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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)

DECLARATION OF HOLLY FELDER ETLIN IN SUPPORT OF CONFIRMATION 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

I, Holly Felder Etlin, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am a Managing Director at AlixPartners LLP ("AlixPartners") and have served as the Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC since January 12, 2017.

[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.

2. In my capacity as Chief Restructuring Officer, I am very familiar with the above-captioned debtors' and debtors in possession's (collectively, the "Debtors") day-to-day operations, business affairs, and books and records, as well as the Debtors' restructuring efforts. I have also played an active role in the formulation of the Debtors' plan of reorganization (the "Plan").[2] Accordingly, I am familiar with the terms of the Plan as well as its negotiation and development.

3. Except as otherwise indicated, all matters set forth in this declaration (the "Declaration") are based on: (a) my personal knowledge of the Debtors' business operations, my review of relevant information provided to me by other members of the Debtors' management and the Debtors' professional advisors, including Kirkland & Ellis LLP ("K&E"), A&G Realty Partners, LLC ("A&G"), Jefferies LLC ("Jefferies"), and Donlin, Recano & Company, Inc. ("DRC"); (b) my opinion based upon my experience, knowledge, and information concerning the Debtors' operations; and (c) my review of relevant documents. If I were called upon to testify, I could and would testify competently to the facts set forth herein.

I. General Background and the Development of the Plan.

4. On March 1, 2017, the Debtors filed the initial version of the Plan, which has served as a foundation for achieving a value-maximizing resolution of these chapter 11 cases. Before the commencement of these Chapter 11 Cases, the Debtors commenced a marketing process to sell either the Debtors' assets or reorganized equity interests pursuant to a chapter 11 plan. The Court subsequently approved procedures and a process in connection with this

[2] *See 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. 455] (as may be subsequently supplemented, amended, or modified from time to time, the "Plan"). Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan. *See also Amended Disclosure Statement for 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. 456] (as may be subsequently supplemented, amended, or modified from time to time, the "Disclosure Statement").

marketing process. As part of this process, the Debtors, with the assistance of Jefferies (their investment banker), reached out to more than 130 potentially interested parties and received several non-binding indications of interest in April 2017 and bids in May 2017. Ultimately, the Debtors did not receive bids to acquire their equity interests, but instead received bids from potential acquirers of intellectual property, certain inventory, and certain other operating assets.

5. After reviewing the bids and engaging in further conversations with certain bidders, the Debtors determined to work with two potentially interested parties who were interested in different aspects of the Debtors' business. Specifically, Marquee Brands, LLC (the "IPCo Purchaser") was interested in acquiring the Debtors' intellectual property while GBG USA Inc. (the "OpCo Purchaser" and together with IPCO Purchaser, the "Purchasers") was interested in Debtors' retail and wholesale operations. The Debtors brought these parties together in an effort to document a series of transactions (collectively, the "Sale Transaction") that could maximize value, preserve the going concern, and be implemented through the Plan.

6. After reaching agreement on the terms of the Sale Transaction with the Purchasers, the Debtors' board of managers unanimously authorized entry into the Asset Purchase Agreements on June 9, 2017. In connection with entry into the Asset Purchase Agreements, the Debtors, the Purchasers, and Allerton Funding, LLC ("Allerton Funding"), the holder of 100 percent of the Term Loan New Tranche A Claims, entered into the Plan Support Agreement. Designer Apparel Dual Holdings, LLC, on behalf of 100 percent of the Term Loan Tranche B Claims, subsequently joined the Plan Support Agreement on June 23, 2017, as a supporting creditor. Further, the official committee of unsecured creditors appointed in these Chapter 11 Cases (the "Committee") agreed to support the Plan and issued a letter of support that

was included in the was included in solicitation materials. The Court approved the Debtors' entry into the Plan Support Agreement on June 23, 2017.

7. The Sale Transaction embodied in the Plan includes three main components:

- the IPCo Purchaser will purchase the Debtors' intellectual property and certain other assets pursuant to the IPCo Purchase Agreement;
- the OpCo Purchaser will purchase certain businesses and related assets, including up to 43 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. The OpCo Purchaser also intends to hire the majority of the Debtors employees; and
- the Debtors or Post-Effective Date Debtors, as applicable, under the supervision of the Plan Administrator, will liquidate and wind down the stores and assets not purchased by the OpCo Purchaser, including pursuant to the Store Closing Sales with the assistance of the Store Closing Agent, and distribute the proceeds thereof to creditors in accordance with the terms of the Plan.

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.

8. I believe that that Plan and the various transactions contemplated therein including the Sale Transaction will provide ample liquidity to fund the Debtors' performance and distributions under the Plan. As a result, in light of the foregoing and as discussed herein, I believe that the prompt confirmation and consummation of the Plan is in the best interest of the Debtors, their creditors, and all other parties in interest.

The Plan

9. It is my understanding that the Plan: (a) complies with all applicable provisions of the Bankruptcy Code as required by section 1129(a)(1) of the Bankruptcy Code, including sections 1122 and 1123 of the Bankruptcy Code; (b) satisfies the mandatory requirements of section 1123(a) of the Bankruptcy Code; and (c) is consistent with section 1123(b) of the Bankruptcy Code.

I. The Plan Satisfies Each Requirement for Confirmation.

A. Section 1129(a)(1).

10. It is my understanding that the Plan complies with 11 U.S.C. § 1129(a)(1), which requires the Plan to comply with 11 U.S.C. §§ 1122 and 1123 in all respects.

1. The Plan's Classification of Claims and Interests Under Section 1122 and 1123(a)(1).

11. Article III.B of the Plan provides for the separate classification of Claims and Interests as follows:

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 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)

12. I believe each Class is composed of substantially similar Claims or Interests, and each instance of separate classifications of similar Claims and Interests was based on valid business, factual, and legal reasons. No classification has been made for purposes of gerrymandering votes.

13. First, dissimilar Claims and Interests are not classified together under the Plan. Generally speaking, the classification scheme follows the Debtors' capital structure. For example, debt and equity are classified separately and secured debt is classified separately from unsecured debt. It is my understanding that other aspects of the classification scheme reasonably recognize the different legal or factual nature of Claims or Interests.

14. Specifically, the Plan separately classifies Claims in Class 1 to reflect the priority of such Claims under section 507(a) of the Bankruptcy Code and separately classifies Other Secured Claims in Class 2 and Other Priority Claims in Class 3 based on their distinct legal nature. The Debtors' prepetition secured Claims are divided into two separate classes according to the relative priority of each class of creditors in the collateral securing such Claims: Class 4 contains all Term Loan New Tranche A Claims and Class 5 contains all Term Loan Tranche B Claims. The Debtors' prepetition unsecured debt is classified into Class 6 Unsecured Claims. Similarly, Class 7 Intercompany Claims are separately classified because they do not involve third-party creditors and Class 8 Intercompany Interests are separately classified from Interests in Global Holdings because they arise from intercompany transactions and do not impact recoveries to third parties. Class 9 Interests in Global Holdings are classified separately from Claims because they are equity interests. Finally, Class 10 Section 510(b) Claims are separately classified to reflect the treatment of such Claims under section 510(b) of the Bankruptcy Code.

15. It is my understanding that valid factual and legal reasons exist for separately classifying the various Classes of Claims and Interests created under the Plan. In each instance, the Plan classifies Claims based upon their different rights and attributes. Additionally, each of the Claims or Interests in each particular Class is substantially similar to the other Claims or Interests in such Class.

16. Accordingly, I have been advised that the Plan satisfies the classification requirements of section 1122 of the Bankruptcy Code.

B. The Plan Satisfies section 1123(a) of the Bankruptcy Code.

17. It is my understanding that the Plan also satisfies sections 1123(a)(2) and (a)(3) of the Bankruptcy Code. I have been advised that Article III.A specifies the Classes of Claims and Interests that are Unimpaired under the Plan, as required by section 1123(a)(2). I have been further advised that Article III.A also specifies the treatment of each Class of Claims and Interests that is Impaired, as required by section 1123(a)(3) of the Bankruptcy Code.

1. Section 1123(a)(4).

18. It is my understanding that the Plan satisfies section 1123(a)(4) of the Bankruptcy Code. To that end, Article III.B of the Plan provides that each holder of an Allowed Claim or Interest will receive the same rights and treatment as other holders of Allowed Claims or Interests within such holders' respective Class.

2. Section 1123(a)(5).

19. It is my understanding that section 1123(a)(5) of the Bankruptcy Code has been satisfied because Article IV of the Plan (Means for Implementation of the Plan) and various other provisions of the Plan including Articles VI and VII provide adequate means for the Plan's implementation. Therefore, it is my understanding that the Plan satisfies section 1123(a)(5) of the Bankruptcy Code.

3. Section 1123(a)(7).

20. It is my understanding that the Plan satisfies section 1123(a)(7) of the Bankruptcy Code because Article IV of the Plan contains provisions consistent with the interests of creditors and interest holders with respect to the selection of officers and directors, namely, that the Plan Administrator shall be appointed as the sole manager and sole officer of the Post-Effective Date Debtors and shall succeed to the powers of the Post-Effective Date Debtors' managers and officers.

4. Section 1123(b) of the Bankruptcy Code and the Plan's Discretionary Provisions.

21. For the reasons set forth in section II below, I believe that the discretionary contents of the Plan are appropriate under section 1123(b) of the Bankruptcy Code.

II. Sections 1129(a)(2) Through 1129(a)(11) of the Bankruptcy Code.

A. Section 1129(a)(2).

22. It is my understanding that, pursuant to the Disclosure Statement Order,[3] the Court approved, among other things: (a) the Disclosure Statement as containing adequate information within the meaning of section 1125 of the Bankruptcy Code; (b) the other solicitation materials transmitted to creditors entitled to vote on the Plan; (c) the timing and method of delivery of such materials; and (d) the rules and timeline for soliciting and tabulating votes on the Plan and for filing objections to the Plan.

23. Consistent with the Court's Disclosure Statement Order, it is my understanding that the Debtors, with the assistance of DRC, distributed Solicitation Packages to over 1,600

[3] *See Order Approving (I) the Adequacy of the Disclosure Statement; (II) Solicitation and Notice Procedures; and (III) Forms of Ballots and Notices in Connection Therewith; and (IV) Certain Dates with Respect Thereto* [Docket No. 459] (the "Disclosure Statement Order").

creditors holding Claims in the Voting Classes.[4] I also understand that a printed copy of the Confirmation Hearing Notice was also mailed to over 38,000 parties in interest.[5] Additionally, the Confirmation Hearing Notice was published in the national edition of the *The New York Times* and the *Los Angeles Times* on June 29, 2017, in accordance with the Disclosure Statement Order.

24. Accordingly, I have been advised that the Plan complies with and satisfies all of the requirements of section 1129(a)(2) of the Bankruptcy Code.

B. Section 1129(a)(3).

25. I believe the Plan was proposed with honesty, good intentions, and a desire to maximize the value of the Debtors' business. Throughout these cases, the Debtors, their board of managers, and their senior management team have upheld their fiduciary duties to stakeholders and protected the interests of all constituents with an even hand. The Plan follows an extensive pre- and post-petition marketing process to solicit interest in the Debtors (through acquisition or plan sponsorship) and extensive arm's-length negotiations among the Debtors, the ABL Lenders, the Term Loan Lenders, the DIP Lenders, the Purchasers, the Committee, and other parties interested in ensuring that stakeholders realize the highest possible recoveries under the circumstances. Indeed, the Debtors' management team and advisors spent many months evaluating and negotiating the Restructuring Transaction to provide the most value for their stakeholders. Importantly, the Plan is supported by each of the Debtors' key economic

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4 *See Affidavit of Donlin, Recano and Company, Inc. Regarding Service of Solicitation Packages with Respect to 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* [Docket No. 493].

5 *Id.*

stakeholders including, among others, the ABL Lenders, each tranche of the Term Loan Lenders, the DIP Lenders, the Purchasers, and the Committee.

26. Accordingly, I have been advised that the Plan fully complies with and satisfies all of the requirements of section 1129(a)(3) of the Bankruptcy Code.

C. Section 1129(a)(4).

27. It is my understanding that all payments promised or received, made or to be made, by the Debtors in connection with services provided or for costs or expenses incurred in connection with the Chapter 11 Cases, including for professionals are subject to the review by and approval of the Court. Among other things, the Plan provides that all requests for professional compensation and claims for reimbursement will be allowed, after notice and a hearing, in accordance with and subject to the requirements of the Bankruptcy Code and prior orders of the Court, as applicable. Moreover, the Plan provides that the Court will retain jurisdiction to decide and resolve all matters relating to applications for the allowance of compensation or reimbursement of expenses to professionals authorized pursuant to the Bankruptcy Code or the Plan. Therefore, it is my understanding that the Plan complies with the requirements of section 1129(a)(4) of the Bankruptcy Code.

D. Section 1129(a)(5).

28. The Plan provides that the Plan Administrator will act for the Post-Effective Date Debtors in the same fiduciary capacity as applicable to a board of managers and officers. And also provides that on the Effective Date, the authority, power, and incumbency of the persons acting as managers and officers of the Post-Effective Date Debtors shall be deemed to have resigned, solely in their capacities as such. At that time, a representative of the Plan Administrator will be appointed as the sole manager and sole officer of the Post-Effective Date Debtors. At this time, the identity of such representative is unknown. The Debtors will disclose

such identity at or prior to the Confirmation Hearing to the extent such representative's identity becomes known prior to the Confirmation Hearing. I have been advised that the above facts and circumstances comply with all of the elements of section 1129(a)(5) of the Bankruptcy Code.

E. Section 1129(a)(6).

29. I have been informed that section 1129(a)(6) of the Bankruptcy Code requires, with respect to a debtor whose rates are subject to governmental regulation following confirmation, that appropriate governmental approval be obtained for any rate change provided for in the plan, or that such rate change be expressly conditioned on such approval. It is my understanding that there is no governmental regulatory commission that has jurisdiction over the Debtors' or the Post-Effective Date Debtors' rates.

F. Section 1129(a)(7).

30. AlixPartners assisted the Debtors with their preparation of the liquidation analysis that was filed as Exhibit B to the Disclosure Statement (the "Liquidation Analysis") to determine the respective value of distributions (if any) that holders of Claims and Interests would receive on account of such Claims and Interests if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code. The Liquidation Analysis was completed with the direct involvement of people under my direct supervision. I am familiar with the methods used, and the conclusions reached, in the preparation of the Liquidation Analysis. It is my understanding that the Liquidation Analysis represents the Debtors' best estimate of the cash proceeds, net of liquidation-related costs, that would be available for distribution to the holders of Claims and Interests if the Debtors were to be liquidated under chapter 7 of the Bankruptcy Code.

31. The Liquidation Analysis was based on a variety of assumptions, which are detailed in the notes to the Liquidation Analysis, and which I believe are reasonable under the circumstances. The Liquidation Analysis represents an estimate of recovery values and

percentages based upon a hypothetical liquidation if the Debtors' chapter 11 cases were converted by the Court to a proceeding under chapter 7 of the Bankruptcy Code and a chapter 7 trustee proceeded to convert the Debtors' assets into cash. The three major components of the liquidation are as follows:

- generation of cash proceeds from asset sales, largely pursuant to liquidation sales of the Debtors' inventory;
- costs related to the liquidation process, such as post-conversion operating cash flow through asset dispositions, personnel retention costs, estate wind-down costs, and trustee, professional, and other administrative fees; and
- distribution of net proceeds generated from asset sales to claimants in accordance with the priority scheme under Chapter 7 of the Bankruptcy Code.

32. Specifically, the projected recoveries under the Plan and the results of the Liquidation Analysis for all holders of Claims and Interests are as follows:

Class	Claim/Interest	Estimated Plan Recovery	Estimated Chapter 7 Liquidation Recovery
1	Secured Tax Claims	100%	100%
2	Other Secured Claims	100%	100%
3	Other Priority Claims	100%	37 - 78%
4	Term Loan New Tranche A Claims	[●]%[6]	0%
5	Term Loan Tranche B Claims	0.6%+	0%
6	Unsecured Claims	0% - 0.2%+	0%
7	Intercompany Claims	0%	0%
8	Intercompany Interests	0%	0%
9	Interests in Global Holdings	0%	0%

[6] The Debtors do not have 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. But the Debtors project that the holder of Term Loan New Tranche A Claims will receive greater than is projected recovery in a hypothetical chapter 7 proceeding (*i.e.*, 0 percent), and the holder of Term Loan New Tranche A Claims has accepted the Plan.

33. Under a hypothetical chapter 7 liquidation, the estimated proceeds available for allocation (net of required costs and expenses) are estimated to total between approximately $96.5 million and $126.8 million, with a mid-point of $111.7 million, subject to the assumptions set forth in the liquidation analysis. Thus, in a liquidation scenario, only Claims in Classes 1 and 2 would be paid in full—all other Claim holders would be impaired. A liquidation of the Debtors' assets would result in holders of Class 3 Other Priority Claims receiving between approximately 37 percent and 78 percent recovery and holders of Claims or Interests in Classes 4, 5, 6, 7, 8, and 9 would not receive a recovery. This is in direct contrast to the Plan, which provides recoveries to holders of Claims in Classes 3, 5, and 6 of 100%, 0.6%, and between 0%-0.2%, respectively. Although the exact recovery for Class 4 is currently unknown, they will receive the Excess Distributable Cash and accrued interest under the Royalty Sharing Agreement, which the Debtors estimate will be greater than a 0 percent recovery.

34. Based on my review of the Liquidation Analysis and discussions with the Debtors' professionals, I believe that the Plan provides considerably more value than would a chapter 7 liquidation, and that Holders of Allowed Claims will receive greater, or at worst, the same recovery under the Plan than they would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

G. Section 1129(a)(8).

35. As will be discussed in greater detail below, I have been advised that, although the Classes of Claims entitled to vote on the Plan voted to accept the Plan, certain Classes of Claims and Interests are deemed to reject the Plan under section 1126(g) of the Bankruptcy Code because holders of Claims and Interests in such Classes are not entitled to receive or retain any property under the Plan. Notwithstanding this deemed rejection, it is my understanding that the

Plan is confirmable because it satisfies section 1129(b) of the Bankruptcy Code. As far as I am aware, no party in interest has alleged otherwise.

H. Section 1129(a)(9).

36. I have been advised that section 1129(a)(9) of the Bankruptcy Code requires that persons holding claims entitled to priority under section 507(a) receive specified cash payments under a plan. Here, the Plan generally provides that:

- Allowed Administrative Claims will be paid in full in cash no later than 30 days after the Effective Date (or as soon as reasonably practicable thereafter) or, if not then due or Allowed, on or as soon as reasonably practicable after the date such Claim is due or becomes Allowed, consistent with section 1129(a)(9)(A);
- Allowed Priority Tax Claims will be paid in full in cash on or as soon as reasonably practicable after the Effective Date or paid in installments over a period of no more than five years, consistent with section 1129(a)(9)(C); and
- Allowed Other Priority Claims will be paid in full in cash on or as soon as reasonably practicable after the Effective Date or, if not then due or Allowed, on or as soon as reasonably practicable after the date such Claim is due or becomes Allowed, consistent with section 1129(a)(9)(B).

37. It is my understanding that, because the Plan provides for specified Cash payments to Holders of Claims entitled to priority under section 507(a), it is in compliance with section 1129(a)(9) of the Bankruptcy Code.

I. Section 1129(a)(10).

38. I have been informed that section 1129(a)(10) of the Bankruptcy Code is an alternative to the requirement set forth in section 1129(a)(8) of the Bankruptcy Code that each class of claims or interests must either accept a plan or be unimpaired under the plan. It provides that if a class of claims is impaired under a plan, at least one impaired class of claims must accept the plan, excluding acceptance by any insider. As set forth in the Voting Certification, all Classes of Claims against each Debtor entitled to vote on the Plan voted to accept the Plan.

Therefore, it is my belief that the Plan fully complies with and satisfies all of the requirements of section 1129(a)(10) of the Bankruptcy Code.

J. Section 1129(a)(11).

39. It is my understanding that section 1129(a)(11) of the Bankruptcy Code requires that the Court determine that confirmation is not likely to be followed by the liquidation or further financial reorganization of the Debtors (or any successor thereto), unless such liquidation or reorganization is proposed in the Plan.

40. The Plan satisfies the feasibility requirements of section 1129(a)(11) of the Bankruptcy Code by providing for a clear path to emergence from these Chapter 11 Case and the ability of the Debtors to satisfy all of their obligations under the Plan. The implied value of the transactions contemplated by the Plan is approximately $162.5 million, comprised of approximately:

- $135.6 million of cash proceeds from the Purchasers;
- $7.6 million of liabilities assumed by the Purchasers; and
- $19.3 million of cash proceeds from the Store Closing Sales and collection of accounts receivable.

41. The Debtors project that these funds and assumed liabilities will be sufficient to satisfy all priority and administrative Claims under the Plan, including all DIP Claims, Professional Fee Claims, and other administrative and priority claims. The Debtors have therefore established that the Post-Effective Date Debtor will have sufficient funds to satisfy all requirements and obligations under the Plan.

42. Further, the Post-Effective Date Debtors will provide transition services pursuant to the Transition Services Agreement. The OpCo Purchaser requested this transition period, which the Debtors agreed to on the condition that the OpCo Purchaser would be responsible for

all costs related to the transition period. After the completion of the transition period, the Plan provides for an orderly wind down and dissolution of the Post-Effective Date Debtors pursuant to the Wind Down Budget, which has been agreed to with Allerton Funding. As such, the Debtors have a demonstrated ability to fund distributions required under the Plan, including to taxing authorities, administrative claimants, and other unimpaired Classes of Claims, paying the Term Loan Tranche B Recovery, funding the Unsecured Creditor Recovery Pool, and funding the orderly wind down and dissolution of the Debtors' remaining operations.

43. The Debtors, with the assistance of their advisors, have analyzed their ability to meet their obligations under the Plan and I believe that confirmation and consummation of the Plan is not likely to be followed by liquidation or the need for further reorganization (except as contemplated in the Plan) and, therefore, that the Plan is feasible.

K. Section 1129(a)(12).

44. It is my understanding that Article XII.C of the Plan provides that fees payable under 28 U.S.C. § 1930(a) of the Judicial Code will be paid by the Debtors (prior to or on the Effective Date) or the Post-Effective Date Debtors (after the Effective Date) for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first. I believe that the Debtors have paid all Chapter 11 statutory and operating fees required to be paid during the Chapter 11 Cases.

L. Section 1129(a)(13).

45. I understand that Section 1129(a)(13) of the Bankruptcy Code requires that a plan provide for the continuation, after the plan's effective date, of all retiree benefits at the level established by agreement or by court order pursuant to section 1114 of the Bankruptcy Code at any time prior to confirmation of the plan, for the duration of the period to which the debtor has obligated itself. The Debtors have no obligation to pay retiree benefits within the meaning of

section 1129(a)(13) of the Bankruptcy Code. Accordingly, section 1129(a)(13) of the Bankruptcy Code is not implicated by the Plan.

M. The "Cram Down" Requirements of Section 1129(b) of the Bankruptcy Code.

46. I have been informed that section 1129(b) of the Bankruptcy Code allows for confirmation of a plan in cases where all requirements of section 1129(a) are met other than section 1129(a)(8) (*i.e.*, the plan has not been accepted by all Impaired classes of claims or interests), by allowing the Court to "cram down" the plan notwithstanding objections or deemed rejections as long as the Court determines that the plan is "fair and equitable" and does not "discriminate unfairly" with respect to the rejecting classes.

47. As discussed below, the Debtors meet the "cram down" requirements in section 1129(b) of the Bankruptcy Code**Error! Bookmark not defined.** to confirm the Plan, notwithstanding the deemed rejection of certain Classes of Claims and Interests. Moreover, it is my understanding that the Debtors satisfy the "cram down" requirements of section 1129(b) of the Bankruptcy Code because the Plan (1) does not discriminate unfairly and (2) is fair and equitable with respect to each Class of Claims and Interests that is Impaired and has not accepted the Plan.

1. The Plan Does Not Unfairly Discriminate With Respect to the Classes That Were Deemed to Have Rejected the Plan.

48. I believe the Plan is "fair and equitable" to holders of Claims and Interests in those Classes that were deemed to reject the Plan because the Plan satisfies the absolute priority rule with respect to each of these non-accepting Impaired Classes. Specifically, no holder of any junior claim or interest will receive or retain any property under the Plan on account of such junior claim or interest. Accordingly, I believe the Plan does not discriminate unfairly with respect to the holders of Claims and Interests in Classes that are deemed to reject the Plan.

2. The Plan Does Not Unfairly Discriminate with Respect to Impaired Classes.

49. I have been advised that the Plan does not unfairly discriminate with regard to any holders of Claims and Interests in Classes that are deemed to reject the Plan because the Plan satisfies the absolute priority rule and other applicable bankruptcy law with respect to each of the Classes of Claims and Interest that are deemed to reject the Plan. The Plan's treatment of those Classes that are deemed to reject the Plan is proper and not "unfair" because no similar class of interests exists and all holders of Claims or Interests in such Classes will receive identical treatment. Accordingly, the Plan does not discriminate unfairly with respect to Classes of Claims and Interests that are deemed to reject the Plan.

50. Accordingly, I understand that the Plan fully complies with and satisfies the "fair and equitable" requirements of, Section 1129(b) of the Bankruptcy Code.

N. The Principal Purpose of the Plan is not the Avoidance of Taxes as Required Under Section 1129(d) of the Bankruptcy Code.

51. The Plan has not been filed for the purpose of avoidance of taxes or the application of Section 5 of the Securities Act of 1933, as amended. Moreover, no party that is a governmental unit, or any other entity, has requested that the Court decline to confirm the Plan on the grounds that the principal purpose of the Plan is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933.

52. Accordingly, I have been advised that the Debtors have satisfied what I understand to be the requirements of section 1129(d) of the Bankruptcy Code.

III. Section 1123(b) of the Bankruptcy Code and the Plan's Discretionary Provisions.

53. It is my understanding that the Plan includes various discretionary provisions that are consistent with section 1123(b) of the Bankruptcy Code. For example, the Plan impairs certain Classes of Claims and Interests and leaves others Unimpaired, proposes treatment for

Executory Contracts and Unexpired Leases, provides a structure for Claim allowance and disallowance and establishes a distribution process for the satisfaction of Allowed Claims entitled to distributions under the Plan. In addition, the Plan contains provisions implementing certain releases and exculpations, discharging claims and interests and permanently enjoining certain causes of action. The Plan also provides for the sale of substantially all of the property of the Debtors' estates pursuant to the IPCo and OpCo Purchase Agreements and the Store Closing Sales. I believe these provisions are appropriate because, among other things, they (a) are the product of arm's-length negotiations, (b) have been critical to obtaining the support of the various constituencies for the Plan, (c) are given for valuable consideration, (d) are fair and equitable and in the best interests of the Debtors, these estates, and the Chapter 11 Cases, and (e) are consistent with the relevant provisions of the Bankruptcy Code and Second Circuit law as explained to me.

A. Debtor Release.

54. It is my understanding that section 1123(b)(3)(A) of the Bankruptcy Code provides that a chapter 11 plan may provide for the settlement or adjustment of any claim or interest belonging to the debtor or the estate. Accordingly, pursuant to section 1123(b)(3)(A), the Debtors may release estate causes of action as consideration for concessions made by their various stakeholders pursuant to the Plan. Article VIII.C of the Plan provides for releases by the Debtors, the Post-Effective Date Debtors, their estates, and certain Related Parties[7] of any and all Claims and Causes of Action, including any derivative claims, the Debtors could assert against each of the Released Parties (the "Debtor Release").

[7] As used herein, the term "Related Parties" shall refer to various individuals and entities related to the Released Parties, Releasing Parties, and Exculpated Parties, as applicable, including affiliates, predecessors, successors, and current and former equity holders, officers, directors, employees, agents, advisors, and other professionals.

55. I believe that the Debtor Release is in the best interests of the Debtors' estates and is a sound exercise of the Debtors' business judgment. As an initial matter, without the Debtors' agreement to provide releases, the Debtors' stakeholders likely would not have participated in the negotiations and compromises that led to the Plan Support Agreement, the Purchase Agreements, and the Plan. Moreover, the Debtors have determined that probability of success in litigation with respect to Claims or Causes of Action, if any, against the Released Parties is low and the cost and delay of pursuing any such claims is high.

56. Indeed, at the direction of their three independent directors, the Debtors began an investigation into estate claims and causes of action before the petition date. The focus of this investigation was any claims or causes of action against the Debtors' secured lenders and equity owners. As it relates to the secured lenders, and in connection with entry into the final DIP Order, the Debtors reported to the independent directors (through a lengthy report and presentation) and this Court that there were no colorable claims against the Debtors' secured lenders. Accordingly, it is my understanding that the final DIP Order contained certain stipulation and release provisions regarding Causes of Action of the Debtors against their prepetition secured lenders. Paragraph 43 of the final DIP Order provides for a challenge period during with the Committee and all other parties in interest—including, for example, the Azria Parties—were to to have commenced a challenge to such stipulations and releases. Specifically, paragraph 43 of the final DIP Order provides as follows:

> a party in interest with standing and requisite authority . . . has timely filed the appropriate pleadings, and timely commenced the appropriate proceeding required under the Bankruptcy Code and Bankruptcy Rules, including, without limitation, as required pursuant to Part VII of the Bankruptcy Rules . . . challenging the Prepetition Lien and Claim Matters . . . by no later than 60 days from [March 28, 2017].

The challenge period lapsed on May 27, 2017, without any party in interest commencing such a challenge. Thus, it is my understanding that the releases and stipulations in favor of the Debtors' secured lenders contained in the final DIP Order and approved by this Court are binding as to all parties in interest in the Chapter 11 Cases. Thus, the release of many of the Causes of Action that would be covered by the Debtor Release has already been approved by this court pursuant to the final DIP Order, which release may not be challenged by parties in interest due to the lapsing of the final DIP Order's challenge period.

57. Further, holders of Claims have overwhelmingly voted in favor of (and otherwise support) the Plan, including the Debtor Release. And no party in interest has objected to the Debtor Release. The Plan, including the Debtor Release, was negotiated at arm's length by sophisticated entities that were represented by able counsel and financial advisors and is an integral piece of the agreement among the various parties. In addition, the Debtors' directors' and officers' active participation both in prepetition negotiations and during the course of these cases merit their inclusion as Released Parties for purposes of the Debtor Release.

58. The Debtor Release reflects the important contributions, concessions, and compromises made by the Released Parties in the process of formulating the Plan. I believe that the Debtor Release reflects a reasonable balance of the risk and expense of litigation, on the one hand, against the benefits of resolution of disputes and issues, on the other hand, removing what could otherwise be potentially substantial impediments to an expedited successful emergence from these Chapter 11 Cases. Since the Debtor Release underlies a Plan that maximizes the value of the Debtors estates, it ultimately inures to the benefit of all stakeholders.

59. Based on the foregoing, I believe that the Debtor Release represents a valid exercise of the Debtors' business judgment, represents a valid settlement of claims against the

Released Parties pursuant to section 1123(b)(3)(A) of the Bankruptcy Code, and should be approved.

B. Release of Non-Debtors by Third-Parties.

60. In addition to the Debtor Release, the Plan provides for releases by certain holders of Claims and Interests. Specifically, Article VIII.D of the Plan provides that each Releasing Party shall release any and all Claims and Causes of Action (including a list of specifically enumerated Claims and Causes of Action) such parties could assert against the Debtors, the Reorganized Debtors, and the Released Parties (the "Third-Party Release" and together with the Debtor Release, the "Releases"). The Releasing Parties include, among others, the Term Loan Lenders, the ABL Lenders, and the DIP Lenders, the agents under the Debtors' pre- and postpetition credit facilities, holders of Global Holdings Non-Series A Interests, and all holders of Claims or Interests that: (a) vote to accept or are deemed to accept the Plan; and (b) either abstain from voting on the Plan, vote to reject the Plan, or are deemed to reject the Plan, in each case to the extent they do not affirmatively opt out (the "Opt Out") of the Third-Party Release. In addition, the Releasing Parties include all holders of Claims and Interests, regardless of whether such holders Opt Out, solely with respect to releases of the Term Loan Lenders, the Term Loan Participants, and certain parties affiliated or related thereto (collectively, the "Term Loan Released Parties").

61. Against an exceedingly difficult backdrop across the entire apparel industry, the Released Parties have made massive concessions and commitments that will allow the Debtors to maximize the value of their estates and maintain a substantial portion of their business as a going concern through the Sale Transaction. In addition to a number of economic concessions under the Plan, the Term Loan Lenders (as well as the ABL Lenders) made the administration of these Chapter 11 Cases possible by providing debtor-in-possession financing—including $45 million

of new-money financing provided by the Term Loan Lenders—and otherwise consenting to a robust marketing process over the course of these Chapter 11 Cases. The DIP Lenders continued to fund the Debtors, even after several defaults under the DIP Credit Agreement Documents. And the Term Loan Lenders (as well as the ABL Lenders) were instrumental in negotiating the initial plan of reorganization that was filed on the first day of these chapter 11 cases, thereby providing a foundation and structure to enable the Debtors to achieve the current value-maximizing Plan. It was this foundation that helped the Debtors to secure the commitment of the Purchasers to purchase the Debtors' intellectual property and a portion of the Debtors' operating assets, the proceeds of which will make the Debtors' emergence from chapter 11 possible. In addition, the New Tranche A Lenders agreed to a Plan that provided for a $900,000 Unsecured Creditor Recovery Pool and the Tranche B Lenders agreed, pursuant to the Plan, to waive their more than $287.5 million deficiency claim.

62. In addition, I believe the Third Party Releases are substantively warranted for the Released Parties. For example, I understand that beginning in 2016, certain holders of Global Holdings Series A Interests waived payment of management fees that would otherwise have come due under a management services agreement (arguably on an administrative basis). In addition, such Interest holders have been instrumental in supporting these chapter 11 cases and facilitating a smooth administration, despite the fact that they will not receive a recovery under the Plan. In return, the Interest holders seek and deserve closure through the third party release included in the Plan. Finally, throughout the entire case and all these negotiations, the Debtors' directors and officers steadfastly maintained their duties to maximize value for the benefit of all stakeholders, investing countless hours both pre- and postpetition.

63. The Third-Party Release is an integral part of the Plan and a material inducement to the Released Parties pledging their support and making the value-maximizing transaction contemplated by the Plan possible. Accordingly, for all of the above reasons, I believe that the Debtors have a good-faith basis for including the Releases in the Plan. I further believe that the Third Party Release is reasonable and appropriate in light of the unique circumstances of the Chapter 11 Cases, satisfies all applicable requirements of the Bankruptcy Code, and should be approved.

C. Exculpation.

64. Article VIII.E of the Plan provides that each Exculpated Party shall be released and exculpated from any Causes of Action arising out of acts or omissions in connection with these chapter 11 cases and certain related transactions, except for acts or omissions that are found to have been the product of actual fraud or willful misconduct (the "Exculpation"). The Exculpation is an integral part of the Plan. This provision provides necessary and customary protections to those parties in interest (whether estate fiduciaries or otherwise) whose efforts were and continue to be vital to formulating and implementing the Plan, which has garnered overwhelming support from the Debtors' creditors.

65. The Debtors propose to exculpate the Exculpated Parties whose contributions and concessions have made the Plan possible. I believe that the Chapter 11 Cases could not have progressed as quickly and as productively absent the significant contributions of the Exculpated Parties, whose efforts were instrumental to the success of the Debtors' efforts to achieve a Plan supported by the vast majority of their stakeholders. Accordingly, I believe the protections afforded by the Exculpation are reasonable and appropriate.

D. The Sale Transaction.

66. Under the Plan and pursuant to the Sale Transaction, the Debtors seek to sell the certain assets to the IPCo Purchaser and OpCo Purchaser. I believe that the Debtors' sale of the purchased assets under the Sale Transaction represents a sound exercise of the Debtors' business judgment and is essential to the Debtors' Plan. The sale represents the most efficient and appropriate means of maximizing the value of the Debtors' estate. The Debtors conducted a months-long marketing effort during which no other person or entity or group of entities offered to purchase the assets for greater overall value to the Debtors' estates than the Purchasers.

67. The terms set forth in the Asset Purchase Agreements are the product of arm's-length negotiations. I believe, based on discussions with Jefferies, that the consideration to be provided by the Purchaser under the Asset Purchase Agreements is fair and reasonable for the purchase agreement. The Purchasers are not affiliated with the Debtors in any way and have proceeded in good faith during the entirety of the negotiation process. Further, to the extent there are liens on the purchased assets, I anticipate that, all holders of such liens will consent to the sales because they provide the most effective, and efficient approach to realizing proceeds for, among other things, the repayment of amounts due to such parties. Thus, I believe that proceeding with the Sale Transaction under the Asset Purchase Agreements is in the best interest of the Debtors and their estates.

[*Remainder of this page intentionally left blank*]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Dated: July 21, 2017

Respectfully submitted,

/s/ Holy Felder Etlin
Holly Felder Etlin
Chief Restructuring Officer of BCBG Max Azria Global Holdings, LLC