Order Filed on
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Court District of New Jersey

UNITED STATES BANKRUPTCY COURT DISTRICT OF NEW JERSEY
Caption in Compliance with D.N.J. LBR 9004-2(c) **CURTIS, MALLET-PREVOST, COLT & MOSLE LLP** 101 Park Avenue New York, NY 10178-0061 Telephone: (212) 696-6000 Facsimile: (212) 697-1559 Steven J. Reisman Cindi M. Giglio Bryan M. Kotliar *Counsel to the Debtors and Debtors-in-Possession* **COLE, SCHOTZ, MEISEL, FORMAN & LEONARD, P.A.** Court Plaza North 25 Main Street Hackensack, New Jersey 07602-0800 Telephone: (201) 489-3000 Facsimile: (201) 489-1536 Michael D. Sirota Ilana Volkov *Co-Counsel to the Debtors and Debtors-in-Possession*

In re: ASHLEY STEWART HOLDINGS, INC., *et al.*,[1] Debtors-in-Possession.	Case No. 14-14383 (MBK) Judge: Honorable Michael B. Kaplan Chapter 11 (Jointly Administered)

ORDER PURSUANT TO SECTIONS 105(A), 363(B) AND 503(C)(3) OF THE BANKRUPTCY CODE APPROVING DEBTORS' KEY EMPLOYEE INCENTIVE PROGRAM

Honorable Michael B. Kaplan
United States Bankruptcy Judge

DATED: 4/23/2014

The relief set forth on the following pages, numbered two (2) through four (4) is hereby ORDERED.

Approved by Judge Michael Kaplan April 23, 2014

Upon the motion (the "Motion")[2] of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors") for entry of an order (this "Order") pursuant to sections 105(a), 363(b), and 503(c)(3) of the Bankruptcy Code approving Debtors' key employee incentive program (the "KEIP"); and upon the Debtors' Supplemental Statement in support thereof; and upon the Declaration of Perry M. Mandarino submitted in support thereof; and it appearing that the relief requested is in the best interests of the Debtors' estates, their creditors and other parties in interest; and the Court having found that the Debtors' implementation of the KEIP is justified by the facts and circumstances of these Chapter 11 Cases and is a sound exercise of the Debtors' business judgment; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the *Standing Order of Reference to the Bankruptcy Court Under Title 11* dated as of September 18, 2012; and it appearing that the Motion is a core proceeding pursuant to 28 U.S.C. §§ 157(b)(2); and it appearing that venue of this proceeding and the Motion in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided; and it appearing that no other or further notice need be provided; and appearing that no other or further notice need be provided; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY ORDERED THAT:

1. Subject to the conditions specified herein, the Debtors are authorized, but not required, to adopt and implement the KEIP as set forth on **Exhibit A** hereto and to make the payments contemplated by the KEIP; provided, however, that each Participating Employee, and

[2] Capitalized terms used herein but not otherwise defined have the meanings ascribed to them in the Motion.

any other employee who may become entitled to a payment under the KEIP, is entitled to receive an Incentive Bonus under the KEIP if the Debtors meet the gross sale proceeds thresholds set forth in the Motion and the Participating Employee is employed by the Debtors until such time as his or her services are no longer needed.

2. Subject to the Court's approval of the Settlement Agreement, dated as of April 14, 2014 [Docket No. 292, Ex. A] (the "Global Settlement"), the Debtors are authorized to make payments pursuant to the KEIP to the Participating Employees as part of the Tier 2 Claims and Tier 3 Claims (each as defined in the Global Settlement). This Order shall be without prejudice to the Debtors submitting an additional proposed form of order for approval authorizing the Debtors to make payments pursuant to the KEIP to the Participating Employees or any other of the Debtors' employees that the Debtors determine in their business judgment are entitled to such payments as part of the Tier 4 Claims (as defined in the Global Settlement).

3. The terms of this Order are conditioned upon the Court's approval of the Global Settlement. In the event that the Global Settlement is denied, the terms of this Order shall be immediately vacated and shall be without prejudice to the Debtors' rights to renew the Motion. For the avoidance of doubt, no payment shall be made pursuant to the KEIP until the Global Settlement is approved, or if denied, until after the Debtors renew their Motion and such renewed Motion is approved.

4. The authorization granted herein to make payments to the Participating Employees under the KEIP shall not create any obligation or liability on the part of the Debtors, their officers, directors, employees or agents to make such payments.

5. All Incentive Bonuses paid to the Participating Employees under the KEIP as authorized herein shall constitute administrative expenses of the Debtors' estates pursuant to section 503(b) of the Bankruptcy Code.

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

7. Notwithstanding Bankruptcy Rule 6004(h), this Order shall be immediately effective and enforceable upon its entry.

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

9. The Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

10. A true copy of this Order shall be served on all parties-in-interest by regular mail within seven (7) days hereof.

Exhibit A

Key Employee Incentive Plan

Business Recovery Services

New Ashley Stewart, Inc.
Key Employee Incentive Plan

Strictly Private
and Confidential

4 April 2014

pwc

pwc

New Ashley Stewart, Inc.
100 Metro Way
Secaucus, NJ 07094

April 4, 2014

Dear Board of Directors:

PricewaterhouseCoopers LLP ("PwC") has performed certain advisory services for New Ashley Stewart, Inc. ("Client") in connection with certain restructuring advisory services pursuant to the engagement letter dated January 25, 2014.

This report and PwC's services are confidential and access, use and distribution are restricted. The services were performed, and this report prepared, at Client's direction and exclusively for Client's sole benefit and use. The services and report may not be relied upon by any person or entity other than Client. PwC makes no representations or warranties regarding the services or this report and expressly disclaims any contractual or other duty, responsibility or liability to any person or entity other than Client. If you are not Client, or otherwise authorized by Client and PwC, you may not access or use the services or this report.

The services were performed in accordance with the Standards for Consulting Services of the American Institute of Certified Public Accountants ("AICPA") and, where applicable, the AICPA Standards for Reports on the Application of Accounting Principles or the AICPA Statements on Standards for Tax Services. The services do not constitute legal or investment advice, broker dealer services, a fairness or solvency opinion, an estimate of value, an audit, an examination of any type, an accounting or tax opinion, or other attestation or review services in accordance with the standards of the AICPA, the Public Company Accounting Oversight Board or any other professional or regulatory body. PwC provides no opinion or other form of assurance with respect to the services, report or underlying information. Client, in consultation with its independent accountants, is responsible for the presentation and preparation of its financial statements and related disclosures.

The services and this report shall be maintained in strict confidence and may not be discussed with, distributed or otherwise disclosed to any third party, in whole or in part, without PwC's prior written consent, nor may the services or this report (or contents thereof) be associated with, referred to or quoted in any way in any offering memorandum, prospectus, registration statement, public filing, loan or other agreement.

Any underlying prospective financial information ("PFI") referred to in this report was not prepared or developed by PwC and PwC has not restated any PFI or made assumptions or projections relating to PFI. While PwC may have performed sensitivity analyses on PFI and underlying assumptions, any tables aggregating PwC's comments or observations of vulnerabilities and sensitivities do not represent restatements of or revisions to PFI; they are only a summary of PwC's analyses to assist Client with its evaluation of PFI. It is Client's responsibility to make its own decisions regarding PFI. As events and circumstances frequently do not occur as expected, there may be material differences between PFI and actual results. PwC disclaims responsibility and liability for PFI and any results achieved.

This report was not intended or written to be used, and it may not be used for the purpose of avoiding U.S. Federal, state or local tax penalties, or supporting the promotion or marketing of any transactions or matters addressed in this report. Client has no obligation of confidentiality with respect to any information related to the tax structure or tax treatment of any transaction.

Very truly yours,

PricewaterhouseCoopers LLP
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Background

Introduction

- New Ashley Stewart, Inc. ("NAS" or the "Company"), a plus size women's iconic fashion brand and specialty retailer with 168 stores in 24 states as of March 1, 2014, Washington DC and the US Virgin Islands, was founded in 1991 and has its corporate office and distribution facility in Secaucus, New Jersey.
- Revenue began to decline in FY'12, resulting in a glut of clearance, seven months of negative comparable stores sales, and a significant erosion of cash. To combat the weak macro-economic conditions and declining sales, NAS implemented over $3M in cost cutting initiatives and hired a restructuring advisor.
- In August 2013, after another disappointing spring, the Company completed a refinancing and appointed a new interim president and interim CFO; new management immediately focused on digital and supply chain improvements, as well as additional cost cuts – including a systematic reduction in headcount in order to increase productivity and preserve cash.
- Financial results dramatically improved in September/October, capped off with a record-breaking Black Friday week; however, the Company suffered from difficult December results due to poor weather and a weak retail environment, which resulted in a significant strain on NAS's liquidity.
- As a result of the liquidity constraints, the Company filed for Chapter 11 bankruptcy on March 10, 2014.
- The NAS Board and Management conducted extensive due diligence with respect to the need for an incentive compensation plan and the team most critical to a successful restructuring and sale.

The Company sought independent counsel to perform diligence and to create and authorize the incentive compensation

- PwC has been retained as the Financial Advisor to NAS to advise on the financial restructuring, bankruptcy and 363 sale process.
- As such, the Company has requested our recommendation with respect to the design of a Key Employee Incentive Plan ("KEIP") for employees that are both necessary to successfully executing a 363 sale and will have the most impact in the value achieved during the sale process.
- NAS employs approximately 1,700 employees, of which 400 are full time.
- Management requested that we consider the following with respect to the KEIP design:
  - Achieving the greatest value for all constituents is directly correlated to the value achieved through the sale process;
  - Value is likely to be maximized through the sale of NAS as a going concern, which will preserve many of the 1,700 jobs.
- Accordingly, management has requested that we outline a KEIP plan for key employees of the Company that is linked to the 363 sale process and incentivizes the participants relative to their contribution to a successful outcome.
- The range of potentially achievable values is from $350,000 if the assets are sold for at least $23m and up to a maximum of $1.4m if the assets are sold for more than $37m.

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KERP vs KEIP

Since the Bankruptcy Code was amended in 2005, the bar has been raised with respect to providing "pay to stay" incentives for a debtor's management and other key employees. Sections 503(c)(1) and (c)(2) of the Bankruptcy Code provide strict limitations on key employee retention plans ("KERPs") and severance programs for insiders. In addition, section 503(c)(3) mandates that transfers and obligations outside of the ordinary course of business to any person or entity, including officers, managers, or consultants hired postpetition, be "justified by the facts and circumstances of the case." 11 U.S.C. § 503(c)(3). Section 503(c)(3) applies to key employee incentive programs ("KEIPs").

Because KERPs and KEIPs are evaluated under different provisions of the Bankruptcy Code, the threshold inquiry for a court is whether the program being proposed by the debtor is a KERP or a KEIP. This inquiry focuses on whether the KEIP is a true incentive plan rather than a disguised retention plan. *See In re Hawker Beechcraft, Inc.*, 479 B.R. 308, 313 (Bankr. S.D.N.Y. 2012). In other words, "the Court must examine a proposed KEIP mindful of the practice that Congress sought to eradicate and, at the risk of oversimplification, determine whether the proposed targets are designed to motivate insiders to rise to a challenge or merely report to work." *Id.* Courts look for high hurdles and challenging standards before a retention bonus can be paid. *Id.* Importantly, the proponent of the KEIP bears the burden of proving that the plan is not a retention plan governed by section 503(c)(1). *Id.*

In keeping with § 503(c)(3), the goal is to create a fair and reasonable KEIP for NAS

PwC's Approach

Factors relevant to good KEIP design

KEIPs have generally been found to be primarily incentivizing if they are designed to incentivize management to produce and enhance the value of the estate or motivate employees to achieve performance goals.

Considerations include whether:

- the plan is calculated to achieve the desired performance;
- the cost of the plan is reasonable within the context of the debtor's assets, liabilities, and earning potential;
- the scope of the plan is fair and reasonable;
- the plan is consistent with industry standards;
- the debtor engaged in due diligence related to the need for the plan, the employees that needed to be incentivized, and what types of plans are generally applicable in a particular industry; and
- the debtor received independent counsel in performing due diligence and in creating and authorizing the incentive compensation.

See In re Dana Corp., 358 B.R. at 576-77 (identifying factors to determine whether business judgment standard has been satisfied)

PwC's objectives with respect to New Ashley Stewart's KEIP design

- Consistent with management's direction we sought to design a KEIP which:
  - appropriately incentivizes all participants to enhance value achieved through the sale process;
  - continues the current operational improvements;
  - preserves jobs.
- In order to establish a reasonable range of award values we looked at recent KEIPs in similar cases. (Similar cases include companies that had Section 363 KEIPS and the entity was ultimately sold for $75M or under in sale proceeds).
  - We utilized the data and other attributes of these plans to design a plan that satisfies the business judgment standard of Section 503(c)(3).
- Upon review of the KEIP plans of the comparable companies, we believe the structure that best aligns incentives is one that is based on incremental value thresholds and provides modest awards for good results but significantly larger rewards for exceptional results (similar to Movie Gallery).

The NAS KEIP is designed to incentivize management and other employees to achieve a successful outcome:
- The plan includes various thresholds based on the value of contemplated sale proceeds;
- Sale proceeds are defined as aggregate consideration received from an acquiring party in the event of a transaction / sale as a going concern;
- Aggregate consideration includes all cash consideration, plus the principal amount of any assumed debt, plus the value of any assumed liabilities.

KEIP Plan Design – New Ashley Stewart Plan is designed to achieve desired performance

Issue	KEIP Design	Commentary
Eligibility	10 employees are eligible for the plan • 4 top executives • 6 management team members	The 10 participants have been identified based on their likely impact on the execution of the turnaround and or sale outcome. The participant pool represents approximately less than 3% of full time employees and less than 1% of total employees. As discussed in greater detail on the next slide, the awards are weighted by impact.
Total Cost Range	The total plan cost ranges from $0 if the threshold is not achieved to a maximum of $1.4M at a value that reflects continued execution on the turnaround plan and going concern that preserves jobs.	The cost is in line with KEIPs for comparable sales transactions and is more than offset by the increased recoveries available to creditors at each payout level.
Payout Metric (Base Case)	See table below	The size of the KEIP award is calculated based on the size of the sale proceeds and the award by individual ranges from 2.0% – 32.25% of the total KEIP. The award increases progressively by dollar value and percentage of base compensation as sale value increases; in no case is the total cost of the maximum award above 4% of the sale proceeds. ***The cost of the plan is reasonable within the context of the Debtors' assets, liabilities and earning potential.***
Payout Timing	Upon sale close.	Incentivizes an expeditious sale closing that maximizes value for the creditors.

Total Cost Per Employee

Outcome Range	Award Level	Total Cost	% of Value	Avg per Employee
Below $23M	0%	$0	0.0%	-
$23M - $28.9M	25%	350,000	1.8%	35,000
$29M - $34.9M	50%	700,000	2.8%	70,000
$35M - $36.9M	75%	1,050,000	3.5%	105,000
Above $37 M	100%	1,400,000	4.0%	140,000
Total Maximum Cost		**$1,400,000**		

Approved by Judge Michael Kaplan April 23, 2014

KEIP award is designed to be heavily weighted to results and impact - Plan is designed to achieve desired performance

KEIP Award as a % of Total KEIP Award					
Aggregate Consideration		$23M	$28m	$33m	$37m+
Ct	Job Title	T-hold	Target	Target+	Super
1	Employee 1	32.25%	32.25%	32.25%	32.25%
2	Employee 2	12.25%	12.25%	12.25%	12.25%
3	Employee 3	12.25%	12.25%	12.25%	12.25%
4	Employee 4	12.25%	12.25%	12.25%	12.25%
5	Employee 5	10.00%	10.00%	10.00%	10.00%
6	Employee 6	7.00%	7.00%	7.00%	7.00%
7	Employee 7	5.00%	5.00%	5.00%	5.00%
8	Employee 8	5.00%	5.00%	5.00%	5.00%
9	Employee 9	2.00%	2.00%	2.00%	2.00%
10	Employee 10	2.00%	2.00%	2.00%	2.00%
% of Maximum Award		25.0%	50.0%	75.0%	100.0%
Total Award (10 employees)		$350,000	$700,000	$1,050,000	1,400,000
Average per Employee		$35,000	$70,000	$105,000	$140,000
Total Max Award		$350,000	$700,000	$1,050,000	$1,400,000

Source: PwC Analysis, Discussions with the NAS Board and its legal advisors

The maximum KEIP award is $1.4M, which is an average of $140,000 per employee, if aggregate consideration of over $37M is achieved.

Eligible Employees

The aggregate award becomes progressively larger as exceptional outcomes are achieved:

- Initial threshold of $23M is well above the liquidation value.
- Each award level above the initial threshold increases by an incremental $1M of value (see following page)
- The final award level (Super) is set at 100% of the maximum award.
- Individual awards as a % of the total KEIP award remains constant at the various outcome levels, while the dollar value increases progressively:
- The top-level executives (12.5% - 32.25% of total KEIP award) are expected to have the largest and most significant impact on achieving the desired sale outcome.
- The management-level employees (2.00% - 10.00% of total KEIP award) are expected to have a significant impact and influence on the desired outcome.

The KEIP compensation pool is a derivative of Aggregate Consideration (1) and increases 5% for each additional $1.0 million of sale proceeds.

KEIP Compensation

Aggregate Consideration ($ M)	23.0	24.0	25.0	26.0	27.0	28.0	29.0	30.0	31.0	32.0
	T-hold	T-hold	T-hold	T-hold	T-hold	Target	Target	Target	Target	Target
Employee 1	112,875.0	135,450.0	158,025.0	180,600.0	203,175.0	225,750.0	248,325.0	270,900.0	293,475.0	316,050.0
Employee 2	42,875.0	51,450.0	60,025.0	68,600.0	77,175.0	85,750.0	94,325.0	102,900.0	111,475.0	120,050.0
Employee 3	42,875.0	51,450.0	60,025.0	68,600.0	77,175.0	85,750.0	94,325.0	102,900.0	111,475.0	120,050.0
Employee 4	42,875.0	51,450.0	60,025.0	68,600.0	77,175.0	85,750.0	94,325.0	102,900.0	111,475.0	120,050.0
Employee 5	35,000.0	42,000.0	49,000.0	56,000.0	63,000.0	70,000.0	77,000.0	84,000.0	91,000.0	98,000.0
Employee 6	24,500.0	29,400.0	34,300.0	39,200.0	44,100.0	49,000.0	53,900.0	58,800.0	63,700.0	68,600.0
Employee 7	17,500.0	21,000.0	24,500.0	28,000.0	31,500.0	35,000.0	38,500.0	42,000.0	45,500.0	49,000.0
Employee 8	17,500.0	21,000.0	24,500.0	28,000.0	31,500.0	35,000.0	38,500.0	42,000.0	45,500.0	49,000.0
Employee 9	7,000.0	8,400.0	9,800.0	11,200.0	12,600.0	14,000.0	15,400.0	16,800.0	18,200.0	19,600.0
Employee 10	7,000.0	8,400.0	9,800.0	11,200.0	12,600.0	14,000.0	15,400.0	16,800.0	18,200.0	19,600.0
Total Award	**$350,000.0**	**$420,000.0**	**$490,000.0**	**$560,000.0**	**$630,000.0**	**$700,000.0**	**$770,000.0**	**$840,000.0**	**$910,000.0**	**$980,000.0**
% of Maximum Award	**25%**	**30%**	**35%**	**40%**	**45%**	**50%**	**55%**	**60%**	**65%**	**70%**
Average per Employee	**$35,000.0**	**$42,000.0**	**$49,000.0**	**$56,000.0**	**$63,000.0**	**$70,000.0**	**$77,000.0**	**$84,000.0**	**$91,000.0**	**$98,000.0**

KEIP Compensation, cont.

Aggregate Consideration ($ M)	33.0	34.0	35.0	36.0	37.0	37.0 +
	Target+	Target+	Target+	Target+	Target+	Super
Employee 1	338,625.0	361,200.0	383,775.0	406,350.0	428,925.0	451,500.0
Employee 2	128,625.0	137,200.0	145,775.0	154,350.0	162,925.0	171,500.0
Employee 3	128,625.0	137,200.0	145,775.0	154,350.0	162,925.0	171,500.0
Employee 4	128,625.0	137,200.0	145,775.0	154,350.0	162,925.0	171,500.0
Employee 5	105,000.0	112,000.0	119,000.0	126,000.0	133,000.0	140,000.0
Employee 6	73,500.0	78,400.0	83,300.0	88,200.0	93,100.0	98,000.0
Employee 7	52,500.0	56,000.0	59,500.0	63,000.0	66,500.0	70,000.0
Employee 8	52,500.0	56,000.0	59,500.0	63,000.0	66,500.0	70,000.0
Employee 9	21,000.0	22,400.0	23,800.0	25,200.0	26,600.0	28,000.0
Employee 10	21,000.0	22,400.0	23,800.0	25,200.0	26,600.0	28,000.0
Total Award	**$1,050,000.0**	**$1,120,000.0**	**$1,190,000.0**	**$1,260,000.0**	**$1,330,000.0**	**$1,400,000.0**
% of Maximum Award	**75%**	**80%**	**85%**	**90%**	**95%**	**100%**
Average per Employee	**$105,000.0**	**$112,000.0**	**$119,000.0**	**$126,000.0**	**$133,000.0**	**$140,000.0**

(1) Aggregate consideration includes all cash consideration, plus the principal amount of any assumed debt, plus the value of any assumed liabilities.

Source: PwC Analysis, Discussions with NAS Board and its legal advisors

Approved by Judge Michael Kaplan April 23, 2014

New Ashley Stewart KEIP costs as compared to similar companies

Company Name	Filing Date	Estimated / Actual Sale Proceeds	KEIP Max Award (Aggregate)	Total # of Employees Covered	Average Award / Eligible Employee
Claim Jumper	Sep-10	$55,300,000	$450,000	15	$30,000
Nanogen, Inc.	May-09	25,685,000	385,000	6	64,167
Evergreen Solar, Inc.	Aug-11	34,000,000	2,000,000	7	285,714
Magic Brands, LLC	Apr-10	63,500,000	1,659,375	11	150,852
Metro Affiliates (Atlantic Express)**	Nov-13	12,000,000	605,000	2	302,500
Movie Gallery, Inc.	Feb-10	74,200,000	2,860,000	5	572,000
Point Blank Solutions, Inc.	Apr-10	36,600,000	381,450	20	19,073
Proliance International, Inc.	Jul-09	34,420,000	910,000	5	182,000
RIH Acquisitions NJ LLC (Atlantic Club Casino Hotel)	Nov-13	60,000,000	2,100,000	7	300,000
Sharper Image	Feb-08	49,000,000	1,130,000	5	226,000
		Total KEIP	$12,480,825	83	$150,371.39
		Avg KEIP	$1,248,083	8	$213,231

***Metro Affiliates (Atlantic Express) KEIP is driven by collection of $12M in receivables and not a 363 sale.*

Source: PwC Analysis, Public Information

Total Cost Per Employee

Outcome Range	Award Level	Total Cost	% of Value	Avg per Employee
Below $23M	0%	$0	0.0%	-
$23M - $28.9M	25%	350,000	1.8%	35,000
$29M - $34.9M	50%	700,000	2.8%	70,000
$35M - $36.9M	75%	1,050,000	3.5%	105,000
Above $37M	100%	1,400,000	4.0%	140,000
Total Maximum Cost		**$1,400,000**		

Source: PwC Analysis, Public Information

The comparable company KEIP dataset includes those with a planned 363 sale** with anticipated or actual proceeds less than $75M and a filing date within the past five years.

In comparison to other recent approved KEIPs, the NAS KEIP is fair and reasonable:

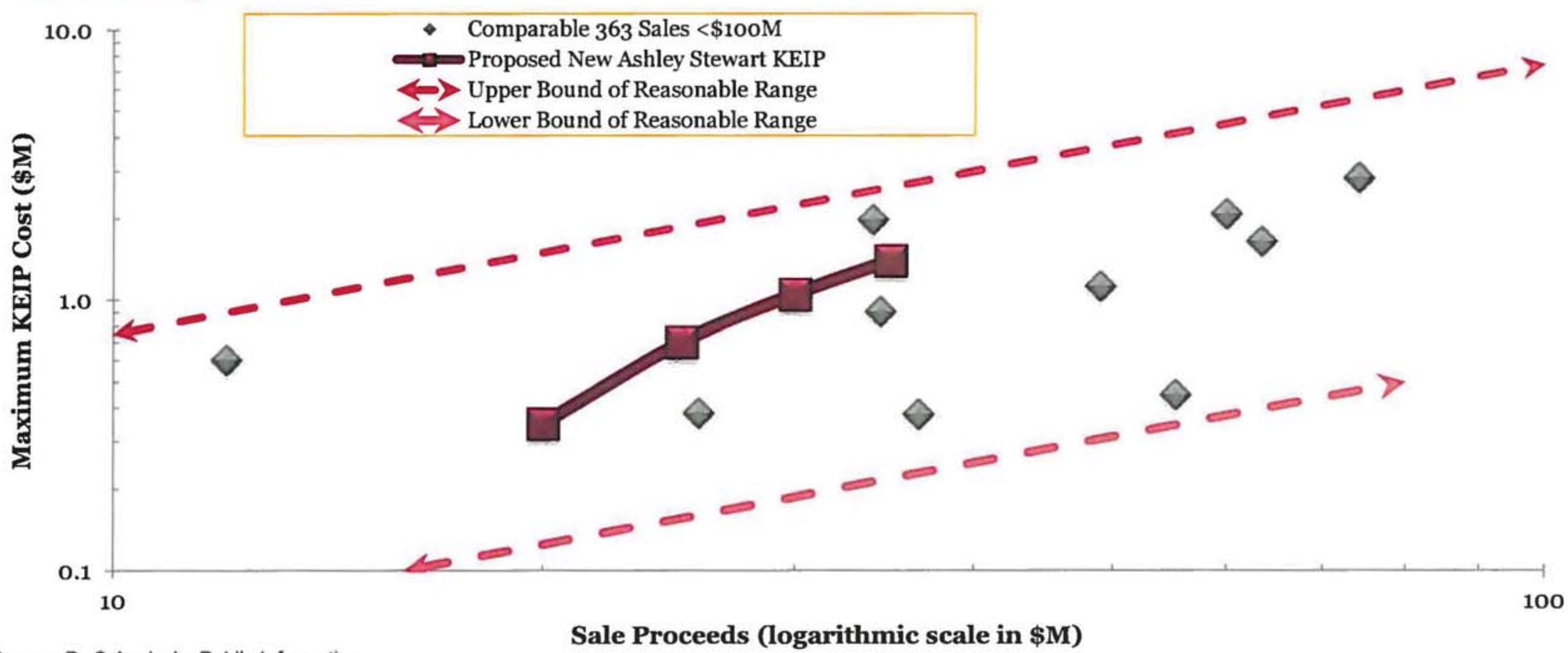
- NAS KEIP covers 10 executives and managers as compared to the average KEIP plan which covers 8 people.
- The NAS KEIP provides a progressively higher award for employees based on positive outcome for the estate.
- The NAS KEIP has a maximum cost of $1.4M, which is just above the average KEIP.
- NAS KEIP has an average incentive award per employee of approximately $140,000(based on the maximum award) vs the average award of $150,000 for the comparable companies set.

Approved by Judge Michael Kaplan April 23, 2014

Based on the analysis of comparable KEIPs, the New Ashley Stewart KEIP is consistent with industry standards

- The chart below displays the relationship between sale proceeds and maximum KEIP costs of the comparable companies set (identified on the previous page) and the range of values that can be achieved in the NAS KEIP.
- Comparable company data was plotted using actual and potential sale proceeds and the maximum cost of the KEIP.
- The proposed NAS KEIP is overlaid using the curved red line to connect each payout bracket.
- The NAS proposed KEIP falls within the bound of reasonable ranges based upon the comparable KEIPs summarized on the prior page.

Sale Contingent KEIPs



Source: PwC Analysis, Public Information

**NAS potential sale proceeds are presented based on the possible transaction sale proceeds*

Approved by Judge Michael Kaplan April 23, 2014