

8. Bankruptcy Court Approvals.

8.1 Promptly following the Execution Date (and in no event later than three (3) days thereafter), Seller will make a motion (the "**Sale Motion**") for an order by the Bankruptcy Court, substantially in the form attached hereto as **Exhibit "G,"** approving the sale of the Property to Buyer on the terms and conditions set forth in this Agreement (the "**Approval Order**"). Any changes to the form of the Approval Order must be approved by Buyer in its sole and absolute discretion and by Seller in its reasonable discretion. If requested by Seller or the Bankruptcy Court, Buyer shall provide adequate assurance of future performance (satisfactory to the Bankruptcy Court) to the counterparties to the Leases and Contracts. Following the filing of the Sale Motion, Seller shall use reasonable efforts to obtain the Approval Order.

8.2 The Sale Motion shall request, among other things, (i) the scheduling of an auction of the assets of the Debtor to be commenced not later than May 5, 2009 (the "**Auction**"), (ii) the Sale Hearing not more than one (1) Business Day following the completion of the Auction and (iii) the entry of an order (the "**Procedures Order**") approving bidding procedures (the "**Bidding Procedures**") in the form attached hereto as **Exhibit "H"** subject to any changes thereto as approved by Buyer in its sole and absolute discretion and by Seller in its reasonable discretion.

8.3 Subject to entry of the Procedures Order, the Seller shall pay to the Buyer the Break-Up Fee and Expense Reimbursement Amount to the extent and as and when required by the terms and conditions set forth in Section 11 hereof.

9. Commercially Reasonable Efforts.

Subject to the terms and conditions of this Agreement:

9.1 During the period prior to Closing, each of Seller and Buyer shall (a) use its commercially reasonable efforts (i) to cause the conditions in Section 4 to be satisfied, (ii) to deliver or cause to be delivered at the Closing the items to be delivered by Seller and Buyer pursuant to Sections 3.3 and 3.4, and (iii) to take all other actions to consummate the transactions contemplated hereby, and (b) not take any action that will have the effect of unreasonably delaying, impairing or impeding the receipt of any authorizations, consents, orders or approvals to be sought pursuant to this Agreement.

9.2 From and after the Closing, Seller and Buyer shall use commercially reasonable efforts to deliver or cause to be delivered such additional documents and other papers and to take or cause to be taken such further actions as may be necessary, proper or advisable to make effective the transactions contemplated hereby and to carry out the provisions hereof.

9.3 From and of the Closing, Buyer and Seller shall reasonably cooperate in the transition of the Business from Seller to Buyer, provided that neither party shall be required to expend other than nominal unreimbursed costs in providing such cooperation.

10. Operation Pending Closing.

10.1 Except with the prior written consent of Buyer, as otherwise contemplated or permitted by this Agreement or as required by the Bankruptcy Code, or as described on **Schedule 10.1**, from the Effective Date until the Closing Date, Seller shall operate the Business in the ordinary course of business (taking into account Seller's status as a debtor-in-possession), comply with all Legal Requirements applicable to the operation of its business and preserve its present business organization intact. From the Effective Date until the Closing Date, Seller shall use commercially reasonable efforts to:

(a) to operate the Business solely in conformity with the 13-week operating plan attached hereto as **Exhibit "I"** (the "**Operating Plan**");

(b) maintain in full force and effect the Permits and Licenses in all material respects;

(c) maintain all of the Property in a manner consistent with past practices, reasonable wear and tear excepted and maintain the types and levels of insurance currently in effect in respect of the Property;

(d) upon any damage, destruction or loss to any Property, apply any insurance proceeds received with respect thereto to the prompt repair, replacement and restoration thereof to the condition of such Property before such event or, if required, to such other (better) condition as may be required by applicable Legal Requirements;

(e) pay when due all undisputed amounts owed under the Leases and Contracts; and

(f) consult with Buyer on all material aspects of the Business as may be reasonably requested from time to time by Buyer, including, but not limited to, personnel, accounting and financial functions.

10.2 Except as otherwise contemplated or permitted by this Agreement, from the Effective Date until the Closing Date, Seller shall not, without the prior written consent of Buyer:

(a) terminate or amend any of the Leases and Contracts (or execute any amendments or modifications to any Leases and Contracts), or cancel, modify or waive any claims held in respect of the Property or waive any material rights of value;

(b) do any act or fail to do any act that will cause a material breach or default in any of the Leases and Contracts;

(c) sell, transfer or otherwise dispose of any of the Property except in the ordinary course of business, consistent with past practices;

(d) except as reasonably determined by Seller's management, modify any of its sales practices or receivables collections practices from those in place on the date hereof, including offering any discounts, incentives or other accommodations for early payment, provided that Seller shall in no case implement any distress sales practices or sales practices

creating any liabilities for the Business that would survive the Closing and become an obligation of Buyer (e.g., the issuance of coupons);

(e) conduct any "going out of business," liquidation, bankruptcy, or similar sales or take any action to fashion its business as going out of business, liquidating or closing;

(f) grant to any Transferred Employee any increase in compensation, except increases to non-management employees in the ordinary course of business, whether under any Seller Benefit Plan or otherwise, and from adopting, entering or amending any Seller Benefit Plans (except as may be required by applicable law);

(g) terminate any Transferred Employee related to the Business, except non-management Transferred Employees in the ordinary course of business so long as such terminated Transferred Employees are not paid more than two weeks of severance;

(h) hire any person that would be a Transferred Employee under this Agreement, except store-level Transferred Employees to the extent reasonably necessary for the operation of the Business;

(i) make or rescind any material Tax election or take any material Tax position (unless required by law) or file any Tax Return or change its fiscal year or financial or Tax accounting methods, policies or practice, or settle any Tax Liability, except in each case as would not reasonably be expected to materially affect Buyer;

(j) modify, rescind or terminate a material Permit or License, allowance, or credit (or application therefor) relating to the Business or the Property;

(k) dispose of or fail to keep in effect any material rights in, to, or for the use of any of the Intellectual Property, except for rights which expire or terminate in accordance with their terms;

(l) subject its assets to any material Encumbrances;

(m) directly or indirectly make any dividend or other distribution to shareholders or repurchase or reacquire any equity interests;

(n) issue any purchase order for goods in excess of \$250,000;

(o) incur any Indebtedness other than under current credit arrangements provided to Buyer in accordance with the Operating Plan;

(p) authorize any of the foregoing, or commit or agree to take actions, whether in writing or otherwise, to do any of the foregoing;

(q) make any payments in cash of Accrued PTO to Transferred Employees in excess of \$50,000 in the aggregate; or

(r) make any payment of severance or Accrued PTO to non-Transferred Employees, except payments to non-insiders solely in accordance with Seller's employee retention plan approved by the Bankruptcy Court (but in any event not to exceed \$170,000).

10.3 Seller shall promptly inform Buyer in writing of the occurrence or non-occurrence of any event actually known by Seller which would cause any condition set forth in Section 4.2 not to be satisfied or the breach of any covenant hereunder by Seller.

11. Break Up Fee.

11.1 Seller agrees and acknowledges that Buyer's negotiation and execution of this Agreement has required a substantial investment of management time and a significant commitment of financial and other resources by Buyer, and that the negotiation and execution of this Agreement have provided value to Seller. Therefore, if an Alternative Transaction occurs (a "**Break-Up Fee Event**"), Seller shall cause Buyer to be paid, on the terms and conditions set forth in Section 11, an amount equal to \$300,000 as a break-up fee (the "**Break-Up Fee**") and shall reimburse Buyer for Transaction Expenses not to exceed \$150,000 (the "**Expense Reimbursement**").

11.2 Buyer shall not be entitled to the Break-Up Fee or Expense Reimbursement unless (a) the Procedures Order has been entered, (b) the Specified Conditions have been satisfied or waived and Buyer is not in material breach of its obligations under this Agreement, (c) the Alternative Transaction has been consummated after the Specified Conditions End Date, and (d) the proceeds of the Alternative Transaction are applied to payment in full of all obligations of Seller under the Wells Fargo Facility. Any Break-Up Fee or Expense Reimbursement shall be paid directly to the Buyer out of the purchase price paid by the Successful Bidder (as defined below) upon and through the closing of the Alternative Transaction, and the Seller shall cause such payment to be made as a term of the Alternative Transaction.

11.3 Seller shall cause the Break-Up Fee and the Expense Reimbursement to be paid in immediately available funds and without need for further order of or from the Bankruptcy Court (other than the Procedures Order). The Break-Up Fee shall be paid within one (1) Business Day of a Break-Up Fee Event and the Expense Reimbursement shall be paid within three (3) days of receipt of reasonable evidence of the amounts constituting the Transaction Expenses, in the form of a summary invoice, redacted to preserve attorney-client privilege and attorney work product.

11.4 Seller hereby acknowledges that its obligation to cause pay the Break-Up Fee and reimburse the Transaction Expenses (to the extent due hereunder) shall survive the termination of this Agreement. Such obligation of Seller shall have administrative superpriority status against the Seller and its estate under Section 364(c)(1) of the Bankruptcy Code with priority over all expenses of the kind specified in Sections 503(b) and 507(b) of the Bankruptcy Code, except for any claims or liens arising under the Wells Fargo Facility, which claims and liens Buyer acknowledges and agrees shall at all times be senior to Buyer's claims hereunder for the Break-Up Fee and Expense Reimbursement.

11.5 As used in this Agreement, “**Alternative Transaction**” means any agreement or transaction involving the sale (in a single transaction or a series of transactions) of all or substantially all of the Property, or the issuance or sale (in a single transaction or a series of transactions) of all or substantially all of the equity interests, of Seller or any of their successors, to any party other than Buyer or a designee of Buyer. Notwithstanding the foregoing, an “Alternative Transaction” shall exclude any going-out-of-business sale or liquidation of the Property conducted by or on behalf of Seller (other than any such going-out-of-business sale or liquidation by a Successful Bidder).

11.6 As used in this Agreement, “**Chapter 11 Plan**” means any Chapter 11 plan of reorganization in the Chapter 11 Case.

11.7 As used in this Agreement, “**Successful Bidder**” means any party who acquires all or substantially all of the Property (in a single transaction or a series of transactions) or all or substantially all of the equity interests (in a single transaction or a series of transactions) of Seller or any of their successors by reason of having submitted the successful bid at the Auction, regardless of whether such party has acquired such assets or equity interests for investment, strategic operation, liquidation or other purpose.

11.8 As used in this Agreement, “**Transaction Expenses**” means all fees, charges, disbursements and expenses, paid out-of-pocket to third parties, and whether incurred before or after the Effective Date, including fees, expenses and costs of legal counsel, accountants, financial advisors, consultants, agents and other representatives, incurred in connection with the transactions contemplated hereby.

12. Employee Matters.

12.1 Buyer shall make offers of employment to (a) each of the employees as of the Closing Date of the retail stores acquired by Buyer under this Agreement and (b) each of the employees as of the Closing Date of Seller’s headquarters, other than the employees listed on **Schedule 12.1** (which shall be delivered by Seller to Buyer no later than 5 days before the Specified Conditions End Date). Seller shall cooperate with and use its reasonable commercial efforts to (i) make reasonably accessible to Buyer those Seller employees to whom Buyer makes offers of employment (as communicated in writing by Buyer to Seller prior to the Closing), which offers shall provide for base salary or hourly wage rate, as applicable, at levels no less favorable than those applicable to the offered employee as of the date of this Agreement, and (ii) assist Buyer in its efforts to secure satisfactory employment arrangements with those Seller employees. Buyer shall terminate the employment of all Seller employees who agree to become Transferred Employees effective immediately prior to the Closing.

12.2 Seller shall be solely liable for complying with the WARN Act and any and all comparable state law obligations, including without limitation, the California WARN Act, as amended, Cal. Lab. Code § 1400 et. seq. (“**Cal WARN**”) (and for any failures to so comply), in any case, applicable to employees of Seller who do not become Transferred Employees for any reason (including, for the avoidance of doubt, any employees of Seller who are not offered employment with Buyer and/or who do not accept and commence employment with Buyer). Buyer shall be solely liable for complying with the WARN Act and any and all comparable state

law obligations, including without limitation Cal WARN (and for any failures to so comply), that become applicable to any Transferred Employees with respect to events occurring after the Closing Date. Subject to Section 12.8 below, Buyer shall be solely responsible for all liabilities relating to or arising in connection with any actual, constructive or deemed termination of employment by Buyer of any Transferred Employee after the Closing Date.

12.3 To the extent permitted under applicable law and under the terms of any Buyer benefit plan in which any Transferred Employees become eligible to participate (“**Buyer Plans**”), Buyer shall give Transferred Employees full credit for purposes of eligibility, vesting and benefit accrual under such Buyer Plans (excluding any Buyer Plans that are defined benefit pension plans or equity incentive plans) for such Transferred Employees’ service with Seller prior to Closing, to the extent such credit was recognized under comparable Seller Benefit Plans immediately prior to Closing.

12.4 To the extent permitted under applicable law and the terms of any Buyer Plans that are welfare benefit plans in which Transferred Employees become eligible to participate on and after the Closing Date, Buyer shall (i) cause there to be waived any eligibility requirements or pre-existing condition limitations, and (ii) give effect, in determining any deductible and maximum out-of-pocket limitations, to amounts paid by such Transferred Employees with respect to Benefit Plans maintained by the Seller, in each case, to the extent waived and given effect (as applicable) under comparable Seller Benefit Plans immediately prior to Closing.

12.5 To the extent set forth on **Schedule 12.5(a)** with respect to any Transferred Employee or as otherwise agreed to in writing by Buyer prior to the Closing Date, subject to the following sentence, Buyer shall assume obligations with respect to accrued vacation time, sick leave, personal leave and other compensated time off (“**Accrued PTO**”) by Transferred Employees as of the Closing Date. Notwithstanding the foregoing, with respect to each of the Transferred Employees who is based in the State of California, Seller shall solicit, prior to the Closing Date, such Transferred Employee’s written consent to transfer to Buyer (i.e. roll-over) all Accrued PTO for each such Transferred Employee and, to the extent that such written consent is not obtained from any such Transferred Employee, Seller shall, at the Closing, pay out to each such Transferred Employee all Accrued PTO through the Closing, as required by applicable law.

12.6 Buyer acknowledges that, following the Closing, it will be a “successor employer” with respect to the requirements of COBRA for all Seller employees, former employees of Seller receiving group health plan continuation coverage from Seller on the Closing Date, and former employees of Seller who are in a COBRA-election period on the Closing Date, including without limitation, any current or former employees of Seller who are or were employed at any of the Seller’s stores in Texas or Illinois. Buyer shall provide group health plan continuation coverage, pursuant to the requirements of COBRA, to all such employees or former employees who are eligible for such coverage under COBRA, each only to the extent that such persons: (i) properly elects such coverage; (ii) will not be hired by Buyer or another purchaser of assets of the Seller; and (iii) timely pay for such coverage.

12.7 Any employment opportunity offered by Buyer shall be “at will” and may be terminated by Buyer or any of its affiliates at any time for any reason. Nothing in this Agreement shall: (i) be deemed to prevent or restrict in any way the right of Buyer to terminate,

reassign, promote or demote any of the Transferred Employees after the Closing or to change the title, powers, duties, responsibilities, functions, locations, salaries, other compensation or terms or conditions of employment of such Transferred Employees; (ii) create any third-party rights in any Transferred Employees or any current or former employees or other service providers of Seller (or any beneficiaries or dependents of the foregoing); or (iii) obligate Buyer or its affiliates to adopt or maintain any Buyer Plan or other employee benefit plan or other compensatory arrangement at any time.

12.8 Seller shall be solely liable for all wages, remuneration and other obligations and liabilities, whether actual or contingent: (i) associated with any employee or other service provider of Seller (or any dependent thereof) who does not become a Transferred Employee, including in connection with any termination of any such service relationship; (ii) that arises in connection with any Transferred Employee (or any dependent thereof) on or prior to the Closing Date (except as expressly provided herein with respect to Accrued PTO); and (iii) that arises with respect to any Seller Benefit Plan at any time. Without limiting the generality of the foregoing, Buyer shall not, at any time, have any obligation or liability with regard to any severance, retention, employment, change-of-control, pension, retirement, equity or other plan, program, policy or agreement of or with Seller.

13. Application of Certain Cash.

13.1 Upon the closing of the transactions contemplated under the Spence Asset Purchase Agreement, unless the Buyer consents otherwise, Seller shall apply all of the net proceeds therefrom to satisfy outstanding obligations under the Wells Fargo Facility.

13.2 At the Closing, unless the Buyer consents otherwise, Seller shall apply any available Net Cash at such time to satisfy outstanding obligations under the Wells Fargo Facility.

13.3 At the Closing, all Retained Cash shall be applied (without duplication) solely and exclusively to pay (a) all Cure Costs, (b) all Accrued Sales Taxes, (c) all Professional Fees, (d) all Accrued PTO required to be paid to Transferred Employees in cash at or in connection with the Closing as provided under Section 12.5 (but in any event not to exceed \$50,000), (e) all severance and Accrued PTO required to be paid to non-insider, non-Transferred Employees in cash at or in connection with the Closing in accordance with Seller's employee retention plan approved by the Bankruptcy Court (but in any event not to exceed \$170,000), and (f) any other unpaid but expressly authorized expenditures under the Operating Plan attached hereto as **Exhibit "I"** outstanding as of the Closing Date.

14. Termination.

14.1 Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Closing Date by mutual written agreement of the Parties.

14.2 Termination by Either Buyer or Seller. This Agreement may be terminated at any time prior to the Closing Date by either Buyer or Seller if any governmental authority shall have issued an order or taken any other action permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby and either (i) thirty (30) days shall have elapsed from the issuance of such order or other action and such order or other

action has not been removed or vacated, or (ii) such order or other action shall have become final and non-appealable.

14.3 Termination by Seller. This Agreement may be terminated at any time prior to the Closing Date by Seller as follows:

14.3.1 if there has been a material breach by Buyer, which Buyer has failed to cure within five (5) days following its receipt of written notice thereof from Seller;

14.3.2 if Seller's condition precedent specified in Section 4.1 shall not have been satisfied or waived and shall have become impossible to satisfy, unless the failure of such condition to have been satisfied was caused primarily by a material breach by Seller; or

14.3.3 if the Closing Date shall not have occurred on or before 5:00 p.m. Pacific time on May [13], 2009 (the "**Outside Date**"), but only to the extent the Closing has not occurred as of the Outside Date for reasons other than Seller's failure to meet its obligations hereunder, including without limitation using all diligent and commercially reasonable efforts to obtain approval of the Procedures Order and the Approval Order by the dates set forth herein.

14.4 Termination by Buyer. This Agreement may be terminated at any time prior to the Closing Date by Buyer as follows:

14.4.1 if the Bankruptcy Court enters any order approving any Alternative Transaction or confirming any Chapter 11 Plan involving any Alternative Transaction, unless Buyer is a "Backup Bidder" within the meaning of the Procedures Order and the Bidding Procedures attached thereto, in which case this Agreement may not be terminated by reason of such order having been entered until the earlier of (A) the closing of the Alternative Transaction or (B) the occurrence of the Outside Date at which time this Agreement shall automatically terminate;

14.4.2 if there has been a material breach by Seller, which Seller has failed to cure within five (5) days following its receipt of written notice thereof from Buyer;

14.4.3 if any Buyer's conditions precedent specified in Section 4.2 shall not have been satisfied or waived or, in the reasonable judgment of Buyer, shall have become reasonably unlikely to be satisfied, unless the failure of such condition to have been satisfied was caused primarily by a material breach by Buyer, which Buyer has failed to cure within five (5) days following its receipt of written notice thereof from Seller; provided, however, that if the conditions precedent specified in Sections 4.2.8, 4.2.9, 4.2.14, 4.2.18, 4.2.19, 4.2.20 or 4.2.22 (the "**Specified Conditions**") are not satisfied by April 29, 2009 (the "**Specified Conditions End Date**"), Buyer may terminate this Agreement within five Business Days of such date, but if Buyer does not elect to terminate this Agreement by the end of such five-Business Day Period, then such conditions precedent shall deemed to be satisfied; or

14.4.4 if the Seller has not filed a Petition for relief under Chapter 11 of Title 11 of the Bankruptcy Code by 5:00 p.m. Pacific time on March 3, 2009.

14.4.5 if the Procedures Order shall not have been entered by March 25, 2009.

14.4.6 if the Approval Order shall not have been entered by May 6, 2009.

14.4.7 if the Closing Date shall not have occurred on or before 5:00 p.m. Pacific time on the Outside Date.

14.4.8 if Seller's bankruptcy case shall be converted into a case under Chapter 7 of the Bankruptcy Code or dismissed, or if a trustee is appointed in the Seller's bankruptcy case.

14.4.9 if there shall be excluded from the Property any Required Consent Contract, to the extent that such consent shall not have been given prior to the Closing (except in the case of any Required Consent Contract that would have been assignable pursuant to the Bankruptcy Code, the Approval Order or otherwise, but for Buyer's failure to provide adequate assurance of future performance sufficient to satisfy the relevant requirements of Section 365 of the Bankruptcy Code).

14.4.10 (a) if the Interim Net Debt Amount shall be greater than \$9,685,000; (b) the Interim Inventory Amount shall be less than \$16,500,000 or (c) the Interim Accounts Receivable Amount shall be less than \$1,500,000. For purposes of calculating the Interim Net Debt Amount, it shall be assumed that the transactions contemplated by the Spence Asset Purchase Agreement shall have closed and the Seller shall have received the net proceeds therefrom.

14.4.11 if Buyer elects to terminate this Agreement during the Review Period, as contemplated under Section 17.

14.5 Effect of Termination. In the event of termination by either Party of this Agreement pursuant to this Section 14, written notice thereof shall as promptly as practicable be given to the other Party and thereupon this Agreement shall terminate and the transactions contemplated hereby shall be abandoned without further action by the Parties hereto. Upon termination of this Agreement, (a) except as provided in this Section 14 this Agreement shall cease to have any force or effect, (b) the Parties shall not have any liability to each other, except for fraud occurring on or before the date of such termination; provided, however, that if this Agreement is terminated by reason of (i) any material breach hereof by the non-terminating Party or (ii) any material non-compliance by the non-terminating Party with its obligations under this Agreement, which non-compliance shall have been the cause of the failure of one or more of the conditions to the terminating Party's obligations to effect the transactions contemplated hereby to have been satisfied, the terminating Party's right to pursue any available remedies at law will survive such termination unimpaired, and (c) the Parties under this Agreement shall cease to have any further obligations under this Agreement except pursuant to Sections 2.2, 11, 14.5, 15.1, 15.4, 15.5, 15.6, 15.8, 15.9, 15.11, 15.12, 15.13, 15.15, 15.16, 15.17, 15.18, 15.19, 15.20, 15.21 and 15.23 (as such obligations are affected by any defined terms contained herein relating thereto), and (d) all filings, applications and other submissions made pursuant to the transactions contemplated hereby shall, to the extent practicable, be withdrawn from the government authority or person to which made.

14.6 Notification of Certain Events. Seller shall give notice to Buyer promptly upon becoming aware of any occurrence, or failure to occur, of any event, which occurrence or failure

to occur has caused or could reasonably be expected to cause any condition to the obligations of Buyer to effect the transactions contemplated by this Agreement not to be satisfied. If Seller gives Buyer a notice pursuant to this Section 14.6, then Buyer shall be permitted to terminate this Agreement pursuant to Section 14.4.

15. Miscellaneous.

15.1 Attorneys' Fees. In the event that either Party hereto brings an action or other proceeding to enforce or interpret the terms and provisions of this Agreement, each Party in that action or proceeding shall bear its own attorneys' fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees).

15.2 Reasonable Access to Records and Certain Personnel. In order to facilitate Seller's efforts to administer and close the Chapter 11 Case (including, without limitation, the preparation of filings in the Chapter 11 Case and state, local and federal Tax Returns and other filings, reconciliation of claims filed in the Chapter 11 Case, removal of corporate and other records and information relating or belonging to entities other than Seller), Buyer shall:

15.2.1 for a period of three (3) years following the Closing, permit Seller and its agents and other professionals employed in the Chapter 11 Case to have a reasonable number of copies of the books and records of the Business existing as of the Closing Date for the purposes of the continuing administration of the Chapter 11 Case (including, without limitation, the allowance or disallowance of any claims, the pursuit of any avoidance, preference or similar actions, and the preparation of final Tax Returns), which copies Buyer shall deliver to such Person upon reasonable advance notice; and

15.2.2 for a period of three (3) years following the Closing, provide the Seller and its agents with reasonable access to any former employee of the Seller, at Buyer's headquarters or at any other location reasonably designated by Buyer, in each case during regular business hours on reasonable prior notice to assist the Seller in the continuing administration of the Chapter 11 Case, provided that such access does not unreasonably interfere with the Buyer's business operations.

15.2.3 for a period of six (6) months following the Closing, provide the Seller and its agents with use of limited office space at the Business' headquarters, in each case during regular business hours on reasonable prior notice to assist the Seller in the continuing administration of the Chapter 11 Case, provided that Seller and its agents do not unreasonably interfere with the Buyer's business operations.

15.3 Name Changes. Following the Closing Date, (a) Seller shall not use any Trademark, Trademark Right, or Domain Name included in the Property, or any trademark, service mark, trade name, or domain name containing "Robbins Bros." or any variation thereof or any mark confusingly similar thereto, in connection with any business activity, and (b) Seller shall change their corporate names so that no such Trademark, Trademark Right, or Domain Name or other names or trademarks or any confusingly similar variation thereof is incorporated or used therein.

15.4 Notices. Unless otherwise provided herein, any notice, tender, or delivery to be given hereunder by any Party to the other shall be deemed effected upon personal delivery in writing, one Business Day after being dispatched by reputable overnight courier (e.g., FedEx), postage prepaid, or in the case of delivery by facsimile, as of the date of facsimile transmission (with answer back confirmation of such transmission). Notices shall be addressed as set forth below, but each Party may change his address by written notice in accordance with this Section 15.4.

To Seller:

Robbins Bros. Corporation
1300 West Optical Drive
Azusa, California 91702
Attn: Mr. Steve Robbins
Facsimile: (626) 609-3656

With a copy to (which shall not constitute notice):

Pachulski Stang Ziehl & Jones LLP
10100 Santa Monica Boulevard
Eleventh Floor
Los Angeles, CA 90067
Attn: Jeffrey N. Pomerantz, Esq.
Facsimile: (310) 201-0760

To Buyer:

Robbins Bros. Jewelry, Inc.
c/o Weston Presidio Capital IV, L.P.
Pier 1, Bay 2
San Francisco, California 94111
Attn: Therese Mrozek
Facsimile: (415) 398-0990

With a copy to (which shall not constitute notice):

Latham & Watkins LLP
355 Grand Avenue
Los Angeles, California 90071
Attn: Robert Klyman
Facsimile: (213) 891-8763

and to

Latham & Watkins LLP
140 Scott Drive
Menlo Park, California 94025

Attn: Anthony Richmond
Facsimile: (650) 463-2600

15.5 Entire Agreement. This Agreement and the documents to be executed pursuant hereto contain the entire agreement between the Parties relating to the sale of the Business. Any oral representations or modifications concerning this Agreement or any such other document shall be of no force and effect excepting a subsequent modification in writing, signed by the Party to be charged.

15.6 Modification. This Agreement may be modified, amended or supplemented only by a written instrument duly executed by all the Parties hereto which expressly indicates the intention to modify, amend or supplement this Agreement.

15.7 Closing Date. All actions to be taken on the Closing pursuant to this Agreement shall be deemed to have occurred simultaneously, and no act, document or transaction shall be deemed to have been taken, delivered or effected until all such actions, documents and transactions have been taken, delivered or effected.

15.8 Severability. Should any term, provision or paragraph of this Agreement be determined to be illegal or void or of no force and effect, the balance of the Agreement shall survive.

15.9 Captions. All captions and headings contained in this Agreement are for convenience of reference only and shall not be construed to limit or extend the terms or conditions of this Agreement.

15.10 Further Assurances. Each Party hereto will execute, acknowledge and deliver any further assurance, documents and instruments reasonably requested by any other Party for the purpose of giving effect to the transactions contemplated herein or the intentions of the Parties with respect thereto; provided that such obligation shall not be deemed to require Seller to assume, incur or pay any material cost or expense or otherwise accept any burden, obligation or liability that materially increases those otherwise imposed upon Seller by this Agreement.

15.11 Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of other provisions, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the Party making the waiver; provided, however, that the consent of a Party to the Closing shall constitute a waiver by such Party of any condition precedent to Closing not satisfied as of the Closing Date.

15.12 Brokerage Obligations. Seller and the Buyer each represent and warrant to the other that, other than fees payable to William Blair & Company, LLC (the "**Seller Broker**"), Seller's investment banker, listed on **Schedule 15.12**, such Party has incurred no liability to any broker or agent with respect to the payment of any commission or other compensation regarding the consummation of the transaction contemplated hereby (including, without limitation, MCA). It is agreed that if any claims for commissions, fees or other compensation, including, without limitation, brokerage fees, finder's fees, or commissions are ever asserted against Buyer or Seller

in connection with this transaction by any Party other than the Seller Broker (for whose commission or other compensation Seller shall be solely responsible), all such claims shall be handled and paid by the Party whose actions form the basis of such claim and such Party shall indemnify, defend (with counsel reasonably satisfactory to the Party entitled to indemnification), protect and save and hold the other harmless from and against any and all such claims or demands asserted by any person, firm or corporation in connection with the transaction contemplated hereby.

15.13 Payment of Fees and Expenses. Except as provided in Sections 11, 15.1 and 15.12 above, each Party to this Agreement shall be responsible for, and shall pay, all of its own fees and expenses, including those of its counsel, incurred in the negotiation, preparation and consummation of the Agreement and the transaction described herein.

15.14 Survival. The respective representations and warranties of Buyer and Seller under this Agreement shall lapse and cease to be of any further force or effect effective upon the Closing. Except as provided in the immediately preceding sentence, the covenants and agreements of Seller and Buyer herein, or in any certificates or other documents delivered prior to or at the Closing, shall not be deemed waived or otherwise affected by the Closing.

15.15 Assignments. This Agreement shall not be assigned by any Party hereto without the prior written consent of the other Party hereto, which consent the Parties may grant or withhold in their sole and absolute discretion.

15.16 Binding Effect. Subject to the provisions of Section 15.15, above, this Agreement shall bind and inure to the benefit of the respective heirs, personal representatives, successors, and assigns of the Parties hereto.

15.17 Applicable Law. This Agreement shall be governed by and construed in accordance with the Bankruptcy Code and to the extent not inconsistent with the Bankruptcy Code, the law of the State of Delaware applicable to contracts made and performed in such State.

15.18 Construction. In the interpretation and construction of this Agreement, the Parties acknowledge that the terms hereof reflect extensive negotiations between the Parties and that this Agreement shall not be deemed, for the purpose of construction and interpretation, drafted by either Party hereto.

15.19 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

15.20 Counterparts. This Agreement may be signed in counterparts. The Parties further agree that this Agreement may be executed by the exchange of facsimile or electronic pdf signature pages provided that by doing so the Parties agree to undertake to provide original signatures as soon thereafter as reasonable in the circumstances.

15.21 Non-Recourse. No past, present or future stockholder, director, officer, employee, or incorporator of Seller or Buyer shall have any liability for any obligation or

liability of Seller or Buyer, as the case may be, under this Agreement or for any claim, counter-claim, cause of action or demand based on, in respect of, or by reason of, the transactions contemplated hereby except for any claim against any individual based on the fraud or gross negligence of such individual in connection with any representations of Seller or Buyer hereunder, as the case may be.

15.22 Time is of the Essence. Time is of the essence in this Agreement, and all of the terms, covenants and conditions hereof.

15.23 Interpretation and Rules of Construction. In this Agreement, except to the extent that the context otherwise requires:

15.23.1 when a reference is made in this Agreement to an Article, Section, Exhibit or Schedule, such reference is to an Article or Section of, or an Exhibit or a Schedule to, this Agreement unless otherwise indicated;

15.23.2 the headings and captions used in this Agreement are for reference purposes only and do not affect in any way the meaning or interpretation of this Agreement;

15.23.3 whenever the words "include," "includes" or "including" are used in this Agreement, they are deemed to be followed by the words "without limitation";

15.23.4 the words "hereof," "herein" and "hereunder" and works of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement;

15.23.5 all terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant hereto, unless otherwise defined therein;

15.23.6 the definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms;

15.23.7 any law defined or referred to herein or in any agreement or instrument that is referred to herein means such law or statute as from time to time amended, modified or supplemented, including by succession of comparable successor laws;

15.23.8 references to a person are also to its permitted successors and assigns;
and

15.23.9 the use of "or" is not intended to be exclusive unless expressly indicated otherwise.

15.24 Third Party Beneficiaries. This Agreement is intended to be solely for the benefit of the Parties hereto and is not intended to confer, and shall not be deemed to confer, any benefits upon, or create any rights in or in favor of, any person or entity other than the Parties hereto, and their respective permitted assigns; provided, however, that, so long as the closing under the Spence Asset Purchase Agreement has occurred, Spence Diamonds, Inc. (or any

assignee of its right to purchase assets of Seller in accordance with the Spence Asset Purchase Agreement) is intended to be and shall be a third party beneficiary of Section 12.6 of this Agreement and shall be entitled to enforce the Buyer's obligations under Section 12.6 of this Agreement as though it was a party hereto, without reference to or application of any other provisions of this Agreement but only so long as the Closing under this Agreement occurs.

16. **Definitions.** In addition to the other terms defined elsewhere in this Agreement, for the purposes of same, the following words and terms shall have the meaning set forth below (such meanings being equally applicable to both the singular and plural form of the terms defined). The exhibits and schedules referenced in this Section 16 and throughout the Agreement are deemed to be part of the Agreement and are incorporated herein by reference.

"Accounts Receivable": shall have the meaning provided for under Section 1.1.6.

"Accrued PTO": shall have the meaning provided for under Section 12.5.

"Accrued Sales Taxes": shall have the meaning provided for under Section 2.4.

"Acquisition": shall have the meaning provided for under recital C.

"Affiliate": of a Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first-mentioned Person. For purposes of this definition, "control," when used with respect to any specified Person, means the power to direct or cause the direction of the management and policies of such Person, directly or indirectly, whether through ownership of voting securities or by contract or otherwise, and the terms "controlling" and "controlled by" have meanings correlative to the foregoing.

"Agreement": shall have the meaning provided for in the preamble.

"Allocation Schedule": shall have the meaning provided for under Section 2.4.

"Alternative Transaction": shall have the meaning provided for under Section 11.6.

"Approval Order": shall have the meaning provided for under Section 8.1.

"Assignment of Leases": shall have the meaning provided for under Section 3.3.1.

"Assignment of Intangible Property": shall have the meaning provided for under Section 3.3.3.

"Assignment Property": shall have the meaning provided for under Section 1.1.9.

"Assumed Liabilities": shall have the meaning provided for under Section 2.3.

"Assumption of Liabilities": shall have the meaning provided for under Section 3.4.2.

"Auction": shall have the meaning provided for under Section 8.2.

"Balance Sheet": shall have the meaning provided for under Section 1.5.

"Avoidance Action": shall have the meaning provided for under Section 1.2.

"Bankruptcy Code": shall have the meaning provided for under recital B.

"Bankruptcy Court": shall have the meaning provided for under recital B.

"Bid Deadline": means May 1, 2009.

“Bidding Procedures”: shall have the meaning provided for under Section 8.2.

“Bill of Sale”: shall have the meaning provided for under Section 3.3.2.

“Break-Up Fee”: shall have the meaning provided for under Section 11.1.

“Break-Up Fee Event”: shall have the meaning provided for under Section 11.1.

“Business”: shall have the meaning provided for under recital A.

“Business Day”: means any day other than a Saturday or Sunday or a legal holiday on which banks in Los Angeles, California or New York, New York are closed.

“Buyer”: shall have the meaning provided for in the preamble.

“Buyer Plan”: shall have the meaning provided for under Section 12.3.

“Cal WARN”: shall have the meaning provided for under Section 12.2.

“Cash Purchase Price”: shall have the meaning provided for under Section 2.1.

“Chapter 11 Case”: shall have the meaning provided for under recital B.

“Chapter 11 Plan”: shall have the meaning provided for under Section 11.7.

“Chicago and Houston Assets”: shall have the meaning provided for under Section 1.1.2.

“Claim”: shall have the meaning provided for under Section 1.1.9.

“Closing”: shall have the meaning provided for under Section 3.1.

“Closing Accounts Receivable Amount”: shall have the meaning provided for under Section 1.5.

“Closing Balance Sheet”: shall have the meaning provided for under Section 1.5.

“Closing Date”: shall have the meaning provided for under Section 3.2.

“Closing Inventory Amount”: shall have the meaning provided for under Section 1.4.

“Closing Net Debt Amount”: shall have the meaning provided for under Section 1.5.

“Closing Retained Cash Amount”: shall have the meaning provided for under Section 1.5.

“Code”: means the Internal Revenue Code of 1986, as amended.

“Commercial Spokesperson Agreement”: means that certain Commercial Spokespersons Agreement dated as of May 30, 2004 (as amended by the First Amendment to Commercial Spokesperson Agreement dated as of December 22, 2004) by and among William Pitt, Inc. d/b/a/ Robbins Bros., Steve Robbins and Emerson (a/k/a Skip) Robbins.

“Consigned Inventory”: means all supplies, goods, materials, work in process, inventory and stock in trade held on consignment or memo for a third party.

“Contract”: shall have the meaning provided for under Section 1.1.2.

“Copyright”: shall have the meaning provided for under Section 1.1.3(a).

“Court Order”: means any judgment, decision, consent decree, injunction, ruling or

order of any foreign, federal, state or local court or governmental agency, department or authority that is binding on any Person or its property under applicable law.

“Cure Costs”: shall have the meaning provided for under Section 2.4.

“Debtor”: means the Seller.

“Deposit”: shall have the meaning provided for under Section 1.1.5.

“Domain Name”: shall have the meaning provided for under Section 1.1.3(b).

“Effective Date”: shall have the meaning provided for in the preamble.

“Encumbrance”: means any claim, lien, pledge, option, charge, easement, Tax assessment, security interest, deed of trust, mortgage, right-of-way, encroachment, building or use restriction, conditional sales agreement, encumbrance or other right of third parties of any sort whatsoever, whether voluntarily incurred or arising by operation of law, and includes any agreement to give any of the foregoing in the future, and any contingent sale or other title retention agreement or lease in the nature thereof.

“Entity”: means any corporation (including any non profit corporation), general partnership, limited partnership, limited liability partnership, joint venture, estate, trust, cooperative, foundation, society, political party, union, company (including any limited liability company or joint stock company), firm or other enterprise, association, organization or entity.

“ERISA”: shall have the meaning provided for under Section 5.4.1.

“ERISA Affiliate”: shall have the meaning provided for under Section 5.4.1.

“Escrow Deposit”: shall have the meaning provided for under Section 2.2.

“Escrow Holder”: shall have the meaning provided for under Section 2.2.

“Excluded Asset”: shall have the meaning provided for under Section 1.2.

“Excluded Contract”: shall have the meaning provided for under Section 1.2.

“Excluded Employment Agreement”: means the Employment Agreement dated December 22, 2004 by and between Seller and Steve Robbins.

“Excluded Liability”: shall have the meaning provided for under Section 2.3.

“Execution Date”: shall have the meaning provided for under Section 2.2.

“Expense Reimbursement”: shall have the meaning provided for under Section 11.1.

“Expense Reimbursement Amount”: means all reasonable out-of-pocket costs and expenses actually incurred by Buyer (including expenses of counsel, accountants, experts and other outside consultants and legal expenses related to negotiating this Agreement and investigating Seller or the Property), which shall, subject to Bankruptcy Court approval, constitute a priority administrative expense under Section 503(b)(1) of the Bankruptcy Code.

“Facilities”: means all offices, stores, warehouses, administration buildings, plants, other facilities and all real property and related facilities owned or leased by Seller.

“Good Funds”: shall have the meaning provided for under Section 2.2.

“Governmental Body”: means any: (a) nation, principality, state, commonwealth,

province, territory, county, municipality, district or other jurisdiction of any nature; (b) federal, state, local, municipal, foreign or other government; (c) governmental or quasi governmental authority of any nature (including any governmental division, subdivision, department, agency, bureau, branch, office, commission, council, board, instrumentality, officer, official, representative, organization, unit, body or Entity and any court or other tribunal); (d) multi national organization or body; or (e) individual, Entity or body exercising, or entitled to exercise, any executive, legislative, judicial, administrative, regulatory, police, military or taxing authority or power of any nature.

“Indebtedness”: means (a) any obligation for borrowed money, including any obligation for accrued and unpaid interest thereon and any prepayment or other penalties or premiums, (b) any capitalized lease obligations, (c) any obligation evidenced by a note, deed, mortgage or secured by any property of Seller, (d) any reimbursement obligations in respect of letters of credit, and (e) all guarantees issued in respect of obligations of any other Person of the type described in clauses (a) through (d).

“Intangible Property”: shall have the meaning provided for under Section 1.1.3.

“Intellectual Property”: shall have the meaning provided for under Section 1.1.3(c).

“Interim Accounts Receivable Amount”: shall have the meaning provided for under Section 1.5.

“Interim Inventory Amount”: shall have the meaning provided for under Section 1.5.

“Interim Net Debt Amount”: shall have the meaning provided for under Section 1.5.

“Interim Retained Cash Amount”: shall have the meaning provided for under Section 1.5.

“Inventory Statement”: shall have the meaning provided for under Section 1.4.

“Leases and Contracts”: shall have the meaning provided for under Section 1.1.1.

“Legal Requirement”: means any applicable federal, state, local, municipal, foreign or other law, statute, legislation, constitution, principle of common law, resolution, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, ruling, directive, pronouncement, requirement, notice requirement, guideline, Court Order, specification, determination, decision, opinion or interpretation issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Body.

“Liability”: means any direct or indirect liability, Indebtedness, obligation, commitment, expense, claim, deficiency, guaranty or endorsement of any type whatsoever, whether accrued or unaccrued, absolute or contingent, matured or unmatured, liquidated or unliquidated, known or unknown, asserted or unasserted, due or to become due.

“Material Adverse Effect”: means any material adverse effect on or change with respect to the business, operations, assets, Liabilities, financial condition, results of operations, properties or prospects of Seller or the Business taken as a whole that (a) results in the inability of Seller to convey to Buyer all of the material elements necessary to conduct the Business, including the Intellectual Property used in the Business, Accounts Receivable, Facilities, Inventory and other assets as contemplated by this Agreement, or (b) results in the Facilities

ceasing to materially operate in their current condition; provided, however, that any effect or change arising out of or resulting from the filing of the Petition or the announcement or pendency of the Acquisition.

“Net Cash”: shall have the meaning provided for under Section 1.1.3(d).

“Net Debt Amount”: means, as of any time, an amount equal to (a) the amount of outstanding obligations under the Wells Fargo Facility as of such time, minus (b) the amount of Net Cash to be transferred to Buyer under this Agreement as of such time. For purposes of calculating the Net Debt Amount, the amount referenced in clause (b) shall exclude all Retained Cash.

“Operating Plan”: shall have the meaning provided for under Section 10.1(a).

“Other Contract”: shall have the meaning provided for under Section 1.1.1.

“Other Intangible Property”: shall have the meaning provided for under Section 1.1.3(d).

“Other Lease”: shall have the meaning provided for under Section 1.1.1.

“Outside Date”: shall have the meaning provided for under Section 14.3.3.

“Paradox IP Security Agreement”: means the Intellectual Property Security Agreement dated January 19, 2007 by Seller, as Borrower, in favor of Paradox Syndication LLC, as Administrative Agent.

“Party”: shall have the meaning provided for in the preamble.

“Patent”: shall have the meaning provided for under Section 1.1.3(e).

“Permits and Licenses”: shall have the meaning provided for under Section 1.1.4.

“Person”: means an individual, Entity or Governmental Body.

“Personal Property”: shall have the meaning provided for under Section 1.1.2.

“Petition”: shall have the meaning provided for under recital B.

“Procedures Order”: shall have the meaning provided for under Section 8.2.

“Professional Fees”: shall have the meaning provided for under Section 2.4.

“Property”: shall have the meaning provided for under Section 1.1.

“Purchase Price”: shall have the meaning provided for under Section 2.1.1.

“Real Property Lease”: shall have the meaning provided for under Section 1.1.1.

“Required Consent Contract”: shall have the meaning provided for under Section 4.2.12.

“Retained Cash”: means, as of any time, an amount equal to (a) the amount of all Cure Costs as of such time, plus (b) the amount of all Accrued Sales Taxes as of such time, plus (c) all Professional Fees and brokerage fees of Seller, plus (d) the amount of all severance and Accrued PTO payable to non-insider, non-Transferred Employees under Seller’s employee retention plan approved by the Bankruptcy Court (but in any event not to exceed \$170,000), plus (e) all Accrued PTO to be paid by Buyer to Transferred Employees in cash in connection with the

termination of their employment (but in any event not to exceed \$50,000), plus (e) any other unpaid expenditures expressly authorized under the Operating Plan attached hereto as **Exhibit "I"**.

"Review Period": shall have the meaning provided for under Section 17.

"Sale Hearing": means the hearing conducted by the Bankruptcy Court to approve the transactions contemplated by this Agreement.

"Sale Motion": shall have the meaning provided for under Section 8.1.

"Seller": shall have the meaning provided for in the preamble.

"Seller Benefit Plan": shall have the meaning provided for under Section 5.4.7.

"Seller Broker": shall have the meaning provided for under Section 15.12.

"Specified Conditions": shall have the meaning provided for under Section 14.4.3.

"Specified Conditions End Date": shall have the meaning provided for under Section 14.4.3.

"Spence Asset Purchase Agreement": means that certain Asset Purchase Agreement by and between Spence Diamonds, Inc. and Seller.

"Subsidiary": means, with respect to any Person, (a) any corporation of which at least 50% of the securities or interests having, by their terms, ordinary voting power to elect members of the board of directors, or other persons performing similar functions with respect to such corporation, is held, directly or indirectly by such Person and (b) any partnership or limited liability company of which (i) such Person is a general partner or managing member or (ii) such Person possesses a 50% or greater interest in the total capitalization or total income of such partnership or limited liability company.

"Successful Bidder": shall have the meaning provided for under Section 11.6.

"Tax": means any federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"Tax Return": means any return, declaration, report, claim for refund, transfer pricing report or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Technology": shall have the meaning provided for under Section 1.1.3(f).

"Trademark": shall have the meaning provided for under Section 1.1.3(g).

"Trademark Right": shall have the meaning provided for under Section 1.1.3(h).

"Transaction Expense": shall have the meaning provided for under Section 11.8.

"Transfer Taxes": shall have the meaning provided for under Section 3.6.

"Transferred Employee": means any Seller employee, upon accepting an offer of

employment from Buyer.

“Transferred Inventory”: shall have the meaning provided for under Section 1.1.7.

“Unavailable Information”: shall have the meaning provided for under Section 17.

“Vendor-Related Asset”: shall have the meaning provided for under Section 1.1.8.

“WARN Act”: means the United States Worker Adjustment and Retraining Notification Act, and the rules and regulations promulgated thereunder.

“Wells Fargo Facility”: means Seller’s line of credit with Wells Fargo Bank, National Association as in effect on the date hereof.

17. Unavailable Information. As indicated in the Schedules attached hereto, certain documents and information referenced therein have not been provided to Buyer as of the Effective Date (the **“Unavailable Information”**). By no later than 5:00 p.m. Pacific time on March 6, 2009, Seller shall make available to Buyer the Unavailable Information and/or confirm for Buyer that Seller is unable to make such information available. During the period commencing at the end of such deadline and continuing through the fifth Business Day thereafter (the **“Review Period”**), based on its review of the Unavailable Information and/or Seller’s confirmation it cannot make such information available, Buyer may elect to terminate this Agreement pursuant to Section 14.4.11 in its sole discretion.

(Signature Pages Follow)

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the day and year first above written.

BUYER:

Robbins Bros. Jewelry, Inc.,
a Delaware corporation

By: 

Name:

Theresa Mrozek

Its:

Vice President, Treasurer and Secretary

SELLER:

Robbins Bros. Corporation,
a Delaware corporation,
Debtor and Debtor in Possession

By: _____

Name: _____

Its: _____

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the day and year first above written.

BUYER:

Robbins Bros. Jewelry, Inc.,
a Delaware corporation

By: _____
Name: _____
Its: _____

SELLER:

Robbins Bros. Corporation,
a Delaware corporation,
Debtor and Debtor in Possession

By: Bruce L. Ross
Name: Bruce L. Ross
Its: C.F.O.

SCHEDULES

Exhibit "A"

ASSIGNMENT AND ASSUMPTION OF LEASES AND CONTRACTS

This Assignment and Assumption of Leases and Contracts (this "**Assignment**") is entered into as of this ____th day of May, 2009, between Robbins Bros. Corporation, a Delaware corporation and Chapter 11 Debtor and Debtor in Possession under Case No. _____ in the Bankruptcy Court (the "**Assignor**"), and Robbins Bros. Jewelry, Inc., a Delaware corporation (the "**Assignee**"), on the other hand, with respect to the following facts and circumstances:

A. Assignor, as Seller, and Assignee, as Buyer, have heretofore entered into that certain Asset Purchase Agreement dated as of March 3, 2009 (the "**Purchase Agreement**"). Except for terms specifically defined herein, the capitalized terms used in this Assignment shall have the same meanings as capitalized terms used in the Purchase Agreement.

B. Concurrently with the mutual execution and delivery of this Assignment, Assignor and Assignee are consummating the transactions contemplated by the Purchase Agreement. Assignor and Assignee are executing and delivering this Assignment in satisfaction of their respective obligations pursuant to Sections 3.3.1 and 3.4.1 of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which Assignor and Assignee hereby acknowledge, Assignor and Assignee hereby agree as follows:

1. Assignment. Effective as of the Closing Date, Assignor hereby assigns to Assignee all of his right, title and interest in and to the Leases and Contracts (collectively, the "**Assigned Contracts**").

2. Assumption. Effective as of the Closing Date, Assignee hereby accepts the foregoing assignment and assumes and agrees to be bound by the terms and provisions of the Assigned Contracts and to perform all of Assignor's obligations thereunder to be performed from and after the Closing Date as though Assignee had been the original contracting party thereunder.

3. Amendments. This Assignment may only be amended by a writing signed by both Assignor and Assignee.

4. Execution in Counterparts. This Assignment may be executed in counterparts and delivered by the delivery of facsimile signatures; provided, however, that if the Parties exchange facsimile or electronic pdf signatures, each of them agrees to provide the other with a copy of this Assignment bearing their original signature promptly thereafter.

5. Delivery Pursuant to Purchase Agreement. Notwithstanding anything to the contrary herein, Assignor and Assignee are executing and delivering this Assignment in accordance with and subject to all of the terms and provisions of the Purchase Agreement (including, without limitation, the acknowledgement and disclaimer set forth in Section 7 of the Purchase Agreement).

6. Further Assurances. Seller covenants and agrees to execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to more effectively transfer and assign to and vest in Buyer the Assigned Contracts; provided that nothing herein shall be deemed to require Seller to execute or deliver any such further document or instrument or take any such action to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon Seller by this Purchase Agreement.

7. Governing Law. This Assignment shall be governed by and construed and enforced in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the day and year first set forth above.

ASSIGNOR:

Robbins Bros. Corporation,
a Delaware corporation,
Debtor and Debtor in Possession

By: _____
Name: _____
Its: _____

ASSIGNEE:

Robbins Bros. Jewelry, Inc.,
a Delaware corporation

By: _____
Name: _____
Its: _____

[SIGNATURE PAGE TO ASSIGNMENT AND ASSUMPTION OF LEASES AND CONTRACTS]

Exhibit "B"

BILL OF SALE AND ASSIGNMENT

Reference is hereby made to that certain Asset Purchase Agreement, dated March 3, 2009 (the "**Purchase Agreement**"), by and between Robbins Bros. Jewelry, Inc., a Delaware corporation ("**Buyer**"), and Robbins Bros. Corporation, a Delaware corporation and Chapter 11 Debtor and Debtor in Possession under Case No. _____ in the Bankruptcy Court ("**Seller**"). Except for terms specifically defined in this Bill of Sale, all capitalized terms used in herein shall have the same meanings as such terms have when utilized in the Purchase Agreement.

For good and valuable consideration, the receipt and sufficiency of which Seller hereby expressly acknowledges, Seller hereby sells, transfers, assigns and delivers to Buyer all of its right, title and interest in and to the Property.

Seller covenants and agrees to execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to more effectively transfer and assign to and vest in Buyer each of the Personal Property and Assignment Property; provided that nothing herein shall be deemed to require Seller to execute or deliver any such further document or instrument or take any such action to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon Seller by the Purchase Agreement.

Notwithstanding anything to the contrary herein, Seller is executing and delivering this Bill of Sale and Assignment in accordance with and subject to all of the terms and provisions of the Purchase Agreement (including, without limitation, the acknowledgement and disclaimer set forth in Section 7 of the Purchase Agreement).

IN WITNESS WHEREOF, Seller has caused this Bill of Sale and Assignment to be executed as of the _____ day of _____, 2009.

SELLER:

Robbins Bros. Corporation,
a Delaware corporation,
Debtor and Debtor in Possession

By: _____
Name: _____
Its: _____

[SIGNATURE PAGE TO BILL OF SALE]

Exhibit "C"

ASSIGNMENT OF INTANGIBLE PROPERTY

Robbins Bros. Corporation, a Delaware and Chapter 11 Debtor and Debtor in Possession under Case No. _____ in the Bankruptcy Court (the "**Assignor**") is executing this Assignment of Intangible Property (the "**Assignment**") in favor of Robbins Bros. Jewelry, Inc., a Delaware corporation (the "**Assignee**"), with respect to the following facts and circumstances:

(A) Assignor and Assignee have heretofore entered into that certain Asset Purchase Agreement dated as of March 3, 2009 (the "**Purchase Agreement**"). Except for terms specifically defined in this Assignment, the capitalized terms used in this Assignment shall have the same meanings as such terms when used in the Purchase Agreement.

(B) Concurrently with the execution and delivery of this Assignment, Assignor and Assignee are consummating the transactions contemplated by the Purchase Agreement. Pursuant to the Purchase Agreement, Assignor is required to execute and deliver this Assignment at the Closing.

NOW, THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which Assignor hereby expressly acknowledges, Assignor hereby assigns, conveys, transfers and sets over unto Assignee, all of its right, title and interest, if any, in and to all Intangible Property. This Assignment shall inure to the benefit of, and be binding upon, the successors, executors, administrators, legal representatives and assigns of Assignor and Assignee.

Notwithstanding anything to the contrary herein, Assignor is executing and delivering this Assignment in accordance with and subject to all of the terms and provisions of the Purchase Agreement (including, without limitation, the acknowledgement and disclaimer set forth in Section 7 of the Purchase Agreement).

Seller covenants and agrees to execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably request to more effectively transfer and assign to and vest in Buyer the Intangible Property; provided that nothing herein shall be deemed to require Seller to execute or deliver any such further document or instrument or take any such action to the extent that the same could in any material way increase the burdens, obligations or liabilities otherwise imposed upon Seller by this Assignment or the Purchase Agreement.

This Assignment shall be governed by and construed and enforced in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, Assignor and Assignee have executed this Assignment as of the ____ day of _____, 2009.

ASSIGNOR:

Robbins Bros. Corporation,
a Delaware corporation,
Debtor and Debtor in Possession

By: _____
Name: _____
Its: _____

ASSIGNEE:

_____,
a _____

By: _____
Name: _____
Its: _____

[SIGNATURE PAGE TO ASSIGNMENT OF INTANGIBLE PROPERTY]

Exhibit "D"

ASSUMPTION AGREEMENT

This Assumption Agreement (this "**Assumption**") is entered into as of this ____ day of May, 2009, by Robbins Bros. Jewelry, Inc., a Delaware corporation (the "**Buyer**") in favor of Robbins Bros. Corporation, a Delaware corporation and Chapter 11 Debtor and Debtor in Possession under Case No. _____ in the Bankruptcy Court (the "**Seller**"), with respect to the following facts and circumstances:

A. Seller and Buyer have heretofore entered into that certain Asset Purchase Agreement dated March 3, 2009 (the "**Purchase Agreement**"). Except for terms specifically defined herein, the capitalized terms used in this Assumption shall have the same meanings as capitalized terms used in the Purchase Agreement.

B. Concurrently with the execution and delivery of this Assumption, Buyer and Seller are consummating the transactions contemplated by the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which Buyer hereby acknowledges, Buyer hereby agrees as follows:

1. Assumption. Effective as of the Closing Date, Buyer hereby assumes and agrees to perform all of the Assumed Liabilities in accordance with their terms as expressed in the Purchase Agreement.
2. Amendments. This Assumption may only be amended by a writing signed by both Buyer and Seller.
3. Governing Law. This Assumption shall be governed by and construed and enforced in accordance with the laws of the State of Delaware.
4. Execution in Counterparts. This Assumption may be executed in counterparts and delivered by the delivery of facsimile signatures; provided, however, that if the Parties exchange facsimile or electronic pdf signatures, each of them agrees to provide the other with a copy of this Assumption bearing their original signature promptly thereafter.

IN WITNESS WHEREOF, Buyer has executed this Assumption as of the day and year first set forth above.

BUYER:

_____,
a _____

By: _____
Name: _____
Its: _____

[SIGNATURE PAGE TO ASSUMPTION AGREEMENT]

Exhibit “E”

LENDING FACILITY

[Term Sheet Attached]

Exhibit “F”

INTENTIONALLY OMITTED

Exhibit "G"
SALE ORDER

Exhibit “H”

PROCEDURES ORDER

Exhibit "I"
OPERATING PLAN

EXHIBIT B

- Bidding Procedures -

The Bidding Procedures are attached to the proposed Order.

EXHIBIT C

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
Robbins Bros. Corporation,) Case No. 09 – 10708 ()
)
Debtor. ¹)
)

Deadline for Submitting Bids:
Auction Date:
Deadline for Objections to Approval of Sale:
Hearing Date on Approval of Sale:

NOTICE OF BIDDING PROCEDURES, AUCTION DATE, AND SALE HEARING

PLEASE BE ADVISED that on March ___, 2009, the captioned debtor and debtor in possession (the “Debtor”) filed *Debtor’s Motion for Entry of an Order (A) Approving Bid Procedures for the Sale of Substantially All of Debtor’s Assets Other Than Certain of Its Illinois and Texas Store Related Assets; (B) Scheduling an Auction and Hearing to Consider the Sale and Approving the Form and Manner of Notice Related Thereto; (C) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; (D) Providing Certain Bid Protections; and (E) Granting Related Relief* (the “Bid Procedures Motion”).² On March ___, 2009, the Court entered an order (the “Bid Procedures Order”) granting the Bid Procedures Motion and approving the bid procedures

¹ The last four digits of the Debtor’s federal tax identification number are: Robbins Bros. Corporation (8887). The Debtor’s address is 1300 W. Optical Drive, Suite 200, Azusa, CA 91702.

² Capitalized terms not otherwise defined herein shall have the meanings set forth in the Bid Procedures Motion.

annexed hereto (the "Bid Procedures") to be used in connection with the sale (the "Sale" or "Transaction") of certain assets of the Debtor (the "Purchased Assets"), as more specifically defined in that certain Asset Purchase Agreement (the "Agreement") entered into with Robbins Bros. Jewelry, Inc. (the "Buyer"). This Notice provides a summary of the Bid Procedures approved by the Bid Procedures Order. A copy of the Bid Procedures is attached hereto as **Exhibit 1**. In the event of any inconsistency or conflict between this Notice and the Bid Procedures Order, the Bid Procedures Order shall control.

The Sale Hearing

PLEASE BE FURTHER ADVISED that the Bankruptcy Court has scheduled a hearing for May ____, 2009, at _____ Eastern Time (the "Sale Hearing") to consider the relief requested in *Debtor's Motion for an Order Pursuant to 11 U.S.C. §§ 105, 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006 (I) Approving Asset Purchase Agreement, (II) Authorizing the Sale of Substantially All of Debtor's Assets Other Than Certain of Its Illinois and Texas Store Related Assets, Free and Clear of All Liens, Claims, Encumbrances and Interests, (III) Approving Waiver of Stay Provisions Under Bankruptcy Rules 6004 and 6006, (IV) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (V) Granting Other Related Relief* (the "Sale Motion") and to confirm the result of any auction (the "Auction"). The Sale Hearing may, however, be adjourned in open court from time to time, without further notice. The Sale Hearing will be held before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, _____ Floor, Courtroom No. ____, Wilmington, Delaware 19801.

PLEASE BE FURTHER ADVISED that the Bid Procedures annexed hereto shall govern the bidding process and the Auction of the Purchased Assets. Any person that wishes to receive a copy of the Sale Motion or the Bid Procedures Order shall make such request in writing to Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705 (Courier 19801), Attn: Bruce Grohsgal, Esquire or by email to bgrohsgal@pszjlaw.com.

Objections

Objections to the relief requested by the Sale Motion shall be set forth in writing and shall specify with particularity the grounds for such objections or other statements of position, and shall be filed with the Court by 4:00 p.m. prevailing Eastern Time on April 27, 2009, and shall be served so as to be received by that same date and time on: (i) the Debtor, Robbins Bros., 1300 West Optical Drive, Azusa, California, Attn: Steven Robbins, Chairman and Chief Executive Officer, with a copy to counsel for the Debtor, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, Attn: Jeff Pomerantz, and Pachulski Stang Ziehl & Jones LLP, 919 N. Market St., 17th Floor, Wilmington, DE 19801, Attn: Bruce Grohsgal; (ii) investment banker to the Debtor, William Blair & Co., 222 West Adams St., Chicago, Illinois 60610, Attn: Geoffrey Richards; (iii) the Buyer, c/o Weston Presidio Capital IV, L.P., Pier 1, Bay 2, San Francisco, California 94111, Attn: Therese Mrozek, with a copy to Latham & Watkins, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Robert Klyman; and (iv) counsel for any official committee of unsecured creditors appointed in this case.

Closing

The closing of the Sale and the other transactions contemplated under the Agreement shall occur in accordance with the terms and conditions of the Agreement.

PLEASE BE FURTHER ADVISED that all requests for information concerning the Purchased Assets and all requests for information concerning the Bid Procedures, should be directed in writing to Pachulski Stang Ziehl & Jones LLP, 919 N. Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705 (Courier 19801), Attn. Bruce Grohsgal, Esquire, or by email to bgrohsgal@pszjlaw.com.

Dated: March ____, 2009

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)
Bruce Grohsgal (Bar No. 3583)
919 North Market Street, 17th Floor
P.O. Box 8705
Wilmington, DE 19899-8705 (Courier 19801)
Telephone: (302) 652-4100
Facsimile: (302) 652-4400
Email: jpomerantz@pszjlaw.com
 bgrohsgal@pszjlaw.com

[Proposed] Counsel for the Debtor and
Debtor in Possession

EXHIBIT D

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
Robbins Bros. Corporation,) Case No. 09 - 10708 ()
)
Debtor. ¹)
)

Deadline for Submitting Bids:
Auction Date:
Deadline for Objections to Approval of Sale:
Hearing Date on Approval of Sale:

NOTICE OF AUCTION AND SALE HEARING

PLEASE BE ADVISED that on March __, 2009, Robbins Bros. Corporation, the above captioned debtor and debtor in possession (the "Debtor"), filed *Debtor's Motion for an Order Pursuant to 11 U.S.C. §§ 105, 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006 (I) Approving Asset Purchase Agreement, (II) Authorizing the Sale of Substantially All of Debtor's Assets Other Than Certain of Its Illinois and Texas Store Related Assets, Free and Clear of All Liens, Claims, Encumbrances and Interests, (III) Approving Waiver of Stay Provisions Under Bankruptcy Rules 6004 and 6006, (IV) Authorizing the Assumption and Assignment of Executory Contracts and Unexpired Leases, and (V) Granting Other Related Relief* (the "Sale Motion"), pursuant to which the Debtor requests authority to sell certain of its assets (the "Purchased Assets") pursuant to and on the terms and conditions set forth in an asset

¹ The last four digits of the Debtor's federal tax identification number are: Robbins Bros. Corporation (8887). The Debtor's address is 1300 W. Optical Drive, Suite 200, Azusa, CA 91702.

purchase agreement dated March ___, 2009 (the "Agreement") by and between the Debtor and Robbins Bros. Jewelry, Inc. (the "Buyer").

PLEASE BE ADVISED that, on March ___, 2009, the Bankruptcy Court entered an Order (the "Bid Procedures Order") approving certain bid and auction procedures (the "Bid Procedures"), which procedures are to be applied in connection with the proposed sale (the "Sale" or "Transaction") of the Purchased Assets. The Purchased Assets will be sold free and clear of all liens, claims, rights, encumbrances and other interests in accordance with 11 U.S.C. §§ 363(b) and (f) and 365(b).

PLEASE BE FURTHER ADVISED that, other than the bid of the Buyer which has been and is deemed received, any and all bids must be in accordance with the Bid Procedures and must be **RECEIVED** by the following parties **on or before May 1, 2009, at 4:00 p.m.**

Eastern time: (i) the Debtor, Robbins Bros., 1300 West Optical Drive, Azusa, California, Attn: Steven Robbins, Chairman and Chief Executive Officer, with a copy to counsel for the Debtor, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 11th Floor, Los Angeles, California 90067-4100, Attn: Jeff Pomerantz, and Pachulski Stang Ziehl & Jones LLP, 919 N. Market St., 17th Floor, Wilmington, DE 19801, Attn: Bruce Grohsgal; (ii) investment banker to the Debtor, William Blair & Co., 222 West Adams St., Chicago, Illinois 60610, Attn: Geoffrey Richards; (iii) the Buyer, c/o Weston Presidio Capital IV, L.P., Pier 1, Bay 2, San Francisco, California 94111, Attn: Therese Mrozek, with a copy to Latham & Watkins, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Robert Klyman; and (iv) counsel for any official committee of unsecured creditors appointed in this case (collectively, the "Notice Parties"), by

the Bid Deadline (provided that any confidential financial information may be delivered to the Debtor and its counsel only).

PLEASE BE FURTHER ADVISED that on **May 5, 2009, at 9:00 a.m. Eastern time**, the Debtor may hold an auction (the "Auction") for the sale of the Purchased Assets at the offices of Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705. The Auction will be governed by the terms and conditions of the Bid Procedures, which have been authorized and approved by the Bankruptcy Court.

PLEASE BE FURTHER ADVISED that the Bankruptcy Court has scheduled a hearing for May 6, 2009, at _____ Eastern Time (the "Sale Hearing") to consider the relief requested in the Sale Motion and to confirm the result of any Auction. The Sale Hearing may, however, be adjourned in open court from time to time, without further notice. The Sale Hearing will be held before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, _____ Floor, Courtroom No. ____, Wilmington, Delaware 19801.

PLEASE BE FURTHER ADVISED that objections or responses to any relief requested by the Sale Motion (an "Objection") shall set forth, in writing, with particularity, the grounds for such objections or other statements of position and be filed with the Bankruptcy Court and served on the Notice Parties in such a manner that it is actually **RECEIVED** on or **before April 27, 2009, at 4:00 p.m. Eastern time**. Objections that do not conform to the foregoing will not be considered by the Bankruptcy Court.

PLEASE BE FURTHER ADVISED that, all requests for information concerning the Sale Motion, the Bid Procedures Order, the Agreement, the Purchased Assets, or the Auction should be directed, in writing, to the undersigned counsel for the Debtor, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705 (Courier 19801) (Attn: Bruce Grohsgal, Esquire) or by email to bgrohsgal@pszjlaw.com.

Dated: March __, 2009

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)
Bruce Grohsgal (Bar No. 3583)
919 North Market Street, 17th Floor
P.O. Box 8705
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Telephone: (302) 652-4100
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Email: jpomerantz@pszjlaw.com
bgrohsgal@pszjlaw.com

[Proposed] Counsel for the Debtor and
Debtor in Possession

EXHIBIT E

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

In re:) Chapter 11
)
Robbins Bros. Corporation,) Case No. 09 - 10708 ()
)
Debtor. ¹)
)

Deadline for Submitting Bids:
Auction Date:
Deadline for Objections to Approval of Sale:
Hearing Date on Approval of Sale:

NOTICE TO COUNTERPARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES THAT MAY BE ASSUMED AND ASSIGNED

PLEASE TAKE NOTICE that on March ___, 2009 (the "Petition Date"), Robbins Bros. Corporation, the above captioned debtor and debtor in possession (the "Debtor"), filed a voluntary petition for relief under title 11 of the United States Code (the "Bankruptcy Code"). On March ___, 2009, the Debtor filed *Debtor's Motion for an Order Pursuant to 11 U.S.C. §§ 105, 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006 (I) Approving Asset Purchase Agreement, (II) Authorizing the Sale of Substantially All of Debtor's Assets Other Than Certain of Its Illinois and Texas Store Related Assets, Free and Clear of All Liens, Claims, Encumbrances and Interests, (III) Approving Waiver of Stay Provisions Under Bankruptcy Rules 6004 and 6006, (IV) Authorizing the Assumption and Assignment of Executory Contracts and*

¹ The last four digits of the Debtor's federal tax identification number are: Robbins Bros. Corporation (8887). The Debtor's address is 1300 W. Optical Drive, Suite 200, Azusa, CA 91702.

Unexpired Leases, and (V) Granting Other Related Relief (the “Sale Motion”),² and on March ___, 2009, the Bankruptcy Court entered its *Order (A) Approving Bid Procedures for the Sale of Substantially All of Debtor’s Assets Other Than Certain of Its Illinois and Texas Store Related Assets; (B) Scheduling an Auction and Hearing to Consider the Sale and Approving the Form and Manner of Notice Related Thereto; (C) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; (D) Providing Certain Bid Protections; and (E) Granting Related Relief* (the “Bid Procedures Order”). Pursuant to the Sale Motion, the Debtor seeks, *inter alia*, the Bankruptcy Court’s approval of the sale of certain of its assets (the “Purchased Assets”), including the assumption and assignment of certain executory contracts and unexpired leases (the “Designated Executory Contracts”), to either the proposed buyer, Robbins Bros. Jewelry, Inc. (the “Buyer”), or to the successful purchaser of the Purchased Assets at an auction (the “Auction”), free and clear of liens, claims, encumbrances and other interests.

PLEASE TAKE FURTHER NOTICE that the hearing on the Sale Motion has been set for **May ___, 2009, at _____ a.m.** before the Honorable _____, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, located at 824 Market Street, _____ Floor, Courtroom No. ___, Wilmington, Delaware 19801.

PLEASE TAKE FURTHER NOTICE that the amount shown on Exhibit A attached to this Notice as the “Cure Cost” for the Designated Executory Contract listed on Exhibit A or for another contract or lease not identified by the Buyer as a Designated Executory Contract but which may be assumed and assigned to another Successful Bidder (a “Potential

² Capitalized terms not otherwise defined herein shall have the meanings set forth in the Sale Motion.

Assumed Contract”) listed on Exhibit A to which you are a party is the amount, based upon the Debtor’s books and records, which the Debtor asserts is owed to cure any defaults existing under the Designated Executory Contract or Potential Assumed Contract, as applicable, as of the Petition Date.³

PLEASE TAKE FURTHER NOTICE that the Buyer may exclude any agreement or agreements from the list of Designated Executory Contracts no later than April 29, 2009 as set forth in the Agreement.

PLEASE TAKE FURTHER NOTICE that the Debtor will deliver a copy of the Sale Motion and Bid Procedures Order to you by facsimile, email or overnight delivery if you fax a written request for such delivery to Bruce Grohsgal, Esquire, at Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, Delaware 19801, facsimile number 302-652-4400 or request a copy by email to bgrohsgal@pszjlaw.com. Such request must specify how the information is to be transmitted.

PLEASE TAKE FURTHER NOTICE that if you disagree with the Cure Cost shown for the applicable Designated Executory Contract or Potential Assumed Contract on Exhibit A, or if you object to the assumption and assignment of your applicable contract or lease on any ground other than adequate assurance of future performance, you must file an objection in writing with the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824 Market Street, Wilmington, Delaware 19801, **on or before 4:00 p.m. Eastern time on the date which is fifteen (15) days after the Debtor’s service of this Notice**. In addition,

³ Your receipt of this notice does not constitute an admission by the Debtor that your agreement actually constitutes an executory contract or unexpired lease under section 365 of the Bankruptcy Code, and the Debtor expressly reserves the right to challenge the status of any agreement up until the time of the Sale Hearing.

any objection must set forth the specific default or defaults alleged, set forth any such other ground for objection, and set forth any Cure Cost as alleged by you.

PLEASE TAKE FURTHER NOTICE that any objection to the Cure Cost so filed must be served so as to be received by that same date and time upon the following parties: (a) counsel to the Debtor, (i) Jeffrey Pomerantz, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Boulevard, Eleventh Floor, Los Angeles, California 90067, and (ii) Bruce Grohsgal, Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, P.O. Box 8705, Wilmington, Delaware 19899-8705 (Courier 19801), (b) counsel to the Buyer, Latham & Watkins LLP, 355 South Grand Avenue, Los Angeles, California 90071, Attn: Robert Klyman, (c) counsel for any official committee of unsecured creditors appointed in this case, and (d) the United States Trustee (together with the foregoing parties set forth in (a)-(c), the "Notice Parties"), with a courtesy copy for the Court.. If you fail to timely file and serve an objection to the Cure Cost, you shall (i) be forever barred from objecting to the Cure Amounts and from asserting any additional cure or other amounts with respect to such Designated Executory Contract and the Debtor shall be entitled to rely solely upon the Cure Amount and (ii) be forever barred and estopped from asserting any additional cure or other amounts against the Debtor, its estate, and/or the Buyer with respect to the Designated Executory Contract. Notwithstanding anything to the contrary, no executory contract or unexpired lease will be assumed until the occurrence of the Closing Date and in accordance with the terms of the Agreement, including, without limitation, that the Buyer may remove any executory contract or lease from the list of Designated Executory Contracts prior to April 29, 2009 pursuant to Section 1.1.1 of the Agreement.

PLEASE TAKE FURTHER NOTICE that if you object to the assignment and assumption of your Designated Executory Contract or Potential Assumed Contract, as applicable, with respect to the adequate assurance of future performance, you must file an objection in writing with the United States Bankruptcy Court for the District of Delaware, Marine Midland Plaza, 824 Market Street, Wilmington, Delaware 19801, on or before 4:00 p.m. Eastern time April 27, 2009.

PLEASE TAKE FURTHER NOTICE that any such objection to the assignment and assumption of your Designated Executory Contract or Potential Assumed Contract, as applicable, with respect to the adequate assurance of future performance so filed must be served so as to be received by that same date and time upon the Notice Parties (defined above).

PLEASE TAKE FURTHER NOTICE THAT IF YOU DO NOT TIMELY FILE AND SERVE AN OBJECTION OR OBJECTIONS AS STATED ABOVE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE SALE MOTION WITHOUT FURTHER NOTICE. ANY NON-DEBTOR PARTY TO ANY DESIGNATED EXECUTORY CONTRACT OR POTENTIAL ASSUMED CONTRACT WHO DOES NOT FILE A TIMELY OBJECTION TO THE CURE COSTS FOR SUCH CONTRACT IS DEEMED TO HAVE CONSENTED TO SUCH CURE COSTS , AND ANY NON-DEBTOR PARTY TO ANY DESIGNATED EXECUTORY CONTRACT OR POTENTIAL ASSUMED CONTRACT, AS APPLICABLE, WHO DOES NOT FILE A TIMELY OBJECTION ON OTHER GROUNDS IS DEEMED TO HAVE CONSENTED TO SUCH ASSIGNMENT AND ASSUMPTION.

Dated: March ___, 2009

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)
Bruce Grohsgal (Bar No. 3583)
919 North Market Street, 17th Floor
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[Proposed] Counsel for the Debtor and
Debtor in Possession