capital to conduct our business or (3) believed or reasonably should have believed that we would incur debts beyond our ability to pay. The court could also avoid the Exchange Notes and the related guarantees, without regard to factors (i) and (ii), if it found that we issued the Exchange Notes and the related guarantees with actual intent to hinder, delay or defraud our creditors.

In addition, a court could avoid any payment by us or any guarantor pursuant to the Exchange Notes, and require the return of any payment or the return of any realized value to us or the guarantor, as the case may be, or to a fund for the benefit of the creditors of us or the guarantor. In addition, under the circumstances described above, a court could subordinate rather than avoid obligations under the Exchange Notes or the guarantees. If the court were to avoid any guarantee, we cannot assure you that funds would be available to pay the Exchange Notes from another guarantor or from any other source.

The test for determining solvency for purposes of the foregoing will vary depending on the law of the jurisdiction being applied in any proceeding to determine whether a fraudulent transfer has occurred. In general, a court would consider an entity insolvent either if the sum of its debts, including contingent liabilities, was greater than the fair value of all of its assets; the present fair saleable value of its assets was less than the amount that would be required to pay the probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or it could not pay its debts as they become due. For this analysis, debts includes contingent and unliquidated debts.

The indenture governing the Exchange Notes will limit the liability of each guarantor on its guarantee to the maximum amount that such guarantor can incur without risk that its guarantee will be subject to avoidance as a fraudulent transfer. We cannot assure you that this limitation will protect such guarantees from fraudulent transfer challenges. For example, in a recent Florida bankruptcy case, a similar provision was found to be ineffective to protect similar guarantees. In any case, this provision may reduce the guarantor s obligations to an amount that effectively makes the guarantee worthless.

If a court avoided our obligations under the Exchange Notes and the obligations of all the guarantors under their guarantees, you would cease to be our creditor or creditor of the guarantors under their guarantees, you would cease to be our creditor or creditor of the guarantors and likely have

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no source from which to recover amounts due under the Exchange Notes. Even if the guarantee of a guarantor is not avoided as a fraudulent transfer, a court may subordinate the guarantee to that guarantor s other indebtedness. In that event, the guarantees would be structurally subordinated to all of that guarantor s other indebtedness.

Any additional guarantees provided after the Exchange Notes are issued could be avoided as preferential transfers.

The indenture governing the Exchange Notes provides that certain future subsidiaries of ours will guarantee the Exchange Notes. Any future guarantee in favor of the noteholders might be avoidable by the grantor (as debtor-in-possession) or by its trustee in bankruptcy or other third parties if certain events or circumstances exist or occur. For instance, if the entity granting the future guarantee were insolvent at the time of the grant and if such grant was made within 90 days before that entity commenced a bankruptcy proceeding (or one year before commencement of a bankruptcy proceeding if the creditor that benefited from the guarantee is an insider under the U.S. Bankruptcy Code), and the granting of the future guarantee enabled the noteholders to receive more than they would if the grantor were liquidated under chapter 7 of the U.S. Bankruptcy Code, then such note guarantee could be avoided as a preferential transfer.

We may not have the ability to raise the funds necessary to finance the change of control offer and asset sale offer required by the indenture governing the notes, and, in the case of an asset sale offer, the debt agreements governing certain other indebtedness.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase the Exchange Notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of the Exchange Notes. Our failure to repay holders tendering the Exchange Notes upon certain specific kinds of change of control events would result in an event of default under the indenture governing the Exchange Notes. In addition, the occurrence of a change of control would also constitute a default under the New Term Loan Facility and the ABL Line of Credit. A default under the New Term Loan Facility or the ABL Line of Credit would result in a default under the indenture governing the Exchange Notes if the lenders accelerate the indebtedness under the New Term Loan Facility or the ABL Line of Credit. If a change of control were to occur, we cannot assure you that we would have sufficient funds to repay any securities which we would be required to offer to purchase or that become immediately due and payable as a result. We may require additional financing from third parties to fund any such purchases, and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness or certain reorganizations and restructurings, would not constitute a Change of Control under the indenture governing the notes. See Description of Notes Repurchase at the Option of Holders Change of Control.

Upon the occurrence of certain specific asset sales and certain events of loss, we will be required to offer to repurchase all outstanding Exchange Notes, and any other indebtedness governed by a debt agreement containing a similar asset sale provision, at 100% of the principal amount thereof plus accrued and unpaid interest. However, it is possible that we will not have sufficient funds at the time of such asset sale or event of loss to make the required repurchase of Exchange Notes and such other indebtedness, or that restrictions in our other indebtedness will not allow such repurchases of the Exchange Notes. Our failure to repay holders tendering Exchange Notes and such other indebtedness upon such an asset sale would result in an event of default under the indenture governing the Exchange Notes. If such an asset sale or event of loss were to occur, we cannot assure you that we would have sufficient funds to repay the Exchange Notes and such other indebtedness which we would be required to offer to purchase or that become immediately due and payable as a result. We may require additional financing from third parties to fund any such purchases, and we cannot assure you that we would be able to obtain financing on satisfactory terms or at all. See Description of Notes Repurchase at the Option of Holders Asset Sales.

Our failure to repurchase any Exchange Notes submitted in a change of control or asset sale offer could constitute an event of default under our other indebtedness, even if the change of control itself would not cause a default under such indebtedness.

Holders of notes may not be able to determine when a change of control giving rise to their right to have the notes repurchased by us has occurred following a sale of substantially all of our assets.

A change of control, as defined in the indenture governing the notes, will require us to make an offer to repurchase all outstanding notes. The definition of change of control includes a phrase relating to the sale, lease or transfer of all or substantially all of our assets. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale, lease or transfer of less than all our assets to another individual, group or entity may be uncertain.

The market price of the Exchange Notes may be volatile, which could affect the value of your investment.

It is impossible to predict whether the price of the Exchange Notes will rise or fall. Trading prices of the Exchange Notes will be influenced by our operating results and prospects and by economic, financial, regulatory and other factors. General market conditions, including the level of, and fluctuations in, the prices of high-yield notes, will also have an impact.

If an active trading market does not develop for the Exchange Notes, you may not be able to resell them.

The Exchange Notes are a new issue of securities. We do not intend to apply to list the Exchange Notes on any securities exchange or to arrange for quotation on any automated dealer quotation systems. There is no established public trading market for the Exchange Notes, and an active trading market may not develop. If no active trading market develops, you may not be able to resell your Exchange Notes at their fair market value or at all. Future trading prices of the Exchange Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and financial condition, the number of holders of Exchange Notes and the market for similar securities. We cannot assure you that the market, if any, for the Exchange Notes will be free from disruptions or that any such disruptions may not adversely affect the prices at which you may sell your Exchange Notes.

Holders of Old Notes who fail to exchange their Old Notes in the exchange offer will continue to be subject to restrictions on transfer.

If you do not exchange your Old Notes for Exchange Notes in the exchange offer, you will continue to be subject to the restrictions on transfer applicable to the Old Notes. The restrictions on transfer of your Old Notes arise because we issued the Old Notes under exemptions from, or in transactions not subject to, the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the Old Notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold under an exemption from these requirements. We do not plan to register the Old Notes under the Securities Act. In addition, if there

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are only a small number of Old Notes outstanding, there may not be a very liquid market in those Old Notes. There may be few investors that will purchase unregistered securities in which there is not a liquid market. For further information regarding the consequences of tendering your Old Notes in the exchange offer, see the discussion below under the caption Exchange Offer Consequences of Failure to Exchange.

You must comply with the exchange offer procedures in order to receive new, freely tradable Exchange Notes.

Delivery of Exchange Notes in exchange for Old Notes tendered and accepted for exchange pursuant to the exchange offer will be made only after timely receipt by the exchange agent of book-entry transfer of Old Notes into the exchange agent s account at DTC, as depositary, including an Agent s Message (as defined herein). We are not required to notify you of defects or irregularities in tenders of Old Notes for exchange. Exchange Notes that are not tendered or that are tendered but we do not accept for exchange will, following consummation of the exchange offer, continue to be subject to the existing transfer restrictions under the Securities Act and, upon consummation of the exchange offer, certain registration and other rights under the Registration Rights Agreement will terminate. See Exchange Offer Procedures for Tendering Old Notes and Exchange Offer Consequences of Failure to Exchange.

Some holders who exchange their Old Notes may be deemed to be underwriters, and these holders will be required to comply with the registration and prospectus delivery requirements in connection with any resale transaction.

If you exchange your Old Notes in the exchange offer for the purpose of participating in a distribution of the Exchange Notes, you may be deemed to have received restricted securities and, if so, will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction.

Based on interpretations by the Commission in no-action letters, we believe, with respect to Exchange Notes issued in the exchange offer, that:

- holders who are not affiliates of ours within the meaning of Rule 405 of the Securities Act;
- holders who acquire their Exchange Notes in the ordinary course of business;
- holders who do not engage in, intend to engage in, or have arrangements to participate in a distribution (within the meaning of the Securities Act) of the Exchange Notes; and
- are not broker-dealers

do not have to comply with the registration and prospectus delivery requirements of the Securities Act.

Holders described in the preceding sentence must tell us in writing at our request that they meet these criteria. Holders that do not meet these criteria could not rely on interpretations of the SEC in no-action letters, and will have to register the Exchange Notes they receive in the exchange offer and deliver a prospectus for them. In addition, holders that are broker-dealers may be deemed underwriters within the meaning of the Securities Act in connection with any resale of Exchange Notes acquired in the exchange offer. Holders that are broker-dealers must acknowledge that they acquired their outstanding Exchange Notes in market-making activities or other trading activities and must deliver a prospectus when they resell Exchange Notes they acquire in the exchange offer in order not to be deemed an underwriter.

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Risks Related to Our Business

Our growth strategy includes the addition of a significant number of new stores each year. We may not be able to implement this strategy successfully, on a timely basis, or at all.

Our growth will largely depend on our ability to successfully open and operate new stores. We intend to continue to open new stores in future years, while remodeling a portion of our existing store base annually. The success of this strategy is dependent upon, among other things, the current retail environment, the identification of suitable markets and sites for store locations, the negotiation of acceptable lease terms, the hiring, training and retention of competent sales personnel, and the effective management of inventory to meet the needs of new and existing stores on a timely basis. Our proposed expansion also will place increased demands on our operational, managerial and administrative resources. These increased demands could cause us to operate our business less effectively, which in turn could cause deterioration in the financial performance of our existing stores. In addition, to the extent that our new store openings are in existing markets, we may experience reduced net sales volumes in existing stores in those markets. We expect to fund our expansion through cash flow from operations and, if necessary, by borrowings under our ABL Line of Credit; however, if we experience a decline in performance, we may slow or discontinue store openings. We may not be able to execute any of these strategies successfully, on a timely basis, or at all. If we fail to implement these strategies successfully, our financial condition and results of operations would be adversely affected.

If we are unable to renew or replace our store leases or enter into leases for new stores on favorable terms, or if one or more of our current leases are terminated prior to the expiration of their stated term and we cannot find suitable alternate locations, our growth and profitability could be negatively impacted.

We currently lease approximately 91% of our store locations. Most of our current leases expire at various dates after five-year terms, or ten-year terms in the case of our newer leases, the majority of which are subject to our option to renew such leases for several additional five-year periods. Our ability to renew any expiring lease or, if such lease cannot be renewed, our ability to lease a suitable alternative location, and our ability to enter into leases for new stores on favorable terms will depend on many factors which are not within our control, such as conditions in the local real estate market, competition for desirable properties and our relationships with current and prospective landlords. If we are unable to renew existing leases or lease suitable alternative locations, or enter into leases for new stores on favorable terms, our growth and our profitability may be negatively impacted.

Our net sales, operating income and inventory levels fluctuate on a seasonal basis and decreases in sales or margins during our peak seasons could have a disproportionate effect on our overall financial condition and results of operations.

Our net sales and operating income fluctuate seasonally, with a significant portion of our operating income typically realized during the five-month period from September through January. Any decrease in sales or margins during this period could have a disproportionate effect on our financial condition and results of operations. Seasonal fluctuations also affect our inventory levels. We must carry a significant amount of inventory, especially before the holiday season selling period. If we are not successful in selling our inventory, we may have to write down our inventory or sell it at significantly reduced prices or we may not be able to sell such inventory at all, which could have a material adverse effect on our financial condition and results of operations.

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Fluctuations in comparative store sales and results of operations could cause our business performance to decline substantially.

Our results of operations for our individual stores have fluctuated in the past and can be expected to continue to fluctuate in the future. Since the beginning of the fiscal year ended May 29, 2005, our quarterly comparative store sales rates have ranged from 8.9% to negative 8.0%.

Our comparative store sales and results of operations are affected by a variety of factors, including:

- fashion trends;
- calendar shifts of holiday or seasonal periods;
- the effectiveness of our inventory management;
- changes in our merchandise mix;
- weather patterns, including, among other things, changes in year-over-year temperatures;
- availability of suitable real estate locations at desirable prices and our ability to locate them;
- our ability to effectively manage pricing and markdowns;
- changes in general economic conditions and consumer spending patterns;
- our ability to anticipate, understand and meet consumer trends and preferences;
- actions of competitors; and
- the attractiveness of our inventory and stores to customers.

If our future comparative store sales fail to meet expectations, then our cash flow and profitability could decline substantially. See Management s Discussion and Analysis of Financial Condition and Results of Operations.

Because inventory is both fashion and season sensitive, extreme and/or unseasonable weather conditions could have a disproportionately large effect on our business, financial condition and results of operations because we would be forced to mark down inventory.

Extreme weather conditions in the areas in which our stores are located could have a material adverse effect on our business, financial condition and results of operations. For example, heavy snowfall or other extreme weather conditions over a prolonged period might make it difficult for our customers to travel to our stores. In addition, natural disasters such as hurricanes, tornados and earthquakes, or a combination of these or other factors, could severely damage or destroy one or more of our stores or facilities located in the affected areas, thereby disrupting our business operations. Our business is also susceptible to unseasonable weather conditions. For example, extended periods of unseasonably warm temperatures during the fall or winter season or cool weather during the spring or summer season could render a portion of our inventory incompatible with those unseasonable conditions. These prolonged unseasonable weather conditions could adversely affect our business, financial condition and results of operations. Historically, a majority of our net sales have occurred during the five-month period from September through January. Unseasonably warm weather during these months could adversely affect our business.

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We do not have long-term contracts with any of our vendors and if we are unable to purchase suitable merchandise in sufficient quantities at competitive prices, we may be unable to offer a merchandise mix that is attractive to our customers and our sales may be harmed.

The products that we offer are manufactured by third party vendors. Many of our key vendors limit the number of retail channels they use to sell their merchandise resulting in intense competition among retailers to obtain and sell these goods. In addition, nearly all of the brands of our top vendors are sold by competing retailers and some of our top vendors also have their own dedicated retail stores. Moreover, we typically buy products from our vendors on a purchase order basis. We have no long-term purchase contracts with any of our vendors and, therefore, have no contractual assurances of continued supply, pricing or access to products, and any vendor could change the terms upon which they sell to us or discontinue selling to us at any time. If our relationships with our vendors are disrupted, we may not be able to acquire the merchandise we require in sufficient quantities or on terms acceptable to us. Any inability to acquire suitable merchandise would have a negative effect on our business and operating results because we would be missing products from our merchandise mix unless and until alternative supply arrangements were made, resulting in deferred or lost sales.

Our results may be adversely affected by fluctuations in energy prices.

Increases in energy costs may result in an increase in our transportation costs for distribution, utility costs for our stores and costs to purchase our products from suppliers. A sustained rise in energy costs could adversely affect consumer spending and demand for our products and increase our operating costs, both of which could have an adverse effect on our performance.

General economic conditions affect our business.

Consumer spending habits, including spending for the merchandise that we sell, are affected by, among other things, prevailing economic conditions, inflation, levels of employment, salaries and wage rates, prevailing interest rates, housing costs, energy costs, commodities pricing, income tax rates and policies, consumer confidence and consumer perception of economic conditions. In addition, consumer purchasing patterns may be influenced by consumers disposable income, credit availability and debt levels. A continued or incremental slowdown in the U.S. economy, an uncertain economic outlook or an expanded credit crisis could continue to adversely affect consumer spending habits resulting in lower net sales and profits than expected on a quarterly or annual basis. Consumer confidence is also affected by the domestic and international political situation. Our financial condition and operations could be impacted by changes in government regulations such as taxes, healthcare reform, and other areas. The outbreak or escalation of war, or the occurrence of terrorist acts or other hostilities in or affecting the U.S., could lead to a decrease in spending by consumers. In addition, natural disasters, industrial accidents and acts of war in various parts of the world could have the effect of disrupting supplies and raising prices globally which, in turn, may have adverse effects on the world and U.S. economies and lead to a downturn in consumer confidence and spending.

Parties with whom we do business may be subject to insolvency risks which could negatively impact our liquidity.

Many economic and other factors are outside of our control, including but not limited to commercial credit availability. Also affected are our vendors who, in many cases depend upon commercial credit to finance their operations. If they are unable to secure commercial financing, our vendors could seek to change the terms on which they sell to us, which could negatively affect our liquidity. In addition, the inability of vendors to access liquidity, or the insolvency of vendors, could lead to their failure to deliver merchandise to us.

Although we purchase most of our inventory from vendors domestically, apparel production is located primarily overseas.

Factors which affect overseas production could affect our suppliers and vendors and, in turn, our ability to obtain inventory and the price levels at which they may be obtained. Although such factors apply equally to our competitors, factors that cause an increase in merchandise costs or a decrease in supply could lead to generally lower sales and gross margins in the retail industry.

Such factors include:

- political or labor instability in countries where suppliers are located or at foreign and domestic ports which could result in lengthy shipment delays, which if timed ahead of the Fall and Winter peak selling periods could materially and adversely affect our ability to stock inventory on a timely basis;

- political or military conflict involving the apparel producing countries, which could cause a delay in the transportation of our products to us and an increase in transportation costs;

- heightened terrorism security concerns, which could subject imported goods to additional, more frequent or more thorough inspections, leading to delays in deliveries or impoundment of goods for extended periods;

- disease epidemics and health related concerns, such as the outbreaks of SARS, bird flu, swine flu and other diseases, which could result in closed factories, reduced workforces, scarcity of raw materials and scrutiny or embargoing of goods produced in infected areas;

- natural disasters and industrial accidents, which could have the effect of curtailing production and disrupting supplies;

- the migration and development of manufacturers, which can affect where our products are or will be produced;

- fluctuation in our suppliers local currency against the dollar, which may increase our cost of goods sold; and

- changes in import duties, taxes, charges, quotas, loss of most favored nation trading status with the United States for a particular foreign country and trade restrictions (including the United States imposing antidumping or countervailing duty orders, safeguards, remedies or compensation and retaliation due to illegal foreign trade practices).

Any of the foregoing factors, or a combination thereof could have a material adverse effect on our business.

Our business would be disrupted severely if either of our primary distribution centers were to shut down.

During Fiscal 2010, central distribution services were extended to approximately 84% of our merchandise units through our distribution facilities. Our two primary distribution centers are currently located in Edgewater Park, New Jersey and San Bernardino, California. Most of the merchandise we purchase is shipped directly to our distribution centers, where it is prepared for shipment to the appropriate stores. If either of our current primary distribution centers were to shut down or lose significant capacity for any reason, our operations would likely be disrupted. Although in such circumstances our stores are capable of receiving inventory directly from the suppliers via drop shipment, we would incur significantly higher costs and a reduced ability to control inventory levels during the time it takes for us to reopen or replace either of our primary distribution centers.

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Software used for our management information systems may become obsolete or conflict with the requirements of newer hardware and may cause disruptions in our business.

We rely on our existing management information systems, including some software programs that were developed in-house by our employees, in operating and monitoring all major aspects of our business, including sales, distribution, purchasing, inventory control, merchandising planning and replenishment, as well as various financial systems. If we fail to update such software to meet the demands of changing business requirements or if we decide to modify or change our hardware and/or operating systems and the software programs that were developed in-house are not compatible with the new hardware or operating systems, disruption to our business may result.

Unauthorized disclosure of sensitive or confidential customer information, whether through a breach of our computer system or otherwise, could severely hurt our business.

As part of our normal course of business we collect, process and retain sensitive and confidential customer information in accordance with industry standards. Despite the security measures we have in place, our facilities and systems, and those of our third party service providers may be vulnerable to security breaches, acts of vandalism and theft, computer viruses, misplaced or lost data, programming and/or human errors, or other similar events. Any security breach involving misappropriation, loss or other unauthorized disclosure of confidential information, whether by us or our vendors, could severely damage our reputation, expose us to litigation and liability risks, disrupt our operations and harm our business.

Disruptions in our information systems could adversely affect our operating results.

The efficient operation of our business is dependent on our information systems. If an act of God or other event caused our information systems to not function properly, major business disruptions could occur. In particular, we rely on our information systems to effectively manage sales, distribution, merchandise planning and allocation functions. Our disaster recovery site is located within 15 miles of our Burlington, New Jersey headquarters. If a disaster impacts either location, while it most likely would not fully incapacitate us, our operations could be significantly affected. The failure of our information systems to perform as designed could disrupt our business and harm sales and profitability.

Changes in product safety laws may adversely impact our operations.

We are subject to regulations by a variety of state and federal regulatory authorities, including the Consumer Product Safety Commission. The Consumer Product Safety Improvement Act of 2008 (CPSIA) imposes new limitations on the permissible amounts of lead and phthalates allowed in children s products. These regulations relate principally to product labeling, licensing requirements, flammability testing, and product safety particularly with respect to products used by children. In the event that we are unable to timely comply with regulatory changes, including those pursuant to the CPSIA, significant fines or penalties could result, and could adversely affect our operations.

Our future growth and profitability could be adversely affected if our advertising and marketing programs are not effective in generating sufficient levels of customer awareness and traffic.

We rely on print and television advertising to increase consumer awareness of our product offerings and pricing to drive store traffic. In addition, we rely and will increasingly rely on other forms of media advertising. Our future growth and profitability will depend in large part upon the effectiveness and efficiency of our advertising and marketing programs. In order for our advertising and marketing programs to be successful, we must:

- manage advertising and marketing costs effectively in order to maintain acceptable operating margins and return on our marketing investment; and

- convert customer awareness into actual store visits and product purchases.

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Our planned advertising and marketing expenditures may not result in increased total or comparative net sales or generate sufficient levels of product awareness. Further, we may not be able to manage our advertising and marketing expenditures on a cost-effective basis. Additionally, some of our competitors may have substantially larger marketing budgets, which may provide them with a competitive advantage.

The loss of key personnel may disrupt our business and adversely affect our financial results.

We depend on the contributions of key personnel for our future success. Although we have entered into employment agreements with certain executives, we may not be able to retain all of our executive and key employees. These executives and other key employees may be hired by our competitors, some of which have considerably more financial resources than we do. The loss of key personnel, or the inability to hire and retain qualified employees, could adversely affect our business, financial condition and results of operations.

The interests of our controlling stockholders may conflict with the interests of our noteholders or us.

As of July 30, 2011, funds associated with Bain Capital owned approximately 97.8% of the common stock of Burlington Coat Factory Holdings, Inc. (Parent), with the remainder held by existing and former members of management. Additionally, management held options to purchase approximately 9.0% of the outstanding shares of Parent s common stock as of July 30, 2011. Our controlling stockholders may have an incentive to increase the value of their investment or cause us to distribute funds at the expense of our financial condition and impact our ability to make payments on our outstanding notes. In addition, funds associated with Bain Capital have the power to elect a majority of our Board of Directors and appoint new officers and management and, therefore, effectively control many major decisions regarding our operations.

For further information regarding the ownership interest of, and related party transactions involving, Bain Capital and its associated funds, please see Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters and Certain Relationships and Related Transactions, and Director Independence.

Changes in legal and accounting rules and regulations may adversely affect our results of operations.

We are subject to numerous legal and accounting requirements. New accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future, including those related to the convergence of GAAP and IFRS. For example, accounting regulatory authorities have indicated that they may begin to require lessees to capitalize operating leases in their financial statements in future periods. If adopted, such a change would require us to record a significant amount of lease related assets and liabilities on our balance sheet and make other changes related to the recording and classification of lease related expenses on our statement of operations and cash flows. Future changes to accounting rules or regulations and failure to comply with laws and regulations could adversely affect our operations and financial results, involve significant expense and divert management s attention and resources from other matters, which in turn could impact our business.

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USE OF PROCEEDS

This exchange offer is intended to satisfy our obligations under the Registration Rights Agreement. We will not receive any cash proceeds from the issuance of the Exchange Notes. In consideration for issuing the Exchange Notes contemplated in this prospectus, we will receive outstanding securities in like principal amount, the form and terms of which are the same as the form and terms of the Exchange Notes, except as otherwise described in this prospectus. The Old Notes surrendered in exchange for the Exchange Notes will be retired and cancelled. Accordingly, no additional debt will result from the exchange offer. We will bear the expense of the exchange offer.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data. The historical consolidated balance sheet data as of January 29, 2011 and January 30, 2010 and statement of operations data for the fiscal year ended January 29, 2011, the transition period from May 31, 2009 to January 30, 2010, and for the fiscal years ended May 30, 2009 and May 31, 2008 have been derived from our historical audited consolidated financial statements, which are included in this prospectus.

The historical consolidated balance sheet data as of May 30, 2009, May 31, 2008, June 2, 2007 and June 3, 2006 have been derived from our historical audited consolidated financial statements, which are not included in this prospectus. The statement of operations data for the fiscal year ended June 2, 2007, the period from May 25, 2005 through April 12, 2006 and the period from April 12, 2006 through June 30, 2006 have been derived from our historical audited consolidated financial statements, which are not included in this prospectus.

The consolidated statement of operations data and balance sheet data as of and for the six months ended July 30, 2011 and July 31, 2010 have been derived from our historical unaudited interim condensed consolidated financial statements, which are included in this prospectus. Operating results for the six months ended July 30, 2011 are not necessarily indicative of the results that may be expected for the entire fiscal year ending January 28, 2012.

In order to conform to the predominant fiscal calendar used within the retail industry, on February 25, 2010 our board of directors (the Board of Directors) approved a change in our fiscal year from a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to May 31 to a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to January 31. Fiscal 2010 covers the 52 week period ended January 29, 2011. The Transition Period covers the 35 week transition period beginning on May 31, 2009, the day following the end of our 2009 fiscal year, and ended on January 30, 2010. Fiscal 2009 ended on May 30, 2009 and was a 52 week year. Fiscal 2008 ended on May 31, 2008 and was a 52 week year. Fiscal 2007 ended on June 2, 2007 and was a 52 week year.

The selected historical consolidated financial data presented below should be read in conjunction with our audited Consolidated Financial Statements and the related notes thereto and our unaudited Condensed Consolidated Financial Statements and the related notes thereto, included elsewhere in this prospectus, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. Our historical consolidated financial data may not be indicative of our future performance.

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The historical consolidated financial data and other financial data presented below should be read in conjunction with our audited Consolidated Financial Statements and the related notes thereto and our unaudited Condensed Consolidated Financial Statements and the related notes thereto, included elsewhere in this prospectus, and the section entitled Management s Discussion and Analysis of Financial Condition and Results of Operations. Our historical consolidated financial data may not be indicative of our future performance.

	(in millions)								
	Predecessor	**Successor**							
	Period from 5/29/05 to 4/12/06	**Period from 4/13/06 to 6/3/06**	**Fiscal Year Ended 6/2/07**	**Fiscal Year Ended 5/31/08**	**Fiscal Year Ended 5/30/09**	**Transition Period from 5/31/09 to 1/30/10**	**Fiscal Year Ended 1/29/11**	**Six Months Ended 7/31/10**	**Six Months Ended 7/30/11**
Statement of Operations Data									
Revenues	$ 3,045.3	$ 425.2	$ 3,441.6	$ 3,424.0	$ 3,571.4	$ 2,479.3	$ 3,701.1	$ 1,637.5	$ 1,736.8
Net Income (Loss) and Total Comprehensive Income (Loss)	94.3	(27.2)	(47.2)(2)	(49.0)(2)	(191.6)(2)	18.7(2)	31.0(2)	(35.3)	(53.8)
	As of 4/12/06	**As of 6/3/06**	**As of 6/2/07**	**As of 5/31/08**	**As of 5/30/09**	**As of 1/30/10**	**As of 1/29/11**	**As of 7/31/10**	**As of 7/30/11**
Balance Sheet Data									
Total Assets	(1)	$ 3,213.5	$ 3,036.5	$ 2,964.5	$ 2,533.4	$ 2,394.0	$ 2,458.0	$ 2,545.7	$ 2,483.3
Working Capital	(1)	219.3	280.6	284.4	312.3	349.7	386.2	167.2	199.2
Long-Term Debt	(1)	1,508.1	1,456.3	1,480.2	1,438.8	1,399.2	1,358.0	1,262.4	1,528.4
Stockholder s Equity	(1)	419.5	380.5	323.5	135.1	154.5	187.5	119.9	(164.7)

(1) Information not required.
(2) Net Income (Loss) during Fiscal 2007, Fiscal 2008, Fiscal 2009, the Transition Period, and Fiscal 2010 reflects impairment charges of $24.4 million, $25.3 million, $332.0 million, $46.8 million, and $2.1 million, respectively. The impairment charges in Fiscal 2007, Fiscal 2008, the Transition period and Fiscal 2010 relate entirely to our long-lived assets while the impairment charge in Fiscal 2009 relate to both our tradenames and our long-lived assets.

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MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For purposes of the following Management s Discussion and Analysis of Financial Condition and Results of Operations, unless indicated otherwise or the context requires, we, us, our, and Company refers to the operations of Burlington Coat Factory Warehouse Corporation and its consolidated subsidiaries, and the financial statements of Burlington Coat Factory Investments Holdings, Inc. and its subsidiaries. Except for the 35 week transition period ended January 30, 2010, we maintain our records on the basis of a 52 or 53 week fiscal year ending on the Saturday closest to January 31. The following discussion and analysis should be read in conjunction with the section entitled Selected Historical Consolidated Financial Data and our audited Consolidated Financial Statements and the related notes thereto and our unaudited Condensed Consolidated Financial Statements and the related notes thereto, included elsewhere in this prospectus.

In addition to historical information, this discussion and analysis contains forward-looking statements based on current expectations that involve risks, uncertainties and assumptions, such as our plans, objectives, expectations, and intentions set forth under the caption entitled Cautionary Statement Regarding Forward-Looking Statements. Our actual results and the timing of events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth in the section entitled Risk Factors.

General

We are a nationally recognized off-price retailer of high-quality, branded apparel at EDLP. We opened our first store in Burlington, New Jersey in 1972, selling primarily coats and outerwear. Since then, and as of July 30, 2011, we have expanded our store base to 462 stores in 44 states and Puerto Rico and diversified our product categories by offering an extensive selection of in-season better and moderate brands, fashion-focused merchandise, including: ladies sportswear, menswear, coats, family footwear, baby furniture and accessories, as well as home decor and gifts. We continue to emphasize our rich heritage of coats and outerwear and we believe that we are viewed as the destination for coat shoppers. We offer a broad selection of desirable, first-quality, current-brand, labeled merchandise from nationally-recognized manufacturers and other suppliers.

As of July 30, 2011, we operated 462 stores under the names Burlington Coat Factory Warehouse (447 stores), MJM Designer Shoes (13 stores) and Cohoes Fashions (two stores), in 44 states and Puerto Rico. For the six months ended July 30, 2011, we generated total revenues of approximately $1,736.8 million.

Executive Summary

Overview of Six Month Period Ended July 30, 2011 Compared With Six Month Period Ended July 31, 2010

Consolidated net sales increased $99.0 million, or 6.1%, to $1,722.4 million for the six months ended July 30, 2011 from $1,623.4 million for the six months ended July 31, 2010. This increase was primarily attributable to an increase in sales related to new stores, stores previously opened that are not included in our comparative store sales, and a 2.1% increase in our comparative store sales. We believe the comparative store sales increase was due primarily to our ongoing initiatives as discussed in further detail below (refer to the sections below entitled Ongoing Initiatives for Fiscal 2011 and Six Month Period Ended July 30, 2011 compared with the Six Month Period Ended July 31, 2010 for further explanation).

Cost of sales increased $62.6 million, or 6.1%, during the six month period ended July 30, 2011 compared with the six month period ended July 31, 2010. The dollar increase in cost of sales was primarily related to 15 net new stores that were opened since July 31, 2010 as well as our 2.1%, or

$33.3 million, comparative store sales increase. Cost of sales as a percentage of net sales during the six months ended July 30, 2011 increased slightly to 63.0% from 62.9% for the six months ended July 31, 2010. The slight deterioration in cost of sales as a percentage of net sales was due to planned decreases in initial markup almost entirely offset by fewer markdowns taken and a lower shrink accrual rate during the six months ended July 30, 2011 compared with the six months ended July 31, 2010.

Total selling and administrative expenses increased $15.2 million, or 2.8%, during the six months ended July 30, 2011 compared with the six months ended July 31, 2010, primarily related to new stores. At July 30, 2011, we operated 462 stores compared with 447 stores at July 31, 2010. Selling and administrative expenses as a percentage of sales during the six months ended July 30, 2011 decreased to 32.8% compared with 33.9% during the six months ended July 31, 2010. This improvement was primarily driven by certain non-recurring costs incurred during the six months ended July 31, 2010 that did not repeat during the six months ended July 30, 2011 (refer to the section below entitled Six Month Period Ended July 30, 2011 compared with the Six Month Period Ended July 31, 2010 for further explanation), as well as decreases in occupancy costs related to comparable stores and the leverage of selling and administrative expenses due to the increase in net sales.

We recorded a net loss of $53.8 million for the six month period ended July 30, 2011 compared with a net loss of $35.3 million for the six month period ended July 31, 2010. The change in our results during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was primarily attributable to a $37.8 million loss on extinguishment of debt that occurred during the six months ended July 30, 2011 related to our debt refinancing transactions, discussed in detail below under the caption Long Term Borrowings, Lines of Credit and Capital Lease Obligations.

Debt Refinancing and Dividend

During the six months ended July 30, 2011, we completed the refinancing of our $900 million Senior Secured Term Loan Facility (the Existing Term Loan Facility), 11.1% Senior Notes (the Existing Senior Notes), and 14.5% Senior Discount Notes (the Existing Senior Discount Notes). As a result of these transactions, the Existing Senior Notes and Existing Senior Discount Notes, with carrying values at February 24, 2011 of $302.0 million and $99.3 million, respectively, were repurchased. In addition, BCF completed the sale of $450 million aggregate principal amount of 10% Senior Notes due 2019 (the Old Notes) at an issue price of 100%. Additionally, the Existing Term Loan with a carrying value of $777.6 million as of February 24, 2011 was replaced with a $1.0 billion senior secured term loan facility (the New Term Loan Facility). Borrowings on the ABL Line of Credit related to the transaction were $101.6 million. In connection with the offering of the Old Notes and the refinancing of the Existing Term Loan Facility, a cash dividend of $300.0 million in the aggregate was declared to the equity holders of Burlington Coat Factory Holdings, Inc. (Parent) on a pro rata basis.

In addition, on September 2, 2011, we completed an amendment and restatement of the credit agreement governing our $600 million ABL Line of Credit. Refer to the section below entitled Liquidity and Capital Resources for further details.

In connection with the issuance of the Notes, on February 24, 2011, BCFW entered into a registration rights agreement relating to the Notes, pursuant to which BCFW agreed to use its reasonable best efforts to file, and did initially file on July 15, 2011, a registration statement with the SEC (as amended, the Exchange Offer Registration Statement), enabling holders to exchange the Notes for registered notes with terms substantially identical in all material respects to the Notes, except the exchange notes would be freely tradable. BCFW and the guarantors under the Indenture also agreed to use reasonable best efforts to cause the Exchange Offer Registration Statement to become effective under the Securities Act no later than 365 days after the initial issuance of the Notes.

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Overview of Fiscal 2010 Operating Results

We experienced an increase in net sales for Fiscal 2010 compared with the 52 weeks ended January 30, 2010. Consolidated net sales increased $146.7 million, or 4.2%, to $3,669.6 million for Fiscal 2010 from $3,522.9 million for the 52 weeks ended January 30, 2010. This increase was primarily attributable to an increase in net sales from new stores and previously opened stores in non comparative sales periods (non comparative stores) of $145.3 million. Comparative store sales decreased 0.2% during the year. We believe that the comparative store sales decrease was primarily due to warmer weather in September and October of 2010 as compared with the same period in the prior year (refer to section below entitled Performance for the Fiscal Year (52 Weeks) Ended January 29, 2011 Compared With the 52 Weeks Ended January 30, 2010 for further explanation).

Gross margin as a percentage of net sales increased from 38.1% during the 52 weeks ended January 30, 2010 to 38.6% during Fiscal 2010. The improvement in gross margin as a percentage of net sales was due to fewer markdowns during Fiscal 2010 compared with the 52 weeks ended January 30, 2010, decreased freight expense, as well as a slight improvement in inventory shrinkage expense during Fiscal 2010 compared with the 52 weeks ended January 30, 2010.

Selling and administrative expenses as a percentage of net sales improved slightly from 31.6% during the 52 weeks ended January 30, 2010 to 31.5% during Fiscal 2010. Total selling and administrative expenses increased $42.6 million from $1,114.0 million during the 52 weeks ended January 30, 2010 to $1,156.6 million, during Fiscal 2010, which includes the opening of 18 net new stores during Fiscal 2010. The increase in selling and administrative expenses during Fiscal 2010 was primarily due to increases in payroll and payroll related and occupancy expenses due to new stores opened during the year and stores that were opened in the prior year, but did not operate for a full 12 months. The improvement in selling and administrative expenses as a percentage of net sales during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was due to our ongoing initiatives to reduce our cost structure.

We recorded net income of $31.0 million for Fiscal 2010 compared with a net loss of $15.2 million for the 52 weeks ended January 30, 2010. The loss recorded during the 52 weeks ended January 30, 2010 was primarily the result of impairment charges recorded during the period.

Store Openings, Closings, and Relocations.

During the six months ended July 30, 2011, we opened five Burlington Coat Factory Warehouse Stores (BCF Stores) and closed three stores. Among the closed stores were an MJM store and a Super Baby Depot which were in the same shopping center as an existing BCF store. The existing BCF store was expanded and remodeled to absorb the MJM and Super Baby Depot businesses. As of July 30, 2011, we operated 462 stores under the names Burlington Coat Factory Warehouse (447 stores), Cohoes Fashions (two stores) and MJM Designer Shoes (13 stores).

We continue to pursue our growth plans and invest in capital projects that meet our financial requirements. We currently plan to open 15 new stores (exclusive of 3 relocations) during the remainder of Fiscal 2011.

Ongoing Initiatives for Fiscal 2011

We continue to focus on a number of ongoing initiatives aimed at increasing our overall profitability by improving our comparative store sales trends, total sales growth and reducing expenses. These initiatives include, but are not limited to:

I. **Offering a Leading Selection of Branded Apparel at Every Day Low Prices (EDLP):** We offer a merchandise category selection substantially broader than that of our off-price competitors

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and in contrast to merchandise at department and specialty stores, we offer a larger variety of brands and styles and our merchandise is offered at EDLP, allowing customers to obtain the best value at our stores without waiting for sales or promotions. We focus on delivering exceptional values that fit within a good, better, and best pricing strategy.

II. **Transition our Open to Buy Model and Improve Merchandising:** Our open to buy paradigm, in which we purchase both pre-season and in-season merchandise, improves our receipt-to-reduction ratio and enables more flexibility for buying wear-now products. From Fiscal 2006 to Fiscal 2009, the majority of our purchasing was pre-season with the balance in-season and opportunistic. With our new model, we have moved towards purchasing less pre-season, with the majority in-season and opportunistically. This enables us to determine and stock for trends with better consumer data as well as drive better terms with our suppliers. By maximizing our in-season buys, we believe that we are able to take advantage of known trends and emerging businesses. We are also able to better focus on our core female customer by enhancing our merchandise content as well as keeping inventory fresh.

III. **Refining Our Store Experience Through the Eyes of the Customer:** We have empowered our store teams to provide an outstanding customer experience for every customer in every store, every day. We will continue to streamline processes to create opportunities for fast and effective customer interactions. Our mission is to have stores that reflect clean, organized merchandise presentations that highlight the brands, value and diversity of our selection within our assortments. Through proper staffing flexibility we provide sales floor coverage during peak shopping hours to better serve the customer on the sales floor and at the check-out.

We plan to execute this initiative during Fiscal 2011 by:

a) Continuing with our in-store customer satisfaction program that measures 13 different aspects of customer satisfaction. Examples include: friendliness of associates, interior cleanliness and selection of merchandise.

b) Continuing the implementation of a store refresh program with respect to stores that we have identified as having certain needs such as new flooring, painting, fitting room improvements and various other improvements. We expect to continue an aggressive refresh program going forward.

c) Continuing the implementation of upgraded lighting retrofits in our stores which will make them more energy efficient and easier for customers to navigate. We expect to continue an aggressive lighting retrofit program through Fiscal 2011.

d) Implementing a plan to restructure our stores management hierarchy during Fiscal 2011 by adding additional territorial and regional oversight to provide more consistency in execution and other workflow efficiencies at the store level and to provide greater role clarity for our management team.

IV. **Deliver Consistent Gross Margin:** We continue to focus on having stable gross margin as a percentage of net sales.

We plan to execute this initiative during Fiscal 2011 by:

a) Implementing new software applications which will provide for enhanced functionality and improved analytics including the allocation of goods and markdown optimization, as well as providing more efficient planning and forecasting tools. The foundation of these systems has been completed and the new planning tools are expected to be operational during the second half of Fiscal 2011. The enhanced functionality and

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improved analytics around allocation of goods and markdown optimization are planned to be fully implemented during Fiscal 2012.

b) Continuing to manage our inventory receipt to reduction ratio. By matching receipt dollars to sales dollars we will continue to be able to take advantage of in season buying opportunities and to capitalize on those businesses that are trending well.

c) Continuing to ensure adequate open to buy and buying more opportunistically in season. By staying liquid, we put ourselves in a position to be able to take advantage of opportunistic in-season buys that will maximize our sales.

d) Continuing to improve the amount of current inventory as a percentage of our total inventory. By having more current inventory in our merchandise mix, we will be afforded more pricing flexibility to provide additional value to our customers without reducing our overall margins.

e) Reducing our shrink as a percentage of net sales. We have added additional resources to help improve existing controls and processes to reduce our shrink as a percentage of net sales without negatively impacting the store experience. We expect improved results to occur over time, becoming apparent in Fiscal 2011.

V. The Continued Reduction of Our Cost Structure:

a) Reduce store payroll costs. We are implementing an automated workforce scheduling system in our stores which is being rolled out in Fiscal 2011. We believe that this new system will provide numerous efficiencies, without sacrificing our ability to serve our customers, including, but not limited to, better forecasting of volume and workload, and improved allocation of manpower to meet customer demand, and will support our store experience and service initiatives. The majority of these efficiencies are expected to be more fully recognized in Fiscal 2012.

b) Supply chain efficiencies. We continue to work on several initiatives to improve supply chain efficiencies and service levels. We are planning to make incremental investments during Fiscal 2011 that we believe will allow our distribution centers to handle increased volume. We are also reconfiguring our buildings to better support our off price model to enable our merchants to take advantage of more closeout opportunities. Additionally, we continue to refine our performance management program designed to drive productivity improvements within the four walls of our distribution centers.

Uncertainties and Challenges

As management strives to increase profitability through achieving positive comparative store sales and leveraging productivity initiatives focused on improving the in-store experience, more efficient movement of products from the vendors to the selling floors, and modifying our marketing plans to increase our core customer base and increase our share of our current customer s spending, there are uncertainties and challenges that we face as an off-price retailer.

General Economic Conditions. Consumer spending habits, including spending for the merchandise that we sell, are affected by, among other things, prevailing economic conditions, inflation, levels of employment, salaries and wage rates, prevailing interest rates, housing costs, energy costs, commodities pricing, income tax rates and policies, consumer confidence and consumer perception of economic conditions. In addition, consumer purchasing patterns may be influenced by consumers disposable income, credit availability and debt levels. A continued or incremental slowdown in the U.S. economy, an uncertain economic outlook or an expanded credit crisis could continue to adversely affect consumer spending habits resulting in lower net sales and profits than expected on a quarterly or annual basis. Consumer confidence is also affected by the domestic and international political situation. Our financial condition and operations could be impacted by changes in government regulations such as taxes, healthcare reform, and other areas. The outbreak or escalation of war, or the occurrence of terrorist acts or other hostilities in or affecting the U.S., could lead to a decrease in spending by consumers.

Competition and Margin Pressure. We believe that in order to remain competitive with off-price retailers and discount stores, we must continue to offer brand-name merchandise at a discount from traditional department stores as well as an assortment of merchandise that is appealing to our customers.

The U.S. retail apparel and home furnishings markets are highly fragmented and competitive. We compete for business with department stores, off-price retailers, specialty stores, discount stores, wholesale clubs, and outlet stores. We anticipate that competition will increase in the future. Therefore, we will continue to look for ways to differentiate our stores from those of our competitors.

The U.S. retail industry continues to face increased pressure on margins as commodity prices increase and the overall challenging retail conditions have led consumers to be more value conscious. Despite a plentiful supply of goods in the market, which historically created downward pricing pressure for wholesale purchases, we expect to see rising costs. Our open to buy paradigm, in which we purchase both pre-season and in-season merchandise, allows us the flexibility to purchase less pre-season with the balance purchased in-season and opportunistically. It also provides us the flexibility to shift purchases between suppliers and categories. This enables us to obtain better terms with our suppliers, which we expect to help offset the expected rising costs of goods.

Changes to import and export laws could have a direct impact on our operating expenses and an indirect impact on consumer prices and we cannot predict any future changes in such laws.

Seasonality of Sales and Weather Conditions. Our sales, like most other retailers, are subject to seasonal influences, with the majority of our sales and net income derived during the months of September through January, which includes the back-to-school and holiday seasons.

Additionally, our sales continue to be significantly affected by weather. Generally, our sales are higher if the weather is cold during the Fall and warm during the early Spring. Sales of cold weather clothing are increased by early cold weather during the Fall, while sales of warm weather clothing are improved by early warm weather conditions in the Spring. Although we have diversified our product offerings, we believe traffic to our stores is still heavily driven by weather patterns

Key Performance Measures

We consider numerous factors in assessing our performance. Key performance measures used by management include comparative store sales, gross margin and inventory levels, receipt-to-reduction ratio, liquidity and store payroll as a percentage of net sales.

Comparative Store Sales. Comparative store sales measure performance of a store during the current reporting period against the performance of the same store in the corresponding period of the previous year. The method of calculating comparative store sales varies across the retail industry. As a result, our definition of comparative store sales may differ from other retailers.

We define comparative store sales as sales of those stores commencing on the first day of the fiscal month one year after the end of their grand opening activities, which normally conclude within the first two months of operations. The table below depicts our comparative store sales during Fiscal 2010, the Transition Period, the 52 weeks ended January 30, 2010, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010.

	Comparative Store Sales
Fiscal 2010	(0.2)%
Transition Period	(4.8)%
52 weeks ended January 30, 2010	(4.3)%
Fiscal 2009	(2.5)%
Fiscal 2008	(5.1)%
Six months ended July 30, 2011	2.1%
Six months ended July 31, 2010	1.9%

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Various factors affect comparative store sales, including, but not limited to, current economic conditions, weather conditions, the timing of our releases of new merchandise and promotional events, the general retail sales environment, consumer preferences and buying trends, changes in sales mix among distribution channels, competition, and the success of marketing programs. While any and all of these factors can impact comparative store sales, we believe that the decrease in comparative store sales during Fiscal 2010 was primarily driven by weather conditions. The decrease in comparative store sales during the Transition Period and Fiscal 2009 was primarily attributable to weakened consumer demand as a result of the overall challenging retail conditions. The decrease in comparative store sales during Fiscal 2008 was due to a combination of unfavorable weather, weakened consumer demand and temporarily low or out of stock issues in certain limited divisions.

Gross Margin. Gross margin is a measure used by management to indicate whether we are selling merchandise at an appropriate gross profit. Gross margin is the difference between net sales and the cost of sales. Our cost of sales and gross margin may not be comparable to those of other entities, since some entities include all of the costs related to their buying and distribution functions in cost of sales. We include certain of these costs in the Selling and Administrative Expenses and Depreciation and Amortization line items in our Consolidated Statements of Operations and Comprehensive Income (Loss). We include in our Cost of Sales line item all costs of merchandise (net of purchase discounts and certain vendor allowances), inbound freight, distribution center outbound freight and certain merchandise acquisition costs, primarily commissions and import fees. The table below depicts our gross margin as a percentage of net sales during Fiscal 2010, the Transition Period, the 52 weeks ended January 30, 2010, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010:

Fiscal 2010	38.6%
Transition Period	39.3%
52 weeks ended January 30, 2010	38.1%
Fiscal 2009	37.9%
Fiscal 2008	38.3%
Six months ended July 30, 2011	37.0%
Six months ended July 31, 2010	37.1%

Inventory Levels. Inventory at July 30, 2011 was $665.2 million compared to $644.2 million at January 29, 2011. The increase of $21.0 million was the result of the seasonality of our business, as inventory is typically at its lowest levels in January, after the holiday selling season. The increase in inventory resulted in an increase of average store inventory (inclusive of stores and warehouse inventory) at July 30, 2011 of approximately 2.8% to $1.4 million per store compared with average store inventory at January 29, 2011.

In order to better serve our customers, and maximize sales, we continue to refine our merchandising mix and inventory levels within our stores. By managing our inventories conservatively we believe we will be better able to deliver a continual flow of fresh merchandise to our customers. We continue to move toward more productive inventories by increasing the amount of current inventory as a percent of total inventory.

The table below depicts our inventory levels as of the close of each of the following fiscal periods; Fiscal 2010, the Transition Period, the 52 weeks ended January 30, 2010, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010 (in thousands):

Fiscal 2010	$ 644,228
Transition Period	$ 613,295
52 weeks ended January 30, 2010	$ 613,295
Fiscal 2009	$ 641,833
Fiscal 2008	$ 719,529
Six months ended July 30, 2011	$ 665,204
Six months ended July 31, 2010	$ 661,224

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Receipt-to-Reduction Ratio. We are in the process of refining a more consistent merchandise flow based on a receipt-to-reduction ratio. We are attempting to better match forecasted levels of receipts to forecasted inventory outflows (inclusive of sales, markdowns, and inventory shrinkage) on a monthly basis. We believe this will result in a more normalized receipt cadence to support sales and will ultimately lead to an improved inventory turnover ratio.

Inventory turnover is a measure that indicates how efficiently inventory is bought and sold. It measures the length of time that we own our inventory. This is significant because the longer the inventory is owned, the more likely markdowns may be required to sell the inventory. Inventory turnover is calculated by dividing retail sales before sales discounts by the average retail value of the inventory for the period being measured. The table below depicts our annualized inventory turnover rate as of the close of each of the following fiscal periods; Fiscal 2010, the Transition Period, the 52 weeks ended January 30, 2010, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010:

Fiscal 2010	2.8
Transition Period	2.7
52 weeks ended January 30, 2010	2.7
Fiscal 2009	2.4
Fiscal 2008	2.4
Six months ended July 30, 2011	2.8
Six months ended July 31, 2010	2.8

Liquidity. Liquidity measures our ability to generate cash. Management measures liquidity through cash flow and working capital position. Cash flow is the measure of cash generated from operating, financing, and investing activities.

We experienced a decrease in cash flow of $54.7 million during the six month period ended July 30, 2011 compared with the cash flow generated during the six month period ended July 31, 2010. This decrease was primarily driven by a smaller increase in accounts payable from January 29, 2011 to July 30, 2011 compared with the accounts payable increase from January 30, 2010 to July 31, 2010 related to our working capital management strategy at the end of each fiscal year. Based on the working capital management strategy we accelerated certain payments at the end of each fiscal year that typically would not have been made until the first quarter of the next fiscal year, which lowered our accounts payable balances at the end of each fiscal year. As our accounts payable balances return to historical levels at the end of the first quarter of each fiscal year, this creates additional cash flow. The decrease during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was primarily driven by these accelerated payments during January of Fiscal 2010 compared with January of the Transition Period and the timing of payments. Also contributing to the decrease in cash flow during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was the impact of the debt refinancing and the subsequent payment of $297.9 million of dividends, which resulted in a net increase in cash used in financing activities of $28.8 million.

These reductions in cash flow were partially offset by less cash used in investing activities as a result of a smaller increase in restricted cash during the six months ended July 30, 2011 compared with the six months ended July 31, 2010. Cash and cash equivalents increased $1.6 million from January 29, 2011 to $31.8 million at July 30, 2011 (discussed in more detail under the caption below entitled Liquidity and Capital Resources).

We experienced an increase in cash flow of $22.4 million during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 primarily due to accelerated vendor payments of $237.7 million made in January 2011 compared with $274.8 million of accelerated vendor payments, made in January 2010, as part of our working capital management strategy. Because the fiscal year had not yet changed at the time, there was no working capital management strategy employed at January 31, 2009. The impact of the working capital management strategy resulted in a significant amount of cash outflows during the 52 weeks ended January 30, 2010 as the result of paying accounts payable in the normal course during the period and then accelerating payments at the end of the period that typically would not have been paid until after January 30, 2010. The repeat of the working capital management strategy at the end of Fiscal 2010 which accelerated Fiscal 2011 payments into Fiscal 2010 did not have as great an impact on cash flow in Fiscal 2010 as it did in the prior fiscal year because there were fewer accounts payables paid during Fiscal 2010 due to the fact that the working capital management strategy employed during the 52 weeks ended January 31, 2009 had advanced payment of approximately the first two months of the accounts payable for Fiscal 2010.

Changes in working capital also impact our cash flows. Working capital equals current assets (exclusive of restricted cash and cash equivalents) minus current liabilities. Working capital at January 29, 2011 was $386.2 million compared with $349.7 million at January 30, 2010. The increase in working capital from January 30, 2010 is primarily attributable to increased inventory and accounts receivable balances at January 29, 2011, as a result of new stores opened during the period.

Working capital at July 30, 2011 increased $32.0 million from $167.2 million at July 31, 2010 to $199.2 million. The increase in working capital was primarily attributable to decreases in accounts payable, resulting from the timing of payments, other current liabilities and current maturities of long term debt, partially offset by a decrease in cash and cash equivalents in connection with our debt refinancing transactions completed in February 2011.

The table below depicts our increase (decrease) in cash and cash equivalents, our cash and cash equivalents balance and our working capital as of the close of each of the following fiscal periods; Fiscal 2010, the Transition Period, the 52 weeks ended January 30, 2010, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010 (in thousands):

Fiscal Period	**Increase (Decrease) in Cash and Cash Equivalents**	**Cash and Cash Equivalents Balance**	**Working Capital**
Fiscal 2010	$ 5,464	$ 30,214	$ 386,196
Transition Period	$ (1,060)	$ 24,750	$ 349,732
52 weeks ended January 30, 2010	$ (16,956)	$ 24,750	$ 349,732
Fiscal 2009	$ (14,291)	$ 25,810	$ 312,298
Fiscal 2008	$ 6,223	$ 40,101	$ 284,438
Six months ended July 30, 2011	$ 1,594	$ 31,808	$ 199,198
Six months ended July 31, 2010	$ 56,296	$ 81,046	$ 167,248

Store Payroll as a Percentage of Net Sales. Store payroll as a percentage of net sales measures our ability to manage our payroll in accordance with increases or decreases in net sales. The method of calculating store payroll varies across the retail industry. As a result, our store payroll as a percentage of net sales may differ from other retailers. We define store payroll as regular and overtime payroll for all store personnel as well as regional and territory personnel, exclusive of payroll charges to corporate and warehouse employees. The table below depicts our store payroll as a percentage of net sales during Fiscal 2010, the Transition Period, the 52 weeks ended January 30, 2010, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010:

Fiscal 2010	10.3%
Transition Period	10.2%
52 weeks ended January 30, 2010	10.4%
Fiscal 2009	10.9%
Fiscal 2008	12.1%
Six months ended July 30, 2011	10.6%
Six months ended July 31, 2010	10.9%

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Results of Operations for the Six Months Ended July 30, 2011

The following table sets forth certain items in the Condensed Consolidated Statements of Operations and Comprehensive Loss as a percentage of net sales for the three and six month periods ended July 30, 2011 and July 31, 2010.

	Six Months Ended	
	July 30, 2011	July 31, 2010
Net Sales	100.0%	100.0%
Other Revenue	0.8	0.9
Total Revenue	100.8	100.9
Cost of Sales	63.0	62.9
Selling and Administrative Expenses	32.8	33.9
Restructuring and Separation Costs	0.3	0.1
Depreciation and Amortization	4.3	4.5
Impairment Charges Long-Lived Assets	0.0	0.0
Other (Income) Expense, Net	(0.3)	(0.4)
Loss on Extinguishment of Debt	2.2	
Interest Expense	3.7	3.3
Total Expense	106.0	104.3
Loss before Income Tax Benefit	(5.2)	(3.4)
Income Tax Benefit	(2.0)	(1.3)
Net Loss	(3.2)%	(2.1)%

Net Sales

We experienced an increase in net sales for the six months ended July 30, 2011 compared with the six months ended July 31, 2010. Consolidated net sales increased $99.0 million, or 6.1%, to $1,722.4 million for the six months ended July 30, 2011 from $1,623.4 million for the six months ended July 31, 2010. This increase was primarily attributable to a combination of the following:

an increase in net sales of $58.5 million from stores previously opened that were not included in our comparative store sales,

an increase in comparative store sales of $33.3 million, or 2.1%, to $1,631.6 million, and

an increase in net sales of $21.2 million related to five new stores opened during the six months ended July 30, 2011; partially offset by

a decrease in net sales of $14.0 million from stores closed since the comparable period last year and other sales adjustments.

We believe the comparative store sales increase was due primarily to our ongoing initiatives as discussed previously under the caption entitled Ongoing Initiatives for Fiscal 2011.

Other Revenue

Other revenue (consisting of rental income from leased departments, sublease rental income, layaway, alteration and other service charges, and miscellaneous revenue items) increased to $14.3 million for the six month period ended July 30, 2011 compared with $14.1 million for the six month period ended July 31, 2010, primarily driven by an increase in rental income from leased departments as a result of increased sales in our leased departments.

Cost of Sales

Cost of sales increased $62.6 million, or 6.1%, during the six month period ended July 30, 2011 compared with the six month period ended July 31, 2010. The dollar increase in cost of sales was primarily related to the increase in net sales during the six months ended July 30, 2011 compared to the six months ended July 31, 2010, as discussed above, under the caption entitled Overview. Cost of sales as a percentage of net sales during the six months ended July 30, 2011 increased slightly to 63.0% from 62.9% for the six months ended July 31, 2010. The slight increase in cost of sales as a percentage of net sales was due to planned decreases in initial markup due to our initiative to be more aggressive in initial pricing, which we believe will result in faster turnovers and reduced markdowns in future periods, almost entirely offset by fewer markdowns taken and a lower shrink accrual rate during the six months ended July 30, 2011 compared with the six months ended July 31, 2010.

Selling and Administrative Expenses

Selling and administrative expenses increased $15.2 million, or 2.8%, for the six month period ended July 30, 2011 compared with the six month period ended July 31, 2010. Selling and administrative expenses decreased to 32.8% of net sales for the six month period ended July 30, 2011 compared to 33.9% of net sales for the six month period ended July 31, 2010 due to the leverage of selling and administrative expenses resulting from the increase in net sales over the comparable period and other changes discussed below. The increase in selling and administrative expenses is summarized in the table below:

		(in thousands)		
	Six Months Ended			
	July 30, 2011	**July 31, 2010**	**$ Variance**	**% Change**
Payroll and Payroll Related	$ 263,051	$ 252,324	$ 10,727	4.3%
Occupancy	188,847	183,144	5,703	3.1
Advertising	27,968	24,330	3,638	15.0
Benefit Costs	9,189	8,897	292	3.3
Business Insurance	13,454	14,257	(803)	(5.6)
Other	63,024	67,356	(4,332)	(6.4)
Selling & Administrative Expenses	$ 565,533	$ 550,308	$ 15,225	2.8%

The increase in payroll and payroll related expense of $10.7 million during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was primarily related to the addition of 15 net new stores as well as stores that were operating for the full six months ended July 30, 2011 that were not operating for the full six months ended July 31, 2010. Amounts related to these stores resulted in an increase in payroll and payroll related costs of $10.5 million.

The increase in occupancy related costs of $5.7 million during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was primarily related to increases in stores that operated for the full six month period ended July 30, 2011 that were not operating for the full six months ended July 31, 2010 of $4.8 million and new store increases of $2.5 million. We also experienced increases in rent expense of $1.4 million primarily due to our straight line rent expense and an increase of $1.2 million in maintenance expense primarily related to increased investment in general repairs and janitorial services in line with our ongoing initiatives to refine our customers store experience. These increases were partially offset by a $2.0 million decrease in utilities due to our ongoing initiative to reduce costs as well as a $2.1 million decrease in real estate taxes due to credits received as a result of successful audit appeals in various states.

The increase in advertising expense of $3.6 million during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was primarily related to increased national and spot television advertising during the historically strong Easter selling period as well as planned incremental marketing investment during our second quarter of Fiscal 2011 in an effort to build on the sales momentum generated during the first quarter of Fiscal 2011.

The decrease in other selling and administrative expenses of $4.3 million during the six months ended July 30, 2011 compared with the six months ended July 31, 2010 was primarily related to a $4.9 million charge related to a litigation reserve and a $1.5 million charge to miscellaneous taxes that both occurred during the six months ended July 31, 2010 and were not repeated during the six months ended July 30, 2011 and a $3.0 million decrease in professional and legal fees. These decreases were partially offset by a $2.1 million increase in credit card fees due to increased sales, a $1.4 million increase in office supplies and temporary help, and a $1.0 million increase in recruiting expenses related to expanded recruiting efforts in order to produce high quality candidates.

Restructuring and Separation Costs

Restructuring and separation costs totaled $5.2 million during the six months ended July 30, 2011 compared with $2.2 million during the six months ended July 31, 2010. During the six months ended July 30, 2011, in an effort to improve workflow efficiencies and realign certain responsibilities, we effected a reorganization of certain positions within our stores and corporate locations. As a result of the reorganization, we incurred a charge of $5.2 million.

Depreciation and Amortization

Depreciation and amortization expense related to the depreciation of fixed assets and the amortization of favorable and unfavorable leases amounted to $74.0 million during the six month period ended July 30, 2011 compared with $72.2 million during the six month period ended July 31, 2010. This increase was primarily related to 15 net new stores that were opened since July 31, 2010.

Impairment Charges   Long-Lived Assets

There were less than $0.1 million of impairment charges during the six months ended July 30, 2011, compared with $0.3 million of impairment charges incurred during the six month period ended July 31, 2010. The impairment charges during both periods were related to fixed asset additions at stores that had been previously impaired and therefore could not support the additional asset value. There were no triggering events during these periods that would have required us to perform additional impairment testing.

The recoverability assessment related to these store-level assets requires judgments and estimates of future revenues, gross margin rates and store expenses. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of current market conditions. However, future impairment charges could be required if we do not achieve our current revenue or cash flow projections for each store.

Other Income, Net

Other Income, Net (consisting of investment income, gains and losses on disposition of assets, breakage income and other miscellaneous items) decreased $1.3 million to $5.1 million for the six month period ended July 30, 2011 compared with the six month period ended July 31, 2010, primarily driven by fewer insurance claims recoveries during the three months ended July 30, 2011 compared with the three months ended July 31, 2010.

Loss on Extinguishment of Debt

As discussed in more detail in Note 3 to our Condensed Consolidated Financial Statements entitled Long Term Debt, on February 24, 2011 we completed the refinancing of our Previous Term Loan, Previous Senior Notes, and Previous Senior Discount Notes. As a result of these transactions, the Previous Senior Notes and Previous Senior Discount Notes, with carrying values at February 24, 2011 of $302.0 million and $99.3 million, respectively, have been replaced with a $450.0 million aggregated principal amount of 10% Senior Notes due 2019 at an issue price of 100%. Additionally, the Previous Term Loan with a carrying value of $777.6 million at February 24, 2011 has been replaced with a $1,000.0 million senior secured term loan facility (New Term Loan Facility). Borrowings on the ABL Line of Credit related to the refinancing transactions were $101.6 million. In connection with the offering of the Notes and the refinancing of the Term Loan Facility, the Company declared a dividend of approximately $300.0 million, in the aggregate, on a pro rata basis to the equity holders of Parent.

In accordance with ASC Topic No. 470, *Debt Modifications and Extinguishments* (Topic No. 470), the transactions noted above were determined to be an extinguishment of the existing debt and an issuance of new debt. As a result, we recorded a loss on the extinguishment of debt in the amount of $37.8 million in the line item Loss on Extinguishment of Debt in our Condensed Consolidated Statements of Operations and Comprehensive Loss. Of the $37.8 million loss on the extinguishment of debt, $21.4 million represented early call premiums that we paid to the holders of our Previous Senior Notes and Previous Senior Discount Notes. The remaining $16.4 million represented the write off of deferred financing fees related to the extinguished debt facilities.

Interest Expense

Interest expense was $63.2 million for the six month period ended July 30, 2011 compared with $53.4 million for the six month period ended July 31, 2010. The $9.8 million increase in interest expense was primarily driven by higher average balances and higher interest rates related to our New Term Loan and our ABL Line of Credit, as a result of our refinancing transaction, resulting in a $19.0 million increase in interest expense, partially offset by:

- an adjustment of our interest rate cap agreements to fair value of $4.4 million;
- a decrease in other interest of $2.0 million of non-recurring interest charges related to a litigation and tax settlement during the six months ended July 31, 2010 that did not repeat;
- a decrease of interest expense related to our Notes of $1.2 million related to our refinancing transaction;
- and a decrease in the amortization of debt fees as a result of our refinancing, in the amount of $1.2 million.

Adjustments of the interest rate cap agreements to fair value, which are recorded in the line item Interest Expense in our Condensed Consolidated Statements of Operations and Comprehensive Loss, amounted to a loss of $1.9 million for the six months ended July 30, 2011 compared with a loss of $6.3 million for the six months ended July 31, 2010. The loss recognized during the six months ended July 30, 2011 was primarily the result of a decrease in the underlying market rates, which in turn, decreased the value of the interest rate cap agreements. These charges resulted in a year over year decrease in interest expense of $4.4 million.

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Our average interest rates and average balances related to our Term Loan and our ABL Line of Credit, for the six months ended July 30, 2011 compared with the six months ended July 31, 2010 are summarized in the table below:

	Six Months Ended	
	July 30, 2011	July 31, 2010
Average Interest Rate ABL Line of Credit	4.4%	2.9%
Average Interest Rate Term Loan	6.0%	2.9%
Average Balance ABL Line of Credit	$ 51.5 million	$ 9.7 million
Average Balance Term Loan	$ 961.6 million	$ 852.6 million

Income Tax Benefit

Income tax benefit was $34.3 million for the six month period ended July 30, 2011. For the six months ended July 31, 2010 we recorded income tax benefit of $20.9 million. The effective tax rates for the six month periods ended July 30, 2011 and July 31, 2010 were 38.9% and 37.2% respectively. In accordance with Topic No. 270 and Topic No. 740, at the end of each interim period we are required to determine the best estimate of our annual effective tax rate and then apply that rate in providing for income taxes on a current year-to-date (interim period) basis. We used this methodology during the second quarter of Fiscal 2011, resulting in the annual effective income tax rate of 35.6% (before discrete items) being our best estimate. The effective tax rate for the six months ended July 30, 2011 was impacted by discrete adjustments that increased the tax (benefit) by $2.9 million predominantly relating to state legislation enacted during the quarter, the accrual of interest related to unrecognized tax benefits established in prior years in accordance with Topic No. 740, and tax positions that are considered effectively settled as the result of the finalization of an IRS audit.

Our best estimate of the projected annual effective income tax rate as of July 31, 2010 was 37.8% (before discrete items). The effective tax rate for the six months ended July 31, 2010 was impacted by discrete adjustments that increased tax expense by $0.3 million related to the accrual of interest related to unrecognized tax benefits established in prior years in accordance with Topic No. 740 and prior year state income taxes.

Net Loss

Net loss amounted to $53.8 million for the six months ended July 30, 2011 compared with a net loss of $35.3 million for the six months ended July 31, 2010. The decline in our net loss position of $18.5 million was directly attributable to the loss on extinguishment of debt that occurred during the six months ended July 30, 2011 compared with the six months ended July 31, 2010, partially offset by improvements in our core operations.

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Results of Operations for Fiscal 2010 and the Transition Period

The following tables set forth certain items in our Consolidated Statements of Operations and Comprehensive Income (Loss) in both actual dollars and as a percentage of net sales for Fiscal 2010, the comparable 52 week period ended January 30, 2010, the Transition Period and the comparable 35 week period ended January 31, 2009 used in connection with the subsequent discussion. Financial information for Fiscal 2010 and the Transition Period were derived from audited financial statements. Financial information for the 52 week period ended January 30, 2010 and the 35 week period ended January 31, 2009, were derived from unaudited financial statements.

	(in thousands)			
	52 Weeks Ended		**35 Weeks Ended**	
	January 29, 2011	**January 30, 2010 (Unaudited)**	**January 30, 2010**	**January 31, 2009 (Unaudited)**
REVENUES:				
Net Sales	$ 3,669,602	$ 3,522,914	$ 2,457,567	$ 2,476,635
Other Revenue	31,487	30,840	21,730	20,277
Total Revenue	3,701,089	3,553,754	2,479,297	2,496,912
COSTS AND EXPENSES:				
Cost of Sales (Exclusive of Depreciation and Amortization as Shown Below)	2,252,346	2,181,707	1,492,349	1,510,409
Selling and Administrative Expenses	1,156,613	1,113,960	759,774	761,062
Restructuring and Separation Costs	2,200	7,452	2,429	1,929
Depreciation and Amortization	146,759	156,388	103,605	106,823
Interest Expense (Inclusive of Gain/Loss on Interest Rate Cap Agreements)	99,309	84,423	59,476	74,263
Impairment Charges Long-Lived Assets	2,080	56,141	46,776	28,134
Impairment Charges Tradenames		15,250		279,300
Other Income, Net	(11,346)	(16,635)	(15,335)	(4,698)
Total Costs and Expenses	3,647,961	3,598,686	2,449,074	2,757,222
Income (Loss) Before Income Tax Expense (Benefit)	53,128	(44,932)	30,223	(260,310)
Income Tax Expense (Benefit)	22,130	(29,753)	11,570	(104,667)
Net Income (Loss)	30,998	(15,179)	18,653	(155,643)
Total Comprehensive Income (Loss)	$ 30,998	$ (15,179)	$ 18,653	$ (155,643)

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	52 Weeks Ended		35 Weeks Ended	
	January 29, 2011	January 30, 2010 (Unaudited)	January 30, 2010	January 31, 2009 (Unaudited)
Statement of Operations Data:				
Net Sales	100.0%	100.0%	100.0%	100.0%
Other Revenue	0.9	0.9	0.9	0.8
Total Revenue	100.9	100.9	100.9	100.8
Cost of Sales (Exclusive of Depreciation and Amortization, As Shown Below)	61.4	61.9	60.7	61.0
Selling and Administrative Expenses	31.5	31.6	30.9	30.7
Restructuring and Separation Costs	0.1	0.2	0.1	0.1
Depreciation and Amortization	4.0	4.4	4.2	4.3
Interest Expense (Inclusive of Gain/Loss on Interest Rate Cap Agreements)	2.7	2.4	2.4	3.0
Impairment Charges Long Lived Assets	0.1	1.6	1.9	1.1
Impairment Charges Trademark	0.0	0.4	0.0	11.3
Other Income, Net	(0.3)	(0.5)	(0.6)	(0.2)
Total Expense	99.5	102.0	99.6	111.3
Income (Loss) Before Income Tax Expense (Benefit)	1.4	(1.1)	1.3	(10.5)
Income Tax Expense (Benefit)	0.6	(0.8)	0.5	4.2
Net Income (Loss)	0.8%	(0.3)%	0.8%	(6.3)%

Performance for the Fiscal Year (52 weeks) Ended January 29, 2011 Compared with the 52 weeks Ended January 30, 2010

Net Sales

We experienced an increase in net sales for Fiscal 2010 compared with the 52 weeks ended January 30, 2010. Consolidated net sales increased $146.7 million, or 4.2%, to $3,669.6 million for Fiscal 2010 from $3,522.9 million for the 52 weeks ended January 30, 2010. This increase was primarily attributable to:

- an increase in net sales of $145.3 million related to 25 new stores opened during Fiscal 2010,
- an increase in net sales of $29.0 million for our non comparative stores, and
- an increase in other sales of $3.0 million, partially offset by
- a decrease in net sales of $24.3 million from seven stores closed since January 31, 2010 and
- a comparative store sales decrease of $6.3 million, or 0.2%, to $3,460.1 million.

We believe the comparative store sales decrease was primarily due to warmer weather in September and October of 2010 as compared with the same period in the prior year.

Other Revenue

Other revenue (consisting of rental income from Leased Departments, subleased rental income, layaway, alterations, other service charges, and miscellaneous revenue items) increased $0.7 million to $31.5 million for Fiscal 2010 compared with $30.8 million for the 52 weeks ended January 30, 2010. This increase was primarily related to an increase in layaway fees of $1.4 million, partially offset by a $0.8 million decrease in rental income.

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Cost of Sales

Cost of sales increased $70.6 million, or 3.2%, for Fiscal 2010 compared with the 52 weeks ended January 30, 2010. Cost of sales as a percentage of net sales improved to 61.4% during Fiscal 2010 compared with 61.9% during the 52 weeks ended January 30, 2010. The dollar increase of $70.6 million in cost of sales between Fiscal 2010 and the 52 weeks ended January 30, 2010 was primarily related to the increase in our net sales during the same periods.

During Fiscal 2010 as compared with the 52 weeks ended January 30, 2010, we experienced an increase in gross margin as a percent of net sales to 38.6% from 38.1%. The improvement in our gross margin as a percent of net sales was primarily the result of fewer markdowns, decreased freight expense incurred during Fiscal 2010 as compared with the 52 weeks ended January 30, 2010, and a slight improvement in shrink expense.

Selling and Administrative Expenses

Selling and administrative expenses increased $42.6 million, or 3.8% to $1,156.6 million for Fiscal 2010 from $1,114.0 million for the 52 weeks ended January 30, 2010. The increase in selling and administrative expenses is summarized in the table below:

	(in thousands)			
	52 Weeks Ended			
	January 29, 2011	January 30, 2010	$ Variance	% Change
Payroll and Payroll Related	$ 524,120	$ 497,234	$ 26,886	5.4%
Occupancy	373,166	362,103	11,063	3.1
Benefit Costs	15,326	9,927	5,399	54.4
Advertising	70,422	67,283	3,139	4.7
Other	141,430	139,012	2,418	1.7
Business Insurance	32,149	38,401	(6,252)	(16.3)
Selling & Administrative Expenses	$ 1,156,613	$ 1,113,960	$ 42,653	3.8%

The increase in selling and administrative expense during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was primarily caused by increases in payroll and payroll related costs and occupancy costs. The increase in payroll and payroll related costs of approximately $26.9 million was primarily related to the addition of 18 net new stores as well as stores that opened during the 52 weeks ended January 30, 2010 that did not operate for a full 52 weeks. Amounts related to these stores resulted in an increase in payroll and payroll related expenses of $23.3 million. Also contributing to the increase in payroll and payroll related costs was an increase in bonus expense of $6.1 million and an increase in state unemployment tax expense of $4.1 million. As we exceeded our bonus target for the June 2009 through May 2010 bonus period, our bonus expense increased and was recognized during the final quarter of the bonus year, which coincided with the first and second quarters of Fiscal 2010. Additionally, we had an increase in recruiting bonuses as we continued to enhance the talent of our organization during Fiscal 2010. The increase in state unemployment tax was due to rate increases in many of the states where we conduct business.

These increases were partially offset by a decrease in Fiscal 2010 of $4.2 million in payroll and payroll tax expense related to stores that were opened for the full 52 week periods ended January 29, 2011 and January 30, 2010 and a decrease in vacation expense of $2.2 million. The decrease in payroll and payroll tax expense related to stores that were opened for the full 52 week periods ended January 29, 2011 and January 30, 2010 was due to our ongoing initiative to reduce store payroll costs.

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The increase in occupancy related costs of $11.1 million in Fiscal 2010 as compared with the 52 weeks ended January 30, 2010 was primarily related to new store openings during Fiscal 2010. New BCF stores opened during Fiscal 2010 accounted for $16.3 million of the total increase. These increases were partially offset by a decrease in utilities expense of $3.3 million as a result of our ongoing initiative to reduce costs as well as a $1.2 million decrease in real estate taxes.

The increase in benefit costs of $5.4 million during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was primarily the result of increased 401(k) Plan Match expense of $6.2 million and increased employee moving expenses of $2.4 million, partially offset by decreased health insurance claims of $3.3 million. The increase in 401(k) Plan expense during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was due to our ability to utilize less money recovered through forfeitures during Fiscal 2010 to fund some, or all, of our matching contribution obligation as compared with the 52 weeks ended January 30, 2010. A forfeiture is the portion of our contribution that is lost by a 401(k) Plan participant who terminates employment prior to becoming fully vested in such contribution. Based on the forfeitures available to us, we were not required to record any 401(k) Plan expense during the 52 weeks ended January 30, 2010.

The increase in advertising expense of $3.1 million during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was primarily related to shifts in the media used for marketing communications and an increase in the number of grand opening advertisements. During the 52 weeks ended January 30, 2010 we opened 15 new BCF stores. During Fiscal 2010, we incurred an additional $3.1 million in marketing and advertising expense primarily related to the opening of 25 new BCF stores.

The increase in other selling and administrative expenses of $2.4 million during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was primarily due to an increase in credit card fees of $3.9 million, a $3.4 million increase in temporary help, a $3.0 million increase related to fees incurred as part of our initial unsuccessful debt refinancing in the Fall of 2010, and a $1.5 million charge to miscellaneous taxes, partially offset by a $6.1 million decrease in our legal expense related to legal costs incurred in the prior year that did not repeat in the current year and $3.5 million in expense savings related to costs incurred with respect to our change in year end during the 52 weeks ended January 30, 2010 that did not repeat during Fiscal 2010.

The decrease in business insurance of $6.3 million in Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was the result of increased claims experienced during the prior period. During the 52 weeks ended January 30, 2010, we experienced an increase in the cost of workers compensation claims and an increase in the number of general liability claims, each of which we believe was a result of the economic environment. This trend has slowed during Fiscal 2010 and we have returned to a more historical level of claims experience

Restructuring and Separation Costs

In an effort to better align our resources with our business objectives, in Fiscal 2009, we reviewed all areas of the business to identify efficiency opportunities to enhance our performance. In light of the then challenging economic and retail sales environments, we accelerated the implementation of several initiatives, including some that resulted in the elimination of certain positions and the restructuring of certain other jobs and functions. Our restructuring and separation efforts commenced in the third quarter of Fiscal 2009 and continued through the Transition Period and Fiscal 2010. We incurred $2.2 million and $7.5 million in restructuring and separation costs during Fiscal 2010 and the 52 week period ended January 30, 2010, respectively.

Depreciation and Amortization

Depreciation and amortization expense related to the depreciation of fixed assets and the amortization of favorable and unfavorable leases amounted to $146.8 million for Fiscal 2010 compared with $156.4 million for the 52 weeks ended January 30, 2010. The decrease in depreciation and amortization expense was primarily related to various assets that were recorded pursuant to purchase accounting in conjunction with the Merger Transaction. These assets became fully depreciated during the 12 months ended January 30, 2010, which resulted in less depreciation expense during Fiscal 2010.

Interest Expense

Interest expense was $99.3 million and $84.4 million during Fiscal 2010 and the 52 week periods ended January 30, 2010, respectively. The increase in interest expense was primarily driven by increased expense related to our interest rate cap agreements, other interest expense and our commitment fees. Adjustments of the interest rate cap agreements to fair value resulted in a loss of $5.5 million during Fiscal 2010 compared with a gain of $5.4 million for the 52 week period ended January 30, 2010, respectively. These charges resulted in a year over year increase in non-cash interest expense of $10.9 million, which was recorded through the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss). Our interest rate cap agreements are discussed in more detail in the section entitled Quantitative and Qualitative Disclosures About Market Risk and Note 10 to our Consolidated Financial Statements entitled Derivatives and Hedging Activities.

Other interest expense increased $2.8 million during Fiscal 2010 as compared with the 52 week period ended January 30, 2010 which was primarily driven by interest incurred as part of a legal settlement. The increase in commitment fees of $2.5 million was primarily related to a higher commitment fee charged on our ABL Line of Credit combined with a lower average outstanding balance on the ABL Line of Credit during Fiscal 2010 as compared with the 52 weeks ended January 30, 2010.

These increases were partially offset by lower average interest rates on our Existing Term Loan Facility and ABL Line of Credit and a lower average balance on our Existing Term Loan Facility and our ABL Line of Credit as follows:

	52 Weeks Ended	
	January 29, 2011	**January 30, 2010**
Average Interest Rate ABL Line of Credit	2.7%	3.0%
Average Interest Rate Term Loan	2.6%	2.7%
Average Balance ABL Line of Credit	$ 10.5 Million	$ 27.2 Million
Average Balance Term Loan	$ 854.8 Million	$ 868.9 Million

Impairment Charges Long-Lived Assets

Impairment charges related to long-lived assets were $2.1 million and $56.1 million during Fiscal 2010 and the 52 week period ended January 30, 2010, respectively. The decrease in impairment charges was primarily related to the stabilization of our operating stores performance year over year. During Fiscal 2010, we recorded impairments related to nine stores as a result of the decline in the operating performance of those stores (refer to Note 9 to our Consolidated Financial Statements entitled Impairment of Long-Lived Assets for further discussion).

The recoverability assessment related to these store-level assets requires judgments and estimates of future revenues, gross margin rates and store expenses. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of current market conditions. However, future impairment charges could be required if we do not achieve our current revenue or cash flow projections for each store.

Impairment Charges Tradenames

There was no impairment charge related to our tradenames during Fiscal 2010. Impairment charges related to our tradenames during the 52 weeks ended January 30, 2010 amounted to $15.3 million. In accordance with ASC Topic No. 350, Intangibles Goodwill and Other, (Topic 350), we perform our annual impairment testing of goodwill and indefinite-lived assets at the beginning of each May.

In connection with the preparation of our Condensed Consolidated Financial Statements for the third quarter of Fiscal 2009 (relating to the three months ended February 28, 2009) as well as our Fiscal 2009 financial statements (relating to the year ended May 30, 2009), we concluded that it was appropriate to test our goodwill and indefinite-lived intangible assets for recoverability in light of the following factors:

- Significant declines in the U.S. and international financial markets and the resulting impact of such events on then anticipated future macroeconomic conditions and customer behavior;
- The determination that these macroeconomic conditions were impacting our sales trends as evidenced by the decreases in comparative store sales that we were experiencing;
- Decreased comparative store sales results of the peak holiday and winter selling seasons in the third quarter of Fiscal 2009 which were significant to our financial results for the year;
- Declines in market valuation multiples of peer group companies used in the estimate of our business enterprise value; and
- Our expectation that comparative store sales trends during Fiscal 2009 would continue for an extended period. As a result, we developed a more moderate store opening plan which reduced our future projections of revenue and operating results offset by initiatives (which have since been implemented) to reduce our cost structure.

The recoverability assessment with respect to the tradenames used in our operations requires us to estimate the fair value of the tradenames as of the assessment date. Such determination is made using the relief from royalty valuation method. Inputs to the valuation model include:

- Future revenue and profitability projections associated with the tradenames;
- Estimated market royalty rates that could be derived from the licensing of our tradenames to third parties in order to establish the cash flows accruing to our benefit as a result of ownership of the tradenames; and
- The rate used to discount the estimated royalty cash flow projections to their present value (or estimated fair value) based on the risk and nature of our cash flows.

During the 52 weeks ended January 30, 2010, we recorded an impairment charge related to our tradenames in the amount of $15.3 million. Of this amount, $9.0 million was attributable to lower revenues and profitability projections associated with our tradenames in the near term and lower estimated market royalty rate expectations in light of the then current general economic conditions compared with the analysis we performed during Fiscal 2008. Our projected revenues within the model were based on comparative store sales and new store assumptions over a nine year period. A less

aggressive new store opening plan combined with revised comparative store sales assumptions for the first fiscal year of the projection had a significant negative impact on the valuation. We believe our estimates were appropriate based upon the then current market conditions.

The remaining $6.3 million of the $15.3 million impairment was related to our acquisition of certain tradename rights during the 52 weeks ended January 30, 2010. During that period, we purchased $6.3 million of tradename rights based on our belief that these tradename rights would ultimately provide us with substantial marketing benefits. Historically, we were restricted in our advertising campaigns such that we could only refer to ourselves as Burlington Coat Factory and were required to note that we were not affiliated with Burlington Industries. The purchase of these tradename rights allows us to shorten our name as appropriate based on the current marketing campaign and eliminates the requirement to note that we are not affiliated with Burlington Industries. Based on our tradenames impairment assessment, we could not support an increase in the asset value of our tradenames related to this acquisition on our Consolidated Balance Sheets. As a result, we immediately impaired the acquired asset.

In accordance with Topic 350, there were no triggering events that required us to test goodwill for impairment during Fiscal 2010. We believe our estimates were appropriate based upon current market conditions. However, future impairment charges could be required if we do not achieve our current cash flow, revenue and profitability projections or our weighted average cost of capital increases or market valuation multiple associated with peer group companies decline.

Other Income, net

Other income, net (consisting of investment income, gains and losses on disposition of assets, breakage income and other miscellaneous items) decreased $5.3 million to $11.3 million during Fiscal 2010 compared with the 52 week period ended January 30, 2010.

The decrease in other income during Fiscal 2010 compared with the 52 weeks ended January 30, 2010 was primarily related to the following:

- A decrease in miscellaneous income of $4.9 million primarily related to a gain on a legal settlement in our favor during the 52 weeks ended January 30, 2010,
- a decrease in breakage income of $3.3 million (refer to Note 11 to our Consolidated Financial Statements entitled Store Value Cards for further discussion),
- a decrease of $1.5 million related to insurance recoveries, and
- a decrease in our gain on investment of $0.6 million related to higher recoveries of previously written off investments during the 52 weeks ended January 30, 2010 compared with Fiscal 2010, partially offset by;
- a $4.4 million increase related to a loss on the disposal of various fixed assets primarily related to our conversion to a new warehouse management system in Edgewater Park, New Jersey during the 52 weeks ended January 30, 2010, and
- a $0.6 million increase in income received from vending machines and recycling.

Income Tax Expense

Income tax expense was $22.1 million for the 52 week period ended January 29, 2011 compared with an income tax benefit of $29.8 million for the 52 weeks ended January 30, 2010. The effective tax rates were 41.7% and 66.2%, respectively, for Fiscal 2010 and the 52 week period ended January 30, 2010. The decrease in the effective tax rate was primarily due to the fact that the 52 weeks ended January 30, 2010 had a pre-tax loss with a reduction in the valuation allowance for state net operating losses and reduced state blended tax rates, which had the effect of creating an income tax benefit for this period ended January 30, 2010. Due to the pre-tax loss, the tax benefits created by the reduction

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in the valuation allowance for state net operating losses and reduced state blended tax rates have the effect of increasing the effective tax rate (refer to Note 17 to our Consolidated Financial Statements entitled Income Taxes for further information).

Net Income

Net income amounted to $31.0 million for Fiscal 2010 compared with a net loss of $15.2 during the 52 weeks ended January 30, 2010. The increase in our operating results of $46.2 million was primarily attributable to fewer impairments.

Performance for the Fiscal Year (52 Weeks) Ended January 29, 2011 Compared with the Transition Period (35 Weeks) Ended January 30, 2010

Net Sales

We experienced an increase in net sales for Fiscal 2010 compared with the Transition Period. Consolidated net sales increased $1,212.0 million, or 49.3%, to $3,669.6 million for Fiscal 2010 from $2,457.6 million for the Transition Period. Comparative store sales during Fiscal 2010 decreased 0.2% compared with a decrease of 4.8% during the Transition Period. The overall increase in net sales during Fiscal 2010 as compared with the Transition Period is primarily driven by the additional 17 weeks of sales during Fiscal 2010. During that period, we generated $1,134.8 million of net sales.

Other Revenue

Other revenue (consisting of rental income from Leased Departments, subleased rental income, layaway, alterations, other service charges, and miscellaneous revenue items) increased $9.8 million to $31.5 million for Fiscal 2010 compared with $21.7 million for the Transition Period. This increase was primarily due to the additional 17 weeks included in Fiscal 2010 compared with the Transition Period. Other revenue generated during the additional 17 weeks of Fiscal 2010 amounted to $9.5 million. As a percentage of net sales, other revenue remained in line with the prior year at 0.9%.

Cost of Sales

Cost of sales increased $760.0 million, or 50.9% during Fiscal 2010 compared with the Transition Period. Cost of sales as a percentage of net sales increased to 61.4% during Fiscal 2010 compared with 60.7% during the Transition Period. The dollar increase of $760.0 million in cost of sales during Fiscal 2010 compared with the Transition Period was primarily related to the additional 17 weeks included in Fiscal 2010 compared with the Transition Period which resulted in $701.1 million of additional cost of sales during Fiscal 2010. During Fiscal 2010 as compared with the Transition Period, gross margin as a percent of net sales declined to 38.6% from 39.3%, respectively, reflecting the seasonality of the Transition Period.

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Selling and Administrative Expenses

Selling and administrative expenses increased $396.8 million, or 52.2%, to $1,156.6 million for Fiscal 2010 from $759.8 million for the Transition Period. The increase in selling and administrative expenses is summarized in the table below:

	(in thousands)			
	52 Weeks Ended January 29, 2011	**35 Weeks Ended January 30, 2010**	**$ Variance**	**% Change**
Payroll and Payroll Related	$ 524,120	$ 337,057	$ 187,063	55.5%
Occupancy	373,166	246,082	127,084	51.6
Other	141,430	95,248	46,182	48.5
Advertising	70,422	49,378	21,044	42.6
Business Insurance	32,149	22,955	9,194	40.1
Benefit Costs	15,326	9,054	6,272	69.3
Selling & Administrative Expenses	$ 1,156,613	$ 759,774	$ 396,839	52.2%

The increase in selling and administrative expense during Fiscal 2010 compared with the Transition Period was primarily caused by the additional 17 weeks included Fiscal 2010 compared with the Transition Period as well as the addition of 18 net new stores during Fiscal 2010. During the 17 week period, the Company incurred selling and administrative expenses of $363.4 million and new stores opened in Fiscal 2010 contributed $43.6 million to the increase in selling and administrative expenses.

As a percentage of net sales, selling and administrative expenses increased to 31.5% for Fiscal 2010 from 30.9% for the Transition Period.

Restructuring and Separation Costs

In an effort to better align our resources with our business objectives, in Fiscal 2009, we reviewed all areas of the business to identify efficiency opportunities to enhance our performance. In light of the challenging economic and retail sales environments, we accelerated the implementation of several initiatives, including some that resulted in the elimination of certain positions and the restructuring of certain other jobs and functions. Our restructuring and separation efforts commenced in the third quarter of Fiscal 2009, and continued through the Transition Period and Fiscal 2010. We incurred $2.2 million and $2.4 million in restructuring and separation costs during Fiscal 2010 and the Transition Period, respectively.

Depreciation and Amortization

Depreciation and amortization expense related to the depreciation of fixed assets and the amortization of favorable and unfavorable leases amounted to $146.8 million during Fiscal 2010 compared with $103.6 during the Transition Period. The increase in depreciation and amortization expense was primarily the result of the additional 17 weeks included in Fiscal 2010 compared with the Transition Period which amounted to additional depreciation and amortization expense of $48.4 million.

As a percentage of net sales, depreciation and amortization decreased to 4.0% during Fiscal 2010 from 4.2% during the Transition Period.

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Interest Expense

Interest expense was $99.3 million and $59.5 million during Fiscal 2010 and the Transition Period, respectively. The $39.8 million increase in interest expense was primarily the result of the additional 17 weeks included in Fiscal 2010 compared with the Transition Period which amounted to an additional $34.3 million in interest expense. In addition to the additional 17 weeks, interest expense increased further due to increased expense related to our interest rate cap agreements, other interest expense, and our commitment fees. Adjustments of the interest rate cap agreements to fair value resulted in a loss of $5.5 million during Fiscal 2010 compared with a gain of $0.5 million during the Transition Period, respectively. These charges resulted in a period over period increase in non-cash interest expense of $6.0 million, which was recorded through the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss). Our interest rate cap agreements are discussed in more detail in the section entitled Quantitative and Qualitative Disclosure About market Risk and Note 10 to our Consolidated Financial Statements entitled Derivatives and Hedging Activities.

Other interest expense increased $2.8 million during Fiscal 2010 as compared with the Transition Period, which was primarily driven by interest incurred as part of a legal settlement. The increase in commitment fees of $3.0 million was primarily related to a higher commitment fee charged to our new ABL Line of Credit combined with a lower average outstanding balance on the ABL Line of Credit during Fiscal 2010 as compared with the Transition Period.

These increases were partially offset by a lower average balance on our Existing Term Loan Facility and our ABL Line of Credit as follows:

	52 Weeks Ended January 29, 2011	35 Weeks Ended January 30, 2010
Average Interest Rate ABL Line of Credit	2.7%	2.7%
Average Interest Rate Term Loan	2.6%	2.6%
Average Balance ABL Line of Credit	$ 10.5 Million	$ 31.5 Million
Average Balance Term Loan	$ 854.8 Million	$ 867.0 Million

Impairment Charges Long-Lived Assets

Impairment charges related to long-lived assets were $2.1 million and $46.8 million for Fiscal 2010 and the Transition Period, respectively. The decrease in impairment charges during Fiscal 2010 as compared with the Transition Period is primarily related to the stabilization of the operating stores performance during Fiscal 2010 as compared with the Transition Period (refer to Note 9 to our Consolidated Financial Statements entitled Impairment of Long-Lived Assets for further discussion).

The recoverability assessment related to these store-level assets requires judgments and estimates of future revenues, gross margin rates and store expenses. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of current market conditions. However, future impairment charges could be required if we do not achieve our current revenue or cash flow projections for each store.

Impairment Charges Tradenames

There was no impairment charge related to our tradenames during Fiscal 2010 and the Transition Period. In accordance with ASC Topic No. 350, Intangibles Goodwill and Other, (Topic 350), we perform our annual impairment testing of goodwill and indefinite-lived assets at the beginning of each May. In accordance with Topic 350, there were no triggering events that required us to test goodwill for impairment during Fiscal 2010 or the Transition Period.

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Other Income, net

Other income, net (consisting of investment income, gains and losses on disposition of assets, breakage income and other miscellaneous items) decreased $4.0 million to $11.3 million during Fiscal 2010 compared with the Transition Period. The decrease in other income during Fiscal 2010 compared with the Transition Period was primarily related to a $4.1 million decrease in the loss on the sale of fixed assets from January 30, 2010 as compared with January 29, 2011.

Income Tax Expense

Income tax expense was $22.1 million during Fiscal 2010 compared with income tax expense of $11.6 million during the Transition Period. The effective tax rates were 41.7% and 38.3%, respectively, during Fiscal 2010 and the Transition Period. The increase in the effective tax rate was primarily due to a reduction in the valuation allowance for state net operating losses and an increase in the state tax prior year adjustment, which had the effect of increasing our income tax expense (refer to Note 17 to our Consolidated Financial Statements entitled Income Taxes for further information).

Net Income

Net income amounted to $31.0 million during Fiscal 2010 compared with a net income of $18.7 million during the Transition Period. The increase in our operating results of $12.3 million was primarily attributable to fewer impairments.

Performance for the Transition Period (35 Weeks) Ended January 30, 2010 Compared with the 35 Weeks Ended January 31, 2009

Net Sales

We experienced a decrease in net sales for the Transition Period compared with the 35 weeks ended January 31, 2009. Consolidated net sales decreased $19.0 million, or 0.8%, to $2,457.6 million during the Transition Period from $2,476.6 million during the 35 weeks ended January 31, 2009. This decrease was primarily attributable to:

- a comparative store sales decrease of $114.2 million, or 4.8%, to $2,263.2 million,
- a decrease in barter sales of $10.8 million, and
- a decrease in net sales of $2.5 million from stores closed since the comparable period in Fiscal 2009, partially offset by
- an increase in net sales of $63.2 million for stores previously opened that were not included in our comparative store sales,
- an increase in net sales of $34.1 million related to nine new stores opened during the Transition Period, and
- an increase in layaway and other sales of $10.8 million.

We believe the comparative store sales decrease was due to weather conditions and weakened consumer demand. November of 2009 was the warmest November in the prior eight years. The weakened consumer demand was a result of the contraction of credit available to consumers and the overall challenging retail conditions.

Other Revenue

Other revenue (consisting of rental income from Leased Departments, subleased rental income, layaway, alterations, other service charges, and miscellaneous revenue items) increased $1.4 million to $21.7 million during the Transition Period compared with $20.3 million for the 35 weeks ended January 31, 2009. This increase was primarily related to an increase in layaway fees of $1.8 million.

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Cost of Sales

Cost of sales decreased $18.1 million or 1.2% during the Transition Period compared with the 35 weeks ended January 31, 2009. Cost of sales as a percentage of net sales decreased to 60.7% during the Transition Period compared with 61.0% during the 35 weeks ended January 31, 2009. The dollar decrease of $18.1 million in cost of sales between the Transition Period and the 35 weeks ended January 31, 2009 was primarily related to the decrease in our net sales during the same periods.

During the Transition Period, as compared with the 35 weeks ended January 31, 2009, we experienced an increase in gross margin as a percent of net sales from 39.0% to 39.3%. The improvement in our gross margin as a percent of net sales was primarily the result of fewer markdowns during the Transition Period as compared with the 35 weeks ended January 31, 2009. Markdowns improved 0.7% as a percentage of net sales as a result of our ongoing initiative to increase the amount of current inventory as a percent of our total inventory, ultimately leading to fewer markdowns. The improvement in markdowns was almost entirely offset by increased shrink of 0.6% as a percentage of net sales during the Transition Period as compared with the 35 weeks ended January 31, 2009.

Selling and Administrative Expenses

Selling and administrative expenses decreased $1.3 million, or 0.2%, to $759.8 million for the Transition Period from $761.1 million for the 35 weeks ended January 31, 2009. The decrease in selling and administrative expenses is summarized in the table below:

	(in thousands)			
	35 Weeks Ended			
	January 30, 2010	**January 31, 2009**	**$ Variance**	**% Change**
Payroll and Payroll Related	$ 337,057	$ 358,074	$ (21,017)	(5.9)%
Advertising	49,378	57,283	(7,905)	(13.8)
Benefit Costs	9,054	12,176	(3,122)	(25.6)
Business Insurance	22,955	17,071	5,884	34.5
Occupancy	246,082	235,534	10,548	4.5
Other	95,248	80,924	14,324	17.7
Selling & Administrative Expenses	$ 759,774	$ 761,062	$ (1,288)	(0.2)%

The decrease in selling and administrative expense during the Transition Period compared with the 35 weeks ended January 31, 2009 was primarily caused by decreases in payroll and payroll related costs. The decrease in payroll and payroll related costs of approximately $21.0 million was primarily related to a decrease in our store payroll as a percentage of net sales to 10.2% during the Transition Period from 10.9% during the 35 weeks ended January 31, 2009 and a corresponding decrease in payroll taxes of $1.8 million as a result of our initiative to reduce store payroll costs including the reduction of janitorial payroll in conjunction with our initiative to replace janitorial payroll with a third party provider.

The decrease in advertising expense of $7.9 million during the Transition Period compared with the 35 weeks ended January 31, 2009 was primarily related to shifts in the media used for marketing communications and a decrease in the number of grand opening advertisements. During the Transition Period we opened nine new BCF stores. During the 35 weeks ended January 31, 2009, we incurred additional marketing and advertising expense in connection with the opening of 34 new BCF stores.

The decrease in benefit costs of $3.1 million during the Transition Period compared with the 35 weeks ended January 31, 2009 was primarily a result of decreased 401(k) Plan expense. Under our

401(k) Plan, we are able to utilize monies recovered through forfeitures to fund some or all of our annual matching contribution obligation. A forfeiture is the portion of our contribution that is lost by a 401(k) Plan participant who terminates employment prior to becoming fully vested in such contribution. Based on the forfeitures available to us, we were not required to record any 401(k) Plan expense during the Transition Period. We used $3.5 million of 401(k) Plan forfeitures to fund our entire 401(k) Plan matching contribution for the 2009 401(k) Plan year.

The increase in business insurance of $5.9 million during the Transition Period compared with the 35 weeks ended January 31, 2009 was the result of our claims experience for the period. During the Transition Period, we experienced an increase in the cost of workers compensation claims and an increase in the number of general liability claims, each of which we believe was a result of the economic environment.

The increase in occupancy related costs of $10.5 million during the Transition Period as compared with the 35 weeks ended January 31, 2009 was primarily related to new store openings. New BCF stores opened during the Transition Period accounted for $4.2 million of the total increase; new BCF stores opened during this period that were not operating for a full 35 weeks during the 35 week period ended January 31, 2009 incurred incremental occupancy costs of $4.5 million during the Transition Period. Janitorial service expense increased $4.5 million ($0.4 million related to new stores) during the Transition Period compared with the 35 weeks ended January 31, 2009 due to our initiative to replace janitorial payroll with a third party provider. Real estate taxes increased $1.0 million due primarily to annual tax rate increases. These increases were partially offset by a decrease in utilities expense of $2.7 million as a result of our ongoing initiative to reduce costs.

The increase in other selling and administrative expenses of $14.3 million during the Transition Period compared with the 35 weeks ended January 31, 2009 was primarily due to a $7.5 million increase in our legal reserve, and a $3.0 million increase associated with the acceleration of fees associated with store physical inventories related to our change in fiscal year end.

Restructuring and Separation Costs

In an effort to better align our resources with our business objectives we reviewed all areas of the business to identify efficiency opportunities to enhance our performance in Fiscal 2009. In light of the challenging economic and retail sales environments, we accelerated the implementation of several initiatives, including some that resulted in the elimination of certain positions and the restructuring of certain other jobs and functions. Our restructuring and separation efforts commenced in the third quarter of Fiscal 2009, and continued during the Transition Period. We incurred $2.4 million and $1.9 million in restructuring and separation costs during the Transition Period and the 35 weeks ended January 31, 2009, respectively.

Depreciation and Amortization

Depreciation and amortization expense related to the depreciation of fixed assets and the amortization of favorable and unfavorable leases amounted to $103.6 million during the Transition Period compared with $106.8 for the 35 weeks ended January 31, 2009. The decrease in depreciation and amortization expense was primarily a result of various assets that were recorded pursuant to purchase accounting in conjunction with the Merger Transaction. These assets became fully depreciated during Fiscal 2009, which resulted in less depreciation expense during the Transition Period.

During the Transition Period, the Company made a reclassification of amortization of deferred financing fees from the line item Depreciation and Amortization in our Consolidated Statements of

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Operations and Comprehensive Income (Loss) to the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss) for each of the fiscal years ended May 30, 2009, and May 31, 2008.

Interest Expense

Interest expense was $59.5 million and $74.3 million during the Transition Period and the 35 weeks ended January 31, 2009, respectively. The decrease in interest expense was primarily driven by lower average interest rates on our Existing Term Loan Facility and ABL Line of Credit and a lower average balance on our ABL Line of Credit as follows:

	35 Weeks Ended	
	January 30, 2010	**January 31, 2009**
Average Interest Rate ABL Line of Credit	2.7%	4.4%
Average Interest Rate Term Loan	2.6%	4.8%
Average Balance ABL Line of Credit	$ 31.5 Million	$ 219.5 Million
Average Balance Term Loan	$ 867.0 Million	$ 872.8 Million

Offsetting the decrease in interest expense were smaller gains on the adjustments of our interest rate cap agreements to fair value during the Transition Period as compared to the 35 weeks ended January 31, 2009. Our interest rate cap agreements are discussed in more detail in the section entitled Quantitative and Qualitative Disclosures About Market Risk and Note 10 to our Consolidated Financial Statements entitled Derivatives and Hedging Activities. Adjustments of the interest rate cap agreements to fair value resulted in gains of $0.5 million and $2.7 million during the Transition Period and the 35 weeks ended January 31, 2009, respectively, each of which were recorded in the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss).

During the Transition Period, the Company made a reclassification of amortization of deferred financing fees from the line item Depreciation and Amortization in our Consolidated Statements of Operations and Comprehensive Income (Loss) to the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss) for each of the fiscal years ended May 30, 2009 and May 31, 2008.

Impairment Charges Long-Lived Assets

Impairment charges related to long-lived assets were $46.8 million and $28.1 million for the Transition Period and January 31, 2009, respectively. The increase in impairment charges was primarily related to the decline in the operating performance of 33 stores as a result of decreased comparative store sales.

The recoverability assessment related to these store-level assets requires judgments and estimates of future revenues, gross margin rates and store expenses. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of current market conditions. However, future impairment charges could be required if we do not achieve our current revenue or cash flow projections for each store.

The majority of the impairment charges during the Transition Period were related to the impairment of favorable leases in the amount of $34.6 million related to 24 of our stores. We also impaired $9.5 million of leasehold improvements, $2.3 million of furniture and fixtures and $0.4 million of other long-lived assets.

The majority of the impairment charges for the 35 week period ended January 31, 2009 was related to the impairment of favorable leases in the amount of $20.9 million related to 15 of our stores. We also impaired $5.8 million of leasehold improvements and $1.4 million of furniture and fixtures.

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Impairment Charges Tradenames

There was no impairment charge related to our tradenames during the Transition Period. Impairment charges related to our tradenames during the 35 weeks ended January 31, 2009 amounted to $279.3 million. In accordance with ASC Topic No. 350, Intangibles Goodwill and Other, (Topic 350), we perform our annual impairment testing of goodwill and indefinite-lived assets at the beginning of each May.

In connection with the preparation of our Condensed Consolidated Financial Statements for the third quarter of Fiscal 2009 (relating to the three months ended February 28, 2009) as well as our Fiscal 2009 financial statements (relating to the year ended May 30, 2009), we concluded that it was appropriate to test our goodwill and indefinite-lived intangible assets for recoverability in light of the following factors:

- Significant declines in the U.S. and international financial markets and the resulting impact of such events on then anticipated future macroeconomic conditions and customer behavior;
- The determination that these macroeconomic conditions were impacting our sales trends as evidenced by the decreases in comparative store sales that we were experiencing;
- Decreased comparative store sales results of the peak holiday and winter selling seasons in the third quarter of Fiscal 2009 which were significant to our financial results for the year;
- Declines in market valuation multiples of peer group companies used in the estimate of our business enterprise value; and
- Our expectation that then current comparative store sales trends would continue for an extended period. As a result, we developed a more moderate store opening plan which reduced our future projections of revenue and operating results offset by initiatives (which have since been implemented) to reduce our cost structure.

The recoverability assessment with respect to the tradenames used in our operations requires us to estimate the fair value of the tradenames as of the assessment date. Such determination is made using the relief from royalty valuation method. Inputs to the valuation model include:

- Future revenue and profitability projections associated with the tradenames;
- Estimated market royalty rates that could be derived from the licensing of our tradenames to third parties in order to establish the cash flows accruing to our benefit as a result of ownership of the tradenames; and
- The rate used to discount the estimated royalty cash flow projections to their present value (or estimated fair value) based on the risk and nature of our cash flows.

During the 35 weeks ended January 31, 2009, we recorded an impairment charge related to our tradenames in the amount of $279.3 million. This impairment charge reflected lower revenues and profitability projections associated with our tradenames at the time and lower estimated market royalty rate expectations in light of the then current general economic conditions compared with the analysis we performed during Fiscal 2008. Our projected revenues within the model were based on comparative store sales and new store assumptions over a nine year period. A less aggressive new store opening plan combined with revised comparative store sales assumptions for the first fiscal year of the projection had a significant negative impact on the valuation. We believe our estimates were appropriate based upon the then current market conditions (refer to Note 7 to our Consolidated Financial Statements entitled Intangible Assets for further discussion).

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Other Income, net

Other income, net (consisting of investment income, gains and losses on disposition of assets, breakage income and other miscellaneous items) increased $10.6 million to $15.3 million during the Transition Period as compared with the 35 week period ended January 31, 2009.

The increase in other income during the Transition Period compared with the 35 weeks ended January 30, 2009 was primarily related to the following:

An increase in miscellaneous income of $6.0 million primarily related to a gain on a legal settlement in our favor and other miscellaneous income,

an increase in gain on investment of $5.5 million related to additional distributions received from the Reserve Primary Fund (Fund) in excess of those anticipated,

an increase of $2.1 million related to insurance recoveries, and

an increase in breakage income of $2.8 million; partially offset by

a $5.1 million decrease related to a loss on the disposal of various fixed assets primarily related to our conversion to a new warehouse management system in Edgewater Park, New Jersey.

Income Tax Expense

Income tax expense was $11.6 million during the Transition Period compared with an income tax benefit of $104.7 million for the 35 weeks ended January 31, 2009. The effective tax rates were 38.3% and 40.2%, respectively, for the Transition Period and the 35 week period ended January 31, 2009. The decrease in the effective tax rate was primarily due to a change in the valuation allowance for state net operating losses and lower state blended tax rates, which had the effect of reducing our net deferred tax liability and decreasing our income tax expense.

Net Income

Net income amounted to $18.7 million during the Transition Period compared with a net loss of $155.6 million for the 35 weeks ended January 31, 2009. The increase in our operating results of $174.3 million was primarily attributable to fewer impairments.

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Results of Operations Fiscal 2009 and Fiscal 2008

The following table sets forth certain items in our Consolidated Statements of Operations and Comprehensive Income (Loss) as a percentage of net sales for periods indicated that are used in connection with the discussion herein.

	May 30, 2009	May 31, 2008
Statement of Operations Data:		
Net Sales	100.0%	100.0%
Other Revenue	0.8	0.9
Total Revenue	100.8	100.9
Cost of Sales (Exclusive of Depreciation and Amortization, As Shown Below)	62.1	61.8
Selling & Administrative Expenses	31.5	32.2
Restructuring and Separation Costs	0.2	
Depreciation and Amortization	4.5	4.9
Interest Expense (Inclusive of Gain/Loss on Interest Rate Cap Agreements)	2.9	3.9
Impairment Charges Long Lived Assets	1.1	0.7
Impairment Charges Tradenames	8.3	
Other Income, Net	(0.2)	(0.4)
Total Expense	110.4	103.1
Loss Before Income Tax Benefit	(9.6)	(2.2)
Income Tax Benefit	(4.2)	(0.8)
Net Loss	(5.4)%	(1.4)%

Performance for the Fiscal Year (52 weeks) Ended May 30, 2009 Compared with the Fiscal Year (52 weeks) Ended May 31, 2008

Net Sales

We experienced an increase in net sales for Fiscal 2009 compared with Fiscal 2008. Consolidated net sales increased $148.6 million, or 4.4%, to $3,542.0 million for Fiscal 2009 from $3,393.4 million for Fiscal 2008. This increase was attributable to:

- an increase in net sales of $222.8 million related to 36 net new stores opened in 2009,
- an increase in net sales of $42.1 million for stores opened in 2008 that are not included in our comparative store sales,
- an increase in barter sales of $5.5 million; partially offset by
- a comparative store sales decrease of $83.9 million, or 2.5%, to $3,213.1 million, and
- a decrease in net sales of $19.4 million from stores closed since the comparable period last year.

We believe the comparative store sales decrease was due primarily to weakened consumer demand as a result of the contraction of credit available to consumers and the overall challenging retail conditions.

Other Revenue

Other revenue (consisting of rental income from Leased Departments; subleased rental income; layaway, alteration, dormancy, and other service charges; and miscellaneous revenue items) decreased $1.2 million to $29.4 million for Fiscal 2009 from $30.6 million for Fiscal 2008. This decrease was primarily related to a decrease in dormancy fees of $2.2 million, partially offset by an increase in layaway fees of $1.1 million.

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The decrease in dormancy fees was related to our decision during the third quarter of Fiscal 2008 to cease charging dormancy fees on outstanding balances of store value cards, which were recorded in the line item Other Revenue in our Consolidated Statements of Operations and Comprehensive Income (Loss), and begin recording store value card breakage income in the line item Other Income, Net in our Statements of Operations and Comprehensive Income (Loss). These dormancy fees contributed an additional $2.2 million to the line item Other Revenue in our Statements of Operations and Comprehensive Income (Loss) for Fiscal 2008 compared with Fiscal 2009. We now recognize breakage income related to outstanding store value cards in the line item Other Income, Net in our Statements of Operations and Comprehensive Income (Loss).

Cost of Sales

Cost of sales increased $104.4 million, or 5.0%, for Fiscal 2009 compared with Fiscal 2008. Cost of sales as a percentage of net sales increased to 62.1% during Fiscal 2009 from 61.8% in Fiscal 2008. The dollar increase of $104.4 million in cost of sales between Fiscal 2008 and Fiscal 2009 was primarily related to the operation of 36 net new stores which were opened in Fiscal 2009.

Gross margin as a percent of net sales decreased from 38.2% for Fiscal 2008 to 37.9% for Fiscal 2009. The decline in gross margin was primarily due to increased shrink results based on physical inventories taken in the fourth quarter of Fiscal 2009.

Selling and Administrative Expenses

Selling and administrative expenses increased $24.4 million, or 2.2%, to $1,115.2 million for Fiscal 2009 from $1,090.8 million for Fiscal 2008. The increase in selling and administrative expenses is summarized in the table below:

	(in thousands)			
	Year Ended			
	May 30, 2009	**May 31, 2008**	**$ Variance**	**% Change**
Occupancy	$ 351,555	$ 304,052	$ 47,503	15.6%
Business Insurance	32,515	26,994	5,521	20.5
Advertising	75,188	70,879	4,309	6.1
Benefit Costs	13,049	14,555	(1,506)	(10.3)
Other	124,689	138,713	(14,024)	(10.1)
Payroll and Payroll Related	518,252	535,636	(17,384)	(3.2)
Selling & Administrative Expenses	$ 1,115,248	$ 1,090,829	$ 24,419	2.2%

The increase in occupancy related costs of $47.5 million during Fiscal 2009 was primarily related to new store openings. New stores opened in Fiscal 2009 accounted for $29.0 million of the total increase. Stores opened in Fiscal 2008 that were not operating for a full twelve months in Fiscal 2008 incurred incremental occupancy costs of $4.2 million during Fiscal 2009. Utility expenses increased $10.0 million ($5.5 million related to new stores) due primarily to an increase in electricity rates. Janitorial service expense increased $8.7 million ($1.0 million related to new stores) due to our initiative to replace janitorial payroll with a third party provider, and real estate taxes increased $6.8 million ($3.0 million related to new stores) due primarily to annual tax rate increases.

The increase in business insurance of $5.5 million in Fiscal 2009 compared with Fiscal 2008 was the result of our claims experience for the year. During Fiscal 2009, we experienced an increase in the value of workers compensation claims and an increase in the number of general liability claims which we believe was a result of the economic environment.

The increase in advertising expense of $4.3 million during Fiscal 2009 compared with Fiscal 2008 was primarily related to increases in advertising as a result of 36 net new stores opened during Fiscal 2009. This increase was partially offset by the continued cost efficiencies realized by our internal performance of an increasing number of production and creative functions.

The increases in selling and administrative expense during Fiscal 2009 were partially offset by decreases in payroll and payroll related costs, other costs and benefit costs. The decrease in other selling and administrative expenses of approximately $14.0 million during Fiscal 2009 was a result of several initiatives included in our plan to reduce our cost structure, as well as decreases in costs related to security, miscellaneous taxes, temporary help and travel and entertainment.

The decrease in payroll and payroll related costs of approximately $17.4 million was primarily related to a decrease in our store payroll as a percentage of net sales related to our initiative to reduce store payroll costs and the reduction of janitorial payroll in conjunction with our initiative to replace janitorial payroll with a third party provider. These initiatives resulted in a decrease in store payroll as a percentage of net sales to 10.9 % million during Fiscal 2009 compared with 12.1% during Fiscal 2008. Additionally, vacation expense decreased $6.7 million during Fiscal 2009 as a result of our implementation of a new vacation and personal time policy.

The decreases in payroll and payroll related costs were partially offset by new store payroll and increased bonus and stock compensation expense in Fiscal 2009 compared with Fiscal 2008. New store payroll related to the opening of 36 net new stores during Fiscal 2009 contributed an additional $23.3 million to payroll. Additionally, incremental payroll related to stores that were opened during Fiscal 2008, but were not operating for the full fiscal period contributed incremental payroll expense of $2.9 million.

Bonus and stock compensation expense increased $7.1 million and $1.3 million, respectively, in Fiscal 2009 compared with Fiscal 2008. The increase in bonus expense of $7.1 million for Fiscal 2009 was due to the fact that during Fiscal 2008 we did not achieve the targets under our bonus plan, and consequently, reversed the previously recognized expense of $1.5 million during the fiscal year. In contrast, during Fiscal 2009, we attained the bonus targets so there was not a similar reversal during Fiscal 2009. The increase in stock compensation expense of $1.3 million was related to a greater number of options and restricted stock awards granted in Fiscal 2009 compared with Fiscal 2008.

Restructuring and Separation Costs

Our restructuring and separation efforts commenced in Fiscal 2009 and resulted in costs totaling $7.0 million for the fiscal year; no restructuring or separation costs were incurred in Fiscal 2008. In an effort to better align our resources with our business objectives, we reviewed all areas of the business to identify efficiency opportunities to enhance our performance. In light of the challenging economic and retail sales environments, we accelerated the implementation of several initiatives, including some that resulted in the elimination of certain positions and the restructuring of certain other jobs and functions. This resulted in the reduction of approximately 2,300 positions in our corporate office and our stores during the third and fourth quarters of Fiscal 2009. This reduction, which amounted to slightly less than 9% of our workforce, resulted in a severance and related payroll tax charge of $2.8 million.

Additionally, on February 16, 2009 our former President and Chief Executive Officer entered into a separation agreement with us. As part of his separation agreement, we paid his salary through May 30, 2009 at which time continuation payments and other benefits payable as provided in his separation agreement commenced. We recorded a charge of $1.8 million of continuation payments

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related to the separation of our former President and Chief Executive Officer during Fiscal 2009. The continuation payments will be paid out in bi-weekly installments through May 30, 2011. Continuation payments of $0.2 million were paid during Fiscal 2009.

In addition to the continuation payments, other charges relating to benefits payable pursuant to the former President and Chief Executive Officer s separation agreement included additional non-cash compensation charges of approximately $2.4 million during Fiscal 2009 related to the repurchase of a portion of his restricted stock and a modification of his stock options.

Depreciation and Amortization

Depreciation and amortization expense related to the depreciation of fixed assets and the amortization of favorable and unfavorable leases amounted to $159.6 million for Fiscal 2009 compared with $166.7 million for Fiscal 2008. The decrease in depreciation and amortization expense in Fiscal 2009 compared with Fiscal 2008 was primarily a result of various assets that were recorded pursuant to purchase accounting in conjunction with the Merger Transaction. These assets were fully depreciated during Fiscal 2009, which resulted in less depreciation expense during the fiscal year.

During the Transition Period, the Company made a reclassification of amortization of deferred financing fees from the line item Depreciation and Amortization in our Consolidated Statements of Operations and Comprehensive Income (Loss) to the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss) for each of the fiscal years ended May 30, 2009 and May 31, 2008.

Interest Expense

Interest expense was $102.7 million for Fiscal 2009 compared with $133.0 million for Fiscal 2008. This decrease in interest expense was primarily related to lower average interest rates on our ABL Line of Credit and Existing our Term Loan Facility in Fiscal 2009 compared with Fiscal 2008, partially offset by a higher average balance on the ABL Line of Credit as follows:

	Year Ended	
	May 30, 2009	**May 31, 2008**
Average Interest Rate ABL Line of Credit	4.3%	6.6%
Average Interest Rate Term Loan	4.3%	7.0%
Average Balance ABL Line of Credit	$ 148.4 Million	$ 144.0 Million
Average Balance Term Loan	$ 870.4 Million	$ 873.1 Million

Also contributing to the decrease in interest expense were gains on the adjustments of our interest rate cap agreements to fair value. Our interest rate cap agreements are more fully discussed in the audited Consolidated Financial Statements and the related notes thereto included elsewhere in this prospectus. Adjustments of the interest rate cap agreements to fair value resulted in gains of $4.2 million and $0.1 million, respectively, for Fiscal 2009 and Fiscal 2008, each of which are recorded as Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss). The gains in Fiscal 2009 were primarily the result of an increase in the underlying market rates, which in turn, increased the value of the interest rate cap agreements.

During the Transition Period, the Company made a reclassification of amortization of deferred financing fees from the line item Depreciation and Amortization in our Consolidated Statements of Operations and Comprehensive Income (Loss) to the line item Interest Expense in our Consolidated Statements of Operations and Comprehensive Income (Loss) for each of the fiscal years ended May 30, 2009 and May 31, 2008.

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Impairment Charges Long-Lived Assets

Impairment charges related to long-lived assets for Fiscal 2009 were $37.5 million compared with $25.3 million for Fiscal 2008. The increase in impairment charges was primarily related to the decline in the operating performance of 37 stores as a result of the declining macroeconomic conditions that were negatively impacting our comparative store sales.

The recoverability assessment related to these store-level assets requires judgments and estimates of future revenues, gross margin rates and store expenses. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of the then current market conditions. However, future impairment charges could be required if we do not achieve our current revenue or cash flow projections for each store.

The majority of the impairment charges for Fiscal 2009 were related to the impairment of favorable leases in the amount of $26.1 million related to 21 of our stores. We also impaired $6.3 million of leasehold improvements, $2.1 million of furniture and fixtures and $3.0 million of other long-lived assets during Fiscal 2009.

The majority of impairment charges for Fiscal 2008 related to favorable lease assets of $18.8 million, leasehold improvements of $3.9 million and furniture and fixtures of $2.0 million. Impairment charges at the store level were primarily related to a decline in the operating performance of the respective stores as a result of weakening consumer demand during the period.

Impairment Charges Tradenames

Impairment charges related to our tradenames totaled $294.6 million during Fiscal 2009. There were no impairment charges related to our tradenames during Fiscal 2008. We typically perform our annual impairment testing of goodwill and indefinite-lived intangible assets at the beginning of May of each fiscal year. However, in connection with the preparation of our Consolidated Financial Statements for the third quarter of Fiscal 2009 (relating to the three months ended February 28, 2009) as well as our Fiscal 2009 financial statements (relating to the year ended May 30, 2009), we concluded that it was appropriate to test our goodwill and indefinite-lived intangible assets for recoverability at that time in light of the following factors:

- Significant declines in the U.S. and international financial markets and the resulting impact of such events on then anticipated future macroeconomic conditions and customer behavior;

- The determination that these macroeconomic conditions were impacting our sales trends as evidenced by the decreases in comparative store sales that we were experiencing;

- Decreased comparative store sales results of the peak holiday and winter selling seasons in the third quarter of Fiscal 2009 which are significant to our financial results for the year;

- Declines in market valuation multiplies of peer group companies used in the estimate of our business enterprise value; and

- Our expectation that current comparative store sales trends would continue for an extended period. As a result, we developed a more moderate store opening plan which reduced our future projections of revenue and operating results offset by initiatives (which have since been implemented) to reduce our cost structure.

In addition to our testing during the third quarter of Fiscal 2009, we updated that testing during the fourth quarter of Fiscal 2009, in accordance with our policies, using the same methodology. The recoverability assessment with respect to the tradenames used in our operations requires us to estimate the fair value of the tradenames as of the assessment date. Such determination is made using the relief from royalty valuation method. Inputs to the valuation model include:

Future revenue and profitability projections associated with the tradenames;

Estimated market royalty rates that could be derived from the licensing of our tradenames to third parties in order to establish the cash flows accruing to our benefit as a result of ownership of the tradenames; and

Rate used to discount the estimated royalty cash flow projections to their present value (or estimated fair value) based on the risk and nature of our cash flows.

Based upon the impairment analysis of our tradenames during Fiscal 2009, we determined that a portion of the tradenames was impaired and recorded an impairment charge of $288.3 million. This impairment charge reflected lower revenues and profitability projections associated with our tradenames in the near term and lower estimated market royalty rate expectations in light of general economic conditions compared with the analysis we performed during Fiscal 2008. Our projected revenues within the model were based on comparative store sales and new store assumptions over a nine year period. A less aggressive new store opening plan combined with revised comparative store sales assumptions for the first fiscal year of the projection had a significant negative impact on the valuation. We believed our estimates were appropriate based upon then current market conditions.

During the fourth quarter of Fiscal 2009, we purchased additional tradename rights in the amount of $6.3 million based on our belief that these tradename rights will ultimately provide us with substantial marketing benefits. Historically, we were restricted in our advertising campaigns to only refer to ourselves as Burlington Coat Factory and we were required to note that we were not affiliated with Burlington Industries. The purchase of these tradename rights allowed us to shorten our name as appropriate based on the current marketing campaign and eliminates the requirement to note that we are not affiliated with Burlington Industries. Based on our tradenames impairment assessment, we could not support an increase in the asset value of our tradenames on our Consolidated Balance Sheets. As a result, we immediately impaired the acquired asset.

As a result of the impairments noted during the third quarter, we also assessed our goodwill for impairment. Based upon the interim impairment analysis of our recorded goodwill during the third quarter of Fiscal 2009, and the update that we performed during the fourth quarter, we determined that none of our goodwill was impaired. We believed our estimates were appropriate based upon market conditions.

Other Income, net

Other income, net (consisting of investment income, gains and losses on disposition of assets, breakage income and other miscellaneous items) decreased $6.9 million to $6.0 million for Fiscal 2009. This decrease was primarily attributable to our recording a loss on our investment in the Fund of $4.7 million and a decrease in breakage income of $2.2 million during Fiscal 2009 compared with Fiscal 2008.

Based on various communications issued by the Fund throughout Fiscal 2009, we recorded a $4.7 million loss on our investment in the Fund.

Breakage income decreased $2.2 million to $3.1 million during 2009. The decrease in breakage income was related to our initial recording of breakage income during the third quarter of Fiscal 2008. In connection with the establishment of BCF Cards, Inc., we recorded $4.7 million of store value card breakage income in the line item Other Income/Expense, Net in our Consolidated Statements of Operations and Comprehensive Income (Loss) during the third quarter of Fiscal 2008, which included cumulative breakage income related to store value cards issued since we introduced our store value card program.

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Income Tax Benefit

Income tax benefit was $147.4 million and $25.3 million for Fiscal 2009 and Fiscal 2008, respectively. Income tax benefit resulting from the tradenames impairment discussed above was $116.8 million for Fiscal 2009. The effective tax rates for Fiscal 2009 and Fiscal 2008 were 43.5% and 34.1%, respectively. In Fiscal 2008 we recorded increases to our tax liability which had the effect of reducing our overall income tax benefit and effective tax rate for the year. The increase in the effective tax rate was also due to lower state blended tax rates which had the effect of reducing our net deferred tax liability and increasing our income tax benefit.

Net Loss

Net losses amounted to $191.6 million for Fiscal 2009 compared with net losses of $49.0 million for Fiscal 2008. The decrease in our operating results of $142.6 million was primarily attributable to increased impairment charges related to our tradenames and long-lived assets, partially offset by increased sales driven primarily by non-comparative stores, improved expense management as part of our initiative to reduce our cost structure, and lower interest expense incurred during Fiscal 2009 compared with Fiscal 2008.

Liquidity and Capital Resources

Overview

We fund inventory expenditures during normal and peak periods through cash flows from operating activities, available cash, and our ABL Line of Credit. Liquidity may be affected by the terms we are able to obtain from vendors and their factors. Our working capital needs follow a seasonal pattern, peaking each October and November when inventory is received for the Fall selling season. Our largest source of operating cash flows is cash collections from our customers. In general, our primary uses of cash are providing for working capital, which principally represents the purchase of inventory, the payment of operating expenses, debt servicing, the opening of new stores and the remodeling of existing stores. As of July 30, 2011, we had unused availability on our ABL Line of Credit of $272.3 million.

Our ability to satisfy interest payment obligations on our outstanding debt and maintain compliance with our debt covenants, as discussed below, will depend largely on our future performance which, in turn, is subject to prevailing economic conditions and to financial, business and other factors beyond our control. If we do not have sufficient cash flow to service interest payment obligations on our outstanding indebtedness and if we cannot borrow or obtain equity financing to satisfy those obligations, our business and results of operations will be materially adversely affected. We cannot be assured that any replacement borrowing or equity financing could be successfully completed on terms similar to our current financing agreements, or at all.

We closely monitor our net sales, gross margin, expenses and working capital. We have performed scenario planning such that if our net sales decline, we have identified variable costs that could be reduced to partially mitigate the impact of these declines and maintain compliance with our debt covenants. We believe that cash generated from operations, along with our existing cash and our ABL Line of Credit, will be sufficient to fund our expected cash flow requirements and planned capital expenditures for at least the next twelve months as well as the foreseeable future. However, there can be no assurance that we would be able to offset any declines in our comparative store sales with continued savings initiatives in the event that the economy declines.

Our New Term Loan agreement contains financial, affirmative and negative covenants and requires that we, among other things, maintain on the last day of each fiscal quarter a consolidated leverage ratio not to exceed a maximum amount and maintain a consolidated interest coverage ratio of at least a certain amount. Specifically, the consolidated leverage ratio is our total debt to Adjusted EBITDA, as each term is defined in the credit agreement governing the New Term Loan, for the trailing twelve months most recently ended on or prior to such date, that may not exceed 6.75 to 1 through October 27, 2012; 6.25 to 1 through November 2, 2013; 5.5 to 1 through November 1, 2014; 5.00 to 1 through October 31, 2015; and 4.75 to 1 January 30, 2016 and thereafter. The consolidated interest coverage ratio is our consolidated interest expense to Adjusted EBITDA, as each term is defined in the new credit agreement governing the New Term Loan, for the trailing twelve months most recently ended on or prior to such date, that must exceed 1.75 to 1 through October 27, 2012; 1.85 to 1 through November 2, 2013; 2.00 to 1 through October 31, 2015; and 2.10 to 1 at January 30, 2016 and thereafter. Adjusted EBITDA is a non-GAAP financial measure of our liquidity. Adjusted EBITDA, as defined in the credit agreement governing our New Term Loan, starts with consolidated net loss for the period and adds back (i) depreciation, amortization, impairments and other non-cash charges that were deducted in arriving at consolidated net loss, (ii) the (benefit) provision for taxes, (iii) interest expense, (iv) advisory fees, and (v) unusual, non-recurring or extraordinary expenses, losses or charges as reasonably approved by the administrative agent for such period. Adjusted EBITDA is used to calculate the consolidated leverage ratio. We present Adjusted EBITDA because we believe it is a useful supplemental measure in evaluating the performance of our business and provides greater transparency into our results of operations. Adjusted EBITDA provides management, including our chief operating decision maker, with helpful information with respect to our operations such as our ability to meet our future debt service, fund our capital expenditures and working capital requirements, and comply with various covenants in each indenture governing our outstanding notes and the credit agreements governing our senior secured credit facilities which are material to our financial condition and financial statements. As of July 30, 2011, we were in compliance with all of our covenants under our New Term Loan Facility.

Adjusted EBITDA has limitations as an analytical tool, and should not be considered either in isolation or as a substitute for net income or other data prepared in accordance with GAAP or for analyzing our results or cash flows from operating activities, as reported under GAAP. Some of these limitations include:

- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA does not reflect our interest expense, or the cash requirements necessary to service interest or principal payments, on our debt;
- Adjusted EBITDA does not reflect our income tax expense or the cash requirements to pay our taxes;
- Adjusted EBITDA does not reflect historical cash expenditures or future requirements for capital expenditures or contractual commitments;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will likely have to be replaced in the future, and Adjusted EBITDA measures do not reflect any cash requirements for such replacements; and
- Other companies in our industry may calculate Adjusted EBITDA differently such that our calculation may not be directly comparable.

Adjusted EBITDA for the three months ended July 30, 2011 increased $15.3 million, or 196.2%, to $23.1 million from $7.8 million during the three months ended July 31, 2010. The improvement in Adjusted EBITDA was primarily the result of our comparative store sales increase of 4.0% and improved margin during the three months ended July 30, 2011.

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Adjusted EBITDA for the six months ended July 30, 2011 increased $17.4 million, or 20.2%, to $103.5 million from $86.1 million during the six months ended July 31, 2010. The improvement in Adjusted EBITDA was primarily the result of our comparative store sales increase of 2.1% during the six months ended July 30, 2011.

The following table shows our calculation of Adjusted EBITDA for the six months ended July 30, 2011 compared with the six months ended July 31, 2010:

	Six Months Ended	
	July 30, 2011	July 31, 2010
Reconciliation of Net Loss to Adjusted EBITDA:		
Net Loss	$ (53,820)	$ (35,266)
Interest Expense	63,164	53,422
Income Tax Benefit	(34,314)	(20,903)
Depreciation and Amortization	73,987	72,235
Impairment Charges Long-Lived Assets	34	258
Interest Income	(2)	(192)
Non Cash Straight-Line Rent Expense (a)	4,835	4,724
Advisory Fees (b)	2,157	2,180
Stock Compensation Expense (c)	900	837
Amortization of Purchased Lease Rights (d)	438	424
Severance and Restructuring (e)	5,190	
Franchise Taxes (f)	933	596
Insurance Reserve (g)	674	(142)
Advertising Expense Related to Barter (h)	1,604	882
Loss on Disposal of Fixed Assets (i)	444	258
(Gain) Loss on Investments (j)		(240)
Change in Fiscal Year End Costs (k)		587
Refinancing Fees (l)	(501)	
Loss on Extinguishment of Debt (m)	37,764	
Litigation Reserves (n)		4,923
Transfer Tax (o)	(20)	1,536
Adjusted EBITDA	$ 103,467	$ 86,119
Reconciliation of Adjusted EBITDA to Net Cash Provided by (Used In) Operating Activities:		
Adjusted EBITDA	$ 103,467	$ 86,119
Interest Expense	(63,164)	(53,422)
Changes in Operating Assets and Liabilities	182,645	222,957
Other Items, Net	17,905	18,390
Net Cash Provided by (Used in) Operating Activities	$ 240,853	$ 274,044
Net Cash Used in Investing Activities	$ (75,592)	$ (82,872)
Net Cash (Used in) Provided by Financing Activities	$ (163,667)	$ (134,876)

During Fiscal 2011, with approval from the administrative agents for the New Term Loan Facility and the ABL Line of Credit, we changed the components comprising Adjusted EBITDA such that specific charges associated with our debt refinancing transaction were added back to consolidated net loss when calculating Adjusted EBITDA. These changes, summarized in footnote (m) below, resulted in approximately $37.8 million in incremental Adjusted EBITDA for the six month period ended July 30,

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2011 and had no impact on the prior periods presented. We believe that this add-back provides a more accurate comparison to the comparative periods performance.

(a) Represents the difference between the actual base rent and rent expense calculated in accordance with GAAP (on a straight line basis), in accordance with the credit agreements governing the New Term Loan Facility and ABL Line of Credit.

(b) Represents the annual advisory fee of Bain Capital expensed during the fiscal periods, in accordance with the credit agreements governing the New Term Loan Facility and ABL Line of Credit.

(c) Represents expenses recorded under ASC Topic No. 718 *Stock Compensation* during the fiscal periods, in accordance with the credit agreements governing the New Term Loan Facility and ABL Line of Credit.

(d) Represents amortization of purchased lease rights which are recorded in rent expense within our selling and administrative line item, in accordance with the credit agreements governing the New Term Loan Facility and ABL Line of Credit.

(e) Represents a severance and restructuring charge resulting from a reorganization of certain positions within our stores and corporate locations (refer to Note 4 to our Condensed Consolidated Financial Statements entitled Restructuring and Separations Costs for further discussion), in accordance with the credit agreements governing the New Term Loan and ABL Line of Credit.

(f) Represents franchise taxes paid based on our equity, as approved by the administrative agents for the New Term Loan Facility and ABL Line of Credit.

(g) Represents the non-cash change in reserves based on estimated general liability, workers compensation and health insurance claims as approved by the administrative agents for the New Term Loan Facility and ABL Line of Credit.

(h) Represents non-cash advertising expense based on the usage of barter advertising credits obtained as part of a non-cash exchange of inventory, as approved by the administrative agents for the New Term Loan Facility and ABL Line of Credit.

(i) Represents the gross non-cash loss recorded on the disposal of certain assets in the ordinary course of business, in accordance with the credit agreements governing the New Term Loan Facility and ABL Line of Credit.

(j) Represents the (gain) loss on our investment in the Reserve Primary Fund, related to a recovery/decline in the fair value of the underlying securities held by the Fund, as approved by the administrative agents for the New Term Loan Facility and ABL Line of Credit.

(k) Represents costs incurred in conjunction with changing our fiscal year end from the Saturday closest to May 31 to the Saturday closest to January 31 commencing with the transition period ended January 30, 2010. This change was approved by the administrative agents for the New Term Loan Facility and ABL Line of Credit.

(l) Represents refinancing fees that reduce Adjusted EBITDA per the administrative agents for the New Term Loan Facility and the ABL Line of Credit.

(m) Represents charges incurred in accordance with Topic No. 470, whereby we incurred a loss on the settlement of the old debt instruments as approved by the administrative agents for the New Term Loan Facility and the ABL Line of Credit.

(n) Represents charges incurred in conjunction with a non-recurring litigation reserve as approved by the administrative agents for the New Term Loan Facility and ABL Line of Credit.

(o) Represents one-time transfer taxes incurred on certain leased properties as approved by the administrative agents for the New Term Loan Facility and the ABL Line of Credit.

Adjusted EBITDA for Fiscal 2010 increased $31.3 million, or 10.2%, to $338.1 million from $306.8 million for the 52 weeks ended January 30, 2010. This improvement in Adjusted EBITDA was primarily the result of increased net sales and the cost reductions realized during Fiscal 2010, as further described above under the caption entitled Executive Summary.

Adjusted EBITDA for Fiscal 2010 increased $77.6 million, or 29.8%, to $338.1 million from $260.5 million for the Transition Period. This improvement in Adjusted EBITDA was primarily the result of an additional 17 weeks of operations during Fiscal 2010 compared with the Transition Period.

Adjusted EBITDA for the Transition Period increased $12.0 million, or 4.8%, to $260.5 million from $248.5 million for the 35 weeks ended January 31, 2009. This improvement in Adjusted EBITDA was primarily the result of the cost reductions realized during the Transition Period, as further described above under the caption entitled Executive Summary.

Adjusted EBITDA for Fiscal 2009 increased $22.8 million, or 8.4%, to $294.8 from $272.0 million for Fiscal 2008. This improvement in Adjusted EBITDA was primarily the result of sales growth from new stores and the cost reductions realized during Fiscal 2009.

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The following table shows our calculation of Adjusted EBITDA for Fiscal 2010, the 52 week period ended January 30, 2010, the Transition Period, the 35 weeks ended January 31, 2009, Fiscal 2009 and Fiscal 2008, each of which were derived from audited and unaudited financial information.

	Year Ended	52 Weeks Ended	(in thousands) 35 Weeks Ended		Year Ended	
	January 29, 2011	January 30, 2010	January 30, 2010	January 31, 2009	May 30, 2009	May 31, 2008
Reconciliation of Net Income (Loss) to Adjusted EBITDA:						
Net Income (Loss)	$ 30,998	$ (15,179)	$ 18,653	$ (155,643)	$ (191,583)	$ (48,970)
Interest Expense	99,309	84,423	59,476	74,263	102,716	132,993
Income Tax Expense (Benefit)	22,130	(29,753)	11,570	(104,667)	(147,389)	(25,304)
Depreciation and Amortization	146,759	156,388	103,605	106,823	159,607	166,666
Impairment Charges Long-Lived Assets	2,080	56,141	46,776	28,134	37,498	25,256
Impairment Charges Tradenames		15,250		279,300	294,550	
Interest Income	(384)	(303)	(196)	(535)	(641)	(1,975)
Non Cash Straight-Line Rent Expense(a)	10,639	5,320	4,196	6,236	7,358	6,768
Advisory Fees(b)	4,289	4,198	2,879	3,342	4,660	4,316
Stock Compensation Expense(c)	2,230	4,391	994	2,728	6,124	2,436
Sox Compliance(d)		112		1,077	1,189	2,989
(Gain) Loss on Investment in Money Market Fund(e)	(240)	(859)	(3,849)	1,669	4,661	
Amortization of Purchased Lease Rights(f)	857	896	560	620	893	140
Severance(g)	81	3,097	2,264	1,929	2,737	
Franchise Taxes(h)	1,172	1,620	751	631	1,500	760
Insurance Reserve(i)	3,916	9,037	3,731	255	5,561	2,950
Advertising Expense Related to Barter Transactions(j)	2,644	2,275	1,816	1,875	2,334	1,636
CEO Transition Costs(k)		2,147			2,173	
Loss on Disposal of Fixed Assets(l)	1,740	6,160	5,824	468	805	1,351
Change in Fiscal Year End Costs(m)	587	1,445	1,445			
Litigation Reserve(n)	4,923					
Transfer Tax(o)	1,358					
Refinancing Fees(p)	3,040					
Adjusted EBITDA	$ 338,128	$ 306,806	$ 260,495	$ 248,505	$ 294,753	$ 272,012
Reconciliation of Adjusted EBITDA to Net Cash Provided by Operating Activities:						
Adjusted EBITDA	338,128	306,806	260,495	248,505	294,753	272,012
Interest Expense	(99,309)	(84,423)	(59,476)	(74,263)	(102,716)	(132,993)
Changes in Operating Assets and Liabilities	(27,405)	(220,884)	(72,323)	118,846	(30,929)	(19,050)
Other Items, Net	(2,710)	6,481	(25,169)	(25,245)	11,188	(21,992)
Net Cash Provided by Operating Activities	208,704	7,980	103,527	267,843	172,296	97,977
Net Cash Used in Investing Activities	(159,962)	(89,465)	(54,074)	(109,887)	(145,280)	(100,313)
Net Cash (Used in) Provided by Financing Activities	$ (43,278)	$ 64,529	$ (50,513)	$ (156,351)	$ (41,307)	$ 8,559

During Fiscal 2010, with approval from the administrative agents for the Existing Term Loan Facility and ABL Line of Credit, we changed the components comprising Adjusted EBITDA such that specific

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charges associated with our litigation reserve, transfer tax liability, and refinancing fees were added back to consolidated net income (loss) when calculating Adjusted EBITDA. These changes resulted in approximately $9.3 million in Adjusted EBITDA during Fiscal 2010 and had no impact on the prior periods presented. We believe that these add-backs provide a more accurate comparison to the comparative periods performance.

(a) Represents the difference between the actual base rent and rent expense calculated in accordance with GAAP (on a straight line basis), in accordance with the credit agreements governing the Term Loan and ABL Line of Credit.
(b) Represents the annual advisory fee of Bain Capital expensed during the fiscal periods, in accordance with the credit agreements governing the Existing Term Loan Facility and ABL Line of Credit.
(c) Represents expenses recorded under ASC No. 718 Stock Compensation during the fiscal periods, in accordance with the credit agreements governing the Existing Term Loan Facility and ABL Line of Credit.
(d) As a voluntary non-accelerated filer, we furnished our initial management report on Internal Controls Over Financial Reporting in our Annual Report on Form 10-K for Fiscal 2008. These costs represent professional fees related to this compliance effort that were incurred during Fiscal 2008 and the first quarter of Fiscal 2009, as well as fees incurred as part of our ongoing internal controls compliance effort for Fiscal 2009, as approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(e) Represents the (gain) loss on our investment in the Fund, related to recoveries/declines in the fair value of the underlying securities held by the Fund, as approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(f) Represents amortization of purchased lease rights which are recorded in rent expense within our selling and administrative line items, in accordance with the credit agreements governing the Existing Term Loan Facility and ABL Line of Credit.
(g) Represents a severance charge resulting from a reduction of our workforce, in accordance with the credit agreements governing the Existing Term Loan Facility and ABL Line of Credit.
(h) Represents franchise taxes paid based on our equity, as approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(i) Represents the non-cash change in reserves based on estimated general liability, workers compensation and health insurance claims as approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(j) Represents non-cash advertising expense based on the usage of barter advertising credits obtained as part of a non-cash exchange of inventory, as approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(k) Represents recruiting costs incurred in connection with the hiring of our new President and Chief Executive Officer on December 2, 2008, and other benefits payable to our former President and Chief Executive Officer pursuant to the separation agreement we entered into with him on February 16, 2009. Both of these adjustments were approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(l) Represents the gross non-cash loss recorded on the disposal of certain assets in the ordinary course of business, as in accordance with the credit agreements governing the Existing Term Loan Facility and ABL Line of Credit.
(m) Represents costs incurred in conjunction with changing our fiscal year end from the Saturday closest to May 31 to the Saturday closest to January 31 commencing with the 35 weeks ended January 30, 2010. This change was approved by the administrative agents for the Existing Term Loan Facility and ABL Line of Credit.
(n) Represents charges incurred in conjunction with a non-recurring litigation reserve as approved by the administrative agents for the Existing Term Loan Facility and the ABL Line of Credit.
(o) Represents one-time transfer taxes incurred with respect to certain leased properties as approved by the administrative agents for the Existing Term Loan Facility and the ABL Line of Credit.
(p) Represents charges incurred related to the initial unsuccessful refinancing of the Existing Term Loan Facility and repurchase of the outstanding Existing Senior Notes and Existing Senior Discount Notes and corresponding offering of new notes payable in Fall 2010 as approved by the administrative agents for the Existing Term Loan Facility and the ABL Line of Credit.

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Cash Flows

Net cash flows for Fiscal 2010, as derived from audited financial statements, the 52 week period ended January 30, 2010, as derived from unaudited financial statements, the Transition Period, as derived from audited financial statements, and the 35 week period ended January 31, 2009, as derived from unaudited financial statements, were as follows:

	Year Ended January 29, 2011	52 Weeks Ended January 30, 2010 (unaudited)	35 Weeks Ended January 30, 2010	35 Weeks Ended January 31, 2009 (unaudited)
OPERATING ACTIVITIES				
Net Income (Loss)	$ 30,998	$ (15,179)	$ 18,653	$ (155,643)
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation and Amortization	146,759	156,388	103,605	106,823
Amortization of Debt Issuance Costs	12,346	11,616	8,238	6,957
Impairment Charges Long-Lived Assets	2,080	56,141	46,776	28,134
Impairment Charges Tradenames		15,250		279,300
Accretion of Senior Notes and Senior Discount Notes	733	655	449	402
Interest Rate Cap Contracts-Adjustment to Market	5,500	(5,443)	(455)	(2,692)
Provision for Losses on Accounts Receivable	2,098	2,799	1,993	2,026
Provision for Deferred Income Taxes	886	(25,931)	(19,815)	(137,494)
Loss on Disposition of Fixed Assets and Leasehold Improvements	1,539	5,417	5,386	266
(Gain) Loss on Investments in Money Market Fund	(240)	(857)	(3,849)	1,669
Non-Cash Stock Option Expense	2,230	4,390	994	2,728
Non-Cash Rent Expense	(1,485)	(5,334)	(3,327)	1,711
Changes in Assets and Liabilities:				
Accounts Receivable	(1,168)	(1,316)	(3,638)	(5,649)
Merchandise Inventories	(30,933)	81,743	28,538	24,491
Prepaid and Other Current Assets	(18,272)	(6,763)	2,013	1,238
Accounts Payable	50,659	(258,826)	(89,955)	61,588
Other Current Liabilities and Income Tax Payable	(28,183)	(23,510)	(8,737)	24,517
Deferred Rent Incentives	19,429	13,285	7,649	36,246
Other Long-Term Assets and Long-Term Liabilities	13,728	3,455	9,009	(8,775)
Net Cash Provided by Operations	208,704	7,980	103,527	267,843
INVESTING ACTIVITIES				
Cash Paid for Property and Equipment	(132,131)	(94,070)	(60,035)	(95,922)
Change in Restricted Cash and Cash Equivalents	(27,659)	(315)	17	402
(Expenses) Proceeds From Sale of Property and Equipment and Assets Held for Sale	(38)	1,320	1,062	111
Lease Acquisition Costs	(422)	(1,337)		(2,391)
Lease Rights Acquired				(250)
Purchase of Tradename Rights		(6,250)		
Issuance of Notes Receivable				
Redesignation of Cash Equivalents to Investment in Money Market Fund				(56,294)
Redemption of Investment in Money Market Fund	240	11,115	4,844	44,367
Purchase of Tradenames Rights				
Other	48	72	38	90
Net Cash Used in Investing Activities	(159,962)	(89,465)	(54,074)	(109,887)

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	Year Ended January 29, 2011	52 Weeks Ended January 30, 2010 (unaudited)	35 Weeks Ended January 30, 2010	35 Weeks Ended January 31, 2009 (unaudited)
FINANCING ACTIVITIES				
Proceeds from Long Term Debt ABL Line of Credit	204,200	715,115	444,315	601,851
Principal Payments on Long Term Debt	(1,998)	(1,743)	(1,537)	(1,391)
Principal Payments on Long Term Debt Term Loan	(87,202)	(8,055)	(5,998)	
Principal Payments on Long Term Debt ABL Line of Credit	(156,800)	(623,915)	(473,422)	(753,451)
Purchase of Interest Rate Cap Contract				
Payment of Dividends	(251)	(3,214)	(212)	(3,360)
Debt Issuance Costs	(1,227)	(13,659)	(13,659)	
Net Cash (Used in) Provided by Financing Activities	(43,278)	64,529	(50,513)	(156,351)
Increase (Decrease) in Cash and Cash Equivalents	5,464	(16,956)	(1,060)	1,605
Cash and Cash Equivalents at Beginning of Period	24,750	41,706	25,810	40,101
Cash and Cash Equivalents at End of Period	30,214	24,750	24,750	41,706
Supplemental Disclosure of Cash Flow Information:				
Interest Paid	$ 79,187	$ 80,610	$ 47,963	$ 55,110
Income Tax Payment (Refund), Net	$ 41,505	$ 34,979	$ 48,764	$ 8,444
Non-Cash Investing Activities:				
Accrued Purchases of Property and Equipment	$ 17,606	$ 10,667	$ 10,667	$ 1,064
Notes Receivable from Sale of Assets Held for Sale	$	$ (2,000)	$ (2,000)	$

Cash Flow for the Six Months Ended July 30, 2011 Compared with the Six Months Ended July 31, 2010

We generated $1.6 million of cash flow for the six months ended July 30, 2011 compared with $56.3 million of cash flow for the six months ended July 31, 2010. Net cash provided by operating activities amounted to $240.9 million for the six months ended July 30, 2011. For the six months ended July 31, 2010, net cash provided by operating activities amounted to $274.0 million. The decrease in net cash provided by operating activities was primarily the result of changes in the Company s working capital. The biggest driver of the decrease relates to cash flow from changes in accounts payable. Cash flow from the change in accounts payable for the six months ended July 30, 2011 decreased $94.1 million compared with the six months ended July 31, 2010. This decrease was primarily driven by a smaller increase in accounts payable from January 29, 2011 to July 30, 2011 compared with the accounts payable increase from January 30, 2010 to July 31, 2010 related to our working capital management strategy at the end of each fiscal year. Based on the working capital management strategy, we accelerated certain payments at the end of each fiscal year that typically would not have been made until the first quarter of the next fiscal year, which lowered our accounts payable balances at the end of each fiscal year. As our accounts payable balances return to historical levels this creates additional cash flow. The decrease in accounts payable that generates this item was primarily driven by the difference in the accelerated payments during January of Fiscal 2010 of $237.7 million compared with the payments made in January of the Transition Period of $274.8 million and the timing of payments. The decrease in cash flow generated by the change in accounts payable was partially offset by an increase in cash flow generated by the change in the other working capital accounts of $53.5 million primarily related to smaller increases in inventory and prepaid and other current assets since January 29, 2011 compared with the increases from January 30, 2010 through July 31, 2010. Also contributing to this increase is a change in deferred rent incentives as we were able to collect cash related to incentives that were earned during Fiscal 2010.

Net cash used in investing activities decreased to $75.6 million for the six months ended July 30, 2011 from $82.9 million for the six months ended July 31, 2010. This decrease was primarily the result of a $32.8 million increase in restricted cash and cash equivalents during the six months ended July 31, 2010 compared with a $7.0 million increase during the six months ended July 30, 2011, partially offset by a $17.9 million increase in cash paid for property and equipment during the six months ended July 30, 2011 as compared with the six months ended July 31, 2010.

Cash flow used in financing activities increased $28.8 million during the six months ended July 30, 2011 compared with the six months ended July 31, 2010. The primary driver of the increased use of cash in financing activities was related to the dividend paid in connection with our debt refinancing transaction, partially offset by the impact of the debt refinancing as discussed in Note 3 to the Company s Condensed Consolidated Financial Statements entitled Long Term Debt.

Cash flow and working capital levels assist management in measuring our ability to meet our cash requirements. Working capital measures our current financial position. Working capital is defined as current assets (exclusive of restricted cash) less current liabilities. Working capital at July 30, 2011 was $199.2 million compared with $386.2 million at January 29, 2011. The decrease in working capital was primarily the result of increased accounts payable as of July 30, 2011 compared with January 29, 2011 as a result of our working capital management strategy at the end of Fiscal 2010.

Cash Flows for the 52 Weeks Ended January 29, 2011 (Fiscal 2010) Compared with the 52 Weeks Ended January 30, 2010

We generated $5.5 million of cash flow for Fiscal 2010 compared with using $17.0 million of cash flow for the 52 week period ended January 30, 2010. Net cash provided by operating activities amounted to $208.7 million for Fiscal 2010. For the 52 weeks ended January 30, 2010, net cash provided by operating activities was $8.0 million. The increase in net cash provided by operating activities was primarily the result of our working capital management strategy at the end of Fiscal 2010 and the 52 weeks ended January 30, 2010 in which we accelerated $237.7 million and $274.8 million, respectively, of payments that typically would not have been made until the first quarters of Fiscal 2010 and Fiscal 2011, respectively. Because our fiscal year had not changed at the time, there was no working capital management strategy employed at January 31, 2009. The working capital management strategy resulted in a significant amount of cash outflows during the twelve months ended January 30, 2010 as the result of paying accounts payable in the normal course during the period and then accelerating payments at the end of the period that typically would not have been paid until after January 30, 2010. The repeat of the working capital management strategy at the end of Fiscal 2010, which accelerated Fiscal 2011 payments into Fiscal 2010 did not have as great an impact on cash flow in Fiscal 2010 as it did in the prior fiscal year because there were fewer accounts payable paid during Fiscal 2010 due to the fact that the working capital management strategy during the 52 weeks ended January 30, 2010 had advanced payment of approximately the first two months of the accounts payable for Fiscal 2010.

The increase in net cash flows provided by operating activities was partially offset by an increase in net cash used in investing and financing activities. Net cash used in investing activities increased to $160.0 million during Fiscal 2010 from $89.5 million for the 52 weeks ended January 30, 2010. This increase was primarily the result of increased capital expenditures during Fiscal 2010 compared with the 52 week period ended January 30, 2010. Capital expenditures increased $38.1 million for Fiscal 2010 compared with the 52 weeks ended January 30, 2010 due to more store openings during Fiscal 2010 compared with the 52 weeks ended January 30, 2010. Also contributing to the increased use of cash in investing activities was $27.7 million used as collateral, in lieu of a letter of credit, related to certain self-insurance contracts.

Net cash used in financing activities increased $107.8 million during Fiscal 2010 compared with the 52 weeks ended January 30, 2010. Increased use of cash in financing activities was primarily related to repayments on our Term Loan. Repayments on our Existing Term Loan Facility amounted to $87.2 million and $8.1 million, respectively, for Fiscal 2010 and the 52 week period ended January 30, 2010. Also contributing to the increased use of cash in financing activities was a decrease in our ABL borrowings, net of repayments. During Fiscal 2010 we borrowed $47.4 million, net of repayments, compared with $91.2 million of borrowings, net of repayments, during the 52 weeks ended January 30, 2010.

Cash flow and working capital levels assist management in measuring our ability to meet our cash requirements. Working capital measures our current financial position. Working capital is defined as current assets (exclusive of restricted cash) less current liabilities. Working capital at January 29, 2011 was $386.2 million compared with $349.7 million at January 30, 2010. The increase in working capital was primarily the result of increased inventory and accounts receivable balances as of January 29, 2011 compared with January 30, 2010 due to new stores opened during Fiscal 2010.

Cash Flows for the 52 Weeks Ended January 29, 2011 (Fiscal 2010) Compared with the 35 Weeks Ended January 30, 2010 (Transition Period)

Cash and cash equivalents increased $5.5 million during Fiscal 2010 compared with a decline of $1.1 million during the Transition Period. Net cash provided by operating activities increased to $208.7 during Fiscal 2010 from $103.5 million during the Transition Period. The $105.2 million increase in net cash provided by operating activities was primarily the result of the acceleration of $237.7 million and $274.8 million of accounts payable payments at the end of Fiscal 2010 and the Transition Period, respectively, as part of our working capital management strategy. As the working capital management strategy was not employed at January 31, 2009, the Transition Period had a higher accounts payable balance during the year as compared with Fiscal 2010, resulting in a larger decrease in the accounts payable balance after the accelerated payment was made at January 30, 2010. The decrease in accounts payable due to the working capital management strategy was partially offset by an increase in inventory due to more new stores opened during Fiscal 2010.

The increase in net cash provided by operating activities was partially offset by increased net cash used in investing activities. Net cash used in investing activities increased $105.9 million to $160.0 million during Fiscal 2010 from $54.1 million used during the Transition Period. The increase in net cash used in investing activities was primarily related to increased capital expenditures related to 18 net new stores opened during Fiscal 2010 compared with 9 new stores opened during the Transition Period. Also contributing to the increased use of cash in investing activities was an additional $27.7 million of restricted cash used as collateral, in lieu of a letter of credit, related to certain self-insurance contracts.

Net cash used in financing activities decreased $7.2 million during Fiscal 2010 compared with the Transition Period. The decreased use of cash in financing activities was primarily related to repayments on our Existing Term Loan Facility partially offset by ABL borrowings. Repayments on our Existing Term Loan Facility amounted to $87.2 million and $6.0 million, respectively, for Fiscal 2010 and the Transition Period. The decreased use of cash in financing activities was a partially offset by an increase in our ABL borrowings, net of repayments. During Fiscal 2010 we borrowed $47.4 million, net of repayments, compared with $29.1 million of repayments, net of borrowings, during the Transition Period.

Cash Flows for the 35 Weeks Ended January 30, 2010 (Transition Period) Compared with the 35 Weeks Ended January 31, 2009

Cash and cash equivalents declined $1.1 million during the Transition Period compared with generating $1.6 million of cash flow for the 35 week period ended January 31, 2009. Net cash provided by operating activities amounted to $103.5 million during the Transition Period. For the 35 weeks ended January 31, 2009, net cash provided by operating activities was $267.8 million. The decrease in net cash provided by operating activities was primarily the result of our working capital management strategy at the end of the Transition Period in which we accelerated $274.8 million of payments that typically would not have been made until the first quarter of Fiscal 2010. This lowered our accounts payable balance at the end of the Transition Period which resulted in a decrease in accounts payable for the 35 weeks ended January 30, 2010 of $151.5 million compared with the 35 week period of Fiscal 2009. There was no such working capital management strategy in place during the 35 weeks ended January 31, 2009.

The decrease in net cash flows provided by operating activities was partially offset by improvements in net cash used in investing and financing activities. Net cash used in investing activities decreased to $54.1 million for the 35 weeks ended January 30, 2010 from $109.9 million for the 35 weeks ended January 31, 2009. This reduction was primarily the result of decreased capital expenditures during the 35 weeks ended January 30, 2010 compared with the 35 week period ended January 31, 2009. Capital expenditures decreased $35.9 million for the 35 weeks ended January 30, 2010 compared with the 35 weeks ended January 31, 2009 due to fewer store openings during the 35 weeks ended January 30, 2010 compared with the first 35 weeks of Fiscal 2009.

Net cash used in financing activities decreased $105.8 million during the 35 weeks ended January 30, 2010 compared with the 35 weeks ended January 31, 2009. The decreased use of cash in financing activities was primarily related to repayments, net of borrowings, on our ABL Line of Credit. Repayments, net of borrowings, on our ABL Line of Credit amounted to $29.1 million and $151.6 million, respectively, during the Transition Period and the 35 week period ended January 31, 2009.

Working capital at January 30, 2010 was $349.7 million compared with $179.7 million at January 31, 2009. The increase in working capital was primarily the result of decreased accounts payable as of January 30, 2010 compared with January 31, 2009 due to our working capital management strategy.

Cash Flows for the Twelve Months Ended May 30, 2009 Compared with the Twelve Months Ended May 31, 2008

We used $14.3 million of cash flow during Fiscal 2009 compared with generating $6.2 million of cash flow in Fiscal 2008. Net cash provided by operating activities was $172.3 million for Fiscal 2009 compared with $98.0 million for Fiscal 2008. The improvement in net cash provided by operating activities was primarily the result of improved operating results. This increase was primarily the result of increased sales from new store growth, decreased selling and administrative costs in connection with our plan to reduce our cost structure, and decreased interest expense as a result of lower average interest rates on our ABL Line of Credit and our Existing Term Loan Facility.

The improvements in cash flows provided by operating activities were offset by increased cash outlays in investing and financing activities. For Fiscal 2009, we used $41.3 million of cash in financing activities, the majority of which represents repayments, net of borrowings, of $31.3 million, on our ABL Line of Credit. For Fiscal 2008, we generated $8.6 million in cash from financing activities, the majority of which represents borrowings, net of repayments, of $22.6 million on our ABL Line of Credit. Cash flow used in investing activities increased $45.0 million due primarily to higher levels of capital expenditures, the re-designation of cash and cash equivalents to investments in money market funds, partially offset by redemptions of our investment in the Fund during Fiscal 2009 as compared with the Fiscal 2008, and the purchase of tradename rights during Fiscal 2009.

Working capital at May 30, 2009 was $312.3 million compared with $284.4 million at May 31, 2008. The increase in working capital from May 31, 2008 to May 30, 2009 was primarily due to a decrease in accounts payable as a result of the timing of payments in Fiscal 2009 compared with Fiscal 2008.

Operational Growth

During the six months ended July 30, 2011, we opened five BCF stores, and closed three stores. Two of the closed stores were an MJM and a Super Baby Depot which were in the same shopping center as an existing BCF store. The existing BCF store was expanded and remodeled to absorb the MJM and Super Baby Depot businesses. As of July 30, 2011, we operated stores under the names Burlington Coat Factory Warehouse (447 stores), MJM Designer Shoes (13 stores) and Cohoes Fashions (two stores). We estimate that we will spend between $125 and $135 million, net of approximately $42 million of landlord allowances, in capital expenditures during Fiscal 2011, including approximately $68 million, net of the previously mentioned landlord allowances for store expenditures, and $17 million for information technology. We expect to use the remaining capital to support continued distribution facility enhancements and other initiatives. For the six months ended July 30, 2011, capital expenditures, net of landlord allowances, amounted to $44.0 million.

We monitor the availability of desirable locations for our stores from such sources as dispositions by other retail chains and bankruptcy auctions, as well as locations presented to us by real estate developers, brokers and existing landlords. Most of our stores are located in malls, strip shopping centers, regional power centers or are freestanding. We also lease existing space and are opening some built-to-suit locations. For most of our new leases, we have revised our lease model to provide for at least a ten year initial term with a number of five year options thereafter. Typically, our lease strategy includes landlord allowances for leasehold improvements. We believe our lease model makes us more competitive with other retailers for desirable locations. We may seek to acquire a number of such locations either through transactions to acquire individual locations or transactions that involve the acquisition of multiple locations simultaneously.

Additionally, we may consider strategic acquisitions. If we undertake such transactions, we may seek additional financing to fund acquisitions and carrying charges (i.e., the cost of rental, maintenance, tax and other obligations associated with such properties from the time of commitment to acquire to the time that such locations can be readied for opening as our stores) related to the newly acquired stores. There can be no assurance, however, that any additional locations will become available from other retailers or that, if available, we will undertake to bid or be successful in bidding for such locations. Furthermore, to the extent that we decide to purchase additional store locations, it may be necessary to finance such acquisitions with additional long term borrowings.

From time to time we make available for sale certain assets based on current market conditions. These assets are recorded in the line item Assets Held for Sale in our Condensed Consolidated Balance Sheets. Based on prevailing market conditions, we may determine that it is no longer advantageous to continue marketing certain assets and will reclassify those assets out of the line item Assets Held for Sale and into the respective asset category based on the lesser of their carrying value or fair value less cost to sell.

Debt

Holdings and each of our current and future subsidiaries, except one subsidiary which is considered minor, have fully, jointly, severally and unconditionally guaranteed our obligations pursuant to the $600 million ABL Line of Credit, $1,000 million New Term Loan Facility and the $450 million of Old Notes due in 2019. As of July 30, 2011, we were in compliance with all of our debt covenants. Significant changes in our debt consist of the following:

Existing Senior Notes and Existing Senior Discount Notes

Senior Notes Offering

On February 24, 2011, we completed the sale of $450 million aggregate principal amount of 10% Senior Notes due 2019 at an issue price of 100% (the Old Notes) in a private offering that is exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act), to qualified institutional buyers in accordance with Rule 144A and to persons outside of the United States pursuant to Regulation S under the Securities Act. The Old Notes were issued pursuant to an indenture, dated February 24, 2011 (the Indenture), among us, the guarantors signatory thereto and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), governing the Old Notes.

The Old Notes are our senior unsecured obligations and are guaranteed on a senior basis by our, Holdings and each of our U.S. subsidiaries to the extent such guarantor is a guarantor of our obligations under the New Term Loan Facility. Interest is payable on the Old Notes on each February 15 and August 15, commencing August 15, 2011. We may redeem some or all of the Old Notes at any time prior to February 15, 2015 at a price equal to 100% of the principal amount of the Old Notes redeemed plus accrued and unpaid interest, if any, and an applicable make-whole premium. On or after February 15, 2015, we may redeem some or all of the Old Notes at redemption prices set forth in the Indenture. In addition, at any time prior to February 15, 2014, we may redeem up to 35% of the aggregate principal amount of the Old Notes, at a specified redemption price with the net cash proceeds of certain equity offerings.

The Indenture contains covenants that, among other things, restrict our ability, the ability of Holdings and certain of our subsidiaries to: incur, assume or guarantee additional indebtedness; pay dividends or redeem or repurchase capital stock; make other restricted payments; incur liens; redeem debt that is junior in right of payment to the Old Notes; sell or otherwise dispose of assets, including capital stock of subsidiaries; enter into mergers or consolidations; and enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications. In addition, in certain circumstances, if we sell assets or experiences certain changes of control, we must offer to purchase the Old Notes.

We used the net proceeds from the offering of the Old Notes, together with borrowings under the New Term Loan Facility and the ABL Line of Credit, to (i) repurchase any and all of the outstanding Existing Senior Notes and Existing Senior Discount Notes (collectively, the Existing Notes), pursuant to cash tender offers commenced us and Holdings on February 9, 2011, and to redeem any Existing Notes that remain outstanding after the completion of the cash tender offers, and pay related fees and expenses, including tender or redemption premiums and accrued interest on the Existing Notes, (ii) to repay existing indebtedness and (iii) to pay a special cash dividend of approximately $300.0 million in the aggregate to the equity holders of Parent on a pro rata basis, and to pay related fees and expenses. Any remaining net proceeds will be used for general corporate purposes.

Tender Offer and Redemption

In connection with the offering of the Old Notes, the application of proceeds therefrom and the early settlement of ours and Holdings cash tender offers for any and all of the Existing Senior Notes and Existing Senior Discount Notes, respectively, on February 24, 2011, we entered into a Second Supplemental Indenture, dated February 24, 2011 between us, the guarantors signatory thereto and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), relating to an Indenture (as amended, supplemented or otherwise modified, the BCF Indenture), dated April 13, 2006, between us, the guarantors signatory thereto and the Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB) (as successor trustee to Wells Fargo Bank, N.A.), and the Holdings entered into a First Supplemental Indenture, dated February 24, 2011 (the First Supplemental Indenture), between Holdings and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), relating to an Indenture, dated April 13, 2006 (as amended, supplemented or otherwise modified, the Holdings Indenture), between Holdings and the Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB) (as successor trustee to Wells Fargo Bank, N.A.), to eliminate substantially all of the restrictive covenants, certain affirmative covenants, certain events of default and substantially all of the restrictions on our or Holdings ability, as applicable, to merge, consolidate or sell all or substantially all of their properties or assets contained in each indenture and the related Existing Notes.

In addition, in connection with the early tender and settlement of 100% of the Senior Discount Notes by the noteholders of the Existing Senior Discount Notes on February 24, 2011, Holdings satisfied and discharged its obligations under the Holdings Indenture and with respect to the Existing Senior Discount Notes.

Further, on February 24, 2011, we delivered a notice of redemption for the remaining principal amount not purchased in the early tender and settlement of the Existing Senior Notes, and irrevocably deposited with Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB) an amount of funds sufficient to pay the redemption price of the Existing Senior Notes to satisfy and discharge its obligations under the BCF Indenture and with respect to the Existing Senior Notes. On April 15, 2011, we redeemed the remaining principal amount outstanding of the Existing Senior Notes at a redemption price equal to 102.781% of the aggregate principal amount of the Existing Senior Notes to be redeemed, plus accrued and unpaid interest on the Existing Senior Notes to the redemption date.

New Term Loan Facility

On February 24, 2010, we entered into a second amendment to the credit agreement governing the Existing Term Loan Facility. Among other things, the amendment provides that consolidated EBITDA (as defined in credit agreement governing the Existing Term Loan Facility) will be increased or decreased for any period to the extent necessary to eliminate the effects during such period of any increase or decrease in legal, auditing, consulting, and accounting related expenses for such period relating directly to our change in fiscal year compared to the amount of such expenses that would have been incurred in such period had the fiscal year change not occurred. The amendment also provides that for purposes of any calculation of consolidated interest coverage ratio and consolidated leverage ratio, as of the last day of any fiscal quarter ending on or after January 30, 2010 and prior to the completion of the fiscal year ending the Saturday closest to January 31, 2011, consolidated EBITDA and consolidated interest expense will be determined for the most recent period of twelve consecutive fiscal months. Pursuant to the terms of the amendment, we paid a fee to each lender consenting to the amendment in the amount of 0.05% (or $0.4 million in the aggregate) of the principal amount of such lender s outstanding loan under the credit agreement governing the Existing Term Loan Facility.

In connection with the offering of the Old Notes (as discussed above), on February 24, 2011, we refinanced the Existing Term Loan Facility with the proceeds of a $1.0 billion New Term Loan Facility.

On February 24, 2011, we, Holdings and our U.S. and Puerto Rican subsidiaries from time to time party thereto, as facility guarantors (collectively, the Term Loan Guarantors) entered into a new credit agreement (the New Term Loan Credit Agreement) with JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the Term Loan Administrative Agent) and as collateral agent, the lenders party thereto, J.P. Morgan Securities LLC and Goldman Sachs Lending Partners LLC, as joint bookrunners and J.P. Morgan Securities LLC, Goldman Sachs Lending Partners LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint arrangers, governing the terms of the New Term Loan Facility.

Like the Existing Term Loan Facility, the New Term Loan Facility is secured by (a) a perfected first priority lien on substantially all real and personal property of ours and the Term Loan Guarantors and (b) a perfected second priority lien on all inventory, accounts and personal property related to our inventory and accounts and the Term Loan Guarantors, in each case subject to various limitations and exceptions. The New Term Loan Facility requires us to maintain a minimum consolidated interest coverage ratio and a maximum consolidated leverage ratio (each measured quarterly) and contains limitations on our ability to, among other things, incur indebtedness and liens, make investments, capital expenditures and restricted payments, sell assets and prepay certain indebtedness. The New Term Loan Facility also requires us to prepay the loans thereunder with a portion of its excess cash flow (commencing with the fiscal year ending January 28, 2012), the proceeds of certain indebtedness and, subject to certain re-investment rights, the proceeds of certain asset sales of certain casualty or other insured events. The New Term Loan Facility contains customary events of default including for failure to make payments under the New Term Loan Facility, materially incorrect representations, breaches of covenants (subject to a 30 day grace period after notice in the case of certain covenants), cross-default to other material indebtedness, material unstayed judgments, certain ERISA, bankruptcy and insolvency events, failure of guarantees or security to remain in full force and effect, change of control, certain uninsured losses to any material portion of the collateral, any undismissed felony indictment of any Term Loan Guarantors or us or the imposition of orders or stays having a material adverse effect.

The interest rates for the New Term Loan Facility are based on: (i) for LIBO rate loans for any interest period, at a rate per annum equal to (a) the greater of (x) the LIBO rate as determined by the Term Loan Administrative Agent, for such interest period multiplied by the Statutory Reserve Rate (as defined in the New Term Loan Credit Agreement) and (y) 1.50% (the Term Loan Adjusted LIBO Rate), plus an applicable margin; and (ii) for prime rate loans, a rate per annum equal to the highest of (a) the variable annual rate of interest then announced by JPMorgan Chase Bank, N.A. at its head office as its prime rate, (b) the federal funds rate in effect on such date plus 0.50% per annum, and (c) the Term Loan Adjusted LIBO Rate for the applicable class of term loans for one-month plus 1.00%, plus, in each case, an applicable margin.

In addition, the New Term Loan Facility provides for an uncommitted incremental term loan facility of up to $150.0 million that is available subject to the satisfaction of certain conditions.

The New Term Loan Facility has a six year maturity, at February 23, 2017, except that term loans made in connection with the incremental term loan facility or extended in connection with the extension mechanics of the New Term Loan Facility have the maturity dates set forth in the amendments applicable to such term loans.

ABL Line of Credit

In connection with the offering of the Old Notes and the refinancing of the Existing Term Loan Facility, on February 24, 2011, we entered into a first amendment (the First Amendment) to the Amended and Restated Credit Agreement, dated January 15, 2010 (as amended, supplemented and otherwise modified, the Amended ABL Credit Agreement), among us, as lead borrower, the borrowers party thereto, the facility guarantors party thereto, Bank of America, N.A. as administrative agent and collateral agent, the lenders party thereto, Wells Fargo Retail Finance, LLC and Regions Bank as co-syndication agents, J.P. Morgan Securities Inc. and UBS Securities LLC as co-documentation agents and General Electric Capital Corporation, US Bank, National Association and SunTrust Bank as senior managing agents, governing the ABL Line of Credit to permit us to, among other things, (i) issue and guarantee the Old Notes, (ii) incur additional indebtedness in connection with the refinancing of the Existing Term Loan Facility by increasing the limitation on term loan indebtedness from $900.0 million to $1.0 billion, (iii) have additional flexibility to make investments, capital expenditures, and dividends and other distributions with respect to equity interests and (iv) make a cash dividend of approximately $300.0 million in the aggregate to the equity holders of Parent on a pro rata basis. In connection with the offering of the Old Notes and the New Term Loan Facility we borrowed $101.6 million on our ABL Line of Credit.

On September 2, 2011, the Company completed an amendment and restatement of the credit agreement governing the Company s $600 million ABL Line of Credit, which, among other things, extended the maturity date to September 2, 2016. The aggregate amount of commitments under the amended and restated credit agreement is $600 million and, subject to the satisfaction of certain conditions, the Company may increase the aggregate amount of commitments up to $900 million. Interest rates under the amended and restated credit agreement are based on LIBO rates as determined by the administrative agent plus an applicable margin of 1.75% to 2.25% based on daily availability, or various prime rate loan options plus an applicable margin of 0.75% to 1.25% based on daily availability. The fee on the average daily balance of unused loan commitments is 0.375%.

The Company believes that the amended and restated credit agreement provides the liquidity and flexibility to meet its operating and capital requirements over the next five years, as well as improved pricing reflective of the Company s continued improving performance and credit risk profile. Further, the calculation of the borrowing base under the amended and restated credit agreement has been amended to allow for increased availability, particularly during the September 1st through December 15th period of each year. As a result of the amended and restated credit agreement, the Company will capitalize approximately $4 to $5 million in deferred debt charges that will be expensed over the life of the amended and restated credit agreement and has written off approximately $4 million in deferred charges from the existing credit agreement.

The amended and restated credit agreement follows certain other refinancing transactions completed by the Company in February 2011 (as discussed in Note 3 to the Company s Condensed Consolidated Financial Statements entitled Long Term Debt), highlights of which are as follows:

- The Company replaced its $900 million Senior Secured Term Loan Facility with a $1.0 billion senior secured term loan facility which matures on February 15, 2017. This facility has 1% annual amortization which is paid quarterly.

- The Company s 11.1% Senior Notes and Burlington Coat Factory Investments Holdings, Inc. s 14.5% Senior Discount Notes were repurchased; and

- BCFWC completed the sale of $450 million aggregate principal amount of 10% Senior Notes due February 15, 2019.

Capital Expenditures

We spent $119.6 million, net of $19.4 million of landlord allowances, in capital expenditures during Fiscal 2010. These capital expenditures include $70.7 million (net of the $19.4 million of landlord allowances) for store expenditures, $8.3 million for upgrades of distribution facilities, and $40.6 million for IT software and other capital expenditures.

For Fiscal 2011, we estimate that we will spend between $125 million and $135 million, net of the benefit of landlord allowances of approximately $42 million, for store openings, improvements to distribution facilities, information technology upgrades, and other capital expenditures. Of the total planned expenditures, approximately $68 million, net of the benefit of $42 million of landlord allowances, is currently expected for expenditures related to new stores, relocations and other store requirements. Capital of approximately $17 million is expected to support information technology and the remaining capital is currently expected to support continued distribution facility enhancements and other initiatives. As part of our growth strategy, we plan to open 23 new BCF stores (inclusive of three relocations) and remodel/refresh an additional 15 to 20 BCF stores during Fiscal 2011.

Dividends

Payment of dividends is prohibited under our credit agreements except in limited circumstances. In connection with the offering of the Notes and the refinancing of the Term Loan Facility, on February 24, 2011, BCFWC entered into a first amendment (the First Amendment) to the Amended and Restated Credit Agreement, dated January 15, 2010, to among other things make a

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cash dividend of approximately $300.0 million in the aggregate to the equity holders of Parent, on a pro rata basis, which was approved by the Parent s Board of Directors in February 2011. Of the $300.0 million in dividends that were declared, $297.9 million was paid during the six months ended July 30, 2011 and the remaining $2.1 million was recorded in Current Liabilities in the Company s Condensed Consolidated Balance Sheet as of July 30, 2011. During the six months ended July 31, 2010, we paid dividends of $0.2 million related to the repurchase of a portion of our stock from former employees under the terms of their respective separation agreements.

Certain Information Concerning Contractual Obligations

The following table sets forth certain information regarding our obligations to make future payments under current contracts as of July 30, 2011:

	Payments Due By Period *(in thousands)*				
	Less Than 1 Year	**2-3 Years**	**4-5 Years**	**Thereafter**	**Total**
Long-Term Debt Obligations (1)	138	17,500	99,000	1,400,000	1,516,638
Interest on Long-Term Debt (2)	53,745	218,687	211,491	217,298	701,221
Capital Lease Obligations (3)	1,308	5,457	5,620	31,189	43,574
Operating Lease Obligations (4)	102,039	399,550	311,122	481,304	1,294,015
Related Party Fees (5)	2,000	8,000	8,000	829	18,829
Purchase Obligations (6)	700,573	4,986	139	3	705,701
Topic No. 740 and Other Tax Liabilities (7)					
Letters of Credit (8)	52,371				52,371
Other (9)	2,996				2,996
Total	915,170	654,180	635,372	2,130,623	4,335,345

Notes:

(1) Excludes interest on Long-Term Debt.

(2) Interest rates related to the Existing Term Loan were 6.3% as of July 30, 2011.

(3) Capital Lease Obligations include future interest payments.

(4) Represents minimum rent payments for operating leases under the current terms.

(5) Represent fees to be paid to Bain Capital under the terms of our advisory agreement with them (refer to Note 21 to our Consolidated Financial Statements entitled Related Party Transactions for further detail).

(6) Represents commitments to purchase goods or services that have not been received as of July 30, 2011.

(7) The Topic No. 740 liabilities represent uncertain tax positions related to temporary differences. The total Topic No. 740 liability as of July 30, 2011 was $19.4 million exclusive of $11.4 million of interest and penalties included in our total Topic No. 740 liability neither of which is presented in the table above as we are not certain if and when these payments would be required.

(8) Represents irrevocable letters of credit guaranteeing payment and performance under certain leases, insurance contracts, debt agreements and utility agreements as of July 30, 2011 (refer to Note 11 to our Condensed Consolidated Financial Statements entitled Commitments and Contingencies for further discussion).

(9) Represents severance agreements with former members of management, and our agreements with each of three former employees (including our former President and Chief Executive Officer) to pay their beneficiaries $1.0 million upon their deaths for a total of $3.0 million which is not reflected in the table above because the timing of the payments are unpredictable.

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During Fiscal 2007, we sold lease rights for three store locations that were previously operated by us. In the event of default by the assignee, we could be liable for obligations associated with these real estate leases which have future lease related payments (not discounted to present value) of approximately $4.0 million through the end of our fiscal year ending February 1, 2014, and which are not reflected in the table above. The scheduled future aggregate minimum rentals for these leases over the three consecutive fiscal years following Fiscal 2010 are $1.6 million, $1.6 million, and $0.8 million, respectively. We believe the likelihood of a material liability being triggered under these leases is remote, and no liability has been accrued for these contingent lease obligations as of July 30, 2011.

Contingencies

Legal

We establish reserves for the settlement amounts, as well as reserves relating to legal claims, in connection with litigation to which we are party from time to time in the ordinary course of business. The aggregate amount of such reserves was $7.1 million, $6.9 million and $17.5 million as of July 30, 2011, January 29, 2011 and July 31, 2010, respectively. We believe that potential liabilities in excess of those recorded will not have a material adverse effect on our Condensed Consolidated Financial Statements. However, there can be no assurances to this effect.

We are party to various litigation matters, in most cases involving ordinary and routine claims incidental to our business. We cannot estimate with certainty our ultimate legal and financial liability with respect to such pending litigation matters. However, we believe, based on our examination of such matters, that our ultimate liability will not have a material adverse effect on our financial position, results of operations or cash flows.

A putative class action lawsuit, entitled May Vang, and all others similarly situated, v. Burlington Coat Factory Warehouse Corporation, Case No. 09-CV-08061-CAS, was filed in the Superior Court of the State of California on September 17, 2009 and was amended and refiled on November 16, 2009 in the U.S. District Court for the Central District of California Western Division. The named plaintiff purported to assert claims on behalf of all current, former, and future employees in the United States and the State of California for the relevant statutory time period. The amended complaint asserted claims for failure to pay all earned hourly wages in violation of the Fair Labor Standards Act (FLSA), failure to pay all earned hourly wages in violation of the California Labor Code, providing compensatory time off in lieu of overtime pay, forfeiture of vacation pay, failure to provide meal and rest periods, secret payment of lower wages than that required by statute or contract, failure to provide accurate, written wage statements, and unfair competition. The complaint sought certification as a class with respect to the FLSA claims, certification of a class with respect to California law claims, appointment of class counsel and class representative, civil penalties, statutory penalties, declaratory relief, injunctive relief, actual damages, liquidated damages, restitution, pre-judgment interest, costs of suit and attorney s fees. On March 7, 2011, the United States District Court for the Central District of California Western Division granted preliminary approval to a settlement agreement pursuant to which we will pay class members an immaterial amount in settlement of claims on a class basis. On June 27, 2011, the District Court granted final approval of the parties settlement agreement. Payment pursuant to the settlement agreement was made on August 25, 2011. This settlement was included in our $7.1 million legal reserve discussed above.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). We believe there are several accounting policies that are critical to understanding our historical and future performance as these policies affect the reported amounts of revenues and other significant areas that involve management s judgments and estimates. The preparation of our financial statements requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities; (ii) the disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements; and (iii) the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to revenue recognition, inventories, long-lived assets, intangible assets, goodwill impairment, insurance reserves, allowances for doubtful accounts and income taxes. Historical experience and various other factors that are believed to be reasonable under the circumstances form the basis for making estimates and judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. A critical accounting estimate meets two criteria: (1) it requires assumptions about highly uncertain matters and (2) there would be a material effect on the financial statements from either using a different, although reasonable, amount within the range of the estimate in the current period or from reasonably likely period-to-period changes in the estimate.

While there are a number of accounting policies, methods and estimates affecting our Consolidated Financial Statements as addressed in Note 1 to our Consolidated Financial Statements entitled Summary of Significant Accounting Policies, areas that are particularly critical and significant include:

Revenue Recognition. We record revenue at the time of sale and delivery of merchandise, net of allowances for estimated future returns. We present sales, net of sales taxes, in our Consolidated Statements of Operations and Comprehensive Income (Loss). We account for layaway sales and leased department revenue in compliance with ASC Topic No. 605, Revenue Recognition in Financial Statements. Layaway sales are recognized upon delivery of merchandise to the customer. The amount of cash received upon initiation of the layaway is recorded as a deposit liability within the line item Other Current Liabilities in our Consolidated Balance Sheets. Store value cards (gift cards and store credits issued for merchandise returns) are recorded as a liability at the time of issuance, and the related sale is recorded upon redemption. Prior to December 29, 2007, except where prohibited by law, after 13 months of non-use, a monthly dormancy service fee was deducted from the remaining balance of the store value card and recorded in the line item Other Revenue in our Consolidated Statements of Operations and Comprehensive Income (Loss).

On December 29, 2007, in connection with establishing a gift card subsidiary, we discontinued assessing a dormancy service fee on inactive store value cards. Instead, we now estimate and recognize store value card breakage income in proportion to actual store value card redemptions and record such income in the line item Other Income, Net in our Consolidated Statements of Operations and Comprehensive Income (Loss). We determine an estimated store value card breakage rate by continuously evaluating historical redemption data. Breakage income is recognized on a monthly basis in proportion to the historical redemption patterns for those store value cards for which the likelihood of redemption is remote.

Inventory. Our inventory is valued at the lower of cost or market using the retail inventory method. Under the retail inventory method, the valuation of inventory at cost and resulting gross margin are calculated by applying a calculated cost to retail ratio to the retail value of inventory. The retail inventory method is an averaging method that is widely used in the retail industry due to its practicality. Additionally, the use of the retail inventory method results in valuing inventory at the lower of cost or market if markdowns are currently taken as a reduction of the retail value of inventory. Inherent in the retail inventory method calculation are certain significant management judgments and estimates including merchandise markon, markups, markdowns and shrinkage which significantly impact the ending inventory valuation at cost as well as the resulting gross margin. Management believes that our retail inventory method and application of the average cost method provides an inventory valuation which approximates cost using a first-in, first-out assumption and results in carrying value at the lower of cost or market. Typically, estimates are used to charge inventory shrinkage for the first three quarters of a fiscal year. Actual physical inventories are typically conducted during the fourth quarter of each fiscal year to calculate actual shrinkage.

We also estimate required markdown and aged inventory reserves. If actual market conditions are less favorable than those projected by management, additional markdowns may be required. While we make estimates on the basis of the best information available to us at the time the estimates are made, over accruals or under accruals of shrinkage may be identified as a result of the physical inventory requiring fourth quarter adjustments in a typical fiscal year.

Long-Lived Assets. We test for recoverability of long-lived assets in accordance with Topic 360 whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. This includes performing an analysis of anticipated undiscounted future net cash flows of long-lived assets. If the carrying value of the related assets exceeds the undiscounted cash flow, we reduce the carrying value to its fair value, which is generally calculated using discounted cash flows. The recoverability assessment related to these store-level assets requires judgments and estimates of future revenues, gross margin rates and store expenses. We base these estimates upon our past and expected future performance. We believe our estimates are appropriate in light of current market conditions. To the extent these future projections change, our conclusions regarding impairment may differ from the estimates. Future adverse changes in market conditions or poor operating results of underlying assets could result in losses or an inability to recover the carrying value of the assets that may not be reflected in an asset s current carrying value, thereby possibly requiring an impairment charge in the future. During Fiscal 2010, the Transition Period, Fiscal 2009, Fiscal 2008, and the six month periods ended July 30, 2011 and July 31, 2010, we recorded \$2.0 million, \$12.0 million, \$10.0 million, \$6.5 million, less than \$0.1 million and \$0.3 million respectively, in impairment charges related to long-lived assets (exclusive of finite-lived intangible assets).

Intangible Assets. As discussed above, the Merger Transaction was completed on April 13, 2006 and was financed by a combination of borrowings under our senior secured credit facilities, the issuance of senior notes and senior discount notes and the equity investment of affiliates of Bain Capital and management. The purchase price, including transaction costs, was approximately \$2.1 billion. Purchase accounting required that all assets and liabilities be recorded at fair value on the acquisition date, including identifiable intangible assets separate from goodwill. Identifiable intangible assets include tradenames, and net favorable lease positions. Goodwill represents the excess of cost over the fair value of net assets acquired. The fair values and useful lives of identified intangible assets are based on many factors, including estimates and assumptions of future operating performance, estimates of cost avoidance, the specific characteristics of the identified intangible assets and our historical experience.

On an annual basis we compare the carrying value of our indefinite-lived intangible assets (tradenames) to their estimated fair value. The recoverability assessment with respect to the tradenames used in our operations requires us to estimate the fair value of the tradenames as of the assessment date. Such determination is made using the relief from royalty valuation method. Inputs to the valuation model include:

- Future revenue and profitability projections associated with the tradenames;

- Estimated market royalty rates that could be derived from the licensing of our tradenames to third parties in order to establish the cash flows accruing to our benefit as a result of ownership of the tradenames; and

- Rate used to discount the estimated royalty cash flow projections to their present value (or estimated fair value) based on the risk and nature of our cash flows.

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Our finite-lived intangible assets are reviewed for impairment whenever circumstances change, in conjunction with the impairment testing of our long-lived assets as described above. If the carrying value is greater than the respective estimated fair value, we then determine if the asset is impaired, and whether some, or all, of the asset should be written off as a charge to operations, which could have a material adverse effect on our financial results. During Fiscal 2010 and the six month periods ended July 30, 2011 and July 31, 2010, there were no impairment charges related to our finite-lived intangible assets. Impairment charges of $34.6 million, $26.1 million and $18.8 million were recorded related to our finite-lived intangible assets during the Transition Period, Fiscal 2009 and Fiscal 2008, respectively, and are included in the line item Impairment Charges Long-Lived Assets in our Consolidated Statements of Operations and Comprehensive Income (Loss). During Fiscal 2010 and the Transition Period, we did not record any impairment charges related to our indefinite-lived intangible assets. During Fiscal 2009 we recorded $294.6 million of impairment charges related to our indefinite-lived intangible assets in the line item Impairment Charges Tradenames in our Consolidated Statement of Operations and Comprehensive Income (Loss). During Fiscal 2008 there was no impairment charge related to our indefinite-lived intangible assets.

Goodwill Impairment. Goodwill represents the excess of cost over the fair value of net assets acquired. Topic No. 350 requires periodic tests of the impairment of goodwill. Topic No. 350 requires a comparison, at least annually, of the net book value of the assets and liabilities associated with a reporting unit, including goodwill, with the fair value of the reporting unit, which corresponds to the discounted cash flows of the reporting unit, in the absence of an active market. Our impairment analysis includes a number of assumptions around our future performance, which may differ from actual results. When this comparison indicates that impairment must be recorded, the impairment recognized is the amount by which the carrying amount of the assets exceeds the fair value of these assets. Our annual goodwill impairment review is typically performed during the beginning of May of the fiscal year. For Fiscal 2009, in response to several factors, including, but not limited to declines in the U.S. and international financial markets, decreased comparative store sales results of the peak holiday and winter selling seasons and our expectation that the then current comparative store sales trends would continue for an extended period, we determined that it was appropriate to perform our annual goodwill impairment testing in the third and fourth quarters of Fiscal 2009. There were no impairment charges recorded on the carrying value of our goodwill during Fiscal 2010, the Transition Period, Fiscal 2009, Fiscal 2008 or either of the six month periods ended July 30, 2011 and July 31, 2010.

Insurance Reserves. We have risk participation agreements with insurance carriers with respect to workers compensation, general liability insurance and health insurance. Pursuant to these arrangements, we are responsible for paying individual claims up to designated dollar limits. The amounts included in our costs related to these claims are estimated and can vary based on changes in assumptions or claims experience included in the associated insurance programs. For example, changes in legal trends and interpretations, as well as changes in the nature and method of how claims are settled, can impact ultimate costs. An increase in workers compensation claims by employees, health insurance claims by employees or general liability claims may result in a corresponding increase in our costs related to these claims. Insurance reserves amounted to $49.6 million, $45.8 million, 42.3 million, $36.7 million, $50.3 million and $45.4 million at January 29, 2011, January 30, 2010, May 30, 2009, May 31, 2008, July 30, 2011 and July 31, 2010.

Income Taxes. We account for income taxes in accordance with ASC Topic No. 740 Income Taxes (Topic No. 740). Our provision for income taxes and effective tax rates are based on a number of factors, including our income, tax planning strategies, differences between tax laws and accounting rules, statutory tax rates and credits, uncertain tax positions, and valuation allowances, by legal entity and jurisdiction. We use significant judgment and estimations in evaluating our tax positions.

U.S. federal and state tax authorities regularly audit our tax returns. We establish tax reserves when it is considered more likely than not that we will not succeed in defending our positions. We adjust these tax reserves, as well as the related interest and penalties, based on the latest facts and circumstances, including recently published rulings, court cases, and outcomes of tax audits. To the extent our actual tax liability differs from our established tax reserves our effective tax rate may be materially impacted. While it is often difficult to predict the final outcome of, the timing of, or the tax treatment of any particular tax position or deduction, we believe that our tax reserves reflect the most likely outcome of known tax contingencies.

We record deferred tax assets and liabilities for any temporary differences between the tax reflected in our financial statements and tax presumed rates. We establish valuation allowances for our deferred tax assets when we believe it is more likely than not that the expected future taxable income or tax liabilities thereon will not support the use of a deduction or credit. For example, we would establish a valuation allowance for the tax benefit associated with a loss carryover in a tax jurisdiction if we did not expect to generate sufficient taxable income to utilize the loss carryover.

On June 3, 2007, we adopted FASB Interpretation No. 48 (as amended) *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109*, as codified in Topic No. 740. Adjustments related to the adoption of Topic No. 740 are reflected as an adjustment to retained earnings in Fiscal 2008. Topic No. 740 clarifies the accounting for uncertainty in income taxes recognized in an entity s financial statements, and prescribes a recognition threshold and measurement attributes for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Topic No. 740 requires that we recognize in our financial statements the impact of a tax position taken or expected to be taken in a tax return, if that position is more likely than not of being sustained upon examination by the relevant taxing authority, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate resolution. Additionally, Topic No. 740 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

Recent Accounting Pronouncements

There were no new accounting standards issued through the six months ended July 30, 2011 that are expected to have a material impact on our Consolidated Financial Statements.

Fluctuations in Operating Results

We expect that our revenues and operating results may fluctuate from fiscal quarter to fiscal quarter or over the longer term. Certain factors that may cause such fluctuations are discussed in the section entitled Risk Factors and elsewhere in this prospectus.

Seasonality

Our business is seasonal, with our highest sales occurring in the months of September through January of each year. For the past 60 months, an average of approximately 50% of our net sales occurred during the period from September through January. Weather, however, continues to be an important contributing factor to our sales. Generally, our sales are higher if the weather is cold during the Fall and warm during the early Spring.

Inflation

We do not believe that our operating results have been materially affected by inflation during Fiscal 2010. Historically, as the costs of merchandising and related operating expenses have increased, the Company has been able to mitigate the effect of such impact on the Company s operations.

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The U.S retail industry continues to face increased pressure on margins as commodity prices increase and the overall challenging retail conditions have led consumers to be more value conscious. Despite a plentiful supply of goods in the market, which historically created downward pricing pressure for wholesale purchases, we expect to experience rising costs. Our open to buy paradigm, in which we purchase both pre-season and in-season merchandise, allows us the flexibility to purchase less pre-season with the balance purchased in-season and opportunistically. It also provides us the flexibility to shift purchases between suppliers and categories. This enables us to obtain better terms with our suppliers which we expect to help offset the expected rising costs of goods.

Market Risk

We are exposed to market risks relating to fluctuations in interest rates. Our New Senior Secured Credit Facilities contain floating rate obligations and are subject to interest rate fluctuations. The objective of our financial risk management is to minimize the negative impact of interest rate fluctuations on our earnings and cash flows. Interest rate risk is managed through the use of a combination of fixed and variable interest debt as well as the periodic use of interest rate cap agreements.

As more fully described in Note 10 to our Consolidated Financial Statements entitled, Derivatives and Hedging Activities, we enter into interest rate cap agreements to manage interest rate risks associated with our long-term debt obligations. Gains and losses associated with these contracts are accounted for as interest expense and are recorded under the caption Interest Expense on our Consolidated Statements of Operations and Comprehensive Income (Loss). We continue to have exposure to interest rate risks to the extent they are not hedged.

Off-Balance Sheet Transactions

Other than operating leases consummated in the normal course of business and letters of credit, as more fully described above under the caption Certain Information Concerning Contractual Obligations, we are not involved in any off-balance sheet arrangements that have or are reasonably likely to have a material current or future impact on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Quantitative and Qualitative Disclosures About Market Risk

We are exposed to certain market risks as part of our ongoing business operations. Primary exposures include changes in interest rates, as borrowings under our ABL Line of Credit and New Term Loan bear interest at floating rates based on LIBOR or the base rate, in each case plus an applicable borrowing margin and investing activities. The New Term Loan interest is also dependent on the LIBOR, prime rate, and the federal funds rate as further discussed in Note 3 to our Condensed Consolidated Financial Statements entitled Long Term Debt.

We will manage our interest rate risk by balancing the amount of fixed-rate and floating-rate debt and through the use of interest rate cap agreements. For fixed-rate debt, interest rate changes do not affect earnings or cash flows. Conversely, for floating-rate debt, interest rate changes generally impact our earnings and cash flows, assuming other factors are held constant.

At July 30, 2011, we had $474.4 million principal amount of fixed-rate debt and $1,057.3 million of floating-rate debt. Based on $1,057.3 million outstanding as floating-rate debt, an immediate increase of one percentage point, excluding the interest rate caps, would cause an increase to cash interest expense of approximately $10.6 million per year, resulting in $10.6 million less in our pre-tax earnings. This sensitivity analysis assumes our mix of financial instruments and all other variables will remain constant in future periods. These assumptions are made in order to facilitate the analysis and are not necessarily indicative of our future intentions.

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If a one percentage point increase in interest rates were to occur over the next four quarters excluding the interest rate cap, such an increase would result in the following additional interest expenses (assuming current borrowing level remains constant):

			(in thousands)		
Floating Rate Debt	**Principal Outstanding at July 30, 2011**	**Additional Interest Expense Q3 2011**	**Additional Interest Expense Q4 2011**	**Additional Interest Expense Q1 2012**	**Additional Interest Expense Q2 2012**
ABL Line of Credit	79,000	198	198	198	198
New Term Loan	978,265	2,445	2,444	2,442	2,435
	$ 1,057,265	$ 2,643	$ 2,642	$ 2,640	$ 2,633

We have two interest rate cap agreements for a maximum principal amount of $900.0 million which limit our interest rate exposure to 7% on our first $900.0 million dollars of borrowings under our variable rate debt obligations. If interest rates were to increase above the 7% cap rate, then our maximum interest rate exposure would be $8.4 million assuming constant borrowing levels of $900.0 million. Currently, we have unlimited interest rate risk related to our variable rate debt in excess of $900 million. As of July 30, 2011, the borrowing rates related to our New Term Loan and our ABL Line of Credit were 6.3% and 3.8%.

Our ability to satisfy our interest payment obligations on our outstanding debt will depend largely on our future performance, which, in turn, is in part subject to prevailing economic conditions and to financial, business and other factors beyond our control. If we do not have sufficient cash flow to service our interest payment obligations on our outstanding indebtedness and if we cannot borrow or obtain equity financing to satisfy those obligations, our business and results of operations will be materially adversely affected. We cannot be assured that any replacement borrowing or equity financing could be successfully completed.

A change in interest rates generally does not have an impact upon our future earnings and cash flow for fixed-rate debt instruments. As fixed-rate debt matures, however, and if additional debt is acquired to fund the debt repayment, future earnings and cash flow may be affected by changes in interest rates. This effect would be realized in the periods subsequent to the periods when the debt matures.

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BUSINESS

Overview

We are a nationally recognized off-price retailer of high-quality, branded apparel at EDLP. We opened our first store in Burlington, New Jersey in 1972, selling primarily coats and outerwear. Since then, and as of July 30, 2011, we have expanded our store base to 462 stores in 44 states and Puerto Rico and diversified our product categories by offering an extensive selection of in-season better and moderate brands, fashion-focused merchandise, including: ladies sportswear, menswear, coats, family footwear, baby furniture and accessories, as well as home decor and gifts. We continue to emphasize our rich heritage of coats and outerwear and we believe that we are viewed as the destination for coat shoppers. We offer a broad selection of desirable, first-quality, branded merchandise from nationally-recognized manufacturers and other suppliers. For the fiscal year ended January 29, 2011 we generated total revenue of $3,701.1 million, net sales of $3,669.6 million, and Adjusted EBITDA (as defined below) of $338.1 million.

As of July 30, 2011, we operated our stores under the names Burlington Coat Factory Warehouse (447 stores), Cohoes Fashions (two stores) and MJM Designer Shoes (13 stores). The average BCFW store is approximately 80,000 square feet, generally twice the size of our off-price competition but smaller than traditional department stores.

We are owned by Holdings. Holdings has no operations and its only asset is all of our stock. We were initially organized in 1972 as a New Jersey corporation. In 1983, we were reincorporated in Delaware and currently exist as a Delaware corporation. Holdings was organized in 2006 (and currently exists) as a Delaware corporation. We became a wholly-owned subsidiary of Holdings in connection with the Merger Transaction. Holdings is a wholly-owned subsidiary of Parent.

Change in Fiscal Year End

In order to conform to the predominant fiscal calendar used within the retail industry, on February 25, 2010 our Board of Directors approved a change in our fiscal year from a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to May 31 to a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to January 31. This change commenced with the transition period beginning on May 31, 2009 and ending on January 30, 2010 (Transition Period). The Company s last three complete fiscal years prior to Fiscal 2010 ended on May 30, 2009 (Fiscal 2009), May 31, 2008 (Fiscal 2008), and June 2, 2007 (Fiscal 2007), and each of those years contained 52 weeks.

Debt Refinancing and Dividend

In the first quarter of Fiscal 2011, we completed the refinancing of our Existing Term Loan, Existing Senior Notes and Existing Senior Discount Notes. As a result of these transactions, the Existing Senior Notes and Existing Senior Discount Notes, with carrying values at January 29, 2011 of $302.0 million and $99.3 million, respectively, have been repurchased. In addition, we completed the sale of $450 million aggregate principal amount of Old Notes at an issue price of 100%. Additionally, the Existing Term Loan with a carrying value of $777.6 million as of January 29, 2011 has been replaced with a $1,000.0 million New Term Loan Facility. Borrowings on the ABL Line of Credit related to the transaction were $101.6 million. As a result of these transactions, we incurred various fees and charges of approximately $63 million. In connection with the offering of the Old Notes and the refinancing of the Existing Term Loan facility, a cash dividend of approximately $300.0 million in the aggregate was paid to the equity holders of Parent on a pro rata basis.

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The Stores

As of July 30, 2011, we operated 462 stores under the names: Burlington Coat Factory Warehouse (447 stores), MJM Designer Shoes (13 stores) and Cohoes Fashions (two stores). Our store base is geographically diversified with stores located in 44 states and Puerto Rico. We believe that our customers are attracted to our stores principally by the availability of a large assortment of first-quality current brand-name merchandise at EDLP.

Burlington Coat Factory Warehouse stores (BCF stores) offer customers a complete line of value-priced apparel, including: ladies sportswear, menswear, coats, and family footwear, as well as baby furniture, accessories, home decor and gifts. We continue to emphasize our rich heritage of coats and outerwear and we believe that we are viewed as the destination for coat shoppers. BCF s broad selection provides a wide range of apparel, accessories and furnishing for all ages. We purchase both pre-season and in-season merchandise, allowing us to respond timely to changing market conditions and consumer fashion preferences. Furthermore, we believe BCF stores substantial selection of staple, destination products such as coats and products in our Baby Depot departments, as well as men s and boys suits, attracts customers from beyond our local trade areas. These products drive incremental store-traffic and differentiate us from our competitors. Over 98% of our net sales are derived from our BCF stores.

We opened our first MJM Designer Shoe store in 2002. MJM Designer Shoe stores offer an extensive collection of men s, women s and children s moderate-to higher-priced designer and fashion shoes, sandals, boots and sneakers. MJM Designer Shoe stores also carry accessories such as handbags, wallets, belts, socks, hosiery and novelty gifts. MJM Designer Shoes stores provide a superior shoe shopping experience for the value conscious consumer by offering a broad selection of quality goods at discounted prices in stores with a convenient self-service layout.

In some of our stores, we grant unaffiliated third parties the right to use designated store space solely for the purpose of selling such third parties goods, including items such as fragrances, and jewelry (Leased Departments). During Fiscal 2010, our rental income from all such arrangements aggregated less than 1% of our total revenues. We do not own or have any rights to any trademarks, licenses or other intellectual property used in connection with the brands sold by such unaffiliated third parties.

Store Expansion

Since 1972 when our first store was opened in Burlington, New Jersey, we have expanded to 447 BCF stores, two Cohoes Fashions stores and 13 MJM Designer Shoes stores.

We believe the size of our typical BCF store represents a competitive advantage. Most of our stores are approximately 80,000 square feet, occupying significantly more selling square footage than most off-price or specialty store competitors. Major landlords frequently seek us as a tenant because the appeal of our apparel merchandise profile attracts a desired customer base and because we can take on larger facilities than most of our competitors. In addition, we have built long-standing relationships with major shopping center developers. As of July 30, 2011, we operated stores in 44 states and Puerto Rico, and we are exploring expansion opportunities both within our current market areas and in other regions.

We believe that our ability to find satisfactory locations for our stores is essential for the continued growth of our business. The opening of stores generally is contingent upon a number of factors including, but not limited to, the availability of desirable locations with suitable structures and the negotiation of acceptable lease terms. There can be no assurance, however, that we will be able to find suitable locations for new stores or that even if such locations are found and acceptable lease terms are obtained, we will be able to open the number of new stores presently planned.

Real Estate Strategy

As of July 30, 2011, we owned the land and/or buildings for 40 of our 462 stores. Generally, however, our policy has been to lease our stores, with average rents per square foot that are below the rents of our off-price competitors. Our large average store size (generally twice that of our off-price competitors), ability to attract foot traffic and our disciplined real estate strategy enable us to secure these lower rents. Most of our stores are located in malls, strip shopping centers, regional power centers or are freestanding.

Our current lease model generally provides for a ten year initial term with a number of five year options thereafter. Typically, our lease strategy includes landlord allowances for leasehold improvements and tenant fixtures. We believe our lease model keeps us competitive with other retailers for desirable locations.

We have a proven track record of new store expansion. Our store base has grown from 13 stores in 1980 to 462 stores as of July 30, 2011. Assuming that appropriate locations are identified, we believe that we will be able to execute our growth strategy without significantly impacting our current stores. The table below shows our store openings and closings since the beginning of our fiscal year ended June 3, 2006.

Fiscal Years	**2006**	**2007**	**2008**	**2009**	**35 weeks ended January 30, 2010**	**2010**	**Six Months ended July 30, 2011**
Stores (Beginning of Period)	362	368	379	397	433	442	460
Stores Opened	12	19	20	37	9	25	5
Stores Closed	(6)	(8)	(2)	(1)	0	(7)	(3)
Stores (End of Period)	368	379*	397	433	442	460	462

* Inclusive of three stores that closed because of hurricane damage, which reopened in 2007.

Distribution

We have two primary distribution centers that ship approximately 84% of merchandise units to our stores. The remaining 16% of merchandise units are drop shipped directly to our stores. The two distribution centers, located in Edgewater Park, New Jersey and San Bernardino, California, occupy an aggregate of 1,088,000 square feet and each includes processing and storage capacity. In addition to our two primary distribution facilities, we recently reopened our distribution facility in Burlington, New Jersey. This 402,000 square foot facility is being used primarily for storage of product that has been purchased well in advance of the selling season. The vast majority of product stored at this facility will be processed and shipped through our Edgewater Park, New Jersey facility.

We continue to work on several logistics initiatives to improve supply chain efficiencies and service levels. We have implemented a new warehouse management system within our Edgewater Park, New Jersey and San Bernardino, California distribution centers. We believe that this new system will allow for further improvements in productivity by providing functionality not previously available. Accordingly, both facilities can process all receipts in a more efficient manner, further reducing the amount of transportation miles required to service our stores. We are also planning to make incremental investments during Fiscal 2011 that will allow these facilities to handle increased volume and provide value added services to our stores, such as breaking up units into smaller quantities to allow the right volumes to be placed in the right stores. Additionally, we have implemented a

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performance management program designed to drive productivity improvements within the four walls of our distribution centers.

Location	Calendar Year Operational	Size (sq. feet)	Leased or Owned
Edgewater Park, New Jersey	2004	648,000	Owned
San Bernardino, California	2006	440,000	Leased
Burlington, New Jersey	1987	402,000	Owned

Customer Demographic

Our core customer is the 25 49 year-old woman. The core customer is educated, resides in mid- to large-sized metropolitan areas and has an annual household income of $35,000 to $60,000. This customer shops for herself, her family and her home. We appeal to value seeking and fashion conscious customers who are price-driven but enjoy the style and fit of high-quality, branded merchandise. These core customers are drawn to us not only by our value proposition, but also by our broad selection of styles, our brands and our highly appealing product selection for families.

Customer Service

We are committed to providing our customers with an enjoyable shopping experience and strive to make continuous efforts to improve customer service. In training our employees, our goal is to emphasize knowledgeable, friendly customer service and a sense of professional pride. We offer our customers special services to enhance the convenience of their shopping experience, such as professional tailors, a baby gift registry, and layaways.

We have empowered our store teams to provide an outstanding customer experience for every customer in every store, every day. We have streamlined processes and will continue to strive to create opportunities for fast and effective customer interactions. Our stores must reflect clean, organized merchandise presentations that highlight the brands, value and diversity of our selection within our assortments.

Marketing and Advertising

We use a variety of broad-based and targeted marketing and advertising strategies to efficiently deliver the right message to the targeted audience at the right time. These strategies include national television and local radio advertising, direct mail, email marketing and targeted digital and magazine advertisements. Broadcast communication and reach is balanced with relevant customer contacts to increase frequency of store visits.

Employees

As of July 30, 2011, we employed 27,297 people, including part-time and seasonal employees. Our staffing requirements fluctuate during the year as a result of the seasonality of the apparel industry. We hire additional employees and increase the hours of part-time employees during seasonal peak selling periods. As of July 30, 2011, employees at two of our stores were subject to collective bargaining agreements.

Competition

The retail business is highly competitive. Competitors include off-price retailers, department stores, mass merchants and specialty apparel stores. At various times throughout the year, traditional full-price department store chains and specialty shops offer brand-name merchandise at substantial markdowns, which can result in prices approximating those offered by us at our BCF stores.

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Merchandise Vendors

We purchase merchandise from many suppliers, each of which accounted for less than 3% of our net purchases during Fiscal 2010. We have no long-term purchase commitments or arrangements with any of our suppliers, and believe that we are not dependent on any one supplier. We continue to have good working relationships with our suppliers.

Seasonality

Our business, like that of most retailers, is subject to seasonal influences, with the major portion of sales and income typically realized during the back-to-school and holiday seasons (September through January). Weather, however, continues to be an important contributing factor to the sale of our clothing. Generally, our sales are higher if the weather is cold during the Fall and warm during the early Spring.

Tradenames

We have tradename assets such as Burlington Coat Factory, Baby Depot, Luxury Linens and MJM Designs. We consider these tradenames and the accompanying name recognition to be valuable to our business. We believe that our rights to these properties are adequately protected. Our rights in these tradenames endure for as long as they are used.

Properties

As of July 30, 2011, we operated 462 stores in 44 states throughout the U.S. and Puerto Rico. We own the land and/or building for 40 of our stores and lease the other 422 stores. Store leases generally provide for fixed monthly rental payments, plus the payment, in most cases, of real estate taxes and other charges with escalation clauses. In many locations, our store leases contain formulas providing for the payment of additional rent based on sales.

We own five buildings in Burlington, New Jersey and approximately 47 acres of land on which we have constructed our corporate headquarters. In addition, we own approximately 50 acres of undeveloped land in Florence, New Jersey. We also own approximately 43 acres of land in Edgewater Park, New Jersey on which we have constructed a distribution center and office facility of approximately 648,000 square feet. We lease an additional 440,000 square foot distribution facility in San Bernardino, California. We lease approximately 35,000 square feet of office space in New York City. Refer to Note 12 to the Company s Consolidated Financial Statements entitled Long-Term Debt.

The following table identifies the years in which leases, existing at July 30, 2011, expire (exclusive of distribution and corporate leased location), showing both expiring leases for which we have no renewal options available and expiring leases for which we have renewal options available. For purposes of this table, only the expiration dates of the current lease term (exclusive of any available options) are identified. Historically, we have been able to renew a large number of our expiring leases each year.

Fiscal Years Ending	Number of Leases Expiring with No Additional Renewal Options	Number of Leases Expiring with Additional Renewal Options
2011-2012	9	32
2013-2014	13	100
2015-2016	5	96
2017-2018	5	68
2019-2020	3	50
Thereafter to 2078	14	29
Total	49	375

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Legal Proceedings

A putative class action lawsuit, entitled May Vang, and all others similarly situated, v. Burlington Coat Factory Warehouse Corporation, Case No. 09-CV-08061-CAS, was filed in the Superior Court of the State of California on September 17, 2009 and was amended and refiled on November 16, 2009 in the U.S. District Court for the Central District of California Western Division. The named plaintiff purported to assert claims on behalf of all current, former, and future employees in the United States and the State of California for the relevant statutory time period. The amended complaint asserted claims for failure to pay all earned hourly wages in violation of the Fair Labor Standards Act, or FLSA , failure to pay all earned hourly wages in violation of the California Labor Code, providing compensatory time off in lieu of overtime pay, forfeiture of vacation pay, failure to provide meal and rest periods, secret payment of lower wages than that required by statute or contract, failure to provide accurate, written wage statements, and unfair competition. The complaint sought certification as a class with respect to the FLSA claims, certification of a class with respect to California law claims, appointment of class counsel and class representative, civil penalties, statutory penalties, declaratory relief, injunctive relief, actual damages, liquidated damages, restitution, pre-judgment interest, costs of suit and attorney s fees. On March 7, 2011, the United States District Court for the Central District of California Western Division granted preliminary approval to a settlement agreement pursuant to which the Company will pay class members an immaterial amount in settlement of claims on a class basis. On June 27, 2011, the District Court granted final approval of the parties settlement agreement.

In addition to the litigation discussed above we are party to various other litigation matters, in most cases involving ordinary and routine claims incidental to our business. We cannot estimate with certainty our ultimate legal and financial liability with respect to such pending litigation matters. However, we believe, based on our examination of such matters, that our ultimate liability will not have a material adverse effect on our financial position, results of operations or cash flows.

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MANAGEMENT

Identification of Our Directors

Set forth below is the biographical information for each of our current directors, including age (as of July 1, 2011), business experience, memberships on committees of our Board of Directors (Board of Directors), the date when each director first became a member of our Board of Directors, and the experience, qualifications, attributes or skills that caused the Board of Directors to conclude that the person should serve as a director.

Joshua Bekenstein Director. Mr. Bekenstein, 53, has served as a member of our Board of Directors since the closing of the Merger Transaction on April 13, 2006 and currently serves as a member of our Compensation Committee. Mr. Bekenstein is currently a Managing Director of Bain Capital, having joined the firm at its inception in 1984. Mr. Bekenstein serves as a board member of Bombardier Recreational Products, Bright Horizons Family Solutions, Dollarama, Gymboree Corp, Michaels Stores, Toys R Us and Waters Corporation. Prior to joining Bain Capital, Mr. Bekenstein spent two years as a consultant at Bain & Company. Mr. Bekenstein received an M.B.A. from Harvard Business School and a B.A. from Yale University. Mr. Bekenstein possesses valuable financial expertise, including extensive experience with capital markets transactions and investments in both public and private companies. Mr. Bekenstein s service as a member of the boards of directors of several other companies provides him with substantial knowledge of a full range of corporate and board functions.

Jordan Hitch Director. Mr. Hitch, 44, has served as a member of our Board of Directors since the closing of the Merger Transaction on April 13, 2006 and currently serves as a member of our Compensation Committee. Mr. Hitch is currently a Managing Director of Bain Capital, having joined the firm in 1997. Mr. Hitch serves as a board member of Bombardier Recreational Products, Guitar Center, Gymboree Corp and Bright Horizons Family Solutions. Prior to joining Bain Capital, Mr. Hitch was a consultant at Bain & Company where he worked in the financial services, healthcare and utility industries. Mr. Hitch received an M.B.A., with distinction, from the University of Chicago Graduate School of Business and a B.S. in Mechanical Engineering from Lehigh University. Mr. Hitch possesses valuable financial expertise, including extensive experience with capital markets transactions and investments in both public and private companies.

David Humphrey Director. Mr. Humphrey, 34, has served as a member of our Board of Directors since September 2009 and currently serves as a member of our Audit Committee. Mr. Humphrey is currently a Principal in the Private Equity group of Bain Capital, having joined the firm in 2001. Mr. Humphrey serves on the board of directors of Bright Horizons Family Solutions and Skillsoft plc. Prior to joining Bain Capital, Mr. Humphrey was an investment banker in the mergers and acquisitions group at Lehman Brothers from 1999 to 2001. Mr. Humphrey received an M.B.A. from Harvard Business School and a B.A. from Harvard University. Mr. Humphrey has substantial knowledge of the capital markets from his experience as an investment banker and is valuable to the Board of Directors discussions of our capital and liquidity needs.

Thomas A. Kingsbury President, Chief Executive Officer and Director. Mr. Kingsbury, 58, has served as our President and Chief Executive Officer, and on our Board of Directors, since December 2008. Prior to joining us, Mr. Kingsbury served as Senior Executive Vice President Information Services, E-Commerce, Marketing and Business Development of Kohl s Corporation from August 2006 to December 2008. Prior to joining Kohl s, Mr. Kingsbury served in various management positions with The May Department Stores Company commencing in 1976 and as President and Chief Executive Officer of the Filene s division since February 2000. Mr. Kingsbury received a B.B.A. degree from the University of Wisconsin-Madison. Mr. Kingsbury s day-to-day leadership and experience as our President and Chief Executive Officer gives him unique insights into our challenges, opportunities and operations.

Jay Margolis Director. Mr. Margolis, 62, has served as a member of our Board of Directors since December 2009. Mr. Margolis most recently served as CEO of Limited Corporation where he oversaw operations of Limited Brands Apparel Division (Express and Limited Stores) and was responsible for revamping the product line as well as operations. Mr. Margolis has served as President or Chief Executive Officer of seven retail apparel corporations. Prior to Limited Corporation, Mr. Margolis served as President, Chief Operating Officer & Director of Reebok International Ltd. and as Chief Executive Officer & Chairman of the Board of Esprit de Corporation, USA. He also held senior executive positions at Tommy Hilfiger Inc., Liz Claiborne Inc., Cluett Peabody, Inc., Ron Chereskin Menswear and Bidermann Industries. Mr. Margolis currently serves on the Board of Directors of Boston Beer Company and Godiva Chocolatier, Inc. He earned his B.A. degree from Queens College, part of The City University of New York. Mr. Margolis has extensive executive experience within the retail industry and brings a unique and valuable perspective to the Board of Directors.

Mark Verdi Director. Mr. Verdi, 45, has served as a member of our Board of Directors since October 2007 and currently serves as a member of our Audit Committee. Mr. Verdi is currently a Managing Director in the Portfolio Group of Bain Capital, having joined the firm in 2004. Mr. Verdi serves on the board of managers of OSI Restaurant Partners and Styron Luxco S.à r.l. Prior to joining Bain Capital, Mr. Verdi worked at IBM Global Services from 2001 to 2004. From 1996 to 2001, Mr. Verdi served as Senior Vice President of Finance and Operations and a member of the board of directors of Mainspring, Inc., a publicly held strategy consulting firm. From 1988 to 1996, Mr. Verdi held various positions at PricewaterhouseCoopers. Mr. Verdi received an M.B.A. from Harvard Business School and a B.S. from the University of Vermont. Mr. Verdi possesses valuable financial expertise, including extensive experience in corporate finance and accounting and extensive experience providing strategic advisory services to numerous organizations.

The directors named above also currently serve as directors of Parent and Holdings. Other than the provisions of the Stockholders Agreement described below under the caption entitled Governance of the Company, we do not know of any arrangements or understandings between any of our directors and any other person pursuant to which a director was or is to be selected as a director, other than any arrangements or understandings with our directors acting solely in their capacities as such.

Governance of the Company

Our business, property and affairs are managed by, or under the direction of, our Board of Directors. In connection with the Merger Transaction, Parent entered into a Stockholders Agreement, dated as of April 13, 2006, with its stockholders, including funds associated with Bain Capital and certain management personnel (Stockholders Agreement). Pursuant to the Stockholders Agreement, each holder of Management Shares and Investor Shares (as each term is defined in the Stockholders Agreement) agrees to cast all votes to which such holder is entitled in respect of such shares:

- To fix the number of members of Parent s board of directors at such number as may be specified from time to time by the holders of a majority of the Investor Shares; and
- To elect members of Parent s board of directors as follows:
  - one individual nominated by Bain Capital Fund IX, LLC; and
  - for the remaining members of Parent s board of directors, such individuals nominated by the holders of a majority of the Investor Shares.

The Stockholders Agreement additionally provides that Parent will cause our Board of Directors and the board of directors of Holdings to consist at all times of the same members as Parent s board of directors.

Our Board of Directors currently consists of six members. Each director shall hold office until a successor is duly elected and qualified or until his earlier death, resignation or removal as provided in our By-Laws. Directors may be removed at any time, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. Our Board of Directors currently has two standing committees: an Audit Committee and a Compensation Committee.

Nominees to Board of Directors

Since the date of the Stockholders Agreement there have been no material changes to the procedures by which security holders may recommend nominees to our Board of Directors.

Audit Committee

Our Board of Directors has a separately designated audit committee consisting of Messrs. Verdi and Humphrey. Our Board of Directors has determined that each of its members is financially literate. However, as we are now privately held and controlled by affiliates of Bain Capital, our Board of Directors has determined that it is not necessary to designate one or more of our Audit Committee members as an audit committee financial expert at this time.

Identification of Our Executive Officers

Our executive officers have been elected to their respective offices by our Board of Directors. Set forth below is the biographical information for each of our current executive officers (other than Mr. Kingsbury, our President and Chief Executive Officer, and a member of our Board of Directors, whose biographical information is set forth above under the caption entitled Identification of Our Directors), including age (as of July 1, 2011) and business experience:

Fred Hand Executive Vice President of Stores. Mr. Hand, 47, has served as our Executive Vice President of Stores since February 2008. Prior to joining us, Mr. Hand served as Senior Vice President, Group Director of Stores of Macy s, Inc. from March 2006 to February 2008. From 2001 to 2006, Mr. Hand served as Senior Vice President, Stores and Visual Merchandising of Filene s Department Stores. Mr. Hand held various other positions at the May Department Stores Company from 1991 to 2001, including Area Manager, General Manager, and Regional Vice President.

Marc Katz Executive Vice President, Merchandising Support and Information Technology. Mr. Katz, 46, has served as our Executive Vice President, Merchandising Support and Information Technology since April 3, 2011. From December 2009 through April 3, 2011, Mr. Katz served as our Executive Vice President of Merchandise Planning and Allocation. From the commencement of his employment with us in July 2008 through December 2009, Mr. Katz served as our Executive Vice President and Chief Accounting Officer. Prior to joining us, Mr. Katz served as Executive Vice President and Chief Financial Officer of A.C. Moore Arts & Crafts, Inc., a specialty retailer of arts, crafts and floral merchandise, from September 2006 to June 27, 2008. From May 2003 to September 2006, Mr. Katz was Senior Vice President and Chief Information Officer of Foot Locker, Inc., a specialty retailer of athletic footwear, apparel and related items. Mr. Katz served as Vice President and Chief Information Officer of Foot Locker from July 2002 to May 2003. From 1997 to 2002, Mr. Katz served in the following capacities at the financial services center of Foot Locker: Vice President and Controller from July 2001 to July 2002; Controller from December 1999 to July 2001; Retail Controller from October 1997 to December 1999; and Director of Inventory Control from June 1997 to October 1997. Prior to his employment with Foot Locker, Mr. Katz served for eight years in various financial positions at The May Department Stores Company, an operator of department store chains. Mr. Katz received an M.B.A. from Saint Louis University and a Bachelor s Degree in Business Administration from the University of Missouri St. Louis.

Joyce Manning Magrini Executive Vice President Human Resources. Ms. Magrini, 56, has served as our Executive Vice President Human Resources since November 2009. Prior to

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joining us, Ms. Magrini served as Executive Vice President Administration of Finlay Jewelry since June 2005. From March 1999 to June 2005, Ms. Magrini served as Senior Vice President of Human Resources of Finlay Jewelry and from January 1995 to February 1999, Ms. Magrini was Vice President of Human Resources of Finlay Jewelry. Ms. Magrini held various human resources and customer service positions at Macy s from 1978 through December 1994. Ms. Magrini holds a B.A. degree from Montclair State University and a J.D. degree from Seton Hall University.

Todd Weyhrich Executive Vice President and Chief Financial Officer. Mr. Weyhrich, 48, has served as our Executive Vice President and Chief Financial Officer since November 2007. From the commencement of his employment with us in August 2007 through November 2007, Mr. Weyhrich served as our Chief Accounting Officer and interim Chief Financial Officer. Prior to joining us, Mr. Weyhrich served as Chief Financial Officer of Arby s Restaurant Group, Inc. from May 2004 to June 2006. From February 2003 to April 2004, he served as Senior Vice President Merger Integration of The Sports Authority and served as Senior Vice President Chief Accounting Officer and Logistics of The Sports Authority from February 2001 to February 2003. Prior to that, Mr. Weyhrich was Senior Vice President Finance from 2000 to 2001 and Vice President Controller from 1995 to 2000 of Pamida Holdings Corporation, which became a wholly-owned subsidiary of ShopKo Stores, Inc. in July 1999. Prior to that, Mr. Weyhrich served in various capacities, most recently as Audit Senior Manager, with Deloitte & Touche LLP from 1985 to 1995. Mr. Weyhrich received a Bachelors Degree in Business Administration from Wayne State College in Wayne, Nebraska.

We do not know of any arrangements or understandings between any of our executive officers and any other person pursuant to which he or she was or is to be selected as an officer, other than any arrangements or understandings with our officers acting solely in their capacities as such.

Code of Ethics

We have adopted a written Code of Business Conduct and Ethics (Code of Business Conduct) which applies to all of our directors, officers and other employees, including our principal executive officer, principal financial officer and controller. In addition, we have adopted a written Code of Ethics for the Chief Executive Officer and Senior Financial Officers (Code of Ethics) which applies to our principal executive officer, principal financial officer, controller and other designated members of our management. We will provide any person, without charge, upon request, a copy of our Code of Business Conduct or Code of Ethics. Such requests should be made in writing to the attention of our Corporate Counsel at the following address: Burlington Coat Factory Warehouse Corporation, 1830 Route 130 North, Burlington, New Jersey 08016.

Section 16(a) Beneficial Ownership Reporting Compliance

As we do not have a class of equity securities registered pursuant to Section 12 of the Exchange Act, none of our directors, officers or stockholders were subject to the reporting requirements of Section 16(a) of the Exchange Act during the fiscal year ended January 29, 2011 (Fiscal 2010).

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for our most highly compensated executive officers as of January 29, 2011 (collectively our named executive officers). The specific amounts paid or payable to our named executive officers are disclosed in the tables and narrative following this Compensation Discussion and Analysis. The following discussion cross-references those specific tabular and narrative disclosures where appropriate.

Setting Named Executive Officer Compensation

Currently comprised of Messrs. Hitch and Bekenstein, the Compensation Committee (Committee) of our Board of Directors is tasked with discharging our Board of Directors responsibilities related to oversight of the compensation of our named executive officers and ensuring that our executive compensation program meets our corporate objectives.

The Committee (and, in some cases, our entire Board of Directors) makes decisions regarding salaries, annual incentive awards and long-term equity incentives for our named executive officers. The Committee is also responsible for reviewing and approving corporate goals and objectives relevant to the compensation of our named executive officers, as well as evaluating their performance in light of those goals and objectives. Based on this review and evaluation, as well as on input from our chief executive officer regarding the performance of our other named executive officers and his recommendations as to their compensation, the Committee, as authorized by our Board of Directors, determines and approves our named executive officers compensation. Our named executive officers do not play a role in their own compensation determinations.

Objectives of Our Compensation Program

Our overall objective is to have a compensation program that will allow us to attract and retain executive officers of a caliber and level of experience necessary to effectively manage our business and motivate such executive officers to increase our value. We believe that, in order to achieve that objective, our program must:

- provide each named executive officer with compensation opportunities that are competitive with the compensation opportunities available to executives in comparable positions at companies with whom we compete for talent;
- tie a significant portion of each named executive officer s compensation to our financial performance; and
- promote and reward the achievement of objectives that our Board of Directors believes will lead to long-term growth in shareholder value.

New Members of Our Management Team

Mr. Geraghty and Ms. Magrini joined us during the 35 week period commencing on May 31, 2009 and ended January 30, 2010 (Transition Period) in line with our overall goal of attracting superior talent. Consequently, the process for determining the compensation of Ms. Magrini and Mr. Geraghty was significantly influenced by our need to attract new and additional talent.

Prior to hiring a new executive officer to fill a vacant or a newly created position, we typically described the responsibilities of the position and the skills and level of experience required for the position to one or more national executive search firms. The search firm(s) informed us about the compensation ranges of executives in positions with similar responsibilities at comparable companies, and provided us with guidance as to how different skills and levels of experience impact those compensation ranges. By using the information obtained from the search firms, as well as information obtained from compensation surveys, the Committee determined target compensation ranges for the positions we were seeking to fill, taking into account the individual candidates particular skills and levels of experience. In specific circumstances, when making an offer to a new executive officer, the Committee also considered other factors such as the amount of unvested compensation that the executive officer had with his former employer.

By using information provided by one or more search firms, the Committee sought to ensure that the compensation information considered was both comprehensive and reliable. The Committee would most likely use a similar benchmarking process in seeking to fill new executive officer positions, as it has enabled us to attract superior individuals for key positions by providing for reasonable and competitive compensation.

Elements of Compensation

Our executive compensation program utilizes three primary integrated elements to accomplish the objectives described above:

- base salary;
- annual incentive awards; and
- long-term equity incentives.

We believe that we can meet the objectives of our executive compensation program by achieving a balance among these three elements that is competitive with our industry peers and creates appropriate incentives for our named executive officers. Actual compensation levels are a function of both corporate and individual performance as described under each compensation element below. In making compensation determinations, the Committee considers, among other things, the competitiveness of compensation both in terms of individual pay elements and the aggregate compensation package.

Mix of Total Compensation

In regard to the allocation of the various pay elements within the total compensation program, no formula or specific weightings or relationships are used. Cash compensation includes base salary and annual incentive awards which, for our named executive officers, are targeted to a percentage of base salary to emphasize performance-based compensation, rather than salaries or other forms, which are fixed compensation. Perquisites and other types of non-cash benefits are used on a limited basis and, other than certain relocation and temporary living expenses reimbursed by us, represent only a small portion of total compensation for our named executive officers. Equity compensation includes long-term incentives, which provide a long-term capital appreciation element to our executive compensation program and are not performance-based.

Base Salary

We provide our named executive officers with base salary in the form of fixed cash compensation to compensate them for services rendered during the fiscal year. The base salary of each of our named executive officers is reviewed for adjustment annually by the Committee. Generally, in making a determination of whether to make base salary adjustments, the Committee considers the following factors:

- our success in meeting our strategic operational and financial goals;

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- each named executive officer s individual performance;
- length of service to us of such named executive officer;
- changes in scope of responsibilities of such named executive officer; and
- competitive market compensation paid by other companies for similar positions.

In addition, the Committee considers internal equity within our organization and, when reviewing the base salaries of our named executive officers, their current aggregate compensation.

Mr. Geraghty and Ms. Magrini were hired by us during the Transition Period, Messrs. Kingsbury and Katz were hired by us during Fiscal 2009, and Messrs. Hand and Weyhrich were hired by us during Fiscal 2008. Accordingly, their initial base salaries were determined through the executive search firm process described above under the caption entitled New Members of Our Management Team. Effective as of November 2007, Mr. Weyhrich received an increase in salary of $100,000 from $350,000 to $450,000 to reflect his promotion to Chief Financial Officer. Mr. Weyhrich was appointed as our Chief Financial Officer in November 2007 after having served as our interim Chief Financial Officer since the commencement of his employment with us in August 2007. The base salaries of each of our named executive officers in fiscal years after the fiscal year in which they were hired are subject to annual review by the Committee.

The Committee reviewed the annual base salary rates for Messrs. Kingsbury, Katz, Hand and Weyhrich and, pursuant to its review, increased each named executive officer s salary by 2.5% for Fiscal 2010. As Mr. Geraghty and Ms. Magrini were hired by us during the Transition Period, neither of them was eligible for a base salary increase in connection with the Committee s review.

Annual Incentive Awards

Annual incentive awards are an important part of the overall compensation we pay our named executive officers. Unlike base salary, which is fixed, annual incentive awards are paid only if specified performance levels are achieved. We believe that annual incentive awards encourage our named executive officers to focus on specific short-term business and financial goals. Our named executive officers are eligible to receive annual cash incentive awards under our annual Management Incentive Bonus Plan (Bonus Plan).

Under our Bonus Plan, each named executive officer has an annual incentive target expressed as a percentage of his or her base salary as follows: 100% for Mr. Kingsbury and 50% for each named executive officer other than Mr. Kingsbury. As described below, each named executive officer s annual incentive award is based on a combination of our Adjusted EBITDA results (Financial Component) and his or her personal performance (Performance Component). We believe that this methodology more closely aligns the named executive officer s interests with our stockholders interests (as we believe that Adjusted EBITDA is a more accurate indicator of our financial performance) while also rewarding each of the named executive officers for his or her individual performance. We calculate Adjusted EBITDA, for this purpose, as earnings (loss) before interest, tax, depreciation and amortization with certain adjustments.

Subject to adjustment based on the Performance Component determination discussed in the following paragraph, (i) achievement at the target Adjusted EBITDA would result in a potential payout at the target level; (ii) if Adjusted EBITDA performance is less than the established Adjusted EBITDA target but greater than a predetermined threshold Adjusted EBITDA, each named executive officer would be eligible for an incentive bonus equivalent to a fractional share of his or her target bonus determined by the proportion of the Adjusted EBITDA achieved in relation to target Adjusted EBITDA; and (iii) if Adjusted EBITDA is greater than target Adjusted EBITDA, each named executive officer would be eligible for his or her target bonus plus an additional bonus payment equivalent to a percentage of every dollar above the Adjusted EBITDA target (not subject to any maximum amount). If Adjusted EBITDA is less than the threshold Adjusted EBITDA, no bonus would be payable.

Once the Committee assesses the Financial Component, specific payments to each named executive officer depend on the Committee s rating of his or her personal performance. A rating of Meets Expectations means that the named executive officer has generally met his or her individual performance objectives for the year and would be eligible to receive up to 100% of his or her target bonus. A rating of Exceeds Expectations means that a named executive officer has exceeded his or her individual performance objectives and would be eligible to receive up to 110% of his or her target bonus. Finally, a rating of Outstanding means that a named executive officer has substantially exceeded his or her individual performance objectives and would be eligible to receive up to 125% of his or her target bonus. Where a named executive officer is rated below Meets Expectations, no bonus would be payable. Notwithstanding the foregoing formulas, the Committee has the discretion to pay more or less than the formula amount to any named executive officer.

On February 25, 2010, our Board of Directors approved a change in our fiscal year from a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to May 31 to a fiscal year comprised of the twelve consecutive fiscal months ending on the Saturday closest to January 31. Notwithstanding this fiscal year change, which commenced with the Transition Period, the Committee determined that the Bonus Plan applicable to the Transition Period should be administered based on our prior fiscal calendar such that awards were established with reference to performance for the twelve months ending on May 29, 2010 (Prior Bonus Period). The portion of the Prior Bonus Period commencing on May 31, 2009 and ending on January 30, 2010 is referred to in this prospectus as the Transition Bonus Period and the portion of the Prior Bonus Period commencing on January 31, 2010 and ending on May 29, 2010 is referred to in this prospectus as the Initial Fiscal 2010 Bonus Period. The Committee determined that the Bonus Plan applicable to the period following the Initial Fiscal 2010 Bonus Period through the end of Fiscal 2010 (referred to in this prospectus as the Subsequent Fiscal 2010 Bonus Period) should be administered solely with reference to performance during the Subsequent Fiscal 2010 Bonus Period.

Initial Fiscal 2010 Bonus Period

As disclosed in our Form 8-K filed on July 9, 2010, following the conclusion of the Prior Bonus Period, the Committee assessed the Performance Component and the Financial Component applicable to such period. The Committee assigned each named executive officer a rating of Meets Expectations. Additionally, our actual Adjusted EBITDA for the Prior Bonus Period exceeded our Adjusted EBITDA target of $325 million for the Prior Bonus Period. After giving effect to the Committee s assessment, we made awards under the Bonus Plan to our named executive officers on July 2, 2010. The Bonus Plan awards earned in the Initial Fiscal 2010 Bonus Period by each named executive officer are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table. Such amounts represent a portion of each named executive officer s award earned during the Prior Bonus Period prorated for the number of days included in the Initial Fiscal 2010 Bonus Period.

Subsequent Fiscal 2010 Bonus Period

As the Subsequent Fiscal 2010 Bonus Period relates to two-thirds of Fiscal 2010, each named executive officer s annual incentive target under the Bonus Plan applicable to the Subsequent Fiscal 2010 Bonus Period is multiplied by two-thirds. Following the conclusion of the Subsequent Fiscal 2010 Bonus Period, the Committee assessed the Performance Component and the Financial Component applicable to such period. The Committee assigned each named executive officer a rating of Meets Expectations. Additionally, our actual Adjusted EBITDA for the Subsequent Fiscal 2010 Bonus Period exceeded our Adjusted EBITDA target of $245.2 million for the Subsequent Fiscal 2010 Bonus Period. After giving effect to the Committee s assessment, we made awards under the Bonus Plan to our named executive officers in May 2011. The Bonus Plan awards earned in the Subsequent Fiscal 2010 Bonus Period by each named executive officer are reported in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Long-Term Incentives

We believe that long-term incentives are a component of compensation that helps us to attract and retain our named executive officers. These incentives also align the financial rewards paid to our named executive officers with our long-term performance, thereby encouraging our named executive officers to focus on long-term goals. We offer long-term incentives under our 2006 Management Incentive Plan (Incentive Plan) which Parent adopted concurrently with the Merger Transaction. Under the Incentive Plan, named executive officers (as well as other key employees) are eligible to receive restricted common stock of Parent or stock options to purchase Parent s common stock. Awards of restricted stock and stock options under the Incentive Plan generally are expressed in terms of units. Each unit consists of nine shares of Class A Common Stock of Parent (Class A Stock) and one share of Class L Common Stock of Parent (Class L Stock). Awards granted under the Incentive Plan are exercisable only for whole units and cannot be separately exercised for the individual classes of Parent common stock. More detail about the stock options and restricted stock granted to our named executive officers (including the vesting provisions related to these grants) are set out in the tables that follow this discussion.

Options

Upon commencement of their employment with us, Ms. Magrini and Messrs. Kingsbury, Weyhrich, Hand, Geraghty and Katz received options to purchase 10,000, 100,000, 12,500, 10,000, 12,000 and 10,000 units under the Incentive Plan, respectively. As provided for under his employment agreement with us, Mr. Weyhrich received options to purchase an additional 7,500 units concurrently with his elevation to Chief Financial Officer in November 2007. On April 13, 2009, Mr. Hand received options to purchase an additional 10,000 units, and on July 22, 2009, Mr. Katz received options to purchase an additional 10,000 units.

The amounts of each named executive officer s option awards were based on their position with us and the total target compensation packages deemed appropriate for their positions. The Committee concluded that these awards were reasonable and consistent with the nature of the individuals responsibilities.

Options granted to our named executive officers prior to April 2009 under the Incentive Plan are exercisable in three tranches; options granted to our named executive officers from and after April 2009 under the Incentive Plan are exercisable in two tranches. Grants are made at or above fair market value, and the tranche structure of the option awards, with increasing exercise prices in each tranche, is designed to encourage long-term performance by tying the value of the options to long-term increases in the value of Parent s common stock. Option awards granted to (i) Mr. Geraghty were scheduled to vest 33.34% on the first anniversary of the grant date, 33.33% on the second anniversary of the grant date, and 33.33% on the day immediately preceding the third anniversary of the grant date, and (ii) each named executive officer other than Mr. Geraghty vest 40% on the second anniversary of the award with the remaining options vesting ratably over the subsequent three years. All options become exercisable upon a change of control and, unless determined otherwise by the plan administrator, upon cessation of employment, options that have not vested will terminate immediately (except with respect to Mr. Kingsbury, whose option agreement provides a formula for calculating a number of options which will vest in the event that Mr. Kingsbury s employment is terminated without cause or Mr. Kingsbury resigns with good reason), units issued upon the exercise of vested options will be callable under our Stockholders Agreement, and unexercised vested options will be exercisable for a period of 60 days. The final exercise date for any option granted is the tenth anniversary of the grant date.

As a result of his resignation as our Chief Operating Officer on January 28, 2011, Mr. Geraghty s then unvested options were immediately forfeited as of such date and his then vested options remained exercisable for a period of time after his resignation.

On April 24, 2009, our Board of Directors approved amendments to all outstanding option agreements between us and our employees, including certain of our named executive officers, to exchange eligible options on a one-for-one basis for replacement options and re-price certain options to a lower exercise price. All then-current employees who previously received options were permitted to exchange options with an exercise price of $270 per unit for an equal number of options with an exercise price of $90 per unit and a new five year vesting schedule commencing on April 24, 2009. In addition, all then-current employees with options having an exercise price of $100 per unit were eligible to have the exercise price of such options re-priced to $90 per unit with no loss of vesting. These amendments were designed to create better incentives for employees to remain with us and contribute to achieving our business objectives.

In April 2011, the Parent s Board of Directors, in order to reflect the dividends paid in connection with the debt refinancing described elsewhere in this prospectus, approved a reduction of the exercise prices of each then outstanding option from $90 per unit and $180 per unit, respectively, to $30.60 and $120.60 per unit, respectively, without affecting the existing vesting schedules thereof.

Restricted Stock

Upon commencement of his employment with us, Mr. Kingsbury received an award of 7,500 units of restricted stock. In the judgment of the Committee, this grant was appropriate for Mr. Kingsbury s position and was instrumental to our successful recruiting of Mr. Kingsbury as our President and Chief Executive Officer.

On April 24, 2009, our Board of Directors granted one-time awards of units of restricted stock to certain of our management employees, including certain of our named executive officers as follows: Mr. Kingsbury 3,611; Mr. Weyhrich 4,444; and Mr. Hand 5,111, and Mr. Katz 4,000. The amount of each named executive officer s restricted stock award was based on his position with us and the total target compensation package deemed appropriate for his position. The Committee concluded that these awards were reasonable and consistent with the nature of the named executive officer s responsibilities.

Units of restricted stock granted (i) on April 24, 2009 to each of our named executive officers vested 50% on April 24, 2011 and 50% on April 24, 2012 and (ii) to Mr. Kingsbury on December 2, 2008 will vest one-third on December 2, 2011. Two-thirds of the units of restricted stock granted to Mr. Kingsbury on December 2, 2008 were vested as of December 2, 2010. Except as otherwise noted:

- units of restricted stock vest only in the event that the recipient remains continuously employed by us on each vesting date;

- all unvested units of restricted stock will remain unvested following any change of control, provided, however, that 100% of such units will vest if, following a change of control, the recipient s employment is terminated by us without cause or the recipient resigns with good reason (except with respect to Mr. Kingsbury, whose restricted stock agreements provide that all unvested units of restricted stock will accelerate and vest as of the date of a change of control);

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- all unvested units of restricted stock will vest if the recipient s employment is terminated prior to vesting as a result of the recipient s death or disability;

- all unvested units of restricted stock will automatically be forfeited (and will not vest) if the recipient s employment with us terminates for any reason (other than if, following a change of control, recipient s employment is terminated by us without cause or the recipient resigns with good reason) prior to the vesting date (except with respect to Mr. Kingsbury, whose restricted stock agreements include a formula for calculating a number of units of restricted stock which will vest in the event that Mr. Kingsbury s employment is terminated without cause or Mr. Kingsbury resigns with good reason);

- all vested units of restricted stock are callable under the Stockholders Agreement; and

- holders of unvested restricted units have the right to vote such units but cannot dispose of them until such units have vested.

Benefits and Perquisites

Benefits

We maintain broad-based benefits that are provided to all full-time employees, including health, dental, life and disability insurance. Certain of these benefits require employees to pay a portion of the premium. Except with respect to life insurance (our named executive officers all receive life insurance in an amount equal to three time their annual base salary) and participation in an executive medical reimbursement plan (pursuant to which our named executive officers receive a certain amount per year, to offset the cost of covered medical expenses), these benefits are offered to our named executive officers on the same basis as all other employees. We also maintain a savings plan in which our named executive officers who have at least one year of employment with us are eligible to participate, along with a substantial majority of our employees. The savings plan is a traditional 401(k) plan, under which we match 100% of the first 3% of the named executive officer s compensation that is deferred and 50% of the next 2% of the named executive officer s compensation that is deferred, up to the Internal Revenue Code limit for each respective year in which the named executive officer participates in the plan.

Perquisites or Other Personal Benefits

Although our named executive officers are entitled to few perquisites or other personal benefits that are not otherwise available to all of our employees, we do provide our named executive officers with perquisites that the Committee believes are reasonable and consistent with the perquisites that would be available to them at companies with whom we compete for experienced senior management. We provide each of our named executive officers with the use of a company car, company paid car maintenance, and reimbursement of gas and insurance expenses. Additionally, certain of our newly hired named executive officers have received reimbursement of certain relocation and temporary living expenses (subject to clawback in the event of termination on the conditions specified in each such named executive officer s employment agreement).

Other than certain relocation and temporary living expenses reimbursed by us, these perquisites or other personal benefits represent a relatively modest portion of each named executive officer s total compensation. The cost of these perquisites or other personal benefits to us is set forth below in the Summary Compensation Table below under the column All Other Compensation, and detail about each element is set forth in the footnote table following the Summary Compensation Table.

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Tax and Accounting Considerations

We structure our compensation program in a manner that is consistent with our compensation philosophy and objectives. However, in the course of making decisions about executive compensation, the Committee takes into account certain tax and accounting considerations. For example, they take into account Section 409A of the Internal Revenue Code regarding non-qualified deferred compensation. In making decisions about executive compensation, they also consider how various elements of compensation will affect our financial reporting. For example, they consider the impact of FASB ASC Topic 718 Stock Compensation, which requires us to recognize the cost of employee services received in exchange for awards of equity instruments based upon the grant date fair value of those awards.

While it is the general intention of the Committee to design the components of our executive compensation program in a manner that is tax efficient for both us and our named executive officers, there can be no assurance that they will always approve compensation that is advantageous for us from a tax perspective.

Termination Based Compensation

Severance arrangements applicable to our named executive officers are set forth in each of their respective employment agreements. We believe these arrangements play an important role in protecting our highly competitive business by restricting our executive officers from working for a competitor during the specified severance period. Additionally, each named executive officer s option grant agreement and restricted stock agreement (if applicable) contains terms regarding vesting in connection with the termination of employment and changes in control. A detailed discussion of compensation payable upon termination or a change in control is provided below under the caption entitled Potential Payments Upon Termination or Change-in-Control.

Compensation Committee Interlocks and Insider Participation

Messrs. Bekenstein and Hitch served at all times during Fiscal 2010, and continue to currently serve, on the Committee. Neither of these individuals (i) has ever been an officer or an employee of ours, nor (ii) except as otherwise set forth herein, has any relationship that is required to be disclosed pursuant to the rules of the Securities and Exchange Commission. In addition, none of our executive officers serve (or served at any time during Fiscal 2010) as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving as a member of our Board of Directors or the Committee.

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Summary Compensation Table

The following table sets forth summary information concerning the compensation of our named executive officers:

Name and Principal Position	Fiscal Year	Salary ($)	Bonus ($)	Stock Awards ($)(6)	Option Awards ($)(7)	Non-Equity Incentive Plan Compensation ($)(8)	All Other Compensation ($)(10)	Total ($)
Thomas A. Kingsbury,	2010	884,920	500,000(9)			1,074,784	43,029	2,502,733
President and Chief	5/31/09-1/30/2010	556,260				915,441	4,250	1,475,951
Executive Officer	2009	422,381		769,809	3,169,250	451,128	357,477	5,170,045
Todd Weyhrich,	2010	457,486				284,502	14,784	756,772
Executive Vice	5/31/09-1/30/2010	294,396				242,322	15,969	552,687
President and Chief	2009	508,942		203,535	52,430	241,245	12,402	1,018,554
Financial Officer	2008	335,654	212,000(1)		1,049,918		565,356	2,162,928
Michael Geraghty,	2010	499,000				137,099	69,273	705,372
Chief Operating Officer(2)	5/31/09-1/30/2010	28,846	35,000(3)		500,200	29,672	14,250	607,968
Joyce Manning Magrini,	2010	348,657				213,783	71,099	633,539
Executive Vice President Human Resources	5/31/09-1/30/2010	90,386	150,000(3)		263,400	69,235	24,273	597,294
Marc Katz,	2010	409,807				252,891	18,255	680,953
Executive Vice	5/31/09-1/30/2010	261,688			245,967	215,397	13,869	736,921
President, Merchandise Support and Information Technology(4)	2009	358,461	300,000(5)	183,200	281,869	214,440	39,666	1,377,636
Fred Hand, Executive Vice President Stores	2010	512,260				309,226	19,952	841,438

(1) Represents a bonus in lieu of direct participation in the Bonus Plan for the first year of employment pursuant to the terms of Mr. Weyhrich s employment agreement.

(2) Mr. Geraghty resigned from his position as our Chief Operating Officer effective January 28, 2011 due to personal reasons. In order to receive an award under the Bonus Plan, a participant must be actively employed by us at the time we make payment of awards under the Bonus Plan. Accordingly, Mr. Geraghty was not eligible to receive an award under the Bonus Plan for the Subsequent Fiscal 2010 Bonus Period.

(3) Represents a sign-on bonus pursuant to the terms of the named executive officer s employment agreement.

(4) Effective as of April 3, 2011, Mr. Katz assumed the role of Executive Vice President, Merchandising Support and Information Technology. Effective as of December 22, 2009, Mr. Katz assumed the role of Executive Vice President of Merchandise Planning and Allocation of the Company and ceased serving as the Company s Principal Accounting Officer.

(5) Represents, pursuant to the terms of Mr. Katz s employment agreement, a repair bonus in the amount of $300,000 to recompense Mr. Katz for bonuses from his prior employer which were forfeited by reason of Mr. Katz s employment with us.

(6) Represents the aggregate grant date fair value of awards of restricted units of Parent s common stock. Each unit consists of nine shares of Class A Stock and one share of Class L Stock. The amounts shown were calculated in accordance with FASB ASC Topic 718, excluding the effect of certain forfeiture assumptions, and are based on a number of key assumptions described in Note 13 to our Consolidated Financial Statements. The vesting terms and conditions of restricted stock awards to our named executive officers are described below under the table entitled Outstanding Equity Awards at Fiscal Year-End.

(7) Represents the aggregate grant date fair value of awards of options to purchase units of Parent s common stock. With respect to each of Messrs. Kingsbury, Weyhrich and Katz, the amount shown in Fiscal 2009 includes the incremental value (calculated in accordance with FASB ASC Topic 718) of the repriced and exchanged options described below under the caption entitled Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table and the table entitled Outstanding Equity Awards at Fiscal Year-End. Each unit consists of nine shares of Class A Stock and one share of Class L Stock. The amounts shown were calculated in accordance with FASB ASC Topic 718, excluding the effect of certain forfeiture assumptions, and are based on a number of key assumptions described in our Consolidated Financial Statements. The amount of compensation, if any, actually realized by a named executive officer from the exercise and sale of vested options will depend on numerous factors, including the continued employment of the named executive officer during the vesting period of the award and the amount by which the unit price on the day of exercise and sale exceeds the option exercise price. The vesting terms and conditions of option awards to our named executive officers are described below under the table entitled Outstanding Equity Awards at Fiscal Year-End.

(8) The amounts reported in this column for Fiscal 2010 represent the aggregate Bonus Plan award earned by each named executive officer with respect to the Initial Fiscal 2010 Bonus Period and the Subsequent Fiscal 2010 Bonus Period.

(9) Represents a special one-time bonus award for Mr. Kingsbury for his performance during Fiscal 2010.

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(10) The amounts reported in this column for Fiscal 2010 represent the following:

Name	Relocation Expenses ($)(a)	Company Matching 401(k) Contributions ($)	Automobile Reimbursement ($)(b)	Tax Reimbursements ($)(c)	Other Perquisites or Contractual Arrangements ($)(d)	Total ($)
Thomas A. Kingsbury		9,800	5,937	24,223	3,069	43,029
Todd Weyhrich		9,800	3,939		1,045	14,784
Michael Geraghty	48,208		17,851		3,214	69,273
Joyce Manning Magrini	29,500	9,800	17,296	14,198	305	71,099
Marc Katz		9,800	5,116		3,339	18,255
Fred Hand		9,800	8,555		1,597	19,952

(a) Consists of payment for certain temporary housing accommodations.
(b) Consists of the following incremental costs to us associated with the provision of the use of a company car: (i) the value of the use of the company car purchased in the Transition Period for Mr. Geraghty ($13,250) and Ms. Magrini ($12,750); (ii) $1,241 of automobile insurance costs incurred by each named executive officer; (iii) fuel expenses in the following amounts: Mr. Kingsbury: $2,157; Mr. Weyhrich $2,170; Mr. Geraghty $2,361; Ms. Magrini $2,921; Mr. Katz $1,843; and Mr. Hand $3,477; and (iv) maintenance expenses in the following amounts: Mr. Kingsbury: $2,539; Mr. Weyhrich $528; Mr. Geraghty $999; Ms. Magrini $384; Mr. Katz $2,032; and Mr. Hand $3,837. We incurred the following costs to purchase new cars for each of the following named executive officers in prior fiscal years: Mr. Weyhrich $62,171 (Fiscal 2008); Mr. Hand $47,715 (Fiscal 2008); Mr. Kingsbury $50,324 (Fiscal 2009); Mr. Katz $32,931 (Fiscal 2009).
(c) Represents reimbursement of income taxes related to temporary housing ($13,405) and out of pocket expenses ($10,818) for Mr. Kingsbury, and temporary housing expenses ($14,198) for Ms. Magrini.
(d) Represents amounts reimbursed by us to each named executive officer as part of participation in our executive medical reimbursement plan.

Grants of Plan-Based Awards

The following table sets forth information regarding our grants of plan-based awards to our named executive officers during Fiscal 2010:

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)(2)	All Other Stock Awards: Number of Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Unit)	Grant Date Fair Value of Stock and Option Awards ($)
Thomas A. Kingsbury	N/A	292,012	584,025					
Todd Weyhrich	N/A	77,297	154,595					
Michael Geraghty(3)	N/A							
Joyce Manning Magrini	N/A	58,654	117,308					
Marc Katz	N/A	68,709	137,418					
Fred Hand	N/A	85,886	171,772					

(1) The amounts shown reflect the Subsequent Fiscal 2010 Bonus Period and represent the threshold and target payments the named executive officer will be eligible to receive under our Bonus Plan in the event that the named executive officer Meets Expectations pursuant to the Performance Component.
(2) Under the Bonus Plan, each named executive officer is eligible for his or her target bonus plus an additional bonus payment equivalent to a percentage of every dollar above the Adjusted EBITDA target in the event that actual Adjusted EBITDA is greater than target Adjusted EBITDA (subject to adjustment based on the Performance Component determination discussed under the section above entitled Annual Incentive Awards). Accordingly, the Bonus Plan provides for unlimited potential awards and, as such, this column contains no maximum values. For additional information regarding the Bonus Plan, please refer to the section above entitled Annual Incentive Awards.
(3) In order to receive an award under the Bonus Plan, a participant must be actively employed by us at the time we make payment of awards under the Bonus Plan. Accordingly, Mr. Geraghty was not eligible to receive an award under the Bonus Plan for the Subsequent Fiscal 2010 Bonus Period.

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Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

We have written employment agreements with each of our named executive officers that provide for, among other things, the payment of base salary, reimbursement of certain costs and expenses, and for each named executive officer s participation in our Bonus Plan and employee benefit plans. Additionally, we have written agreements with each named executive officer pursuant to which we have granted them units of restricted stock and/or options to purchase units under our Incentive Plan. For additional information regarding such grants, please refer to the section above entitled Long Term Incentives.

In addition, each employment agreement specifies payments and benefits that would be due to such named executive officer upon the termination of his or her employment with us. For additional information regarding amounts payable upon termination to each of our named executive officers, see the discussion below under the caption entitled Potential Payments Upon Termination or Change in Control.

On April 24, 2009, our Board of Directors approved amendments to all outstanding option agreements between us and our employees, including certain of our named executive officers, to exchange eligible options on a one-for-one basis for replacement options and re-price certain options to a lower exercise price. All then-current employees who previously received options were permitted to exchange options with an exercise price of $270 per unit for an equal number of options with an exercise price of $90 per unit and a new five year vesting schedule commencing on April 24, 2009. In addition, all then-current employees with options having an exercise price of $100 per unit were eligible to have the exercise price of such options re-priced to $90 per unit with no loss of vesting.

In April 2011, the Parent s Board of Directors, in order to reflect the dividends paid in connection with the debt refinancing described elsewhere in this prospectus, approved a reduction of the exercise prices of each then outstanding option from $90 per unit and $180 per unit, respectively, to $30.60 and $120.60 per unit, respectively, without affecting the existing vesting schedules thereof.

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Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information with respect to the outstanding stock options and units of unvested restricted stock held by each named executive officer as of January 29, 2011:

		Option Awards				Stock Awards	
Name	Grant Date	Number of Units Underlying Unexercised Options (#) Exercisable	Number of Units Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($/Unit)	Option Expiration Date	Number of Units That Have Not Vested (#)(5)	Market Value Of Units of Stock That Have Not Vested ($)(6)
Thomas A. Kingsbury	12/2/2008					2,500	175,150
	12/2/2008	20,000	30,000(2)	90	12/2/2018		
	12/2/2008	10,000	15,000	180	12/2/2018		
	12/2/2008		25,000(3)	90	12/2/2018		
	4/24/2009					3,611	252,987
Todd Weyhrich	8/21/2007	2,499	1,667(2)	90	8/21/2017		
	8/21/2007	2,500	1,667	180	8/21/2017		
	8/21/2007		4,167(3)	90	8/21/2017		
	11/5/2007	1,500	1,000(2)	90	11/5/2017		
	11/5/2007	1,500	1,000	180	11/5/2017		
	11/5/2007		2,500(3)	90	11/5/2017		
	4/24/2009					4,444	311,347
Michael Geraghty(4)	1/4/2010	2,666		90	4/30/2011		
	1/4/2010	1,333		180	4/30/2011		
Joyce Manning Magrini	11/2/2009		6,667	90	11/2/2019		
	11/2/2009		3,333	180	11/2/2019		
Marc Katz	7/9/2008	1,333	2,000(2)	90	7/9/2018		
	7/9/2008	1,333	2,000	180	7/9/2018		
	7/9/2008		3,334(3)	90	7/9/2018		
	4/24/2009					4,000	280,240
	7/22/2009		6,667	90	7/22/2019		
	7/22/2009		3,333	180	7/22/2019		
Fred Hand	2/11/2008	1,333	2,000(2)	90	2/11/2018		
	2/11/2008	1,333	2,000	180	2/11/2018		
	2/11/2008		3,334(3)	90	2/11/2018		
	4/13/2009		6,667	90	4/13/2019		
	4/13/2009		3,333	180	4/13/2019		
	4/24/2009					5,111	358,077

(1) Unless otherwise noted, all options vest 40% on the second anniversary of the grant date, 20% on the third anniversary of the grant date, 20% on the fourth anniversary of the grant date and 20% on the fifth anniversary.

(2) Pursuant to an amendment to the named executive officer s option agreement on April 24, 2009, the exercise price of these options was modified to be $90 per unit.

(3) Pursuant to an amendment to the named executive officer s option agreement on April 24, 2009, these options were replaced on a one-for-one basis for replacement options with (i) an exercise price of $90 per unit, and (ii) a new five-year vesting period commencing from and after such date, such that 40% of these options shall vest on April 24, 2011, and then one-third of the remaining 60% shall vest on April 24, 2012, 2013 and 2014, respectively.

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(4) In connection with his employment with us, Mr. Geraghty received options to purchase 12,000 units vesting as follows: 33.34% on the first anniversary of the grant date, 33.33% on the second anniversary of the grant date, and 33.33% on the day immediately preceding the third anniversary of the grant date. Mr. Geraghty resigned as our Chief Operating Officer on January 28, 2011 and, as a result (i) Mr. Geraghty s unvested options were immediately forfeited as of such date, and (ii) Mr. Geraghty s vested options remained exercisable for a period of time following his resignation.

(5) Provided, in each case, that the named executive officer remains continuously employed by us on such date, the units of restricted stock granted to (i) each of the named executive officers on April 24, 2009 vested 50% on April 24, 2011 and 50% on April 24, 2012; and (ii) Mr. Kingsbury on December 2, 2008 will vest one-third on December 2, 2011. One-third of the units of restricted stock granted to Mr. Kingsbury on December 2, 2008 vested on December 2, 2009 and one-third of the units of restricted stock granted to Mr. Kingsbury on December 2, 2008 vested on December 2, 2010.

(6) The amounts set forth in this column represent the fair market value of the unvested shares of restricted stock held by the named executive officer using a price of $70.06 per unit, which was the fair market value of each unit at the end of Fiscal 2010.

Option Exercises and Stock Vested

The following table sets forth information regarding the vesting of our named executive officers restricted stock during Fiscal 2010. None of our named executive officers exercised stock options during Fiscal 2010.

	Option Awards		Stock Awards	
Name	**Number of Units Acquired on Exercise**	**Value Realized on Exercise**	**Number of Units Acquired on Vesting (#)**	**Value Realized on Vesting ($)(1)**
Thomas A. Kingsbury			2,500	175,150
Todd Weyhrich				
Michael Geraghty				
Joyce Manning Magrini				
Marc Katz				
Fred Hand				

(1) The value realized is equal to the fair market value of $70.06 per unit on the day of vesting multiplied by the number of units that vested. Mr. Kingsbury s units of restricted stock vested on December 2, 2010.

Pension Benefits

None of our named executive officers participate in or have account balances in qualified or non-qualified defined benefit plans sponsored by us.

Nonqualified Deferred Compensation

None of our named executive officers participate in or have account balances in any defined contribution or other plan that provides for the deferral of compensation on a basis that is not tax-qualified.

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Potential Payments Upon Termination or Change-in-Control

The following is a discussion of payments and benefits that would be due to each of our named executive officers upon the termination of his or her employment with us, including termination in connection with a change of control. The amounts in the table below assume that each termination was effective as of January 28, 2011, the last business day of Fiscal 2010, and are merely illustrative of the impact of a hypothetical termination of each executive s employment. The amounts to be payable upon an actual termination of employment can only be determined at the time of such termination based on the facts and circumstances then prevailing.

Mr. Geraghty was entitled to receive only the benefits described below under the caption entitled Termination for Any Other Reason in connection with his resignation on January 28, 2011.

Employment Agreements

We maintain employment agreements with each of our named executive officers that provide certain benefits upon termination of employment.

Termination Without Cause or for Good Reason

Each named executive officer s employment agreement provides that he will be entitled to receive the following in the event that (i) his or her employment is terminated by us without cause or by him or her for good reason (as those terms are defined below), or (ii) the term of his or her employment expires on the expiration date specified in his or her employment agreement (as applicable):

- all previously earned and accrued but unpaid base salary and vacation and unpaid business expenses up to the date of such termination;

- as applicable, any unpaid guaranteed bonuses or unreimbursed permitted relocation expenses;

- a pro-rated portion of the then current year s annual target performance bonus under the Bonus Plan through the date of termination, based on actual results (Bonus Payment);

- a severance payment (Severance Payment) equal to his or her then current base salary (in Mr. Kingsbury s case, two times his then current base salary); and

- full continuation of his hospital, health, disability, medical and life insurance benefits during the one-year period commencing on the date of termination (in Mr. Kingsbury s case, a two year period commencing on the date of termination) (Healthcare Continuation).

Each named executive officer shall only be entitled to receive the Bonus Payment, Severance Payment and Healthcare Continuation in the event that he or she:

- executes a release of claims in respect of his employment with us; and

- has not breached, as of the date of termination or at any time during the period for which such payments or services are to be made, certain restrictive covenants (Restrictive Covenants) contained in his or her employment agreement regarding (i) confidentiality, (ii) intellectual property rights, and (iii) non-competition and non-solicitation (each of which extend for a period of one year (or two years, in the case of Mr. Kingsbury) following termination of employment).

Our obligation to make such payments or provide such services will terminate upon the occurrence of any such breach during such period. Payments in connection with a termination without cause or for good reason shall be (unless otherwise provided) paid by us in regular installments in accordance with our general payroll practices.

For purposes of each named executive officer s employment agreement,

cause means the named executive officer (i) is convicted of a felony or other crime involving dishonesty towards us or material misuse of our property; (ii) engages in willful misconduct or fraud with respect to us or any of our customers or suppliers or an intentional act of dishonesty or disloyalty in the course of his or her employment; (iii) refuses to perform his or her material obligations under his or her employment agreement which failure is not cured within 15 days after written notice to him or her; (iv) misappropriates one or more of our material assets or business opportunities; or (v) breaches a Restrictive Covenant which breach, if capable of being cured, is not cured within 10 days of written notice to him or her; and

good reason means the occurrence of any of the following events without the written consent of the named executive officer: (i) a material diminution of his or her duties or the assignment to him or her of duties that are inconsistent in any substantial respect with the position, authority or responsibilities associated with his or her position; (ii) our requiring him or her to be based at a location which is 50 or more miles from his or her principal office location on the date he or she commences employment with us; or (iii) a material breach by us of our obligations pursuant to his or her employment agreement (which breach goes uncured after notice and a reasonable opportunity to cure). No such condition is deemed to be good reason unless (i) we are notified within 30 days of the initial existence of such condition and are provided with a period of at least 30 days from the date of notice to remedy the condition, and (ii) (a) with respect to each named executive officer other than Mr. Kingsbury, within 10 days after the expiration of such period (but in no event later than 120 days after the initial existence of the condition), the named executive officer actually terminates his or her employment with us by providing written notice of resignation for our failure to remedy the condition; or (b) with respect to Mr. Kingsbury, at any time during the period commencing 10 days after the expiration of such period and ending 180 days after Mr. Kingsbury s knowledge of the initial existence of the condition (but in all events within two years after the initial existence of said condition), Mr. Kingsbury actually terminates his employment with us by providing written notice of resignation for our failure to remedy the condition.

Termination for Any Other Reason

In the event that he or she is terminated for any other reason, including as a result of his death, disability, voluntary resignation for other than good reason or by resolution of our Board of Directors for cause, each named executive officer s employment agreement provides that he shall only be entitled to receive all previously earned and accrued but unpaid base salary, vacation and unpaid business expenses up to the date of such termination.

Change-in-Control

None of our named executive officers are entitled to receive any payments upon a change-in-control pursuant to the terms of his or her employment agreement.

Option and Restricted Stock Agreements

Pursuant to the terms of the option agreements with each of our named executive officers, all options become exercisable upon a change of control and, unless determined otherwise by the plan administrator, upon cessation of employment and subject to the terms of the Incentive Plan,

options that have not vested will terminate immediately (except with respect to Mr. Kingsbury, whose option agreement provides a formula for calculating a number of options which will vest in the event that Mr. Kingsbury s employment is terminated by us without cause or Mr. Kingsbury resigns with good reason);

units issued upon the exercise of vested options will be callable under our Stockholders Agreement; and unexercised vested options will be exercisable for a period of 60 days;

Pursuant to the terms of the restricted stock agreements with each of our named executive officers and subject to the terms of the Incentive Plan,

all unvested units of restricted stock will remain unvested following any change of control, provided, however, that 100% of such units will vest if, following a change of control, the recipient s employment is terminated by us without cause or the recipient resigns with good reason (except with respect to Mr. Kingsbury, whose restricted stock agreements provide that all unvested units of restricted stock will accelerate and vest as of the date of a change of control);

all unvested units of restricted stock will vest if the recipient s employment is terminated prior to vesting as a result of the recipient s death or disability;

all unvested units of restricted stock will automatically be forfeited (and will not vest) if the recipient s employment with us terminates for any reason (other than if, following a change of control, recipient s employment is terminated by us without cause or the recipient resigns with good reason) prior to the vesting date (except with respect to Mr. Kingsbury, whose restricted stock agreements include a formula for calculating a number of units of restricted stock which will vest in the event that Mr. Kingsbury s employment is terminated without cause or Mr. Kingsbury resigns with good reason); and

all vested units of restricted stock are callable under the Stockholders Agreement.

Termination Without Cause or for Good Reason

Name	Base Salary ($)(1)	Non-Equity Incentive Plan Compensation ($)(2)	Health Benefits ($)(3)	Other Payments ($)	Option and Restricted Stock Acceleration ($)(4)	Termination for Any Other Reason ($)(5)	Option Acceleration Upon Change of Control ($)(6)	Restricted Stock Acceleration Upon Change of Control, Death or Disability ($)(7)
Thomas A. Kingsbury	1,742,500	595,354	18,080		518,958			428,137
Todd Weyhrich	461,250	157,593	9,040					311,347
Michael Geraghty	500,000		7,139					
Joyce Manning Magrini	350,000	119,583	9,040					
Marc Katz	410,000	140,083	9,040					280,240
Fred Hand	512,500	175,104	9,040					358,077

(1) The amount set forth in this column (i) reflects the severance pay the named executive officers would be entitled to receive based upon salaries in effect as of January 28, 2011, (ii) with respect to Mr. Kingsbury, assumes that the severance pay will be provided for a period of two years in accordance with the terms of his employment agreement; and (iii) with respect to each named executive officer other than Mr. Kingsbury, assumes that the severance pay will be provided for a period of one year in accordance with the terms of his or her employment agreement.

(2) The amounts set forth in this column for each of the named executive officers reflect the actual award received pursuant to the Bonus Plan with respect to the Subsequent Fiscal 2010 Bonus Period.

(3) The amounts set forth in this column have been calculated based upon the health coverage rates and elections in effect as of as January 28, 2011 for each of the named executive officers, and assumes that coverage will be provided (i) for a period of two years for Mr. Kingsbury; and (ii) for a period of one year with respect to each named executive officer other than Mr. Kingsbury.

(4) As described above, upon cessation of employment and subject to the terms of the Incentive Plan, options and restricted stock that have not vested will terminate immediately (except with respect to Mr. Kingsbury, whose option and restricted stock agreements contain a formula for calculating a number of options and restricted stock which will vest in the event that Mr. Kingsbury s employment is terminated without cause or if Mr. Kingsbury resigns with good reason). Because units of our capital stock are not publicly traded, the value of our stock is only available when a valuation is performed. The units were

valued at $70.06 per unit (Valuation Price) as of December 2, 2010. The dollar value in this column with respect to Mr. Kingsbury represents the product obtained by multiplying the number of accelerated units of restricted stock (calculated pursuant to the formula contained in Mr. Kingsbury s restricted stock agreements and assuming withholding tax obligations due in connection with the restricted stock are satisfied by a cash payment to us) by the Valuation Price. As the Valuation Price is less than the exercise price of Mr. Kingsbury s accelerated options, Mr. Kingsbury would not receive any payment relating to such accelerated options.

(5) Under our employment agreement with each named executive officer, in the event that such named executive officer is terminated for any reason other than by us without cause or by him or her for good reason, including as a result of death, disability, voluntary resignation for

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other than good reason or by resolution of our Board of Directors for cause, he or she shall only be entitled to receive all previously earned and accrued but unpaid base salary, vacation and unpaid business expenses up to the date of such termination. Mr. Geraghty resigned as our Chief Operating Officer effective as of January 28, 2011 and, as a result, received only his previously earned and accrued but unpaid base salary, vacation and unpaid business expenses up to such date.

(6) As described above, all outstanding options fully vest upon a change-in-control. As the Valuation Price is less than the exercise price of each vested option, no values are reflected in this column.

(7) As described above, all unvested units of restricted stock will remain unvested following any change of control, provided, however, that 100% of such units will vest if, following a change of control, the named executive officer s employment is terminated by us without cause or the named executive officer resigns with good reason (except with respect to Mr. Kingsbury, whose restricted stock agreements provide that all unvested units of restricted stock will accelerate and vest as of the date of a change of control). In all cases, unvested units of restricted stock will vest if the named executive officer s employment is terminated prior to vesting as a result of the named executive officer s death or disability. Accordingly, the amount set forth in this column represents (assuming withholding tax obligations due in connection with the restricted stock are satisfied by a cash payment to us), (i) with respect to Mr. Kingsbury in the event of a change of control or his death or disability, the product obtained by multiplying the number of unvested units of restricted stock by the Valuation Price; and (ii) with respect to each named executive officer other than Mr. Kingsbury, the product obtained by multiplying the number of unvested units of restricted stock by the Valuation Price in the event (a) of such named executive officer s death or disability, or (b) the employment of such named executive officer is terminated by us without cause or he or she resigns with good reason following a change of control.

Share Repurchase Rights

Under the Stockholders Agreement, upon termination of a named executive officer s employment for any reason, Parent has the option to purchase all or any portion of the named executive officer s (i) fully vested units of restricted stock at the fair market value of the units; and (ii) units issued upon the exercise of options held by such named executive officer at the fair market value of the units (provided that in the event such termination was by us for cause or following such termination of employment (for any reason) the executive has breached any non-competition obligation he has to us under any agreement, the per unit purchase price will be equal to the lesser of the exercise price paid by the executive to obtain the unit and the fair market value of the units). If Parent elects to purchase the named executive officer s units, it must deliver notice to the named executive officer no later than 180 days after the later of (i) the date of termination or (ii) the exercise of any option originally granted to the executive. The fair market value of the units shall be determined as of the later of (i) the 181st day after the exercise of the applicable option or after such unit has vested pursuant to the terms of the restricted stock grant, as applicable, and (ii) the date on which Parent s notice is delivered.

Compensation of Directors

Other than Mr. Margolis, the members of our Board of Directors are not separately compensated for their services as directors. Compensation provided to Mr. Kingsbury in his capacity as an executive officer is provided in the Summary Compensation Table above. All directors, however, are entitled to receive reimbursement for out-of-pocket expenses incurred in connection with rendering such services.

Mr. Margolis receives an annual fee of $30,000 as compensation for his services as a director, which is payable in equal quarterly installments (and pro-rated for partial quarters). In addition, Mr. Margolis received options to purchase 2,000 units under the Incentive Plan in connection with his election to our Board of Directors on December 15, 2009. These options vest 40% on December 15, 2011, 20% on December 15, 2012, 20% on December 15, 2013 and 20% on December 15, 2014.

The table below summarizes the compensation paid to Mr. Margolis during Fiscal 2010:

Name	Fees Earned Or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jay Margolis	27,500						27,500

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As of January 29, 2011, the aggregate number of options outstanding for Mr. Margolis was 2,000.

Compensation Committee Interlocks and Insider Participation

Messrs. Bekenstein and Hitch served at all times during Fiscal 2010, and continue to currently serve, on the Committee. Neither of these individuals (i) has ever been an officer or an employee of ours, nor (ii) except as otherwise set forth herein, has any relationship that is required to be disclosed pursuant to the rules of the Securities and Exchange Commission. In addition, none of our executive officers serve (or served at any time during Fiscal 2010) as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving as a member of our Board of Directors or the Committee.

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SECURITY OWNERSHIP OF OUR DIRECTORS, EXECUTIVE OFFICERS AND

5% BENEFICIAL OWNERS

As a result of the Merger Transaction, all of our outstanding capital stock is beneficially owned by Holdings, and all of Holdings outstanding capital stock is beneficially owned by Parent. The following table shows information about the beneficial ownership of Parent s Class A Stock and Class L Stock as of May 28, 2011.

Each person we know to be the beneficial owner of at least five percent of Parent s common stock;

Each current director;

Each of our named executive officers; and

All current directors and executive officers as a group.

The table also sets forth ownership information for these persons regarding unvested stock options for which these persons are not deemed to beneficially own the underlying shares of common stock.

The percentages of shares outstanding provided in the table below are based upon 5,048,239 shares of Class L Stock of and 45,434,151 shares of Class A Stock outstanding as of May 28, 2011.

Name and Address of Beneficial Owner(1)	Amount and Nature of Class L Stock Beneficially Owned	Percentage of Class	Amount and Nature of Class A Stock Beneficially Owned	Percentage of Class	Options to Purchase Units Not Exercisable Within the Next 60 Days
Affiliates of Bain Capital, LLC(2)	4,944,444	97.9%	44,499,996	97.9%	
Jay Margolis(3)					2,000
Todd Weyhrich(4)	15,109	*	135,981	*	9,335
Joyce Manning Magrini(5)					20,000
Thomas Kingsbury(6)	51,111	1.0%	459,999	1.0%	60,000
Michael Geraghty(7)	2,666	*	23,994	*	
Fred Hand(8)	14,441	*	129,969	*	10,670
Marc Katz(9)	13,330	*	119,970	*	10,670
Joshua Bekenstein(10)					
Jordan Hitch(10)					
Mark Verdi(10)					
David Humphrey(11)					
Executive Officers and Directors as a Group (10 persons)(12)	93,991	1.8%	845,919	1.8%	112,675

* Less than 1%

(1) A beneficial owner of a security is determined in accordance with Rule 13d-3 under the Exchange Act and generally means any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise, has or shares:

voting power which includes the power to vote, or to direct the voting of, such security; and/or

investment power which includes the power to dispose, or to direct the disposition of, such security.

Unless otherwise indicated, each person named in the table above has sole voting and investment power, or shares voting and investment power with his spouse (as applicable), with respect to all shares of stock listed as owned by that person. Shares issuable upon the exercise of options exercisable on May 28, 2011 or within 60 days thereafter are considered outstanding and to be beneficially owned by the person holding such options for the purpose of computing such person s percentage beneficial ownership, but are not deemed outstanding for the purposes of computing the percentage of beneficial ownership of any other person. The address of our named executive officers and Mr. Margolis is c/o Burlington Coat Factory Warehouse Corporation, 1830 Route 130 North, Burlington, New Jersey 08016.

(2) Includes shares beneficially owned, and with respect to which sole power to vote and sole power of disposition are held, by each of Bain Capital Integral Investors, LLC (Integral), Bain Capital Fund IX, LLC (Fund IX), BCIP TCV, LLC (BCIP TCV) and BCIP Associates G (BCIP-G) as follows:

Name of Fund	Class L Stock	Class A Stock
Integral	2,523,111	23,077,824
Fund IX	2,361,567	21,254,078
BCIP TCV	58,596	157,560
BCIP-G	1,170	10,534

Bain Capital Fund IX, L.P. (Fund IX LP) is the sole member of Fund IX. Bain Capital Partners IX, L.P. (Partners IX) is the general partner of Fund IX LP. Bain Capital Investors, LLC (BCI) is the administrative member of each of Integral and BCIP TCV, the managing partner of BCIP-G, and the general partner of Partners IX. BCI, by virtue of the relationships described above, may be deemed to beneficially own the shares held by Integral, BCIP TCV, and BCIP-G. BCI disclaims beneficial ownership of such shares except to the extent of its pecuniary interest therein. Fund IX LP, Partners IX, and BCI, by virtue of the relationships described above, may be deemed to beneficially own the shares held by Fund IX LLC. Fund IX LP, Partners IX, and BCI disclaim beneficial ownership of such shares except to the extent of their pecuniary interest therein. The address of each entity referenced in this footnote is 111 Huntington Avenue, Boston, Massachusetts 02199.

(3) Mr. Margolis received options to purchase 2,000 units under the 2006 Management Incentive Plan of Parent (the Incentive Plan) in connection with his election to our Board of Directors on December 15, 2009. These options vest 40% on December 15, 2011, 20% on December 15, 2012, 20% on December 15, 2013 and 20% on December 15, 2014.

(4) Mr. Weyhrich s Class L Stock is comprised of (i) 4,444 shares that were granted to Mr. Weyhrich on April 24, 2009, and (ii) vested options to purchase 10,665 shares. Mr. Weyhrich s Class A Stock is comprised of (i) 39,996 shares that were granted to Mr. Weyhrich on April 24, 2009, and (ii) vested options to purchase 95,985 shares.

(5) Ms. Magrini received options to purchase 10,000 units under the Incentive Plan in connection with the commencement of her employment on November 2, 2009. These options vest 40% on November 2, 2011, 20% on November 2, 2012, 20% on November 2, 2013 and 20% on November 2, 2014. Ms. Magrini received additional options to purchase 10,000 units under the Incentive Plan on May 13, 2011. These options vest 40% on May 13, 2013, 20% on May 13, 2014, 20% on May 13, 2015 and 20% on May 13, 2016.

(6) Mr. Kingsbury s Class L Stock is comprised of (i) 7,500 shares that were granted to Mr. Kingsbury on December 2, 2008; (ii) 3,611 shares that were granted to Mr. Kingsbury on April 24, 2009; and (iii) vested options to purchase 40,000 shares. Mr. Kingsbury s Class A Stock is comprised of (i) 67,500 shares that were granted to Mr. Kingsbury on December 2, 2008; (ii) 32,499 shares that were granted to Mr. Kingsbury on April 24, 2009; and (iii) vested options to purchase 360,000 shares.

(7) In connection with his employment with us, Mr. Geraghty received options to purchase 12,000 units. Mr. Geraghty resigned as our Chief Operating Officer on January 28, 2011. Mr. Geraghty s 8,001 unvested options were immediately forfeited as of such date and Mr. Geraghty s 3,999

vested options remained exercisable for period of time following his resignation, during which Mr. Geraghty exercised 2,666 options.

(8) Mr. Hand s Class L Stock is comprised of (i) 5,111 shares that were granted to Mr. Hand on April 24, 2009; and (ii) vested options to purchase 9,330 shares. Mr. Hand s Class A Stock is comprised of (i) 45,999 shares that were granted to Mr. Hand on April 24, 2009; and (ii) vested options to purchase 83,970 shares.

(9) Mr. Katz s Class L Stock is comprised of (i) 4,000 shares that were granted to Mr. Katz on April 24, 2009; (ii) vested options to purchase 3,999 shares; (iii) options to purchase 1,332 shares that will vest on July 9, 2011; and (iv) options to purchase 3,999 shares that will vest on July 22, 2011. Mr. Katz s Class A Stock is comprised of (i) 36,000 shares that were granted to Mr. Katz on April 24, 2009; (ii) vested options to purchase 35,991 shares; (iii) options to purchase 11,988 shares that will vest on July 9, 2011; and (iv) options to purchase 35, 991 shares that will vest on July 22, 2011.

(10) Messrs. Bekenstein, Hitch and Verdi are managing directors of BCI and, accordingly, may be deemed to beneficially own the shares owned by BCI. Messrs. Bekenstein, Hitch and Verdi disclaim beneficial ownership of such shares except to the extent of their pecuniary interest therein. The address of Messrs. Bekenstein, Hitch and Verdi is c/o Bain Capital Partners, LLC, 111 Huntington Avenue, Boston, Massachusetts 02199.

(11) David Humphrey is a general partner, and BCI is the managing partner, of each of BCIP Associates III (BCIP III), BCIP Associates III-B (BCIP III-B), BCIP Trust Associates III (BCIP Trust III) and BCIP Trust Associates III-B (BCIP Trust III-B), and accordingly Mr. Humphrey may be deemed to beneficially own the shares owned by BCIP Associates III, LLC (BCIP III LLC), BCIP Associates III-B, LLC (BCIP III-B LLC), BCIP T Associates III, LLC (BCIP T III LLC) and BCIP T Associates III-B, LLC (BCIP T III-B LLC).
BCIP III LLC may be deemed to hold 1,107,809 shares of Class A Stock and 79,985 shares of Class L Stock by virtue of its membership in Integral. BCIP III is the sole member of BCIP III LLC. BCIP III-B LLC may be deemed to hold 60,481 shares of Class A Stock and 8,736 shares of Class L Stock by virtue of its membership in Integral. BCIP III-B is the sole member of BCIP III-B LLC. BCIP T III LLC may be deemed to hold 129,086 shares of Class A Stock and 57,449 shares of Class L Stock by virtue of its membership in BCIP TCV. BCIP Trust III is the sole member of BCIP T III LLC. BCIP T III-B LLC may be deemed to hold 28,474 shares of Class A Stock and 1,147 shares of Class L Stock by virtue of its membership in BCIP TCV. BCIP Trust III-B is the sole member of BCIP T III-B LLC.

Mr. Humphrey disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. The address of Mr. Humphrey, as well as each of the entities referenced in this footnote, is c/o Bain Capital Partners, LLC, 111 Huntington Avenue, Boston, Massachusetts, 02199.

(12) Includes our current directors (Messrs. Kingsbury, Margolis, Bekenstein, Hitch, Humphrey and Verdi) and our current executive officers (Ms. Magrini and Messrs. Kingsbury, Weyhrich, Hand and Katz).

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Securities Authorized for Issuance Under Equity Compensation Plans

The following table sets forth, as of May 28, 2011, information concerning equity compensation plans under which Parent s securities are authorized for issuance. The table does not reflect grants, awards, exercises, terminations or expirations since that date.

Plan Category	(A) Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	(B) Weighted Average Exercise Price of Outstanding Options, Warrants and Rights	(C) Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (A)
Equity Compensation Plans Approved by Security Holders	(1)	$ 66.83	(2)
Equity Compensation Plans Not Approved by Security Holders			
Total	(1)	$ 66.83	(2)

(1) As of May 28, 2011, 4,356,549 shares of Class A Stock and 484,061 shares of Class L Stock were issuable pursuant to outstanding options under our Incentive Plan.

(2) As of May 28, 2011, 960,120 shares of Class A Stock and 106,680 shares of Class L Stock may be issued pursuant to future issuances under our Incentive Plan.

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

2006 Management Incentive Plan

In connection with the Merger Transaction, Holdings adopted the Incentive Plan, which provides for grants of awards to designated employees subject to the terms and conditions set forth in the Incentive Plan. 730,478 shares of Class L stock and 6,574,302 shares of Class A stock are currently reserved for issuance under the Incentive Plan.

Stockholders Agreement

In connection with the Merger Transaction, Parent entered into the Stockholders Agreement with its stockholders, including funds associated with Bain Capital, which among other things establishes the composition of our Board of Directors (as discussed in further detail under the caption above entitled Governance of the Company), provides certain restrictions and rights with respect to sale and issuance of Parent s common stock and provides for limited approval rights in favor of Bain Capital. In particular, the Stockholders Agreement provides that no stockholder may transfer his or her common stock except to permitted transferees and except in compliance with certain restrictions on transfer. Parent s stockholders have the right to sell a pro rata portion of their common stock if funds associated with Bain Capital elect to sell all or a portion of its common stock. The holders of a majority of Parent s outstanding common stock (and in some cases funds associated with Bain Capital acting alone) also have the right to cause a sale of us to occur and to require the other holders of our common stock to participate in such a sale. If Parent or any affiliate of Parent proposes to issue new equity securities, each holder of Parent s common stock will have the right to purchase its pro rata share of such new securities. In addition, under the Stockholders Agreement, funds associated with Bain Capital and other holders of common stock will have the ability to cause Parent to register their shares of common stock and to participate in registrations by us of Holdings or any other affiliate s common stock. We will be responsible for paying expenses of holders of Parent s common stock in connection with any such registration.

Advisory Agreement

In connection with the Merger Transaction, we entered into an advisory agreement with Bain Capital pursuant to which Bain Capital provides us with management and consulting services and financial and other advisory services. Pursuant to the agreement, we pay Bain Capital a periodic fee of $1 million per fiscal quarter plus reimbursement for reasonable out-of-pocket fees, and a fee equal to 1% of the transaction value of each financing, acquisition, disposition or change of control or similar transaction by or involving us. Bain Capital received a fee of approximately $21 million in consideration for financial advisory services related to the Merger Transaction. The advisory agreement has a 10-year initial term, and thereafter is subject to automatic one-year extensions unless we or Bain Capital provides written notice of termination, except that the agreement terminates automatically upon an initial public offering or a change of control. If the agreement is terminated early, then Bain Capital will be entitled to receive all unpaid fees and unreimbursed out-of-pocket fees and expenses, as well as the present value of the periodic fee that would otherwise have been payable through the end of the term. The agreement includes customary indemnities in favor of Bain Capital.

Merchandise Purchases

Jim Magrini, brother-in-law of Ms. Magrini, is an independent sales representative of one of our suppliers of merchandise inventory. This relationship predated the commencement of Ms. Magrini s employment with us. We have determined that the dollar amount of purchases through such supplier represents an insignificant amount of our inventory purchases.

Indemnification

The Merger Agreement provides that, after the Merger, we and Parent will, jointly and severally, and Parent will cause us to, indemnify and hold harmless the individuals who are now, or have been at any time prior to the execution of the Merger Agreement or who become such prior to the effective time of the Merger, our directors or officers or any of our subsidiaries, or our employees or any of its subsidiaries providing services to or for such a director or officer in connection with the Merger Agreement or any of the transactions contemplated by the Merger Agreement, against costs and liabilities incurred in connection with any pending, threatened or completed claim, action, suit, proceeding or investigation arising out of or pertaining to (i) the fact that such individual is or was an officer, director, employee, fiduciary or agent of ours or any of our subsidiaries, or (ii) matters occurring or existing at or prior to the effective time of the Merger (including acts or omissions occurring in connection with the Merger Agreement and the transactions contemplated thereby), whether asserted or claimed prior to, at or after the effective time of the Merger.

The Merger Agreement provides that Holdings will provide, for a period of six years after the Merger becomes effective, directors and officers liability insurance for the benefit of those persons covered under our officers and directors liability insurance policy on terms with respect to coverage and amounts no less favorable than those of the policy in effect as of the execution of the Merger Agreement, provided that, subject to certain exceptions, the surviving corporation will not be obligated to pay premiums in excess of 300% of the annualized policy premium based on a rate as of the execution of the Merger Agreement. Notwithstanding the foregoing, prior to the effective time of the Merger we are permitted to purchase prepaid tail policies in favor of such indemnified persons with respect to the matters referred to above (provided that the annual premium for such tail policy may not exceed 300% of the annualized policy premium based on a rate as of the execution of the Merger Agreement), in which case Parent has agreed to maintain such tail policies in effect and continue to honor the obligations under such policies.

We and Parent have also agreed (i) to continue in effect for at least six years after the effective time of the Merger all rights to indemnification existing in favor of, and all exculpations and limitations of the personal liability of, our directors, officers, employees, fiduciaries and agents and our subsidiaries in our certificate of incorporation as of the effective time of the Merger with respect to matters occurring at or prior to the effective time of the Merger and (ii) to honor our indemnification agreements with our directors (including one former director, Harvey Morgan) and with certain officers. Each such indemnification agreement provides, among other things, that we will indemnify such indemnified person to the fullest extent permitted by the Delaware General Corporation Law (DGCL), including advancement of legal fees and other expenses incurred by the indemnified person in connection with any legal proceedings arising out the indemnified person s service as director and/or officer, subject to certain exclusions and procedures set forth in the indemnification agreement.

In addition, our officers and directors under our Certificate of Incorporation and Bylaws are indemnified and held harmless against any and all claims alleged against any of them in their official capacities to the fullest extent authorized by the DGCL as it exists today or as it may be amended but only to the extent that such amendment permits us to provide broader indemnification rights than previously permitted.

Review, Approval or Ratification of Transactions with Related Persons

Under our Code of Business Conduct, which was approved by our Board of Directors, employees are asked to avoid potential, or the appearance of, conflicts of interest, and if the avoidance of such conflict of interest is not possible, then the employee is required to make full written disclosure of the proposed transaction for review by the employee s immediate supervisor who should in turn bring it to the attention of our Corporate Compliance Officer in appropriate circumstances. Our Code of Business Conduct specifically discusses standards applicable to certain prohibited conflicts of interest including, but not limited to, the following:

- Employment by, directorship with or financial interests in any competitor, customer, distributor, vendor, or supplier where such employment, directorship or financial interest would influence, or appear to influence, action on our behalf;
- Loans to, and guarantees of obligations of, employees or directors incurred for personal reasons;
- Supervision, review or influence on the job evaluation or salary of persons with whom employees have a family or close relationship;
- Dealings with businesses which provide or seek to provide goods or services to us in which immediate family members or close relationships of employees have an ownership interest in or work in a managerial or executive capacity for;
- Dealings with charitable or community organizations in individual capacities rather than our behalf;
- Solicitation or distribution activities not relating to our business;
- Lobbying activities (or even the appearance of lobbying any governmental body or public official) as our representative;
- Appropriation of the benefit of certain business ventures, opportunities or potential opportunities; and
- Acceptance of gifts and commercial bribery.

Director Independence

Although we do not currently have securities listed on a national securities exchange or on an inter-dealer quotation system, prior to the Merger Transaction our Board of Directors utilized director independence standards designed to satisfy the corporate governance requirements of the New York Stock Exchange (NYSE) when determining whether or not members of our Board of Directors were independent. Under such standards, none of the current members of our Board of Directors other than Mr. Margolis would be considered independent. In making this determination, our Board of Directors did not consider any related party transactions that are not described herein.

Under NYSE rules, we are considered a controlled company because more than 50% of Parent s voting power is held by affiliates of Bain Capital. Accordingly, even if we were a listed company, we would not be required by NYSE rules to maintain a majority of independent directors on our Board of Directors, nor would we be required to maintain a compensation committee or a nominating/corporate governance committee comprised entirely of independent directors. We do not maintain a nominating/corporate governance committee and our compensation committee does not include any independent directors.

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DESCRIPTION OF OTHER INDEBTEDNESS

Senior Secured Credit Facilities

Term Loan Facility

On February 24, 2011, we, Holdings and our U.S. and Puerto Rican subsidiaries from time to time party thereto, as facility guarantors (collectively, the Term Loan Guarantors) entered into a new credit agreement (the New Term Loan Credit Agreement) with JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the Term Loan Administrative Agent) and as collateral agent, the lenders party thereto, J.P. Morgan Securities LLC and Goldman Sachs Lending Partners LLC, as joint bookrunners and J.P. Morgan Securities LLC, Goldman Sachs Lending Partners LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, as joint arrangers, governing the terms of the New Term Loan Facility. As of July 30, 2011, we have $978.3 million of senior secured indebtedness outstanding under the New Term Loan Facility.

Like the Existing Term Loan Facility, the New Term Loan Facility is secured by (a) a perfected first priority lien on substantially all of our real and personal property and the Term Loan Guarantors and (b) a perfected second priority lien on all inventory, accounts and personal property related to inventory and accounts of ours and the Term Loan Guarantors, in each case subject to various limitations and exceptions.

The New Term Loan Facility is to be repaid in quarterly payments of $2.5 million from April 30, 2011 to January 28, 2017, with the balance of the New Term Loan Facility due upon maturity on February 23, 2017. The New Term Loan Facility also requires us to prepay the loans thereunder with a portion of its excess cash flow (commencing with the fiscal year ending January 28, 2012), the proceeds of certain indebtedness and, subject to certain re-investment rights, the proceeds of certain asset sales of certain casualty or other insured events.

The New Term Loan Facility contains financial, affirmative and negative covenants and requires that the Company, among other things, maintain on the last day of each fiscal quarter a consolidated leverage ratio not to exceed a maximum amount and maintain a consolidated interest coverage ratio of at least a certain amount. Specifically, the consolidated leverage ratio is our total debt to Adjusted EBITDA, as each term is defined in the new credit agreement governing the New Term Loan, for the trailing twelve months most recently ended on or prior to such date, that may not exceed 6.75 to 1 through October 27, 2012; 6.25 to 1 through November 2, 2013; 5.5 to 1 through November 1, 2014; 5.00 to 1 through October 31, 2015; and 4.75 to 1 at January 30, 2016 and thereafter. The consolidated interest coverage ratio is our consolidated interest expense to Adjusted EBITDA, as each term in defined in the new credit agreement governing the New Term Loan, for the trailing twelve months most recently ended on or prior to such date, that must exceed 1.75 to 1 through October 27, 2012; 1.85 to 1 through November 2, 2013; 2.00 to 1 through October 31, 2015; and 2.10 to 1 at January 30, 2016 and thereafter. Adjusted EBITDA is a non-GAAP financial measure of our liquidity. Adjusted EBITDA, as defined in the credit agreement governing our Term Loan, starts with consolidated net (loss) income for the period and adds back (i) depreciation, amortization, impairments and other non-cash charges that were deducted in arriving at consolidated net (loss) income, (ii) the (benefit) provision for taxes, (iii) interest expense, (iv) advisory fees, and (v) unusual, non-recurring or extraordinary expenses, losses or charges as reasonably approved by the administrative agent for such period.

The New Term Loan Facility also contain customary events of default including for failure to make payments under the New Term Loan Facility, materially incorrect representations, breaches of covenants (subject to a 30 day grace period after notice in the case of certain covenants), cross-default

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to other material indebtedness, material unstayed judgments, certain ERISA, bankruptcy and insolvency events, failure of guarantees or security to remain in full force and effect, change of control, certain uninsured losses to any material portion of the collateral, any undismissed felony indictment of any Term Loan Guarantors or us or the imposition of orders or stays having a material adverse effect.

The interest rates for the New Term Loan Facility are based on: (i) for LIBO rate loans for any interest period, at a rate per annum equal to (a) the greater of (x) the LIBO rate as determined by the Term Loan Administrative Agent, for such interest period multiplied by the Statutory Reserve Rate (as defined in the New Term Loan Credit Agreement) and (y) 1.50% (the Term Loan Adjusted LIBO Rate), plus an applicable margin; and (ii) for prime rate loans, a rate per annum equal to the highest of (a) the variable annual rate of interest then announced by JPMorgan Chase Bank, N.A. at its head office as its prime rate, (b) the federal funds rate in effect on such date plus 0.50% per annum, and (c) the Term Loan Adjusted LIBO Rate for the applicable class of term loans for one-month plus 1.00%, plus, in each case, an applicable margin. The interest rate on the New Term Loan Facility was 6.3% as of July 30, 2011.

In addition, the New Term Loan Facility provides for an uncommitted incremental term loan facility of up to $150.0 million that is available subject to the satisfaction of certain conditions. The New Term Loan Facility has a six year maturity, at February 23, 2017, except that term loans made in connection with the incremental term loan facility or extended in connection with the extension mechanics of the New Term Loan Facility have the maturity dates set forth in the amendments applicable to such term loans.

ABL Facility

In connection with the offering of the Old Notes and the refinancing of the Existing Term Loan Facility, on February 24, 2011, we entered into a first amendment (the First Amendment) to the Amended and Restated Credit Agreement, dated January 15, 2010 (as amended, supplemented and otherwise modified, the Amended ABL Credit Agreement), among us, as lead borrower, the borrowers party thereto, the facility guarantors party thereto, Bank of America, N.A. as administrative agent and collateral agent, the lenders party thereto, Wells Fargo Retail Finance, LLC and Regions Bank as co-syndication agents, J.P. Morgan Securities Inc. and UBS Securities LLC as co-documentation agents and General Electric Capital Corporation, US Bank, National Association and SunTrust Bank as senior managing agents, governing the ABL Line of Credit. At July 30, 2011, we had $272.3 million available under the ABL Line of Credit and $79.0 million of outstanding borrowings.

On September 2, 2011, we entered into a Second Amended and Restated Credit Agreement (the Second Amended Credit Agreement) among the Company, as lead borrower, the borrowers party thereto, the facility guarantors party thereto, Bank of America, N.A. as administrative agent and collateral agent, the lenders party thereto, Wells Fargo Capital Finance, LLC and JPMorgan Chase Bank, N.A., as co-syndication agents, and SunTrust Bank and U.S. Bank, National Association, as co-documentation agents, in order to amend various terms of the Amended ABL Credit Agreement.

The ABL Line of Credit is fully, jointly, severally, unconditionally, and irrevocably guaranteed by all of Holdings and our subsidiaries (with the exception of one immaterial non-guarantor subsidiary). The ABL Line of Credit is collateralized by a first lien on our inventory and receivables and a second lien on our real estate and property and equipment.

Under the Amended ABL Credit Agreement, the ABL loans mature on the earlier of (i) September 2, 2016 and (ii) the date on which the maturity of the obligations is accelerated and the commitments under the Second Amended ABL Credit Agreement are terminated due to an event of default.

The interest rates under the Second Amended Credit Agreement are determined as follows: (i) for LIBO loans for any interest period, at a rate per annum equal to (a) the LIBO rate as determined by the ABL administrative agent, for such interest period multiplied by the Statutory Reserve Rate (as defined in the Second Amended Credit Agreement) (the Adjusted LIBO Rate), plus an applicable margin of (x) 1.75% if average daily Availability (as defined in the Second Amended Credit Agreement) is greater than or equal to 40% of the Loan Cap (as defined in the Second Amended Credit Agreement), (y) 2.00% if average daily Availability is less than 40% of the Loan Cap but greater than or equal to 20% the Loan Cap, or (z) 2.25% if average daily Availability is less than 20% the Loan Cap; and (ii) for prime rate loans, a rate per annum equal to the highest of (a) the variable annual rate of interest then announced by Bank of America, N.A. at its head office as its prime rate , (b) the federal funds rate in effect on such date plus 0.50% per annum, or (c) the Adjusted LIBO Rate in effect on September 2, 2011 and on each 30-day period after September 2, 2011, plus 1.00% per annum, plus an applicable margin of (x) 0.75% if average daily Availability is greater than or equal to 40% of the Loan Cap, (y) 1.00% if average daily Availability is less than 40% of the Loan Cap but greater than or equal to 20% the Loan Cap, or (z) 1.25% if average daily Availability is less than 20% the Loan Cap. We and the lenders have agreed that during the period from September 2, 2011 through November 26, 2011, the applicable interest rate margin for LIBO Loans will be 2.00% and the applicable interest rate margin for prime rate loans will be 1.00%. On November 27, 2011, and on the first date of fiscal quarter thereafter, the applicable interest rate margin will be adjusted as described above based on Availability for the most recently ended fiscal quarter preceding such adjustment date. Availability under the Second Amended Credit Agreement means the lesser of (a) the aggregate commitments of all ABL lenders minus the outstanding credit extensions and (b) the borrowing base minus the outstanding credit extensions.

Senior Notes

On February 24, 2011, we completed our sale of $450 million aggregate principal amount of 10% Senior Notes due 2019 at an issue price of 100% (the Old Notes) in a private offering exempt from the registration requirements of the Securities Act, to qualified institutional buyers in accordance with Rule 144A and to persons outside of the United States pursuant to Regulation S under the Securities Act. The Old Notes were issued pursuant to an Indenture among us, the guarantors signatory thereto and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as trustee.

The Old Notes are our senior unsecured obligations and are guaranteed on a senior basis by Holdings, us and each of our U.S. subsidiaries to the extent such guarantor is a guarantor of our obligations under the New Term Loan Facility. Interest is payable on the Old Notes on each February 15 and August 15, commencing August 15, 2011. We may redeem some or all of the Old Notes at any time prior to February 15, 2015 at a price equal to 100% of the principal amount of the Old Notes redeemed plus accrued and unpaid interest, if any, and an applicable make-whole premium. On or after February 15, 2015, we may redeem some or all of the Old Notes at redemption prices set forth in the Indenture. In addition, at any time prior to February 15, 2014, we may redeem up to 35% of the aggregate principal amount of the Old Notes, at a specified redemption price with the net cash proceeds of certain equity offerings.

The Indenture contains covenants that, among other things, restrict the ability of Holdings, our ability and certain of our subsidiaries to: incur, assume or guarantee additional indebtedness; pay dividends or redeem or repurchase capital stock; make other restricted payments; incur liens; redeem debt that is junior in right of payment to the Old Notes; sell or otherwise dispose of assets, including capital stock of subsidiaries; enter into mergers or consolidations; and enter into transactions with affiliates. These covenants are subject to a number of important exceptions and qualifications. In addition, in certain circumstances, if we sell assets or experience certain changes of control, we must offer to purchase the Old Notes.

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EXCHANGE OFFER

Purpose of the Exchange Offer

The exchange offer is designed to provide holders of Old Notes with an opportunity to acquire Exchange Notes which, unlike the Old Notes, will be freely transferable at all times, subject to any restrictions on transfer imposed by state blue sky laws and provided that the holder is not our affiliate within the meaning of the Securities Act and represents that the Exchange Notes are being acquired in the ordinary course of the holder s business and the holder is not engaged in, and does not intend to engage in, a distribution of the Exchange Notes.

The Old Notes were originally issued and sold on February 24, 2011, to the initial purchasers, pursuant to the purchase agreement dated February 17, 2011. The Old Notes were issued and sold in a transaction not registered under the Securities Act in reliance upon Rule 144A and Regulation S under the Securities Act. The Old Notes may not be reoffered, resold or transferred other than (i) to us or our subsidiaries, (ii) to a qualified institutional buyer in compliance with Rule 144A promulgated under the Securities Act, (iii) outside the United States to a non-U.S. person within the meaning of Regulation S under the Securities Act, (iv) pursuant to the exemption from registration provided by Rule 144 promulgated under the Securities Act (if available) or (v) pursuant to an effective registration statement under the Securities Act.

In connection with the original issuance and sale of the Old Notes, we entered into the Registration Rights Agreement, pursuant to which we agreed to file with the SEC a registration statement covering the exchange by us of the Exchange Notes for the Old Notes, pursuant to the exchange offer. The Registration Rights Agreement provides that we will file with the SEC an exchange offer registration statement on an appropriate form under the Securities Act and offer to holders of Old Notes who are able to make certain representations the opportunity to exchange their Old Notes for Exchange Notes.

Under existing interpretations by the Staff of the SEC as set forth in no-action letters issued to third parties in other transactions, the Exchange Notes would, in general, be freely transferable after the exchange offer without further registration under the Securities Act; provided, however, that in the case of broker dealers participating in the exchange offer, a prospectus meeting the requirements of the Securities Act must be delivered by such broker dealers in connection with resales of the Exchange Notes. We have agreed to furnish a prospectus meeting the requirements of the Securities Act to any such broker dealer for use in connection with any resale of any Exchange Notes acquired in the exchange offer. A broker dealer that delivers such a prospectus to purchasers in connection with such resales will be subject to certain of the civil liability provisions under the Securities Act and will be bound by the provisions of the Registration Rights Agreement (including certain indemnification rights and obligations).

We do not intend to seek our own interpretation regarding the exchange offer, and we cannot assure you that the staff of the SEC would make a similar determination with respect to the Exchange Notes as it has in other interpretations to third parties.

Each holder of Old Notes that exchanges such Old Notes for Exchange Notes in the exchange offer will be deemed to have made certain representations, including representations that (i) any Exchange Notes to be received by it will be acquired in the ordinary course of its business, (ii) it has no arrangement or understanding with any person to participate in the distribution (within the meaning of the Securities Act) of Exchange Notes and (iii) it is not our affiliate as defined in Rule 405 under the Securities Act, or if it is an affiliate, it will comply with the registration and prospectus delivery requirements of the Securities Act to the extent applicable.

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If the holder is not a broker dealer, it will be required to represent that it is not engaged in, and does not intend to engage in, the distribution of Old Notes or Exchange Notes. If the holder is a broker dealer that will receive Exchange Notes for its own account in exchange for Old Notes that were acquired as a result of market making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such Exchange Notes.

Terms of the Exchange Offer; Period for Tendering Outstanding Old Notes

Upon the terms and subject to the conditions set forth in this prospectus, we will accept any and all Old Notes validly tendered and not withdrawn prior to 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will issue $1,000 principal amount of Exchange Notes in exchange for each $1,000 principal amount of Old Notes accepted in the exchange offer. Holders may tender some or all of their Old Notes pursuant to the exchange offer. However, Old Notes may be tendered only in integral multiples of $1,000.

The form and terms of the Exchange Notes are the same as the form and terms of the outstanding Old Notes except that:

(1) the Exchange Notes will be registered under the Securities Act and will not have legends restricting their transfer;

(2) the Exchange Notes will not contain the registration rights and liquidated damages provisions contained in the outstanding Old Notes; and

(3) interest on the Exchange Notes will accrue from the last interest date on which interest was paid on your Old Notes.

The Exchange Notes will evidence the same debt as the Old Notes and will be entitled to the benefits of the Indenture.

We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered Old Notes when, as and if we have given oral or written notice of our acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the Exchange Notes from us.

If any tendered Old Notes are not accepted for exchange because of an invalid tender or the occurrence of specified other events set forth in this prospectus, the certificates for any unaccepted Old Notes will be promptly returned, without expense, to the tendering holder.

Holders who tender Old Notes in the exchange offer will not be required to pay brokerage commissions or fees or transfer taxes with respect to the exchange of Old Notes pursuant to the exchange offer. We will pay all charges and expenses, other than transfer taxes in certain circumstances, in connection with the exchange offer. See Fees and expenses and Transfer taxes below.

The exchange offer will remain open for at least 20 full business days. The term expiration date will mean 5:00 p.m., New York City time, on November 22, 2011, unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date will mean the latest date and time to which the exchange offer is extended.

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To extend the exchange offer, prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date, we will:

(1) notify the exchange agent of any extension by oral notice (promptly confirmed in writing) or written notice, and

(2) mail to the registered holders an announcement of any extension, and issue a notice by press release or other public announcement before such expiration date.

We reserve the right, in our sole discretion:

(1) if any of the conditions below under the heading Conditions to the Exchange Offer shall have not been satisfied,

(a) to delay accepting any Old Notes,

(b) to extend the exchange offer, or

(c) to terminate the exchange offer, or

(2) to amend the terms of the exchange offer in any manner, provided however, that if we amend the exchange offer to make a material change, including the waiver of a material condition, we will extend the exchange offer, if necessary, to keep the exchange offer open for at least five business days after such amendment or waiver; provided further, that if we amend the exchange offer to change the percentage of Old Notes being exchanged or the consideration being offered, we will extend the exchange offer, if necessary, to keep the exchange offer open for at least ten business days after such amendment or waiver.

Any delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by oral or written notice to the registered holders.

Procedures for Tendering Old Notes Through Brokers and Banks

Since the Old Notes are represented by global book-entry notes, DTC, as depositary, or its nominee is treated as the registered holder of the Old Notes and will be the only entity that can tender your Old Notes for Exchange Notes. Therefore, to tender Old Notes subject to this exchange offer and to obtain Exchange Notes, you must instruct the institution where you keep your Old Notes to tender your Old Notes on your behalf so that they are received on or prior to the expiration of this exchange offer.

The letter of transmittal that may accompany this prospectus may be used by you to give such instructions.

YOU SHOULD CONSULT YOUR ACCOUNT REPRESENTATIVE AT THE BROKER OR BANK WHERE YOU KEEP YOUR OLD NOTES TO DETERMINE THE PREFERRED PROCEDURE.

IF YOU WISH TO ACCEPT THIS EXCHANGE OFFER, PLEASE INSTRUCT YOUR BROKER OR ACCOUNT REPRESENTATIVE IN TIME FOR YOUR OLD NOTES TO BE TENDERED BEFORE THE 5:00 PM (NEW YORK CITY TIME) DEADLINE ON NOVEMBER 22, 2011.

Deemed Representations

To participate in the exchange offer, we require that you represent to us that:

(1) you or any other person acquiring Exchange Notes in exchange for your Old Notes in the exchange offer is acquiring them in the ordinary course of business;

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(2) neither you nor any other person acquiring Exchange Notes in exchange for your Old Notes in the exchange offer is engaging in or intends to engage in a distribution of the Exchange Notes within the meaning of the federal securities laws;

(3) neither you nor any other person acquiring Exchange Notes in exchange for your Old Notes has an arrangement or understanding with any person to participate in the distribution of Exchange Notes issued in the exchange offer;

(4) neither you nor any other person acquiring Exchange Notes in exchange for your Old Notes is our affiliate as defined under Rule 405 of the Securities Act; and

(5) if you or another person acquiring Exchange Notes in exchange for your Old Notes is a broker dealer and you acquired the Old Notes as a result of market making activities or other trading activities, you acknowledge that you will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the Exchange Notes.

BY TENDERING YOUR OLD NOTES YOU ARE DEEMED TO HAVE MADE THESE REPRESENTATIONS.

Broker dealers who cannot make the representations in item (5) of the paragraph above cannot use this exchange offer prospectus in connection with resales of the Exchange Notes issued in the exchange offer.

If you are our affiliate, as defined under Rule 405 of the Securities Act, if you are a broker dealer who acquired your Old Notes in the initial offering and not as a result of market making or trading activities, or if you are engaged in or intend to engage in or have an arrangement or understanding with any person to participate in a distribution of Exchange Notes acquired in the exchange offer, you or that person:

(1) may not rely on the applicable interpretations of the Staff of the SEC and therefore may not participate in the exchange offer; and

(2) must comply with the registration and prospectus delivery requirements of the Securities Act or an exemption therefrom when reselling the Old Notes.

You may tender some or all of your Old Notes in this exchange offer. However, your Old Notes may be tendered only in integral multiples of $1,000.

When you tender your outstanding Old Notes and we accept them, the tender will be a binding agreement between you and us as described in this prospectus.

The method of delivery of outstanding Old Notes and all other required documents to the exchange agent is at your election and risk.

We will decide all questions about the validity, form, eligibility, acceptance and withdrawal of tendered Old Notes, and our reasonable determination will be final and binding on you. We reserve the absolute right to:

(1) reject any and all tenders of any particular Old Note not properly tendered;

(2) refuse to accept any Old Note if, in our reasonable judgment or the judgment of our counsel, the acceptance would be unlawful; and

(3) waive any defects or irregularities or conditions of the exchange offer as to any particular Old Notes before the expiration of the offer.

Our interpretation of the terms and conditions of the exchange offer will be final and binding on all parties. You must cure any defects or irregularities in connection with tenders of Old Notes as we will

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reasonably determine. Neither we, the exchange agent nor any other person will incur any liability for failure to notify you or any defect or irregularity with respect to your tender of Old Notes. If we waive any terms or conditions pursuant to (3) above with respect to a noteholder, we will extend the same waiver to all noteholders with respect to that term or condition being waived.

Procedures for Brokers and Custodian Banks; DTC ATOP Account

In order to accept this exchange offer on behalf of a holder of Old Notes you must submit or cause your DTC participant to submit an Agent s Message as described below.

The exchange agent, on our behalf will seek to establish an Automated Tender Offer Program (ATOP) account with respect to the outstanding Old Notes at DTC promptly after the delivery of this prospectus. Any financial institution that is a DTC participant, including your broker or bank, may make book-entry tender of outstanding Old Notes by causing the book-entry transfer of such Old Notes into our ATOP account in accordance with DTC s procedures for such transfers. Concurrently with the delivery of Old Notes, an Agent s Message in connection with such book-entry transfer must be transmitted by DTC to, and received by, the exchange agent on or prior to 5:00 pm, New York City Time on the expiration date. The confirmation of a book entry transfer into the ATOP account as described above is referred to herein as a Book-Entry Confirmation.

The term Agent s Message means a message transmitted by the DTC participants to DTC, and thereafter transmitted by DTC to the exchange agent, forming a part of the Book-Entry Confirmation which states that DTC has received an express acknowledgment from the participant in DTC described in such Agent s Message stating that such participant and beneficial holder agree to be bound by the terms of this exchange offer.

Each Agent s Message must include the following information:

(1) Name of the beneficial owner tendering such Old Notes;

(2) Account number of the beneficial owner tendering such Old Notes;

(3) Principal amount of Old Notes tendered by such beneficial owner; and

(4) A confirmation that the beneficial holder of the Old Notes tendered has made the representations for our benefit set forth under Deemed Representations above.

BY SENDING AN AGENT S MESSAGE THE DTC PARTICIPANT IS DEEMED TO HAVE CERTIFIED THAT THE BENEFICIAL HOLDER FOR WHOM NOTE ARE BEING TENDERED HAS BEEN PROVIDED WITH A COPY OF THIS PROSPECTUS.

The delivery of Old Notes through DTC, and any transmission of an Agent s Message through ATOP, is at the election and risk of the person tendering Old Notes. We will ask the exchange agent to instruct DTC to promptly return those Old Notes, if any, that were tendered through ATOP but were not accepted by us, to the DTC participant that tendered such Old Notes on behalf of holders of the Old Notes.

Acceptance of Outstanding Old Notes for Exchange; Delivery of Exchange Notes

We will accept validly tendered Old Notes when the conditions to the exchange offer have been satisfied or we have waived them. We will have accepted your validly tendered Old Notes when we have given oral or written notice to the exchange agent. The exchange agent will act as agent for the tendering holders for the purpose of receiving the Exchange Notes from us. If we do not accept any tendered Old Notes for exchange by book-entry transfer because of an invalid tender or other valid reason, we will credit the Notes to an account maintained with DTC promptly after the exchange offer terminates or expires.

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THE AGENT S MESSAGE MUST BE TRANSMITTED TO EXCHANGE AGENT ON OR BEFORE 5:00 PM, NEW YORK CITY TIME, ON THE EXPIRATION DATE.

Withdrawal Rights

You may withdraw your tender of outstanding Old Notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, you should contact your bank or broker where your Old Notes are held and have them send an ATOP notice of withdrawal so that it is received by the exchange agent before 5:00 p.m., New York City time, on the expiration date. Such notice of withdrawal must:

(1) specify the name of the person that tendered the Old Notes to be withdrawn;

(2) identify the Old Notes to be withdrawn, including the CUSIP number and principal amount at maturity of the Old Notes; specify the name and number of an account at the DTC to which your withdrawn Old Notes can be credited.

We will decide all questions as to the validity, form and eligibility of the notices and our determination will be final and binding on all parties. Any tendered Old Notes that you withdraw will not be considered to have been validly tendered. We will promptly return any outstanding Old Notes that have been tendered but not exchanged, or credit them to the DTC account. You may re-tender properly withdrawn Old Notes by following one of the procedures described above before the expiration date.

Conditions on the Exchange Offer

Notwithstanding any other provision of the exchange offer, or any extension of the exchange offer, we will not be required to accept for exchange, or to issue Exchange Notes in exchange for, any outstanding Old Notes and may terminate the exchange offer (whether or not any Old Notes have been accepted for exchange) or amend the exchange offer, if any of the following conditions has occurred or exists or has not been satisfied, or has not been waived by us, prior to the expiration date:

there is threatened, instituted or pending any action or proceeding before, or any injunction, order or decree issued by, any court or governmental agency or other governmental regulatory or administrative agency or commission:

(1) seeking to restrain or prohibit the making or completion of the exchange offer or any other transaction contemplated by the exchange offer, or assessing or seeking any damages as a result of this transaction; or

(2) resulting in a material delay in our ability to accept for exchange or exchange some or all of the Old Notes in the exchange offer; or

(3) any statute, rule, regulation, order or injunction has been sought, proposed, introduced, enacted, promulgated or deemed applicable to the exchange offer or any of the transactions contemplated by the exchange offer by any governmental authority, domestic or foreign; or

any action has been taken, proposed or threatened, by any governmental authority, domestic or foreign, would directly or indirectly result in any of the consequences referred to in clauses (1), (2) or (3) above or would result in the holders of Exchange Notes having obligations with respect to resales and transfers of Exchange Notes which are greater than those described in the interpretation of the SEC referred to above, or would otherwise make it inadvisable to proceed with the exchange offer; or the following has occurred:

(1) any general suspension of or general limitation on prices for, or trading in, securities on any national securities exchange or in the over-the-counter market; or

(2) any limitation by a governmental authority which adversely affects our ability to complete the transactions contemplated by the exchange offer; or

(3) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or any limitation by any governmental agency or authority which adversely affects the extension of credit; or

(4) a commencement of a war, armed hostilities or other similar international calamity directly or indirectly involving the United States, or, in the case of any of the preceding events existing at the time of the commencement of the exchange offer, a material acceleration or worsening of these calamities; or

- any change, or any development involving a prospective change, has occurred or been threatened in our business, financial condition, operations or prospects and those of our subsidiaries taken as a whole that is or may be adverse to us, or we have become aware of facts that have or may have an adverse impact on the value of the Old Notes or the Exchange Notes, which in any case makes it inadvisable to proceed with the exchange offer and/or with such acceptance for exchange or with such exchange; or

- there shall occur a change in the current interpretation by the Staff of the SEC which permits the Exchange Notes issued pursuant to the exchange offer in exchange for Old Notes to be offered for resale, resold and otherwise transferred by holders thereof (other than broker dealers and any such holder which is our affiliate within the meaning of Rule 405 promulgated under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided that such Exchange Notes are acquired in the ordinary course of such holders business and such holders have no arrangement or understanding with any person to participate in the distribution of such Exchange Notes; or

- any law, statute, rule or regulation shall have been adopted or enacted which would impair our ability to proceed with the exchange offer; or

- a stop order shall have been issued by the SEC or any state securities authority suspending the effectiveness of the registration statement, or proceedings shall have been initiated or, to our knowledge, threatened for that purpose, or any governmental approval has not been obtained, which approval we shall deem necessary for the consummation of the exchange offer as contemplated hereby; or

- we have received an opinion of counsel experienced in such matters to the effect that there exists any actual or threatened legal impediment (including a default or prospective default under an agreement, indenture or other instrument or obligation to which we are a party or by which we are bound) to the consummation of the transactions contemplated by the exchange offer.

If we determine that any of the foregoing events or conditions has occurred or exists or has not been satisfied, we may, subject to applicable law, terminate the exchange offer (whether or not any Old Notes have been accepted for exchange) or may waive any such condition or otherwise amend the terms of the exchange offer in any respect. If such waiver or amendment constitutes a material change to the exchange offer, we will promptly disclose such waiver or amendment by means of a prospectus supplement that will be distributed to the registered holders of the Old Notes and will extend the exchange offer to the extent required by Rule 14e-1 promulgated under the Exchange Act.

These conditions are for our sole benefit and we may assert them regardless of the circumstances giving rise to any of these conditions, or we may waive them, in whole or in part, in our sole reasonable discretion, provided that we will not waive any condition with respect to an individual holder of Old Notes unless we waive that condition for all such holders. Any reasonable determination made by us concerning an event, development or circumstance described or referred to above will be final and binding on all parties. Our failure at any time to exercise any of the foregoing rights will not be a waiver of our rights and each such right will be deemed an ongoing right which may be asserted at any time before the expiration of the exchange offer.

Exchange Agent

Wilmington Trust, National Association, a national association, has been appointed the exchange agent for the exchange offer. Letters of transmittal and all correspondence in connection with the exchange offer should be sent or delivered by each holder of outstanding Old Notes, or a beneficial owner s commercial bank, broker, dealer, trust company or other nominee, to the exchange agent at the following address and telephone number:

Wilmington Trust, National Association

c/o Wilmington Trust Company

Corporate Capital Markets

Rodney Square North

1100 North Market Street

Wilmington, DE 19890-1826

Phone: (302) 636-6181

Additionally, any questions concerning tender procedures and requests for additional copies of this prospectus or the letter of transmittal should be directed to the exchange agent. Holders of outstanding Old Notes may also contact their commercial bank, broker, dealer, trust company or other nominee for assistance concerning the exchange offer.

DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE WILL NOT

CONSTITUTE A VALID DELIVERY.

Fees and Expenses

The Company s offer is being made through DTC by Wilmington Trust, National Association, as exchange agent. We will pay the exchange agent customary fees for its services, reimburse the exchange agent for its reasonable out-of-pocket expenses incurred in connection with the provisions of these services and pay other registration expenses, including registration and filing fees, fees and expenses of compliance with federal securities and state blue sky securities laws, printing expenses, messenger and delivery services and telephone, fees and disbursements to our counsel, application and filing fees and any fees and disbursements to our independent certified public accountants. We will not make any payment to brokers, dealers, or others soliciting acceptances of the exchange offer except for reimbursement of mailing expenses.

Additional solicitations may be made by telephone, facsimile or in person by our and our affiliates officers employees.

Accounting Treatment

The Exchange Notes will be recorded at the same carrying value as the existing Old Notes, as reflected in our accounting records on the date of exchange. Accordingly, we will recognize no gain or loss for accounting purposes. The expenses of the exchange offer will be capitalized and expensed over the term of the Exchange Notes.

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Transfer Taxes

If you tender outstanding Old Notes for exchange you will not be obligated to pay any transfer taxes. However, if you instruct us to register Exchange Notes in the name of, or request that your Old Notes not tendered or not accepted in the exchange offer be returned to, a person other than the registered tendering holder, you will be responsible for paying any transfer tax owed.

YOU MAY SUFFER ADVERSE CONSEQUENCES IF YOU FAIL TO EXCHANGE OUTSTANDING OLD NOTES.

If you do not tender your outstanding Old Notes, you will not have any further registration rights, except for the rights described in the Registration Rights Agreement and described above, and your Old Notes will continue to be subject to the provisions of the indenture governing the Old Notes regarding transfer and exchange of the Old Notes and the restrictions on transfer of the Old Notes imposed by the Securities Act and states securities law when we complete the exchange offer. These transfer restrictions are required because the Old Notes were issued under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, if you do not tender your Old Notes in the exchange offer, your ability to sell your Old Notes could be adversely affected. Once we have completed the exchange offer, holders who have not tendered Old Notes will not continue to be entitled to any increase in interest rate that the indenture governing the Old Notes provides for if we do not complete the exchange offer.

Consequences of Failure to Exchange

The Old Notes that are not exchanged for Exchange Notes pursuant to the exchange offer will remain restricted securities. Accordingly, the Old Notes may be resold only:

(1) to us upon redemption thereof or otherwise;

(2) so long as the outstanding securities are eligible for resale pursuant to Rule 144A, to a person inside the United States who is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, in accordance with Rule 144 under the Securities Act, or pursuant to another exemption from the registration requirements of the Securities Act, which other exemption is based upon an opinion of counsel reasonably acceptable to us;

(3) outside the United States to a foreign person in a transaction meeting the requirements of Rule 904 under the Securities Act; or

(4) pursuant to an effective registration statement under the Securities Act, in each case in accordance with any applicable securities laws of any state of the United States.

Shelf Registration

The Registration Rights Agreement also requires that we file a shelf registration statement if:

(1) we cannot file a registration statement for the exchange offer because the exchange offer is not permitted by law or SEC policy;

(2) a law or SEC policy prohibits a holder from participating in the exchange offer;

(3) a holder cannot resell the Exchange Notes it acquires in the exchange offer without delivering a prospectus and this prospectus is not appropriate or available for resales by the holder; or

(4) a holder is a broker dealer and holds notes acquired directly from us or one of our affiliates.

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We will also register the Exchange Notes under the securities laws of jurisdictions that holders may request before offering or selling notes in a public offering. We do not intend to register Exchange Notes in any jurisdiction unless a holder requests that we do so.

Old Notes may be subject to restrictions on transfer until:

(1) a person other than a broker dealer has exchanged the Old Notes in the exchange offer;

(2) a broker dealer has exchanged the Old Notes in the exchange offer and sells them to a purchaser that receives a prospectus from the broker, dealer on or before the sale;

(3) the Old Notes are sold under an effective shelf registration statement that we have filed; or

(4) the Old Notes are sold to the public under Rule 144 of the Securities Act.

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DESCRIPTION OF EXCHANGE NOTES

The Company issued the old notes under an indenture (the Indenture), among itself, the Guarantors and Wilmington Trust, National Association (as successor by merger to Wilmington Trust FSB), as Trustee (the Trustee). The exchange notes will also be issued under the Indenture. Any old note that remains outstanding after the completion with the exchange offer, together with the exchange notes issued in connection with the exchange offer, will be treated as a single class of securities under the Indenture.

In this description, references to the Notes are to the exchange notes, unless the context otherwise requires. In this description, the term Company refers only to Burlington Coat Factory Warehouse Corporation and not to any of its Subsidiaries and the term Holdings refers only to Burlington Coat Factory Investment Holdings, Inc. and not to any of its Subsidiaries. You can find the definitions of certain other terms used in this description under the subheading Certain Definitions. The Company will issue the Exchange Notes under the Indenture. The old notes were issued in a private transaction that is not subject to the registration requirements of the Securities Act.

The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended.

The following description is a summary of the material provisions of the Indenture and the Registration Rights Agreement. The following description does not restate the Indenture and the Registration Rights Agreement in their entirety. We urge you to read the Indenture and the Registration Rights Agreement because they and not this description, define your rights as holders of the Notes. Copies of the Indenture and the Registration Rights Agreement may be obtained from the Company upon request. Certain defined terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the Indenture or the Registration Rights Agreement, as applicable.

The registered holder of any Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief Description of the Notes and the Guarantees

The Notes:

- are general unsecured obligations of the Company;
- are senior in right of payment to any future Subordinated Indebtedness of the Company;
- are pari passu in right of payment to all existing and future unsecured Indebtedness of the Company that is not subordinated in right of payment to the Notes;
- are effectively subordinated to any Secured Indebtedness of the Company to the extent of the value of the assets securing such Secured Indebtedness (including the Credit Facilities); and
- are structurally subordinated to all liabilities of each Subsidiary of the Company that is not a Guarantor.

The Guarantees of the Notes:

- are general unsecured obligations of each Guarantor;
- are senior in right of payment to any existing and future Subordinated Indebtedness of such Guarantor;

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are pari passu in right of payment to all existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to the Guarantees; and

are effectively subordinated to any Secured Indebtedness (including the Guarantors guarantees under the Credit Facilities) of any Guarantor as to the assets securing such Indebtedness.

As of July 30, 2011, the Company and the Guarantors had outstanding total Indebtedness of approximately $1,531.7 million, of which $1,057.3 million was secured, including the Credit Facilities, and an additional $272.3 million was available for borrowing under the ABL Facility, all of which were secured if borrowed. The Notes are unsecured. In the event of a bankruptcy or insolvency, any secured lenders will have a prior secured claim to any collateral securing the debt owed to them.

The Indenture will permit the Company and its Restricted Subsidiaries to incur additional Indebtedness, subject to compliance with the covenant described under Certain Covenants Incurrence of Indebtedness and Issuance of Preferred Stock.

As of the date of the Indenture, all of the Subsidiaries of the Company will be Restricted Subsidiaries. Under the circumstances described under the caption Certain Covenants Restricted Payments and the definition of Unrestricted Subsidiary, the Company will be permitted to designate any of its Subsidiaries as Unrestricted Subsidiaries. Unrestricted Subsidiaries will not be subject to the restrictive covenants of the Indenture and will not guarantee the Notes.

Principal, Maturity and Interest

In this offering, the Company will issue Notes in an aggregate principal amount of $450.0 million. The Indenture will provide for the issuance of additional Notes having identical terms and conditions to the Notes offered in this offering (the Additional Notes), subject to compliance with the covenants contained in the Indenture. Any Additional Notes will be part of the same issue as the Notes offered hereby and will vote on all matters with the Notes offered in this offering. Such Additional Notes will be identical in all material respects to the Notes offered hereby, except that Notes offered in the future will have different issuance dates and may have different issuance prices. The Notes will mature on February 15, 2019.

The Notes will be issued in minimum denominations of $2,000 and integral multiples of $1,000 in excess thereof. Interest on the Notes will accrue at a rate of 10% per annum and will be payable semi-annually in arrears on February 15 and August 15 of each year. The Company will make each interest payment to the holders of record of the Notes on the immediately preceding February 1 and August 1.

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Methods of Receiving Payments on the Notes

If a holder has given wire transfer instructions to the Company at least three Business Days prior to the applicable payment date, the Company, through the paying agent or otherwise, will pay all principal, interest and premium and Additional Interest, if any, on that holder s Notes in accordance with those instructions. All other payments on the Notes will be made at the office or agency of the paying agent and registrar, unless the Company elects to make interest payments by check mailed to the holders at their address set forth in the register of holders.

Paying Agent and Registrar for the Notes

The Company will maintain one or more paying agents (each, a paying agent) for the Notes.

The Company will also maintain one or more registrars (each, a registrar) and a transfer agent. The Trustee will serve as initial registrar and transfer agent at its corporate trust office. The registrar and the transfer agent will maintain a register reflecting ownership of Notes outstanding from time to time and will make payments on and facilitate transfer of Notes on behalf of the Company.

The Company may change the paying agents, the registrars or the transfer agents without prior notice to the holders. The Company or any Restricted Subsidiary may act as a paying agent or registrar.

Transfer and Exchange

A holder may transfer or exchange Notes in accordance with the Indenture. The registrar and the Trustee may require a holder to furnish appropriate endorsements and transfer documents in connection with a transfer of Notes. Holders will be required to pay all taxes due on transfer. The Company is not required to transfer or exchange any Note selected for redemption. Also, the Company is not required to transfer or exchange any Note for a period of 15 days before a selection of Notes to be redeemed.

Optional Redemption

On or after February 15, 2015, the Company may redeem all or a part of the Notes at its option, upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as a percentage of the principal amount) set forth below, plus accrued and unpaid interest and Additional Interest, if any, on the Notes to be redeemed to the applicable redemption date if redeemed during the twelve-month period beginning on February 15 of the years indicated below:

Year	Percentage
2015	105%
2016	102.5%
2017 and thereafter	100%

In addition, at any time prior to February 15, 2014, the Company may on one or more occasions redeem in the aggregate up to 35% of the aggregate principal amount of the Notes issued under the Indenture with the net cash proceeds of one or more Equity Offerings, at a redemption price of 110% of the principal amount of the Notes, plus accrued and unpaid interest and Additional Interest, if any, to the redemption date (provided that if the Equity Offering is an offering by Holdings or any of its direct or indirect parent corporations, a portion of the net cash proceeds thereof equal to the amount required to redeem any such Notes is contributed to the equity capital of the Company); provided, however, that:

(1) at least 65% of the aggregate principal amount of the Notes originally issued under the Indenture must remain outstanding immediately after the occurrence of each such redemption (excluding in such calculation Notes held by Holdings and its Subsidiaries); and

(2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

The Notes may also be redeemed, in whole or in part, at any time prior to February 15, 2015, at the option of the Company upon not less than 30 nor more than 60 days prior notice mailed by first class mail to each holder s registered address, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and Additional Interest, if any, to, the applicable redemption date.

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Any redemption or notice of any redemption may, at the Company s discretion, be subject to one or more conditions precedent, including, but not limited to, completion of an Equity Offering, other offering or other corporate transaction or event. Notice of any redemption in respect of an Equity Offering may be given prior to the completion thereof.

In addition, the Company may acquire Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws, so long as such acquisition does not otherwise violate the terms of the Indenture.

Guarantees

The Guarantors of the Notes will jointly, fu