

EXHIBIT A
PROPOSED ORDER

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
)	
UBI Liquidating Corp., <u>et al.</u>,¹)	Case No. 10-13005 (KJC)
)	
Debtors.)	Jointly Administered
)	
)	Re: Docket No. ___

**ORDER AUTHORIZING AND APPROVING THE SETTLEMENT
AGREEMENT AMONG THE DEBTORS, THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS AND ASHLEY STEWART HOLDINGS, INC.,
NEW ASHLEY STEWART, INC., AND AS IP HOLDINGS, INC.**

*This matter coming before the Court on the **Joint Motion of the Debtors and the Official Committee of Unsecured Creditors Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019 for an Order Authorizing and Approving the Settlement Agreement Among the Debtors, the Official Committee of Unsecured Creditors and Ashley Stewart***

¹ The debtors in these cases, along with the last four digits of the federal tax identification number for each of the Debtors, are UBI Liquidating Corp. (3678), 100% Girls Ltd. (4150), 100% Girls of Georgia, Inc. (4159), 100% Girls of New York, Inc. (2149), 100 Percent Girls of New Jersey, Inc. (4167), A.S. Interactive, Inc. (3472), ASL Liquidating Corp. (4541), Ashley Stewart Apparel Corporation (4049), Ashley Stewart Clothing Company, Inc. (4051), ASMCI Liquidating Corp. (4053), ASWL Liquidating Corp. (4152), ASIL 6, Inc. (3996), ASNJ 10, Inc. (4004), Carraizo Alto Apparel Corporation (4651), Church Street Retail, Inc. (5954), Kid Spot Ltd. (2585), Kidspot of Delaware, Inc. (2596), Kidspot of Illinois, Inc. (2606), Kidspot of Michigan, Inc. (2603), Kidspot of New Jersey, Inc. (2601), Kidspot of Ohio, Inc. (4705), Kidspot of Pennsylvania, Inc. (2599), Kidspot of Texas, Inc. (3809), Large Apparel of Alabama, Inc. (0624), Large Apparel of California, Inc. (2129), Large Apparel of Connecticut, Inc. (5161), Large Apparel of District of Columbia, Inc. (8613), Large Apparel of Florida, Inc. (2209), Large Apparel of Georgia, Inc. (3894), Large Apparel of Illinois, Inc. (4650), Large Apparel of Indiana, Inc. (4055), Large Apparel of Louisiana, Inc. (3790), Large Apparel of Maryland, Inc. (5158), Large Apparel of Michigan, Inc. (9420), Large Apparel of Mississippi, Inc. (5913), Large Apparel of Missouri, Inc. (2135), Large Apparel of New Jersey, Inc. (5157), Large Apparel of New York, Inc. (5956), Large Apparel of North Carolina, Inc. (8611), Large Apparel of Ohio, Inc. (3815), Large Apparel of Pennsylvania, Inc. (4057), Large Apparel of South Carolina, Inc. (2029), Large Apparel of Tennessee, Inc. (3895), Large Apparel of Texas, Inc. (3787), Large Apparel of Virginia, Inc. (2809), Large Apparel of Wisconsin, Inc. (3898), Marianne Ltd. (3940), Marianne USPR, Inc. (2193), Marianne VI, Inc. (2206), Metro Apparel of Kentucky, Inc. (7533), Metro Apparel of Massachusetts, Inc. (1367), The Essence of Body & Soul, Ltd. (4165), UACONJI Liquidating Corp. (2976), UACONYI Liquidating Corp. (4103), and UBTHC Liquidating Corp. (5909). The Debtors' corporate offices are located at 100 Metro Way, Secaucus, New Jersey 07094.

Holdings, Inc., New Ashley Stewart, Inc., and AS IP Holdings, Inc. (the “Motion”);² the Court having reviewed the Motion; the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (c) notice of this Motion having been provided to, inter alia, the Office of the United States Trustee for the District of Delaware; counsel to the Committee; New Ashley Stewart; and all parties who have timely filed requests for notice under Bankruptcy Rule 2002(i), (d) the proposed settlement is fair and equitable, provides substantial benefits to the Debtors’ estates and is well above the lowest point in a range of reasonableness, and (e) the proposed settlement was reached with the advice of competent and experienced professionals for the Debtors, New Ashley Stewart and the Committee; and the Court having determined that due notice of the Motion and hearing has been given and no other or further notice need be given, and that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors and their estates; and after due deliberation and sufficient cause appearing therefor,

NOW THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED.
2. The Settlement Agreement attached hereto as Exhibit 1 is authorized and approved.
3. The failure to specifically include any particular provisions of the Settlement Agreement in the Order shall not diminish or impair the effectiveness of such

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

provisions, it being the intent of the Court that the Settlement Agreement be authorized and approved in its entirety.

4. The Debtors, their officers, employees and agents, are authorized to take or refrain from taking such acts as are necessary and appropriate to implement and effectuate the relief granted herein.

5. This Court shall retain jurisdiction over all matters arising from or related to the interpretation and implementation of this Order, and all matters relating to or arising in Connection with the Settlement Agreement.

Dated: _____, 2011
Wilmington, Delaware

THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

SETTLEMENT AGREEMENT

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT (this "Agreement") is hereby entered into as of August 4, 2011, by and among UBI Liquidating Corp., a Delaware corporation formerly known as Urban Brands, Inc., each of its subsidiaries signatory hereto (the "Selling Entities"), Ashley Stewart Holdings, Inc., a Delaware corporation and a successor in interest to New Ashley Stewart LLC, a Delaware limited liability company, New Ashley Stewart, Inc., a Delaware corporation ("New Ashley Stewart"), AS IP Holdings, Inc., a Delaware corporation, and the Official Committee of Unsecured Creditors (the "Committee") appointed in the Bankruptcy Case (as defined in the Asset Purchase Agreement (as defined herein)). Capitalized terms used but not defined herein shall have the meanings ascribed to them in that certain Amended and Restated Asset Purchase Agreement, dated as of October 27, 2010 (the "Asset Purchase Agreement"), by and among Urban Brands, Inc., a Delaware corporation, each of the subsidiaries listed on Schedule I of the Asset Purchase Agreement, and New Ashley Stewart LLC, a Delaware limited liability company.

WHEREAS, the parties hereto desire to fully and finally settle certain post-Closing Date obligations among the parties to the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, each intending to be legally bound, agree as follows:

1. The chart attached hereto as Exhibit 1 represents the amounts agreed among the parties hereto with respect to certain post-Closing Date obligations and other amounts owing among the Selling Entities, Buyer and the Buyer Designees and, except as expressly set forth herein, any and all Claims among the parties hereto relating to the matters described on Exhibit 1 shall be fully and finally resolved pursuant to the terms and conditions of this Agreement. For purposes hereof, the term "Claims" means all past, present or future claims (including, without limitation, "claims" as defined in Section 101(5) of the Bankruptcy Code, contract claims, malpractice claims and claims under any Law governing the purchase and sale of, or indentures for, securities), suits, causes of action, and any other rights, rights to payment, including rights of reimbursement, whether or not such rights are reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, known or unknown.

2. The parties hereto agree that in respect of the items described on Exhibit 1 (including in respect of the Transition Services (as defined herein)) the Selling Entities owe to Buyer and New Ashley Stewart, collectively, the amount of \$644,764.00 (the "Settlement Amount"). For the avoidance of doubt, all (x) post-Petition utility deposits owing to the Selling Entities and (y) restricted cash owing to the Selling Entities in respect of letters of credit shall be retained by the Selling Entities.

3. Notwithstanding anything contained herein or in the Asset Purchase Agreement:

- a. the Selling Entities and New Ashley Stewart shall, no later than December 31, 2011, reconcile all amounts owing by the Selling Entities to New Ashley Stewart for all incurred but not previously reported (IBNR) claims for patient dates of service relating to the

period beginning on September 21, 2010 through and including October 28, 2010 that (i) are made by persons who are or were employees of the Selling Entities, (ii) are timely and properly submitted by October 28, 2011, and (iii) have been discharged by New Ashley Stewart;

- b. the Selling Entities and the Committee agree that any Plan of Reorganization or Plan of Liquidation that may be filed by the Selling Entities with the Bankruptcy Court as part of the Bankruptcy Case shall include a reference to this Agreement expressly stating that the parties hereto reached this Agreement and shall provide for a mechanism through which the Selling Entities' obligations hereunder shall be satisfied, including, as applicable, the establishment of a sufficient reserve;
- c. upon receipt by the Selling Entities or New Ashley Stewart, as applicable, after the date hereof of amounts that were intended to be paid to the other party (including, without limitation, receipt by New Ashley Stewart of any insurance or tax refunds that are Excluded Assets), the receiving party shall promptly, and in any event no later than fifteen (15) days after receipt, remit such amounts to the intended party by wire transfer of immediately available funds to an account designated in writing by the intended party; and
- d. in the event that the Selling Entities or New Ashley Stewart, as applicable, inadvertently pays an amount to a third party that was actually owing by the other party hereto, the paying party shall promptly notify the other party of such payment, and the other party shall promptly, and in any event, no later than fifteen (15) days after receipt, remit such amounts to the paying party by check or wire transfer of immediately available funds to an account designated in writing by the paying party; *provided, however*, that the Selling Entities shall only be required to remit funds to New Ashley Stewart pursuant to this paragraph 3(d) if the Selling Entities and the Committee reasonably determine that New Ashley Stewart inadvertently paid all or a portion of an administrative claim of the Selling Entities which Buyer was not otherwise required to pay pursuant to this Agreement or the Purchase Agreement, and which paid portion is valid, outstanding and not subject to dispute.

4. Transition Services.

- a. To facilitate the orderly winding-down of the Selling Entities' estates, and in complete satisfaction of the obligations of Buyer and Buyer Designees under Section 7.2(c) of the Asset Purchase Agreement, New Ashley Stewart agrees to provide to the Selling Entities those transition services described on Exhibit 4(a) hereto that are requested by the Selling Entities (the "Transition Services"), effective for the term beginning on January 1, 2011 and, except where expressly set forth as having a longer duration in the

Transition Services themselves, ending on April 30, 2012 or such other date as may be agreed by New Ashley Stewart and the Selling Entities in writing. The Selling Entities and New Ashley Stewart understand and agree that Exhibit 4(a) may be amended from time to time to deal with unanticipated circumstances, and the Selling Entities and New Ashley Stewart agree to cooperate in good faith to facilitate any such amendments. For the avoidance of doubt, Transition Services do not include the preparation or filing of tax returns for any of the Selling Entities, but do include providing information and reasonable assistance in the preparation of supporting work papers and in the preparation and filing of returns past due as of the execution date of this Agreement and extension requests for the fiscal year 2010 returns, together with calendar year 2011 payroll tax returns. The termination of the Transition Services shall not relieve New Ashley Stewart of its obligations under Sections 7.2(b) and 7.2(d) of the Asset Purchase Agreement, as set forth in paragraph 7 of this Agreement.

- b. New Ashley Stewart shall provide the Transition Services as expeditiously as practicable; *provided* that such Transition Services do not unduly interfere with New Ashley Stewart's business operations. It shall be within New Ashley Stewart's sole discretion to determine which New Ashley Stewart employees shall perform the Transition Services and to allocate such resources as New Ashley Stewart determines to be necessary to perform the Transition Services in accordance with the terms of this Agreement. Notwithstanding the foregoing, in the event that the Selling Entities reasonably determine that New Ashley Stewart is not providing the Transition Services at such standards as the Selling Entities believe to be appropriate under the circumstances, the Selling Entities shall so notify New Ashley Stewart and New Ashley Stewart shall have ten (10) Business Days to adjust its performance of the Transition Services. If New Ashley Stewart fails to adjust its performance of the Transition Services within such ten (10) Business Day period, then either party may petition the Bankruptcy Court to adjudicate the matter.
- c. All requests for Transition Services and for access to premises owned, operated or leased by New Ashley Stewart shall be delivered by the Selling Entities in writing (which writing may be via e-mail) to Mike Abate (e-mail: mabate@ashleystewart.com); requests not delivered in accordance with this paragraph shall not be honored. The Selling Entities shall not be granted access to any of the stores operated by New Ashley Stewart.
- d. If the Selling Entities request Transition Services which, in the ordinary course of New Ashley Stewart's business consistent with past practice, would primarily be performed by third-party service providers ("Third-Party Transition Services"), New Ashley Stewart shall inform the Selling Entities and the Committee that such Third-Party Transition Services require the services of third parties. If a

dispute arises as to whether the requested Transition Services are in fact Third Party Transition Services, either party may petition the Bankruptcy Court to adjudicate the matter. New Ashley Stewart shall be under no obligation to provide the requested Third Party Transition Services and to engage a third party to provide such Third Party Transition Services unless and until New Ashley Stewart receives (i) the prior written consent of (x) the Selling Entities and the Committee or (y) the Bankruptcy Court, and (ii) advance payment from the Selling Entities for the full amounts of such Third-Party Transition Services. Notwithstanding the foregoing, if New Ashley Stewart agrees to provide Third Party Transition Services in advance of the satisfaction of the foregoing conditions, it shall be entitled to reimbursement in respect thereof pursuant to the provisions of paragraph 3(d) following receipt of consent from the Selling Entities and the Committee, which consent shall not be unreasonably withheld, delayed or denied. New Ashley Stewart may engage such third parties as it deems to be appropriate under the circumstances to provide Third Party Transition Services.

- e. The Selling Entities shall, within thirty (30) days of the date hereof, remove Michael Abate as an authorized signatory on the Selling Entities' bank accounts.
- f. NOTWITHSTANDING ANYTHING SET FORTH HEREIN TO THE CONTRARY, EXCEPT WITH RESPECT TO CLAIMS ARISING OUT OF NEW ASHLEY STEWART'S FRAUD, GROSS NEGLIGENCE OR VIOLATION OF LAW, THE AGGREGATE AMOUNT OF DAMAGES FOR WHICH NEW ASHLEY STEWART AND ITS AFFILIATES SHALL BE LIABLE IN CONNECTION WITH THE TRANSITION SERVICES SHALL NOT EXCEED THE PRO RATED AMOUNT OF THE COST OF THE TRANSITION SERVICES AS IDENTIFIED ON EXHIBIT 1. IN NO EVENT SHALL NEW ASHLEY STEWART OR ANY OF ITS AFFILIATES BE LIABLE FOR ANY DAMAGES CAUSED BY THE SELLING ENTITIES' OR THE COMMITTEE'S FAILURE TO PERFORM ANY OF THEIR RESPECTIVE OBLIGATIONS UNDER THIS AGREEMENT.

5. Except as otherwise provided in this Agreement, effective upon Court approval of this Agreement, each of Buyer and the Buyer Designees shall release and forever discharge the Selling Entities, the Committee, and each of their respective officers, directors, shareholders, administrators, members, successors, assigns and legal representatives of and from any and all debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages and any and all claims, demands and liabilities whatsoever in law, in equity, or otherwise, that such Buyer or Buyer Designee now has or has ever had, arising under or in connection with the Asset Purchase Agreement and the transactions described therein, and Buyer and Buyer Designees shall not take any action or consent to aid, solicit, support, or otherwise cooperate with any action, except as required by Law, which is likely to result in the modification of the transactions contemplated by this Agreement, without the prior written consent of the Selling Entities, which consent may be withheld or

delayed in their sole discretion. The foregoing provisions of this paragraph 5 shall have no effect on the liability of any Selling Entity that results from any act or omission that is determined by a final, non-appealable Order to have constituted willful misconduct, fraud or criminal conduct on the part of such Selling Entity.

6. Except as otherwise provided in this Agreement, effective upon Court approval of this Agreement, each Selling Entity and the Committee shall release and forever discharge the Buyer and Buyer Designees and each of their respective Affiliates, and each of their respective officers, directors, shareholders, administrators, successors, assigns and legal representatives of and from any and all debts, demands, actions, causes of action, suits, accounts, covenants, contracts, agreements, damages and any and all claims, demands and liabilities whatsoever in law, in equity, or otherwise, that such Selling Entity now has or has ever had, arising under or in connection with the Asset Purchase Agreement and the transactions described therein, including any obligations of the Buyer and Buyer Designees under Section 2.3(c) of the Asset Purchase Agreement (*provided* that if Buyer or Buyer Designees are obligated to make a payment pursuant to Section 10(h), then the release with respect to Section 2.3(c) of the Asset Purchase Agreement shall take effect only after such payment has been made), and neither the Selling Entities nor the Committee shall take any action or consent to aid, solicit, support, or otherwise cooperate with any action, except as required by Law, which is likely to result in the modification of the transactions contemplated by this Agreement, without the prior written consent of Buyer and the Buyer Designees, which consent may be withheld or delayed in their sole discretion. The foregoing provisions of this paragraph 6 shall have no effect on the liability of Buyer or any Buyer Designee that results from any act or omission that is determined by a final, non-appealable Order to have constituted willful misconduct, fraud or criminal conduct on the part of such Buyer or Buyer Designee.

7. Notwithstanding the foregoing releases, nothing in this Agreement shall be deemed to excuse the future performance by the Selling Entities of the obligations contained in Sections 2.1, 2.5, 7.2(d), 7.4(b), 7.4(d), 7.7(d), 7.7(g), 7.8, 7.13, 7.15, 7.16, 7.18, and 7.20 of the Asset Purchase Agreement.

8. In connection with the releases granted herein, each party hereto hereby waives, to the extent applicable, all rights conferred by the provisions of California Civil Code Section 1542 (or any similar law, statute, rule or doctrine under any other jurisdiction) which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE OTHER PARTIES.

Each party understands and acknowledges the significance and consequence of their waiver of § 1542 of the California Civil Code (or any similar law, statute, rule or doctrine under any other jurisdiction), and acknowledges that this waiver is a material inducement to and consideration for each party's execution of this Agreement; *provided, however*, the provisions of this paragraph shall not discharge any obligation of any party that has been undertaken or imposed by the express terms of this Agreement.

9. In furtherance of the releases set forth in this Agreement, the parties hereto agree and acknowledge that Buyer and Buyer Designees have:

- a. identified as Continuing Stores and assumed the Real Property Leases for one hundred and seventy-five (175) stores at least ten (10) days prior to the Designation Deadline in accordance with the Asset Purchase Agreement;
- b. satisfied in all respects the obligations of Buyer under Section 7.21 of the Asset Purchase Agreement, including:
 - i. having satisfied or caused to be released one million dollars (\$1,000,000) of Liabilities reflected on Seller's books and records at Closing for allowed, unsecured non-priority claims, as set forth on Exhibit 9(b)(i) hereto, and
 - ii. having satisfied or caused to be released one million four hundred thousand dollars (\$1,400,000.00) of cure amounts (which amounts have been determined by the Bankruptcy Court) related to Non-Real Property Contracts or related to Real Property Leases in excess of the one hundred and seventy-five (175) Real Property Leases assumed by New Ashley Stewart, as set forth on Exhibit 9(b)(ii) hereto,

and in each case Buyer and Buyer Designees have satisfied in all respects all obligations of Buyer under the Asset Purchase Agreement in connection therewith.

10. 503(b)(9) Claims.

- a. For purposes of this Agreement:
 - i. "503(b)(9) Claims" shall mean, collectively, the claims set forth on the Selling Entities' schedule of 503(b)(9) Claims provided to Buyer at the Auction (the "Scheduled 503(b)(9) Claims"), and all claims properly and timely filed (including all claims determined to be properly and timely filed or otherwise accepted by the Bankruptcy Court) with the Bankruptcy Court asserting a right to payment under section 503(b)(9) of the Bankruptcy Code (the "Filed 503(b)(9) Claims") (the Scheduled 503(b)(9) Claims and the Filed 503(b)(9) Claims are collectively set forth on Exhibit 10(a)(ii) and Exhibit 10(a)(iii) hereto, as applicable). To the extent the ownership of a Scheduled 503(b)(9) Claim has or will change as a result of a transfer, sale, subrogation or other similar divestiture, such change shall not affect the validity of such Scheduled 503(b)(9) Claim;

- ii. “Open 503(b)(9) Claims” shall mean those 503(b)(9) Claims that are not “Satisfied Claims” as defined below. The known and existing Open 503(b)(9) Claims as of the date hereof are set forth on Exhibit 10(a)(ii) hereto. Exhibit 10(a)(ii) also lists (A) the “Agreed Amount” of each Open 503(b)(9) Claim, which is the amount that the parties hereto agree to be the valid amount for such Open 503(b)(9) Claim, and (B) the “Claimed Amount” of any Open 503(b)(9) Claim, which is the amount asserted by the claimant of such Open 503(b)(9) Claim in its proof of claim (or, if no proof of claim has been filed in respect of such Open 503(b)(9) Claim, the amount set forth on the Selling Entities’ schedule of 503(b)(9) Claims provided to Buyer at the Auction in respect of such Open 503(b)(9) Claim); and
 - iii. “Satisfied 503(b)(9) Claims” shall mean those 503(b)(9) Claims that Buyer and Buyer Designees have satisfied, as set forth on Exhibit 10(a)(iii) hereto, and shall include all 503(b)(9) Claims that are satisfied by Buyer and Buyer Designees from and after the date hereof.
- b. The parties hereto agree and acknowledge that Buyer and Buyer Designees have satisfied the Satisfied 503(b)(9) Claims set forth on Exhibit 10(a)(iii) hereto, and that the Satisfied 503(b)(9) Claims are fully paid, performed and discharged for all purposes in connection with Buyer’s obligations under Section 2.3(c) of the Asset Purchase Agreement.
 - c. The Selling Entities and the Committee agree that they shall not take any action or adopt any position, whether before the Bankruptcy Court or otherwise, with respect to any Open 503(b)(9) Claim, that is contrary to the Agreed Amount of such Open 503(b)(9) Claim or that in any way causes the amount owing in respect of such Open 503(b)(9) Claim to exceed the Agreed Amount thereof.
 - d. Notwithstanding Section 2.3(c) of the Asset Purchase Agreement, the parties hereto agree that the deadline for Buyer to satisfy its obligations under Section 2.3(c) of the Asset Purchase Agreement shall be extended to August 15, 2011 (the “503(b)(9) Deadline”).
 - e. If, at any time, New Ashley Stewart determines that the Selling Entities have grounds to object to any Open 503(b)(9) Claim, then the parties hereto shall collaborate in good faith to promptly object to such Open 503(b)(9) Claim and to duly prosecute such objection, which collaboration shall include: (i) the investigation and reconciliation of such claim by New Ashley Stewart and the preparation of drafts of all documentation to be filed in respect of such objection no later than ten (10) Business Days after the 503(b)(9) Deadline (or within thirty (30) days after the filing with

the Bankruptcy Court by the claimant thereof of a proof of claim with respect to such 503(b)(9) Claim, whichever is later) (the “Objection Deadline”), (ii) the filing of such objection by the Selling Entities, and (iii) the reasonable assistance and support of the Committee. New Ashley Stewart shall be responsible for the preparation of such objections and shall be responsible for prosecuting such objections, and the Selling Entities and the Committee shall provide reasonable assistance in connection therewith. Each party shall bear its own costs with respect to its obligations under this Section 10(e).

- f. Following the 503(b)(9) Deadline, the parties shall determine whether there exist (i) any Open 503(b)(9) Claims and (ii) any newly Filed 503(b)(9) Claims not known to the parties on the date hereof ((i) and (ii) collectively referred to as “Disputed Claims”). The parties hereto shall prosecute any objections to Disputed Claims in accordance with this Agreement, and shall otherwise seek to have the Bankruptcy Court determine by Final Order the amount owing to each claimant in respect of its Disputed Claim (the amount so determined by the Bankruptcy Court for each such Disputed Claim, the “Allowed Amount”; the combined Allowed Amounts for all Disputed Claims, the “Aggregate Allowed Amount”; *provided* that the Aggregate Allowed Amount shall be capped at a maximum amount equal to the difference of \$2.8 million less the total amount of all Satisfied 503(b)(9) Claims as of the date of determination).
- g. All Open 503(b)(9) Claims that are not the subject of an objection filed on or prior to the Objection Deadline shall be promptly paid by the Selling Entities no later than two (2) Business Days after the Objection Deadline. Subject to the foregoing, after the 503(b)(9) Deadline, Buyer or Buyer Designees may continue to settle or otherwise satisfy any Disputed Claim. Each Open 503(b)(9) Claim that is settled or otherwise satisfied from and after the date hereof shall no longer be considered to be an Open 503(b)(9) Claim and shall instead be deemed to be a Satisfied 503(b)(9) Claim that has been satisfied at the Agreed Amount thereof, or, if there is no Agreed Amount in respect of such Open 503(b)(9) Claim, at the Claimed Amount thereof. All amounts paid by the Selling Entities to settle or otherwise satisfy Open 503(b)(9) Claims, whether pursuant to this Section 10(g), Section 10(h), or otherwise, shall reduce, on a dollar-for-dollar basis, the balance of the Settlement Amount owing to New Ashley Stewart but shall increase, on a dollar-for-dollar basis, the amount of Satisfied 503(b)(9) Claims.
- h. Promptly following the determination of the Allowed Amounts for all Disputed Claims, such Allowed Amounts shall be paid by the Selling Entities, and a final determination of the amounts owing among the parties hereto shall be determined in accordance with this Section 10(h). In the event that the Aggregate Allowed Amount exceeds the Settlement Amount, then Buyer shall promptly pay to the Selling Entities the difference between the Aggregate

Allowed Amount and the Settlement Amount. In the event that the Settlement Amount exceeds the Aggregate Allowed Amount, then the Selling Entities shall promptly pay to New Ashley Stewart the difference between the Settlement Amount and the Aggregate Allowed Amount. Any payment owing pursuant to this Section 10(h) shall be paid promptly by the party obligated to make such payment by check or wire transfer of immediately available funds to an account designated in writing by the receiving party.

- i. Each of the parties hereto agrees that upon (i) the payment by Buyer or Buyer Designees of the amounts set forth in Section 10(h) or (ii) the determination pursuant to Section 10(h) that no payment is owing by Buyer or Buyer Designees, then Buyer and Buyer Designees shall be deemed to have satisfied all of their obligations pursuant to this Section 10 and pursuant to Section 2.3(c) of the Asset Purchase Agreement, and each Selling Entity and the Committee shall release and forever discharge Buyer or Buyer Designees from all obligations or any kind with respect to the 503(b)(9) Claims, whether such obligations arise pursuant to this Agreement, the Asset Purchase Agreement, or otherwise.

11. It is expressly understood and agreed that this Agreement, any negotiations or proceedings in connection herewith or any prior drafts hereof do not constitute and may not be construed as, or deemed to be, evidence or an admission or concession of any validity or lack of merit whatsoever on the part of any party as to any Claim or defense such party has asserted against another party. The act of entering into or carrying out this Agreement, any negotiations or proceedings related hereto, or any prior drafts hereof, shall not be used, offered or received into evidence in any action or proceeding in any court, administrative agency or other tribunal for any purpose whatsoever other than to enforce the provisions of this Agreement.

12. In connection with the execution and delivery of this Agreement by the parties hereto, the Selling Entities and the Committee shall promptly, and in any event within five (5) Business Days of the date hereof, file a joint motion with the Bankruptcy Court in a form mutually agreed by all of the parties hereto under Section 9019 of the Bankruptcy Code (the “9019 Motion”), which 9019 Motion shall request that the Bankruptcy Court issue an Order which, among other things, (a) approves this Agreement and the releases contained herein, (b) grants standing to the Buyer to file objections to Filed 503(b)(9) Claims, (c) requires the parties hereto to adjudicate any disputes relating to this Agreement before the Bankruptcy Court, and (d) grants to the Committee consultation rights under this Agreement and permits the Committee to be heard in Bankruptcy Court with respect to any disputes hereunder. The copy of this Agreement to be attached to the 9019 Motion shall be redacted as necessary (including, without limitation, all of the Exhibits hereto) to protect the confidential business information of New Ashley Stewart contained herein.

13. This Agreement, and all claims and causes of action arising out of, based upon, or related to this Agreement or the negotiation, execution or performance hereof, shall be governed by, and construed, interpreted and enforced in accordance with, the Laws of the State of Delaware, without regard to choice or conflict of law principles that would result in the application of any Laws other than the Laws of the State of Delaware. Any legal suit,

action or proceeding arising out of or relating to this Agreement shall be brought in the Bankruptcy Court in accordance with the Asset Purchase Agreement.

14. Each Person who executes this Agreement on behalf of a party hereto represents that he or she is duly authorized to execute this Letter Agreement on behalf of such party.

15. Any notices to be delivered under this Agreement shall be delivered in accordance with the notice provisions of the Asset Purchase Agreement.

16. This Agreement may be executed in several counterparts, each of which will be deemed to be an original and all of which will together constitute one and the same instrument. Delivery of an executed copy of this Agreement by electronic facsimile transmission or other means of electronic communication capable of producing a printed copy will be deemed to be execution and delivery of this Agreement as of the date of successful transmission.

17. Neither the failure nor any delay on the part of any party hereto to exercise any right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right preclude any other or further exercise of the same or of any other rights, nor shall any waiver of any rights with respect to any occurrence be construed as a waiver of such right with respect to any other occurrence. If any provision of this Agreement shall be held or made invalid by a court decision, statute, rule, or otherwise, the remainder of the Agreement shall not be affected thereby.


18. This Agreement, together with the Asset Purchase Agreement, contains the entire understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements in relation thereto.

19. No amendment, supplement or modification of this Agreement (including, without limitation, to any of the exhibits hereto) shall be enforceable against any party unless such party has consented thereto in writing.


[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.


**ASHLEY STEWART HOLDINGS,
INC.**

By: 
Name: Michael Abate
Title: Treasurer and Assistant Secretary

NEW ASHLEY STEWART, INC.

By: 
Name: Michael Abate
Title: Treasurer and Assistant Secretary

AS IP HOLDINGS, INC.

By: 
Name: Michael Abate
Title: Treasurer and Assistant Secretary

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS**

By: _____
Name:
Title:

UBI LIQUIDATING CORP.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

**ASHLEY STEWART HOLDINGS,
INC.**

By: _____
Name: Michael Abate
Title: Treasurer and Assistant Secretary

NEW ASHLEY STEWART, INC.

By: _____
Name: Michael Abate
Title: Treasurer and Assistant Secretary

AS IP HOLDINGS, INC.

By: _____
Name: Michael Abate
Title: Treasurer and Assistant Secretary

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS
By: Cooley LLP, counsel to the
Official Committee of Unsecured
Creditors**

By: /s/ Lawrence C. Gottlieb
Name: Lawrence C. Gottlieb
Title: Partner

UBI LIQUIDATING CORP.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first written above.

**ASHLEY STEWART HOLDINGS,
INC.**

By: _____
Name: Michael Abate
Title: Treasurer and Assistant Secretary

NEW ASHLEY STEWART, INC.

By: _____
Name: Michael Abate
Title: Treasurer and Assistant Secretary


AS IP HOLDINGS, INC.

By: _____
Name: Michael Abate
Title: Treasurer and Assistant Secretary

**OFFICIAL COMMITTEE OF
UNSECURED CREDITORS**


By: _____
Name:
Title:

UBI LIQUIDATING CORP.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


100% GIRLS LTD.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

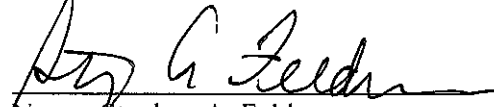
**100% GIRLS LTD. OF GEORGIA,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**100% GIRLS LTD. OF NEW YORK,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**100% GIRLS LTD. OF NEW
JERSEY, INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

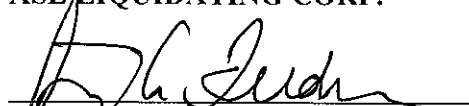
A.S. INTERACTIVE, INC.

By:

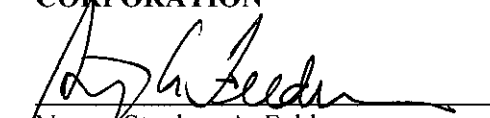

Name: Stephen A. Feldman
Title: Chief Restructuring Officer

ASL LIQUIDATING CORP.

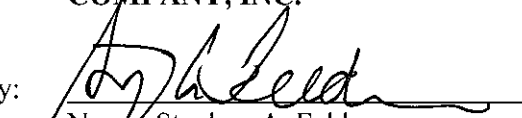
By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

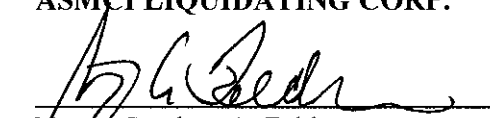
**ASHLEY STEWART APPAREL
CORPORATION**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

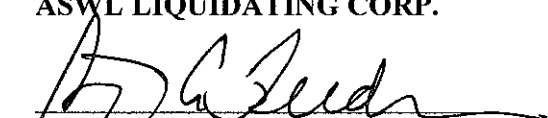
**ASHLEY STEWART CLOTHING
COMPANY, INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


ASMCI LIQUIDATING CORP.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


ASWL LIQUIDATING CORP.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


ASII 6, INC.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

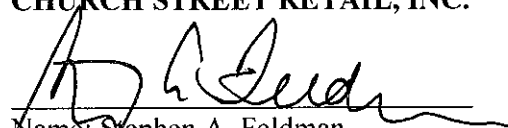
ASNJ 10, INC.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

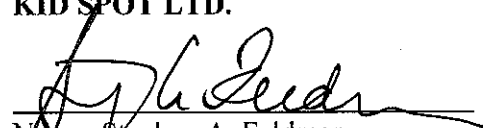
**CARRAIZO ALTO APPAREL
CORPORATION**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

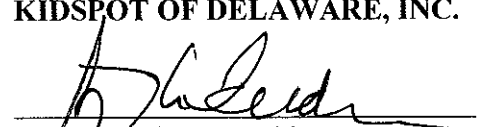
CHURCH STREET RETAIL, INC.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

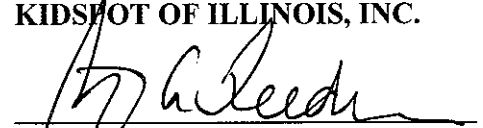
KID SPOT LTD.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

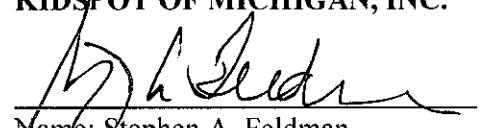
KIDSPOT OF DELAWARE, INC.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

KIDSPOT OF ILLINOIS, INC.

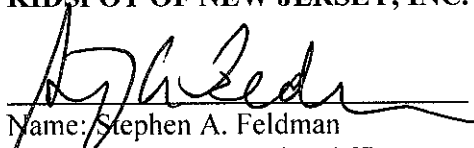
By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

KIDSPOT OF MICHIGAN, INC.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

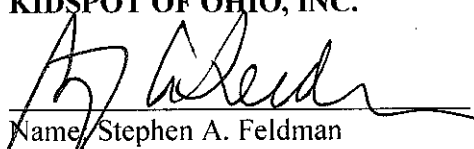
KIDSPOT OF NEW JERSEY, INC.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

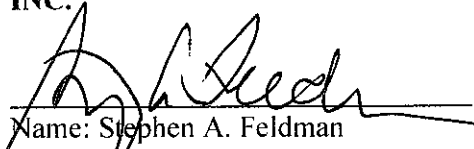
KIDSPOT OF OHIO, INC.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

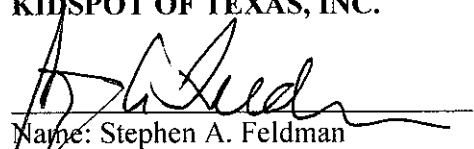
**KIDSPOT OF PENNSYLVANIA,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

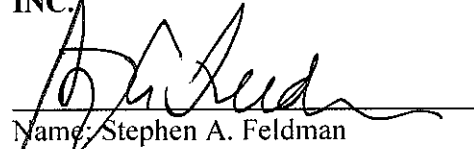
KIDSPOT OF TEXAS, INC.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

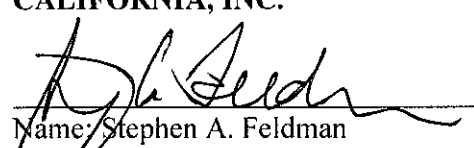
**LARGE APPAREL OF ALABAMA,
INC.**

By:

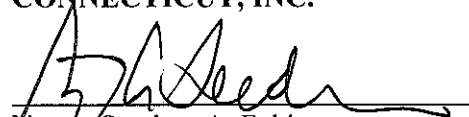

Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF
CALIFORNIA, INC.**


By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF
CONNECTICUT, INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF DISTRICT
OF COLUMBIA, INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

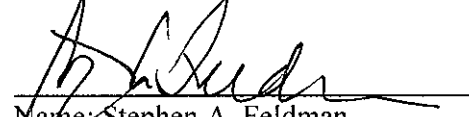
**LARGE APPAREL OF FLORIDA,
INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF GEORGIA,
INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF ILLINOIS,
INC.**

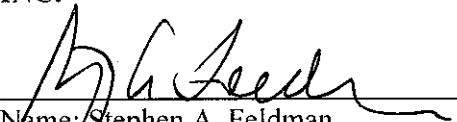
By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF INDIANA,
INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF LOUISIANA,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF MARYLAND,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

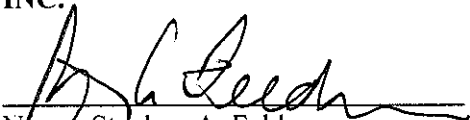
**LARGE APPAREL OF MICHIGAN,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF MISSISSIPPI,
INC.**

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF MISSOURI,
INC.**

By:

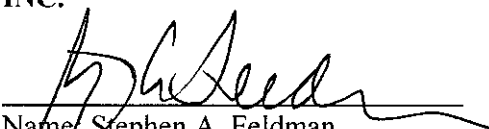

Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF NEW
JERSEY, INC.**

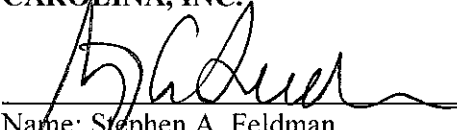
By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

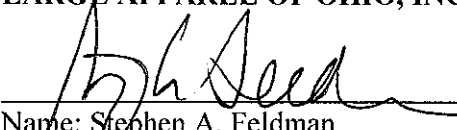
**LARGE APPAREL OF NEW YORK,
INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

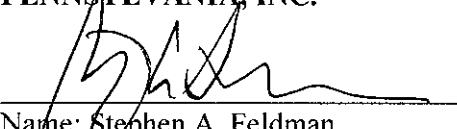
**LARGE APPAREL OF NORTH
CAROLINA, INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

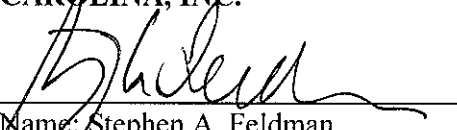
LARGE APPAREL OF OHIO, INC.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**LARGE APPAREL OF
PENNSYLVANIA, INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF SOUTH
CAROLINA, INC.**

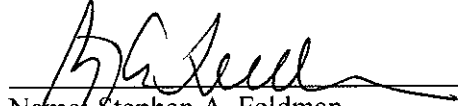
By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

**LARGE APPAREL OF TENNESSEE,
INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

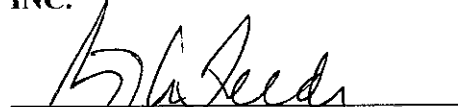
LARGE APPAREL OF TEXAS, INC.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


LARGE APPAREL OF VIRGINIA, INC.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

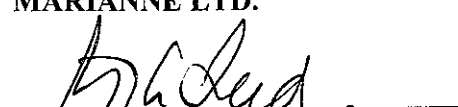
LARGE APPAREL OF WISCONSIN, INC.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer

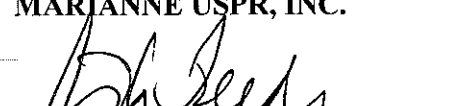
MARIANNE LTD.

By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


MARIANNE USPR, INC.

By:

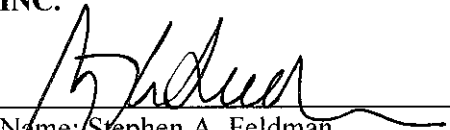

Name: Stephen A. Feldman
Title: Chief Restructuring Officer

MARIANNE VI, INC.

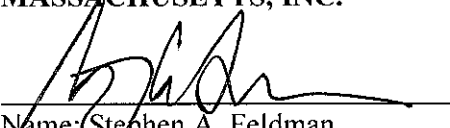
By:


Name: Stephen A. Feldman
Title: Chief Restructuring Officer


**METRO APPAREL OF KENTUCKY,
INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

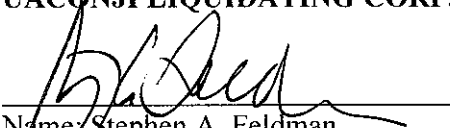
**METRO APPAREL OF
MASSACHUSETTS, INC.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

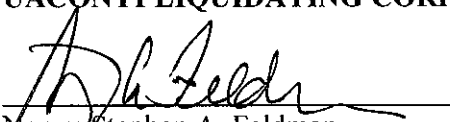
**THE ESSENCE OF BODY & SOUL,
LTD.**

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

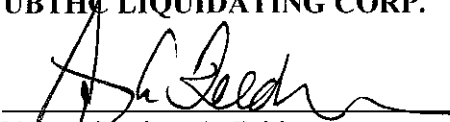
UACONJI LIQUIDATING CORP.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

UACONYI LIQUIDATING CORP.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer

UBTHC LIQUIDATING CORP.

By: 
Name: Stephen A. Feldman
Title: Chief Restructuring Officer