

THE SECURITIES ACT

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Order No. 4773

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Section 20(1)

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May 25, 2005

SPIEGEL, INC.

WHEREAS:

(A) Application has been made by Spiegel, Inc. ("Spiegel"), a Delaware corporation, and certain of its direct and indirect subsidiaries, including Eddie Bauer Canada, Inc. ("Eddie Bauer Canada") and Spiegel Group Teleservices Canada, Inc. ("SGTS Canada"), as debtors and debtors in possession (collectively, the "Debtors"), in the cases (the "Chapter 11 Cases") commenced by the Debtors under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") to The Manitoba Securities Commission (the "Commission") for an order (the "Order") under Section 20(1) of The Securities Act, R.S.M. 1988, c. S50 (the "Act") that the distribution (the "CCAA Trades") by Eddie Bauer Holdings, Inc. ("Eddie Bauer Holdings") of shares of its common stock to the certain creditors of the Debtors contemplated by the Debtors' first amended plan of reorganization dated as of March 28, 2005 (as may be amended from time to time, the "Plan") pursuant to chapter 11 of the Bankruptcy Code and the Companies Creditors' Arrangement Act (Canada) ("CCAA") in partial settlement of the outstanding claims of such creditors is exempt from the registration and prospectus requirements contained in sections 6 and 37 of the Act.

(B) It has been represented to the Commission by the Applicant that

1. On March 17, 2003 (the "Petition Date"), each of the Debtors filed a voluntary petition in the Bankruptcy Court for relief under chapter 11 of the Bankruptcy Code.
2. In connection with the Debtors' chapter 11 filing, on June 16, 2003, Eddie Bauer Canada and SGTS Canada applied for and obtained certain relief under the CCAA.
3. On March 24, 2003, the United States Trustee for the Southern District of New York appointed a statutory committee of unsecured creditors (the "Creditors' Committee"). As of the date hereof, no request has been made for the appointment of a trustee or examiner in the Chapter 11 Cases.
4. The Debtors have continued in possession of their property and have continued to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.
5. As of the Petition Date, the Debtors operated their retail and catalog businesses through their three merchant divisions: Eddie Bauer, Spiegel Catalog, and

Newport News. The Bankruptcy Court has previously approved the sale of the Spiegel Catalog and Newport News businesses.

6. Eddie Bauer Canada is a corporation existing under the Canada Business Corporations Act, and is not a reporting issuer in any jurisdiction of Canada.

7. SGTS Canada is a corporation existing under the Business Corporations Act (Ontario), and is not a reporting issuer in any jurisdiction of Canada.

8. Eddie Bauer Canada is an indirectly wholly-owned subsidiary of Spiegel. SGTS Canada is currently owned directly by Spiegel but will, as part of the Plan, be transferred to Eddie Bauer, Inc., a Delaware corporation, which is currently directly owned by Spiegel.

9. SGTS Canada is in the business of operating a call centre in Saint John, New Brunswick.

10. Eddie Bauer Canada operates retail stores in 36 locations across Canada.

11. On March 28, 2005, the Debtors filed the Plan and accompanying first amended disclosure statement (as may be amended from time to time, the "Disclosure Statement"). On March 29, 2005, the Bankruptcy Court entered an order that, among other things, approved the Disclosure Statement as containing adequate information and scheduled a hearing to consider confirmation of the Plan on May 25, 2005. The Plan is subject to, among other things, the approval of the Creditors' Committee, the Bankruptcy Court and, in connection with the concurrent CCAA proceedings, the Ontario Superior Court of Justice

12. On the effective date of the Plan, Eddie Bauer Holdings, a newly created holding company under the laws of the State of Delaware, will become the parent company for the Eddie Bauer affiliated companies, including Eddie Bauer Canada, SGTS Canada, and the remaining assets of the Debtors will be transferred to a liquidating trust established for the benefit of their creditors.

13. The Plan provides, among other things, that holders of allowed general unsecured claims against the Debtors, including such claims relevant to Eddie Bauer Canada and SGTS Canada, will receive a distribution of a combination of: (i) shares of common stock of Eddie Bauer Holdings; and (ii) cash and/or notes.

14. Eddie Bauer Holdings is obligated under the Plan to use its reasonable best efforts to become a reporting company under the Securities Exchange Act of 1934 and to list the shares of common stock of Eddie Bauer Holdings on the national market system of the National Association of Securities Dealers' Automated Quotation System.

15. Following the implementation of the Plan, residents of Canada will hold less than 10% of the issued and outstanding common stock of Eddie Bauer Holdings and will represent fewer than 10% of the number of shareholders of Eddie Bauer Holdings.

16. Eddie Bauer Holdings has no current intention of becoming a reporting issuer in any jurisdiction of Canada.

17. Holders of allowed general unsecured claims against the Debtors are entitled to vote to accept or reject the Plan and have been provided with a solicitation package containing, among other things, a copy of the Disclosure Statement.

(C) The Commission is satisfied in the circumstances of this particular case that it would not be prejudicial to the public to grant the relief requested;

IT IS ORDERED:

1. **THAT**, pursuant to subsection 20(1) of the Act, sections 6 and 37 of the Act shall not apply to the CCAA Trades; and

2. **THAT** the fee for this order shall be \$1,000.

BY ORDER OF THE COMMISSION

Deputy Director - Legal