

EXHIBIT B

FELDMAN DECLARATION

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

In re:)	Chapter 11
)	
UBI Liquidating Corp., et al.,¹)	Case No. 10-13005 (KJC)
)	
Debtors.)	Jointly Administered
)	
)	

**DECLARATION OF STEPHEN A. FELDMAN IN SUPPORT OF THE
MOTION OF THE LIQUIDATING TRUSTEE PURSUANT TO SECTION
105(A) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019
FOR AN ORDER AUTHORIZING AND APPROVING THE SETTLEMENT
AGREEMENT AMONG THE UBI LIQUIDATING TRUST, THE LIQUIDATING
TRUST COMMITTEE, AND THE NEW 5-7-9 AND BEYOND, INC.**

I, Stephen A. Feldman, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the liquidating trustee of the UBI Liquidating Trust. Prior to the Effective Date, I was the Chief Restructuring Officer of UBI Liquidating Corp. and its affiliated debtors and debtors in possession (the “Debtors”).

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.

2. On September 21, 2010 (the “Petition Date”), the Debtors commenced the above-captioned chapter 11 cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code. UBI Liquidating Corp., formerly known as Urban Brands, Inc., is the direct or indirect parent company of each of the Debtors.

3. I submit this Declaration in support of the *Motion of the Liquidating Trustee Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019 for an Order Authorizing and Approving the Settlement Agreement Among the UBI Liquidating Trust, the Liquidating Trust Committee, and The New 5-7-9 and Beyond, Inc.* (the “Motion”).²

4. As of the Petition Date, the Debtors were a leading specialty retailer of fashion-forward and inspirational apparel for plus sized urban women under the brand name of Ashley Stewart. The Debtors operated approximately 210 stores in 26 states with approximately 2,100 employees, the majority of which were minority women. The store base was reinforced by a strong online presence through AshleyStewart.com, providing both a marketing tool as well as an additional outlet for Ashley Stewart customers.

5. Despite the strength of their brand names and success at individual store locations, the Debtors began suffering from cash flow/liquidity problems in 2007, especially in their Marianne division. The Debtors’ financial difficulties continued in 2008 with the slow down in the overall economy. As part of a strategic initiative to strengthen their balance sheet and improve their liquidity by focusing exclusively on the Ashley Stewart brand, in February 2008, the Debtors began divesting themselves of all of their Marianne stores. Although the Debtors significantly reduced their net losses from approximately \$44.3 million in 2008 to \$28.6

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

million in 2009, the business continued to operate at a loss. Additionally, from fiscal year 2008 to fiscal year 2009, the Debtors net sales decreased from \$179.6 million to \$174.6 million.

6. Following exhaustive efforts to locate additional capital, the Debtors determined that there was insufficient interest in the market for this additional financing and, as a result, the Debtors' best alternative to preserve the Debtors' business as a going concern and maximize the value of their assets was to pursue a sale of all or substantially all of the Debtors' assets. Accordingly, the Debtors expanded their marketing efforts to solicit interest from prospective purchasers of the Debtors and their assets as a going-concern. As a result of such efforts, on September 21, 2010, the Debtors and New Ashley Stewart, LLC, the predecessor in interest to Ashley Stewart Holdings, Inc. and an affiliate of GB Merchant Partners, LLC ("NAS"), executed an asset purchase agreement whereby NAS agreed to purchase substantially all of the Debtors' assets.

7. On October 4, 2010, the Court entered an order [Docket No. 143] approving bidding procedures (the "Bidding Procedures") with respect to the sale of the Debtors' assets. In accordance with the Bidding Procedures, the Debtors received multiple competing bids for their assets and an auction (the "Auction") was held on October 25-26, 2010. Upon conclusion of the Auction, NAS was determined to be the Successful Bidder (as defined in the Bidding Procedures) for the Debtors' assets. On October 27, 2010, the Court entered an order [Docket No. 434] approving the sale of the Debtors' assets to NAS pursuant to an asset purchase agreement between the Debtors and NAS, dated as of October 27, 2011 (the "Asset Purchase Agreement"). The sale closed on October 29, 2010.

8. On September 9, 2011, the Debtors filed the Plan and the *Disclosure Statement for Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code* [Docket No.

1385]. On October 19, 2011, the Court entered the Confirmation Order. The Plan became effective on December 1, 2011 (the "Effective Date").

9. As part of the Debtors divestiture of Marianne stores, prior to the Petition Date, the Debtors sold certain leases and related furniture, fixtures, equipment, supplies, and leasehold improvements to 5-7-9 pursuant to that certain Asset Purchase Agreement, dated as of January 23, 2009, by and among 5-7-9, as buyer, and Debtors Large Apparel of New Jersey, Inc., Marianne USPR, Inc., Carraizo Alto Apparel Corporation, and Marianne VI, Inc., as sellers (collectively, the "Sellers"), and Debtor Urban Brands, Inc. (n/k/a UBI Liquidating Corp.) ("UBI"), as modified and amended pursuant to those certain letter agreements dated as of February 2, 2009, February 5, 2009, February 18, 2009, March 5, 2009, March 31, 2009, and April 23, 2009 (collectively, the "Marianne APA").

10. Pursuant to the Marianne APA, the Sellers and UBI agreed to indemnify and hold 5-7-9 harmless from certain claims relating to the period of time prior to the closing on the Marianne APA. In connection with the Marianne APA, the Parties entered into that certain Escrow Agreement, dated as of January 23, 2009, as modified and amended pursuant to the First Amendment to Escrow Agreement, dated April 23, 2009, by and among 5-7-9, the Sellers and UBI and consented to by Bank of America, N.A., pursuant to which 5-7-9 deposited a portion of the Purchase Price (as defined in the Marianne APA) in escrow with Seltzer Sussman Habermann & Heitner LLP (the "Escrow Agent"). As of July 31, 2012, the balance of the funds held by the Escrow Agent was \$330,463.99 (the "Escrow Balance").

11. 5-7-9 filed the following claims against each of the Sellers and UBI:

a. Proofs of Claim dated January 10, 2011, asserting an amount of not less than \$3,429,429.06, of which \$373,787.84 was asserted as a secured claim, and

the balance of not less than \$3,055,641.22 was asserted as a general unsecured claim, on account of certain litigation exposure recited and defined therein as the Litigation, which claims were assigned Claim Nos. 470, 471, 472, 473, and 474 (collectively, the “Claims”);

b. Amended Proofs of Claim dated February 24, 2011, asserting an amount of not less than \$3,429,429.06, of which \$373,787.84 was asserted as a secured claim, and the balance of not less than \$3,055,641.22 was asserted as a general unsecured claim, on account of the original Litigation (redefined therein as the Puerto Rico Litigation) and certain additional litigation exposure recited and defined therein as the Infringement Litigation, which claims were assigned Claim Nos. 744, 745, 746, 747, and 748 (collectively, the “Amended Claims”); and

c. Second Amended Proofs of Claim dated September 22, 2011, asserting an amount of not less than \$3,461,829.06, of which \$357,256.14 was asserted as a secured claim, and the balance of not less than \$3,104,572.92 was asserted as a general unsecured claim, on account of the Puerto Rico Litigation (redefined therein as the Morales Realty Litigation), the Infringement Litigation, and a new litigation identified therein as the Soto Litigation, which claims were assigned Claim Nos. 829, 830, 831, 832, and 833 (collectively, the “Second Amended Claims”).

12. On November 11, 2011, the Debtors filed the *Motion, Pursuant to §§ 105, 363, and 554 of the Bankruptcy Code, for Entry of an Order Authorizing the (I) Abandonment and Destruction of Certain Files and Electronic Records and (II) Expenditure of Estate Funds in Accordance Therewith* [Docket No. 1476] (the “Abandonment Motion”). On November 30, 2009, 5-7-9 filed the *Limited Objection of The New 5-7-9 and Beyond, Inc. to Debtors' Motion,*

Pursuant to 11 U.S.C. §§ 105, 363 and 554, for Entry of an Order Authorizing the (I) Abandonment and Destruction of Certain Files (the “Limited Objection”).

13. The significant terms of the settlement are as follows:³

a. The Claims, the Amended Claims and the Second Amended Claims shall be disallowed;

b. 5-7-9 shall immediately receive the Escrow Balance and the Escrow Agent shall be directed to remit the Escrow Balance to 5-7-9;

c. Upon receipt of the Escrow Balance, the Limited Objection to the Abandonment Motion shall be deemed withdrawn; and

d. Mutual releases of all claims among the Parties shall be exchanged.

14. In the instant case, the Trustee believes that a prompt settlement between the Parties is warranted and that the proposed settlement is well above the “lowest point in the range of reasonableness.” The 5-7-9 Claims assert substantial unliquidated amounts, in excess of the Escrow Balance, against the estates related to litigation in multiple jurisdictions, including significant ongoing litigation in Puerto Rico. 5-7-9 also deducts amounts from the Escrow Balance for its costs and fees in related litigation. Thus, it is unclear whether there would be any amounts to be returned to the estates under the Escrow Agreement. The Settlement Agreement

³ The following summary is qualified in its entirety by reference to the provisions of the Settlement Agreement. In the event of any inconsistencies between the provisions of the Settlement Agreement and this summary, the terms of the Settlement Agreement shall control. Unless otherwise defined herein, capitalized terms shall have the meanings given to them in the Settlement Agreement.

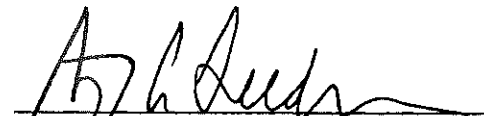
resolves the 5-7-9 Claims against the estates without the need for costly and time-consuming litigation.

15. Additionally, pursuant to the settlement, 5-7-9 will withdraw its objection to the Abandonment Motion, allowing the Trustee to seek entry of an order approving the Abandonment Motion. Upon approval of the Abandonment Motion, the Trustee could proceed to destroy thousands of records not relevant to the administration of these estates and avoid the incurrence of significant additional storage fees. There is a strong policy favoring settlements in chapter 11 cases, and a failure to resolve this claim at this time could delay or diminish distributions to creditors.

16. Therefore, I believe that the settlement is within the bounds of reasonableness and in the best interests of the Debtors' estates and creditors.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed this 2nd day of October 2012.


Stephen A. Feldman
Liquidating Trustee of the UBI
Liquidating Trust