

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : **Chapter 11**
: :
ANGELICA CORPORATION, et al., : **Case No. 17-10870 (JLG)**
: :
Debtors.¹ : **(Jointly Administered)**
: :
: **Related to Docket No. 17**
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ORDER APPROVING (A) BIDDING PROCEDURES, (B) STALKING HORSE ASSET PURCHASE AGREEMENT AND BID PROTECTIONS, (C) FORM AND MANNER OF NOTICE OF AUCTION, SALE TRANSACTION, AND SALE HEARING, (D) ASSUMPTION AND ASSIGNMENT PROCEDURES, AND (E) DATE FOR AUCTION, IF NECESSARY, AND SALE HEARING

Upon the motion (the “**Sale Motion**”)² of Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**” or “**Angelica**”), pursuant to sections 105, 363, and 365, 503, and 507 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rules 6004-1 and 6006-1 of the Local Bankruptcy Rules for the United States Bankruptcy Court for the Southern District of New York (the “**Local Rules**”), for an order (i) approving (a) the Bidding Procedures attached hereto as **Exhibit 1**, (b) the Bid Protections granted to the Stalking Horse Bidder as provided in that certain Asset Purchase Agreement (together with the exhibits thereto, and as may be amended, modified, or supplemented from time to time in accordance with the terms thereof, the “**Stalking**

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors’ corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

² Capitalized terms utilized but not defined herein shall have the meanings given them in the Sale Motion, the Stalking Horse APA, or the Bidding Procedures, as applicable.

Horse APA”), dated as of April 3, 2017, attached to the Sale Motion as **Exhibit B**, (c) the form and manner of notice of the Auction, Sale Transaction, and Sale Hearing, (d) the Assumption and Assignment Procedures, including the procedures for determining cure costs, and (e) a date for the Auction and Sale Hearing (collectively, the “**Bidding and Auction Process**”); and (ii) authorizing (a) the sale of the Purchased Assets, as defined and identified in the Stalking Horse APA, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code and (b) the assumption and assignment of certain executory contracts and unexpired leases (the “**Purchased Contracts**”) ((a) and (b) collectively, the “**Sale Transaction**”), all as more fully described in the Sale Motion; and this Court having jurisdiction to consider the Sale Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.); and consideration of the Sale Motion and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409; and notice of the Sale Motion having been given as provided in the Sale Motion, and such notice having been adequate and appropriate under the circumstances; and it appearing that no other or further notice need be provided; and any objections to the requested relief having been withdrawn or overruled on their merits; and this Court having held a hearing to consider the relief requested in the Sale Motion as to the Bidding and Auction Process (the “**Hearing**”); and all of the proceedings had before this Court; and this Court having reviewed the Sale Motion, the Makuch Declaration, and the Jordan Declaration filed in support of the Sale Motion; and this Court having found and determined that the relief sought in the Sale Motion as to the Bidding and Auction Process is in the best interests of the Debtors, their estates, creditors, and all parties in interest, and that the legal and factual bases set

forth in the Sale Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:³

A. This Court has jurisdiction to hear and determine the Sale Motion and to grant the relief requested herein with respect to the Bidding and Auction Process pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The statutory and legal predicates for the relief requested in the Sale Motion are sections 105, 363, 365, 503, and 507 of the Bankruptcy Code and Bankruptcy Rules 2002, 6004, 6006, and 9014.

C. Good and sufficient notice of the Sale Motion, the Bidding and Auction Process, and the relief sought in the Sale Motion has been given under the circumstances, and no other or further notice is required except as set forth herein and in the Bidding Procedures. A reasonable opportunity to object or be heard regarding the relief provided herein has been afforded to parties in interest.

D. The Debtors and their advisors, Houlihan Lokey Capital, Inc., engaged in a robust and extensive marketing and sale process before the Commencement Date, to solicit and develop the highest or best offer for the Purchased Assets.

E. KKR Credit Advisors (US) LLC, on behalf of certain of its affiliates and managed funds and accounts (“**KKR Credit**”), a prepetition lender under the Term Loan Credit Agreement (as defined below), through its affiliate, 9W Halo Holdings L.P. (“**Halo**” and,

³ The findings and conclusions set forth herein constitute this Court’s findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

together with KKR Credit, “**KKR**”), submitted a bid, which bid includes a credit bid component on account of a portion of KKR’s prepetition debt (the “**Credit Bid Amount**”), for the Purchased Assets as reflected in the Stalking Horse APA (the “**Stalking Horse Bid**”), which Stalking Horse Bid represents the highest or best offer the Debtors have received to date to purchase the Purchased Assets.

F. Halo shall act as the “**Stalking Horse Bidder**” under the Stalking Horse APA, and be subject to higher or better offers in accordance with the Bidding Procedures.

G. Pursuit of the Stalking Horse Bidder as a “stalking-horse” bidder and its Stalking Horse APA as a “stalking-horse” sale agreement is in the best interests of the Debtors and the Debtors’ estates and creditors, and it reflects a sound exercise of the Debtors’ business judgment. The Stalking Horse APA provides the Debtors with the opportunity to sell the Purchased Assets in order to preserve and realize their going concern value. Without the Stalking Horse APA, the Debtors would likely realize a lower price for the Purchased Assets; and, therefore, the contributions of the Stalking Horse Bidder to the process have indisputably provided a substantial benefit to the Debtors and their estates and creditors. The Stalking Horse APA will enable the Debtors to continue their operations, preserve jobs, minimize disruption to the Debtors’ business, and secure a fair and adequate baseline price for the Purchased Assets at the Auction and, accordingly, will provide a clear benefit to the Debtors’ estates, their creditors, and all other parties in interest.

H. The Bid Protections, including, but not limited to, the Expense Reimbursement (as such term is defined in the Stalking Horse APA) (i) have been negotiated by the Stalking Horse Bidder and the Debtors and their respective advisors at arms’ length and in good faith and (ii) are necessary to ensure that the Stalking Horse Bidder will continue to pursue

the Stalking Horse APA and the Sale Transaction. The Expense Reimbursement, to the extent payable under the Stalking Horse APA, (a) is (x) an actual and necessary cost and expense of preserving the Debtors' estates within the meaning of section 503(b) of the Bankruptcy Code and (y) shall be treated as an allowed administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code, (b) is commensurate to the real and material benefits conferred upon the Debtors' estates by the Stalking Horse Bidder, and (c) is fair, reasonable, and appropriate, including in light of the size and nature of the Sale Transaction, the necessity to announce a sale transaction for the Purchased Assets at the outset of these chapter 11 cases, and the efforts that have been and will be expended by the Stalking Horse Bidder. The Bid Protections, including, but not limited to, the Expense Reimbursement, are a material inducement for, and condition of, the Stalking Horse Bidder's execution of the Stalking Horse APA. Unless it is assured that the Bid Protections, including, but not limited to, the Expense Reimbursement, will be available, the Stalking Horse Bidder is unwilling to remain obligated to consummate the Sale Transaction or otherwise be bound under the Stalking Horse APA (including the obligations to maintain its committed offer while such offer is subject to higher or better offers as contemplated by the Bidding Procedures).

I. The Debtors have articulated good and sufficient business reasons for this Court to approve (i) the Bidding Procedures, (ii) the Assumption and Assignment Procedures, (iii) the Bid Protections, including, but not limited to, the Expense Reimbursement (to the extent payable under the Stalking Horse APA), and (iv) the form and manner of notice of the Auction and Sale Hearing for the Sale Transaction.

J. The Bidding Procedures were negotiated in good faith and at arms' length and are reasonably designed to promote participation and active bidding and ensure that the highest or best value is generated for the Purchased Assets.

K. The Stalking Horse Bidder is not an "insider"⁴ or "affiliate" of any of the Debtors, as those terms are defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stockholders exists between the Stalking Horse Bidder and the Debtors. The Stalking Horse Bidder and its advisors have acted in "good faith" within the meaning of section 363(m) of the Bankruptcy Code in connection with the Stalking Horse Bidder's negotiation of its Bid Protections and the Bidding Procedures and the Stalking Horse Bidder's negotiation and entry into the Stalking Horse APA.

L. The Assumption and Assignment Procedures, including notice of proposed cure costs, are reasonable and appropriate and consistent with section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. The Assumption and Assignment Procedures have been tailored to provide an adequate opportunity for all non-Debtor parties to the Purchased Contracts to raise any objections to the proposed assumption and assignment or to the cure costs.

M. The Sale Notice is appropriate and reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures, the Assumption and Assignment Procedures, the Auction, the Sale Hearing, and the Sale Transaction (including the sale of the Purchased Assets (as set forth under the Stalking Horse APA) free and clear of any liens, claims, encumbrances, or interests pursuant to section 363(f) of the Bankruptcy Code) (with such liens, claims, encumbrances or interests attaching to the proceeds of any such sale),

⁴ The official committee of unsecured creditors appointed in these chapter 11 cases (the "**Creditors' Committee**") reserves the right to challenge the Stalking Horse Bidder's status as an "insider" as defined in section 101(31) of the Bankruptcy Code until such time as the Creditors' Committee has completed its investigation of claims and causes of action as provided for in the Final DIP Order.

and any and all objection deadlines related thereto, and no other or further notice shall be required for the Sale Motion, the Sale Transaction, or the assumption and assignment of the Purchased Contracts except as expressly required herein.

N. Subject to Paragraph 12 of this Order, nothing contained herein shall prejudice or impair the right to credit bid, as set forth in the Bidding Procedures (and subject to the terms of the Intercreditor Agreement, as such term is defined in the Bidding Procedures) of (i) Wells Fargo Capital Finance, LLC (“**Wells Fargo**”), (a) as agent and lender under that certain DIP Agreement (in such capacity, the “**DIP Lender**”) and (b) as agent and lender under that certain Loan and Security Agreement, dated as of July 15, 2011 (as modified, supplemented, or amended from time to time, the “**ABL Credit Agreement**”), (ii) Regions Bank, (a) as lender under that certain DIP Agreement and (b) as co-collateral agent and lender under the ABL Credit Agreement, (iii) Cortland Capital Market Services LLC (“**Cortland**”), as agent under that certain Amended and Restated Loan and Security Agreement, dated July 12, 2016 (as thereafter amended or modified from time to time, the “**Term Loan Credit Agreement**”), and (iv) GACP Finance Co., LLC (“**GACP**”), as lender under the Term Loan Credit Agreement, on such assets that are subject to their respective liens in their respective priorities. Nor shall anything contained herein prejudice or impair the right of the Stalking Horse Bidder to increase the Credit Bid Amount as a lender under the Term Loan Agreement, as set forth in, and subject to the terms of, the Stalking Horse APA.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is granted to the extent set forth herein.

2. All objections to the relief granted herein that have not been withdrawn with prejudice, waived, or settled, and all reservations of rights included in such objections, hereby are overruled and denied on the merits with prejudice.

Notice of Sale Transaction

3. The Sale Notice and the Publication Sale Notice, substantially in the forms annexed hereto as **Exhibit 2** and **Exhibit 3**, respectively, are approved.

4. All parties in interest shall receive or be deemed to have received good and sufficient notice of (i) the Sale Motion, (ii) the Assumption and Assignment Procedures, including the proposed assumption and assignment of the Purchased Contracts to the Stalking Horse Bidder pursuant to the Stalking Horse APA or to a Successful Bidder other than the Stalking Horse Bidder, (iii) the Auction, (iv) the Sale Transaction, including the sale of the Purchased Assets (as set forth under the Stalking Horse APA) free and clear of all liens, claims, encumbrances, and other interests, and (v) the Sale Hearing, and no further notice of the foregoing shall be required, if:

- (a) As soon as practicable, but no later than three (3) days⁵ after entry of this Order, the Debtors cause the Sale Notice to be filed with this Court and served by email, mail, facsimile, or overnight delivery on: (i) counsel for the Stalking Horse Bidder; (ii) all Persons known by the Debtors to have expressed an interest to the Debtors in a transaction with respect to the Purchased Assets in whole or in part during the past twelve (12) months; (iii) all entities known by the Debtors to have asserted any lien, claim, encumbrance, or other interest in the Purchased Assets (for whom identifying information and addresses are available to the Debtors); (iv) all non-Debtor parties to the Purchased Contracts (for whom identifying information and addresses are available to the Debtors); (v) any Governmental Body (as defined in the Stalking Horse APA) known to have a claim in the above-captioned chapter 11 cases; (vi) the United States Attorney for the Southern District of New York; (vii) the Office of the Attorney General in each state in which the Debtors operate; (viii) the Office of the Secretary of State in each state in which the Debtors operate

⁵ All reference to “days” shall be calendar day, unless expressly noted.

or are organized; (ix) the multiemployer pension plans to which any of the Debtors is a contributing employer and the single employer defined benefit plans to which any Debtor is a contributor; (x) the labor unions that represent employees of any Debtor; (xi) the Federal Trade Commission; (xii) the United States Attorney General/Antitrust Division of Department of Justice; (xiii) the Debtors' known creditors (for whom identifying information and addresses are available to the Debtors); (xiv) all local environmental enforcement agencies; (xv) the United States Environmental Protection Agency; and (xvi) all other Persons requesting notice under Bankruptcy Rule 2002 or as directed by this Court (for whom identifying information and addresses are available to the Debtors); and

- (b) As soon as practicable, but no later than seven (7) days after entry of this Order, the Debtors cause the Publication Sale Notice to be published on the website of the Debtors' claims and noticing agent and once in each *The New York Times*, national edition, and *The Wall Street Journal*.

Bidding Procedures and Auction

5. The Bidding Procedures, attached hereto as **Exhibit 1**, are fully incorporated herein and approved, and shall apply with respect to any bids for, and the auction and sale of, the Purchased Assets set forth under the Stalking Horse APA. The procedures and requirements set forth in the Bidding Procedures, including those associated with submitting a Qualified Bid, are fair, reasonable and appropriate, and are designed to maximize recoveries for the benefit of the Debtors' estates, creditors and other parties in interest. The Debtors are authorized to take all actions, including incurring and paying costs and expenses as are necessary or appropriate to implement the Bidding Procedures.

6. The deadline for submitting Qualified Bids (the "**Bid Deadline**") is **May 29, 2017 at 5:00 p.m. (Eastern Time)**. Any party that does not submit a Qualified Bid by the Bid Deadline in accordance with the Bidding Procedures will not be allowed to (i) submit any offer after the Bid Deadline or (ii) participate in the Auction. The Stalking Horse Bidder is a Qualified Bidder and the bid reflected in the Stalking Horse APA is a Qualified Bid for all purposes and requirements pursuant to the Bidding Procedures.

7. All bidders submitting a Qualified Bid are deemed to have submitted to the exclusive jurisdiction of this Court with respect to all matters related to the Auction and the terms and conditions of the sale or transfer of the Purchased Assets.

8. If the Stalking Horse Bidder's bid, as reflected in the Stalking Horse APA, is the only Qualified Bid in respect of the Purchased Assets that is received by the Debtors by the Bid Deadline, no Auction will be conducted for the Purchased Assets, and the Stalking Horse Bidder will be the Successful Bidder for the Purchased Assets.

9. To qualify as a Qualified Bid, each such bid must be accompanied by information supporting the bidder's ability to comply with the requirements of adequate assurance of future performance under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code (the "**Adequate Assurance Information**"), including the bidder's financial wherewithal and willingness to perform under any contracts that will be assumed and assigned to such bidder. In addition to the other requirements of a Qualified Bid as set forth in the Bidding Procedures, each such bid must be accompanied by a written statement confirming that (i) the bidder has not engaged in any collusion with respect to the submission of any bid, the bidding, or the Auction and (ii) its Qualified Bid is a good faith bona fide offer that it intends to consummate if selected as the Successful Bidder.

10. Subject to the rights of the Stalking Horse Bidder under the Stalking Horse APA, the Bidding Procedures, and this Order, the Debtors shall have the right as they may reasonably determine to be in the best interests of their estates to carry out the Bidding Procedures, including, without limitation, to: (i) determine which bidders are Qualified Bidders; (ii) determine which bids are Qualified Bids; (iii) determine which Qualified Bid is the Baseline Bid; (iv) determine which bids are the Successful Bid and Back-Up Bid, each as it relates to the

Auction; (v) reject any bid that is (a) inadequate or insufficient, (b) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code, or (c) contrary to the best interests of the Debtors and their estates; (vi) adjourn or cancel the Auction and/or the Sale Hearing in open court without further notice or as provided in the Bidding Procedures; (vii) modify the Bidding Procedures consistent with their fiduciary duties and bankruptcy law; and (viii) withdraw the Sale Motion at any time with or without prejudice. In no event may the Debtors extend the timeframes or deadlines set forth in the Stalking Horse APA or the Bidding Procedures, or otherwise extend or enlarge the Stalking Horse Bidder's obligations thereunder without the consent of the Stalking Horse Bidder (such consent not to be unreasonably withheld).

11. The Debtors, in consultation with the Consultation Parties (as defined in the Bidding Procedures), shall identify those bids that qualify as Qualified Bids (each bidder that submits such a Qualified Bid being a "**Qualified Bidder**"), determine which Qualified Bid shall serve as the Baseline Bid at the Auction, and inform the Qualified Bidders of the Baseline Bid by **June 2, 2017 at 5:00 p.m. (Eastern Time)**. If more than one Qualified Bid is timely received, the Auction shall be conducted at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153, on **June 5, 2017 at 10:00 a.m. (Eastern Time)**. Copies of the Baseline Bid shall be provided to all of the Qualified Bidders (including the Stalking Horse Bidder) and each of the Consultation Parties prior to the start of the Auction. All proceedings at the Auction shall be transcribed.

12. Any right to credit bid by any of Wells Fargo, Regions Bank, Cortland, GACP, KKR Credit, and/or the Stalking Horse Bidder, pursuant to section 363(k) of the Bankruptcy Code, is subject to the objection of the Creditors' Committee to challenge such

credit bid right based upon the extent and validity of liens and encumbrances (the “**Committee Credit Bid Objection**”), which objection shall be filed by **May 25, 2017 at 12:00 p.m. (Eastern Time)**, and any replies thereto shall be filed by **May 30, 2017 at 12:00 p.m. (Eastern Time)**. A hearing to consider any timely filed and served Committee Credit Bid Objection shall be held before this Court on **June 1, 2017 at 2:00 p.m. (Eastern Time)**. Notwithstanding the foregoing, and whether or not a Committee Credit Bid Objection is filed, nothing herein shall in any way affect or waive the Creditors’ Committee’s rights of investigation, or claims resulting therefrom, as preserved in the Final DIP Order at Paragraph 30.

Sale Hearing and Sale Objection Deadline

13. The Sale Hearing shall be held before this Court on **June 14, 2017 at 10:00 a.m. (Eastern Time)**. At the Sale Hearing, the Debtors will seek entry of the Sale Order. The Debtors may (after consultation with the Consultation Parties and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder and the Consultation Parties) seek an adjournment of the Sale Hearing as the Debtors deem appropriate in the exercise of their reasonable business judgment.

14. The Successful Bidder (which may be the Stalking Horse Bidder) shall appear at the Sale Hearing and be prepared, if necessary, to have a representative(s) testify in support of the Successful Bid and the Successful Bidder’s ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and assigned as part of the proposed Sale Transaction.

15. Objections to the Sale Transaction and entry of the Sale Order (other than objections to the provision of adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder) (each, a “**Sale Objection**”) must: (i) be in writing and

specify the nature of such objection; (ii) comply with the Bankruptcy Rules and the Local Rules; and (iii) be filed with this Court and served on (a) counsel to the Debtors, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Matthew S. Barr, Esq. and Kevin Bostel, Esq.), (b) counsel to the Creditors' Committee, Cole Schotz P.C., 1325 Avenue of the Americas, 19th Floor, New York, New York 10019 (Attn: Michael D. Sirota, Esq., Daniel F. X. Geoghan, Esq., and Ryan Jareck, Esq.) (c) counsel to the Stalking Horse Bidder, Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 6th Ave, New York, NY 10019 (Attn: Brian S. Hermann, Esq. and Lauren Shumejda, Esq.), and (d) counsel to Wells Fargo, as (1) as DIP Lender and (2) as agent and lender under the ABL Credit Agreement, Greenberg Traurig LLP, 333 Piedmont Road NE, Suite 2500, Atlanta, GA 30305 (Attn: David B. Kurzweil, Esq. and Michael G. Leveille, Esq.), (e) counsel to Cortland, as agent under the Term Loan Credit Agreement, Holland & Knight LLP, 131 South Dearborn Street, 30th Floor, Chicago, IL 60603 (Attn: Joshua Spencer, Esq. and Renee P. Lewis, Esq.) (collectively, the "**Objection Notice Parties**") by **June 2, 2017 at 12:00 p.m. (Eastern Time)**; *provided, however*, that the Committee's deadline to file a Sale Objection shall be determined by further order of this Court, but in any case no later than **June 7, 2017 at 12:00 p.m. (Eastern Time)**.

16. The failure of any objecting person or entity to timely file and serve a Sale Objection shall be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, or to the consummation and performance of the Sale Transaction contemplated by the Stalking Horse APA or, if the Auction is held, any purchase agreement with the Successful Bidder, including the transfer of the Purchased Assets to the Stalking Horse Bidder or the Successful Bidder, free and clear of all liens, claims, encumbrances, and other interests pursuant to section 363(f) of the Bankruptcy Code.

Assumption and Assignment Procedures

17. The Assumption and Assignment Procedures are reasonable and appropriate under the circumstances, fair to all non-Debtor parties, comply in all respects with the Bankruptcy Code, and are approved.

18. As soon as practicable, but not later than **three (3)** days after the entry of this Order, the Debtors shall file with this Court and serve by first class mail on each non-Debtor party to the Purchased Contracts a notice (the “**Cure Notice**,” the form of which is attached hereto as **Exhibit 4**) that shall: (i) provide a description of each such Purchased Contract, (ii) state the amount, if any, that the Debtors believe are necessary to cure, or compensate the non-Debtor party for, any and all defaults under such Purchased Contract pursuant to section 365 of the Bankruptcy Code (the “**Cure Costs**”); (iii) notify the non-Debtor party that such party’s contract or lease may be assumed and assigned to a purchaser of the Purchased Assets; (iv) state the date of the Sale Hearing and that any unresolved objections to any Cure Costs or to assumption and assignment will be heard at the Sale Hearing or such later date as the Debtors and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, may, in consultation with the Consultation Parties, determine, in accordance with this Order; and (v) state the appropriate deadline by which the non-Debtor party must file an objection to the Cure Costs or assumption and assignment of the Purchased Contracts. Upon service of the Cure Notice, all non-Debtor parties to the Purchased Contracts shall receive or be deemed to have received good and sufficient notice of the Cure Costs for, and the proposed assumption and assignment of, the Purchased Contracts. As soon as practicable, but not later than three (3) days after the entry of this Order, the Debtors shall also post a copy of the Cure Notice on the website for these chapter 11 cases maintained by the Debtors’ claims and noticing agent.

19. The Cure Notice is hereby approved. It is reasonably calculated to provide sufficient notice to the non-Debtor parties to the Purchased Contracts of the Debtors' intent to assume and assign the Purchased Contracts in connection with the Sale Transaction and constitutes adequate notice thereof.

20. All Objections to any proposed Cure Costs (each, a "**Cure Objection**") and to the provision of adequate assurance of future performance (each, an "**Adequate Assurance Objection**") must: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) with respect to a Cure Objection, state with specificity what Cure Costs the objecting party believes are required; and (iv) be filed with this Court and served on the Objection Notice Parties.

21. Any Cure Objection or Adequate Assurance Objection in respect of a Purchased Contract must be filed and served by **June 2, 2017 at 12:00 p.m. (Eastern Time)**; *provided* that if a Successful Bidder other than the Stalking Horse Bidder prevails at the Auction, then (i) the deadline to file and serve an Adequate Assurance Objection in respect of a Purchased Contract shall be extended until **June 8, 2017 at 12:00 p.m. (Eastern Time)** and (ii) as soon as possible after the conclusion of the Auction, the Debtors shall file with this Court a notice that identifies the Successful Bidder and provides notice that the Debtors will seek to assume and assign the Purchased Contracts to the Successful Bidder.

22. If a timely Cure Objection or Adequate Assurance Objection is received and such objection cannot otherwise be resolved by the parties, such objection shall be heard at the Sale Hearing or such later date as the Debtors and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, may, in consultation with the Consultation Parties, determine.

23. To the extent the Debtors identify, at any time after the Cure Notice is served, additional Purchased Contracts to be assumed and assigned to the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, the Debtors shall file with this Court and serve by first class mail on the non-Debtor party to such Purchased Contract a supplemental Cure Notice (each, a “**Supplemental Cure Notice**,” the form of which shall be identical to the form of Cure Notice attached hereto as Exhibit 4); *provided* that a Supplemental Cure Notice shall be served at least ten (10) days prior to any scheduled closing of the Sale Transaction.

24. If a Supplemental Cure Notice is served by May 26, 2017, the objection deadlines and hearing schedule in connection with the Cure Notice, as set forth above, shall apply to any Cure Objection or Adequate Assurance Objection in respect of a Purchased Contract identified in such Supplemental Cure Notice. To the extent a Supplemental Cure Notice is served after May 26, 2017, any related Cure Objection or Adequate Assurance Objection must be filed and served within seven (7) days after service of the Supplemental Cure Notice. If such a Cure Objection or Adequate Assurance Objection is timely received and cannot otherwise be resolved by the parties, the Debtors may, in their discretion (after consultation with the Consultation Parties and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder and the Consultation Parties), schedule an emergency hearing to hear such objection prior to any scheduled closing of the Sale Transaction.

25. If no timely Cure Objection is filed and served in respect of a Purchased Contract, the Cure Cost identified on the Cure Notice or a Supplemental Cure Notice, as applicable, will be the only amount necessary under section 365(b) of the Bankruptcy Code to cure all defaults under such Purchased Contract. Any party failing to timely file a Cure Objection shall be forever barred from objecting to the Cure Costs and from asserting any

additional cure or other amounts against the Debtors, their estates, the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder. If no timely Adequate Assurance Objection is filed and served with respect to a Purchased Contract, the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder, will be deemed to have provided adequate assurance of future performance for such Purchased Contract in accordance with section 365(f)(2)(B) of the Bankruptcy Code. If no timely Cure Objection or Adequate Protection Objection is filed and served with respect to a Purchased Contract, the non-Debtor party to such Purchased Contract shall be deemed to have consented to the assumption and assignment of the Purchased Contract to the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder.

26. The Debtors' assumption and assignment of the Purchased Contracts to the Successful Bidder is subject to approval of this Court and the consummation of the Sale Transaction. Accordingly, absent the closing of such sale, the Purchased Contracts shall not be deemed assumed or assigned, and shall in all respects be subject to further administration under the Bankruptcy Code.

27. The inclusion of a contract or other document or Cure Cost on the Cure Notice or any Supplemental Cure Notice shall not constitute or be deemed a determination or admission by the Debtors, the Stalking Horse Bidder, or any other party in interest that such contract or other document is an executory contract or unexpired lease within the meaning of the Bankruptcy Code or that the stated Cure Cost is due (all rights with respect thereto being expressly reserved). The Debtors reserve all of their rights, claims, defenses, and causes of action with respect to each contract or other document listed on the Cure Notice or any Supplemental Cure Notice. The Debtors' inclusion of an executory contract or unexpired lease

on the Cure Notice or any Supplemental Cure Notice shall not be a guarantee that such executory contract or unexpired lease ultimately will be assumed or assumed and assigned.

28. The Debtors shall provide written notice to the parties to all Purchased Contracts that are ultimately assumed and assigned to the Successful Bidder of (i) such assumption and assignment and (ii) the identity of the Successful Bidder.

Stalking Horse APA and Bid Protections

29. The form of Stalking Horse APA is hereby approved, provided that the Creditors' Committee reserves the right to object to the Sale Transaction and/or the terms of the Stalking Horse APA on or prior to the Sale Objection Deadline. All of the Debtors' pre-closing obligations under the Stalking Horse APA are authorized as set forth herein; *provided* that, for the avoidance of doubt, consummation of the Sale Transaction contemplated by the Stalking Horse APA shall be subject to entry of the Sale Order and the satisfaction or waiver of the other conditions to closing on the terms set forth in the Stalking Horse APA.

30. The Bid Protections are approved in their entirety, including, without limitation, the Expense Reimbursement payable in accordance with, and subject to the terms of, the Stalking Horse APA, which such Expense Reimbursement shall be the Stalking Horse Bidder's reasonable and documented expenses up to an aggregate amount of \$750,000. Except as expressly provided for herein, no other termination payments are authorized or permitted under this Order.

31. The Debtors are authorized and directed to pay the Expense Reimbursement, to the extent payable under the Stalking Horse APA, without further order of this Court. The Expense Reimbursement, to the extent payable under the Stalking Horse APA,

shall constitute an allowed administrative expense claim against the Debtors' estates pursuant to sections 105(a), 503(b) and 507(a)(2) of the Bankruptcy Code.

General Provisions

32. All persons or entities (whether or not Qualified Bidders) that participate in the bidding process shall be deemed to have knowingly and voluntarily (i) consented to the entry of a final order by this Court in connection with the Sale Motion to the extent that it is later determined that this Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution and (ii) waived any right to jury trial in connection with any disputes relating to the any of the foregoing matters.

33. Notwithstanding the possible applicability of Bankruptcy Rules 6004(h), 6006(d), 7062, 9014, or any applicable provisions of the Local Rules or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry, and no automatic stay of execution shall apply to this order.

34. The requirements set forth in Local Rules 6004-1, 9006-1, and 9013-1 are hereby satisfied or waived.

35. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation of this Order

Dated: April 28, 2017
New York, New York

/s/ James L. Garrity, Jr.

UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Bidding Procedures

BIDDING PROCEDURES

Overview

On April 3, 2017, Angelica Corporation and its affiliates, as debtors and debtors in possession (collectively, the “**Debtors**”), filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”).

The Debtors are seeking to sell all or substantially all of their assets for the highest or best offer. On [___], 2017, the Bankruptcy Court entered an order [Docket No. ___] (the “**Bidding Procedures Order**”), which, among other things, authorized the Debtors to solicit bids and approved these procedures (the “**Bidding Procedures**”) for the consideration of the highest or otherwise best price for all or substantially all of the Debtors’ assets, on the terms and conditions set forth herein.

KKR Credit Advisors (US) LLC, on behalf of certain of its affiliates and managed funds and accounts (“**KKR Credit**”), a prepetition lender under the Term Loan Credit Agreement (as defined below), through its affiliate, 9W Halo Holdings L.P. (“**Halo**” and, together with KKR Credit, “**KKR**”), submitted a stalking horse bid (the “**Stalking Horse Bid**” and such bidder, the “**Stalking Horse Bidder**”), which bid includes a credit bid component on account of a portion of KKR’s prepetition debt. The Stalking Horse Bidder has executed that certain Asset Purchase Agreement (together with the exhibits thereto, and as may be amended, modified, or supplemented from time to time in accordance with the terms thereof, the “**Stalking Horse APA**”),¹ dated as of April 3, 2017. The Stalking Horse APA contemplates, pursuant to the terms and subject to the conditions and purchase price adjustments contained therein, the sale of the Purchased Assets to the Stalking Horse Bidder in consideration of approximately \$125 million, including (i) \$17.4 million in the form of a credit bid of KKR’s prepetition debt and (ii) cash and cash consideration,² plus the assumption of the Assumed Liabilities.

The Stalking Horse Bid is subject to higher or better offers submitted in accordance with the terms and conditions of these Bidding Procedures. These Bidding Procedures describe, among other things: (i) the procedures for bidders to submit bids for the Purchased Assets; (ii) the manner in which bidders and bids become Qualified Bidders and Qualified Bids (each as defined below); (iii) the negotiation of bids received; (iv) the conduct of the auction with respect to the Purchased Assets (the “**Auction**”); (v) the ultimate selection of the Successful Bidder (as defined below); and (vi) Bankruptcy Court approval of the sale of the Purchased Assets to the Successful Bidder at a hearing before the Honorable James L. Garrity

¹ Capitalized terms used but not otherwise defined herein will have the meanings ascribed to them in the Stalking Horse APA.

² This cash consideration includes an amount sufficient to satisfy, among other things, (i) all obligations (a) secured by liens on the Purchased Assets that are senior to those held by KKR and (b) senior to KKR in payment priority, pursuant to that certain Agreement Among Lenders, dated as of July 12, 2016, and (ii) the Closing Cash Shortfall, which consists of cash provided by the Stalking Horse Bidder, up to a capped amount, that is needed to cover certain costs associated with the wind-down of the Debtors’ bankruptcy estates after consummation of the sale transaction.

Jr., United States Bankruptcy Judge, at the United States Bankruptcy Court for the Southern District of New York, 1 Bowling Green, New York, New York 10004 (the “**Sale Hearing**”).

The Debtors reserve the right, in their discretion and subject to the exercise of their business judgment, after consultation with the Consultation Parties (as defined below), to modify or terminate these Bidding Procedures, to waive terms and conditions set forth herein, to extend any of the deadlines or other dates set forth herein, to adjourn the Auction and/or Sale Hearing, and/or, subject to the terms of the Stalking Horse APA, to terminate discussions with any and all prospective acquirers and investors (except for the Stalking Horse Bidder) at any time and without specifying the reasons therefor, in each case without further notice but in each case to the extent not materially inconsistent with these Bidding Procedures and/or the Bidding Procedures Order; *provided* that the Debtors may materially modify these Bidding Procedures with the consent of the Consultation Parties (such consent not to be unreasonably withheld) or further order of the Bankruptcy Court; *provided further* that nothing herein shall authorize the Debtors to unilaterally extend any date or deadlines set forth in the Stalking Horse APA or otherwise extend or enlarge the obligations of the Stalking Horse Bidder thereunder; and it being further understood that the Bidding Procedures and the Bidding Procedures Order must be in form and substance reasonably satisfactory to the Stalking Horse Bidder pursuant to the Stalking Horse APA.

Summary of Important Dates

May 29, 2017 at 5:00 p.m. (ET)	<ul style="list-style-type: none"> • Deadline to Submit Bids
June 2, 2017 at 12:00 p.m. (ET)	<ul style="list-style-type: none"> • Deadline to Object to Sale Transaction / Deadline to Object to Assumption and Assignment of Purchased Contracts to Stalking Horse Bidder, Including Proposed Cure Costs³
June 2, 2017 at 5:00 p.m. (ET)	<ul style="list-style-type: none"> • Deadline for Debtors to Designate Baseline Bid
June 5, 2017 at 10:00 a.m. (ET)	<ul style="list-style-type: none"> • Auction, if necessary, to be conducted at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153
June 6, 2017	<ul style="list-style-type: none"> • Deadline for Debtors to File and Serve Notice of Successful Bidder and Back-Up Bidder
June 8, 2017 at 12:00 p.m. (ET)	<ul style="list-style-type: none"> • Deadline to File Adequate Assurance Objection for Successful Bidder other than the Stalking Horse Bidder

³ This objection deadline applies to all objections to the sale of the Purchased Assets, with the exception of objections related to adequate assurance of future performance by a Successful Bidder other than the Stalking Horse Bidder.

June 9, 2017 at 12:00 p.m. (ET)	<ul style="list-style-type: none">• Debtors' Reply Deadline for Objections to Sale Transaction and Assumption and Assignment of Purchased Contracts
June 14, 2017 at 10:00 a.m. (ET)	<ul style="list-style-type: none">• Sale Hearing

Due Diligence

The Debtors have posted copies of all material documents related to the Purchased Assets to the Debtors' confidential electronic data room (the "**Data Room**"). To access the Data Room, a party must submit to the Debtors or their advisors:

- (A) an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors (unless such party is already a party to an existing confidentiality agreement with the Debtors that is acceptable to the Debtors for this due diligence process, in which case such agreement shall govern, and such party must provide a statement extending the term of such agreement until July 2, 2017); and
- (B) sufficient information, as reasonably determined by the Debtors, to allow the Debtors, in consultation with the Consultation Parties, to determine that the interested party has the financial wherewithal to close a sale for the Purchased Assets.

An interested party that meets the above requirements to the satisfaction of the Debtors, in consultation with the Consultation Parties, shall be a "**Potential Bidder**." As soon as practicable, the Debtors will provide such Potential Bidder access to the Data Room; *provided* that such access may be terminated by the Debtors in their discretion at any time for any reason whatsoever, after prior notice to, and in consultation with, the Consultation Parties, including that a Potential Bidder does not become a "Qualified Bidder" (as defined below) or these Bidding Procedures are terminated.

The Debtors shall keep the Consultation Parties reasonably informed of all interested parties that become Potential Bidders and the status of their due diligence.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence access by the Debtors or their advisors regarding the ability of such Potential Bidder to consummate a sale transaction.

Until the Bid Deadline (as defined below), the Debtors will provide any Potential Bidder with reasonable access to the Data Room and any other additional information that the Debtors believe to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be initially directed to: (i) Brandon Bleakley (BBleakley@HL.com) and David Cumming (DCumming@HL.com) of Houlihan Lokey; and (ii) Kevin Bostel (kevin.bostel@weil.com) and Joshua Apfel (joshua.apfel@weil.com) of Weil, Gotshal & Manges. The Debtors will simultaneously distribute to all Potential Bidders via the Data Room any additional diligence materials not previously available to other Potential Bidders. Unless

otherwise determined by the Debtors, the availability of additional due diligence to a Potential Bidder will cease if (a) the Potential Bidder does not become a Qualified Bidder or (b) these Bidding Procedures are terminated.

Neither the Debtors nor any of their representatives shall be obligated to furnish any information of any kind whatsoever relating to the Purchased Assets to any person or entity who (i) is not a Potential Bidder, (ii) does not comply with the participation requirements set forth above, or (iii) in the case of competitively sensitive information, is a competitor of the Debtors.

Auction Qualification Procedures

Bid Deadline

A Potential Bidder that desires to make a bid on the Purchased Assets shall deliver electronic copies of its bid so as to be received no later than **May 29, 2017 at 5:00 p.m. (Eastern Time)** (the “**Bid Deadline**”); *provided* that the Debtors may, after consultation with the Consultation Parties, extend the Bid Deadline without further Order of the Bankruptcy Court subject to providing notice to all Potential Bidders. **The submission of a bid by the Bid Deadline shall constitute a binding and irrevocable offer to acquire the Purchased Assets.** Any party that does not submit a bid by the Bid Deadline will not be allowed to (i) submit any offer after the Bid Deadline or (ii) participate in the Auction.

Bids should be submitted by email to the following Debtor representatives:

Weil, Gotshal & Manges LLP
Angelicabids@weil.com

Gavin Westerman
gavin.westerman@weil.com

Matthew Barr
matt.barr@weil.com

Counsel to the Debtors shall promptly inform the Consultation Parties, including the Stalking Horse Bidder of all bids received and shall provide copies of all such bids to counsel to each of the Consultation Parties, except for counsel to the Stalking Horse Bidder, who shall receive summaries of the material terms of all such bids.

Form and Content of Qualified Bid

A bid is a signed document from a Potential Bidder received by the Bid Deadline that identifies the purchaser by its legal name (including any equity holders or other financial backers, if the Potential Bidder is an entity formed for the purpose of submitting bids or consummating a sale transaction), and any other party that will be participating in connection with the bid or the sale transaction, and includes, at a minimum, the following (a “**Bid**”):

- (A) **Finalized Agreement**. In both PDF and MS-WORD format, an executed copy of an asset purchase agreement (the “**APA**”) and a copy of same that has been

marked against the Stalking Horse APA, a copy of which is located in the Data Room.

- (B) Same or Better Terms. A statement that the applicable Potential Bidder offers to purchase the Purchased Assets, pursuant to a sale transaction that is no less favorable to the Debtors' estates, as the Debtors may reasonably determine, in consultation with the Consultation Parties, than the transactions contemplated in the Stalking Horse APA.
- (C) Unconditional Offer. A statement that the Bid is formal, binding, and unconditional (except for those conditions expressly set forth in the APA) and is not subject to any due diligence or financing contingency and is irrevocable until the earlier of the first business day following the closing of the proposed sale transaction or the Outside Date (as such term is defined in the Stalking Horse APA), except as otherwise provided in these Bidding Procedures.
- (D) Form of Consideration. Unless the Bid includes a credit bid (as described below), a statement confirming that the Bid is based on an all-cash offer; *provided* that any Bid that includes a credit bid shall also include a cash component sufficient to pay, and earmarked exclusively for payment of, the Expense Reimbursement, all obligations secured by senior liens on the Purchased Assets, and the Closing Cash Shortfall, and shall comply with that certain Intercreditor Agreement, dated as of August 20, 2013 (as amended by the Amendment No. 1 to Intercreditor Agreement and Consent, dated as of July 12, 2016 and as the same may be further amended, restated, supplemented or otherwise modified from time to time) (the "**Intercreditor Agreement**"), including sections 3.3 and 3.5 thereof, to the extent applicable.
- (E) Purchase Price; Minimum Bid. Each Bid submitted must (i) be a Bid for the Purchased Assets, (ii) exceed the Purchase Price (as such term is defined in the Stalking Horse APA) by the Minimum Overbid Amount and the Expense Reimbursement, and (iii) propose an alternative transaction that provides substantially similar or better terms than the Stalking Horse Bid.
- (F) Employee and Labor Terms. A statement of proposed terms for unionized and non-unionized employees, which shall include, alternatively: (i) a statement that the Potential Bidder will assume the Collective Bargaining Agreements (as such term is defined in the Stalking Horse APA) to which the Debtors are a party without modification; or (ii) if the Potential Bidder will not assume all of the Debtors' Collective Bargaining Agreements without modification, a statement that the Potential Bidder will, in consultation with the Debtors, engage in good faith discussions with each of the affected unions to enter into new Collective Bargaining Agreements, and include a term sheet, which shall be attached to the APA, proposing post-closing work rules and conditions to be offered to unionized employees.

- (G) Pension Plans. Each Bid must state whether or not the Potential Bidder intends to assume sponsorship, or participation pursuant to section 4204 of ERISA, of all or any of the potential liabilities associated with (i) the Angelica Corporation Pension Plan and (ii) all multiemployer pension plans to which the Debtors have an obligation to contribute, including the Legacy Plan of the National Retirement Fund, the Adjustable Plan of the National Retirement Fund, the National Pension Plan of the United Food & Commercial Workers International Union Pension Fund, the Pension Plan of the Western Conference of Teamsters Pension Fund, the Pension Plan of the New England Teamsters & Trucking Industry Pension Fund, the Pension Plan of the Local 731, International Brotherhood of Teamsters, Textile Maintenance and Laundry Craft Pension Fund, and the Pension Plan of the Upstate NY Bakery Drivers and Industry Pension Fund (collectively, the “**Pension Plans**”). If the Potential Bidder does not intend to assume sponsorship or liabilities of the Pension Plans in full, each Bid must state that they will attempt to engage in negotiations with each affected Pension Plan to settle any claim of withdrawal liability associated with such Pension Plans.
- (H) Proof of Financial Ability to Perform. Each Bid must contain such financial and other information that allows the Debtors, after consultation with the Consultation Parties, to make a reasonable determination as to the Potential Bidder’s financial and other capabilities to consummate the sale transaction, including, without limitation, such financial and other information setting forth adequate assurance of future performance in satisfaction of the requirements under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code, and the Potential Bidder’s willingness to perform under any contracts that are assumed and assigned to such party. Without limiting the foregoing, such information must include current financial statements or similar financial information certified to be true and correct as of the date thereof, proof of financing commitments, if needed to close the transaction, contact information for verification of such information, including any financing sources, and any other information reasonably requested by the Debtors necessary to demonstrate that such Potential Bidder has the ability to close the sale transaction.
- (I) Designation of Contracts and Leases. Each Bid must identify with particularity each and every executory contract and unexpired lease, the assumption and, as applicable, assignment of which is a condition to closing the sale transaction; *provided* that the APA may allow for the Potential Bidder to remove executory contracts and unexpired leases from the list of contracts to be assumed and assigned any time prior to the closing of the sale transaction; *provided further* that to the extent the Debtors identify any additional executory contracts or unexpired leases after the Bid is submitted, the APA may allow for the Potential Bidder to add such executory contracts and unexpired leases to the list of contracts to be assumed and assigned any time from and after the Bid is submitted as provided for in the Stalking Horse APA.
- (J) Required Approvals. A statement or evidence (i) that the Potential Bidder has made or will make in a timely manner all necessary filings under the Hart-Scott-

Rodino Antitrust Improvements Act of 1976, as amended, or other Antitrust Laws (as such term is defined in the Stalking Horse APA), as applicable, and pay the fees associated with such filings and (ii) of the Potential Bidder's plan and ability to obtain all governmental, regulatory, or other third-party approvals to operate the Debtors' business from and after closing the sale transaction and the proposed timing for the Potential Bidder to undertake the actions required to obtain such approvals. A Potential Bidder further agrees that its legal counsel will coordinate in good faith with Debtors' legal counsel to discuss and explain such Potential Bidder's regulatory analysis, strategy, and timeline for securing all such approvals as soon as reasonably practicable, and in no event later than the time period contemplated in the APA.

- (K) No Entitlement to Expense Reimbursement or Other Amounts. A statement that the Bid does not entitle the Potential Bidder to any breakup fee, termination fee, expense reimbursement, or similar type of payment or reimbursement and a waiver of any substantial contribution administrative expense claim under section 503(b) of the Bankruptcy Code related to bidding for the Purchased Assets.
- (L) Agreement to Terms of the Bidding Procedures. A statement that the Potential Bidder agrees to be bound by these Bidding Procedures.

A Potential Bidder must also accompany its Bid with: (M) a Deposit (as defined below); (N) the contact information of the specific person(s) whom the Debtors or their advisors should contact in the event that the Debtors have any questions or wish to discuss the Bid submitted by the Potential Bidder; (O) written evidence of available cash, a commitment for financing (not subject to any conditions other than those expressly set forth in the APA) and such other evidence of ability to consummate the transaction contemplated by the APA, as acceptable in the Debtors' business judgment; (P) a copy of a board resolution or similar document demonstrating the authority of the Potential Bidder to make a binding and irrevocable bid on the terms proposed and to consummate the transaction contemplated by the APA; (Q) a covenant to cooperate with the Debtors to provide pertinent factual information regarding the Potential Bidder's operations reasonably required to analyze issues arising with respect to any applicable Antitrust Laws and other applicable regulatory requirements; and (R) if the value of the Bid relative to the Stalking Horse APA includes additional non-cash components (such as fewer contingencies than are in the Stalking Horse APA), a detailed analysis of the value of any additional non-cash component of the Bid and back-up documentation to support such value.

Deposit

To qualify as a Qualified Bid (as defined below), each Bid must be accompanied by a good faith cash deposit in the amount of ten percent (10%) of the proposed purchase price (the "**Deposit**"), to be deposited, prior to the Bid Deadline, with an escrow agent selected by the Debtors (the "**Escrow Agent**") pursuant to an escrow agreement to be provided by the Debtors; *provided* that any Potential Bidder submitting a bid with a credit bid component pursuant to section 363(k) of the Bankruptcy Code shall not be required to submit a Deposit.

To the extent a Qualified Bid is modified before, during, or after the Auction, the Debtors reserve the right to require that such Qualified Bidder adjust its Deposit so that it equals ten percent (10%) of the proposed purchase price.

The requirements set forth in this “Deposit” section do not apply with respect to the Stalking Horse Bid or the Stalking Horse Bidder.

Review of Bids; Designation of Qualified Bids

The Debtors, in consultation with the Consultation Parties, will evaluate timely submitted Bids, and may engage in negotiations with Potential Bidders who submitted Bids as the Debtors deem appropriate in the exercise of their business judgment, based upon the Debtors’ evaluation of the content of each Bid.

To the extent a Bid provides for assumed sponsorship of the Angelica Corporation Pension Plan, within one (1) calendar day after the receipt of such Bid, the Debtors will provide the PBGC with any financial and other information included within the Bid as required in subsection (H) of the “Form and Content of Qualified Bid” section herein, so that the PBGC may evaluate whether the Potential Bidder can provide adequate assurance of its financial ability to assume sponsorship of the Angelica Corporation Pension Plan.

By no later than June 2, 2017 (the “**Qualified Bid Deadline**”), the Debtors shall determine, in their reasonable judgment, after consultation with the Consultation Parties, which of the Bids received by the Bid Deadline qualifies as a “**Qualified Bid**” (each Potential Bidder that submits such a Qualified Bid being a “**Qualified Bidder**”). The Debtors shall notify each Qualified Bidder of its status as a Qualified Bidder as promptly as possible following such determination.

The Stalking Horse Bidder is a Qualified Bidder and the Stalking Horse Bid is a Qualified Bid. Should it decide to credit bid, each of (i) Wells Fargo Capital Finance, LLC (“**Wells Fargo**”), (a) as agent and lender under that certain Loan and Security Agreement, dated as of July 15, 2011 (as modified, supplemented or amended from time to time, the “**ABL Credit Agreement**”) and (b) as agent and lender under that certain DIP Agreement (in such capacity, the “**DIP Lender**”), (ii) Regions Bank, (a) as co-collateral agent and lender under the ABL Credit Agreement and (b) as lender under that certain DIP Agreement, (iii) Cortland Capital Market Services LLC (“**Cortland**”), as agent under that certain Amended and Restated Loan and Security Agreement, dated July 12, 2016 (the “**Term Loan Credit Agreement**”), and (iv) GACP Finance Co., LLC (“**GACP**”), as lender under the Term Loan Credit Agreement, is a Qualified Bidder and any such credit bid will be considered a Qualified Bid to the extent such bid is received by the Bid Deadline, complies with the requirements set forth in these Bidding Procedures, complies with section 363(k) of the Bankruptcy Code, complies with sections 3.3(e) and 3.5(c) of the Intercreditor Agreement, and includes a cash component sufficient to pay, and earmarked exclusively for payment of, the Expense Reimbursement, all obligations secured by senior liens on the Purchased Assets, and the Closing Cash Shortfall.⁴

⁴ Pursuant to the Bidding Procedures Order, any right to credit bid by any of Wells Fargo, Regions Bank, Cortland, GACP, KKR Credit, and/or the Stalking Horse Bidder, pursuant to section 363(k) of the Bankruptcy Code, is subject

The Debtors reserve the right to work with any Potential Bidder in advance of the Auction to cure any deficiencies in a Bid that is not initially deemed a Qualified Bid.

Without the written consent of the Debtors, a Qualified Bidder may not modify, amend, or withdraw its Qualified Bid, except for proposed amendments to increase the purchase price or otherwise improve the terms of the Qualified Bid for the Debtors, during the period that such Qualified Bid remains binding as specified herein; *provided* that any Qualified Bid may be improved at the Auction, as set forth in these Bidding Procedures.

Determination and Announcement of Baseline Bids and Qualified Bidders

In evaluating the Bids, the Debtors, in consultation with the Consultation Parties, shall also make a determination regarding which Qualified Bid is the highest or best Qualified Bid for the Purchased Assets and will therefore serve as the starting point at the Auction (the “**Baseline Bid**”). On or before June 2, 2017 at 5:00 p.m. (Eastern Time) (the “**Designation Deadline**”), the Debtors shall file a notice designating the Baseline Bid and publish such notice on the website of their claims and noticing agent and in the Data Room and/or distribute the same at the Auction. The Debtors shall also provide copies of such Baseline Bid to all of the Qualified Bidders (including the Stalking Horse Bidder) and each of the Consultation Parties.

Failure to Receive More Qualified Bids

If no Qualified Bid other than the one submitted by the Stalking Horse Bidder is received by the Bid Deadline, the Debtors will not conduct the Auction, and shall file and serve, by **May 30, 2017 at 4:00 p.m. (Eastern Time)**, a notice indicating that the Auction has been cancelled, that the Stalking Horse Bidder is the Successful Bidder.

Except as provide in the Stalking Horse APA, nothing herein shall obligate the Debtors to consummate or pursue any transaction with a Qualified Bidder.

Sale Hearing and Sale Order

At a hearing before the Bankruptcy Court (the “**Sale Hearing**”), the Debtors will seek the entry of an order authorizing and approving, *inter alia*, the applicable sale transaction (the “**Sale Order**”). The Sale Order shall authorize and approve the applicable sale transaction:

to the objection of the official committee of unsecured creditors appointed in the Debtors’ chapter 11 cases (the “**Creditors’ Committee**”) to challenge such credit bid right based upon the extent and validity of liens and encumbrances (the “**Committee Credit Bid Objection**”), which objection shall be filed by May 25, 2017 at 12:00 p.m. (Eastern Time), and any replies thereto shall be filed by May 30, 2017 at 12:00 p.m. (Eastern Time). A hearing to consider any timely filed and served Committee Credit Bid Objection shall be held before the Bankruptcy Court on June 1, 2017 at 2:00 p.m. (Eastern Time). Notwithstanding the foregoing, and whether or not a Committee Credit Bid Objection is filed, nothing herein shall in any way affect or waive the Creditors’ Committee’s rights of investigation, or claims resulting therefrom, as preserved in the final DIP Order approving that certain DIP Agreement (the “**Final DIP Order**”), at Paragraph 30.

- (A) if no other Qualified Bid is received by the Debtors, to the Stalking Horse Bidder pursuant to the terms and conditions set forth in the Stalking Horse APA; or
- (B) if the Auction is held, to the Successful Bidder or, if the Successful Bid is not timely consummated, to the Back-Up Bidder.

In the Debtors' discretion (after consultation with the Consultation Parties and the Stalking Horse Bidder or, if the Auction is held, the Successful Bidder and the Consultation Parties), the Sale Hearing may be adjourned or rescheduled without notice or with limited and shortened notice to parties, including by (i) an announcement of such adjournment at the Sale Hearing or at the Auction or (ii) the filing of a notice of adjournment with the Bankruptcy Court prior to the commencement of the Sale Hearing.

Auction Procedures

If there are two or more Qualified Bids, the Debtors will conduct the Auction on **June 5, 2017, beginning at 10:00 a.m. (Eastern Time) at the offices of Weil, Gotshal & Manges LLP; 767 Fifth Avenue, New York, New York 10153**. Only a Qualified Bidder will be eligible to participate at the Auction, subject to such limitations as the Debtors may impose in good faith. In addition, professionals and/or other representatives of (i) the Debtors, (ii) the Creditors' Committee (as defined below), if any, (iii) Wells Fargo, (a) as agent and lender under the ABL Credit Agreement and (b) as DIP Lender, (iv) Regions Bank, (a) as co-collateral agent and lender under the ABL Credit Agreement and (b) as lender under that certain DIP Agreement, and (v) Cortland, as agent under the Term Loan Credit Agreement, and (vi) GACP, as lender under the Term Loan Credit Agreement will be permitted to attend and observe the Auction.

At the Auction, Qualified Bidders (including the Stalking Horse Bidder) will be permitted to increase their bids. Bidding will start at the purchase price and terms proposed in the Baseline Bid, and will proceed thereafter in minimum increments of at least \$1,000,000 (a "**Minimum Overbid Amount**"). The Debtors reserve the right to and may, after consultation with the Consultation Parties, increase or decrease the Minimum Overbid Amount at any time during the Auction. The Stalking Horse Bidder is authorized to increase its bid at the Auction, including with cash, cash equivalents, or other forms of consideration, including additional credit bid amounts. The Stalking Horse Bidder will also be entitled to a "credit" in the amount of the Expense Reimbursement to be counted towards its bid such that the cash, and other consideration proposed by the Stalking Horse Bidder plus the Expense Reimbursement "credit" must exceed the most recent bid by at least the Minimum Overbid Amount.

The Debtors may adopt rules for the Auction at any time that the Debtors, in consultation with the Consultation Parties, reasonably determine to be appropriate to promote a spirited and robust auction. At the start of the Auction, the Debtors shall describe the terms of the Baseline Bid. Any rules adopted by the Debtors will not unilaterally modify any of the terms of the Stalking Horse APA (as may be consensually modified at the Auction) without the consent of the Stalking Horse Bidder. Any rules developed by the Debtors will provide that all bids in the Auction will be made and received on an open basis, and all other bidders participating in the Auction will be entitled to be present for all bidding with the understanding that the true identity

of each bidder placing a bid at the Auction will be fully disclosed to all other bidders participating in the Auction and that all material terms of each Qualified Bid submitted in response to the Baseline Bid or to any successive bids made at the Auction will be disclosed to all other bidders. Each Qualified Bidder will be permitted what the Debtors, in consultation with the Consultation Parties, reasonably determine to be an appropriate amount of time to respond to the previous bid at the Auction. The Auction will be conducted openly and shall be transcribed or recorded, and the Qualifying Bidders will be informed of the material terms of the previous bid.

In evaluating a Qualified Bid submitted at the Auction, the Debtors may consider, among other things and without limitation, the amount of cash to be paid or delivered, the speed and certainty of consummating a transaction, and any other relevant factor. Prior to the conclusion of the Auction, the Debtors, after consultation with the Consultation Parties, shall announce on the record that it has determined in its business judgment that it has received the highest or otherwise best Qualified Bid, and the Qualified Bidder that had submitted such Qualified Bid (the “**Successful Bid**”) shall be declared the winning bidder (the “**Successful Bidder**”). The Debtors, after consultation with the Consultation Parties, shall also identify the Qualified Bidder that submitted the next highest or otherwise best Qualified Bid (the “**Back-Up Bid**”) shall be declared the “**Back-Up Bidder.**” The Back-Up Bid shall remain open and irrevocable until the earliest to occur of (i) the Outside Date, (ii) consummation of the transaction with the Successful Bidder, and (iii) the release of such bid by the Debtors in writing (such date, the “**Back-Up Bid Expiration Date**”). If a transaction with the Successful Bidder is terminated prior to the Back-Up Bid Expiration Date, the Back-Up Bidder shall be deemed the Successful Bidder and shall be obligated to consummate the Back-Up Bid as if it were the Successful Bid.

Within one (1) day after the Auction, the Successful Bidder shall submit to the Debtors fully executed revised documentation memorializing the terms of the Successful Bid. The Successful Bid may not be assigned to any party without the consent of the Debtors.

Each Qualified Bidder shall be required to confirm, both before and after the Auction, that it has not engaged in any collusion with respect to the submission of any bid, the bidding, or the Auction.

At any time before entry of the Sale Order approving the applicable transaction envisioned by a Qualified Bid, the Debtors reserve the right to and may, after consultation with the Consultation Parties, reject such Qualified Bid if such Qualified Bid, in the Debtors’ judgment, is: (i) inadequate or insufficient; (ii) not in conformity with the requirements of the Bankruptcy Code, these Bidding Procedures, or the terms and conditions of the applicable sale transaction; or (iii) contrary to the best interests of the Debtors and their estates, except that if the Stalking Horse Bid is the only Qualified Bid, the foregoing provisions of this sentence will be inoperative. No attempt by the Debtors to reject a Qualified Bid under this paragraph will modify any rights of the Debtors or the Stalking Horse Bidder under the Stalking Horse APA (as may be consensually modified at the Auction).

Post-Auction Process

Within one (1) days after the conclusion of the Auction, the Debtors shall file with the Bankruptcy Court notice of the Successful Bid, Successful Bidder, Back-Up Bid, and Back-Up Bidder. At the Sale Hearing, the Debtors will present the Successful Bid to the Bankruptcy Court for approval. The Successful Bidder shall appear at the Sale Hearing and be prepared to have a representative(s) testify in support of the Successful Bid and the Successful Bidder's ability to close in a timely manner and provide adequate assurance of its future performance under any and all executory contracts and unexpired leases to be assumed and/or assigned as part of the proposed sale transaction. Unless otherwise required pursuant to the Debtors' fiduciary duties, the Debtors shall not consider any bids submitted after the conclusion of the Auction.

Within seven (7) business days after the Auction, the Debtors shall direct the Escrow Agent to return the deposit of any bidder, together with interest accrued thereon, who is not declared the Successful Bidder or Back-Up Bidder. Within five (5) business days after the Back-Up Bid Expiration Date, the Debtors shall direct the Escrow Agent to return the deposit of such Back-Up Bidder, together with interest accrued thereon. Upon the authorized return of any such deposit, the bid of such Potential or Qualified Bidder shall be deemed revoked and no longer enforceable.

The deposit of the Successful Bidder shall be applied against the cash purchase price of such bidder's Successful Bid upon the consummation of the sale transaction.

In addition to the foregoing, the deposit of a Qualified Bidder will be forfeited to the Debtors if (i) the Qualified Bidder attempts to modify, amend, or withdraw its Qualified Bid, except as permitted herein, during the time the Qualified Bid remains binding and irrevocable or (ii) the Qualified Bidder is selected as the Successful Bidder and fails to enter into the required definitive documentation or to consummate a sale transaction according to these Bidding Procedures.

Consultation Parties

The term "**Consultation Parties**" as used in these Bidding Procedures shall mean (i) the Creditors' Committee, (ii) the DIP Lender and any other postpetition lender that may exist, and (iii) the Stalking Horse Bidder.

The Debtors shall use their reasonable best efforts to consult and confer with the Consultation Party in respect of all material aspects of the bidding and Auction process in order to maximize value for all parties in interest. For the avoidance of doubt, however, the consultation rights provided to the Consultation Parties by these Bidding Procedures shall not limit the Debtors' discretion in any way and shall not include the right to veto any decision made by the Debtors in the exercise of their business judgment.

The Debtors may not modify the consultation or consent rights of any of the Consultation Parties set forth herein without the consent of such affected party; *provided, however*, that the Debtors may, in the exercise of their business judgment, take such steps as are necessary to ensure a competitive and transparent bidding and Auction process, including, but

not limited to, limiting (but not eliminating) the consultation rights of a Consultation Party that is or becomes a Qualified Bidder.

Consent to Jurisdiction and Authority as Condition to Bidding

All bidders (including the Stalking Horse Bidder) that participate in the bidding process shall be deemed to have (i) consented to the core jurisdiction of the Bankruptcy Court to enter any order or orders, which shall be binding in all respects, in any way related to these Bidding Procedures, the bid process, the Auction, or the construction and enforcement of any agreement or any other document relating to the sale transaction, (ii) waived any right to a jury trial in connection with any disputes relating to these Bidding Procedures, the bid process, the Auction, or the construction and enforcement of any agreement or any other document relating to the sale transaction, and (iii) consented to the entry of a final order or judgment in any way related to these Bidding Procedures, the bid process, the Auction, or the construction and enforcement of any agreement or any other document relating to the sale transaction if it is determined that the Bankruptcy Court would lack Article III jurisdiction to enter such a final order or judgment absent the consent of the parties.

Exhibit 2

Sale Notice

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re:	: Chapter 11
	: :
ANGELICA CORPORATION, et al.,	: Case No. 17-10870 (JLG)
	: :
Debtors.¹	: (Jointly Administered)
	: :
-----X	

NOTICE OF SALE OF SUBSTANTIALLY ALL ASSETS

Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) are seeking to sell or assign substantially all of their assets (the “Purchased Assets”) pursuant to a motion, dated April 3, 2017 (Docket No. 17) (the “Sale Motion”).

A party has already submitted a binding bid (the “Bid”) for the Purchased Assets, as set forth in a certain asset purchase agreement (the “Asset Purchase Agreement”). The Bid remains subject to higher and/or better offers.

By order, dated [__], 2017 (Docket No. __) (the “Bidding Procedures Order”),² the Bankruptcy Court approved certain “Bidding Procedures” that govern the sale of the Purchased Assets to the highest or best bidder.

The Debtors have requested the Bankruptcy Court enter an order (the “Sale Order”), which provides, among other things, for the sale of the Purchased Assets free and clear of liens, claims, encumbrances, and other interests, to the extent permissible by law, and the assumption by the successful bidder of certain liabilities. A separate notice will be provided to counterparties to executory contracts and unexpired leases with the Debtors that may be assumed and assigned.

Copies of the Asset Purchase Agreement, the Bidding Procedures Order, the Bidding Procedures, and the proposed Sale Order are available upon request to the Debtors’ noticing agent, Prime Clerk LLC, at 844-276-3030 or angelicainfo@PrimeClerk.com, and are available for download at <https://cases.primeclerk.com/Angelica>.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors’ corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order or the Sale Motion.

ANY INTERESTED BIDDER SHOULD CONTACT THE DEBTORS' ADVISORS AT:

Houlihan Lokey Capital, Inc.

Bradley Jordan at 212-497-4137,
BJordan@HL.com

Brian McDonald at 212-497-4238,
BMcdonald@HL.com

PLEASE TAKE NOTE OF THE FOLLOWING IMPORTANT DEADLINES:

- The **deadline to submit a bid** for the Purchased Assets is **May 29, 2017 at 5:00 p.m. (Eastern Time)**. A bid must include a deposit in the amount of ten percent (10%) of the proposed purchase price. The failure to abide by the procedures and deadlines set forth in the Bidding Procedures Order and the Bidding Procedures may result in the denial of your bid.
- The deadline to lodge an objection with the Bankruptcy Court to the proposed sale of the Purchased Assets is **June 2, 2017 at 12:00 p.m. (Eastern Time)** (the "Sale Objection Deadline"). Objections must be filed and served in accordance with the Bidding Procedures Order.
- The Auction, if necessary, for the Purchased Assets has been scheduled for **June 5, 2017 at 10:00 a.m. (Eastern Time)**. The Auction may be canceled without notice if the Bid is the only Qualified Bid (as such term is defined in the Bidding Procedures) received.
- The Bankruptcy Court will conduct a hearing (the "Sale Hearing") to consider the proposed sale on **June 14, 2017 at 10:00 a.m. (Eastern Time)**

THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION BY THE SALE OBJECTION DEADLINE SHALL BE A BAR TO THE ASSERTION BY SUCH PERSON OR ENTITY OF ANY OBJECTION TO THE SALE MOTION, THE SALE ORDER, THE SALE TRANSACTION, OR THE DEBTORS' CONSUMMATION AND PERFORMANCE OF THE ASSET PURCHASE AGREEMENT (INCLUDING, WITHOUT LIMITATION, THE DEBTORS' TRANSFER OF THE PURCHASED ASSETS AND ASSUMPTION AND ASSIGNMENT OF THE PURCHASED CONTRACTS, FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS).

Dated: _____, 2017

WEIL, GOTSHAL & MANGES LLP

767 Fifth Avenue

New York, New York 10153

Telephone: (212) 310-8000

Facsimile: (212) 310-8007

Counsel for Debtors and Debtors in Possession

Exhibit 3

Publication Sale Notice

[Form to be provided.]

Exhibit 4

Cure Notice

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re:	: Chapter 11
	:
ANGELICA CORPORATION, et al.,	: Case No. 17-10870 (JLG)
	:
Debtors.¹	: (Jointly Administered)
	:
-----X	

NOTICE OF ASSUMPTION, ASSIGNMENT AND CURE AMOUNT WITH RESPECT TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES OF DEBTORS

Pursuant to procedures approved by order of the Bankruptcy Court for the Southern District of New York, dated _____, 2017 (Docket No. __) (the “Bidding Procedures Order”), Angelica Corporation and its affiliates, as debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) are seeking to assume and assign certain of their executory contracts and unexpired leases in connection with the sale of substantially all of their assets (the “Purchased Assets”). A party (the “Bidder”) has already submitted a binding bid (the “Bid”) for the Purchased Assets, as set forth in a certain asset purchase agreement (the “Asset Purchase Agreement”), and the Debtors are seeking court approval of this Bid (or such higher and/or better bid) pursuant to a motion, dated April 3, 2017 (Docket No. 17) (the “Sale Motion”).²

You are receiving this Notice because you may be a party to an executory contract or unexpired lease that is proposed to be assumed and assigned to the Bidder (collectively, the “Purchased Contracts”), or to such other bidder that submits a higher or better offer for the Purchased Assets.

The current Bidder is: 9W Halo Holdings L.P. A list of the Purchased Contracts to which you are a party to is attached hereto as Exhibit A. A copy of the Asset Purchase Agreement is available for download at <https://cases.primeclerk.com/Angelica>.

The Debtors have determined the current amounts owing (the “Cure Costs”) under each Purchased Contract and have listed the applicable Cure Costs on Exhibit A. The Cure Costs are the only amounts proposed to be paid upon the assumption and assignment of the Purchased Contracts.

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are as follows: Clothesline Holdings, Inc. (1081); Angelica Corporation (5260); Angelica Textile Services, Inc.–NY (6508); Royal Institutional Services, Inc. (8906); and Angelica Textile Services, Inc.–CA (5010). The location of the Debtors’ corporate headquarters is 1105 Lakewood Parkway, Suite 210, Alpharetta, Georgia 30009.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order or the Sale Motion.

To the extent that a non-Debtor party objects to (i) the assumption and assignment of such party's Purchased Contract (including on the basis of failure to provide adequate assurance of future performance) or (ii) the applicable Cure Costs, the non-Debtor party must file and serve an objection (each, an "Objection") by June 2, 2017 at 12:00 p.m. (Eastern Time). All Objections must be filed and served in accordance with the Bidding Procedures Order (Docket No. ___), copies of which are available for download at <https://cases.primeclerk.com/Angelica>.

If no Objection is timely received, (i) the non-Debtor party to a Purchased Contract shall be deemed to have consented to the assumption and assignment of the Purchased Contract and shall be forever barred from asserting any objection with regard to such assumption or assignment and (ii) the Cure Costs set forth on Exhibit A attached hereto shall be controlling, notwithstanding anything to the contrary in any Purchased Contract, or any other document, and the non-Debtor party to a Purchased Contract shall be deemed to have consented to the Cure Costs and shall be forever barred from asserting any other claims related to such Purchased Contract against the Debtors or the transferee, or the property of any of them.

The Debtors will seek to assume and assign the Purchased Contracts at a hearing before the Honorable James L. Garrity Jr., in the United States Bankruptcy Court for the Southern District of New York, 1 Bowling Green, New York, New York 10004 (the "Sale Hearing") on **June 14, 2017 at 10:00 a.m. (Eastern Time)**, or at a later hearing, as determined by the Debtors and in accordance with the Bidding Procedures Order. Objections, if any, will be heard at the Sale Hearing or at a later hearing, as determined by the Debtors in accordance with the Bidding Procedures Order.

If one or more Qualified Bids are received, other than that of the Bidder, an auction for the Purchased Assets, including the Purchased Contracts, will be conducted on **June 5, 2017 at 10:00 a.m. (Eastern Time)** (the "Auction"). After the Auction, the Debtors will file, but not serve, in accordance with the Bidding Procedures Order, a notice that identifies the Successful Bidder at the Auction. If the Successful Bidder at the Auction is not the Bidder, then the deadline for a non-Debtor party to object to the assumption and assignment of its Purchased Contract to the Successful Bidder solely on the basis of such Successful Bidder's failure to provide adequate assurance of future performance will be extended until **June 8, 2017 at 12:00 p.m. (Eastern Time)**; *provided* that the deadline to object to the Cure Costs shall not be extended.

The inclusion of any contract or lease on Exhibit A shall not constitute or be deemed a determination or admission by the Debtors that such contract or other document is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code (all rights with respect thereto being expressly reserved).

Notwithstanding the inclusion of any lease or contract on Exhibit A, neither the Stalking Horse Bidder nor the Successful Bidder is bound to accept assignment of any Purchased Contract, and may amend the schedule of Purchased Contracts to remove any contract or lease at any time prior to the consummation of the Sale Transaction.

Dated: _____, 2017

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Counsel for Debtors and Debtors in Possession