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

<p>In re:))) BCBG MAX AZRIA GROUP HOLDINGS,) LLC, <i>et al.</i>,¹)) Debtors.)</p>)	<p>Chapter 11</p>
<p>MAX AZRIA and LUBOV AZRIA,)) Plaintiffs,)</p>)	<p>Case No. 17-10466 (SCC)</p>
<p>vs.)</p>)	<p>Jointly Administered</p>
<p>BCBG MAX AZRIA GLOBAL HOLDINGS,) LLC, BCBG MAX AZRIA GROUP, LLC,) BCBG MAX AZRIA INTERMEDIATE) HOLDINGS, LLC, MAX RAVE, LLC, and) MLA MULTIBRAND HOLDINGS, LLC,)) Defendants.)</p>)	<p>Adv. Proc. No. 17-01040 (SCC)</p> <p>DECLARATION OF LUBOV AZRIA IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT</p>

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are BCBG Max Azria Global Holdings, LLC (6857); BCBG Max Azria Group, LLC (5942); BCBG Max Azria Intermediate Holdings, LLC (3673); Max Rave, LLC (9200); and MLA Multibrand Holdings, LLC (3854). The location of the Debtors' service address is: 2761 Fruitland Avenue, Vernon, California 90058.

I, Lubov Azria, declare as follows:

1. This declaration is submitted in opposition to *BCBG Max Azria Group, LLC's Motion for (I) Partial Summary Adjudication of Adversary Proceeding and (II) Entry of an Order Authorizing the Rejection of Lubov Azria's Employment Agreement* [Adv. Docket No. 5]. This declaration is based on my own personal knowledge, and if called as a witness, I could and would testify competently to the matters set forth herein.

2. In 1991, I joined BCBG Max Azria (the "Company") as a designer, and was named Creative Director in 1996, the year the Company's core brand – BCBGMAXAZRIA – first debuted its runway collection during New York Fashion Week.

3. My husband, Max Azria, founded the Company in 1989. Before the restructuring transaction that we agreed to in early 2015, Max and I beneficially owned all the equity in the Company. The details regarding specific legal forms of our ownership (such as the use of family trusts, other estate planning devices, wholly-owned corporations or LLCs for tax purposes, and the like) were matters that the lawyers worked out. For all practical purposes, Max and I were the sole owners of the Company. In this regard, I agree with the sworn testimony of Holly Felder Etlin, the Company's Chief Restructuring Officer, in which she states: "Until early 2015, Max Azria, together with his wife Lubov Azria, owned 100 percent of BCBG's common equity."

4. When Max and I owned the Company, we were not overly concerned about employment agreements, restrictive covenants, severance provisions, or similar matters. That changed when we decided to enter into a restructuring transaction in early 2015. In the transaction, we would go from being 100% owners of the Company to only 20% owners of the Company. I was keenly attuned to the consequences of that change and the protections that

Max and I would have going forward with only a minority stake. It was essential to me that the change in ownership and control of the Company be accompanied by protections for Max and me, including those that were to be included in our new employment contracts with the Company. My particular focus was on the amount of the severance payment that would be due to me if the Company post-restructuring decided to part ways with me as an employee. On the severance point in particular, there were multiple rounds of discussions with our counterparties to the restructuring on this specific issue. As just one example, attached hereto as **Exhibit 1** is a true and correct copy of an email from Maryn Miller, the Company's then-General Counsel, reporting on the status of negotiations. She wrote:

We just had a conference call about the employment agreements. We did not make much progress. They are flatly refusing the \$5M/5 year payout, the bonus for Lubov, her requests regarding the CEO, her requests regarding design control, and cutting down all dollars for perks. I'll update you after we see the next draft but I am a bit disappointed.

Ultimately, as reflected in the final, executed version of my employment agreement, we did reach agreement on the severance terms, which are for \$5 million paid out over five years.

5. The restructuring transaction that closed in February 2015 involved teams of lawyers and financial advisors. I do not profess to know every detail or component of the restructuring, but I am certain of one critical fact: Max and I each understood that the restructuring was a package deal that all fit together, with each component depending on every other component. We were not giving up 80% of our stake in the Company without, among other things, the employment agreements that were part of the deal. Here again, I agree with Ms. Etlin's sworn testimony describing the deal: "[T]he Debtors and their key stakeholders reached agreement on a comprehensive out-of-court restructuring transaction in accordance with the terms of the Contribution Agreement dated as of January 26, 2015 (the 'Contribution

Agreement’). The transactions contemplated in the Contribution Agreement closed in February 2015 (the ‘February 2015 Restructuring’).”

6. Ms. Etlin is right that what she calls the “February 2015 Restructuring” was a single, comprehensive transaction, and her summary of what Max and I gave up and gained as part of that transaction is generally accurate: “As contemplated in the Contribution Agreement, and in addition to relinquishing 80 percent of their equity stake to effectuate the February 2015 Restructuring, Max and Lubov Azria agreed to irrevocably transfer and assign certain ‘Publicity Rights’ to BCBG, including the commercial use of their names and likenesses in connection with BCBG’s lines of business; non-solicitation and non-compete restrictions that extend through January 3, 2022 – including, for example, an agreement not to use or exploit their Publicity Rights (*e.g.*, their names or any confusingly similar variation) in connection with any competing line of business ...; [and] the terms of standalone employment agreements, each dated February 5, 2015, for three year terms”

7. Max and I gave up a lot in the February 2015 Restructuring, including 80% of our business. The most important thing I received in exchange was the employment agreement, which guaranteed that I would have a livelihood and some measure of protection (in the form of severance) if the new majority owners of the Company decided to part ways with me. I have heard the Debtors describe the terms of my employment agreement as a “golden parachute.” That is not true. The employment agreement, including the severance payments provided for therein, is and always was just one piece of a much larger deal in which everything provided to Max and me was given in exchange for everything that we gave up – including 80% of the business we built together over many years of hard work.

8. Again, I do not know every detail of every document that Max and I signed as part of the February 2015 Restructuring. I do know, however, that Max and I signed all of the various signature pages to all of the documents at or around midnight on January 26, 2015 (*i.e.*, at some point in the final hours of January 25 and the early hours of January 26), at our home. I remember that evening well. Then, later in the morning of January 26, I was told that one page had been inadvertently omitted, and that page was brought to me for execution that same day. Thinking back to that day, I can state with complete confidence that neither Max nor I would have placed our signatures on any of those documents (in any capacity, on behalf of ourselves or any other entity or entities) if we were not absolutely certain that the employment agreements were part of the package deal to which we were agreeing.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 15th day of April, 2017, at Los Angeles, California.

/s/ Lubov Azria

Exhibit 1

On Dec 5, 2013, at 2:58 PM, "Maryn Miller" <Maryn.Miller@bcbg.com> wrote:

We just had a conference call about the employment agreements. We did not make much progress. They are flatly refusing the \$5M/5 year payout, the bonus for Lubov, her requests regarding the CEO, her requests regarding design control, and cutting down all dollars for perks. I'll update you after we see the next draft but I am a bit disappointed. m

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CERTIFICATE OF SERVICE

I, Robert J. Pfister, a member of the bar of this Court, on April 15, 2017, served the foregoing *Declaration of Lubov Azria in Opposition to Defendants' Motion for Summary Judgment* by electronic mail on counsel for the Debtors and counsel for the Official Committee of Unsecured Creditors, as follows:

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/s/ Robert J. Pfister