

**SCHEDULES TO
ASSET PURCHASE AGREEMENT**

BY AND AMONG

**THE CONNAUGHT GROUP, LTD.,
LIMITED EDITIONS FOR HER OF NEVADA LLC,
LIMITED EDITIONS FOR HER OF BRANSON LLC,
LIMITED EDITIONS FOR HER LLC,
AND
WDR RETAIL CORP.,**

AS SELLER

AND

FORTY-THREE EIGHTY COMPANY,

AS BUYER

DATED AS OF APRIL 9, 2012

General Note

The following Schedules are being delivered in accordance with that certain Asset Purchase Agreement, dated as of April 9, 2012, by and among The Connaught Group, Ltd., the subsidiaries of The Connaught Group, Ltd. listed on the signature pages thereto, Forty-Three Eighty Company, and solely for purposes of Article XIII thereof Tom James Company and Well Choice (the "*Purchase Agreement*"). Capitalized terms used but not defined in the following Schedules shall have the meanings ascribed thereto in the Purchase Agreement.

Schedule 5.5 contained herein is being delivered pursuant to Article V of the Purchase Agreement and shall constitute the Seller Disclosure Schedules for all purposes under the Agreement.

Schedule 1.1

Seller Knowledge Parties

William D. Rondina, the Chief Executive Officer, Treasurer and Secretary of Seller

Caroline Bowen, President of Seller

Eileen Balaban-Eisenberg, Executive Vice President of Seller

Larry Klein, Chief Financial Officer of Seller

Maury Satin, the Chief Restructuring Officer of Seller

Schedule 2.1(a)

Transferred Intellectual Property

See attached TM Status Reports.

Schedule 2.1(b)

Social Media Accounts

Facebook.com/ CarlisleCollection

Facebook.com/EtceteraCollection

Facebook.com/PerSeCollection

Twitter @carlisleNY

Schedule 2.1(c)

Transferred Domain Names

carlisle-direct.biz	carlisle-direct.com	carlisle-direct.info
carlisle-direct.mobi	carlisle-direct.net	carlisle-direct.org
carlisleboutique.biz	carlisleboutique.com	carlisleboutique.info
carlisleboutique.net	carlisleboutique.org	carlisleboutique.us
carlislecollection.biz	carlislecollection.com	carlislecollection.info
carlislecollection.net	carlislecollection.org	carlislecollection.us
carlisedirect.biz	carlisedirect.com	carlisedirect.mobi
carlisedirect.org	carlisleeu.com	carlisleeu.net
carlisleeu.org	carlisleeuropa.com	carlisleeuropa.net
carlisleeuropa.org	carlislegb.co.uk	carlislegb.com
carlislegb.net	carlislegb.org	carlisleny.co.uk
carlisleny.com	carlisleny.net	carlisleny.org
carlisleperse.com	carlisleperse.net	carlisleperse.org
carlisleprivateretail.com	carlisleprivateretail.net	carlisleprivateretail.org
carlisle showroom.com	casualsetc.com	casualsetc.net
casualsetc.org	casualsetcetera.com	casualsetcetera.net
casualsetcetera.org	collectionperse.com	collectionperse.net
collectionperse.org	connaughtgroup.com	consultantnetstars.com
consultantnetstars.net	eccoci.biz	eccoci.info
eccoci.net	eccoci.org	eccoci.us
eccociny.com	eccociny.net	eccocinyc.com
eccocinyc.net	etcetera.com	etceteranewyork.com
etceteranewyork.net	etceterany.com	etceterany.net
etceteranyc.com	etceteranyc.net	etceteranyc.us
etcnewyorkcity.com	etcnewyorkcity.net	etcnewyorkcity.us
etcnewyorkmetro.com	etcnyc.com	etcnyc.net
etcnyc.org	etcus.com	etcus.net
etcus.org	fashionperse.com	fashionperse.net
fashionperse.org	inside-style.com	knowingwomen.com
lefh.biz	lefh.com	limited-editions-for-her.com
limitededitionsforher.com	mynetstars.com	mynetstars.net
netstarsconsultant.com	netstarsconsultant.net	nyc-55.com
nyc-55.net	nyc-55.org	perse.cc
perse.net	persebycarlisle.com	persebycarlisle.net
persebycarlisle.org	persecollection.com	persecollection.net
persecollection.org	persefashion.com	persefashion.net
persefashion.org	perseny.cc	perseny.net
persenyc.cc	persenyc.net	perseonline.cc
perseonline.com	perseonline.info	perseonline.net
perseonline.org	perseperse.com	perseperse.net
perseperse.org	perseprivateretail.com	perseprivateretail.net

perseprivateretail.org
privateretailinc.net
privateretailnews.net
theconnaughtgroup.info
yournetstars.com

perseshowroom.com
privateretailinc.org
privateretailnews.org
theconnaughtgroup.net
yournetstars.net

privateretailinc.com
privateretailnews.com
theconnaughtgroup.com
theconnaughtgroup.org

Schedule 2.1(d)

Website Content

1. www.carlisle.com – Password protected website for Carlisle consultants. Information and order processing.
2. www.carlislecollection.com – Public website – information only for Carlisle styles for the current selling season(s).
3. www.persecollection.com - – Public website – information only for PerSe styles for the current selling season(s).
4. www.etcnyc.com – Password protected website for Etcetera consultants. Information and order processing.
5. www.etcetera.com – Public website – information only for Etcetera styles for the current selling season(s).
6. www.carlisleboutique.com – public shopping website for current Carlisle selling season
7. www.theconnaughtgroup.com – public website for corporate profile and links to the three public information websites listed above.
8. www.eccocionline.com – public shopping site for LEFH products, hosted by YAHOO.

Schedule 2.1(e)

Toll-Free and Other Phone Numbers

No toll free lines

Main Office Numbers:

212 – 246 -2555	55th St. Office
212 – 838 -1944	52nd St. Office
212 – 838 – 1319	52nd St. Office
212 – 751 – 6490	52nd St. Showroom
212 – 262 – 0765	LIC
718 – 475 – 2424	Carlisle Boutique

Main Store Numbers:

Store # 2 - New York, NY, 212-582-7114

Fax 212-246-1684
LEFH - 423 West 55 TH Street

Store #3 - FLEMINGTON, NJ 908-788-5352

Fax: 908-284-2593
LEFH c/o Liberty Village Premium Outlets,
1 Church St., Suite 40 & 41, Flemington, NJ 08822

Store #5 - PRIMM, NV 702-874-1741

Fax: 702-874-1924
LEFH c/o Fashion Outlets Mall of Las Vegas
32100 Las Vegas Blvd. South, Suite 138, Primm, NV 89019

Store #6 - LAS VEGAS, NV 702-386-5056

Fax: 702-386-3043
LEFH c/o Las Vegas Premium Outlets
605 S. Grand Central Pkwy., Suite 1220, Las Vegas, NV 89106

Store #8 - LAS VEGAS, NV 702-269-4990

Fax: 702-269-8463
LEFH c/o Las Vegas Outlet Center
7400 Las Vegas Blvd. South, Suite 40, Las Vegas, NV 89123

Store #9 - BRANSON, MO 417-334-9221

Fax: 417-334-9230

LEFH c/o Factory Merchants of Branson Mall
1000 Pat Nash Drive, Space 10-A, & 10B Branson, MO 65616

Store #11 - BRANSON, MO 417-239-0677

Fax: 417-239-0675

LEFH, c/o Branson Landing
1207 Branson Landing Blvd., Branson, MO 65616

Store #13 - CALGARY, AB, CANADA 403-209-2210

Fax: 403-209-2216

Eccoci, c/o TD Square
317 7th Ave SW, Unit 253, Calgary, Alberta T2P2Y9

Store #14 - LAS VEGAS, NV 702-821-1647

Fax: 702-870-4729

Eccoci, c/o The Meadows Mall
4300 Meadows Lane, Suite #1190, Las Vegas, NV 89107

Schedule 5.5

Litigation

Desjardins v. The Connaught Group, Ltd., S.D.N.Y. No. 11-cv-8965. Alleged violation of the Family Medical Leave Act and age discrimination under New York State law made by former employee. Case was filed on December 8, 2011, and Connaught was served on December 22, 2011. This claim is covered by the Company's Director and Officer and employee liability policy with CNA (Policy Number 425457293; Deductable: \$35,000).

1023822 Alberta Ltd. v. Connaught Group, ULC, Court of Queen's Bench of Alberta, No. 1101-14399. Action related to alleged breach of lease by Connaught Group, ULC, the Canadian subsidiary of WDR Retail Corp. Defendant has filed a counter claim for breach of the lease on November 16, 2011. This action has not been submitted to the Company's insurance carrier.

Liakopoulos v. Connaught Group, Ltd., New York Supreme Court, Kings County, Index No. 012819/2010. Personal injury claim arising out of traffic accident involving one of the Company's drivers. The case is currently in discovery and has been referred to the Company's insurance carrier.

Starnet Insurance Company, as subrogee of Gumuchain, Ltd. v. William Rondina, Inc. and Connaught Group USA, LLC, Civil Court of the City of New York, New York County, filed January 6, 2012. On July 10, 2011, Starnet Insurance paid an insurance claim in the amount of \$14,860.85 to Gumuchain in connection with damage allegedly done to Gumuchain's art gallery as a result of a water cooler leak in Seller's 52nd Street, New York office space. Starnet Insurance is seeking reimbursement of that amount plus interest from Seller. The case has been submitted to Seller's insurance carrier.

Schuman v. The Connaught Group, Ltd., Bankr. S.D.N.Y. Adv. Pro. No. 12-01051.
Alleged violation of the Worker Adjustment and Retraining Notification Act (“WARN Act”) and
New York Worker Adjustment and Retraining Notification Act (“NY WARN Act”). This case
has been stayed until June 14, 2012.

TM Status Reports

Client : The Connaught Group

Family	Country Status	Mark Proprietor	Application Date Application No	Regn. Date Mark No Renewal Due	Classes	Specification of Goods
303912	Canada REGISTERED	LIMITED EDITIONS FOR HER The Connaught Group	06 Mar 2006 1,292,476	02 Apr 2009 TMA737,433 02 Apr 2024	NA	Class Retail and wholesale clothing outlets and clothing distributorship services
303913	Canada ALLOWED	CARLISLE The Connaught Group	18 Oct 2005 1,276,114			Class Jewelry, necklaces and jewelry pins, handbags, women's clothing, namely, rainwear, coats, jackets, blazers, scarves, shawls, sweaters, cut and sewn knits, tops, dresses, blouses, skirts, shorts, shirts, bodysuits, camisoles, belts and gloves, retail and wholesale clothing outlets and clothing distributorship services
303913	China PENDING	CARLISLE The Connaught Group	30 Jul 2010 AWAITED			
303913	Community Mark REGISTERED	CARLISLE The Connaught Group	28 Sep 1999 001324912	30 Nov 2000 001324912 28 Sep 2019	14, 18 and 25	Class 14 Precious metals and their alloys and goods in precious metals or coated therewith, not included in other classes; jewelry, precious stones; horological and chronometric instruments Class 18 Leather and imitations of leather and goods made of these materials and not included in other classes animal skins, hides; trunks and traveling bags; umbrellas, parasols and wa king sticks; whips, harness and saddlery Class 25 Clothing, footwear, headgear

Client : The Connaught Group

Family	Country Status	Mark Proprietor	Application Date Application No	Regn. Date Mark No Renewal Due	Classes	Specification of Goods
303913	United States REGISTERED	CARLISLE The Connaught Group	28 Aug 2003 78/293,333	25 Dec 2007 3,359,510 25 Dec 2017	14, 18, 25, 35	Class 14 Jewelry, necklaces and jewelry pins Class 18 Handbags Class 25 Women's clothing, namely, rainwear, coats, jackets, blazers, scarves, shawls, sweaters, cut and sewn knits, tops, dresses, blouses, skirts, shorts, shirts, bodysuits, camisoles, belts and gloves Class 35 Retail and wholesale clothing outlets and clothing distributorship services
303913	United States ALLOWED	1 CARLISLE The Connaught Group	27 Aug 2003 78/292,945		25	Class 25 A full line of men's and children's clothing
303914	Canada REGISTERED	PER SE The Connaught Group	18 Oct 2005 1,276,113	13 Feb 2009 TMA734432 13 Feb 2024		Class women's clothing, namely, rainwear, coats, jackets, blazers, scarves, shawls, sweaters, cut and sewn knits, tops, dresses, blouses, skirts, shorts, shirts, bodysuits, camisoles, belts and gloves
303914	China PENDING	PER SE The Connaught Group	30 Jul 2010 8533911		25	Class 25 CLOTHING, FOOTWEAR AND HEADGEAR

Client : The Connaught Group

Family	Country Status	Mark Proprietor	Application Date Application No	Regn. Date Mark No Renewal Due	Classes	Specification of Goods
303952	Canada PENDING	ECCOCI The Connaught Group	19 Jan 2007 1331940			Class Clothing, namely, jackets, skirts, pants, sweaters, knit and woven tops, blouses, and scarves Class Jewelry, handbags, clothing, namely, vests, rainwear, coats, blazers, shawls, cut and sewn tops and bottoms and knit bottoms, tops, dresses, shorts, shirts, bodysuits, camisoles, belts and gloves. Class Operation of retail and wholesale clothing outlets and clothing distributorship services
303952	China PENDING	ECCOCI The Connaught Group	25 Mar 2005 4563732		18	
303952	China PENDING	1 ECCOCI The Connaught Group	25 Mar 2005 4563680		25	
303952	China REGISTERED	2 ECCOCI The Connaught Group	07 Aug 2008 4563733	07 Aug 2008 4563733 07 Aug 2018	14	Class 14 Jewelry
303952	China PENDING	3 ECCOCI The Connaught Group	29 Dec 2010 9001189		25	Class 25 CLOTHING FOR MEN AND WOMEN, SHOES, CAPS/HATS, CHILDREN'S GARMENTS, SWIMMING SUITES, RAINCOAT, COSTUMES, SOCKS, NECKTIES, BELTS

Client : The Connaught Group

Family	Country Status	Mark Proprietor	Application Date Application No	Regn. Date Mark No Renewal Due	Classes	Specification of Goods
303952	Community Mark REGISTERED	ECCOCI The Connaught Group	28 Jan 2005 4204161	26 Jan 2006 4204161 28 Jan 2015	14, 18 and 25	Class 14 Jewellery; and all other goods in this class. Class 18 Handbags; and all other goods in this class. Class 25 Clothing; footwear; headgear; women's clothing, pants, trousers, outerwear, vests, waist-coats, rainwear, coats, jackets, blazers, scarves, shawls and sweaters, cut and sewn knits, top, dresses, blouses, skirts, shorts, shirts, bodysuits, camisoles, belts and gloves.
303952	United States REGISTERED	ECCOCI The Connaught Group	31 Jul 2007 77/243,341	05 May 2009 3,616,752 05 May 2019	18	Class 18 Handbags
303952	United States REGISTERED	1 ECCOCI The Connaught Group	29 Nov 2004 78/523,537	01 Apr 2008 3,406,589 01 Apr 2018	25, 35	Class 25 full line of women's clothing, namely, pants, outerwear, namely, vests, rainwear, coats, jackets, blazers, scarves, shawls and sweaters, cut and sewn tops and bottoms and knit tops and bottoms, tops, dresses, blouses, skirts, shorts, shirts, bodysuits, camisoles, belts and gloves Class 35 Retail and wholesale clothing outlets and clothing distributorship services
304301	China PENDING	ETCETERA The Connaught Group	30 Jul 2010 8533909		25	
304301	United States REGISTERED	ETCETERA The Connaught Group	01 Apr 2000 76/028,966	16 Oct 2001 2,499,135 16 Oct 2021	25	Class 25 Women's Sportswear; namely dresses, pants, shirts, skirts, casual suits and sweater sets

Client : The Connaught Group

Family	Country Status	Mark Proprietor	Application Date Application No	Regn. Date Mark No Renewal Due	Classes	Specification of Goods
305838	China REGISTERED	RONDINA The Connaught Group	30 Jul 2010 8555138	14 Aug 2011 8555138 14 Aug 2021	25	Class 25 CLOTHING, FOOTWEAR AND HEADGEAR
305940	United States REGISTERED	ETCETERA ETCETERA ETCETERA ... The Connaught Group	20 Jun 2002 76/422,774	15 Apr 2003 2,706,908 15 Apr 2013	25	Class 25 women's sportswear; namely dresses, pants, shirts, skirts, casual suits and sweater sets

Trademark Country List

Client : The Connaught Group, Ltd.

Country : Canada

Family	Mark	Appln No	Appln Date	Mark No	Registration Date	Classes	Status
303912	LIMITED EDITIONS FOR HER	1,292,476	06 Mar 2006	TMA737,433	02 Apr 2009	NA	REGISTERED
303913	CARLISLE	1,276,114	18 Oct 2005				ALLOWED
303914	PER SE	1,276,113	18 Oct 2005	TMA734432	13 Feb 2009		REGISTERED
303952	ECCOCI	1331940	19 Jan 2007				PENDING

Country : China

Family	Mark	Appln No	Appln Date	Mark No	Registration Date	Classes	Status
303913	CARLISLE	AWAITED	30 Jul 2010				PENDING
303914	PER SE	8533911	30 Jul 2010			25	PENDING
303952	ECCOCI	4563732	25 Mar 2005			18	PENDING
303952	ECCOCI	4563680	25 Mar 2005			25	PENDING
303952	ECCOCI	4563733	07 Aug 2008	4563733	07 Aug 2008	14	REGISTERED
303952	ECCOCI	9001189	29 Dec 2010			25	PENDING
304301	ETCETERA	8533909	30 Jul 2010			25	PENDING
305838	RONDINA	8555138	30 Jul 2010	8555138	14 Aug 2011	25	REGISTERED

Country : Community Mark

Family	Mark	Appln No	Appln Date	Mark No	Registration Date	Classes	Status
303913	CARLISLE	001324912	28 Sep 1999	001324912	30 Nov 2000	14, 18 and 25	REGISTERED
303952	ECCOCI	4204161	28 Jan 2005	4204161	26 Jan 2006	14, 18 and 25	REGISTERED

Trademark Country List**Client : The Connaught Group, Ltd.****Country : United States**

Family	Mark	Appln No	Appln Date	Mark No	Registration Date	Classes	Status
303913	CARLISLE	78/293,333	28 Aug 2003	3,359,510	25 Dec 2007	14, 18, 25, 35	REGISTERED
303913	CARLISLE	78/292,945	27 Aug 2003			25	ALLOWED
303952	ECCOCI	77/243,341	31 Jul 2007	3,616,752	05 May 2009	18	REGISTERED
303952	ECCOCI	78/523,537	29 Nov 2004	3,406,589	01 Apr 2008	25, 35	REGISTERED
304301	ETCETERA	76/028,966	01 Apr 2000	2,499,135	16 Oct 2001	25	REGISTERED
305940	ETCETERA ETCETERA ETCETERA ...	76/422,774	20 Jun 2002	2,706,908	15 Apr 2003	25	REGISTERED

EXHIBIT A

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:

Chapter 11

THE CONNAUGHT GROUP, LTD., et al.,

Case No. 12-10512 (SMB)

Debtors.

(Jointly Administered)
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**ORDER PURSUANT TO 11 U.S.C. §§ 105, 332, 363, 365, 503, AND 507
AND FED. R. BANKR. P. 2002, 6004, 6006, AND 9006, FOR ENTRY OF
AN ORDER APPROVING (A) BIDDING PROCEDURES; (B) NOTICE OF
SALE, AUCTION, AND SALE HEARING; (C) ASSUMPTION PROCEDURES
AND RELATED NOTICES; (D) APPOINTING A CONSUMER PRIVACY
OMBUDSMAN; AND (E) APPROVING THE EXPENSE REIMBURSEMENT**

Upon the motion (the "Motion")¹ dated February 24, 2012, of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"),² for entry of orders under Bankruptcy Code sections 105, 332, 363, 365, 503, and 507 and Bankruptcy Rules 2002, 6004, 6006, and 9006 and Local Rules 6004-1 and 6006-1 (I) (A) approving the Bidding Procedures for the sale of all of the Assets, (B) approving the form and manner of the Notice of Sale, Auction, and Sale Hearing, (C) assumptions procedures and related notices, (D) appointing a consumer privacy ombudsman, (E) scheduling the Auction and Sale Hearing dates; and (F) authorizing the payment of the Expense Reimbursement; (II) approving the sale of the Assets free and clear of all liens, claims, and encumbrances; (III) approving the assumption and assignment of the Assumed Contracts and Assumed Leases; (IV) approving certain procedures related to the assumption and assignment of executory contracts and unexpired leases; and (V) granting related relief; and the Court having reviewed the Motion; and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Motion.

² The Debtors, together with the last four digits of each Debtor's federal tax identification number are: The Connaught Group, Ltd. (8384); Limited Editions for Her of Nevada LLC (7669); Limited Editions for Her of Branson LLC (8078); Limited Editions for Her LLC (2197); and WDR Retail Corp. (8865).

estates, their creditors and other parties in interest; and it appearing that proper and adequate notice of the Motion has been given and that no other or further notice is necessary; and upon the record herein; and any objections to the requested relief having been withdrawn, resolved or overruled on the merits; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is FOUND AND DETERMINED THAT:³

A. The Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334, and this matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A).

B. Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

C. The statutory and legal predicates for the relief requested in the Motion are Bankruptcy Code sections 105, 332, 363, 365, 503, and 507 and Bankruptcy Rules 2002, 6004, 6006, and 9006 and Local Rules 6004-1 and 6006-1.

D. Good and sufficient notice of the relief granted by this Order has been given and no further notice is required. A reasonable opportunity to object or to be heard regarding the relief granted by this Order (including, without limitation, with respect to the proposed Bidding Procedures) has been afforded to those parties entitled to notice pursuant to Local Rule 2002-1(b).

E. The Debtors' proposed Sale Notice, in substantially the form attached hereto as Exhibit C, is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures, the Auction (if necessary) and the Sale Hearing, and no other or further notice is required.

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. *See* Fed. R. Bankr. P. 7052.

F. The Bidding Procedures, substantially in the form attached hereto as Exhibit A, are fair, reasonable, and appropriate and are designed to maximize recovery with respect to the sale of the Assets.

G. The Debtors have demonstrated compelling and sound business justifications for authorizing the sale of the Assets under the circumstances, timing, and procedures set forth herein, in the Motion.

H. The entry of this Order is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties in interest herein; and it is therefore

ORDERED THAT:

1. Those portions of the Motion seeking approval of the Bidding Procedures, noticing procedures, and the Assumption and Assignment Procedures and setting the time, date and place of the Auction and the Sale Hearing are GRANTED, as provided herein.

2. Except as expressly provided herein, nothing herein shall be construed as a determination of the rights of any party in interest in these chapter 11 cases.

The Bidding Procedures

3. The Bidding Procedures attached hereto as Exhibit A are hereby APPROVED. The Debtors are hereby authorized to conduct a sale by auction of the Assets pursuant to the Bidding Procedures and the terms of this Order.

4. The Bidding Procedures shall apply to the Qualified Bidders and shall govern the conduct of the sale of the Assets and the Auction.

5. To the extent the Prepetition Lenders exercise any rights to credit bid all or part of their Prepetition Collateral, they shall be deemed Qualified Bidders with a Qualified Bid and shall not be required to place any Deposit with the Debtors prior to the Auction.

The Assumption and Assignment Procedures

6. The Assumption and Assignment Procedures, as provided herein, are hereby authorized and approved.

7. The Assumption Notice, in substantially the same form as annexed hereto as Exhibit B, is sufficient to provide effective notice of the Debtors' intent to assume and assign some or all of the Assumed Contracts and Assumed Leases pursuant to Bankruptcy Rules 2002(a)(2), 6004(a), and 6006(c) to all non-Debtor counterparties to the Assumed Contracts and Assumed Leases proposed to be assumed and assigned under the Successful Bid, and is hereby approved. Each notice shall set forth the following information: (i) the title of the Assumed Contracts and Assumed Leases to be assumed; (ii) the name of the counterparty to such Assumed Contracts and Assumed Leases; (iii) the Cure Amount, if any; (iv) the proposed effective date of the assignment; and (v) the deadline by which any counterparty to such Assumed Contracts and Assumed Leases must object.

8. The Debtors will send information concerning a Qualified Bidder's ability to provide adequate assurance of performance with respect to executory contracts and unexpired leases that is set forth in a Qualified Bid as soon as reasonably practicable after determining that such bid constitutes a Qualified Bid but in no event shall such information be sent later than one (1) business day following the expiration of the Bid Deadline to all counterparties of unexpired real property leases (collectively, the "Landlords").

Expense Reimbursement

9. Any selection of a Stalking Horse Purchaser shall be in consultation with the Consultation Parties. No Expense Reimbursement to a Stalking Horse Purchaser is authorized

by this Order, but Debtors may seek Expense Reimbursement and other stalking horse protections upon motion to the Court after selection of a Stalking Horse Purchaser.

Notice Procedures

10. The Sale Notice, in substantially the same form as annexed hereto as Exhibit C, is sufficient to provide effective notice to all interested parties of the Bidding Procedures, the Auction, and the Sale pursuant to Bankruptcy Rules 2002(a)(2), 6004, and 6006, and is hereby approved. The Sale Notice shall include the lien claim amounts held by Chase and Citibank (the “Prepetition Secured Lenders”).

11. Immediately after entry of this Bid Procedures Order (or as soon as reasonably practicable thereafter), the Debtors (or their agent) shall serve the Sale Notice, in substantially the form attached hereto as Exhibit C, by first-class mail, postage prepaid, upon (i) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (ii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn: Boris I. Mankovetskiy); (iii) Counsel for the Official Committee of Unsecured Creditors, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler); (iv) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard C. Morrissey); (v) all entities reasonably known to have expressed an interest in a transaction with respect to the Assets during the past three (3) months; (vi) the attorneys general for all states in which the Assets are located and all taxing authorities having jurisdiction over any of the Assets, including the Internal Revenue Service; and (vii) all parties that have requested notice pursuant to Bankruptcy Rule 2002. The Debtors also shall publish notice to the Motion in *Women’s Wear Daily* and/or such other publication(s) as the Debtors and their advisors

deem appropriate within five (5) business days of entry of this Bid Procedures Order or as soon as practicable thereafter.

12. The Debtors (or their agent) shall serve the Assumption Notice, in substantially the form attached hereto as Exhibit B, as soon as reasonably practicable after entry of the Bid Procedures Order, but in no event later than March 6, 2012 unless the Bid Procedures Order is entered after March 6 in which case the Debtors shall serve the Assumption Notice within one (1) business day of entry of the Bid Procedures Order, by first-class mail, postage prepaid, upon each counterparty to each Assumed Contract and Assumed Lease individually. Additionally, for the Assumed Contracts and Assumed Leases, the Debtors shall file with the Court a master notice of assignment of contracts that sets forth: (i) the name and address of each counterparty thereto; (ii) notice of the proposed effective date of the assignments; (iii) a description of each Assumed Contract and Assumed Lease; and (iv) the Cure Amount, if any.

13. If a potential Stalking Horse Purchaser or other Qualified Bidder requires the Debtors to assume and assign the contracts with the Wardrobe Consultants to such party, then Debtors are authorized to serve individual notices on the counterparty to the Wardrobe Consultant contracts by first-class mail no fewer than seven (7) days prior to the Sale Hearing. The Debtors are authorized, but not required, to (A) file with the Court for *in camera* review a master notice of assignment of contracts with the Wardrobe Consultants that sets forth: (i) the name and address of each counterparty thereto; (ii) notice of the proposed effective date of the assignments; (iii) a description of each Assumed Contract and Assumed Lease; and (iv) the Cure Amount, or (B) file the master notice of assignment of contracts with the Wardrobe Consultants referred to in the preceding subsection (A) under seal pursuant to Bankruptcy Rule 9018.

Objection Procedures

14. Any and all written objections as contemplated to the Sale, including but not limited to, (1) objections to the assumption and assignment of any Assumed Contract or Assumed Lease identified on the Assumption Notice, including any objection to the Cure Amount set forth on the Assumption Notice or to the ability of the Successful Bidder to provide adequate assurance of future performance under such Assumed Contract or Assumed Lease (with the exception of objections to the assumption and assignment of Assumed Contracts with Wardrobe Consultants), and (2) objections to the selection of the Successful Bidder or the conduct of the Auction, must: (a) be in writing; (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the Southern District of New York; (c) be filed with the Bankruptcy Court in accordance with General Order M-242 (as amended) – registered users of the Bankruptcy Court’s case filing system must file electronically, and all other parties-in-interest must file on a 3.5 inch disk (preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format); (d) be submitted in hard-copy form directly to the chambers of the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York, Alexander Hamilton Custom House, One Bowling Green, New York, New York 10004-2870; and (e) be served upon (i) the Debtors’ counsel, Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (iii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn: Boris I. Mankovetskiy); (iv) Counsel for the Official Committee of Unsecured Creditors, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce

Buechler); and (v) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard C. Morrissey), **so as to be actually received no later than March 29, 2012 at 5:00 p.m. (prevailing Eastern Time).**

15. Each objection shall state the legal and factual basis of such objection and may be orally supplemented at the Sale Hearing. To the extent that any party to an Assumed Contract or an Assumed Lease does not timely file an objection to the Motion pursuant to the procedures set forth therein, such party shall be bound to the corresponding Cure Amount.

16. All objections to the Motion or the relief requested therein (and all reservations of rights included therein), as it pertains to the entry of this Order, are overruled to the extent they have not been withdrawn, waived or otherwise resolved.

Other Relief Granted

17. The Auction is scheduled for 10:00 a.m. (EDT) on March 26, 2012 at the offices of Fulbright & Jaworski L.L.P. located at 666 Fifth Avenue, 31st Floor, New York, New York 10103. The Landlords will be permitted to attend, but not participate, in the Auction, provided, that, the Landlords agree in writing in advance of the Auction not to charge or seek to charge the estate for the legal fees and/or other costs incurred for or by the Landlords or their representatives, including but not limited to, its counsel, to attend the Auction.

18. A hearing (the "Sale Hearing"), at which the Debtors shall seek approval of the Successful Bid (as defined in the Bidding Procedures) shall be held in this Court on April 4, 2012, at 2:00 p.m. (EDT).

19. The U.S. Trustee is directed to appoint one disinterested person to serve as the consumer privacy ombudsman in connection with the Sale no later than seven (7) days before the Sale Hearing pursuant to section 332 of the Bankruptcy Code.

20. In the event there is a conflict between this Order and the Motion, this Order shall control and govern.

21. Nothing in this Order or the Motion shall be deemed to or constitute the assumption or assignment of an executory contract or unexpired lease.

22. This Court shall retain jurisdiction with respect to all matters arising or related to the implementation or interpretation of this Order.

23. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rules 6004 or 6006 or any other provision of the Bankruptcy Code or Bankruptcy Rules is expressly lifted. The Debtors are not subject to any stay in the implementation, enforcement or realization of the relief granted in this Order, and may, in their discretion and without further delay, take any action and perform any act authorized under this Order. For the avoidance of doubt, the Bid Protections approved by this Order shall be immediately appealable and failure to appeal in accordance with the Bankruptcy Rules or other applicable law shall constitute a waiver of such rights.

Dated: March 6th, 2012
New York, New York

/s/ STUART M. BERNSTEIN

THE HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Bidding Procedures

BIDDING PROCEDURES

Set forth below are the bid procedures (the “Bidding Procedures”) to be employed in connection with the sale of all or substantially all of the assets of The Connaught Group, Ltd. (“Connaught”) and its affiliated debtors (collectively with Connaught, the “Debtors”) in the jointly administered chapter 11 cases pending in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”).

Pursuant to these Bidding Procedures, the Debtors are soliciting bids for the purchase of substantially all of their assets (the “Assets”) under the terms and conditions set forth in the Sale Motion (the “Sale”). The Debtors will consider offers for a sale, in one or a series of related transactions, of a material portion of the Assets. The Sale shall be pursuant to the terms and conditions of the form Asset Purchase Agreement (as may be modified pursuant to the procedures below, the “APA,” attached hereto as Schedule 1), the form of which will be subject to approval by the Bankruptcy Court at the Sale Hearing (as defined below). Pursuant to the APA, and to the maximum extent permitted by Bankruptcy Code section 363, the Successful Bidder shall acquire some or all of the Assets, as more fully set forth in Section 2.1 of the APA, excluding only those certain assets expressly identified as Excluded Assets under Section 2.2 of the APA, free and clear of any and all Liens and claims as more fully set forth in Section 2.1 of the APA, subject to certain conditions.

(i) The Bidding Procedures

a. **Provisions Governing Qualifications of Bidders.** Unless otherwise ordered by the Bankruptcy Court, in order to participate in the bidding process, prior to the Bid Deadline (defined below), each person who wishes to participate in the bidding process (a “Potential Bidder”) must deliver the following to the Notice Parties (as defined below):

(i) a written disclosure of the identity of each entity that will be bidding for the Assets or otherwise participating in connection with such bid;

(ii) an executed confidentiality agreement (to be delivered prior to the distribution of any confidential information by the Sellers to a Potential Bidder) in form and substance reasonably satisfactory to the Debtors, in consultation with the Consultation Parties and which shall inure to the benefit of any purchaser of the Assets; without limiting the foregoing, each confidentiality agreement executed by a Potential Bidder shall contain standard non-solicitation provisions.

A Potential Bidder that delivers the documents and information described above or that the Debtors determine in their reasonable business judgment, after consultation with (i) their advisors, (ii) Counsel for Chase, (iii) Counsel for Citibank, (iv) Counsel for the Official Committee of Unsecured Creditors (the “Creditors’ Committee” and, collectively, the “Consultation Parties”), is likely (based on experience and other considerations) to be able to consummate the sale, will be deemed a “Qualified Bidder.” The Debtors will limit access to due diligence to those parties it believes, in the exercise of its reasonable judgment, are pursuing the transaction in good faith.

As promptly as practicable after a Potential Bidder delivers all of the materials required above, the Debtors, in consultation with the Consulting Parties, will determine and will notify the Potential Bidder if such Potential Bidder is a Qualified Bidder.

b. **Due Diligence.** The Debtors will afford any Qualified Bidder such due diligence access or additional information as the Debtors, after consultation with the Consulting Parties, deem appropriate, in their reasonable discretion, which may include differentiations between the diligence provided to strategic and financial bidders, as appropriate. The due diligence period shall extend through and include the Bid Deadline (as defined below). Additional due diligence will not be provided after the Bid Deadline.

c. **Provisions Governing Qualified Bids.** A bid submitted will be considered a Qualified Bid only if the bid is submitted by a Qualified Bidder and complies with all of the following (a "Qualified Bid"):

(i) it is an all-cash bid, with no financing or other contingencies;

(ii) it includes a signed writing that the bidder's offer is irrevocable until the selection of the Successful Bidder, provided that if such bidder is selected as the Successful Bidder its offer shall remain irrevocable until the earlier of (i) the closing of the sale to the Successful Bidder, and (ii) the date that is five (5) business days after the Sale Hearing;

(iii) it specifies no conditions precedent to the bidder's ability to enter into a definitive agreement and all necessary internal and shareholder approvals have been obtained prior to the bid;

(iv) it includes a duly authorized and executed copy of the APA, including the purchase price for the Assets expressed in U.S. Dollars (the "Purchase Price"), together with all exhibits and schedules thereto, together with copies marked to show any amendments and modifications to the form APA ("Marked Agreement") and the proposed orders to approve the sale by the Bankruptcy Court;

(v) it includes written evidence of the ability to consummate the proposed transaction, that will allow the Debtors to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the APA;

(vi) it identifies with particularity which executory contracts and unexpired leases the bidder wishes to assume and provides details of the bidder's proposal for the treatment of related cure costs;

(vii) it includes an acknowledgment and representation that the bidder: (A) has had an opportunity to conduct any and all required due diligence regarding the Assets prior to making its offer; (B) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid; (C) did not rely upon any written or oral statements,

representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Assets or the completeness of any information provided in connection therewith or with the Auction (defined below), except as expressly stated in the APA; and (D) is not entitled to any expense reimbursement, break-up fee, or similar type of payment in connection with its bid unless so authorized by the Court;

(viii) it includes evidence, in form and substance reasonably satisfactory to the Debtors, of authorization and approval from the bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery and closing of the APA;

(ix) it is accompanied by a good faith deposit in the form of a wire transfer (to a bank account specified by the Debtors), certified check or such other form acceptable to the Debtors, payable to the order of the Debtors (or such other party as the Debtors may determine) in an amount equal to 10% of the Purchase Price;

(x) it includes full disclosure of the identity of each entity that will be bidding for or purchasing all of or a portion of the Assets or otherwise participating in connection with such bid, and the complete terms of any such participation, including any agreements, arrangements or understandings concerning a collaborative or joint bid or any other combination concerning the proposed bid;

(xi) it contains a description of how the Qualified Bidder intends to treat current employees of the Debtors;

(xii) it contains a statement that the Qualified Bidder consents to the jurisdiction of the Court;

(xiii) it contains sufficient information concerning the Qualified Bidder's ability to provide adequate assurance of performance with respect to executory contracts and unexpired leases;

(xiv) it contains other information reasonably requested by the Debtors;
and

(xv) it is received prior to the Bid Deadline.

The Debtors, in consultation with the Consulting Parties, may accept a single Qualified Bid or multiple bids for non-overlapping material portions of the Assets such that, if taken together in the aggregate, would otherwise meet the standards for a single Qualified Bid. The Debtors in consultation with the Consulting Parties may also permit otherwise Qualified Bidders who submitted bids by the Bid Deadline for a material portion of the Assets but who were not identified as a component of a single Qualified Bid consisting of multiple bids, to participate in the Auction and to submit higher or otherwise better bids that in subsequent rounds of bidding

may be considered, together with other bids for non-overlapping material portions of the Assets, as part of such a single Qualifying Bid.

The Debtors shall notify all Qualified Bidders in writing as to whether or not any bids constitute Qualified Bids (and, with respect to each Qualified Bidder that submitted a bid, whether such Qualified Bidder's bid constitutes a Qualified Bid) promptly after, and in any event on the same day as, the notification to any Qualified Bidder that their bid constitutes a Qualified Bid; provided such notification shall not be given later than one (1) Business Day following the expiration of the Bid Deadline. The Debtors, in consultation with the Consulting Parties, retain reasonable discretion in determining whether a bid constitutes a Qualified Bid.

a. **Bid Deadline.** A Qualified Bidder that desires to make a bid will deliver written copies of its bid to the following parties (collectively, the "Notice Parties"): (i) the Debtors' counsel, Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (iii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn: Boris I. Mankovetskiy); and (iv) Counsel for the Official Committee of Unsecured Creditors, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler), so as to be received by the Debtors not later than 5:00 p.m. EST on March 22, 2012 (the "Bid Deadline").

b. **Evaluation of Competing Bids.** A Qualified Bid will be valued based upon several factors including, without limitation, (1) the amount of such bid, (2) the risks and timing associated with consummating such bid, (3) any proposed revisions to the APA, and (4) any other factors deemed relevant by the Debtors in their reasonable discretion.

c. **Auction Process.** If the Debtors receive one or more Qualified Bids, the Debtors will conduct an auction (the "Auction") of the Assets, which shall be transcribed or recorded on video to the extent required under New York local practice, at 10:00 a.m. (ET) on March 26, 2012, at the offices of Fulbright & Jaworski, L.L.P. located at 666 Fifth Avenue, 31st Floor, New York, New York 10103, or such other location as shall be timely communicated to all entities entitled to attend the Auction. The Auction shall run in accordance with the following procedures:

(i) only the Debtors, and the Consultation Parties, and the advisors to each of the foregoing, and any other Qualified Bidder that has timely submitted a Qualified Bid, shall attend the Auction in person, and only the Qualified Bidders will be entitled to make any subsequent bids at the Auction;

(ii) each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to the bidding or the sale;

(iii) Each Qualified Bidder who has timely submitted a Qualified Bid must inform the Debtors in writing whether it intends to attend the Auction by no later than March 23, 2012 at 5:00 p.m. (prevailing Eastern Time); provided that in

the event a Qualified Bidder elects not to attend the Auction, such Qualified Bidder's Qualified Bid shall nevertheless remain fully enforceable against such Qualified Bidder until the date of the selection of the Successful Bidder and Back-Up Bidder at the conclusion of the Auction. The day prior to the Auction, the Debtors will provide copies of the Qualified Bid or combination of Qualified Bids which the Debtors believe, in their reasonable discretion after consultation with the Consulting Parties, is the highest or otherwise best offer (the "Starting Bid") to the Qualified Bidders;

(iv) all Qualified Bidders who have timely submitted Qualified Bids will be entitled to be present for all Subsequent Bids (as defined below) at the Auction and the actual identity of each Qualified Bidder will be disclosed on the record at the Auction; provided that all Qualified Bidders wishing to attend the Auction must have at least one individual representative with authority to bind such Qualified Bidder attending the Auction in person;

(v) the Debtors, after consultation with the Consulting Parties, may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances for conducting the Auction, provided that such rules are (i) not inconsistent with these Bidding Procedures, the Bankruptcy Code, or any order of the Bankruptcy Court entered in connection herewith, and (ii) disclosed to each Qualified Bidder at the Auction;

(vi) bidding at the Auction will begin with the Starting Bid and continue in bidding increments (each a "Subsequent Bid") providing a net value to the estate of at least an additional \$50,000 above the prior bid, provided that the Debtors shall retain the right to modify the increment requirements at the Auction. After the first round of bidding and between each subsequent round of bidding, the Sellers shall announce the bid (and the value of such bid) that it believes to be the highest or otherwise better offer (the "Leading Bid"). A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge of the Leading Bid. Except as specifically set forth herein, for the purpose of evaluating the value of the consideration provided by Subsequent Bids the Debtors will give effect to any additional liabilities to be assumed by a Qualified Bidder and any additional costs which may be imposed on the Debtors; and

(vii) The Auction may include individual negotiations with the Qualified Bidders and/or open bidding in the presence of all other Qualified Bidders.

d. **Selection of Successful Bid.** Prior to the conclusion of the Auction, the Debtors, in consultation with the Consulting Parties, will review and evaluate each Qualified Bid in accordance with the procedures set forth herein and determine which offer is the highest or best offer from among the Qualified Bidders submitted at Auction (one or more such bids, collectively the "Successful Bid" and the bidder(s) making such bid, collectively, the "Successful Bidder"), and communicate to the Qualified Bidders the

identity of the Successful Bidder and the details of the Successful Bid. The determination of the Successful Bid by the Debtors at the conclusion of the Auction shall be final, subject only to approval by the Bankruptcy Court.

Within one day after the conclusion of the Auction, the Successful Bidder shall complete and execute all agreements, contracts, instruments and other documents evidencing and containing the terms and conditions upon which the Successful Bid was made.

Within one day after the conclusion of the Auction, the Debtors shall file a notice identifying the Successful Bidder with the Bankruptcy Court.

The Debtors will sell the Assets to the Successful Bidder pursuant to the terms of the Successful Bid upon the approval of such Successful Bid by the Bankruptcy Court at the Sale Hearing.

e. **Return of Deposits.** All deposits shall be returned to each bidder not selected by the Debtors as the Successful Bidder or the Back-Up Bidder (as defined below) no later than five (5) business days following the conclusion of the Auction.

f. **Back-Up Bidder.** If an Auction is conducted, the Qualified Bidder or Qualified Bidders with the next highest or otherwise best Qualified Bid, as determined by the Debtors in the exercise of their business judgment, at the Auction shall be required to serve as a back-up bidder (the "Back-Up Bidder") and keep such bid open and irrevocable until five (5) business days after the Sale Hearing. Following the Sale Hearing, if the Successful Bidder fails to consummate the approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Back-Up Bidder will be deemed to be the new Successful Bidder, and the Debtors will be authorized, but not required, to consummate the sale with the Back-Up Bidder without further order of the Bankruptcy Court.

B. Modifications

The Debtors may (1) determine, in their reasonable discretion after consultation with the Consulting Parties, which bid or bids, if any, constitute the highest or otherwise best offer for the Debtors' assets; (2) reject, at any time before entry of an order of the Bankruptcy Court approving any bid as the Successful Bid, any bid that, in the Debtors' reasonable discretion after consultation with the Consulting Parties, is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bankruptcy Code or the Bidding Procedures, or (c) contrary to the best interests of the Debtors and the Debtors' estates and creditors; and (3) withdraw, in their business judgment and after consultation with the Consulting Parties, the Motion if contrary to the best interests of the Debtors and the Debtors' estates and creditors. The Debtors may extend or alter any deadline contained herein that will better promote the maximization of the value of their estates (the "Extension Right").

The Prepetition Lenders have agreed to forego any rights available under section 363(k) of the Bankruptcy Code to submit a credit bid on the Prepetition Collateral securing the loans advanced under the Prepetition Credit Agreement and Prepetition Credit Documents, provided,

that, the Purchase Price exceeds the amount outstanding under the Prepetition Credit Agreement and Prepetition Credit Documents as of the Auction date. In the event the Prepetition Lenders decide to exercise any rights to credit bid all or part of their Prepetition Collateral under section 363(k) of the Bankruptcy Code, the Creditor's Committee has reserved its rights to object to all or any part of such credit bid. To the extent the Prepetition Lenders exercise any rights to credit bid all or part of their Prepetition Collateral, they shall be deemed Qualified Bidders with a Qualified Bid and shall not be required to place any Deposit with the Debtors prior to the Auction.

C. Sale Hearing

The Debtors will seek entry of an order from the Bankruptcy Court at a hearing (the "Sale Hearing") to begin on April 4, 2012 at 2:00 p.m. (prevailing Eastern Time) in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 723, New York, New York 10004, before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge, to approve and authorize the sale transaction to the Successful Bidder on terms and conditions determined in accordance with the Bidding Procedures.

Schedule 1

Form Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

BY AND AMONG

**THE CONNAUGHT GROUP, LTD.,
LIMITED EDITIONS FOR HER OF NEVADA LLC,
LIMITED EDITIONS FOR HER OF BRANSON LLC,
LIMITED EDITIONS FOR HER LLC,
AND
WDR RETAIL CORP.,**

AS SELLER

AND

_____ ,

AS BUYER

DATED AS OF FEBRUARY __, 2012

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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "*Agreement*") is entered into this ___ day of February, 2012, by and among (a) THE CONNAUGHT GROUP, LTD., a Delaware corporation ("*Seller*"), (b) the subsidiaries of Seller listed on the signature pages hereto (the "*Seller Subsidiaries*") and, together with Seller, the "*Seller Group*"), (c) _____, a _____ ("*Buyer*"), and (d) solely for purposes of **ARTICLE XIII** hereof, _____, a _____ ("*Parent*"). Seller, the Seller Subsidiaries and Buyer are referred to herein individually as a "*Party*" and collectively as the "*Parties*."

RECITALS

WHEREAS, the Seller and the Seller Subsidiaries filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code (the "*Bankruptcy Code*") on February 9, 2012 in the United States Bankruptcy Court for the Southern District of New York (the "*Bankruptcy Court*"), and such bankruptcy cases are hereinafter referred to collectively as the "*Cases*"; and

WHEREAS, the Seller Group wishes to sell, transfer, convey, assign and deliver to Buyer, and Buyer wishes to purchase, assume and acquire, in accordance with Section 363 and the other applicable provisions of the Bankruptcy Code, the Assets (as hereinafter defined) upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, subject to the Bankruptcy Court's entry of the Sale Order (as hereinafter defined), the Buyer shall purchase from Seller, and Seller shall sell, transfer, convey, assign and deliver to Buyer, the Assets, upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties mutually agree as follows:

ARTICLE I DEFINED TERMS

For purposes of this Agreement, the following terms when used herein shall have the respective meanings set forth below:

"*55th Street Office Space*" shall have the meaning set forth in **Section 10.2(a)(i)**.

"*Accounts Receivable*" shall mean all accounts receivable of the Seller Group determined in accordance with GAAP and all other rights of Seller Group to payment for goods sold or leased or for services rendered, arising in the ordinary course of the operation of the business of the Seller Group, including without limitation those which are not evidenced by instruments or chattel paper, whether or not earned by performance or written off or reserved against as a bad debt or doubtful account in any financial statements; together with all

instruments and documents of title representing any of the foregoing, all rights in any merchandise or goods which any of the same represent, and all rights, title, security, and guaranties in favor of the Seller Group with respect to any of the foregoing, including without limitation any right of stoppage in transit.

“*Affiliate*” shall mean, with respect to any Person, any direct or indirect subsidiary of such Person, and any other Person that directly, or through one or more intermediaries, controls or is controlled by or is under common control with such first Person.

“*Agreement*” shall have the meaning set forth in the Preamble.

“*Applicable Law*” shall mean, with respect to any Person, any federal, state or local law (including common law), statute, code, ordinance, rule, regulation, or other requirement enacted, promulgated, issued or entered by a Governmental Authority, that is applicable to such Person or its business, properties or assets.

“*Assets*” shall have the meaning set forth in **Section 2.1**.

“*Assigned Leases and Contracts*” shall have the meaning set forth in **Section 2.3(a)**.

“*Assumption Notice*” shall have the meaning set forth in **Section 2.3(a)**.

“*Avoidance Actions*” shall mean any and all actions which a trustee, debtor-in-possession or other appropriate party in interest may assert on behalf of the Sellers or their estate under applicable state statute or Chapter 5 of the Bankruptcy Code, including actions under one or more provisions of Sections 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553.

“*Bankruptcy Code*” shall have the meaning set forth in the Recitals.

“*Bankruptcy Court*” shall have the meaning set forth in the Recitals.

“*Business Day*” shall mean any day other than Saturday, Sunday or any day on which banking institutions in the United States are closed either under Applicable Law or action of any Governmental Authority.

“*Buyer*” shall have the meaning set forth in the Preamble.

“*Carry Costs*” shall mean any and all carrying costs payable in order to effectuate, pursuant to the Bankruptcy Code, the assumption by Seller of any Designated Leases and Contracts from the date of this Agreement through the earlier of the Closing Date and the date on which such Designated Leases and Contracts are rejected by Seller in accordance with the Bankruptcy Code.

“*Cases*” shall have the meaning set forth in the Recitals.

“*Closing*” shall have the meaning set forth in **Section 4.1**.

“*Closing Date*” shall have the meaning set forth in **Section 4.1**.

“*Collections*” shall have the meaning set forth in **Section 10.1(a)**.

“*Contract*” shall mean any agreement, arrangement, contract, lease, purchase order, sale order or commitment, or any series of related agreements, arrangements, contracts, leases, purchase orders, sale orders, commitments, permits or licenses, including all contracts and agreements with employees, sales representatives and contractors.

“*Cure Amounts*” shall mean the amounts payable in order to effectuate, pursuant to the Bankruptcy Code, the assumption by Seller and the assignment to Purchaser of any Assigned Leases and Contracts.

“*Customs Drawback Claim*” shall mean the duty drawback refund request being processed by FedEx for an approximate amount of \$190,000 covering the period from January 2011 through October 2011 and any and all other duty drawback refund requests of the Seller Group outstanding as of the Closing Date.

“*Deposit*” shall have the meaning set forth in **Section 3.6**.

“*Designated Leases and Contracts*” shall have the meaning set forth in **Section 2.3(a)**.

“*Escrow Agent*” shall have the meaning set forth in **Section 3.6**.

“*Escrow Agreement*” shall have the meaning set forth in **Section 3.6**.

“*Excluded Assets*” shall have the meaning set forth in **Section 2.2**.

“*Excluded Inventory*” shall have the meaning set forth in **Section 2.2(b)**.

“*GAAP*” shall mean generally accepted accounting principles in the United States set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the accounting profession), including, without limitation, the FASB Accounting Standards Codification™, which are applicable to the circumstances as of the date of determination, applied on a consistent basis.

“*Governmental Approvals*” shall mean those approvals, authorizations, confirmations, consents, exemptions and orders from Governmental Authorities and the making of all necessary registrations and filings (including filings with Governmental Authorities) and the taking of all reasonable steps as may be necessary to consummate the transactions contemplated hereby under Applicable Law.

“*Governmental Authority*” shall mean any national, federal, state, provincial, local or foreign government, or any subdivision, agency, instrumentality, authority, department, commission, board or bureau thereof, or any federal, state, provincial, local or foreign court, tribunal, or arbitrator, including the Bankruptcy Court.

“**Governmental Entity**” shall mean any court, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign.

“**Guaranteed Inventory Proceeds**” shall have the meaning set forth in **Section 10.1(b)(i)**.

“**Holdback**” shall have the meaning set forth in **Section 10.1(c)**.

“**Insider Claim**” shall mean any claim of the Seller Group against any “insider” of the Seller Group as such term is defined in Section 101(31) of the Bankruptcy Code.

“**Insurance Claim**” shall mean the Seller Group’s Lloyds insurance claim, relating to damage to Neu Reich Fabric Inventory between 2006 and 2011.

“**Inventory**” shall mean all inventory of Seller and the Seller Group determined in accordance with GAAP, including without limitation all merchandise, fabric, work in process and finished goods intended for sale or use as promotional samples, together with all the containers, packing, packaging, shipping and similar materials related thereto, and including such inventory as is temporarily out of Seller’s or a member of the Seller Group’s custody or possession, including inventory on the premises of others and items in transit.

“**IP Assignments**” shall have the meaning set forth in **Section 4.2(a)**.

“**Knowledge of the Seller**” (or “**Seller’s Knowledge**”) shall mean the actual knowledge of the officers of the Seller listed on **Schedule 1.1**, without independent inquiry.

“**Liabilities**” shall mean, as to any Person, all debts, adverse claims, liabilities, commitments, responsibilities and obligations of any kind or nature whatsoever, direct, indirect, absolute or contingent, matured or unmatured of such Person, whether accrued, vested or otherwise, whether known or unknown, foreseen or unforeseen, and whether or not actually reflected, or required to be reflected, in such Person’s balance sheets or other books and records.

“**Liens**” shall mean any liens (including any inchoate liens and any liens for Taxes, materialmen, laborer, or mechanics’ liens, judgment liens, liens imposed by operation of law, contractual liens, and liens arising out of or resulting from any employment agreements, employee benefits plans or laws, or collective bargaining agreements), encumbrances, burdens, claims, demands, judgments, orders, writs, injunctions, decrees, and arbitral awards, attachments, charges, security interests, mortgages, deeds of trust, pledges, hypothecations, adverse claims of title, preferential rights of purchase and/or first refusal rights, options, contracts for sale, transfer, or other disposition, and any claims or rights of any kind, description or nature whatsoever of or in favor of any creditors, Governmental Entities, or other Persons, whether or not any of the above arose, accrued, or relate to any time periods before or after the filing of the Cases, and whether or not a Chapter 11 or Chapter 7 trustee is hereafter appointed in the Cases for any reason.

“**Material Adverse Effect**” shall mean, with respect to the Assets, any event or occurrence which shall materially and adversely affect the Assets, taken in each case as a whole; *provided* that any (a) change in general economic or industry-wide conditions, or (b) adverse effect that is solely the result of the execution or announcement of this Agreement or the

transactions contemplated hereby or the consummation thereof, shall not be taken into account for purposes of determining a Material Adverse Effect hereunder.

“*Minimum Guaranteed Amount*” shall have the meaning set forth in **Section 10.1(b)(ii)**.

“*Net Collections Balance*” shall have the meaning set forth in **Section 10.1(c)**.

“*Order*” shall mean any writ, judgment, decree, injunction or similar order, writ, ruling, directive or other requirement of any Governmental Entity (in each case whether preliminary or final).

“*Party*” and “*Parties*” shall have the meanings set forth in the Preamble.

“*Person*” shall mean any individual, corporation, partnership, joint venture, trust, limited liability company, business association, Governmental Entity or other entity.

“*Proprietary Rights*” shall mean all intellectual property rights or proprietary rights of Seller relating to the Transferred Intellectual Property. Notwithstanding the foregoing, Proprietary Rights do not include an assumption of any Contracts. For the avoidance of doubt, Proprietary Rights do not include the Transferred Intellectual Property.

“*Purchase Price*” shall have the meaning set forth in **Section 3.1**.

“*Purchased Inventory*” shall have the meaning set forth in **Section 2.1(j)**.

“*Sale Order*” shall mean the Order or Orders of the Bankruptcy Court substantially in the form attached hereto as **Exhibit A** entered pursuant to Bankruptcy Code Sections 363, 365 and other relevant Sections approving the sale of the Assets (including without limiting the foregoing, the assignment of the relevant contracts and leases) to the Buyer pursuant to the terms and conditions of this Agreement and the provisions of the Bankruptcy Code (including Bankruptcy Code Section 363). Notwithstanding the form of the Sale Order attached hereto as **Exhibit A**, the final Sale Order shall find, determine and order, to the Seller’s reasonable satisfaction, at least the following:

(a) The procedures set forth in the Order of the Bankruptcy Court relating to the Seller Group’s sale process were substantively fair to all parties. The Seller conducted such sale process (including an auction) in accordance with the procedures set forth in such Order;

(b) Reasonable notice of the sale of the Assets has been afforded to all interested persons and entities;

(c) Subject only to entry of the Sale Order, the Seller has (i) full power and authority to execute the Agreement, (ii) all of the power and authority necessary to consummate the transactions contemplated by the Agreement, and (iii) taken all company action necessary to authorize and approve such transactions;

(d) The Sale Order and consummation of the transactions contemplated thereby are supported by good business reasons and will serve the best interests of the Seller Group, its estates, and creditors by maximizing the values obtained from the Assets;

(e) This Agreement was negotiated, proposed, and entered into by Buyer without collusion, in good faith, and from an arm's length bargaining position. There is no insider relationship between affiliates of Buyer and the Seller Group. Seller and the Buyer have not engaged in any conduct that would cause or permit this Agreement to be avoided under Section 363(n) of the Bankruptcy Code;

(f) Buyer is a good faith purchaser under Section 363(m) of the Bankruptcy Code and as such is entitled to all of the protections afforded thereby, and has acted in good faith in all respects in connection with this proceeding, in that: (i) Buyer, in acquiring the Assets, recognized that the Seller Group was free to deal with other parties in interest; (ii) Buyer in no way induced or caused the filing of the Cases by the Seller Group; (iii) all payments to be made by Buyer and other agreements entered into between Buyer and the Seller Group in connection with the transactions contemplated by the Sale Order have been disclosed; (iv) the negotiation and execution of this Agreement and related agreements was in good faith and an arm's length transaction; and (v) the disclosure requirements required by Local Rule 6004-1 have been satisfied;

(g) The consideration to be paid by Buyer to Seller for the Assets is fair and reasonable, is the highest or otherwise best offer for the Assets, and constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act, and any similar laws of any state or jurisdiction whose law is applicable to the sale;

(h) The consummation of the transactions contemplated by the Sale Order pursuant to this Agreement will be a legal, valid, and effective sale of the Assets to Buyer and will vest Buyer with all of the Seller Group's right, title, and interest in and to the Assets, free and clear of all Liens and claims (as defined in Section 101(5) of the Bankruptcy Code), in accordance with Section 363(f) of the Bankruptcy Code, because one or more of the standards set forth in Sections 363(f)(1)-(5) of the Bankruptcy Code has been satisfied;

(i) The automatic stay of Section 362(a) of the Bankruptcy Code shall not apply to and otherwise shall not prevent the exercise or performance by any party of its rights or obligations under this Agreement, including, without limitation, with respect to any cash held in escrow pursuant to the provisions thereof; and

(j) Without limiting the generality of the other provisions of this Sale Order, and to the extent provided by federal law, Buyer, under no circumstances, shall be deemed to be a successor of Seller. Accordingly, Buyer shall have no successor or vicarious liabilities of any kind with respect to the Assets and all Persons shall be enjoined from asserting any such claims against Buyer.

“Sales” shall have the meaning set forth in **Section 10.1(a)**.

“Sales Taxes” shall have the meaning set forth in **Section 10.1(f)**.

“*Sales Taxes Account*” shall have the meaning set forth in **Section 10.1(f)**.

“*Seller*” shall have the meaning set forth in the Preamble.

“*Seller Group*” shall have the meaning set forth in the Preamble.

“*Seller’s Disclosure Schedules*” shall have the meaning set forth in the first paragraph of **ARTICLE V**.

“*Senior Lender Claim*” shall mean any and all claims that the Seller Group or its Affiliates may have against JPMorgan Chase Bank, N.A. or Citibank, N.A. in connection with the Seller Group’s senior secured credit lines outstanding as of the date of this Agreement.

“*Tax*” or “*Taxes*” shall mean (a) all taxes, charges, fees, levies, penalties or other assessments of any kind whatsoever imposed by an federal, state, local or foreign taxing authority, including, but not limited to, income, excise, property, sales, transfer, franchise, payroll, withholding, social security or other taxes, whether computed on a separate or consolidated, unitary or combined basis or in any other manner, including any interest, penalties or additions attributable thereto or (b) liability for the payment of any amounts of the type described in clause (a) above as a result of being a party to any agreement or any express or implied obligation to indemnify or otherwise succeed to the liability of any other Person.

“*Tax Code*” shall mean the Internal Revenue Code of 1986, as it has been and may be amended.

“*Transferred Intellectual Property*” shall have the meaning set forth in **Section 2.1(a)**.

“*Transition Services*” shall have the meaning set forth in **Section 10.2(a)**.

“*Treasury Regulations*” shall mean the federal income Tax regulations promulgated under the Tax Code, as amended, including any temporary and proposed regulations.

“*Wind-Up Activities*” shall have the meaning set forth in **Section 10.2(b)**.

“*Wind-Up Period*” shall have the meaning set forth in **Section 10.2(a)**.

ARTICLE II PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale. Subject to the terms and conditions set forth in this Agreement, Seller hereby agrees that at the Closing, it shall, and shall cause the Seller Subsidiaries to, sell, transfer, convey and assign to Buyer and Buyer shall purchase, assume and acquire from the Seller Group, all right, title and interest of the Seller Group in, to and under the following (collectively, the “*Assets*”), free and clear of all Liens:

(a) All of the interests of the Seller Group in and to all U.S. federal, state and foreign intellectual property, including without limitation, all trademarks, service marks, trade names, service names, brand names, all trade dress rights, logos and corporate names and general

intangibles of a like nature, together with the goodwill associated with any of the foregoing, and all applications, registrations and renewals thereof, registered in the name of the Seller Group, including the items set forth on **Schedule 2.1(a)** (the “*Transferred Intellectual Property*”);

(b) All of the interests of the Seller Group in and rights in respect of the following (to the extent owned and transferable by the Seller Group): the social media accounts set forth on **Schedule 2.1(b)**, including related Internet pages, content and contact/subscriber lists, and any related social media assets;

(c) The domain names set forth on **Schedule 2.1(c)** and any related domain names.

(d) The website content described in **Schedule 2.1(d)** (to the extent owned and transferable by Seller Group);

(e) The toll-free and other phone numbers of the Seller Group, including without limitation, the phone numbers set forth on **Schedule 2.1(e)**;

(f) All Proprietary Rights in respect of or related to the Transferred Intellectual Property and other Assets;

(g) All of the interests of the Seller Group in any software or source code used for the operation of or related to the websites owned and operated by the Seller Group (to the extent owned and transferable by the Seller Group);

(h) All equipment (including office equipment), machinery, tools, fixtures and other tangible personal property and improvements used or held for use in and associated with the business of the Seller Group, other than the Gerber machine owned by Seller (collectively the “*Equipment*”);

(i) All right, title, and interest of Seller in, to, and under all permits, licenses, contracts and agreements relating to, or used in connection with the operation of, the business of the Seller Group or relating to the construction, use, operation, or enjoyment of the Assets, and all rights (including rights of refund and offset), privileges, deposits, claims, causes of action, and options in favor of Seller relating or pertaining to such contracts and agreements or any thereof, but excluding the Insurance Claim, the Customs Drawback Claim, any Senior Lender Claim, any Insider Claim and any Avoidance Action;

(j) All of the interests of the Seller Group in and to the Seller Group’s Inventory of samples and finished goods for the 2012 summer sales season of the Seller Group and for any subsequent sales season of the Seller Group, to the extent such Inventory exists as of the Closing Date for any such subsequent sales season, whether such Inventory is now existing or hereafter acquired by the Seller Group prior to the Closing, as recorded in the “stock ledger” of the Seller Group as of the Closing Date (the “*Purchased Inventory*”); and

(k) All vendor lists and vendor data, supplier lists and supplier data, and sales and promotional material and other sales-related material relating to, or used in connection with the operation of, the business of the Seller Group.

2.2 **Excluded Assets.** Notwithstanding anything to the contrary contained herein, expressly excluded from the Assets are all of the right, title and interest of the Seller Group in and to all items not expressly enumerated in **Section 2.1**, including but not limited to the following (collectively, the “*Excluded Assets*”):

- (a) All cash held by the Seller Group and its Affiliates;
- (b) All of the interests of the Seller Group in and to the Seller Group’s Inventory other than the Purchased Inventory (the “*Excluded Inventory*”):
- (c) All of the interests of the Seller Group in the Accounts Receivable, subject to proceeds therefrom retained by Buyer as collection agent pursuant to the terms and conditions of **Section 10.1**;
- (d) All claims (including any litigation or arbitration claims and any refunds and deposits), rights, rights of offset or causes of action or chooses in action existing now or arising at any time in the future that the Seller Group or their Affiliates may have against, or from (to the extent an asset and not a Liability), any Person, including the Insurance Claim, the Customs Drawback Claim, any Senior Lender Claim, any Insider Claim and any Avoidance Action;
- (e) All of the interests of the Seller Group in and to all executory contracts and unexpired leases that are not assumed by Seller and assigned to Buyer pursuant to **Section 2.3**;
- (f) The Gerber machine owned by Seller;
- (g) Any artwork or antiques owned by any member of the Seller Group; and
- (h) All other Assets that Buyer elects to exclude no later than three (3) Business Days before hearing of the Bankruptcy Court to approve the Sale Order, including any executory contracts or unexpired leases so designated at the sole discretion of the Buyer.

2.3 **Executory Leases and Contracts.**

(a) Seller shall, and cause the Seller Subsidiaries to assume such unexpired lease agreements and executory Contracts that have not been previously rejected in the Cases (the “*Designated Leases and Contracts*”) as are identified by Buyer in a written notice to Seller (the “*Assumption Notice*”). Subject to the approval of the Bankruptcy Court, at Closing all Designated Leases and Contracts shall be assigned to Buyer unless and to the extent Buyer instructs Seller by written notice to reject such Designated Leases and Contracts no later three (3) Business Days before the hearing of the Bankruptcy Court to approve the final Sale Order. Designated Leases and Contracts assigned to Buyer in accordance with the preceding sentence are referred to herein as “*Assigned Leases and Contracts.*” Buyer shall be obligated to pay all Carry Costs relating to any and all Designated Leases and Contracts, whether or not such Designated Leases and Contracts are assigned to Buyer or rejected by Seller at the instruction of Buyer. Buyer shall be obligated to pay all Cure Amounts or otherwise perform all obligations necessary to cure any monetary breach under all Assigned Leases and Contracts. The motion

for authority to assume and assign under Section 365 of the Bankruptcy Code shall be in a form reasonably satisfactory to each of Seller and Buyer.

(b) Without limitation of **Section 2.3(a)**, the Seller Group shall move on the date it files the Cases, to assume its executory contracts with its independent sales representatives, and shall use its commercially reasonable efforts to obtain an order providing for the assumption and assignment of such executory contracts to Buyer, subject to any limitations imposed by Applicable Law (it being understood that neither the names nor the geographic location of any independent sales representative or consultant shall appear in any filings with the Bankruptcy Court in connection with the Cases, unless and to the extent such filings are made under seal). Seller shall prepare the form of notice provided to the independent sales representatives of the motion to assume and assign such executory contracts, which form of notice shall be subject to the approval of Buyer, which approval shall not be unreasonably withheld or delayed.

ARTICLE III PURCHASE PRICE AND PAYMENT

3.1 **Purchase Price.** The consideration to be paid by Buyer for the sale of the Assets shall be the sum of (a) \$ _____, plus (b) \$ _____, representing reimbursement of costs and expenses incurred by the Seller Group for the purpose of preparing for and promoting the Seller Group's 2012 summer selling season, plus (c) the book value of the Purchased Inventory as recorded in the "stock ledger" of the Seller Group as of the Closing Date, plus (d) the greater of (i) the Guaranteed Inventory Proceeds, and (ii) the Minimum Guaranteed Amount, plus (e) all Carry Costs relating to any and all Designated Leases and Contracts remaining outstanding as of the Closing Date, whether or not such Designated Leases and Contracts are assigned to Purchaser at Closing, plus (f) all Cure Amounts relating to any and all Assigned Leases and Contracts assigned to Purchaser in connection with the Closing (collectively, the "**Purchase Price**"). Subject to **Section 10.1**, the Purchase Price shall be paid to Seller at Closing by wire transfer of immediately available funds in accordance with instructions given by Seller to Buyer.

3.2 **Assumed Obligations and Excluded Liabilities.**

(a) Subject to the terms and conditions set forth herein, at the Closing the Buyer shall assume and agree to pay, honor and discharge when due the following liabilities relating to the Assets and existing at or arising on or after the Closing Date (such liabilities being referred to herein as the "**Assumed Liabilities**"):

(i) all Carry Costs relating to any and all Designated Leases and Contracts remaining outstanding as of the Closing Date, whether or not such Designated Leases and Contracts are assigned to Purchaser;

(ii) all Cure Amounts relating to any and all Assigned Leases and Contracts assigned to Purchaser in connection with the Closing;

(iii) all sales and transfer Taxes payable by Buyer pursuant to **Section 3.4**;

(iv) any and all liabilities, obligations and commitments arising after the Closing under the Assigned Leases and Contracts; and

(v) liabilities in respect of employees of the Seller Group arising out of their employment with Buyer after the Closing.

(b) Notwithstanding any other provision hereof or any schedule or exhibit hereto and regardless of any disclosure to Buyer, it is understood and agreed that Buyer is not assuming any Liabilities, obligations or commitments of any member of the Seller Group arising out of the conduct of the Seller Group's business and operations prior to the Closing Date other than the Assumed Liabilities.

3.3 Non-Assignable Assets. If any Asset is by its terms or by Applicable Law non-assignable or non-transferable, to the extent such terms are not superseded by the terms of the Sale Order, Seller shall use its commercially reasonable efforts to obtain, or cause to be obtained, on or prior to the Closing, any approvals or consents necessary to convey to Buyer the benefit thereof. Buyer shall cooperate with Seller in such manner as may be reasonably requested in connection therewith. In the event any consent or approval to an assignment contemplated hereby is not obtained on or prior to the Closing Date, Seller shall continue to use commercially reasonable efforts to obtain any such approval or consent after the Closing Date and Seller agrees to enter into any appropriate and commercially reasonable arrangement to provide that Buyer shall receive the Seller Group's interest in the benefits under any such Asset; *provided* that Buyer shall undertake to pay or satisfy the corresponding liabilities for the enjoyment of such benefit to the extent Buyer would have been responsible therefor if such consent or approval had been obtained.

3.4 Taxes. To the extent the transactions contemplated hereby are not exempt under Section 1146 of the Bankruptcy Code, Buyer shall be liable for and pay any sales and transfer Taxes, and Buyer shall pay all filing fees, documentary fees or other Taxes, other than resulting income taxes, payable in connection with the purchase, sale or transfer of the Assets to Buyer pursuant to this Agreement which shall be an obligation of Seller. Buyer and Seller shall use commercially reasonable efforts to minimize the amount of all the foregoing Taxes and shall cooperate in providing each other with any appropriate resale exemption certifications, Tax clearance certificates and other similar documentation. The Party that is required by Applicable Law to make the filings, reports, or returns and to handle any audits or controversies with respect to any of the foregoing Taxes shall do so, and the other Party shall cooperate (and make reimbursement) with respect thereto as necessary.

3.5 Allocation of Purchase Price. No later than ninety (90) days after the Closing Date, Buyer and Seller shall mutually agree upon a Tax allocation of the Purchase Price and other relevant items among the Assets in accordance with Section 1060 of the Tax Code and the Treasury Regulations and any comparable provision of state or local law. Each of the Parties agrees that it or they shall file a statement (on IRS Form 8594 or other applicable form) setting forth such allocation with its or their federal and applicable state income Tax returns and shall also file such further information or take such further actions as may be necessary to comply with the Treasury Regulations that have been promulgated pursuant to Section 1060 of the Tax Code and similar applicable state laws and regulations.

3.6 **Deposit.** The Buyer shall, upon the execution of this Agreement, deposit an amount equal to \$_____ (the “**Deposit**”) in a segregated escrow account with JPMorgan Chase Bank, N.A., as escrow agent (the “**Escrow Agent**”), pursuant to the terms and conditions of an escrow agreement, dated as of the date hereof, by and among the Seller Group, Buyer and the Escrow Agent, in form and substance reasonably satisfactory to the Seller Group, Buyer and the Escrow Agent (the “**Escrow Agreement**”). The Escrow Agreement shall provide that (a) if the Closing takes place as provided herein, then the Deposit shall be credited against the Purchase Price pursuant to **Section 3.1** and paid to Seller at the Closing, (b) if this Agreement is terminated in accordance with **ARTICLE XI** for any reason other than pursuant to **Section 11.1(d)**, then the Deposit shall be promptly returned to Buyer, and (c) if this Agreement is terminated pursuant to **Section 11.1(d)**, the Deposit shall be promptly paid to Seller.

ARTICLE IV CLOSING

4.1 **Closing.** Consummation of the transactions contemplated hereby (the “**Closing**”) shall occur as soon as practicable on such date as is specified by Buyer, but in any event not later than two (2) Business Days after the date the conditions to Closing set forth in this Agreement are satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing), but in no event, unless expressly agreed by Buyer in its sole discretion later than the close of business on March __, 2012, at the offices of Fulbright & Jaworski L.L.P., New York, New York, or at such time and place as Buyer and Seller may otherwise agree. The date on which the Closing actually takes place is referred to in this Agreement as the “**Closing Date**.”

4.2 **Deliveries by the Seller at Closing.** At the Closing, Seller shall execute, acknowledge and deliver to Buyer the following (which events shall occur, each being deemed to have occurred simultaneously with the others):

(a) Trademark, trade name and domain name assignments and other intellectual property assignments in a form reasonably satisfactory to Buyer and its counsel and the Seller and its counsel, suitable for recording in the U.S. Patent and Trademark Office, pursuant to which the Seller Group shall assign the Transferred Intellectual Property to the Buyer, as well as assignment documents for trademark and/or patent rights in other jurisdictions as reasonably requested by Buyer (the “**IP Assignments**”);

(b) A duly executed Bill of Sale in a form reasonably satisfactory to Buyer and the Seller and their respective counsel;

(c) A copy of the final Sale Order;

(d) A certificate of incumbency as to those officers of Seller executing instruments in connection with this Agreement; and

(e) All other documents, certificates, instruments or writings reasonably requested by Buyer in connection herewith, including as necessary or appropriate to convey to Buyer the Assets.

4.3 **Deliveries by the Buyer at Closing.** At the Closing, Buyer shall execute, acknowledge and deliver to Seller the following (which events shall occur, each being deemed to have occurred simultaneously with the others):

(a) A duly executed Bill of Sale and the IP Assignments, if any, that call for a signature by the Buyer;

(b) A duly executed Assignment and Assumption Agreement;

(c) The Purchase Price, subject to **Sections 3.1(d)** and **10.1**, by wire transfer in immediately available funds, net of the Deposit;

(d) A copy of the resolutions adopted by Buyer's Board of Directors authorizing the transactions contemplated hereby and the consummation thereof, certified by a secretary or assistant secretary of Buyer to be a true and correct copy;

(e) A certificate of incumbency as to those officers of the Buyer executing instruments in connection with this Agreement; and

(f) All other documents, certificates, instruments or writings reasonably requested by the Seller in connection herewith.

4.4 **Subsequent Documentation; Further Assurances.** Buyer and Seller shall, at any time and from time to time after the Closing Date, upon the reasonable request of the other, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, all such further (a) assignments, transfers and conveyances as may be required for assigning, transferring, granting, conveying, recording and confirming the transactions contemplated hereby, including aiding and assisting Buyer in collecting and reducing to possession any or all of the Assets and (b) documents and instruments as may be reasonably necessary for the further completion of any of the transactions contemplated hereby.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF SELLER GROUP

The Seller Group has delivered to Buyer and attached hereto certain disclosure schedules prepared by the Seller Group with numbered sections corresponding to the relevant sections in this **ARTICLE V** (the "***Seller's Disclosure Schedules***"), and any exception or qualification set forth in the Seller's Disclosure Schedules with respect to a particular representation or warranty contained in this **ARTICLE V** shall be deemed to be an exception or qualification with respect to such section of this **ARTICLE V**. Where an exception or qualification would apply to more than one Section of the Seller's Disclosure Schedules, the Seller Group will cross-reference the exception or qualification in each section of the Seller's Disclosure Schedules where such reference is necessary to make the representations and warranties true and correct; *provided, however*, that in the absence of an explicit cross-reference such cross-reference will be deemed made into a different section of the Seller's Disclosure Schedules only to the extent that any exception or qualification made elsewhere in the Seller's Disclosure Schedules is disclosed in such a way as to make it reasonably apparent from the face of such disclosure that such

exception or qualification is applicable to such other section of the Seller's Disclosure Schedules as it relates to this **ARTICLE V**.

The Seller Group represents and warrants, jointly and severally, that the following statements are true and correct as of the date hereof after giving effect to the Sale Order:

5.1 Organization and Power. Seller and each Seller Subsidiary (a) is validly existing and in good standing under the laws of the State of its organization, (b) has all requisite corporate or limited liability company power and authority, as applicable, to carry on its business as currently conducted, and (c) has the requisite corporate or limited liability company power and authority, as applicable, to own, lease, operate or hold the applicable Assets.

5.2 Authority; No Conflicts. Seller and each Seller Subsidiary has the authority to enter into and, subject to approval pursuant to the Sale Order, execute and deliver this Agreement, and to consummate the transactions contemplated hereby. Subject to the approval of the Bankruptcy Court pursuant to the Sale Order, the execution, delivery and performance by Seller and each Seller Subsidiary of this Agreement (a) do not and shall not violate or conflict with any provision of the certificate of incorporation, bylaws, certificate of formation or operating agreement of Seller or any Seller Subsidiary, as applicable, (b) do not and shall not violate any provision of any Applicable Law or any order, judgment or decree of any Governmental Entity or any Governmental Authority and (c) shall not result in the creation or imposition of any Lien upon any of the Assets.

5.3 Execution and Delivery. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Seller and each Seller Subsidiary have been duly authorized by all necessary corporate or limited liability company action, as applicable. Subject to Bankruptcy Court approval and entry of an Order of the Bankruptcy Court approving the terms of this Agreement, this Agreement constitutes the valid and binding obligations of the Seller Group, enforceable against Seller and each Seller Subsidiary in accordance with its terms.

5.4 Title; Sale Free and Clear of Liens. On the Closing Date, after giving effect to the Sale Order, the Assets shall be transferred to Buyer free and clear of all Liens.

5.5 Litigation. Except as set forth on **Schedule 5.5**, and except for the Cases, there is no claim, litigation, action, arbitration or legal proceeding pending before a Governmental Entity or, to the Seller's Knowledge, threatened against the Seller Group, relating to the Assets or affecting the Seller Group's ability to perform its obligations hereunder.

5.6 Third Party Approvals. Except for entry of the Sale Order the execution, delivery and performance by the Seller Group of this Agreement and the consummation of the transactions contemplated hereby do not require any consent, waiver, authorization or approval of, or filings with, any Person (including any Governmental Authority) that has not been obtained or is not deemed to be superseded by applicable provisions of the Bankruptcy Code.

5.7 Transferred Intellectual Property. The Seller Group has not been notified in writing prior to the date of this Agreement that any of the Transferred Intellectual Property is or may be infringing any trade secrets, trademarks, trade names, service marks, service names or

copyrights of any third party and, to the Knowledge of the Seller, there is no continuing infringement of the Transferred Intellectual Property by other Persons. The Seller Group, as of the date of this Agreement, is not bound by any outstanding judgment, injunction, order or decree restricting the use of the Transferred Intellectual Property, and any issued trademark, service mark and copyright registrations and URLs listed on **Schedule 2.1(a)** have not lapsed, expired or been cancelled.

5.8 Broker or Finder. Except Consensus Advisors, no Person assisted in or brought about the negotiation of this Agreement, or the subject matter of the transactions contemplated hereby, in the capacity of broker, agent, or finder or in any similar capacity on behalf of the Seller Group, and no commission or other compensation is or shall be due or owed from the Seller Group to any Person with respect to the purchase and sale of the Assets.

5.9 DISCLAIMER OF REPRESENTATIONS AND WARRANTIES. THE ASSETS ARE BEING TRANSFERRED IN “AS IS, WHERE IS” CONDITION AND NEITHER THE SELLER, THE SELLER SUBSIDIARIES, NOR ANY OF THEIR RESPECTIVE EMPLOYEES, DIRECTORS, OFFICERS, MANAGERS, SHAREHOLDERS, MEMBERS OR REPRESENTATIVES MAKE ANY REPRESENTATIONS OR WARRANTIES, WHETHER EXPRESS OR IMPLIED, AT LAW OR IN EQUITY, RELATING TO THE SELLER GROUP OR THE ASSETS OR OTHERWISE, INCLUDING, WITHOUT LIMITATION, WITH RESPECT TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT.

5.10 Termination of Representations and Warranties Upon Closing. The representations and warranties of the Seller Group in this Agreement shall not survive the Closing Date and shall be null and void *ab initio* and of no further force or effect immediately after the Closing Date.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to the Seller Group that the following statements are true and correct as of the date hereof:

6.1 Organization and Power. Buyer (a) is validly existing and in good standing in the state of its organization, (b) has all requisite [corporate] power and authority to carry on the business in which it is now engaged, and (c) has taken all [corporate] action required by Applicable Law, and the Buyer’s organizational documents, to authorize the execution and delivery of this Agreement, and the purchase of the Assets in accordance with this Agreement.

6.2 Authority; No Conflicts. Buyer has the requisite [corporate] power and authority to execute this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Buyer of this Agreement (a) do not and shall not violate or conflict with any provision of the [certificate of incorporation or bylaws] of Buyer, and

(b) do not and shall not violate any provision of any Applicable Law or any order, judgment or decree of any Governmental Entity or any Governmental Authority.

6.3 Execution and Delivery. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby has been duly authorized by all necessary [corporate] action on the part of Buyer. This Agreement constitutes the valid and binding obligations of Buyer, enforceable against Buyer in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) general equitable principles.

6.4 Litigation. There is no claim, litigation, action or legal proceeding before a Governmental Entity or, to Buyer's knowledge, threatened against Buyer, adversely affecting Buyer's ability to perform its obligations hereunder. There are no bankruptcy, reorganization or arrangement proceedings pending, being contemplated by or, to Buyer's knowledge, threatened against Buyer.

6.5 Condition of Assets. Buyer acknowledges that it is (a) purchasing the Assets on an "as is, where is" basis, and (b) is relying solely on its own existing knowledge and inspection of the Assets and that it has completed its due diligence inspection in respect of the Assets. Buyer expressly acknowledges that the Seller Group is not making any representations or warranties regarding the Assets (except as specifically provided for in this Agreement).

6.6 Sufficient Funds. Buyer has available, and will have available as of the Closing Date, funds sufficient to pay the Purchase Price and to perform its other obligations under this Agreement.

6.7 No Brokers. Buyer has not utilized the services of or contracted or dealt with a broker or finder in connection with any of the transactions contemplated by this Agreement, Buyer's purchase of the Assets or any portion thereof, and no commission or other compensation is or shall be due or owed from Buyer to any Person with respect to the purchase and sale of the Assets.

6.8 Termination of Representations and Warranties Upon Closing. The representations and warranties of Buyer in this Agreement shall not survive the Closing Date and shall be null and void *ab initio* and of no further force or effect immediately after the Closing Date.

ARTICLE VII COVENANTS OF THE SELLER GROUP

The Seller Group covenants and agrees with Buyer that:

7.1 Commercially Reasonable Efforts.

(a) Seller and each Seller Subsidiary shall use its commercially reasonable efforts to cause, to the extent within such Party's control, the conditions set forth in **ARTICLE**

IX to be satisfied and to facilitate and cause the consummation of the transactions contemplated hereby.

(b) Seller and each Seller Subsidiary shall take all actions, including appropriate service and notice of pleadings, in form and substance reasonably satisfactory to Buyer, needed to obtain a Sale Order that authorizes, orders and effects a sale of all of the Assets free and clear of all Excluded Liabilities and Liens and other interests.

7.2 Notice to Buyer. Prior to the Closing, Seller agrees to promptly notify Buyer in writing of any information it obtains or becomes aware of that would indicate that a representation and warranty of the Seller Group made herein or in any Seller Disclosure Schedule is not correct in all material respects or that any of the conditions to Closing shall not be satisfied or reasonably likely will not be satisfied.

7.3 Consents and Approvals. Seller shall use its commercially reasonable efforts to obtain all consents, authorizations and approvals required, including any required by the Bankruptcy Code or other Applicable Law, to be obtained by the Seller Group to effect the transactions contemplated hereby. Without limiting the foregoing, as soon as practicable after the date of this Agreement, Seller shall make or cause to be made all such further filings and submissions, and take or cause to be taken such further action, as may reasonably be required in connection therewith on a timely basis.

7.4 Public Statements. From the date hereof through the Closing Date, no public release or announcement concerning the transactions contemplated by this Agreement shall be issued by the Seller Group or Buyer without the prior consent of the Seller Group or the Buyer, as the case may be (which consent shall not be unreasonably withheld or delayed), except as such release or announcement may be required by Applicable Law, in which case the party required to make the release or announcement shall allow the other reasonable time to comment on such release or announcement in advance of such issuance. Nothing in this **Section 7.4** or elsewhere in this Agreement shall limit or be deemed to limit any member of the Seller Group's right or ability to make disclosures in connection with the Cases or Buyer's right or ability to make disclosures in connection with any regulatory obligation.

ARTICLE VIII COVENANTS OF BUYER

The Buyer covenants and agrees with the Seller Group that:

8.1 Commercially Reasonable Efforts. Buyer shall use its commercially reasonable efforts to cause, to the extent within Buyer's control, the conditions set forth in **ARTICLE IX** to be satisfied and to facilitate and cause the consummation of the transactions contemplated hereby.

8.2 Notice to Seller. The Buyer agrees to promptly notify Seller in writing of any information Buyer obtains or becomes aware of that would indicate that a representation and warranty of the Buyer made herein is not correct in all material respects.

8.3 **Bankruptcy Court Approval and Related Matters.**

(a) Buyer hereby waives the fourteen (14) day waiting period applicable under the Bankruptcy Code for the Sale Order to become final and non-appealable after the issuance thereof by the Bankruptcy Court. Buyer shall execute and deliver such other documents and instruments as may be necessary or desirable or that Seller may reasonably request in order to give effect to such waiver.

(b) Buyer acknowledges and agrees that the obligations of the Seller under this Agreement and the transactions contemplated hereby are contingent upon the approval and authorization of the Bankruptcy Court.

(c) Buyer shall use commercially reasonable efforts to assist the Seller Group in obtaining any Orders necessary to consummate the transactions contemplated hereby and agrees to provide the Seller Group with information necessary to obtain such Orders.

8.4 **Reimbursement for Use of Fabric Inventory.** From and after the Closing, Buyer shall reimburse the Seller Group for one hundred percent (100%) of the Seller Group's cost in respect of any Excluded Inventory consisting of unfinished fabric that is actually used by Buyer for the manufacture of finished goods to be sold as part of Buyer's business and operations after the Closing.

ARTICLE IX CONDITIONS TO CLOSING

9.1 **Seller Group's Conditions to Closing.** The obligations of the Seller Group at the Closing are subject, at the option of Seller, to the satisfaction at or prior to the Closing of the following conditions:

(a) Buyer shall have performed and satisfied all material obligations in all material respects required by this Agreement to be performed and satisfied by Buyer at or prior to the Closing. Buyer shall have provided the Seller with certificates executed by a responsible officer of Buyer to such effect; and

(b) Buyer shall have executed and delivered all documents and instruments necessary or advisable to evidence its waiver pursuant to **Section 8.3(a)** of the 14-day period applicable under the Bankruptcy Code for the Sale Order to become final and non-appealable.

9.2 **Buyer's Conditions to Closing.** The obligations of Buyer to consummate the transactions contemplated hereby at the Closing are subject, at the option of the Buyer, to the satisfaction at or prior to the Closing of the following conditions:

(a) The Seller Group shall have performed and satisfied in all material respects all obligations required by this Agreement to be performed and satisfied by the Seller Group at or prior to the Closing. The Seller shall have provided the Buyer with certificates executed by a responsible officer of Seller to such effect;

(b) The Seller Group shall be able to deliver possession of the Assets free and clear of all Liens;

(c) The Seller Group shall have executed and delivered the documents required to be executed and delivered pursuant to **Section 4.2**; and

(d) The Seller Group shall have obtained Bankruptcy Court approval and the Sale Order shall not impose any material additional requirement on Buyer not otherwise required by the terms of this Agreement.

9.3 Conditions of the Parties to Closing. The obligations of the Parties to consummate the transactions contemplated hereby at the Closing are further subject to the satisfaction at or prior to the Closing of the following conditions, which conditions are not subject to waiver:

(a) No stay or injunction shall have been obtained by a court of competent jurisdiction restraining, prohibiting or declaring illegal the purchase and sale contemplated by this Agreement; and

(b) The Bankruptcy Court shall have entered the Sale Order with the required findings and determinations identified in the definition thereof and any other Orders necessary to permit and consummate the transactions contemplated by this Agreement, each such other Order to be in form and substance reasonably satisfactory to the Parties.

ARTICLE X ADDITIONAL OBLIGATIONS AFTER CLOSING

The Parties shall have the following additional obligations after the Closing:

10.1 Inventory Sales and Accounts Receivables Collections.

(a) Effective on the Closing Date, the Seller Group hereby appoints Buyer, and Buyer hereby agrees to serve, as the Seller Group's exclusive agent for the limited purposes of (i) conducting the sale of all of the Excluded Inventory located in the United States (the "**Sales**"), subject to **Section 8.4**; and (ii) effectuating the collection of the Seller Group's Accounts Receivable existing as of the Closing Date and arising in the ordinary course of business from the sale of the Seller Group's Inventory prior to the Closing (the "**Collections**"), in each case in accordance with the terms and conditions of this **Section 10.1**. Notwithstanding Buyer's obligation to pay the Minimum Guaranteed Amount pursuant to **Section 10.1(b)**, Buyer shall exercise its best efforts to sell all of the Excluded Inventory and to effectuate the Collections in the ordinary course of the Seller Group's business, consistent with past practices. Buyer shall be unconditionally responsible for all expenses incurred in conducting the Sales and effectuating the Collections.

(b) In connection with Buyer's performance of its obligations under this **Section 10.1** to conduct Sales of Excluded Inventory:

(i) Buyer shall pay the Seller Group an amount equal to [___% of the aggregate proceeds received by Buyer for the Sales of Excluded Inventory during the period from and after the Closing through the date that is ___ () days after the Closing Date and ___% of the aggregate proceeds received by Buyer for the Sales of Excluded Inventory during the period thereafter]¹ (the “*Guaranteed Inventory Proceeds*”). Guaranteed Inventory Proceeds shall be paid to the Seller Group in the manner and at the times specified in **Section 10.1(e)**. Buyer shall be entitled to retain the proceeds of the Sales in excess of the Guaranteed Inventory Proceeds.

(ii) Notwithstanding **Sections 10.1(b)(i)**, Buyer guarantees that the minimum total payment to the Seller Group in respect of Sales of Excluded Inventory pursuant to this **Section 10.1** shall not be less than \$ _____ (the “*Minimum Guaranteed Amount*”).

(c) Buyer shall remit to the Seller Group ninety-eight percent (98%) of the actual Collections, less a holdback of ___ percent (___%) of actual Collections (the “*Holdback*”) to allow for returns that occur after Inventory has been paid for (the “*Net Collections Balance*”). The Net Collections Balance shall be paid to the Seller Group in the manner and at the times specified in **Section 10.1(e)**. Other than with respect to the Holdback, payment to the Seller Group of the Net Collections Balance in accordance with this **Section 10.1(c)** shall not be subject to any right of set-off for returns or otherwise. All Collections will be applied in accordance with the Seller Group’s existing practice on a customer-by-customer basis and shall be applied to the oldest receivables first. All returns will be accepted only in accordance with the Seller Group’s current practices. Buyer shall be entitled to retain two percent (2%) of the Collections.

(d) Buyer shall keep separate records (apart from its own business records) for the Sales and Collections. The Seller Group and their representatives shall have the right to audit Buyer’s books and records for the Sales and Collections upon reasonable request at its own expense. In the event any such audit shows that the amounts indicated by Agent are ___% or more below the audited amounts, Buyer shall reimburse the Seller Group for the costs of such audit.

(e) All amounts required to be paid by Buyer or the Seller Group under a provision of this **Section 10.1** shall be made by wire transfer of immediately available funds and, in the case of amounts required to be paid pursuant to **Sections 10.1(b)(i)** and **(c)**, such amounts shall be paid on a daily basis. To the extent that the Minimum Guaranteed Amount has not been paid to the Seller Group on or before [August 1], 2012, Buyer shall pay the Seller Group the difference between the Minimum Guaranteed Amount and the proceeds paid to the Seller Group pursuant to **Section 10.1(b)**. Any amounts paid to the Seller Group as a result of the immediately preceding sentence may be deducted from proceeds due to the Seller Group after [August 1], 2012 pursuant to **Section 10.1(b)**. Until paid, all amounts shall be kept in segregated accounts of Buyer.

¹ In order to facilitate the administration of the Seller Group’s estate, bidders should consider structuring inventory payments to the Seller Group so that a higher percentage of proceeds from sales are paid during a period immediately following the Closing Date than the percentage that would be paid thereafter.

(f) All sales, excise, gross receipts and other Taxes attributable to sales of Excluded Inventory sold pursuant to this **Section 10.1**, payable to any taxing authority having jurisdiction (collectively, “**Sales Taxes**”) shall be added to the sales price of Excluded Inventory collected by Buyer, on the Seller Group’s behalf, at the time of sale. All Sales Taxes shall be deposited into a segregated account designated by the Seller Group and Buyer solely for the deposit of such Sales Taxes (the “**Sales Taxes Account**”). Buyer on behalf of the Seller Group shall prepare and file all applicable reports and documents required by the applicable taxing authorities, and Buyer, on behalf of the Seller Group shall promptly pay all Sales Taxes from the Sales Taxes Account. The Seller Group and their representatives will be given access to the computation of gross receipts for verification of all such Tax collections.

(g) Any returns on sales of Excluded Inventory sold pursuant to this **Section 10.1** shall be processed in the ordinary course of the Seller Group’s business in accordance with the Seller Group’s existing policies and, shall be added back to the Excluded Inventory and sold by Buyer as provided in this **Section 10.1**. Any returns in connection with accounts receivable shall be charged to the Holdback when funds are returned to the customer. Once charged the remainder of the Holdback shall be remitted to the Seller Group promptly, but in any event no less frequently than on a monthly basis.

(h) Buyer shall maintain appropriate liability insurance policies covering injuries to Persons and property in, or in connection with, the operation of the factory stores and the performance of its obligations under this **Section 10.1**, and Buyer shall endeavor to cause the Seller Group to be named as an additional named insured (as its interest may appear) with respect to all such policies. Buyer shall deliver to the Seller Group certificates evidencing such insurance setting forth the duration thereof and naming the Seller Group as an additional named insured, in form reasonably satisfactory to the Seller Group. All such policies shall require at least thirty (30) days’ prior notice to the Seller Group of cancellation, non-renewal or material change. In the event of a claim under any such policies, Buyer shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder.

(i) Buyer will provide fire, flood, theft and extended coverage casualty insurance covering the Excluded Inventory to be sold under this **Section 10.1** in a total amount equal to no less than the retail value thereof. In the event of a loss to such Inventory on or after the Closing Date, the proceeds of such insurance attributable to such Inventory, plus any self insurance amounts and the amount of any deductible or self-insured retention, shall constitute proceeds hereunder. Buyer shall deliver to the Seller Group certificates evidencing such insurance, setting forth the duration thereof, in form and substance reasonably satisfactory to the Seller Group. All such policies shall require at least thirty (30) days’ prior notice to the Seller Group of cancellation, non-renewal or material change to the Seller Group. Buyer shall not make any change in the amount of any deductibles or self insurance amounts without the Seller Group’s prior written consent.

10.2 **Transition Services.**

(a) From and after the Closing Date through the termination of the Buyer’s obligations under this **Section 10.2** pursuant to **Section 10.2(c)** (such period, the “**Wind-Up**”

Period”), Buyer shall, at Buyer’s expense, provide the Seller Group with the following services (the “*Transition Services*”) in connection with the Wind-Up Activities (as defined below):

(i) Buyer shall allow the Seller Group and their advisors to occupy and use contiguous office space on the third floor in the office space located at 423 West 55th Street, New York, New York (the “*55th Street Office Space*”) designated by Buyer (so long as Buyer or any Affiliate of Purchaser leases the 55th Street Office Space or any part thereof) reasonably necessary to accommodate the Seller Group’s administrative personnel and advisors that will be engaged in the Wind-Up Activities and consistent with the Seller Group’s past office space allocation practices. If Buyer or any Affiliate of Buyer surrenders occupancy of the 55th Street Office Space to a third party and neither Buyer nor any Affiliate of Buyer thereafter leases space therein, Buyer shall, in connection with such surrender of the 55th Street Office Space, make adequate provision to allow the Seller Group to occupy and use such amount of the 55th Street Office Space (or other equivalent office space reasonably acceptable to Seller) during the Wind-Up Period, and on such terms and conditions as, are no less favorable to the Seller Group in the aggregate than the amount of space, terms and conditions in effect prior to giving effect to such transfer.

(ii) Buyer shall make available to the Seller Group for use in Wind-Up Activities office furniture, phones, and other relevant items of personal property acquired by Buyer pursuant to this Agreement in connection with the Seller Group’s use and occupancy of office space as described in **Section 10.2(a)(i)** (so long as Buyer or any Affiliate of Buyer leases the 55th Street Office Space or any part thereof). During the Wind-Up Period, the Seller Group’s employees shall retain the use of personal computers used by them prior to the Closing. Such personal computers shall constitute Assets, and shall be returned to Buyer upon the earlier of the termination of the respective employee’s employment with Sellers and the termination of Buyer’s obligations under this **Section 10.2** in accordance with **Section 10.2(c)**. All information and data contained on such personal computers that would otherwise constitute Assets shall continue to constitute Assets and shall be subject to the same protection as all other proprietary information of Buyer.

(iii) Buyer shall, and shall cause its Affiliates, to segregate into the portion of the 55th Street Office Space occupied by the Seller Group any and all personnel records of the Seller Group relating to personnel not retained by Buyer, including medical records, and Buyer shall, and shall cause Buyer’s employees to, fully cooperate with the Seller Group and their successors and assigns and afford to the Seller Group and their respective counsel, accountants and other authorized representative, as well as the Official Committee of Unsecured Creditors, any liquidating trustee, other estate representative and their respective counsel, accountants and other authorized representative reasonable access during normal business hours to all other books, records, and data, including, without limitation, electronic data, computer data, data on computer servers and computer hard drives, and facilities, as well as personnel (and permit the Group and their respective counsel, accountants and other authorized representatives, as well as the Official Committee of Unsecured Creditors, any liquidating trustee, other estate representative and their respective counsel, accountants and other authorized representative to make copies of such books, records, and other data), to the extent that such access may be reasonably requested by the Group to facilitate the performance by the Seller Group of the Wind-Up Activities.

(iv) Buyer shall grant to the Seller Group, access to such information technology systems as may be reasonably requested by the Seller Group in connection with the Wind-Up Activities. Buyer will provide the Seller Group a reasonable amount of support and maintenance with respect to such systems consistent with past practices of the Seller Group. If Buyer seeks to terminate a software license that is necessary for the provision to the Seller Group of use of and access to a system, Buyer shall not terminate such license unless and until it has given Seller thirty (30) days' prior notice. If Buyer provides such notice, the Seller Group shall be free to negotiate its own replacement license with the software vendor and shall have no obligation hereunder to provide access to or use of such replaced system to Buyer.

(v) Buyer shall operate, support and maintain a new email domain for the Seller Group's use following the Closing. Buyer shall use commercially reasonable efforts to undertake reasonable backups and security measures, such that only the Seller Group's authorized users have access to the information in such system. Buyer shall operate the domain on a server used only for this purpose. Buyer shall be responsible for licensing the necessary software (including email server software, operating system software and backup software).

(vi) Buyer shall provide the Seller Group with the use of certain of the Purchaser's personnel for the purpose of assisting the Sellers with the performance of the Wind-Up Activities, the number and function of whom is described on **Schedule 10.2(a)(vi)**. Buyer, as it deems necessary or appropriate in its reasonable discretion, may (i) use its own personnel; or (ii) employ the services of third parties to the extent such third-party services are utilized in the ordinary course of business to provide similar services to the business of Buyer or are reasonably necessary for the efficient performance of any such Wind-Up Activities. Unless otherwise agreed in writing, none of the individuals providing services to the Seller Group in accordance with this **Section 10.2(a)(vi)** to the Seller Group will be deemed to be employees of any member of the Seller Group for any purpose.

(vii) Buyer shall provide to the Seller Group such additional services from the Assets in connection with Wind-Up Activities as the Seller Group may reasonably request, in a manner consistent with past practices of the Seller Group.

(b) For purposes of this **Section 10.2**, "*Wind-up Activities*" shall mean (a) the performance of the Tax and accounting functions of the Seller Group and the preparation by the Seller Group of materials necessary for any Tax filing or any audit, examination or proceeding, (b) the investigation, litigation or final disposition of any claim that may have been or may be asserted against the Seller Group or their successors and assigns or any of their Affiliates, (c) the realization of the Seller Group's entire estate, and (d) any and all other activities relating to the wind-up of the Seller Group's business and affairs and the obligations as debtors in possession under the Cases.

(c) This **Section 10.2** shall become effective on the Closing Date and shall remain in force and effect until the entry of a final decree in the Cases; *provided* that if the Case is resolved by the institution of a post-effective trust for the benefit of creditors, then this **Section 10.2** shall remain in force and effect until the termination date of such trust. This **Section 10.2** may be extended by mutual agreement of the Seller Group and Buyer in writing, either in whole or with respect to one or more of the Transition Services. This **Section 10.2** may be terminated

early in whole or in part (i) by the Seller Group in their sole discretion at any time as to all of the Transition Services by providing ten (10) days' prior written notice of such termination to the Purchaser, or (ii) by mutual written agreement of the Seller Group and Buyer. The Seller Group shall not have any obligation to continue to use any Transition Service. The Seller Group may elect to stop receiving any particular Transition Service at any time by giving Buyer not less than ten (10) days' advance written notice. In the event of any termination with respect to one or more, but less than all Transition Services, this **Section 10.2** shall continue in full force and effect with respect to any Transition Services not terminated thereby.

10.3 Execution; Delivery of Instruments and Assistance. The Seller Group and Buyer shall each execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such instruments and take such other actions as may be necessary or advisable to carry out their obligations under this Agreement and under any document, certificate or other instrument delivered pursuant hereto or thereto or required by Applicable Law.

ARTICLE XI TERMINATION

11.1 Termination. This Agreement may be terminated as follows:

- (a) At any time by the mutual written agreement of the Seller and the Buyer;
- (b) By either Party, at its sole election, in the event that the Closing shall not have occurred on or before _____; *provided* that neither Party shall be entitled to terminate this Agreement pursuant to this **Section 11.1(b)** if the failure of the Closing to occur on or prior to such date results primarily from such Party's materially breaching any covenant contained in this Agreement;
- (c) By the Buyer, at its sole election, in the event of a material breach of this Agreement by the Seller Group that has not been cured by _____; and
- (d) By the Seller, at its sole election, in the event of a material breach of this Agreement by the Buyer that has not been cured by _____.

11.2 Effect of Termination. Upon the termination of this Agreement in accordance with **Section 11.1**:

- (a) The Parties shall be relieved of any further obligations or liability under this Agreement other than (i) any obligations for breach of this Agreement occurring prior to such termination; (ii) the Buyer's right to refund of and the Seller's obligation to refund the Deposit to the Buyer, or the Seller's right to retain the Deposit, in each case as described in **Section 3.6**; or (iii) Buyer's obligation to pay Carrying Costs pursuant to **Section 11.2(b)**.
- (b) The Buyer shall be obligated to promptly pay to Seller all Carry Costs relating to any and all Designated Leases and Contracts remaining outstanding as of the date of termination;

**ARTICLE XII
GENERAL PROVISIONS**

12.1 **Notice.** All notices hereunder shall be in writing, dated and signed by the Party giving the same. Each notice shall be either (a) delivered in person to the address of the Party for whom it is intended at the address of such Party as shown below, (b) delivered to the United States Postal Service in a secure and sealed envelope or other suitable wrapper addressed to the Party for whom it is intended at the address of such Party as provided below, with sufficient postage affixed, certified or registered mail, return receipt requested, (c) sent by facsimile with a confirmation sheet or by e-mail, or (d) delivered to a nationally recognized overnight courier service that traces any such notice. The effective date of such notice shall be the date of delivery in the event of delivery in accordance with (a) or (c) and five (5) days after deposit in the U.S. Mail in the event of delivery in accordance with (b). The address at which any Party hereto is to receive notice may be changed from time to time by such Party by giving notice of the new address to all other parties hereto. The addresses of the Parties, until changed in accordance with the foregoing, are:

The Seller:

The Connaught Group, Ltd
423 W. 55th Street
New York, NY 10019
Attention: Maury Satin (maurysatin@zygoteassociates.com)
Facsimile: _____

with a copy (which shall not constitute notice) to:

Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, NY 10103-3198
Facsimile: (212) 318-3400
Attention: Paul Jacobs, Esq. (pjacobs@fulbright.com)
Warren J. Nimetz, Esq. (wnimetz@fulbright.com)
David L. Barrack, Esq. (dbarrack@fulbright.com)

The Buyer:

Facsimile: _____
Attention: _____

And a copy (which shall not constitute notice) to:

Facsimile: _____
Attention: _____

12.2 **Amendment.** This Agreement may not be amended nor any rights hereunder waived except by an instrument in writing signed by the Parties and, if required by Applicable Law, by the Official Committee of Unsecured Creditors appointed in the Seller's Cases.

12.3 **Payment of Costs.** Except as otherwise set forth herein, the Parties shall each pay their own costs incurred in negotiating this Agreement and in consummating the transactions contemplated hereby, including any fees or commission payable to any party representing them in connection with arranging or negotiating this Agreement and transactions contemplated hereby.

12.4 **Headings.** The headings of the sections of this Agreement are for convenience or reference only and shall not affect any of the provisions of this Agreement.

12.5 **Governing Law; Jurisdiction.** This Agreement shall in all aspects be governed by and construed in accordance with the internal laws of the State of New York without giving effect to any choice or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York (other than Section 5-1401 of the New York general obligations law). For so long as Sellers are subject to the jurisdiction of the Bankruptcy Court, the parties hereto irrevocably elect as the sole judicial forum for the adjudication of any matters arising under or in connection with this Agreement or the transactions contemplated hereby, and consent to the exclusive jurisdiction of, the Bankruptcy Court. After the Seller Group is no longer subject to the jurisdiction of the Bankruptcy Court, any legal action or proceeding with respect to this Agreement or the transactions contemplated hereby shall be brought in the courts of the State of New York sitting in Manhattan or of the United States for the Southern District of New York, and by execution and delivery of this Agreement, each of the parties hereto consents to the exclusive jurisdiction of those courts. Each of the parties hereto irrevocably waives any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens*, which it may now or hereafter have to the bringing of any action or proceeding in such jurisdiction in respect of this Agreement or the transactions contemplated hereby.

12.6 **Entire Agreement.** This Agreement and the Schedules attached hereto (in each case incorporated herein by this reference) contain the entire agreement and understanding of the Parties hereto with respect to the transactions contemplated hereby, and supersede any and all prior agreement, arrangements, and understandings, whether oral or written, between the Parties.

12.7 **Assignment.** No Party may assign all or any portion of its respective rights or delegate any portion of its duties hereunder without (a) the approval of the Bankruptcy Court and (b) the written consent of the other Parties and the Official Committee of Unsecured Creditors appointed in the Cases; *provided* that the Buyer may assign this Agreement in whole or in part to any direct or indirect subsidiary of Buyer so long as Buyer retains its obligations under this Agreement, subject to the terms and conditions hereof, to effect the consummation of the transactions contemplated hereby. All of the terms, provisions and conditions of this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors, assigns and legal representatives.

12.8 **Severability.** If a court of competent jurisdiction determines that any provision of this Agreement is void, illegal or unenforceable, the other provisions of this Agreement shall remain in full force and effect and the provisions that are determined to be void, illegal or unenforceable shall be limited so that they shall remain in effect to the extent permissible by Applicable Law.

12.9 **Construction.** The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute shall be deemed to refer to such statute as amended and to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word “include” or “including” means include or including, without limitation. References made in this Agreement, including use of a pronoun, shall be deemed to include, where applicable, masculine, feminine, singular or plural, individuals, partnerships or corporations. All references in this Agreement to Sections and Schedules shall be deemed references to Sections of, and Schedules to, this Agreement unless the context shall otherwise require.

12.10 **Specific Performance.** Each Party acknowledges that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by such Party in accordance with their specific terms or were otherwise breached by such Party. Each Party accordingly agrees that, prior to the termination of this Agreement pursuant to **ARTICLE XI**, in addition to any other remedy to which the other Parties are entitled at law or in equity, the other Parties are entitled to injunctive relief to prevent breaches of this Agreement by such Party and otherwise to enforce specifically the provisions of this Agreement against such Party. Each Party expressly waives any requirement that any other Party obtain any bond or provide any indemnity in connection with any action seeking injunctive relief or specific enforcement of the provisions of this Agreement.

ARTICLE XIII PARENT GUARANTEE

13.1 **Guarantee.** To induce the Seller Group to enter into this Agreement, Parent hereby absolutely, unconditionally and irrevocably guarantees to the Seller Group the due and punctual payment and performance of all outstanding obligations of Buyer under this Agreement, as and when due (collectively, the “*Obligations*”).

13.2 **Guarantee Absolute.** The liability of Parent under this **ARTICLE XIII** shall be absolute, unconditional, present and continuing until the Obligations have been indefeasibly paid and performed in full. The Seller Group shall not be obligated to file any claim relating to the Obligations in the event that Buyer becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Seller Group to so file shall not affect any of Parent’s obligations under this **ARTICLE XIII**. In the event that any payment to the Seller Group hereunder is rescinded or must otherwise be returned for any reason whatsoever, Parent shall remain liable hereunder as if such payment had not been made (subject to the terms hereof). This **ARTICLE XIII** is an unconditional guarantee of payment and not of collectability, and a

separate action may be brought and prosecuted against Parent to enforce this **ARTICLE XIII**, regardless of whether any action is brought against Buyer, or whether Buyer is joined in any such action. In the event of any default by Buyer in the performance of any of the Obligations, the Seller Group shall have the right in their sole discretion to proceed first and directly against Parent under this **ARTICLE XIII** without proceeding against Buyer.

13.3 Changes in Obligations, Certain Waivers.

(a) Parent agrees that the obligations of Parent under this **ARTICLE XIII** shall not be released or discharged, in whole or in part, or otherwise affected by (1) the failure of the Seller Group to assert any claim or demand or to enforce any right or remedy against, or to join Buyer to any suit arising under this **ARTICLE XIII** or the Obligation of Buyer or any other Person interested in the transactions contemplated by this Agreement; (2) any insolvency, bankruptcy, reorganization or other similar proceeding affecting Buyer or any other Person interested in the transactions contemplated by this Agreement; (3) the existence of any claim, set-off or other right which Parent may have at any time against Buyer, whether in connection with the Obligations or otherwise; (4) the invalidity, illegality or unenforceability of all or any part of the Obligations or any document or agreement executed in connection with the Obligations, for any reason whatsoever, including without limitation the fact that the act of creating the Obligation or any part thereof is *ultra vires*, the officers or representatives executing the documentation or otherwise creating the Obligations acted in excess of their authority, or Buyer has valid defenses, claims or offsets which render the Obligations wholly or partially uncollectible from the Company; (5) any renewal, extension, modification, increase, decrease or alteration of all or any part of the Obligations or any contract or understanding (including this Agreement) between Buyer and the Seller Group, or any other Person, relating to the Obligations; or (6) the adequacy of any other means Seller may have of obtaining repayment or performance of any of the Obligations.

(b) To the fullest extent permitted by law, Parent hereby expressly waives any and all rights or defenses arising by reason of any law which would otherwise require any election of remedies by the Seller Group and the Seller Group shall not be required to mitigate damages or take action to reduce, collect or enforce the Obligations. Buyer waives promptness, diligence, notice of the acceptance of this **ARTICLE XIII** and of the Obligations, presentment, demand for payment, notice of non-performance, default, dishonor and protest, notice of the Obligations incurred and all other notices of any kind, all defenses which may be available by virtue of any valuation, stay, moratorium law or other similar law now or hereafter in effect, any right to require the marshalling of assets of Buyer or any other person interested in the transactions contemplated by this Agreement, and all suretyship defenses generally (other than fraud or willful misconduct by the Seller Group or defenses to the payment of the Obligations under this Agreement that are available to Buyer).

(c) Parent acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by this Agreement and that the waivers set forth in this **ARTICLE XIII** are knowingly made in contemplation of such benefits. Parent hereby covenants and agrees that it shall not institute any proceeding asserting that this **ARTICLE XIII** is illegal, invalid or unenforceable in accordance with its terms, subject to the effects of

bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws affecting creditors' rights generally.

13.4 **Security.** As security for its obligations under this **ARTICLE XIII**, concurrently with the execution and delivery of this Agreement, Parent is executing and delivering to the Seller Group a letter of credit in the form of **Exhibit 13.4**.²

13.5 **No Waiver; Remedies.** No failure on the part of the Seller Group to exercise, and no delay in exercising any right, remedy or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Seller Group of any right, remedy or power hereunder preclude any other or future exercise of any right, remedy or power. The rights and remedies provided in this **ARTICLE XIII** are cumulative and nonexclusive of any rights or remedies provided by law.

13.6 **Representations and Warranties.**

(a) Parent (a) is validly existing and in good standing in the state of its organization, (b) has all requisite [corporate] power and authority to carry on the business in which it is now engaged, and (c) has taken all [corporate] action required by Applicable Law, and Parent's organizational documents, to authorize the execution and delivery of this Agreement, and to perform its obligations under this **ARTICLE XIII**.

(b) Parent has the requisite [corporate] power and authority to execute this Agreement and to perform its obligations under this **ARTICLE XIII**. The execution, delivery and performance by Parent of this Agreement (a) do not and shall not violate or conflict with any provision of the [certificate of incorporation or bylaws] of Parent, and (b) do not and shall not violate any provision of any Applicable Law or any order, judgment or decree of any Governmental Entity or any Governmental Authority.

(c) The execution and delivery of this Agreement and the performance by Parent of its obligations under this **ARTICLE XIII** has been duly authorized by all necessary [corporate] action on the part of Parent. This **ARTICLE XIII** constitutes the valid and binding obligations of Parent, enforceable against Parent in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) general equitable principles.

[Signature Page Follows]

² Form of letter of credit to be subject to approval of Seller Group's senior lenders.

IN WITNESS WHEREOF, this Agreement has been signed on behalf of each of the parties hereto as of the date first written above.

SELLER GROUP:

THE CONNAUGHT GROUP, LTD.

By: _____
Name:
Title:

LIMITED EDITIONS FOR HER OF
NEVADA LLC

By: _____
Name:
Title:

LIMITED EDITIONS FOR HER OF
BRANSON LLC

By: _____
Name:
Title:

LIMITED EDITIONS FOR HER LLC

By: _____
Name:
Title:

WDR RETAIL CORP.

By: _____
Name:
Title:

BUYER:

By: _____

Name:

Title:

PARENT:

(solely for purposes of **ARTICLE XIII**
hereof)

By: _____

Name:

Title:

Exhibit B

Assumption Notice

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re:

Chapter 11

THE CONNAUGHT GROUP, LTD., et al.,

Case No. 12-10512 (SMB)

Debtors.

(Jointly Administered)
-----X

**NOTICE OF (I) SALE AND POTENTIAL ENTRY INTO ASSET PURCHASE
AGREEMENT AND (II) ASSUMPTION AND ASSIGNMENT OF CERTAIN
EXECUTORY CONTRACTS AND UNEXPIRED LEASES IN CONNECTION
WITH THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On February 24, 2012, The Connaught Group, Ltd., and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, the "Debtors")¹ in the above-captioned chapter 11 cases, filed a motion (the "Sale Motion") with the United States Bankruptcy Court for the Southern District of New York (the "Court") seeking among other things, entry of an order approving and authorizing the (a) auction and bidding procedures in connection with the sale of substantially all of the Debtors' assets (the "Bidding Procedures"); (b) notice of sale, Auction, and Sale Hearing; (c) appointment of a consumer privacy ombudsman; and (d) assumption procedures and related notices;²

The Sale Hearing is currently scheduled to be held on **April 4, 2012 at 2:00 p.m. (prevailing Eastern Time)** at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 723, New York, New York 10004, before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge. The Sale Hearing may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Sale Hearing.

Within one day after the conclusion of the Auction, the Debtors shall file a notice identifying the Successful Bidder with the Bankruptcy Court. At the Sale Hearing, the Debtors may seek to assume and assign the Assumed Contracts and Assumed Leases identified on Exhibit 1 attached hereto (the "Assignment Schedule") in connection with the sale of the Assets. The Assignment Schedule identifies, among other things, the amount, if any, determined by the Debtors to be necessary to be paid to cure any existing default under each Assumed Contract and Assumed Lease (the "Cure Amount").

Objections, if any, to the proposed assumption and assignment of any Assumed Contract or Assumed Lease identified on the Assumption Notice, including any objection to the Cure

¹ The Debtors, together with the last four digits of each Debtor's federal tax identification number are: The Connaught Group, Ltd. (8384); Limited Editions for Her of Nevada LLC (7669); Limited Editions for Her of Branson LLC (8078); Limited Editions for Her LLC (2197); and WDR Retail Corp. (8865).

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Sale Motion.

Amount set forth on the Assumption Notice or to the ability of the Successful Bidder to provide adequate assurance of future performance under such Assumed Contract or Assumed Lease must (i) be in writing; (ii) set forth the basis for the objection as well as any Cure Amount that the objector asserts to be due (in all cases with appropriate documentation in support thereof); and (iii) be filed with the Clerk of the Court, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004, and served on the following parties **so as to be actually received no later than March 29, 2012 at 5:00 p.m. (prevailing Eastern Time)** (the “Objection Deadline”): (i) the Debtors’ counsel, Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (iii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn: Boris I. Mankovetskiy); (iv) Counsel for the Official Committee of Unsecured Creditors, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler); and (v) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard C. Morrissey).

To the extent that any entity does not timely object as set forth above, such entity shall be (i) forever barred from objecting to the assumption and assignment of any of the Assumed Contracts and Assumed Leases identified on this Assumption Notice, including, without limitation, asserting any additional cure payments or requesting additional adequate assurance of future performance; (ii) deemed to have consented to the applicable Cure Amount, if any, and to the assumption and assignment of the applicable Assumed Contract or Assumed Lease; (iii) bound to such corresponding Cure Amount, if any; (iv) deemed to have agreed that the Purchaser has provided adequate assurance of future performance within the meaning of section 365(b)(1)(C) of the Bankruptcy Code; (v) deemed to have agreed that all defaults under the applicable Assumed Contract or Assumed Lease arising or continuing prior to the Sale Hearing have been cured as a result or precondition of the assignment, such that the Purchaser or the Debtors shall have no liability or obligation with respect to any default occurring or continuing prior to the assignment, and from and after the date of the assignment the applicable Assumed Contract or Assumed Lease shall remain in full force and effect for the benefit of the Purchaser and such entity in accordance with its terms; (vi) deemed to have waived any right to terminate the applicable Assumed Contract or Assumed Lease or designate an early termination date under the applicable Assumed Contract or Assumed Lease as a result of any default that occurred and/or was continuing prior to the assignment date, and (vii) deemed to have agreed that the terms of the Sale Order shall apply to the assumption and assignment of the applicable Assumed Contract or Assumed Lease.

The Debtors reserve the right to supplement and modify the Assignment Schedule at any time, provided that to the extent that the Debtors add an Assumed Contract or Assumed Lease to the Assignment Schedule or modify the Cure Amount, the affected party shall receive a separate notice and an opportunity to object to such addition or modification.

Failure of any entity to timely file or raise any objection as set forth herein shall be deemed to constitute consent to the sale of the Assets to the Purchaser and other relief requested in the Sale Motion, and be a bar to any objection to the Sale Motion, the sale of the Assets, or the Debtors' consummation and performance of the terms of the Asset Purchase Agreement entered into with the Purchaser, if authorized by the Court.

Dated: March __, 2012
New York, New York

FULBRIGHT & JAWORSKI L.L.P.

By: _____
David L. Barrack, Esq.
Paul Jacobs, Esq.
Mark C. Haut, Esq.

666 Fifth Avenue
New York, NY 10103
Telephone: 212-318-3000
Facsimile: 212-318-3400
dbarrack@fulbright.com
pjacobs@fulbright.com
mhaut@fulbright.com

Counsel to the Debtors and Debtors in Possession

Exhibit C

Notice of Bid Deadline, Auction and Sale Hearing

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re:

Chapter 11

THE CONNAUGHT GROUP, LTD., et al.,

Case No. 12-10512 (SMB)

Debtors.

(Jointly Administered)
-----X

**NOTICE OF BID DEADLINE, AUCTION
AND SALE HEARING IN CONNECTION WITH THE
SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS
FREE AND CLEAR OF LIENS, CLAIMS, AND ENCUMBRANCES**

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. The Connaught Group, Ltd. and certain of its subsidiaries and affiliates, as debtors and debtors in possession (collectively, the "Debtors"),¹ seek to sell substantially all of their assets (the "Assets") free and clear of any and all liens, claims, and encumbrances. The Assets are subject to security interests and liens held by Chase and Citibank which as of March 23, 2012 (the day after the Bid Deadline, as defined herein), is expected to be an aggregate amount of approximately \$5.8 million.

2. On February 24, 2012, the Debtors filed a motion (the "Sale Motion") with the United States Bankruptcy Court for the Southern District of New York (the "Court") seeking, among other things, entry of an order (the "Bid Procedures Order"), approving and authorizing the (a) auction and bidding procedures in connection with the sale of substantially all of the Debtors' assets (the "Bidding Procedures"); (b) notice of sale, Auction, and Sale Hearing; (c) appointment of a consumer privacy ombudsman; and (d) assumption procedures and related notices.²

3. On March 6th, 2012, the Court entered the Bid Procedures Order.

4. All interested parties are invited to make offers to purchase the Assets in accordance with the Bidding Procedures and the Bid Procedures Order. Copies of the Bidding Procedures and Bid Procedures Order may be obtained by: (i) written request to the Debtors' counsel, Fulbright & Jaworski, L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack, Esq.); (ii) accessing the Court's website at <http://www.nysb.uscourts.gov> (please note that a PACER password is needed to access documents on the court's website); (iii) viewing the docket of these cases at the Clerk of the Court, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004; or (iv)

¹ The Debtors, together with the last four digits of each Debtor's federal tax identification number are: The Connaught Group, Ltd. (8384); Limited Editions for Her of Nevada LLC (7669); Limited Editions for Her of Branson LLC (8078); Limited Editions for Her LLC (2197); and WDR Retail Corp. (8865).

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Sale Motion.

accessing the Debtors' restructuring website, available at <http://www.kccllc.net/Connaught>. **All interested parties should carefully read the Bidding Procedures.**

5. The deadline to submit offers to purchase the Assets is **March 22, 2012 at 5:00 p.m. (prevailing Eastern Time)** (the "Bid Deadline"). Pursuant to the Bidding Procedures and Bid Procedures Order, if two or more Qualified Bids (as defined in the Bidding Procedures) are received on or before the Bid Deadline, the Debtors shall conduct the Auction commencing on **March 26, 2012 at 10:00 a.m. (prevailing Eastern Time)**, at the offices of Fulbright & Jaworski, L.L.P., 666 Fifth Avenue, New York, New York 10103, to determine the highest or otherwise best bid for the Assets (the "Successful Bid"). Only an entity that has submitted a Qualified Bid (a "Qualified Bidder"), to (i) the Debtors' counsel, Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (iii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn: Boris I. Mankovetskiy); and (iv) Counsel for the Official Committee of Unsecured Creditors (the "Creditors' Committee"), Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler) are eligible to participate in the Auction, provided, however, that (i) the Consultation Parties will be permitted to attend, and (ii) all counterparties of unexpired real property leases (collectively, the "Landlords") will be permitted to attend, but not participate, in the Auction, provided, that, the Landlords agree in writing in advance of the Auction not to charge or seek to charge the estate for the legal fees and/or other costs incurred for or by the Landlords or their representatives, including but not limited to, its counsel, to attend the Auction. The Auction may be adjourned and rescheduled without further notice by an announcement of the adjourned date at the Auction. The Debtors reserve the right to cancel the Auction if two or more Qualified Bids are not received as of the Bid Deadline.

6. The sale of the Assets to the Successful Bidder shall be presented for authorization and approval by the Court at the Sale Hearing, which is scheduled to be held on **April 4, 2012 at 2:00 p.m. (prevailing Eastern Time)** at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, Courtroom 723, New York, New York 10004, before the Honorable Stuart M. Bernstein, United States Bankruptcy Judge. The Sale Hearing may be adjourned or rescheduled without further notice by an announcement of the adjourned date at the Sale Hearing.

7. Objections, if any, to approval of the sale of the Assets to the Successful Bidder, including any objections to the proposed assumption and assignment of certain contracts and leases pursuant to the Assumption and Assignment Procedures, must (i) be in writing; (ii) set forth the basis for the objection as well as any Cure Amount that the objector asserts to be due (in all cases with appropriate documentation in support thereof); and (iii) be filed with the Clerk of the Court, United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004, and served on the following parties **so as to be actually received no later than March 29, 2012 at 5:00 p.m. (prevailing Eastern Time)** (the "Objection Deadline"): (i) the Debtors' counsel, Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (iii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn:

Boris I. Mankovetskiy); (iv) Counsel for the Official Committee of Unsecured Creditors, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler); and (v) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard C. Morrissey).

8. Failure of any entity to file an objection on or before the Objection Deadline shall be deemed to constitute consent to the sale of the Assets to the Successful Bidder and other relief requested in the Sale Motion, and be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, the Auction, the sale of the Assets, or the Debtors' consummation and performance of the terms of the asset purchase agreement entered into with the Successful Bidder, if authorized by the Court.

9. If the Successful Bidder(s) fails to timely consummate the purchase of the Assets, or any part thereof, then the next highest or otherwise best Qualified Bid (if any) (the "Back-up Bid") may be designated by the Debtors, in consultation with the Consulting Parties, as the Successful Bid, and the Debtors shall be authorized, but not required, to consummate the sale of the Assets to the Qualified Bidder that submitted the Back-Up Bid pursuant to the terms of such Back-Up Bid by a date to be determined. If the Successful Bidder(s) fails to consummate the purchase of the Assets because of a breach, default or failure to perform on the part of such Successful Bidder(s), the Debtors reserve the right to seek all available damages from such Successful Bidder(s).

10. This notice is subject to the full terms and conditions of the Sale Motion, the Bidding Procedures, and the Bid Procedures Order, and the Debtors encourage any interested parties to review such documents in their entirety. To the extent that this notice is inconsistent with the Bid Procedures Order, the terms of the Bid Procedures Order shall govern.

Dated: March __, 2012
New York, New York

FULBRIGHT & JAWORSKI L.L.P.

By: _____

David L. Barrack, Esq.
Paul Jacobs, Esq.
Mark C. Haut, Esq.

666 Fifth Avenue
New York, NY 10103
Telephone: 212-318-3000
Facsimile: 212-318-3400
dbarrack@fulbright.com
pjacobs@fulbright.com
mhaut@fulbright.com

Counsel to the Debtors and Debtors in Possession

EXHIBIT B

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----x
In re:

Chapter 11

THE CONNAUGHT GROUP, LTD., et al.,

Case No. 12-10512 (SMB)

Debtors.

(Jointly Administered)
-----x

**ORDER, PURSUANT TO 11 U.S.C. §§ 105, 332, 363,
365, 503, AND 507 AND FED. R. BANKR. P. 2002, 6004, 6006, AND 9006,
APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS**

Upon the motion (the "Sale Motion"),¹ dated February 24, 2012, of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors")² for entry of orders under Bankruptcy Code sections 105(a), 332, 363, 365, 503, and 507, Bankruptcy Rules 2002, 6004, 6006, and 9006 and Local Rules 6004-1 and 6006-1 for entry of (i) an order (the "Bid Procedures Order") approving and authorizing the (a) Bidding Procedures, (b) Sale Notice, Auction, and Sale Hearing, (c) appointing a consumer privacy ombudsman, (d) assumption procedures and related notices and (e) the payment of the Expense Reimbursement; and (ii) an order (this "Order") approving the sale of substantially all of the Debtors' assets to the Buyer free and clear of all liens, claims, and encumbrances, other than the Assumed Liabilities (the "Sale"), and (a) enter into an asset purchase agreement, and (b) assume and assign to the Buyer certain executory contracts and unexpired leases in connection with such Sale; and the Court having entered an order on March 6, 2012 [Docket No. 109] (the "Bid Procedures Order") approving and authorizing the (a) Bidding Procedures, (b) Sale Notice, Auction, and Sale Hearing, (c) appointment of a consumer privacy ombudsman, (d) assumption procedures and related notices,

¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Sale Motion or, if not defined in the Sale Motion, as defined in the Asset Purchase Agreement by and among Forty-Three Eighty Company, and the Sellers named therein, dated April 9, 2012 (the "APA").

² The Debtors, together with the last four digits of each Debtor's federal tax identification number are: The Connaught Group, Ltd. (8384); Limited Editions for Her of Nevada LLC (7669); Limited Editions for Her of Branson LLC (8078); Limited Editions for Her LLC (2197); and WDR Retail Corp. (8865).

and (e) payment of the Expense Reimbursement; and the Court having entered a Stipulation and Agreed Order with Respect to Bid Procedures, Auction, and Sale Hearing on March 20, 2012 [Docket No. 130] (the “Stipulation”); and upon the Declaration of Michael A. O’Hara [Docket No. 189] and the Declaration of Maury Satin [Docket No. 190]; and the Statement of the Counsel for the Official Committee of Unsecured Creditors (the “Creditors’ Committee”) in Connection with the Sale Motion [Docket No. 188]; and the Report Of The Consumer Privacy Ombudsman [Docket No. 194] (the “Ombudsman Report”), and the Auction having been held on April 5, 2012 at which Forty-Three Eighty Company was selected as the Successful Bidder (the “Buyer”) pursuant to the Asset Purchase Agreement (the “APA”), a copy of which is annexed hereto as Schedule 1; the Court having reviewed and considered the Sale Motion and all relief requested therein, the objections thereto and statements of counsel and the evidence presented in support of the relief requested by the Debtors in the Sale Motion at a hearing before the Court on April 12, 2012 (the “Sale Hearing”); found that, after an extensive marketing process by the Debtors, the Buyer submitted the highest and best bid for the Assets; and, subject to the below with respect to the assumption and assignment of certain executory contracts and unexpired leases, adequate and sufficient notice of the Bidding Procedures, the APA, and all transactions contemplated thereunder and in this Order were given in the manner directed by the Court in the Bid Procedures Order; and all interested parties having been afforded an opportunity to be heard with respect to the Sale Motion and all relief related thereto; and it appearing that the Court has jurisdiction over this matter; and it further appearing that the legal and factual bases set forth in the Sale Motion and at the Sale Hearing establish just cause for the relief granted herein; and after due deliberation thereon; and good and sufficient cause appearing therefor, it is FOUND AND DETERMINED THAT:³

³ The findings and conclusions set forth herein constitute the Court’s findings of fact and conclusions of law

Jurisdiction, Final Order and Statutory Predicates

A. This Court has jurisdiction to hear and determine the Sale Motion pursuant to 28 U.S.C. §§ 157(b)(1) and 1334(a). This is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2)(A), (N) and (O).

B. The statutory predicates for the relief requested in the Sale Motion are Bankruptcy Code sections 105(a), 363, 365, 503, and 507, Bankruptcy Rules 2002, 6004, 6006, and 9006, and Local Rules 6004-1 and 6006-1.

C. This Order is intended as a final order within the meaning of 28 U.S.C. § 158(a). Notwithstanding Bankruptcy Rules 6004(h) and 6006(d), the Court expressly finds that there is no just reason for delay in the implementation of this Order, and expressly directs entry of this Order as set forth herein.

Notice of the Sale and Auction

D. The sale notice approved by the Bid Procedures Order (“First Sale Notice”) was served on the following parties (the “Sale Notice Parties”): (i) Counsel for Chase, Herrick, Feinstein LLP, 2 Park Avenue, New York, New York 10016 (Attn: Andrew C. Gold); (ii) Counsel for Citibank, Sills Cummis & Gross P.C., One Riverfront Plaza, Newark, New Jersey 07102 (Attn: Boris I. Mankovetskiy); (iii) Counsel for the Creditors’ Committee, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler); (iv) the Office of the United States Trustee for the Southern District of New York (the “U.S. Trustee”), 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Richard C. Morrissey); (v) all entities reasonably known to have expressed an interest in a transaction with

pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. All findings of fact and conclusions of law announced by the Court at the Sale Hearing in relation to the Sale Motion are hereby incorporated herein to the extent not inconsistent herewith. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

respect to the Assets during the past three (3) months; (vi) the attorneys general for all states in which the Assets are located and all taxing authorities having jurisdiction over any of the Assets, including the Internal Revenue Service; and (vii) all parties that have requested notice pursuant to Bankruptcy Rule 2002 [Docket No. 119].

E. The Debtors published notice of the Sale Motion, the time and place of the proposed Auction, the time and place of the Sale Hearing (as scheduled in the Bid Procedures Order), and the time for filing objections to the Sale Motion in *Women's Wear Daily* on March 12, 2012 [Docket No. 151].

F. On March 19, 2012, the court entered the Stipulation extending the Bid Deadline to March 30, 2012 at 5:00 p.m. (EDT), the Auction to April 5, 2012 at 10:00 a.m. (EDT), the Sale Hearing to April 12, 2012 at 10:00 a.m. (EDT) and all related deadlines. On March 21, 2012, Debtors filed and served the Notice of Adjournment of Bid Deadline, Auction and Sale in Connection with the Sale of Substantially all of the Debtors' Assets Free and Clear of Liens, Claims and Encumbrances on the Sale Notice Parties ("Adjourned Sale Notice" and, collectively with the First Sale Notice, the "Sale Notices").

G. The Sale Notices were reasonably calculated to provide all interested parties with timely and proper notice of the Sale and the Sale Hearing.

H. As evidenced by the affidavits of service previously filed with the Court, proper, timely, adequate, and sufficient notice of the Sale Motion, the Sale Hearing, the Sale, the Assumption Notices (defined herein), and the transactions contemplated thereby has been provided in accordance with the Bid Procedures Order, Bankruptcy Code sections 105(a), 363, and 365, and Bankruptcy Rules 2002, 6004, 6006, and 9006. The notices described above were good, sufficient, and appropriate under the circumstances, and no other or further notice of the

Sale Motion, the Sale Hearing, the Sale, and the Assumption and Assignment Procedures is or shall be required.

I. The disclosures made by the Debtors concerning the Sale Motion, the APA, the Sale, the Assumption and Assignment Procedures, and the Sale Hearing were good, complete, and adequate.

J. Notice of the sale of the Assets and the assumption and assignment of the Assumed Contracts and Assumed Leases, with a reasonable opportunity to object and be heard with respect to the Sale, the assumption and assignment of the Assumed Contracts and Assumed Leases and the Sale Motion and the related relief requested therein, has been afforded to all interested Persons and Entities, including the Sale Notice Parties.

Privacy Issues

K. The Court directed appointment of a Consumer Privacy Ombudsman ("Ombudsman") in the Bid Procedures Order. On March 21, 2012, the U.S. Trustee filed the Notice of Appointment of Consumer Privacy Ombudsman [Docket No. 142] appointing Todd B. Ruback as Ombudsman.

L. It has been represented to the Ombudsman by the Buyer that the Buyer: (i) will concentrate in the same business and market as Debtors; (ii) expressly agrees to be Debtors' successor-in-interest as to the Personally Identifiable Information ("PII"); (iii) agrees to be responsible for any violation of that policy following the date of purchase; and (iv) shall not disclose, sell, or transfer the PII to any third party in a manner inconsistent with Debtors' Privacy Policy.

M. On April 11, 2012, the Ombudsman submitted his recommendations to the Court in the Ombudsman Report [Docket No. 194], which are incorporated in the Consumer Privacy Ombudsman section herein.

Bidding Procedures

N. The procedures set forth in the Bidding Procedures Order were substantively fair to all parties. The Seller conducted the sale process, including the Auction, in accordance with the procedures set forth in the Bidding Procedures Order.

Good Faith of Buyer

O. The APA was negotiated, proposed and entered into by the Sellers and Forty-Three Eighty Company or its designee or assignee ("Buyer") without collusion, in good faith and from arms-length bargaining positions.

P. Neither the Debtors nor the Buyer have engaged in any conduct that would cause or permit the APA to be avoided under Bankruptcy Code section 363(n). Specifically, the Buyer has not acted in a collusive manner with any person. There is no insider relationship between the affiliates of the Buyer and the Debtors.

Q. The Buyer is purchasing the Assets, in accordance with the APA in good faith, and the Buyer is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code, and entitled to all of the protections afforded by such provision, and otherwise has acted in good faith in all respects in connection with this proceeding, in that: (i) the Buyer, in acquiring the Assets, recognized that the Seller was free to deal with other parties in interest; (ii) the Buyer in no way induced or caused the Chapter 11 filing of any of the Debtors; (iii) all payments to be made by the Buyer and other agreements entered into between the Buyer and the Debtors in connection with the Sale have been disclosed; (iv) the negotiation and execution of the APA was

in good faith and at “arm’s length;” and (v) the disclosure requirements of Local Rule 6004-1 have been satisfied;

R. Good, sound, and sufficient reasons and justifications for the authorization of the Sale pursuant to the APA have been established, and the entry into the APA as part of the Sale constitutes a valid, reasonable, and enforceable exercise of the Debtors’ sound business judgment and is in the best interests of the Debtors, their estates, their creditors, and all other parties-in-interest.

Highest and Best Offer

S. The APA constitutes the highest and best offer for the Assets and provides a greater recovery for the Debtors’ estates than would be provided by any other available alternative. The Debtors’ determination that the APA constitutes the highest and best offer for the Assets constitutes a valid and sound exercise of the Debtors’ business judgment. Approval of the Sale Motion and the APA, and the consummation of the transactions contemplated thereby, is in the best interests of the Debtors, their estates, their creditors, and other parties in interest.

T. The Creditors’ Committee was a full and active participant in the Sale process, including negotiating the terms of the APA, and the Creditors’ Committee has agreed with the Debtors’ determination that the APA constitutes the highest and best offer for the Assets.

No Fraudulent Transfer

U. The consideration provided by the Buyer pursuant to the APA (a) is fair and reasonable, (b) is the highest or best offer for the Assets, and (c) constitutes reasonably equivalent value and fair consideration under the Bankruptcy Code, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act, and any similar laws of any state or jurisdiction whose law is applicable to the sale. No other person or entity or group of entities has

offered to purchase the Assets for greater economic value to the Debtors' estates than the Buyer. Approval of the Sale Motion and the APA and the consummation of the transactions contemplated thereby is in the best interests of the Debtors, their estates, their creditors and other parties in interest.

V. The Buyer is not a mere continuation of the Debtors or their estates and there is no continuity of enterprise between the Buyer and the Debtors. The Buyer is not holding itself out to the public as a continuation of the Debtors. The Buyer is not a successor to the Debtors or their estates and the Sale does not constitute a consolidation, merger, or de facto merger of Buyer and the Debtors.

Validity of Transfer

W. Each Debtor (a) has all of the power and authority to execute and deliver the APA and all other documents contemplated thereby, (b) has all of the power and authority necessary to consummate the transactions contemplated by the APA, and (c) has taken all corporate action necessary to authorize and approve the APA and the consummation of the transactions contemplated thereby and by this Order. The Sale has been duly and validly authorized by all necessary corporate action. No consents or approvals, other than those expressly provided for in the APA, are required for the Debtors to consummate the Sale and the APA and the transactions contemplated thereby and by this Order.

X. The APA was not entered into for the purpose of hindering, delaying or defrauding creditors. Neither the Debtors nor the Buyer is entering into the transactions contemplated by the APA and by this Order fraudulently, for the purpose of making a statutory or common law fraudulent conveyance, or making a fraudulent transfer claim.

Y. The Debtors are the sole and lawful owners of the Assets. Subject to Bankruptcy Code sections 363(f) and 365(a), the transfer of the Assets, and of each of the Assets to the Buyer, in accordance with the APA will be, as of the Closing Date, a legal, valid, and effective transfer of the Assets, which transfer vests or shall vest the Buyer with all right, title, and interest of the Debtors to the Assets free and clear of (a) all liens and encumbrances relating to, accruing or arising any time prior to the Closing Date (collectively, “Liens”), and (b) all debts arising under, relating to, or in connection with any act of the Debtors or claims (as that term is defined in Bankruptcy Code section 101(5)), liabilities, obligations, demands, guaranties, interests and matters of any kind and nature, whether arising prior to or subsequent to the commencement of these cases, and whether imposed by agreement, understanding, law, equity or otherwise (including, without limitation, rights with respect to Claims (as defined below) and Liens (i) that purport to give to any party a right of setoff or recoupment against, or a right or option to effect any forfeiture, modification, profit-sharing interest, right of first refusal, purchase or repurchase right or option, or termination of, any of the Debtors’ or the Buyer’s interests in the Assets, or any similar rights, or (ii) in respect of taxes (collectively, as set forth in this clause (b), “Claims”), relating to, accruing or arising any time prior to the Closing Date, with the exception of the Assumed Liabilities.

Section 363(f) Is Satisfied

Z. The conditions of Bankruptcy Code section 363(f) have been satisfied in full; therefore, the Debtors may sell the Assets free and clear of any Liens, Claims and interests in the property.

AA. The Buyer would not have entered into the APA and would not consummate the transactions contemplated thereby if the Sale to the Buyer and the assumption of any Assumed

Liabilities by the Buyer were not free and clear of all Liens and Claims, other than the Assumed Liabilities. Unless otherwise expressly included in the definitions of “Assumed Liabilities” in the APA, the Buyer shall not be responsible for any Liens or Claims, including in respect of the following: (a) any labor or employment agreements; (b) any mortgages, deeds of trust and security interests; (c) intercompany loans and receivables between the Debtors; (d) any pension, welfare, compensation or other employee benefit plans, agreements, practices and programs, including, without limitation, any pension plan of any Debtor; (e) any other employee, workers’ compensation, occupational disease or unemployment or temporary disability related claim, including, without limitation, claims that might otherwise arise under or pursuant to (i) the Employee Retirement Income Security Act of 1974, as amended, (ii) the Fair Labor Standards Act, (iii) Title VII of the Civil Rights Act of 1964, (iv) the Federal Rehabilitation Act of 1973, (v) the National Labor Relations Act, (vi) the Worker Adjustment and Retraining Act of 1988, (vii) the Age Discrimination and Employee Act of 1967 and Age Discrimination in Employment Act, as amended, (viii) the Americans with Disabilities Act of 1990, (ix) the Consolidated Omnibus Budget Reconciliation Act of 1985, (x) state discrimination laws, (xi) state unemployment compensation laws or any other similar state laws, or (xii) any other state or federal benefits or claims relating to any employment with any of the Debtors or any of their respective predecessors; (f) any bulk sales or similar law; (g) any tax statutes or ordinances, including, without limitation, the Internal Revenue Code of 1986, as amended; and (h) any theories of successor liability.

BB. The Debtors may sell the Assets in accordance with the APA free and clear of all Liens and Claims against the Debtors, their estates or any of the Assets (except the Assumed Liabilities) because, in each case, one or more of the standards set forth in Bankruptcy Code

section 363(f)(1)-(5) has been satisfied. Those holders of Liens or Claims against the Debtors, their estates or any of the Assets who did not object, or who withdrew their objections, to the Sale or the Sale Motion are deemed to have consented to the Sale pursuant to Bankruptcy Code section 363(f)(2).

Adequate Notice

CC. Pursuant to the terms of the APA and the Bid Procedures Order, on March 6, 2012, the Debtors served the assumption notice approved by the Bid Procedures Order (“First Assumption Notice”) on counterparties to the Assumed Contracts and Assumed Leases [Docket Nos. 117-118 and 144]. After entry of the Stipulation, Debtors, on March 21, 2012, filed and served the Notice of Adjournment of (I) Sale and Potential Entry into Asset Purchase Agreement and (II) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale of Substantially all of the Debtors’ Assets (“Adjourned Assumption Notice”) on counterparties to the Assumed Contracts and Assumed Leases. On April 4, 2012, Debtors filed and served a Supplement to the Assignment Schedule of Certain Executory Contracts and Unexpired Leases Debtors May Assume and Assign in Connection with the Sale of Substantially All of the Debtors’ Assets [Docket No. 171] (the “Supplement Assumption Notice,” and collectively with the First Assumption Notice and Adjourned Assumption Notice, the “Assumption Notices”). At the conclusion of the Auction, the Debtors filed and served that certain *Notice of Successful Bidder* (the “Successful Bidder Notice”) which informed counterparties to the Assumed Contracts and Assumed Leases (i) the identity of the Successful Bidder, and (ii) the location and time of the Sale Hearing to the extent any such counterparty has an adequate assurance objection.

Compelling Circumstances for an Immediate Sale

DD. Good and sufficient reasons for approval of the APA and the Sale have been articulated. The relief requested in the Sale Motion is in the best interests of the Debtors, their estates, their creditors and other parties in interest by maximizing the value obtained from Assets. The Debtors have demonstrated both (a) good, sufficient and sound business purposes, reasons and justifications, and (b) compelling circumstances for the Sale other than in the ordinary course of business, pursuant to Bankruptcy Code section 363(b) before, and outside of a plan of reorganization, in that, among other things, the immediate consummation of the Sale is necessary and appropriate to maximize the value of the Debtors' estates and the Sale will provide the means for the Debtors to maximize creditor recoveries.

EE. To maximize the value of the Assets and preserve the viability of the business to which the Assets relate, it is essential that the Sale occur within the time constraints set forth in the APA. Time is of the essence in consummating the Sale.

FF. Given all of the circumstances of these chapter 11 cases and the adequacy and fair value of the Purchase Price, the proposed Sale constitutes a reasonable and sound exercise of the Debtors' business judgment and should be approved.

GG. The consummation of the Sale and the assumption and assignment of contracts and leases is legal, valid and properly authorized under all applicable provisions of the Bankruptcy Code, including, without limitation, Bankruptcy Code sections 105(a), 363(b), 363(f), 363(m), and 365 and all of the applicable requirements of such sections have been complied with in respect of the transaction; and it is therefore ORDERED THAT:

General Provisions

1. The relief requested in the Sale Motion is granted and approved to the extent provided herein, and the Sale contemplated thereby is approved.
2. All objections to the Sale Motion or the relief requested therein that have not been withdrawn, waived, or settled as announced to the Court at the Sale Hearing, by stipulation filed with the Court, or by representation by the Debtors in a separate pleading, and all reservations of rights included therein, other than with respect to proposed cure amounts associated with the assumption and assignment of Assumed Contracts and Assumed Leases in connection therewith, hereby are denied and overruled with prejudice.

Approval of the APA

3. The APA, the schedules attached thereto and made a part thereof, all other ancillary documents, and all of the terms and conditions thereof, hereby are approved. The Debtors and the Buyer may make amendments to the APA, the schedules attached thereto and made a part thereof, and all other ancillary documents, with the written consent of the Creditors' Committee, without further order of this Court; provided that all such amendments shall be filed with this Court and served on the U.S. Trustee prior to Closing.
4. Pursuant to Bankruptcy Code sections 363(b) and 363(f), the Debtors are authorized and empowered to take any and all actions necessary or appropriate to (a) consummate the Sale pursuant to and in accordance with the terms and conditions of the APA and this Order, (b) close the Sale as contemplated in the APA and this Order, and (c) execute and deliver, perform under, consummate, implement, and close fully the transactions contemplated by the APA and this Order, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the APA and this Order. The automatic stay

under Bankruptcy Code section 362 shall not apply to and otherwise shall not prevent the exercise or performance by any party of its rights or obligations under the APA and this Order, including, without limitation, with respect to any cash held in escrow pursuant to the provisions thereof or hereof. The automatic stay imposed by Bankruptcy Code section 362 is modified solely to the extent necessary to implement the preceding sentence and the other provisions of this Order.

5. This Order shall be binding in all respects upon the Debtors, their estates, all creditors of, and holders of equity interests in, the Debtors, any holders of Liens, Claims or other interests in, against or on all or any portion of the Assets (whether known or unknown), the Buyer and all successors and assigns of the Buyer, the Assets and trustees, if any, appointed at any time in any of the Debtors' chapter 11 cases or upon a conversion of such cases to chapter 7 cases under the Bankruptcy Code of any of the Debtors' cases. This Order and the APA shall inure to the benefit of the Debtors, their estates and creditors, the Buyer and the respective successors and assigns of each of the foregoing.

Transfer of the Assets

6. Pursuant to the terms of the APA and Bankruptcy Code sections 105(a), 363(b), and 363(f), the Debtors are authorized to transfer the Assets to the Buyer on the Closing Date, and such transfer shall constitute the legal, valid, binding, and effective transfer of such Assets and shall vest Buyer with all legal and equitable title to the Assets and, other than the Assumed Liabilities, such transfer shall be free and clear of all Liens, Claims and other interests of any kind or nature whatsoever, including but not limited to, successor or successor-in-interest liability and Claims in respect of the Excluded Liabilities, with all such Liens, Claims or other interests to attach to the net cash proceeds of the Sale, if any, ultimately attributable to the

property against or in which such Liens, Claims or interests are asserted, subject to the terms thereof, with the same validity, force and effect and in the same order of priority which such Liens, Claims or interests now have against the Assets, subject to any rights, claims and defenses the Debtors or their estates, as applicable, may possess with respect thereto. Upon the Closing, the Buyer shall take legal and equitable title to, and possession of, the Assets in accordance with the APA, subject only to the Assumed Liabilities.

7. Each Person, as defined in section 101(41) of the Bankruptcy Code and each Entity, as defined in section 101(15) of the Bankruptcy Code, in possession or control of some or all of the Assets on the Closing Date is directed to deliver possession of such Assets to the Buyer in accordance with the APA at the Closing. On the Closing Date, each of the Debtors' creditors is authorized and directed to execute such documents and take such actions as may reasonably be necessary to release its Liens, Claims, or other interests in the Assets, if any, as such Liens, Claims, or interests may have been recorded or may otherwise exist.

8. On the Closing Date, this Order shall be construed and shall constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Debtors' interests in the Assets. Each and every federal, state, and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA.

9. A certified copy of this Order may be filed with the appropriate clerk and/or recorded with the appropriate recorder or office to cancel any Liens and other encumbrances of record except those assumed as Assumed Liabilities.

10. If any Person or Entity that has filed statements or other documents or agreements evidencing Liens on, Claims against, or interests in, all or any portion of the Assets (other than

statements or documents with respect to the Assumed Liabilities) shall not have delivered to the Debtors prior to the Closing, after request therefor, in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and any other documents necessary for the purpose of documenting the release of all Liens, Claims, or other interests which the person or entity has or may assert with respect to all or any portion of the Assets, the Debtors hereby are authorized and directed, and the Buyer hereby is authorized, to execute and file such statements, instruments, releases and other documents on behalf of such person or entity with respect to the Assets.

11. This Order is and shall be effective as a determination that, on the Closing Date, all Liens, Claims or other interest of any kind or nature whatsoever existing as to the Assets prior to the Closing Date, other than the Assumed Liabilities, shall have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected. This Order is and shall be binding upon and govern the acts of all Persons and Entities, including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other Persons and Entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any lease, and each of the foregoing Persons and Entities is hereby directed to accept for filing any and all of the documents and instruments necessary and appropriate to consummate the transactions contemplated by the APA and this Order.

Prohibition of Actions Against the Buyer

12. Except for the Assumed Liabilities, or as otherwise expressly provided for in this Order or the APA, the Buyer shall not have any liability or other obligation of the Debtors arising under or related to any of the Assets. Without limiting the generality of the foregoing, and except as otherwise specifically provided herein or in the APA, the Buyer shall not be liable for any Claims against the Debtors or any of its predecessors or affiliates for actions taken or liabilities incurred prior to the Closing, and the Buyer shall not have successor or vicarious liabilities of any kind or character, including, but not limited to, under any theory of antitrust, environmental, successor or transferee liability, labor law, de facto merger, mere continuation, or substantial continuity, whether known or unknown as of the Closing Date, now existing or hereafter arising, whether fixed or contingent, whether asserted or unasserted, whether legal or equitable, whether liquidated or unliquidated, including, but not limited to, liabilities on account of warranties not assumed under the APA, intercompany loans and receivables between the Debtors, and any taxes arising, accruing or payable under, out of, in connection with, or in any way relating to the operation of any of the Assets prior to the Closing.

13. Except with respect to the Assumed Liabilities, or as otherwise expressly provided for in this Order or the APA, all Persons and Entities, including, but not limited to, all debt holders, equity security holders, governmental, tax and regulatory authorities, lenders, trade creditors, litigation claimants and other creditors, holding Liens, Claims or other interests of any kind or nature whatsoever against or in all or any portion of the Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, liquidated or unliquidated, senior or subordinate), arising under or out of, in connection with, or in any way relating to the Debtors, the operation of the Debtors' business prior to the Closing Date or the

transfer of the Assets to the Buyer in accordance with the APA and this Order, hereby are forever barred and estopped from asserting against the Buyer, its successors or assigns, and Buyer's property or the Assets, such Persons' or Entities' Liens or Claims against the Assets, including, without limitation, the following actions: (a) commencing or continuing in any manner any action or other proceeding against the Buyer, its successors, Affiliates (as defined in section 101(2) of the Bankruptcy Code), assets or properties; (b) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Buyer, its successors, Affiliates, or their assets or properties; (c) creating, perfecting, or enforcing any Lien or other Claim against the Buyer, its successors, Affiliates, their assets, or their properties; (d) asserting any setoff, right of subrogation, or recoupment of any kind against any obligation due the Buyer or its successors or Affiliates; (e) commencing or continuing any action, in any manner or place, that does not comply or is inconsistent with the provisions of this Order or other orders of the Court, or the agreements or actions contemplated or taken in respect thereof; or (f) revoking, terminating or failing or refusing to transfer or renew any license, permit or authorization to operate any of the Assets or conduct any of the businesses operated with the Assets. Notwithstanding the foregoing, the Debtors' estates and any successors in interest thereto are not precluded from objecting to any claims filed by the Affiliates or prosecuting causes of actions, if any, against the Affiliates. Notwithstanding the foregoing, nothing herein is intended or shall provide for the Debtors' estates or any successors in interest thereto with standing to prosecute any Avoidance Actions against the Affiliates.

14. All Persons and Entities hereby are forever prohibited and enjoined from taking any action that would adversely affect or interfere with the ability of the Debtors to sell and transfer the Assets to the Buyer in accordance with the terms of the APA and this Order.

15. The Buyer has and is providing substantial consideration under the APA for the benefit of the Debtors, their estates and creditors. The consideration provided and to be provided by the Buyer shall constitute valid and valuable consideration under the APA and the provisions thereof. The consideration provided by the Buyer for the Assets under the APA is fair and reasonable and the Sale payments made by the Buyer, and the transfer of the Assets pursuant to the APA and this Order, may not be avoided under section 363(n) of the Bankruptcy Code.

Assumed Contracts and Assumed Leases

16. Except as set forth herein and subject to the terms of the APA, the assumption by the Debtors of the Assumed Contracts and Assumed Leases set forth on Exhibit A to this Order and the assignment of such agreements to the Buyer upon the Closing, as provided for or contemplated by the APA, and as such agreements may be amended, modified or supplemented prior to such assumption and assignment, shall be, and hereby are, authorized and approved pursuant to sections 363 and 365 of the Bankruptcy Code. Each such Assumed Contract and Assumed Lease shall be deemed valid and binding and in full force and effect (as such Assumed Contract and Assumed Lease may have been amended, modified or supplemented prior to such assumption and assignment). Upon the Closing, in accordance with sections 363 and 365 of the Bankruptcy Code, the Buyer shall be fully and irrevocably vested in all right, title and interest of each Assumed Contract and Assumed Lease (as such Assumed Contract and Assumed Lease may have been amended, modified or supplemented prior to such assumption and assignment). The Debtors shall reasonably cooperate with, and take all actions reasonably requested by, the Buyer to effectuate the foregoing.

17. Pursuant to sections 365(b)(1)(A) and (B) of the Bankruptcy Code, and except as otherwise provided in this Order, the Buyer shall pay all amounts (the "Cure Amounts") on the

Closing Date, (i) required to be paid under section 365(b)(1)(A) or (b)(1)(B) of the Bankruptcy Code in order to assume and assign each Assumed Contract and Assumed Lease, or (ii) are due pursuant to order of the Bankruptcy Court or as agreed between the parties as a condition to assuming and assigning an Assumed Contract and Assumed Lease; provided, however, that timely filed objections to the Cure Amounts that are the subject of a dispute relating solely to the Cure Amount (the “Cure Objection”) shall be paid by the Debtors within two (2) business days of the effectiveness of a settlement or order of the Bankruptcy Court, as the case may be, with respect thereto; provided further, however, that to the extent any contract is not assumed by the Debtors, the Cure Amount associated with such contract shall not be paid.

18. If the Cure Objection cannot otherwise be resolved by the parties, the Court may hear such objection at such later date set by the Court. With respect to the unresolved Cure Objections, the Buyer shall reserve sufficient funds to pay the full associated Cure Amount related to the Sale until such time as there is a resolution among the parties or a final order of this Court determining the correct Cure Amount.

19. The Cure Amounts for each Assumed Contract and Assumed Lease shall be the amount set forth in the Cure Notice, or the amount set forth on the record of the Sale Hearing, or established by order of the Bankruptcy Court, as the case may be, and the non-debtor parties to the Assumed Contracts and Assumed Leases are forever bound by such Cure Amounts to the extent the Assumed Contracts and Assumed Leases are assigned to the Buyer. All defaults or other obligations under the Assumed Contracts and Assumed Leases arising before the Closing (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2)) of the Bankruptcy Code shall be deemed cured by payment of the Cure Amounts, and such payment shall discharge the Debtors’ obligation to: (i) cure any defaults

under the Assumed Contracts and Assumed Leases; and (ii) compensate, or provide adequate assurance that the Buyer will promptly compensate, any non-debtor party to any of the Assumed Contracts and Assumed Leases for any actual pecuniary loss resulting from any default under any of the Assumed Contracts and Assumed Leases.

20. Any provision in any Assumed Contract and Assumed Lease that purports to declare a breach, default or payment right as a result of an assignment or a change of control in respect of the Debtors is unenforceable, and all Assumed Contracts and Assumed Leases shall remain in full force and effect, subject only to payment of the appropriate Cure Amounts, if any. No sections or provisions of any Assumed Contract and Assumed Lease that purport to provide for additional payments, penalties, charges, or other financial accommodations in favor of the non-debtor third party to the Assumed Contracts and Assumed Leases shall have any force and effect with respect to the sale transaction and assignments authorized by this Order, and such provisions constitute unenforceable anti-assignment provisions under section 365(f) of the Bankruptcy Code and/or are otherwise unenforceable under section 365(e) of the Bankruptcy Code. No assignment of any Assumed Contract and Assumed Lease pursuant to the terms of the APA shall in any respect constitute a default under any Assumed Contract and Assumed Lease. The non-debtor party to each Assumed Contract and Assumed Lease shall be deemed to have consented to such assignment under section 365(c)(1)(B) of the Bankruptcy Code, and the Buyer shall enjoy all of the rights and benefits under each such Assumed Contract and Assumed Lease as of the Closing Date without the necessity of obtaining such non-debtor party's written consent to the assumption or assignment thereof.

21. Pursuant to sections 105(a), 363 and 365 of the Bankruptcy Code, all parties to the Assumed Contracts and Assumed Leases are forever barred and enjoined from raising or

asserting against the Buyer or the Debtors any assignment fee, default, breach or claim or pecuniary loss, or condition to assignment, arising under or related to the Assumed Contract and Assumed Lease existing as of the Closing or arising by reason of the Closing, except, with respect to the Buyer only, for any liabilities first arising after the Closing and being assumed by the Buyer under the APA.

22. The Debtors and their estates shall be relieved of any liability for any breach of any of the Assumed Contracts and Assumed Leases occurring from and after Closing, pursuant to and in accordance with section 365(k) of the Bankruptcy Code. Notwithstanding anything to the contrary herein, nothing in this order shall release or discharge the Debtors from any liability or obligation to the Buyer under the APA with respect to an Assumed Contract and Assumed Lease.

23. The contracts and leases listed on Exhibit B to this Order shall be deemed rejected pursuant to section 365 of the Bankruptcy Code as of the date of the Closing and Buyer shall incur no Carry Costs with respect to such contracts and leases, provided, however, to the extent that the Buyer continues to use, occupy or benefit under the terms of the rejected contract or lease the Buyer shall be liable for all associated costs and expenses and shall indemnify and hold harmless the Debtors' estates from all such costs and expenses.

24. For a period of sixty-five (65) days subsequent to Closing for executory contracts or until June 8, 2012 for unexpired leases (the "Designation Period"), the Buyer shall have the right to designate any or all of the contracts or leases listed on Exhibit C to this Order as a contract or lease to be assumed by the Debtors and assigned to the Buyer, provided, however, that the Debtors, upon written request of Buyer, may seek an extension of time to assume or reject the contracts or leases listed on Exhibit C or the Designation Period; provided, further, that

as part of the Buyer's Carrying Costs, the Buyer shall reimburse the Debtors or any successor thereto for costs and expenses of the Debtors or any successor thereto incurred in connection with seeking such extension, including, but not limited to, all costs and expenses incurred in connection with addressing objections to said extension. The Buyer shall pay the Carrying Costs on all contracts and leases listed on Exhibit C, including, but not limited to, all costs and expenses associated with requesting extensions as set forth herein, in accordance with the terms of the APA and this Order until such time as such contract or lease is designated and deemed to be assumed and assigned to Buyer or rejected as set forth in paragraph 25 below.

25. The Buyer shall promptly notify the Debtors if they seek to designate all or a portion of the contracts or leases set forth in Exhibit C to be assumed by the Debtors and assigned to the Buyer or rejected. Upon notification, the Debtors shall serve a notice to the counterparty to (i) such contract or lease that such contract or lease is being assumed and assigned to the Buyer (the "Designation Notice"), or (ii) to such rejected contract or lease that such contract or lease is being rejected (the "Rejection Notice"). The Designation Notice shall notify the relevant counterparty that: (a) such contract or lease has been designated to be an Assumed Contract or Lease under the terms of this Order, (b) the Cure Amount, (c) subject to paragraph 26 herein, absent an objection to such designation or the Cure Amount that is filed with this Court and served on: (i) Counsel for Debtors, Fulbright & Jaworski, L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for the Creditors' Committee, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler); and (iii) Counsel for Buyer, Thompson & Knight LLP, 900 Third Avenue, New York, New York 10022 (Attn: Ira L. Herman) and Neiger LLP, 151 West 46th Street, 4th Floor, New York, New York 10036 (Attn: Edward E. Neiger); within 7 days of the Designation

Notice (the "Designation Notice Period"), the Assumed Contract or Lease shall be deemed assumed and assigned to the Buyer pursuant to the terms of this Order as of the expiration of the Designation Notice Period. The Rejection Notice shall notify the relevant counterparty to the contract or lease that: (x) such contract or lease has been designated to be rejected under the terms of this Order (the "Rejection Notice"), (y) absent an objection to such designation that is filed with this Court and served on: (i) Counsel for Debtors, Fulbright & Jaworski, L.L.P., 666 Fifth Avenue, New York, New York 10103 (Attn: David L. Barrack); (ii) Counsel for the Creditors' Committee, Lowenstein Sandler, PC, 65 Livingston Avenue, Roseland, New Jersey 07068 (Attn: Bruce Buechler); and (iii) Counsel for Buyer, Thompson & Knight LLP, 900 Third Avenue, New York, New York 10022 (Attn: Ira L. Herman) and Neiger LLP, 151 West 46th Street, 4th Floor, New York, New York 10036 (Attn: Edward E. Neiger); within 7 days of the Rejection Notice (the "Rejection Notice Period"), the rejected contract or lease shall be deemed rejected pursuant to the terms of this Order as of the date of the Rejection Notice.

26. If no objection is filed within a Designation Notice Period or a Rejection Notice Period, an (i) Assumed Contract or Lease, subject to such notice, shall be deemed assumed and assigned pursuant to the terms of this Order and the Cure Amount shall be paid in accordance with the terms of this Order, and (ii) a rejected contract or lease shall be deemed rejected pursuant to the terms of this Order effective as of the date the Rejection Notice is filed on the Court's docket. If an objection is timely filed within the Designation Notice Period or the Rejection Notice Period and such objection is not promptly resolved by the parties, the Court will schedule a hearing to resolve such objection, provided, however, that only the parties that already objected to the Cure Amount (the "Objecting Parties") can maintain an objection to the Cure Amount as part of the objection to the Designation Notice, provided, further, however, that

all Objecting Parties can object to any unpaid amounts that are due after the Sale Hearing. The Objecting Parties are: (i) Canon Financial Services Inc., (ii) Emma Design Studio, (iii) HCW Development Company, LLC, (iv) GGP Limited Partnership and Rouse Properties Inc., and (v) Simon Property Group, Inc. Nothing herein or in the APA shall affect the rights of the Debtors, Creditor's Committee, the Buyer or the Objecting Parties regarding the Objecting Parties' contract or lease with the Debtors (collectively, the "Objecting Party Agreements"), all of which such rights are hereby preserved, including, without limitation, the right to seek, oppose or support (a) any assumption, assignment or rejection of the Objecting Party Agreements on any legal or factual basis, (b) adequate assurance of future performance, and (c) the estimation or assertion of any proposed cure amounts.

27. Any contract or lease that is listed on Exhibit C that is assumed and assigned to Buyer subsequent to Closing in accordance with this Order shall be deemed an Assumed Contract or Lease in accordance with the APA and all provisions of this Order governing Assumed Contracts and Assumed Leases shall apply to such contract or lease.

28. Notwithstanding anything contained herein or in the APA to the contrary, the following shall apply with respect the lease agreement dated April 22, 2003, between West 55th Street Building LLC (the "55th Street Landlord") and The Connaught Group, Ltd., one of the Debtors, for space on three floors at the building located at 423 West 55th Street, New York, NY 10019 (as the same may have been amended, modified, or supplemented from time to time, the "55th Street Lease"):

a. On the Closing Date, the Debtors shall assume and assign the 55th Street Lease to the Buyer pursuant to section 365 of the Bankruptcy Code. The parties shall execute such instruments of transfer with respect to the assignment of the 55th Street

Lease, if any, as the Buyer, the Debtors or the 55th Street Landlord may reasonably request. Notwithstanding anything contained herein or in the APA to the contrary, the Buyer shall not have the right to designate the 55th Street Lease for rejection during the Designation Period or at any time thereafter.

b. The parties have agreed that the amount required to cure all defaults under the 55th Street Lease as of April 12, 2012, is \$417,902.64 (the “55th Street Cure Amount”). The Buyer shall pay the 55th Street Cure Amount to the 55th Street Landlord by wire transfer on the Closing Date.

c. Upon the assumption and assignment of the 55th Street Lease to the Buyer, the \$360,528 cash security deposit maintained by the 55th Street Landlord pursuant to the 55th Street Lease (the “55th Street Security Deposit”) shall be deemed to have been deposited by Buyer, in its capacity as tenant, pursuant to the terms of the 55th Street Lease. The Debtors shall have no remaining interest in the 55th Street Security Deposit whatsoever. Buyer shall furnish a Form W-9 to the 55th Street Landlord on the Closing Date and such other documents as reasonably required by the 55th Street Landlord, if any, in connection with the transfer of the Security Deposit.

d. Upon the assumption and assignment of the 55th Street Lease to the Buyer and payment of the 55th Street Cure Amount, the Debtors and their estates shall be relieved of any liability for any breach of the 55th Street Lease occurring from and after Closing, pursuant to and in accordance with section 365(k) of the Bankruptcy Code.

Prepetition Lenders

29. The proceeds of the Sale that are to be paid on the Closing Date shall be paid as follows: (i) first, to JPMorgan Chase Bank, N.A. (“Chase”) and Citibank, N.A. (“Citibank” and,

collectively with Chase, the “Prepetition Lenders”) in satisfaction of their Pre-Petition Liens, and
(ii) second, to the Debtors’ estates.

Consumer Privacy Ombudsman

30. The Buyer is a “Qualified Buyer” as defined in the Ombudsman Report, and the Court approves the transfer of the PII from the Debtors to the Buyer subject to the conditions contained herein.

- a. Buyer agrees by declaration under the penalties of perjury or direct testimony, to be bound by and meet the standards established by the Privacy Policy in place at the time the PII was collected;
- b. Buyer agrees by declaration under the penalties of perjury or direct testimony that it shall adopt the Debtors’ Privacy Policy; agrees to be the Debtors’ successor-in-interest as to the PII; agrees to be responsible for any violation of that policy following the date of purchase; shall not disclose, sell, or transfer PII to any third party in a manner inconsistent with Debtors’ Privacy Policy; and that if the Buyer desires to modify that Privacy Policy in the future, it shall do so in consultation with the Ombudsman and as recommended at a minimum above, to ensure the integrity of the PII;
- c. The Debtors and Buyer agree to provide to the individuals who provided their PII to the Debtors with a written notice, sent to the last known email address, (or if no email address was previously provided to the Debtors or the email message is returned as undeliverable, to the last known physical address of those individuals), providing them with thirty (30) days to make an express choice to opt out of the transfer of their PII being transferred from the Debtors to the Buyer (“Choice Requirement”) (See the opt out notice created by the Ombudsman attached as Exhibit D to the Ombudsman Report).

31. The Buyer must file with the Court a declaration under the penalties of perjury or direct testimony that it has fully complied with the conditions imposed to protect the PII.

Other Provisions

32. The transactions contemplated by the APA and this Order are undertaken by the Buyer without collusion and in good faith, as that term is defined in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization

provided herein to consummate the Sale shall not affect the validity of the Sale, unless such authorization and such Sale are duly stayed pending appeal.

33. The Buyer is a good faith buyer within the meaning of section 363(m) of the Bankruptcy Code and, as such, is entitled to the full protection of section 363(m) of the Bankruptcy Code.

34. Without limiting the generality of the other provisions of this Sale Order, and to the extent provided by law, the Buyer, under no circumstances, shall be deemed to be a successor of the Seller. Accordingly, the Buyer shall have no successor or vicarious liabilities of any kind with respect to the Assets and all Persons and Entities hereby are enjoined from asserting any such claims against the Buyer.

35. Nothing contained in any plan of reorganization or liquidation, or order of any type or kind entered in (a) these chapter 11 cases, (b) any subsequent chapter 7 case into which any such chapter 11 case may be converted, or (c) any related proceeding subsequent to entry of this Order, shall conflict with or derogate from the provisions of the APA or the terms of this Order.

36. Pursuant to Bankruptcy Rules 7062, 9014, 6004(h) and 6006(d), this Order shall be effective immediately upon entry and the Debtors and Buyer are authorized to close the Sale immediately upon entry of this Order.

37. No bulk sales law or any similar law of any state or other jurisdiction applies in any way to the Sale.

38. The failure specifically to include any particular provision of the APA in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the APA be authorized and approved in its entirety; provided, however, that this Order

shall govern if there is any inconsistency between the APA (including all ancillary documents executed in connection therewith) and this Order. Likewise, all of the provisions of this Order are nonseverable and mutually dependent.

39. The Court shall retain jurisdiction to, among other things, interpret, implement, and enforce the terms and provisions of this Order and the APA, all amendments thereto and any waivers and consents thereunder, and each of the agreements executed in connection therewith to which the Debtors are a party, or which has been assigned by the Debtors to the Buyer in accordance with the APA, and to adjudicate, if necessary, any and all disputes concerning or relating in any way to the Sale, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Assets to Buyer in accordance with the APA; (b) interpret, implement and enforce the provisions of this Order; (c) protect Buyer against any Liens or Claims against the Sellers or the Assets of any kind or nature whatsoever, with such Liens or Claims attaching to the proceeds of the Sale; and (d) enter any orders under section 363 and 365 of the Bankruptcy Code with respect to the Assumed Contracts.

40. Any amounts payable by the Debtors under the APA or any of the documents delivered by the Debtors in connection with the APA (i) shall be paid in the manner provided in the APA and the Bid Procedures Order, without further order of this Court, (ii) shall be allowed administrative claims in an amount equal to such payments in accordance with Bankruptcy Code sections 503(b) and 507(a)(2), (iii) shall have the other protections provided in the Bid Procedures Order, and (iv) shall not be discharged, modified, or otherwise affected by any reorganization plan for the Debtors, except by an expressed agreement with Buyer, its successors, or assigns.

41. All time periods set forth in this Order shall be calculated in accordance with Bankruptcy Rule 9006(a).

42. To the extent that this Order is inconsistent with any prior order or pleading with respect to the Sale Motion in these chapter 11 cases, the terms of this Order shall govern.

Dated: April __, 2012
New York, New York

THE HONORABLE STUART M. BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

Schedule 1

Asset Purchase Agreement

Exhibit A

Executory Contracts and Unexpired Leases to be Assumed

Executory Contracts and Unexpired Leases to be Assumed

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
West 55th St Building LLC C/O Winter Management	Agreement Of Lease - West 55th Street Building Llc To The Connaught Group, Ltd., 423 West 55th Street, New York, New York Together With All Amendments	\$417,902.64

Exhibit B

Executory Contracts and Unexpired Leases to be Rejected

Executory Contracts and Unexpired Leases to be Rejected

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
Trigon Corporation (as successor-in-interest to Arbus Corporation N.V.)	Agreement of Lease - Arbus Corporation N.V. with William Rondina, Inc.	\$475,943

Exhibit C

Executory Contracts and Unexpired Leases Reserved for Decision

Executory Contracts and Unexpired Leases Reserved for Decision

(Buyer and Debtors expressly reserve the right to assert that a scheduled agreement is not an executory contract or unexpired lease within the meaning of section 365 of the Bankruptcy Code and that any such agreement is not amenable to assumption or rejection under section 365 of the Bankruptcy Code)

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
AT&T	415 677-0847 497 7	\$0
AT&T	415 677-0847 497 7	\$0
AT&T	713 244-0500 365 6 972 385-7333 281 4	\$1,201
AT&T	No Activity	\$0
AT&T	030 514 1705 001	\$253
AT&T	No Activity	\$0
AT&T Mobility	512013440139	\$299
AT&T Mobility	287236830958 823874646 512013440139 821890959	\$323
AT&T Mobility (Foundation Acct)	287020002460	\$0
Bottomline Technologies	CFICON005	\$0
Brightstack Technologies LLC	Invoice #: 11157 Invoice #: 11288 Invoice #: 11318 Invoice #: 9960 Invoice #: 9707 Invoice #: 10908 Invoice #: 10489 Invoice #: 10100	\$0
Computer Keys	Invoice #: I538H	\$0
Drv Technologies, Inc.	CONNA	\$0

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
Earthlink Inc.	1343945 3864318 5010867 3925709	\$8,518
Gerber Scientific Int'l, Inc.	No Activity	\$0
Gerber Technology, Inc.	8000061109	\$3,727
Glance	Invoice #: 1268620311	\$0
Google Ad Words	AMEX 19316386 AMEX 18832847	\$0
Goto Meeting	AMEX 24284974SU9	\$0
Gumbo Software, Inc.	8591	\$0
Hawkeye Information Systems, Inc.	19918	\$0
Lansa	Invoice #: 0035271	\$0
Laservault	1213415	\$0
IBM	1448776-00/4	\$881
IBM		\$0
Lawson Software - USA	Customer ID: 1847	\$0
Microcomputer Consulting Group	Project ID: CAR02:CON RET	\$0
Midatlantic Telecom, Inc.	25685	\$773
Midrange Solutions, Inc.	APCYHN	\$0
New York Laser Pros, Inc.	Invoice #: 3114 Invoice #: 3146	\$2,026
Pro Data Computer Services, Inc.	13757	\$0
Ron Lynn Management Consultant	Invoice #: 38494	\$4,267
T.L. Ashford & Associates	Invoice #: 21117408	\$0
Tamco Capital Corporation	No Activity	\$0

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
Tamco Financial Services	007430374	\$0
Time Warner Cable Of NYC	No Activity	\$0
Time Warner Cable Of NYC	8150200070534125 8150200070578684	\$795
Time Warner Of NYC	No Activity	\$0
Towerstream	10185	\$0
Verizon	000954779142 79Y	\$12
Verizon	000210600835 87Y	\$448
Verizon	212 M18-0001525	\$0
Verizon	212 Q60 4106 855 74 8	\$4,892
Verizon	6902004856	\$114
Verizon Business	14415 X25	\$1,283
Verizon Business	No Activity	\$0
Verizon Communications	6060004367	\$226
Verizon Wireless	982412583-00001	\$16,877
Vision Solutions	77202	\$0
A&A Maintenance Enterprise, Inc.	CONNAU283	\$1,553
ADT Security Services Canada	82 00910437	\$1,964
ADT Security Systems	01200 187740087 01200 194205193 01200 187728648 01200 162510477 01200 187737580 01200 187735568 01200 187726302 01200 187728648 01200 194204375 01200 108919042	\$4,715
ADT Security Systems PR, Inc.	No Activity	\$0
Allstate Sprinkler Corp.	Invoice #: MO 254426	\$517

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
Arista Air Conditioning Corp.	Invoice #: 100361 Invoice #: 100360	\$16,387
Cablevision Of Connecticut	07808-530567-02-6	\$110
Canon Business Solutions - East	No Activity	\$0
Canon Business Solutions - NE	215276 871368	\$1,022
Canon Financial Service, Inc.	173845	\$4,069.90
Century Business Solution	NY2630	\$0
CIT Commercial Services	No Activity	\$0
CIT Technology Fin Serv, Inc.	900-0136804-000 900-0144429-000 900-0148576-000 900-0133758-000	\$2,052
Citysafe, Inc.	No Activity	\$0
Citywide Fire Services, Inc.	Invoice #: 8212	\$0
Coffee Distributing Corp.	16452 16687 2577 1530 7164 31956	\$6,228
Con Edison	29-9021-0015-0000-4 44-6209-0466-0001-0 44-6209-0470-5004-1 44-6209-0472-0000-0 44-6209-0473-0003-2	\$11,390
Connecticut Light & Power	51630305084	\$1,793
Connecticut Natural Gas Corp.	91802-58270	\$183
Defender Security Services, Inc.	455	\$13,223
E-Z Pass Customer Service Center	81615631	\$0
Finocchio Carting Of Greenwich, Inc.	Invoice #: 465774	\$473
GE Capital	90136078545 90136122307	\$4,117
GE Capital	90136078545	\$0
GE Capital Comm Serv, Inc.	No Activity	\$0

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
GE Capital Finance SpA	No Activity	\$0
Glance Networks	Invoice #: 1268620311	\$0
High Rise Fire Protection Corp.	Quotation #: 19943	\$0
Honeywell	No Activity	\$0
Mr.T Carting Corp.	01-0070918	\$1,768
Pitney Bowes	21447554862	\$4,341
Pitney Bowes	21462244860	\$4,341
Pitney Bowes	0257535 5671814	\$847
Progressive Pest Control	2946 2602 4823 100830	\$505
The CIT Group (Picchi S.P.A)	No Activity	-\$53
The CIT Group Commercial Svc.	No Activity	\$0
The CIT Group/Commercial Svc.	No Activity	\$0
Quench	015-4759430-004	\$0
Quench USA, Inc.	015-4759430-003	\$2,613
Quench USA, Inc.	015-4759430-001	\$261
Select Exterminating Co.	Work order #: 638107 Invoice #: 620043	\$2,205
9217-0935 Quebec, Inc.	Invoice # 0022 Invoice #: 0023	\$11,900
DMX Music	143694	\$2,328
Vonage	866-243-4357	\$0
283 Greenwich Ave Co., LLC	Lease	\$6,351
St. Paul Properties, Inc.	Office Lease	\$187
Interra Properties	Office Lease	\$868
Henry Modell & Company, Inc.	Lease	\$315,669
Talisman LV Fashion	Shopping Center Lease	\$49,403
Simon/Chelsea Las Vegas Development L.L.C	Assignment, Assumption and Consent Agreement	\$35,683

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
CPG Partners, L.P.	Lease	\$30,478
GGP Meadows Mall, LLC Meadows Mall	Meadows Mall	\$45,519
Boca Fashion Village, LLC	Lease	\$43,812
Boulevard Associates	The Boulevard Mall	\$16,405
GGP, Inc. Fashion Show Mall LLC	License Agreement - Fashion Show	\$15,390
HCW Development Company, L.L.C.	Branson Landing, Branson, Missouri Shopping Center Lease	\$24,849
CPG Partners, L.P.	CPG Partners, L.P. Landlord to The Connaught Group, LTD, a Delaware Corporation d/b/a Limited Editions for Her, Tenant - Lease	\$32,953
First Data	41328140132	\$0
	41328140066	
	41328140108	
	41328140124	
	41328140074	
	41328140090	
	41328140025	
	41328140033	
	41330170002	
	41328140157	
	41328140140	
United Bank Card	0009861800	\$0
National Processing Company	680001012714155	\$0
USA Epay/Axia/Shop Igniter	7641110042402347	\$0
Sprint	830428894	\$56
International Environmental Resources	3291220	\$627
One Communications	00000005010867	\$224
Empire District	091902-05-6	\$2,583
Allied Waste	3-0625-0063689	\$0

<u>Counterparty</u>	<u>ID Number / Reference</u>	<u>Cure Amount</u>
Rathbone Studio Ltd.	Invoice #: 657 Invoice #: 683 Invoice #: 684 Invoice #: 721 Invoice #: 722 Invoice #: 723 Invoice #: 724	\$372,547
Emma Design Studio	LLC Website and Server Use	\$118,891.36