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In re:

ASHLEY STEWART HOLDINGS, INC.,
et al.¹

Debtors-in-Possession.

: UNITED STATES BANKRUPTCY COURT
: FOR THE DISTRICT OF NEW JERSEY
: HONORABLE MICHAEL B. KAPLAN
: CASE NO. 14-14383 (MBK)

:
:
: Chapter 11
: (Jointly Administered)

**NOTICE OF (I) CLOSING OF SALE OF
SUBSTANTIALLY ALL OF THE
DEBTORS' ASSETS PURSUANT TO
THAT CERTAIN ASSET PURCHASE
AGREEMENT, DATED AS OF
MARCH 28, 2014, BY AND AMONG
THE DEBTORS AND BUTTERFLY
ACQUISITION CO., INC. AND
(II) FILING OF TRANSITION SERVICES
AGREEMENT**

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Ashley Stewart Holdings, Inc. (6790); New Ashley Stewart, Inc. (6655); AS IP Holdings, Inc. (6890); and NAS Gift LLC (5413). The Debtors' corporate offices are located at 100 Metro Way, Secaucus, NJ 07094.

TO: ALL PARTIES-IN-INTEREST

PLEASE TAKE NOTICE that on March 10, 2014, the above-captioned debtors and debtors-in-possession (collectively, the “Debtors”) each filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code (as amended, the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of New Jersey (the “Court”).

PLEASE TAKE FURTHER NOTICE that by order dated April 23, 2014, the Court approved the sale of substantially all of the Debtors’ assets pursuant to that certain Asset Purchase Agreement, dated as of March 28, 2014 (the “Purchase Agreement”), by and among the Debtors and Butterfly Acquisition Co., Inc. The Closing Date¹ occurred on April 24, 2014.

PLEASE TAKE FURTHER NOTICE that, in accordance with paragraph 8 of the Sale Order, the Debtors hereby file the Transition Services Agreement, dated as of April 23, 2014 (the “TSA”). A copy of the TSA is attached hereto as **Exhibit A**.

PLEASE TAKE FURTHER NOTICE that copies of the Sale Order, the Purchase Agreement, the TSA, and this Notice can be obtained from the Court’s website for a fee by visiting www.njb.uscourts.gov or for free by visiting the website of the claims and noticing agent appointed in the Debtors’ Chapter 11 cases, <https://cases.primeclerk.com/ashleystewart>.

[Remainder of page left blank intentionally]

¹ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Purchase Agreement.

PLEASE TAKE FURTHER NOTICE that this Notice is subject to the fuller terms and conditions of the Sale Order and Purchase Agreement, with the Sale Order and Purchase Agreement controlling in the event of any conflict, and the Debtors encourage parties-in-interest to review such documents in their entirety.

Dated: April 25, 2014

Respectfully submitted,

**CURTIS, MALLET-PREVOST,
COLT & MOSLE LLP**

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-and-

**COLE, SCHOTZ, MEISEL,
FORMAN & LEONARD P.A.**

By: /s/ Ilana Volkov
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*Co-Counsel for the Debtors and
Debtors-in-Possession*

EXHIBIT A

Transition Services Agreement

TRANSITION SERVICES AGREEMENT

THIS TRANSITION SERVICES AGREEMENT (hereinafter this “Agreement”) is entered into as of April 23, 2014, by and among BUTTERFLY ACQUISITION CO., INC., a Delaware corporation (“Buyer”), and ASHLEY STEWART HOLDINGS, INC., a Delaware corporation (“Seller”, on behalf of itself and the other Selling Entities (as defined in the Purchase Agreement) (as defined herein), the “Selling Entities”).

RECITALS

WHEREAS, Buyer and the Selling Entities are party to that certain Asset Purchase Agreement, dated as of March 28, 2014 (as amended from time to time, the “Purchase Agreement”; capitalized terms used but not defined herein have the meanings set forth in the Purchase Agreement), pursuant to which, inter alia, Buyer is to purchase the Acquired Assets, in consideration for the payment of the Purchase Price and the assumption of the Assumed Liabilities, subject to the terms and conditions set forth therein; and

WHEREAS, as a material inducement to Buyer to enter into the Purchase Agreement and to undertake the transactions contemplated thereby, and pursuant to Section 7.23 thereof, the Selling Entities have agreed to provide Buyer with certain transitional services and support necessary for the operation of the Acquired Assets and the employment of the Transferred Employees following the Closing, all in accordance with the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained in the Purchase Agreement and the other Transaction Documents, including this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Transition Services. The Selling Entities, on the one hand, directly or through one or more third party service providers, agree to provide to Buyer and its Subsidiaries and the Buyer Designees, and Buyer and its Subsidiaries, on the other hand, agree to provide the Selling Entities, with those services listed and described in Exhibit A attached hereto (the “Transition Services”) during the Term provided in Section 3 hereof.

2. Expenses. The parties receiving Transition Services hereunder shall be responsible for any expense reimbursement required to be made to the party(ies) providing such Transition Service, as required under and set forth on Exhibit A attached hereto.

3. Effectiveness; Term. This Agreement shall become effective as of the Closing Date. The term of this Agreement (the “Term”) shall commence on the Closing Date and end on the six month anniversary thereof; provided, however, that the obligations of the Selling Entities to provide any Transition Service under this Agreement shall extend for such period of time as is set forth in Exhibit A hereto with respect to such Transition Service, but in no event for any time beyond the Term; provided, further, that the obligation of the Selling Entities to provide any particular Transition Service shall terminate immediately if the Contract with the third party

service provider used by the Selling Entities to perform such Transition Service becomes an Assumed Contract or is rejected in the Bankruptcy Case in accordance with the Purchase Agreement.

4. Transitional Nature of Transition Services. It is understood and acknowledged by the parties to this Agreement that the Transition Services are transitional in nature and that, notwithstanding the obligations of the Selling Entities to otherwise provide such Transition Services under this Agreement through the Term, as promptly as practicable following the execution of this Agreement, Buyer shall use its commercially reasonable efforts to successfully assume sole responsibility for all Transition Services provided by the Selling Entities as of July 1, 2014.

5. Staffing of Personnel. The Selling Entities shall assign (or shall use commercially reasonable efforts to cause any third party service provider to assign) adequately trained personnel to perform the Transition Services. The Transition Services shall be performed by the Selling Entities (or the Selling Entities shall use commercially reasonable efforts to have any third party service provider perform the Transition Services) in a timely, efficient and workmanlike manner consistent with the prior practices of the Business. Nothing herein shall require the Selling Entities to hire any new employees (including to replace any Transferred Employees). Buyer agrees that if those employees of the Selling Entities who are necessary to perform any Transition Services have become Transferred Employees, Buyer shall either make such Transferred Employees available to the Selling Entities in order to allow the Selling Entities to continue to provide such Transition Services or Buyer shall terminate the Selling Entities' obligation to provide such Transition Services.

6. Information. Buyer shall, and shall cause its Affiliates to, provide to the Selling Entities on a timely basis any and all information which is necessary for the Selling Entities to provide the Transition Services. Buyer shall be solely responsible for the timely delivery of such information, and the accuracy and completeness thereof.

7. Proprietary and Confidential Information. Except as specifically provided herein, the parties hereto hereby agree that the Selling Entities shall not (i) disclose to any third party (other than a third party service provider of Transition Services who is subject to an obligation of confidentiality) any confidential information provided to it by Buyer or any of its Affiliates in connection with this Agreement and the Selling Entities' performance of Transition Services hereunder, except as required by Law or as required to be disclosed to the Bankruptcy Court, or (ii) use such information other than in the performance of Transition Services under this Agreement.

8. Taxes. Buyer shall be responsible for all sales or use Taxes imposed or assessed as a result of the provision of Transition Services by Seller.

9. Termination.

(a) Buyer may terminate any of the Transition Services being provided hereunder at any time during the Term of this Agreement by thirty (30) days written notice to Seller.

(b) Buyer or Seller may terminate this Agreement by written notice to the other upon the material breach or failure by such other party (or such other party's Affiliates) to perform its obligations arising under this Agreement. In the event that either party elects to terminate this Agreement pursuant to this Section 9(b), such termination shall be effective when the material breach or failure is not cured within thirty (30) days after written notice of such breach or failure is given by the non-breaching party to the breaching party.

10. Limitation of Liability. In no event will any party hereto, or any third party provider of Transition Services, be liable for any punitive, incidental, indirect, special or consequential damages, relating to, in connection with or arising out of this Agreement and the Transition Services to be provided hereunder.

11. Standard of Performance of Services. The Selling Entities shall perform, or use commercially reasonable efforts to cause their third party service providers to perform, the Transition Services with the same degree of care, skill and prudence customarily exercised with respect to the operations of the Business prior to the consummation of the transactions contemplated by the Purchase Agreement, and in compliance with all applicable laws, rules, regulations, orders, licenses authorizations, certifications and permits; provided, however, that except as expressly set forth in this Agreement, the Selling Entities make no representation or warranty, express or implied, with respect to the Transition Services to be provided hereunder including, without limitation, any warranties of merchantability or fitness for a particular purpose, which are specifically disclaimed.

12. Indemnification.

(a) The Selling Entities shall indemnify and hold harmless Buyer, its Affiliates, and their respective officers, directors, members, managers, partners, shareholders, employees, and agents from and against all claims, liabilities, obligations, suits, causes of action, or expenses (including reasonable attorneys fees) (collectively "Claims") resulting, directly or indirectly, from the gross negligence or willful misconduct of any of the Selling Entities in connection with the performance of Transition Services; provided, however, that the Selling Entities shall not be required to indemnify or hold harmless Buyer to the extent the Claims are caused by the gross negligence or willful misconduct of Buyer or its Affiliates.

(b) Buyer shall indemnify and hold harmless the Selling Entities, their Affiliates, and their respective officers, directors, members, managers, partners, shareholders, employees, and agents from and against all Claims claimed to have resulted, directly or indirectly, from the gross negligence or willful misconduct of Buyer or its Affiliates in connection with the performance of Transition Services; provided, however, that Buyer shall not be required to indemnify or hold harmless the Selling Entities to the extent the Claims are caused

by the gross negligence or willful misconduct of any of the Selling Entities or their respective Affiliates.

13. Notices. Any notice, demand, request, waiver or other communication under this Agreement shall be given or made in accordance with Section 11.3 of the Purchase Agreement. Any party may from time to time change its address for the purpose of notices to that party by giving or making a similar notice specifying a new address pursuant to Section 11.3 of the Purchase Agreement.

14. Independent Contractor. The parties hereto understand and agree that this Agreement does not make either of them an agent, fiduciary or legal representative of the other for any purpose whatsoever. No party is granted, by this Agreement or otherwise, any right or authority to assume or create any obligation or responsibility, express or implied, on behalf of or in the name of any other party, or to bind any other party in any manner whatsoever.

15. Responsibility of Personnel. The Selling Entities agree that they shall use commercially reasonable efforts to ensure that all personnel of the Selling Entities assigned to perform the Transition Services under this Agreement shall comply with all of the terms and conditions of this Agreement, including, but not limited to, the terms and conditions of Section 7 hereof.

16. Subcontracting. Unless the Selling Entities subcontracted the performance of any similar services relating to the ownership, operation and management of the Business or the Acquired Assets prior to the consummation of the transactions contemplated by the Purchase Agreement, the Selling Entities will not subcontract to any third person the performance of any Transition Service for Buyer without Buyer's prior written consent, which consent shall not be unreasonably withheld or delayed.

17. No 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 Buyer under this Agreement may be assigned by Buyer, without the prior written consent of any Selling Entity, to any Affiliate thereof under common control with Buyer, or to one or more Buyer Designees, so long in each case as 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.

18. Force Majeure. No party hereto shall be liable for any failure of or delay in the performance of this Agreement for the period that such failure or delay is due to acts of God, public enemy, civil war, strikes or labor disputes, or any other cause beyond the parties reasonable control. Each party hereto agrees to notify the other party hereto promptly of the occurrence of any such cause and to carry out this Agreement as promptly as practicable after such cause is terminated.

19. Modifications, Amendments and Waivers. This Agreement may be amended, modified or supplemented only by a written instrument signed on behalf of each of the Selling Entities and Buyer.

20. Integration. This Agreement and the Purchase Agreement contain the entire understanding among the parties hereto with respect to the transactions contemplated hereby and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such transactions. All exhibits hereto are expressly made a part of this Agreement as fully as though completely set forth herein. Nothing herein shall be deemed to limit or otherwise modify the obligations of the Parties under the Purchase Agreement that survive the Closing.

21. Severability. If any non-material 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; provided, however, that in doing so, no party shall be obligated to waive or forego any material right or benefit available to it hereunder.

22. No Third Party Beneficiaries. 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.

23. 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.

24. 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, (i) 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 11.3 of the Purchase Agreement, (ii) 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 (iii) to the fullest extent permitted by applicable law, any claim that (x) the suit, action or Legal Proceeding in such court is brought in an inconvenient forum, (y) the venue of such suit, action or Legal Proceeding is improper or (z) 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 11.3 of the Purchase Agreement.

(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.

25. Specific Performance. The parties agree that irreparable damage may 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 seek 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.


26. Headings. 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.

27. 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.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first set forth above.


SELLER

ASHLEY STEWART HOLDINGS, INC.


By: 
Name: Michael A. Abate
Title: SVP/Treasurer

OTHER SELLING ENTITIES


NEW ASHLEY STEWART, INC.

By: 
Name: Michael A. Abate
Title: SVP/Treasurer

AS IP HOLDINGS, INC.

By: 
Name: Michael A. Abate
Title: SVP/Treasurer

NAS GIFT LLC

By: 
Name: Michael A. Abate
Title: SVP/Treasurer

BUYER

BUTTERFLY ACQUISITION CO., INC.

By: 

Name: Steven C. Chang

Title: President

EXHIBIT A

TRANSITION SERVICES

Final Version

EXHIBIT A

Transition services to be provided by Butterfly Acquisition Co., Inc. (“Buyer”) and Ashley Stewart Holdings, Inc. (“Seller”) and their respective Affiliates shall be limited to the matters described below. Transition Services provided by Buyer shall be performed by Transferred Employees who are designated by Seller as Representatives of the Selling Entities and who are utilizing such books, records, information and systems of Buyer as are permitted to be utilized pursuant to Article 7 of the Purchase Agreement. Transition Services shall not take priority over the day-to-day operations of Buyer and, if there is a conflict between the immediate needs of Buyer or any of its Affiliates and those of the Selling Entities as to the use of or access to a particular Transition Service to be provided hereunder, Buyer shall have the right, in its sole discretion, to establish priorities, at particular times and under particular circumstances, as between Buyer and its Affiliates, on the one hand, and the Selling Entities, on the other hand. If, however, Buyer anticipates, that such Transition Services cannot be accomplished within the agreed upon timetable, Buyer will notify Seller as promptly as practicable of its inability to perform.

1. SERVICES PROVIDED BY SELLING ENTITIES:

During the Term of the Agreement, Seller shall, and shall cause the other Seller Entities to, use their commercially reasonable efforts to provide Buyer and its Affiliates with all transitional support services as are (a) necessary or advisable to (i) operate the Business in the ordinary course of business consistent with past practice, (ii) preserve in all material respects the Acquired Assets, and (iii) preserve the current relationships of the Business with the suppliers, vendors, customers, clients, contractors and others having business dealings therewith, in each case as requested by Buyer, and (b) otherwise reasonably requested by Buyer in connection with Buyer’s ownership, operation and management of the Business and the Acquired Assets from and after Closing; *provided, however*, that neither Seller nor any of the other Seller Entities shall be (i) required to take any action that is outside of the scope of the actions taken thereby in connection with the ordinary course of the Business consistent with the pre-Petition practices thereof or (ii) liable for any out-of-pocket expenses payable to any third party in connection with providing the Transition Services to Buyer, and *provided further that*, absent the express written consent of Buyer, neither Seller nor any of the other Seller Entities shall:

1. sell, lease (as lessor), transfer or otherwise dispose of (or permit to become subject to any Encumbrance), any Acquired Assets, other than (A) the sale of Inventory in the ordinary course of business, (B) the collection of receivables, (C) Existing Store Closing Sales and Store Closing Sales permitted under clause (2) below, and (D) the use of prepaid assets and Documentary Materials in the conduct of the Business in the ordinary course of business;

2. initiate any Store Closing Sales or closures on or after the date hereof, other than the Existing Store Closing Sales, and Store Closing Sales in respect of which Buyer has given its consent and on terms satisfactory to Buyer;

3. increase the compensation payable or benefits provided to any director of any Current Employee, 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 Buyer, (C) increases for nonexecutive management Current Employees 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 with the written consent of Buyer;

4. solely with respect to any action which could have an adverse effect on Buyer or any of its Affiliates, or the operation, management or ownership of the Business and the Acquired Assets 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 required by applicable Law or GAAP, make any material change to any 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;
5. acquire any material assets or properties or make any other material investment in any such event outside the ordinary course of business, except with the written consent of Buyer;
6. enter into or agree to enter into any merger or consolidation with any corporation or other entity;
7. 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;
8. 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;
9. enter into, amend or terminate any Non-Real Property Contract or Real Property Lease that is not an Excluded Asset;
10. materially alter the Inventory allocation, quality and mix from that maintained by the Business in the ordinary course of business consistent with past practice prior to the commencement of the Bankruptcy Case; or
11. agree or commit to do any of the foregoing.

The aforementioned Transition Services shall be provided by the Seller Entities with the sole purpose of providing the above to the Buyer and its Affiliates until the earlier of (i) such time that the Buyer informs the Seller in writing that such Transition Services are no longer necessary or (ii) all Current Employees become Transferred Employees or are terminated and all executory Contracts and Real Property Leases are either assumed and assigned to Buyer or rejected. For the avoidance of doubt, but subject in all respects to the terms of the Purchase Agreement:

A. Any cash maintained and owned by the Selling Entities as of the Closing shall be segregated in a new operating account to be opened prior to the Closing (the “Segregated Account”). Seller shall use commercially reasonable efforts to promptly change its name on all other Seller Entity bank accounts as directed by Buyer, shall deposit all cash generated in connection with the post-Closing operations of the Business into such bank accounts, and shall obtain removal of blocks on all such bank accounts to allow for proper funds flow of cash generated in connection with the post-Closing operations of the Business to Buyer;

B. From time to time at the request of Buyer, all cash generated from post-Closing operations of the Business will be transferred to an account designated by Buyer in writing. Alternatively, at the Buyer’s written request, an automatic sweep shall be set up in order to transfer any cash generated from post-Closing operations of the Business to an account designated by Buyer in writing. With the exception of the Segregated Account, Buyer shall be provided with signing authority on all Seller bank accounts, including check signing;

C. All cash and other proceeds generated from post-Closing operations of the Business, and all Acquired Assets, shall be the exclusive property of the Buyer and its Affiliates, and the Selling Entities shall keep all such cash and other proceeds and Acquired Assets under its control free of any Encumbrances, and shall not be deemed property of the Selling Entities or their bankruptcy estate for any purpose after the Closing, irrespective of whether the Selling Entities have access to or custody of such cash and other proceeds or Acquired Assets in connection with the provision of the aforementioned Transition Services. Such cash and other proceeds and Acquired Assets shall be segregated at all times from the property of the Selling Entities and their bankruptcy estate and shall be held in trust for the Buyer and its Affiliates during the period covered by the Agreement;

D. All post-Closing direct, documented, out-of-pocket expenses payable to any third party by the Selling Entities, including professional fees approved by Buyer that are necessary solely in order to seek Bankruptcy Court approval of the provision of any Transition Services required by the Buyer (excluding, for the avoidance of doubt, professional fees incurred by the Selling Entities in connection with or related to transactions or actions contemplated by, or for which the Selling Entities are liable pursuant to, the Purchase Agreement, such as services related to assumption and rejection of contracts and leases), all post-Closing Operational Expenses and other post-Closing amounts, as well as current-level base wages and salaries of Current Employees and Liabilities arising under Seller Benefit Plans from and after Closing in respect thereof (but excluding any Liabilities in respect of any Former Employee), in each case to the extent reasonably necessary or advisable in connection with the Seller Entities' provision of the aforementioned Transition Services to the Buyer and its Affiliates, shall be reimbursed by Buyer at Seller's actual cost; provided, however, that except as otherwise provided herein, Buyer shall not be responsible for the reimbursement of any professional fees or other costs or expenses incurred by or on behalf of the Selling Entities and their Affiliates in connection with the Bankruptcy Case, the Excluded Liabilities, the Excluded Assets or the dissolution and liquidation of the Selling Entities and their estates; it being understood that nothing herein is intended to or shall affect or modify the parties' rights to reimbursement pursuant to the Purchase Agreement. All such expenses shall be requisitioned and advanced to or on behalf of Seller by Buyer as and when due, it being understood that the Seller Entities shall provide Buyer in advance with the information necessary to requisition and advance such expenses in a timely manner as required hereunder. Seller shall not be required to advance funds on behalf of Buyer;

E. At all times during the Term, in respect of the Real Property Leases that are not Excluded Assets and except as provided under the Bankruptcy Code and Orders of the Bankruptcy Court, the Selling Entities (i) shall continue to be bound by, and shall comply in all respects with the contractual terms of, such Real Property Leases, including but not limited to, use, hours, advertising and signage restrictions, (ii) shall be liable to the landlord(s) thereunder for any non-payment of rentals and additional rent and agree to hold in escrow for the benefit of the Landlords of the Real Property Leases any and all amounts received from the Buyer pursuant to the Buyer's reimbursement obligations under the immediately preceding paragraph (D), and if any of the Selling Entities fails to pay any rent or additional rent due under the terms of any Real Property Leases, the applicable landlord can bring appropriate action to compel such payment from the funds held in escrow by the Selling Entities and can bring a motion in the Court to compel the Selling Entities to collect any amounts due and owing from the Buyer pursuant to its reimbursement obligations under the immediately preceding paragraph D, (iii) maintain customary and appropriate insurance required by the applicable Real Property Leases with respect thereto (with the landlord(s) thereunder identified as additional insureds), and (iv) provide Buyer and its Subsidiaries with customary and appropriate licenses to Buyer to enter and use the premises governed under such Real Property Leases which will provide that the Buyer shall not cause the Selling

Entities to violate the terms and conditions of Real Property Leases while acting under such licenses. Additionally, Buyer agrees to use commercially reasonable efforts to insure its insurable interest in the Real Property Leases and the related Acquired Assets (with the landlord(s) thereunder identified as additional insureds). If this Agreement is terminated pursuant to its terms, the Real Property Leases shall remain subject to assumption or rejection in accordance with the terms of the Purchase Agreement. Nothing in this Agreement will cause the Buyer to be liable under any Real Property Lease unless and until it becomes an Assigned Contract; and

F. Notwithstanding Section 7.13 of the Purchase Agreement, the Selling Entities shall be permitted to use the name "Ashley Stewart" and similar names, service marks, trademarks, trade names, identifying symbols, logos, emblems and signs containing or comprising the foregoing in connection with and to the extent necessary or advisable for the provision of the aforementioned Transition Services, but for no other commercial purpose.

2. SERVICES PROVIDED BY BUYER:

During the Term of the Agreement, Buyer shall, and shall cause its Affiliates to, provide the Selling Entities' Representatives, at the Selling Entities' sole cost and expense (including reasonable allocation by Buyer of internal overhead/operating and personnel costs in respect of the following, but excluding any such cost or expense that is incurred solely as a result of the Selling Entities' provision of Transition Services to the Buyer and its Affiliates as set forth in Section 1 above), and upon receipt of reasonable advance notice and during normal business hours, reasonable access to the books and records of the Buyer and its Subsidiaries, including all Documentary Materials and all other information pertaining to the Assumed Contracts and Assumed Real Property Leases, to the extent that such access is reasonably required for the Selling Entities' Representatives to perform the following:

1. Prepare Schedules for Bankruptcy Court Monthly Operating Reports (MORs)
 - a. Prepare cash receipts and cash disbursement schedules by entity through last period of account use (from April 2014 and projected through July 2014).
 - b. Prepare any additional MOR schedules.
2. Account reconciliations
 - a. Seller general ledger accounts to be posted and reconciled through period of last use (projected to be through July 2014), excluding accounting for accruals.
 - b. Bank accounts to be reconciled through period of last use.
 - c. Trial balance to be prepared up to period of last use (projected to be July 2014).
3. Banking system use
 - a. Closure of Seller store bank accounts and concentration account used.
 - b. Print checks.
4. Employee related
 - a. Administer health care claims under the CIGNA policy – both for Transferred Employees but also for Terminated Employees, including COBRA, etc.
 - b. Workers compensation administration for Terminated Employees, including employees of stores that remain on the designation list at Closing.

5. Claims Reconciliation:
 - a. Updating outstanding amounts payable by the Selling Entities, including information regarding Assumed Liabilities and liabilities waived by the applicable creditor.
 - b. Research and adjudication of variances for contract and lease cures.
 - c. Segregation between pre- and post-Closing amounts.
6. Post-Petition vendor charges
 - a. Review vendor invoices/charges received for post-Petition and post-Closing period for bills through last month of activity (projected last month of activity July 2014 -- (vendor invoices to be received afterward).
 - b. Resolve billing any discrepancies with vendors for post-petition and post-closing charges.
7. Closure of all Seller vendor accounts (until period of last projected use through July 2014)
 - a. Utility accounts changed to the name of Buyer, recapture of deposits or tracking of the application of pre-Petition deposits.
 - b. Authority to close utility accounts, if necessary to obtain return of deposits.
8. Tax compliance (for open items only)
 - a. Compliance Calendar - Prepare a schedule or a list that lays out the filings by tax type (income tax, sales tax, franchise tax, personal property tax, etc.), entity, jurisdiction, tax period, and due date of the filing
 - b. Sales and use tax - Close remaining sales/use tax accounts and allow Seller to obtain certificates of good standing.
 - c. Income tax:
 - i. Prepare extensions and estimated taxes due with extensions for Seller federal, state and local year ended January 2014; (some automatic and some must be prepared/filed).
 - ii. Preparation of tax trial balance for January 2014 and traditional tax workpapers to facilitate third-party professional filings.
 - iii. Prepare tax trial balance for period of last use by Buyer of Seller accounts (projected July 2014).
 - iv. Access to detail general ledger accounts and assistance with analyzing accounts as needed. For example, this will included analysis of accounts such as other income/expenses, accrued expenses, restructuring reserve accounts and other reserve accounts.
 - v. Access to and copies of prior year tax workpapers.
 - d. Provide year-ended 2014 W-2/1099 and tax return filings through ADP. Provide W-4's and W-9's, etc. (which currently exist) and the issuance of 1099's and W-2's for amounts disbursed and claims paid during 2014.

9. Record retention: Access to Seller records kept on-site by Buyer, subject in each case to the terms of Section 7.2 of the Purchase Agreement.
10. Other reasonable and necessary services that are required to complete the chapter 11 Bankruptcy Case, to the extent and on terms reasonably satisfactory to Buyer.

In connection with the aforementioned Transition Services, the Selling Entities' and their Representatives' shall use their respective commercially reasonable efforts not to materially interfere with the ordinary course of the Business and the use and operation of Buyer's and its Subsidiaries' offices and other facilities in connection therewith, and to comply with all posted, reasonable safety and security rules and regulations for such offices and other facilities. In addition, no access to, or examination of, any information or other investigation shall be permitted by the Selling Entities and their Representatives in connection with the aforementioned Transition Services to the extent that it would require disclosure of information subject to attorney-client or other privilege prior to the Selling Entities' entry or its Representatives' (as applicable) into a customary and mutually agreeable confidentiality, non-disclosure or joint defense agreement.