

## **RESTRUCTURING SUPPORT AGREEMENT**

This Restructuring Support Agreement (the "Restructuring Support Agreement") is made and entered into as of November 14, 2010 by and among (i) Loehmann's Holdings Inc. ("Loehmann's Holdco"), (ii) Loehmann's, Inc. ("Loehmann's"), (iii) Loehmann's Real Estate Holdings, Inc. ("Holdings"), (iv) Loehmann's Operating Co. ("Loehmann's Opco"), (v) Loehmann's Capital Corp. ("Capco") (collectively, the "Company" or the "Loehmann's Entities"), (vi) Istithmar Retail Investments ("Istithmar"), (vii) Whippoorwill Associates, Inc., as agent for certain of its discretionary funds and accounts that are legal and/or beneficial owners of the Senior Secured Notes (as defined below) and as signatory to the Investment Commitment Letter ("Whippoorwill"), and (viii) any other holders of the Senior Secured Notes (as defined below) identified on the signature pages hereto (together with Whippoorwill, the "Supporting Secured Noteholders"). Each of the entities comprising the Company, Istithmar and the Supporting Secured Noteholders is referred to herein individually as a "Party," and collectively, as the "Parties." As used herein, the phrases "this Agreement", "hereto", "hereunder" and phrases of like import shall mean this Restructuring Support Agreement.

### **RECITALS**

#### **WHEREAS:**

A. Capco is the issuer of 12% Senior Secured Class A Notes due 2011 (the "12% A Notes"); Senior Secured Floating Rate Notes due 2011 (the "Floating Rate Notes," together with the 12% A Notes, the "Class A Notes"); and 13% Senior Secured Class B Notes due 2011 (the "13% B Notes") (collectively, the "Senior Secured Notes") pursuant to the terms of that certain Indenture, dated as of October 12, 2004 (the "Senior Secured Notes Indenture"), by and among Capco and Wells Fargo Bank National Association, as indenture trustee (the "Senior Secured Notes Indenture Trustee"). \$110 million in aggregate principal amount of Senior Secured Notes is currently outstanding;

B. Loehmann's Opco is a borrower (and the other Loehmann's Entities are guarantors) pursuant to that certain Credit Agreement, dated as of September 15, 2010 (the "Credit Agreement"), by and among Loehmann's Opco, as borrower, Loehmann's Holdco, Holdings, and Loehmann's, each as a guarantor, any other persons parties thereto designated from time to time as Credit Parties (as defined in the Credit Agreement), and Crystal Financial LLC (the "Senior Agent"), as a lender and as agent for all lenders, and any other lenders party thereto from time to time (such lenders, the "Revolving Facility Lenders");

C. Whippoorwill currently beneficially owns, or has investment responsibility for, approximately 33.9% of the aggregate principal amount outstanding of Senior Secured Notes. Whippoorwill intends to purchase 100% of the Class A Notes beneficially owned by Plainfield Special Situations Master Fund Limited, Plainfield Special Situations Master Fund II Limited, and Plainfield OC Master Fund Limited (collectively, "Plainfield," and such Class A Notes purchased by Whippoorwill, the "Purchased Notes") pursuant to an LSTA Purchase and Sale Distressed Trade agreement (the "Note Purchase Agreement") that will be entered into pursuant to that certain trade confirmation, dated as of November 14, 2010 (the "Trade Confirmation"), together with the Note Purchase Agreement, the "Trade Documents") between Plainfield and

Whippoorwill. Upon the purchase of the Purchased Notes by Whippoorwill pursuant to the transactions contemplated by the Trade Confirmation and the closing of the Note Purchase Agreement, Whippoorwill will beneficially own, or have investment responsibility for, approximately 70% of the aggregate principal amount outstanding of Senior Secured Notes;

D. Istithmar, through its subsidiary Designer Apparel Holdings Corp. ("DAC"), beneficially owns 100% of the issued and outstanding common stock of Loehmann's Holdco (such stock, the "Existing Common Stock"). GSS Contract Services III ("GSS") beneficially owns 100% of the issued and outstanding common stock of Capco;

E. Istithmar and Whippoorwill have entered into an agreement (the "Forward Purchase Agreement") providing that Istithmar will purchase from Whippoorwill at least 50% of the principal amount of the Purchased Notes subject to the terms and conditions set forth in the Forward Purchase Agreement;

F. The Parties have engaged in good faith negotiations with the objective of reaching an agreement to restructure the Company's debt obligations through the Financial Restructuring (as defined below) in accordance with the terms set forth in this Agreement;

G. Each of the Loehmann's Entities anticipates that it will, subject to all necessary internal and corporate approvals, commence cases under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") to restructure the financial obligations of the Company (collectively, the "Chapter 11 Cases");

H. The Parties have negotiated and agreed upon the principal terms of a financial restructuring (the "Financial Restructuring") of the obligations of certain of the Loehmann's Entities to be implemented pursuant to a joint plan of reorganization for all or certain of the Loehmann's Entities (the "Debtors") in form and substance satisfactory to each of the Parties in their sole discretion (as it may be amended or otherwise modified in accordance with its terms, the "Restructuring Plan") through the Chapter 11 Cases. Unless each of the Parties otherwise agrees, the Restructuring Plan must be consistent in all respects with the terms and conditions expressly set forth in Exhibit A hereto (the "Plan Term Sheet"), which is incorporated by reference herein as if fully set forth herein, and that certain Investment Commitment Letter, dated November 14, 2010, among Istithmar, Whippoorwill and each of the Loehmann's Entities (the "Investment Commitment Letter"). Notwithstanding anything to the contrary in this Restructuring Support Agreement, any terms or conditions of the Restructuring Plan that are not expressly set forth in the Plan Term Sheet or the Investment Commitment Letter must be satisfactory to each of the Parties in their sole discretion;

I. To implement the Financial Restructuring, the Company intends to prepare (i) the Restructuring Plan consistent in all respects with the terms and conditions set forth in the Plan Term Sheet and the Investment Commitment Letter and (ii) a supporting disclosure statement consistent in all respects with the terms and conditions set forth in the Plan Term Sheet and the Investment Commitment Letter, in form and substance satisfactory to each of the Parties;

J. Subject to the closing of the transactions contemplated by the Trade Documents and the effectiveness of the Forward Purchase Agreement, each of Istithmar and Whippoorwill has agreed to make an additional investment in Loehmann's Holdco on the effective date of the Restructuring Plan (the "Effective Date") in accordance with the terms and conditions set forth in this Restructuring Support Agreement (including the Plan Term Sheet) and in the Investment Commitment Letter;

K. Pursuant to the terms of this Restructuring Support Agreement, subject to the satisfaction of the conditions precedent set forth below, the Parties have agreed during the period commencing with the date of execution of this Agreement and ending upon termination of this Restructuring Support Agreement, to support and, with respect to the Supporting Secured Noteholders, vote any and all of their Claims in respect of the Senior Secured Notes (the "Senior Secured Notes Claims") to accept the Restructuring Plan (subject to the terms and conditions of this Restructuring Support Agreement and Bankruptcy Court approval, and the receipt of, the Disclosure Statement); and

L. In expressing such support and commitment, the Parties do not desire and do not intend in any way to derogate from or diminish the solicitation requirements of applicable securities and bankruptcy law, or the fiduciary duties of the Company or any other Party having such duties.

### **AGREEMENT**

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. Defined Terms. All capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan Term Sheet.

2. Termination of Prior Restructuring Support Agreement. Each of the Loehmann's Entities, Whippoorwill and Istithmar agrees:

a. that certain Restructuring Support Agreement (the "Prior Restructuring Support Agreement") dated as of September 24, 2010 by and among each of the Loehmann's Entities, Istithmar and Whippoorwill is hereby terminated effective as of the date hereof;

b. notwithstanding anything to the contrary in the Prior Restructuring Support Agreement, including without limitation the Plan Term Sheet (as defined in the Prior Restructuring Support Agreement), the Parties (as defined in the Prior Restructuring Support Agreement) shall have no obligations under the Prior Restructuring Support Agreement; and

c. no Party (as defined in the Prior Restructuring Support Agreement) shall have any liability to any other Party (as defined in the Prior Restructuring Support Agreement) on account of any rights or obligations arising under the Prior Restructuring Support Agreement.

3. Termination of Equity Commitment Letter. Each of the Loehmann's Entities and Istithmar agrees:

a. that certain Equity Commitment Letter (the "Equity Commitment Letter") dated as of September 24, 2010 by and among each of the Loehmann's Entities and Istithmar is hereby terminated effective as of the date hereof;

b. notwithstanding anything to the contrary in the Equity Commitment Letter, including without limitation the Investment Term Sheet (as defined in the Equity Commitment Letter), the parties to the Equity Commitment Letter shall have no obligations under the Equity Commitment Letter; and

c. no party to the Equity Commitment Letter shall have any liability to any other party to the Equity Commitment Letter on account of any rights or obligations arising under the Equity Commitment Letter.

4. Company Obligations. The Company believes that prompt consummation of the Restructuring Plan will best facilitate the Company's business and financial restructuring, and is in the best interests of the Company's creditors, employees, stakeholders, vendors and other parties in interest. Accordingly, each of the Loehmann's Entities hereby expresses its intention to seek to consummate the Restructuring Plan. Without limiting the foregoing, for so long as this Restructuring Support Agreement remains in effect, and subject to each of the Supporting Secured Noteholders and Istithmar fulfilling its respective obligations as contemplated herein, each of the Loehmann's Entities agrees:

a. to use best efforts to file its voluntary petitions to commence the Chapter 11 Cases;

b. to take such actions as may be necessary or appropriate to obtain approval of the Restructuring Plan, including the solicitation of the requisite votes in favor of and all efforts to obtain confirmation of the Restructuring Plan;

c. not pursue, propose, support, or encourage the pursuit, proposal or support of, any Chapter 11 plan or other restructuring or reorganization for, or the liquidation of, any of the Loehmann's Entities (directly or indirectly) that is inconsistent with the Financial Restructuring unless the Company believes in the good faith (after consultation with outside legal counsel) that the failure to do so would be inconsistent with its fiduciary duties under applicable law, including the Bankruptcy Code;

d. to provide draft copies of the Restructuring Plan, the Disclosure Statement, the proposed order confirming the Restructuring Plan, the solicitation materials, and pleadings and exhibits related to the foregoing to counsel to the Supporting Secured Noteholders and Istithmar reasonably in advance of, and to the extent practicable, no less than two days prior to, the date when the Debtors intend to file such documents with the Bankruptcy Court and to

consult in good faith with the Supporting Secured Noteholders and Istithmar regarding the form and substance of any such proposed filings;

e. support consummation of the Financial Restructuring as set forth in the Plan Term Sheet and in the Investment Commitment Letter; and

f. to otherwise use its best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by the Financial Restructuring, including consummation of the transactions set forth in the Investment Commitment Letter, at the earliest practicable date; and

g. to provide prompt notice to and consult with Conway Del Genio Gries & Co., LLC, in its capacity as financial advisor to the Supporting Secured Noteholders (“CDG”) prior to making any decisions relating to store closures, the establishment of new stores or relocation of existing stores, expense rationalization, capital expenditures, 2011 spring and fall merchandising and marketing plans, treatment of critical vendors, cost-cutting initiatives and any other strategic business decisions which could reasonably be expected to have a significant or material effect on the value of the Reorganized Company;

in each case expressly subject to the exercise (after consultation with outside legal counsel) by each of the Loehmann’s Entities of its fiduciary duties.

5. Supporting Secured Noteholder Obligations. For so long as this Restructuring Support Agreement remains in effect, and subject to the other Parties hereto fulfilling their respective obligations as provided herein, each Supporting Secured Noteholder shall, and shall cause its affiliates to:

a. timely vote any and all of its Claims against each of the Loehmann’s Entities to accept the Restructuring Plan consistent in all respects with the Plan Term Sheet;

b. support consummation of the Financial Restructuring as set forth in the Plan Term Sheet and in the Investment Commitment Letter;

c. not pursue, propose, support, or encourage the pursuit, proposal or support of, any Chapter 11 plan or other restructuring or reorganization for, or the liquidation of, any of the Loehmann’s Entities (directly or indirectly) that is inconsistent with the Financial Restructuring or the Investment Commitment Letter;

d. not, nor encourage any other person or entity to, take any action which would, or would reasonably be expected to, breach or be inconsistent with this Restructuring Support Agreement, the Plan Term Sheet or the Investment Commitment Letter or delay, impede, appeal or take any other negative action, directly or indirectly, to interfere with the acceptance or implementation of the Financial Restructuring; and

e. not commence any proceeding or prosecute, join in, or otherwise support any objection to oppose or object to the Restructuring Plan;

provided, however, that nothing herein shall require any of the Supporting Secured Noteholders to incur any obligations to provide financial support to the Company or any other entity, except as expressly provided herein or in the Investment Commitment Letter.

6. Whippoorwill Obligations. In addition to the obligations set forth in Section 5 of this Restructuring Support Agreement, for so long as this Restructuring Support Agreement remains in effect, and subject to the other Parties hereto fulfilling their respective obligations as provided herein, Whippoorwill agrees that it shall, and shall cause its affiliates to perform all of its obligations set forth in the Investment Commitment Letter, subject to the terms and conditions therein; provided, however, that nothing herein shall require Whippoorwill to incur any obligations to provide financial support to the Company or any other entity, except as expressly provided herein or in the Investment Commitment Letter.

7. Istithmar Obligations. For so long as this Restructuring Support Agreement remains in effect, and subject to the other Parties hereto fulfilling their respective obligations as provided herein, Istithmar shall:

a. support consummation of the Financial Restructuring as set forth in the Plan Term Sheet and in the Investment Commitment Letter;

b. perform all of its obligations set forth in the Investment Commitment Letter, subject to the terms and conditions therein;

c. not pursue, propose, support, or encourage the pursuit, proposal or support of, any Chapter 11 plan or other restructuring or reorganization for, or the liquidation of, any of the Loehmann's Entities (directly or indirectly) that is inconsistent with the Financial Restructuring or the Investment Commitment Letter;

d. not, nor encourage any other person or entity to, take any action which would, or would reasonably be expected to, breach or be inconsistent with this Restructuring Support Agreement, the Plan Term Sheet or the Investment Commitment Letter or delay, impede, appeal or take any other negative action, directly or indirectly, to interfere with the acceptance or implementation of the Financial Restructuring; and

e. not commence any proceeding or prosecute, join in, or otherwise support any objection to oppose or object to the Restructuring Plan;

provided, however, that nothing herein shall require Istithmar to incur any obligations to provide financial support to the Company or any other entity, except as expressly provided herein or in the Investment Commitment Letter.

8. Acknowledgement.

a. While the Parties agree herein to support approval of the Restructuring Plan, this Restructuring Support Agreement is not and shall not be deemed to be a solicitation for consent to the Restructuring Plan in contravention of section 1125(b) of the Bankruptcy Code. Notwithstanding anything to the contrary contained herein, any obligation to vote in favor of the Restructuring Plan as set forth above is expressly conditioned on the receipt

of the Restructuring Plan and a copy of the Disclosure Statement which shall have previously been approved by the Bankruptcy Court, after notice and a hearing, as containing adequate information as required by section 1125 of the Bankruptcy Code.

b. Each Party further acknowledges that no securities of any of the Loehmann's Entities are being offered or sold hereby and that this Restructuring Support Agreement neither constitutes an offer to sell nor a solicitation of an offer to buy any securities of any of the Loehmann's Entities.

9. Limitations on Transfer of Senior Secured Notes. Each Supporting Secured Noteholder shall not, subject to the provisions of the documents related and necessary to close the transactions contemplated by the Trade Documents and the Forward Purchase Agreement (i) sell, transfer, assign, pledge, grant a participation interest in or otherwise dispose, directly or indirectly, of its right, title or interest in respect of the Senior Secured Notes (to the extent held by it on the date hereof), in whole or in part, or any interest therein, or (ii) grant any proxies, deposit any of its Senior Secured Notes (to the extent held by it on the date hereof) into a voting trust, or enter into a voting agreement with respect to any of such Senior Secured Notes, unless (a) the transferee agrees in writing at the time of such transfer to be bound by this Restructuring Support Agreement in its entirety without revision and to become a party to the Restructuring Support Agreement and the Forward Purchase Agreement, by executing a joinder agreement in the form attached as Exhibit B hereto with respect to the Senior Secured Notes being transferred to such transferee and (b) such transferee delivers the counterpart signature page in subsection (a) above to the Senior Secured Notes Indenture Trustee and Capco no later than three (3) business days following the closing of such transfer. No transfer by Whippoorwill shall release or otherwise relieve Whippoorwill of its obligations under the Investment Commitment Letter and the Forward Purchase Agreement. No transfer by Istithmar shall release or otherwise relieve Istithmar of its obligations under the Investment Commitment Letter and the Forward Purchase Agreement. No transferring Supporting Secured Noteholder shall have any liability under this Agreement arising from or related to the failure of its transferee to comply with the terms of this Agreement. No Supporting Secured Noteholder may create any subsidiary or affiliate for the sole purpose of acquiring any Senior Secured Notes or any other claims against or interests in any of the Loehmann's Entities without first causing such subsidiary or affiliate to become a party hereto. Any transfer that fails to comply with the provisions of this paragraph shall be void *ab initio*.

10. Further Acquisition of Senior Secured Notes. This Restructuring Support Agreement shall in no way be construed to preclude any Supporting Secured Noteholder from acquiring additional Senior Secured Notes or other claims against any of the Loehmann's Entities. Any such additional Senior Secured Notes or claims so acquired shall be automatically subject to the terms of this Restructuring Support Agreement.

11. Condition to each Party's Obligations.

a. Each Party's obligations under this Restructuring Support Agreement are subject to the prior execution of this Restructuring Support Agreement by each of the Loehmann's Entities, Whippoorwill, and Istithmar.

b. The Supporting Secured Noteholders' obligations under this Restructuring Support Agreement are subject to execution (prior to or contemporaneously with this Agreement) of the Investment Commitment Letter by each of the Loehmann's Entities, Whippoorwill and Istithmar.

c. Whippoorwill's and Istithmar's obligations under this Restructuring Support Agreement are subject to execution of the Forward Purchase Agreement by Whippoorwill and Istithmar.

d. Whippoorwill's and Istithmar's obligations under this Restructuring Support Agreement are subject to (i) the closing of the transactions contemplated by the Trade Documents and (ii) the closing of the transactions contemplated by the Forward Purchase Agreement, including, without limitation, the execution of the Escrow Agreement and the funding of the Escrow Account (both as defined in the Forward Purchase Agreement) in accordance with the terms of the Forward Purchase Agreement.

In no event shall this Restructuring Support Agreement be effective with respect to any Party until the conditions set forth in this Section 11 are satisfied.

12. Termination Events. This Restructuring Support Agreement may be terminated upon the occurrence of any of the following events (each, a "Termination Event"):

a. any of the Loehmann's Entities has (i) breached any of its material obligations under this Restructuring Support Agreement, including, without limitation, the requirement to pay professional fees and expenses set forth in Section 30 of this Agreement, (ii) failed to diligently prosecute the confirmation of the Restructuring Plan, or (iii) has announced its intention to pursue a Chapter 11 plan or other financial restructuring that differs in any material respect from the terms set forth herein or in the Investment Commitment Letter;

b. any Party (other than any of the Loehmann's Entities) shall have breached any of its material obligations under this Restructuring Support Agreement or under the Investment Commitment Letter;

c. the commitment set forth in the Investment Commitment Letter expires or terminates pursuant to any Termination Event as defined and described in the Investment Term Sheet (as defined in the Investment Commitment Letter);

d. any of the Company, Istithmar or Whippoorwill declares that the Investment Commitment Letter is invalid or has no force or effect and the Investment Commitment Letter therefore terminates in accordance with its terms;

e. any of the Chapter 11 Cases shall have been dismissed or converted to a case under chapter 7 of the Bankruptcy Code, or an interim or permanent trustee shall be appointed in any of the Chapter 11 Cases, or a responsible officer or an examiner with powers beyond the duty to investigate and report (as set forth in sections 1106(a)(3) and (4) of the Bankruptcy Code) shall be appointed in any of the Chapter 11 Cases;



f. any court (including the Bankruptcy Court) shall declare this Restructuring Support Agreement to be unenforceable, which order has not been reversed or vacated within fourteen (14) days after entry;

g. entry of an order by the Bankruptcy Court denying confirmation of the Restructuring Plan, which order has not been reversed or vacated within fourteen (14) days after entry;

h. the order of the Bankruptcy Court confirming the Restructuring Plan shall have been stayed, reversed, vacated or otherwise modified in a manner adverse to the Supporting Secured Noteholders or Istithmar;

i. entry of an order by the Bankruptcy Court invalidating, disallowing, equitably subordinating or limiting in any respect, as applicable, the Senior Secured Notes Claims;

j. if the effective date of the Restructuring Plan shall not have occurred by March 15, 2011; or

k. each of the Parties hereto agrees in writing to terminate this Restructuring Support Agreement.

13. Termination of this Restructuring Support Agreement.

a. Upon the occurrence of any of the Termination Events described in Sections 12(e), 12(f), 12(g), or 12(j) herein, this Restructuring Support Agreement shall terminate automatically and without further notice or action by any Party.

b. Upon the occurrence of any other Termination Event set forth herein, this Restructuring Support Agreement shall terminate only upon written notice by any non-breaching Party to the other Parties and, if such Termination Event is based upon a breach of an obligation by a Party and such breach is capable of being cured, failure by the breaching Party to remedy the breach giving rise to such Termination Event within five (5) business days; provided, however, that the right to terminate hereunder shall not preclude any non-breaching Party from seeking specific performance or any other remedy available under applicable law for breach of this Restructuring Support Agreement.

c. Specific Performance; Damages. This Restructuring Support Agreement, including without limitation the Parties' agreement herein to support confirmation of the Restructuring Plan, is intended as a binding commitment enforceable in accordance with its terms. Each Party acknowledges and agrees that the exact nature and extent of damages resulting from a breach of this Restructuring Support Agreement are uncertain at the time of entering into this Restructuring Support Agreement and that breach of this Restructuring Support Agreement would result in damages that would be difficult to determine with certainty. It is understood and agreed that money damages would not be a sufficient remedy for any breach of this Restructuring Support Agreement and that the Parties shall each be entitled to specific performance and injunctive relief as remedies for any such breach, and further agree to waive, and to use their best efforts to cause each of their representatives to waive, any requirement for

the securing or posting of any bond in connection with such remedy. Such remedies shall not be deemed to be the exclusive remedies for the breach of this Restructuring Support Agreement by any Party or its representatives, but shall be in addition to all other remedies available at law or in equity. In the event of litigation relating to this Restructuring Support Agreement, if a court of competent jurisdiction determines that any Party or any of its representatives have breached this Restructuring Support Agreement, such breaching Party shall be liable and pay to the non-breaching Parties the reasonable legal fees incurred by such non-breaching Parties in connection with such litigation, including any appeal therefrom.

14. Effect of Termination. Upon termination of this Restructuring Support Agreement, all obligations hereunder shall terminate and shall be of no further force and effect; provided, however, that any claim for breach of this Restructuring Support Agreement shall survive termination and all rights and remedies with respect to such claims shall not be prejudiced in any way; but provided further, that the breach of this Restructuring Support Agreement by one or more Parties shall not create any rights or remedies against any non-breaching Party unless such non-breaching Party has participated in or aided and abetted the breach by the breaching Party or Parties. Except as set forth above in this Section 14, upon such termination, any obligations of the non-breaching Parties set forth in this Restructuring Support Agreement shall be null and void ab initio and all claims, causes of action, remedies, defenses, setoffs, rights or other benefits of such non-breaching Parties shall be fully preserved without any estoppel, evidentiary or other effect of any kind or nature whatsoever.

15. Representations and Warranties. Each of the Loehmann's Entities, the Supporting Secured Noteholders, and Istithmar represents and warrants to each other Party, severally but not jointly, that the following statements are true, correct and complete as of the date hereof:

a. Corporate Power and Authority. It is duly organized, validly existing, and in good standing under the laws of the state of its organization, and has all requisite corporate, partnership or other power and authority to enter into this Restructuring Support Agreement and to carry out the transactions contemplated by, and to perform its respective obligations under, this Restructuring Support Agreement.

b. Authorization. The execution and delivery of this Restructuring Support Agreement and the performance of its obligations hereunder have been duly authorized by all necessary corporate, partnership or other action on its part.

c. Binding Obligation. This Restructuring Support Agreement has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable in accordance with the terms hereof, subject to the conditions precedent set forth herein.

d. No Conflicts. The execution, delivery and performance by it (when such performance is due) of this Restructuring Support Agreement does not (i) violate any provision of law, rule or regulation applicable to it or any of its subsidiaries or its certificate of incorporation or bylaws or other organizational documents or those of any of its subsidiaries or

(ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which it or any of its subsidiaries is a party.

e. Governmental Consents. The execution, delivery and performance by the Loehmann's Entities of this Agreement does not and shall not require any registration or filing with, consent or approval of, or notice to, or other action to, with or by, any federal, state or other governmental authority or regulatory body.

16. Additional Representations. Each Supporting Secured Noteholder represents that, (i) as of the date hereof, it owns or has investment management responsibility for accounts that own Senior Secured Notes in the principal amount set forth on Schedule I and (ii) it is not aware of any event that, due to any fiduciary or similar duty to any other person, would prevent it from taking any action required of it under this Restructuring Support Agreement. Each of the Parties acknowledges and agrees that Schedule I is being provided, on a confidential basis, to the Loehmann's Entities and Istithmar, including their respective advisors, agents, attorneys and representatives, and is not being provided to any other person. Unless required by applicable law or regulation, neither the Loehmann's Entities nor Istithmar shall disclose any information contained in a Supporting Secured Noteholder's Schedule I without the prior written consent of such Supporting Secured Noteholder except to their advisors, agents, attorneys and representatives; and if such announcement or disclosure is so required by law or regulation, the Loehmann's Entities or Istithmar, as applicable, shall, to the extent allowed by law or regulation, afford the Supporting Secured Noteholder a reasonable opportunity to review and comment upon any such announcement or disclosure prior to making such announcement or disclosure. The foregoing shall not prohibit the Loehmann's Entities or Istithmar from disclosing the approximate aggregate holdings of the Supporting Secured Noteholders.

17. Amendment or Waiver. Except as otherwise specifically provided herein, this Restructuring Support Agreement may not be modified, waived, amended or supplemented unless such modification, waiver, amendment or supplement is in writing and has been signed by each Party. No waiver of any of the provisions of this Restructuring Support Agreement shall be deemed or constitute a waiver of any other provision of this Restructuring Support Agreement, whether or not similar, nor shall any waiver be deemed a continuing waiver (unless such waiver expressly provides otherwise).

18. Notices. Any notice required or desired to be served, given or delivered under this Restructuring Support Agreement shall be in writing, and shall be deemed to have been validly served, given or delivered if provided by personal delivery, or upon receipt of fax delivery, as follows:

a. if to any of the Loehmann's Entities, to Loehmann's, 2500 Halsey Street, Bronx, NY 10461, Attn: Jerry Politzer, Chief Executive Officer, with a copy to Frank Oswald, Togut, Segal & Segal, LLP, One Penn Plaza, New York, NY 10119, fax: 212 967-4258;

b. if to Whippoorwill, to Whippoorwill Associates, Inc., 11 Martine Avenue, 11<sup>th</sup> Floor, White Plains, NY 10606, Attn: Steven Gendal, with a copy to its General Counsel at the same address and a copy to Robert L. Cunningham and Matt J. Williams, Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166, fax: 212-351-5208;

c. if to any Supporting Secured Noteholder other than Whippoorwill, to the address and fax number listed on its respective signature page hereto;

d. if to Istithmar, to Istithmar Retail Investments, The Galleries, Limitless Building No. 4, Level 6, Jebel Ali, Dubai, United Arab Emirates, fax: +971 4 390 2100, Attn: Chief Executive Officer and General Counsel, with a copy to Richard S. Lincer, Sean A. O'Neal, Cleary Gottlieb Steen & Hamilton LLP, One Liberty Plaza, New York, New York 10006, fax: 212-225-3999.

19. Governing Law: Jurisdiction. THIS RESTRUCTURING SUPPORT AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION WHICH WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION. By its execution and delivery of this Restructuring Support Agreement, each of the Parties hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under this Restructuring Support Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, shall be brought (i) in the event that the Chapter 11 Cases have not been commenced, in the United States District Court for the Southern District of New York or (ii) in the event that the Chapter 11 Cases have been commenced, in the Bankruptcy Court. By execution and delivery of this Restructuring Support Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of the United States District Court for the Southern District of New York or the Bankruptcy Court, as applicable, solely with respect to any such action, suit or proceeding, and waives any objection it may have to venue or the convenience of the forum.

20. Headings. The headings of the sections, paragraphs and subsections of this Restructuring Support Agreement are inserted for convenience only and shall not affect the interpretation hereof.

21. Interpretation. This Restructuring Support Agreement is the product of negotiations of the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Restructuring Support Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

22. Successors and Assigns. This Restructuring Support Agreement is intended to bind and inure only to the benefit of the Parties and their respective successors, assigns, heirs, transferees, executors, administrators and representatives.

23. Consideration. It is hereby acknowledged by each of the Parties that no consideration shall be due or paid to any Party for its agreement to vote to accept the Restructuring Plan in accordance with the terms and conditions of this Agreement, other than the Loehmann's Entities' agreement to use best efforts to obtain confirmation of the Restructuring Plan in accordance with the terms and conditions set forth herein.

24. No Third-Party Beneficiaries. Unless expressly stated herein, this Restructuring Support Agreement shall be solely for the benefit of the Parties hereto and no other person or entity shall be a third-party beneficiary hereof.

25. No Waiver of Participation and Reservation of Rights. Except as expressly provided in this Restructuring Support Agreement and in any amendment among each of the Parties, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict the ability of any Party to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the other Parties (or their respective affiliates or subsidiaries) or its full participation in the Chapter 11 Cases. If the transactions contemplated by this Restructuring Support Agreement or the Restructuring Plan are not consummated, or if this Restructuring Support Agreement is terminated for any reason, each of the Parties fully reserves any and all of its rights.

26. No Special Damages. Notwithstanding anything to the contrary herein, in the event of any litigation or dispute involving this Restructuring Support Agreement, the Plan Term Sheet, the Financial Restructuring, the Investment Commitment Letter, the Restructuring Plan, the Disclosure Statement or any definitive documents related to the foregoing, neither Istithmar nor any of the Supporting Secured Noteholders shall be responsible or liable to the Company for any special, indirect, consequential, incidental or punitive damages. The obligations of the Company under this paragraph shall be effective upon execution of this Restructuring Support Agreement and shall remain effective whether or not any of the transactions contemplated by this Agreement are consummated, whether any definitive documents are executed and notwithstanding any termination of this Agreement and shall be binding upon the Reorganized Company in the event that any plan of reorganization of the Company is consummated.

27. No Admissions. This Restructuring Support Agreement shall in no event be construed as or be deemed to be evidence of an admission or concession on the part of any Party of any claim or fault or liability or damages whatsoever. Each of the Parties denies any and all wrongdoing or liability of any kind and does not concede any infirmity in the claims or defenses which it has asserted or could assert. No Party shall have, by reason of this Restructuring Support Agreement, a fiduciary relationship in respect of any other Party or any party in interest in the Chapter 11 Cases, or any of the Loehmann's Entities, and nothing in this Restructuring Support Agreement, expressed or implied, is intended to or shall be so construed as to impose upon any Party any obligations in respect of this Restructuring Support Agreement except as expressly set forth herein.

28. Counterparts. This Restructuring Support Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement. Delivery of an executed signature page of this Restructuring Support Agreement by facsimile or electronic mail in portable document format (pdf) shall be effective as delivery of a manually executed signature page of this Restructuring Support Agreement.

29. Representation by Counsel. Each Party acknowledges that it has been represented by counsel in connection with this Restructuring Support Agreement and the

transactions contemplated herein. Accordingly, any rule of law or any legal decision that would provide any Party with a defense to the enforcement of the terms of this Restructuring Support Agreement against such Party based upon lack of legal counsel shall have no application and is expressly waived.

30. Expenses. The Loehmann's Entities shall pay, when due and payable, any invoice for reasonable professional fees and expenses incurred in connection with this Restructuring Support Agreement presented for payment by the Supporting Secured Noteholders, including without limitation the reasonable out of pocket fees and expenses of (i) Gibson, Dunn & Crutcher LLP, in its capacity as counsel to Whippoorwill, and (ii) CDG, in its capacity as financial advisor to the Supporting Secured Noteholders. In the event the Restructuring Plan is consummated, the Loehmann's Entities will reimburse Istithmar for the reasonable out of pocket fees and expenses of Cleary Gottlieb Steen & Hamilton LLP incurred in connection with the Financial Restructuring.

31. Entire Agreement. This Restructuring Support Agreement, the Plan Term Sheet and the schedules provided to counsel for the Company constitute the entire agreement between the Parties and supersede all prior and contemporaneous negotiations, agreements, representations, warranties and understandings of the Parties, whether oral, written or implied, as to the subject matter hereof.

32. Automatic Stay. Each of the Loehmann's Entities acknowledges that after the commencement of the Chapter 11 Cases, the giving of notice of termination by any Party pursuant to this Agreement shall not be a violation of the automatic stay of section 362 of the Bankruptcy Code.

33. Several not Joint. The agreements, representations and obligations of the Parties under this Restructuring Support Agreement are, in all respects, several and not joint. Any breach of this Restructuring Support Agreement by any Party shall not result in liability for any other non-breaching Party.

*[Remainder of page intentionally blank; remaining pages are signature pages]*

IN WITNESS WHEREOF, the undersigned have each caused this Restructuring Support Agreement to be acknowledged, duly executed and delivered by their respective, duly authorized officers as of the date first above written.

**LOEHMANN'S HOLDINGS INC.**

By: /s/ Joseph Melvin  
Name: Joseph Melvin  
Title: Chief Operating Officer/Chief Financial Officer

**LOEHMANN'S, INC.**

By: /s/ Joseph Melvin  
Name: Joseph Melvin  
Title: Chief Operating Officer/Chief Financial Officer

**LOEHMANN'S REAL ESTATE HOLDINGS, INC.**

By: /s/ Joseph Melvin  
Name: Joseph Melvin  
Title: Chief Operating Officer/Chief Financial Officer

**LOEHMANN'S OPERATING CO.**

By: /s/ Joseph Melvin  
Name: Joseph Melvin  
Title: Chief Operating Officer/Chief Financial Officer

**LOEHMANN'S CAPITAL CORP.**

By: /s/ Joseph Melvin  
Name: Joseph Melvin  
Title: Chief Operating Officer/Chief Financial Officer

## ISTITHMAR RETAIL INVESTMENTS

By: /s/ Kapil Zaveri

Name: Kapil Zaveri

Title:

*[Signature Page to Restructuring Support Agreement]*



**SUPPORTING SECURED NOTEHOLDERS:**

**WHIPPOORWILL ASSOCIATES, INC.**, as agent for certain of its discretionary funds and accounts

By: /s/ Steven Gendal

Name: Steven Gendal

Title: Principal

**ADDITIONAL SECURED NOTEHOLDERS:**

By: \_\_\_\_\_

Name:

Title:

Notice Information:

**EXHIBIT A**  
(Plan Term Sheet)