

Debtors' Motion for an Order (A) Authorizing Closure of the BioLab Company Store; and (B) Approving Rejection of Certain Unexpired Leases Related to the Store (the "BioLab Company Store Motion").

By the BioLab Company Store Motion, the Debtors seek entry of an order (i) authorizing the permanent closure of a retail store (the "Store") operated by Debtor BioLab Company Store, LLC ("BioLab Company Store"), and (ii) approving the rejection of certain unexpired leases related to the Store.

As set forth in the BioLab Company Store Motion, Bio-Lab, Inc. ("Bio-Lab") previously sought to develop a business strategy pursuant to which Bio-Lab would establish a branded retail store selling pool chemicals and other backyard products in conjunction with design and maintenance services. Bio-Lab intended to franchise its branded store to new and existing pool chemical suppliers in order to enhance the sales and profitability of both Bio-Lab and its dealers.

As part of this strategy, Bio-Lab planned to open a small number of company-owned stores to demonstrate the franchise concept and promote franchise sales. In September 2008, Bio-Lab formed BioLab Company Store to open and operate the Store, which was designed to serve as an initial test case for Bio-Lab's franchise concept. Until May 2008, the Store operated from a single merchandising, warehousing and storage space in Suwanee, Georgia and employed one staff person who managed the Store.¹

The Debtors assert that the Store is not viable as a self-supporting unit and is currently generating economic losses that are a drain on BioLab Company Store's estate. According to the Debtors, the Store had year-to-date losses through April 2009 of \$307,000. As a result, the Debtors have determined that the Store is no longer necessary or beneficial to the Debtors' ongoing businesses or the Debtors' estates, and the Debtors have made the decision to close the Store.

In addition, the Debtors seek to reject two unexpired leases related to the Store retroactive to June 30, 2009. Specifically, the Debtors seek to reject (i) a lease agreement between BioLab Company Store and Old Towne Enterprises, LLC (the "Lease") and (ii) a vehicle lease agreement between BioLab Company Store and Enterprise Rent-A-Car Company (the "Vehicle Lease" and, together with the Lease, the "Contracts"). According to the Debtors, BioLab Company Store's monthly cost under the Lease is approximately \$7,804.36, and the Lease is scheduled to expire on July 13, 2013. BioLab Company Store's monthly cost under the Vehicle Lease is approximately \$512.45, and the Vehicle Lease is scheduled to expire April 30, 2012. The Debtors assert that they have determined that neither the Lease nor the Vehicle Lease can be assigned to a third party for value.

A hearing on the BioLab Company Store Motion has been scheduled for July 28, 2009 at 9:45 a.m. (ET), with a corresponding objection deadline of July 23, 2009 at 4:00 p.m. (ET).

¹ The Store's sole employee was released from employment on May 28, 2009.