

**AGENCY AGREEMENT**

This Agency Agreement (this “Agreement”) is made as of May \_\_, 2009, between S&K Famous Brands, Inc., a Virginia corporation with a principal place of business at 11100 W. Broad Street, Glen Allen, VA 23060 (the “Merchant”) and Gordon Brothers Retail Partners, LLC, (the “Agent”).

**RECITALS**

WHEREAS, on February 9, 2009 (the “Petition Date”), Merchant filed a voluntary petition for relief under Chapter 11 of Title 11, United States Code, 11 U.S.C. §§ 101-1330 (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of Virginia, Richmond Division (the “Bankruptcy Court”), Case No. 09-30805(KRH) (the “Bankruptcy Case”);

WHEREAS, Merchant operates retail stores in the United States and desires that Agent act as Merchant’s exclusive agent for the limited purposes of: (a) selling all of the Merchandise (as hereinafter defined) located in (i) Merchant’s one-hundred five (105) retail store locations identified on Exhibit 1 attached hereto (each individually a “Store,” and collectively the “Stores”) and (ii) Merchant’s distribution center listed on Exhibit 1A attached hereto (the “Distribution Center”) by means of a “going out of business”, “store closing,” or similar themed sale (as further described below, the “Sale”); and (b) disposing of the Owned FF&E (as hereinafter defined) in the Stores.

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

Section 1. Defined Terms. The terms set forth below are defined in the referenced sections of this Agreement:

<u>Defined Term</u>	<u>Section Reference</u>
Additional Goods	Section 8.10
Adjustment Amount	Section 3.3(a)
Agency Accounts	Section 7.2(a)
Agency Documents	Section 11.1(b)
Agent	Preamble
Agent Indemnified Parties	Section 13.1
Agent’s Fee	Section 3.1(b)
Approval Order	Section 2(b)
Bankruptcy Case	Recitals
Bankruptcy Court	Recitals
Bankruptcy Code	Recitals
Beneficiary	Section 3.4
Benefits Cap	Section 4.1(b)
Central Service Expenses	Section 4.1(i)
Defective Merchandise	Section 5.2(b)
Designated Deposit Accounts	Section 7.2(b)
Display Merchandise	Section 5.2(b)
Estimated Guaranteed Amount	Section 3.3(a)
Events of Default	Section 14
Excluded Benefits	Section 4.1(ii)
Excluded Defective Merchandise	Section 5.2(b)



Expenses	Section 4.1
FF&E	Section 5.2(a)
Final Inventory Report	Section 3.3(a)
Final Reconciliation	Section 8.7
Gift Certificates	Section 8.6
Gross Rings	Section 6.3
Guaranteed Amount	Section 3.1(a)
Guaranty Percentage	Section 3.1(a)
Initial Guaranty Payment	Section 3.3(a)
Inventory Taking	Section 5.1(a)
Inventory-Taking Service	Section 5.1(a)
Inventory-Taking Instructions	Section 5.1(a)
Layaway Merchandise	Section 5.2(b)
Letter of Credit	Section 3.4
Liquidation Sale Laws	Section 2(c)
Merchandise	Section 5.2(a)
Merchandise Threshold	Section 3.1(c)
Merchant	Preamble
Merchant Consignment Goods	Section 5.4
Occupancy Expenses	Section 4.1
Owned FF&E	Section 15.9
Payment Date	Section 3.3(a)
Petition Date	Recitals, Section 2(b)
Proceeds	Section 7.1
Recovery Amount	Section 3.1(b)
Remaining Merchandise	Section 3.2(b)
Retained Employee	Section 4.1
Retention Bonuses	Section 9.4
Returned Defective Merchandise	Section 8.5
Returned Merchandise	Section 8.5
Returned Merchandise Log	Section 8.5
Sale	Recitals
Sale Commencement Date	Section 6.1
Sale Guidelines	Section 8.1
Sale Term	Section 6.1
Sale Termination Date	Section 6.1
Sales Taxes	Section 8.3
Sales Taxes Account	Section 8.3
Sharing Threshold	Section 3.1(b)
Store(s)	Recitals
Supplies	Section 8.4
WARN Act	Section 9.1
Weekly Sale Reconciliation	Section 8.7

Section 2. Appointment of Agent/Liquidation Sale Laws/Approval Order.

(a) Effective upon the entry of the Approval Order, Merchant hereby appoints Agent, and Agent hereby agrees to serve, as Merchant's exclusive agent for the limited purpose of conducting the Sale at the Stores and disposing of the Owned FF&E in the Stores in accordance with the terms and conditions of this Agreement.

(b) Within one (1) business day after the execution of this Agreement, Merchant will move the Bankruptcy Court for entry of an order approving this Agreement and authorizing Merchant and Agent to conduct the Sale in accordance with the terms hereof (the "Approval Order"). The Approval Order shall provide, in a form reasonably satisfactory to Merchant, and Agent, *inter alia*, that (i) this Agreement (and each of the transactions contemplated hereby) is approved in its entirety; (ii) Merchant and Agent shall be authorized to continue to take any and all actions as may be necessary or desirable to implement this Agreement and each of the transactions contemplated hereby; (iii) Agent shall be entitled to sell all Merchandise hereunder free and clear of all liens, claims or encumbrances thereon, with any presently existing liens encumbering all or any portion of the Merchandise or the Proceeds attaching only to the Guaranteed Amount, the Recovery Amount and other amounts to be received by Merchant under this Agreement; (iv) Agent shall have the right to use the Stores and all related Store services, furniture, fixtures, equipment and other assets of Merchant as designated hereunder for the purpose of conducting the Sale, free of any interference from any entity or person subject to compliance with the Sale Guidelines and Approval Order with respect to the Merchandise and Owned FF&E Assets; (v) Agent, as agent for Merchant, is authorized to conduct, advertise, post signs and otherwise promote the Sale as a "going out of business," "store closing," "sale on everything," "everything must go," or similar themed sale, in accordance with the Sale Guidelines (as the same may be modified and approved by the Bankruptcy Court) and without compliance with the Liquidation Sale Laws, subject to compliance with the Sale Guidelines and Approval Order; (vi) Agent shall be granted a limited license and right to use until the Sale Termination Date the trade names, logos and customer lists relating to and used in connection with the operation of the Stores, solely for the purpose of advertising the Sale in accordance with the terms of this Agreement; (vii) all newspapers and other advertising media in which the Sale is advertised shall be directed to accept the Approval Order as binding and to allow Merchant and Agent to consummate the transactions provided for in this Agreement, including, without limitation, the conducting and advertising of the Sale in the manner contemplated by this Agreement; (viii) all utilities, landlords, creditors and all persons acting for or on their behalf shall not interfere with or otherwise impede the conduct of the Sale, institute any action in any court (other than in the Bankruptcy Court) or before any administrative body which in any way directly or indirectly interferes with or obstructs or otherwise impedes the conduct of the Sale; (ix) the Bankruptcy Court shall retain jurisdiction over the parties to enforce this Agreement; (x) Agent shall not be liable for any claims against Merchant other than as expressly provided for in this Agreement; (xi) Agent shall be granted a valid, binding, enforceable and perfected security interest as provided for in Section 16 hereof (without the necessity of filing financing statements to perfect the security interests), (xii) any amounts owed by Merchant to Agent under this Agreement shall be granted the status of superpriority claims in Bankruptcy Case pursuant to Bankruptcy Code section 364(a), and (xiii) Agent shall be permitted to include in the Sale Additional Goods in accordance with the terms and provisions of this Agreement, and to the extent that Agent complies with Section 8.10 hereof, Agent shall be deemed to be in compliance with the Liquidation Sale Laws and consumer protection laws (including consumer laws relating to deceptive practices and false advertising).

(c) Subject to entry of the Approval Order, Agent shall be authorized to conduct, advertise, post signs and otherwise promote the Sale as a "going out of business," "store closing," "sale on everything," "everything must go," or similar-themed sale, without further consent of any person, in accordance with the terms and conditions of this Agreement and the Sale Guidelines and without further compliance with applicable federal, state or local laws governing, *inter alia*, the conduct of store closing or similarly-themed sales (collectively, the "Liquidation Sale Laws"), other than those designed to protect public health and safety, provided that, the Approval Order shall provide that with respect to the use of signwalkers and exterior banners, so long as the Sale is conducted in accordance with the Sale Guidelines and in a safe and professional manner, public health and safety laws purporting to govern the use of signwalkers and banners shall be deemed Liquidation Sale Laws.

Section 3. Consideration to Merchant and Agent.

3.1 Payments to Merchant.

(a) As a guaranty of Agent's performance hereunder, Agent guarantees that Merchant shall receive twenty-five and one-tenth percent (25.1%) (the "Guaranty Percentage") of the aggregate Retail Value of the Merchandise (the "Guaranteed Amount"), which Guaranteed Amount shall be paid at such time and in such manner as shall hereinafter be provided.

(b) To the extent that Proceeds exceed the sum of (i) the Guaranteed Amount, (ii) Expenses of the Sale and (iii) two percent (2%) of the aggregate Retail Value of the Merchandise (the "Agent's Fee") (the sum of (i), (ii) and (iii), the "Sharing Threshold"), then all Proceeds of the Sale above the Sharing Threshold shall be shared fifty percent (50%) to Merchant and fifty percent (50%) to Agent. All amounts, if any, to be received by Merchant from Proceeds in excess of the Sharing Threshold shall be referred to as the "Recovery Amount." Agent shall pay to Merchant the Guaranteed Amount and the Recovery Amount, if any, in the manner and at the times specified in Section 3.3. The Guaranteed Amount and the Recovery Amount will be calculated based upon the aggregate Retail Value of the Merchandise as determined by (A) the final certified report of the Inventory Taking Service after verification and reconciliation thereof by Agent and Merchant; (B) the aggregate Retail Value of the Merchandise subject to Gross Rings, as adjusted for shrinkage per this Agreement; and any other adjustments to Retail Value as expressly contemplated by this Agreement.

3.2 Compensation to Agent, Subject to entry of the Approval Order:

(a) Agent shall receive, as its compensation for services rendered to Merchant, the Agent's Fee, all proceeds from the sale of Additional Goods less the Merchant Additional Goods Amount, plus Proceeds of the Sale above the Sharing Threshold, less the Recovery Amount. Agent shall also be entitled to receive a commission based on the sale of Merchant Consignment Goods as provided for in Section 5.4 and the commission or gross proceeds of the sale of Owned FF&E in the Stores as provided for in Section 15.9.

(b) Provided that no Event of Default has occurred and continues to exist on the part of Agent, and after all payments are made to Merchant as required hereunder, all Merchandise remaining at the Sale Termination Date (the "Remaining Merchandise") shall become the property of Agent, free and clear of all liens, claims and encumbrances of any kind or nature, subject to Merchant's right to payment of the Guaranteed Amount, the Recovery Amount, if any, and any other amount owing hereunder, and the proceeds received by Agent from the disposition of such unsold Merchandise shall constitute Proceeds hereunder. Agent must dispose of the Remaining Merchandise in a commercially reasonable manner and any recovery from such disposition shall be included in the Sharing Threshold. Notwithstanding the foregoing, Agent shall exercise commercially reasonable efforts to dispose of all of the Merchandise during the Sale Term.

3.3 Time of Payments.

(a) On the first business day following issuance of the Approval Order (the "Payment Date"), Agent shall pay to Merchant an amount (the "Initial Guaranty Payment") equal to seventy-five percent (75%) of the product of (i) the Guaranty Percentage and the estimated aggregate Retail Value of the Merchandise to be included in the Sale as reflected on Merchant's books and records on the last business day immediately preceding the Sale Commencement Date (the "Estimated Guaranteed Amount") by wire transfer to the account designated by Merchant prior to the Payment Date (the "Designated Account"). The balance of the Guaranteed Amount, if any, shall be paid by Agent by

wire transfer to the account designated by Merchant on the second business day following the issuance of the final report of the aggregate Retail Value of the Merchandise included in the Sale by the Inventory Taking Service, after review, reconciliation and verification thereof by Agent and Merchant (as reviewed, reconciled, and verified by Agent and Merchant, the "Final Inventory Report"); provided, however, that Merchant and Agent shall exercise reasonable best efforts to reconcile and verify the Inventory Taking within ten calendar (10) days after its completion. In the event Merchant and Agent are unable to reconcile and verify the Inventory Taking within such ten (10) day period, both Agent and Merchant agree to submit any disputes for expedited resolution by the Bankruptcy Court. In the event that the Initial Guaranty Payment exceeds the Guaranteed Amount, Merchant shall pay to Agent the amount (the "Adjustment Amount") by which the Initial Guaranty Payment exceeds the Guaranteed Amount and any other amounts paid by Agent on account of the Guaranteed Amount within one business day after the Final Inventory Report has been issued. To the extent that Merchant is entitled to receive a Recovery Amount from Proceeds, Agent shall pay such Recovery Amount as part of the Final Reconciliation under Section 8.6, as soon as commercially reasonable after the Sale Termination Date.

(b) All amounts required to be paid by Agent or Merchant under any provision of this Agreement shall be made by wire transfer of immediately available funds which shall be wired by Agent or Merchant, as applicable, no later as 2:00 p.m. (Eastern Time) on the date that such payment is due; provided, however, that all of the information necessary to complete the wire transfer has been received by Agent or Merchant, as applicable, by 10:00 a.m. (Eastern Time) on the date that such payment is due. In the event that the date on which any such payment is due is not a business day, then such payment shall be made by wire transfer on the next business day.

(c) Merchant agrees that if at any time during the Sale Term Merchant holds any amounts due to Agent hereunder, Agent may in its discretion offset such amounts being held by Merchant against any amounts due and owing to Merchant pursuant to this Section 3.3 or otherwise under this Agreement. In addition, Merchant and Agent further agree that if at any time during the Sale Term, Agent holds any amounts due to Merchant under this Agreement, Agent may in its discretion offset such amounts being held by it against any amounts due and owing by, or required to be paid by, Merchant hereunder.

3.4 Security. In order to secure Agent's obligations under this Agreement, in respect of (x) the payment of the unpaid portion of the Guaranteed Amount, (y) Expenses of the Sale, and (z) the payment of the Recovery Amount, if any, on the Payment Date, Agent shall furnish Merchant an irrevocable standby Letter(s) of Credit naming Merchant as the beneficiary (the "Beneficiary") in the aggregate original face amount equal to the difference between the Estimated Guaranteed Amount and the Initial Guaranty Payment, plus two (2) weeks' estimated Expenses that Merchant pays in the ordinary course, which shall be substantially in the form of Exhibit 3.4 hereof (collectively, the "Letter of Credit"). The Letter of Credit shall have an expiration date of no earlier than sixty days after the Sale Termination Date. Unless Merchant and Agent shall have mutually agreed that they have completed the Final Reconciliation under this Agreement, then, at least thirty (30) days prior to the initial or any subsequent expiration date, Agent shall secure and Beneficiary shall receive an amendment to the Letter of Credit solely extending (or further extending, as the case may be) the expiration date by at least sixty (60) days. If Beneficiary fails to receive such amendment to the Letter of Credit no later than thirty (30) days before the expiration date, then all amounts hereunder shall become immediately due and payable and Beneficiary shall be permitted to draw under the Letter of Credit in payment of amounts owed and Beneficiary shall hold the balance of the amount drawn under the Letter of Credit as security for amounts that are or may become due and payable to Merchant. At Agent's request, Beneficiary shall take all actions reasonably required to reduce the amount available to be drawn under the Letter of Credit by amounts credited against the Guaranteed Amount; provided, however, that the Letter of Credit shall not be reduced below two (2) weeks of estimated Expenses of the Sale. In the event that Agent, after receipt

of five (5) days' notice (which notice shall not be required if Agent or any member of Agent shall be a debtor under title 11, United States Code), fails to pay the Guaranteed Amount or any portion thereof, the Recovery Amount or any portion thereof, or any Expenses of the Sale when due, Beneficiary may draw on the Letter of Credit in an amount equal to the unpaid, past due amount of the Guaranteed Amount, Recovery Amount, or Expenses, subject to and without waiver of any right of Agent to dispute such amounts.

Section 4. Expenses of the Sale.

4.1 Expenses. Agent shall be responsible for all Expenses, which expenses shall be paid by Agent in accordance with Section 4.2 below. As used herein, "Expenses" shall mean the Store-level operating expenses of the Sale which arise during the Sale Term, limited to the following:

(a) all payroll for all employees identified by Agent to be used in connection with the Sale (each such employee, a "Retained Employee" and collectively, the "Retained Employees") for actual days/hours worked at a Store during the Sale Term as well as payroll for any of Merchant's former employees or temporary labor retained by Agent for the Sale;

(b) any amounts payable by Merchant for benefits (including FICA, unemployment taxes, workers' compensation and healthcare insurance, but excluding Excluded Benefits) for Retained Employees used in the Sale, in an amount equal to 17% of the aggregate base payroll for each Retained Employee in the Stores (the "Benefits Cap") during the Sale Term;

(c) costs of all security in the Stores (to the extent customarily provided in the Stores) including, without limitation, security systems, courier and guard service, armored car services, building alarm service and alarm service maintenance;

(d) 50% of the fees and costs of the Inventory Taking Service to conduct the Inventory Taking at the Stores, and 50% of the actual payroll and related costs for the Retained Employees who work at a Store during the Inventory Taking;

(e) Retention Bonuses for Retained Employees, as provided for in Section 9.4 below;

(f) actual costs of advertising and direct mailings used in the Sale, Store interior and exterior signage and banners, and signwalkers;

(g) local and long-distance telephone expenses incurred at the Stores;

(h) credit card fees, bank card fees, chargebacks and discounts with respect to Merchandise sold in the Sale;

(i) bank service charges (for Store and corporate accounts), check guarantee fees, and bad check expenses to the extent attributable to the Sale;

(j) costs for additional Supplies at the Stores necessary to conduct the Sale as requested by Agent;

(k) all fees and charges reasonably required to comply with applicable laws in connection with the Sale;

- (l) Store cash theft and other store cash shortfalls in the registers;
- (m) any and all costs relating to the processing, transfer and consolidation of Merchandise between and among the Stores, including delivery and freight costs, it being understood that Agent shall be responsible for coordinating such transfer of Merchandise;
- (n) Store trash and snow removal;
- (o) on-site supervision of the Stores, including any and all fees, wages and reasonable bonuses of Agent's field personnel, travel to, from or between the Stores and incidental out-of-pocket and commercially reasonable travel expenses relating thereto (including reasonable and documented corporate travel to monitor and manage the Sale);
- (p) postage, courier and overnight mail charges to and from or among the Stores and central office to the extent relating to the Sale;
- (q) Agent's actual cost of capital (including Letter of Credit fees) and insurance;
- (r) Agent's reasonable out-of-pocket costs and expenses, including but not limited to, reasonable legal fees and expenses, incurred in connection with the review of data, preparation, negotiation and execution of this Agreement, the Approval Order and any ancillary documents;
- (s) actual Occupancy Expenses for the Stores on a per location and per diem basis in an amount up to the per Store per diem amount set forth on Exhibit 4.1(s) attached; and
- (t) a pro rata portion for the Sale Term of Merchant's premium attributable to insuring the Merchandise and Additional Goods.

There will be no double payment of Expenses to the extent that Expenses appear or are contained in more than one Expense category, and to the extent that any cap applies to any Expense shown in more than one category above, the lowest cap shall apply.

As used herein, the following terms have the following respective meanings:

- (i) "Central Service Expenses" means costs and expenses for Merchant's central administrative services necessary for the Sale, including, but not limited to, MIS services, payroll processing, cash reconciliation, inventory processing and handling and data processing and reporting.
- (ii) "Excluded Benefits" means (i) the following benefits arising, accruing or attributable to the period prior to the Sale Commencement Date: (w) vacation days or vacation pay, (x) sick days or sick leave or any other form of paid time off, (y) maternity leave or other leaves of absence, termination or severance pay and (z) ERISA coverage and similar contributions and/or (ii) any other benefits in excess of the Benefits Cap, including, without limitation, any payments due under the WARN Act.
- (iii) "Occupancy Expenses" means base rent, percentage rent, HVAC, utilities, CAM, storage costs, real estate and use taxes, merchant's association dues and expenses, utilities expenses, cash register maintenance, routine repairs, building maintenance, housekeeping and cleaning expenses, and rental for furniture, fixtures and equipment, all the foregoing as categorized and reflected on Exhibit 4.1(s) hereto.

Notwithstanding any other provision of this Agreement to the contrary, "Expenses" shall not include: (i) Excluded Benefits; (ii) Central Service Expenses, (iii) Occupancy Expenses, except as provided in Section 4.1(s), (iv) any expenses of any kind relating to or arising from Merchant's home office or Distribution Center, including Distribution Center Expenses and/or (v) any other costs, expenses or liabilities payable by Merchant not provided for herein, all of which shall be paid by Merchant promptly when due during the Sale Term.

4.2 Payment of Expenses. Effective from and after entry of the Approval Order:

(a) Agent shall be responsible for the payment of all Expenses, whether or not there are sufficient Proceeds collected to pay such Expenses after the payment of the Guaranteed Amount. All Expenses incurred during each week of the Sale (*i.e.* Sunday through Saturday) shall be paid by Agent to or on behalf of Merchant, or paid by Merchant and thereafter reimbursed by Agent as provided for herein, immediately following the Weekly Sale Reconciliation; provided, however, in the event that the actual amount of an Expense is unavailable on the date of the reconciliation (such as payroll), Merchant and Agent shall agree to an estimate of such amounts, which amounts will be reconciled once the actual amount of such Expense becomes available. Agent and/or Merchant may review or audit the Expenses at any time.

(b) Notwithstanding anything herein to the contrary, (i) to the extent that Proceeds are insufficient, Merchant shall not be required to fund or otherwise pay any Expenses of the Sale (but Merchant shall, in any such event, provide prompt notice to Agent that it does not intend to fund or otherwise pay an Expense) and (ii) without limitation on Expenses that may be funded in advance by Agent at Merchant's reasonable request, to the extent that Proceeds are insufficient, Agent shall fund, in advance, all payroll and related expenses for Retained Employees, in each case at least two (2) business days prior to the date that such payments are due by Merchant.

Section 5. Inventory Valuation; Merchandise.

5.1 Inventory Taking.

(a) Inventory Taking. As soon as practicable following the Sale Commencement Date, but in no event later than seven (7) days after the Sale Commencement Date, Merchant and Agent shall cause a SKU and retail physical inventory taking at the Stores (the "Inventory Taking"). Merchant and Agent shall jointly employ a mutually acceptable independent inventory taking service (the "Inventory Taking Service") to conduct the Inventory Taking. The Inventory Taking shall be conducted in accordance with the procedures and instructions to be agreed upon by Agent and Merchant (the "Inventory Taking Instructions"). Agent shall be responsible for fifty percent (50%) of the fees and expenses of the Inventory Taking Service plus 50% of the payroll and benefits subject to the Benefits Cap for Retained Employees used during the Inventory Taking as an Expense hereunder and Merchant shall pay the remaining fifty percent (50%) of the fees and expenses of the Inventory Taking Service and the balance of the payroll and benefits for Retained Employees used during the Inventory Taking. Except for the Inventory Taking costs payable to the Inventory Taking Service, Merchant and Agent shall each bear its respective costs and expenses relative to the Inventory Taking. Merchant and Agent may each have representatives present during the Inventory Taking and each shall have the right to review and verify the listing and tabulation of the Inventory Taking Service. Merchant agrees that, during the conduct of the Inventory Taking in each of the Stores, the applicable Store shall be closed to the public, and no sales or other transactions shall be conducted. Merchant and Agent further agree that until the Inventory Taking in each particular Store is completed, neither Merchant nor Agent shall: (i) other than with respect to sales of Merchandise in the ordinary course as part of the Sale at the Stores, transfer any Merchandise to or from that Store, (ii) move Merchandise within or about the Stores so as to make any such items



unavailable for counting as part of the Inventory Taking, and/or (iii) remove any hang tags, price tickets, or inventory control tags affixed to any Merchandise. Merchant and Agent agree to cooperate with each other to conduct the Inventory Taking commencing at a time that would minimize the number of hours that such locations would be closed for business.

(b) Agent and Merchant agree that they will, and agree to cause their respective representatives to, cooperate and assist in the preparation and the calculation of the aggregate Retail Value of the Merchandise included in the Sale, including, without limitation, the making available to the extent necessary of books, records, work papers and personnel.

(c) With respect to Distribution Center Merchandise and On Order Merchandise, such Distribution Center Merchandise and On Order Merchandise shall be counted and reconciled within five Store business days after receipt of such goods in the Stores in accordance with the procedures to be mutually agreed to by Merchant and Agent.

## 5.2 Merchandise Subject to This Agreement.

(a) For purposes of this Agreement, "Merchandise" shall mean all new, first-quality, undamaged, finished saleable goods that are owned by Merchant and located at the Stores as of the Sale Commencement Date, including (A) Defective Merchandise, (B) Display Merchandise, (C) Merchandise subject to Gross Rings, and (D) Distribution Center Merchandise and On-Order Merchandise received in the Stores on or prior to thirty days after the Sale Commencement Date (the "Store Receipt Deadline"). Notwithstanding the foregoing, "Merchandise" shall not include: (1) goods which belong to sublessees, licensees, department lessees, or concessionaires of Merchant; (2) goods held by Merchant on memo, on consignment, or as bailee; (3) Excluded Defective Merchandise, (4) Additional Goods, (5) Merchant Consignment Goods, , (6) Distribution Center Merchandise and On-Order Merchandise received in the Stores after the Store Receipt Deadline, and (7) furnishings, trade fixtures, equipment and/or improvements to real property which are located in the Stores (collectively, "FF&E"); provided that Agent shall be permitted to sell Owned FF&E as set forth in Section 15.9; provided further that subject to Agent's consent, Merchandise shall include consignment goods that the Debtor is authorized by order of the Bankruptcy Court to sell under 11 U.S.C. § 363 as part of the Sale.

(b) As used in this Agreement, the following terms have the respective meanings set forth below:

"Defective Merchandise" means any item of inventory that is not new, first quality, undamaged finished saleable goods because it is worn, scratched, faded, mismatched, mismated, out-of-box, soiled, tailored, broken, dented, or affected by other similar defects rendering it not new, first quality. Display Merchandise shall not per se be deemed to be Defective Merchandise.

"Display Merchandise" means those items of inventory used in the ordinary course of business as displays or floor models, including inventory that has been removed from its original packaging for the purpose of putting such item on display but not customarily sold or saleable by Merchant, which goods are not otherwise damaged or defective. For the avoidance of doubt, Merchandise created solely for display, not saleable in the ordinary course of business shall not constitute Display Merchandise and shall not be sold by Agent.

"Distribution Center Merchandise" means those items of inventory identified by SKU on Exhibit 5.2(b) annexed hereto, that was located in Merchant's Distribution Center and, which goods, to the extent not delivered to the Stores prior to the Sale Commencement Date, shall be delivered by

Merchant to the Stores as directed by Agent after the Sale Commencement Date, in accordance with Section 5.5 hereof.

“Excluded Defective Merchandise” means those items of Defective Merchandise for which Agent and Merchant do not agree upon a Retail Value.

“Layaway Merchandise” means all items of Merchandise held at the Stores on layaway pursuant to binding agreements, invoices or other legal documentation, where (A) the documentation is clear as to the name, address, telephone number, date of last payment and balance due from the customer, and (B) the goods subject to layaway are fully described in the documentation.

“On-Order Merchandise” mean items of inventory that were ordered by Merchant in the ordinary course of business as identified by SKU on Exhibit 5.2(b)(i) annexed hereto, which inventory was not received in the Stores or Distribution Center as of the Sale Commencement Date, but which may be received in the Stores prior to the Store Receipt Deadline.

### 5.3 Valuation.

(a) For purposes of this Agreement, “Retail Value” shall mean with respect to each item of Merchandise, the lowest ticketed, marked, shelf, file, SKU, or PLU/scan price of such item (“Base Retail”); except that:

(i) with respect to any Merchandise with a POS or other offered or sold effective discount of greater than 50% (including without limitation any “buy one-get one” or similar multi-unit purchase promotions) at any time since March 1, 2009, the “Retail Value” shall be the lower of the Base Retail or such effective discounted price;

(ii) with respect to all Merchandise located in the Outlet Stores (identified on Exhibit 1), the “Retail Value” shall be the lower of the Base Retail or the lowest price offered to the public for such goods (whether or not actually sold) by any and all means since March 1, 2009; and

(iii) with respect to any Defective Merchandise, the “Retail Value” shall be the price as the parties may mutually agree (and if the parties are unable to mutually agree on a Retail Value, such Defective Merchandise shall be deemed to be Excluded Defective Merchandise).

(iv) Items of On-Order Merchandise and Distribution Center Merchandise received in the Stores on or prior to the date that is ten (10) days after the Sale Commencement Date (excluding the Sale Commencement Date for purposes of such calculation) (the “Interim Receipt Deadline”), will be included in Merchandise at the applicable Retail Value for each such item; provided, however, that items of On-Order Merchandise and Distribution Center Merchandise received at the Stores after the Interim Receipt Deadline but prior to the Store Receipt Deadline shall be included in Merchandise at the applicable Retail Value for each such item multiplied by the inverse of the prevailing discount on similar items of Merchandise as of the date of receipt in the Stores; provided further, items of On-Order Merchandise and Distribution Center Merchandise received in the Stores after the Store Receipt Deadline shall not constitute Merchandise, shall be given no Retail Value, and shall, at Merchant’s option either be sold by Agent as Merchant Consignment Goods pursuant to Section 5.4 hereof, or excluded from the Sale and removed by Merchant from the Stores.

(b) If an item of Merchandise has more than one ticketed price, or if multiple items of the same SKU are ticketed, at different prices, or have a different SKU or PLU price, the lowest ticketed, marked, SKU or PLU price on any such item shall prevail for such item or for all such items

within the same SKU, as the case may be, that are located within the same Store (the "Lowest Store Price"), unless it is reasonably determined by Merchant and Agent that the applicable Lowest Store Price was mismarked or such item was priced because it was damaged or marked as "as is", in which case the higher price shall control.

5.4 Excluded Goods. Merchant shall retain all responsibility for any goods not included as "Merchandise" hereunder. If Merchant elects at the beginning of the Sale Term, Agent shall accept goods not included as "Merchandise" hereunder for sale as "Merchant Consignment Goods" at prices established by Agent. All proceeds of tuxedo rentals in the Stores for which services are performed by the Agent shall be deemed proceeds related to the sale of Merchant Consignment Goods. For the avoidance of doubt, tuxedo rentals shall not constitute "Merchandise." Agent shall retain 20% of the sale price for all sales of Merchant Consignment Goods, and Merchant shall receive 80% of the receipts in respect of such sales. Merchant shall receive its share of the receipts of sales of Merchant Consignment Goods on a weekly basis, immediately following the Weekly Sale Reconciliation. If Merchant does not elect to have Agent sell merchandise not included as Merchandise, then all such items will be removed by Merchant from the Stores at its expense as soon as practicable after the Sale Commencement Date. Except as expressly provided in this Section 5.4, Agent shall have no cost, expense or responsibility in connection with any goods not included in Merchandise.

5.5 Distribution Center Expenses. Although Agent shall be responsible for allocating and designating the shipment of the On-Order and Distribution Center Merchandise to the Stores, the actual costs and expenses, including use and occupancy at the Distribution Center, transfer and delivery (ticketed in the ordinary course consistent with historic practices), related to the processing, transfer and consolidation of On-Order and Distribution Center Merchandise from the Distribution Center to the Stores (collectively, the "Distribution Center Expenses") shall be the obligation of the Merchant. On or prior to the Sale Commencement Date, after consulting with Merchant, Merchant and Agent shall cooperate with each other and shall mutually agree upon a schedule and allocation of the On-Order and Distribution Center Merchandise to the Stores (as reflected on Exhibit 5.5 hereof), which schedule and allocation will be based upon an objective of having the On-Order and Distribution Center Merchandise shipped to the Stores prior to the Interim Receipt Deadline (the "Pre-Sale Allocation").

## Section 6. Sale Term.

6.1 Term. Subject to satisfaction of the conditions precedent set forth in Section 10 hereof, the Sale shall commence at each Store on the first day following the entry of the Approval Order, but in no event later than May 22, 2009 (the "Sale Commencement Date"). Agent shall complete the Sale at each Store and vacate such Store, leaving it in broom-clean condition by no later than August 31, 2009 (the "Sale Termination Date"), and the period from the Sale Commencement Date to the Sale Termination Date as to each Store being the "Sale Term"), unless the Sale is extended by mutual written agreement of Merchant and Agent. Notwithstanding the foregoing, Agent may, in its discretion, earlier terminate the Sale at any one or more Store(s) upon not less than seven (7) days' prior written notice (a "Vacate Notice") to Merchant (as to each such Store, as applicable, the "Vacate Date"). In the event Agent fails to provide Merchant with such timely notice, Agent shall be liable for and pay the actual amounts payable to landlords resulting therefrom.

6.2 Vacating the Stores. At the conclusion of the Sale, Agent agrees to leave each Store in "broom clean" condition, ordinary wear and tear excepted, except for unsold items of FF&E which may be abandoned by Agent in place in a neat and orderly manner. Agent shall vacate the Stores on or before the Sale Termination Date as provided for herein, at which time Agent shall surrender and deliver the Store premises, and Store keys to Merchant. Agent's obligations to pay all Expenses for each Store subject to a Vacate Notice shall continue until the Vacate Date for each such Store. All assets of

Merchant used by Agent in the conduct of the Sale (e.g. FF&E, etc.) shall be returned by Agent to Merchant at the end of the Sale Term to the extent the same have not been consumed in the conduct of the Sale or sold (e.g., Supplies). If Agent fails to timely vacate a Store per the respective Vacate Date for such Store, Agent shall be liable for and pay the actual amounts payable to landlords and/or other Occupancy Expenses, with each incurred on or after the respective Vacate Date.

6.3 Gross Rings. In the event that the Sale commences prior to the completion of the Inventory Taking at any Store, then for the period from the Sale Commencement Date until the Inventory Date for such Store, Agent and Merchant shall keep a strict count of register receipts and reports (collectively, the "Gross Rings") to determine the Retail Value of the Merchandise sold by SKU. All such records and reports shall be made available to Agent and Merchant during regular business hours upon reasonable notice. Any Merchandise included in the Sale using this Gross Rings method shall be included as Merchandise. Agent shall pay that portion of the Guaranteed Amount calculated on the Gross Rings basis, to account for shrinkage, on the basis of 101% of the aggregate Retail Value of the Merchandise sold during the Sale Term.

#### Section 7. Sale Proceeds.

7.1 Proceeds. For purposes of this Agreement, "Proceeds" shall mean the aggregate of (a) the total amount (in dollars) received on all sales of Merchandise made under this Agreement, exclusive of Sales Taxes; and (b) all proceeds of Merchant's insurance for loss or damage to Merchandise or loss of cash arising from events occurring during the Sale Term. Proceeds shall also include any and all proceeds received by Agent from the disposition, in a commercially reasonable manner, of unsold Merchandise at the end of the Sale, whether through salvage, bulk sale or otherwise.

#### 7.2 Deposit of Proceeds.

(a) Agent may establish its own accounts, dedicated solely for the deposit of the Proceeds and the disbursement of amounts payable to Agent hereunder (collectively, the "Agency Accounts"), and Merchant shall promptly upon Agent's request execute and deliver all necessary documents to open and maintain the Agency Accounts; provided, however, Agent may elect to continue to use Merchant's Designated Deposit Accounts (as defined below) as the Agency Accounts (as defined below). The Agency Accounts shall be dedicated solely to the deposit of Proceeds and the disbursement of amounts payable hereunder, and Agent shall exercise sole signatory authority and control with respect to the Agency Accounts. Upon request, Agent shall deliver to Merchant copies of all bank statements and other information relating to such accounts. Merchant shall not be responsible for, and Agent shall pay as an Expense hereunder, all bank fees and charges, including wire transfer charges, related to the Agency Accounts, whether received during or after the Sale Term (except, in the case of the period following the Sale Term, to the extent the Agency Accounts consist of Designated Depository Accounts). Upon Agent's designation of the Agency Accounts, all Proceeds of the Sale (including credit card proceeds) shall be deposited into the Agency Accounts.

(b) During the period between the Sale Commencement Date and the date Agent establishes the Agency Accounts, all Proceeds of the Sale (including credit card proceeds) shall be collected by Agent and deposited on a daily basis into depository accounts designated by Merchant for the Stores, which accounts shall be segregated and designated solely for the deposit of Proceeds of the Sale (including credit card proceeds), and the disbursement of amounts payable by Agent hereunder (collectively, the "Designated Deposit Accounts"). Following the payment of the Initial Guaranty Payment and the posting of the Letter of Credit and on each business day thereafter, Merchant shall promptly pay to Agent by wire funds transfer all collected funds constituting Proceeds deposited into the

Designated Deposit Accounts (but not any other funds, including, without limitation, any proceeds of Merchant's inventory sold prior to the Sale Commencement Date).

7.3 Credit Card Proceeds. Agent shall have the right to use Merchant's credit card facilities (including Merchant's credit card terminals and processor(s), credit card processor coding, Merchant identification number(s) and existing bank accounts) for credit card Proceeds relating solely to the Sale. In the event that Agent elects to use Merchant's credit card facilities, Merchant shall process credit card transactions on behalf of Agent and for Agent's account, applying customary practices and procedures. Agent shall not accept Merchant's proprietary card. Without limiting the foregoing, Merchant shall cooperate with Agent to down-load data from all credit card terminals each day during the Sale Term and to effect settlement with Merchant's credit card processor(s) and shall take such other actions necessary to process credit card transactions on behalf of Agent under Merchant's identification number(s). At Agent's request following the Payment Date and the payment of all amounts then due to Merchant by Agent, Merchant shall cooperate with Agent to establish Merchant identification numbers under Agent's name to enable Agent to process all such credit card Proceeds for Agent's account. Merchant shall not be responsible for and Agent shall pay as an Expense hereunder, all credit card fees, charges and chargebacks related to the Sale, whether received during or after the Sale Term.

7.4 Petty Cash. In addition to the Guaranteed Amount, Agent shall purchase all cash in the Stores on and as of the start of business on the Sale Commencement Date and shall reimburse Merchant on a dollar for dollar basis therefor.

Section 8. Conduct of the Sale. From and after the entry of the Approval Order:

8.1 Rights of Agent. Subject to the provisions of Section 2 hereof and except as may otherwise be provided for in the Approval Order, Agent shall be permitted to conduct the Sale as a "going out of business," "store closing," "sale on everything," "everything must go," "bankruptcy" or similar themed sale throughout the Sale Term. Agent shall conduct the Sale in the name of and on behalf of Merchant in a commercially reasonable manner and in compliance with the terms of this Agreement, the Approval Order and the sale guidelines attached hereto as Exhibit 8.1 (the "Sale Guidelines"). In addition to any other rights granted to Agent hereunder in conducting the Sale, Agent, in the exercise of its reasonable discretion, shall have the right:

(a) to establish Sale prices and Store hours which are consistent with the terms of applicable leases and local laws or regulations, including without limitation Sunday closing laws;

(b) except as otherwise expressly included as an Expense, to use without charge during the Sale Term all FF&E, Store-level customer lists, mailing lists and email lists for the Stores (provided, however, such access shall be provided solely through Merchant's outside advertisement mailer and email services, and Agent shall not have direct access to any personally identifiable information contained therein), computer hardware and software, existing supplies located at the Stores, intangible assets (including Merchant's name, logo and tax identification numbers), Store keys, case keys, security codes and safe and lock combinations required to gain access to and operate the Stores, and any other assets of Merchant located at the Stores (whether owned, leased, or licensed) consistent with applicable terms of leases or licenses (except as modified by the Approval Order);

(c) (i) to be provided by Merchant with reasonable central office facilities, central administrative services and personnel to process payroll, perform MIS and provide other central office services necessary for the Sale to the extent that such services are normally provided by Merchant, at no additional cost to Agent; provided, however, that, in the event that Agent expressly requests Merchant to provide services other than those normally provided to the Stores relating to the sale of merchandise by

Merchant, Agent shall be responsible for the actual incremental cost of such services as an Expense; and (ii) to use reasonably sized offices located at Merchant's central office facility to effect the Sale;

(d) to establish and implement advertising, signage and promotion programs consistent with the "going out of business," "store closing," "sale on everything," "everything must go," or similar theme (including, without limitation, by means of media advertising, A-frame and similar interior and exterior signs and banners, and the use of sign walkers) in a manner consistent with the Sale Guidelines and the Approval Order;

(e) to transfer Merchandise between and among the Stores; provided, however, Agent shall not transfer Merchandise between and among Stores until the Inventory Taking at the transferring and receiving Stores have been completed;

(f) upon entry of the Approval Order, Agent shall be authorized to conduct the Sale in accordance with the provisions of the Sale Guidelines and Approval Order; and

(g) Subject to authorization in the Approval Order, include the Additional Goods in the Sale as set forth in Section 8.10.

8.2 Terms of Sales to Customers; Final/As Is Sales. All sales of Merchandise will be "final sales" and "as is," and all advertisements and sales receipts will reflect the same. Agent shall not warrant the Merchandise in any manner, but will, to the extent legally permissible, pass on all manufacturers' warranties to customers. All sales will be made only for cash, nationally recognized bank credit cards and, in Agent's discretion, personal checks, provided, however, if Agent determines to accept personal checks, Agent shall bear the risk of nonpayment or loss with respect thereto. Agent shall not accept or honor any coupons during the Sale Term. Agent shall clearly mark all tickets and receipts for the Merchandise sold at the Stores during the Sale Term so as to distinguish such Merchandise from the merchandise sold prior to the Sale Commencement Date.

8.3 Sales Taxes.

(a) During the Sale Term, all sales, excise, gross receipts and other taxes attributable to sales of Merchandise, as indicated on Merchant's point of sale equipment (other than taxes on income) payable to any taxing authority having jurisdiction (collectively, the "Sales Taxes") shall be added to the sales price of Merchandise and Additional Goods and collected by Agent, on Merchant's behalf, at the time of sale. All Sales Taxes shall be deposited into a segregated account designated by Merchant and Agent solely for the deposit of such Sales Taxes (the "Sales Taxes Account"). Merchant shall prepare and file all applicable reports and documents required by the applicable taxing authorities, and Merchant shall promptly pay all Sales Taxes from the Sales Taxes Account. Merchant will be given access to the computation of gross receipts for verification of all such tax collections. Provided that Agent performs its responsibilities in accordance with this Section 8.3, Merchant shall indemnify and hold harmless Agent from and against any and all costs, including, but not limited to, reasonable attorneys' fees, assessments, fines or penalties which Agent sustains or incurs as a result or consequence of the failure by Merchant to promptly pay such taxes to the proper taxing authorities and/or the failure by Merchant to promptly file with such taxing authorities all reports and other documents required, by applicable law, to be filed with or delivered to such taxing authorities. If Agent fails to perform its responsibilities in accordance with this Section 8.3, and provided Merchant complies with its obligations hereunder, Agent shall indemnify and hold harmless Merchant from and against any and all costs, including, but not limited to, reasonable attorneys' fees, assessments, fines or penalties which Merchant sustains or incurs as a result or consequence of the failure by Agent to collect Sales Taxes and/or the failure by Agent to promptly deliver

any and all reports and other documents required to enable Merchant to file any requisite returns with such taxing authorities.

(b) Without limiting the generality of Section 8.3(a) hereof, it is hereby agreed that, as Agent is conducting the Sale solely as agent for Merchant, various payments that this Agreement contemplates that one party may make to the other party (including the payment by Agent of the Guaranteed Amount) do not represent the sale of tangible personal property and, accordingly, are not subject to Sales Taxes.

8.4 Supplies. Agent shall have the right to use, without charge, all existing supplies located at the Stores including, without limitation, boxes, bags, paper, twine and similar sales materials (collectively, the "Supplies"). In the event that additional Supplies are required in any of the Stores during the Sale, Merchant agrees to promptly provide the same to Agent, if available, for which Agent shall reimburse Merchant at Merchant's cost therefor.

8.5 Returns of Merchandise. Agent shall accept returns of merchandise sold by Merchant prior to the Sale Commencement Date (collectively, the "Returned Merchandise"), provided that such return is accompanied by the original Store register receipt and is otherwise in compliance with Merchant's return and price adjustment policy in effect as of the date such item was purchased. Subject to Merchant's right to return such defective goods to Merchant's vendors, if such Returned Merchandise is saleable as new, first-quality, undamaged, finished saleable goods, it shall be included in the Sale as Merchandise and shall be valued at the Retail Value applicable to such item multiplied by the inverse of the then prevailing Sale discount. In the event that Returned Merchandise constitutes Defective Merchandise (collectively, the "Returned Defective Merchandise"), Merchant and Agent shall mutually agree upon the Retail Value for such item of Returned Defective Merchandise; provided, however, in the event that Merchant and Agent cannot mutually agree upon the Retail Value for such Returned Defective Merchandise, then such Returned Defective Merchandise shall constitute Excluded Defective Merchandise and be excluded from the Sale. The aggregate Retail Value of the Merchandise shall be increased by the Retail Value of any Returned Merchandise included in Merchandise (determined in accordance with this Section 8.5), and the Guaranteed Amount shall be adjusted accordingly. Merchant shall promptly reimburse Agent in cash for any refunds Agent is required to issue to customers in respect of any Returned Merchandise; provided, however, to the extent that the Guaranteed Amount has been paid in full, unless and until Merchant and Agent agree to a mutually acceptable escrow or reserve sufficient to insure that Merchant will have sufficient funds to reimburse Agent pursuant to this Section 8.5, Agent shall have no further obligations pursuant to this Section 8.5. Any increases in the Guaranteed Amount in connection with returned Merchandise shall be accounted for on a weekly basis. Except to the extent that Merchant and Agent agree that Merchant's POS or other applicable systems can account for returns of Merchandise, all returns must be noted and described in a detailed log and shall identify the receipt number for the original receipt and the date the item was purchased (the "Returned Merchandise Log"), to be maintained by Agent in a form reasonably acceptable to Agent and Merchant. Agent shall provide Merchant with a copy of any Returned Merchandise Log on a weekly basis during the Sale.

8.6 Gift Certificates. During the Sale Term, Agent shall accept Merchant's gift certificates, gift cards and similar Merchandise credits issued by Merchant within one (1) calendar year before the Petition Date (collectively, the "Gift Certificates"); and Merchant shall reimburse Agent in cash for such amounts during the weekly sale reconciliation provided for in Section 8.7. Under no circumstances shall Agent be permitted to sell any Gift Certificates.

8.7 Sale Reconciliation. On each Wednesday during the Sale Term, commencing on the second Wednesday after the Sale Commencement Date, Agent and Merchant shall cooperate to reconcile Expenses of the Sale, and such other Sale-related items as either party shall reasonably request,

in each case for the prior week or partial week (i.e. Sunday through Saturday), all pursuant to procedures agreed upon by Merchant and Agent (the "Weekly Sale Reconciliation"). Within thirty (30) days after the end of the Sale Term, or as soon as practicable thereafter, Agent and Merchant shall complete a final reconciliation of the Sale (the "Final Reconciliation"), the written results of which shall be certified by representatives of each of Merchant and Agent as a final settlement of accounts between Merchant and Agent. Within five (5) days after the completion of the Final Reconciliation, Agent shall pay to Merchant, or Merchant shall pay to Agent, as the case may be, any and all amounts due the other pursuant to the Final Reconciliation. During the Sale Term, and until all of Agent's obligations under this Agreement have been satisfied, Merchant and Agent shall have reasonable access to Merchant's and Agent's records with respect to Proceeds and Expenses to review and audit such records.

8.8 Force Majeure. If any casualty, act of terrorism, or act of God prevents or substantially inhibits the conduct of business in the ordinary course at any Store for five (5) or more days such Store and the Merchandise located at such Store shall be eliminated from the Sale and considered to be deleted from this Agreement as of the date of such event, and Agent and Merchant shall have no further rights or obligations hereunder with respect thereto; provided, however, that (i) subject to the terms of Section 7.1 above, the proceeds of any insurance attributable to such Merchandise shall constitute Proceeds hereunder, and (ii) the Guaranteed Amount shall be reduced to account for any Merchandise eliminated from the Sale which is not the subject of insurance proceeds, and Merchant shall within five (5) business days following written demand by Agent reimburse Agent for the amount the Guaranteed Amount is so reduced.

8.9 Merchant's Right to Monitor. Merchant shall have the right to monitor the Sale and activities attendant thereto and to be present in the Stores during the hours when the Stores are open for business; provided that Merchant's presence does not unreasonably disrupt the conduct of the Sale. Merchant shall also have a right of access to the Stores at any time in the event of an emergency situation and shall promptly notify Agent of such emergency.

8.10 Additional Goods.

(a) Agent may (but shall not be required to), at Agent's sole cost and expense (which cost and expense may be recovered by Agent as set forth in subparagraph (b) below), supplement the Merchandise in the Stores with additional goods, of like kind and quality, as is customarily sold in the Stores (collectively, the "Additional Goods"), provided however that the Additional Goods will not exceed more than \$15,000,000 at Retail Value. Agent will use reasonable best efforts to use the Merchant's historic vendors and product lines in designating Additional Goods. Sales of Additional Goods shall be run through Merchant's cash register systems, provided, however, that Agent shall mark the Additional Goods using either a "dummy" SKU or department number or in such other manner so as to distinguish the sale of Additional Goods from the sale of Merchandise. Agent and Merchant shall also cooperate so as to ensure that the Additional Goods are marked in such a way that a reasonable consumer could identify the Additional Goods as non-Merchant goods. Agent and Merchant shall include in the media and circular advertising for the GOB sales and on conspicuous signage posted in the stores that Additional Goods have been added by the Liquidators to the GOB sale. Merchant and Agent agree that the transactions relating to the Additional Goods are, and shall be construed as, a true consignment from Agent to Merchant in all respects and not a consignment for security purposes. At all times and for all purposes, the Additional Goods and their proceeds shall be the exclusive property of Agent, and no other person or entity (including, without limitation, Merchant) shall have any claim against any of the Additional Goods or their proceeds, except to the extent set forth in Section 8.10(b). The Additional Goods shall at all times remain subject to the exclusive control of Agent, and Agent shall, at Agent's sole cost and expense (and not as an Expense of the Sale), insure the Additional Goods and, if required, promptly file any proofs of loss with regard thereto with Agent's insurers. Merchant and Agent shall



reconcile the proceeds from the sale of Additional Goods as part of the Weekly Sale Reconciliation process. Merchant acknowledges that the Additional Goods shall be consigned goods under Article 9 of the Uniform Commercial Code (the "UCC") and hereby authorizes Agent to deliver all required notices and file all necessary financing statements and amendments thereof under the applicable UCC identifying Agent's interest in the Additional Goods as consigned goods thereunder and Merchant as the consignee therefor.

(b) As consideration for allowing Agent to supplement the Merchandise with Additional Goods pursuant to the terms and conditions of Section 8.10(a), Agent shall pay to Merchant five percent (5%) of the gross proceeds of Additional Goods made in the Stores during the Sale Term, net only of Sales Taxes, provided that Agent shall guarantee that Merchant receives at least \$250,000 in connection with the sale of Additional Goods (the "Additional Goods Guarantee"). The Additional Goods Guarantee shall be paid on the Payment Date.

#### Section 9. Employee Matters.

9.1 Merchant's Employees. Agent may use Merchant's employees in the conduct of the Sale to the extent Agent deems expedient, and Agent may select and schedule the number and type of Merchant's employees required for the Sale. Agent shall identify the Retained Employees prior to the Sale Commencement Date. Notwithstanding the foregoing, Merchant's employees shall at all times remain employees of Merchant. Agent's selection and scheduling of Merchant's employees shall at all times comply with all applicable laws and regulations. Merchant and Agent agree that, except to the extent that wages and benefits of Retained Employees constitute Expenses hereunder, nothing contained in this Agreement and none of Agent's actions taken in respect of the Sale shall be deemed to constitute an assumption by Agent of any of Merchant's obligations relating to any of Merchant's employees including, without limitation, Excluded Benefits, Worker Adjustment Retraining Notification Act (the "WARN Act") claims and other termination type claims and obligations, or any other amounts required to be paid by statute or law; nor shall Agent become liable under any employment agreement or be deemed a joint or successor employer with respect to such employees. Agent shall comply in the conduct of the Sale with all of Merchant's employee rules, regulations, guidelines and policies which have been provided to Agent in writing. Merchant shall not, without the prior consent of Agent, raise the salary or wages or increase the benefits for, or pay any bonuses or other extraordinary payments to, any Store employees prior to the Sale Termination Date. Merchant shall not transfer any Retained Employee during the Sale Term without Agent's prior consent, which consent shall not be unreasonably withheld.

9.2 Termination of Employees. Agent may in its discretion stop using any Retained Employee at any time during the Sale, subject to the conditions provided for herein. In the event that Agent desires to cease using any Retained Employee, Agent shall notify Merchant at least seven (7) days prior thereto, so that Merchant may coordinate the termination of such employee; provided, however, that, in the event that Agent determines to cease using an employee "for cause" (which shall consist of dishonesty, fraud or breach of employee duties), the seven (7) day notice period shall not apply; provided further, however, that Agent shall immediately notify Merchant of the basis for such "cause" so that Merchant can arrange for termination of such employee. From and after the date of this Agreement and until the Sale Termination Date, Merchant shall not transfer or dismiss employees of the Stores except "for cause" without Agent's prior consent. Notwithstanding the foregoing, Agent shall not have the right to terminate the actual employment of any employee, but rather may only cease using such employee in the Sale and paying any Expenses with respect to such employee.

9.3 Payroll Matters. During the Sale Term, Merchant shall process the base payroll for all Retained Employees and any former employees and temporary labor retained by Agent. Each Wednesday (or such other date as may be reasonably requested by Merchant to permit the funding of the

payroll accounts before such payroll is due and payable) during the Sale Term, Merchant shall transfer, or, to the extent that the Payment Date has passed, Agent shall transfer, to Merchant's payroll accounts an amount equal to the base payroll for Retained Employees plus related payroll taxes, workers' compensation and benefits for such week which constitute Expenses hereunder.

9.4 Employee Retention Bonuses. Agent may pay, as an Expense, retention bonuses (collectively, the "Retention Bonuses") (which bonuses shall be inclusive of payroll taxes, but as to which no benefits shall be payable), up to a maximum of ten percent (10%) of base payroll for all Retained Employees, to such Retained Employees who do not voluntarily leave employment and are not terminated "for cause," as it may determine in its discretion. The amount of such Retention Bonuses shall be in an amount to be determined by Agent, in its discretion, and shall be payable within thirty (30) days after the Sale Termination Date, and shall be processed through Merchant's payroll system. Agent shall provide Merchant with a copy of Agent's Retention Bonus plan within three (3) business days after the Sale Commencement Date.

Section 10. Conditions Precedent and Subsequent. The willingness of Agent and Merchant to enter into the transactions contemplated under this Agreement is directly conditioned upon the satisfaction of the following conditions at the time or during the time periods indicated, unless specifically waived in writing by the applicable party:

(a) All representations and warranties of Merchant and Agent hereunder shall be true and correct in all material respects and no Event of Default shall have occurred at and as of the date hereof and as of the Sale Commencement Date.

(b) Merchant shall have obtained entry of the Approval Order on or before May 21, 2009.

Section 11. Representations, Warranties and Covenants.

11.1 Merchant's Representations, Warranties and Covenants. Merchant hereby represents, warrants and covenants in favor of Agent as follows:

(a) Each entity comprising Merchant (i) is a corporation or a limited liability company duly organized, validly existing and in good standing under the laws of the state or province of its formation (except as may be a result of the commencement any Chapter 11 Cases for Merchant); (ii) has all requisite corporate power and authority to own, lease and operate its assets and properties and to carry on its business as presently conducted; and (iii) is, and during the Sale Term will continue to be, duly authorized and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including all jurisdictions in which the Stores are located, except, in each case, to the extent that the failure to be in good standing or so qualified could not reasonably be expected to have a material adverse effect on the ability of Merchant to execute and deliver this Agreement and perform fully its obligations hereunder.

(b) Subject to receipt of the Approval Order: (i) Merchant has the right, power and authority to execute and deliver this Agreement and each other document and agreement contemplated hereby (collectively, together with this Agreement, the "Agency Documents") and to perform fully its obligations thereunder; (ii) Merchant has taken all necessary actions required to authorize the execution, delivery and performance of the Agency Documents, and no further consent or approval is required for Merchant to enter into and deliver the Agency Documents, to perform its obligations thereunder and to consummate the Sale, except for any such consent the failure of which to be obtained could not reasonably be expected to have a material adverse effect on the ability of Merchant to execute and deliver

this Agreement and perform fully its obligations hereunder; and (iii) each of the Agency Documents has been duly executed and delivered by Merchant and constitutes the legal, valid and binding obligation of Merchant enforceable in accordance with its terms.

(c) Merchant owns, and will own at all times during the Sale Term, good and marketable title to all of the Merchandise to be included in the Sale, free and clear of all liens, claims and encumbrances of any nature, other than the liens listed on Exhibit 11.1(c) and any applicable statutory liens. Merchant shall not create, incur, assume or suffer to exist any security interest, lien or other charge or encumbrance upon or with respect to any of the Merchandise or the Proceeds other than as provided for herein (including those listed on Exhibit 11.1(c) and any applicable statutory liens). Any Approval Order shall provide that all such liens shall be transferred to and attach only to the Guaranteed Amount or other amounts payable to Merchant hereunder.

(d) Merchant has maintained its pricing files in the ordinary course of business, and prices charged to the public for goods are the same in all material respects as set forth in such pricing files for the periods indicated therein (without consideration of any point of sale markdowns), and all pricing files and records are true and accurate in all material respects as to the actual cost to Merchant for purchasing the goods referred to therein and as to the selling price to the public for such goods without consideration of any point of sale markdowns, as of the dates and for the periods indicated therein. Merchant represents that (i) the ticketed prices of all items of Merchandise do not and shall not include any Sales Taxes and (ii) all registers located at the Stores are programmed to correctly compute all Sales Taxes required to be paid by the customer under applicable law, as such calculations have been identified to Merchant by its retained service provider.

(e) Through the Sale Commencement Date, Merchant has, and shall continue to, ticket or mark all items of inventory received at the Stores in a manner consistent with similar Merchandise located at the Stores, Merchant's other stores, and in accordance with Merchant's ordinary course past practices and policies relative to pricing and marking inventory. Merchant has not removed any sale stickers or other markings indicating items are on sale from the Merchandise prior to the Sale Commencement Date, and has not raised, and will not raise, prices of any Merchandise in contemplation of the Sale.

(f) Since the Petition Date, Merchant has not, and through the Sale Commencement Date Merchant shall not, purchase for or transfer to or from the Stores any merchandise or goods outside the ordinary course.

(g) To the best of Merchant's knowledge, all Merchandise is in compliance with all applicable federal, state or local product safety laws, rules and standards. Merchant shall provide Agent with its historic policies and practices, if any, regarding product recalls prior to the Sale Commencement Date.

(h) Subject to the provisions of the Approval Order, throughout the Sale Term, Agent shall have the right to the unencumbered use and occupancy of, and peaceful and quiet possession of, each of the Stores, the assets currently located at the Stores, and the utilities and other services provided at the Stores. Merchant shall, throughout the Sale Term, maintain in good working order, condition and repair all cash registers, heating systems, air conditioning systems, elevators, escalators and all other mechanical devices necessary for (i) the conduct of the Sale at the Stores. Except any amounts owing as a result of the commencement of any Chapter 11 Case, and absent a bona fide dispute, throughout the Sale Term Merchant shall remain current on all expenses and payables necessary for the conduct of the Sale (other than those relating to any period prior to the commencement of any Chapter 11 Case), subject to any restrictions that may be imposed under the Bankruptcy Code.

(i) Except any amounts owing as a result of the commencement of any Chapter 11 Case, Merchant had paid, and will continue to pay throughout the Sale Term, all self-insured or Merchant-funded employee benefit programs for Store employees, including health and medical benefits and insurance and all proper claims made or to be made in accordance with such programs (other than those relating to any period prior to the commencement of any Chapter 11 Case).

(j) Since the Petition Date, Merchant has not taken, and shall not throughout the Sale Term take, any actions with the intent of increasing the Expenses of the Sale, including, without limitation, increasing salaries or other amounts payable to employees, except (i) there may be instances that, in an effort to encourage one or more employees to remain in Merchant's employ, Merchant increased the salaries of or agreed to provide bonuses to such employees (such action not being with any intent to increase any Expenses of the Sale or in anticipation thereof); and (ii) to the extent an employee was due an annual raise. Merchant shall discontinue the foregoing practices from and after the date hereof, unless otherwise agreed in writing between Merchant and Agent.

(k) Except as may be impacted by the filing of the Chapter 11 Case, or otherwise restricted by the Chapter 11 filing and the motions and pleadings filed in connection therewith, Merchant has since the Petition Date, and Merchant covenants to continue to operate the Stores in all material respects in the ordinary course of business from the date of this Agreement to the Sale Commencement Date by: (i) selling inventory during such period at customary prices consistent with the ordinary course of business; (ii) not promoting or advertising any sales or in-store promotions (including POS promotions) to the public; (iii) except as may occur in the ordinary course of business, not returning inventory to vendors and not transferring inventory or supplies between or among Stores (or among Merchant's other stores); and (iv) not making any management personnel moves or changes at the Stores without prior written notice to and consultation with (but not approval of) Agent.

(l) As of the Sale Commencement Date, the assortment, mix and quantity of the Merchandise, by category, shall not be materially different than as set forth on Exhibit 11.1(l). To the extent that, after the Inventory Taking, it is determined that the assortment and mix of the Merchandise, by category, as of the Sale Commencement Date was materially different than as set forth on Exhibit 11.1(l), Merchant and Agent shall mutually and in good faith agree upon an adequate remedy for the breach of the representation in this Section 11.1(l).

(m) To the best of Merchant's knowledge, all documents, information and supplements provided by Merchant to Agent in connection with Agent's due diligence and the negotiation of this Agreement were true and accurate in all material respects at the time provided.

11.2 Agent's Representations, Warranties and Covenants. Agent hereby represents, warrants and covenants in favor of Merchant as follows:

(a) Agent: (i) is a limited partnership, corporation or limited liability company (as the case may be) duly and validly existing and in good standing under the laws of the State of its organization; (ii) has all requisite power and authority to carry on its business as presently conducted and to consummate the transactions contemplated hereby. (iii) is, and during the Sale Term will continue to be, duly authorized and qualified to do business and in good standing in each jurisdiction where the nature of its business or properties requires such qualification, including all jurisdictions in which the Stores are located, except, in each case, to the extent that the failure to be in good standing or so qualified could not reasonably be expected to have a material adverse effect on the ability of Agent to execute and deliver this Agreement and perform fully its obligations hereunder.

(b) Agent has the right, power and authority to execute and deliver each of the Agency Documents to which it is a party and to perform fully its obligations thereunder. Agent has taken all necessary actions required to authorize the execution, delivery and performance of the Agency Documents, and no further consent or approval is required on the part of Agent for Agent to enter into and deliver the Agency Documents, to perform its obligations thereunder and to consummate the Sale. Each of the Agency Documents has been duly executed and delivered by Agent and constitutes the legal, valid and binding obligation of Agent enforceable in accordance with its terms. No court order or decree of any federal, state or local governmental authority or regulatory body is in effect that would prevent or impair, or is required for, Agent's consummation of the transactions contemplated by this Agreement (other than the Approval Order), and no consent of any third party which has not been obtained is required therefor, other than as provided herein. No contract or other agreement to which Agent is a party or by which Agent is otherwise bound will prevent or impair the consummation of the transactions contemplated by this Agreement.

(c) No action, arbitration, suit, notice or legal administrative or other proceeding before any court or governmental body has been instituted by or against Agent, or has been settled or resolved or, to Agent's knowledge, has been threatened against or affects Agent, which questions the validity of this Agreement or any action taken or to be taken by Agent in connection with this Agreement or which, if adversely determined, would have a material adverse effect upon Agent's ability to perform its obligations under this Agreement.

(d) Agent shall conduct the Sale in compliance with the Sale Guidelines and the Approval Order.

#### Section 12. Insurance.

12.1 Merchant's Liability Insurance. Merchant shall continue at its cost and expense until the Sale Termination Date, in such amounts as it currently has in effect, all of its liability insurance policies, including, but not limited to, products liability, comprehensive public liability, auto liability and umbrella liability insurance, covering injuries to persons and property in, or in connection with, Merchant's operation of the Stores and shall endeavor to cause Agent to be named as an additional named insured (as its interest may appear) with respect to all such policies. Merchant shall deliver to Agent certificates evidencing such insurance setting forth the duration thereof and naming Agent as an additional named insured, in form reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days' prior notice to Agent of cancellation, non-renewal or material change during the Sale Term. In the event of a claim under any such policies, Merchant shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, unless it is determined that liability arose by reason of the wrongful acts or omissions or negligence of Agent, or Agent's employees, independent contractors or agents (including Merchant's employees being supervised by Agent).

12.2 Merchant's Casualty Insurance. Merchant will provide throughout the Sale Term fire, flood, theft and extended coverage casualty insurance covering the Merchandise in a total amount equal to no less than the retail value thereof plus the retail value of Additional Goods (provided that, Agent shall be responsible for payment as an Expense hereunder of any incremental premium amounts allocable to the Additional Goods). From and after the date of this Agreement until the Sale Termination Date, all such policies will also name Agent as an additional named insured (as its interest may appear). In the event of a loss to the Merchandise on or after the date of this Agreement, the Proceeds of such insurance attributable to the Merchandise, plus any self insurance amounts and the amount of any deductible or self-insured retention (which amounts shall be paid by Agent as an Expense), shall constitute Proceeds hereunder. In the event of a loss to the Additional Goods on or after the date of this Agreement, the proceeds of such insurance attributable to the Additional Goods, plus any self insurance

amounts and the amount of any deductible or self-insured retention (which amounts shall be paid by Agent as an Expense), shall constitute property of Agent. Merchant shall deliver to Agent certificates evidencing such insurance, setting forth the duration thereof and naming Agent as an additional insured (as its interest may appear), in form and substance reasonably satisfactory to Agent. All such policies shall require at least thirty (30) days' prior notice to Agent of cancellation, non-renewal or material change during the Sale Term. Merchant shall not make any change in the amount of any deductibles or self insurance amounts prior to the Sale Termination Date without Agent's prior written consent.

12.3 Agent's Insurance. Agent shall maintain at Agent's cost as an Expense hereunder throughout the Sale Term, in such amounts as it currently has in effect, comprehensive public liability insurance policies covering injuries to persons and property in or in connection with Agent's agency at the Stores, and shall cause Merchant to be named as additional insureds with respect to such policies. Agent shall deliver to Merchant certificates evidencing such insurance policies setting forth the duration thereof and naming Merchant as additional insureds, in form and substance reasonably satisfactory to Merchant. In the event of a claim under any such policies, Agent shall be responsible for the payment of all deductibles, retentions or self-insured amounts thereunder, unless it is determined that liability arose by reason of the wrongful acts or omissions or negligence of Merchant or Merchant's independent contractors or agents, other than Agent or Agent's employees, agents or independent contractors (including Merchant's employees under Agent's supervision).

12.4 Worker's Compensation Insurance. Merchant shall at all times during the Sale Term maintain in full force and effect workers' compensation insurance (including employer liability insurance) covering all Retained Employees in compliance with all statutory requirements.

### Section 13. Indemnification.

13.1 Merchant Indemnification. Merchant shall indemnify and hold Agent and its officers, directors, employees, agents and independent contractors (collectively, the "Agent Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from or related to: (i) Merchant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document; (ii) subject to Agent's compliance with its obligations under Section 8.3 hereof, any failure by Merchant to pay any Sales Taxes to the proper taxing authorities or to properly file with any taxing authorities any reports or documents required by applicable law to be filed in respect thereof, (iii) any failure of Merchant to pay to its employees any wages, salaries or benefits due to such employees during the Sale Term, (iv) any consumer warranty or products liability claims relating to Merchandise, (v) any liability or other claims asserted by customers, any of Merchant's employees, or any other person against any Agent Indemnified Party (including, without limitation, claims by employees arising under collective bargaining agreements, worker's compensation or under the WARN Act), the negligence or willful misconduct of Merchant, or its officers, directors, employees, agents or representatives.

13.2 Agent Indemnification. Agent shall indemnify and hold Merchant and its officers, directors, employees, agents and representatives harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from, or related to: (i) Agent's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained in any Agency Document; (ii) any claims by any party engaged by Agent as an employee or independent contractor arising out of such employment; (iii) any harassment or any other unlawful, tortious or otherwise actionable treatment of any customers, employees or agents of Merchant by Agent or any of its representatives; (iv) the negligence or willful misconduct of Agent, its officers, directors, employees,

agents or representatives; (v) any breach or default arising from or relating to Agent's conduct of the Sale which is not in accordance with this Agreement or the Sale Guidelines; and (vi) violations of law.

Section 14. Defaults. The following shall constitute "Events of Default" hereunder:

(a) Merchant or Agent shall fail to perform any material obligation hereunder if such failure remains uncured ten (10) days after receipt of written notice thereof;

(b) Any representation or warranty made by Merchant or Agent proves untrue in any material respect as of the date made and, to the extent curable, continues uncured ten (10) days after written notice to the defaulting party; or

(c) The Sale is terminated or materially interrupted or impaired at the Stores for any reason other than (i) an Event of Default by Agent, or (ii) any other material breach or action by Agent not authorized hereunder.

In the Event of Default, the non-defaulting party (in the case of (a) or (b) above), or Agent (in the case of (c) above) may in its discretion elect to terminate this Agreement, and any party's damages or entitlement to equitable relief on account of an Event of Default shall (in addition to the right to terminate as provided above) be determined by the Bankruptcy Court.

Section 15. Miscellaneous.

15.1 Notices. All notices and communications provided for pursuant to this Agreement shall be in writing and sent by email, by hand, by facsimile or by Federal Express or other recognized overnight delivery service, as follows (with Merchant and Agent to receive all notices regardless of their origin):

If to Agent: GORDON BROTHERS RETAIL PARTNERS, LLC  
101 Huntington Avenue, 10th Floor  
Boston, MA 02199  
Attention: Michael Chartock  
Tel: (617) 210-7116  
Fax: (617) 531-7906  
Email: [MChartock@gordonbrothers.com](mailto:MChartock@gordonbrothers.com)

With a copy to: MORGAN, LEWIS & BOCKIUS LLP  
101 Park Avenue  
New York, NY 10178-0060  
Attention: Neil Herman, Esq.  
Phone: (212) 309-6669  
Fax: (212) 309-6001  
Email: [NHerman@morganlewis.com](mailto:NHerman@morganlewis.com)

If to Merchant: S&K FAMOUS BRANDS, INC.  
11100 W. Broad Street  
Glen Allen, VA 23060  
Attention: Jonathan M. Tibus  
Tel: (804) 346-2500  
Fax: (877) 733-3349  
Email: [JTibus@alvarezandmarsal.com](mailto:JTibus@alvarezandmarsal.com)

With a copy to: McGUIREWOODS LLP  
One James Center  
901 East Cary Street  
Richmond, VA 23219  
Attention: Dion W. Hayes, Esq.  
Tel: (804) 775-1144  
Fax: (804) 698-2078  
Email: [DHayes@mcguirewoods.com](mailto:DHayes@mcguirewoods.com)

15.2 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the Commonwealth of Virginia without regard to conflicts of laws principles thereof, except where governed by the Bankruptcy Code due to the commencement of the Bankruptcy Case.

15.3 Entire Agreement. This Agreement contains the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect thereto.

15.4 Amendments. This Agreement may not be modified except in a written instrument executed by each of the parties hereto.

15.5 No Waiver. No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

15.6 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon Agent and Merchant and their respective successors and assigns, including, but not limited to, any chapter 11 or chapter 7 trustee; provided, however, that this Agreement may not be assigned by Merchant or Agent to any party without the prior written consent of the other.

15.7 Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute but one agreement. This Agreement may be executed by facsimile, and such facsimile signature shall be treated as an original signature hereunder.

15.8 Section Headings. The headings of sections of this Agreement are inserted for convenience only and shall not be considered for the purpose of determining the meaning or legal effect of any provisions hereof.

15.9 FF&E. With respect to the FF&E owned by Merchant (the "Owned FF&E") and located at the Stores and Distribution Center, Agent shall sell the Owned FF&E, and Agent shall be entitled to receive a commission equal to twenty-five percent (25%) of the gross proceeds from the sale of such FF&E (net only of Sales Taxes); provided, however, that Merchant shall be responsible for payment of expenses incurred in connection with the disposition of the Owned FF&E in accordance with a budget to be mutually agreed upon between Merchant and Agent; provided further however, that Merchant may elect to receive, in lieu of proceeds net of expenses and Agent's commission, a lump sum payment, on a per Store and Distribution Center basis, in an amount to be agreed upon between Merchant and Agent, in



which case all costs and expenses associated with the disposition thereof shall be borne by Agent. In either event, as of the Sale Termination Date, Agent may abandon, in place, any unsold FF&E, at the Stores and Distribution Center, as applicable.

15.10 Reporting. Upon the reasonable request of either Merchant or Agent, the other party shall furnish weekly reports reflecting the progress of the Sale, which shall specify the Proceeds received to date and such other information regarding the Sale as the requesting party reasonably requests. Agent will maintain and provide to Merchant sales records to permit calculation of and compliance with any percentage of rent obligations under Store leases. During the course of the Sale, Merchant shall have the right to have representatives continually act as observers of the Sale in the Stores, so long as they do not interfere with the conduct of the Sale.

Section 16. Security Interest. Upon issuance of the Letter of Credit, and payment of the Initial Guaranty Payment, and effective as of the Payment Date, Merchant hereby grants to Agent pursuant to Bankruptcy Code § 364(d) a first priority security interest in and lien upon (i) the Merchandise; (ii) the Proceeds; (iii) Agent's commission regarding the sale or other disposition of Merchant Consignment Goods under Section 5.4 hereof and (iv) Agent's commission regarding the sale or other disposition of Owned FF&E as provided for in Section 15.9 (or in the Owned FF&E to the extent that Merchant and Agent agree upon a lump sum payment for the Owned FF&E in the Stores and Distribution Center, if any, pursuant to Section 15.9 hereof) to secure the full payment and performance of all obligations of Merchant to Agent hereunder. Upon entry of the Approval Order, and payment of the Initial Guaranteed Payment pursuant to Section 3.3 hereof, and the issuance of the Letter of Credit, the security interest granted to Agent hereunder shall be deemed properly perfected without the need for further filings or documentation.

IN WITNESS WHEREOF, Agent and Merchant hereby execute this Agreement by their duly authorized representatives as a sealed instrument as of the day and year first written above.

**S&K FAMOUS BRANDS, INC.**

By: \_\_\_\_\_  
Name:  
Its:

**GORDON BROTHERS RETAIL PARTNERS, LLC**

By: \_\_\_\_\_  
Name:  
Its:

**S&K Menswear  
Exhibit 1**

J:\HMR DEAL ANALYSIS\Deals\In Process\S&K II\S&K II\_12\_105 Stores.xls]Store List

						Average
						4,128
						Selling
Location #	Name	Address	City	State	Zip	Sq Feet
<b>Stores</b>						
24	Albemarle Square Shopping Center	602 Albemarle Square	Charlottesville	VA	22901	4,000
37	Suite C-2 Williamsburg Outlet Mall	6401 Richmond Road, Suite C-2	Lightfoot	VA	23090	5,900
50	Quadrangle Shopping Center	630 Skylark Drive	Charleston	SC	29407	6,400
89	Mallside Shopping Center	198 Maine Mall Road, Unit	South Portland	ME	4106	6,800
92	Hamilton Crossing	2200 Hamilton Place Blvd., Suite A-1	Chattanooga	TN	37421	3,600
104	Courtyards of Ambassador Row	3603-B Ambassador Caffery Parkway	Lafayette	LA	70503	4,292
122	Market View Shopping Center	41 East Market View Drive	Champaign	IL	61820	4,000
171	Camp Hill Shopping Mall	112 S. 32nd and Trindle Road	Camp Hill	PA	17011	3,500
189	Tanger Factory Outlet Center	2200 Tanger Boulevard, Suite 135	Gonzales	LA	70737	3,000
209	Eastwood Mall	5555 Youngstown Warren Rd., Unit 930	Niles	OH	44446	3,402
217	Prime Outlets at Grove City	I-79 and Route 208, Suite 610	Grove City	PA	16127	3,011
229	Southside Square	9041 - 177 Southside Boulevard	Jacksonville	FL	32256	3,200
240	Cordova Collection	4771 Bayou Boulevard, Suite C-8	Pensacola	FL	32503	3,600
241	Water Tower Place	4100 University Avenue	West Des Moines	IA	50266	6,000
243	Regency Square Mall	2442 West Brandon Blvd.	Brandon	FL	33511	10,000
252	9219 East 71st Street	9219 East 71st Street	Tulsa	OK	74133	5,920
263	Greenwood Center	8938 US #31 South	Indianapolis	IN	46227	4,800
280	Valley Hills Mall	1960 Highway 70 S.E., Space 207-208	Hickory	NC	28602	3,428
287	Grand Rapids	2974-C 28th Street, SE	Grand Rapids	MI	49512	5,500
294	York Galleria Mall	2899 Whiteford Road Space 187	York	PA	17402	3,213
295	Village Park Plaza	2009 E. Greyhound Pass, Space D-11	Carmel	IN	46033	4,000
301	West Gate Mall	205 West Blackstock Road	Spartanburg	SC	29301	4,516
314	North Point Center	422 S. Range Line Road	Joplin	MO	64801	3,600
315	West Ridge Mall	1801 S.W. Wanamaker Rd, Space E14/15	Topeka	KS	66604	4,788
318	Hamburg Pavilion	2160 Sir Barton Way, Suite 130	Lexington	KY	40509	5,000
326	Waterloo Premium Outlets	Route 318, Space CO99	Waterloo	NY	13165	3,000
351	Orange Park Mall	1910 Wells Road, Space D01B	Orange Park	FL	32073	3,789
378	75 West Towne Mall	Space D32	Madison	WI	53719	4,289
381	Commons at Magnolia	2835 David McLeod	Florence	SC	29501	3,500
384	Park City Center	153 Park City Center	Lancaster	PA	17601	3,579
386	Eastview Mall	319 Eastview Mall	Victor	NY	14564	3,835
388	Marketplace Mall	540 Miracle Mile Drive	Rochester	NY	14623	3,150
389	Hanes Mall	3320 Silas Creek	Winston-Salem	NC	27103	3,488
398	Renaissance Center @ Southpoint	6807 Fayetteville Road	Durham	NC	27713	3,726
403	The Shoppes at Trace Fork	33 RHL Boulevard	South Charleston	WV	25309	3,600
406	East Towne Mall	301 East Towne Mall	Madison	WI	53704	3,500
410	Meridian Mall	1982 Wes Grand River Avenue	Okemos	MI	48864	3,500
411	Castleton Square	6020 East 82nd Street, Space 178	Indianapolis	IN	46250	4,194
414	Independence Mall	3500 Oleander Drive, Space F2	Wilmington	NC	28403	3,486
417	Avon Commons	10427 East US Highway 36	Avon	IN	46123	3,200
419	Fayette Mall	3615 Nicholasville Road, Suite 728	Lexington	KY	40503	3,165
423	Northwoods Mall	2150 Northwoods Mall, #E-6	N. Charleston	SC	29406	3,500
425	Williamsburg Market Center	6610-S Mooretown Road	Williamsburg	VA	23188	4,000
427	Fair Oaks Mall	11750 Fair Oaks Mall, Space 249	Fairfax	VA	22033	3,839
430	Lake Buena Vista Factory Stores	15657 Apopka Vineland Road	Orlando	FL	32821	3,600
435	Fox River Mall	4301 West Wisconsin Ave., Space 902	Appleton	WI	54913	3,805
440	Dayton Mall	2700 Miamisburg-Centerville Rd., #218	Dayton	OH	45459	5,049
447	Stonecrest Mall	2929 Turner Hill Road	Lithonia	GA	30038	3,511
450	The Greene	60 Plum Street	Beavercreek	OH	45440	2,992
28	Grand Pavilion Center	4235 Electric Road	Roanoke	VA	24014	5,200
32	Pembroke Mall	4584-2 Pembroke Mall	Virginia Beach	VA	23462	3,750
47	Orchard Village	21-A Orchard Park Drive	Greenville	SC	29615	5,000
56	Potomac Mills	2700 Potomac Mills Circle, Suite 518	Woodbridge	VA	22192	5,548
66	Market Fair	1916 Skibo Road, Suite 301	Fayetteville	NC	28304	4,375
77	Midlothian Square	11521 Midlothian Square	Richmond	VA	23235	6,182

**S&K Menswear  
Exhibit 1**

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Store List							Average
Location #	Name	Address	City	State	Zip		4,128 Selling Sq Feet
79	Coliseum Crossing	22 Coliseum Drive	Hampton	VA	23666		4,717
87	Matthews Township Festival	10400 East Independence Boulevard, Suite 330	Matthews	NC	28105		4,000
114	Colonial Mall	714 S. E. Greenville Boulevard	Greenville	NC	27858		4,058
129	Montgomery Promenade Shopping Center	2554 Eastern Boulevard	Montgomery	AL	36116		5,600
131	The Shoppes at Rivergate	2196 North Gallatin Pike	Madison	TN	37115		4,039
134	Savannah Festival	11 Gateway Boulevard South, Suite 53	Savannah	GA	31419		3,396
137	Crossways Center at Greenbriar	1412 Greenbrier Parkway, Suite 102	Chesapeake	VA	23320		4,000
138	Southpark Crossing	1078 Temple Avenue	Colonial Heights	VA	23834		3,670
143	Patrick Henry Mall	12300 Jefferson Avenue, Space 232	Newport News	VA	23602		4,073
152	Carolina Premium Outlets	1025 Industrial Park Drive, Suite 700	Smithfield	NC	27577		3,925
160	Carousel Mall, DBA Tailors Row	9823 Carousel Center Drive	Syracuse	NY	13290		3,300
161	Crossgates Mall	1 Crossgates Mall Road	Albany	NY	12203		3,488
169	The Centrum	10421 Centrum Parkway	Pineville	NC	28134		3,306
196	Crossroads Plaza	232 Crossroads Boulevard	Cary	NC	27511		5,145
200	Rotterdam Square Mall	93 West Campbell Road	Schenectady	NY	12306		3,233
211	Westbury Square	975 Suite K, Airport Road SW	Huntsville	AL	35802		3,000
233	Northgate Mall	1058 West Club Boulevard, Space 412	Durham	NC	27701		3,277
234	Great Northern Mall	4081 Route 31, Space G102	Clay	NY	13041		4,714
245	Fashion Outlets of Niagara	1726 Military Road	Niagara Falls	NY	14304		3,986
246	BJ's Plaza	4408 Milestrip Road	Hamburg	NY	14075		3,500
253	Mallory Corners Shopping Center	1705 Mallory Lane	Brentwood	TN	37027		5,400
266	Huntington Mall	P. O. Box 4033, Suite 140	Barboursville	WV	25504		3,067
274	Golden East Crossing	1100 North Wesleyan Boulevard, Suite 116	Rocky Mount	NC	27804		3,606
282	Central Park	1281 Carl D. Silver Parkway	Fredericksburg	VA	22401		5,000
284	Lynnhaven North Shopping Center	2728 North Mall Drive, Suite 111A	Virginia Beach	VA	23452		5,575
285	422 Bush River Road	422 Bush River Road	Columbia	SC	29210		5,000
300	Brookhollow	11102 West Broad Street	Glen Allen	VA	23060		6,500
325	Shelbyville Road Plaza	4600 Shelbyville Road, Suite 106	Louisville	KY	40207		6,000
341	River Ridge Mall	3405 Candler's Mountain Road, Space C140/C147	Lynchburg	VA	24502		4,135
345	Wilton Mall	3065 Route 50, Suite F-8	Saratoga Springs	NY	12866		3,045
346	Jefferson Mall	4801 Outer Loop, Suite B418	Louisville	KY	40219		4,548
348	Marketplace Centre	1960-D Old Fort Parkway	Murfreesboro	TN	37129		4,000
352	Concord Mills Mall	8111 Concord Mills Blvd., Suite 418	Concord	NC	28027		3,462
357	Opry Mills Mall	327 Opry Mills Drive, Space 327	Nashville	TN	37214		3,620
367	Arundel Mills	7000 Arundel Mills Circle, Suite 420	Hanover	MD	21076		3,614
369	Augusta Exchange	222 Robert C. Daniel, Jr. Parkway	Augusta	GA	30909		4,070
370	Gold Crest Center	4513 Commonwealth Center Parkway	Midlothian	VA	23112		4,800
371	The Creeks at Virginia Center Commons	9830-9992 Brook Road	Glen Allen	VA	23059		4,800
390	Four Seasons Town Center	207 Four Seasons Town Centre	Greensboro	NC	27427		3,020
395	Leesburg Corner Premium Outlets	241 Fort Evans Road, N.E., Suite 1137	Leesburg	VA	20176		2,955
396	Walden Galleria	One Walden Galleria	Buffalo	NY	14225		3,128
399	Stafford Marketplace Shopping Center	1150 Stafford Market Place, Suite 107	Stafford	VA	22556		3,600
400	Sparklebery Square	10136-109A Two Notch Road	Columbia	SC	29229		4,000
412	Northlake Mall	6801 Northlake Mall Drive	Charlotte	NC	28216		3,350
418	Peppers Ferry Place	2455 North Franklin Street	Christiansburg	VA	24073		3,200
420	University Commons	1469B University Drive	Burlington	NC	27215		4,000
421	Tanger Outlet Center at Five Oaks	1645 Parkway, Suite 760	Sevierville	TN	37862		3,377
426	Triangle Town Center	5959 Triangle Town Boulevard, Space EU2113	Raleigh	NC	27616		4,011
445	Bridge Street Town Center	300 The Bridge Street, NW, Suite 124	Huntsville	AL	35806		3,311
449	Oglethorpe Mall	7804 Abercorn Street, Space 4	Savannah	GA	31406		4,000

**S&K Menswear  
Exhibit 1A**

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<b>DC Location</b>
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<b>Location #</b>	<b>Address</b>	<b>City</b>	<b>State</b>	<b>Zip</b>	<b>Average Selling Sq Feet</b>
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<u><b>DC</b></u>	1 11100 W. Broad St.	Glen Allen	VA	23060	-
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Exhibit 3.4

[NAME OF ISSUING BANK – to be completed]

[ADDRESS – to be completed]

Date: May \_\_, 2009

Irrevocable Standby Letter of Credit Number: \_\_\_\_\_

BENEFICIARY: S&K Famous Brands, Inc.

Credit Number:

Opener's Reference No:

Gentlemen:

BY ORDER OF: *Gordon Brothers Retail Partners, LLC*

We hereby open in your favor our Irrevocable Standby Letter of Credit for the account of S&K Famous Brands, Inc. for a sum or sums not exceeding a total of \$ \_\_\_\_\_ U.S. Dollars ( \_\_\_\_\_ ) available by your draft(s) at SIGHT at OURSELVES effective immediately and expiring at OUR COUNTERS on \_\_\_\_\_ 2008, or such earlier date on which the beneficiary shall notify us in writing that this Standby Letter of Credit shall be terminated accompanied by the original Letter of Credit (the "Expiry Date").

Draft(s) must be accompanied by a signed statement in the form attached as Exhibit A, [and the original Letter of Credit]. The amount available to be drawn by you may be reduced from time to time by S&K Famous Brands, Inc. by delivering to us a signed statement in the form attached as Exhibit B.

Partial and/or multiple drawings are permitted.

Each draft must bear upon its fact the clause "Drawn under Letter of Credit No. \_\_\_\_\_ dated \_\_\_\_\_ 2009 of [NAME AND ADDRESS OF ISSUING BANK]."

Except so far as otherwise expressly stated herein, this Letter of Credit is subject to the "Uniform Customs and Practices for Documentary Credits (1993 Revision), International Chamber of Commerce Publication No. 500".

Exhibit 3.4

We hereby agree that drafts drawn under an in compliance with the terms of this letter of credit will be duly honored if presented to the above mentioned drawee bank on or before the Expiry Date.

Kindly address all correspondence regarding this letter of credit to the attention of our Letter of Credit Operations, [ADDRESS OF L/C DEPARTMENT OF ISSUING BANK] attention \_\_\_\_\_, mention our reference number as it appears above. Telephone inquiries can be made to \_\_\_\_\_ at \_\_\_\_\_.

Very truly yours,

Authorized official

Exhibit 3.4

EXHIBIT A

TO IRREVOCABLE STANDBY LETTER OF CREDIT NO. \_\_\_\_\_

Re: Drawing for Amounts Due to S&K Famous Brands, Inc.

Ladies and Gentlemen:

I refer to your Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit"). The undersigned, a duly authorized officer of S&K Famous Brands, Inc., as beneficiary, hereby certifies to you that:

(i) *Gordon Brothers Retail Partners, LLC* (the "Agent") has not made a payment with respect to (x) the unpaid portion of the Guaranteed Amount, (y) Expenses of the Sale or (z) the Recovery Amount when due under that certain Agency Agreement dated as of May \_\_, 2009 by and among *Gordon Brothers Retail Partners, LLC* and S&K Famous Brands, Inc. (the "Agreement"). S&K Famous Brands, Inc. has provided Agent with the notice required under the Agreement prior to this draw being made.

(ii) The amount to be drawn is \$ \_\_\_\_\_ (the "Amount Owing"). The Amount Owing is due and owing under the Agreement.

(iii) Payment is hereby demanded in an amount equal to the lesser of (a) the amount owing and (b) the amount available on the date hereof to be drawn under the Letter of Credit.

(iv) The Letter of Credit has not expired prior to the delivery of this letter and the accompanying sight draft.

(iv) The payment hereby demanded is requested to be made in immediately available funds upon delivery of this certificate by wire transfer to the following account:

[Bank Name]  
[Bank Address]  
ABA No: \_\_\_\_\_  
Further Credit to: [Account Title]  
Account No.



Exhibit 3.4

IN WITNESS WHEREOF, I have executed and delivered this certificate as of this date of \_\_\_\_\_ 2009.

Very truly yours,

S&K Famous Brands, Inc.

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

Title:

Exhibit 3.4

EXHIBIT B

TO IRREVOCABLE STANDBY LETTER OF CREDIT NO. \_\_\_\_\_

Re: Reduction of Face Amount

S&K Famous Brands, Inc.

Ladies and Gentlemen:

I refer to your Letter of Credit No. \_\_\_\_\_ (the "Letter of Credit"). The undersigned, a duly authorized officer of (the "Beneficiary") hereby certify to you that the face amount of the Letter of Credit No. \_\_\_\_\_ hereby shall be reduced from its original face amount to a new face amount of \$ \_\_\_\_\_.

IN WITNESS WHEREOF, I have executed and delivered this certificate as of this day of \_\_\_\_\_ 2009.

Very truly yours,

S&K Famous Brands, Inc.

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

Title:

Occupancy Expenses											
Store #	Store Name	Per Diem									
		Rent	Cam	Equip Rental/Sec urity	L/L Dues & Insurance	Local Taxes	R&M- Register	R&M- Stores	Telephone	Utilities	Total
24	Albemarle Square Shopping Center	176	7	1	5	12	2	13	5	26	246
37	Suite C-2 Williamsburg Outlet Mall	118	61	1	6	18	2	6	5	26	242
50	Quadrangle Shopping Center	256	32	1	4	17	2	15	5	51	382
89	Mallside Shopping Center	406	50	1	-	53	2	11	5	63	589
92	Hamilton Crossing	158	36	1	-	33	2	5	4	22	262
104	Courtyards of Ambassador Row	189	4	1	6	21	2	9	5	39	274
122	Market View Shopping Center	165	16	1	2	18	2	6	4	22	234
171	Camp Hill Shopping Mall	86	23	1	-	16	2	2	4	20	154
189	Tanger Factory Outlet Center	157	29	2	26	27	2	8	6	27	284
209	Eastwood Mall	153	54	1	9	22	2	4	4	33	282
217	Prime Outlets at Grove City	210	34	1	28	26	2	7	5	19	330
229	Southside Square	167	13	0	6	37	2	6	5	28	263
240	Cordova Collection	138	13	1	-	13	2	6	5	31	209
241	Water Tower Place	256	20	1	3	67	2	3	5	31	389
243	Regency Square Mall	302	28	1	18	91	2	21	6	67	536
252	9219 East 71st Street	260	12	1	-	23	2	7	5	33	344
263	Greenwood Center	237	10	1	-	32	2	7	4	44	337
280	Valley Hills Mall	151	91	1	7	17	2	8	5	25	305
287	Grand Rapids	190	8	1	2	27	2	10	6	32	277
294	York Galleria Mall	165	-	1	-	3	2	3	4	22	199
295	Village Park Plaza	198	21	1	3	30	2	8	6	29	296
301	West Gate Mall	233	24	1	16	27	2	9	5	27	343
314	North Point Center	114	13	1	1	5	2	7	6	26	173
315	West Ridge Mall	303	-	1	-	2	2	8	4	53	372
318	Hamburg Pavilion	166	27	0	5	24	2	13	4	31	270
326	Waterloo Premium Outlets	165	29	1	30	16	2	13	5	26	287
351	Orange Park Mall	239	-	0	-	18	2	11	5	33	308
378	75 West Towne Mall	265	27	1	7	2	2	10	4	32	349
381	Commons at Magnolia	144	17	1	-	11	2	9	8	24	216
384	Park City Center	216	-	1	-	-	2	8	5	84	316
386	Eastview Mall	84	132	1	-	42	2	7	5	31	304
388	Marketplace Mall	44	112	1	-	57	2	9	5	40	269
389	Hanes Mall	219	7	1	6	9	2	2	5	42	293
398	Renaissance Center @ Southpoint	250	21	2	2	33	2	6	5	17	337
403	The Shoppes at Trace Fork	156	10	1	1	30	2	13	5	17	235
406	East Towne Mall	208	8	1	6	13	2	5	5	26	273
410	Meridian Mall	210	5	1	6	5	2	11	4	48	291
411	Castleton Square	236	155	1	0	44	2	7	6	21	472
414	Independence Mall	175	-	1	-	14	2	19	5	22	238
417	Avon Commons	174	12	1	1	20	2	9	7	21	248
419	Fayette Mall	190	24	1	-	9	2	2	5	19	252
423	Northwoods Mall	181	5	1	-	6	2	13	6	26	240
425	Williamsburg Market Center	186	5	1	2	17	2	10	7	18	248
427	Fair Oaks Mall	174	193	1	25	78	2	12	5	64	553
430	Lake Buena Vista Factory Stores	268	38	1	43	44	2	4	6	28	433
435	Fox River Mall	293	-	1	-	28	2	3	7	38	371
440	Dayton Mall	-	177	1	20	110	2	17	10	40	377
447	Stonecrest Mall	191	44	1	7	27	2	8	5	33	318
450	The Greene	191	44	1	7	27	2	8	5	33	318
28	Grand Pavilion Center	100	6	1	-	24	2	7	5	22	165
32	Pembroke Mall	108	59	1	16	13	2	4	4	23	230
47	Orchard Village	206	34	1	-	26	2	3	4	29	305
56	Potomac Mills	435	216	0	77	75	2	12	8	40	863
66	Market Fair	166	41	1	2	12	2	4	5	19	252
77	Midlothian Square	340	16	1	5	27	2	8	7	32	437
79	Coliseum Crossing	176	14	1	2	25	2	6	4	22	252
87	Matthews Township Festival	154	20	1	2	15	2	2	5	24	225
114	Colonial Mall	145	41	1	-	13	2	8	5	28	243
129	Montgomery Promenade Shopping Center	107	30	1	-	22	2	5	5	49	221
131	The Shoppes at Rivergate	200	12	1	-	20	2	13	6	34	287
134	Savannah Festival	119	18	1	23	22	2	3	5	25	218
137	Crossways Center at Greenbriar	187	8	1	1	20	2	14	6	27	267
138	Southpark Crossing	140	13	1	3	18	2	6	4	25	211
143	Patrick Henry Mall	168	200	1	3	62	2	12	4	29	480
152	Carolina Premium Outlets	233	49	1	20	10	2	5	5	29	354
160	Carousel Mall, DBA Tailors Row	94	146	1	8	101	2	5	5	84	446
161	Crossgates Mall	158	113	1	8	104	2	14	2	76	477
169	The Centrum	145	8	1	-	13	2	7	5	23	204
196	Crossroads Plaza	283	30	1	22	27	2	3	5	32	405
200	Rotterdam Square Mall	75	104	1	-	33	2	9	4	48	275
211	Westbury Square	115	9	1	-	13	2	6	5	21	171

Occupancy Expenses											
Store #	Store Name	Per Diem									Total
		Rent	Equip Cam Rental/Sec urity	L/L Dues & Insurance	Local Taxes	R&M- Register	R&M- Stores	Telephone	Utilities		
233	Northgate Mall	111	69	1	15	16	2	4	7	15	238
234	Great Northern Mall	76	178	1	-	67	2	12	4	76	416
245	Fashion Outlets of Niagara	264	(4)	1	-	0	2	8	5	32	308
246	BJ's Plaza	144	15	1	1	17	2	8	4	37	230
253	Mallory Corners Shopping Center	271	19	1	3	32	2	6	5	43	381
266	Huntington Mall	133	58	2	10	33	2	3	6	19	265
274	Golden East Crossing	124	72	1	-	11	2	3	5	31	249
282	Central Park	274	42	1	3	34	2	10	4	33	403
284	Lynnhaven North Shopping Center	245	21	1	7	26	2	21	4	34	361
285	422 Bush River Road	203	14	1	8	20	2	8	5	50	312
300	Brookhollow	316	-	2	-	58	2	38	5	48	468
325	Shelbyville Road Plaza	272	33	1	-	21	2	9	4	27	369
341	River Ridge Mall	250	-	1	0	8	2	6	8	24	299
345	Wilton Mall	66	108	1	-	44	2	8	5	44	279
346	Jefferson Mall	150	188	0	8	20	2	4	2	26	400
348	Marketplace Centre	91	1	1	-	9	2	7	6	27	143
352	Concord Mills Mall	228	82	1	30	28	2	9	6	25	411
357	Opry Mills Mall	244	112	1	30	50	2	14	5	14	471
367	Arundel Mills	273	87	1	32	36	2	9	6	39	485
369	Augusta Exchange	207	13	1	1	24	2	9	6	33	295
370	Gold Crest Center	314	29	1	5	35	2	6	5	25	421
371	The Creeks at Virginia Center Commons	270	12	1	-	27	2	5	7	24	348
390	Four Seasons Town Center	93	88	1	5	30	2	5	5	32	261
395	Leesburg Corner Premium Outlets	160	37	2	33	30	2	8	5	16	292
396	Walden Galleria	206	105	2	13	61	2	10	5	69	473
399	Stafford Marketplace Shopping Center	159	14	1	-	20	2	7	6	21	229
400	Sparklebery Square	139	11	1	2	16	2	6	6	44	229
412	Northlake Mall	144	172	1	10	18	2	12	5	61	423
418	Peppers Ferry Place	169	6	1	3	31	2	2	6	13	233
420	University Commons	163	11	1	-	14	2	8	7	18	224
421	Tanger Outlet Center at Five Oaks	201	44	1	35	16	2	9	6	24	338
426	Triangle Town Center	260	2	1	0	4	2	3	2	49	324
445	Bridge Street Town Center	191	44	1	7	27	2	8	5	33	318
449	Oglethorpe Mall	191	44	1	7	27	2	8	5	33	318
<b>105</b>	<b>Total</b>	<b>19,866</b>	<b>4,606</b>	<b>117</b>	<b>771</b>	<b>2,923</b>	<b>164</b>	<b>862</b>	<b>539</b>	<b>3,494</b>	<b>33,343</b>
	Per Week	<b>139,065</b>	<b>32,243</b>	<b>822</b>	<b>5,394</b>	<b>20,464</b>	<b>1,151</b>	<b>6,034</b>	<b>3,770</b>	<b>24,461</b>	<b>233,404</b>
	Per Store Week	<b>1,324</b>	<b>307</b>	<b>8</b>	<b>51</b>	<b>195</b>	<b>11</b>	<b>57</b>	<b>36</b>	<b>233</b>	<b>2,223</b>

**S&K Menswear  
Exhibit 5.2(b)**

<b>DC Inventory</b>
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Dept#	DeptName	Class#	ClassName	Retail	% of Retail
1	Suits	111	BOY'S SUITS	0	0.0%
1	Suits	112	SUITS	1,200	0.1%
1	Suits	113	BRAND SUIT	61,554	3.4%
1	Suits	121	FASHION SUIT	54,995	3.1%
1	Suits	122	B & T SUIT	31,862	1.8%
1	Suits	131	REP SUIT	68,411	3.8%
1	Suits	132	TRAD REP SUIT	2,460	0.1%
1	Suits	133	UPD REP SUIT	68,613	3.8%
1	Suits	140	K&F SUIT	108,215	6.0%
1	Suits	141	SEASONAL SUIT	939	0.1%
1	Suits	142	FASHION SUIT	32,319	1.8%
1	Suits	143	TRAD BRAND SUIT	39,676	2.2%
1	Suits	144	ATHLETIC SUIT	0	0.0%
1	Suits	145	TUXEDO	2,342	0.1%
1	Suits	146	DANIEL GRAY SUIT	21,135	1.2%
1	Suits	150	K&F B&T SUIT	480	0.0%
1	Suits	151	FASHION REP SUIT	98,294	5.5%
1	Suits	152	R. VILLINI SUIT	59,422	3.3%
1	Suits	153	UPD BRAND SUIT	54,640	3.1%
1	Suits	156	SUITS	(0)	0.0%
2	Sport Coats	211	BOYS SPTCT (INCLUDES SEPARATES)	0	0.0%
2	Sport Coats	212	SEASONAL FANCY	13,107	0.7%
2	Sport Coats	213	SEASONAL SOLID	77,276	4.3%
2	Sport Coats	221	SPORTCOAT	39	0.0%
2	Sport Coats	222	B & T SPTCOAT	1,395	0.1%
2	Sport Coats	231	FASHION SPTCOAT	610	0.0%
2	Sport Coats	232	CASUAL SPORTCOAT	1,450	0.1%
2	Sport Coats	233	CAMEL HAIR	4,217	0.2%
2	Sport Coats	240	TUX SEP JCKT	2,663	0.1%
2	Sport Coats	241	MODERN BLAZERS	400	0.0%
2	Sport Coats	242	BASIC BLAZERS (NON-SEASONAL BLAZERS)	55,577	3.1%
2	Sport Coats	243	SSNL-OTHER BLZ	1,815	0.1%
2	Sport Coats	251	K&F SPORTCOAT	1,700	0.1%
2	Sport Coats	252	R. VILLINI SPCT	8,519	0.5%
2	Sport Coats	253	YR BRND SPTCOAT	36,560	2.0%
2	Sport Coats	254	SEP JCKT	13,129	0.7%
3	Dress Shirts	301	FORMAL SHIRTS	19,170	1.1%
3	Dress Shirts	302	R.V. WHITE SHIRT	18,253	1.0%
3	Dress Shirts	303	R.V. COLOR SHIRT	96,825	5.4%
3	Dress Shirts	304	K&F WHITE SHIRT	10,995	0.6%
3	Dress Shirts	305	K&F COLOR SHIRT	50,277	2.8%
3	Dress Shirts	306	R.V. NON IRON	81,229	4.5%
3	Dress Shirts	307	B&T NON IRON	32,755	1.8%
3	Dress Shirts	308	BOYS SHIRTS	3,065	0.2%
3	Dress Shirts	309	D.GRAY COLOR SHT	10,810	0.6%
3	Dress Shirts	310	FASHION D. SHIRT	6,269	0.3%
3	Dress Shirts	311	B&T DRS SHIRTS	33,637	1.9%
3	Dress Shirts	312	T. ELEMENTS	1,410	0.1%
3	Dress Shirts	313	FRENCH CUFF SHT	17,770	1.0%
3	Dress Shirts	314	R.V. FANCY SHIRT	5,888	0.3%
3	Dress Shirts	315	BUSINESS CASUAL	2,774	0.2%
3	Neckwear	316	FASH NECKWEAR	3,909	0.2%
3	Neckwear	317	K&F NECKWEAR	23,935	1.3%
3	Neckwear	318	BET NECKWEAR	37,088	2.1%
3	Neckwear	319	B&T NECKWEAR	4,035	0.2%
4	Slacks	401	CASSLK-COTTON	4,164	0.2%
4	Slacks	403	CASSLK-GOLF	585	0.0%
4	Slacks	405	CASSLK-SSNL	1,735	0.1%
4	Slacks	407	CASSLK-BIG/TALL	0	0.0%
4	Slacks	411	CASSLK-YEAR RND	6,903	0.4%
4	Slacks	412	DRSSLK-K&F	5,961	0.3%
4	Slacks	421	DRSSLK-BIG/TALL	0	0.0%
4	Slacks	422	BOYS SLKS	0	0.0%
4	Slacks	431	FASHION SLACKS	350	0.0%
4	Slacks	432	DRSSLK-FALL	0	0.0%

**S&K Menswear  
Exhibit 5.2(b)**

<b>DC Inventory</b>
---------------------

Dept#	DeptName	Class#	ClassName	Retail	% of Retail
4	Slacks	441	DRSSLK-YEAR RND	2,357	0.1%
4	Slacks	442	DRSSLK-FINBTMFAL	1,350	0.1%
4	Slacks	451	CASSLK-FINBTM	0	0.0%
4	Slacks	452	DRSSLK-WOOL	1,107	0.1%
4	Slacks	453	DRSSLK-FANCIES	80	0.0%
4	Slacks	454	DRSSLK-SEPARATES	4,583	0.3%
4	Slacks	455	TUXSLK-SEPARATES	1,140	0.1%
4	Slacks	456	DRSSLK-BETTER	18,978	1.1%
5	Outerwear	511	SHIRTJACKETS	12	0.0%
5	Outerwear	512	FABRIC OUTERWEAR	0	0.0%
5	Outerwear	514	SHORT TOPCOATS	2,600	0.1%
5	Outerwear	515	LEATHER JACKETS	6,725	0.4%
5	Outerwear	521	RETAIL TOPCOAT	0	0.0%
5	Outerwear	522	LONG TOPCOATS	18,960	1.1%
5	Sports Wear	531	FASHION SPTSWR.	2,208	0.1%
5	Outerwear	532	RAINCOATS	2,800	0.2%
5	Sports Wear	541	UNCNSTRCTD JACKETS	8,140	0.5%
5	Sports Wear	542	VESTS	809	0.0%
5	Sports Wear	543	SWEATERS	3,555	0.2%
5	Sports Wear	551	LS COLLAR KNITS	571	0.0%
5	Sports Wear	552	ASST KNITS	545	0.0%
5	Sports Wear	561	SS COLLAR KNITS	11,825	0.7%
5	Sports Wear	562	HOODIES	12,463	0.7%
5	Sports Wear	571	SS WOVEN	5,841	0.3%
5	Sports Wear	572	LS WOVEN	82,981	4.6%
5	Sports Wear	581	LS MOCK & CREW	18,975	1.1%
5	Sports Wear	590	CASUAL PANTS	14,347	0.8%
5	Sports Wear	591	SHORTS	30	0.0%
5	Sports Wear	592	DENIM	4,449	0.2%
6	Accessories	635	S&K G. BAG	45	0.0%
6	Accessories	636	SOCKS	1,526	0.1%
6	Accessories	637	LOUNGEWEAR	0	0.0%
6	Accessories	638	BELTS	8,697	0.5%
6	Accessories	639	GIFT	205	0.0%
6	Accessories	640	JEWELRY	3,765	0.2%
6	Accessories	646	GLOVES	512	0.0%
6	Accessories	647	SCARF	31	0.0%
6	Accessories	648	HANDKERCHIEF	(48)	0.0%
6	Accessories	649	POCKET SQUARE	882	0.0%
6	Accessories	650	TRAVEL	1,712	0.1%
6	Accessories	660	HATS	2,342	0.1%
6	Accessories	670	BRACES	2,246	0.1%
6	Accessories	671	SML LEATHER	119	0.0%
6	Accessories	680	FORMAL ACCESS	2,970	0.2%
6	Accessories	694	SHOE ACCESS	1,375	0.1%
6	Shoes	695	S. ADAMS SHOES	13,131	0.7%
6	Shoes	696	SHOES	61,469	3.4%
7	Suit Seperates	721	BST JCKT SEP	30,668	1.7%
7	Suit Seperates	722	TUX JCKT SEP	1,550	0.1%
7	Suit Seperates	723	CAS JCKT SEP	680	0.0%
7	Suit Seperates	724	FASH JCKT SEP	5,590	0.3%
7	Suit Seperates	741	BST SLCK SEP	14,609	0.8%
7	Suit Seperates	742	TUX SLCK SEP	1,091	0.1%
7	Suit Seperates	743	CAS SLCK SEP	(35)	0.0%
7	Suit Seperates	744	FASH SLCK SEP	4,070	0.2%
				1,791,439	100.0%



EXHIBIT 5.2 (b) (i)

On Order Merchandise

\*As of 05/10/2009

	OnOrd_U	OnOrd_R	OnOrd_C
<b>TOTAL ESTIMATED RECEIPTS PRIOR TO 05/30/2009</b>	<b>7,878</b>	<b>\$ 1,952,056</b>	<b>\$ 413,459</b>

	Style ID #	Vendor Name	OnOrd_U	OnOrd_R	OnOrd_C
1	U_0153_A005_BLKCRD	CONCORDE APPAREL CO	72	\$ 21,599	\$ 4,860
2	U_0153_A005_BLKNST	CONCORDE APPAREL CO	142	\$ 42,599	\$ 9,585
3	U_0153_A005_BLKSLD	CONCORDE APPAREL CO	596	\$ 178,794	\$ 40,230
4	U_0153_A005_CHRNST	CONCORDE APPAREL CO	68	\$ 20,399	\$ 4,590
5	U_0153_A005_CHRSTP	CONCORDE APPAREL CO	397	\$ 119,096	\$ 26,798
6	U_0153_A005_NVYSTR	CONCORDE APPAREL CO	325	\$ 97,497	\$ 21,938
7	U_0153_A005_STRCHR	CONCORDE APPAREL CO	319	\$ 95,697	\$ 21,533
8	U_0153_A005_STRNVY	CONCORDE APPAREL CO	115	\$ 34,499	\$ 7,763
9	U_0213_W009_BLKBNB	GEORGE WEINTRAUB & SONS	461	\$ 78,365	\$ 20,745
10	U_0213_W009_COFFHB	GEORGE WEINTRAUB & SONS	223	\$ 37,908	\$ 10,035
11	U_0213_W009_OWHTHB	GEORGE WEINTRAUB & SONS	529	\$ 89,925	\$ 23,805
12	8_0724_L001_BLKNET	LANIER CLOTHES	34	\$ 5,440	\$ 1,700
13	8_0724_L001_BLKSLD	LANIER CLOTHES	59	\$ 9,439	\$ 2,950
14	8_0724_L001_BLKSTR	LANIER CLOTHES	53	\$ 8,479	\$ 2,650
15	8_0744_L001_BLKNET	LANIER CLOTHES	24	\$ 1,920	\$ 600
16	8_0744_L001_BLKSLD	LANIER CLOTHES	75	\$ 5,999	\$ 1,875
17	8_0744_L001_BLKSTR	LANIER CLOTHES	49	\$ 3,920	\$ 1,225
18	U_0153_L001_BLACK.	LANIER CLOTHES	374	\$ 130,896	\$ 22,440
19	U_0153_L001_CHRSTR	LANIER CLOTHES	1,003	\$ 351,040	\$ 60,180
20	U_0153_L001_MDGREY	LANIER CLOTHES	290	\$ 101,497	\$ 17,400
21	U_0153_L001_NVYSTR	LANIER CLOTHES	1,019	\$ 356,640	\$ 61,140
22	U_0305_P026_WHITE.	PEACOCK APPAREL GROUP INC	375	\$ 13,121	\$ 3,188
23	8_0242_P001_RLBKBL	PEERLESS CLOTHING	121	\$ 24,199	\$ 6,524
24	8_0242_P001_RLNVB	PEERLESS CLOTHING	76	\$ 15,199	\$ 4,098
25	8_0456_P001_RLBCK	PEERLESS CLOTHING	287	\$ 28,697	\$ 9,471
26	8_0456_P001_RLBW	PEERLESS CLOTHING	320	\$ 31,997	\$ 10,560
27	8_0456_P001_RLCHR	PEERLESS CLOTHING	44	\$ 4,400	\$ 1,452
28	8_0456_P001_RLMTAN	PEERLESS CLOTHING	59	\$ 5,899	\$ 1,947
29	8_0456_P001_RLNAVY	PEERLESS CLOTHING	215	\$ 21,498	\$ 7,095
30	8_0456_P001_RLOLVE	PEERLESS CLOTHING	154	\$ 15,398	\$ 5,082

SCHEDULE OF ALLOCATIONS & INVENTORY

TOTAL DISTRIBUTION CENTER ACTIVITY - Location # 000 & # 003

Saturday, May 09, 2009											
Time:	May 09 W1										
Time:	BOW Inv Cst	BOW Inv Retail	Repts Cst	Repts Retail	Rcpt Units	Alloc @ Cst	Alloc @ Rtl	Alloc Units	EOW Inv Cst	EOW Inv Retail	EOW Inv Unit
All	\$ 510,345	\$ 1,687,290	\$ 22,361	\$ 941,999	12,178	\$ 261,526	\$ 990,032	11,820	\$ 499,309	\$ 1,639,257	22,719
01	\$ 165,537	\$ 532,287	\$ 2,594	\$ 11,729	51	\$ 3,954	\$ 13,929	61	\$ 164,949	\$ 530,087	2,584
02	\$ 44,283	\$ 139,888	\$ 969	\$ 336,469	2,097	\$ 89,792	\$ 339,130	1,995	\$ 48,856	\$ 157,227	1,071
03	\$ 114,013	\$ 391,726	\$ 9,648	\$ 244,574	4,120	\$ 64,651	\$ 256,820	4,487	\$ 111,651	\$ 379,480	9,261
04	\$ 14,908	\$ 39,547	\$ 687	\$ 102,990	1,030	\$ 580	\$ 1,760	18	\$ 40,078	\$ 140,777	1,689
05	\$ 43,598	\$ 128,825	\$ 2,821	\$ 62,469	3,656	\$ 44,668	\$ 158,431	2,366	\$ 61,399	\$ 191,747	4,111
06	\$ 30,659	\$ 80,723	\$ 2,488	\$ 4,884	1,224	\$ 1,796	\$ 5,412	862	\$ 31,115	\$ 80,195	2,850
07	\$ 97,347	\$ 374,293	\$ 3,154	\$ -	-	\$ 56,087	\$ 214,549	2,031	\$ 41,260	\$ 159,744	1,123

Saturday, May 16, 2009											
Time:	May 09 W2										
Time:	BOW Inv Cst	BOW Inv Retail	Repts Cst	Repts Retail	Rcpt Units	Alloc @ Cst	Alloc @ Rtl	Alloc Units	EOW Inv Cst	EOW Inv Retail	EOW Inv Unit
All	\$ 499,308	\$ 1,639,257	\$ 22,719	\$ 1,268,836	5,121	\$ 345,625	\$ 1,308,642	12,528	\$ 422,451	\$ 1,599,451	15,312
01	\$ 164,949	\$ 530,087	\$ 2,584	\$ 1,007,684	3,068	\$ 161,526	\$ 691,988	2,543	\$ 197,420	\$ 845,763	3,109
02	\$ 48,856	\$ 157,227	\$ 1,071	\$ 159,637	917	\$ 41,058	\$ 142,569	894	\$ 50,182	\$ 174,275	1,093
03	\$ 111,651	\$ 379,480	\$ 9,281	\$ 8,529	244	\$ 51,175	\$ 174,604	4,286	\$ 62,548	\$ 213,405	5,239
04	\$ 40,078	\$ 140,777	\$ 1,699	\$ 70,128	701	\$ 28,450	\$ 94,907	1,080	\$ 34,772	\$ 115,998	1,320
05	\$ 61,399	\$ 191,747	\$ 4,111	\$ -	-	\$ 27,630	\$ 86,286	1,850	\$ 33,769	\$ 105,461	2,261
06	\$ 31,115	\$ 80,195	\$ 2,850	\$ -	-	\$ 14,002	\$ 36,088	1,283	\$ 17,113	\$ 44,107	1,568
07	\$ 41,260	\$ 159,744	\$ 1,123	\$ 7,150	191	\$ 21,785	\$ 82,180	591	\$ 26,626	\$ 100,442	723

Saturday, May 23, 2009											
Time:	May 09 W3										
Time:	BOW Inv Cst	BOW Inv Retail	Repts Cst	Repts Retail	Rcpt Units	Alloc @ Cst	Alloc @ Rtl	Alloc Units	EOW Inv Cst	EOW Inv Retail	EOW Inv Unit
All	\$ 422,431	\$ 1,599,451	\$ 15,312	\$ 683,220	2,757	\$ 388,642	\$ 1,483,736	11,745	\$ 198,500	\$ 798,935	6,324
01	\$ 197,420	\$ 605,763	\$ 3,109	\$ 542,589	1,652	\$ 196,222	\$ 902,429	3,094	\$ 105,658	\$ 485,923	1,666
02	\$ 50,182	\$ 174,275	\$ 1,093	\$ 85,959	494	\$ 47,453	\$ 169,152	1,031	\$ 25,552	\$ 91,082	555
03	\$ 62,548	\$ 213,405	\$ 5,239	\$ 4,592	131	\$ 41,381	\$ 141,698	3,490	\$ 22,282	\$ 76,299	1,879
04	\$ 34,772	\$ 115,998	\$ 1,320	\$ 37,761	378	\$ 30,703	\$ 99,943	1,104	\$ 16,532	\$ 53,816	594
05	\$ 33,769	\$ 105,461	\$ 2,261	\$ -	-	\$ 21,950	\$ 68,550	1,470	\$ 11,819	\$ 36,911	791
06	\$ 17,113	\$ 44,107	\$ 1,568	\$ -	-	\$ 11,124	\$ 28,670	1,019	\$ 5,990	\$ 15,438	549
07	\$ 26,626	\$ 100,442	\$ 723	\$ 3,850	103	\$ 19,809	\$ 73,295	537	\$ 10,666	\$ 39,466	289

Saturday, May 30, 2009											
Time:	May 09 W4										
Time:	BOW Inv Cst	BOW Inv Retail	Repts Cst	Repts Retail	Rcpt Units	Alloc @ Cst	Alloc @ Rtl	Alloc Units	EOW Inv Cst	EOW Inv Retail	EOW Inv Unit
All	\$ 198,500	\$ 798,935	\$ 6,324	\$ -	-	\$ 198,500	\$ 798,935	6,324	\$ -	\$ -	-
01	\$ 105,658	\$ 485,923	\$ 1,666	\$ -	-	\$ 105,658	\$ 485,923	1,666	\$ -	\$ -	-
02	\$ 25,552	\$ 91,082	\$ 555	\$ -	-	\$ 25,552	\$ 91,082	555	\$ -	\$ -	-
03	\$ 22,282	\$ 76,299	\$ 1,879	\$ -	-	\$ 22,282	\$ 76,299	1,879	\$ -	\$ -	-
04	\$ 16,532	\$ 53,816	\$ 594	\$ -	-	\$ 16,532	\$ 53,816	594	\$ -	\$ -	-
05	\$ 11,819	\$ 36,911	\$ 791	\$ -	-	\$ 11,819	\$ 36,911	791	\$ -	\$ -	-
06	\$ 5,990	\$ 15,438	\$ 549	\$ -	-	\$ 5,990	\$ 15,438	549	\$ -	\$ -	-
07	\$ 10,666	\$ 39,466	\$ 289	\$ -	-	\$ 10,666	\$ 39,466	289	\$ -	\$ -	-

TOTAL MAY 2009											
Time:	BOW Inv Cst	BOW Inv Retail	Repts Cst	Repts Retail	Rcpt Units	Alloc @ Cst	Alloc @ Rtl	Alloc Units	EOW Inv Cst	EOW Inv Retail	EOW Inv Unit
All	\$ 510,345	\$ 1,687,289	\$ 22,361	\$ 2,894,055	20,056	\$ 1,174,295	\$ 4,581,344	42,417	\$ -	\$ -	-
01	\$ 165,537	\$ 532,287	\$ 2,594	\$ 1,561,982	4,771	\$ 467,360	\$ 2,094,269	7,365	\$ -	\$ -	-
02	\$ 44,283	\$ 139,888	\$ 969	\$ 602,065	3,507	\$ 203,855	\$ 741,953	4,476	\$ -	\$ -	-
03	\$ 114,013	\$ 391,726	\$ 9,648	\$ 257,695	4,495	\$ 179,490	\$ 649,421	14,143	\$ -	\$ -	-
04	\$ 14,908	\$ 39,547	\$ 687	\$ 210,879	2,109	\$ 76,265	\$ 250,426	2,796	\$ -	\$ -	-
05	\$ 43,598	\$ 128,825	\$ 2,821	\$ 62,469	3,656	\$ 106,067	\$ 360,178	6,477	\$ -	\$ -	-
06	\$ 30,659	\$ 80,723	\$ 2,488	\$ 2,252	1,224	\$ 32,911	\$ 85,607	3,712	\$ -	\$ -	-
07	\$ 97,347	\$ 374,293	\$ 3,154	\$ 11,000	294	\$ 108,347	\$ 409,490	3,448	\$ -	\$ -	-

Note: Merchandise will be allocated to stores in a manner consistent with historical practices.



**S&K Menswear  
Exhibit 11.1 (I)**

<b>Mix &amp; Quantity</b>
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Dept#	DeptName	Class#	ClassName	Retail	% of Retail
1	Suits	111	BOY'S SUITS	576	0.0%
1	Suits	112	SUITS	116,880	0.3%
1	Suits	113	BRAND SUIT	1,687,414	5.0%
1	Suits	121	FASHION SUIT	441,527	1.3%
1	Suits	122	B & T SUIT	614,931	1.8%
1	Suits	131	REP SUIT	1,082,829	3.2%
1	Suits	132	TRAD REP SUIT	6,752	0.0%
1	Suits	133	UPD REP SUIT	942,139	2.8%
1	Suits	140	K&F SUIT	1,286,705	3.8%
1	Suits	141	SEASONAL SUIT	3,449	0.0%
1	Suits	142	FASHION SUIT	469,335	1.4%
1	Suits	143	TRAD BRAND SUIT	534,690	1.6%
1	Suits	144	ATHLETIC SUIT	4,310	0.0%
1	Suits	145	TUXEDO	21,875	0.1%
1	Suits	146	DANIEL GRAY SUIT	486,737	1.4%
1	Suits	150	K&F B&T SUIT	17,847	0.1%
1	Suits	151	FASHION REP SUIT	1,037,067	3.1%
1	Suits	152	R. VILLINI SUIT	663,350	2.0%
1	Suits	153	UPD BRAND SUIT	2,640,238	7.8%
1	Suits	156	SUITS	221,809	0.7%
2	Sport Coats	211	BOYS SPTCT (INCLUDES SEPARATES)	(100)	0.0%
2	Sport Coats	212	SEASONAL FANCY	192,058	0.6%
2	Sport Coats	213	SEASONAL SOLID	681,889	2.0%
2	Sport Coats	221	SPORTCOAT	(581)	0.0%
2	Sport Coats	222	B & T SPTCOAT	12,311	0.0%
2	Sport Coats	231	FASHION SPTCOAT	4,770	0.0%
2	Sport Coats	232	CASUAL SPORTCOAT	83,876	0.2%
2	Sport Coats	233	CAMEL HAIR	40,389	0.1%
2	Sport Coats	240	TUX SEP JCKT	199,463	0.6%
2	Sport Coats	241	MODERN BLAZERS	2,820	0.0%
2	Sport Coats	242	BASIC BLAZERS (NON-SEASONAL BLAZERS)	786,235	2.3%
2	Sport Coats	243	SSNL-OTHER BLZ	27,819	0.1%
2	Sport Coats	251	K&F SPORTCOAT	2,190	0.0%
2	Sport Coats	252	R. VILLINI SPCT	29,292	0.1%
2	Sport Coats	253	YR BRND SPTCOAT	39,810	0.1%
2	Sport Coats	254	SEP JCKT	104,022	0.3%
3	Dress Shirts	301	FORMAL SHIRTS	49,346	0.1%
3	Dress Shirts	302	R.V. WHITE SHIRT	22,495	0.1%
3	Dress Shirts	303	R.V. COLOR SHIRT	538,500	1.6%
3	Dress Shirts	304	K&F WHITE SHIRT	36,275	0.1%
3	Dress Shirts	305	K&F COLOR SHIRT	703,997	2.1%
3	Dress Shirts	306	R.V. NON IRON	2,875,620	8.5%
3	Dress Shirts	307	B&T NON IRON	945,264	2.8%
3	Dress Shirts	308	BOY'S SHIRTS	3,206	0.0%
3	Dress Shirts	309	D.GRAY COLOR SHT	27,070	0.1%
3	Dress Shirts	310	FASHION D. SHIRT	228,264	0.7%
3	Dress Shirts	311	B&T DRS SHIRTS	381,962	1.1%
3	Dress Shirts	312	T. ELEMENTS	7,366	0.0%
3	Dress Shirts	313	FRENCH CUFF SHT	57,978	0.2%
3	Dress Shirts	314	R.V. FANCY SHIRT	56,864	0.2%
3	Dress Shirts	315	BUSINESS CASUAL	4,289	0.0%
3	Neckwear	316	FASH NECKWEAR	100,721	0.3%
3	Neckwear	317	K&F NECKWEAR	385,185	1.1%
3	Neckwear	318	BET NECKWEAR	1,719,029	5.1%
3	Neckwear	319	B&T NECKWEAR	123,070	0.4%
4	Slacks	401	CASSLK-COTTON	100,178	0.3%
4	Slacks	403	CASSLK-GOLF	11,106	0.0%
4	Slacks	405	CASSLK-SSNL	64,799	0.2%
4	Slacks	407	CASSLK-BIG/TALL	20	0.0%
4	Slacks	411	CASSLK-YEAR RND	161,472	0.5%
4	Slacks	412	DRSSLK-K&F	245,044	0.7%
4	Slacks	421	DRSSLK-BIG/TALL	295	0.0%
4	Slacks	422	BOYS SLKS	(100)	0.0%
4	Slacks	431	FASHION SLACKS	45,382	0.1%
4	Slacks	432	DRSSLK-FALL	(50)	0.0%

**S&K Menswear  
Exhibit 11.1 (I)**

<b>Mix &amp; Quantity</b>
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Dept#	DeptName	Class#	ClassName	Retail	% of Retail
4	Slacks	441	DRSSLK-YEAR RND	80,228	0.2%
4	Slacks	442	DRSSLK-FINBTMFAL	17,575	0.1%
4	Slacks	451	CASSLK-FINBTM	170	0.0%
4	Slacks	452	DRSSLK-WOOL	10,913	0.0%
4	Slacks	453	DRSSLK-FANCIES	936	0.0%
4	Slacks	454	DRSSLK-SEPARATES	43,724	0.1%
4	Slacks	455	TUXSLK-SEPARATES	23,608	0.1%
4	Slacks	456	DRSSLK-BETTER	588,461	1.7%
5	Outerwear	511	SHIRTJACKETS	12	0.0%
5	Outerwear	512	FABRIC OUTERWEAR	52	0.0%
5	Outerwear	514	SHORT TOPCOATS	76,374	0.2%
5	Outerwear	515	LEATHER JACKETS	76,863	0.2%
5	Outerwear	521	RETAIL TOPCOAT	0	0.0%
5	Outerwear	522	LONG TOPCOATS	641,071	1.9%
5	Sports Wear	531	FASHION SPTSWR.	15,752	0.0%
5	Outerwear	532	RAINCOATS	95,359	0.3%
5	Sports Wear	541	UNCNSTRCTD JACKETS	433,202	1.3%
5	Sports Wear	542	VESTS	54,469	0.2%
5	Sports Wear	543	SWEATERS	126,226	0.4%
5	Sports Wear	551	LS COLLAR KNITS	1,031	0.0%
5	Sports Wear	552	ASS'T KNITS	440	0.0%
5	Sports Wear	561	SS COLLAR KNITS	241,873	0.7%
5	Sports Wear	562	HOODIES	79,553	0.2%
5	Sports Wear	571	SS WOVEN	146,668	0.4%
5	Sports Wear	572	LS WOVEN	994,488	3.0%
5	Sports Wear	581	LS MOCK & CREW	299,463	0.9%
5	Sports Wear	590	CASUAL PANTS	252,302	0.7%
5	Sports Wear	591	SHORTS	60	0.0%
5	Sports Wear	592	DENIM	177,700	0.5%
6	Accessories	635	S&K G. BAG	4,915	0.0%
6	Accessories	636	SOCKS	143,736	0.4%
6	Accessories	637	LOUNGEWEAR	(4,408)	0.0%
6	Accessories	638	BELTS	351,025	1.0%
6	Accessories	639	GIFT	14,243	0.0%
6	Accessories	640	JEWELRY	199,180	0.6%
6	Accessories	646	GLOVES	26,318	0.1%
6	Accessories	647	SCARF	6,239	0.0%
6	Accessories	648	HANDKERCHIEF	982	0.0%
6	Accessories	649	POCKET SQUARE	60,342	0.2%
6	Accessories	650	TRAVEL	6,417	0.0%
6	Accessories	660	HATS	218,669	0.6%
6	Accessories	670	BRACES	40,919	0.1%
6	Accessories	671	SML LEATHER	5,593	0.0%
6	Accessories	680	FORMAL ACCESS	156,488	0.5%
6	Accessories	694	SHOE ACCESS	18,970	0.1%
6	Shoes	695	S. ADAMS SHOES	657,208	2.0%
6	Shoes	696	SHOES	1,926,925	5.7%
7	Suit Seperates	721	BST JCKT SEP	711,944	2.1%
7	Suit Seperates	722	TUX JCKT SEP	136,110	0.4%
7	Suit Seperates	723	CAS JCKT SEP	142,166	0.4%
7	Suit Seperates	724	FASH JCKT SEP	204,105	0.6%
7	Suit Seperates	741	BST SLCK SEP	540,585	1.6%
7	Suit Seperates	742	TUX SLCK SEP	12,325	0.0%
7	Suit Seperates	743	CAS SLCK SEP	75,799	0.2%
7	Suit Seperates	744	FASH SLCK SEP	138,001	0.4%
				<u>33,654,739</u>	<u>100.0%</u>

## STORE CLOSING GUIDELINES

The following procedures shall apply to the Sale<sup>1</sup> to be held at the closing Stores and the disposal of the FF&E in the closing Stores:

1. The Sale shall be conducted so that the closing Stores in which sales are to occur remain open no longer than the normal hours of operation provided for in the respective leases or other occupancy agreements for the closing Stores.

2. The Sale shall be conducted in accordance with applicable state and local "Blue Laws," and thus, where applicable, no Sale shall be conducted on Sunday unless the Merchant had been operating such Stores on a Sunday.

3. All display and hanging signs used by the Merchant and the Agent in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. The Merchant and the Agent may advertise the Sale as a "going out of business," "sale on everything," "store closing," or similar theme sale at the closing Stores as provided by the Agency Agreement. The Merchant and the Agent shall not use neon or day-glo signs. Furthermore, with respect to enclosed mall locations to the extent the applicable Store entrance requires entry into the enclosed mall common area no exterior signs or signs in common areas of a mall shall be used. Nothing contained herein shall be construed to create or impose upon the Merchant and the Agent any additional restrictions not contained in the applicable lease or other occupancy agreement. In addition, the Merchant and the Agent shall be permitted to utilize exterior banners at: (i) non-enclosed mall Stores, and (ii) enclosed mall Stores to the extent the applicable Store entrance does not require entry into the enclosed mall common area; provided, however, that such banners shall be located or hung so as to make clear that the Sale is being conducted only at the affected store shall not be wider than the closing Storefront of the closing Store and shall not be larger than three (3) feet by thirty (30) feet. In addition, the Merchant and the Agent shall be permitted to utilize sign walkers and street signage, to the extent allowed by the order of the United States Bankruptcy Court for the Eastern District of Virginia approving the Sale notwithstanding any state, county or local law or ordinance; provided however the use of sign walkers and use of street signage shall be done in a safe and professional manner and shall not be permitted on mall or shopping center property.

4. Conspicuous signs shall be posted in the cash-register areas of each Store to the effect that all sales are "final" and that customers with any questions or complaints may contact a named representative of the Merchant at a specified telephone number. Conspicuous signage shall be posted in the cash-register area of each Store to the effect that the manufacturer's warranty, if any, may still exist and customers should consult the packaging materials to see what, if any, manufacturer's warranties are available. Nothing herein shall be deemed to waive any implied warranties of merchantability to the extent such waiver is barred by applicable non-bankruptcy law.

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meanings ascribed to such terms in the Agency Agreement.

5. Within a "Shopping Center", the Agent shall not distribute handbills, leaflets or other written materials to customers outside of any of the closing Stores, unless permitted by the applicable lease or distribution is customary in the shopping center in which the closing Store is located. Otherwise, the Agent may solicit customers in the closing Stores themselves. The Agent shall not use any flashing lights or amplified sound to advertise the Sale or solicit customers, except as permitted under the applicable lease or agreed to by the applicable landlord.

6. At the conclusion of the Sale, Agent shall vacate the closing Stores in "broom-clean" condition, and shall otherwise leave the closing Stores in the same condition as on the commencement of the Sale, ordinary wear and tear excepted; provided, however, that the Merchant and Agent hereby do not undertake any greater obligation than as set forth in an applicable lease with respect to any Store. The Agent and the Merchant may abandon any FF&E or other materials (the "Abandoned Property") not sold in the Sale at the closing Store premises at the conclusion of the Sale. Any Abandoned Property left in a Store after a lease is rejected shall be deemed abandoned with the landlord having the right to dispose of the same as the landlord chooses without any liability whatsoever on the part of the landlord to any party and without waiver of any damage claims against the Merchant.

7. Subject to the provisions of the Agency Agreement, the Agent shall have the right to sell FF&E located in the closing Stores. The Agent may advertise the sale of the FF&E consistent with these Store Closing Guidelines. Additionally, the purchasers of any FF&E sold during the Sale shall only be permitted to remove the FF&E either through the back, shipping areas or through other areas after store business hours unless otherwise agreed by on-site Shopping Center management. For the avoidance of doubt, as of the Sale Termination Date, Agent may abandon, in place, and without further responsibility, any unsold FF&E located at the closing Stores.

8. The Agent shall not make any alterations to interior or exterior Store lighting. No property of any landlord of a Store shall be removed or sold during the Sale. The hanging of exterior banners or other signage shall not constitute an alteration to a Store.

9. At the conclusion of the Sale at each Store, pending assumption or rejection of applicable leases, the landlord of the closing Store shall have reasonable access to the closing Store premises as set forth in the applicable lease. The Merchant, the Agent, and their agents and representatives shall continue to have exclusive and unfettered access to the closing Stores.

10. Post-petition rents shall be paid by the Merchant as required by the Bankruptcy Court until the rejection or assumption and assignment of each lease.

11. The rights of the landlords for any damages to the closing Stores shall be reserved in accordance with the applicable leases.

12. The Merchant shall notify a representative of the relevant landlord of the date on which the Sale is scheduled to conclude at a given Store, within three business days of the Merchant's receipt of such notice from the Agent. The Merchant shall also provide notice of such closing to the Office of the Attorney General for the applicable state and locality.

13. To the extent that any Store landlord affected hereby contends that the Merchant is in breach or default under these Store Closing Guidelines, such landlord shall provide at least five (5) days' written notice, served by facsimile and overnight delivery, on the Merchant and the Merchant's counsel, and the Agent and the Agent's counsel, at the following facsimile numbers and addresses:

If to the Merchant: S&K FAMOUS BRANDS, INC.  
11100 W. Broad Street  
Glen Allen, VA 23060  
Attn: Robert Tyler  
Tel: (804) 346-2589  
Fax: (804) 346-2627  
Email: [rogert.tyler@skmenswear.com](mailto:rogert.tyler@skmenswear.com)

With a copy to: McGUIRE WOODS LLP  
One James Center  
901 East Cary Street  
Richmond, VA 23219  
Attn: Dion W. Hayes, Esq.  
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If to the Agent: HILCO MERCHANT RESOURCES, LLC  
5 Revere Drive, Suite 206  
Northbrook, IL 60062  
Attn: Joseph Malfitano  
Tel: (847) 504-3257  
Fax: (847) 897-0868  
Email: [jmalfitano@hilcotrading.com](mailto:jmalfitano@hilcotrading.com)

If the parties are unable to resolve the dispute between themselves, either the landlord or the Merchant shall have the right to request a "status hearing" before the Bankruptcy Court on no less than five (5) days notice to the other parties.