EXHIBIT B

Redline

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	)	Chapter 11
BCBG MAX AZRIA GLOBAL HOLDINGS, LLC, *et al.*,[1]	)	Case No. 17-10466 (SCC)
Debtors.	)	(Jointly Administered)

DISCLOSURE STATEMENT RELATING TO THE AMENDED JOINT PLAN OF REORGANIZATION OF BCBG MAX AZRIA GLOBAL HOLDINGS, LLC AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

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Dated: June ~~14~~23, 2017

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES AND IS NOT SOLICITING AN OFFER TO BUY ANY SECURITIES.

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, include: 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.

IMPORTANT INFORMATION ABOUT THIS DISCLOSURE STATEMENT[2]

THE DEADLINE TO VOTE ON THE PLAN IS ~~[●],~~ July 17, 2017, at 5:00 p.m. (prevailing Eastern Time)

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY DONLIN, RECANO & COMPANY, INC. ON OR BEFORE THE VOTING DEADLINE AS DESCRIBED HEREIN.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT TO HOLDERS OF CLAIMS OR INTERESTS FOR PURPOSES OF SOLICITING VOTES TO ACCEPT OR REJECT THE *AMENDED JOINT PLAN OF REORGANIZATION OF BCBG MAX AZRIA GLOBAL HOLDINGS, LLC AND ITS DEBTOR AFFILIATES PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE*. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE. BEFORE DECIDING WHETHER TO VOTE FOR OR AGAINST THE PLAN, EACH HOLDER ENTITLED TO VOTE SHOULD CAREFULLY CONSIDER ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN ARTICLE VIII HEREIN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE DISCLOSURE STATEMENT AND THE PLAN, THE RELEVANT PROVISIONS OF THE PLAN WILL GOVERN.[3]

THE DEBTORS URGE HOLDERS OF CLAIMS WHOSE VOTES ARE BEING SOLICITED TO VOTE TO ACCEPT THE PLAN. THE DEBTORS URGE EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN ANTICIPATED EVENTS IN THE CHAPTER 11 CASES, AND CERTAIN DOCUMENTS THAT WILL IMPLEMENT THE RESTRUCTURING TRANSACTIONS DESCRIBED HEREIN. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH ANTICIPATED EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

IN PREPARING THIS DISCLOSURE STATEMENT, THE DEBTORS RELIED ON FINANCIAL DATA DERIVED FROM THE DEBTORS' BOOKS AND RECORDS AND ON VARIOUS ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH FINANCIAL INFORMATION FAIRLY REFLECTS THE FINANCIAL CONDITION OF THE DEBTORS AS OF THE DATE HEREOF AND THAT THE ASSUMPTIONS REGARDING FUTURE EVENTS REFLECT REASONABLE BUSINESS JUDGMENTS, NO REPRESENTATIONS OR WARRANTIES ARE MADE AS TO THE ACCURACY OF THE FINANCIAL INFORMATION CONTAINED HEREIN OR ASSUMPTIONS REGARDING THE DEBTORS' BUSINESSES AND THEIR FUTURE RESULTS AND OPERATIONS. THE DEBTORS EXPRESSLY CAUTION

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2 Capitalized terms used but not defined in this disclaimer shall have the meaning ascribed to them elsewhere in this Disclosure Statement.

3 The Debtors have proprietary rights to a number of trademarks used in this Disclosure Statement that are important to their business, including, without limitation, BCBG, BCBG MAX AZRIA, BCBGENERATION, MAX AZRIA, and HERVE LEGER. This Disclosure Statement may omit the registered trademark (®), trademark (™), and other similar symbols for such trademarks named herein.

READERS NOT TO PLACE UNDUE RELIANCE ON ANY FORWARD-LOOKING STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. THE DEBTORS OR ANY OTHER AUTHORIZED PARTY IN INTEREST MAY SEEK TO INVESTIGATE, FILE, AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO, AND EXPRESSLY DISCLAIM ANY DUTY TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE. HOLDERS OF CLAIMS OR INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THIS DISCLOSURE STATEMENT WAS FILED. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION, MODIFICATION, OR AMENDMENT. THE DEBTORS RESERVE THE RIGHT TO FILE AN AMENDED OR MODIFIED PLAN AND RELATED DISCLOSURE STATEMENT FROM TIME TO TIME.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN, WHO VOTE TO REJECT THE PLAN, OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO CERTAIN MATERIAL CONDITIONS PRECEDENT DESCRIBED HEREIN AND SET FORTH IN ARTICLE IX OF THE PLAN. THERE IS NO ASSURANCE THAT THE PLAN WILL BE CONFIRMED, OR IF CONFIRMED, THAT THE CONDITIONS REQUIRED TO BE SATISFIED FOR THE PLAN TO GO EFFECTIVE WILL BE SATISFIED (OR WAIVED).

YOU ARE ENCOURAGED TO READ THE PLAN AND THIS DISCLOSURE STATEMENT IN ITS ENTIRETY, INCLUDING ARTICLE VIII, ENTITLED "RISK FACTORS," BEFORE SUBMITTING YOUR BALLOT TO VOTE ON THE PLAN.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE A GUARANTEE BY THE COURT OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT BY THE BANKRUPTCY COURT OF THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY PREPARED IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SIMILAR FEDERAL, STATE, LOCAL, OR FOREIGN REGULATORY AGENCY, NOR HAS THE SEC OR ANY OTHER AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT.

THE DEBTORS HAVE SOUGHT TO ENSURE THE ACCURACY OF THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT; HOWEVER, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR INCORPORATED HEREIN BY REFERENCE HAS NOT BEEN, AND WILL NOT BE, AUDITED OR REVIEWED BY THE DEBTORS' INDEPENDENT AUDITORS UNLESS EXPLICITLY PROVIDED OTHERWISE.

THE DEBTORS MAKE STATEMENTS IN THIS DISCLOSURE STATEMENT THAT ARE CONSIDERED FORWARD-LOOKING STATEMENTS UNDER FEDERAL SECURITIES LAWS. THE DEBTORS CONSIDER ALL STATEMENTS REGARDING ANTICIPATED OR FUTURE MATTERS TO BE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS MAY INCLUDE STATEMENTS ABOUT THE DEBTORS':

- **BUSINESS STRATEGY;**
- **FINANCIAL CONDITION, REVENUES, CASH FLOWS, AND EXPENSES;**
- **LEVELS OF INDEBTEDNESS, LIQUIDITY, AND COMPLIANCE WITH DEBT COVENANTS;**
- **FINANCIAL STRATEGY, BUDGET, AND OPERATING RESULTS;**
- **SUCCESSFUL RESULTS FROM THE DEBTORS' OPERATIONS;**
- **GENERAL ECONOMIC AND BUSINESS CONDITIONS;**
- **COUNTERPARTY CREDIT RISK;**
- **THE OUTCOME OF PENDING AND FUTURE LITIGATION;**
- **UNCERTAINTY REGARDING THE DEBTORS' FUTURE OPERATING RESULTS; AND**
- **PLANS, OBJECTIVES, AND EXPECTATIONS.**

STATEMENTS CONCERNING THESE AND OTHER MATTERS ARE NOT GUARANTEES OF SUCCESS OR THE DEBTORS' ABILITY TO SATISFY ALL CLAIMS TO BE PAID UNDER THE PLAN. THERE ARE RISKS, UNCERTAINTIES, AND OTHER IMPORTANT FACTORS THAT NEED TO BE CONSIDERED. THESE RISKS, UNCERTAINTIES, AND FACTORS MAY INCLUDE THE FOLLOWING: THE DEBTORS' ABILITY TO CONFIRM AND CONSUMMATE THE PLAN; THE POTENTIAL THAT THE DEBTORS MAY NEED TO PURSUE AN ALTERNATIVE TRANSACTION IF THE PLAN IS NOT CONFIRMED; THE POTENTIAL ADVERSE IMPACT OF THE CHAPTER 11 CASES ON THE DEBTORS' OPERATIONS, MANAGEMENT, AND EMPLOYEES; THE RISKS ASSOCIATED WITH OPERATING THE DEBTORS' BUSINESSES DURING THE CHAPTER 11 CASES; CUSTOMER RESPONSES TO THE CHAPTER 11 CASES; THE DEBTORS' INABILITY TO DISCHARGE OR SETTLE CLAIMS DURING THE CHAPTER 11 CASES; GENERAL ECONOMIC, BUSINESS, AND MARKET CONDITIONS; EXPOSURE TO LITIGATION; THE DEBTORS' ABILITY TO IMPLEMENT COST REDUCTION INITIATIVES IN A TIMELY MANNER; AND ADVERSE TAX CHANGES.

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I. INTRODUCTION

BCBG Max Azria Global Holdings, LLC and its debtor affiliates, as debtors and debtors in possession (collectively, the "Debtors"), submit this disclosure statement (this "Disclosure Statement"), pursuant to section 1125 of the Bankruptcy Code, to holders of Claims against and Interests in the Debtors in connection with the solicitation of votes for acceptance of the *Amended Joint Plan of Reorganization of BCBG Max Azria Global Holdings, LLC and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code* [Docket No. ●], dated June ~~14~~23, 2017 (as amended, supplemented, or modified from time to time, the "Plan").[1] A copy of the Plan is attached hereto as **Exhibit A** and incorporated herein by reference. The Plan constitutes a separate chapter 11 plan for each of the other Debtors. The rules of interpretation set forth in Article I.B of the Plan govern the interpretation of this Disclosure Statement.

THE DEBTORS BELIEVE THAT THE COMPROMISES CONTEMPLATED IN THE PLAN ARE FAIR AND EQUITABLE, MAXIMIZE THE VALUE OF THE DEBTORS' ESTATES, AND PROVIDE THE BEST RECOVERY TO STAKEHOLDERS UNDER THE CIRCUMSTANCES. THE DEBTORS BELIEVE THE PLAN REPRESENTS THE BEST AVAILABLE OPTION FOR COMPLETING THE CHAPTER 11 CASES. THE DEBTORS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

II. PRELIMINARY STATEMENT

BCBG—an acronym for the French phrase "*bon chic, bon genre*," meaning "good style, good attitude"—was founded by Max Azria in Los Angeles, California in 1989. Over the course of the next three decades, BCBG grew to well over 550 stores spread across the United States, Canada, Europe, and Japan, becoming a well-known and respected name in high-end women's apparel and accessories. Unfortunately, like many other apparel and retail companies, BCBG has fallen victim in recent years to adverse macro-trends, including a general shift away from brick-and-mortar to online retail channels, a shift in consumer demographics away from branded apparel, and expensive leases. And as operating conditions in the apparel industry became more challenging generally, certain of BCBG's operational issues came into sharper focus, including a cost structure misaligned with market realities, a lagging online presence, an overextended physical store footprint, an unexploited intellectual property portfolio, and an under-developed wholesaling division. These factors directly affected BCBG's sales and operations, with consolidated net sales declining over 20 percent since fiscal year 2014 from $785 million to approximately $615 million in the most recent fiscal year.

Before the commencement of their chapter 11 cases, the Debtors commenced a marketing process. The Bankruptcy Court subsequently approved procedures and a process for the Debtors to market and potentially sell equity interests or assets pursuant to a chapter 11 plan. As part of this process, the Debtors reached out to more than 130 potentially interested parties. The Debtors received several non-binding indications of interest in April 2017. Final bids were received (and due) on May 19, 2017, the bid deadline. The Debtors did not receive bids to acquire their equity interests, as contemplated in the bidding procedures, but instead received bids from potential acquirers of intellectual property and certain inventory.

After reviewing the bids and engaging in further conversations with certain bidders, the Debtors determined to engage with Marquee Brands, LLC (the IPCo Purchaser) and GBG USA Inc. (the OpCo Purchaser) to document a series of Restructuring Transactions that could be implemented through the

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[1] Capitalized terms used but not otherwise defined in this Disclosure Statement shall have the meaning ascribed to such terms in the Plan.

Plan. While engaging in these negotiations, the Debtors received a series of non-binding indications of interest from other interested parties. After reaching agreement on the terms of a comprehensive Restructuring Transaction with the IPCo Purchaser and OpCo Purchaser, the Debtors' board of managers authorized entry into the Asset Purchase Agreements on June 9, 2017. In connection with entry into the Asset Purchase Agreements, the Debtors, the IPCo Purchaser, the OpCo Purchaser, and Allerton Funding, LLC ("Allerton Funding"), the Holder of 100 percent of the Term Loan New Tranche A Claims, entered into a Plan Support Agreement.

Subject to rights of termination, including in connection with the Debtors' exercise of their fiduciary obligations, the Plan Support Agreement provides the foundation for the Plan and implementation of the Sale Transaction. The Plan Support Agreement provides for an expense reimbursement of up to $345,000 and a breakup fee of $3.18 million (less any amounts paid pursuant to the expense reimbursement), and the Debtors agreed not to solicit, facilitate, or enter into an alternative transaction to the Sale Transaction. Following entry of an order approving the Disclosure Statement, the Plan Support Agreement contemplates that Allerton Funding will vote in favor of the Plan and will vote against any alternative plan unless such plan provides Allerton Funding with at least $30 million in cash on the effective date and a greater overall recovery. Notably, after entry of an order approving the Disclosure Statement, except in limited circumstances, the termination of the Plan Support Agreement by one party will not terminate the agreement as to the other parties.

The Sale Transaction embodied in the Plan includes three main components: (i) the IPCo Purchaser will purchase the Debtors' intellectual property and certain other assets pursuant to the IPCo Purchase Agreement; (ii) the OpCo Purchaser will purchase certain businesses and related assets, including up to 22 of the Debtors' existing retail store locations, up to all of the Debtors' existing partnershops, including certain Canadian operating locations, the Debtors' existing wholesale business, the Debtors' existing ecommerce business, and inventory and purchase orders corresponding with the foregoing pursuant to the OpCo Purchase Agreement; and (iii) the Debtors or Post-Effective Date Debtors, as applicable, will liquidate and wind down the stores and assets not purchased by the OpCo Purchaser, including the Store Closing Sales with the assistance of the Store Closing Agent. In addition, the IPCo Purchaser and the OpCo Purchaser have entered into or will enter into separate agreements, which the Debtors are not and will not be a party to, pursuant to which the Debtors understand that the IPCo Purchaser will license the acquired intellectual property assets to the OpCo Purchaser for use in the operation of the go-forward business, and that the IPCo Purchaser will receive a royalty payment in exchange.

The core terms of the sale transaction are as follows:

- A cash purchase price of $~~106~~108.1 million paid by the IPCo Purchaser in exchange for the Debtors' intellectual property, including certain related contracts and certain specified assets, plus the payment of certain cure amounts related to assumed contracts.

- A cash purchase price of $23 million paid by the OpCo Purchaser in exchange for certain inventory, contracts, and other assets related to the Debtors' wholesale, e-commerce, partnershop, and retail business (including up to 22 standalone retail store locations), plus the assumption of certain liabilities and payment of certain cure amounts related to assumed contracts.

- An agreement from the IPCo Purchaser to provide Allerton Funding a junior royalty share interest in cash flow from the IPCo Purchaser's use of the purchased intellectual property, the terms of which are set forth in a Royalty Sharing Agreement.

Furthermore, under the Purchase Agreements, (a) the OpCo Purchaser will assume the Debtors' workers' compensation liabilities and will replace or cash collateralize the approximately $4.1 million of letters of credit provided in support thereof and (b) and the IPCo Purchaser and OpCo Purchaser will provide up to $2.5 million of cure amounts related to certain executory contracts that may be assumed as part of the Sale Transaction (up to $1.5 million of which will be provided by the IPCo Purchaser and up to $1.0 million of which will be provided by the OpCo Purchaser). Although the Debtors' estates are responsible for claims on account of (w) cure amounts in excess of $2.5 million related to assumed executory contracts and cure amounts related to assumed Unexpired Leases and other contracts, (x) accrued salary, benefit, and other employee-related claims, (y) accrued sales tax, accounts payable, and certain other accrued obligations related to the operation of the Debtors' businesses, and (z) the costs and expenses related to the wind down of the Debtors' estates, the purchase price under the Asset Purchase Agreements was negotiated to take these "un-assumed" obligations into account and factor such amounts into the waterfall of claims and obligations to be satisfied under the Plan. Accordingly, the Debtors anticipate that the Sale Transaction Cash Proceeds, together with the other cash proceeds and Cash on hand will be sufficient to pay all administrative and priority claims in full in cash in accordance with the Plan, including all DIP Claims.

Pursuant to the Royalty Sharing Agreement, IPCo Purchaser agrees to pay, on an annual basis within sixty (60) days of the close of each calendar year commencing with the calendar year 2018, an amount equal to 35% of the royalties, net of certain amounts, actually earned and received by IPCo Purchaser in respect of the intellectual property in excess of specified threshold amounts, until the aggregate amount of all such payments equals the sum of (a) $55 million ***plus*** (b) accrued interest on terms more fully set forth on the Royalty Sharing Agreement ***minus*** (c) the Excess Distributable Cash received by the Holders of New Tranche A Claims in respect of their New Tranche A Claims. The IPCo Purchaser has not provided sufficient information for the Debtors to value the royalty stream or the timing of any payments contemplated under Royalty Sharing Agreement to Allerton Funding. Furthermore, recoveries under the Royalty Sharing Agreement are contingent and uncertain, and exclusively made from royalties to be received in the future and thus no guaranteed recovery amount has been established in the Royalty Sharing Agreement.

The Plan contemplates that a Plan Administrator will be appointed on the Effective Date to wind down the Debtors' estates and liquidate any remaining non-Cash assets (following the closing of the Sale Transaction), including overseeing the Store Closing Sales at the Debtors' retail store locations that are not assumed by the OpCo Purchaser. The Plan Administrator will be appointed by holders of Unsecured Claims, so long as such holders vote as a class to accept the plan, and the Tranche B Lenders in the event that Unsecured Claims vote as a class to reject the Plan. After consummation of the Sale Transaction, the Post-Effective Date Debtors will provide transition services pursuant to the Transition Services Agreement with the OpCo Purchaser, which agreement will be included in the Plan Supplement. Upon completion of the wind down, the Plan Administrator will take steps to dissolve each Debtor entity. The Debtors will continued to exist after the Effective Date only to facilitate this wind-down and liquidation process. The Plan Administrator will also distribute all proceeds in accordance with the Plan. Specifically, under the terms of the Plan, holders of Claims and Interests will receive the following treatment in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, such holders' Claims and Interests:

- Secured Tax Claims, Other Secured Claims, and Other Priority Claims will be paid in full, in cash on the Effective Date or otherwise provided treatment as to render such Claims unimpaired.

- Holders of Term Loan New Tranche A Claims will receive their Pro Rata share of Excess Distributable Cash, if any, and rights to payments under the Royalty Sharing Agreement.

- Holders of Term Loan Tranche B ~~Secured Claims will receive [●].~~Claims will receive their Pro Rata share of the Term Loan Tranche B Recovery, which consists of $1,750,000, plus certain Cash proceeds, if any, from certain Avoidance Actions.

- ~~Holders~~So long as holders of Unsecured Claims vote as a class to accept the Plan, they will receive their Pro Rata share of the Unsecured Creditor Recovery Pool, which consists of ~~$~~$[200,000], *less* any fees, expenses, and disbursements of the Plan Administrator in excess of the Wind Down Budget, plus certain Cash proceeds, if any, from certain Avoidance Actions.

- Common and preferred Interests in Global Holdings will be cancelled as of the Effective Date.

The Plan is supported by the Debtors, [the Committee], holders of Term Loan New Tranche A Claims, and [holders of Term Loan Tranche B Claims]. The compromises and settlements to be implemented pursuant to the Plan, preserve value by enabling the Debtors to avoid costly and time-consuming litigation with the Committee and other stakeholders that would potentially delay the Debtors' emergence from chapter 11.

The Debtors believe that the Sale Transaction and Plan maximizes stakeholder recoveries in these chapter 11 cases. The Debtors seek the Bankruptcy Court's approval of the Plan and urge all holders of Claims entitled to vote to accept the Plan by returning their Ballots so that Donlin, Recano & Company, Inc., the Debtors' solicitation agent (the "Solicitation Agent"), actually receives such Ballots by the Voting Deadline, *i.e.*, ~~[●],~~July 17, 2017, at 5:00 p.m. prevailing Eastern Time. Assuming the Plan receives the requisite acceptances, the Debtors will seek the Bankruptcy Court's approval of the Plan at the Confirmation Hearing.

III. QUESTIONS AND ANSWERS REGARDING THIS DISCLOSURE STATEMENT AND THE PLAN

A. What is chapter 11?

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Chapter 11 promotes equality of treatment for creditors and similarly situated equity interest holders, subject to the priority of distributions prescribed by the Bankruptcy Code.

The commencement of a chapter 11 case creates an estate that comprises all of the legal and equitable interests of the debtor as of the date the chapter 11 case is commenced. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

Consummating a chapter 11 plan is the principal objective of a chapter 11 case. A bankruptcy court's confirmation of a plan binds the debtor, any person acquiring property under the plan, any creditor or equity interest holder of the debtor, and any other entity as may be ordered by the bankruptcy court. Subject to certain limited exceptions, the order issued by a bankruptcy court confirming a plan provides for the treatment of the debtor's liabilities in accordance with the terms of the confirmed plan.

B. Why are the Debtors sending me this Disclosure Statement?

The Debtors are seeking to obtain Bankruptcy Court approval of the Plan. Before soliciting acceptances of the Plan, section 1125 of the Bankruptcy Code requires the Debtors to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the Plan and to share such disclosure statement with all holders of claims or interests whose votes on the Plan are being solicited. This Disclosure Statement is being submitted in accordance with these requirements.

C. Am I entitled to vote on the Plan?

Your ability to vote on, and your distribution (if any) under, the Plan depends on what type of Claim or Interest you hold. Each category of holders of Claims or Interests, as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code, is referred to as a "Class." Each Class's respective voting status is set forth below:

Class	Claim/Interest	Status	Voting Rights
1	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
4	Term Loan New Tranche A Claims	Impaired	Entitled to Vote
5	~~[~~Term Loan Tranche B ~~Secured~~ Claims~~]~~	Impaired	~~[~~Entitled to Vote~~]~~
6	Unsecured Claims	Impaired	Entitled to Vote
7	Intercompany Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
8	Intercompany Interests	Unimpaired	Not Entitled to Vote (Deemed to Accept or Reject)
9	Interests in Global Holdings	Impaired	Not Entitled to Vote (Deemed to Reject)
10	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)

D. What will I receive from the Debtors if the Plan is consummated?

The following chart provides a summary of the anticipated recovery to holders of Claims or Interests under the Plan. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. Your ability to receive distributions under the Plan depends on the ability of the Debtors to obtain Confirmation and meet the conditions necessary to consummate the Plan.

Each holder of an Allowed Claim or Allowed Interest, as applicable, shall receive under the Plan the treatment described below in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, such holder's Allowed Claim or Allowed Interest, except to the extent different treatment is agreed to by the Debtors and the holder of such Allowed Claim or Allowed Interest, as applicable. Unless otherwise indicated, the holder of an Allowed Claim or Allowed Interest, as

applicable, shall receive such treatment on the later of the Effective Date and the date such holder's Claim or Interest becomes an Allowed Claim or Allowed Interest or as soon as reasonably practicable thereafter.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery**
1	Secured Tax Claims	Each holder of an Allowed Secured Tax Claim shall receive, at the option of the Plan Administrator: (i) payment in full in Cash of such Holder's Allowed Secured Tax Claim; or (ii) equal semi-annual Cash payments commencing as of the Effective Date or as soon as reasonably practicable thereafter and continuing for five years, in an aggregate amount equal to such Allowed Secured Tax Claim, together with interest at the applicable non-default rate under non-bankruptcy law, subject to the option of the Plan Administrator to prepay the entire amount of such Allowed Secured Tax Claim during such time period.	$500,000 – $1 million	100%
2	Other Secured Claims	Each holder of an Allowed Other Secured Claim shall receive, at the option of the Plan Administrator: (i) payment in full in Cash of such holder's Allowed Other Secured Claim; (ii) the collateral securing such holder's Allowed Other Secured Claim; (iii) reinstatement of such holder's Allowed Other Secured Claim; or (iv) such other treatment rendering such holder's Allowed Other Secured Claim Unimpaired.	$0 – $500,000	100%
3	Other Priority Claims	Each holder of an Allowed Other Priority Claim shall receive payment in full in Cash of such holder's Allowed Other Priority Claim or such other treatment rendering such holder's Allowed Other Priority Claim Unimpaired.	$0 – $1 million	100%

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery**
4	Term Loan New Tranche A Claims	Each holder of an Allowed Term Loan New Tranche A Claim shall receive its Pro Rata share of the: (i) Excess Distributable Cash, if any; and (ii) the payments, if any, due under the Royalty Sharing Agreement.	$56,139,430[2]	[●][3]
5	Term Loan Tranche B ~~Secured~~ Claims	~~Each holder of an Allowed Term Loan Tranche B Secured Claim shall receive [●].~~Each holder of an Allowed Term Loan Tranche B Claim shall receive (1) its Pro Rata share of the Term Loan Tranche B Recovery and (2) its Pro Rata share of (x) if holders of Class 6 Unsecured Claims vote as a Class to accept the Plan, Class 5's Pro Rata share of the Azria Avoidance Action Cash Proceeds (if any) (calculated based on a total of Allowed Claims in Class 6 plus $287,405,222.15 on account of Term Loan Tranche B Claims (representing the Allowed Term Loan Tranche B Claims minus the Term Loan Tranche B Recovery)) or (y) if holders of Class 6 Unsecured Claims vote as a Class to reject the Plan, the Unsecured Creditor Recovery Pool and the Avoidance Action Cash Proceeds (if any).	~~$[●]~~$289,405,225.15	~~[TBD]~~0.6%+[4]
6	Unsecured Claims	So long as holders of Class 6 Unsecured Claims vote as a Class to accept the Plan, each holder of an Allowed Unsecured Claim shall receive ~~its Pro Rata share of the Unsecured Creditor Recovery Pool.~~(1) its Pro Rata share of the Unsecured Creditor Recovery Pool, (2) its Pro Rata share of the Non-Azria Avoidance Action	$~~425~~100 million – ~~$455~~$140 million	0% – ~~.05%~~0.2%+[5]

2 The Debtors' projected amount of the Term Loan New Tranche A Claims includes the accrual of postpetition interest on account of such claims as required under the DIP Order.

3 The IPCo Purchaser has not provided sufficient information to date to accurately estimate the value of the royalty stream or the timing of any payments contemplated under the Royalty Sharing Agreement to the holder of the Term Loan New Tranche A Claims. Accordingly, for purposes of this Disclosure Statement no value has been ascribed to such royalty stream.

4 Reflects a projected recovery percentage assuming no Cash proceeds from Avoidance Actions are distributed to holders of Term Loan Tranche B Claims and that holders of Unsecured Claims vote as a class to accept the Plan. Recoveries may be materially different if Cash proceeds of Avoidance Actions are distributed to holders of Term Loan Tranche B Claims.

5 Reflects a projected recovery percentage range (depending on whether holders of Unsecured Claims vote as a class to accept the Plan) assuming no Cash proceeds from Avoidance Actions are distributed to holders of Unsecured Claims. Recoveries may be materially different if holders of Unsecured Claims vote as a class to accept the Plan and Cash proceeds of Avoidance Actions are distributed to holders of Unsecured Claims.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery**
		Cash Proceeds (if any), and (3) its Pro Rata share of Class 6's Pro Rata share of the Azria Avoidance Action Cash Proceeds (if any) (calculated based on a total of Allowed Claims in Class 6 plus $287,405,222.15 on account of Term Loan Tranche B Claims (representing the Allowed Term Loan Tranche B Claims minus the Term Loan Tranche B Recovery)). If holders of Class 6 Unsecured Claims vote as a Class to reject the Plan, holders of Class 6 Unsecured Claims shall not receive any distribution on account of such Unsecured Claims		
7	Intercompany Claims	Holders of Intercompany Claims shall not receive any distribution on account of such Intercompany Claims. On or after the Effective Date, the Plan Administrator may reconcile such Intercompany Claims as may be advisable in order to avoid the incurrence of any past, present, or future tax or similar liabilities by such Post-Effective Date Debtors.	$0	0%
8	Intercompany Interests	Intercompany Interests shall be, at the option of the Plan Administrator: (i) reinstated in accordance with Article III.G of the Plan; or (ii) discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Intercompany Interests will not receive any distribution on account of such Intercompany Interests.	N/A	0%/100%
9	Interests in Global Holdings	Interests in Global Holdings will be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Interests in Global Holdings will not receive any distribution on account of such Interests in Global Holdings.	N/A	0%
10	Section 510(b) Claims[6]	Allowed Section 510(b) Claims, if any, shall be discharged, canceled, released, and extinguished as of the Effective Date, and will be of no further force or effect, and holders of Allowed Section 510(b) Claims will not receive any distribution on account of such Allowed Section	$0	0%

[6] The Debtors do not anticipate that there will be any Allowed Section 510(b) Claims, but have included Class 13 Section 510(b) Claims as part of the Plan out of an abundance of caution.

SUMMARY OF EXPECTED RECOVERIES				
Class	**Claim/Equity Interest**	**Treatment of Claim/Equity Interest**	**Projected Amount of Claims**	**Projected Recovery**
		510(b) Claims.		

E. What happens to my recovery if the Plan is not confirmed or does not go effective?

In the event that the Plan is not confirmed or does not go effective, there is no assurance that the Debtors will be able to implement the Restructuring Transactions. It is possible that any alternative may provide holders of Claims or Interests with less than they would have received pursuant to the Plan. For a more detailed description of the consequences of an extended chapter 11 case, or of a liquidation scenario, *see* Article X.B of this Disclosure Statement, entitled "Best Interests of Creditors/Liquidation Analysis," and the Liquidation Analysis attached hereto as **Exhibit B**.

F. If the Plan provides that I get a distribution, do I get it upon Confirmation or when the Plan goes effective, and what is meant by "Confirmation," "Effective Date," and "Consummation?"

"Confirmation" of the Plan refers to approval of the Plan by the Bankruptcy Court. Confirmation of the Plan does not guarantee that you will receive the distribution indicated under the Plan. After Confirmation of the Plan by the Bankruptcy Court, there are conditions that must be satisfied or waived so that the Plan can go effective. Initial distributions to holders of Allowed Claims will only be made on the date the Plan becomes effective—the "Effective Date"—or as soon as reasonably practicable thereafter, as specified in the Plan. *See* Article X of this Disclosure Statement, entitled "Confirmation of the Plan," for a discussion of the conditions precedent to consummation of the Plan. "Consummation" refers to "substantial consummation" of the Plan, as defined in section 1101(2) of the Bankruptcy Code, and means (a) the transfer of all or substantially all of the property proposed by the Plan to be transferred; (b) assumption by the Debtors or by the successors to the Debtors under the Plan of the business or of the management of all or substantially all of the property dealt with by the Plan; and (c) commencement of distributions under the Plan.

G. What are the sources of Cash and other consideration required to fund the Plan?

The Post-Effective Date Debtors, through the Plan Administrator, will fund distributions under the Plan with Cash held on the Effective Date by or for the benefit of the Debtors or Post-Effective Date Debtors, including the Sale Transaction Proceeds, proceeds from the Store Closing Sales, proceeds from all Causes of Action not settled, released, discharged, enjoined or exculpated under the Plan; and the proceeds of any non-Cash assets held by the Post-Effective Date Debtors after consummation of the Sale Transaction.

H. Are there risks to owning the Reorganized Global Holdings Interests upon emergence from chapter 11?

Yes. *See* Article VIII of this Disclosure Statement, entitled "Risk Factors."

I. Who are the Purchasers?

Marquee Brands, the IPCo Purchaser, is a brand acquisition, licensing, and development company, sponsored by Neuberger Berman Private Equity, a business of Neuberger Berman, one of the world's leading employee-owned investment managers. Marquee Brands targets high quality brands with

strong consumer awareness and long-term growth potential. Marquee Brands seeks to identify brands in a variety of consumer product segments with the goal of expanding its reach across retail channels, geographies, and product categories; honoring the unique heritage of each of its brands while still enhancing consumer experience. Through its global team of professionals and partners, Marquee Brands monitors trends and markets in order to grow and manage brands in partnership with retailers, licensees and manufacturers through engaging, impactful marketing, and strategic planning.

GBG USA Inc., the OpCo Purchaser, is a subsidiary of Global Brands Group Holding Limited (SEHK Stock Code: 787), one of the world's leading branded apparel, footwear, and fashion accessories companies. The Group designs, develops, markets, and sells products under a diverse array of owned and licensed brands and a wide range of product categories. Global Brands' innovative design capabilities, strong brand management focus, and strategic vision enable it to create new opportunities, product categories, and market expansion for brands on a global scale. In addition, the Group is the global leader in the brand management business through its joint venture, CAA-GBG Brand Management Group.

J. Is there potential litigation related to Confirmation of the Plan?

Parties in interest may object to Confirmation of the Plan, which objections potentially could give rise to litigation. In addition, if it becomes necessary to confirm the Plan over the rejection of certain Classes, the Debtors may seek confirmation of the Plan notwithstanding the dissent of such rejecting Classes. The Bankruptcy Court may confirm the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code, which allow the Bankruptcy Court to confirm a plan that has been rejected by an impaired Class if it determines that the Plan satisfies section 1129(b) of the Bankruptcy Code. *See* Article VIII.A.4 of this Disclosure Statement, entitled "The Debtors May Not Be Able to Secure Confirmation of the Plan."

K. Will the final amount of Allowed Unsecured Claims affect the recovery of holders of Allowed Unsecured Claims under the Plan?

The Debtors' estimate of aggregate Allowed Unsecured Claims is approximately $425 million to $455 million. Each holder of an Allowed Unsecured Claim will receive its Pro Rata share of the Unsecured Creditor Recovery Pool. Although the Debtors' estimate of Allowed Unsecured Claims is the result of the Debtors' and their advisors' careful analysis of available information, Unsecured Claims actually asserted against the Debtors may be higher or lower than the Debtors' estimate provided herein, which difference could be material.

The projected amount of Unsecured Claims set forth herein is subject to change and reflects the Debtors' current view on potential rejection damages. Any change in the number, identity, or timing of actual rejected Executory Contracts and Unexpired Leases could have a material impact on the amount of Unsecured Claims. To the extent that the actual amount of rejection damages Claims changes, the value of recoveries to holders of Unsecured Claims could change as well, and such changes could be material.

Further, as of the Petition Date, the Debtors were parties to certain litigation matters that arose in the ordinary course of operating their businesses and could become parties to additional litigation in the future as a result of conduct that occurred prior to the Petition Date. Although the Debtors have disputed, are disputing, or will dispute in the future the amounts asserted by such litigation counterparties, to the extent these parties are ultimately entitled to a higher amount than is reflected in the amounts estimated by the Debtors herein, the value of recoveries to holders of Unsecured Claims could change as well, and such changes could be material.

Finally, the Debtors, the Plan Administrator, the Committee, or other parties in interest may object to certain proofs of claim, and any such objections ultimately could cause the total amount of Allowed Unsecured Claims to change. These changes could affect recoveries to holders of Unsecured Claims, and such changes could be material.

L. Will there be releases and exculpation granted to parties in interest as part of the Plan?

Yes, the Plan proposes to release the Released Parties and to exculpate the Exculpated Parties. The Debtors' releases, third-party releases, and exculpation provisions included in the Plan are an integral part of the Debtors' overall restructuring efforts and were an essential element of the negotiations among the Debtors, the Purchasers, the Term Loan Lenders, the ABL Lenders, and the DIP Lenders in obtaining their support for the Plan.

The Released Parties and the Exculpated Parties have made substantial and valuable contributions to the Debtors' restructuring through efforts to negotiate and implement the Plan, which will maximize and preserve the going-concern value of the Debtors for the benefit of all parties in interest. Accordingly, each of the Released Parties and the Exculpated Parties warrants the benefit of the release and exculpation provisions.

Importantly, (a) all holders of Claims or Interests that vote to accept or are deemed to accept the Plan, (b) all holders of Claims or Interests that abstain from voting on the Plan and who do not affirmatively opt out of the releases provided by the Plan by checking the box on the applicable ballot indicating that they opt not to grant the releases provided in the Plan, and (c) all holders of Claims or Interests that vote to reject the Plan or are deemed to reject the Plan and who do not affirmatively opt out of the releases provided by the Plan by checking the box on the applicable ballot indicating that they opt not to grant the releases provided in the Plan, will be deemed to have expressly, unconditionally, generally, individually, and collectively released and discharged all Claims and Causes of Action against the Debtors and the Released Parties. The releases are an integral element of the Plan.

Based on the foregoing, the Debtors believe that the releases and exculpations in the Plan are necessary and appropriate and meet the requisite legal standard promulgated by the United States Court of Appeals for the Second Circuit. Moreover, the Debtors will present evidence at the Confirmation Hearing to demonstrate the basis for and propriety of the release and exculpation provisions. The release, exculpation, and injunction provisions that are contained in the Plan are copied in Article IV.A.5 of this Disclosure Statement, entitled "Releases."

M. What is the deadline to vote on the Plan?

The Voting Deadline is ~~[●],~~July 17, 2017, at 5:00 p.m. (prevailing Eastern Time).

N. How do I vote for or against the Plan?

Detailed instructions regarding how to vote on the Plan are contained on the ballots distributed to holders of Claims or Interests that are entitled to vote on the Plan. For your vote to be counted, your ballot must be properly completed, executed, and delivered as directed, so that your ballot including your vote is **actually received** by the Debtors' Solicitation Agent **on or before the Voting Deadline, *i.e.*, ~~[●],~~July 17, 2017, at 5:00 p.m. prevailing Eastern Time**. *See* Article IX of this Disclosure Statement, entitled "Solicitation and Voting Procedures."

O. Why is the Bankruptcy Court holding a Confirmation Hearing?

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court to hold a hearing on confirmation of the Plan and recognizes that any party in interest may object to Confirmation of the Plan.

P. When is the Confirmation Hearing set to occur?

The Bankruptcy Court has scheduled the Confirmation Hearing for _____, 2017 at _____ (prevailing Eastern Time). The Confirmation Hearing may be adjourned from time to time without further notice.

Objections to Confirmation must be filed and served on the Debtors, and certain other parties, by no later than ~~[●],~~ July 21, 2017, at 5:00 p.m. (prevailing Eastern Time) in accordance with the notice of the Confirmation Hearing that accompanies this Disclosure Statement and the Disclosure Statement Order.

Q. What is the purpose of the Confirmation Hearing?

The confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under a plan of reorganization, any person acquiring property under a plan of reorganization, any creditor or equity interest holder of a debtor, and any other person or entity as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code. Subject to certain limited exceptions, the order issued by the bankruptcy court confirming a plan of reorganization discharges a debtor from any debt that arose before the confirmation of such plan of reorganization and provides for the treatment of such debt in accordance with the terms of the confirmed plan of reorganization.

R. Who do I contact if I have additional questions with respect to this Disclosure Statement or the Plan?

If you have any questions regarding this Disclosure Statement or the Plan, please contact the Debtors' Solicitation Agent, Donlin, Recano & Company, Inc., via one of the following methods:

By regular mail at:
Donlin, Recano & Company, Inc.
Re: BCBG Max Azria Global Holdings, LLC, et al.
P.O. Box 199043
Blythebourne Station
Brooklyn, NY 11219

By hand delivery or overnight mail at:
Donlin, Recano & Company, Inc.
Re: BCBG Max Azria Global Holdings, LLC, et al.
6201 15th Avenue
Brooklyn, NY 11219

By electronic mail at:
bcbginfo@donlinrecano.com

By telephone (toll free) at:
(866) 406-2290

Copies of the Plan, this Disclosure Statement, and any other publicly filed documents in the Chapter 11 Cases are available upon written request to the Solicitation Agent at the address above or by downloading the exhibits and documents from the website of the Solicitation Agent at https://www.donlinrecano.com/bcbg (free of charge) or the Bankruptcy Court's website at http://www.deb.uscourts.gov/bankruptcy (for a fee).

S. Do the Debtors recommend voting in favor of the Plan?

Yes. The Debtors believe that the Plan provides for a larger distribution to the Debtors' creditors than would otherwise result from any other available alternative. The Debtors believe that the Plan is in the best interest of all holders of Claims or Interests, and that any other alternatives (to the extent they exist) fail to realize or recognize the value inherent under the Plan.

IV. THE DEBTORS' PLAN

A. The Plan

As discussed in Article III herein, the Plan contemplates, among other things, consummation of the Sale Transaction, the Store Closing Sales, and wind down of the Post-Effective Date Debtors. The Plan includes the following key terms, among others described herein and therein:

1. General Settlement of Claims and Interests

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan will constitute a good-faith compromise and settlement of all Claims, Interests, Causes of Action, and controversies released, settled, compromised, discharged, or otherwise resolved pursuant to the Plan. The Plan will be deemed a motion to approve the good-faith compromise and settlement of all such Claims, Interests, Causes of Action, and controversies pursuant to Bankruptcy Rule 9019, and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, as well as a finding by the Bankruptcy Court that such settlement and compromise is fair, equitable, reasonable, and in the best interests of the Debtors and their Estates. Subject to Article VI of the Plan, all distributions made to holders of Allowed Claims and Allowed Interests (as applicable) in any Class are intended to be and will be final.

2. Restructuring Transactions

On the Effective Date, the applicable Debtors or the Post-Effective Date Debtors shall enter into any transaction and shall take any actions as may be necessary or appropriate to effect the transactions described in the Plan, including, as applicable, consummation of the Sale Transaction, resolution of the Canadian Proceedings, the issuance of all securities, notes, instruments, certificates, and other documents required to be issued pursuant to the Plan, one or more intercompany mergers, consolidations, amalgamations, arrangements, continuances, restructurings, conversions, dispositions, dissolutions, transfers, liquidations, spinoffs, intercompany sales, purchases, or other corporate transactions (collectively, the "Restructuring Transactions"). The actions to implement the Restructuring Transactions may include: (1) the execution and delivery of appropriate agreements or other documents of merger, consolidation, amalgamation, arrangement, continuance, restructuring, conversion, disposition, dissolution, transfer, liquidation, spinoff, sale, or purchase containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable law and any other terms to which the applicable Entities may agree; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, debt, or obligation

on terms consistent with the terms of the Plan and having other terms for which the applicable Entities agree; (3) the filing of appropriate certificates or articles of incorporation, reincorporation, formation, merger, consolidation, conversion, amalgamation, arrangement, continuance, or dissolution pursuant to applicable state or provincial law; and (4) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable law in connection with the Plan.

3. Sale Transaction

On the Effective Date, the Debtors shall consummate the Sale Transaction and, among other things, the acquired assets, as set forth in the Asset Purchase Agreements, shall be transferred to and vest in the Purchasers free and clear of all Liens, Claims, charges, or other encumbrances pursuant to the terms of the Asset Purchase Agreements and Confirmation Order. The Purchasers shall be deemed not to be a successor of the Debtors. On the Effective Date, the Purchasers shall pay to the Debtors the Sale Transaction Cash Proceeds, as and to the extent provided for in the Asset Purchase Agreements. The Confirmation Order shall: (a) approve the Asset Purchase Agreements; and (b) authorize the Debtors or Post-Effective Date Debtors, as applicable, to undertake the transactions contemplated by the Asset Purchase Agreements, including pursuant to sections 363, 365, 1123(a)(5)(B), and 1123(a)(5)(D) of the Bankruptcy Code.

Commencing on or as soon as reasonably practicable after Bankruptcy Court approval of the Debtors' entry into the Liquidator Agreement, the Store Closing Agent shall conduct the Store Closing Sales in accordance with the terms set forth in the Store Closing Agreement. The Store Closing Sales shall result in the liquidation of substantially all of the Debtors' inventory and furniture, fixtures, and equipment not otherwise purchased by the OpCo Purchaser pursuant to the OpCo Purchase Agreement. Such liquidation will be conducted at the retail store locations leased by the Debtors pursuant to Unexpired Leases not otherwise assumed and assigned to the OpCo Purchaser pursuant to the OpCo Purchase Agreement.

4. Recoveries to Certain Holders of Claims and Interests

The recoveries to holders of Claims and Interests is described in Article III.D of this Disclosure Statement, entitled "What will I receive from the Debtors if the Plan is consummated?"

5. Releases

The Plan contains certain releases, as described in Article III.L of this Disclosure Statement, entitled "Will there be releases and exculpation granted to parties in interest as part of the Plan?" The release, exculpation, and injunction provisions that are contained in the Plan are copied in pertinent part below.

(a) Release of Liens.

Except as otherwise provided in the Plan, the Plan Supplement, or any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, except for Other Secured Claims that the Debtors elect to reinstate in accordance with Article III.B.1 of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estates shall be fully released, settled, compromised, and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust,

Liens, pledges, or other security interests shall revert automatically to the applicable Debtor and its successors and assigns. Any holder of such Secured Claim (and the applicable agents for such holder) shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral and possessory collateral) held by such holder (and the applicable agents for such holder), and to take such actions as may be reasonably requested by the Post-Effective Date Debtors to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases. The presentation or filing of the Confirmation Order to or with any federal, state, provincial, or local agency or department shall constitute good and sufficient evidence of, but shall not be required to effect, the termination of such Liens.

(a) Releases by the Debtors.

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, each Released Party is deemed released and discharged by each and all of the Debtors, the Post-Effective Date Debtors, and their Estates, in each case on behalf of themselves and their respective successors, assigns, and representatives, and any and all other entities who may purport to assert any Cause of Action, directly or derivatively, by, through, for, or because of the foregoing entities, from any and all Claims, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Post-Effective Date Debtors, or their Estates, as applicable, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtors, the Post-Effective Date Debtors, or their Estates or affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any Claim against, or Interest in, a Debtor or other Entity, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Post-Effective Date Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the 2015 Restructuring Transaction, the Prepetition Credit Agreement Documents, the Restructuring Transactions, the Sale Transaction, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Disclosure Statement, the DIP ~~Facility~~Facilities (as defined in the DIP Order), the DIP Credit Agreement Documents, the Sale Transaction, the Plan (including, for the avoidance of doubt, the Plan Supplement), or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP ~~Facility~~Facilities, the DIP Credit Agreement Documents, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date; p*rovided* that any right to enforce the Plan and Confirmation Order is not so released.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article VIII.C of the Plan by the Debtors, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that each release described in Article VIII.C of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties, (2) a good-faith settlement and compromise of such Claims; (3) in the best interests of the Debtors and all holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the

Debtors or Post-Effective Date Debtors or their respective Estates asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

(b) Releases by Holders of Claims and Interests.

As of the Effective Date, in exchange for good and valuable consideration, including the obligations of the Debtors under the Plan and the contributions of the Released Parties to facilitate and implement the Plan, to the fullest extent permissible under applicable law, as such law may be extended or integrated after the Effective Date, each of the Releasing Parties shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged each Debtor, Post-Effective Date Debtor, and Released Party from any and all any and all Claims, interests, obligations, rights, suits, damages, Causes of Action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, including any derivative claims, asserted or assertable on behalf of any of the Debtors, the Post-Effective Date Debtors, or their Estates, that such Entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the purchase, sale, or rescission of the purchase or sale of any security of the Debtors or the Post-Effective Date Debtors, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party, the Debtors' in- or out-of-court restructuring efforts, intercompany transactions, the 2015 Restructuring Transaction, the Prepetition Credit Agreement Documents, the Restructuring Transactions, the Sale Transaction, the Chapter 11 Cases, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Disclosure Statement, the DIP ~~Facility~~Facilities, the DIP Credit Agreement Documents, the Sale Transaction, the Plan (including, for the avoidance of doubt, the Plan Supplement), or any Restructuring Transaction, contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement, the DIP ~~Facility~~Facilities, the DIP Credit Agreement Documents, or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance or distribution of securities pursuant to the Plan, or the distribution of property under the Plan or any other related agreement, or upon any other related act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date; *provided* that any right to enforce the Plan and Confirmation Order is not so released.

Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval, pursuant to Bankruptcy Rule 9019, of the releases described in Article VIII.D of the Plan, which includes by reference each of the related provisions and definitions contained in the Plan, and further, shall constitute the Bankruptcy Court's finding that each release described in Article VIII.D of the Plan is: (1) in exchange for the good and valuable consideration provided by the Released Parties, (2) a good-faith settlement and compromise of such Claims; (3) in the best interests of the Debtors and all holders of Claims and Interests; (4) fair, equitable, and reasonable; (5) given and made after due notice and opportunity for hearing; and (6) a bar to any of the Debtors or Post-Effective Date Debtors or their respective Estates asserting any claim, Cause of Action, or liability related thereto, of any kind whatsoever, against any of the Released Parties or their property.

(c) Exculpation

Notwithstanding anything herein to the contrary, the Exculpated Parties shall neither have nor incur, and each Exculpated Party is released and exculpated from, any liability to any holder of

a Cause of Action, Claim, or Interest for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, consummation of the Sale Transaction, the formulation, preparation, dissemination, negotiation, filing, or consummation of the Disclosure Statement, the Plan, the DIP Facilities, the DIP Credit Agreement Documents, or any Restructuring Transaction, contract, instrument, release or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, including the issuance of securities pursuant to the Plan or the distribution of property under the Plan or any other related agreement (whether or not such issuance or distribution occurs following the Effective Date), negotiations regarding or concerning any of the foregoing, or the administration of the Plan or property to be distributed hereunder, except for actions determined by Final Order to have constituted actual fraud or gross negligence, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Exculpated Parties have, and upon completion of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable laws with regard to the solicitation of votes and distribution of consideration pursuant to the Plan and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan.

(d) Injunction

Except as otherwise expressly provided in the Plan or for obligations issued or required to be paid pursuant to the Plan or the Confirmation Order, all Entities who have held, hold, or may hold Claims or Interests that have been released, discharged, or are subject to exculpation are permanently enjoined, from and after the Effective Date, from taking any of the following actions against, as applicable, the Debtors, the Post-Effective Date Debtors, the Exculpated Parties, or the Released Parties: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree, or order against such Entities on account of or in connection with or with respect to any such Claims or Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or the estates of such Entities on account of or in connection with or with respect to any such Claims or Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property of such Entities on account of or in connection with or with respect to any such Claims or Interests unless such holder has Filed a motion requesting the right to perform such setoff on or before the Effective Date, and notwithstanding an indication of a Claim or Interest or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to applicable law or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Interests released or settled pursuant to the Plan.

Upon entry of the Confirmation Order, all holders of Claims and Interests and their respective current and former employees, agents, officers, directors, principals, and direct and indirect affiliates shall be enjoined from taking any actions to interfere with the implementation or Consummation of the Plan. Each holder of an Allowed Claim or Allowed Interest, as applicable, by accepting, or being eligible to accept, distributions under or Reinstatement of such Claim or Interest, as applicable, pursuant to the Plan, shall be deemed to have consented to the injunction provisions set forth in Article VIII.F of the Plan.

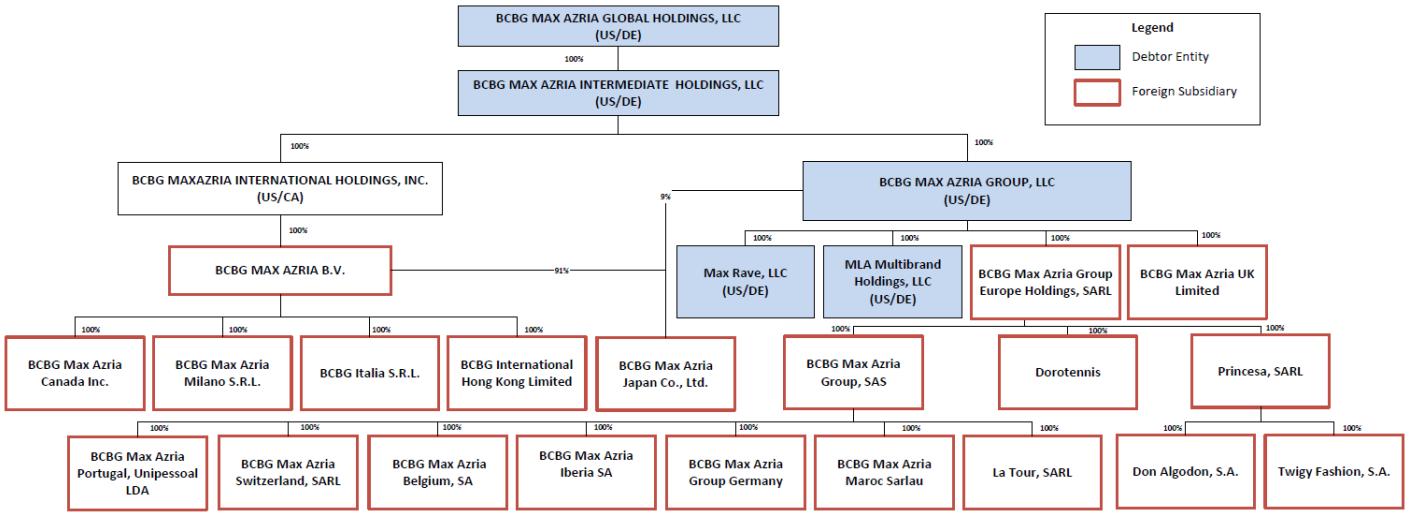
For more detail, see Article VIII of the Plan, entitled "Settlement, Release, Injunction, and Related Provisions," which is incorporated herein by reference.

V. THE DEBTORS' CORPORATE HISTORY, STRUCTURE, AND BUSINESS OVERVIEW

A. BCBG's Corporate History

For nearly 30 years, the Debtors have produced high-quality women's dresses and sportswear. After years of success and growth, the Debtors found themselves caught behind the evolution of customer tastes and the rapid decline of brick-and-mortar retail in favor of online retail. After its founding in 1989, BCBG grew to more than 550 stores spread across the globe in the United States, Canada, Europe, and Japan. Today, BCBG's affiliated brands include the *Hervé Léger* fashion house, a French couturier and the BCBGeneration brand, which is aimed at younger customers and typically sells at a lower price point.

The chart below depicts the Debtors' current corporate structure.



As of the date of this Disclosure Statement, the Debtors' senior management includes: Marty Staff, Interim Chief Executive Officer, Holly Etlin, Chief Restructuring Officer, Deborah Rieger-Paganis, Interim Chief Financial Officer, and Erica Alterwitz Meierhans, General Counsel. As of the date of this Disclosure Statement, the members of the board of managers of Global Holdings include Matthew Bloom, Bennett Nussbaum, Homi Patel, Robert Rosenberg, and Andrew Rosenfield.

B. The Debtors' Business Operations

The Debtors generally specialize in women's apparel and accessories with a focus on women's dresses, most of which retail for between $250 and $750. The Debtors maintain control over their proprietary brands by designing, sourcing, marketing, and selling their own merchandise, with limited licensing activities. Although the Debtors license the BCBG brand image to some complementary products, this license revenue makes up only a small proportion of enterprise-wide revenue.

As of the Petition Date, BCBG operated in forty-six states, as well as in Canada, Europe, and Japan and its products were sold in more than 480 domestic locations, including more than 120 standalone retail stores, approximately 58 factory outlet stores, and approximately 290 "partner shops." The Debtors' partner shop arrangements are governed by agreements under which they lease space in

large, well-known department stores from which they sell their branded merchandise (the Debtors retain title to the merchandise until it is sold). The Debtors' primary partner shop counterparties are Bloomingdale's, Inc., Dillard's, Inc., Hudson's Bay Company (Canada only), Lord & Taylor, and Macy's, Inc. Although a number of the Debtors' standalone BCBG-branded retail and factory outlet stores struggled to meet performance goals in the months and years leading to the Petition Date, the partner shops generally have remained profitable. As described below, in the weeks preceding the commencement of these chapter 11 cases, the Debtors commenced store closures in approximately 120 locations, primarily standalone BCBG-branded retail and factory outlet stores. Subsequent to the Petition Date, the Debtors continued these store closure sales and, as of the date hereof, have completed the wind down and closure of these 120 stores.

The operations of the Debtors' wholly-owned foreign affiliates have historically performed at a loss. The Debtors do not intend to have any wholly-owned foreign-affiliated operations upon emergence from these chapter 11 cases.

As of the Petition Date, through affiliate BCBG Max Azria Canada, Inc. ("BCBG Canada"), BCBG operated approximately 51 stores across Canada and a number of partner shops under an agreement with Hudson's Bay Company. BCBG Canada is the borrower of approximately $10.4 million in obligations outstanding as of the Petition Date under the Canadian sub-facility of the ABL Facility (the payment of which is guaranteed by each of the Debtors). Simultaneous with the commencement of these chapter 11 cases, BCBG Canada filed a "notice of intention to make a proposal" under the relevant provisions of Canada's Bankruptcy and Insolvency Act (the "Canadian Proceeding"). As part of the Canadian Proceedings, BCBG Canada liquidated and wound down all of its standalone locations, while exploring alternatives to preserve the value of the Hudson's Bay Company partner shops for the benefit of the BCBG enterprise. As of the date hereof, the liquidation and wind down of BCBG Canada's standalone stores is complete, and the OpCo Purchaser presently intends to assume the Hudson Bay Company partner shops and acquire related assets. BCBG Canada is not a Debtor in these chapter 11 cases and the Canadian Proceedings will continue to proceed along a separate, parallel track.

As of the Petition Date, the operations of the Debtors' Japanese affiliate ("BCBG Japan") consisted of approximately 13 standalone stores. BCBG has not provided support, financial or otherwise, to the Japanese operations since the commencement of these chapter 11 cases. BCBG's management team and advisors are exploring alternatives under which a third party will agree to assume BCBG Japan's operations, license certain BCBG intellectual property, and buy inventory from the Debtors at wholesale to sell in BCBG-branded, Japanese stores. If an arrangement cannot be secured, BCBG Japan's operations are likely to be wound down.

As of the Petition Date, the operations of the Debtors' European affiliates (collectively, "BCBG Europe") were primarily located in France and included approximately 34 standalone stores, as well as a number of "franchise" arrangements under which third parties purchase inventory wholesale from the Debtors to sell in BCBG-branded stores. BCBG's management team and advisors are exploring alternatives in Europe similar to those in Japan.

As of the Petition Date, the Debtors and their affiliates were also engaged in distribution arrangements covering several countries in Central and South America, Europe, Asia, and the Middle East under which the Debtors sell inventory at wholesale to certain counterparties. The counterparties license the BCBG brand and sell the inventory at retail in their respective foreign jurisdictions.

C. The Debtors' Cost Structure

(i) Supply Chain

The Debtors maintain an integrated supply chain aimed at ensuring the uninterrupted flow of fresh merchandise to their brick-and-mortar locations. The Debtors design merchandise in house and contract with various foreign manufacturers, predominantly located in China and Hong Kong (the "Manufacturers").

The Manufacturers generally manufacture and ship inventory and other goods to the Debtors either "free on board" ("FOB") or "delivery duty paid" ("DDP"). Under an FOB arrangement, the Debtors pay freight forwarders to transport merchandise and other goods from Southeast Asia to the Debtors' U.S.-based warehouse and title passes to the Debtors when merchandise and goods are loaded for shipment to the United States. Under the DDP arrangements, the Manufacturer pays to ship the goods to the Debtors' U.S.-based warehouse and title to the manufactured goods does not pass to the Debtors until they arrive at the Debtors' U.S.-based warehouse. The Debtors incur a range of customs/import duties in the regular operation of their supply chain.

The Debtors primarily store and ship goods in one warehouse in Los Angeles and hire a third-party for management and labor services at this warehouse. This warehouse is owned by Max Azria and leased to the Debtors (the "Warehouse Lease"). The term of the Warehouse Lease expired on May 31, 2017. The Debtors and Mr. Azria have been engaged in negotiations regarding a consensual extension of the Warehouse Lease and, as part of these negotiations, the Debtors made a timely payment in June 2017. The Debtors also contract with a third-party warehouseman to conduct their e-commerce business. The Debtors ship inventory through various third-party shippers and freight forwarders to their U.S., Canadian, Japanese, and European operations from their U.S. warehouse. Supply chain costs totaled $35.8 million in 2016, with monthly costs ranging from $2.4 million to $4.3 million. The Debtors anticipate these costs will be substantially reduced in fiscal year 2017 due to the smaller store base and cost-reduction initiatives.

(ii) Employee Compensation and Benefits

The Debtors employ approximately 2,700 employees domestically including 1,300 full time employees and 1,400 part-time employees. The Debtors contribute to a number of employee benefit plans providing medical, pharmacy, dental, vision, workers' compensation, and other ancillary benefits to the Debtors' employees. Payments by the Debtors on account of these plans totaled approximately $18.5 million in 2016. The Debtors are not party to any collective bargaining agreements. The Debtors have no defined benefit pension plans.

(iii) Real Estate Obligations

The Debtors lease all of their freestanding store locations. Many of the Debtors' store leases have a fixed rental payment due in advance and require the Debtors to pay additional rent based on specified percentages of sales after the Debtors achieve certain annual sales thresholds. The Debtors estimate that the aggregate occupancy costs for the Debtors' freestanding stores (except stores exited prior to the date hereof) would be approximately $50 million in fiscal year 2017 before taking into account the effect of the Sale Transaction and the Store Closing Sales. In addition, the Debtors lease approximately 265,000 square feet of office space in Los Angeles, California, a building that is owned by Max Azria, as their corporate headquarters and to house certain of the Debtors' design, sourcing, and production functions. Like their warehouse, the Debtors rent their corporate headquarters building from Mr. Azria (the "Headquarters Lease"). In conjunction with the Debtors' ongoing negotiations with Mr. Azria discussed

above regarding the Warehouse Lease, the Debtors are also engaged in negotiations with Mr. Azria regarding an amendment to the term of the Headquarters Lease. The Debtors also lease a 27,000 square foot showroom in New York City, as well as office space for substantially all of the Debtors' wholesaling functions.

D. The Debtors' Prepetition Capital Structure

As of the Petition Date, Global Holdings and certain of its subsidiaries, including the other Debtors, were liable for approximately $461.3 million in principal amount and accrued interest of aggregate debt obligations. The Debtors' prepetition capital structure is summarized as follows:

Funded Debt	Maturity	Principal Amount
ABL Facility	February 2020	$83.2 million
Term Loan Tranche A	February 2020	$35.3 million
Term Loan Tranche A-1	February 2020	$4.2 million
Term Loan Tranche A-2	February 2020	$49.1 million
Term Loan Tranche A-3	February 2020	$0 (undrawn)
Term Loan Tranche B	February 2020	$289.4 million
	Total:	$461.3 million

1. ABL Revolving Credit Facility

BCBG Max Azria Group, LLC, as borrower, BCBG Max Azria Canada Inc., as the Canadian borrower, the guarantors party thereto, the lenders party thereto (the "ABL Lenders"), and Bank of America, N.A. (the "ABL Agent"), as administrative agent, are parties to that certain Second Amended and Restated Loan Agreement, dated as of February 5, 2015 (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or replaced from time to time prior to the Petition Date, the "ABL Credit Agreement"). The ABL Credit Agreement provides for a senior secured revolving credit facility (the "ABL Facility") that consists of "Tranche A," "Tranche A-1," and a Canadian revolving credit sub-facility. As of the Petition Date, the maximum availability was $82.5 million under Tranche A, $2.5 million under Tranche A-1, and $15.0 million under the Canadian revolving credit facility, subject to certain terms and conditions. As of the Petition Date, the aggregate borrowing base (*i.e.*, the effective maximum availability) was approximately $83 million. Each non-borrower Debtor guaranteed all obligations under the ABL Facility, including the Canadian sub-facility. Obligations under the ABL Facility are secured by a first priority lien on the Debtors' accounts and credit card receivables, inventory, deposit accounts, security accounts, cash, and cash equivalents and a second priority lien on all other property of the grantors, including the Debtors' intellectual property (the "ABL Collateral"). As of the Petition Date, approximately $83 million remained outstanding under the ~~Revolving~~ABL Facility.

The Debtors have entered into deposit account control agreements in favor of the ABL Agent with respect to each of its bank accounts. Thus, substantially all of the Debtors' cash is subject to a perfected security interest in favor of the ABL Agent. Under the ABL Facility, so long as excess availability is less than fifteen percent of the then-applicable borrowing base, the Debtors must remit all cash receipts on a daily basis to a non-Debtor account maintained by the ABL Agent (the "Agent Account"). Due to the Debtors' ongoing liquidity constraints, the excess availability under the ABL Facility was less than fifteen percent as of the Petition Date (and for a number of months preceding the Petition Date). Accordingly, each day, any excess cash in the Collection Account is swept to the Agent Account.

Under the terms of the Debtors' debtor-in-possession financing, as set forth in the DIP Order and the DIP Credit Agreement, the ABL Lenders agreed to continue funding the ABL Facility on a postpetition basis. Pursuant to the DIP Order and the DIP Credit Agreement, obligations of the Debtors

under the ABL Facility have been refinanced and converted into DIP Claims. All "Canadian Obligations" (as defined in the ABL Credit Agreement) continue under the ABL Credit Agreement (which remains in full force and effect with respect to the Canadian Obligations), and the Debtors' joint and several guarantee of the Canadian Obligations remains in full force and effect, including with respect to the Canadian Obligations arising after the Petition Date. As of the date hereof, no obligations of the Debtors remain outstanding under the prepetition ABL Facility.

2. Term Loan Credit Facility

BCBG Max Azria Group, LLC, as borrower, the guarantors party thereto, the lenders party thereto, and Guggenheim Corporate Funding, LLC, as administrative agent and collateral agent (in such capacity, the "Term Loan Agent") are party to that certain Fifth Amended and Restated Credit and Guarantee Agreement, dated as of August 12, 2016 (as amended, amended and restated, supplemented, or otherwise modified, refinanced, or replaced from time to time prior to the Petition Date, the "Term Loan Credit Agreement"). The aggregate Term Loan Agreement commitment consists of the Tranche A loans, the New Tranche A loans (including the Tranche A-1, Tranche A-2, and Tranche A-3 loans), and Tranche B loans (collectively, the "Term Loan Facility"). Each non-borrower Debtor has guaranteed all obligations under the Term Loan Facility. Obligations under the Term Loan Agreement are secured by a second priority lien on the Debtors' accounts receivable, inventory, deposit accounts, security accounts, cash, and cash equivalents and a first priority lien on all other property of the borrowers and guarantors, including the Debtors' intellectual property (the "Term Loan Collateral"). As of the Petition Date, approximately $378 million in aggregate principal amount remained outstanding under the Term Loan Agreement.

Tranche A Term Loan: Tranche A of the Term Loan Facility was the new money term loan financing put in place as part of the February 2015 Restructuring. As of the Petition Date, approximately $35.0 million remained outstanding in Tranche A loans. Under the Term Loan Credit Agreement, the Tranche A loans have a first payment priority before all of the New Tranche A loans and Tranche B loans. The Tranche A loans bear an effective cash interest rate of 10 percent. Subsequent to the Petition Date, under the terms of the Debtors' debtor-in-possession financing, as set forth in the DIP Order and the DIP Credit Agreement, the Debtors have converted all amounts outstanding under Tranche A of the Term Loan Facility into DIP Claims. Accordingly, as of the date hereof, no amounts remain outstanding under Tranche A of the Term Loan Facility.

New Tranche A Term Loan: New Tranche A (*i.e.*, Tranches A-1, A-2, and A-3) of the Term Loan Facility was put in place as part of the August 2016 Financing. Tranches A-1 and A-2 of the New Tranche A loans were funded either contemporaneously with or shortly after the August 2016 Financing; Tranche A-3 ($25 million) is undrawn. As of the Petition Date, $53.3 million in New Tranche A loans were outstanding. Under the Term Loan Credit Agreement, the New Tranche A loans have a second payment priority (on a *pari passu* basis), junior to the Tranche A loans and senior to the Tranche B loans. The New Tranche A loans bear an effective PIK interest rate of 15 percent. In addition, the New Tranche A Term Loans bear postpetition PIK interest in accordance with the terms of the DIP Order.

Tranche B Term Loan: Tranche B of the Term Loan Facility are the term loans put in place as part of the February 2015 Restructuring. In light of continued PIK interest accumulation since the August 2016 Financing, as of the Petition Date, an aggregate of approximately $289.4 million was outstanding under Tranche B of the Term Loan Facility. Under the Term Loan Credit Agreement, the Tranche B loans have a third payment priority after the Tranche A loans and the New Tranche A loans. The Tranche B loans bear an effective PIK interest rate of 10 percent.

3. Common and Preferred Equity Interests

As of the Petition Date, Guggenheim Partners, its affiliates, and its managed funds directly or indirectly hold 80 percent of the common equity interests in Global Holdings—40 percent in Class B common units and 40 percent in Class C common units. Fashion Funding also holds 600,000 of Global Holdings' preferred units. Max and Lubov Azria directly or indirectly hold 20 percent of the common equity interests in Global Holdings in "Class A" common units. Each of the Global Holdings Class B, Class C, and preferred units have a distribution preference (totaling $350 million) ahead of the Class A common units. In connection with his status as a Class A common unitholder, Max Azria is designated as an observer of the board in a non-voting and non-participating capacity.

VI. EVENTS LEADING TO THE CHAPTER 11 FILINGS

A confluence of factors contributed to the Debtors' need to commence these chapter 11 cases. These factors include the general downturn in the retail industry, which led to a decrease in sales and increased operating losses and the marked shift away from brick-and-mortar retail to online channels. The Debtors' cost structure has become increasingly misaligned and sales have remained depressed (exacerbated by unsuccessful acquisitions and foreign operations). All of which has impaired the Debtors' liquidity time and time again.

A. Challenging Operating Environment and Operational Right-Sizing

The Debtors, and many other apparel and retail companies, have faced a challenging commercial environment over the past several years brought on by increased competition and the shift away from shopping at brick-and-mortar stores. Given the Debtors' substantial brick-and-mortar presence, and the expenses associated therewith, the Debtors' business has been heavily dependent on physical consumer traffic, and resulting sales conversion, to meet their sales and profitability targets. The combination of the above factors, and others plaguing the retail industry as a whole, contributed to the Debtors falling short of their targeted sales, profitability performance, and increasing operational losses.

Despite their substantial brick-and-mortar footprint, the Debtors had not focused on establishing a significant online business. However, e-commerce sales account for an increasing proportion of retail spending, yet make up a relatively small proportion of the Debtors' sales. The Debtors are increasing their online presence by continuing to develop their own website. Fully exploiting the growth of online retail remains an ongoing process for the Debtors. With approximately 10 percent of 2016 sales attributable to e-commerce versus a longer-term goal of 20 percent, the Debtors' underrepresented online presence has put downward pressure on the Debtors' revenue, and has lagged competitors with more modern online-centric sales models. All three branded websites now sit on best-in-class e-commerce platforms and are optimized for desktop and mobile shopping. The year-over-year net sales comparisons for BCBG's online sales in 2016 reached 35 percent, representing the fastest growing business unit in the company, with mobile revenue growth up 82 percent in 2016 from the prior year. Furthermore, BCBG's online traffic and conversion rates have shown positive trends since 2015.

In addition to the rise of online retail, the Debtors' businesses have been harmed by their failure to adapt to recent consumer trends, including the need to offer lower price points in response to competitive pressures. BCBG designs and manufactures high-quality items meant to be worn for many years that typically command higher price points. BCBG is underpenetrated in its wholesale business and has not yet exploited its many licensing opportunities, in stark contrast to some of its key competitors. Instead, the Debtors focused on unprofitable foreign operations, which lost approximately $23 million in fiscal year 2016, which further strained the Debtors' resources by supporting those businesses.

B. Supply Chain and Borrowing Base Challenges

As the Debtors' liquidity tightened prepetition, the supply chain vendors began to place pressure on the supply chain cost structure. Vendors began refusing to ship inventory until the Debtors paid (which often resulted in completed merchandise being stuck overseas). This in turn worsened the Debtors' liquidity (including by reducing the borrowing base under the ABL Facility), creating a negative feedback loop. As is typical in the apparel industry, the Debtors' inventory levels formed a substantial portion of the ABL Facility borrowing base—thus, the Debtors' inability to ship new inventory only exacerbated the prepetition ABL Facility borrowing base constraints, which, in a vicious cycle, further limited the Debtors' ability to ship fresh inventory. Without the flow of fresh inventory, the Debtors' retail business would have effectively starved.

A critical component of the Debtors' debtor-in-possession financing was securing adequate liquidity to reverse the above-described cycle during these proceedings. Ensuring the flow of inventory to the Debtors' customers during these chapter 11 cases will maximize the value of the Debtors' estates. Since the petition date, the Debtors have made payments of approximately $34 million for finished goods that are sold in retail stores, partner shop stores and for wholesale customers. Additionally, the Debtors have made payments of nearly $6 million for the purchase of fabric associated with the fulfillment of future purchase order commitments.

C. Board Exploration of Strategic Alternatives and Independent Investigation

Recognizing the need to explore restructuring alternatives, the Debtors retained Kirkland & Ellis LLP, as legal advisor, and AlixPartners, as restructuring and financial advisor (including to provide a Chief Restructuring Officer and Interim Chief Financial Officer to the Debtors) on or about January 11, 2017. In February 2017, the Debtors retained Jefferies, LLC ("Jefferies"), as their investment banker. Also, in January 2017, the holders of Global Holdings Series B and Series C common units, appointed Homi Patel, Bennett Nussbaum, and Robert Rosenberg to the Board as independent managers of the Board (the "Independent Managers"). Each of the Independent Managers has extensive experience serving on boards of managers and boards of directors, including in distressed situations.

Since their appointment, the Independent Managers have played a key role in the restructuring negotiations and the analysis of, among other things, operational restructuring initiatives, the DIP Financing, the Debtors' chapter 11 plan (the "Plan"), the Sale Transaction and the proposed bidding procedures related thereto (the "Bidding Procedures"), and related matters. The Independent Managers also directed Kirkland & Ellis LLP to conduct an investigation into all potential estate causes of action, including any claims or causes of action against existing lenders or equity holders. Further details regarding the investigation are set forth below.

D. Operational Right-Sizing Initiatives and ABL Forbearance

In light of the foregoing, the Debtors began to aggressively pursue operational right-sizing initiatives in the weeks immediately preceding the Petition Date. Significantly, on February 1, 2017, the Board authorized the closing and winding down of approximately 120 brick-and-mortar store locations, predominantly standalone BCBG-branded retail and factory outlet stores. Immediately thereafter, the Debtors engaged a joint venture of Hilco Merchant Resources, LLC and Gordon Brothers Retail Partners, LLC (collectively, the "Liquidators") to begin liquidating the inventory in the closing stores and otherwise preparing the stores for turnover to the applicable landlords. As of the date hereof, the wind down and closing of the 120 closing stores is complete.

Additionally, on February 14, 2017, the Debtors and the ABL Agent entered into a forbearance agreement (the "ABL Forbearance"). Prior to entry into the ABL Forbearance, due to the Debtor's

shrinking inventory base and the fact that all of the Debtors' cash was swept on a daily basis under the terms of the ABL Credit Agreement, the Debtors had very limited cash to continue to fund operations. Under the terms of the ABL Forbearance, the ABL Lenders agreed to, among other things, (a) forbear from exercising certain rights and remedies through February 28, 2017, and (b) temporarily reduce the borrowing base availability block by $5 million, resulting in the release of critical funds to allow the Debtors to purchase (and sell) new inventory.

VII. MATERIAL DEVELOPMENTS AND ANTICIPATED EVENTS OF THE CHAPTER 11 CASES

A. First Day Relief

On the Petition Date, along with their voluntary petitions for relief under chapter 11 of the Bankruptcy Code (the "Petitions"), the Debtors filed several motions (the "First Day Motions") designed to facilitate the administration of the Chapter 11 Cases and minimize disruption to the Debtors' operations, by, among other things, easing the strain on the Debtors' relationships with employees, vendors, and customers following the commencement of the Chapter 11 Cases. A brief description of each of the First Day Motions and the evidence in support thereof is set forth in the *Declaration of Holly Felder Etlin, Chief Restructuring Officer of BCBG Max Azria Global Holding, LLC (I) in Support of Debtors' Chapter 11 Petitions and First Day Motions and (II) Pursuant to Local Bankruptcy Rule 1007-2* [Docket No. 3], filed on March 1, 2017.

The First Day Motions, the First Day Declaration, and all orders for relief granted in the Chapter 11 Cases, can be viewed free of charge at https://www.donlinrecano.com/bcbg.

B. Other Procedural and Administrative Motions

The Debtors also filed several other motions subsequent to the Petition Date to further facilitate the smooth and efficient administration of the Chapter 11 Cases and reduce the administrative burdens associated therewith, including:

- Ordinary Course Professionals Motion. On March 14, 2017, the Debtors filed the Motion of BCBG Max Azria Global Holdings, LLC, et al., for Entry of an Order Authorizing the Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business [Docket No. 145] (the "OCP Motion"). The OCP Motion seeks to establish procedures for the retention and compensation of certain professionals utilized by the Debtors in the ordinary course operation of their businesses. On March 28, 2017, the Bankruptcy Court entered an order granting the OCP Motion [Docket No. 236].

- Retention Applications. On March 14, 2017, the Debtors filed a number of applications seeking to retain certain professionals postpetition pursuant to sections 327 and 328 of the Bankruptcy Code, including Kirkland & Ellis, LLP, Jefferies LLC as financial advisor, AlixPartners, LLP as restructuring advisor, and A&G Realty Partners, LLC as real estate consultant (collectively, the "Retention Applications"). On March 28, 2017, the Bankruptcy Court approved each of the Retention Applications. The foregoing professionals are, in part, responsible for the administration of the Chapter 11 Cases. The postpetition compensation of all of the Debtors' professionals retained pursuant to sections 327 and 328 of the Bankruptcy Code is subject to the approval of the Bankruptcy Court.

C. Final Approval of Debtor-in-Possession Financing

On March 28, 2017, the Bankruptcy Court entered an order approving the Debtors' proposed debtor-in-possession financing (the "DIP Financing") on a final basis [Docket No. 228]. The Debtors resolved all formal and informal objections before the hearing to consider approval of the DIP Financing on a final basis. Under the term loan component of the the DIP Financing, the Existing Tranche A lenders and the Tranche B lenders funded an $80 million junior debtor-in-possession facility, which includes $45 million in new money commitments. The Existing Tranche A lenders funded $4.8 million of new money financing, while their $35 million in outstanding Tranche A loans were converted to DIP Claims. The Tranche B lenders funded the remaining $40.2 million of the new money financing. As part of the DIP Financing, the ABL Lenders also agreed to continue to lend money on terms similar to those under the ABL Facility, while prepetition claims under the ABL Facility were converted to DIP Claims.

The Debtors anticipate that as of the Effective Date, the aggregate outstanding Allowed DIP Claims will total approximately $125 million, including approximately $82.2 million under the DIP Term Loan Credit Agreement (including exit fees) and $42.4 million under the DIP ABL Credit Agreement. Under the Plan, in full and final satisfaction, compromise, settlement, release, and discharge of, and in exchange for, each Allowed DIP Claim, each such holder of an Allowed DIP Claim shall receive payment in full in Cash of such holder's Allowed DIP Claim or such other treatment as agreed by such holder in such holder's sole discretion.

D. Schedules and Statements

On April 13, 2017, the Debtors filed their Schedules of Assets and Liabilities and Statement of Financial Affairs [Docket Nos. 296–306].

E. Appointment of Official Committee

On March 9, 2017, the U.S. Trustee filed the *Notice of Appointment of Official Committee of Unsecured Creditors* [Docket No. 103], notifying parties in interest that the U.S. Trustee had appointed a statutory committee of unsecured creditors (the "Committee") in the Chapter 11 Cases. The Committee is currently composed of the following members: Silvereed (Hong Kong) Ltd., Dada Trading Co. Ltd., Coddy Global Ltd., Pepperjam, LLC, Simon Property Group Inc., GGP Limited Partnership, and Gardenia Zuniga-Haro. The Committee has retained Pachulski Stang Ziehl & Jones LLP as its legal counsel and Zolfo Cooper, LLP as its financial advisor.

F. Litigation Matters

In the ordinary course of business, the Debtors are parties to certain lawsuits, legal proceedings, collection proceedings, and claims arising out of their business operations. The Debtors cannot predict with certainty the outcome of these lawsuits, legal proceedings, and claims.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement or continuation of litigation against the Debtors that was or could have been commenced before the commencement of the Chapter 11 Cases. In addition, the Debtors' liability with respect to litigation stayed by the commencement of the Chapter 11 Cases generally is subject to discharge, settlement, and release upon confirmation of a plan under chapter 11, with certain exceptions. Therefore, certain litigation Claims against the Debtors may be subject to discharge in connection with the Chapter 11 Cases.

G. Rejection and Assumption of Executory Contracts and Unexpired Leases

Prior to the Petition Date and in the ordinary course of business, the Debtors entered into over one thousand Executory Contracts and Unexpired Leases. The Debtors, with the assistance of their advisors, have reviewed and will continue to review the Executory Contracts and Unexpired Leases to identify contracts and leases to either assume or reject pursuant to sections 365 or 1123 of the Bankruptcy Code. The Debtors intend to include information in the Plan Supplement regarding the assumption or rejection of the remainder of their Executory Contracts and Unexpired Leases, but may also elect to assume or reject various of the Debtors' Executory Contracts and Unexpired Leases before such time. Indeed, on March 28, 2017, the Bankruptcy Court entered an order approving procedures for the assumption or rejection of Executory Contracts and Unexpired Leases [Docket No. 243]. Pursuant to the approved procedures, the Debtors have rejected approximately 125 Executory Contracts and Unexpired Leases as of the date hereof.

Additionally, on March 14, 2017, the Debtors filed a motion seeking, among other things, authority to reject the employment agreement by and between Debtor BCBG Max Azria Group, LLC and Lubov Azria [Docket No. 137]. Mrs. Azria (together with her husband Max Azria) subsequently filed an objection to the motion and a separate adversary complaint seeking a declaration that her employment agreement forms part of a single, integrated contract along with certain other documents related to a February 2015 restructuring transaction consummated between the Debtors, certain of their secured lenders, and certain related parties. On April 25, 2017, the Bankruptcy Court entered summary judgment in favor of the Debtors, authorizing them to reject Mrs. Azria's employment agreement. Mr. and Mrs. Azria subsequently appealed the Bankruptcy Court's ruling, which appeal remains outstanding.

Although their analysis is ongoing, the Debtors currently estimate that the aggregate amount of Claims on account of rejection of Executory Contracts and Unexpired Leases may be significant.

H. Independent Investigation

Beginning prepetition and continuing postpetition, the Independent Managers are conducting an independent investigation into all claims and causes of action held by the Debtors' estates. In connection with this investigation and the review of claims or causes of action, if any, against the Debtors' secured lenders, Kirkland & Ellis, LLP, at the direction of the Independent Managers, reviewed over 100,000 pages of documents and conducted interviews with eight individuals, including the members of the Debtors' senior management team and certain individuals associated with the Debtors' secured lenders. The Independent Managers ultimately determined that no colorable claims or causes of action exist against the Debtors' secured lenders and agreed to approve the Debtors' stipulations included in the DIP Order as to the extent and validity of the Debtors' secured lenders' prepetition claims and liens. The Independent Managers' investigation into estate claims and causes of action against parties (other than the Debtors' secured lenders) remains ongoing.

The definition of "Released Parties" under the Plan does not include Max Azria or Lubov Azria, or any entity directly or indirectly owned or controlled by Max Azria or Lubov Azria, in any capacity, including as direct or indirect holders of Global Holdings Interests. Those Claims will be controlled by the Post-Effective Date Debtors, through the Plan Administrator. On the Effective Date, any Causes of Action the Debtors or their estates may have against the Azria Parties will vest in the Post-Effective Date Debtors and will be subject to administration by the Plan Administrator.

I. Marketing Process

As described above, the Debtors conducted a marketing process for some or all of their assets or the equity interests in Reorganized Global Holdings. The Debtors, working with their legal and financial

advisors in consultation with representatives of the Committee and their secured lenders, contacted more than 100 potentially interested parties, including both financial and strategic counterparties. More than 65 such interested parties ultimately executed non-disclosure agreements for purposes of accessing a data room established in connection with the marketing and Auction process. Each of these parties were also provided "teaser" materials and a process letter.

Under the Bidding Procedures approved by the Bankruptcy Court, the deadline for interested parties to submit non-binding indications of interest was April 7, 2017. The Debtors received a number of non-binding indications of interest. The deadline for interested parties to submit Qualified Bids to participate in the auction was May 19, 2017. The Debtors' marketing efforts were ultimately successful, resulting in several proposals from interested parties. For several weeks after the May 19, 2017 bid deadline, the Debtors engaged in near-continuous negotiations regarding a potential transaction that would preserve the Debtors' business as a going concern. In addition, and in accordance with the terms of the Bidding Procedures Order, the Debtors agreed to provide two different potentially interested parties with "work fees" to facilitate the competitive process and attempt to reach definitive agreements. After significant back and forth and deliberation by the Debtors' board, including a review and consideration of two different indications of interest received on June 6 and June 7, the Debtors reached agreements with the IPCo Purchaser, the OpCo Purchaser, and the holder of the Term Loan New Tranche A Claims on the terms of a comprehensive restructuring of the Debtors' business, including the Sale Transaction and the terms of the Plan.

J. Sale Transaction, the Post-Effective Date Debtors, and Wind Down

The Sale Transaction is comprised of three main components: (i) the IPCo Purchaser will purchase the Debtors' intellectual property and certain other assets; (ii) the OpCo Purchaser will purchase certain operations-related assets, including assuming up to 22 of the Debtors' existing retail store locations, up to all of the Debtors' existing partnershops, the Debtors' existing wholesale business, the Debtors' existing ecommerce business, and inventory and certain related assets corresponding with each of the foregoing; and (iii) the Debtors or Post-Effective Date Debtors, as applicable, will liquidate the remaining inventory, and certain other remaining assets, and close the stores that are not being assumed by OpCo Purchaser.

The implied value of these transactions is approximately $165 million (excluding the contingent consideration to be provided to Allerton Funding, as described below).[7] More specifically, the major components of the Debtors' restructuring include the following:

- A cash purchase price of $106 million paid by the IPCo Purchaser in exchange for the Debtors' intellectual property, including certain related contracts and certain specified assets plus payment of certain cure amounts related to assumed contracts.

- A cash purchase price of $23 million paid by the OpCo Purchaser in exchange for certain inventory, contracts, and other assets related to the Debtors' wholesale, e-commerce, partnershop, and retail business (including up to 22 standalone retail store locations) plus the assumption of certain liabilities and payment of certain cure amounts related to assumed contracts. The OpCo Purchaser has not agreed to assume gift card-related liability. Any such Claims, which are unsecured claims subject to the Bar Date, will be afforded treatment contemplated under the Plan to the extent such claims were properly and timely filed.

[7] Notwithstanding the allocations of the purchase price under the Purchase Agreements, the Debtors believe that the DIP ABL Claims are oversecured as evidenced by the Liquidation Analysis attached as **Exhibit B**.

- An agreement from the IPCo Purchaser to provide the holder of the Term Loan New Tranche A Claims a junior royalty share interest in proceeds from the IPCo Purchaser's use of the purchased intellectual property, the terms of which are set forth in a Royalty Sharing Agreement.

In connection with entering into the Asset Purchase Agreements, the the Debtors, the Purchasers, and Allerton Funding also entered into that certain Plan Support Agreement, dated as of June 9, 2017, whereby the parties, including the Debtors, agreed to support the Plan and abide by certain terms and conditions set forth therein. Importantly, the Debtors' obligations are qualified in their entirety by paragraph 13 of the Plan Support Agreement, which provides:

> Notwithstanding anything to the contrary herein, nothing in this Agreement shall require any [Debtor] or the board of directors, board of managers, directors, managers, or officers or any other fiduciary of any [Debtor] to take any action, or to refrain from taking any action, to the extent inconsistent with its or their fiduciary obligations under applicable law.

Further, paragraph 9(d) of the Plan Support Agreement provides that the Debtors may terminate the Plan Support Agreement in "the exercise by any [Debtor] of its fiduciary obligations." The Plan Support Agreement and the accompanying asset purchase agreements are the direct result of a competitive marketing process and arm's-length negotiations, and the Debtors believe that entry into the Plan Support Agreement and consummation of the Sale Transaction through the Plan is the best alternative presently available to the Debtors and their estates.

The Debtors will continue in existence after the Effective Date as the Post-Effective Date Debtors for purposes of (1) winding down the Debtors' businesses and affairs as expeditiously as reasonably possible and liquidating any assets held by the Post-Effective Date Debtors after the Effective Date and after consummation of the Sale Transaction, (2) consummation of the Store Closing Sales, (3) resolving any Disputed Claims, (4) paying Allowed Claims, (5) enforcing and prosecuting claims, interests, rights, and privileges under any Causes of Action not previously settled, released, discharged, enjoined or exculpated under the Plan in an efficacious manner and only to the extent the benefits of such enforcement or prosecution are reasonably believed to outweigh the costs associated therewith, (6) filing appropriate tax returns, and (7) administering the Plan in an efficacious manner. A Plan Administrator will be appointed to implement the Plan and wind down the businesses and affairs of the Debtors and the Post-Effective Date Debtors, as applicable.

The Sale Transaction Cash Proceeds are equal to $129 million (less the Canadian Sale Transaction Proceeds) plus up to $2.5 million in cash to satisfy certain cure amounts for contracts assumed by the Purchasers. Additionally the Debtors will have Cash on hand as of the effective date other than the Sale Transaction Cash Proceeds. Specifically, the Debtors project that they will realize approximately $14 million on accounts receivable collected before or as soon as is reasonably practicable after the Effective Date and approximately $15 million on account of the Store Closing Sales. The Debtors' ability to satisfy administrative and priority claims in accordance with the Plan depends on the Debtors' ability to realize the anticipated proceeds from accounts receivable within the Debtors' anticipated timing for doing so. Such realization and timing is uncertain, and the Debtors' inability to meet such anticipated colletction could materially impact the Debtors' ability to satisfy such administrative and priority claims. Notwithstanding the collection risk associated with the AR, the Debtors believe he Debtors believe that the Sale Transaction Cash Proceeds together with the other cash proceeds and other Cash on hand will be sufficient to pay all administration and priority claims outstanding as of the Effective Date in full in cash in accordance with the Plan, including all DIP Claims. Therefore, the Debtors believe that the Plan is confirmable.

On the Effective Date, or as soon as reasonably practicable thereafter, the Post-Effective Date Debtors shall pay the $200,000 Sale Closing Incentive Payment to the Debtors' Interim Chief Executive Officer. The Sale Closing Inventive Payment has been structured to incentivize the Debtors' Interim Chief Executive Officer to continue to efficiently and diligently perform his duties through the Effective Date to ensure the closing of the value-maximizing Sale Transaction. The Debtors believe that payment of the Sale Closing Incentive Payment on the Effective Date of the Plan is reasonable under the circumstances.

K. Global Settlement

As described above, the Plan is supported by the Debtors, [the Committee], holders of Term Loan New Tranche A Claims, and [holders of Term Loan Tranche B Claims]. Specifically, the Plan now provides for a Cash distribution of $1,750,000 to holders of Term Loan Tranche B Claims, plus Cash proceeds from certain Avoidance Actions, if any. Additionally, to the extent holders of Unsecured Claims vote as a class to accept the Plan, the Plan provides for a Cash distribution of $[200,000], less any fees and expenses of the Plan Administrator in excess of the Wind Down Budget, plus Cash proceeds from certain Avoidance Actions, if any. If holders of Unsecured Claims vote as a class to reject the Plan, such holders will receive no recovery and the amounts slated for distribution to holders of Unsecured Claims will instead be distributed to holders of Term Loan Tranche B Claims.

If holders of Unsecured Claims vote as a class to accept the Plan, in addition to the Unsecured Creditor Recovery Pool, holders of Unsecured Claims will receive (a) their Pro Rata share of Non-Azria Avoidance Action Cash Proceeds, if any, and (b) their Pro Rata share of Class 6's Pro Rata share of Azria Avoidance Action Cash Proceeds (calculated based on the total of Allowed Unsecured Claims and Term Loan Tranche B Claims). In other words, if holders of Unsecured Claims vote as a class to accept the Plan, they will receive any and all Cash proceeds of Avoidance Actions against parties other than the Azria Parties. But, holders of Unsecured Claims will share any Cash proceeds of Avoidance Actions against the Azria Parties with holders of Term Loan Tranche B Claims. For example, if there are ultimately $100 million in Allowed Unsecured Claims and the Plan Administrator were to recover $10 million on account of an Avoidance Action against the Azria Parties, more than one-fourth of such proceeds would be distributed to holders of Unsecured Claims (based on the ratio of $100 million to the $100 million in hypothetical Allowed Unsecured Claims *plus* the approximately $289 million in Allowed Term Loan Tranche B Claims). If the Plan Administrator had recovered the $10 million on account of an Avoidance Action against a party other than the Azria Parties, 100 percent of such Cash proceeds would be distributable to holders of Allowed Unsecured Claims.

Ultimately, the global settlement embodied in the Plan paves the way for an efficient, cost-effective confirmation process and consummation of a value-maximizing transaction. The Debtors urge all holders of Claims entitled to vote to accept or reject the Plan, including holders of Unsecured Claims, to vote to accept the Plan. As set forth above, if holders of Unsecured Claims vote as a class to reject the Plan, they will receive no recovery.

~~K.~~L. Chubb Insurance ~~Obligations~~Contracts

~~Federal Insurance Company (including its division Chubb & Sons) believes that the Plan and this Disclosure Statement should clarify that notwithstanding~~ Notwithstanding anything to the contrary in the Disclosure Statement, the Plan, the Plan Supplement, the Asset Purchase Agreements, the Confirmation Order~~, the New ABL Documents~~, any bar date notice or claim objection, any other document related to any of the foregoing or any other order of the Bankruptcy Court (including, without limitation, any other provision that purports to be preemptory or supervening, grants an injunction or release, confers Bankruptcy Court jurisdiction, or requires a party to opt out of any releases): ~~(a) each of the Insurance~~

~~Contracts is treated as an Executory Contract under the Plan; (b) on the Effective Date the Post Effective Date Debtors jointly and severally shall be deemed to have assumed the Insurance Contracts in their entirety pursuant to sections 105 and 365 of the Bankruptcy Code; (c) on the Effective Date, such Insurance Contracts shall revest in the Post Effective Date Debtors; (d) nothing effectuates an assignment of an Insurance Contract from the Debtors/Post Effective Date Debtors to another Person or Entity or in any way obligates an Insurer or third party administrator to agree or otherwise consent to such assignment; any such assignment shall be subject to the terms of the Insurance Contract and applicable non-bankruptcy law; (e) all Insurance Contracts (including any and all letters of credit and other collateral and security provided in relation thereto) and all debts, obligations, and liabilities of Debtors (and, after the Effective Date, of the Post-Effective Date Debtors) thereunder, whether arising before or after the Effective Date, shall survive and shall not be amended, modified, waived, released, discharged or impaired in any respect; (f)~~

a) (nothing shall alter, ~~modify,~~ amend, ~~affect,~~ impair or ~~prejudice the legal, equitable or contractual~~otherwise modify the terms and conditions of the Chubb Insurance Contracts, the coverage provided thereunder or the rights, obligations, and defenses of the ~~Insurers, the Debtors (or, after the Effective Date, the Post-Effective Date Debtors), or any other individual or entity, as applicable, under any Insurance Contracts (~~Chubb Companies or the insureds thereunder including, but not limited to, (i) any ~~agreement to arbitrate disputes, (ii) any provisions regarding the provision, maintenance, use, nature and priority of collateral/security, and (iii) any provisions regarding the payment of amounts within any deductible by the Insurers and the obligation of the Debtors to pay or reimburse the applicable Insurer therefor); any such rights and~~ right of the Chubb Companies to retain, draw upon, hold and/or apply collateral or security to the insureds' obligations thereunder regardless of whether such obligations ~~shall be determined under the Insurance Contracts and applicable non-bankruptcy law as if the Chapter 11 Cases had not occurred; (g) nothing modifies the~~ arise before or after the Effective Date and (ii) any duty~~, if any, that Insurers have to pay~~ of cooperation by the insureds in handling claims covered by the Chubb Insurance Program;

b) the claims of the Chubb Companies arising under the Chubb Insurance Contracts ~~and their right to seek payment or reimbursement from~~shall be paid in full in the ordinary course by the Debtors (or after the Effective Date, the Post-Effective Date Debtors~~)~~), regardless of when such amounts are or shall become liquidated, due or ~~draw on any collateral or security therefor; (h) the Insurers shall not~~paid, without the need ~~to or be required~~or requirement for the Chubb Companies to file or serve any ~~objection to a proposed cure amount, or a~~proof of claim or request, application, claim, proof or motion for payment or allowance of any Administrative Claim~~, and shall not be subject to any Administrative Claim Bar Date or any other bar date or similar deadline governing cure amounts or similar requests, applications, or claims, and (i)~~ ;

c) nothing effectuates an assignment of the Chubb Insurance Contracts from the Debtors to another person or entity or in any way obligates the Chubb Companies to agree or otherwise consent to such assignment; and

~~a)~~d) the automatic stay of Bankruptcy Code section 362(a) and the injunctions set forth in Article VIII~~(F)~~ of the Plan, if and to the extent applicable, shall be deemed lifted without further order of ~~this~~ the Bankruptcy Court, solely to permit: (I) claimants with valid workers' compensation claims or direct action claims against ~~an Insurer~~the Chubb Companies under applicable non-bankruptcy law to proceed with their claims; (II) the ~~Insurers~~Chubb Companies to administer, handle, defend, settle, and/or pay, in the

ordinary course of business and without further order of th~~is~~e Bankruptcy Court, (A) workers' compensation claims, (B) claims where a claimant asserts a direct claim against ~~any Insurer~~the Chubb Companies under applicable non-bankruptcy law, or an order has been entered by this Court granting a claimant relief ~~from the automatic stay~~ to proceed with its claim, and (C) all costs in relation to each of the foregoing; and (III) the ~~Insurers~~Chubb Companies to draw against any or all of the collateral or security provided ~~by or on behalf of the Debtors (or the Post-Effective Date Debtors, as applicable)~~with respect to the Chubb Insurance Contracts at any time and to hold the proceeds thereof as security for the obligations of the ~~Debtors (and the Post-Effective Date Debtors, as applicable)~~insureds and/or apply such proceeds to the obligations of the ~~Debtors (and the Post-Effective Date Debtors, as applicable)~~insureds under the applicable Chubb Insurance Contracts, in such order as the ~~applicable Insurer~~Chubb Companies may determine~~; and (IV) the Insurers to cancel any Insurance Contracts, and take other actions relating thereto, to the extent permissible under applicable non-bankruptcy law, and in accordance with the terms of the Insurance Contracts. The Debtors reserve all rights related to the foregoing~~.

VIII. RISK FACTORS

Holders of Claims should read and consider carefully the risk factors set forth below before voting to accept or reject the Plan. Although there are many risk factors discussed below, these factors should not be regarded as constituting the only risks present in connection with the Debtors' businesses or the Plan and its implementation.

A. Bankruptcy Law Considerations

The occurrence or non-occurrence of any or all of the following contingencies, and any others, could affect distributions available to holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the Impaired Classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of holders of Claims in such Impaired Classes.

1. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of the Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created Classes of Claims and Interests each encompassing Claims or Interests, as applicable, that are substantially similar to the other Claims or Interests, as applicable, in each such Class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

2. The Conditions Precedent to the Effective Date of the Plan May Not Occur

As more fully set forth in Article IX of the Plan, the Effective Date of the Plan is subject to a number of conditions precedent. If such conditions precedent are not waived or not met, the Effective Date will not take place.

3. The Debtors May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, Confirmation of the Plan. In

the event that sufficient votes are not received, the Debtors may seek to confirm an alternative chapter 11 plan or transaction. There can be no assurance that the terms of any such alternative chapter 11 plan or other transaction would be similar or as favorable to the holders of Interests and Allowed Claims as those proposed in the Plan and the Debtors do not believe that any such transaction exists or is likely to exist that would be more beneficial to the Estates than the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the Bankruptcy Court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims or equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures, and voting results are appropriate, the Bankruptcy Court could still decline to confirm the Plan if it finds that any of the statutory requirements for Confirmation are not met. If a chapter 11 plan of reorganization is not confirmed by the Bankruptcy Court, it is unclear whether the Debtors will be able to reorganize their business and what, if anything, holders of Interests and Allowed Claims against them would ultimately receive.

The Debtors reserve the right to modify the terms and conditions of the Plan as necessary for Confirmation. Any such modifications could result in less favorable treatment of any non-accepting class of Claims or Interests, as well as any class junior to such non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property with a lesser value than currently provided in the Plan or no distribution whatsoever under the Plan.

5. Nonconsensual Confirmation

In the event that any impaired class of claims or interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm a plan at the proponents' request if at least one impaired class (as defined under section 1124 of the Bankruptcy Code) has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired class(es). The Debtors believe that the Plan satisfies these requirements, and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion. In addition, the pursuit of nonconsensual Confirmation or Consummation of the Plan may result in, among other things, increased expenses relating to professional compensation.

6. Continued Risk Upon Confirmation

Even if the Plan is consummated, the Debtors will continue to face a number of risks, including certain risks that are beyond their control, such as further industry deterioration or other changes in

economic conditions, and increasing expenses. Some of these concerns and effects typically become more acute when a case under the Bankruptcy Code continues for a protracted period without indication of how or when the case may be completed. As a result of these risks and others, there is no guarantee that a chapter 11 plan of reorganization reflecting the Plan will achieve the Debtors' stated goals.

In addition, at the outset of the Chapter 11 Cases, the Bankruptcy Code provides the Debtors with the exclusive right to propose the Plan and prohibits creditors and others from proposing a plan. The Debtors will have retained the exclusive right to propose the Plan upon filing their Petitions. If the Bankruptcy Court terminates that right, however, or the exclusivity period expires, there could be a material adverse effect on the Debtors' ability to achieve confirmation of the Plan in order to achieve the Debtors' stated goals.

7. The Chapter 11 Cases May Be Converted to Cases under Chapter 7 of the Bankruptcy Code

If the Bankruptcy Court finds that it would be in the best interest of creditors and/or the debtor in a chapter 11 case, the Bankruptcy Court may convert a chapter 11 bankruptcy case to a case under chapter 7 of the Bankruptcy Code. In such event, a chapter 7 trustee would be appointed or elected to liquidate the debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. The Debtors believe that liquidation under chapter 7 would result in significantly smaller distributions being made to creditors than those provided for in a chapter 11 plan because of (a) the likelihood that the assets would have to be sold or otherwise disposed of in a disorderly fashion over a short period of time, when commodities prices are at historically low levels, rather than reorganizing or selling the business as a going concern at a later time in a controlled manner, (b) additional administrative expenses involved in the appointment of a chapter 7 trustee, and (c) additional expenses and Claims, some of which would be entitled to priority, that would be generated during the liquidation, including Claims resulting from the rejection of Unexpired Leases and other Executory Contracts in connection with cessation of operations.

8. The Debtors May Object to the Amount or Classification of a Claim

Except as otherwise provided in the Plan, the Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied upon by any holder of a Claim where such Claim is subject to an objection. Any holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

9. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date may occur quickly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

10. Contingencies Could Affect Votes of Impaired Classes to Accept or Reject the Plan

The distributions available to holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

The estimated Claims and creditor recoveries set forth in this Disclosure Statement are based on various assumptions, and the actual Allowed amounts of Claims may significantly differ from the estimates. Should one or more of the underlying assumptions ultimately prove to be incorrect, the actual Allowed amounts of Claims may vary from the estimated Claims contained in this Disclosure Statement. Moreover, the Debtors cannot determine with any certainty at this time, the number or amount of Claims that will ultimately be Allowed. Such differences may materially and adversely affect, among other things, the percentage recoveries to holders of Allowed Claims under the Plan.

11. ~~Releases, Injunctions, and Exculpations~~The Plan's Release, Injunction, and Exculpation Provisions May Not Be Approved

Article VIII of the Plan provides for certain releases, injunctions, and exculpations, including a release of liens and third-party releases that may otherwise be asserted against the Debtors, Post-Effective Date Debtors, or Released Parties, as applicable. ~~The releases, injunctions, and exculpations provided in the Plan are subject to objection by parties in interest and may not be approved. If the releases are not approved, certain Released Parties may withdraw their support for the Plan.~~ The U.S. Trustee filed an objection to the adequacy of the Debtors' Disclosure Statement on May 23, 2017 [Docket No. 407]. The Debtors believe that all of the issues raised by the U.S. Trustee in its objection are issues with respect to whether the Bankruptcy Court could (or should) confirm the Plan. The Debtors intend to address these issues at the Confirmation Hearing, but have also included a summary of the objections and issues below.

~~In its objection to the adequacy of this Disclosure Statement [Docket No. 407], the U.S. Trustee argued that the Plan's third-party release and exculpation provisions are impermissibly broad. In support of its position, the U.S. Trustee cited to *In re Chassix Holdings, Inc.*, 533 B.R. 64 (Bankr. S.D.N.Y. 2015). The Debtors disagree. The Debtors are prepared to demonstrate at the Confirmation Hearing that the Plan's release, injunction, and exculpation provisions comply with the controlling Second Circuit standards. Further, the resolution embodied in the Plan reflects the view of the Debtors and their key constituencies that pursuing the restructuring reflected in~~

The U.S. Trustee argues that *In re Chassix Holdings, Inc.*, 533 B.R. 64 (Bankr. S.D.N.Y. 2015) should be followed with respect to approval of the Plan's third-party releases. Specifically, the U.S. Trustee asserts that holders of claims must affirmatively vote in favor of the Plan or otherwise "opt-in" to the third-party release—as opposed to an "opt-out" release. The Debtors disagree. The Debtors believe that requiring voting creditors to opt-out of the third-party release is both consistent with precedent in this and other jurisdictions and appropriate in this case. *See In re DBSD N. Am., Inc.*, 419 B.R. 179, 218-19 (Bankr. S.D.N.Y. 2009); *In re Indianapolis Downs, LLC*, 486 B.R. 286, 305 (Bankr. D. Del. 2013). And *Chassix* expressly acknowledged (after noting that there are many cases in this jurisdiction and others where such procedures were approved) that opt-out releases could be appropriate in other cases. The Debtors are prepared to address this argument when they seek approval of the Plan at the Confirmation Hearing.

The U.S. Trustee also asserts that creditors in the Plan's unimpaired classes are not actually unimpaired if such creditors must release claims against third parties under the Plan, and therefore such creditors must be allowed to vote on the third-party release under the Plan. In support of its position, the U.S. Trustee again cites to *In re Chassix Holdings, Inc.*, 533 B.R. 64 (Bankr. S.D.N.Y. 2015). The Debtors disagree. Under section 1124(a) of the Bankruptcy Code, impairment is a claim-specific issue, not a creditor-specific issue. *See* 11 U.S.C. § 1124(a) (stating that a class of claims is unimpaired where the plan "leaves unaltered the legal, equitable, and contractual rights to which *such claim* . . . entitles the holder of *such claim* . . . ."") (emphasis added). Further, binding unimpaired creditors to the Plan's third-party release provisions is consistent with precedent in this and other jurisdictions and appropriate in this case. *See, e.g.*, ~~the Plan, including the Plan's third-party release and exculpation provisions, is the best path to maximize value in the Chapter 11 Cases.~~ *In re Answers Holdings, Inc.*, No. 17-10496 (SMB) (Bankr.

S.D.N.Y. Apr. 10, 2017); *In re Cengage Learning, Inc.*, Case No. 13-44106 (ESS) (Bankr. E.D.N.Y. Mar. 14, 2014); *see also In re Indianapolis Downs, LLC*, 486 B.R. 286, 306 (Bankr. D. Del. 2013) ("In this case, the third party releases in question bind certain unimpaired creditors who are deemed to accept the Plan: these creditors are being paid in full and have therefore received consideration for the releases."). The Debtors are prepared to address this argument when they seek approval of the Plan at the Confirmation Hearing, but there can be no assurance that the Bankruptcy Court will agree with the Debtors' position.

The U.S. Trustee further argues that the Bankruptcy Court lacks subject matter jurisdiction to approve the Plan's release, exculpation, and injunction provisions to the extent they seek to release direct (non-derivative) claims that one non-Debtor may have against another non-Debtor. In support of its position, the U.S. Trustee cites *In re Johns-Manville Corp.*, 517 F.3d 52 (2d Cir. 2008). The Debtors do not believe that approval of the Plan's release, exculpation, and injunction provisions would exceed the Bankruptcy Court's subject matter jurisdiction, because the release provisions in the Plan provide that they are "to the fullest extent permissible under applicable law" and are limited in scope to, among other things, claims that are based on, relate to, or arise from, in whole or in part, the Debtors, the chapter 11 cases, and certain other related transactions, agreements, events, or other occurrences. The Debtors are prepared to further address this argument when they seek approval of the Plan at the Confirmation Hearing. There can be no assurance that the Bankruptcy Court will agree with the Debtors' position.

~~Further, in its objection to the adequacy of this Disclosure Statement, the U.S. Trustee argued that the Plan's opt-out procedure is not sufficient to demonstrate consent to the releases contained in the Plan. Again, the Debtors disagree. A number of courts have found that an opt-out procedure, substantially similar to the procedure contemplated by the Plan, is sufficient to demonstrate the consent of parties that do not opt out.~~ Additionally, the U.S. Trustee argues that the Debtors must provide information regarding the existence of "truly unusual circumstances" that would justify imposing a release on an impaired nonconsenting creditor. In support of its position, the U.S. Trustee cited to, among other cases, *Deutsche Bank AG v. Metromedia Fiber Network, Inc. (In re Metromedia Fiber Network, Inc.)*, 416 F.3d 136 (2d Cir. 2005). The Debtors are prepared to establish circumstances justifying the release provisions when they seek approval of the Plan at the Confirmation Hearing. Among other things, the Debtors believe that the Released Parties have made a substantial contribution to the Debtors' restructuring, including playing an integral role in the formulation and negotiation of the Plan and the transactions contemplated thereby. In addition, certain of the Released Parties agreed to fund the DIP Facilities and enter into the Asset Purchase Agreements—essential components of the Debtors' Chapter 11 Cases. Moreover, all of the Released Parties have made significant concessions to ensure a going concern operation and largely consensual process. In addition, and most importantly, the Debtors believe third-party releases are permissible in circumstances where requisite consent is afforded, including in instances when voting creditors do not opt-out of the release. *See e.g. In re Calpine Corp.*, No. 05-60200 BRL, 2007 WL 4565223, at *10 (Bankr. S.D.N.Y. Dec. 19, 2007). There can be no assurance that the Bankruptcy Court will agree with the Debtors' position.

Finally, the U.S. Trustee argues that the Debtors must include a provision in the Plan that ensures compliance with Rule 1.8(h)(1) of the New York Rules of Professional Conduct and ensures that the exculpations for attorneys are appropriately limited. The Debtors disagree that such a provision is required to ensure compliance with Rule 1.8(h)(1) as the exculpation provision is not an agreement prospectively limiting any attorneys liability to a client for malpractice. ~~*See, e.g., In re Indianapolis Downs, LLC*, 486 B.R. 286, 305-06 (Bankr. D. Del. 2013). There can be no assurance that the Bankruptcy Court will agree with the Debtors' position.~~

12. The Total Amount of Allowed Unsecured Claims May Be Higher Than Anticipated By the Debtors

With respect to holders of Allowed Unsecured Claims, the claims filed against the Debtors' estates may be materially higher than the Debtors have estimated.

13. The Total Amount of Allowed Administrative and Priority Claims May Be Higher or the Amount of Distributable Cash may be Lower Than Anticipated By the Debtors

The amount of Cash the Debtors' ultimately receive on account of the Sale Transaction and from other sources prior to and following the Effective Date may be lower than anticipated. Additionally Allowed Administrative Claims and Allowed Priority Claims maybe higher than anticipated. Accordingly, there is a risk that the Debtors will not be able to pay in full in cash all Administrative Claims and Priority Claims on the Effective Date as is required to confirm a chapter 11 plan of reorganization.

14. The Actual Amount Collected by the Debtors on Account of Their Accounts Receivable and the Actual Timing of Such Collections May Materially Differ Than that Anticipated By the Debtors

The Debtors will require proceeds on account of their accounts receivable to satisfy administrative and priority claims in accordance with the Plan. The actual amount the Debtors realize on their accounts receivable and the actual timing for the receipt of such proceeds may materially differ than that anticipated by the Debtors. Accordingly, there is a risk that the Debtors will not be able to pay in full in cash all Administrative Claims and Priority Claims on the Effective Date as is required to confirm a chapter 11 plan of reorganization.

15. Certain Tax Implications of the Plan

Holders of Allowed Claims should carefully review Article XI of this Disclosure Statement, entitled "Certain United States Federal Income Tax Consequences of the Plan," to determine how the tax implications of the Plan and the Chapter 11 Cases may adversely affect the Post-Effective Date Debtors and holders of Claims and Interests.

16. The Closing of the Sale Transaction is Dependent on a Number of Conditions that May Not Occur

The closing of Sale Transaction in connection with consummation of the Plan is contingent on a number of conditions set forth in the Asset Purchase Agreements. There is a risk that some these conditions may not be met, thus preventing consummation of the Sale Transaction. Additionally, parties to the Plan Support Agreement may terminate their obligations thereunder in certain circumstances, which could have a similar negative effect on the Debtors' ability to consummate the Sale Transaction and the Plan.

B. Risks Related to the Debtors' Businesses

1. The Debtors Will Be Subject to the Risks and Uncertainties Associated with the Chapter 11 Cases

For the duration of the Chapter 11 Cases, the Debtors' ability to operate, develop, and execute a business plan, and continue as a going concern through the Sale Transaction, will be subject to the risks

and uncertainties associated with bankruptcy. These risks include the following: (a) ability to develop, confirm, and consummate the Restructuring Transactions specified in the Plan; (b) ability to obtain Bankruptcy Court approval with respect to motions filed in the Chapter 11 Cases from time to time; (c) ability to maintain relationships with suppliers, vendors, service providers, customers, employees, and other third parties; (d) ability to maintain contracts that are critical to the Debtors' operations; (e) ability of third parties to seek and obtain Bankruptcy Court approval to terminate contracts and other agreements with the Debtors; (f) ability of third parties to seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm a chapter 11 plan, to appoint a chapter 11 trustee, or to convert the Chapter 11 Cases to chapter 7 proceedings; and (g) the actions and decisions of the Debtors' creditors and other third parties who have interests in the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

These risks and uncertainties could affect the Debtors' businesses and operations in various ways. For example, negative events associated with the Chapter 11 Cases could adversely affect the Debtors' relationships with suppliers, service providers, customers, employees, and other third parties, which in turn could adversely affect the Debtors' operations and financial condition and ability to consummate the Sale Transaction. Also, the Debtors will need the prior approval of the Bankruptcy Court for transactions outside the ordinary course of business, which may limit the Debtors' ability to respond timely to certain events or take advantage of certain opportunities. Because of the risks and uncertainties associated with the Chapter 11 Cases, the Debtors cannot accurately predict or quantify the ultimate impact of events that occur during the Chapter 11 Cases that may be inconsistent with the Debtors' plans.

Additionally, a substantial portion of the value of the Debtors' businesses is its intellectual property. The chapter 11 cases may have a negative effect on the value of the Debtors' intellectual property, including if the intellectual property were to be deemed invalid or non-transferrable by an order of the Bankruptcy Court.

2. Operating in Bankruptcy for a Long Period of Time May Harm the Debtors' Businesses

A long period of operations under Bankruptcy Court protection could have a material adverse effect on the Debtors' businesses, financial condition, results of operations, and liquidity. So long as the proceedings related to the Chapter 11 Cases continue, senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations. A prolonged period of operating under Bankruptcy Court protection also may make it more difficult to retain management and other key personnel necessary to the success of the Debtors' businesses. In addition, the longer the proceedings related to the Chapter 11 Cases continue, the more likely it is that customers and suppliers will lose confidence in the Debtors' ability to reorganize their businesses successfully and will seek to establish alternative commercial relationships.

So long as the proceedings related to the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the administration of the Chapter 11 Cases. The chapter 11 proceedings also require debtor-in-possession financing to fund the Debtors' operations. If the Debtors are unable to fully draw on the availability under the DIP Facility~~y~~ies, the chances of successfully reorganizing the Debtors' businesses may be seriously jeopardized, the likelihood that the Debtors will instead be required to liquidate or sell their assets may be increased, and, as a result, creditor recoveries may be significantly impaired.

3. The Loss of Key Personnel Could Adversely Affect the Debtors' Operations

The Debtors' operations are dependent on a relatively small group of key management personnel and a skilled employee base. The Debtors' recent liquidity issues and the Chapter 11 Cases have created

distractions and uncertainty for key management personnel and employees. As a result, the Debtors have experienced and may continue to experience increased levels of employee attrition. The Debtors may be unable to find acceptable replacements with comparable skills and experience and the loss of such key management personnel could adversely affect the Debtors' ability to operate their businesses. In addition, a loss of key personnel or material erosion of employee morale could have a material adverse effect on the Debtors' ability to meet customer and counterparty expectations, thereby adversely affecting the Debtors' businesses and the results of operations.

4. Certain Claims May Not Be Discharged and Could Have a Material Adverse Effect on the Debtors' Financial Condition and Results of Operations

The Bankruptcy Code provides that the confirmation of a plan of reorganization discharges a debtor from substantially all debts arising prior to confirmation. With few exceptions, all Claims that arise prior to the Debtors' filing of their Petitions or before confirmation of the plan of reorganization (a) would be subject to compromise and/or treatment under the plan of reorganization and/or (b) would be discharged in accordance with the terms of the plan of reorganization. Any Claims not ultimately discharged through a plan of reorganization could be asserted against the reorganized entity and may have an adverse effect on the Post-Effective Date Debtors' financial condition.

IX. SOLICITATION AND VOTING PROCEDURES

This Disclosure Statement, which is accompanied by a Ballot or Ballots to be used for voting on the Plan, is being distributed to the holders of Claims or Interests in those Classes that are entitled to vote to accept or reject the Plan. The procedures and instructions for voting and related deadlines are set forth in the exhibits annexed to the Disclosure Statement Order.

The Disclosure Statement Order is incorporated herein by reference and should be read in conjunction with this Disclosure Statement in formulating a decision to vote to accept or reject the Plan.

THE DISCUSSION OF THE SOLICITATION AND VOTING PROCESS SET FORTH IN THIS DISCLOSURE STATEMENT IS ONLY A SUMMARY.

PLEASE REFER TO THE DISCLOSURE STATEMENT ORDER ATTACHED HERETO FOR A MORE COMPREHENSIVE DESCRIPTION OF THE SOLICITATION AND VOTING PROCESS.

A. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against or interests in a debtor are entitled to vote on a chapter 11 plan. The table in Article III.C of this Disclosure Statement, entitled "Am I entitled to vote on the Plan?" provides a summary of the status and voting rights of each Class (and, therefore, of each holder within such Class absent an objection to the holder's Claim or Interest) under the Plan.

As shown in the table, the Debtors are soliciting votes to accept or reject the Plan only from holders of Claims or Interests in Classes 4, ~~[~~5~~]~~~~,~~ and 6 (collectively, the "Voting Classes"). The holders of Claims or Interests in the Voting Classes are Impaired under the Plan and may, in certain circumstances, receive a distribution under the Plan. Accordingly, holders of Claims or Interests in the Voting Classes have the right to vote to accept or reject the Plan.

The Debtors are ***not*** soliciting votes from holders of Claims or Interests in Classes 1, 2, 3, 7, 8, 9, and 10. Additionally, the Disclosure Statement Order provides that certain holders of Claims or Interests in the Voting Classes, such as those holders whose Claims or Interests have been disallowed or are subject to a pending objection, are not entitled to vote to accept or reject the Plan.

B. Voting Record Date

The Voting Record Date is ~~[●],~~June 22, 2017. The Voting Record Date is the date on which it will be determined which holders of Claims or Interests in the Voting Classes are entitled to vote to accept or reject the Plan and whether Claims or Interests have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee or transferee, as applicable, can vote to accept or reject the Plan as the holder of a Claim or Interest.

C. Voting on the Plan

The Voting Deadline is ~~[●],~~July 17, 2017, at 5:00 p.m. (prevailing Eastern Time). To be counted as votes to accept or reject the Plan, all ballots must be properly executed, completed, and delivered as directed, so that your ballot or the master ballot containing your vote is **actually received** by the Solicitation Agent on or before the Voting Deadline.

To vote, complete, sign, and date your ballot and return it (with an original signature) ***promptly*** in the enclosed reply envelope or to one of the below addresses.

If sent by first-class mail	**If sent by hand delivery or overnight mail:**
Donlin, Recano & Company, Inc. **Re: BCBG Max Azria Global Holdings, LLC, et al.** **P.O. Box 192016** **Blythebourne Station** **Brooklyn, NY 11219**	**Donlin, Recano & Company, Inc.** **Re: BCBG Max Azria Global Holdings, LLC, et al.** **6201 15th Avenue** **Brooklyn, NY 11219**

OR

COMPLETE, SIGN, AND DATE YOUR BALLOT AND RETURN IT *PROMPTLY* VIA ELECTRONIC MAIL TO BCBGVOTE@DONLINRECANO.COM WITH "BCBG MAX AZRIA VOTE" IN THE SUBJECT LINE

PLEASE SELECT JUST ONE OPTION TO VOTE.

IF YOU HAVE ANY QUESTIONS ABOUT THE SOLICITATION OR VOTING PROCESS, PLEASE CONTACT THE SOLICITATION AGENT TOLL FREE AT (866) 296-8019 OR VIA ELECTRONIC MAIL TO BCBGINFO@DONLINRECANO.COM.

D. Ballots Not Counted

No ballot will be counted toward Confirmation if, among other things: (1) it is illegible or contains insufficient information to permit the identification of the holder of the Claim or Interest; (2) it was transmitted by means other than as specifically set forth in the ballots; (3) it was cast by an entity that is not entitled to vote on the Plan; (4) it was cast for a Claim listed in the Debtors' schedules as contingent, unliquidated, or disputed for which the applicable Bar Date has passed and no proof of claim

was timely filed; (5) it was cast for a Claim that is subject to an objection pending as of the Voting Record Date (unless temporarily allowed in accordance with the Disclosure Statement Order); (6) it was sent to the Debtors, the Debtors' agents/representatives (other than the Solicitation Agent), or the Debtors' financial or legal advisors instead of the Solicitation Agent; (7) it is unsigned; or (8) it is not clearly marked to either accept or reject the Plan or it is marked both to accept and reject the Plan. **Please refer to the Disclosure Statement Order for additional requirements with respect to voting to accept or reject the Plan.**

ANY BALLOT RECEIVED AFTER THE VOTING DEADLINE OR THAT IS OTHERWISE NOT IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER WILL NOT BE COUNTED.

X. CONFIRMATION OF THE PLAN

A. Requirements for Confirmation of the Plan

Among the requirements for Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code are: (1) the Plan is accepted by all Impaired Classes of Claims or Interests, or if rejected by an Impaired Class, the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting Impaired Class; (2) the Plan is feasible; and (3) the Plan is in the "best interests" of holders of Claims or Interests.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies all of the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (1) the Plan satisfies, or will satisfy, all of the necessary statutory requirements of chapter 11 for plan confirmation; (2) the Debtors have complied, or will have complied, with all of the necessary requirements of chapter 11 for plan confirmation; and (3) the Plan has been proposed in good faith.

B. Best Interests of Creditors/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each impaired class, that each holder of a claim or an equity interest in such impaired class either (1) has accepted the plan or (2) will receive or retain under the plan property of a value that is not less than the amount that the non-accepting holder would receive or retain if the debtors liquidated under chapter 7.

Attached hereto as **Exhibit B** and incorporated herein by reference is a liquidation analysis (the "Liquidation Analysis") prepared by the Debtors with the assistance of the Debtors' advisors. As reflected in the Liquidation Analysis, the Debtors believe that liquidation of the Debtors' businesses under chapter 7 of the Bankruptcy Code would result in substantial diminution in the value to be realized by holders of Claims or Interests as compared to distributions contemplated under the Plan. Consequently, the Debtors and their management believe that Confirmation of the Plan will provide a substantially greater return to holders of Claims or Interests than would a liquidation under chapter 7 of the Bankruptcy Code.

C. Feasibility

The Bankruptcy Code requires that a chapter 11 plan provide for payment in full of all administrative and priority claims. The Debtors anticipate that they will receive an aggregate of approximately $144 million in Cash proceeds from the Sale Transaction and Store Closing Sales. Additionally, the Debtors anticipate realizing approximately $14 million in Cash proceeds from accounts

receivable on or before the Effective Date. Other transaction consideration includes the assumption of approximately $4.1 million in workers' compensation liability by the OpCo Purchaser and the contribution of $2.5 million towards certain contract cure costs shared between the IPCo Purchaser and OpCo Purchaser. The Debtors anticipate that these sources will be sufficient to satisfy all priority and administrative obligations outstanding in accordance with the Plan, including the DIP Claims. Accordingly, the Debtors believe that they will satisfy the Bankruptcy Code's requirement that a chapter 11 plan provide for payment in full of all administrative and priority claims.

D. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, except as described in the following section, that each class of claims or equity interests impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such a class is not required.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in a number of allowed claims in that class, counting only those claims that have *actually* voted to accept or to reject the plan. Thus, a class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number of the Allowed Claims in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Section 1126(d) of the Bankruptcy Code defines acceptance of a plan by a class of impaired equity interests as acceptance by holders of at least two-thirds in amount of allowed interests in that class, counting only those interests that have *actually* voted to accept or to reject the plan. Thus, a Class of Interests will have voted to accept the Plan only if two-thirds in amount of the Allowed Interests in such class that vote on the Plan actually cast their ballots in favor of acceptance.

Pursuant to Article III.E of the Plan, if a Class contains Claims or Interests is eligible to vote and no holders of Claims or Interests eligible to vote in such Class vote to accept or reject the Plan, the holders of such Claims or Interests in such Class shall be deemed to have accepted the Plan.

E. Confirmation without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes have not accepted it; *provided* that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, the plan will be confirmed, at the plan proponent's request, in a procedure commonly known as a "cramdown" so long as the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

If any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the "cramdown" provision of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors may request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Supplement document, including the right to amend or modify the Plan or any Plan Supplement document to satisfy the requirements of section 1129(b) of the Bankruptcy Code.

1. No Unfair Discrimination

The "unfair discrimination" test applies to classes of claims or interests that are of equal priority and are receiving different treatment under a plan. The test does not require that the treatment be the same or equivalent, but that treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims or interests of equal rank (*e.g.*, classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly. A plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

2. Fair and Equitable Test

The "fair and equitable" test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100 percent of the amount of the allowed claims in the class. As to the dissenting class, the test sets different standards depending upon the type of claims or equity interests in the class.

The Debtors submit that if the Debtors "cramdown" the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured so that it does not "discriminate unfairly" and satisfies the "fair and equitable" requirement. With respect to the unfair discrimination requirement, all Classes under the Plan are provided treatment that is substantially equivalent to the treatment that is provided to other Classes that have equal rank. With respect to the fair and equitable requirement, no Class under the Plan will receive more than 100 percent of the amount of Allowed Claims or Interests in that Class. The Debtors believe that the Plan and the treatment of all Classes of Claims or Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

XI. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

A. Introduction

The following discussion summarizes certain United States ("U.S.") federal income tax consequences of the implementation of the Plan to the Debtors, the Post-Effective Date Debtors, and beneficial owners of Claims (each, a "Holder"). This summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), the U.S. Treasury Regulations promulgated thereunder (the "Treasury Regulations"), judicial decisions and published administrative rules, and pronouncements of the Internal Revenue Service (the "IRS"), all as in effect on the date hereof (collectively, "Applicable Tax Law"). Changes in Applicable Tax Law may have retroactive effect and could significantly affect the U.S. federal income tax consequences described below. The Debtors have not requested, and will not request, any ruling or determination from the IRS or any other taxing authority with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

Except as specifically set forth below, this summary does not apply to Holders that are not U.S. Persons (as such term is defined in the Tax Code) and does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address all aspects of U.S. federal income taxation that may be relevant to a Holder in light of its individual circumstances or to a Holder that may be subject to special tax rules (such as Persons who are related to the Debtors within the meaning of the Tax Code, broker-dealers, banks, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax exempt organizations, governmental

authorities or agencies, pass-through entities, beneficial owners of pass-through entities, subchapter S corporations, employees or persons who received their Claims pursuant to the exercise of an employee stock option or otherwise as compensation, persons who hold Claims or who will hold the Reorganized Global Holdings Interests as part of a straddle, hedge, conversion transaction, or other integrated investment, persons using a mark-to-market method of accounting, and holders of Claims who are themselves in bankruptcy), unless otherwise specifically stated herein. Furthermore, this summary assumes that a Holder holds only Claims in a single Class and holds a Claim only as a "capital asset" (within the meaning of section 1221 of the Tax Code). This summary also assumes that the various debt and other arrangements to which any of the Debtors are a party will be respected for U.S. federal income tax purposes in accordance with their form, and that the Claims constitute interests in the Debtors "solely as a creditor" for purposes of section 897 of the Tax Code. This summary does not discuss differences in tax consequences to a Holder that acts or receives consideration in a capacity other than as a Holder of a Claim of the same Class, and the tax consequences for such Holders may differ materially from that described below.

~~The U.S. federal income tax consequences of the implementation of the Plan will depend on, among other things, whether the Tranche B Lenders are the Winning Bidder and, if so whether the Allowed Term Loan Tranche B Claims are held by more than one entity for U.S. federal income tax purposes. If a party other than the Tranche B Lenders is the Winning Bidder then the Debtors expect to treat the Sale Transaction as a taxable sale of assets (a "Taxable Sale"). Similarly, if the Allowed Term Loan Tranche B Claims are held by a single entity for U.S. federal income tax purposes (while not free from doubt, including a pre-existing partnership) such that when that entity acquires 100% of the Reorganized Global Holdings Interests, Reorganized Global Holdings becomes a disregarded entity for U.S. federal income tax purposes, then the Debtors also expect to treat such Sale Transaction as a Taxable Sale. However, if the Term Loan Tranche B Claims are held by more than one entity for U.S. federal income tax purposes and such Tranche B Lenders are the Winning Bidders, and, as is currently the case, at least one of such Tranche B Lenders is also a holder of Class 10 Interests in Global Holdings, then the Debtors expect to treat the Sale Transaction as a continuation of the existing Global Holdings partnership with Tranche B Lenders treated as receiving the Reorganized Global Holdings Interests in exchange for their Claims under section 721 of the Tax Code (a "Partnership Continuation").~~ The Debtors expect to treat the Sale Transaction as a taxable sale of assets for U.S. federal income tax purposes.

For purposes of this discussion, a "U.S. Holder" is a holder of a Claim that is: (1) an individual citizen or resident of the United States for U.S. federal income tax purposes; (2) a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created or organized under the laws of the United States, any state thereof or the District of Columbia; (3) an estate the income of which is subject to U.S. federal income taxation regardless of the source of such income; or (4) a trust (A) if a court within the United States is able to exercise primary jurisdiction over the trust's administration and one or more United States persons have authority to control all substantial decisions of the trust or (B) that has a valid election in effect under applicable Treasury Regulations to be treated as a United States person. For purposes of this discussion, a "non-U.S. Holder" is any Holder of a Claim that is not a U.S. holder other than any partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes).

If a partnership (or other entity treated as a partnership or other pass-through entity for U.S. federal income tax purposes) is a Holder, the tax treatment of a partner (or other beneficial owner) generally will depend upon the status of the partner (or other beneficial owner) and the activities of the entity. Partners (or other beneficial owners) of partnerships (or other pass-through entities) that are Holders should consult their respective tax advisors regarding the U.S. federal income tax consequences of the Plan.

ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM OR INTEREST. ALL HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME, ESTATE, AND OTHER TAX CONSEQUENCES OF THE PLAN.

B. Certain U.S. Federal Income Tax Consequences of the Plan to the Debtors and Holders of Allowed Class ~~[8]~~9 Interests.

Immediately prior to the Consummation of the Plan, Global Holdings will be treated as a partnership for U.S. federal income tax purposes and Intermediate Holdings will be treated as a disregarded entity for U.S. federal income tax purposes (with its assets being treated as owned by Global Holdings for such purposes). Accordingly, the U.S. federal income tax consequences of consummating the Plan will generally not be borne by Global Holdings or Intermediate Holdings, but will be borne by Global Holdings' partners, *i.e.*, the Holders of the Class ~~[8]~~9 Interests.

1. COD Income.

In general, absent an exception, a taxpayer will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (1) the adjusted issue price of the indebtedness satisfied, over (2) the fair market value of any consideration given in satisfaction of such indebtedness at the time of the exchange.

Under section 108 of the Tax Code, a taxpayer is not required to include COD Income in gross income (a) if the taxpayer is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that case (the "Bankruptcy Exception"), or (b), to the extent that the taxpayer is insolvent immediately before the discharge (the "Insolvency Exception"). Instead, as a consequence of such exclusion, a taxpayer-debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs"); (b) most tax credits; (c) capital loss carryovers; (d) tax basis in assets (but not below the amount of liabilities to which the debtor remains subject); (e) passive activity loss and credit carryovers; and (f) foreign tax credits. Alternatively, the taxpayer can elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code.

Under section 108(d)(6) of the Tax Code, when an entity, such as Global Holdings, that is taxed as a partnership realizes COD Income, its partners are treated as receiving their allocable share of such COD Income and the Bankruptcy Exception and the Insolvency Exception (and related attribute reduction) are applied at the partner level rather than at the entity level. Accordingly, the Holders of Allowed Class 10 Interests will be treated as receiving their allocable share, if any, of the COD Income realized by Global Holdings.

2. Recognition of COD Income and Gain on Sale Transaction.

~~If the Sale Transaction constitutes a Partnership Continuation, then the amount of COD Income to be allocated to the Holders of Allowed Class [8] Interests will depend on the adjusted issue price of the debt forgiven as of the Effective Date [and either (a) in the case of the Allowed Term Loan Tranche B Claims, the fair market value of the Reorganized Global Holdings Interests or (b) in the case of the Allowed Term Loan New Tranche A Claims, [the amount of Cash and/or the issue price of any new debt~~

~~issued to Holders of such Claims].] These amounts cannot be known with certainty at this time. If, however, the Sale Transaction constitutes a Taxable Sale, the~~The excess of the adjusted issue price of the Term Loans over the fair market value of the amounts paid to Holders of Allowed Claims with respect to such Term Loans may not constitute COD Income but may instead constitute additional proceeds with respect to the ~~Taxable~~ Sale Transaction.

~~In a Taxable Sale,~~ Global Holdings should recognize gain or loss equal to the difference between the proceeds of the sale, including payments pursuant to the Royalty Sharing Agreement, and Global Holdings' adjusted basis in the property sold. Recent IRS guidance indicates that because the Term Loans are issued by Intermediate Holdings (an entity wholly owned by Global Holdings but disregarded as an entity separate from its owner for US federal income tax purposes) but are not guaranteed by Global Holdings, such Term Loans will be treated as "non-recourse" debt of Global Holdings. As a result, the transfer of the Debtors' assets to to a third party buyer or to a single holder of the Term Loan Tranche B Claims pursuant to ~~a Taxable~~the Sale Transaction would be treated as though Global Holdings sold its assets in exchange for proceeds equal not only to the fair value of such assets or the amount of Cash ~~received~~, but for the entire adjusted issue price of the discharged Term Loans. As a consequence Global Holdings will realize less COD Income and more gain (or less loss) on the ~~Taxable~~ Sale Transaction than it would if the Term Loans were guaranteed by Global Holdings and thus were treated as recourse debt for U.S. federal income tax purposes.

Any such gain or loss recognized by Global Holdings will be allocated to the Holders of Allowed Class ~~[8]~~9 Interests. The character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors including which assets of the Debtors are held as capital assets and whether and to what extent any gain on their sale represents the recapture of prior depreciation or amortization. Any such gain, and any related deductions, may be allocated among the partners in a different manner than any COD Income recognized by Global Holdings would be allocated. Allocations of COD Income, gains and losses among the partners of Global Holdings are based in part on which partners contributed property to Global Holdings and which partners are allocated indebtedness that is cancelled as a result of the Sale Transaction. A partner that holds both debt and equity interests in Global Holdings also likely receives allocations of gain, related deductions, and other items, in a manner different than partners that hold only equity interests in Global Holdings.

C. Certain U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed Class 4 Term Loan New Tranche A Claims ~~and Allowed Class 6 Unsecured Claims.~~

~~Holders of Allowed Term Loan New Tranche A Claims and Allowed Unsecured Claims will receive [either cash or new debt]. Such Holders will recognize gain or loss equal to the difference between the adjusted issue price of the debt underlying their Claims and the amount of Cash and/or the adjusted issue price of any [new debt] received. The Holders' tax basis in any [new debt] of Reorganized Global Holdings they are deemed to receive would be equal to the adjusted issue price of such [new debt] and such Holder's holding period for such [new debt] will begin on the day following the Effective Date.~~

Holders of Allowed Term Loan New Tranche A Claims will receive their Pro Rata share of Excess Distributable Cash and the payments due and owing under the Royalty Sharing Agreement. It is likely that such Holders' tax basis in their contract right to receive royalties would be equal to the fair market value of such right to receive royalties as of the Effective Date and such Holders' holding period for such right to receive royalties will begin on the day following the Effective Date. Such Holders will recognize gain or loss equal to the difference between the adjusted issue price of the debt underlying their Claims and the amount of Cash and the fair market value of the contract right to receive royalties as of the Effective Date. Because the Royalty Sharing Agreement has no fixed duration, the timing and method for a Holder to recover basis in the Holder's right to receive royalties is unclear. However, given that the

total payments pursuant to the Royalty Sharing Agreement are capped, a Holder may be able to recover basis ratably as royalty payments are received. For example, a Holder may be able to amortize the cost of acquiring the rights under the Royalty Sharing Agreement by multiplying such cost by a fraction, the numerator of which is the amount of royalties received under the Royalty Sharing Agreement during a tax year and the denominator of which is the total amount of royalties to be received under the Royalty Sharing Agreement. The use of this or other methods to recover basis with respect to payments received pursuant to the Royalty Sharing Agreement is unclear. Each Holder of Allowed Term Loan Tranche A Claims is urged to consult its tax advisor regarding the tax consequences of acquiring and holding rights to royalties pursuant to the Royalty Sharing Agreement.

D. Certain U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed Class 6 General Unsecured Claims.

Holders of Allowed General Unsecured Claims will receive cash. Such Holders will recognize gain or loss equal to the difference between the adjusted issue price of the debt underlying their Claims and the amount of Cash received.

~~D.~~E. **Certain U.S. Federal Income Tax Consequences of the Plan to Holders of Allowed Class 5 Term Loan Tranche B Claims.**

Although this summary generally does not apply to Holders of Allowed Term Loan Tranche B Claims that are not U.S. Persons ("Non-U.S. Holders"), if a Non-U.S. Holder of Allowed Term Loan Tranche B Claims is engaged in a trade or business in the United States (for example, through a U.S. branch) and income or gain from the Allowed Term Loan Tranche B Claims is effectively connected with the conduct of such trade or business, the Non-U.S. Holder will generally be subject to regular U.S. income tax on such income and gain in the same manner as if it were a U.S. Person. However, a Non-U.S. Holder may be subject to additional U.S. federal income tax consequences not discussed below. For example, a Non-U.S. Holder may be subject to a branch profits tax equal to 30 percent of its effectively of connected earnings and profits for the taxable year, subject to adjustments.

In the event of a Sale Transaction, pursuant to the Plan, and in satisfaction of their respective Claims, Holders of Allowed Term Loan Tranche B Claims will receive~~, depending on whether the Tranche B Lenders are the Winning Bidder, either a share of the Reorganized Global Holdings Interests or Cash.~~ Cash. The following discussion assumes that the obligation underlying each Allowed Term Loan Tranche B Claim is properly treated as debt (rather than equity) of the Debtors. If this assumption is not correct, the tax consequences of the proposed transactions could be materially different than as described below.

~~In a Taxable Sale where the Tranche B Lenders are not the Winning Bidder, the~~The receipt of Cash by Holders of Allowed Term Loan Tranche B Claims is intended to be treated as a taxable exchange. A Holder of an Allowed Term Loan Tranche B Claim should recognize gain or loss equal to the difference between (i) the amount of Cash received not allocable to accrued but untaxed interest and (ii) the Holder's adjusted tax basis in the obligation constituting the surrendered Allowed Term Loan Tranche B Claim.

~~In a Taxable Sale where a single Tranche B Lender is the Winning Bidder, the receipt of the Reorganized Global Holdings Interests by such Holder is intended to be treated as a taxable transaction. Such Holder of Allowed Term Loan Tranche B Claims should recognize gain or loss upon the exchange of its Allowed Term Loan Tranche B Claim in an amount equal to the difference between (i) the fair market value of the assets deemed transferred to such Holder and (ii) the Holder's adjusted tax basis in the obligation constituting the surrendered Allowed Term Loan Tranche B Claim. To the extent the~~

~~Allowed Term Loan Tranche B Claim exchanged for the Reorganized Global Holdings Interests pertains to accrued but unpaid interest (including accrued original issue discount), a Holder of such Allowed Term Loan Tranche B Claim should be taxed as receiving accrued but unpaid interest (including accrued original issue discount).~~

~~With a single Holder, Reorganized Global Holdings would be a disregarded entity and such Holder's interest in the assets of Reorganized Global Holdings should equal their fair market value on the Effective Date and a Holder's holding period should begin on the day following the Effective Date.~~

~~In a Sale Transaction that is treated as a Partnership Continuation, Holders of Allowed Term Loan Tranche B Claims will generally not recognize gain or loss on the receipt of Reorganized Global Holdings Interests. Holders of Allowed Term Loan Tranche B Claims will have a tax basis in the Reorganized Global Holdings Interests equal to their tax basis in the obligation constituting the exchanged Allowed Term Loan Tranche B Claims and their tax basis in Interests in Global Holdings, if such Holders also held an Allowed Class [8] Interest.~~

~~E.~~F. Character of Gain or Loss.

Where gain or loss is recognized by a Holder of a Claim upon the exchange of its Allowed Claim, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including, among others, the tax status of the Holder, whether the Allowed Claim constitutes a capital asset in the hands of the Holder and how long it has been held, whether the Allowed Claim was acquired at a market discount (discussed below), whether and to what extent the Holder previously had claimed a bad debt deduction, and the nature and tax treatment of any fees, costs or expense reimbursements to which consideration is allocated. Each Holder of an Allowed Claim is urged to consult its tax advisor to determine the character of any gain or loss recognized with respect to the satisfaction of its Allowed Claim.

Holders of Allowed Claims who recognize capital losses as a result of the distributions under the Plan will be subject to limits on their use of capital losses. For corporate Holders, losses from the sale or exchange of capital assets may only be used to offset capital gains. Corporate Holders who have more capital losses than can be used in a tax year may be allowed to carry over unused capital losses for the five taxable years following the capital loss year and may be allowed to carry back unused capital losses to the three taxable years that precede the capital loss year.

~~F.~~G. Accrued Interest.

To the extent that any amount received by a Holder of a surrendered Allowed Claim under the Plan is attributable to accrued but unpaid interest and such amount has not previously been included in the Holder's gross income, such amount should be taxable to the Holder as ordinary interest income. Conversely, a Holder of a surrendered Allowed Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the debt instruments constituting such claim was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary; however, the tax law is unclear on this point.

The extent to which the consideration received by a Holder of a surrendered Allowed Claim will be attributable to accrued interest on the debts constituting the surrendered Allowed Claim is unclear. Certain Treasury Regulations generally treat a payment under a debt instrument first as a payment of accrued and untaxed interest and then as a payment of principal. Application of this rule to a final payment on a debt instrument being discharged at a discount in bankruptcy is unclear. Pursuant to the terms of the Plan, distributions in respect of Allowed Claims are allocated first to the principal amount of

such claims (as determined for U.S. federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the claims, to any portion of such claims for accrued but unpaid interest. However, the provisions of the Plan are not binding on the IRS nor a court with respect to the appropriate tax treatment for Holders.

~~G.~~H. Market Discount.

Under the "market discount" provisions of sections 1276 through 1278 of the Tax Code, some or all of any gain realized by a Holder exchanging the debt instruments constituting its Allowed Claim may be treated as ordinary income (instead of capital gain), to the extent of the amount of "market discount" on the debt constituting the surrendered Allowed Claim.

In general, a debt instrument is considered to have been acquired with "market discount" if its Holder's adjusted tax basis in the debt instrument is less than (i) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or, (ii) in the case of a debt instrument issued with "original issue discount," its adjusted issue price, by at least a de minimis amount (equal to 0.25 percent of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the exchange of debt constituting its Allowed Claim that was acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such debts were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the Allowed Claims that were acquired with market discount are exchanged in a tax-free transaction for other property (as may occur here), any market discount that accrued on the Allowed Claims (i.e., up to the time of the exchange) but was not recognized by the Holder is carried over to the property received therefore and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued market discount.

~~**H. Ownership and Disposition of the Reorganized Global Holdings Interests.**~~

~~Under the Treasury Regulations, a domestic entity that has two or more members and that is not organized as a corporation under U.S. federal or state law will generally be classified as a partnership for U.S. federal income tax purposes, unless it elects to be treated as a corporation. Pursuant to the Plan and the limited liability company agreement for Reorganized Global Holdings, no election may be made for Reorganized Global Holdings to be classified as a corporation for U.S. federal income tax purposes that is effective on or prior to the Effective Date. Thus, subject to the discussion of publicly traded partnerships below and the discussion of Reorganized Global Holdings becoming a disregarded entity of a sole Holder of Allowed Term Loan Tranche B Claims above, Reorganized Global Holdings will be treated as a partnership for U.S. federal income tax purposes.~~

~~Under the "publicly traded partnership" provisions of the Tax Code, an entity that would otherwise be treated as a partnership whose interests are considered to be publicly traded and does not meet a qualifying income test will be taxable as a corporation. It is anticipated that the Reorganized Global Holdings limited liability company agreement will prohibit the transfer of membership interests in Reorganized Global Holdings if such transfer would jeopardize the status of Reorganized Global Holdings as a partnership for U.S. federal income tax purposes (prior to an actual conversion for U.S. federal income tax purposes to corporate status). Any purported transfer in violation of such provisions will be null and void and would not be recognized by Reorganized Global Holdings.~~

~~This discussion of the U.S. federal income tax consequences of the Plan assumes that Reorganized Global Holdings will be treated as a partnership for U.S. federal income tax purposes. If Reorganized Global Holdings is treated as a disregarded entity for U.S. federal income tax purposes, its separate existence from its owner is ignored for U.S. federal income tax purposes.~~

~~As a partnership, Reorganized Global Holdings itself will generally not be subject to U.S. federal income tax. Instead, Reorganized Global Holdings will file an annual partnership information return with the IRS, which form will report the results of Reorganized Global Holdings' operations. Each member will be required to report on its U.S. federal income tax return, and will be subject to tax in respect of, its distributive share of each item of Reorganized Global Holdings' income, gain, loss, deduction and credit for each taxable year of Reorganized Global Holdings ending with or within the member's taxable year. Each item generally will have the same character as if the member had realized the item directly. Members will be required to report these items regardless of the extent to which, or whether, they receive cash distributions from Reorganized Global Holdings for such taxable year, and thus may incur income tax liabilities in excess of any distributions from Reorganized Global Holdings.~~

~~Reorganized Global Holdings' tax basis in the portion of each of its assets deemed transferred to the Holders of Allowed Term Loan Tranche B Claims should equal such portion's fair market value on the Effective Date as determined by the board of directors of Reorganized Global Holdings, and the holding period for such portion would begin on the day after the Effective Date. Reorganized Global Holdings' tax basis and holding period in the portion of each of its assets deemed transferred directly to Reorganized Global Holdings by Global Holdings would be the same as Global Holdings' basis and holding period with respect to such portion.~~

~~A member is allowed to deduct its allocable share of Reorganized Global Holdings' losses (if any) only to the extent of such member's adjusted tax basis (discussed below) in its membership interest at the end of the taxable year in which the losses occur. In addition, various other limitations in the Tax Code may significantly limit a member's ability to deduct its allocable share of deductions and losses of Reorganized Global Holdings against other income.~~

~~Reorganized Global Holdings will provide each member with the necessary information to report its allocable share of the Reorganized Global Holdings' tax items for U.S. federal income tax purposes; however, no assurance can be given that Reorganized Global Holdings will be able to provide such information prior to the initial due date of the members' U.S. federal income tax return and the members may therefore be required to apply to the IRS for an extension of time to file their tax returns.~~

~~The board of directors of Reorganized Global Holdings will decide how items will be reported on Reorganized Global Holdings' U.S. federal income tax returns, and all members will be required under the Tax Code to treat the items consistently on their own returns, unless they file a statement with the IRS disclosing the inconsistency. In the event that the income tax returns of Reorganized Global Holdings are audited by the IRS, the tax treatment of Reorganized Global Holdings' income and deductions generally will be determined at the Reorganized Global Holdings level in a single proceeding, rather than in individual audits of the members. The tax matters partner and partnership representative will have considerable authority under the Tax Code and the limited liability company agreement for Reorganized Global Holdings to make decisions affecting the tax treatment and procedural rights of all members.~~

~~A member generally will not recognize gain or loss on the receipt of a distribution of cash or property from Reorganized Global Holdings (provided that the member is not treated as exchanging such member's share of Reorganized Global Holdings' "unrealized receivables" and/or certain "inventory items" (as those terms are defined in the Tax Code, and together "ordinary income items") for other partnership property). A member, however, will recognize gain on the receipt of a distribution of money~~

and, in some cases, marketable securities, from Reorganized Global Holdings (including any constructive distribution of money resulting from a reduction of the member's share of the indebtedness of Reorganized Global Holdings) to the extent such cash distribution or the fair market value of such marketable securities distributed exceeds such member's adjusted tax basis in its membership interest. Such distribution would be treated as gain from the sale or exchange of a membership interest, which is described below.

A member will recognize gain on the complete liquidation of its membership interest only to the extent the amount of money received exceeds its adjusted tax basis in its interest. Distributions of certain marketable securities are treated as distributions of money for purposes of determining gain. Any gain recognized by a member on the receipt of a distribution from Reorganized Global Holdings generally will be capital gain, but may be taxable as ordinary income under certain other circumstances. No loss can be recognized on a distribution in liquidation of a membership interest, unless the member receives no property other than money and ordinary income items.

A member's adjusted tax basis in its membership interest generally will be equal to such member's initial tax basis (discussed above), increased by the sum of (i) any additional capital contribution such member makes to Reorganized Global Holdings, (ii) the member's allocable share of the income of Reorganized Global Holdings, and (iii) increases in the member's allocable share of the indebtedness of Reorganized Global Holdings, and reduced, but not below zero, by the sum of (iv) the member's allocable share of the losses of Reorganized Global Holdings, and (v) the amount of money or the adjusted tax basis of property distributed to such member, including constructive distributions of money resulting from reductions in such member's allocable share of the indebtedness of Reorganized Global Holdings.

A sale of all or part of a member's interest will result in the recognition of gain or loss in an amount equal to the difference between the amount of the sales proceeds or distribution (including any constructive distribution) and such member's adjusted tax basis for the portion of the interest disposed of. Any gain or loss recognized with respect to such a sale generally will be treated as capital gain or loss, and will be long-term capital gain or loss if the interest has been held for more than one year, except to the extent (i) that the proceeds of the sale are attributable to a member's allocable share of certain ordinary income items of Reorganized Global Holdings and such proceeds exceed the member's adjusted tax basis attributable to such ordinary income items and (ii) of previously allowed bad debt or ordinary loss deductions (reduced by any recognized gain which the member may have received on the exchange of an Allowed Term Loan Tranche B Claim for Reorganized Global Holdings Interests). A member's ability to deduct any loss recognized on the sale of its membership interest will depend on the member's own circumstances and may be restricted under the Tax Code.

The U.S. federal income tax treatment of a holder of Reorganized Global Holdings Interests that is a nonresident alien, non-U.S. corporation, non-U.S. partnership, non-U.S. estate or non-U.S. trust (a "Non-U.S. Partner") is complex and will vary depending on the circumstances and activities of such holder and Reorganized Global Holdings. Each Non-U.S. Partner is urged to consult with its own tax advisor regarding the U.S. federal, state and local and non-U.S. income, estate and other tax consequences of holding interests in Reorganized Global Holdings. The following discussion assumes that a Non-U.S. Partner is not subject to U.S. federal income taxes as a result of its presence or activities in the United States (other than as a holder of Interests in Reorganized Global Holdings).

A Non-U.S. Partner generally will be subject to U.S. federal withholding taxes at the rate of 30 percent (or such lower rate provided by an applicable tax treaty) on its share of Reorganized Global Holdings' income from dividends, interest (other than interest that constitutes portfolio interest within the meaning of the IRC), and certain other income that is not treated as "effectively connected with the

~~conduct of a trade or business within the United States," as defined in section 864 of the Tax Code ("ECI").~~

~~The activities of Reorganized Global Holdings are likely to be treated as a U.S. trade or business, and to the extent that such activities are so treated, a Non-U.S. Partner would be deemed to be engaged in that underlying U.S. trade or business. A Non-U.S. Partner's share of Reorganized Global Holdings' ECI would be subject to tax at normal graduated U.S. federal income tax rates and, if the Non-U.S. Partner is a corporation for U.S. federal income tax purposes, may also be subject to U.S. branch profits tax. In addition, some or all of the gain on a disposition of a Non-U.S. Partner's interest in Reorganized Global Holdings could be treated as ECI to the extent such gain is attributable to assets that generate ECI. A Non-U.S. Partner generally will be required to file a U.S. federal income tax return if Reorganized Global Holdings is deemed to be engaged in a U.S. trade or business (even if no income allocated to the Non-U.S. Partner is ECI). Reorganized Global Holdings would be required to withhold U.S. federal income tax with respect to the Non-U.S. Partner's share of income that is ECI.~~

~~Each holder of Reorganized Global Holdings Interests is urged to consult its tax advisor regarding the tax consequences of owning and disposing of membership interests in Reorganized Global Holdings.~~

I. Information Reporting and Backup Withholding

The Debtors will withhold all amounts required by law to be withheld from distributions or payments. The Debtors will comply with all applicable reporting requirements of the Tax Code. In general, information reporting requirements may apply to distributions or payments made to a holder of a Claim under the Plan. In addition, backup withholding of taxes (currently at a 28% rate) will generally apply to payments in respect of an Allowed Claim under the Plan unless, in the case of a U.S. Holder, such U.S. Holder provides a properly executed IRS Form W-9 and, in the case of non-U.S. Holder, such non-U.S. Holder provides a properly executed applicable IRS Form W-8 (or otherwise establishes such Non-U.S. Holder's eligibility for an exemption).

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a federal income tax return).

In addition, from an information reporting perspective, the Treasury Regulations generally require disclosure by a taxpayer on its U.S. federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS OR INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

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XII. RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to all other available alternatives and provides for a larger distribution to the Debtors' creditors than would otherwise result in any other scenario. Accordingly, the Debtors recommend that holders of Claims entitled to vote on the Plan vote to accept the Plan and support Confirmation of the Plan.

Dated: _____, 2017

BCBG MAX AZRIA GLOBAL HOLDINGS, LLC
on behalf of itself and its debtor affiliates

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EXHIBIT A

Plan

EXHIBIT B

Liquidation Analysis