

## STORE CLOSING SALES PROCEDURES

The following procedures (“Store Closing Sales Procedures”) shall apply to the Store Closing Sales<sup>1</sup> to be held at the Stores:

1. The Store Closing Sales shall be conducted during hours consistent with operating hour provisions contained in the applicable Lease and the Liquidator also shall abide by any applicable mall guidelines regarding maintenance, security, and trash removal. To the extent not inconsistent with these Store Closing Sales Procedures or any order of the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”), Sharper Image and the Liquidator shall comply with all relevant Lease provisions including, without limitation, any provision (i) regarding the maintenance of insurance and (ii) regarding the use of loading docks and other common areas. Only Merchandise and FF&E may be sold from the Stores.

2. The Store Closing Sales shall be conducted in accordance with applicable state and local “Blue Laws,” and thus, where applicable, no Store Closing Sales shall be conducted on Sunday unless Sharper Image has been operating such stores on a Sunday.

3. Within a shopping center, the Liquidator shall not distribute handbills, leaflets, or other written materials to customers outside the interior of any Stores, unless permitted by the applicable Lease. Otherwise, the Liquidator may solicit customers in the Stores themselves. The Liquidator shall not use flashing lights or any type of amplified sound to advertise the Store Closing Sales or solicit customers.

4. The Liquidator may use street signage and sign walkers as it deems appropriate. Sign walkers will not be used on mall property, immediately adjacent streets, or ring roads.

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<sup>1</sup> Capitalized terms used but not defined herein shall have the meaning(s) ascribed to them in the Motion.

5. No permanent fixtures may be removed without the Landlords' written consent. No property of any Landlord of a Store shall be removed or sold during any of the Store Closing Sales. Removal of other furniture, fixtures and, equipment shall take place before or after the regular hours of the Store or shopping center and through service or other exits and corridors designated by the Landlord. Sharper Image may abandon any of its trade fixtures or other materials of *de minimis* value (the "Abandoned Property") not sold in the Store Closing Sales at the Store premises at the conclusion of the Store Closing Sales. Any Store fixtures left in the 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.

6. The Liquidator shall not conduct auctions at the Stores.

7. All display and hanging signs used by the Liquidator and approved by Sharper Image in connection with the Store Closing Sales shall be professionally lettered and all hanging signs shall be hung in a professional manner; hanging signs may not be hung by tape or other adhesives. Up to three signs may be placed in each front window of Stores in an enclosed mall at any one time provided not more than 60% of the window is covered by such signs. All front window signs shall not be affixed to the window with tape or adhesive. Furthermore, with respect to enclosed mall locations (i) no exterior signs or signs in common area of a mall shall be used and (ii) no more than one 3' x 15' interior banner sign may be placed in the Store and only in the rear of the Store. Nothing contained herein shall be construed to create or impose upon Sharper Image any additional restrictions not contained in the applicable Lease; *provided, however*, that Sharper Image's and the Liquidator's use of interior signage in enclosed mall locations shall not exceed the parameters set forth in these Store Closing Sales Procedures. No

exterior balloons shall be used to advertise the Sale. In addition, the Liquidator shall be permitted to utilize exterior banners at non-enclosed mall stores; *provided, however*, that such banners shall be located or hung so as to make clear that the Sale is being conducted only at the Store and shall not be wider than the storefront of the Store. If necessary to affix the banners, the Liquidator may affix exterior banners to the Store by drilling into the façade of the building provided that the Liquidator restores the drilled portion to its condition immediately prior to the drilling. All advertising, signage, and promotion programs shall clearly indicate that any discounts advertised thereby shall apply only to the Merchandise in the Stores. No advertising shall be placed with entities that are controlled by or are affiliates of the Liquidator.

8. The content of all advertising, including radio and television, and signage shall be approved in advance by Merchant, upon two business days' prior notice of such advertising which shall be sent by email (at [gboyer@cdgco.com](mailto:gboyer@cdgco.com)).

9. Unless the print media requires the bankruptcy case number, the Liquidator may only use the terms "Total Liquidation Sale" or "Store Closing Sale" as applicable, to advertise the Store Closing Sales in the Stores.

10. If Store Closing Sales are to be considered "final," conspicuous signs shall be posted in each of the affected Stores to the effect that all sales are "final."

11. No alterations shall be made to the Stores, except as authorized pursuant to the applicable Lease. The hanging of exterior banners or other signage shall not constitute an alteration to a Store. No drilling shall take place in the roof of any Store without the Landlord's prior consent.

12. The Liquidator shall keep Store premises and surrounding area clear and orderly, consistent with present practices.

13. The Liquidator shall provide the Landlords of the Stores with five (5) days' notice of the conclusion of the Sale. The Landlords of the Stores shall have reasonable access to the Store premises upon conclusion of the Store Closing Sales solely for the purpose of dressing store windows to minimize the appearance of a dark Store. A Lease shall only be deemed rejected at such time as notice has been given in compliance with any order of the Bankruptcy Court.

14. Sharper Image shall designate a party to be contacted by the Landlords should an issue arise concerning the conduct of the Store Closing Sales, and will provide the Landlords with the name and phone number of that person.

15. To the extent that any Landlord affected hereby contends that the Liquidator is in breach or default under these Store Closing Sales Procedures, such Landlord shall provide at least five (5) days' written notice, served by facsimile and overnight delivery, on (i) Sharper Image and its attorneys, and (ii) the Liquidator and its attorneys, at the following addresses and facsimile numbers:

DEBTOR AND ITS COUNSEL:

SHARPER IMAGE CORPORATION  
350 The Embarcadero, 6th floor  
San Francisco, California 94105  
(Attn: Gregory Boyer)  
Facsimile: (212) 813-0580

WEIL, GOTSHAL & MANGES LLP  
767 Fifth Avenue  
New York, New York 10153  
(Attn: Harvey R. Miller and Christopher Marcus)  
Facsimile: (212) 310-8007

WOMBLE CARLYLE SANDRIDGE & RICE, PLLC  
222 Delaware Avenue, Suite 1501  
Wilmington, Delaware 19801  
(Attn: Steven K. Kortanek)

Facsimile: (302) 661-7728

LIQUIDATOR AND ITS COUNSEL:

HILCO MERCHANT RESOURCES, LLC

One Northbrook Place  
5 Revere Drive  
Northbrook, IL 60062  
(Attn: Joseph Malfitano, Esq.)  
Facsimile: (847) 897-0868

SKADDEN ARPS SLATE MEAGHER & FLOM LLP

300 South Grand Avenue  
Suite 3400  
Los Angeles, CA 90071  
(Attn: Van C. Durrer, II, Esq.)  
Facsimile: (213) 621-5200

16. If the parties are unable to resolve the dispute, either the Landlord or Sharper Image shall have the right to schedule a “status hearing” before the Bankruptcy Court on no less than five (5) days’ notice to the other parties.

17. None of the retail stores operated by Sharper Image that are not designated as “Stores” in the Liquidation Agreement or the Sale Order will be added to the Store Closing Sales without further order of the Bankruptcy Court.

18. In the event that a Landlord receives any citation from any state or local authority with regard to the signage employed by the Liquidator at any premises, the Liquidator will promptly (either on its own behalf or through Sharper Image) take reasonable steps to assure the withdrawal of the citation and the enforcement of Liquidator’s and/or Sharper Image’s rights, as it believes they exist, pursuant to the Sale Order entered by the Bankruptcy Court.

19. The Liquidator or Sharper Image shall cause to be displayed in each of the Stores, during the Store Closing Sales, a sign setting forth the contact information for Sharper Image's return and gift card policies.