

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail

*Attorneys for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
AÉROPOSTALE, INC., et al.,	:	Case No. 16-11275 (SHL)
	:	
Debtors.¹	:	Jointly Administered
	:	
-----X		

**NOTICE OF MOTION OF DEBTORS PURSUANT TO 11 U.S.C. §§ 105,
361, 362, AND 363 AND FED. R. BANKR. P. 2002, 4001, AND 9014 FOR
ENTRY OF AN ORDER (I) AUTHORIZING USE OF CASH COLLATERAL
BY THE DEBTORS, (II) PROVIDING ADEQUATE PROTECTION TO
PREPETITION TERM LOAN PARTIES, (III) MODIFYING THE
AUTOMATIC STAY, AND (IV) SCHEDULING A FINAL HEARING**

PLEASE TAKE NOTICE that a hearing on the annexed motion (the “*Motion*”) of Aéropostale, Inc. and certain of its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “*Debtors*”) will be held before the Honorable Sean H. Lane, United States Bankruptcy Court for the Southern District of New York, One

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s federal tax identification number, as applicable, are as follows: Aéropostale, Inc. (3880); Aéropostale West, Inc. (7013); Jimmy’Z Surf Co., LLC (0461); Aero GC Management LLC (4257); Aeropostale Procurement Company, Inc. (8518); Aeropostale Licensing, Inc. (8124); P.S. from Aeropostale, Inc. (5900); GoJane LLC (4923); Aeropostale Holdings, Inc. (7729); and Aeropostale Puerto Rico, Inc. (6477). The Debtors’ corporate headquarters is located at 112 West 34th Street, 22nd Floor, New York, NY 10120.

Bowling Green, New York, NY 10004, Courtroom 701, on **October 25, 2016** at **2:00 p.m.**
(Eastern Time).

Dated: October 21, 2016
New York, New York

/s/ Garrett A. Fail
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail

*Attorneys for Debtors
and Debtors in Possession*

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail

*Attorneys for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
AÉROPOSTALE, INC., et al.,	:	Case No. 16-11275 (SHL)
	:	
Debtors.¹	:	Jointly Administered
	:	
-----X		

**MOTION OF DEBTORS PURSUANT TO 11 U.S.C. §§ 105, 361,
362, AND 363 AND FED. R. BANKR. P. 2002, 4001, AND 9014 FOR
ENTRY OF AN ORDER (I) AUTHORIZING USE OF CASH COLLATERAL
BY THE DEBTORS, (II) PROVIDING ADEQUATE PROTECTION TO
PREPETITION TERM LOAN PARTIES, (III) MODIFYING THE
AUTOMATIC STAY, AND (IV) SCHEDULING A FINAL HEARING**

TO THE HONORABLE SEAN H. LANE
UNITED STATES BANKRUPTCY JUDGE:

Aéropostale, Inc. and certain of its subsidiaries, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “*Debtors*”), respectfully represent as follows:

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s federal tax identification number, as applicable, are as follows: Aéropostale, Inc. (3880); Aéropostale West, Inc. (7013); Jimmy’Z Surf Co., LLC (0461); Aero GC Management LLC (4257); Aeropostale Procurement Company, Inc. (8518); Aeropostale Licensing, Inc. (8124); P.S. from Aeropostale, Inc. (5900); GoJane LLC (4923); Aeropostale Holdings, Inc. (7729); and Aeropostale Puerto Rico, Inc. (6477). The Debtors’ corporate headquarters is located at 112 West 34th Street, 22nd Floor, New York, NY 10120.

Background

A. General Background

1. On May 4, 2016 (the “*Commencement Date*”), each of the Debtors commenced with this Court a voluntary case under chapter 11 of title 11 of the United States Code (the “*Bankruptcy Code*”). The Debtors are authorized to continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these chapter 11 cases. Pursuant to an order of the Court dated October 13, 2016 [ECF No. 879], William A. Brandt, Jr. was appointed as the Debtors’ Chief Restructuring Officer (the “*CRO*”).

2. The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”).

3. On May 11, 2016, the United States Trustee for Region 2 appointed the statutory committee of unsecured creditors pursuant to section 1102 of the Bankruptcy Code (the “*Creditors’ Committee*”).

4. Additional information regarding the Debtors’ business, capital structure, and the circumstances leading to the commencement of these chapter 11 cases is set forth in the *Declaration of David J. Dick Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York*, sworn to and filed on the Commencement Date [ECF No. 4].

B. Prior Orders and Continued Access to Cash Collateral

5. Aéropostale, Inc. and certain of the Debtors are party to that certain Loan and Security Agreement, dated May 23, 2014, by and among Aéropostale, Inc. as borrower, each Debtor-guarantor named therein, the various financial institutions and other persons thereto

from time to time (the “*Prepetition Term Loan Lenders*”), and Aero Investors LLC as administrative and collateral agent (the “*Prepetition Term Loan Agent*” and, together with the Prepetition Term Loan Lenders, the “*Prepetition Term Loan Parties*”).

6. On June 13, 2016, the Court entered the *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363 and 364 and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (I) Authorizing Incurrence by the Debtors of Postpetition Secured Indebtedness, (II) Granting Liens, (III) Authorizing Use of Cash Collateral by the Debtors and Providing for Adequate Protection, and (IV) Modifying the Automatic Stay* [ECF No. 298] (the “*Final DIP Order*”).

7. The Final DIP Order authorized, among other things, the Debtors (i) to borrow up to \$160,000,000 of postpetition secured superpriority debtor in possession financing (the “*DIP Facility*”) and (ii) to use all property constituting “cash collateral” (as defined in section 363(a) of the Bankruptcy Code, and hereinafter, “*Cash Collateral*”) and to provide adequate protection to the Prepetition Term Loan Parties for any Diminution in Value (as defined in the Final DIP Order) for their interests in the Prepetition Collateral (as defined in the Final DIP Order), including the Cash Collateral. By the terms of the Final DIP Order, the Debtors were authorized to use Cash Collateral until the earliest to occur of (i) the repayment in full of all obligations under the DIP Facility, and (ii) the date such right to use Cash Collateral otherwise terminated as provided in the Final DIP Order.

8. On September 13, 2016, the Court entered orders approving the Debtors’ sale (the “*Sale Transaction*”) of substantially all of the Debtors’ assets pursuant to the Asset Purchase Agreement, dated September 12, 2016 (the “*Asset Purchase Agreement*”), between the Debtors and Aero Opco LLC [ECF No. 809] (the “*Sale Order*”) and the Agency Agreement,

dated September 12, 2016 (the “**Agency Agreement**”), among the Debtors, Aero Opco LLC, Hilco Merchant Resources, LLC, and Gordon Brothers Retail Partners, LLC [ECF No. 808] (the “**Agent Order**”).

9. On September 15, 2016, the Debtors filed the *Notice of Closing of Transactions* [ECF No. 817], which announced the closing of the transactions contemplated by the Asset Purchase Agreement and the Agency Agreement. On the same day, all obligations under the DIP Facility were repaid by the Debtors in full, which resulted in the termination of the Debtors’ authority to use Cash Collateral under the Final DIP Order.

Jurisdiction

10. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157(a)-(b) and 1334(b) and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.). This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

Relief Requested

11. By this motion, the Debtors request entry of interim and final orders (i) authorizing the Debtors’ proposed use of Cash Collateral (ii) providing adequate protection to the Prepetition Term Loan Parties for any diminution in the value of their interests in the Prepetition Collateral (as defined in the Final DIP Order), including the Cash Collateral, (iii) vacating and modifying the automatic stay imposed by section 362 of the Bankruptcy Code to the extent necessary to implement and effectuate the terms and provisions of an order granting the relief requested in the Motion, and (iv) scheduling a final hearing (the “**Final Hearing**”) to consider entry of an order granting the relief requested in the Motion on a final basis.

12. In support of the Motion, the Debtors submit the Declaration of William A. Brandt, Jr. (the “**Brandt Declaration**”), the Debtors’ CRO and the President and CEO of

Development Specialists, Inc., which currently provides management and restructuring services to the Debtors. A copy of the Brandt Declaration is annexed hereto as **Exhibit A**.

13. A proposed form of order granting the relief requested herein on an interim basis is annexed hereto as **Exhibit B** (the “*Proposed Interim Order*”). The terms and conditions for the Debtors’ use of Cash Collateral provided in the Proposed Interim Order are substantially similar to those previously approved by the Court and memorialized in the Final DIP Order, except that the Debtors and the Prepetition Term Loan Parties have agreed on a revised budget (the “*Interim Budget*”), a copy of which is annexed as **Exhibit A** to the Proposed Interim Order.

14. The Interim Budget deals with the use of Cash Collateral for the period through November 19, 2016. During the period between the interim hearing on this Motion (the “*Interim Hearing*”) and the Final Hearing, the Debtors, the CRO, the Prepetition Term Loan Parties, and the Creditors’ Committee intend to work together to reach an agreement on the terms of a final budget (the “*Final Budget*”), which will provide for the use of Cash Collateral for the period from November 19, 2016 through the effective date of a chapter 11 plan for the Debtors.

Basis for Relief Requested

A. The Use of Cash Collateral Should be Authorized

15. Pursuant to section 363(c)(2) of the Bankruptcy Code, a debtor may not use, sell, or lease cash collateral unless “(A) each entity that has an interest in such cash collateral consents; or (B) the court, after notice and a hearing, authorizes such use, sale, or lease in accordance with the provisions of this section [363].” 11 U.S.C. § 363(c)(2). Additionally, the use of a secured creditor’s cash collateral is appropriate under section 105(a) of the Bankruptcy Code, which provides that “[t]he court may issue any order, process, or judgment

that is necessary or appropriate to carry out the provisions of the [the Bankruptcy Code].” 11 U.S.C. § 105(a).

16. Given that the Sale Transaction has closed, the principal remaining tasks in these chapter 11 cases are the collection of the Debtors’ remaining assets that were excluded from the Sale Transaction, the reconciliation of claims, the negotiation and prosecution of a plan of liquidation, and the distribution of the sale proceeds and proceeds of the Debtors’ remaining assets to parties in interest. The Debtors continue to require access to Cash Collateral during this process to fund their remaining operations and to wind-down their estates properly. Without access to Cash Collateral, the Debtors would be unable to efficiently bring these cases to a conclusion, which would jeopardize the substantial progress made in these cases to date. Recognizing such need, the Prepetition Term Loan Parties and the Debtors have agreed upon terms for the Debtors’ continued use of Cash Collateral.

17. For the foregoing reasons, the Debtors submit that the use of Cash Collateral on the terms set forth in the Proposed Interim Order is in the best interests of the Debtors, their estates, their creditors, and all other parties in interest and should be authorized by the Court.

B. Interim Approval Should be Granted and Request for a Final Hearing

18. The Court may grant interim relief in respect of a motion filed pursuant to section 363(c) of the Bankruptcy Code where, as here, interim relief is “necessary to avoid immediate and irreparable harm to the estate pending a final hearing.” Fed. R. Bankr. P. 4001(b)(2)-(c)(2). In examining requests for interim relief under this rule, courts in this jurisdiction generally apply the same business judgment standard applicable to other business decisions. *See In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 36 (Bankr. S.D.N.Y. 1990).

19. Absent authorization from the Court to use Cash Collateral on an interim basis pending the Final Hearing, the Debtors' ability to wind-down these chapter 11 cases will be compromised. Additionally, if ongoing consensual access to Cash Collateral is not maintained, the Debtors may be forced to convert these cases to cases under chapter 7 of the Bankruptcy Code, which would cause immediate and irreparable harm to the Debtors' estates, creditors, and other parties in interest.

20. Pursuant to Bankruptcy Rule 4001(b)(2), the Debtors request that the Court set a date that is no later than November 16, 2016 for the Final Hearing. The Debtors request that they be authorized to serve a copy of the signed Proposed Interim Order, which fixes the time and date for the filing of objections, if any, by United States mail, first-class postage prepaid, on (i) the parties having been given notice of the Interim Hearing; (ii) any party which has filed prior to such date a request for notices with the Court; (iii) counsel for the Creditors' Committee; (iv) the Office of the United States Trustee, (v) the Internal Revenue Service, (vi) counsel to the Prepetition Term Loan Agent, (vii) the Debtors' current landlords, (viii) the Securities and Exchange Commission, (ix) the Office of the Attorney General for the State of New York, (x) the United States Department of Justice, (xi) applicable state taxing authorities, (xii) the Buyer (as defined in the Sale Order), and (xiii) the Buyer Agent (as defined in the Agent Order) (all of the parties specified in subparagraphs (i) through (xii) hereof, the "**Notice Parties**"). Five days prior to the Final Hearing, the Debtors shall serve a copy of the proposed Final Budget on the Notice Parties. The Debtors further request that the Court consider the notice of the Final Hearing and the Final Budget to be sufficient notice under Bankruptcy Rules 4001(b)(2) and 4001(c)(2).

Request for Waiver of Bankruptcy Rule 4001 and Local Rule 4001-2

21. Bankruptcy Rules 4001(b)(1)(B) and 4001(d)(1)(B) and Rule 4001-2 of the Local Bankruptcy Rules for the Southern District of New York (the “*Local Rules*”) provide that a motion for authority to use cash collateral shall consist of or begin with a concise statement of the relief requested that lists or summarizes all material provisions and terms of the proposed use of cash collateral. Given that the provisions and terms for the Debtors’ continued use of Cash Collateral contained in the Proposed Interim Order are substantially similar to those approved by the Court in the Final DIP Order, the Debtors respectfully request a waiver of Bankruptcy Rules 4001(b)(1)(B) and 4001(d)(1)(B) and Local Rule 4001-2.

Request for Waiver of Bankruptcy Rule 6004

22. To implement the foregoing successfully, the Debtors request a waiver of the notice requirements under Bankruptcy Rule 6004(a) and the fourteen-day stay imposed by Bankruptcy Rule 6004(h), to the extent such stay applies.

Notice

23. Notice of this Motion has been provided to all parties in interest in accordance with the procedures set forth in the *Order Pursuant to 11 U.S.C. § 105(a) and (d) and Fed. R. Bankr. P. 1015(c), 2002(m), and 9007 Implementing Certain Notice and Case Management Procedures*, entered on June 3, 2016 [ECF No. 255]. The Debtors submit that, in view of the facts and circumstances, such notice is sufficient and no other or further notice need be provided.

24. No previous request for the relief sought by this Motion has been made by the Debtors to this or any other Court.

WHEREFORE the Debtors respectfully request entry of the Proposed Interim
Order and such other and further relief as the Court may deem just and appropriate.

Dated: October 21, 2016
New York, New York

/s/ Garrett A. Fail
WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail

*Attorneys for Debtors
and Debtors in Possession*

Exhibit A

Brandt Declaration

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Telephone: (212) 310-8000
Facsimile: (212) 310-8007
Ray C. Schrock, P.C.
Jacqueline Marcus
Garrett A. Fail

*Attorneys for Debtors
and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X		
	:	
In re	:	Chapter 11
	:	
AÉROPOSTALE, INC., et al.,	:	Case No. 16-11275 (SHL)
	:	
Debtors.¹	:	Jointly Administered
	:	
-----X		

DECLARATION OF WILLIAM A. BRANDT, JR. IN SUPPORT OF THE MOTION OF DEBTORS PURSUANT TO 11 U.S.C. §§ 105, 361, 362, AND 363 AND FED. R. BANKR. P. 2002, 4001, AND 9014 FOR ENTRY OF AN ORDER (I) AUTHORIZING USE OF CASH COLLATERAL BY THE DEBTORS, (II) PROVIDING ADEQUATE PROTECTION TO PREPETITION TERM LOAN PARTIES, (III) MODIFYING THE AUTOMATIC STAY, AND (IV) SCHEDULING A FINAL HEARING

I, William A. Brandt, Jr., make this declaration pursuant to 28 U.S.C. § 1746:

1. I am the President and CEO of Development Specialists, Inc. (“*DSI*”) and, pursuant to an order of the Court dated October 13, 2016 [ECF No. 879], I have been appointed as Chief Restructuring Officer (“*CRO*”) of Aéropostale, Inc. and certain of its subsidiaries, the

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s federal tax identification number, as applicable, are as follows: Aéropostale, Inc. (3880); Aéropostale West, Inc. (7013); Jimmy’Z Surf Co., LLC (0461); Aero GC Management LLC (4257); Aeropostale Procurement Company, Inc. (8518); Aeropostale Licensing, Inc. (8124); P.S. from Aeropostale, Inc. (5900); GoJane LLC (4923); Aeropostale Holdings, Inc. (7729); and Aeropostale Puerto Rico, Inc. (6477). The Debtors’ corporate headquarters is located at 112 West 34th Street, 22nd Floor, New York, NY 10120.

debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “*Debtors*”).

2. I submit this declaration (the “*Declaration*”) in support of the *Motion of Debtors Pursuant to 11 U.S.C. §§ 105, 361, 362, and 363 and Fed. R. Bankr. P. 2002, 4001, and 9014 For Entry of an Order (I) Authorizing the Use of Cash Collateral by the Debtors, (II) Providing Adequate Protection to Prepetition Term Loan Parties, (III) Modifying the Automatic Stay, and (IV) Scheduling a Final Hearing* (the “*Motion*”).²

3. Except as otherwise indicated herein, the facts set forth in this Declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by the Debtors’ employees or DSI employees working with the Debtors, or my opinion based upon experience, knowledge, and information concerning the Debtors’ operations. If called upon to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtors.

Qualifications

4. DSI is a restructuring and financial advisory firm that specializes in interim management, turnaround consulting, operational due diligence, creditor advisory services, and financial and operational restructuring. DSI has a wealth of experience in providing bankruptcy crisis management, consulting, and special financial advisory services. DSI enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases throughout the United States, on behalf of debtors, creditors, bondholders, investors, and other entities.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Motion or the Proposed Interim Order.

5. DSI provides consulting, liquidating, and management services to bankrupt, insolvent, and reorganizing businesses. DSI operates, manages, and consults “troubled businesses” on behalf of lending institutions, other secured parties, bondholders, shareholder committees, court-approved fiduciaries, and business owners. The firm is experienced in all aspects of insolvency and bankruptcy consulting, and regularly serves as consultants to debtors or trustees in both chapter 7 and chapter 11 proceedings. DSI also frequently lends members of its staff to serve in the role of chapter 7 trustee, chapter 11 trustee, or examiner in a number of matters pending in bankruptcy courts in a variety of districts and jurisdictions throughout the United States.

6. As the Debtors’ CRO, I am generally familiar with the Debtors’ day-to-day operations, business and financial affairs, and books and records.

Need for Continued Use of Cash Collateral

7. The Debtors’ authorization to use Cash Collateral pursuant to the terms of the Final DIP Order expired on September 15, 2016 when the Debtors’ satisfied their obligations under the DIP Facility in full. Since that time, expenditures made by the Debtors have been subject to the approval of the Prepetition Term Loan Parties. The Motion seeks authorization for the Debtors’ continued use of Cash Collateral on terms and conditions substantially similar to those contained in the Final DIP Order, but subject to the Interim Budget that takes into account the consummation of the Sale Transaction, a copy of which is annexed to the Proposed Interim Order as **Exhibit A**.

8. The Debtors now require the use of Cash Collateral (which generally constitutes the Debtors’ working capital) to wind-down these chapter 11 estates over the next several months. Specifically, the Debtors require access to Cash Collateral to negotiate and

prosecute a plan of liquidation, to distribute the proceeds of the Sale Transaction, and to fund their remaining operations. Without the use of Cash Collateral, the Debtors will have insufficient liquidity to complete these takes. Accordingly, the Prepetition Term Loan Parties and the Debtors have negotiated and agreed upon the terms for the Debtors' continued use of Cash Collateral. Such use must be in compliance with the Interim Budget.

9. Once the Proposed Interim Order has been approved, I intend to focus my efforts and the efforts of my staff at DSI on formulating the Final Budget, which will provide for the use of Cash Collateral for the period from November 19, 2016 through the effective date of a chapter 11 plan for the Debtors.

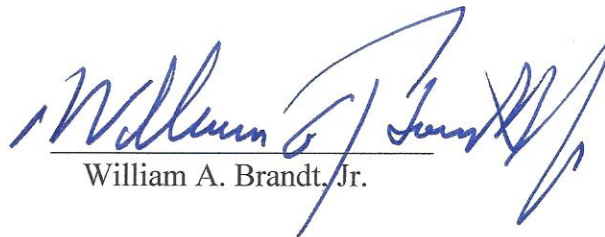
Immediate and Irreparable Harm

10. During the period since the consummation of the Sale Transaction, the Debtors have been required to seek the Prepetition Term Loan Lenders' approval of expenditures in accordance with the Bankruptcy Code. Under these circumstances, the Debtors have paid only their most pressing postpetition debts. Absent the immediate ability to use Cash Collateral in accordance with an approved budget, the Debtors may have a difficult time maintaining their operations. At this stage in the Debtors' bankruptcy cases, the immediate cessation of operations could jeopardize the value of the Debtors' estates. Additionally, if ongoing consensual access to Cash Collateral in accordance with an approved budget is not allowed, the Debtors may be forced to convert these cases to cases under chapter 7 of the Bankruptcy Code. I believe that such a result would materially harm the Debtors' estates, creditors, and other parties in interest. In my opinion, it is therefore essential to the success and completion of these chapter 11 cases that the Debtors immediately obtain authority to use the Cash Collateral on a consensual basis in accordance with an approved budget.

11. Based on the foregoing, I submit that the relief requested in the Motion should be granted.

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

Dated: October 21, 2016
New York, New York



William A. Brandt, Jr.

Exhibit B

Proposed Interim Order

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
: **Chapter 11**
: **Case No. 16-11275 (SHL)**
: **Jointly Administered**
: **Debtors.¹**
: **Jointly Administered**
: **Jointly Administered**
-----X

**INTERIM ORDER PURSUANT TO 11 U.S.C. §§105, 361, 362, AND
363 AND FED. R. BANKR. P. 2002, 4001, AND 9014(I) AUTHORIZING USE OF
CASH COLLATERAL BY THE DEBTORS, (II) PROVIDING FOR ADEQUATE
PROTECTION TO PREPETITION TERM LOAN PARTIES, (III) MODIFYING
THE AUTOMATIC STAY, AND (IV) SCHEDULING A FINAL HEARING**

Upon the motion, dated October 21, 2016 [*ECF No.* [•]] (the “Motion”) by the above-captioned debtors and debtors in possession (collectively, the “Debtors”) in the above-captioned chapter 11 cases (the “Chapter 11 Cases”), seeking, among other things, entry of an interim order (this “Interim Order”):

authorizing the Debtor’s use of all property constituting “cash collateral” (as defined in section 363(a) of the Bankruptcy Code, and hereinafter, “Cash Collateral”) during the Interim Period (as defined below) in a manner consistent with and subject to the terms and conditions of this Interim Order, and in compliance with the Budget (as defined below), solely to pay or fund (a) certain costs, fees and expenses related to the Chapter 11 Cases, (b) the repayment of the Prepetition Term Loan Obligations (as defined below) as set forth herein, (c)

¹ The Debtors in these chapter 11 cases and the last four digits of each Debtor’s federal tax identification number, as applicable, are as follows: Aéropostale, Inc. (3880); Aéropostale West, Inc. (7013); Jimmy’Z Surf Co., LLC (0461); Aero GC Management LLC (4257); Aeropostale Procurement Company, Inc. (8518); Aeropostale Licensing, Inc. (8124); P.S. from Aeropostale, Inc. (5900); GoJane LLC (4923); Aeropostale Holdings, Inc. (7729); and Aeropostale Puerto Rico, Inc. (6477). The Debtors’ corporate headquarters is located at 112 West 34th Street, 22nd Floor, New York, NY 10120.

the Carve-Out (as defined below), and (d) the working capital needs of the Debtors during the Chapter 11 Cases;

providing adequate protection on the terms set forth in this Interim Order to the Prepetition Term Loan Parties (as defined below) for any Diminution in Value (as defined below) for their interests in the Prepetition Collateral (as defined below), including the Cash Collateral;

vacating and modifying the automatic stay imposed by section 362 of title 11 of the United States Code (the “Bankruptcy Code”) to the extent necessary to implement and effectuate the terms and provisions of this Interim Order;

except to the extent of the Carve-Out, waiving all rights to surcharge any Prepetition Collateral or Postpetition Collateral (each, defined below) under sections 506(c) or 552(b) of the Bankruptcy Code or any other applicable principle of equity or law;

scheduling a final hearing (the “Final Hearing”) to consider entry of an order (the “Final Order”) granting the relief requested in the Motion on a final basis, and to approve the form and manner of notice with respect to the Final Hearing;

waiving any applicable stay as provided in the provisions of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and/or the Local Bankruptcy Rules for the Southern District of New York (the “Local Rules”), and providing for the immediate effectiveness of this Interim Order; and

waiving Bankruptcy Rules 4001(b)(1)(B) and 4001(d)(1)(B) and Local Rule 4001-2;

The Court having considered the Motion and the declaration of William A. Brandt, Jr. [ECF No. [•]] in support thereof, and the testimony and other evidence submitted at the interim

hearing held before the Court on _____, 2016 (the “Interim Hearing”); and in accordance with Bankruptcy Rules 2002, 4001(b) and (d), and 9014 and Rule 4001-2 of the Local Rules, due and proper notice of the Motion and the Interim Hearing having been given; and the Interim Hearing having been held and concluded; and it appearing that approval of the relief requested in the Motion during the Interim Period is necessary to avoid immediate and irreparable harm to the Debtors pending the Final Hearing, and otherwise is fair and reasonable and in the best interests of the Debtors, their creditors and their estates, and is essential for the continued operation of the Debtors’ business and to preserve and maximize the value of the Debtors’ estates for the benefit of all stakeholders; and all objections, if any, to the entry of this Interim Order having been withdrawn, resolved or overruled by this Court; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

IT IS HEREBY FOUND AND CONCLUDED AS FOLLOWS:²

Petition Date. On May 4, 2016 (the “Petition Date”), the Debtors filed voluntary petitions under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Southern District of New York (the “Court”). The Debtors are continuing in the management and operation of their businesses and properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. Pursuant to an order of this Court, the Chapter 11 Cases have been consolidated for procedural purposes only. No trustee or examiner has been appointed in the Chapter 11 Cases.

² The findings and conclusions set forth in this Interim Order constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

Jurisdiction and Venue. This Court has jurisdiction over these proceedings and the parties and property affected hereby pursuant to 28 U.S.C. § 1334. Consideration of the Motion constitutes a core proceeding under 28 U.S.C. § 157(b)(2). Venue for the Chapter 11 Cases and proceedings on the Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Statutory Committee. On May 11, 2016, the United States Trustee appointed a statutory committee of unsecured creditors (the “Committee”) in these Chapter 11 Cases.

Final DIP Order. On June 13, 2016, this Court entered its *Final Order Pursuant to 11 U.S.C. §§ 105, 361, 362, 363 and 364 and Rules 2002, 4001, and 9014 of the Federal Rules of Bankruptcy Procedure (I) Authorizing Incurrence by the Debtors of Postpetition Secured Indebtedness, (II) Granting Liens, (III) Authorizing Use of Cash Collateral by the Debtors and Providing for Adequate Protection, and (IV) Modifying the Automatic Stay* [Docket No. 298] (the “Final DIP Order”), pursuant to which (among other things) the Debtors were authorized to borrow up to \$160,000,000 of postpetition secured superpriority debtor in possession financing (the “DIP Facility”).

Repayment of DIP Facility. On September 15, 2016, all obligations under the DIP Facility were repaid by the Debtors in full. The Prepetition Term Loan Lenders and the Debtors have agreed upon the terms for the Debtors’ use of Cash Collateral for the wind-down of the Chapter 11 Cases.

Notice. The Interim Hearing was held pursuant to Bankruptcy Rules 2002 and 4001 and Local Rule 4001-2. Notice of the Interim Hearing and the emergency relief requested in the Motion was given by the Debtors, whether by telecopy, email, overnight courier or hand delivery on October [•], 2016, to certain parties in interest, including: (i) the Office of the United States Trustee for the Southern District of New York (the “United States Trustee”); (ii) counsel to the

Prepetition Term Loan Agent (as defined below); (iii) counsel to the Committee, (iv) the Internal Revenue Service; (v) the Securities and Exchange Commission; (vi) the United States Department of Justice; and (vii) all parties requesting notice pursuant to Bankruptcy Rule 2002. Under the circumstances, such notice of the Interim Hearing and the emergency relief requested in the Motion is due and sufficient notice and complies with sections 102(1) and 363 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001(b), 4001(d), and the Local Rules, and no other or further notice of the relief granted pursuant to this Interim Order is necessary or required.

The Debtors' Acknowledgements and Agreements. The Debtors admit, stipulate, acknowledge and agree that (collectively, paragraphs G(i) through G(iv) hereof shall be referred to herein as the "Debtors' Prepetition Secured Lien Stipulations"):

Prepetition Term Loan Facility. Prior to the Petition Date, certain of the Debtors were parties to that certain Loan and Security Agreement, dated as of May 23, 2014 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "Prepetition Term Loan Agreement" and together with all other agreements, documents, and instruments executed and/or delivered to or in favor of the parties thereto, the "Prepetition Term Loan Documents"), by and among the borrower and guarantors listed therein, Aero Investors LLC, as agent (the "Prepetition Term Loan Agent"), and the lender parties thereto (the "Prepetition Term Loan Lenders" and, together with the Prepetition Term Loan Agent, the "Prepetition Term Loan Parties").

Prepetition Term Loan Obligations. As of the Petition Date, the outstanding principal amount of all loans under the Prepetition Term Loan Documents was approximately \$150,000,000 (such amount, together with any amounts paid, incurred or accrued prior to the Petition Date in accordance with the Prepetition Term Loan Documents, accrued and unpaid interest in the amount of \$1,250,000, any fees, expenses and disbursements, indemnification obligations and other charges of whatever nature, whether or not contingent, whenever arising, due or owing in respect thereof, collectively, the "Prepetition Term Loan Obligations"). As of the date hereof, the Debtors are indebted to the Prepetition Term Loan Parties, pursuant to the Prepetition Term Loan Documents for Prepetition Term Loan Obligations, in the amount of \$151,250,000, plus (A) all fees and expenses incurred prepetition by the Prepetition Term Loan Parties to which they may be entitled under the Prepetition Term Loan Documents; and (B) all postpetition interest, fees and expenses to which they may be

entitled under the Prepetition Term Loan Documents and the Bankruptcy Code.

Liens Securing and Claim Status of Prepetition Term Loan Obligations. Prior and subsequent to the Petition Date, the Debtors granted to the Prepetition Term Loan Agent (for the benefit of itself and the other Prepetition Term Loan Lenders) liens upon and security interests, as follows:

Prepetition Term Loan. Pursuant to the Prepetition Term Loan Documents, the Debtors granted to the Prepetition Term Loan Agent, for the benefit of itself and the Prepetition Term Loan Lenders, liens (the “Prepetition Term Loan Liens”) on all Prepetition Collateral (as defined in the Final DIP Order).

Priority of Liens in Prepetition Collateral. As of the date hereof, the Prepetition Term Loan Liens constitute first priority, legal, valid, binding, enforceable, non-avoidable and properly perfected liens on and security interests in the Prepetition Collateral, subject only to certain liens, if any, otherwise permitted pursuant to the Prepetition ABL Credit Documents (as defined in the Final DIP Order).³

Adequate Protection Liens and Adequate Protection Claims. Pursuant to the Final DIP Order, the Prepetition Term Loan Parties were granted, pursuant to sections 361, 363(e), 364(d), 503(b) and 507(b) of the Bankruptcy Code, as adequate protection against any Diminution in Value (defined below) of their interests in the Prepetition Collateral (i) continuing, valid, binding, enforceable and automatically perfected postpetition security interests in and liens on the DIP Collateral (as defined in the Final DIP Order) and the proceeds thereof, and (ii) an allowed superpriority administrative expense claim in the Chapter 11 Cases and any Successor Cases (collectively, the “Adequate Protection”).

Interest in Cash Collateral. The Prepetition Term Loan Parties have a valid security interest in Cash Collateral of the Debtors, including all amounts on deposit in the Debtors’ banking, checking, or other deposit accounts and all proceeds of Collateral (as defined hereinafter) (but only to the

³ Nothing herein shall constitute a finding or ruling by this Court that any such permitted liens, if any, are valid, enforceable, perfected, non-avoidable or senior to the Prepetition ABL Liens. Nothing herein shall prejudice the rights of any party in interest, including, but not limited to, the Debtors, the Prepetition Term Loan Parties and the Committee, to challenge the validity, priority, enforceability, seniority, avoidability, perfection, extent or any other aspect of any such permitted liens.

extent of their respective security interests in such Collateral) to secure their respective prepetition claims, to the same extent and order of priority as that which was (a) held by each such party on the Petition Date, and (b) granted to the Prepetition Term Loan Parties as adequate protection pursuant to the Final DIP Order.

Findings Regarding the Use of Cash Collateral and Prepetition Collateral.

Use of Collateral. The Debtors require access to the Prepetition Collateral (including Cash Collateral) on the terms set forth herein (including in the amount and in the manner set forth in the Budget) to permit, among other things, the satisfaction of the costs and expenses of administering these Chapter 11 Cases. The terms of the use of the Prepetition Collateral (including the Cash Collateral) pursuant to this Interim Order are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties and constitute reasonably equivalent value and fair consideration.

Good Faith. The terms of the use of the Prepetition Collateral (including the Cash Collateral) have been the subject of negotiations conducted in good faith and at arm's length among the Debtors and the Prepetition Term Loan Parties, and, pursuant to sections 105, 361 and 363 of the Bankruptcy Code, the Prepetition Term Loan Parties are hereby found to be entities that have acted in "good faith" in connection with the negotiation and entry of this Interim Order, and each is entitled to the protection provided under section 363(m) of the Bankruptcy Code on the terms set forth herein.

Irreparable Harm. The Debtors have requested entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2) and (d). Absent granting the interim relief sought by this Interim Order, the Debtors' estates will be immediately and irreparably harmed. The use of the Prepetition Collateral (including the Cash Collateral) in accordance with this Interim Order is in the best interests of the Debtors' estates.

Use of Cash Collateral. Cash Collateral shall be used in a manner consistent with and subject to the terms and conditions of this Interim Order, and in compliance with the Budget, solely to pay or fund (i) certain costs, fees and expenses related to the Chapter 11 Cases; (ii) the repayment of the Prepetition Term Loan Obligations; (iii) the Carve-Out (as defined below); and (iv) the working capital needs of the Debtors during the Chapter 11 Cases. Immediate repayment of \$90.0 million of the Prepetition Term Loan Obligations in accordance with this Interim Order is necessary as the Prepetition Term Loan Parties will not otherwise consent to the Debtors' use of Cash Collateral or the subordination of their liens to the Carve-Out. Based on the record of the Interim Hearing, such payment will not prejudice the Debtors or their estates.

Adequate Protection for Prepetition Term Loan Lenders. The Prepetition Term Loan Agent is entitled to adequate protection as set forth in this Interim Order, pursuant to sections 361 and 363 of the Bankruptcy Code, for any diminution in the value of its interests in the Prepetition Collateral (including Cash Collateral), both before and after the entry of this Order, resulting from the subordination to the Carve-Out, the Debtors' use, sale or lease of such Prepetition Collateral, and the imposition of the automatic stay (collectively, and solely to the extent of any such diminution in value, the "Diminution in Value"). Pursuant to Sections 105, 361, 363, 503(b) and 507(b) of the Bankruptcy Code, as adequate protection to the extent of any Diminution in Value of its interests in the Prepetition Collateral (including Cash Collateral), the Prepetition Term Loan Parties will receive the rights and protections set forth in this Interim Order, including pursuant to paragraph 3 of this Interim Order.

Section 506(c) and Section 552(b). In light of the subordination of the liens and superpriority claims of the Prepetition Term Loan Parties to the Carve-Out, and consistent with the terms of the Final DIP Order, the Debtors agree that the Prepetition Term Loan Parties are

entitled to (a) all of the rights and benefits of section 552(b) of the Bankruptcy Code, and the “equities of the case” exception shall not apply, but such agreement is not binding on the Court, and (b) a waiver of the provisions of section 506(c) of the Bankruptcy Code.

Relief Essential; Best Interest; Good Cause. Based on the record of the Chapter 11 Cases, the relief requested in the Motion is necessary, essential, and appropriate for continued operations, and for the management, maintenance and preservation of the Debtors’ assets and property as it will, among other things, provide the Debtors with the necessary liquidity to (i) preserve and maximize the value of their estates for the benefit of all creditors; and (ii) avoid immediate irreparable harm to the Debtors, their creditors, their businesses, their employees, and their estates. Good cause has been shown for the relief requested in the Motion and as granted in this Interim Order.

Final Hearing. At the Final Hearing, the Debtors will seek final approval of the use of Cash Collateral pursuant to a proposed Final Order and in accordance with a longer term budget, each of which shall be in form and substance acceptable to the Prepetition Term Loan Parties in their sole and absolute discretion. Notice of the Final Hearing will be provided in accordance with this Interim Order.

Entry of Interim Order. For the reasons stated above, the Debtors have requested immediate entry of this Interim Order pursuant to Bankruptcy Rule 4001(c)(2).

Based upon the foregoing findings and conclusions, and the record before the Court with respect to the Motion, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

Motion Granted. The Motion is hereby granted, on an interim basis, in accordance with the terms and conditions set forth in this Interim Order. Nothing contained in this Interim Order

shall be deemed to amend, modify, or limit the rights of the Buyer (as defined in the Sale Order (defined below)) or the Buyer Agent (as defined in the Agent Order (defined below)).

Authority to Use Cash Collateral.

Use of Cash Collateral. During the Interim Period and subject to the terms and conditions of this Interim Order, and in compliance with the Budget, the Debtors are authorized to use Cash Collateral until the date such right to use Cash Collateral otherwise terminates as provided in this Interim Order (unless otherwise consented to in writing by the Prepetition Term Loan Parties in their sole discretion). Nothing in this Interim Order shall authorize the disposition of any assets of the Debtors or their estates outside the ordinary course of business, or the Debtors' use of Cash Collateral or other proceeds resulting therefrom, except as expressly permitted in this Interim Order, and in compliance with the Budget. Cash Collateral shall be used in a manner consistent with and subject to the terms and conditions of this Interim Order, and in compliance with the Budget, solely for the purposes set forth herein including to pay or fund (i) certain costs, fees and expenses related to the Chapter 11 Cases; (ii) the repayment of the Prepetition Term Loan Obligations; (iii) the Carve-Out; and (iv) the working capital needs of the Debtors during the Chapter 11 Cases.

Budget. All use of Cash Collateral shall be in compliance with the budget agreed to by the Debtors and the Prepetition Term Loan Parties, a copy of which is annexed hereto as **Exhibit A** (as the same may be modified and/or extended from time to time with the consent of the Prepetition Term Loan Parties in their sole and absolute discretion, the "**Budget**"), and the Debtors shall not use any amount of Cash Collateral, directly or indirectly, in excess of the amounts set forth in the Budget. The Budget may be updated and amended (with the consent and/or at the request of the Prepetition Term Loan Parties in their sole and absolute discretion)

from time to time, provided that such updated or amended Budget shall be in form and substance acceptable to the Prepetition Term Loan Parties in their sole and absolute discretion and the Debtors shall be required to comply with the Budget. Notwithstanding any “first day” or subsequent orders entered by the Court authorizing the Debtors to pay any prepetition, administrative or other claims and expenses, all such payments shall be made only to the extent they are in compliance with the Budget.

Protection of the Prepetition Term Loan Parties and Other Rights. From and after the date hereof, the Debtors shall use the Cash Collateral only for the purposes specifically set forth in this Interim Order (until entry of the Final Order) and in compliance with the Budget.

Adequate Protection.

Repayment of Prepetition Term Loan Obligations. As adequate protection for the interests of the Prepetition Term Loan Parties in the Prepetition Collateral against any Diminution in Value of such interests in the Prepetition Collateral, on or before _____, 2016, the Debtors shall use the Cash Collateral to repay \$90.0 million of Prepetition Term Loan Obligations. The Debtors shall use additional Cash Collateral to repay the balance of the Prepetition Term Loan Obligations from time to time in accordance with the Budget.

Adequate Protection Liens. Pursuant to sections 361 and 363(e) of the Bankruptcy Code, as adequate protection for the interests of the Prepetition Term Loan Parties in the Prepetition Collateral against any Diminution in Value of such interests in the Prepetition Collateral, the Debtors hereby grant to the Prepetition Term Loan Agent, for the benefit of itself and the Prepetition Term Loan Lenders, continuing, valid, binding, enforceable, and automatically perfected postpetition security interests in and liens (the “Adequate Protection Liens”) on all currently owned and hereafter acquired property and assets of the Debtors,

whether real or personal, tangible or intangible, and wherever located (including, without limitation, all proceeds of insurance policies of the Debtors), and all proceeds, products, offspring, rents, proceeds of interests in leaseholds and profits thereof, and including, without limitation, the following (all collateral described in this paragraph 3(b), collectively, the “Collateral”): (i) all Prepetition Collateral, and (ii) all Collateral (as defined in the Final DIP Order) and the proceeds thereof.

Priority of Adequate Protection Liens. In accordance with the terms of this Interim Order, the Adequate Protection Liens shall be junior only to (i) the Carve-Out, (ii) the Prepetition Term Loan Liens; and (iii) any Other Prepetition Senior Liens (as defined in the Final DIP Order). The Adequate Protection Liens shall otherwise be senior to all other security interests in, liens on, or claims against any of the Collateral.

Adequate Protection Superpriority Claims. As further adequate protection against any Diminution in Value of the Prepetition Term Loan Parties in the Prepetition Collateral, the Prepetition Term Loan Agent, for the benefit of itself and the Prepetition Term Loan Lenders, is hereby granted, as and to the extent provided by sections 503(b) and 507(b) of the Bankruptcy Code, a separate allowed superpriority administrative expense claim in the Chapter 11 Cases and any Successor Cases (the foregoing superpriority claims shall be referred to as the “Adequate Protection Superpriority Claims”). Except with respect to the Carve-Out, the Adequate Protection Superpriority Claims (x) shall have priority in these Chapter 11 Cases under sections 105, 503(b), and 507(b) of the Bankruptcy Code and otherwise over all administrative expense claims against the Debtors and their estates, now existing or hereafter arising, of any kind or nature of the kinds specified in or ordered pursuant to sections 503(b) or 507(b) of the Bankruptcy Code, and section 506(c) of the Bankruptcy Code, whether or not such expenses or

claims may become secured by a judgment lien or other non- consensual lien, levy, or attachment, and (y) no costs or expenses of administration, including, without limitation, professional fees allowed and payable under sections 328, 330, and 331 of the Bankruptcy Code, or otherwise, that have been or may be incurred in these Chapter 11 Cases, or in any Successor Cases, and no priority claims are, or will be, senior to, prior to or on a parity with the Adequate Protection Superpriority Claims.

Section 507(b) Reservation. Nothing herein shall impair or modify the Prepetition Term Loan Parties' rights under section 507(b) of the Bankruptcy Code in the event that the adequate protection provided to the Prepetition Term Loan Parties hereunder is insufficient to compensate for any Diminution in Value of their interests in the Prepetition Collateral during these Chapter 11 Cases or upon the conversion of any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or in any other proceedings related to any of the foregoing (any "Successor Cases"), provided, however, that any section 507(b) claim granted in these Chapter 11 Cases or any Successor Case to the Prepetition Term Loan Parties shall be junior in the right of payment to the Carve-Out.

Perfection of Adequate Protection Liens.

No Filings Necessary to Perfect. All security interests, liens, mortgages, deeds of trust and other interests and rights granted by the Debtors in favor of the Prepetition Term Loan Parties pursuant to this Interim Order shall be valid, binding, enforceable and automatically perfected. This Interim Order shall be sufficient and conclusive evidence of the validity, perfection, and priority of the Adequate Protection Liens without the necessity of filing or recording any financing statement, deed of trust, mortgage, or other instrument or document which may otherwise be required under the law of any jurisdiction or the taking of any other

action (including, for the avoidance of doubt, entering into any deposit account control agreement or mortgage agreement) to validate or perfect the Adequate Protection Liens or to entitle the Adequate Protection Liens to the priorities granted in this Interim Order. Notwithstanding the foregoing, the Prepetition Term Loan Agent may, in its sole discretion, file such financing statements, mortgages, notices of liens and other similar documents to perfect in accordance with applicable non-bankruptcy law or to otherwise evidence the Adequate Protection Liens, and is hereby granted relief from the automatic stay of section 362 of the Bankruptcy Code solely in order to do so, and all such financing statements, mortgages, notices and other documents shall be deemed to have been filed or recorded as of the Petition Date.

Debtors' Cooperation With Perfection Filings. The Debtors shall execute and deliver to the Prepetition Term Loan Agent all such financing statements, mortgages, notices and other documents as such parties may reasonably request to evidence, confirm, validate or perfect, or to insure the contemplated priority of, the Adequate Protection Liens. The Prepetition Term Loan Agent, in its sole discretion, may file a photocopy of this Interim Order as a financing statement with any recording officer designated to file financing statements or with any registry of deeds or similar office in any jurisdiction in which any Debtor has real or personal property, and in such event, the recording officer shall be authorized to file or record such copy of this Interim Order.

Carve-Out Provisions.

Carve-Out. All liens and claims granted by this Interim Order shall be subject to the Carve-Out. As used in this Interim Order, the "Carve-Out" shall mean:

quarterly fees required to be paid to the United States Trustee pursuant to 28 U.S.C. §1930(a)(6), plus interest, if applicable, at the statutory rate, and any fees payable to the clerk of the Bankruptcy Court;

all reasonable fees and expenses incurred by a trustee under section 726(b) of the Bankruptcy Code in an aggregate amount not to exceed \$50,000;

all accrued and unpaid claims for fees and expense reimbursements of Case Professionals (as defined below) retained by the Debtors (but not any success or transaction fees) incurred during the period prior to the Carve-Out Trigger Date (as defined below), subject to such accrued and unpaid fees and expense reimbursements becoming Allowed Fees (as defined below);

all accrued and unpaid claims for fees and expense reimbursements of Case Professionals retained by the Committee incurred prior to the Carve-Out Trigger Date, subject to such accrued and unpaid fees and expense reimbursements becoming Allowed Fees; and

an aggregate amount for unpaid fees and expense reimbursements of all Case Professionals incurred after the Carve-Out Trigger Date not to exceed \$1 million (the "Professionals Expense Cap"), subject to such fees and expense reimbursements becoming Allowed Fees; provided, however, that any payments actually made to fund unpaid fees and expenses of Case Professionals incurred on or after the Carve-Out Trigger Date shall reduce the Professionals Expense Cap on a dollar for dollar basis.

- The Professionals Expense Cap shall be automatically reduced, on a dollar for dollar basis, by (i) the amount of any unused retainers held by Case Professionals on the Carve-Out Trigger

Date and (ii) the amount by which Estimated Professional Fee Escrow Deposits (as defined below) exceeds the actual amount of fees and expenses incurred by Case Professionals in the period prior to the Carve-Out Trigger Date. Any unused retainers held by Case Professionals on the Petition Date shall be used to pay any Allowed Fees of such Case Professionals before any payment of such Allowed Fees are made from the Carve-Out Account (as defined below) or otherwise from the Collateral. As used herein, the terms: (i) “Allowed Fees” shall mean fees and expense reimbursement of Case Professionals solely to the extent such fees and expenses have been approved, on a final basis, by an order of this Court that has not been vacated or stayed; (ii) “Case Professionals” shall mean attorneys, accountants, financial advisors, consultants and other professionals employed, pursuant to sections 327, 328 or 1103 of the Bankruptcy Code, as applicable, by the Debtors or any Committee; and (iii) “Carve-Out Trigger Date” shall mean the first business day after the Prepetition Term Loan Agent provides notice (the “Carve-Out Trigger Notice”) to the Debtors of the occurrence of an Event of Default (as defined in paragraph 13 below). The Carve-Out and any payments made in respect of the Carve-Out shall be entitled to the protections granted under this Interim Order, the Bankruptcy Code and applicable law.

No Direct Payment Obligation. Without limiting (and solely to the extent of) its obligations to fund the Carve-Out, the Prepetition Term Loan Parties shall not be responsible for (i) the direct payment or reimbursement of any fees or disbursements of Case Professionals incurred in connection with the Chapter 11 Cases, any Successor Cases or otherwise, or (ii) the administration and maintenance of the Carve-Out Account or the disbursement of funds from the Carve-Out Account to pay Case Professionals. Nothing in this Interim Order or otherwise shall be construed: (i) to obligate the Prepetition Term Loan Parties in any way to pay compensation to or to reimburse expenses of any Case Professional, or to guarantee that the Debtors have

sufficient funds to pay such compensation or reimbursement; or (ii) to increase the Carve-Out if Allowed Fees are higher in fact than the amounts subject to the Carve-Out as set forth in this Interim Order.

Carve-Out Account. (i) The Debtors shall maintain the interest-bearing escrow account (the "Carve-Out Account") that was established in accordance with the terms of the Final DIP Order; provided that within one business day of the date hereof the amount of funds held in such account shall be reduced to \$1 million plus the amount of accrued and unpaid fees and expense reimbursements for Case Professionals through the date hereof, and thereafter, on each subsequent Friday (or if such day is not a business day, then the next business day), the Debtors shall deposit into the Carve-Out Account an amount equal to 100% of the aggregate fees and expense reimbursements for Case Professionals for the next upcoming unfunded week set forth in the Budget (all amounts deposited into the Carve-Out Account, hereinafter the "Estimated Professional Fee Escrow Deposits"). All Allowed Fees for periods in which amounts were deposited into the Carve-Out Account shall be paid to the applicable Case Professional from the Carve-Out Account in accordance with the order or orders of the Court allowing such Allowed Fees; provided, however, that the initial \$1 million of the Carve-Out Account pursuant to this paragraph 5(c) shall not be used to pay any fees or expense reimbursements incurred prior to the Carve-Out Trigger Date, and such deposited amount shall be deemed segregated in a sub-account separate from the other Estimated Professional Fee Escrow Deposits. The Carve-Out Account and the proceeds on deposit in the Carve-Out Account shall be available and used only to satisfy obligations of Case Professionals benefitting from the Carve-Out. The Prepetition Term Loan Parties shall retain automatically perfected and continuing first priority security interests in any residual interest in the Carve-Out Account available following satisfaction in full

of all obligations benefiting from the Carve-Out (the “Residual Carve-Out Amount”). The Debtors will provide, on every other Wednesday commencing on the third Wednesday following the date hereof, (x) a bi-weekly accounting to the Prepetition Term Loan Agent of all deposits to and disbursements from the Carve-Out Account (together with copies of all current bank statements relating to the Carve-Out Account); and (y) a bi-weekly summary of all fees and expense reimbursements of all Case Professionals actually accrued for the two week period ended (and on a cumulative basis since the Petition Date) the Saturday ten days prior to such date, together with a variance report comparing such fees and expense reimbursements to the Budget. Promptly (but in no event later than 5 business days) following the satisfaction in full of all obligations benefiting from the Carve-Out, the Debtor (or, if applicable, the trustee in any Successor Case), is hereby authorized and directed to deliver the Residual Carve-Out Amount, if any, to the Prepetition Term Loan Agent for application to the Prepetition Term Loan Obligations, if any.

No Waiver of Right to Object to Fees; Payment of Compensation. Nothing in this Interim Order shall be construed as consent to the allowance of any fees or expense reimbursements of any Case Professionals or shall affect the right of the Prepetition Term Loan Parties to object to the allowance and payment of such fees and expense reimbursements or to permit the Debtors to pay any such amounts not set forth in the Budget.

Right to Credit Bid. The Prepetition Term Loan Agent, on behalf of itself and the Prepetition Term Loan Lenders, shall have the right, to the extent consistent with applicable law, to credit bid the amount of all accrued and unpaid Prepetition Term Loan Obligations during any sale of the Collateral (which credit bid rights under section 363(k) of the Bankruptcy Code or otherwise shall not be impaired in any manner), including without limitation, sales occurring

pursuant to section 363 of the Bankruptcy Code or included as part of any reorganization plan subject to confirmation under section 1129(b)(2)(A)(iii) of the Bankruptcy Code or otherwise.

Limitations on Use of Cash Collateral and Carve-Out. Except with respect to fees or expenses that were incurred prior to August 25, 2016, the Cash Collateral and Carve-Out may not be used: (a) in connection with or to finance in any way any action, suit, arbitration, proceeding, application, motion or other litigation of any type (i) adverse to the interests of the Prepetition Term Loan Parties, or their respective rights and remedies under the Prepetition Term Loan Documents or this Interim Order, as applicable, including, without limitation, for the payment of any services rendered by professionals retained by the Debtors or any Committee in connection with the assertion of or joinder in any claim, counterclaim, action, proceeding, application, motion, objection, defense or other contested matter, the purpose of which is to seek, or the result of which would be to obtain, any order, judgment, determination, declaration or similar relief, (ii) invalidating, setting aside, avoiding or subordinating, in whole or in part, the Prepetition Term Loan Obligations, (iii) for monetary, injunctive or other affirmative relief against any Prepetition Term Loan Party, or its collateral, or (iv) preventing, hindering or otherwise delaying the exercise by any Prepetition Term Loan Party of any rights and/or remedies under this Interim Order or applicable law, or the enforcement or realization (whether by foreclosure, credit bid, further order of the Court or otherwise) by the Prepetition Term Loan Parties upon any of the Collateral (subject to applicable law); (b) to make any distribution under a plan of reorganization or liquidation in any of the Chapter 11 Cases without the prior written consent of the Prepetition Term Loan Parties; (c) to make any payment in settlement of any claim, action or proceeding, before any court, arbitrator or other governmental body without the prior written consent of the Prepetition Term Loan Parties; (d) to pay any fees or similar amounts

to any person who has proposed or may propose to purchase interests in the Debtors without the prior written consent of the Prepetition Term Loan Parties; (e) to object to, contest, or interfere with in any way the Prepetition Term Loan Parties' enforcement or realization upon any of the Collateral once an Event of Default has occurred; (f) to use or seek to use Cash Collateral or to sell or otherwise dispose of Collateral without the consent of the Prepetition Term Loan Parties; (g) to object to or challenge in any way the claims, liens, or interests (including interests in the Prepetition Collateral or Collateral) held by or on behalf of the Prepetition Term Loan Parties; (h) to assert, commence or prosecute any claims or causes of action whatsoever, including, without limitation, any actions under chapter 5 of the Bankruptcy Code, against the Prepetition Term Loan Parties; (i) to prosecute an objection to, contest in any manner, or raise any defenses to, the validity, extent, amount, perfection, priority, or enforceability of any of the Prepetition Term Loan Obligations, Prepetition Term Loan Liens, or any other rights or interests of the Prepetition Term Loan Parties; (j) to seek the modification, stay, or amendment of this Interim Order; (k) to prevent, hinder or otherwise delay the exercise by the Prepetition Term Loan Parties of any rights and remedies granted under this Interim Order; or (l) to distribute or contribute to, or otherwise use for payments or liabilities of, for or on behalf of, directly or indirectly, any subsidiary of any Debtor other than in accordance with the Budget. Nothing in this section shall impair the Debtors' ability to take actions in accordance with their fiduciary duties.

Additional Covenants and Protections: Without in any manner limiting the terms or requirements of this Interim Order:

the Debtors shall not propose, file, support or pursue confirmation of a chapter 11 plan without the prior written consent of the Prepetition Term Loan Parties;

the Debtors shall comply with the milestones (the “Milestones”) set forth in **Exhibit B** attached hereto; provided, however, that any such Milestones may be extended without further order of the Court upon the prior written consent of the Prepetition Term Loan Agent in its sole and absolute discretion;

the Debtors shall provide the Prepetition Term Loan Agent and its representatives with all access to records, notices, reports and other information that they would have been required to deliver to the DIP Agent (as defined in the Final DIP Order) pursuant to the DIP Credit Agreement (as defined in the Final DIP Order) including (without limitation) pursuant to Sections 5-2, 5-3, 5-5, 5-6, 5-7, 5-10, 5-11, and 5-13 of the DIP Credit Agreement;

the Debtors shall provide the Prepetition Term Loan Agent and its representatives with full access to the Debtors’ advisors, management personnel and any Chief Restructuring Officer or similar officer appointed in these Chapter 11 Cases upon reasonable prior notice, including regularly scheduled weekly (or more frequently at the Prepetition Term Loan Agent’s request) telephonic update calls;

the Debtors shall provide the Prepetition Term Loan Agent and its representatives with (i) weekly written reports summarizing the results (including costs, goods sold, additional inventory acquired, cash proceeds and progress) of all store closing sales, and (ii) prompt notice of any notices or other material written or oral communications received by the Debtors from Buyer Agent under the Agency Agreement (each as defined in the Agent Order (defined below));

the Debtors shall not amend or enter into any settlement regarding any inventory adjustment mechanism under the Asset Purchase Agreement or Agency Agreement (each as defined in the Agent Order (defined below)) without the prior written consent of the Prepetition Term Loan Agent;

the Debtors shall not amend, in any material respect, the engagement letter, or the authority or duties of, or terminate without cause, the Chief Restructuring Officer appointed with the consent of the Prepetition Term Loan Agent, without the prior written consent of the Prepetition Term Loan Agent; and

the Debtors acknowledge and agree that, subject to maintaining any lawyer-client privilege or attorney work product privilege, and notwithstanding anything to the contrary in any engagement letter, the Debtors' Chief Restructuring Officer and the Debtors' professionals shall be entitled to, and shall promptly, provide the Prepetition Term Loan Agent with any and all information that it may reasonably request.

Section 506(c) Claims. The Debtors hereby waive any right they may have to seek to impose any charge, security interest, lien, assessment or claim against the Prepetition Term Loan Parties' interests in the Collateral under section 506(c) of the Bankruptcy Code or otherwise. Except with respect to the Carve-Out, no costs or expenses of administration which have been or may be incurred in the Chapter 11 Cases or any Successor Cases at any time shall be charged against the Prepetition Term Loan Parties, their claims, or the Collateral pursuant to sections 105 or 506(c) of the Bankruptcy Code, or otherwise, without the prior written consent of the Prepetition Term Loan Parties, and no such consent shall be implied from any other action, inaction or acquiescence by the Prepetition Term Loan Parties.

Collateral Rights. Unless the Prepetition Term Loan Parties have provided their prior written consent or (i) all Prepetition Term Loan Obligations have been indefeasibly paid in full in cash (or will be paid in full in cash upon entry of an order approving indebtedness described in subparagraph (a) below), and (ii) all indemnity obligations under the Prepetition Term Loan Agreement have been cash collateralized (the actions set forth in clauses (i) and (ii), collectively,

“Repayment in Full of Prepetition Term Loan Obligations”), there shall not be entered in these Chapter 11 Cases, or in any Successor Cases, any order which authorizes any of the following:

the obtaining of credit or the incurring of indebtedness, pursuant to sections 364(c) or 364(d) of the Bankruptcy Code, that is secured by a security, mortgage, or collateral interest or other lien on all or any portion of the Collateral and/or entitled to priority administrative status which is equal or senior to those granted to the Prepetition Term Loan Parties; or

relief from stay by any person holding or asserting liens junior to the liens of the Prepetition Term Loan Parties on all or any portion of the Collateral.

Disposition of Collateral. The Debtors shall not sell, transfer, lease, encumber or otherwise dispose of any portion of the Collateral, without the prior written consent of the Prepetition Term Loan Parties (and no such consent shall be implied, from any other action, inaction or acquiescence by the Prepetition Term Loan Parties, or an order of this Court), except: (i) for sales of the Debtors’ inventory in the ordinary course of business, (ii) as otherwise provided for in this Interim Order, or (iii) as otherwise approved by the Court or consented to by the Prepetition Term Loan Parties, including pursuant to this Court’s *Order (I) Approving the Purchase Agreement Among Sellers and Buyer Consortium, (II) Authorizing the Sale of Certain of the Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Leases in Connection Therewith, and (IV) Granting Related Relief* [Docket No. 809] (the “Sale Order”) and *Order (I) Approving the Agency Agreement By and Among Sellers, Buyer Agent, and Buyer Consortium, (II) Authorizing Buyer Agent to Sell Certain of the Debtors’ Assets Free and Clear of Liens, Claims, Interests, and Encumbrances, and (III) Granting Related Relief* [Docket No.

808] (the “Agent Order”). Nothing in this section shall impair the Debtors’ ability to take actions in accordance with their fiduciary duties.

Proceeds of Subsequent Financing. If at any time prior to the Repayment in Full of Prepetition Term Loan Obligations, any of the Debtors, any trustee, or any responsible officer subsequently appointed, shall obtain credit or incur debt pursuant to section 364(b), 364(c), or 364(d) of the Bankruptcy Code whether or not in violation of this Interim Order, then all of the cash proceeds derived from such credit or debt shall immediately be turned over to the Prepetition Term Loan Agent and applied to the Prepetition Term Loan Obligations.

Events of Default.

The following shall constitute an event of default under this Interim Order, unless expressly waived in writing by the Prepetition Term Loan Parties (collectively, the “Events of Default”):

the failure by the Debtors to satisfy any of the Milestones, provided, however, that the Prepetition Term Loan Parties may agree to an extension of any of the Milestone dates in their sole and absolute discretion;

the failure by the Debtors to observe or perform any of the terms, provisions, conditions, covenants or obligations under this Interim Order (including the failure by the Debtors to comply at any time with the Budget);

the reversal, vacatur or modification of any provision of this Interim Order;

the failure of the Debtors to obtain entry of the Final Order on or before December 1, 2016;

the conversion of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code;

the dismissal of the Chapter 11 Cases; or

the appointment of a trustee or examiner with expanded powers in the Chapter 11 Cases.

- Until the Repayment in Full of Prepetition Term Loan Obligations, the Adequate Protection afforded to the Prepetition Term Loan Parties pursuant to this Interim Order, and any actions taken pursuant thereto, shall survive the entry of any order confirming a plan of reorganization or converting any of these Chapter 11 Cases to a Successor Case, and the Adequate Protection shall continue in these Chapter 11 Cases and in any Successor Cases, and the Adequate Protection granted herein shall maintain the priorities provided by this Interim Order.

Rights and Remedies Upon Event of Default.

Immediately upon the occurrence and during the continuation of an Event of Default, the Prepetition Term Loan Agent may declare a termination, reduction or restriction on the ability of the Debtors to use Cash Collateral (any such declaration by the Prepetition Term Loan Agent shall be referred to herein as a “Termination Declaration”). The Termination Declaration shall be given by email (or other electronic means) to counsel to the Debtors, counsel to the Prepetition Term Loan Parties, counsel to the Committee and the United States Trustee (the date any such Termination Declaration is made shall be referred to herein as the “Termination Declaration Date”). A copy of the Termination Declaration shall also be filed on the docket in the Chapter 11 Cases on the Termination Declaration Date.

From and after the Termination Declaration Date, the Debtors shall not have any right to use, and the Debtors and other parties in interest shall not seek authority to use, Cash Collateral without the express written consent of the Prepetition Term Loan Parties in their sole and absolute discretion. Any automatic stay otherwise applicable to the Prepetition Term Loan

Parties is hereby modified so that five (5) days after the Termination Declaration Date (the “Remedies Notice Period”), the Prepetition Term Loan Parties shall be entitled to exercise all rights and remedies against the Collateral in accordance with the Prepetition Term Loan Documents and this Interim Order and shall be permitted to satisfy the Prepetition Term Loan Obligations, subject to the Carve-Out. During the Remedies Notice Period, the Debtors or the Committee shall be entitled to seek an emergency hearing with the Court for the sole purpose of contesting whether an Event of Default has occurred and/or is continuing, and seeking other relief in the event it is determined that an Event of Default has not occurred and/or is not continuing. Unless the Court determines during the Remedies Notice Period that an Event of Default has not occurred and/or is not continuing, the automatic stay shall automatically be terminated at the end of the Remedies Notice Period without further notice or order, and the Debtors (and all other parties in interest) shall have no right to use or seek to use Cash Collateral, and the Prepetition Term Loan Parties shall be permitted to exercise all remedies set forth herein and the Prepetition Term Loan Documents, as applicable, and as otherwise available at law against the Collateral, without further order of or application or motion to the Court, and without restriction or restraint by any stay under sections 362 or 105 of the Bankruptcy Code, or otherwise, against the enforcement of the liens and security interests in the Collateral or any other rights and remedies granted to the Prepetition Term Loan Parties with respect thereto pursuant to the Prepetition Term Loan Documents or this Interim Order. The rights and remedies of the Prepetition Term Loan Parties specified herein are cumulative and not exclusive of any rights or remedies that the Prepetition Term Loan Parties may have under the Prepetition Term Loan Documents or otherwise. Unless the Court determines during the Remedies Notice Period that an Event of Default has not occurred and/or is not continuing, upon the expiration of the

Remedies Notice Period, the Debtors shall cooperate fully with the Prepetition Term Loan Parties in their exercise of rights and remedies, whether against the Collateral or otherwise, including, without limitation, executing and delivering any documents or other instruments, or filing any motions, applications or pleadings requested by the Prepetition Term Loan Agent in furtherance of the exercise of any such rights and remedies.

If the Prepetition Term Loan Parties exercise any of their rights and remedies upon the occurrence of an Event of Default under this Interim Order or the Prepetition Term Loan Documents, the Prepetition Term Loan Agent may retain one or more agents to sell, lease or otherwise dispose of the Collateral. In any exercise of its rights and remedies upon an Event of Default under the Prepetition Term Loan Documents, the Prepetition Term Loan Parties are authorized to proceed under or pursuant to the Prepetition Term Loan Documents.

Notwithstanding anything contained herein to the contrary and without limiting any other rights or remedies of the Prepetition Term Loan Agent (for the benefit of the Prepetition Term Loan Lenders) contained in this Interim Order or the Prepetition Term Loan Documents, or otherwise available at law or in equity, and subject to the terms of the Prepetition Term Loan Documents and this Interim Order, following the Remedies Notice Period, and upon written notice to the landlord of any leased premises that an Event of Default has occurred under this Interim Order, the Prepetition Term Loan Agent may, subject to any separate agreement by and between such landlord and the Prepetition Term Loan Agent (including, without limitation, any prepetition collateral access agreement, landlord waiver, or similar agreement to which the Prepetition Term Loan Agent is party (each, a "Separate Agreement")), enter upon any leased premises of the Debtors for the purpose of exercising any remedy with respect to Collateral located thereon and, subject to any Separate Agreement, shall be entitled to all of the Debtors'

rights and privileges as lessee under such lease without interference from such landlord; *provided, however*, that, subject to any such Separate Agreement, the Prepetition Term Loan Agent (on behalf of the Prepetition Term Loan Lenders) shall only be obligated to pay rent of the Debtors that first accrues after the written notice referenced above and that is payable during the period of such occupancy by the Prepetition Term Loan Agent (on behalf of the Prepetition Term Loan Lenders), calculated on a per diem basis. Nothing herein shall require the Prepetition Term Loan Agent or the Prepetition Term Loan Lenders to assume any lease as a condition to the rights afforded to the Prepetition Term Loan Agent in this paragraph.

Other Rights and Obligations.

Binding Effect. All of the provisions of this Interim Order shall be binding upon and inure to the benefit of the Prepetition Term Loan Parties, the Debtors, the Committee, all other creditors of the Debtors and all other parties-in-interest, and their respective successors and assigns (including any trustee or other fiduciary hereinafter appointed as a legal representative of the Debtors or with respect to the property of the estates of the Debtors) whether in these Chapter 11 Cases, in any Successor Cases, or upon dismissal of any of the Chapter 11 Cases or any Successor Cases. Nothing in this Order is intended to, nor shall it diminish, invalidate or otherwise impair any of the rights, entitlements and protections provided to the Prepetition Term Loan Parties in the Final DIP Order.

No Waiver. The failure of the Prepetition Term Loan Parties to seek relief or otherwise exercise their respective rights and remedies, as applicable, under the Prepetition Term Loan Documents, this Interim Order or otherwise, shall not constitute a waiver of any of the Prepetition Term Loan Parties' rights hereunder, thereunder, or otherwise. Except to the extent otherwise specifically and expressly provided in this Interim Order, the entry of this Interim

Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, or otherwise impair the rights of the Prepetition Term Loan Parties under the Bankruptcy Code or under non-bankruptcy law, including without limitation, the rights of the Prepetition Term Loan Parties to (i) request conversion of the Chapter 11 Cases to cases under chapter 7, dismissal of the Chapter 11 Cases, or the appointment of a trustee in the Chapter 11 Cases; (ii) propose, subject to the provisions of section 1121 of the Bankruptcy Code and this Interim Order, a plan of reorganization; and (iii) exercise any of the rights, claims or privileges (whether legal, equitable or otherwise) the Prepetition Term Loan Parties may have pursuant to this Interim Order, applicable law, or the Prepetition Term Loan Documents.

No Third Party Rights. Except as explicitly provided for herein, this Interim Order does not create any rights for the benefit of any third party, creditor, landlord, lessor, equity holder or any direct, indirect, or incidental beneficiary.

No Marshaling. The Prepetition Term Loan Parties shall not be subject to the equitable doctrine of “marshaling” or any other similar doctrine with respect to any of the Collateral.

Section 552(b). The Debtors agree that (i) the Prepetition Term Loan Parties shall be entitled to all of the rights and benefits of section 552(b) of the Bankruptcy Code, and (ii) the “equities of the case” exception under section 552(b) of the Bankruptcy Code shall not apply to the Prepetition Term Loan Parties with respect to proceeds, product, offspring or profits of any of the Collateral, but such agreement is not binding on the Court.

Limitation of Liability. The mere entry of this Interim Order in no way deems the Prepetition Term Loan Parties to be in control of the operations or employment decisions, policies or practices of the Debtors or to be acting as a “responsible person” or “owner or

operator” with respect to the operation or management of the Debtors (as such terms, or any similar terms, are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 29 U.S.C. §§9601 *et seq.* as amended, or any similar federal statute). Furthermore, to the maximum extent permitted by law, nothing in this Interim Order shall in any way be construed or interpreted to impose or allow the imposition upon the Prepetition Term Loan Parties any liability for any claims arising from the prepetition or postpetition activities of the Debtors.

Survival of Interim Order. All of the provisions of this Interim Order and any actions taken pursuant hereto shall survive entry of any order which may be entered (a) confirming any chapter 11 plan in the Chapter 11 Cases, (b) converting any of the Chapter 11 Cases to a case under chapter 7 of the Bankruptcy Code or any Successor Cases, (c) dismissing any of the Chapter 11 Cases, (d) withdrawing of the reference of any of the Chapter 11 Cases from this Court, or (e) providing for abstention from handling or retaining of jurisdiction of any of the Chapter 11 Cases in this Court. The terms and provisions of this Interim Order, including the Adequate Protection granted pursuant to this Interim Order, shall continue in full force and effect notwithstanding the entry of such order, and such Adequate Protection shall maintain its priority as provided by this Interim Order until all of the Prepetition Term Loan Obligations of the Debtors to the Prepetition Term Loan Parties pursuant to the Prepetition Term Loan Documents, the Final DIP Order and this Interim Order have been indefeasibly paid in full and discharged.

Enforceability. This Interim Order shall constitute findings of fact and conclusions of law pursuant to the Bankruptcy Rule 7052 and shall take effect and be fully enforceable immediately upon entry of this Interim Order on the Court’s docket. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062 or 9024 or any other Bankruptcy Rule, or

Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order. The rights of all parties in interest to object to the terms of the Final Order at the Final Hearing are expressly reserved.

Release. Upon entry of the Final Order, each Debtor, on behalf of itself and its estate, for the good and valuable consideration provided by each of the Released Parties (defined below), shall be deemed to provide a full release to each of the Prepetition Term Loan Parties and each of their predecessors, successors, assigns, subsidiaries, affiliates, current and former officers, directors, principals, shareholders, members, partners, employees, agents, advisory board members, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies, and other professionals, and each of such person's respective heirs, executors, estates, servants and nominees (collectively, the "Released Parties") (and each such Released Party shall be deemed released by each Debtor and its estate) and their respective property from any and all causes of action and any other debts, obligations, rights, suits, damages, actions, derivative claims, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing as of the date of the Final Order, in law, at equity, or otherwise, whether for tort, contract, violations of federal or state securities laws, or otherwise, based in whole or in part upon any act or omission, transaction, or other occurrence or circumstances existing or taking place prior to or on the date of the Final Order, arising from or related in any way to the Debtors, these Chapter 11 Cases, the Prepetition Term Loan Documents or any prepetition sourcing agreement, including those that the Debtors would have been legally entitled to assert or that any holder of a claim against or interest in the Debtors or any other entity could have been legally entitled to assert derivatively or on behalf of the Debtors or their

estates, other than any claims arising from the violation of this Interim Order. **Objections Overruled.** All objections to the Motion and the entry of this Interim Order to the extent not withdrawn or resolved, are hereby overruled.

No Waivers or Modification of Interim Order. The Debtors irrevocably waive any right to seek any modification or extension of this Interim Order without the prior written consent of the Prepetition Term Loan Parties and no such consent shall be implied by any other action, inaction or acquiescence of the Prepetition Term Loan Parties.

Headings. All paragraph headings used in this Interim Order are for ease of reference only and are not to affect the construction hereof or to be taken into consideration in the interpretation hereof.

Final Hearing.

The Final Hearing to consider entry of the Final Order and final approval of the use of Cash Collateral shall be held before The Honorable Sean H. Lane at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, 7th Floor, Courtroom 701, New York, New York on **November __, 2016 at __:00 .m. (prevailing Eastern Time)**. If no objections to the relief sought in the Final Hearing are filed and served in accordance with this Interim Order, no Final Hearing may be held, and a separate Final Order may be presented by the Debtors and entered by this Court.

On or before _____ __, 2016, the Debtors shall serve, by United States mail, first-class postage prepaid, notice of the entry of this Interim Order and of the Final Hearing (the "**Final Hearing Notice**"), together with copies of this Interim Order and the Motion, on: (i) the parties having been given notice of the Interim Hearing; (ii) any party which has filed prior to such date a request for notices with this Court; (iii) counsel for the Committee; (iv) the Office of

the United States Trustee, (v) the Internal Revenue Service, (vi) counsel to the Prepetition Term Loan Agent, (vii) the Debtors' current landlords, (viii) the Securities and Exchange Commission, (ix) the Office of the Attorney General for the State of New York, (x) the United States Department of Justice, (xi) applicable state taxing authorities, (xii) the Buyer (as defined in the Sale Order), and (xiii) the Buyer Agent (as defined in the Agent Order) (all of the parties specified in subparagraphs (i) through (xii) hereof, the "Notice Parties"). On or before five days prior to the Final Hearing, the Debtors shall serve a copy of the proposed Final Budget (as defined in the Motion) on the Notice Parties. The Final Hearing Notice shall state that any party in interest objecting to the entry of the proposed Final Order shall file written objections with the Clerk of the Bankruptcy Court no later than **November __, 2016 at __:00 .m. (prevailing Eastern Time)** which objections shall be served so that the same are received on or before such date by: (A) counsel for the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153, Attn: Ray C. Schrock, P.C., Jacqueline Marcus and Garrett Fail; (B) counsel for the Committee, Pachulski, Stang, Ziehl & Jones LLP, 780 Third Avenue, New York, New York 10017, Attn: Robert Feinstein and Bradford Sandler; (C) the Office of the United States Trustee for the Southern District of New York, U.S. Federal Office Building, 201 Varick Street, Room 1006, New York, New York 10014, Attn: Brian Masumoto and Susan Golden; and (D) counsel for the Prepetition Term Loan Lenders, Kirkland & Ellis LLP, 601 Lexington Avenue, New York, NY 10022, Attn: James Stempel and Robert Britton.

Waiver of Bankruptcy Rules 4001(b)(1)(B) and 4001(d)(1)(B) and Local Rule 4001-2. Given that the provisions and terms for the Debtors' use of Cash Collateral contained herein are substantially similar to those approved by the Court in the Final DIP Order, Bankruptcy Rules 4001(b)(1)(B) and 4001(d)(1)(B) and Local Rule 4001-2 are hereby waived.

Retention of Jurisdiction. The Court has and will retain jurisdiction to enforce this
Interim Order.

Dated: _____, 2016
New York, New York

UNITED STATES BANKRUPTCY JUDGE

Exhibit A

Budget¹

¹ Prior to the Interim Hearing, the Debtors shall file a revised Budget covering actual expenditures from the period beginning September 15, 2016 through and including the date hereof, in addition to the forward-looking Budget attached hereto.

Aeropostale

Cash Flow Budget (Short-Term)

Assumptions Summary

Forecast Time Period: 10/2/16 - 11/19/16

Budget Line	Account	Assumption/Description
1	Purchase Price	Estimated proceeds from purchase price holdback; proceeds assumed to be collected after 11/19/16
2	Licensing AR	\$8.7MM balance carried at 92.5% of total gross amount earned through 9/15/16; \$2.5MM estimated to be collected by 11/19/16
3	Return on Assets from Canada	\$4.6MM collected WE 10/22/16 represents 75% of intercompany claim; remaining balance (including equity income portion) to be collected after 11/19/16
4	Proceeds from Judgment/Litigation	Potential proceeds from Visa litigation (\$1.5MM) and restitution from Christopher Finazzo criminal case (\$11MM); assumed to be collected after 11/19/16
5	Utility Deposits	Refund of utility deposits and adequate assurance escrow
6	Tax Receivable	\$3.5MM expected refund for state and federal income taxes, discounted by 25%
7	Credit Card Holdback	Return of credit card reserve funds
8	Other Assets	Comprised of vendor/landlord reserves, insurance refunds, and other reserve refunds; \$4.2MM total remaining, with \$442k assumed to be collected by 11/19/16
9	Non-Lease Cure Costs	Cure costs for assumed contracts for which the Estate is responsible pursuant to the APA
10	KERP	Payment of KERP pursuant to the Court's order allowing such payment (D.E. #534)
11	503(b)(9)	\$1.8MM in total, comprised primarily of trade payables but also includes expenses for leases, utilities, and insurance; assumed to be paid after 11/19/16
12	Post-Petition Merch AP	Payments to vendors that provided merchandise to the debtor prior to the closing date of the APA
13	Sales Tax Payable	Comprised of both pre and post-closing sales tax liabilities; \$1.2MM refund/offset assumed to occur after 11/19/16
14	IBNR Health Claims	Estimate of health insurance claims not yet incurred or recorded; \$1.7MM (of \$2.3MM total) assumed be paid by 11/19/16
15	Short-Term Payables	Funds needed to sustain business functionality including expenses such as freight, utilities, ordinary course professionals, and repair/maintenance
16	Other Admin	Liabilities for operating expenses assumed to have a longer duration than the short-term payables listed above
17	Priority Claims	Estimate of priority and secured claims to be paid in order to effectuate the debtors' plan of reorganization
18	Pro Fees Escrow Account	Funding of escrow account based on estimated professional fees
19	WARN	According to debtors' counsel, the Estate should not incur any WARN Act claims
20	Severance/Retention	Estimate of severance and retention payments pursuant to the APA
21	PTO	Payments to employees for accrued but unused paid time off upon separation from the debtor
22	Tiger Store Expenses	Expenses related to the liquidation of retail locations not purchased by Buyer Consortium
23	Reconciliation of Items Prior to 9/15	Reimbursement of payroll and benefits totaling \$3.4MM and store cash at closing of \$0.9MM

Aeropostale
Cash Flow Budget (Short-Term)
\$ in 000s

Week Ending Forecast / Actual	Oct 8-Oct Est	Oct 15-Oct Fcst	Oct 22-Oct Fcst	Oct 29-Oct Fcst	Nov 5-Nov Fcst	Nov 12-Nov Fcst	Nov 19-Nov Fcst	Fcst Total
1) Purchase Price								0
<u>Non-Purchased Assets</u>								
2) Licensing A/R	-	250	250	250	250	500	500	2,000
3) Return on Assets from Canada	-	-	4,617					4,617
4) Proceeds from Judgment/Litigation								0
5) Utility Deposits								0
6) Tax Receivable								0
7) Credit Card Holdback								0
8) Other Assets	27	27	27	27	277	27	27	442
Total Receipts	27	277	4,895	277	527	527	527	7,059
<u>Transaction Costs</u>								
9) Non-Lease Cure Costs								0
10) KERP				(1,161)				(1,161)
<u>Admin Claims</u>								
11) 503(b)(9)								0
12) Post-Petition Merch AP					(350)			(350)
13) Sales Tax Payable			(2,441)					(2,441)
14) IBNR Health Claims	(233)	(250)	(250)	(250)	(250)	(250)	(250)	(1,733)
15) Short-Term Payables	(50)		(550)	(1,000)	(600)	(500)	(500)	(3,200)
16) Other Admin								0
17) Priority Claims								0
<u>Wind Down Claims</u>								
18) Pro Fees Escrow Account	-	(150)	(650)	(650)	(503)	(653)	(628)	(3,234)
19) WARN								0
20) Severance/Retention				(425)				(425)
21) PTO	(27)	(468)		(468)		(234)		(1,196)
22) Tiger Store Expenses	(127)		(317)	-	-	-	-	(444)
Total Disbursements	(437)	(868)	(4,209)	(3,953)	(1,703)	(1,637)	(1,378)	(14,184)
23) Reconciliation of Items Prior to 9/15			4,344					4,344
Net Cash Flow	(409)	(590)	5,030	(3,676)	(1,176)	(1,109)	(851)	(2,781)
Starting Cash Balance (Book)	113,688	113,279	112,689	117,718	24,042	22,867	21,758	113,688
Net Cash Flow	(409)	(590)	5,030	(3,676)	(1,176)	(1,109)	(851)	(2,781)
Sycamore Paydown				(90,000)				(90,000)
Ending Balance (Book)	113,279	112,689	117,718	24,042	22,867	21,758	20,907	20,907

Exhibit B

Milestones

- (i) The Interim Order¹ approving the use of Cash Collateral shall be entered by the Court no later than November 4, 2016, which Interim Order shall be in form and substance acceptable to the Prepetition Term Loan Parties in their sole and absolute discretion.
- (ii) The Debtors shall repay not less than \$90.0 million of the Prepetition Term Loan Obligations on or before November 7, 2016.
- (iii) The Final Order approving the use of Cash Collateral shall be entered by the Court no later than December 1, 2016, which Final Order and any related motion and final budget shall be in form and substance acceptable to the Prepetition Term Loan Lenders in their sole and absolute discretion.

¹ Capitalized terms used herein but not otherwise defined herein shall have the meaning set forth in the form of interim order approving use of Cash Collateral to which this Exhibit is attached (the "Interim Order").