

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re

Charlotte Russe Holding, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No.: 19-10210 (LSS)

(Jointly Administered)

Re: Docket No. 14

**INTERIM ORDER (I) AUTHORIZING  
THE COMMENCEMENT OF STORE CLOSING  
SALES IN ACCORDANCE WITH THE CONSULTING  
AGREEMENT AND SALE GUIDELINES, WITH SUCH  
SALES TO BE FREE AND CLEAR OF ALL LIENS, CLAIMS,  
AND ENCUMBRANCES; AND (II) GRANTING RELATED RELIEF**

Upon the motion (the “Motion”)<sup>2</sup> of Charlotte Russe Holding, Inc. and its chapter 11 affiliates, the debtors and debtors in possession (the “Debtors”) in the above-captioned jointly administered chapter 11 cases (the “Cases”) for the entry of an interim order (this “Interim Order”), pursuant to sections 105, 363, 365, and 554 of the Bankruptcy Code and Bankruptcy Rules 2002, 6003, 6004, 6006, and 6007, (i) authorizing the Debtors to commence store-closing or similar-themed sales (the “Store Closing Sales”) in accordance with the terms of (a) that certain Consulting Agreement, dated as of February 1, 2019 (the “Agreement”), by and between a contractual joint venture comprised of Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC, on the one hand (the “Consultant”), and Charlotte Russe Holdings Corporation and its subsidiaries, on the other hand, a copy of which is attached hereto as Exhibit 1, and (b) the store-closing sale

<sup>1</sup> The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: Charlotte Russe Holding, Inc. (4325); Charlotte Russe Holdings Corporation (1045); Charlotte Russe Intermediate Corporation (6345); Charlotte Russe Enterprise, Inc. (2527); Charlotte Russe, Inc. (0505); Charlotte Russe Merchandising, Inc. (9453); and Charlotte Russe Administration, Inc. (9456). The Debtors’ headquarters are located at 5910 Pacific Center Boulevard, Suite 120, San Diego, CA 92121.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

guidelines (the “Sale Guidelines”) attached hereto as Exhibit 2, with such sales to be free and clear of all liens, claims, encumbrances, and interests; and (ii) granting certain related relief, on an interim basis (collectively, the “Store Closing Relief”); and upon consideration of the First Day Declaration, the Store Closing Declaration, and the entire record of these Cases; and it appearing that the Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated February 29, 2012; and it appearing that the Motion is a core matter pursuant to 28 U.S.C. § 157(b)(2) and that the Court may enter a final order consistent with Article III of the United States Constitution; and it appearing that venue of these Cases and of the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and it appearing that there is good cause to waive the stay of Bankruptcy Rule 6004(h); and it appearing that due and adequate notice of the Motion has been given under the circumstances, and that no other or further notice need be given; and it appearing that the relief requested in the Motion is in the best interest of the Debtors’ estates, their creditors, and other parties in interest; and after due deliberation, and good and sufficient cause appearing therefor, it is hereby **FOUND AND DETERMINED THAT:**<sup>3</sup>

A. The Debtors have advanced sound business reasons for entering into the Agreement, as set forth in the Motion and at the hearing on this Interim Order, and have demonstrated that entering into the Agreement is a reasonable exercise of the Debtors’ business judgment and in the best interests of the Debtors and their estates.

B. The conduct of the Store Closing Sales, in accordance with this Interim Order and the Sale Guidelines which are reasonable and appropriate, will provide an efficient means for the

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<sup>3</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact where appropriate. *See* Fed. R. Bankr. P. 7052.

Debtors to maximize recoveries for their estates with respect to the Store Closure Assets and Additional Consultant Goods.

C. The Agreement was negotiated, proposed, and entered into by the Consultant and the Debtors without collusion or fraud, in good faith, and from arm's-length bargaining positions.

D. The relief set forth herein is necessary to avoid immediate and irreparable harm to the Debtors and their estates, and the Debtors have demonstrated good, sufficient, and sound business purposes and justifications for the relief approved herein thereby satisfying Bankruptcy Rule 6003.

E. Under the circumstances of these Cases, the Store Closing Sales are in the best interest of the Debtors' estates.

F. The Sale Guidelines, as described in the Motion and attached hereto, are reasonable and will maximize the returns on the Closing Stores' assets for the benefit of the Debtors' estates and creditors.

G. The Debtors have represented that they are neither selling nor leasing personally identifiable information pursuant to the Motion, although the Consultant will be authorized to distribute emails and promotional materials to the Debtors' customers.

H. The entry of this Interim Order is in the best interest of the Debtors and their estates, creditors, interest holders, and all other parties in interest herein; and now therefore it is hereby

**ORDERED, ADJUDGED, AND DECREED THAT:**

1. The Motion is GRANTED, on an interim basis, as set forth herein.

2. The final hearing (the "Final Hearing") on the Motion shall be held on March 6, 2019, at 1:00 p.m., prevailing Eastern Time. All objections, if any, to the Motion shall be in writing and filed with this Court and served on the following by 4:00 p.m. (ET) on February 27, 2019:

(i) the Debtors, 575 Florida Street, San Francisco, CA 94110 (Attn: Marie Satterfield), email: marie.satterfield@charlotterusse.com; (ii) proposed counsel for the Debtors, (x) Cooley LLP, 1114 Avenue of the Americas, New York, NY 10036 (Attn: Seth Van Aalten, Esq. and Michael A. Klein, Esq.), email: svanaalten@cooley.com; mklein@cooley.com; and (y) Bayard P.A., 600 North King Street, Ste. 400, Wilmington, DE 19801 (Attn: Justin Alberto, Esq. and Erin R. Fay, Esq.), email: jalberto@bayardlaw.com; efay@bayardlaw.com; (iii) counsel to Bank of America, N.A., as the Prepetition ABL Agent and the DIP Agent (x) Morgan, Lewis & Bockius LLP, One Federal Street, Boston, MA 02110 (Attn: Julia Frost-Davies, Esq. and Christopher L. Carter, Esq.), email: julia.frost-davies@morganlewis.com; christopher.carter@morganlewis.com; and (y) Richards, Layton & Finger, PA, One Rodney Square, 920 North King Street, Wilmington, DE 19801 (Attn: Mark D. Collins), email: collins@rlf.com; (iv) counsel to Jefferies Finance LLC, as Prepetition Term Agent, and counsel to certain of the Prepetition Term Lenders, King & Spalding LLP, 1185 6th Avenue, New York, NY 10036 (Attn: Michael Rupe, Esq. and W. Austin Jowers, Esq.), email: mrupe@kslaw.com; ajowers@kslaw.com; (v) counsel to any statutory committee appointed in these Cases; (vi) the Office of the United States Trustee for the District of Delaware, J. Caleb Boggs Building, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn: Jane Leamy, Esq.), email: Jane.M.Leamy@usdoj.gov; and (vii) counsel to the Consultant, 1313 N. Market Street, Suite 5100, Wilmington, DE 19801 (Attn: Douglas D. Herrmann, Esq. and Marcy J. McLaughlin, Esq.), email: herrmannd@pepperlaw.com; mclaughlinm@pepperlaw.com. If no objections to entry of the Proposed Final Order are timely received, this Court may enter such Proposed Final Order without further notice or hearing.

3. The Debtors and the Consultant are authorized and empowered to take any and all further actions as may be reasonably necessary or appropriate to give effect to this Interim Order.

The failure to include specifically any particular provision of the Agreement in this Interim Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Agreement and all of its provisions, payments, and transactions be authorized and approved as and to the extent provided for in this Interim Order.

4. To the extent of any conflict between this Interim Order, the Sale Guidelines, and the Agreement, the Sale Guidelines shall control over the Agreement, and the terms of this Interim Order shall control over all other documents.

5. Bankruptcy Rule 6003 has been satisfied. The requirements of Bankruptcy Rule 6007(a) are waived, to the extent applicable to the relief provided for herein.

6. Notwithstanding Bankruptcy Rule 6004(h), this Interim Order shall take effect immediately upon its entry.

7. The Agreement, a copy of which is attached to this Interim Order as Exhibit 1, is *operative and effective* hereby ~~assumed~~ on an interim basis *pending the entry of a final order, pursuant to section 365 of the Bankruptcy Code.* The Debtors shall not agree to any material modifications to the Agreement, including but not limited to, any modifications to the fee schedules or expense provisions absent the prior written consent of the DIP Agent and the Prepetition Term Agent; provided, however, that the Debtors and the Consultant may make non-material modifications, amendments, or supplementations to the Agreement and related documents in accordance with the terms thereof without further order of this Court or consent of other parties. The Debtors will file a notice of any material modifications to the Agreement, and all interested parties shall have seven (7) days to object thereto. If no objections are received by the Debtors during the seven (7) day period, the modifications shall be deemed approved. The Debtors are authorized to act and perform in accordance with the terms of the Agreement, including, without limitation, making payments

required by the Agreement to the Consultant without the need for any application of the Consultant or a further order of the Court.

8. Subject to the restrictions set forth in this Interim Order and the Sale Guidelines, the Debtors and the Consultant hereby are authorized to take any and all actions as may be necessary or desirable to implement the Agreement and the Store Closing Sales; and each of the transactions contemplated by the Agreement and any actions taken by the Debtors and the Consultant necessary or desirable to implement the Agreement or the Store Closing Sales prior to the date of this Interim Order are hereby approved and ratified.

**I. Authority to Engage in Store Closing Sales**

9. The Debtors are authorized, on an interim basis pending the Final Hearing, pursuant to sections 105(a) and 363(b)(1) of the Bankruptcy Code, to immediately continue and conduct Store Closing Sales at the Closing Stores in accordance with this Interim Order, the Sale Guidelines, and the Agreement, as may be modified by any Side Letters (defined below) between the Debtors and/or Consultant and the landlords at the Closing Stores.

10. The Sale Guidelines are approved in their entirety on an interim basis.

11. The Debtors are authorized to discontinue operations at the Closing Stores in accordance with this Interim Order and the Sale Guidelines.

12. Notwithstanding any other relief set forth in this Interim Order, the Debtors and Consultant shall only be authorized to sell Non-Merchandise if the owners of such Non-Merchandise have affirmatively consented to the sale, and the Debtors shall identify for Consultant items of Non-Merchandise which may not be sold.

13. Except for proceeds from the sale of Non-Merchandise which shall be segregated for the sole benefit of the owners of Non-Merchandise, the Debtors are authorized and directed to remit all net proceeds from the sale of the Store Closure Assets in the Store Closing Sales (after

payment of any fees and expenses owed to Consultant, including without limitation, the fees and expenses owed to Consultant related to the sale of Non-Merchandise) to the DIP Agent for payment of the Debtors' secured obligations in accordance with the terms and conditions of the DIP Facility.

14. All entities that are presently in possession of some or all of the Merchandise or FF&E in which the Debtors hold an interest that are or may be subject to the Agreement or this Interim Order hereby are directed to surrender possession of such Merchandise or FF&E to the Debtors or the Consultant.

15. Neither the Debtors nor the Consultant nor any of their officers, employees, or agents shall be required to obtain the approval of any third party, including (without limitation) any Governmental Unit (as defined in section 101(27) of the Bankruptcy Code) or landlord, to conduct the Store Closing Sales and to take the related actions authorized herein.

16. No landlord, licensor, property owner and/or property manager shall prohibit, restrict or otherwise interfere with the Store Closing Sales at any Closing Store.

## **II. Conduct of the Store Closing Sales**

17. All newspapers and other advertising media in which the Store Closing Sales may be advertised and all landlords are directed to accept this Interim Order as binding authority so as to authorize the Debtors and the Consultant to conduct the Store Closing Sales and the sale of Store Closure Assets and Additional Consultant Goods pursuant to the Agreement, including, without limitation, to conduct and advertise the sale of the Store Closure Assets and Additional Consultant Goods in the manner contemplated by and in accordance with this Interim Order, the Sale Guidelines, and the Agreement, except as modified by any Side Letter between the Debtors and/or the Consultant and the landlords of the Closing Stores.

18. Nothing in this Interim Order or the Agreement releases, nullifies, or enjoins the enforcement of any liability to a Governmental Unit under environmental laws or regulations (or any associated liabilities for penalties, damages, cost recovery, or injunctive relief) that any entity would be subject to as the owner, lessor, lessee, or operator of the property after the date of entry of this Interim Order. Nothing contained in this Interim Order or in the Agreement shall in any way (i) diminish the obligation of any entity to comply with environmental laws, or (ii) diminish the obligations of the Debtors to comply with environmental laws consistent with their rights and obligations as debtors in possession under the Bankruptcy Code. Nothing herein shall be construed to be a determination that the Consultant is an operator with respect to any environmental law or regulation. Moreover, the sale of the Store Closure Assets and Additional Consultant Goods shall not be exempt from, and the Consultant shall be required to comply with, laws of general applicability, including, without limitation, public health and safety, criminal, tax, labor, employment, environmental, antitrust, fair competition, traffic, and consumer-protection laws, including consumer laws regulating deceptive practices and false advertising (collectively, “General Laws”). Nothing in this Interim Order shall alter or affect the Debtors’ and Consultant’s obligations to comply with all applicable federal safety laws and regulations. Nothing in this Interim Order shall be deemed to bar any Governmental Unit from enforcing General Laws in applicable non-bankruptcy forums, subject to the Debtors’ or the Consultant’s right to assert in that forum or before this Court that any such laws are not in fact General Laws or that such enforcement is impermissible under the Bankruptcy Code, this Interim Order, or otherwise. Notwithstanding any other provision in this Interim Order, no party waives any rights to argue any position with respect to whether the conduct was in compliance with this Interim Order and any



applicable law, or that enforcement of such applicable law is preempted by the Bankruptcy Code. Nothing in this Interim Order shall be deemed to have made any rulings on any such issues.

19. Except to the extent of the reserved rights of Governmental Units expressly granted elsewhere in this Interim Order, or as modified by any Side Letter, the Debtors and Consultant are hereby authorized to take such actions as may be necessary and appropriate to implement the Agreement and to conduct the Store Closing Sales without necessity of further order of this Court as provided in the Agreement or the Sale Guidelines, including, but not limited to, advertising the sale as a “store closing sale,” “sale on everything,” “everything must go,” or similar-themed sales through the posting of signs (including the use of exterior banners at non-enclosed mall Closing Stores, and at enclosed mall Closing Stores to the extent the applicable Closing Store entrance does not require entry into the enclosed mall common area), use of sign-walkers and street signage.

20. Except as expressly provided in the Agreement, the sale of the Store Closure Assets and Additional Consultant Goods shall be conducted by the Debtors and the Consultant notwithstanding any restrictive provision of any lease, sublease, restrictive covenant or other agreement relative to occupancy affecting or purporting to restrict the conduct of the Store Closing Sales, abandonment of assets, or “going dark” provisions, and such provisions shall not be enforceable in conjunction with the Store Closing Sales. Breach of any such provisions in these Cases in conjunction with the Store Closing Sales shall not constitute a default under a lease or provide a basis to terminate the lease; *provided* that the Store Closing Sales are conducted in accordance with the terms of this Interim Order, any Side Letter and the Sale Guidelines. The Debtors and/or Consultant and landlords of the Closing Stores are authorized to enter into agreements (“Side Letters”) between themselves modifying the Sale Guidelines without further

order of the Court, and such Side Letters shall be binding as among the Debtors, Consultant and any such landlords, provided that nothing in such Side Letters affects the provisions of paragraphs 17, 31 and 32 of this Interim Order. In the event of any conflict between this Interim Order, the Sale Guidelines and any Side Letter, the terms of such Side Letter shall control.

21. Except as expressly provided for herein or in the Sale Guidelines, and except with respect to any Governmental Unit expressly granted elsewhere in this Interim Order, no person or entity, including, but not limited to, any landlord, licensor, property owner/manager, service provider, utility, and creditor, shall take any action to directly or indirectly prevent, interfere with, or otherwise hinder consummation or continuation of the Store Closing Sales or the sale of Store Closure Assets or Additional Consultant Goods, or the advertising and promotion (including the posting of signs and exterior banners or the use of sign-walkers) of such sales, and all such parties and persons of every nature and description, including, but not limited to, any landlord, licensor, property owner/manager, service provider, utility, and creditor and all those acting for or on behalf of such parties, are prohibited and enjoined from (i) interfering in any way with, obstructing, or otherwise impeding, the conduct of the Store Closing Sales or (ii) instituting any action or proceeding in any court (other than in the Bankruptcy Court) or administrative body seeking an order or judgment against, among others, the Debtors, the Consultant, or the landlords at the Closing Stores that might in any way directly or indirectly obstruct or otherwise interfere with or adversely affect the conduct of the Store Closing Sales or sale of the Store Closure Assets or Additional Consultant Goods, or other liquidation sales at the Closing Stores, or seek to recover damages for any breaches of covenants or provisions in any lease, sublease, license, or contract based upon any relief authorized herein.

22. In accordance with and subject to the terms and conditions of the Agreement, the Consultant shall have the right to use the Closing Stores and all related Closing Store services, furniture, fixtures, equipment, and other assets of the Debtors for the purpose of conducting the Store Closing Sales, free of any interference from any entity or person, subject to compliance with the Sale Guidelines and this Interim Order.

23. Subject to the relief sought in the *Debtors' Motion for Entry of an Order Authorizing Maintenance, Administration and Continuation of Certain Customer Programs*, Consultant shall accept the Debtors' validly issued rewards certificates and gift cards that were issued by the Debtors prior to the Sale Commencement Date (as defined in the Agreement) in accordance with the Debtors' rewards certificate and gift card policies and procedures as they existed on the Petition Date, and accept returns of merchandise sold by the Debtors prior to the Sale Commencement Date, provided that such return is otherwise in compliance with the Debtors' return policies in effect as of the date such item was purchased and the customer is not repurchasing the same item so as to take advantage of the sale price offered by the Consultant. For the avoidance of doubt, proceeds from Merchandise sold pursuant to rewards certificated and/or gift cards shall be treated gross proceeds for purposes of calculating Consultant's fee under the Agreement.

24. All sales of Store Closure Assets shall be "as is" and final. However, as to the Closing Stores, all state and federal laws relating to implied warranties for latent defects shall be complied with and are not superseded by the sale of said goods or the use of the terms "as is" or "final sales." Further, as to the Closing Stores only, the Debtors and the Consultant shall accept the return of any goods purchased during the Store Closing Sales, which contain a defect which the lay consumer could not reasonably determine was defective by visual inspection prior to purchase, for a full refund, provided that the consumer must return the goods within the return period advertised

to the consumer at the Closing Store at the time of purchase, the consumer must provide a receipt, and the asserted defect must in fact be a "latent" defect. Returns, if permitted, related to the purchase of Store Closure Assets and Additional Consultant Goods shall not be accepted at stores that are not participating in the Store Closing Sales.

25. The Consultant shall not be liable for sales taxes except as expressly provided in the Agreement, and the payment of any and all sales taxes is the responsibility of the Debtors. The Debtors are directed to pay and/or remit all taxes arising from the Store Closing Sales to the applicable Governmental Units as and when due, provided that in the case of a bona fide dispute the Debtors are only directed to pay and/or remit such taxes upon the resolution of the dispute, if and to the extent that the dispute is decided in favor of the applicable Governmental Unit. For the avoidance of doubt, sales taxes collected and held in trust by the Debtors shall not be used to pay any creditor or any other party, other than the applicable Governmental Unit for which the sales taxes are collected. The Consultant shall collect, remit to the Debtors, and account for sales taxes as and to the extent provided in the Agreement. This Interim Order does not enjoin, suspend, or restrain the assessment, levy, or collection of any tax under state law, and does not constitute a declaratory judgment with respect to any party's liability for taxes under state law.

26. Pursuant to section 363(f) of the Bankruptcy Code, the Consultant, on behalf of the Debtors, is authorized to sell the Store Closure Assets pursuant to the Agreement and in accordance with the Sale Guidelines. All sales of Store Closure Assets pursuant to the Store Closing Sales, whether by the Consultant or the Debtors, shall be, free and clear of claims, encumbrances, defenses (including, without limitation, rights of setoff and recoupment) and interests, including, without limitation, security interests of whatever kind or nature, mortgages, conditional sales or title retention agreements, pledges, deeds of trust, hypothecations, liens, encumbrances, assignments,

preferences; debts, easements, charges, suits, licenses, options, rights-of-recovery, judgments, orders and decrees of any court or foreign or domestic governmental entity, taxes (including foreign, state, and local taxes), licenses, covenants, restrictions, indentures, instruments, leases, options, offsets, claims for reimbursement, contribution, indemnity or exoneration, successor, product, environmental, tax, labor, ERISA, CERCLA, alter ego and other liabilities, causes of action, contract rights, and claims, to the fullest extent of the law, in each case, of any kind or nature (including, without limitation, all “claims” as defined in section 101(5) of the Bankruptcy Code), known or unknown, whether pre-petition or post-petition, secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, perfected or unperfected, liquidated or unliquidated, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, statutory or non-statutory, matured or unmatured, legal or equitable (collectively, “Encumbrances”); provided, however, that any such Encumbrances shall attach to the applicable proceeds of the sale of Store Closure Assets with the same validity and priority, and to the same extent that any such Encumbrances had with respect to the Store Closure Assets prior to such sale, subject to any claims and defenses that any party may possess with respect thereto and subject to the Consultant’s fees and expenses (as provided in the Agreement).

27. To the extent that the Debtors propose to sell or abandon computers (including software) and/or cash registers and any other point of sale FF&E located at the Closing Stores (collectively, “POS Equipment”) or any other files or records which may contain personal and/or confidential information about the Debtors’ employees and/or customers (the “Confidential Information”), the Debtors (and not the Consultant) shall remove the Confidential Information from such items before such sale or abandonment, and unless otherwise notified by Debtors in writing to the contrary, the Consultant shall be entitled to assume and presume that the Debtors

have satisfactorily completed such steps at or prior to the time of any such sale, abandonment or other disposition.

28. The Debtors and the Consultant (as the case may be) are authorized and empowered to transfer Store Closure Assets and Additional Consultant Goods among the Closing Stores. The Consultant is authorized to sell the Debtors' Offered FF&E and abandon the Debtors' FF&E, in each case, as provided for and in accordance with the terms of the Agreement, including, but not limited to, Closing Store Signage. Any abandoned FF&E left in a Closing Store after the later of the date the lease is rejected or the date the Debtors vacate the premises shall be deemed abandoned by the Debtors, and such landlord is authorized to dispose of the abandoned FF&E without further notice and without any liability to any individual or entity that may claim an interest in such property. The automatic stay is modified to the extent necessary to allow such dispositions.

29. In accordance with the Agreement, the Consultant is authorized on an interim basis to supplement the Merchandise in the Store Closing Sales with goods of like kind and no lesser quality as customarily sold in the Stores (the "Additional Consultant Goods"). Sales of Additional Consultant Goods shall be run through the Debtors' cash register systems; provided, however, that the Consultant shall mark the Additional Consultant Goods using either a unique SKU or department number or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. The Consultant and the Debtors shall cooperate to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods from the Merchandise. The Consultant shall provide signage in the Stores notifying customers that the Additional Consultant Goods have been included in the Sale.

30. The transactions under the Agreement relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from the Consultant to the Debtors in all respects and not a consignment for security purposes. Subject solely to the Consultant's obligations to pay to the Debtors the Additional Consultant Goods Fee, at all times and for all purposes, the Additional Consultant Goods and their proceeds shall be the exclusive property of the Consultant, and no other person or entity (including, without limitation, the Debtors, or any third person claiming a security interest in the Debtors' property, including any of the Debtors' secured lenders), shall have any claim against any of the Additional Consultant Goods or the proceeds thereof. The Additional Consultant Goods shall at all times remain subject to the exclusive control of the Consultant, and the Debtors shall, at the Consultant's sole cost and expense, insure Additional Consultant Goods and, if required, promptly file any proofs of loss with regard thereto. The Consultant is hereby granted a first-priority security interest in and lien upon (a) the Additional Consultant Goods and (b) the Additional Consultant Good proceeds, which security interest shall be deemed perfected pursuant to this Interim Order without the requirement of filing UCC financing statements or providing notifications to any prior secured parties; provided that the Consultant is authorized to deliver all required notices and file all necessary financing statements and amendments thereof under the applicable UCC identifying the Consultant's interest in the Additional Consultant Goods as consigned goods thereunder and the Debtors as the consignee therefor, and the Consultant's security interest in such Additional Consultant Goods and Additional Consultant Goods proceeds. With respect to Additional Consultant Goods included during the interim sale period, but unsold as of the Final Hearing and Additional Consultant Goods to be included in the Store Closing Sales from and after the

Final Hearing, all parties' rights, including the right to object, are expressly reserved and not waived. As part of each weekly reconciliation, the Debtors shall turnover all proceeds from the sale of Additional Consultant Goods to the Consultant, net of any fee payable to the Debtors pursuant to the Agreement.

31. Notwithstanding this or any other provision of this Interim Order, nothing shall prevent or be construed to prevent the Consultant (individually, as part of a joint venture, or otherwise) or any of its affiliates from providing additional services to and/or bidding on the Debtors' assets not subject to the Agreement pursuant to a consultant agreement or otherwise ("Additional Assets"). The Consultant (each entity comprising the Consultant individually, as part of a joint venture, or otherwise) or any of its affiliates are hereby authorized to bid on, guarantee, or otherwise acquire such Additional Assets, or offer to provide additional services, notwithstanding anything to the contrary in the Bankruptcy Code or other applicable law, provided that such services guarantee, transaction, or acquisition is approved by separate order of this Court.

### **III. Dispute Resolution Procedures With Governmental Units**

32. To the extent that the sale of Store Closure Assets or Additional Consultant Goods is subject to any federal, state, or local statute, ordinance, rule, or licensing requirement directed at regulating "going out of business," "store closing," similar inventory-liquidation sales, or bulk-sale laws (each a "GOB Law" and collectively, "GOB Laws"), including laws restricting safe, professional, non-deceptive, and customary advertising such as signs, banners, posting of signage, and use of sign-walkers in connection with the sale and including ordinances establishing license or permit requirements, waiting periods, time limits, or bulk-sale restrictions, or any Fast Pay Laws, that would otherwise apply solely to the sale of the Store Closure Assets or Additional Consultant Goods (collectively, the "Liquidation Laws"), the following provisions shall apply:



(a) Provided that the Store Closing Sales and the sale of Store Closure Assets and Additional Consultant Goods are conducted in accordance with the terms of this Interim Order, the Agreement and the Sale Guidelines, and in light of the provisions in the laws of many Governmental Units that exempt court-ordered sales from their provisions, the Debtors shall be presumed to be in compliance with any GOB Laws and Liquidation Laws and, subject to the provisions of this Interim Order, are authorized to conduct the Store Closing Sales in accordance with the terms of this Interim Order and the Sale Guidelines without the necessity of further showing compliance with any such GOB Laws and Liquidation Laws.

(b) Within three (3) business days of entry of this Interim Order, the Debtors shall serve copies of this Interim Order, the Agreement, and the Sale Guidelines via e-mail, facsimile, or regular mail on: (i) the Attorney General's office for each state where the Store Closing Sales are being held, (ii) the county consumer protection agency or similar agency for each county where the Store Closing Sales are being held, (iii) the division of consumer protection for each state where the Store Closing Sales are being held; (iv) if applicable, the chief legal officer for each local jurisdiction where the Store Closing Sales are being held; and (v) the Debtors' landlords of the Closing Stores.

(c) To the extent that there is a dispute arising from or relating to the Store Closing Sales, this Interim Order, the Agreement, or the Sale Guidelines, which dispute relates to any GOB Laws or Liquidation Laws (a "Reserved Dispute"), this Court shall retain exclusive jurisdiction to resolve the Reserved Dispute. Any Governmental Unit may assert that a Reserved Dispute exists by serving written notice of such Reserved Dispute on (i) counsel for the Debtors ((x) Cooley LLP, 1114 Avenue of the Americas, New York, NY 10036 (Attn: Seth Van Aalten, Esq. and Michael A. Klein, Esq.), email: svanaalten@cooley.com; mklein@cooley.com; and (y)

Bayard P.A., 600 North King Street, Ste. 400, Wilmington, DE 19801 (Attn: Justin Alberto, Esq. and Erin R. Fay, Esq.), email: jalberto@bayardlaw.com; efay@bayardlaw.com); (ii) counsel for the Consultant (1313 N. Market Street, Suite 5100, Wilmington, DE 19801 (Attn: Douglas D. Herrmann, Esq. and Marcy J. McLaughlin, Esq.), email: herrmannnd@pepperlaw.com; mclaughlinm@pepperlaw.com); and (iii) the affected Landlord so as to ensure delivery thereof within one business day thereafter. If the Debtors, the Consultant and the Governmental Unit are unable to resolve the Reserved Dispute within 14 days of service of the notice, the aggrieved party (*i.e.*, the Debtors, Consultant or Governmental Unit) may file a motion with this Court requesting that this Court resolve the Reserved Dispute (a “Dispute Resolution Motion”). A Dispute Resolution Motion may be heard at the Final Hearing if filed within seven days before such hearing, or if filed thereafter, at the next regularly scheduled omnibus hearing in these chapter 11 cases.

(d) In the event a Dispute Resolution Motion is filed, nothing in this Interim Order shall preclude the Debtors, a landlord, the Consultant or other interested party from asserting (i) that the provisions of any GOB Laws and/or Liquidation Laws are preempted by the Bankruptcy Code or (ii) that neither the terms of this Interim Order, nor the Debtors’ or the Consultant’s conduct pursuant to this Interim Order, violates such GOB Laws and/or Liquidation Laws. Filing a Dispute Resolution Motion as set forth herein shall not be deemed to affect the finality of this Interim Order or to limit or interfere with the Debtors’ or the Consultant’s ability to conduct or to continue to conduct the Sale pursuant to this Interim Order and the Agency Agreement, absent further order of this Court. The Governmental Unit shall be entitled to assert any jurisdictional, procedural, or substantive arguments it wishes with respect to the requirements of its Liquidation Laws or the lack of any preemption of such GOB Laws and/or Liquidation Laws by the Bankruptcy

Code. Nothing in this Interim Order shall constitute a ruling with respect to any issues to be raised in any Dispute Resolution Motion.

(e) If, at any time, a dispute arises between the Debtors and/or the Consultant and a Governmental Unit as to whether a particular law is a GOB Law and/or Liquidation Law, and subject to any provisions contained in this Interim Order related to GOB Laws and/or Liquidation Laws, then any party to that dispute may utilize the provisions of Subparagraphs (b) through (d) hereunder by serving a notice to the other party and proceeding thereunder in accordance with those Paragraphs. Any determination with respect to whether a particular law is a GOB Law and/or Liquidation Law shall be made de novo.

33. Notwithstanding anything herein to the contrary, and in view of the importance of the use of sign-walkers, banners, and other advertising to the Sale, to the extent that disputes arise during the course of the Store Closing Sales regarding laws regulating the use of sign-walkers, banners and other advertising and the Debtors and the Consultant are unable to resolve the matter consensually with the Governmental Unit, any party may request an immediate telephonic hearing with this Court pursuant to these provisions. Such hearing will, to the extent practicable, be scheduled initially no later than the earlier of (a) the Final Hearing, or (b) within two (2) business days of such request. This scheduling shall not be deemed to preclude additional hearings for the presentation of evidence or arguments as necessary.

34. Subject to paragraphs 31 and 32 above, each and every federal, state, or local agency, departmental unit, or Governmental Unit with regulatory authority over the Store Closing Sales shall consider this Interim Order as binding authority that no further approval, license, or permit of any Governmental Unit shall be required, nor shall the Debtors or the Consultant be required, to post any bond, to conduct the Store Closing Sales.

**IV. Other Provisions**

35. Subject to paragraph 7 of this Interim Order, the Agreement and related documents may be modified, amended, or supplemented by the parties thereto in accordance with the terms thereof without further order of this Court.

36. No later than five (5) days prior to the Final Hearing, the Consultant shall file a declaration disclosing connections to the Debtors, their creditors, and other parties in interest in these Cases.

37. The Consultant shall not be liable for any claims against the Debtors, and the Debtors shall not be liable for any claims against the Consultant, in each case, other than as expressly provided for in the Agreement.

38. All amounts due to the Consultant under the Agreement shall be earmarked and paid by the Debtors from proceeds of the Sales and shall not be reduced or capped by the terms or conditions of any pre- or post-petition financing facilities or orders related thereto.

39. Except with respect to any Governmental Unit (as to which the provisions of Paragraphs 31 and 32 of this Interim Order shall apply), this Court shall retain exclusive jurisdiction with regard to all issues or disputes arising from or related to the implementation, interpretation or enforcement of this Interim Order or the Agreement, including, but not limited to, any claim or issue relating to any efforts by any party or person to prohibit, restrict or in any way limit the Store Closing Sales in accordance with the Sale Guidelines, or other disputes related to the Store Closing Sales. No parties shall take any action against the Debtors or the Consultant until this Court has resolved such dispute. The Court shall hear the request of such parties or persons with respect to any such disputes as may be appropriate under the circumstances.

40. Upon entry of a Final Order, Consultant shall not be subject to any claim or cause of action in the nature of a setoff, counterclaim, or defense, including but not limited to, those arising under sections 547, 548, 549 and/or 550 of the Bankruptcy Code.

41. During the Sale Term (as defined in the Agreement), the Merchant's (as defined in the Agreement) trademarks, trade names, logos, customer lists, websites, URL, social media, mailing lists and email lists shall be available in connection with the conduct of the Store Closing Sales in accordance with the terms of the Agreement.

42. During the Sale Term (as defined in the Agreement), Consultant shall be granted a limited royalty free license and right to use the trademarks, trade names, logos, customer lists, websites, URL, social media, mailing lists and email lists relating to and used in connection with the operation of the Closing Stores, solely for the purpose of advertising the Store Closing Sales in accordance with the terms of the Agreement.

43. The Debtors are authorized to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in respect of payments made in accordance with this Interim Order that are dishonored or rejected. Additionally, each of the Debtors' banks and financial institutions is authorized to honor checks presented for payment and all fund transfer requests made by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Interim Order and any other order of this Court.

44. Nothing in this Interim Order is intended to affect any rights of any Governmental Unit to enforce any law affecting the Debtors' conduct of the sale prior to the Petition Date.

45. On a confidential basis and for professionals' "eyes only," and upon the written (including email) request of the U.S. Trustee, the Committee, the DIP Agent, and the Prepetition

Term Agent, the Debtors shall provide such requesting party (if any) with copies of periodic reports concerning the Store Closing Sales that are prepared by the Debtor, their professionals, or the Consultant; *provided, however*, that the foregoing shall not require the Debtors, their professionals, or the Consultant to prepare or undertake to prepare any additional or new reporting not otherwise being prepared by the Debtors, their professionals, or the Consultant in connection with the Store Closing Sales.

Dated: February 6, 2019  
Wilmington, Delaware

  
\_\_\_\_\_  
THE HONORABLE LAURIE SELBER SILVERSTEIN  
UNITED STATES BANKRUPTCY JUDGE

**EXHIBIT 1**

Agreement



**Gordon  
Brothers**



**Hilco**  
Merchant Resources

February 1, 2019

To: Charlotte Russe Holdings Corporation  
4645 Morena Boulevard  
San Diego, CA 92117

From: Gordon Brothers Retail Partners, LLC  
800 Boylston Street  
27<sup>th</sup> Floor  
Boston, MA 02199

-and-

Hilco Merchant Resources, LLC  
5 Revere Drive  
Suite 206  
Northbrook, IL 60062

Re: Store Closing Program – Consulting Agreement

Ladies and Gentlemen:

This letter shall serve as the agreement of a contractual joint venture comprised of Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC (collectively, the "Consultant") and Charlotte Russe Holdings Corporation and its subsidiaries (collectively, the "Merchant" and together with Consultant, the "Parties") pursuant to which Consultant shall serve as the exclusive consultant to Merchant to conduct a "store closing," "everything must go," "sale on everything," and other mutually agreed upon themed sale ("Sale") at 94 of Merchant's retail stores identified on Exhibit A attached hereto (each a "Store" and collectively the "Stores"), subject to the terms and conditions set forth herein.

**1. RETENTION**

(A) Merchant hereby retains Consultant as its exclusive, independent consultant to conduct the Sale at the Stores during the Sale Term, and in connection therewith, Consultant shall, throughout the Sale Term:

- (i) Recommend appropriate discounting to effectively sell all of the goods located at the Stores as of the Sale Commencement Date or thereafter delivered to the Stores (whether from Merchant's existing orders or distribution center) by mutual



agreement of the Parties, in accordance with a "store closing," "everything must go," "sale on everything" and other mutually agreed upon themed sale, and recommend appropriate point-of-purchase, point-of-sale, and other internal and external advertising in connection therewith.

- (ii) Provide qualified supervision to oversee the conduct of the Sale.
- (iii) Maintain focused and constant communication with Store-level employees and managers to keep them abreast of strategy and timing and to properly effect Store-level communication by Merchant's employees to customers and others about the Sale.
- (iv) Establish and monitor accounting functions for the Sale, including evaluation of sales of Merchant's goods located at the Stores by category, sales reporting and expense monitoring.
- (v) Recommend loss prevention strategies.
- (vi) Coordinate with Merchant so that the operation of the Stores is being properly maintained including ongoing customer service and housekeeping activities.
- (vii) Recommend appropriate staffing levels for the Stores and appropriate bonus and/or incentive programs (to be funded by Merchant) for Store employees.
- (viii) Commence the Sale as a "sale on everything", and thereafter, continue the Sale with such other themes as may be approved (i) prior to any Bankruptcy Case, by Merchant with any required consent of the applicable landlords for the Stores and any required permitting or (ii) in the event Merchant becomes subject to any chapter 11 proceeding (a "Bankruptcy Case") before any United States Bankruptcy Court (the "Bankruptcy Court"), by the Bankruptcy Court in any Approval Order (as defined below).

## **2. SALE TERM; VACATING STORES**

(A) The term "Sale Term" with respect to each respective Store shall commence on or about a mutually agreed upon date, but in no event later than February 7, 2019 (the "Sale Commencement Date") and shall end no later than March 31, 2019 ("Sale Termination Date"); provided however, that Consultant and Merchant may mutually agree upon an earlier or later "Sale Commencement Date" or "Sale Termination Date" with respect to any one or more Stores (on a Store-by-Store basis).

(B) Upon the conclusion of the Sale Term at each Store, Consultant shall leave such Store in broom clean condition, subject to Consultant's right pursuant to Section 6 below to abandon in a neat and orderly manner all unsold Offered FF&E and all Retained FF&E.

(C) From and after the Sale Commencement Date, Merchant and Consultant may mutually agree upon the terms of a global and/or "guaranty" transaction (an "Alternative Transaction") that affects the Sale, Stores, and assets hereunder and may or may not encompass Merchant's other assets not subject to this Agreement (including without limitation, other retail stores, intellectual property, owned and leased real property, executory contracts, and/or miscellaneous assets), and the definitive agreement executed by the Parties regarding such Alternative Transaction may, *inter alia*, provide for alternative disposition of the Merchandise and Owned FF&E hereunder and corresponding changes to the Sale Term, Consultant Controlled Expenses, Merchandise Fee, FF&E Commission, and/or Additional Consultant Goods Fee, subject in all respects to mutual agreement of the Parties and if applicable, approval by the Bankruptcy Court.

### 3. EXPENSES

(A) All expenses incident to the conduct of the Sale and the operation of the Stores during the Sale Term (including without limitation all Consultant Controlled Expenses and all other store-level and corporate expenses associated with the Sale) shall be borne by Merchant; except solely for any of the specifically enumerated "Consultant Controlled Expenses" that exceed the aggregate budgeted amount (as provided in Section 3(B) below) for such Consultant Controlled Expenses.

(B) Attached hereto as Exhibit B is an expense budget for the "Consultant Controlled Expenses." Consultant will advance funds for the Consultant's Controlled Expenses, and Merchant shall reimburse Consultant therefor (up to the aggregate budgeted amount) in connection with each weekly reconciliation contemplated by Section 5(B) upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement, including without limitation in the event of any Bankruptcy Case, with respect to obtaining entry of the Approval Order and/or negotiating any "side letters" with landlords of the Stores.

(C) The parties may from time to time mutually agree in writing to increase the budget of Consultant Controlled Expenses based upon circumstances of the Sale.

### 4. CONSULTANT COMPENSATION

(A) Definitions. As used herein, the following terms shall have the following meanings:

- (i) "Cost Value" with respect to each item of Merchandise sold, shall be determined by reference to the lower of (1) the lowest per unit vendor cost in the File or in Merchant's books and records, maintained in the ordinary course consistent with historic practices; or (2) the Retail Price.
- (ii) "File" shall mean the Merchant's inventory file named "6.2.1 - Inventory Information Request 01-12-19.xlsx" provided to Consultant.

- (iii) "Gross Proceeds" shall mean the sum of the gross proceeds of all sales of Merchandise (including as a result of the redemption of any gift card, gift certificate, or merchandise credit) during the Sale Term, net only of sales taxes.
- (iv) "Gross Recovery Percentage" shall mean the Gross Proceeds divided by the sum of the aggregate Cost Value of all of the Merchandise.
- (v) "Merchandise" shall mean all goods actually sold in the Stores during the Sale Term, the aggregate amount of which shall be determined using the gross rings inventory taking method.
- (vi) "Non-Merchandise Goods" shall mean (1) goods that belong to sublessees, licensees, or concessionaires of Merchant; (2) damaged or defective merchandise that cannot be sold; or (3) goods held by Merchant on memo, on consignment, or as bailee.
- (vii) "Retail Price" shall mean with respect to each item of Merchandise sold, the lower of the lowest ticketed, marked, shelf, stickered, hang-tag, or File price.

(B) **Merchandise Fee.** In consideration of its services hereunder, Merchant shall pay Consultant a "Base Fee" equal to 0.75% of Gross Proceeds. In addition to the "Base Fee", Consultant may also earn an "Incentive Fee" (together with the Base Fee, the "Merchandise Fee") equal to the aggregate sum of the percentages shown in the following table, based upon the following thresholds of Gross Recovery Percentage (e.g., in each case, as calculated back to first dollar):

Gross Recovery Percentage	Incentive Fee
Below 135.00%	No Incentive Fee
Between 135.00% to 145.00%	Additional 0.25% of Gross Proceeds
Above 145.00%	Additional 0.25% of Gross Proceeds

Notwithstanding the foregoing, if, according to the above table, the Merchandise Fee increases as a result of the Gross Recovery equaling or exceeding a threshold, and (x) the Gross Proceeds, net of such applicable increased Merchandise Fee, are less than (y) the Gross Proceeds, net of the immediately preceding Merchandise Fee according to the table, the Merchandise Fee shall not be increased until such time as the Gross Proceeds calculation in (x) is equal to or greater than the Gross Proceeds calculation in (y). For the avoidance of doubt, it is the intention of the parties that Gross Proceeds to the Merchant net of the Merchandise Fee not decrease to the extent Gross Proceeds increase above a Gross Recovery threshold.

(C) **Non-Merchandise Fee.** Subject to the consent of the owners of the Non-Merchandise Goods, Consultant shall sell Non-Merchandise Goods during the Sale at the Stores, and in consideration of such services, Consultant shall earn a fee equal to the definitive Merchandise Fee percentage earned by Consultant on sales of Merchandise as set forth in Section 4(B) above multiplied by the aggregate gross proceeds, net only of sales taxes, from the sale of Non-Merchandise Goods at the Stores (the "Non-Merchandise Fee").

(D) **Gross Rings.** For purposes of calculating Gross Proceeds, Gross Recovery Percentage and the Consultant's Merchandise Fee and Non-Merchandise Fee, the parties shall use the "Gross Rings" method, wherein Consultant and Merchant shall jointly keep (i) a strict count of gross register receipts less applicable sales taxes, and (ii) cash reports of sales within each Store. Register receipts shall show for each item sold the Cost Value and Retail Price (as reflected on Merchant's books and records) for such item, and the markdown or other discount granted in connection with such sale. All such records and reports shall be made available to Consultant and Merchant during regular business hours upon reasonable notice.

(F) **Weekly Payments.** On a weekly basis in connection with each weekly reconciliation contemplated by Section 5(B) below, Merchant shall pay Consultant an amount equal to the Base Fee on account of the prior week's sales as an advance on account of the Merchandise Fee payable hereunder; and (2) any Non-Merchandise Fee and FF&E Commission (as defined below) earned during the prior week. The parties shall determine the definitive Gross Recovery Percentage, Merchandise Fee, Non-Merchandise Fee, and FF&E Commission (and in the case of Merchant, any Additional Consultant Goods Fee, if any,) in connection with the Final Reconciliation. Immediately thereafter (and as part of the Final Reconciliation), Merchant or Consultant, as the case may be, shall pay any additional amount owed on account of such fees.

**5. CONDUCT OF SALE; OTHER SALE MATTERS**

(A) Merchant shall have control over the personnel in the Stores and shall handle the cash, debit and charge card payments for all Merchandise and Non-Merchandise Goods in accordance with Merchant's normal cash management procedures, subject to Consultant's right to audit any such items in the event of a good faith dispute as to the amount thereof. Merchant (and not Consultant) shall be responsible for ensuring that the Sale, and the operation of the Stores (before, during, and after the Sale Term) shall be conducted in compliance with all applicable laws and regulations.

(B) The parties will meet on each Wednesday during the Sale Term to review any Sale matters reasonably requested by either party; and all amounts payable or reimbursable to Consultant for the prior week (or the partial week in the case of the first and last weeks) shall be reconciled and paid immediately thereafter. No later than twenty (20) days following the end of the Sale, the parties shall complete a final reconciliation and settlement of all amounts contemplated by this Agreement ("Final Reconciliation"). From time to time upon request, each party shall prepare and deliver to the other party such other reports as either party may reasonably request. Each party to this Agreement shall, at all times during the Sale Term and during the one (1) year period thereafter, provide the other with access to all information, books and records relating to the Sale and to this Agreement. All records and reports shall be made available to Consultant and Merchant during regular business hours upon reasonable notice.

(C) Merchant shall be solely responsible for the computing, collecting, holding, reporting, and paying all sales taxes associated with the sale of Merchandise, Non-Merchandise Goods, and Additional Consultant Goods during the Sale Term, and Consultant shall have absolutely no responsibilities or liabilities therefor.

(D) Although Consultant shall undertake its obligations under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the recovery to the Merchant, Merchant expressly acknowledges that Consultant is not guaranteeing the results of the Sale.

(E) Merchant acknowledges that (i) the parties are not conducting an inventory of Merchant's goods located at the Stores; (ii) Consultant has made no independent assessment of the beginning levels of such goods; and (iii) Consultant shall not bear any liability for shrink or other loss to Merchant's goods located at the Stores (including without limitation Merchandise and Non-Merchandise Goods). Merchant may, at its election, conduct an inventory at some or all of the Stores and Consultant agrees to cooperate with such inventory taking if and when done.

(F) All sales of Merchandise and Non-Merchandise Goods in the Stores during the Sale shall be made in the name, and on behalf, of Merchant.

(G) All sales of Merchandise and Non-Merchandise in the Stores during the Sale Term shall be "final sales" and "as is," and all advertisements and sales receipts will reflect the same.

(H) Consultant shall, during the Sale Term at the Stores, cooperate with Merchant in respect of Merchant's procedures governing returns of goods otherwise sold by Merchant (e.g., not in the Stores during the Sale Term).

(I) Merchant hereby permits the Sale to be, and shall ensure that the Sale otherwise may be, advertised as a "store closing," "everything must go," "sale on everything" and such other mutually agreed upon themed sale throughout the term of the Sale, as provided for by Section 1(a)(viii) above.

(J) In the event Merchant desires for the Sale Commencement Date to occur prior to the commencement of any Bankruptcy Case, then concurrently with the Sale Commencement Date, and as a condition to Consultant's obligations under, this Agreement, Merchant shall fund to Consultant an amount equal to an estimated two (2) weeks of Consultant Controlled Expenses (the "Special Purpose Payment") which shall be held by Consultant until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Agreement prior to the Final Reconciliation). Without limiting any of Consultant's other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.

**6. FF&E**

(A) Promptly following the Sale Commencement Date, Merchant shall inform Consultant of those items of owned furnishings, trade fixtures, equipment, machinery, office supplies, conveyer systems, racking, rolling stock, any vehicles or other modes of transportation, and other personal property (collectively, "FF&E") located at the Stores which are not to be sold (because

Merchant does not have the right to sell such items, because Merchant wishes to retain such items for itself, or otherwise) (collectively, "Retained FF&E").

(B) With respect to all FF&E located at the Stores as of the Sale Commencement Date which is not Retained FF&E (collectively, the "Offered FF&E"), Consultant shall have the right to sell such Offered FF&E during the Sale Term on a commission basis equal to fifteen percent (15.0%) of the gross sales of Offered FF&E, net only of sales tax ("FF&E Commission").

(C) Merchant shall reimburse Consultant for its reasonable sale expenses associated with the sale of the Offered FF&E, not to exceed the amount shown on an FF&E expense budget (which shall be in addition to the Consultant Controlled Expenses budget), to be mutually and reasonably agreed to by the parties promptly after Merchant identifies/designates/distinguishes between the Offered FF&E and Retained FF&E ("FF&E Expenses").

(D) Consultant shall have the right to abandon any unsold Offered FF&E (and all Retained FF&E) at the Stores at the conclusion of the Sale Term without liability to Merchant or any third party.

## **7. ADDITIONAL CONSULTANT GOODS**

(A) In connection with the Sale, and subject to compliance with applicable law (or if and when applicable, the Approval Order), Consultant shall have the right, at Consultant's sole cost and expense, to supplement the Merchandise in the Sale with additional goods procured by Consultant which are of like kind, and no lesser quality to the Merchandise in the Sale ("Additional Consultant Goods"). The Additional Consultant Goods shall be purchased by Consultant as part of the Sale, and delivered to the Stores at Consultant's sole expense (including labor, freight and insurance relative to shipping such Additional Consultant Goods to the Stores). Sales of Additional Consultant Goods shall be run through Merchant's cash register systems; provided, however, that Consultant shall mark the Additional Consultant Goods using either a "dummy" SKU or department number, or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. Consultant and Merchant shall also cooperate so as to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods as non-Merchant goods. Additionally, Consultant shall provide signage in the Stores notifying customers that the Additional Consultant Goods have been included in the Sale. Absent Merchant's written consent, and Consultant's agreement to reimburse Merchant for any associated expenses, Consultant shall not use Merchant's distribution centers for any Additional Consultant Goods.

(B) Consultant shall pay to Merchant an amount equal to seven and a half percent (7.5%) of the gross proceeds (excluding sales taxes) from the sale of the Additional Consultant Goods (the "Additional Consultant Goods Fee"), and Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods. Consultant shall pay Merchant its Additional Consultant Goods Fee in connection with each weekly sale reconciliation with respect to sales of Additional Consultant Goods sold by Consultant during each then prior week (or at such other mutually agreed upon time).

(C) Consultant and Merchant intend that the transactions relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from Consultant to Merchant in all respects and not a consignment for security purposes. Subject solely to Consultant's obligations to pay to Merchant the Additional Consultant Goods Fee, at all times and for all purposes the Additional Consultant Goods and their proceeds shall be the exclusive property of Consultant, and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds. The Additional Consultant Goods shall at all times remain subject to the exclusive control of Consultant.

(D) Merchant shall, at Consultant's sole cost and expense, insure the Additional Consultant Goods and, if required, promptly file any proofs of loss with regard to same with Merchant's insurers. Consultant shall be responsible for payment of any deductible (but only in relation to the Additional Consultant Goods) under any such insurance in the event of any casualty affecting the Additional Consultant Goods.

(E) Merchant acknowledges that the Additional Consultant Goods shall be consigned to Merchant as a true consignment under Article 9 of the Uniform Commercial Code (the "UCC"). Consultant is hereby granted a first priority security interest in and lien upon (i) the Additional Consultant Goods and (ii) the Additional Consultant Goods proceeds less the Additional Consultant Goods Fee, and Consultant is hereby authorized to file UCC financing statements and provide notifications to any prior secured parties.

## **8. INSURANCE; RISK OF LOSS**

(A) During the Sale Term: (a) Merchant shall maintain (at its expense) insurance with respect to the Merchandise in amounts and on such terms and conditions as are consistent with Merchant's ordinary course operations, and (b) each of Merchant and Consultant shall maintain (at each party's respective expense) comprehensive liability insurance covering injuries to persons and property in or in connection with the Stores, in such amounts as are reasonable and consistent with its ordinary practices, for bodily injury, personal injury and/or property damage. Each party shall be added as an additional insured on all such insurance of the other party, all such insurance shall provide that it shall be non-cancelable and non-changeable except after 30 days' prior written notice to the other party, and each party shall provide the other with certificates of all such insurance prior to the commencement of the Sale.

(B) Notwithstanding any other provision of this Agreement, Merchant and Consultant agree that Consultant shall not be deemed to be in possession or control of the Stores, or the Merchandise, Non-Merchandise, or other assets located therein or associated therewith, or of Merchant's employees located at the Stores; and Consultant does not assume any of Merchant's obligations or liabilities with respect thereto.

(C) Notwithstanding any other provision of this Agreement, Merchant and Consultant agree that Merchant shall bear all responsibility for liability claims (product liability and otherwise) of customers, employees and other persons arising from events occurring at the Stores, and Merchandise and Non-Merchandise sold in the Stores, before, during and after the Sale Term.

9. INDEMNIFICATION

(A) Consultant shall indemnify and hold Merchant and its affiliates, and their respective officers, directors, employees, consultants, and independent contractors (collectively, "Merchant Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from or related to:

- (i) Consultant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained herein or in any written agreement entered into in connection herewith;
- (ii) any harassment or any other unlawful, tortious or otherwise actionable treatment of any employees or agents of Merchant by Consultant, its affiliates or their respective officers, directors, employees, agents, independent contractors or representatives (including without limitation any supervisors);
- (iii) any claims by any party engaged by Consultant as an employee or independent contractor (including without limitation any non-Merchant employee supervisor) arising out of such employment or engagement; or
- (iv) the negligence, willful misconduct or unlawful acts of Consultant, its affiliates or their respective officers, directors, employees, Consultants, independent contractors or representatives, *provided that* Consultant shall not be obligated to indemnify any Merchant Indemnified Party from or against any claims, demands, penalties, losses, liabilities or damages arising primarily from any Merchant Indemnified Party's gross negligence, willful misconduct, or unlawful act

(B) Merchant shall indemnify and hold Consultant, its affiliates and their respective officers, directors, employees, consultants, and independent contractors (collectively, "Consultant Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from or related to:

- (i) Merchant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained herein or in any written agreement entered into in connection herewith;
- (ii) if applicable, any proceedings before the Bankruptcy Court or any other court of competent jurisdiction regarding this Agreement, including obtaining approval thereof and/or defending against any objection thereto;
- (ii) any claims by any party engaged by Merchant as an employee or independent contractor arising out of such engagement;
- (iii) any consumer warranty or products liability claims relating to any Merchandise and Non-Merchandise Goods; and/or
- (iv) the negligence, willful misconduct or unlawful acts of Merchant, its affiliates or their respective officers, directors, employees, agents, independent contractors or representatives, *provided that* Merchant shall not be obligated to indemnify any Consultant Indemnified Party from or against any claims, demands, penalties,



losses, liabilities or damages arising primarily from any Consultant Indemnified Party's gross negligence, willful misconduct, or unlawful act.

#### 10. MISCELLANEOUS

(A) In the event of a Bankruptcy Case, this Agreement, including retention of Consultant and conduct of the Sale set forth herein, shall be subject to the approval of the Bankruptcy Court. Merchant shall promptly seek to have this Agreement, and the transactions contemplated by this Agreement approved by the Bankruptcy Court pursuant to sections 363 and 365 of the United States Bankruptcy Code (and not pursuant to sections 327, 328, 330, or 331 thereof) and an order with terms acceptable to both Merchant and Consultant that provides, among other things, as follows: (i) the payment of all fees and reimbursement of expenses hereunder to Consultant is approved without further order of the court and shall be free and clear of all liens, claims and encumbrances; (ii) all such payments of fees and reimbursement of expenses shall be made on a weekly basis without further order of the Bankruptcy Court and otherwise in accordance with this Agreement; (iii) approval of the transaction contemplated hereby; (iv) authorizing the Sale without the necessity of complying with state and local rules, laws, ordinances and regulations, including, without limitation, permitting and licensing requirements, that could otherwise govern the Sale; (v) authorizing the Sale notwithstanding restrictions in leases, reciprocal easement agreements or other contracts that purport to restrict the Sale or the necessity of obtaining any third party consents; (vi) authorizing the sale of Additional Consultant Goods and granting Consultant a first priority senior security interest and lien upon the Additional Agent Goods and proceeds thereof as provided herein; (vii) take all further actions as are necessary or appropriate to carry out the terms and conditions of this Agreement; and (viii) including protection of Consultant's fees and expenses as part of any "carve-out" in any financing order entered by the Bankruptcy Court, which protection shall provide that all such fees and expenses shall be paid to Consultant from Gross Proceeds and without adherence to any DIP or cash collateral budget associated therewith, and further including additional protections with respect to proceeds of Additional Consultant Goods (the "Approval Order"). In such event, any legal action, suit or proceeding arising in connection with this Agreement shall be submitted to the exclusive jurisdiction of the Bankruptcy Court having jurisdiction over Merchant, and each Party hereby waives any defenses or objections based on lack of jurisdiction, improper venue, and/or forum non conveniens. From and after entry of the Approval Order, Consultant shall conduct the Sale in accordance with the terms of the Approval Order in all material respects. In the event the Approval Order is not entered by the Bankruptcy Court or does not include the terms and conditions contained herein, (i) Merchant shall reimburse Consultant for any Consultant Controlled Expenses incurred in connection with the Sale through and including the day immediately after denial of such motion by the Bankruptcy Court; and (ii) Consultant may, in its sole discretion, elect to terminate this Agreement. The Bankruptcy Court shall have exclusive jurisdiction to resolve any issues arising under this Agreement. Further in the event of a Bankruptcy Case, and upon disclosure to Merchant in advance thereof, Consultant shall have the right to include additional entities in the contractual joint venture that is serving as "Consultant" hereunder pursuant to this Agreement.

(B) This Agreement constitutes the entire agreement between the parties with respect to the matters contemplated hereby and supersedes and cancels all prior agreements, including, but not

limited to, all proposals, letters of intent or representations, written or oral, with respect thereto. This Agreement may not be modified except in a written instrument executed by each of the parties hereto. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. The failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Nothing contained in this Agreement shall be deemed to create any relationship between Merchant and Consultant other than that of Consultant as an independent contractor of Merchant, and it is stipulated that the parties are not partners or joint venturers in any way. Unless expressly set forth herein to the contrary, to the extent that either party's consent is required/requested hereunder, such consent shall not be unreasonably withheld or delayed. This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns; provided however, that this Agreement may not be assigned by either party without the prior written consent of the other. Written notices contemplated by this Agreement shall be sent by email (i) if to Merchant c/o the person indicated below at the address specified above; and (ii) if to Consultant c/o Mackenzie Shea at [mshea@gordonbrothers.com](mailto:mshea@gordonbrothers.com) and Ian Fredericks at [ifredericks@hilcoglobal.com](mailto:ifredericks@hilcoglobal.com)

**[Signature Page to Follow]**

Very truly yours,

**Gordon Brothers Retail Partners, LLC**

By: 

Name:

Title:

TIMOTHY J. SHILLING  
MANAGING DIRECTOR

-and-

**Hilco Merchant Resources, LLC**

By: 

Name: Sarah Baker

Title: VP & AGC, Managing Member

Agreed and Accepted:

Charlotte Russe Holdings Corporation, on behalf of  
itself and its subsidiaries

By: 

Name: Brian Cashman

Title: Chief Restructuring Officer

Address: 575 Florida Street, Ste. 200

San Francisco, CA 94110

Exhibits:

A Stores

B Budget of Consultant Controlled Expenses

Charlotte Russe  
Store List  
Exhibit A

Store No.	Store	Address	City	State	Zip Code	Square Ft.
7	Grossmont Center	5500 Grossmont Center, Suite 313, Space #B1-60	La Mesa	CA	91942	5,030
10	MainPlace Mall	2800 North Main Place, Space #416	Santa Ana	CA	92705	4,445
14	Westminster Mall	2150E Westminster Mall	Westminster	CA	92683	4,861
42	Pearlridge Center	98-1005 Mountain Road	Aliso	CA	92670	6,873
89	Meriden	470 Lewis Avenue, Space #4008	Meriden	CT	06431	5,644
99	EastView Mall	672 EastView Mall	Victor	NY	14564	4,282
101	Arbor Place	1440 Douglas Blvd	Douglasville	GA	30135	5,678
108	Dulles Town Center	21100 Dulles Town Circle, Space #81	Dulles	VA	20166	5,994
110	Fairlane Town Center	18900 Michigan Avenue, Space #H108	Dearborn	MI	48126	5,164
112	Lakeforest	701 Russell Avenue, Space #H219	Quilichsburg	MD	20877	5,372
152	Sunrise Mall	2135 Sunrise Mall	Massapequa	NY	11758	5,040
158	Louis Joliet	3340 Mall Loop Drive, Suite #1198	Joliet	IL	60431	4,872
169	Robinson Mall at	100 Robinson Centre Dr., Space #1330	Pittsburgh	PA	15205	3,965
197	Annapolis	2550 Annapolis Mall, Space #1300	Annapolis	MD	21401	3,146
199	Meridian Mall	1982 W. Grand River Avenue, Space #249	Okenos	MI	48864	4,476
217	St. Louis County	85 South County Centerway, Space #450	St. Louis	MO	63129	5,424
220	Yorktown Shopping Center	203 Yorktown, Space # 162, Bldg. C	Lombard	IL	60148	5,772
232	Brookfield Square	95 N. Moorland Road, Space # C-21	Brookfield	WI	53005	3,860
249	Valley West Mall	1551 Valley West Drive, Space 109	West Des Moines	IA	50366	5,852
259	Jefferson Valley Mall	650 Lee Boulevard, Space F18B	Yorktown Heights	NY	10598	3,731
262	Northwoods Mall	2150 Northwoods Blvd Sp B7	North Charleston	SC	29406-4921	5,352
274	Mall of America	141 East Broadway, Space E141	Bloomington	MN	55425	8,956
277	Oakridge	925 Blossom Hill Road, Suite 1504	San Jose	CA	95123	3,987
278	Southlake	2063 Southlake Mall, Sp# CL318	Hubert	IN	46410	4,910
282	Fashion Square Mall	4667 Fashion Square Mall, Space C318	Saginaw	MI	48604	4,154
287	Connecticut Post Mall	1201 Boston Post Rd Sp #2053	Milford	CT	06460	TBD 2018
291	Valencia Town Center	24201 West Valencia Blvd Space 1049	Valencia	CA	91355	5,019
293	Coastal Grand Mall	2000 Coastal Grand Circle	Myrtle Beach	SC	29577	5,535
297	Magnolia Mall	2701 David McLeod Boulevard, Sp# 1226	Florence	SC	29501	4,580
316	Logan Valley	Route 220 & Goods Lane, Sp# 416	Altoona	PA	16602	3,819
327	East Towne Mall	375 East Towne Mall, Sp# A-110	Madison	WI	53704	5,910
333	Franklin Park	5001 Monroe Street #1073	Toledo	OH	43623	5,110
347	Valley River Center	293 Valley River Center, Sp# E080H/E0009	Eugene	OR	97401	4,656
349	Great Lakes Mall	7850 Mentor Avenue, Sp# 574A	Martler	OH	44060	5,293
395	Brunswick Square	755 State Route 18, Sp# 216A	East Brunswick	NJ	08816	4,630
427	York Galleria	2890 Whiteford Rd., Suite 274	York	PA	17402	5,345
429	Zona Rosa	7260 NW 86th Pl., Space H-177	Kansas City	MO	64153	4,201
454	Sangerstown	Route 5 & 5A, Sp #L60	New Hartford	NY	13413	5,093
474	Hurford	696 Bel Air Road, Space 36 & 38	Bel Air	MD	21014	5,707
479	Hagerstown	17301 Valley Mall Road, Space 298	Hagerstown	MD	21740	5,653
483	FSK	5500 Buckleystown Pike, Space 246	Frederick	MD	21703	5,269
487	Chattanooga-TN	2100 Hamilton Place Blvd. Space 110	Chattanooga	TN	37421	5,130
490	BayShore	5800 N. Bayshore Dr. Space B138	Glen Dale	WI	53217	5,015
500	Burnsville	1178 Burnsville Center Space 1088	Burnsville	MN	55306	1,027
510	Northwoods-IL	2200 W. Wor. Memorial Dr., Space EL15A	Peculiar	IL	61613	4,126
513	Kingston Collection	101 Independence Mall Way	Kingston	MA	02364	5,161
516	Eastridge-NC	246 New Hope Road	Gastonia	NC	28054	5,315
536	Gulf View Square	9409 US HWY 19 Space 553c	Pail Richey	FL	34668	4,494
539	Lincolnwood	3333 West Touhy Ave. Space B03 & B02A	Lincolnwood	IL	60712	4,782
542	Tyson's Corner	7860 Tyson's Corner Center, Sp #M011U (Relo)	Mc Lean	VA	22102	3,633
570	Fashion Outlets of Niagara Falls	1982 Military Rd	Niagara Falls	NY	14304	3,838
576	Cambridgeside Galleria	100 CambridgeSide Pl Space E-301	Cambridge	MA	02141	4,592
577	Old Orchard	4999 Old Orchard Center Space L6	Skokie	IL	60077	4,119
578	Irvine Spectrum	71 Fortune Drive Space 954	Irvine	CA	92618	4,841
582	Atlantic City Outlets	123 Christopher Columbus Blvd., Space #1250 & 1255	Atlantic City	NJ	08401	4,873
587	Windward Mall	46-056 Kanehaneha Highway, Space #K02	Kaneohe	HI	96744	4,163
594	Algonquin Commons	1952 S. Randall Road	Algonquin	IL	60102	4,076
598	Howell Outlets	1475 North Barkhart Road, Space G-100	Howell	MI	48855	4,543
700	Outlet Collection at Riverwalk	500 Port of New Orleans Place, Suite 265	New Orleans	LA	70130	4,006
702	Solano Mall	1350 Travis Blvd., Space M-7	Fairfield	CA	94533	4,054
707	Palm Beach Outlets	1721 Palm Beach Lakes Boulevard, Space E409	West Palm Beach	FL	33401	3,837
710	Pueblo Mall	3429 Dillon Drive, Space E6	Pueblo	CO	81008	3,691
717	Mesa Mall	2424 US Highway 6, Space 310A	Grand Junction	CO	81505	4,602
726	Shops at Atlas Park	8000 Cooper Ave., Space 6-104	Glen Dale	NY	11383	4,647
729	Markets at Town Center	4870 Big Island Drive, Suite 05	Jacksonville	FL	32246	3,462
730	Morgantown Mall	9500 Mall Road, Space #511	Morgantown	WV	26501	3,912
733	Moorestown Mall	400 Route 38, Space #1695	Moorestown	NJ	08057	3,424
737	Mall at Johnson City	2011 N. Roun St., Space #D2A	Johnson City	TN	37601	3,759
742	Queen Ka'ahumanu Center	275 W. Kaahumanu Ave., Space #1044	Kahului	HI	96732	3,972
744	Victoria Mall	7800 N. Navarro St., Suite #333	Victoria	TX	77904	3,892
745	Foxwoods Outlet Center	455 Trolley Line Boulevard, Space #330	Ledyard	CT	06338	3,284
746	Ocean City Outlet Center	12741 Ocean Gateway, Suite #890	Ocean City	MD	21842	3,611
748	Tanger Outlets Savannah	200 Tanger Outlet Boulevard, Space #361	Pooler	GA	31322	3,684
753	Summit Fair	880 NY Blue Parkway, Suite C	Lee's Summit	MO	64086	3,856
754	Florence Mall	301 Cox Creek Parkway, Suite #1018	Florence	AL	35630	3,539
755	Wilton Mall	3065 Route 50, Suite #A002	Saratoga Springs	NY	12866	3,421
760	Serranito Center	288 Serranito Center	Daly City	CA	94015	3,643
761	Richland Mall	6004 West Waco Drive, Suite 314	Waco	TX	76710	3,061
764	Springfield Town Center	6767 Springfield Mall	Springfield	VA	22150	3,480
768	The Outlets at Tejon	5701 Outlets at Tejon Parkway, Suite 135	Arvin	CA	93203	3,711
770	Ashland Town Center	500 Winchester Ave., Suite 366	Ashland	KY	41101	3,287
771	Outlet Collection Seattle	1101 Outlet Collection Way, Suite 1039	Auburn	WA	98001	4,493
777	Tanger Outlet Commerce	800 Steven B. Tanger Blvd., Suite #101-A	Commerce	GA	30529	3,633
782	Culver City	6800 Sepulveda Blvd., Suite 2600	Culver City	CA	90230	3,231
786	The Mall at University Town Center	140 University Town Center Dr., Suite 210	Sarasota	FL	34243	1,703
788	Liberty Center	7100 Foundry Row, Space # S-136	Cincinnati	OH	45269	3,686
790	Willow Grove Park	2500 Moreland Rd., Sp #1045	Willow Grove	PA	19090	4,327
796	Fremont Town Center	760 Town Center Parkway, Sp #C300	Silbert	LA	70458	3,604
797	Hillside Village	305 West FM 1382, Suite 202	Cedar Hill	TX	75104	3,623
817	Inland Center	500 Inland Center Drive, Space #242 (Relo)	San Bernardino	CA	92408	3,426
820	Rockland Plaza	66 Rockland Plaza Route 59, Suite 17	Nanuet	NY	10954	9,780
821	New Braunfels Town Center at Creekside	257 Creekside Crossing	New Braunfels	TX	78130	9,229
840	Tanger Fort Worth	15853 N. Freeway, Ste 1140	Fort Worth	TX	76177	5,281
843	34th Street	130 W. 34th Street	New York	NY	10001	TBD 2018

**Charlotte Russe**  
**Exhibit B**  
**Budget of Consultant Controlled Expenses**

Number of Stores	94
Sale Commencement	2/4/2019
Sale End Date	3/31/2019

**Total Dollars**

Advertising	
<b>Total Advertising</b>	<b>\$94,000</b>

Supervision	
Consultant Fees/Wages/Travel/Deferred Compensation and Insurance	432,363
<b>Total Supervision</b>	<b>432,363</b>

Other	5,000
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<b>Total Expense Budget</b>	<b>\$531,363</b>
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**Notes:**

1. This Expense Budget contemplates a Sale Term of February 4, 2019 through March 31, 2019. The Expense Budget remains subject to modification in the event that the term is extended, or as otherwise agreed to by the parties.
2. Supervision includes 1 Lead, 8 Full Time Consultants and 1 F&A.

**EXHIBIT 2**

**Sale Guidelines**

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re

Charlotte Russe Holding, Inc., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No.: 19-10210 (LSS)

(Jointly Administered)

**SALE GUIDELINES**<sup>2</sup>

1. The Store Closing Sales will be conducted during normal business hours or such hours as otherwise permitted by the applicable unexpired lease.
2. The Store Closing Sales will be conducted in accordance with applicable state and local “Blue Laws,” and thus, where such a law is applicable, no Store Closing Sales will be conducted on Sunday unless the Debtors have been operating such stores on Sundays.
3. On “shopping center” property, neither the Debtors nor the Consultant shall distribute handbills, leaflets, or other written materials to customers outside of any Stores’ premises, unless permitted by the applicable lease or if distribution is customary in the “shopping center” in which such Closing Store is located; *provided* that the Debtors and the Consultant may solicit customers in the Closing Stores themselves. On “shopping center” property, neither the Debtors nor the Consultant shall use any flashing lights or amplified sound to advertise the Store Closing Sales or solicit customers, except as permitted under the applicable lease or agreed in writing by the landlord.
4. The Debtors and the Consultant shall have the right to use and sell the Offered FF&E. The Debtors and the Consultant may advertise the sale of the Offered FF&E in a manner consistent with these Sale Guidelines. The purchasers of any Offered FF&E sold during the Store Closing Sales shall be permitted to remove the Offered FF&E either through the back or alternative shipping areas at any time, or through other areas after Closing Store business hours; provided, however, that the foregoing shall not apply to *de minimis* Offered FF&E sales made whereby the item can be carried out of the Closing Store in a shopping bag.

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<sup>1</sup> The Debtors and the last four digits of their respective federal taxpayer identification numbers are as follows: Charlotte Russe Holding, Inc. (4325); Charlotte Russe Holdings Corporation (1045); Charlotte Russe Intermediate Corporation (6345); Charlotte Russe Enterprise, Inc. (2527); Charlotte Russe, Inc. (0505); Charlotte Russe Merchandising, Inc. (9453); and Charlotte Russe Administration, Inc. (9456). The Debtors’ headquarters are located at 5910 Pacific Center Boulevard, Suite 120, San Diego, CA 92121.

<sup>2</sup> Capitalized terms used but not defined in these Sale Guidelines have the meanings given to them in the Interim Order to which these Sales Guidelines are attached as Exhibit 2 or the Motion to which the Interim Order is attached as Exhibit A, as applicable.

5. The Consultant and Debtors may abandon any FF&E not sold in the Store Closing Sales at the Closing Stores at the conclusion of the Store Closing Sales, including, but not limited to, Closing Store signage. Any abandoned FF&E left in a Closing Store after a lease is rejected shall be deemed abandoned by the Debtors, with the landlord having a right to dispose of the same as the landlord chooses without any liability whatsoever on the part of the landlord to any party and without waiver of any damage claims against the Debtors.

6. The Debtors and the Consultant may, but are not required to, advertise all of the Store Closings as “store closing,” “sale on everything,” “everything must go,” or similarly themed sales. The Debtors and the Consultant may also have a “countdown to closing” sign prominently displayed in a manner consistent with these Sale Guidelines.

7. The Consultant shall be entitled to include Additional Consultant Goods in the Store Closing Sales in accordance with the terms of the approval order and the Agreement.

8. The Debtors and the Consultant shall be permitted to utilize sign walkers, display, hanging signs, and interior banners in connection with the Store Closing Sales; *provided* that such sign walkers, display, hanging signs, and interior banners shall be professionally produced and hung in a professional manner. Neither the Debtors nor the Consultant shall use neon or day-glo on its sign walkers, display, hanging signs, or interior banners if prohibited by the applicable lease or applicable law. Furthermore, with respect to enclosed mall locations, no exterior signs or signs in common areas of a mall shall be used unless otherwise expressly permitted in these Sale Guidelines. In addition, the Debtors and the Consultant shall be permitted to utilize exterior banners at (a) non-enclosed mall Stores and (b) enclosed mall Stores to the extent the entrance to the applicable Store does not require entry into the enclosed mall common area; provided, however, that such banners shall not exceed 4 x 40, shall be located or hung so as to make clear that the Store Closing Sale is being conducted only at the affected Closing Store, and shall not be wider than the storefront of the Closing Store. In addition, the Debtors shall be permitted to utilize sign walkers in a safe and professional manner. Nothing contained in these Sale Guidelines shall be construed to create or impose upon the Debtors or the Consultant any additional restrictions not contained in the applicable lease agreement.

9. Neither the Debtors nor the Consultant shall make any alterations to the storefront, roof, or exterior walls of any Closing Stores or shopping centers, or to interior or exterior store lighting, except as authorized by the applicable lease. The hanging of in-Store signage shall not constitute an alteration to a Closing Store.

10. Affected landlords will have the ability to negotiate with the Debtors, or at the Debtors’ direction, the Consultant, any particular modifications to the Sale Guidelines. The Consultant, at the direction of the Debtors, and the landlord of any Closing Store are authorized to enter into Side Letters without further order of the Court, provided that such agreements do not have a material adverse effect on the Debtors or their estates.



11. Conspicuous signs will be posted in each of the affected stores to the effect that all sales are "final."
12. The Debtors will keep store premises and surrounding areas clear and orderly, consistent with past practices.
13. An unexpired nonresidential real property lease will not be deemed rejected by reason of a Store Closing Sale or the adoption of these Sale Guidelines.
14. The rights of landlords against the Debtors for any damages to a Closing Store shall be reserved in accordance with the provisions of the applicable lease.
15. If and to the extent that the landlord of any Closing Store contends that the Debtors or the Consultant is in breach of or default under these Sale Guidelines, such landlord shall provide at least five (5) days' written notice, served by email or overnight delivery, on:

If to the Debtors:

Charlotte Russe Holding, Inc.  
575 Florida Street,  
San Francisco, CA 94110  
Attn: Marie Satterfield  
Email: marie.satterfield@charlotterusse.com;

with copies (which shall not constitute notice) to:

Cooley LLP  
1114 Avenue of the Americas  
New York, NY 10036  
Attn: Seth Van Aalten, Esq. and Michael A. Klein, Esq.  
Email: svanaalten@cooley.com; mklein@cooley.com

and

Bayard P.A.  
600 North King Street, Ste. 400,  
Wilmington, DE 19801  
Attn: Justin Alberto, Esq. and Erin R. Fay, Esq.  
Email: jalberto@bayardlaw.com; efay@bayardlaw.com

If to Consultant:

Gordon Brothers Retail Partners, LLC  
800 Boylston Street  
27th Floor  
Boston, MA 02199  
Attn: Mackenzie Shea, Esq.  
Email: mshea@gordonbrothers.com

-and-

Hilco Merchant Resources, LLC  
5 Revere Drive  
Suite 206  
Northbrook, IL 60062  
Attn: Ian Fredericks, Esq.  
Email: ifredericks@hilcoglobal.com

with copies (which shall not constitute notice) to:

Pepper Hamilton LLP  
1313 N. Market St., Suite 5100  
Wilmington, DE 19801  
Attn: Douglas Herrmann, Esq. and Marcy McLaughlin, Esq.  
Email: herrmannnd@pepperlaw.com; mclaughlinm@pepperlaw.com

If the parties are unable to resolve the dispute, either the landlord or the Debtors shall have the right to schedule a hearing before the Court on no less than five (5) days' written notice to the other party, served by email or overnight delivery.