

Exhibit B

Stalking Horse Asset Purchase Agreement

ASSET PURCHASE AGREEMENT

BY AND AMONG

URBAN BRANDS, INC.

EACH OF THE SUBSIDIARIES OF URBAN BRANDS, INC.

LISTED ON SCHEDULE I

AND

NEW ASHLEY STEWART LLC

DATED AS OF SEPTEMBER 21, 2010

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is made and entered into as of September 21, 2010, by and among Urban Brands, Inc., a Delaware corporation (the "Seller") and each of the subsidiaries of the Seller listed on Schedule I (together with the Seller, the "Selling Entities"), and New Ashley Stewart LLC, a Delaware limited liability company (the "Buyer"). Each of the Selling Entities and the Buyer are referred to herein as a "Party" and together as the "Parties."

RECITALS

WHEREAS, the Selling Entities are preparing to file Chapter 11 bankruptcy petitions pursuant to the Bankruptcy Code in the Bankruptcy Court (as such terms are defined below);

WHEREAS, the Buyer desires to purchase from the Selling Entities, directly and/or in the Buyer's sole discretion, through one or more Buyer Designees, and the Selling Entities desire to sell to the Buyer and/or such Buyer Designees, substantially all of the Selling Entities' assets, and the Buyer desires to assume from the Selling Entities, directly and/or in the Buyer's sole discretion, through one or more Buyer Designees, certain specified liabilities, in each case pursuant to the terms and subject to the conditions set forth herein, and further subject to any Final Orders in the Bankruptcy Case;

WHEREAS, concurrently with the execution of this Agreement, and as a condition to the willingness of the Selling Entities to enter into this Agreement, 1903 Equity Fund, L.P. a Delaware limited partnership, has entered into a Limited Guaranty (the "Limited Guaranty") in favor of the Selling Entities pursuant to which, among other matters, 1903 Equity Fund, L.P. has guaranteed the payment obligations of the Buyer through and including the Closing in connection with this Agreement (which does not include payments with respect to the Promissory Note); and

WHEREAS, the terms of this Agreement are subject to approval by the Bankruptcy Court and the Selling Entities are not bound to consummate the transactions contemplated hereby until such approval is obtained.

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

ARTICLE I DEFINITIONS

Section 1.1 Definitions. A defined term has its defined meaning throughout this Agreement and in each Exhibit and Schedule to this Agreement, regardless of whether it appears before or after the place where it is defined. As used in this Agreement, the following terms have the meanings specified below:

"Accountant" has the meaning given to such term in Section 3.2(c)(iv).

"Accounts Receivable" means any and all (i) accounts receivable, notes receivable and other amounts receivable owed to the Selling Entities (whether current or non-current), other than Credit Card Receivables, together with all security or collateral therefor and any interest or unpaid financing charges accrued thereon, including all Actions pertaining to the collection of amounts payable, or that may become payable, to the Selling Entities with respect to products sold or services performed on or prior to the Closing Date, (ii) construction allowances and other amounts due from landlords (including in respect of prior overcharges and insurance recoveries), (iii) rebate receivables from suppliers (iv) insurance claims receivables (other than claims receivable under the Excluded Insurance Policies), and (v) other amounts due to the Selling Entities which the Selling Entities have historically classified as accounts receivable in the consolidated balance sheet of the Seller.

"Acquired Assets" has the meaning given to such term in Section 2.1.

"Action" means any claim, as defined in the Bankruptcy Code, action, complaint, suit, litigation, arbitration, appeal, petition, inquiry, hearing, Legal Proceeding, investigation or other legal dispute, whether civil, criminal, administrative or otherwise, at law or in equity, by or before any Governmental Authority.

"Adjusted Minimum Purchase Price" has the meaning given to such term in Section 3.1(a).

"Affiliate" means, with respect to any specified Person, any other Person that directly or indirectly, through one or more intermediaries, controls, is controlled by or is under common control with, such specified Person. For purposes of this definition, "control" (and any similar term) means the power of one or more Persons to direct, or cause the direction of, the affairs of another Person by reason of ownership of voting stock or by contract or otherwise.

"Agreement" has the meaning given to such term in the Preamble hereto.

"Allocation" has the meaning given to such term in Section 2.6.

"Alternative Transaction" means a transaction pursuant to one or more bids made by one or more Persons other than the Buyer or an Affiliate of the Buyer which is, or together are, selected by the Seller as the "highest and best offer" in accordance with the Bidding Procedures Order.

"Assumed Contracts" has the meaning given to such term in Section 2.1(e).

"Assumed Liabilities" has the meaning given to such term in Section 2.3.

"Assumed Real Property Leases" has the meaning given to such term in Section 2.1 (f).

"Assumption Agreement" means one or more Assumption and Assignment Agreements, in a form reasonably acceptable to Buyer, and to be executed and delivered by the Buyer or one or more Buyer Designees, and the Selling Entities at the Closing.

"Assumption Approval" has the meaning given to such term in Section 2.5(g).

"Auction" has the meaning given to such term in Section 7.10(a).

"Bankruptcy Case" means the Selling Entities' cases commenced under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

"Bankruptcy Code" means Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.*, as amended.

"Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware or such other court having competent jurisdiction over the Bankruptcy Case.

"Bidding Procedures Order" means the order of the Bankruptcy Court in a form reasonably acceptable to the Buyer approving, among other matters, (i) implementation in all material respects of the bidding procedures attached as Exhibit A, and (ii) payment of the Termination Fee in accordance in all material respects with Section 7.11.

"Bill of Sale" means one or more Bill of Sale and Assignment Agreements, in a form reasonably acceptable to Buyer, and to be executed and delivered by the Selling Entities to the Buyer or one or more Buyer Designees at the Closing.

"Business" means the business conducted by the Seller and the other Selling Entities prior to the date of this Agreement.

"Business Day" means any day that is not a Saturday, Sunday or other day on which banks are required or authorized by Law to be closed in New York, New York.

"Buyer" has the meaning given to such term in the Preamble hereto.

"Buyer Default Termination" has the meaning given to such term in Section 3.3.

"Buyer Designee" means one or more Affiliates of the Buyer designated by the Buyer in writing to the Seller prior to the Closing; *provided, however*, that with respect to the designation of Real Property Leases, such Buyer Designee may be a non-Affiliate of the Buyer.

"Cash" means cash and cash equivalents and restricted cash of the Selling Entities as determined in accordance with the GAAP.

"Claim" shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

"Closing" has the meaning given to such term in Section 4.1.

"Closing Date" has the meaning given to such term in Section 4.1.

"Closing Date Cost Value of the Inventory" has the meaning given to such term in Section 3.2(b).

"Closing Date Credit Card Receivables Amount" has the meaning given to such term in Section 3.2(b).

"Closing Date Store-Level Cash Amount" has the meaning given to such term in Section 3.2(b).

"Closing Payment" has the meaning given to such term in Section 3.1(b).

"Code" means the Internal Revenue Code of 1986, as amended.

"Confidentiality Agreement" means the Confidentiality and Non-Disclosure Agreement, dated as of June 1, 2010, between GB Merchant Partners, LLC and the Seller.

"Consent" means any approval, consent, ratification, permission, waiver or authorization, or an order of the Bankruptcy Court that deems, or renders unnecessary, the same.

"Consumer Liabilities" means all Liabilities of the Selling Entities with respect to returns of goods or merchandise, store or customer credits, gift cards and certificates, customer prepayments, customer loyalty programs and customer refunds.

"Continuing Store" means all of the Selling Entities' store locations listed on Schedule 1.1(a) under item I as such store locations may be changed in accordance with Section 2.5(b) and Section 2.7.

"Contract" means any lease, contract, deed, mortgage, license or other legally enforceable agreement or instrument.

"Cost Factor" means the inverse of the Initial Mark-up ("IMU") calculated based on the ending inventory in the seasonal stock ledger as of the Closing.

"Cost Factor Adjustment Amount" has the meaning given to such term in Section 3.2(a).

"Credit Card Receivables" means all accounts receivables and other amounts owed to any of the Selling Entities (whether current or non-current) in connection with any customer purchases from any of the Selling Entities or stores operated thereby that are made with credit cards or any other amounts owing from the credit card processors to the Selling Entities, in each case which are not subject to offset, chargeback or other reduction.

"Cure Notice" has the meaning given to such term in Section 7.9(c).

"Cure Payments" has the meaning given to such term in Section 2.5(f).

"Current Employees" means all employees of the Selling Entities employed as of the Closing Date, whether active or not (including those on short-term disability, leave of absence, paid or unpaid, or long-term disability).

"Damage or Destruction Loss" has the meaning given to such term in Section 7.14.

"Deposit" has the meaning given to such term in Section 3.3.

"Designation Deadline" means 5:00 p.m. (prevailing Eastern time) on the date that is one hundred twenty (120) days from the Closing Date.

"Designated Store" means all of the Selling Entities' store locations listed on Schedule 1.1(a) under item III as such store locations may be changed in accordance with Section 2.5(b) and Section 2.7.

"DIP Facility" means that certain Senior Secured, Super-Priority Debtor-in-Possession Loan and Security Agreement (including the exhibits thereto and the DIP Facility Budget) by and among Bank of America, N.A., as lender, and the Seller, as borrower, and as the same may be amended from time to time in accordance with the terms thereof, *provided*, that such amendment is permitted hereunder.

"DIP Facility Budget" means the budget set forth in the DIP Facility.

"Dispute Notice" has the meaning given to such term in Section 3.2(b).

"Documentary Materials" has the meaning given to such term in Section 2.1(k).

"Encumbrances" means any charge, lien (statutory or otherwise), mortgage, lease, hypothecation, encumbrance, pledge, security interest, option, right of use, first offer or first refusal, easement, servitude, restrictive covenant, encroachment or similar restriction.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means, with respect to any Person, any other Person (whether or not incorporated) that, together with such Person, would be treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

"Escrow Agent" has the meaning given to such term in Section 3.3.

"Estimated Closing Date Cost Factor" has the meaning given to such term in Section 3.2(a).

"Estimated Closing Date Cost Value of the Inventory" has the meaning given to such term in Section 3.2(a).

"Estimated Closing Date Credit Card Receivables Amount" has the meaning given to such term in Section 3.2(a).

"Estimated Closing Date Store-Level Cash Amount" has the meaning given to such term in Section 3.2(a).

"Estimated Credit Card Receivables Adjustment Amount" has the meaning given to such term in Section 3.2(a).

"Estimated Inventory Adjustment Amount" has the meaning given to such term in Section 3.2(a).

"Estimated Store-Level Cash Adjustment Amount" has the meaning given to such term in Section 3.2(a).

"Excluded Assets" has the meaning given to such term in Section 2.2.

"Excluded Employees" has the meaning given to such term in Section 7.7(b).

"Excluded Insurance Policies" means all insurance policies of the Selling Entities, including those insurance policies listed on Schedule 1.1(b) and all director and officer, fiduciary, employment practices and similar insurance policies maintained by or on behalf of any Selling Entity.

"Excluded Liabilities" has the meaning given to such term in Section 2.4.

"Final Calculations" has the meaning given to such term in Section 3.2(c).

"Final Order" means an order of the Bankruptcy Court which has not been reversed, stayed, modified or amended.

"Former Employees" means all individuals who have been employed by the Selling Entities (or any of their predecessors) who are not Current Employees.

"GAAP" means generally accepted accounting principles in the United States.

"Governmental Authority" means any federal, municipal, state, provincial, local or foreign governmental, administrative or regulatory authority, department, agency, commission or body (including any court or similar tribunal).

"Governmental Authorization" means any permit, license, certificate, approval, consent, permission, clearance, designation, qualification or authorization issued, granted, given or otherwise made available by or under the authority of any Governmental Authority or pursuant to any Law.

"Holdback Amount" has the meaning given such term in Section 3.1(b).

"Indebtedness" of any Person means, without duplication, (a) the principal of and premium (if any) in respect of (i) indebtedness of such Person for money borrowed and (ii) indebtedness evidenced by notes, debentures, bonds or other similar instruments for the payment of which such Person is responsible or liable, (b) all obligations of such Person issued or assumed as the deferred purchase price of property, all conditional sale obligations of such Person and all obligations of such Person under any title retention agreement (but excluding trade accounts payable for goods and services and other accrued current liabilities arising in the ordinary course of business), (c) all obligations of such Person under leases required to be capitalized in accordance with GAAP, (d) all obligations of such Person for the reimbursement of any obligor on any letter of credit, banker's acceptance or similar credit transaction, (e) the liquidation value of all redeemable preferred stock of such Person, (f) all obligations of the type referred to in clauses (a) through (e) of any Persons for the payment of which such Person is responsible or liable, directly or indirectly, as obligor, guarantor, surety or otherwise, including

guarantees of such obligations, and (g) all obligations of the type referred to in clauses (a) through (f) of other Persons secured by any lien on any property or asset of such Person (whether or not such obligation is assumed by such Person).

"Intellectual Property" means all rights, title and interest in or relating to intellectual property of the following types, which may exist or be created under the Laws of any jurisdiction in the world: (a) rights associated with works of authorship, including exclusive exploitation rights, mask work rights, copyrights, database and design rights, whether or not registered or published, all registrations and recordations thereof and applications in connection therewith, along with all extensions and renewals thereof, (b) trademarks, service marks, trade names, service names, brand names, including the names "Ashley Stewart" and "Urban Brands," trade dress rights, logos, corporate names, trade styles, logos and other source or business identifiers and general intangibles of a like nature, along with applications, registrations, renewals and extensions thereof, (c) trade secrets, (d) patents and applications therefore, including all continuations, divisionals, and continuations-in-part thereof and patents issuing thereon, along with all reissues, reexaminations and extensions thereof, (e) all internet domain names, and (f) all other intellectual property rights arising from or relating to Technology.

"Inventory" means all inventory (including raw materials, products in-process and finished products) owned by any of the Selling Entities, whether in transit to or from the Selling Entities and whether in the Selling Entities' warehouses, distribution facilities, stores, outlets, held by any third parties or otherwise.

"IP Assignment Agreement" means one or more Intellectual Property Assignment Agreements, in a form reasonably acceptable to Buyer, and to be executed and delivered by the Seller to the Buyer or one or more Buyer Designees at the Closing.

"Knowledge" means, as to a particular matter, the actual knowledge, after due inquiry, of (a) with respect to the Buyer, James C. Rhee, Matthew R. Kahn and Scott Strasser, and (b) with respect to any Selling Entity, Laura Weil, Chief Executive Officer of the Seller, Michael Abate, Vice President Finance and Treasurer of the Seller, Stephen Feldman, former Chief Financial Officer of the Seller and financial consultant to the Seller, Steven Newman, President and David Brown, Executive Vice President and Secretary.

"Law" means any federal, state, provincial, local, municipal, foreign or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, ruling, directive, pronouncement, requirement, determination, decision or opinion of any Governmental Authority.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits or legal proceedings (public or private) by or before a Governmental Authority.

"Liability" means any debt, obligation or liability of any nature, whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, or due or to become due.

"Licensed Intellectual Property" means all Intellectual Property and Technology licensed to the Selling Entities by third parties pursuant to the Assumed Contracts.

"Limited Guaranty" has the meaning given to such term in the Recitals hereto.

"LOI" has the meaning given to such term in Section 7.3(c).

"Material Adverse Effect" means any event, condition, circumstance, development, or change or effect that, individually or in the aggregate with all other events, changes, conditions, circumstances, developments and effects, (a) has had or would reasonably be expected to have or result in a material adverse effect on the condition of the Acquired Assets and the Assumed Liabilities, taken as a whole, or (b) would reasonably be expected to prevent or materially impair the ability of the Selling Entities to consummate the transactions contemplated by this Agreement except, in each case, for any such events, changes, conditions, circumstances, developments or effects resulting from or attributable to: (i) the announcement of the signing of this Agreement or the filing of the Petitions, compliance with the express provisions of this Agreement or the consummation of the transactions contemplated hereby, (ii) reasonably anticipated actions, omissions, events and circumstances arising out of the filing of the Petitions, (iii) actions or omissions taken or not taken by or on behalf of the Selling Entities or any of their respective Affiliates at the express request of the Buyer or its Affiliates, (iv) the failure of any Selling Entity to meet any internal or published projections, forecasts, estimates or predictions (it being the understanding of the Parties that the underlying cause of such failure may otherwise constitute a Material Adverse Effect if such event is not otherwise excluded from the definition of Material Adverse Effect), (v) changes or proposed changes in Law or interpretations thereof by any Governmental Authority, (vi) changes or proposed changes in generally accepted accounting principles in the United States or elsewhere, (vii) changes in general economic conditions, currency exchange rates or United States or international debt or equity markets, (viii) events or conditions generally affecting the industry or markets in which the Selling Entities operate, or (ix) national or international political or social conditions or any national or international hostilities, acts of terror or acts of war; *provided* that, in the case of clauses (v) through (ix), inclusive, such events, changes, conditions, circumstances, developments or effects shall be taken into account in determining whether any such material adverse effect has occurred to the extent that any such events, changes, conditions, circumstances, developments or effects have a material and disproportionate adverse effect on the Acquired Assets and the Assumed Liabilities, taken as a whole.

"Minimum Aggregate Cost Value of the Inventory" means a minimum aggregate cost value (as defined as the Seller's perpetual inventory at cost and foreign in-transit inventory) of the Saleable Inventory of \$11,000,000 on the Closing Date.

"Minimum Aggregate Amount of Credit Card Receivables" means a minimum aggregate value of all Credit Card Receivables owed to the Selling Entities of \$1,000,000 on the Closing Date.

"Minimum Closing Payment" has the meaning given to such term in Section 3.1(b).

"Minimum Cost Factor Amount" means a Cost Factor of 33.77% on the Closing Date.

"Minimum Purchase Price" has the meaning given to such term in Section 3.1(a).

"Motions" has the meaning given to such term in Section 7.9(a).

"Necessary Consents" has the meaning given to such term in Section 2.5(g).

"Non-Continuing Store" means any store location of the Selling Entities that is listed on Schedule 1.1(a) under item II, which store location has been identified by the Buyer as a store location whose tangible contents, inventory, furniture, fixtures and equipment will be sold pursuant to the Sales Agency Agreement, as such store locations may be changed in accordance with Section 2.5(b) and Section 2.7.

"Non-Real Property Contracts" means the Contracts to which any Selling Entity is a party other than the Real Property Leases.

"Note Amount" has the meaning given to such term in Section 3.1(c).

"Offeree" has the meaning given to such term in Section 7.7(a).

"Operational Expenses" means to the extent incurred in the ordinary course of business, all operating costs and expenses of the Selling Entities, including, but not limited to, employee and occupancy expenses, all costs and expenses associated with any Real Property Lease or Non-Real Property Contract, including, but not limited to, rent, ground lease rent, common area maintenance, utilities, real estate taxes, insurance, security, and other actual out-of-pocket costs.

"Order" means any order, writ, judgment, injunction, decree, rule, ruling, directive, determination or award made, issued or entered by or with any Governmental Authority, whether preliminary, interlocutory or final, including any Order entered by the Bankruptcy Court in the Bankruptcy Case (including the Sale Order).

"Party" or "Parties" has the meaning given to such term in the Preamble hereto.

"PBGC" has the meaning given to such term in Section 5.8(c).

"Permits" means all franchises, permits, certificates, clearances, approvals, exceptions, variances and authorizations of or with any Governmental Authority held, used by, or made by any of the Selling Entities in connection with the operation of the Acquired Assets.

"Permitted Encumbrances" means: (a) liens for Taxes, special assessments or other governmental charges not yet due and payable or that are being contested in good faith, (b) immaterial statutory liens and rights of set-off of banks, carriers, warehousemen, mechanics, repairmen, workmen, customs brokers or agencies, suppliers and materialmen, and other Encumbrances imposed by Law, in each case, incurred in the ordinary course of business, (c) deposits and pledges securing (i) obligations incurred in respect of workers' compensation, unemployment insurance or other forms of governmental insurance or benefits (other than valid obligations incurred in respect of any defined benefit pension plan) or (ii) obligations on performance, surety or appeal bonds, (d) Laws now or hereafter in effect relating to real property, easements and similar Encumbrances which do not have a material adverse effect on the current use by the Selling Entities of the real property subject thereto, or materially impair the value thereof, (e) statutory liens creating a security interest in favor of landlords with respect

to property of the Selling Entities which do not interfere with the current use of such leased real property by the Selling Entities in any material respect, (f) Encumbrances set forth in the Assumed Contracts or the Assumed Real Property Leases, (g) any Encumbrances affecting the landlords or ground lessors underlying interest in any of the Real Property Leases and/or the underlying interests in land from time to time and (h) Encumbrances that are disclosed on Schedule 1.1(c).

"Person" means any individual, corporation, partnership, limited partnership, limited liability company, syndicate, group, trust, association or other organization or entity or Governmental Authority. References to any Person include such Person's successors and permitted assigns.

"Petition" means the voluntary petition or petitions under Chapter 11 of the Bankruptcy Code filed by the Selling Entities with the Bankruptcy Court.

"Petition Date" means the date on which any of the Selling Entities first file the Petition, or, if such date is not a Business Day, the first Business Day following such date.

"Professional Services" has the meaning given to such term in Section 2.4(b).

"Promissory Note" has the meaning given to such term in Section 3.1(c).

"Purchase Price" has the meaning given to such term in Section 3.1(a).

"Real Property Leases" means all leases, subleases and other occupancy Contracts with respect to real property to which any Selling Entity is a party listed or described on Schedule 1.1(d), which Schedule also sets forth a good faith estimate of all Cure Payments related to such Real Property Leases.

"Registered IP" means all Seller IP that, as of the date of this Agreement, is registered, filed or issued under the authority of, with or by any Governmental Authority, including all patents, registered copyrights, registered mask works and registered trademarks and all applications for any of the foregoing.

"Rejection Effective Date" has the meaning given to such term in Section 2.5(b).

"Representatives" means, with respect to a particular Person, any director, officer, employee or other authorized representative of such Person or its Subsidiaries, including such Person's attorneys, accountants, financial advisors and restructuring advisors.

"Restructuring Transaction" means (i) a recapitalization transaction or plan of reorganization or a liquidation or sale, including any such transaction by way of a credit bid or by any creditor of any of the Selling Entities, involving, in whole or in part, any of the Selling Entities and any of their existing security holders or creditors, or (ii) any merger, consolidation, share exchange, business combination or similar transaction with any of the Selling Entities.

"Retained Avoidance Actions" has the meaning given to such term in Schedule 2.2.

"Review Period" has the meaning given to such term in Section 3.2(c)(ii).

"Sales Agency Agreement" means that certain Sales Agency Agreement, dated as of September __, 2010, between Gordon Brothers Retail Partners, LLC (or an agent selected by Gordon Brothers Retail Partners, LLC) and the Selling Entities.

"Sales Agency Agreement Net Proceeds" means all of the sale proceeds generated as a result of the Sales Agency Agreement net of any expenses, costs, fees, expenses, reimbursements or other deductions owed to Sales Agent or the Selling Entities, as such net proceeds are determined in accordance with the Sales Agency Agreement.

"Sales Agent" has the meaning given to such term in the Sales Agency Agreement.

"Sale Motion" means one or more motions and notices filed by the Selling Entities and served on creditors and parties in interest, in accordance with the Bidding Procedures Order, other orders of the Bankruptcy Court, the Federal Rules of Bankruptcy Procedures and Local Rules, which motion(s) seeks authority from the Bankruptcy Court for the Selling Entities to enter into this Agreement and consummate the transactions contemplated by this Agreement.

"Sale Order" has the meaning given to such term in Section 8.1(b).

"Saleable Inventory" means all saleable and first-quality finished goods inventory of the Selling Entities included in the Acquired Assets, *provided* that the level (as to quantity) and mix (as to type, category, style, brand and description) of the goods shall be consistent with the historical levels and mix of the Selling Entities' inventory (accounting for seasonal adjustments).

"Seller" has the meaning given to such term in the Preamble hereto.

"Seller Benefit Plan" means any employment, consulting, severance, termination, retirement, profit sharing, bonus, incentive or deferred compensation, retention or change in control agreement, equity or equity-based compensation, stock purchase, severance pay, defined benefit pension, defined contribution pension, savings, retirement, individual account-based savings, supplemental executive retirement, sick or other leave, life, health, salary continuation, disability, hospitalization, accident, medical, insurance, vacation, paid time off, long term care, or other employee compensation or benefit plan, program, arrangement, agreement, fund or commitment (including any "employee benefit plan" as defined in Section 3(3) of ERISA), sponsored, maintained by, contributed to or required to be contributed to by any Selling Entity, any Subsidiary of any Selling Entity or any of its or their ERISA Affiliates.

"Seller Disclosure Schedule" means the disclosure schedule delivered by the Seller to the Buyer concurrently with the execution and delivery of this Agreement.

"Seller Financial Statements" has the meaning given to such term in Section 5.7(a).

"Seller IP" means all rights, title and interest in and to the Intellectual Property and the Technology owned by the Selling Entities as of the Closing.

"Seller Properties" has the meaning given to such term in Section 5.13(b).

"Selling Entities" has the meaning given to such term in the Preamble hereto.

"Store-Level Cash" means all cash located at a Continuing Store, Designated Store or Non-Continuing Store as of the Closing, which shall be at least on average \$800 per store; *provided* that any store existing on the date hereof (whether or not operating on the Closing Date) shall constitute a Continuing Store, a Designated Store or a Non-Continuing Store for the purposes of determining the average minimum amount of cash per store required for the purpose of this definition.

"Subsidiary" means, with respect to any Person, (a) any corporation or similar entity of which at least 50% of the securities or interests having, by their terms, ordinary voting power to elect members of the board of directors, or other persons performing similar functions with respect to such corporation or similar entity, is held, directly or indirectly by such Person, and (b) any partnership, limited liability company or similar entity of which (i) such Person is a general partner or managing member or (ii) such Person possesses a 50% or greater interest in the total capitalization or total income of such partnership, limited liability company or similar entity.

"Tax" means all federal, state, provincial, local or foreign taxes (including any income tax, franchise tax, service tax, capital gains tax, capital tax, gross receipts tax, value-added tax, surtax, excise tax, ad valorem tax, transfer tax, stamp tax, sales tax, use tax, property tax, business tax, profits tax, inventory tax, capital stock tax, license tax, withholding tax, payroll tax, employment tax, social security tax, unemployment tax, employer health tax, severance tax or occupation tax), escheat and abandoned property tax, levies, assessments, tariffs, duties (including any customs duties), deficiencies or fees (including any fine, addition, penalty or interest), imposed, assessed or collected by or under the authority of any Governmental Authority, including any liability for the foregoing as a transferee or successor under applicable Law.

"Tax Return" means any return, report, information return or other document (including any related or supporting information) supplied or required to be supplied to any Governmental Authority with respect to Taxes.

"Technology" means, collectively, all algorithms, APIs, designs, net lists, data, databases, data collections, diagrams, inventions (whether or not patentable), know-how, methods, processes, proprietary information, protocols, schematics, specifications, tools, systems, servers, hardware, computers, point of sale equipment, inventory management equipment, software, software code (in any form, including source code and executable or object code), subroutines, techniques, user interfaces, URLs, web sites, works of authorship and other similar materials, including all documentation related to any of the foregoing, including instruction manuals, laboratory notebooks, prototypes, samples, studies and summaries, whether or not embodied in any tangible form and whether or not specifically listed herein, and all related technology, that are used in, incorporated in, embodied in, displayed by or relate to, or are used in connection with the foregoing.

"Termination Fee" means an amount in cash equal to three percent (3%) of the Estimated Closing Date Cost Value of the Inventory.

"Transaction Documents" means this Agreement, the Assumption Agreement, the Bill of Sale and Assignment Agreement, the Promissory Note, the Sales Agency Agreement, and any other Contract to be entered into by the Parties and/or one or more Buyer Designees, as applicable, in connection with the Closing.

"Transfer Taxes" has the meaning given to such term in Section 7.8(a).

"Transferred Employees" has the meaning given to such term in Section 7.7(a).

"WARN Act" means the federal Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, *et seq.* (1988) and any similar Laws, including Laws of any state, country or other locality that is applicable to a termination of employees.

Section 1.2 Construction. The terms "hereby," "hereto," "hereunder" and any similar terms as used in this Agreement refer to this Agreement in its entirety and not only to the particular portion of this Agreement where the term is used. The terms "including," "includes" or similar terms when used herein shall mean "including, without limitation." The meaning of defined terms shall be equally applicable to the singular and plural forms of the defined terms, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. Any reference to any federal, state, provincial, local or foreign statute or Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. Unless otherwise indicated, references to (a) Articles, Sections, Schedules and Exhibits refer to Articles, Sections, Schedules and Exhibits of and to this Agreement and (b) references to \$ (dollars) are to United States Dollars.

ARTICLE II PURCHASE AND SALE

Section 2.1 Purchase and Sale of Assets. Upon the terms and subject to the satisfaction of the conditions contained in this Agreement, at the Closing, the Selling Entities shall sell, assign, convey, transfer and deliver to the Buyer and/or one or more Buyer Designees, and the Buyer and/or such Buyer Designees shall, by the Buyer's and/or such Buyer Designees' payment of the Purchase Price, purchase and acquire from the Selling Entities, all of the Selling Entities' right, title and interest, free and clear of all Encumbrances (other than Permitted Encumbrances), in and to all of the properties, rights, interests and other tangible and intangible assets of the Selling Entities (wherever located and whether or not required to be reflected on a balance sheet prepared in accordance with GAAP), including any assets acquired by the Selling Entities after the date hereof but prior to the Closing (collectively, the "Acquired Assets"); *provided, however*, that the Acquired Assets shall not include any Excluded Assets. Without limiting the generality of the foregoing, the Acquired Assets shall include the following (except to the extent listed or otherwise included as an Excluded Asset):

(a) all Store-Level Cash of the Selling Entities as of the Closing;

(b) all Accounts Receivable of the Selling Entities as of the Closing that are related to the Assumed Contracts or the Assumed Real Property Leases;

(c) all Inventory, supplies and materials of the Selling Entities as of the Closing, including all rights of the Selling Entities to receive such Inventory, supplies and materials which are on order as of the Closing;

(d) without duplication of the above, all royalties, advances, prepaid assets (excluding prepaid income Taxes or Taxes that the Seller is responsible for hereunder), security and other deposits, prepayments and other current assets of the Selling Entities as of the Closing relating to the Acquired Assets (but excluding all interests in the Excluded Insurance Policies and all of the foregoing relating to the Excluded Assets, including Contracts that are not Assumed Contracts or Assumed Real Property Leases);

(e) all Non-Real Property Contracts that have been assumed by and assigned to the Buyer and/or one or more Buyer Designees pursuant to Section 2.5 (the "Assumed Contracts");

(f) all Real Property Leases that have been assumed and assigned to the Buyer and/or one or more Buyer Designees, pursuant to Section 2.5 (the "Assumed Real Property Leases");

(g) All Sales Agency Agreement Net Proceeds;

(h) all Seller IP;

(i) all open purchase orders with suppliers related to the Acquired Assets;

(j) all items of machinery, equipment, supplies, furniture, fixtures, leasehold improvements (to the extent of the Selling Entities' rights to any leasehold improvements under the Assumed Real Property Leases) and other tangible personal property and fixed assets owned by the Selling Entities as of the Closing;

(k) all books, records, information, files, data and plans (whether written, electronic or in any other medium), advertising and promotional materials and similar items of the Selling Entities as of the Closing (except as otherwise described in Section 2.2), including customer and supplier lists, mailing lists, sales and promotional literature, other sales-related materials related to the Acquired Assets, and, to the extent not prohibited under applicable Law, all files and data related to the Transferred Employees (collectively, the "Documentary Materials"), in each case subject to Section 7.18(c);

(l) all claims (including claims for past infringement or misappropriation of Seller IP) and causes of action (other than, in each case, to the extent related to Excluded Assets or Excluded Liabilities) of the Selling Entities as of the Closing against Persons other than the Selling Entities (regardless of whether or not such claims and causes of action have been asserted by the Selling Entities) and all rights of indemnity, warranty rights, rights of contribution, rights to refunds, rights of reimbursement and other rights of recovery, including rights to insurance proceeds, possessed by the Selling Entities as of the Closing (regardless of whether such rights are currently exercisable) to the extent related to the Acquired Assets;

(m) all goodwill associated with the Business or the Acquired Assets, including all goodwill associated with the Seller IP and all rights under any confidentiality agreements executed by any third party for the benefit of any of the Selling Entities to the extent relating to the Acquired Assets;

(n) all rights of the Selling Entities under non-disclosure or confidentiality, noncompete, or nonsolicitation agreements with Current Employees, Former Employees or current or former directors, consultants, independent contractors and agents of any of the Selling Entities or any of their Affiliates or with third parties to the extent primarily relating to the Acquired Assets (or any portion thereof);

(o) subject to Section 2.5(j), all of the Permits related to the Acquired Assets or to the extent provided in Section 2.5(j), all of the rights and benefits accruing under such Permits;

(p) the amount of, and all rights to any, insurance proceeds received by any of the Selling Entities after the date hereof in respect of (i) the loss, destruction or condemnation of any Acquired Assets of a type set forth in Section 2.1(c), (i), or (j), occurring prior to, on or after the Closing or (ii) any Assumed Liabilities;

(q) any rights, demands, claims, credits, allowances, rebates (including any vendor or supplier rebates), or rights of setoff (other than against the Selling Entities) arising out of or relating to any of the Acquired Assets as of the Closing (but excluding all interests in the Excluded Insurance Policies);

(r) all prepaid and deferred items (including prepaid real property Tax but excluding prepaid income Taxes) that relate to the Acquired Assets as of the Closing, including all prepaid rentals and unbilled charges, fees and deposits (but excluding all interests in the Excluded Insurance Policies);

(s) to the extent transferable, all current and prior insurance policies of any of the Selling Entities that relate to the Acquired Assets or Assumed Liabilities, and all rights and benefits of any of the Selling Entities of any nature (except for any rights to insurance recoveries thereunder required to be paid to other Persons under any Order of the Bankruptcy Court or the relating to any debtor-in-possession financing obtained by the Selling Entities) with respect thereto, including all insurance recoveries thereunder and rights to assert claims with respect to any such insurance recoveries, but excluding (i) all interests in the Excluded Insurance Policies and (ii) all interests in any bonds maintained under Section 412 of ERISA and in any insurance policies relating to Seller Benefit Plans, in the case of clause (ii), solely to the extent they relate to any assets or liabilities of any of the Seller Benefit Plans which are Excluded Assets or Excluded Liabilities;

(t) all litigation claims and causes of action (including causes of action under Chapter 5 of the Bankruptcy Code) against landlords, vendors or other counterparties under Assumed Contracts, the Assumed Real Property Leases, or otherwise arising under or related to the Acquired Assets (including, for the avoidance of doubt, all Assumed Contracts and the

Assumed Real Property Leases), including such causes of action arising under, or available pursuant to, the Bankruptcy Code other than the Retained Avoidance Actions;

(u) all rights of the Selling Entities' in and to (i) the company headquarters location located at the address of the Seller provided in Section 10.3(a) and (ii) all warehouse and distribution facilities of the Selling Entities (for the avoidance of doubt, any Real Property Leases that will be assumed and assigned as a result of this Section 2.1(u) shall not be subject to the lease designation rights provided to the Buyer under Section 2.5(b));

(v) all Credit Card Receivables as of the Closing; and

(w) all other assets that are related to or used in connection with the Acquired Assets and that are owned by any Selling Entity as of the Closing.

Section 2.2 Excluded Assets. Notwithstanding any provision herein to the contrary, the Acquired Assets shall not include the assets set forth Schedule 2.2 hereto (collectively, the "Excluded Assets").

Section 2.3 Assumed Liabilities. On the Closing Date, the Buyer and/or one or more Buyer Designees shall execute and deliver to the Selling Entities the Assumption Agreement pursuant to which the Buyer and/or such Buyer Designees shall assume and agree to pay, perform and discharge when due the Assumed Liabilities. For purposes of this Agreement, "Assumed Liabilities" means only the following Liabilities (to the extent not paid prior to the Closing):

(a) [intentionally left blank];

(b) all Cure Payments;

(c) the Liabilities of the Selling Entities arising under the Assumed Contracts and the Assumed Real Property Leases, to the extent such Liabilities arose from and after the Closing;

(d) the Liabilities of the Selling Entities arising in the ordinary course of business under purchase orders with suppliers open as of the Closing Date for which the Buyer expressly agrees to accept delivery of the goods under such purchase orders post-Closing;

(e) the Liabilities to the extent expressly assumed by the Buyer pursuant to Sections 7.7(a), 7.7(d), or 7.7(e);

(f) all Taxes to the extent expressly payable by the Buyer pursuant to Section 7.8; and

(g) all other Liabilities set forth on Schedule 2.3(g).

Section 2.4 Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, the parties expressly acknowledge and agree that neither the Buyer nor any Buyer Designee shall assume, be obligated to pay, perform or otherwise discharge or in any other

manner be liable or responsible for any Liabilities of the Selling Entities, whether existing on the Closing Date or arising thereafter as a result of any act, omission or circumstances taking place prior to the Closing, other than the Assumed Liabilities (all such Liabilities that neither the Buyer or any Buyer Designee is assuming being referred to collectively as the "Excluded Liabilities"). Without limiting the foregoing, the Buyer shall not be obligated to assume, does not assume, and hereby disclaims all the Excluded Liabilities, including the following Liabilities of any of the Selling Entities or of any predecessor of any of the Selling Entities, whether incurred or accrued before or after the Petition Date or the Closing:

(a) all Taxes of the Selling Entities, including Taxes imposed on the Selling Entities under Treasury Regulations Section 1.1502-6 and similar provisions of state, local or foreign Tax Law, other than Transfer Taxes and other Taxes payable by the Buyer pursuant to Section 7.8;

(b) all Liabilities of the Selling Entities relating to legal services, accounting services, financial advisory services, investment banking services or any other professional services ("Professional Services") performed in connection with this Agreement and any of the transactions contemplated, hereby, and any pre-Petition or post-Petition Claims for such Professional Services;

(c) except to the extent expressly assumed by the Buyer pursuant to Sections 7.7(a), 7.7(d), and 7.7(e), all Liabilities arising out of, relating to, or with respect to any Seller Benefit Plan (including any Liabilities related to any Seller Benefit Plan which is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA) that is subject to Section 302 or Title IV of ERISA or Code Section 412);

(d) except, in each case, to the extent expressly assumed by Buyer pursuant to Sections 7.7(a), 7.7(d), and 7.7(e), all Liabilities or claims arising out of, relating to or with respect to the employment or performance of services for, or termination of employment or services for, or potential employment or engagement for the performance of services for, any of the Selling Entities (or any predecessor) of any individual Person (including the Transferred Employees) or any Person acting as a professional employer organization, employee leasing company or providing similar services on or prior to the Closing (including as a result of the transactions contemplated by this Agreement), including Liabilities or claims for workers' compensation, severance (including statutory severance), separation, termination, or notice pay or benefits (including under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended and Section 4980B of the Code), claims under the WARN Act, or any other form of accrued or contingent compensation (including leave entitlements), irrespective of whether such Liabilities or claims are paid or made, as applicable, on, before or after Closing;

(e) all Liabilities with respect to any Excluded Employee or Former Employee with respect to any period;

(f) all Liabilities relating to Excluded Assets;

(g) all accounts payable and other amounts payable of any Selling Entity owed by it to any other Selling Entity;

(h) all Liabilities of the Selling Entities arising as a result of any Action initiated at any time, to the extent related to the Selling Entities or the Acquired Assets on or prior to the Closing Date (except to the extent that any such Liability is an Assumed Liability), including all Liabilities of the Selling Entities arising in connection with the Actions set forth on Schedule 2.4(i);

(i) all Liabilities of the Selling Entities in respect of Indebtedness;

(j) all Liabilities arising in connection with any violation of any applicable Law or Order relating to the period prior to the Closing by any of the Selling Entities, including any environmental law;

(k) any Consumer Liabilities; *provided*, that, the Buyer will assume all pre-Closing Consumer Liabilities at stores for so long as the stores have not been closed;

(l) any escheat Liabilities with respect to Assumed Liabilities or which otherwise remain with the Seller; and

(m) any other Liability of the Selling Entities that arises in relation to the period prior to the Closing and is not expressly included among the Assumed Liabilities.

Section 2.5 Assumption and Assignment of Contracts.

(a) The Sale Order shall provide for the assumption by the Selling Entities, and the Sale Order shall provide for the assignment to the extent legally capable of being assigned, by the Selling Entities to the Buyer and/or one or more Buyer Designees, of the Assumed Contracts and the Assumed Real Property Leases on the terms and conditions set forth in the remainder of this Section 2.5, and shall provide for the Designation Deadline as defined herein. At the Buyer's request, and at the Buyer's cost and expense, the Selling Entities shall cooperate from the date of execution of this Agreement forward with the Buyer as reasonably requested by the Buyer (i) to allow the Buyer to enter into an amendment with any Real Property Lease upon assumption of such Real Property Lease by the Buyer or a Buyer Designee, and shall cooperate with the Buyer to the extent reasonably requested with the Buyer in negotiations with the landlords thereof, or (ii) to otherwise amend any Real Property Lease to the extent such amendments would not adversely affect any of the Selling Entities; *provided* that the Selling Entities shall not be required to enter into any such amendment if such amendment would result in an assumption by any Selling Entity of such Real Property Lease, unless such Real Property Lease will be assigned to the Buyer or a Buyer Designee at the time of such assumption.

(b) The Buyer shall, on or before two (2) Business Days prior to the date scheduled for the Auction, identify the Non-Real Property Contracts and the Real Property Leases that will be Assumed Contracts or Assumed Real Property Leases to be assumed and assigned to the Buyer or Buyer Designee on the Closing Date by updating Schedule 2.5(b). Up to one (1) Business Day prior to the Closing Date, the Buyer may, in its sole discretion, add or remove any Non-Real Property Contract or any Real Property Lease as an Assumed Contract or Assumed Real Property Lease to be assumed and assigned to the Buyer or Buyer Designee on the Closing Date by amending Schedule 2.5(b). In advance of the Closing Date, the Buyer may, in its sole discretion, designate a Real Property Lease for rejection by delivering written notice to

the Seller. From and after the Closing Date until the Designation Deadline (subject to the last sentence of this Paragraph), with respect to any Non-Real Property Contract or Real Property Lease that is not included on Schedule 2.5(b) as an Assumed Contract or Assumed Real Property Lease to be assumed and assigned to the Buyer or the Buyer Designee on the Closing Date, the Buyer may, in its sole discretion, (i) designate such Non-Real Property Contract as an Assumed Contract or Real Property Lease as an Assumed Real Property Lease, as applicable, by providing written notice to the Seller, specifying the Non-Real Property Contract(s) or Real Property Lease(s) to be assumed by the respective Selling Entity and assigned to the Buyer or the Buyer Designee specified in such notice or (ii) designate such Non-Real Property Contract or Real Property Lease for rejection by providing written notice to the Seller, specifying the Non-Real Property Contract(s) or Real Property Lease(s) to be rejected by the respective Selling Entity and the date that such rejection shall be effective, which rejection shall in no event be effective less than twenty (20) days after the delivery of such notice to the Seller (each, a "Rejection Effective Date"). Upon delivery of a notification by the Buyer with respect to any Non-Real Property Contract or Real Property Lease under Section 2.5(b)(i), the applicable Selling Entity shall move within two (2) Business Days of receipt of such notice to assign such Non-Real Property Contract or Real Property Lease to the Buyer or the Buyer Designee as set forth in the applicable notice and shall assume and assign to, and the Buyer shall or shall cause such Buyer Designee to accept the assignment of, and to assume, such Non-Real Property Contract or Real Property Lease. Upon delivery of a notification by the Buyer with respect to any Non-Real Property Contract or Real Property Lease under Section 2.5(b)(ii), the applicable Selling Entity shall move within two (2) Business Days of receipt of such notice to reject such Non-Real Property Contract or Real Property Lease as of the applicable Rejection Effective Date. In addition, in the event that the Buyer has not provided a written designation to assume and assign or reject any Non-Real Property Contract or Real Property Lease pursuant to this Section 2.5(b) at least ten (10) Business Days prior to the Designation Deadline, then the Selling Entities may move to reject such Non-Real Property Contract or Real Property Lease as of the Designation Deadline, and none of the Selling Entities shall have any obligation to assign any such Non-Real Property Contract or Real Property Lease to the Buyer or any Buyer Designee hereunder.

(c) After the Closing and prior to the Designation Deadline, the Selling Entities shall not terminate, amend, supplement, modify, waive any rights under, or create any Encumbrance with respect to any Non-Real Property Contract or any Real Property Lease, or take any affirmative action not required by the terms thereof by any of the Selling Entities, without the prior written consent of the Buyer, unless the Buyer has provided notice to the Seller in writing designating such Non-Real Property Contract or Real Property Lease for rejection pursuant to Section 2.5(b).

(d) In the case of any removal or designation notice by the Buyer pursuant to Section 2.5(b), with respect to any Non-Real Property Contract or Real Property Lease, the Seller shall give notice to the other parties to any Contract to which such notice relates of the removal or designation of such Contract as an Assumed Contract or an Assumed Real Property Lease, as applicable, within three (3) Business Days of the Buyer notifying the Seller of such designation or removal or such lesser time as is approved by the Bankruptcy Court.

(e) As part of the Motions (or as necessary in one or more separate motions), the Selling Entities shall request that by virtue of a Selling Entity providing ten (10) Business

Days notice of its intent to assume and assign any Contract, the Bankruptcy Court deemed any non-debtor party to such Contract that does not file an objection with the Bankruptcy Court during such notice period to have given any required Consent to the assumption of the Contract by the Selling Entity and assignment to the Buyer and/or one or more Buyer Designees.

(f) In connection with the assumption and assignment to the Buyer or a Buyer Designee of any Assumed Contract or Assumed Real Property Lease pursuant to this Section 2.5, the cure amounts, as determined by the Bankruptcy Court, if any (such amounts, the "Cure Payments"), necessary to cure all defaults, if any, and to pay all actual or pecuniary losses that have resulted from such defaults under the Assumed Contracts and the Assumed Real Property Leases, including any amounts payable to any landlord under any Assumed Real Property Lease that relates to the period prior to the Assumption Approval, shall be paid by the Buyer, on or before the Assumption Approval, and not by the Seller and the Seller shall have no liability therefore.

(g) The Seller shall use its commercially reasonable efforts to obtain an Order of the Bankruptcy Court to assign the Assumed Contracts and the Assumed Real Property Leases to the Buyer and/or any Buyer Designees (the "Assumption Approval") on the terms set forth in this Section 2.5. In the event the Selling Entities are unable to assign any such Assumed Contract or Assumed Real Property Lease to the Buyer and/or any such Buyer Designee pursuant to an Order of the Bankruptcy Court, then the Parties shall use their commercially reasonable efforts prior to the Designation Deadline to obtain, and to cooperate in obtaining, all Consents and Governmental Authorizations from Governmental Authorities and third parties necessary to assume and assign such Assumed Contracts or Assumed Real Property Lease to the Buyer and/or such Buyer Designee (the "Necessary Consents"), including, in the case of the Buyer, making any applicable Cure Payments and any other payments necessary to obtain such Necessary Consents.

(h) To the extent that any Consent or Governmental Authorization required to assign to the Buyer and/or any Buyer Designee any Assumed Contract or Assumed Real Property Lease is not obtained by the Designation Deadline, each Selling Entity will, with respect to each such Assumed Contract or Assumed Real Property Lease, from and after the Closing and until the earliest to occur of (x) the date on which such applicable Consent is obtained, and (y) the date on which such Contract is rejected following the written request of the Buyer, use commercially reasonable efforts during the term of such Assumed Contract or Assumed Real Property Lease to (i) provide to the Buyer and/or any Buyer Designee, as applicable, the benefits under such Assumed Contract or Assumed Real Property Lease, (ii) cooperate in any reasonable and lawful arrangement (including holding such Contract in trust for the Buyer and/or any Buyer Designee, as applicable, pending receipt of the required Consent or Governmental Authorization) designed to provide such benefits to the Buyer and/or any Buyer Designee, as applicable, and (iii) enforce for the account of the Buyer and/or any Buyer Designee, as applicable, any rights of such Selling Entity under such Assumed Contract or Assumed Real Property Lease (including the right to elect to terminate such Assumed Contract or Assumed Real Property Lease in accordance with the terms thereof upon the written direction of the Buyer). The Buyer will, and, as applicable, will cause the Buyer Designees to, reasonably cooperate with the Selling Entities in order to enable the Selling Entities to provide to the Buyer and/or any Buyer Designee that purchase any Acquired Assets hereunder the benefits

contemplated by this Section 2.5(h), and Buyer shall promptly pay any and all costs and expenses incurred by the Selling Entities or their Representatives in connection with the performance by the Selling Entities of their obligations under this Section 2.5(h).

(i) The Buyer shall pay, and shall be solely responsible for, any and all Operational Expenses of the Selling Entities that are directly related to the operation of any Designated Store or Non-Continuing Store from and after the Closing until the Non-Real Property Contracts and Real Property Leases that are associated with such Designated Store or Non-Continuing Store have been, in accordance with this Section 2.5, (i) assumed and assigned to the Buyer or a Buyer Designee or (ii) rejected by the applicable Selling Entities, and such Designated Store or Non-Continuing Store has become a Continuing Store or has closed its operations, as applicable; *provided*, that, all Operational Expenses constituting employee Liabilities shall be treated as set forth in Section 7.7(d). For the avoidance of doubt and subject to Section 7.7(d), the Operational Expenses owed by the Selling Entities described above shall include, but are not limited to those Operational Expenses that are obligations of the Selling Entities that accrue at any point during the period from the Closing until either (i) the Real Property Leases and the Non-Real Property Contracts associated with such Designated Store or Non-Continuing Store are assumed and assigned to the Buyer or a Buyer Designee or (ii) the Rejection Effective Date of the Real Property Lease and Non-Real Property Contracts associated with such store has occurred; *provided*, that the Buyer has exited the store premises and turned possession of the store premises over to the landlord, the condition of such store premises to be turned over in accordance with the Real Property Lease associated with such store premises. In addition, the Buyer shall perform, or shall cause to be performed, any and all obligations of the Selling Entities arising under any Non-Real Property Contract or Real Property Lease related to the operation of any Designated Store or Non-Continuing Store from and after the Closing until either (i) the Real Property Leases and the Non-Real Property Contracts associated with such Designated Store or Non-Continuing Store are assumed and assigned to the Buyer or a Buyer Designee or (ii) the Rejection Effective Date of the Real Property Lease and Non-Real Property Contracts associated with such store has occurred; *provided*, that the Buyer has exited the store premises and turned possession of the store premises over to the landlord, the condition of such store premises to be turned over in accordance with the Real Property Lease associated with such store premises. For the avoidance of doubt, nothing contained in this Section 2.5(i) shall require the Buyer to become, or to be deemed, the employer of any person. Any amounts required to be paid, or obligations satisfied, by the Buyer hereunder, including any amounts to be paid or obligations satisfied under Section 7.7(d), shall be timely paid or satisfied, as applicable, when such amounts or obligations become due, and shall be paid or satisfied by the Buyer on behalf of the Selling Entities.

(j) Notwithstanding the foregoing, a Contract shall not be an Assumed Contract or Assumed Real Property Lease hereunder and shall not be assigned to, or assumed by, the Buyer (or a Buyer Designee) to the extent that such Contract (i) is rejected by a Selling Entity or terminated by a Selling Entity in accordance with the terms hereof or by the other party thereto, or terminates or expires by its terms, on or prior to the Designation Deadline and is not continued or otherwise extended upon assumption, or (ii) requires a Consent or Governmental Authorization (other than, and in addition to, that of the Bankruptcy Court) in order to permit the sale or transfer to the Buyer (or a Buyer Designee) of the Selling Entities' rights under such Contract, and no such Consent or Governmental Authorization has been obtained prior to the

Designation Deadline. In addition, a Permit shall not be assigned to, or assumed by, the Buyer (or a Buyer Designee) to the extent that such Permit requires a Consent or Governmental Authorization (other than, and in addition to, that of the Bankruptcy Court) in order to permit the sale or transfer to the Buyer (or a Buyer Designee) of the Selling Entities' rights under such Permit, and no such Consent or Governmental Authorization has been obtained prior to the Closing.

(k) The Buyer shall indemnify and hold each of the Selling Entities and its officers, directors, employees, agents and representatives harmless from and against all claims, demands, penalties, losses, liability or damage arising from or relating to the operation of any of the Non-Continuing Stores or the Continuing Stores after the Closing Date, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from, or related to: (i) the Buyer's material breach of or material failure to comply with any of its agreements, covenants, representations or warranties contained in any of the Transaction Documents; (ii) any harassment or any other unlawful, tortious or otherwise actionable treatment of any customers, employees of any of the Selling Entities or the Buyer or agents by the Buyer or any of its representatives; (iii) any claims by any party engaged by the Buyer as an employee or independent contractor arising out of such employment; (iv) the gross negligence (including omissions) or willful misconduct of the Buyer, its officers, directors, employees, agents or representatives; and (v) violations of Law by the Buyer, its officers, directors, employees, agents or representatives.

Section 2.6 Allocation. The Buyer shall, promptly following the final determination of the Purchase Price in accordance with Section 3.2, deliver to the Seller an allocation of the Purchase Price (and the Assumed Liabilities, to the extent properly taken into account under the Code) among the Acquired Assets and the covenants contained in Section 7.14 (the "Allocation") in accordance with Section 1060 of the Code and the Treasury regulations promulgated thereunder, which Allocation shall be reasonably acceptable to Seller. Seller agrees to file all Tax Returns (including the filing of Form 8594 with their United States federal income Tax Return for the taxable year that includes the date of the Closing) consistent with the Allocation unless otherwise required by applicable Law. In administering the Bankruptcy Case, the Bankruptcy Court shall not be required to apply the Allocation in determining the manner in which the Purchase Price should be allocated as between the Selling Entities and their respective estates.

Section 2.7 Non-Continuing Stores, Designated Stores and Continuing Stores.

(a) The Buyer shall, on or before two (2) Business Days prior to the date scheduled for the Auction, identify the stores of the Selling Entities that are to be Non-Continuing Stores, Designated Stores and Continuing Stores. In accordance with Section 2.5(b), the Buyer shall reclassify any Designated Store (i) as a Continuing Store by designating the Real Property Lease associated with such store as an Assumed Real Property Lease in accordance with Section 2.5(b)(i) or (ii) as a Non-Continuing Store by designating such Real Property Lease associated with such store for rejection by providing written notice to the Seller in accordance with Section 2.5. In accordance with the Sales Agency Agreement, on or before the Designation Date, the Sales Agent shall conduct and conclude store closing sales for each of the Non-Continuing Stores. At any time before the Sales Agent completes the store closing sale for a

Non-Continuing Store, the Buyer may reclassify such store as a Continuing Store by designating the Real Property Lease associated with such store as an Assumed Real Property Lease in accordance with Section 2.5. Upon such designation, such Non-Continuing Store shall be deemed a Continuing Store. The Seller irrevocably covenants and agrees to direct the Sales Agent to follow the lawful notices and other lawful instructions of the Buyer and the Buyer Designees and shall cooperate with the Buyer with respect to the Sales Agent, to the extent reasonably requested in connection therewith. If in the Buyer's reasonable judgment, the Seller is not directing the Sales Agent and cooperating with the Buyer and the Buyer Designees in accordance with the foregoing sentence, the Seller irrevocably agrees that the Buyer and the Buyer Designees will have the right to directly deliver all lawful notices and otherwise lawfully instruct the Sales Agent with respect to any or all of the Non-Continuing Stores and to enforce the rights of the Seller with respect to the Sales Agent under the Sales Agency Agreement.

(b) For any store that is a Designated Store or a Non-Continuing Store and whose associated Real Property Leases and Non-Real Property Contracts are rejected in accordance with Section 2.5, within in two (2) Business Days after the Designation Deadline, the Buyer shall pay to the Seller by wire transfer of immediately available funds to an account designated by the Seller any reimbursement for Real Property Lease deposits that are received by the Buyer prior to the Designation Deadline and that are related to such Designated Store or Non-Continuing Store.

(c) Notwithstanding anything in this Agreement to the contrary but subject to the consummation of the Closing, the Buyer shall have the right to assume any Real Property Leases with respect to any stores at or prior to the Closing Date, *provided* that the Buyer assumes and agrees to pay all Liabilities of such Real Property Lease.

ARTICLE III PURCHASE PRICE; DEPOSIT

Section 3.1 Purchase Price; Closing Payment.

(a) In consideration for the Acquired Assets, and subject to the terms and conditions of this Agreement, and the entry and effectiveness of the Sale Order, at the Closing, the Buyer and/or one or more Buyer Designees shall assume the Assumed Liabilities by executing the Assumption Agreement and the Buyer shall pay, in accordance with Sections 3.1 and 3.2, (x) an amount equal to \$13,000,000 in cash (as finally adjusted in accordance with Section 3.2) *plus* (y) pursuant to the Promissory Note, the Note Amount (subject to the terms and conditions of Section 3.1(c) and, for the avoidance of doubt, as such amount may be adjusted in accordance with Section 3.2) (the amounts set forth in clauses (x) and (y) above, collectively, the "Purchase Price"); *provided, however*, that notwithstanding any adjustments required to be made pursuant to Section 3.2, in no event shall the Purchase Price be an amount equal to less than the lesser of (x) \$6,000,000 and (y) all outstanding amounts owing under the DIP Facility on the Closing Date (the "Minimum Purchase Price"); *provided, further* that if (i) the Buyer has not assumed the Real Property Leases on more than twenty (20) stores as of the Closing Date, which are to be operated by the Buyer following such assumption and (ii) the Closing Date Cost Value of the Inventory is greater than \$8,500,000, then in no event shall the Purchase Price be an

amount equal to less than the applicable amount set forth on Schedule 3.1(a), as such amount is adjusted pursuant to Section 3.1(b) below (the "Adjusted Minimum Purchase Price").

(b) On the Closing Date, the Buyer shall pay or cause to be paid to the Seller, by wire transfer of immediately available funds to an account designated by the Seller prior to the Closing, an amount in cash equal to (i) \$13,000,000, *minus* (ii) the Deposit, (iii) *plus or minus*, as applicable, the Estimated Inventory Adjustment Amount, (iv) *plus or minus*, as applicable, the Estimated Credit Card Receivables Adjustment Amount, (v) *plus or minus*, as applicable, the Estimated Store-Level Cash Adjustment Amount; (vi) *minus* the Cost Factor Adjustment Amount and (vii) *minus* an amount equal to \$500,000 (the "Holdback Amount") (such amount, collectively, the "Closing Payment"); it being understood that the Deposit shall be delivered to the Seller or one or more designees of Seller at the Closing in accordance with Section 3.3;

provided, however, that notwithstanding any amounts required to be deducted pursuant to this Section 3.1(b), in no event shall the Closing Payment equal less than (i) the Minimum Purchase Price (ii) *minus* the Deposit (such amount, the "Minimum Closing Payment"); and

provided, further, that if (x) the Buyer has not assumed the Real Property Leases on more than twenty (20) stores as of the Closing Date, which are to be operated by the Buyer following such assumption, (y) the Closing Date Cost Value of the Inventory is greater than \$8,500,000 and (z) the Closing Payment equaled the Minimum Closing Payment, then, forty-five (45) days following the Closing Date, or if a party exercises its rights under Section 3.2(c), fifteen (15) days after receipt of the Final Calculations, the Buyer shall pay or cause to be paid to the Seller by wire transfer of immediately available funds to an account designated by the Seller prior to the Closing, an amount in cash equal to (i) the Adjusted Minimum Purchase Price, (ii) *minus* the Closing Payment previously made pursuant to this Section 3.1(b), (iii) *minus* the Deposit, (iv) *minus* the amount, if any, by which the Minimum Aggregate Amount of Credit Card Receivables exceeds the Closing Dated Credit Card Receivables Amount and (v) *minus* the amount, if any, by which the total aggregate minimum amount of Store-Level Cash required under the definition of Store-Level Cash exceeds the Closing Dated Store-Level Cash Amount.

(c) The Promissory Note shall have an initial aggregate outstanding principal amount of \$2,000,000 (as such amount may be adjusted pursuant to Section 3.2, the "Note Amount"). Notwithstanding anything in this Agreement to the contrary, the Note Amount shall not be required to be paid by the Buyer in the event that the Buyer has not assumed the Real Property Leases on more than twenty (20) stores as of the Closing Date, which are to be operated by the Buyer following such assumption; *provided*, that in the event that the Buyer has not assumed the Real Property Leases on more than twenty (20) stores as of the Closing Date, which are to be operated by the Buyer following such assumption, but has assumed the Real Property Leases on more than twenty (20) stores as of the Designation Deadline, which are to be operated by the Buyer following such assumption, the Note Amount shall be required to be paid. In the event that the Note Amount is required to be paid, the Buyer shall pay such amount to the Seller

over three (3) years from the Closing Date with five (5) semi-annual payments in an amount equal to \$250,000, with the balance to be paid on the third anniversary of the Closing Date, in accordance with the Promissory Note, in a form to be agreed to by the Parties prior to Closing (the "Promissory Note"). The outstanding principal amount of the Promissory Note shall bear interest at the rate of eight percent (8%) per annum in accordance with the terms of the Promissory Note.]

Section 3.2 Purchase Price Adjustment.

(a) Estimated Closing Adjustments. One (1) Business Day immediately prior to the Closing Date, the Seller shall (i) estimate the aggregate cost value of the Saleable Inventory as of the Closing Date (the "Estimated Closing Date Cost Value of the Inventory"), (ii) estimate the aggregate amount of Credit Card Receivables as of the Closing Date (the "Estimated Closing Date Credit Card Receivables Amount"), (iii) estimate the Cost Factor as of the Closing Date (the "Estimated Closing Date Cost Factor") and (iv) estimate the total aggregate amount of all Store-Level Cash as of the Closing Date (the "Estimated Closing Date Store-Level Cash Amount"). If the Estimated Closing Date Cost Value of the Inventory differs from the Minimum Aggregate Cost Value of the Inventory, the Purchase Price shall be adjusted in accordance with Schedule 3.2(a) (such adjusted amount, the "Estimated Inventory Adjustment Amount"). If the Estimated Closing Date Credit Card Receivables Amount differs from the Minimum Aggregate Amount of Credit Card Receivables, the Purchase Price shall be adjusted on a dollar for dollar basis by the amount of such difference (such adjusted amount, the "Estimated Credit Card Receivables Adjustment Amount"). If the Estimated Closing Date Cost Factor differs from the Minimum Cost Factor, the Purchase Price shall be adjusted in accordance with Schedule 3.2(a) (such adjusted amount, the "Cost Factor Adjustment Amount"). If the Estimated Closing Date Store-Level Cash Amount differs from the total aggregate minimum amount of Store-Level Cash required under the definition of Store-Level Cash, the Purchase Price shall be adjusted on a dollar for dollar basis by the amount of such difference (such adjusted amount, the "Estimated Store-Level Cash Adjustment Amount"). All estimates prepared by the Seller under this Section 3.2(a) shall be made in good faith and, with respect to the Estimated Closing Date Cost Value of the Inventory, consistent with the manner in which the Seller has historically calculated the amount reported on Line 11 of the borrowing base certificate under the Seller's existing senior secured facility with Bank of America. As promptly as possible but in any case prior to the Closing, the Seller will deliver to the Buyer a notice of the Estimated Closing Date Cost Value of the Inventory, the Estimated Closing Date Credit Card Receivables Amount, the Estimated Closing Date Cost Factor and the Estimated Closing Date Store-Level Cash Amount together with sufficient documentation of the information and data used to support the calculations of such estimates.

(b) Post-Closing Adjustments. As promptly as practicable, but in no event later than thirty (30) days following the Closing Date, the Buyer shall (i) cause to be determined the aggregate cost value of the Saleable Inventory as of the Closing Date (the "Closing Date Cost Value of the Inventory") by retaining an independent inventory taking service provider mutually selected by the Buyer and the Seller on or before the Closing Date to perform such calculation, (ii) determine the aggregate amount of Credit Card Receivables as of the Closing Date (the "Closing Date Credit Card Receivables Amount") and (iii) determine the total aggregate amount of all Store-Level Cash as of the Closing Date (the "Closing Date Store-Level Cash Amount").

If the Closing Date Cost Value of the Inventory differs from the Estimated Inventory Adjustment Amount, the Purchase Price shall be adjusted in accordance with Schedule 3.2(a). If the Closing Date Credit Card Receivables Amount differs from the Estimated Credit Card Receivables Amount, the Purchase Price shall be adjusted on a dollar for dollar basis by the amount of such difference. If the Closing Date Store-Level Cash Amount differs from the Estimated Store-Level Cash Amount, the Purchase Price shall be adjusted on a dollar for dollar basis by the amount of such difference. No adjustments to the Purchase Price shall be made pursuant to this Section 3.2(b) unless the Closing Payment exceeded the Minimum Closing Payment. Subject to the foregoing sentence, any adjustments to the Purchase Price made pursuant to this Section 3.2(b) shall be made within forty-five (45) days of the Closing Date, or if a party exercises its rights under Section 3.2(c), within fifteen (15) days of receipt of the Final Calculations by (x) first, if the adjustments result in a reduction of the Purchase Price, by reducing the amount of the Holdback Amount to the extent of the Holdback Amount by the amount of any such reduction, and (y) second, to the extent any adjustments are not reflected in clause (x) above (whether because the adjustments result in an increase in the Purchase Price or the adjustments result in a reduction of the Purchase Price that exceeds the Holdback Amount) then (A) if the Note Amount is required to be paid, by adjusting the Note Amount, either upward or downward, by the amount of any such adjustment or (B) if the Note Amount is not required to be paid and the adjustment is required to be made by the Seller to the Buyer, such payment shall be made in the manner set forth in Section 3.2(d) or if the adjustment requires a payment to be made by the Buyer to the Seller, such payment shall be made by wire transfer of immediately available funds to an account designated by the Seller. The cost of the inventory taking shall be shared equally by the Buyer and the Seller. Following the resolution of all disputes pursuant to Section 3.2(c), the Buyer shall pay to the Seller the Holdback Amount, as may be adjusted by this Section 3.2(b), by wire transfer of immediately available funds to an account designated by the Seller; *provided*, that the Buyer shall not pay to the Seller the Holdback Amount if the Closing Payment did not exceed the Minimum Closing Payment.

(c) Review; Disputes.

(i) The Buyer and the Seller shall, and shall cause their respective Representatives to, cooperate and assist in the calculation of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount, and in the conduct of the review referred to in this Section 3.2. Without limiting the foregoing, from and after the Closing until the end of the Review Period, the Buyer shall provide the Seller and its Representatives with full access to the books, records and employees of the Buyer and its Subsidiaries, including any applicable Documentary Materials and any related work papers of Representatives of Buyer, upon reasonable notice and during regular business hours for the purposes of enabling the Seller and its Representatives to calculate, and to review the calculation of, the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount.

(ii) If the Seller disputes the calculation of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and/or the Closing Date Store-Level Cash Amount, then the Seller shall deliver a written notice setting forth Seller's disagreement with the calculation of the Closing Date Cost Value of

the Inventory, the Closing Date Credit Card Receivables Amount and/or the Closing Date Store-Level Cash Amount, as applicable (a "Dispute Notice") to the Buyer at any time during the thirty (30) day period commencing upon receipt by the Seller of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount (with such thirty (30) day period subject to extension for any failure by Buyer to provide access to Seller and its Representatives as described in, and in accordance with, Section 3.2(b)(i), the "Review Period"). The Dispute Notice shall set forth the basis for the dispute of any relating calculation, to the extent applicable, in reasonable detail.

(iii) If the Seller does not deliver a Dispute Notice to the Buyer prior to the expiration of the Review Period, the Buyer's calculation, as provided by the Buyer, of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount, as the case may be, shall be deemed final and binding on the Selling Entities and Buyer for all purposes, except to the extent otherwise agreed in writing by Seller and Buyer.

(iv) If the Seller delivers a Dispute Notice to the Buyer prior to the expiration of the Review Period, then the Seller and the Buyer shall use commercially reasonable efforts to reach agreement on the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and/or the Closing Date Store-Level Cash Amount. If the Seller and the Buyer are unable to reach agreement on the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and/or the Closing Date Store-Level Cash Amount, within thirty (30) days after the end of the delivery of the Dispute Notice, the Seller and the Buyer shall refer such dispute to RSM McGladrey or such other firm that is mutually agreeable to the Buyer and the Seller (the "Accountant") for resolution and (A) each of the Buyer and the Seller shall have a reasonable opportunity to meet with the Accountant to provide their views as to any disputed issues with respect to the calculation of any of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount, (B) the Accountant shall determine the final Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount, as applicable, in accordance with the terms of this Agreement within thirty (30) days of such referral and upon reaching such determination shall deliver a copy of its calculations of such Closing Date Cost Value of the Inventory, Closing Date Credit Card Receivables Amount and/or Closing Date Store-Level Cash Amount (the "Final Calculations") to the Buyer and the Seller, and (C) the determination made by the Accountant of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount shall be final and binding on the Selling Entities and the Buyer for all purposes of this Agreement. In calculating the Final Calculations, the Accountant (x) shall be limited to addressing any particular disputes referred to in the Dispute Notice and (y) any such calculation of the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount shall, with respect to any disputed item, be no greater than the higher amount calculated by the Seller or the Buyer, and no less than the lower amount calculated by the Seller or the Buyer, as the case may be. The Final Calculations shall reflect in detail the

differences, if any, from the Final Calculations and the Closing Date Cost Value of the Inventory, the Closing Date Credit Card Receivables Amount and the Closing Date Store-Level Cash Amount provided to the Seller by the Buyer. The cost of the Accountant's review and report shall be borne by the losing Party. For example, should the disputed portions total in amount to \$1,000 and the Accountant awards \$600 in favor of the Sellers' position, all of the costs of its review and report would be borne by the Buyer.

(d) Treatment as Administrative Expenses. Any amounts at any time payable by Seller to Buyer under this Agreement or otherwise shall be paid (i) first, through an offset by Buyer of such amount against any amounts payable under the Promissory Note, in scheduled order of maturity, (ii) second, through an offset of any other obligation from Buyer to Seller under this Agreement and (iii) to the extent not otherwise satisfied under clauses (i) and (ii) above, than such excess amount shall be deemed allowed administrative claims in the Bankruptcy Case of any Selling Entity that is a debtor pursuant to 11 U.S.C. § 503(b)(1)(A).

Section 3.3 Deposit Escrow. Within four (4) Business Days following the Petition Date, the Buyer shall deposit into escrow with Richards, Layton & Finger, P.A. (in such capacity, the "Escrow Agent") an amount equal to \$1,500,000 (such amount, together with any interest accrued thereon prior to the Closing Date, the "Deposit") by wire transfer of immediately available funds. The Deposit shall not be subject to any lien, attachment, trustee process or any other judicial process of any creditor of any of the Selling Entities or the Buyer. The Deposit shall become payable to the Seller upon the earlier of (a) the Closing, or (b) the termination of this Agreement pursuant to Section 9.1(c) (a "Buyer Default Termination"). At the Closing, the Deposit shall be delivered to an account designated by the Seller by wire transfer of immediately available funds as payment of a portion of the Purchase Price and the Closing Payment. In the event the Deposit becomes payable to the Seller by reason of a Buyer Default Termination, the Escrow Agent shall, within two (2) Business Days after receiving notice of such Buyer Default Termination from Seller, disburse the Deposit to an account designated by the Seller by wire transfer of immediately available funds to be retained by the Seller for its own account. If this Agreement or the transactions contemplated herein are terminated other than for a termination which constitutes a Buyer Default Termination, the Buyer shall instruct the Escrow Agent to, and the Escrow Agent shall, within two (2) Business Days after such instruction, return to the Buyer the Deposit by wire transfer of immediately available funds.

ARTICLE IV THE CLOSING

Section 4.1 Time and Place of the Closing. Upon the terms and subject to the satisfaction of the conditions contained in Article VIII of this Agreement, the closing of the sale of the Acquired Assets and the assumption of the Assumed Liabilities contemplated by this Agreement (the "Closing") shall take place at the offices of the Seller's counsel, Wilmington, Delaware at 10:00 a.m. (Eastern time) no later than the second (2nd) Business Day following the date on which the conditions set forth in Article VIII have been satisfied or, to the extent permitted, waived by the applicable Party in writing (other than conditions which by their nature are to be satisfied at the Closing, but subject to the satisfaction or, to the extent permitted, waiver of such conditions at or prior to the Closing), or at such other place and time as the Buyer and the

Seller may mutually agree. The date on which the Closing actually occurs is herein referred to as the "Closing Date."

Section 4.2 Deliveries by the Seller. At or prior to the Closing, the Seller shall deliver the following to the Buyer:

- (a) the Bill of Sale, duly executed by the Selling Entities;
- (b) the Assumption Agreement, duly executed by the Selling Entities;
- (c) the IP Assignment Agreement, duly executed by the applicable Selling Entities;
- (d) such other instruments of assignment or conveyance duly executed by the applicable Selling Entities as shall be reasonably necessary to transfer the Acquired Assets to the Buyer in accordance with this Agreement;
- (e) the Sale Agency Agreement;
- (f) a copy of the Sale Order as entered by the Bankruptcy Court; and
- (g) the certificate contemplated by Section 8.2(c).

Section 4.3 Deliveries by the Buyer. At or prior to the Closing, the Buyer shall deliver the following to the Seller:

- (a) the Closing Payment;
- (b) the Deposit in accordance with Section 3.3;
- (c) certified copies of the resolutions duly adopted by the Buyer's board of directors or equivalent governing body authorizing the execution, delivery and performance of this Agreement and each of the other transactions contemplated hereby;
- (d) the Promissory Note, the Assumption Agreement and the IP Assignment Agreement, duly executed by the Buyer and, to the extent applicable, one or more Buyer Designees;
- (e) such other instruments of assumption duly executed by the Buyer and/or any applicable Buyer Designees as shall be reasonably necessary for the Buyer and/or any applicable Buyer Designees to assume the Assumed Liabilities in accordance with this Agreement;
- (f) the certificate contemplated by Section 8.3(c); and
- (g) the Limited Guaranty.

ARTICLE V REPRESENTATIONS AND WARRANTIES OF THE SELLING ENTITIES

Subject to such exceptions as are disclosed in the Seller Disclosure Schedule delivered by the Seller to the Buyer concurrently with the execution and delivery of this Agreement, and such exceptions as result from the filing and commencement of the Bankruptcy Case, the Selling Entities represent and warrant to the Buyer as follows:

Section 5.1 Organization, Standing and Corporate Power. Each Selling Entity is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, formation or organization. Each Selling Entity is duly qualified or licensed to do business in each jurisdiction in which the nature of its business or the ownership or leasing of its properties makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed would not reasonably be expected to result in a Material Adverse Effect.

Section 5.2 Subsidiaries. Section 5.2 of the Seller Disclosure Schedule identifies (i) each direct and indirect Subsidiary of the Seller, its jurisdiction of formation, and all owners of equity interests of each such Subsidiary and the number or percentage of equity interests owned by each such owner and (ii) all equity interests that are owned directly or indirectly by the Seller of Persons who are not direct or indirect Subsidiaries of the Seller. Except as set forth in Section 5.2 of the Seller Disclosure Schedule, all of the outstanding capital stock of, or other ownership interests in, each Selling Entity (other than the Seller) are owned beneficially and of record by the Seller, directly or indirectly.

Section 5.3 Authority Relative to this Agreement. Subject to the applicable provisions of the Bankruptcy Code, each of the Selling Entities has all necessary corporate or similar authority to execute and deliver this Agreement and the other Transaction Documents to which it is a party and, upon entry and effectiveness of the Sale Order in accordance with the terms hereof, will have all necessary corporate or similar authority to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Documents to which any Selling Entity is party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the board of directors or equivalent governing body of each Selling Entity, and no other corporate or similar proceeding on the part of such Selling Entity is necessary to authorize this Agreement or the other Transaction Documents to which it is party or to consummate the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by each Selling Entity, and, upon their execution and delivery in accordance with the terms of this Agreement, each of the other Transaction Documents to which any Selling Entity is party will have been duly and validly executed and delivered by each Selling Entity, and assuming that this Agreement and the other Transaction Documents to which it is party constitute valid and binding agreements of the Buyer and each applicable Buyer Designee to the extent that it is a party thereto, and, subject to the entry and effectiveness of the Sale Order, and the execution and delivery of such other Transaction Documents in accordance with the terms hereof, this Agreement and the other Transaction Documents constitute valid and binding agreements of each Selling Entity party thereto, enforceable against such Selling Entity in accordance with their terms, except as such enforceability may be limited by applicable

bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 5.4 No Violation; Consents.

(a) Except as described in Section 5.4(a) of the Seller Disclosure Schedule, except to the extent excused by or rendered unenforceable against the Buyer or a Buyer Designee as a result of the Bankruptcy Case and except for the entry and effectiveness of the Sale Order, neither the execution and delivery of this Agreement nor the sale by any Selling Entity of any Acquired Assets pursuant to this Agreement will (with or without notice or lapse of time) (i) conflict with or result in any breach of any provision of any Selling Entity's Certificate of Incorporation or Bylaws (or similar organizational documents), (ii) subject to the matters referred to in Section 5.4(b), conflict with or result in any breach of any Law applicable to any Selling Entity, the Business, or the Acquired Assets, or (iii) except for any Contract or Permit that is the subject of Section 2.5(h) or (j), violate, conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, any note, bond, mortgage or indenture, Contract, agreement, lease, sublease, license, Permit, franchise or other instrument or arrangement to which any of the Selling Entities, is a party as of the Closing and which constitutes an Acquired Asset or Assumed Liability, or result in the creation of any Encumbrance (other than a Permitted Encumbrance) as of the Closing on any of the Acquired Assets, except to the extent that any such rights of termination, amendment, acceleration, suspension, revocation or cancellation as a result of such Encumbrance will not be enforceable against such Acquired Asset or Assumed Liability following the Closing in accordance with the Sale Order, and except, in the case of clauses (ii) and (iii), for any such conflict, violation, breach or default that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) No Consent of any Governmental Authority is required to be obtained by or with respect to any Selling Entity in connection with the execution and delivery of this Agreement, or the consummation by the Selling Entities of the transactions contemplated by this Agreement, except for (i) the Consents set forth in Section 5.4(b) of the Seller Disclosure Schedule, (ii) the entry of the Sale Order by the Bankruptcy Court, (iii) Consents to the transfer or assignment of Permits that constitute Acquired Assets, and (iv) such other Consents where the failure to obtain such Consents would not reasonably be expected to result in a Material Adverse Effect.

Section 5.5 Legal Proceedings and Orders. Except as described in Section 5.5 of the Seller Disclosure Schedule, other than in connection with the Bankruptcy Case, there is no Legal Proceeding pending before any Governmental Authority and, to the Knowledge of the Seller, no Person has threatened in writing to commence any such Legal Proceeding, (a) that relates to any of the Acquired Assets or (b) that would reasonably be expected to have the effect of preventing or making illegal any of the transactions contemplated by this Agreement. As of the date of this Agreement and except as described in Section 5.5 of the Seller Disclosure Schedule, there is no Order to which any of the Selling Entities are subject.

Section 5.6 Compliance with Law. Except as would not reasonably be expected to result in a Material Adverse Effect, each of the Selling Entities (i) is, in material compliance with all Laws and Orders relating to the Acquired Assets (including the use thereof) and the conduct of the Business, and (ii) has not received any written notice from any Governmental Authority that any violation of any such Law or Order exists, in each case except as set forth in Section 5.6 of the Seller Disclosure Schedule.

Section 5.7 Financial Statements.

(a) (i) The unaudited consolidated financial statements of the Seller for the fiscal year ended January 30, 2010 (the "Seller Financial Statements") present fairly on a going concern basis, in all material respects, the consolidated financial position of the Seller as of the respective dates thereof and the consolidated statements of operations, stockholder's equity and cash flows of the Seller for the respective periods indicated therein (subject, to normal period end adjustments).

(b) The Selling Entities do not have any Indebtedness or other Liabilities of a nature (whether accrued, absolute, contingent or otherwise) that would be required by GAAP to be reflected on a consolidated balance sheet of the Seller (or in the notes thereto) that were not disclosed or reserved against in the Seller Financial Statements (including the notes thereto), except for indebtedness or other Liabilities (i) that were incurred after January 30, 2010, in the ordinary course of business, (ii) that were incurred under this Agreement or in connection with the transactions contemplated hereby, or (iii) that will be or are Liabilities of the Selling Entities as debtors in the Bankruptcy Case and that will not result in any Encumbrance (other than a Permitted Encumbrance) on the Acquired Assets following the entry of the Sale Order.

Section 5.8 Benefit Plans; Employees and Employment Practices.

(a) Section 5.8(a) of the Seller Disclosure Schedule sets forth a complete and correct list of each (i) Seller Benefit Plan (or other arrangement) which is an "employee pension benefit plan" (as defined in Section 3(2) of ERISA), that is subject to Section 302 or Title IV of ERISA or Code Section 412, including a "multiemployer plan" (as defined in Section 3(37) or 4001(a)(3) of ERISA), with respect to which the Selling Entities have or could have Liability, including as a result of its or their ERISA Affiliates, and (ii) Seller Benefit Plan which provides for post-employment life or health insurance, benefits or coverage for any participant or any beneficiary of a participant, excluding any Seller Benefit Plan which provides such insurance, benefits or coverage as may be required under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended and Section 4980B of the Code and at the expense of the participant or the participant's beneficiary .

(b) Except as set forth in Section 5.8(b) of the Seller Disclosure Schedule, and except for such exceptions that would not reasonably be expected to result in a Material Adverse Effect, (i) each Seller Benefit Plan has been maintained and administered in accordance with its terms and with all applicable provisions of ERISA, the Code and other applicable Laws, and (ii) there are no audits, inquiries or proceedings pending or, to the Knowledge of any of the Selling Entities, threatened by the U.S. Internal Revenue Service or any other Governmental Authority

with respect to any Seller Benefit Plan (other than routine claims for benefits in the ordinary course of business).

(c) To the Knowledge of any of the Selling Entities and except as set forth on Section 5.8(c) of the Seller Disclosure Schedule, (i) the Pension Benefit Guaranty Corporation ("PBGC") has not initiated any proceeding, or asserted any rights, under Section 4041 or 4042 of ERISA and (ii) neither the Selling Entities nor any of their Affiliates have received an inquiry, whether written or oral, from the PBGC, under its so-called "Early Warning Program" or otherwise, regarding the funded status of any pension plan of the Selling Entities or any of their Affiliates.

(d) None of the Selling Entities is a party to, or otherwise bound by or subject to, any collective bargaining or other labor union contracts and, to the Knowledge of any of the Selling Entities, no Current Employees are represented by any labor organization, trade union, works council, employee representative, employee congress or other form of employee association or representative. No labor organization (or representative thereof) or Current Employee or group of Current Employees has made a pending demand for recognition, and there are no representation proceedings or petitions seeking a representation proceeding presently pending or, to the Knowledge of any of the Selling Entities, threatened to be brought or filed, with the National Labor Relations Board or other labor relations tribunal, or provincial or foreign or other Governmental Authority. To the Knowledge of any of the Selling Entities, there is no organizing activity involving the Selling Entities or any of their Affiliates pending or threatened by any labor organization (or representative thereof) or employee or group of employees to organize Current Employees. There are no material lockouts, or strikes pending, or threatened between the Selling Entities or any of their Affiliates, on the one hand, and their respective Current Employees, on the other hand, and there have been no such material lockouts or strikes for the past three (3) years.

(e) As of the date of this Agreement and except as set forth in Section 5.8(e) of the Seller Disclosure Schedule, each of the Selling Entities and their Affiliates is in compliance with all Laws relating to the employment of labor, including all such Laws relating to wages, hours, pay equity, employment equity, conditions of employment, employment standards, human rights, employee privacy, the WARN Act, collective bargaining, discrimination, civil rights, safety and health, workers' compensation and the collection and payment of withholding Taxes and/or social security Taxes and contributions and any similar Tax or contribution, except in each case or in the aggregate as would not reasonably be expected to result in a Material Adverse Effect. Except as set forth in Section 5.8(e) of the Seller Disclosure Schedule, there has been no "mass layoff" or "plant closing" (as defined by the WARN Act), or "collective redundancy" or similar process, with respect to the Selling Entities or any of their Affiliates within the six (6) months prior to Closing.

(f) There are no notices of assessment, provisional assessment, reassessment, supplementary assessment, penalty assessment or increased assessment (collectively, "assessments") or any other communications related thereto which any Selling Entity has received from any workers' compensation or workplace safety and insurance board or similar authorities in any jurisdictions where the Business is carried on which are unpaid on the date hereof or which will be unpaid at the Closing Date, and to the Knowledge of any of the Selling

Entities there are no facts or circumstances which may result in an increase in liability to any Buyer or any Buyer Designee under any applicable workers' compensation or workplace safety and insurance Law after the Closing Date.

Section 5.9 Contracts.

(a) Each Non-Real Property Contract and each Real Property Lease is a valid and binding obligation of each Selling Entity party thereto, and to the Knowledge of the Seller, the other parties thereto, enforceable against each of them in accordance with its terms, except, in each case, (i) as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity, or (ii) as set forth in Section 5.9(a)(i) of the Seller Disclosure Schedule. On or prior to the date of the hearing with respect to the Bidding Procedures Order, the Seller shall deliver to the Buyer a list of each material Non-Real Property Contract and good faith estimates of all Cure Payments with respect thereto.

(b) None of the Selling Entities, or, to the Seller's Knowledge, the other parties thereto, are in breach in any material respect of any Non-Real Property Contract, or any Real Property Lease, and none of the Selling Entities has received any written notice of any such breach, except, in each case, (i) as a result of the Bankruptcy Case, (ii) as set forth in Section 5.9(b) of the Seller Disclosure Schedule to be delivered by the Seller to the Buyer two (2) Business Days prior to the date of the hearing with respect to the Bidding Procedures Order, or (iii) as will be cured upon entry of the Sale Order and payment of the Cure Payments.

Section 5.10 Intellectual Property.

(a) Section 5.10(a) of the Seller Disclosure Schedule sets forth a complete and accurate list, as of the date hereof, of (i) each item of Registered IP in which any Selling Entity has an ownership interest of any nature (whether exclusively, jointly with another Person or otherwise), (ii) the jurisdiction in which each such item of Registered IP has been registered or filed and the applicable registration or serial number, (iii) any other Person that has an ownership interest in each such item of Registered IP and the nature of such ownership interest, (iv) all material Contracts pursuant to which any Selling Entity obtains the right to use any Intellectual Property, and (v) all material Contracts pursuant to which any Selling Entity grants to any other Person the right to use any Seller IP. Except as set forth in Section 5.10(a) of the Disclosure Schedule, no Selling Entity has abandoned or assigned any material Intellectual Property right in the three years preceding the date of this Agreement.

(b) Except as set forth in Section 5.10(b) of the Seller Disclosure Schedule, the Selling Entities own or possess valid rights to use: (i) all Seller IP and all Licensed Intellectual Property; and (ii) all Intellectual Property used in the conduct of the Business in the two years preceding the date of this Agreement.

(c) To the Knowledge of the Seller, none of the Selling Entities has infringed, misappropriated or otherwise violated, or is infringing, misappropriating or otherwise violating any Intellectual Property right of any other Person, except as set forth in Section 5.10(c) of the Seller Disclosure Schedule. Except as set forth in Section 5.10(c) of the Seller Disclosure

Schedule, none of the Selling Entities has received any written claim or written notice from any Person alleging infringement, misappropriation or any other violation of Intellectual Property rights, offering a license to Intellectual Property Rights, or challenging the validity, enforceability, use or ownership of the Seller IP or the Selling Entities' interest in Seller IP. To the Knowledge of the Seller, no Person has infringed, misappropriated or otherwise violated, or is infringing, misappropriating or otherwise violating any Seller IP. Except as set forth in Section 5.10(c) of the Disclosure Schedule, there are no pending or threatened administrative or judicial proceedings or actions involving the Seller IP or the Seller's use of Intellectual Property rights. Except as set forth in Section 5.10(c) of the Disclosure Schedule, the Seller has not: i) pledged, mortgaged or granted any lien in or to Seller IP; or ii) granted any contingent interest in, or option to acquire an interest in, Seller IP. Except as set forth in Section 5.10(c) of the Disclosure Schedule, the Seller is not in default or breach of any Contract listed in Section 5.10(a) of the Disclosure Schedule. The Buyer shall have the right, immediately after the Closing, to use all Intellectual Property owned or used by the Selling Entities immediately prior to Closing, on the same terms as the Selling Entities immediately prior to Closing.

(d) The information technology systems of the Selling Entities, including material software, servers and hardware, are sufficient to operate the Business as it is currently conducted. All licenses to material software used in the Business are valid and unexpired. The Selling Entities have taken commercially reasonable security measures in accordance with normal industry practice to protect the information technology systems against intrusion. The Selling Entities are in material compliance with any posted privacy policies and any Laws relating to personal data or other information.

Section 5.11 Taxes.

(a) Subject, in each case, to such exceptions that would not reasonably be expected to result in a Material Adverse Effect, and except as set forth on Section 5.11(a) of the Seller Disclosure Schedule, all Tax Returns required to be filed by or with respect to any Selling Entity have been timely filed (taking into account any extension of time within which to file) and all such Tax Returns are true, correct, and complete in all material respects.

(b) Except as set forth on Section 5.11(b) of the Seller Disclosure Schedule, subject to such exceptions that would not reasonably be expected to result in a Material Adverse Effect, all Taxes of the Selling Entities have been timely paid.

Section 5.12 Insurance. All material casualty and property insurance policies of the Selling Entities or covering the Acquired Assets, the Assumed Liabilities and the Current Employees (i) are, to the Knowledge of the Seller, in full force and effect and all premiums thereon have been paid, and, to the Knowledge of the Seller, the Selling Entities are otherwise in compliance in all material respects with the terms and provisions of such policies, (ii) such policies provide insurance in such amounts and against such risks as is sufficient to comply with applicable Law, and (iii) the Selling Entities are not in breach or default, and none of the Selling Entities has taken any action or failed to take any action which, with notice, the lapse of time or the happening of any other event or condition, would constitute such a breach or default, or permit termination or modification of, any of such insurance policies. To the Seller's Knowledge there are no pending notices of cancellation or nonrenewal of any insurance policy referred to in

this Section 5.12 nor has the termination of any such insurance policy been threatened, and, to the Knowledge of the Seller, there exists no event, occurrence, condition or act (including the purchase of the Acquired Assets hereunder) that, with the giving of notice, the lapse of time or the happening of any other event or condition, would entitle any insurer to terminate or cancel any such insurance policies.

Section 5.13 Title to Assets; Real Property.

(a) The Selling Entities have good and valid title to, or, in the case of leased assets have good and valid leasehold interests in, all tangible personal property that is used in the Business (other than the Excluded Assets), free and clear, as of the Closing, of all Encumbrances (other than Permitted Encumbrances and except to the extent that such Encumbrances will not be enforceable against such tangible personal property following the Closing in accordance with the Sale Order).

(b) A Selling Entity has valid leasehold interests in the Real Property Leases (such leasehold interests, the "Seller Properties"), in each case sufficient to conduct the Business as currently conducted and free and clear, as of the Closing, of all Encumbrances (other than Permitted Encumbrances and except to the extent that such Encumbrances will not be enforceable against the Real Property Leases following the Closing in accordance with the Sale Order), assuming the timely discharge of all obligations owing under or related to the Seller Properties.

Section 5.14 Permits. Except as set forth in Section 5.14 of the Seller Disclosure Schedule, to the Knowledge of Seller, the Selling Entities have obtained and possess all material Permits necessary for the lawful conduct of the Business as presently conducted and operated, or necessary for the lawful ownership of their properties and assets or the operation of the Business as presently conducted and operated. Each such Permit of the Selling Entities is valid and in full force and effect, except as would not reasonably be expected to have a Material Adverse Effect.

Section 5.15 Inventory. The consolidated inventory of the Seller set forth in the Seller Financial Statements was stated therein in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and presents fairly, in all material respects, the consolidated inventory of the Seller as of the respective dates thereof. The inventories of the Selling Entities constitute sufficient quantities for the normal operation of the Business as of the date hereof.

Section 5.16 Accounts and Notes Receivable and Payable. All accounts and notes receivable of the Selling Entities including the Accounts Receivable, reflected in the Seller Financial Statements have arisen in the ordinary course of business. The consolidated accounts receivable of the Seller set forth in the Seller Financial Statements were stated therein in accordance with GAAP applied on a consistent basis throughout the periods indicated and presents fairly, in all material respects, the consolidated accounts receivable of the Seller as of the respective dates thereof (subject, in the case of unaudited financial statements, to normal period end adjustments). All accounts payable of the Selling Entities reflected in the Seller Financial Statements have arisen in the ordinary course of business.

Section 5.17 Banks. Section 5.17 of the Seller Disclosure Schedule contains a complete and correct list of the names and locations of all banks in which any Selling Entity has accounts or safe deposit boxes and the names of all persons authorized to draw thereon or to have access thereto. Except as set forth in Section 5.17 of the Seller Disclosure Schedule, no Person holds a power of attorney to act on behalf of any Selling Entity with respect to any such accounts or safe deposit boxes.

Section 5.18 Brokers. No Person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by any Selling Entity in connection with the transactions contemplated by this Agreement. Any fee owed by Seller or any of the Selling Entities to Oppenheimer & Co. (or any of its affiliates) in connection with this Agreement and its subject matter shall be paid by the Seller.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF BUYER

The Buyer hereby represents and warrants to the Selling Entities as follows:

Section 6.1 Organization and Good Standing. The Buyer is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Delaware. Any Buyer Designee that executes and delivers any Transaction Document will be a corporation or other entity duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization as of the Closing Date.

Section 6.2 Authority Relative to this Agreement.

(a) The Buyer has all necessary limited liability company power and authority to execute and deliver this Agreement and the other Transaction Documents to which it is party and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the other Transaction Documents to which the Buyer is party and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the board of directors or equivalent governing body of the Buyer, and no other limited liability company proceedings on the part of the Buyer are necessary to authorize this Agreement or the other Transaction Documents to which it is party or to consummate the transactions contemplated hereby or thereby. This Agreement has been duly and validly executed and delivered by the Buyer, and, upon their execution and delivery in accordance with the terms of this Agreement, each of the other Transaction Documents to which the Buyer is a party will have been duly and validly executed and delivered by the Buyer, and, assuming that this Agreement and such other Transaction Documents constitute valid and binding agreements of the Selling Entities party thereto, constitute valid and binding agreements of the Buyer, enforceable against the Buyer in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

(b) Each Buyer Designee that executes and delivers a Transaction Document shall have, as of the Closing Date, all necessary corporate or other power and authority to execute and deliver the Transaction Documents to which it is party and to consummate the

transactions contemplated thereby. The execution and delivery of each Transaction Documents to which any Buyer Designee is party and the consummation of the transactions contemplated thereby shall have been duly and validly authorized by the board of directors or equivalent governing body of each Buyer Designee that executes and delivers a Transaction Document prior to such execution and delivery, and no other corporate proceedings on the part of such Buyer Designee shall be necessary at the time of such execution and delivery to authorize the Transaction Documents to which it is party or to consummate the transactions contemplated thereby. The Transaction Documents to which a Buyer Designee is party shall have been duly and validly executed and delivered prior to the Closing by each Buyer Designee that executes and delivers a Transaction Document, and, assuming that the Transaction Documents constitute valid and binding agreements of the Selling Entities party thereto, shall constitute valid and binding agreements of such Buyer Designee, enforceable against such Buyer Designee in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar Laws affecting or relating to enforcement of creditors' rights generally or general principles of equity.

Section 6.3 No Violation; Consents.

(a) Neither the execution and delivery of this Agreement by the Buyer nor the purchase by the Buyer and/or any applicable Buyer Designees of the Acquired Assets and the assumption by the Buyer and/or such Buyer Designees of the Assumed Liabilities pursuant to this Agreement will (with or without notice or lapse of time) conflict with or result in any breach of (i) any provision of the Buyer's limited liability company agreement or any such Buyer Designee's Certificate of Incorporation or Bylaws (or similar organizational documents) or (ii) subject to the matters referred to in Section 6.3(b), any Law applicable to Buyer or any such Buyer Designee or their respective properties or assets, except as would not prevent or materially delay the consummation of the transactions contemplated by this Agreement.

(b) No Consent of any Governmental Authority or any third party is required to be obtained by or with respect to Buyer and/or any applicable Buyer Designee in connection with the execution and delivery of this Agreement, or the consummation by Buyer or such Buyer Designee of the transactions contemplated by this Agreement, except for (i) the entry of the Sale Order by the Bankruptcy Court, and (ii) such other Consents where the failure to obtain such Consents would not prevent or materially delay the consummation of the transactions contemplated by this Agreement.

Section 6.4 Legal Proceedings and Orders. To the Knowledge of Buyer, there is no Legal Proceeding, and no Person has threatened in writing to commence any Legal Proceeding that would reasonably be expected to have the effect of preventing or making illegal any of the transactions contemplated by this Agreement, except for the Bankruptcy Case. There is no Order to which the Buyer is subject that would reasonably be expected to have the effect of preventing or making illegal any of the transactions contemplated by this Agreement.

Section 6.5 Brokers. No Person is entitled to any brokerage, financial advisory, finder's or similar fee or commission payable by the Buyer or any of its Affiliates in connection with the transactions contemplated by this Agreement.

Section 6.6 Limited Guaranty. The Buyer has delivered to the Seller a true, complete and correct signed copy of the Limited Guaranty, pursuant to which 1903 Equity Fund, L.P. has guaranteed the payment obligations of the Buyer excluding payment obligations with respect to the Promissory Note, subject to the terms and limitations set forth therein. The Limited Guaranty, in the form delivered, is in full force and effect and is a legal, valid and binding obligation of 1903 Equity Fund, L.P.

ARTICLE VII COVENANTS OF THE PARTIES

Section 7.1 Conduct of Business of Selling Entities. Except (v) as set forth on Schedule 7.1, (w) as required by any Order of the Bankruptcy Court, (x) as required by applicable Law, (y) as contemplated or required by the terms of any Transaction Document, or (z) as otherwise consented to in writing by the Buyer (such consent not to be unreasonably withheld, conditioned or delayed), during the period commencing on the date of this Agreement and continuing through the Closing or the earlier termination of this Agreement in accordance with its terms:

(a) each of the Selling Entities shall use its commercially reasonable efforts to: (i) operate the Business in the ordinary course of business, including ordering and purchasing Inventory, making capital and sales and marketing expenditures each in the ordinary course of business, (ii) preserve in all material respects the Acquired Assets (excluding sales of Inventory in the ordinary course of business), and (iii) preserve its current relationships with the suppliers, vendors, customers, clients, contractors and others having business dealings with the Business, but taking into account, in each case, the fact that the Bankruptcy Case has commenced, and the fact that the Business will be operated while in bankruptcy; and

(b) without limiting the generality of Section 7.1(a), the Selling Entities shall not:

(i) sell, lease (as lessor), transfer or otherwise dispose of (or permit to become subject to any additional Encumbrance, other than Permitted Encumbrances, Encumbrances arising under any Bankruptcy Court orders relating to the use of cash collateral (as defined in the Bankruptcy Code), Encumbrances arising in connection with any debtor-in-possession financing of the Selling Entities and Encumbrances that will not be enforceable against any Acquired Asset following the Closing in accordance with the Sale Order) any material Acquired Assets, other than (A) the sale of Inventory in the ordinary course of business, (B) the collection of receivables, (C) the use of prepaid assets and Documentary Materials in the conduct of the Business in the ordinary course of business, and (D) in connection with store closing made pursuant to the Sales Agency Agreement or store closings listed on Schedule 7.1;

(ii) conduct any store closings or "going out of business," liquidation or similar sales, other than those listed on Schedule 7.1, made pursuant to the Sales Agency Agreement or made with respect to stores with Real Property Leases which by their terms or pursuant to a court order terminate prior to the Closing;

(iii) increase the compensation payable or benefits provided to any director of any Selling Entity or any of their Affiliates or to any Current Employee, or adopt, modify or amend any Seller Benefit Plan (which for purposes of this section shall include any non-competition or similar agreement), other than (A) as required by the terms of any Contract or Seller Benefit Plan in effect on the date of this Agreement, (B) as provided in any incentive or retention program or similar arrangement approved by the Bankruptcy Court with the written consent of the Buyer, (C) increases for nonexecutive management Current Employees in the ordinary course of business that are not material in the aggregate, or (D) any termination of, or reduction in benefits payable under, a Seller Benefit Plan prior to the Closing;

(iv) solely with respect to any action which could have an adverse effect on the Buyer or any of its Affiliates following the Closing, make or rescind any material election relating to Taxes, settle or compromise any material claim, action, suit, litigation, Legal Proceeding, arbitration, investigation, audit or controversy relating to Taxes, or except as may be required by applicable Law or GAAP, make any material change to any of its methods of Tax accounting, methods of reporting income or deductions for Tax or Tax accounting practice or policy from those employed in the preparation of its most recent Tax Returns;

(v) acquire any material assets or properties or make any other material investment in any such event outside the ordinary course of business, except as may otherwise be required by the terms of any Contract in effect as of the date of this Agreement as set forth on Schedule 7.1;

(vi) enter into or agree to enter into any merger or consolidation with any corporation or other entity;

(vii) except in the ordinary course of business, cancel or compromise any material debt or claim or waive or release any material right, in each case, that is a debt, claim or right that is an Acquired Asset or Assumed Liability;

(viii) introduce any material change with respect to the operation of the Business, including any material change in the types, nature, composition or quality of products or services sold in the Business, other than, in each case, in the ordinary course of business;

(ix) enter into any material new Contract (other than the DIP Facility) or modify, terminate, amend, restate, supplement, renew or waive any rights under or with respect to any existing material Contract or the DIP Facility;

(x) enter into any Contract, understanding or commitment that restrains, restricts, limits or impedes the ability of any Selling Entity to compete with or conduct any business or line of business in any geographic area, other than (A) real property leases containing customary geographic or location restrictions or (B) licenses of Seller IP, in each case that are entered into in the ordinary course of business;

(xi) terminate, amend, restate, supplement, renew or waive any rights under or with respect to, any Real Property Lease, or, other than in the ordinary course of business, any material Contract or Permit, or increase any payments required to be paid thereunder (whether or not in connection with obtaining any Consents) by the Buyer or any Buyer Designee after the Closing, or increase, or take any affirmative action not required by the terms thereof that would result in any increase in, any operating expenses of any Real Property Leases without the Buyer's written consent, not to be unreasonably withheld, conditioned or delayed, *provided*, that such consent of the Buyer may be conditioned on a reasonable valuation adjustment based on the increased costs in an amount to be determined in good faith;

(xii) deviate from past practice in the ordinary course of business with respect to ordering or maintenance of Inventory;

(xiii) file any motion to pay any pre-Petition Date Claims of any Person without the express written consent of the Buyer, unless such payments are consistent with the terms and conditions of the DIP Facility and with the DIP Facility Budget; or

(xiv) prepay any expenses unless expressly set forth in the DIP Facility Budget or request or accept an increase, directly or indirectly, in the advance rate in the DIP Facility as originally approved, unless with the Buyer's consent the date of the Auction is delayed beyond the date provided herein.

Section 7.2 Access to and Delivery of Information and Assets; Maintenance of Records.

(a) Between the date of this Agreement and the Closing Date, to the extent permitted by Law, the Selling Entities shall, during ordinary business hours and upon reasonable prior notice (i) give the Buyer and the Buyer's Representatives reasonable access to the Selling Entities accountants, counsel, financial advisors and other authorized outside Representatives, officers and senior management in their respective principal places of business, all books, records and other documents and data in the locations in which they are normally maintained, and all offices and other facilities of the Selling Entities; *provided* that, in connection with such access, the Buyer and the Buyer's Representatives shall minimize disruption to the Business, the Bankruptcy Case, and the Auction; *provided further* that in connection with the Buyer's and/or the Buyer's Representatives' access of such offices and other facilities, the Buyer and/or the Buyer's Representatives shall be accompanied at all times by a representative of the Selling Entities unless the Seller otherwise agrees, shall not materially interfere with the use and operation of such offices and other facilities, and shall comply with all reasonable safety and security rules and regulations for such offices and other facilities, (ii) permit the Buyer and the Buyer's Representatives to make such reasonable inspections and copies of all books, records and other documents of the Selling Entities as the Buyer may reasonably request, and (iii) furnish the Buyer with such reasonably available financial and operating data and other information as the Buyer and the Buyer's Representatives may from time to time reasonably request. Notwithstanding anything to the contrary set forth in this Section 7.2(a), no access to, or examination of, any information or other investigation shall be permitted to the extent that it would require disclosure of information subject to attorney-client or other privilege.

(b) Between the Closing Date and complete dissolution and liquidation of the Selling Entities, the Selling Entities and the Seller's Representatives shall have reasonable access to all of the books and records of the Selling Entities delivered to the Buyer or any Buyer Designee at Closing, including all Documentary Materials and all other information pertaining to the Assumed Contracts and Assumed Real Property Leases to the extent that (i) such books, records and information relate to any period prior to the Closing Date and (ii) such access is reasonably required by the Selling Entities in connection with the Bankruptcy Case, the Excluded Liabilities, the Excluded Assets or similar matters relating to or affected by the operation of the Business for periods prior to the Closing. Such access shall be afforded by the Buyer upon receipt of reasonable advance notice and during normal business hours, and the Buyer shall permit the Selling Entities and the Seller's Representatives to make such reasonable copies of such books, records and information as they may reasonably request at the Buyer's sole and expense.

(c) Between the Closing Date and complete dissolution and liquidation of the Selling Entities, the Selling Entities and their Representative shall have reasonable access, and the assistance of, the employees of the Buyer and Buyer Designees, and to the assets, software and systems of the Buyer and the Buyer Designees, in connection with the winding down of any remaining business and assets of the Selling Entities, the dissolution and liquidation of the Selling Entities, and the performance of the obligations of the Selling Entities hereunder and under the other Transaction Documents, and Buyer and the Buyer Designees shall cooperate, to the extent reasonably requested, therewith; *provided* that such access or assistance does not interfere in any material respect with the operation of the Business following the Closing; and *provided, further* that should the Selling Entities request assistance above and beyond that contemplated by this Section (e.g., as to the incurrence by Buyer or a Buyer Designee of out-of-pocket expenses), Buyer or such Buyer Designee will cooperate reasonably with the Selling Entities subject to the Selling Entities' reimbursement of such actual out-of-pocket expenses.

(d) From and after the Closing Date, the Selling Entities shall provide or cause to be provided to the Buyer and Buyer Designees full, complete and unfettered access to the Acquired Assets.

(e) All information obtained by the Buyer or the Buyer's Representatives pursuant to this Section 7.2 shall be subject to the terms of the Confidentiality Agreement.

Section 7.3 Expenses.

(a) All costs and expenses payable in connection with obtaining any Necessary Consents shall be paid by the Buyer.

(b) Except to the extent otherwise specifically provided herein, whether or not the transactions contemplated hereby are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the Party incurring such costs and expenses.

(c) Notwithstanding the foregoing, the Buyer and the Seller acknowledge that in accordance with the letter, dated September 8, 2010 (the "LOI"), executed by the Buyer and

the Seller, that the Seller paid the Buyer \$150,000 in consideration for the significant amount of time and resources expended in connection with the preparation and negotiation of the LOI and this Agreement.

Section 7.4 Further Assurances.

(a) Subject to the terms and conditions of this Agreement, at all times prior to the earlier of the Closing and the termination of this Agreement in accordance with its terms, each of the Parties shall use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated by this Agreement, including executing and delivering such documents and other papers as are reasonably required to carry out the provisions of this Agreement and consummate the transaction contemplated hereby; *provided* that no Representative of any of the Selling Entities shall be required to execute any such document or other papers effective prior to the Closing.

(b) On and after the Closing until the dissolution and liquidation of the Selling Entities, the Selling Entities and the Buyer shall use their commercially reasonable efforts to take, or cause to be taken, all appropriate action, to do or cause to be done all things necessary, proper or advisable under applicable Law, and to execute and deliver such documents and other papers as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated hereby, including in order to more effectively vest in the Buyer all of the Selling Entities' right, title and interest to the Acquired Assets, free and clear of all Encumbrances (other than Permitted Encumbrances).

(c) Nothing in this Section 7.4 shall, except as otherwise set forth in this Agreement, (i) require the Selling Entities to make any expenditure or incur any obligation on behalf of the Buyer or, following the Closing, on their own behalf, (ii) prohibit any Selling Entity from ceasing operations or winding up its affairs following the Closing, or (iii) prohibit the Selling Entities from taking such actions as are necessary to conduct the Auction, as are required by the Bankruptcy Court or as would otherwise be permitted under Section 7.1.

(d) From and after the Closing Date until (x) the Designation Deadline or (y) if the Buyer has assumed the Real Property Leases on more than twenty (20) stores as of the Designation Deadline, which are to be operated by the Buyer following such assumption, then the date which is forty-five (45) days after the Designation Deadline, the Selling Entities agree to reasonably cooperate, and shall not interfere, with the Buyer and the Buyer Designees with respect to their operation of the Continuing Stores, Designated Stores or Non-Continuing Stores. From and after the Closing Date, none of the Selling Entities shall voluntarily convert its Chapter 11 Bankruptcy Case to a Chapter 7 Bankruptcy Case, or otherwise cause a liquidation or equivalent event, with respect to any of the Selling Entities without providing the Buyer with at least five (5) Business Days prior written notice.

Section 7.5 Public Statements. Unless otherwise required by or reasonably necessary to comply with applicable Law or the rules or regulations of any applicable securities exchange, and except for disclosure of matters that become a matter of public record as a result of the Bankruptcy Case and any filings or notices related thereto, the Buyer, on the one hand, and the

Selling Entities, on the other hand, shall consult with each other before issuing any press release or otherwise making any public statement with respect to this Agreement, the transactions contemplated hereby or the activities and operations of the other Parties and shall not issue any such release or make any such statement without the prior written consent of the Seller or the Buyer, respectively (such consent not to be unreasonably withheld, conditioned or delayed). Prior to the Closing, the Buyer shall not, and shall cause its Affiliates and the Buyer Representatives not to, contact, or engage in any discussions or otherwise communicate with, any suppliers or significant number of customers of the Selling Entities or other Persons with which the Selling Entities have material commercial dealings without obtaining the prior written consent of Seller.

Section 7.6 Governmental Authority Approvals and Cooperation.

(a) As promptly as reasonably practicable after the date of this Agreement, each of the Selling Entities and the Buyer shall (and shall cause their respective Affiliates to) use its commercially reasonable efforts to make any filings and notifications, and to obtain any Consents from Governmental Authorities (other than the Bankruptcy Court), required to be made and obtained under applicable Law in connection with the transactions contemplated by this Agreement as promptly as reasonably practicable.

(b) Each Party (i) shall cooperate with each other Party in connection with the filings and Consents contemplated by this Section 7.6, (ii) shall promptly inform each other Party of any material communication received by such Party from any Governmental Authority (other than the Bankruptcy Court) concerning this Agreement, the transactions contemplated hereby and any filing, notification or request for Consent related thereto, and (iii) shall permit each other Party to review in advance any proposed written communication or information submitted to any such Governmental Authority (other than the Bankruptcy Court) in response thereto. In addition, none of the Selling Entities or the Buyer shall (and shall ensure that their respective Affiliates do not) agree to participate in any meeting with any Governmental Authority (other than the Bankruptcy Court) in respect of any filings, investigation or other inquiry with respect to this Agreement, the transactions contemplated hereby or any such filing, notification or request for Consent related thereto unless it consults with the other Parties in advance and, to the extent permitted by any such Governmental Authority and applicable Law, gives the other Parties the opportunity to attend and participate thereat, in each case to the maximum extent practicable. The Selling Entities and the Buyer shall, and shall cause their respective Affiliates to, furnish the Buyer or the Selling Entities (and the Buyer's Representatives and the Seller's Representatives, as applicable), as the case may be, copies of all material correspondence, filings and communications between it and its Affiliates (and the Buyer's Representatives and the Seller's Representatives, as applicable) on the one hand, and the Governmental Authority (other than the Bankruptcy Court) or members of its staff on the other hand, with respect to this Agreement, the transactions contemplated hereby or any such filing, notification or request for Consent related thereto (in each case, excluding documents and communications which are subject to preexisting confidentiality agreements or to the attorney-client privilege or work product doctrine). Each of the Selling Entities and the Buyer shall (and shall cause their respective Affiliates to) furnish each other Party with such necessary information and assistance as such other Party and its Affiliates may reasonably request in connection with its preparation of necessary filings, registrations or submissions of information to any Governmental Authority in connection with

this Agreement, the transactions contemplated hereby and any such filing, notification or request for Consent related thereto.

Section 7.7 Employee Matters.

(a) Prior to the Closing, the Buyer shall offer, or cause a Buyer Designee to offer, to employ those Current Employees required, in the Buyer's discretion, to operate the Continuing Stores, with employment commencing as of the Closing. For purposes of this Agreement, each Current Employee who receives such an offer of employment shall be referred to as an "Offeree." At least five (5) Business Days prior to the Closing Date, the Buyer will provide the Seller with a schedule setting forth a list of the names of all Offerees. Each Offeree who accepts such offer prior to the Closing shall be referred to herein as a "Transferred Employee." Except to the extent the Selling Entities fail to comply in any material respects with Section 7.7(c)(i) and Section 7.7(c)(iii), the Buyer hereby agrees that the offer to an Offeree shall include a level of base salary and wages that are substantially comparable in the aggregate to the base salary and wages provided to such Offeree by the Selling Entities as of the Closing Date.

(b) Each Current Employee of the Selling Entities or any of their Affiliates who is not a Transferred Employee shall be referred to herein as an "Excluded Employee."

(c) Following the date of this Agreement,

(i) the Selling Entities shall allow the Buyer or any applicable Buyer Designee reasonable access upon reasonable advance notice to meet with and interview the Current Employees who are members of executive management and other employees reasonably requested during normal business hours; *provided, however*, that such access shall not unduly interfere with the operation of the Business prior to the Closing;

(ii) the Selling Entities shall not, nor shall any Selling Entity authorize or direct or give express permission to any Affiliate, officer, director or employee of any Selling Entity or any Affiliate, to (A) interfere with Buyer's or any Buyer Designee's rights under Section 7.7(a) to make offers of employment to any Offeree, or (B) solicit or encourage any Offeree not to accept, or to reject, any such offer of employment; and

(iii) the Selling Entities shall provide reasonable cooperation and information to Buyer or the relevant Buyer Designee as reasonably requested by Buyer or such Buyer Designee with respect to its determination of appropriate terms and conditions of employment for any Offeree.

(d) Employee/Employment Related Liabilities. Notwithstanding anything in this Agreement to the contrary,

(i) the Selling Entities shall process the payroll for and pay, or cause to be paid, the base wages and base salary that accrued on or prior to the Closing Date with respect to all employees of the Selling Entities;

(ii) from the Closing Date until (x) the date upon which a Designated Store or a Non-Continuing Store becomes a Continuing Store or (y) the Rejection

Effective Date associated with such store has occurred, *provided* that the Buyer has exited the store premises and turned possession of the store premises over to the landlord, the condition of such store premises to be turned over in accordance with the Real Property Lease associated with such store premises,

- (A) if the Buyer has not assumed the Real Property Leases on more than twenty (20) stores as of the Closing Date, which are to be operated by the Buyer following such assumption, the Selling Entities shall process the payroll for, and the Buyer shall be liable for and shall pay, or cause to be paid, the base wages and base salary that accrue after the Closing Date with respect to all employees of the Selling Entities that are required, in the Buyer's or Sales Agent's sole discretion, to remain employed by the Selling Entities to operate such Designated Store or Non-Continuing Store (the "Selected Employees") and the Selling Entities shall be liable for and shall pay, or cause to be paid, all other employee/employment related Liabilities (including Liabilities related to the Seller Benefit Plans) with respect to all Selected Employees; and
- (B) if the Buyer has assumed the Real Property Leases on more than twenty (20) stores as of the Closing Date, which are to be operated by the Buyer following such assumption, the Selling Entities shall process the payroll for and the Buyer shall be liable for and shall pay, or cause to be paid, all employee/employment related Liabilities that accrue after the Closing Date in connection with the employment of the Selected Employees; and
- (iii) the Buyer shall process the payroll for and shall pay, or cause to be paid, the base wages and base salary that accrue after the Closing Date with respect to all Transferred Employees. The Buyer shall withhold and remit all applicable payroll taxes as required by Law from and after the Closing Date with respect to Transferred Employees.

For the avoidance of doubt, if the Buyer prior to the Closing Date has designated a Real Property Lease for a store for rejection by providing written notice to the Seller in accordance with Section 2.5(b), the Buyer shall not be liable for any employee/employment related Liabilities with respect to the employees of such store.

Notwithstanding anything in this Agreement to the contrary, in no event shall the Buyer assume or be liable for any employee/employment related Liabilities relating to severance benefits in excess of \$1,463,000 or any employee/employment related Liabilities for unused and outstanding vacation, sick days, personal days or leave earned and/or accrued in excess of \$129,000.

- (e) As of the Closing, the Buyer shall credit each Transferred Employee with the unused and outstanding vacation, sick days, personal days or leave earned and/or accrued by

each Transferred Employee from the Selling Entities through Closing pursuant to the Seller Benefit Plans disclosed on Section 7.7(e) of the Disclosure Schedule that are paid time off plans and policies; *provided*, that no later than three Business Days prior to the Auction, the Selling Entities shall provide to the Buyer a schedule setting forth all relevant accruals for each employee.

(f) Nothing contained herein shall be construed as requiring, and neither the Selling Entities nor any of their Affiliates shall take any affirmative action that would have the effect of requiring the Buyer or any applicable Buyer Designee to continue any specific employee benefit plan or to continue the employment of any specific person. Nothing in this Agreement is intended to establish, create or amend, nor shall anything in this Agreement be construed as establishing, creating or amending, any employee benefit plan, practice or program of the Buyer, any of its Affiliates or any Seller Benefit Plan, nor shall anything in this Agreement create or be construed as creating any contract of employment or as conferring upon any Transferred Employee or upon any other person, other than the parties to this Agreement in accordance with its terms, any rights to enforce any provisions of this Agreement under ERISA or otherwise.

(g) From and after the Closing Date until the Designation Deadline, the Selling Entities shall not voluntarily terminate any Selected Employee of the Selling Entities without the prior written consent of the Buyer.

Section 7.8 Tax Matters.

(a) Any sales, use, value added, property transfer, documentary, stamp, registration, recording or similar Tax payable in connection with the sale or transfer of the Acquired Assets and the assumption of the Assumed Liabilities ("Transfer Taxes") shall be borne by each Party as required applicable Law. The Selling Entities and Buyer shall use their commercially reasonable efforts and cooperate in good faith to exempt the sale and transfer of the Acquired Assets from any such Transfer Taxes. Buyer shall prepare and file all necessary Tax Returns or other documents with respect to all such Transfer Taxes to the extent permitted under applicable Tax Law.

(b) All real property, personal property and other ad valorem Taxes with respect to the Acquired Assets that are accrued prior to the Closing and become due after the Closing Date shall be paid by the Seller. All real property, personal property, other ad valorem Taxes, and sales and use Taxes with respect to the Acquired Assets that are accrued and due after the Closing Date, and any sales and use Taxes that are accrued and due after the Closing Date and are related to any of the Continuing Stores or the Non-Continuing Stores, shall be paid by the Buyer.

(c) All real property, personal property, other ad valorem Taxes, and sales and use Taxes levied with respect to the Acquired Assets for any taxable period that includes the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between Selling Entities and the Buyer as of 12:01 a.m. (Eastern Time) on the day following the Closing Date. If the exact amount of any real property, personal

property, other ad valorem Taxes, and sales and use Taxes is not known on the Closing Date, the apportionment shall be based upon a reasonable amount, without subsequent adjustment.

(d) The Buyer agrees to furnish or cause to be furnished to the Seller and Seller's Representatives, upon request and at Seller's sole cost and expense, as promptly as practicable, such information and assistance as is reasonably necessary for the filing of Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority, and the prosecution or defense of any claim, suit or Legal Proceeding relating to any Tax; and *provided* that any payment or reimbursement to Buyer in connection with its furnishing of any such information or assistance shall be at a rate equal to the actual out-of-pocket expense incurred by Buyer or the applicable Buyer Designee in connection therewith. Such information and assistance shall include providing reasonable access to all of the books and records of the Selling Entities delivered to the Buyer or any Buyer Designee at Closing, and shall include providing reasonable access to, and the assistance of, the employees of the Buyer and the Buyer Designee and to the assets, software and systems of the Buyer and the Buyer Designees; *provided* that such access or assistance does not interfere in any material respect with the operation of the Acquired Assets following the Closing. From and after the Closing and until the dissolution and liquidation of the Selling Entities, the Selling Entities agree to furnish or cause to be furnished to the Buyer and Buyer's Representatives, upon request and at Buyer's sole cost and expense, as promptly as practicable, such information and assistance as is reasonably necessary for the filing of Tax Returns, the making of any election relating to Taxes, the preparation for any audit by any taxing authority and the prosecution or defense of any claim, suit or Legal Proceeding relating to any Tax. Access to books and records shall be afforded upon receipt of reasonable advance notice and during normal business hours. Nothing in this Section 7.8(d) shall (i) require the Selling Entities to make any expenditure or incur any obligation on behalf of themselves or the Buyer, or (ii) prohibit any Selling Entity from ceasing operations or winding up its affairs following the Closing.

Section 7.9 Submission for Bankruptcy Court Approval.

(a) In order to implement the transactions contemplated in this Agreement, the Selling Entities shall make all filings necessary to initiate the Bankruptcy Case in the Bankruptcy Court no later than the close of business on the first Business Day following the date of this agreement, serve notice thereof on interested parties as required by the Bankruptcy Code and diligently pursue the following deadlines:

(i) filing with the Bankruptcy Court as soon as practicable, but in no event later than one (1) Business Day after the Petition Date, in a form reasonably acceptable to the Buyer, motions and supporting papers (the "Motions") seeking (i) the entry of the Bidding Procedures Order (including the scheduling of the Auction), (ii) the Bankruptcy Court's approval of this Agreement, each Selling Entity's performance under this Agreement and the assumption and the assignment of the Assumed Contracts and the Assumed Real Property Leases pursuant to Section 365 of the Bankruptcy Code, and (iii) the entry of the Sale Order, and the Selling Entities shall provide the Buyer with a copy of such documents promptly thereof. The Bidding Procedures Order and the Sale Order may, at the Seller's option, be sought under one combined set of motion papers;

(ii) entry by the Bankruptcy Court of the Bidding Procedures Order within sixteen (16) calendar days after the Petition Date (or as soon thereafter as the Bankruptcy Court's schedule permits in the event that the Debtors timely moved the Bankruptcy Court to enter such orders by the aforementioned deadline);

(iii) entry by the Bankruptcy Court of the Sale Order within twenty-one (21) calendar days after the entry of the Bid Procedures Order (or as soon thereafter as the Bankruptcy Court's schedule permits in the event that the Debtors timely moved the Bankruptcy Court to enter such orders by the aforementioned deadline); and

(iv) filing with the Bankruptcy Court as soon as practicable, but in no event later than one (1) Business Day after the Petition Date, motions and papers seeking the Bankruptcy Court's approval of the DIP Facility.

(b) The Selling Entities shall give notice under the Bankruptcy Code of the request for the relief specified in the Motions to all Persons entitled to notice pursuant to the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and orders of the Bankruptcy Court, including all Persons that have asserted Encumbrances in the Acquired Assets, and all non-debtor parties to the Assumed Contracts and the Assumed Real Property Leases, and other appropriate notice, including such additional notice as the Bankruptcy Court shall direct or as the Buyer may reasonably request, and provide appropriate opportunity for hearing, to all parties entitled thereto, of all motions, orders, hearings, or other Legal Proceedings in the Bankruptcy Court relating to this Agreement or the transactions contemplated hereby. The Selling Entities shall be responsible for making all appropriate filings relating thereto with the Bankruptcy Court, which filings shall be submitted, to the extent practicable, to the Buyer prior to their filing with the Bankruptcy Court for the Buyer's prior review.

(c) Following entry of the Bidding Procedures Order the Debtors will serve a cure notice (the "Cure Notice") by first class mail on all non-debtor counterparties to Contracts and Real Property Leases. The Cure Notice will inform each recipient that its respective Contract and/or Real Property Lease may be designated by the Buyer as either assumed or rejected, and the timing and procedures relating to such designation, and, to the extent applicable (i) the title of Contract or Real Property Lease, (ii) the name of the counterparty to the Contract or Real Property Lease, (iii) the Seller's good faith estimates of the cure amounts required in connection with such Contract or Real Property Lease, (iv) the identity of the Buyer and (v) the deadline by which any such Contract or Real Property Lease counterparty may file an objection to the proposed assumption and assignment and/or cure, and the procedures relating thereto.

(d) Each Selling Entity and the Buyer shall consult with one another regarding pleadings which any of them intends to file with the Bankruptcy Court in connection with, or which might reasonably affect the Bankruptcy Court's approval of, as applicable, the Bidding Procedures Order and the Sale Order. Each Selling Entity shall promptly provide the Buyer and its counsel with copies of all notices, filings and orders of the Bankruptcy Court that such Selling Entity has in its possession (or receives) pertaining to the motion for approval of the Bidding Procedures Order, the Sale Order, or any other order related to any of the transactions contemplated by this Agreement, but only to the extent such papers are not publicly available on the docket of the Bankruptcy Court or otherwise made available to the Buyer and its counsel.

(e) If the Bidding Procedures Order, the Sale Order, or any other orders of the Bankruptcy Court relating to this Agreement or the transactions contemplated hereby shall be appealed by any Person (or if any petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to the Bidding Procedures Order, the Sale Order, or other such order), subject to rights, otherwise arising from this Agreement, the Selling Entities and the Buyer shall use their commercially reasonable efforts to prosecute such appeal, petition or motion and obtain an expedited resolution of any such appeal, petition or motion.

Section 7.10 Overbid Procedures; Adequate Assurance.

(a) The Selling Entities and Buyer acknowledge that this Agreement and the sale of the Acquired Assets are subject to higher and better bids and Bankruptcy Court approval. The Buyer and the Selling Entities acknowledge that the Selling Entities must take reasonable steps to demonstrate that they have sought to obtain the highest or otherwise best price for the Acquired Assets, including giving notice thereof to the creditors of the Selling Entities and other interested parties, providing information about the Selling Entities' business to prospective bidders, entertaining higher and better offers from such prospective bidders, and, in the event that additional qualified prospective bidders desire to bid for the Acquired Assets, conducting an auction (the "Auction").

(b) The bidding procedures to be employed with respect to this Agreement and any Auction shall be those reflected in the Bidding Procedures Order. Buyer agrees to be bound by and accept the terms and conditions of the Bidding Procedures as approved by the Bankruptcy Court. Buyer agrees and acknowledges that the Selling Entities and their Affiliates and the Seller's Representatives are and may continue soliciting inquiries, proposals or offers for the Acquired Assets in connection with any alternative transaction pursuant to the terms of the Bidding Procedures Order and agrees and acknowledges that the bidding procedures contained in the Bidding Procedures Order may be supplemented by other customary procedures not inconsistent with the matters otherwise set forth therein and the terms of this Agreement.

(c) Buyer shall provide adequate assurance as required under the Bankruptcy Code of the future performance by Buyer or any applicable Buyer Designee of each Assumed Contract and each Assumed Real Property Lease. Buyer agrees that it will, and will cause its Affiliates to, promptly take all actions reasonably required to assist in obtaining a Bankruptcy Court finding that there has been an adequate demonstration of adequate assurance of future performance under the Assumed Contracts and the Assumed Real Property Leases, such as furnishing affidavits, nonconfidential financial information and other documents or information for filing with the Bankruptcy Court and making Buyer's Representatives available to testify before the Bankruptcy Court. Subject to the other terms and conditions of this Agreement, Buyer shall, or shall cause any applicable Buyer Designee to, from and after the Closing Date, (i) assume all Liabilities of the Selling Entities under the Assumed Contracts and Assumed Real Property Leases and (ii) satisfy and perform all of the Liabilities related to each of the Assumed Contracts and each Assumed Real Property Lease when the same are due thereunder.

(d) The Selling Entities and the Buyer agree, and the motion to approve the Bidding Procedures Order shall reflect the fact, that the provisions of this Agreement, including

this Section 7.10 and Section 7.11, are reasonable, were a material inducement to the Buyer to enter into this Agreement and are designed to achieve the highest and best price for the Acquired Assets.

Section 7.11 Termination Fee.

(a) If this Agreement is terminated pursuant to Section 9.1 other than pursuant to Section 9.1(c) and the Seller consummates either (i) an Alternative Transaction, or (ii) a Restructuring Transaction or any other sale of all or substantially all of the assets of the Selling Entities or of the Acquired Assets to a Person (or group of Persons) other than the Buyer or an Affiliate of the Buyer on or prior to the date that is six (6) months after the date of such termination, the Seller shall pay to the Buyer the Termination Fee on the day such Alternative Transaction, Restructuring Transaction or other sale is consummated; *provided, however*, that no such the Termination Fee shall be payable to the Buyer by reason of any Selling Entity consummating a plan of reorganization under which the Selling Entities' secured lenders as of the date of this Agreement receive substantially all of the equity interests issued by the reorganized Selling Entity or a credit bid by any of the Selling Entities' secured lenders.

(b) The Termination Fee shall be made by wire transfer of immediately available funds to an account designated by the Buyer.

(c) Each of the Parties hereto acknowledges that the agreements contained in Section 7.3 and this Section 7.11 are an integral part of the transactions contemplated by this Agreement and that the Termination Fee is not a penalty, but rather is liquidated damages in a reasonable amount that will compensate the Buyer in the circumstances in which such Termination Fee is payable for the efforts and resources expended and opportunities foregone while negotiating this Agreement and in reliance on this Agreement and on the expectation of the consummation of the transactions contemplated hereby, which amount would otherwise be impossible to calculate with precision.

Section 7.12 Transfer of Acquired Assets; Substitution of Letters of Credit.

(a) The Buyer will make all necessary arrangements for the Buyer or a Buyer Designee to take possession of the Acquired Assets, and, at the Buyer's expense, to transfer same to a location operated by the Buyer or a Buyer Designee, to the extent necessary, as promptly as practicable following the Closing.

(b) On the Closing Date, Buyer shall, at its sole cost and expense, (i) replace any letters of credit, banker's acceptance or similar credit transaction that secure any Assumed Liabilities of any Selling Entity relating to the Business and (ii) cause such letters of credit, banker's acceptance or similar credit transaction to be released and returned to the Seller.

Section 7.13 Post-Closing Operation of the Seller; Name Changes. The Seller hereby acknowledges and agrees that upon the consummation of the transactions contemplated hereby, the Buyer and/or each Buyer Designee shall have the sole right to the use of the names "Urban Brands," "Ashley Stewart" or similar names or any service marks, trademarks, trade names, identifying symbols, logos, emblems or signs containing or comprising the foregoing, including any name or mark confusingly similar thereto. After the Closing Date, none of the Selling

Entities nor any of their respective Affiliates shall use the name or mark "Urban Brands," "Ashley Stewart" or any derivatives thereof for commercial purposes and shall only use the same for administrative purposes while subject to the jurisdiction of the Bankruptcy Court. The Sale Order shall provide for the modification of the caption in the proceedings before the Bankruptcy Court to reflect the change in the name of Seller, except that during the pendency of such proceedings, Seller shall be permitted to use the name "Urban Brands, Inc." as its corporate name in connection with matters relating to the Bankruptcy Case and as a former name for legal and noticing purposes, but for no other commercial purpose. Within five (5) Business Days after the Closing, the Selling Entities and their Affiliates shall file with the applicable Governmental Authorities all documents reasonably necessary to delete from their names the words "Urban Brands," "Ashley Stewart" or any derivatives thereof and shall do or cause to be done all other acts, including the payment of any fees required in connection therewith, to cause such documents to become effective as promptly as reasonably practicable.

Section 7.14 Damage or Destruction. Until the Closing, the Acquired Assets shall remain at the risk of the Selling Entities. In the event of any material damage to or destruction of any of the Acquired Assets listed on Schedule 7.16 after the date hereof and prior to the Closing (in any such case, a "Damage or Destruction Loss"), the Seller shall give notice thereof to the Buyer. If any such Damage or Destruction Loss is covered by policies of insurance and is not repaired or replaced by a similar facility in reasonable proximity to any former facility, all right and claim of the Selling Entities to any proceeds of insurance for such Damage or Destruction Loss shall be assigned and (if previously received by the Selling Entities and not used prior to the Closing Date to repair any damage or destruction) paid to the Buyer and/or a Buyer Designee at Closing in accordance with Section 2.1(r). Any receipt of insurance proceeds that relate to the Inventory by the Buyer in accordance with this Section shall increase the Closing Date Cost Value of the Inventory by the amount of such insurance proceeds.

Section 7.15 Permits. Commencing on the date of this Agreement, the Parties, cooperating in good faith and, at Buyer's sole cost and expense for out-of-pocket expenses, shall use commercially reasonable efforts to take such steps, including the filing of any required applications with Governmental Authorities, as may be necessary (i) to effect the transfer of Permits that are Acquired Assets to the Buyer on or as soon as practicable after the Closing Date, to the extent such transfer is permissible under applicable Law, and (ii) to enable the Buyer to obtain, on or as soon as practicable after the Closing Date, any additional licenses, permits, approvals, consents, certificates, registrations, and authorizations (whether governmental, regulatory, or otherwise) as may be necessary for the lawful operation of the Business from and after the Closing Date.

Section 7.16 Suppliers; Certain Avoidance Actions; Policies Regarding Personally Identifiable Information; Insurance Policies; Employment Arrangements.

(a) The Selling Entities shall, following the request thereof by the Buyer, seek and use their respective commercially reasonable efforts to arrange meetings and telephone conferences with material suppliers of the Selling Entities as may be reasonably requested by the Buyer and necessary and appropriate for the Buyer to coordinate transition of such suppliers with the Acquired Assets following the Closing; *provided* that Representatives of Seller shall be entitled to attend and participate in any such meeting or telephone conference.

(b) The Selling Entities shall not pursue any litigation claims and causes of action (including causes of action under Chapter 5 of the Bankruptcy Code) against landlords, vendors or other counterparties under Assumed Contracts, the Assumed Real Property Leases, or otherwise arising under or related to the Acquired Assets (including, for the avoidance of doubt, all Assumed Contracts and the Assumed Real Property Leases), including such causes of action arising under, or available pursuant to, the Bankruptcy Code other than the Retained Avoidance Actions.

(c) The Buyer shall honor and observe any and all policies of the Selling Entities in effect on the Petition Date prohibiting the transfer of personally identifiable information about individuals consistent with the requirements of Section 363(b)(1)(A) of the Bankruptcy Code.

(d) (i) To the extent that any current or prior insurance policy of any of the Selling Entities relate to the Acquired Assets or Assumed Liabilities (excluding the Excluded Insurance Policies) and such insurance policy is not transferable to the Buyer or a Buyer Designee at the Closing in accordance with the terms hereof, the Selling Entities shall hold such insurance policy for the benefit of Buyer or such Buyer Designee, shall reasonably cooperate with Buyer (at the Buyer's cost and expense) in pursuing any claims thereunder, and shall pay over to Buyer promptly any insurance proceeds paid or recovered thereunder with respect to the Acquired Assets or the Assumed Liabilities. In the event Buyer determines to purchase replacement coverage with respect to any such insurance policy, the Selling Entities shall reasonably cooperate with Buyer to terminate such insurance policy and shall, at the option of Buyer, promptly pay over to Buyer any refunded or returned insurance premiums received by any Selling Entities in connection therewith or cause such premiums to be applied by the applicable carrier to the replacement coverage arranged by Buyer.

(ii) To the extent that any current or prior insurance policy of any of the Selling Entities relate to the Acquired Assets or Assumed Liabilities (excluding the Excluded Insurance Policies) and the Excluded Assets or the Excluded Liabilities, the Buyer shall hold such insurance policy with respect to the Excluded Assets or Excluded Liabilities, as applicable, for the benefit of the Selling Entities, shall reasonably cooperate with the Seller in pursuing any claims thereunder, and shall pay over to the Seller promptly any insurance proceeds paid or recovered thereunder with respect to the Excluded Assets or the Excluded Liabilities.

(e) From and after the date of this Agreement, the Buyer shall use its commercially reasonable efforts to enter into, or cause a Buyer Designee to enter into, employment agreements on terms reasonably satisfactory to the Buyer with each Current Employee identified on Schedule 7.16(e).

Section 7.17 Notification of Certain Matters. Except with respect to the actions required by this Agreement, the Seller shall give prompt notice to the Buyer, on the one hand, and the Buyer shall give prompt notice to the Seller, on the other hand, of (i) the occurrence or nonoccurrence of any event, the occurrence or nonoccurrence of which would cause any of its respective representations or warranties in this Agreement to be untrue or inaccurate in any material respect at or prior to the Closing Date or (ii) any material failure of any of the Selling Entities or the Buyer, respectively, to comply with or satisfy any of its covenants, conditions or

agreements to be complied with or satisfied by it under this Agreement in any material respect; *provided, however*, (x) the delivery of any notice pursuant to this Section 7.17 shall not limit or otherwise affect the remedies available to the party receiving such notice under this Agreement, (y) any failure to comply with this Section 7.17 shall not be taken into account in determining whether the conditions to closing set forth in Article VIII have been or would be satisfied, and (z) no Party shall have any Liability hereunder for failure to deliver any notice required to be delivered pursuant to this Section 7.17.

Section 7.18 Acquired Assets "AS IS"; Certain Acknowledgements.

(a) The Buyer agrees, warrants and represents that (a) the Buyer is purchasing the Acquired Assets on an "AS IS" and "WITH ALL FAULTS" basis based solely on the Buyer's own investigation of the Acquired Assets and (b) neither the Selling Entities nor any Seller's Representative has made any warranties, representations or guarantees, express, implied or statutory, written or oral, respecting the Acquired Assets, any part of the Acquired Assets, the financial performance of the Acquired Assets or the Business, or the physical condition of the Acquired Assets. The Buyer further acknowledges that the consideration for the Acquired Assets specified in this Agreement has been agreed upon by the Selling Entities and the Buyer after good-faith arm's-length negotiation in light of the Buyer's agreement to purchase the Acquired Assets "AS IS" and "WITH ALL FAULTS." The Buyer agrees, warrants and represents that the Buyer has relied, and shall rely, solely upon its own investigation of all such matters, and that the Buyer assumes all risks with respect thereto. THE SELLING ENTITIES MAKE NO EXPRESS WARRANTY, NO WARRANTY OF MERCHANTABILITY, NO WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE, AND NO IMPLIED OR STATUTORY WARRANTY WHATSOEVER WITH RESPECT TO ANY REAL OR PERSONAL PROPERTY OR ANY FIXTURES OR THE PURCHASED ASSETS.

(b) The Buyer acknowledges and agrees that it (a) has had an opportunity to discuss the Business with the management of Seller and has been afforded the opportunity to ask questions of and receive answers from management of Seller, and (b) has had reasonable access to the books and records of the Selling Entities, (c) has conducted its own independent investigation of the Selling Entities, the Business, the Acquired Assets, the Assumed Liabilities and the transactions contemplated hereby. In connection with the investigation by the Buyer, the Buyer has received or may receive from the Selling Entities certain projections, forward-looking statements and other forecasts and certain business plan information. The Buyer acknowledges and agrees neither the Selling Entities nor any other Person will have or be subject to any Liability or indemnification obligation to the Buyer or any other Person resulting from the distribution to, or use by, the Buyer or any of its Affiliates or any Buyer's Representative of any information provided to the Buyer or any of its Affiliates or any Buyer's Representative by the Selling Entities or any Representative of the Seller, including any information, documents, projections, forward-looking statements, forecasts or business plans or any other material made available in any "data room," any confidential information memoranda or any management presentations in expectation of or in connection with the transactions contemplated by this Agreement.

(c) Except for the representations and warranties contained in Article V of this Agreement, Buyer acknowledges that none of the Selling Entities nor any other Person on

behalf of any Selling Entity makes any express or implied representation or warranty with respect to the Selling Entities, the Acquired Assets or the Business, or with respect to any information provided to the Buyer or any of its Affiliates or any Representative of the Buyer, and the Selling Entities hereby disclaim any other representations or warranties made by the Selling Entities or any other Person with respect to the execution and delivery of this Agreement, the Acquired Assets, the Business or the transactions contemplated hereby. The Buyer has not relied on any representation, warranty or other statement by any Person on behalf of the Selling Entities, other than the representations and warranties of the Selling Entities expressly contained in Article V. Buyer acknowledges and agrees that the representations and warranties set forth in Article V are made solely by the Selling Entities, and no Affiliate of the Selling Entities, Seller's Representative or other Person shall have any responsibility or Liability related thereto.

Section 7.19 Collection of Accounts Receivable.

(a) As of the Closing Date, each Selling Entity hereby (i) authorizes the Buyer or any Buyer Designee to open any and all mail addressed to any Selling Entity relating to the Business or the Acquired Assets and delivered to the offices of the Business or otherwise to Buyer or any Buyer Designee if received on or after the Closing Date and (ii) appoints the Buyer, any Buyer Designee or its attorney-in-fact to endorse, cash and deposit any monies, checks or negotiable instruments received by the Buyer or any Buyer Designee after the Closing Date with respect to Accounts Receivable that are Acquired Assets or accounts receivable relating to work performed by the Buyer after the Closing, as the case may be, made payable or endorsed to any Selling Entity or Selling Entity's order, for the Buyer's or any Buyer Designee's own account.

(b) As of the Closing Date, each Selling Entity agrees that any monies, checks or negotiable instruments received by any Selling Entity after the Closing Date with respect to Accounts Receivable (including, without limitation, Credit Card Receivables) that are Acquired Assets or accounts receivable relating to work performed by the Buyer after the Closing, as the case may be, shall be held in trust by such Selling Entity for the Buyer's or any Buyer Designee's benefits and accounts, and promptly upon receipt by a Selling Entity of any such payment (but in any event within five (5) Business Days of such receipt), such Selling Entity shall pay over to the Buyer or its designee the amount of such payments. In addition, the Buyer agrees that, after the Closing, it will hold and will promptly transfer and deliver to the Seller, from time to time as and when received by the Buyer or its Affiliates, any cash, checks with appropriate endorsements, or other property that the Buyer or its Affiliates may receive on or after the Closing which properly belongs to the Selling Entities hereunder, including any Excluded Assets.

(c) As of the Closing Date, the Buyer or any Buyer Designee shall have the sole authority to bill and collect Accounts Receivable that are Acquired Assets and accounts receivable relating to work performed by the Buyer after the Closing.

(d) Notwithstanding anything to the contrary contained hereto, any Buyer Designees who acquire any Accounts Receivable that are Acquired Assets hereunder shall be express third-party beneficiaries of this Section 7.19.

ARTICLE VIII CONDITIONS TO CLOSING

Section 8.1 Conditions to Each Party's Obligations to Effect the Closing. The respective obligations of each Party to effect the sale and purchase of the Acquired Assets and to consummate the other transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of the following conditions:

(a) consummation of the transactions contemplated hereby would not violate any nonappealable Final Order, decree or judgment of the Bankruptcy Court or any other Governmental Authority having competent jurisdiction and there shall not be any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited (unless the consummation of the transactions contemplated hereby in violation of such Law would not reasonably be expected to have a Material Adverse Effect); and

(b) the Bankruptcy Court shall have entered a sale order in a form reasonably acceptable to the Buyer and including terms substantially similar to those set forth in the form of Sale Order attached to the Sale Motion (or in such other form and with such other terms as may otherwise be agreed to in writing, or on the record at any hearing before the Bankruptcy Court, by the Buyer and the Seller, the "Sale Order") and such Sale Order shall be a Final Order (unless such Final Order requirement is waived by the Buyer).

Section 8.2 Conditions to Obligations of the Buyer. The obligation of the Buyer to effect the purchase of the Acquired Assets and the assumption of the Assumed Liabilities and to consummate the other transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of the following additional conditions:

(a) the Selling Entities shall have performed and complied with the covenants and agreements contained in this Agreement which are required to be performed and complied with by it on or prior to the Closing Date;

(b) the representations and warranties of the Selling Entities set forth in Article V (disregarding for these purposes any exception in such representations and warranties relating to materiality or a Material Adverse Effect) shall be true and correct as of the date of this Agreement, and as of the Closing Date as though made at and as of the Closing Date (except for those representations and warranties which address matters only as of an earlier date in which case such representation or warranty shall have been true and correct as of such earlier date), except for such failures to be true and correct as would not reasonably be expected to have a Material Adverse Effect;

(c) the Buyer shall have received a certificate from an officer of the Seller as such to the effect that, to such officer's knowledge, the conditions set forth in Sections 8.2(a) and (b) have been satisfied;

(d) the Buyer shall have received the other items to be delivered to it pursuant to Section 4.2;

(e) the Selling Entities shall have received written Consents, in form and substance, and on terms, satisfactory to the Buyer, to the extent necessary to effect the valid and effective assignment to the Buyer of the Contracts set forth on Schedule 8.2(e);

(f) the Buyer shall be reasonably satisfied that the Estimated Closing Date Cost Value of the Inventory, the Estimated Closing Date Credit Card Receivables Amount, the Estimated Closing Date Cost Factor and the Estimated Closing Date Store-Level Cash Amount shall accurately reflect the Seller's good faith estimate of the actual aggregate cost value of the Saleable Inventory, the actual aggregate amount of Credit Card Receivables and the actual total aggregate amount of all Store-Level Cash, respectively, in each case as of the Closing Date; and

(g) there shall not have occurred any event which would permit the Buyer to terminate this Agreement in accordance with Article IX, whether or not the Agreement has been terminated by the Buyer.

Any condition specified in this Section 8.2 may be waived by the Buyer; *provided* that no such waiver shall be effective against the Buyer unless it is set forth in a writing executed by the Buyer.

Section 8.3 Conditions to Obligations of the Selling Entities. The obligation of the Selling Entities to effect the sale of the Acquired Assets and to consummate the other transactions contemplated by this Agreement shall be subject to the fulfillment at or prior to the Closing of the following additional conditions:

(a) the Buyer shall have performed and complied with the covenants and agreements contained in this Agreement which are required to be performed and complied with by the Buyer on or prior to the Closing Date;

(b) the representations and warranties of the Buyer set forth in Article VI (disregarding for these purposes any exception in such representations and warranties relating to materiality) shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made at and as of the Closing Date (except for those representations and warranties which address matters only as of an earlier date in which case such representation or warranty shall have been true and correct as of such earlier date);

(c) the Seller shall have received a certificate from an officer of the Buyer as such to the effect that, to such officer's knowledge, the conditions set forth in Section 8.3(a) and (b) have been satisfied;

(d) the Seller shall have received the other items to be delivered to it pursuant to Section 4.3; and

(e) there shall not have occurred any event which would permit the Seller to terminate this Agreement in accordance with Article IX, whether or not the Agreement has been terminated by the Seller.

Any condition specified in this Section 8.3 may be waived by the Seller; *provided* that no such waiver shall be effective against the Seller unless it is set forth in a writing executed by the Seller.

Section 8.4 Frustration of Closing Conditions. None of the Selling Entities or Buyer may rely on or assert the failure of any condition set forth in Article VIII to be satisfied if such failure was proximately caused by such Party's failure to comply with this Agreement in all material respects.

ARTICLE IX TERMINATION; WAIVER

Section 9.1 Termination. This Agreement may be terminated at any time prior to the Closing by:

- (a) mutual written consent of the Seller and the Buyer;
- (b) the Seller or the Buyer, if:

- (i) there shall be any Law that makes consummation of the transactions contemplated hereby illegal or otherwise prohibited (unless the consummation of the transactions contemplated hereby in violation of such Law would not reasonably be expected to have a Material Adverse Effect); or

- (ii) consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of the Bankruptcy Court or any other Governmental Authority having competent jurisdiction;

provided that the Party seeking to terminate this Agreement pursuant to this Section 9.1(b) shall have used its commercially reasonable efforts to challenge such Law, order, decree or judgment;

- (c) the Seller if:

- (i) any of the representations and warranties of Buyer contained in Article VI shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on and as of such subsequent date), and the condition set forth in Section 8.2(b) would not then be satisfied; or

- (ii) Buyer shall have failed to perform or comply with any of the covenants or agreements contained in this Agreement to be performed and complied with by the Buyer and the condition set forth in Section 8.3(a) would not then be satisfied;

provided, however, that if an inaccuracy in any of the representations and warranties of the Buyer or a failure to perform or comply with a covenant or agreement by the Buyer is curable by the Buyer within five (5) Business Days after the date of written notice from the Seller to the Buyer of the occurrence of such inaccuracy or failure, then the Seller may not

terminate this Agreement under this Section 9.1(c) on account of such inaccuracy or failure (x) prior to delivery of such written notice to the Buyer or during the five (5) Business Day period commencing on the date of delivery of such notice or (y) following such five (5) Business Day period, if such inaccuracy or failure shall have been fully cured during such five (5) Business Day period;

(d) the Buyer if:

(i) any of the representations and warranties of the Selling Entities contained in Article V shall be inaccurate as of the date of this Agreement, or shall have become inaccurate as of a date subsequent to the date of this Agreement (as if made on and as of such subsequent date), and the condition set forth in Section 8.2(b) would not then be satisfied; or

(ii) the Seller shall have failed to perform or comply with any of the covenants or agreements contained in this Agreement to be performed and complied with by the Selling Entities and the condition set forth in Section 8.2(a) would not then be satisfied;

provided, however, that if an inaccuracy in any of the representations and warranties of the Selling Entities or a failure to perform or comply with a covenant or agreement by any of the Selling Entities is curable by it within five (5) Business Days after the date of written notice from the Buyer to the Seller of the occurrence of such inaccuracy or failure, then the Buyer may not terminate this Agreement under this Section 9.1(d) on account of such inaccuracy or failure (x) prior to delivery of such written notice to the Seller or during the five (5) Business Day period commencing on the date of delivery of such notice or (y) following such five (5) Business Day period, if such inaccuracy or failure shall have been fully cured during such five (5) Business Day period;

(e) by the Seller or the Buyer, if the Bankruptcy Court approves a Restructuring Transaction or an Alternative Transaction or the sale of all or substantially all of the assets of the Selling Entities or of the Acquired Assets to a Person (or group of Persons) other than the Buyer or an Affiliate of the Buyer;

(f) the Buyer or the Seller, if the Bankruptcy Case is dismissed or converted to a case under Chapter 7 of the Bankruptcy Code and neither such dismissal nor conversion expressly contemplates the transactions provided for in this Agreement; *provided* that the Party seeking to terminate this Agreement pursuant to this Section 9.1(f) shall have used its commercially reasonable efforts to oppose such conversion or dismissal;

(g) the Buyer or Seller, if the Closing shall not have occurred by 5:00 p.m. (Eastern Time) on October 26, 2010, which date may be extended by the Buyer for up to five (5) days; *provided*, (i) that the Seller shall not be entitled to terminate this Agreement pursuant to this Section 9.1(g) if, at the time of such termination, Buyer would then be entitled to terminate this Agreement pursuant to Section 9.1(d) (subject only to delivery of notice and the opportunity to cure, if curable, required by Section 9.1(d)), and (ii) that the Buyer shall not be entitled to terminate this Agreement pursuant to this Section 9.1(g) if, at the time of such termination, Seller

would then be entitled to terminate this Agreement pursuant to Section 9.1(c) (subject only to delivery of notice and the opportunity to cure, if curable, required by Section 9.1(c)); and

(h) the Buyer, if (i) the Bidding Procedures Order is not entered within the timeframe set forth in Section 7.9, (ii) the Closing does not occur within five (5) Business Days after the completion of the Auction, (iii) the interim DIP Facility order is not entered within two (2) Business Days of the Petition Date or the final DIP Facility order is not entered within 21 days of the Petition Date, in each case consistent with the amounts presented in the DIP Facility Budget or (iv) if for any reason the Sales Agency Agreement is not in full force and effect.

Section 9.2 Procedure and Effect of Termination. In the event of termination of this Agreement by either Seller or Buyer pursuant to Section 9.1, written notice thereof shall forthwith be given by the terminating Party to the other Party and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the Parties; *provided, however*, that (a) no Party shall be relieved of or released from any Liability arising from any intentional breach by such Party of any provision of this Agreement and (b) this Section 9.2, Section 7.2(c), Section 7.3 and Section 7.11, Article X and the Confidentiality Agreement shall remain in full force and effect and survive any termination of this Agreement.

Section 9.3 Extension; Waiver. At any time prior to the Closing, the Selling Entities, on the one hand, or the Buyer, on the other hand, may, to the extent permitted by applicable Law (a) extend the time for the performance of any of the obligations or other acts of the Buyer (in the case of an agreed extension by the Selling Entities) or the Selling Entities (in the case of an agreed extension by the Buyer), (b) waive any inaccuracies in the representations and warranties of the Buyer (in the case of a waiver by the Selling Entities) or the Selling Entities (in the case of a waiver by the Buyer) contained herein or in any document delivered pursuant hereto, (c) waive compliance with any of the agreements of the Buyer (in the case of a waiver by the Selling Entities) or the Selling Entities (in the case of a waiver by the Buyer) contained herein, or (d) waive any condition to its obligations hereunder. Any agreement on the part of the Selling Entities, on the one hand, or the Buyer, on the other hand, to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the Selling Entities or the Buyer, as applicable. The failure or delay of any Party to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights, nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise of any rights hereunder.

ARTICLE X MISCELLANEOUS PROVISIONS

Section 10.1 Amendment and Modification. This Agreement may be amended, modified or supplemented only by a written instrument signed on behalf of each of the Selling Entities and the Buyer.

Section 10.2 Survival. None of the representations and warranties of the Parties in this Agreement, in any instrument delivered pursuant to this Agreement, or in the Schedules or Exhibits attached hereto shall survive the Closing, and no Party hereto shall, or shall be entitled

to, make any claim or initiate any action against any other Party with respect to any such representation or warranty from or after the Closing. None of the covenants or agreements of the Parties in this Agreement shall survive the Closing, and no Party hereto shall, or shall be entitled to, make any claim or initiate any action against any other Party with respect to any such covenant or agreement from or after the Closing, other than (a) the covenants and agreements of the Parties contained in this Article X and in Articles III and IV and (b) those other covenants and agreements contained herein that by their terms apply, or that are to be performed in whole or in part, after the Closing, which shall survive the consummation of the transaction contemplated by this Agreement until fully performed.

Section 10.3 Notices. All notices or other communications required or permitted under, or otherwise made in connection with, this Agreement shall be in writing and shall be deemed to have been duly given or made (a) when delivered in person, (b) upon confirmation of receipt when transmitted by facsimile transmission, (c) upon receipt after dispatch by registered or certified mail, postage prepaid, or (d) on the next Business Day if transmitted by national overnight courier (with confirmation of delivery), in each case, addressed as follows:

- (a) If to any Selling Entity or the Selling Entities, to:

Urban Brands, Inc.
100 Metro Way
Secaucus, NJ 07094
Attention: Ms. Laura Weil
Facsimile: (201) 319-9582

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

Richards, Layton & Finger, P.A.
920 N. King Street
Wilmington, DE 19801
Attention: Mark D. Collins
Cynthia D. Kaiser
Facsimile: (302) 651-7701

- (b) If to the Buyer, to:

GB Merchant Partners, LLC
101 Huntington Avenue, 10th Floor
Boston, MA 02199
Attention: James C. Rhee
Matthew R. Kahn
Facsimile: (617) 422-6222

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

Curtis, Mallet-Prevost, Colt & Mosle LLP
101 Park Avenue

New York, NY 10178-0061
Facsimile: (212) 697-1559
Attention: Steven J. Reisman

Section 10.4 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party (whether by operation of law or otherwise) without the prior written consent of the other Parties, and any such assignment shall be null and void; *provided* that the rights of the Buyer under this Agreement may be assigned by the Buyer, without the prior written consent of any Selling Entity, to one or more Buyer Designees, so long as the Buyer shall continue to remain obligated in full hereunder. No assignment by any Party (including an assignment by Buyer to any Buyer Designee) shall relieve such Party of any of its obligations hereunder. Subject to the foregoing, this Agreement and all of the provisions hereof shall be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and permitted assigns, including, in the case of Selling Entities, the trustee in the Bankruptcy Case.

Section 10.5 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other terms, conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party. Upon a determination that any term or other provision of this Agreement is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 10.6 Governing Law. Except to the extent that mandatory provisions of the Bankruptcy Code apply, 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.

Section 10.7 Acknowledgement and Release.

(a) The Buyer acknowledges that the Selling Entities are the sole Persons bound by, or liable with respect to, the obligations and Liabilities of the Selling Entities under this Agreement and the other Transaction Documents, and that no Affiliate of any Selling Entity or any of their respective subsidiaries or any current or former officer, director, stockholder, agent, attorney, employee, representative, advisor or consultant of any Selling Entity or any such other Person shall be bound by, or liable with respect to, any aspect of this Agreement and the other Transaction Documents.

(b) The Seller acknowledges that, except as provided pursuant to the Limited Guaranty, the Buyer and any Buyer Designee are the sole Persons bound by, or liable with respect to, the obligations and Liabilities of the Buyer and any such Buyer Designee under this

Agreement and the other Transaction Documents, and that no Affiliate of the Buyer or any current or former officer, director, stockholder, agent, attorney, employee, representative, advisor or consultant of the Buyer shall be bound by, or liable with respect to, any aspect of this Agreement and the other Transaction Documents.

Section 10.8 SUBMISSION TO JURISDICTION; WAIVER OF JURY TRIAL.

(a) Any action, claim, suit or Legal Proceeding arising out of, based upon or relating to this Agreement or the transactions contemplated hereby shall be brought solely in the Bankruptcy Court (or any court exercising appellate jurisdiction over the Bankruptcy Court). Each Party hereby irrevocably submits to the exclusive jurisdiction of the Bankruptcy Court (or any court exercising appellate jurisdiction, over the Bankruptcy Court) in respect of any action, claim, suit or Legal Proceeding arising out of, based upon or relating to this Agreement or any of the rights and obligations arising hereunder, and agrees that it will not bring any action arising out of, based upon or related thereto in any other court; *provided, however*, that, if the Bankruptcy Case is dismissed, any action, claim, suit or Legal Proceeding arising out of, based upon or relating to this Agreement or the transactions contemplated hereby shall be heard and determined solely in the Chancery Court of the State of Delaware and any state appellate court herefrom within the State of Delaware (or, if the Chancery Court of the State of Delaware declines to accept jurisdiction over a particular matter, any state or federal court within the State of Delaware and any direct appellate court therefrom). Each Party hereby irrevocably waives, and agrees not to assert as a defense, counterclaim or otherwise, in any such action, claim, suit or Legal Proceeding, (a) any claim that it is not personally subject to the jurisdiction of the above named courts for any reason other than the failure to serve process in accordance with Section 10.3, (b) any claim that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by applicable Law, any claim that (i) the suit, action or Legal Proceeding in such court is brought in an inconvenient forum, (ii) the venue of such suit, action or Legal Proceeding is improper or (iii) this Agreement or any other agreement or instrument contemplated hereby or entered into in connection herewith, or the subject matter hereof or thereof, may not be enforced in or by such courts. Each Party agrees that notice or the service of process in any action, claim, suit or Legal Proceeding arising out of, based upon or relating to this Agreement or any of the rights and obligations arising hereunder or thereunder, shall be properly served or delivered if delivered in the manner contemplated by Section 10.3.

(b) EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW ANY AND ALL RIGHT SUCH PARTY MAY HAVE TO TRIAL BY JURY IN ANY ACTION, CLAIM, SUIT OR LEGAL PROCEEDING BETWEEN THE PARTIES HERETO ARISING OUT OF, BASED UPON OR RELATING TO THIS AGREEMENT OR THE NEGOTIATION, EXECUTION OR PERFORMANCE HEREOF.

Section 10.9 Counterparts. This Agreement may be executed in one or more counterparts, and by the different Parties in separate counterparts, each of which when executed shall be deemed to be an original but all of which taken together shall constitute one and the

same agreement, and which shall become effective when one or more counterparts have been signed by each of the Parties and delivered (by facsimile or otherwise) to the other Parties.

Section 10.10 Incorporation of Schedules and Exhibits. All Schedules and all Exhibits attached hereto and referred to herein are hereby incorporated herein by reference and made a part of this Agreement for all purposes as if fully set forth herein.

Section 10.11 Entire Agreement. This Agreement (including all Schedules and all Exhibits) and the Confidentiality Agreement constitute the entire agreement among the Parties with respect to the subject matter hereof and supersede all prior agreements and understandings among the Parties with respect thereto.

Section 10.12 Remedies. The Parties agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its specific terms or was otherwise breached and that monetary damages may not be an adequate remedy for any breach or threatened breach of any of the provisions of this Agreement. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, and any such injunction shall be in addition to any other remedy to which any Party is entitled, at law or in equity.

Section 10.13 Seller Disclosure Schedule. It is expressly understood and agreed that (a) the disclosure of any fact or item in any section of the Seller Disclosure Schedule shall be deemed disclosure with respect to any other Section or subsection of this Agreement or the Seller Disclosure Schedule, (b) the disclosure of any matter or item in the Seller Disclosure Schedule shall not be deemed to constitute an acknowledgement that such matter or item is required to be disclosed therein, and (c) the mere inclusion of an item in the Seller Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission that such item represents a material exception or material fact, event or circumstance or that such item has had or would be reasonably likely to have a Material Adverse Effect.

Section 10.14 Mutual Drafting; Headings; Information Made Available. The Parties participated jointly in the negotiation and drafting of this Agreement and the language used in this Agreement shall be deemed to be the language chosen by the Parties to express their mutual intent. If an ambiguity or question of intent or interpretation arises, then this Agreement will accordingly be construed as drafted jointly by the Parties, and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The descriptive headings and table of contents contained in this Agreement are included for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement. To the extent this Agreement refers to information or documents to be made available (or delivered or provided) to Buyer or its Representatives, the Selling Entities shall be deemed to have satisfied such obligation if the Seller or any of its Representatives has made such information or document available (or delivered or provided such information or document) to Buyer or any of its Representatives, whether in an electronic data room, via electronic mail, in hard copy format or otherwise.

Section 10.15 No Third-Party Beneficiaries.

Except as expressly provided in Section 7.19 and Section 10.7, this Agreement shall be binding upon and inure solely to the benefit of the Parties and their respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever, including any rights of employment for any specified period, under or by reason of this Agreement.

Section 10.16 Bulk Sales Law.


The Buyer hereby waives compliance by the Selling Entities with the requirements and provisions of any "bulk-transfer" Laws of any jurisdiction that may otherwise be applicable with respect to the sale of any or all of the Acquired Assets to the Buyer. The Parties intend that pursuant to Section 363(f) of the Bankruptcy Code, the transfer of the Acquired Assets shall be free and clear of any security interests in the Acquired Assets, including any liens or claims arising out of the bulk transfer laws, and the parties shall take such steps as may be necessary or appropriate to so provide in the Sale Order.

* * * * *

IN WITNESS WHEREOF, the Parties hereto have caused this Asset Purchase Agreement to be executed as of the date first written above.


SELLER

URBAN BRANDS, INC.


By: 
Michael A. Abate
Vice President-Finance, Treasurer

OTHER SELLING ENTITIES

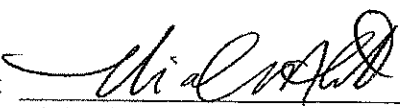
A.S. INTERACTIVE, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

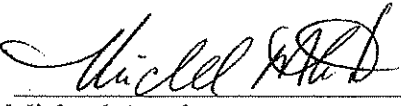
ASHLEY STEWART LTD.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


ASHLEY STEWART MANAGEMENT CO., INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


ASHLEY STEWART WOMAN LTD.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

ASNJ 10, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

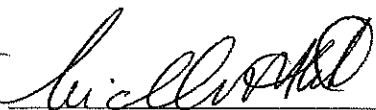
LARGE APPAREL OF ALABAMA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

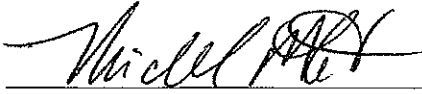
LARGE APPAREL OF CALIFORNIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF CONNECTICUT, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF DISTRICT OF COLUMBIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF FLORIDA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF GEORGIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

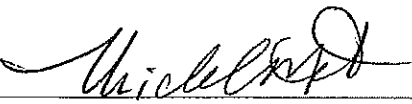
LARGE APPAREL OF ILLINOIS, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF INDIANA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF LOUISIANA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

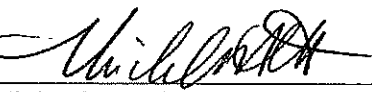
LARGE APPAREL OF MARYLAND, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF MICHIGAN, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

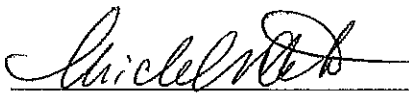
LARGE APPAREL OF MISSISSIPPI, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF MISSOURI, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF NEW JERSEY, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF NEW YORK, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF NORTH CAROLINA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF OHIO, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF PENNSYLVANIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF SOUTH CAROLINA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF TENNESSEE, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF TEXAS, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF VIRGINIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


LARGE APPAREL OF WISCONSIN, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


MARIANNE LTD.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


MARIANNE USPR, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


MARIANNE VI, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


METRO APPAREL OF KENTUCKY, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

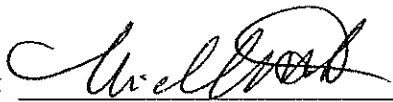
METRO APPAREL OF MASSACHUSETTS, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


CARRAIZO ALTO APPAREL CORPORATION

By: 
Michael A. Abate
Vice President-Finance, Treasurer


ASIL 6, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


ASHLEY STEWART APPAREL CORPORATION

By: 
Michael A. Abate
Vice President-Finance, Treasurer


ASHLEY STEWART CLOTHING COMPANY, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

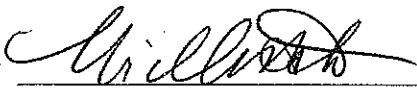
CHURCH STREET RETAIL, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


URBAN ACQUISITION CORPORATION OF NEW JERSEY, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


URBAN ACQUISITION CORPORATION OF NEW YORK, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


URBAN BRANDS TM HOLDING CO.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

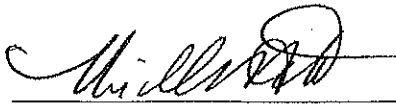
100% GIRLS LTD.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


THE ESSENCE OF BODY & SOUL, LTD.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

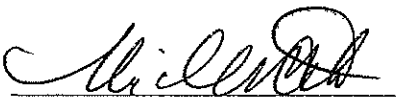
100% GIRLS OF GEORGIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


100 PERCENT GIRLS OF NEW JERSEY, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


100% GIRLS OF NEW YORK, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

KID SPOT LTD.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

KIDSPOT OF DELAWARE, INC.


By: 
Michael A. Abate
Vice President-Finance, Treasurer

Signature Page to Asset Purchase Agreement
S-10 of 12


KIDSPOT OF ILLINOIS, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


KIDSPOT OF MICHIGAN, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer


KIDSPOT OF NEW JERSEY, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

KIDSPOT OF OHIO, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

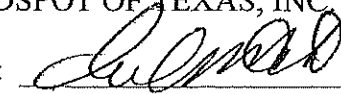
KIDSPOT OF PENNSYLVANIA, INC.

By: 
Michael A. Abate
Vice President-Finance, Treasurer

Signature Page to Asset Purchase Agreement
S-11 of 12

KIDSPOT OF TEXAS, INC

By:

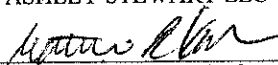


Michael A. Abate

Vice President-Finance, Treasurer

BUYER

NEW ASHLEY STEWART LLC

By: 
Name: Matthew R Kahn
Title: Authorized Member

Signature Page to Asset Purchase Agreement

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Schedule I

Subsidiaries of the Seller which are Selling Entities

A.S. Interactive, Inc.
Ashley Stewart Ltd.
Ashley Stewart Management Co., Inc.
Ashley Stewart Woman Ltd.
ASNJ 10, Inc.
Large Apparel of Alabama, Inc.
Large Apparel of California, Inc.
Large Apparel of Connecticut, Inc.
Large Apparel of District of Columbia, Inc.
Large Apparel of Florida, Inc.
Large Apparel of Georgia, Inc.
Large Apparel of Illinois, Inc.
Large Apparel of Indiana, Inc.
Large Apparel of Louisiana, Inc.
Large Apparel of Maryland, Inc.
Large Apparel of Michigan, Inc.
Large Apparel of Mississippi, Inc.
Large Apparel of Missouri, Inc.
Large Apparel of New Jersey, Inc.
Large Apparel of New York, Inc.
Large Apparel of North Carolina, Inc.
Large Apparel of Ohio, Inc.
Large Apparel of Pennsylvania, Inc.
Large Apparel of South Carolina, Inc.
Large Apparel of Tennessee, Inc.
Large Apparel of Texas, Inc.
Large Apparel of Virginia, Inc.
Large Apparel of Wisconsin, Inc.
Marianne Ltd.
Marianne USPR, Inc.
Marianne VI, Inc.
Metro Apparel of Kentucky, Inc.
Metro Apparel of Massachusetts, Inc.
Carraizo Alto Apparel Corporation
ASIL 6, Inc.
Ashley Stewart Apparel Corporation
Ashley Stewart Clothing Company, Inc.
Church Street Retail, Inc.
Urban Acquisition Corporation of New Jersey, Inc.
Urban Acquisition Corporation of New York, Inc.
Urban Brands TM Holding Co.
100% Girls Ltd.

The Essence of Body & Soul, Ltd.
100% Girls of Georgia, Inc.
100 Percent Girls of New Jersey, Inc.
100% Girls of New York, Inc.
Kid Spot Ltd.
Kidspot of Delaware, Inc.
Kidspot of Illinois, Inc.
Kidspot of Michigan, Inc.
Kidspot of New Jersey, Inc.
Kidspot of Ohio, Inc.
Kidspot of Pennsylvania, Inc.
Kidspot of Texas, Inc.