

EXHIBIT 2

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
BEAUTY BRANDS, LLC, <i>et al.</i>)	Case No. 19-10031 () (CSS)
)	
Debtors. ¹)	Jointly Administered
)	
)	Related Docket No. _____ Nos. 16, 123

ORDER (I) SCHEDULING A HEARING ON THE APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE DEBTORS’ ASSETS FREE AND CLEAR OF ALL ENCUMBRANCES, AND THE ASSUMPTION AND ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES, (II) APPROVING CERTAIN BIDDING PROCEDURES, ASSUMPTION AND ASSIGNMENT PROCEDURES, AND BID PROTECTIONS AND THE FORM AND MANNER OF NOTICE THEREOF, AND (III) GRANTING RELATED RELIEF

Upon consideration of the motion (the “Motion”)² of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for the entry of: (a) an order (i) scheduling a hearing (the “Sale Hearing”) on approval of the proposed sale (the “Sale”) of all or substantially all of the Debtors’ assets ~~related to the Core Stores, with the exception of the 23 Closing Stores that are subject to that certain Agency Agreement dated January 3, 2019 with Hilco Merchant Resources, LLC~~ (collectively, the “Assets”), free and clear of all liens, claims, encumbrances, and other interests (collectively, the “Encumbrances”), except certain permitted Encumbrances as determined by the Debtors and the Successful Bidder~~s~~(s), and the potential

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Beauty Brands, LLC (0290); Beauty Brands Payroll Holdings, Inc. (6218); and Beauty Brands Payroll, LLC (1789). The location of the Debtors’ corporate headquarters is 4600 Madison Avenue, Suite 400, Kansas City, MO 64112.

² Capitalized terms used but not defined herein shall have the meanings given them in the Bidding Procedures (as defined below), or to the extent not defined therein, the Motion ~~(as amended by the Stalking Horse Notice)~~.

assumption and assignment of certain executory contracts and unexpired leases (each, an “Potentially Assumed Contract” and, collectively, the “Potentially Assumed Contracts”) in connection therewith; (ii) authorizing and approving certain bidding procedures for the Sale attached hereto as **Exhibit 1** (collectively, the “Bidding Procedures”), authorizing and approving certain procedures for the potential assumption and assignment of the Potentially Assumed Contracts (collectively, the “Assumption and Assignment Procedures”), authorizing and approving certain bid protections for the Stalking Horse Purchaser, including a Break-Up Fee ~~and an Expense Reimbursement (together,~~ (the “Bid Protections”), the form and manner of notice of each of the foregoing; and (iii) granting related relief; and (b) an order, substantially in the form attached to the Motion as Exhibit B (the “Sale Order”), (i) authorizing and approving the Sale, free and clear of all Encumbrances, except certain permitted Encumbrances as determined by the Debtors and the Successful Bidder; (ii) authorizing and approving the ~~potential~~ assumption and assignment of the Potentially Selected Assumed Contracts in connection therewith; and (iii) granting related relief; ~~and the Notice of Stalking Horse Designation and Filing of Stalking Horse APA with Bid Protections [Docket No. 123] (the “Stalking Horse Notice”);~~ and due and proper notice of the Motion having been given; and it appearing that no other or further notice of the Motion is required; and it appearing that the Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order; and it appearing that this is a core proceeding pursuant to 28 § 157(b)(2); and it appearing that venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having reviewed the Motion; and the Bidding Procedures Hearing (as defined below) having been held; and the Court having found and determined that the relief sought in the Motion as to the Bidding and Auction Process (as defined below) is in the best

interests of the Debtors, their estates, and creditors and all parties in interest and that the legal and factual bases set forth in the Motion and at the Bidding Procedures Hearing establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:³

A. This Court has jurisdiction to consider the Motion in accordance with 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order.

B. Venue of this proceeding and the Motion is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

C. The statutory and legal predicates for the relief requested in the Motion and provided for herein are sections 105(a), 363, 365, 503, and 507 of title 11 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006, and 9007, and Local Rules 2002-1 and 6004-1.

D. In the Motion and at the hearing on the Motion as it pertains to the Bidding and Auction Process (the “Bidding Procedures Hearing”), the Debtors demonstrated that good and sufficient notice of the relief granted by this Order has been given under the circumstances, and no ~~further~~ other or further notice need be provided.

E. The Debtors have articulated good and sufficient business reasons for the Court to approve: (i) the Bidding Procedures, (ii) the Bid Protections ~~and Signage Costs~~, (iii) the Sale Notice, (iv) the Assumption and Assignment Procedures; and (v) the Assumption Notice.

F. The Sale Notice is appropriate and reasonably calculated to provide all interested

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

parties with timely and proper notice of this Order, the Bidding Procedures, the Auction, the Sale, and the Sale Hearing, and any and all objection deadlines related thereto, and no other or further notice is required of the foregoing.

G. The Bidding Procedures are fair, reasonable, and appropriate, and designed to maximize recovery with respect to the Sale.

H. The Assumption and Assignment Procedures provided for herein and in the Assumption Notice are reasonable and appropriate and consistent with the provisions of section 365 of the Bankruptcy Code and Bankruptcy Rule 6006. The Assumption and Assignment Procedures and the Assumption Notice have been tailored to provide an adequate opportunity for all Counterparties to assert any Contract Objections.

I. Entry of this Order is in the best interests of the Debtors, their estates and creditors, and all other interested parties.

J. ~~Hilo Merchant Resources~~Absolute Beauty, LLC shall act as the Stalking Horse Purchaser pursuant to that certain ~~Amended and Restated Agency~~Asset Purchase Agreement dated ~~as of January 522, 2019, by and between with~~ Beauty Brands, LLC ~~and the Stalking Horse Purchaser~~ (as amended, supplemented, or otherwise modified by the parties thereto) ~~(, the~~ “Stalking Horse APA”), substantially in the form attached to the ~~Motion~~Stalking Horse Notice as Exhibit CA, and shall be subject to higher and better offers in respect of the Assets included in the Stalking Horse Bid, in accordance with the Bidding Procedures.

K. Good and sufficient business reasons exist for the Court to authorize the Debtors to enter into the Stalking Horse APA.

L. The Bidding Procedures, the Stalking Horse APA, and the Bid Protections were negotiated in good faith and at arms’ length, and are reasonably designed to promote active bidding at and participation in the Auction, to ensure that the highest or best value is generated

for the Assets.

M. The Stalking Horse Purchaser is not an “insider” or “affiliate” of any of the Debtors, as such terms are defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stockholders exists between the Stalking Horse Purchaser and the Debtors. The Stalking Horse Purchaser and its advisors have acted in good faith in connection with the negotiation of the Stalking Horse APA, the Bid Protections, and the Bidding Procedures.

N. The Bid Protections are necessary to ensure that the Stalking Horse Purchaser will continue to pursue the sale transaction contemplated by the Stalking Horse APA. To the extent payable under the Stalking Horse APA, the Bid Protections are (i) actual and necessary costs and expenses of preserving the Debtors’ estates within the meaning of section 503(b) of the Bankruptcy Code; (ii) allowed and shall be paid from the Deposit posted by the Successful Bidder(s) (or, if the Sale is to be closed with the Back-Up Bidder, then the Back-Up Bidder) prior to payment from the Deposit or cash proceeds of the Sale of any obligations owing by the Debtors to the Pre-Petition Agent or DIP Agent, in their capacities as such, under the Pre-Petition Credit Agreement or any order approving debtor-in-possession financing (the “DIP Order”), (iii) commensurate with the real and substantial benefits conferred upon the Debtors’ estates by the Stalking Horse Purchaser; and (iv) fair, reasonable, and appropriate in light of the size and nature of the proposed Sale and the efforts that have been and will be expended by the Stalking Horse Purchaser in connection with the Debtors’ sale process.

O. No person or entity, other than the Stalking Horse Purchaser, shall be entitled to any Bidding Fees (as defined below).

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Those portions of the Motion seeking approval of (a) the Debtors’ entry into the

Stalking Horse APA and all of its terms (including, without limitation, the Break-Up Fee ~~and Expense Reimbursement~~), (b) the Assumption and Assignment Procedures, (c) the Bidding Procedures, (d) the date and time of the Sale Hearing, and (e) the noticing and objection procedures related to each of the foregoing, including, without limitation, the Sale Notice, substantially in the form attached hereto as Exhibit 2 and the Assumption Notice, substantially in the form attached hereto as Exhibit 3 (sub-clauses (a)-(e) above, collectively, the “Bidding and Auction Process”), are hereby GRANTED to the extent set forth herein.

2. Any objections to the Motion as it pertains to the Bidding and Auction Process or the relief granted by this Order that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are hereby overruled and denied on the merits with prejudice.

Stalking Horse Purchaser and Bid Protections

3. The Debtors are authorized to enter into the Stalking Horse APA and the Stalking Horse Bid shall be subject to higher or better Qualifying Bids in accordance with the terms and provisions of the Bidding Procedures.

4. The Bid Protections are approved in their entirety, payable in accordance with, and subject to the Stalking Horse APA and the Bidding Procedures. Specifically, the Stalking Horse Purchaser shall be entitled to payment of ~~(i) a Break-Up Fee in the amount of \$250,000 and (ii) the Expense Reimbursement of up to \$50,000. The Stalking Horse Purchaser is also entitled to Signage Costs in~~ an amount equal to \$50190,000.

5. The Debtors are authorized to pay the Stalking Horse Purchaser the Bid Protections ~~and Signage Costs~~ in accordance with the terms and conditions set forth in the Stalking Horse APA and the Bidding Procedures, and without further order of the Court.

6. The Bid Protections ~~and Signage Costs~~, to the extent payable under the Stalking Horse APA, shall be (i) allowed and paid from the Deposit posted by the Successful Bidder(s) (or, if the Sale is to be closed with the Back-Up Bidder, then the Back-Up Bidder); (ii) paid prior to payment of any obligations owing by the Debtors to the Pre-Petition Agent or DIP Agent in accordance with the terms and conditions of the DIP Order and the Pre-Petition Credit Agreement from the Deposit or cash proceeds of the Sale; and (iii) shall be treated as an administrative expense of the kind specified in sections 105(a), 503(b), and 507(a)(2) of the Bankruptcy Code.

7. Other than with respect to the Stalking Horse Purchaser, neither the Debtors, ~~any statutory committee appointed in these cases,~~ the Official Committee of Unsecured Creditors (the "Committee"), the Pre-Petition Agent, the DIP Lenders, nor any other party shall agree to pay any Qualified Bidder any break-up fee, topping fee, bidding fee, expense reimbursement, or other consideration in exchange for bidding (collectively, the "Bidding Fees"). Moreover, no Qualified Bidder (other than the Stalking Horse Purchaser) shall be granted, entitled to payment of, or receive any Bidding Fees in exchange for bidding.

Bidding Procedures

8. The Bidding Procedures are hereby approved. The failure to specifically include or reference any particular provision of the Bidding Procedures in the Motion or this Order shall not diminish or otherwise impair the effectiveness of such procedures, it being ~~this~~ Court's intent that the Bidding Procedures are approved in their entirety, as if fully set forth in this Order. The Debtors are hereby authorized to conduct the Auction pursuant to the terms of the Bidding Procedures and this Order.

9. The Debtors shall have the right, in their reasonable discretion, to withhold or

limit access to any due diligence information that the Debtors determine is business sensitive or otherwise not appropriate for disclosure to a Qualifying Bidder; provided that the Debtors shall notify the Consultation Parties of any decision to withhold such information. Notwithstanding any prepetition limitations, including, without limitation, any non-disclosure, confidentiality, or similar provisions relating to any due diligence information, the Debtors and their estates shall be authorized to provide due diligence information to Qualifying Bidders provided that such Qualifying Bidders have delivered an executed confidentiality agreement in form and substance acceptable to the Debtors. The Debtors and their estates are not responsible for, and shall have no liability with respect to, any information obtained by, or provided to, any Qualifying Bidders in connection with the Bidding Procedures or the Sale, provided that the information was provided in accordance with this Order.

10. For all purposes under the Bidding Procedures: (a) the Stalking Horse Purchaser shall be considered a Qualifying Bidder, and the Stalking Horse APA shall be considered a Qualifying Bid; (b) should it decide to credit bid, the Pre-Petition Agent and DIP Agent, in their capacities as such, are each a Qualifying Bidder and any such credit bid will be considered a Qualifying Bid; and (c) in determining whether the Potential Bidders constitute Qualifying Bidders, the Debtors may consider a combination of bids for the Assets.

11. The Bidding Procedures shall apply to the Potential Bidders, the Qualifying Bidders, the submission, receipt, and analysis of all bids relating to the Sale, and the conduct of the Sale and the Auction.

12. In the event that the Stalking Horse Bid is the only Qualified Bid received by the Debtors by the Bid Deadline, the Debtors shall not be required to conduct an Auction, and the Stalking Horse Purchaser shall be deemed the Successful Bidder with respect to the Assets. If, in

addition to the Stalking Horse Bid, the Debtors receive at least one Qualified Bid by the Bid Deadline, the Debtors shall conduct an Auction of the Assets in accordance with the Bidding Procedures. For the avoidance of doubt, a Qualified Bid shall include a bid for less than all of the Assets that, when combined with the value of the liquidation of Assets not included in the bid, will yield value to the estate greater than the value of the Stalking Horse Bid.

13. The Auction will take place at the offices of Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, Delaware 19801 on **February 7, 2019 at 9:00 a.m. (prevailing Eastern Time)**, or such other time and location as the Debtors, after consultation with the Consultation Parties, may notify Qualifying Bidders who have submitted Qualifying Bids; provided that such other date and time is no earlier than one day following the delivery of such notice.

14. All persons or entities that participate in the bidding process shall ~~be deemed to have knowingly and voluntarily~~: (i) be deemed to have waived any right to a jury trial in connection with, and consented and submitted to the exclusive jurisdiction of the Court over, any actions or proceedings arising from or relating to the Bidding Procedures, the Sale, the Auction, and the construction and enforcement of the contemplated transaction documents of the Auction Bidders, (ii) bring any such action or proceeding in the Court, and (iii) be deemed to have consented to the Court entering a final judgment determining any such action or proceeding and that such final judgment in any such action or proceeding, including all appeals, shall be conclusive and may be enforced in other jurisdictions (including any foreign jurisdictions) by suit on the judgment or in any other manner provided by applicable law.

15. All proceedings of the Auction shall be conducted openly, and the Debtors, the Auction Bidders, the Consultation Parties, a representative of the United States Trustee's Office,

and all creditors of the Debtors, together with the professional advisors to each of the foregoing parties, shall be permitted to attend; provided that all parties must provide counsel for the Debtors one day's written notice of their intent to attend the Auction. The proceedings of the Auction shall be transcribed.

16. Each Auction Bidder shall confirm either in writing or on the record at the Auction that (i) it has not engaged in any collusion with respect to the Bidding Procedures, the Auction, or the Sale and (ii) its Qualified Bid represents a binding, good faith, and bona fide offer to purchase the Assets if selected as a Successful Bidder.

17. Following the Auction, the Debtors will determine, in consultation with the Consultation Parties, which Qualifying Bid or combination of Qualifying Bids is the highest or best bid for the Assets, which will be determined by considering, among other things the following non-binding factors: (a) the number, type, and nature of any changes to the Stalking Horse APA requested by each bidder; (b) the extent to which such modifications are likely to delay closing of the Sale and the cost to the Debtors and their estates of such modifications or delay; (c) the total consideration to be received by the Debtors and their estates; (d) the transaction structure and execution risk, including conditions to, timing of, and certainty of closing, termination provisions, availability of financing, and financial wherewithal to meet all commitments, and required governmental or other approval; (e) the net benefit to the Debtors' estates, taking into account the Stalking Horse Purchaser's rights to the Break-Up Fee, ~~Expense Reimbursement, and Signage Costs~~; (f) the impact on employees, trade creditors, and landlords; and (g) any other factors the Debtors may reasonably deem relevant.

18. The Debtors, subject to the terms of this Order and the Bidding Procedures, shall have the right as they may reasonably determine to be in the best interests of their estates to carry

out the Bidding Procedures, including, without limitation, to: (a) determine which bidders are Qualifying Bidders; (b) determine which bids are Qualifying Bids; (c) determine which Qualifying Bid is a Baseline Bid; (d) determine which bids or combination of bids are the Successful Bid(s) and Back-Up Bid(s), each as it relates to the Auction; (e) reject any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bidding Procedures or the requirements of the Bankruptcy Code, or (iii) contrary to the best interests of the Debtors and their estates; (f) adjourn or cancel the Auction and/or Sale Hearing in open court without further notice (other than the filing of a notice of such adjournment or cancellation on the docket of these chapter 11 cases, which notice may be the hearing agenda in the case of the Sale Hearing) or as provided in this Order and in the Bidding Procedures; (g) modify the Bidding Procedures consistent with their fiduciary duties and bankruptcy law; and (h) withdraw the Motion at any time with or without prejudice.

Assumption and Assignment Procedures

19. The following “Assumption and Assignment Procedures” are hereby approved:

- (a) On or before **January 18~~23~~, 2019** (the “Assumption Notice Deadline”), the Debtors shall file with the Court and serve by email or regular mail on each counterparty (each, a “Counterparty,” and collectively, the “Counterparties”) to the Potentially Assumed Contracts and its counsel of record (if known) that may be potentially assumed and assigned as part of the Sale a notice, substantially in the form attached ~~to the Bidding Procedures Order hereto~~ as **Exhibit 3** (the “Assumption Notice”).
- (b) The Assumption Notice shall include, without limitation, the cure amount (each, a “Cure Amount”), if any, that the Debtors believe is required to be paid to the applicable Counterparty under section 365(b)(1)(A) and (B) of the Bankruptcy Code for each of the Potentially Assumed Contracts. If a Counterparty objects to ~~(i) the Debtors’ ability to assume and/or assign the Potentially Assumed Contract or (ii)~~ the Cure Amount for its Potentially Assumed Contract, the Counterparty must file with the Court and serve on the Objection Notice Parties (as defined below) a written objection (a “Contract Objection”).
- (c) Any Contract Objection shall: (i) be in writing; (ii) comply with the Bankruptcy Rules and the Local Rules; (iii) be filed with the Clerk of the Court, 824 N. Market Street, 3rd

Floor, Wilmington, Delaware 19801, together with proof of service, **on or before 4:00 p.m. (ET) on February 16, 2019** (the “Contract Objection Deadline”); (iv) be served, so as to be actually received on or before the Contract Objection Deadline, upon the Objection Notice Parties (as defined below); and (v) state with specificity the grounds for such objection, including, without limitation, the fully liquidated cure amount and the legal and factual bases for any unliquidated cure amount that the Counterparty believes is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code for the Potentially Assumed Contract, along with the specific nature and dates of any alleged defaults, the pecuniary losses, if any, resulting therefrom, and the conditions giving rise thereto. Any objections to assumption and assignment and adequate assurance of future performance by the Successful Bidder(s) shall be filed in accordance with subparagraph (g) below.

- (d) The “Objection Notice Parties” are as follows: (i) proposed counsel to the Debtors, Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, DE 19801 (Attn: Gregory A. Taylor, Esq.; gtaylor@ashbygeddes.com); (ii) proposed counsel to ~~any official committee appointed in the~~ Official Committee of Unsecured Creditors, Kelley Drye & Warrant LLP, 101 Park Avenue, New York, NY 10178 (Attn: Eric Wilson, Esq.; ewilson@kelleydrye.com), and Saul Ewing Arnstein & Lehr LLP, 1201 N. Market Street, Suite 2300, Wilmington, DE 19801 (Attn: Lucian Murley, Esq.; luke.murley@saul.com) ~~Debtors’ chapter 11 cases;~~; (iii) counsel to PNC Bank, National Association, Blank Rome, 1201 N. Market Street, Suite 800, Wilmington, DE 19801 (Attn: Regina Stango Kelbon, Esq.; kelbon@blankrome.com); (iv) the Office of the United States Trustee for the District of Delaware, 855 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Linda Casey, Esq.; Linda.Casey@usdoj.gov); and (v) counsel to the Stalking Horse Purchaser, ~~Pepper Hamilton~~ Kirkland & Ellis, LLP, 1313 N. Market Street, Suite 5100, Wilmington, DE 19801 ~~601 Lexington Avenue, New York, NY 10022~~ (Attn: ~~Douglas Herrmann~~ Joshua Sussberg, Esq.; herrmand@pepperlaw.com ~~Joshua.sussberg@kirkland.com~~).
- (e) If after the Assumption Notice Deadline additional executory contracts or unexpired leases of the Debtors are determined to be Potentially Assumed Contracts, as soon as practicable thereafter, the Debtors shall file with the Court and serve, by email, facsimile, or overnight delivery, on the Counterparties an Assumption Notice, and such Counterparties shall file any Contract ~~Objections not later than: (i) the Contract Objection Deadline in the event that such Assumption Notice was filed and served within five days of the Assumption Notice Deadline and (ii) two hours prior to the commencement of the Sale Hearing in the event that such Assumption Notice was filed and served more than five days after the Assumption Notice Deadline~~ Objection no later than ten days after service of the applicable Assumption Notice.
- (f) As soon as practicable after the conclusion or cancellation of the Auction, the Debtors shall file with the Court and serve by email, facsimile, or overnight delivery on the Sale Notice Parties a notice identifying the Successful Bidder ~~(a(s) and Back-Up Bidder (if any) (the “Notice of Successful Bidder”), which”).~~
- (g) On or before February 8, 2019, the Debtors shall set forth, among other things, file with

the Court and serve by email, facsimile, or overnight delivery upon each affected Counterparty and its counsel (if known) a notice identifying (i) the ~~Successful Bidder and Back-Up Bidder (if any), (ii) the~~ Selected Assumed Contracts (as defined below), (iii) the proposed assignee(s) of such Selected Assumed Contracts, and ~~(iviii)~~ a certification by the Debtors that the Debtors have provided, or will provide, in coordination with the proposed assignee, evidence supporting the Successful Bidder's ability to comply with the requirements of adequate assurance of future performance under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code (the "Adequate Assurance Information") to each affected Counterparty on a confidential basis (the "Supplemental Assumption Notice"); provided, however, that the Debtors shall provide the Adequate Assurance Information of a Qualifying Bidder that submitted a Qualifying Bid, as soon as practicable after receipt thereof, and in no event more than 12 hours after the Bid Deadline, to all Counterparties and their counsel of record (if known) by email, facsimile, or overnight delivery. The Counterparties shall file any Contract Objections solely on the basis of assumption and assignment and adequate assurance of future performance by the Successful Bidder(s) on or before February 11, 2019 at 4:00 p.m. (prevailing Eastern Time). The Successful Bidder(s) shall be permitted to revise the list of Selected Assumed Contracts, either by adding or removing executory contracts and unexpired leases from the Supplemental Assumption Notice, at any time prior to the close of the Sale; provided, however, that the Debtors shall promptly file a revised Supplemental Assumption Notice with the Court and serve by email, facsimile, or overnight delivery upon each affected Counterparty and its counsel (if known), and affected Counterparties shall have ten days to file any Contract Objection solely on the basis of assumption and assignment and adequate assurance of future performance by the Successful Bidder(s) after service of the revised Supplemental Assumption Notice.

~~(g) — As soon as practicable after the conclusion or cancellation of the Auction, the Debtors will cause to be served by overnight mail upon each affected Counterparty and its counsel (if known): (i) the Notice of Successful Bidder and (ii) the Successful Bidder's Adequate Assurance Information (to the extent not previously provided); provided, however, that the Debtors shall provide the Adequate Assurance Information of a Qualifying Bidder that submitted a Qualifying Bid, as soon as practicable after receipt thereof, to such Counterparty that submits a written request to receive the Adequate Assurance Information by email that specifically identifies each property for which such Counterparty would like to receive Adequate Assurance Information. The Counterparties shall file any Contract Objections solely on the basis of adequate assurance of future performance not later than two hours prior to the commencement of the Sale Hearing.~~

(h) At the Sale Hearing, the Debtors will seek Court approval of their assumption and assignment to the Successful Bidder(s) of only those Potentially Assumed Contracts that have been selected by the Successful Bidder(s) to be assumed and assigned (each, a "Selected Assumed Contract," and collectively, the "Selected Assumed Contracts"). The Debtors and their estates reserve any and all rights with respect to any Potentially Assumed Contracts that are not ultimately designated as Selected Assumed Contracts. If no Contract Objection is timely received with respect to a Selected Assumed

Contract: (i) the Counterparty to such Selected Assumed Contract shall be deemed to have consented to the assumption by the Debtors and assignment to the Successful Bidder of the Selected Assumed Contract, and be forever barred from asserting any objection with regard to such assumption and assignment (including, without limitation, with respect to adequate assurance of future performance by the Successful Bidder); (ii) any and all defaults under the Selected Assumed Contract and any and all pecuniary losses related thereto shall be deemed cured and compensated pursuant to section 365(b)(1)(A) and (B) of the Bankruptcy Code; and (iii) the Cure Amount for such Selected Assumed Contract shall be controlling, notwithstanding anything to the contrary in such Selected Assumed Contract, or any other related document, and the Counterparty shall be deemed to have consented to the Cure Amount and shall be forever barred from asserting any other claims related to such Selected Assumed Contract against the Debtors and their estates or the Successful Bidder, or the property of any of them, that existed prior to the entry of the Sale Order.

- (j) To the extent that the parties are unable to consensually resolve any Contract Objection prior to the commencement of the Sale Hearing, including, without limitation, any dispute with respect to the cure amount required to be paid to the applicable Counterparty under section 365(b)(1)(A) and (B) of the Bankruptcy Code (any such dispute, a “Cure Dispute”), such Contract Objection will be adjudicated at the Sale Hearing or at such other date and time as may be determined by the Debtors ~~or~~ and the applicable Counterparty, or as otherwise fixed by the Court; provided, however, that if the Contract Objection relates solely to a Cure Dispute, the Selected Assumed Contract may be assumed by the Debtors and assigned to the Successful Bidder~~(s)~~, provided that the cure amount that the Counterparty asserts is required to be paid under section 365(b)(1)(A) and (B) of the Bankruptcy Code (or such lower amount as agreed to by the Counterparty) is deposited in a segregated account by the Debtors or the Successful Bidder~~(s)~~, pending the Court’s adjudication of the Cure Dispute or the parties’ consensual resolution of the Cure Dispute.

20. The Debtors’ decision to assume and assign the Potentially Assumed Contracts to the Successful Bidder~~(s)~~ is subject to this Court’s approval and the closing of the Sale. Accordingly, absent this Court’s approval and the closing of the Sale, the Potentially Assumed Contracts shall not be deemed assumed or assumed and assigned, and shall in all respects be subject to further administration by the Debtors and their estates under the Bankruptcy Code in connection with these chapter 11 cases.

21. The Assumption and Assignment Procedures are appropriate and fair to all Counterparties and comply in all respects with the Bankruptcy Code, the Bankruptcy Rules, and

the Local Rules, and are hereby approved.

22. The Assumption Notice is: (a) reasonably calculated to (i) provide sufficient, effective notice to all Counterparties and any other affected parties of the potential assumption and assignment of the Potentially Assumed Contracts and (ii) afford the Counterparties the opportunity to exercise any rights affected by the Motion and the relief granted by this Order pursuant to Bankruptcy Rules 2002(a)(2), 6004, and 6006; and (b) hereby approved.

23. The inclusion of a contract, lease, or other agreement on an Assumption Notice or Supplemental Assumption Notice shall not constitute or be deemed a determination or admission by the Debtors and their estates or any other party in interest that such contract, lease, or other agreement is, in fact, an executory contract or unexpired lease within the meaning of the Bankruptcy Code, and any and all rights of the Debtors and their estates with respect thereto shall be reserved.

The Sale Notice

24. The Sale Notice is approved, and no other or further notice of the Sale, the Auction, the Sale Hearing, or the Sale Objection Deadline shall be required if the Debtors serve such notice in the manner provided in this Order.

25. Within one business day of the entry of this Order, the Debtors shall file with the Court and serve the Sale Notice by email, ~~mail~~, facsimile, or overnight delivery on: (i) the Office of the United States Trustee for the District of Delaware; (ii) proposed counsel to the holders Official Committee of the 20 largest unsecured claims against the Debtors Unsecured Creditors; (iii) counsel to ~~any official committee appointed in these cases~~; (iv) ~~counsel to~~ PNC Bank, National Association; (v) ~~v~~ counsel to the Stalking Horse Purchaser; (v) ~~v~~ all parties known or reasonably believed to have expressed an interest in acquiring any of the Assets within

the six months prior to the Petition Date, including any person or entity that has submitted a bid for the Assets; (vi~~i~~) all banks at which the Debtors have accounts; (viii~~i~~) all of the landlords for the Debtors' Stores; (~~ix~~viii) any non-debtor parties to an executory contract or unexpired lease of the Debtors; (~~x~~ix) all parties known by the Debtors to assert any lien, claim, interest, or encumbrance in the Assets; (~~x~~ix) all applicable federal, state, and local taxing and regulatory authorities having jurisdiction over the Assets; (xi~~i~~) all environmental authorities having jurisdiction over the Assets, including the Environmental Protection Agency and similar state agencies for each state in which the Assets are located; (xiii~~i~~) the Federal Trade Commission; (xi~~v~~ii) the Antitrust Division of the United States Department of Justice; (xiv) all of the Debtors' other known creditors and equity holders; and (xv~~i~~) any party that has requested notice pursuant to Bankruptcy Rule 2002 as of the service date (collectively, the "Sale Notice Parties").

26. Within two business days of the entry of this Order, the Debtors will cause the Sale Notice to be published once in the national edition of *USA Today*.

27. The Debtors shall post the Sale Notice as well as the Motion, the Stalking Horse APA, and this Order on the website of the Debtors' claims and noticing agent, at <http://www.donlinrecano.com/beautybrands>.

Sale Hearing, Objections, Replies

28. Any objections to the Sale or the relief requested in connection with the Sale (a "Sale Objection"), other than a Contract Objection, which shall be governed by the Assumption and Assignment Procedures, must: (a) be in writing; (b) comply with the Bankruptcy Rules and the Local Rules; (c) set forth the specific basis for the Sale Objection; (d) be filed with the Clerk of this Court, 824 N. Market Street, 3rd Floor, Wilmington, Delaware 19801, together with proof of service, on or before **4:00 p.m. (prevailing Eastern Time) on February 16, 2019** (the "Sale

Objection Deadline”); and (e) be served, so as to be actually received on or before the Sale Objection Deadline, upon (i) proposed counsel to the Debtors, Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, DE 19801 (Attn: Gregory A. Taylor, Esq.; gtaylor@ashbygeddes.com); (ii) proposed counsel to ~~any official committee appointed in the Official Committee of Unsecured Creditors, Kelley Drye & Warrant LLP, 101 Park Avenue, New York, NY 10178 (Attn: Eric Wilson, Esq.; ewilson@kelleydrye.com), and Saul Ewing Arnstein & Lehr LLP, 1201 N. Market Street, Suite 2300, Wilmington, DE 19801 (Attn: Lucian Murley, Esq.; luke.murley@saul.com)~~ Debtors’ chapter 11 cases;); (iii) counsel to PNC Bank, National Association, Blank Rome, 1201 N. Market Street, Suite 800, Wilmington, DE 19801 (Attn: Regina Stango Kelbon, Esq.; kelbon@blankrome.com); (iv) the Office of the United States Trustee for the District of Delaware, 855 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Linda Casey, Esq.; Linda.Casey@usdoj.gov); and (v) counsel to the Stalking Horse Purchaser, ~~Pepper Hamilton~~ Kirkland & Ellis, LLP, ~~1313 N. Market Street, Suite 5100, Wilmington, DE 19801~~ 601 Lexington Avenue, New York, NY 10022 (Attn: ~~Douglas Herrmann~~ Joshua Sussberg, Esq.; Joshua.sussberg@kirkland.com) (collectively, the “Objection Notice Parties”). If a Sale Objection is not filed and served on or before the Sale Objection Deadline in accordance with the foregoing requirements, the objecting party shall be barred from objecting to the Sale and shall not be heard at the Sale Hearing, and this Court may enter the Sale Order without further notice to such party.

29. Failure to file a Sale Objection on or before the Sale Objection Deadline (a) shall forever bar the assertion, whether at any Sale Hearing or thereafter, of any objection to the Motion, to entry of the Sale Order, and/or to the consummation and performance of the Sale contemplated by the Stalking Horse APA or any Modified APA with ~~at~~ the Successful Bidder(s)

and (b) for purposes of section 363(f)(2) of the Bankruptcy Code, shall be deemed to be “consent” to entry of the Sale Order and consummation of the Sale and all transactions related thereto

30. The Debtors shall have until **February 68, 2019 at 12:00 p.m. (noon) (prevailing Eastern Time)** to file and serve a reply to any objection filed in connection with the Sale, including any Sale Objection or Contract Objection.

31. The Sale Hearing shall be held ~~in this Court on February 812, 2019 at ____:____0 ____m. (prevailing Eastern Time)-), and the Debtors shall file a proposed form of order approving the Stalking Horse APA (or Modified APA if the Stalking Horse Purchaser is not the Successful Bidder at the Auction) on February 8, 2019.~~ The Debtors may adjourn or reschedule the Sale Hearing without notice or with limited and shortened notice to parties, including by: (a) an announcement of the adjournment in open court on the date scheduled for the Sale Hearing or (b) filing a hearing agenda or notice on the docket of the Debtors’ chapter 11 cases prior to the commencement of the Sale Hearing.

32. The Sale Notice, the Assumption Notice, the Bidding Procedures, the Auction, the Sale Hearing, and the Assumption and Assignment Procedures and the objection periods associated with each of the foregoing are reasonably calculated to provide notice to any affected party and afford the affected party the opportunity to exercise any rights affected by the Motion as it relates to the Bidding Procedures, the Auction, the Sale, the Sale Hearing, and the proposed assumption and assignment to the Successful Bidder of the Potentially Assumed Contracts pursuant to Bankruptcy Rules 2002(a)(2), 6004, and 6006, and such notice and objection periods are hereby approved.

Related Relief

33. The Debtors are authorized to conduct the Sale without the necessity of complying with any state or local bulk transfer laws or requirements.

34. In the event that there is a conflict between this Order or the Bidding Procedures, on the one hand, and the Motion, the Stalking Horse APA, a Modified APA, or any notice served in connection with the Motion or this Order, on the other hand, this Order and the Bidding Procedures shall control and govern.

35. Prior to mailing the Assumption Notice and Sale Notice, as applicable, the Debtors may fill in, or cause to be filled in, any missing dates and other information, correct any typographical errors, conform the provisions thereof to the provisions of this Order, and make such other, non-material changes as the Debtors deems necessary or appropriate.

36. Nothing contained in any plan of reorganization or liquidation, or order of any type or kind entered in these chapter 11 cases, any subsequent chapter 7 or chapter 11 case of the Debtors, or any related proceeding subsequent to entry of this Order, shall conflict with or derogate from the provisions of this Order. This Order shall be binding on any trustees, examiners, or other fiduciary under any section of the Bankruptcy Code, if any, subsequently appointed in any of the Debtors' chapter 11 cases or upon a conversion to chapter 7 under the Bankruptcy Code of the Debtors' cases.

37. This Order shall be effective immediately upon entry, and any stay of orders provided for in Bankruptcy Rules 6004(h) or 6006(d) or any other provision of the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules is expressly waived. The Debtors are not subject to any stay in the implementation, enforcement, or realization of the relief granted in this Order, and may, in their sole discretion and without further delay, take any action and perform

any act authorized or approved under this Order.

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

39. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation or interpretation of the Order.

~~Dated: January __, 2019~~
~~Wilmington, Delaware~~ ~~The Honorable~~
~~United States Bankruptcy Judge~~

Exhibit 1

(Bidding Procedures)

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	
)	Chapter 11
BEAUTY BRANDS, LLC, <i>et al.</i>)	Case No. 19-10031 (—) (CSS)
)	
Debtors. ¹)	Joint Administration Requested
)	<u>Jointly Administered</u>

BIDDING PROCEDURES

On January 6, 2019, Beauty Brands, LLC and its debtor affiliates in the above-captioned chapter 11 cases (collectively, the “Debtors”) filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.

On January __, 2019, the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) entered an order [Docket No. __] (the “Bidding Procedures Order”),² which, among other things, authorized the Debtors to solicit bids and approved these procedures (collectively, the “Bidding Procedures”) to be employed by the Debtors in connection with the proposed sale (the “Sale”) of all or substantially all of the Debtors’ assets ~~related to, with~~ the ~~33 Core~~exception of the 23 Closing Stores listed on Schedule 1 hereto that are subject to that certain Agency Agreement dated January 3, 2019 with Hilco Merchant Resources, LLC (collectively, the “Assets”), free and clear of all liens, claims, encumbrances, and other interests (collectively, the “Encumbrances”), except certain permitted Encumbrances as determined by the Debtors and the Successful Bidder(s) (as defined below).

ANY PARTY INTERESTED IN BIDDING ON THE ASSETS SHOULD CONTACT:

- (A) The Debtors’ proposed counsel, Gregory A. Taylor, Esq., Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, DE 19801 at (302) 654-1888 or gtaylor@ashbygeddes.com; and

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, as applicable, are: Beauty Brands, LLC (0290); Beauty Brands Payroll Holdings, Inc. (6218); and Beauty Brands Payroll, LLC (1789). The location of the Debtors’ corporate headquarters is 4600 Madison Avenue, Suite 400, Kansas City, MO 64112.

² All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Bidding Procedures Order.

- (B) The Debtors' Chief Restructuring Officer, Timothy Boates, RAS Management Advisors, LLC at (256) 776-4989 or tboates@rasmanagement.com.

Summary of Important Dates and Deadlines

DATE	DEADLINE
January 18 <u>23</u> , 2019	Assumption Notice Deadline
February 4, 2019 at 12:00 p.m. (ET)	Bid Deadline
February 1, 2019 at 4:00 p.m. (ET)	Sale Objection Deadline
February 1, 2019 at 4:00 p.m. (ET)	Contract Objection Deadline³
February 5, 2019	Deadline for Debtors to Designate Qualifying Bids
February 6, 2019	Deadline for Debtors to Designate Baseline Bid
February 6, 2019 at 4:00 p.m. (ET)	Sale Objection Deadline
February 6, 2019 at 4:00 p.m. (ET)	Contract Objection Deadline⁴
February 7, 2019 at 9:00 a.m. (ET)	Auction
As soon as reasonably practicable after the Auction	Deadline to File Notice of Successful Bidder
As soon as reasonably practicable after the Auction	Deadline <u>for Debtors</u> to <u>File and</u> Serve Notice of Successful Bidder and Successful Bidder's Adequate Assurance of Information(s) and Back-Up Bidder(s)
Not later than 2 hours prior to the commencement of the Sale Hearing	Adequate Assurance Objection Deadline for Successful Bidder
February 6 <u>8</u> , 2019 at 12:00 p.m. (noon) (ET)	Debtors' Deadline <u>for Debtors</u> to File <u>and</u> <u>Serve</u> Reply to Sale Objections
February 8, 2019	Deadline for Debtors to File and Serve Supplemental Assumption Notice
February 8, 2019	Deadline for Debtors to File and Serve Proposed Sale Order
February 11, 2019 at 4:00 p.m. (ET)	Assumption and Adequate Assurance Objection Deadline
February 8 <u>12</u> , 2019 at (ET)	Sale Hearing

1. Stalking Horse Purchaser

A stalking horse bid for the Assets has been submitted by ~~Hileo Merchant Resources~~Absolute Beauty, LLC (the "Stalking Horse Purchaser", and its bid, the "Stalking

³ ~~This objection deadline applies to all objections related to the proposed assumption and assignment of executory contracts and unexpired leases (with the exception of objections related to adequate assurance of future performance by a Successful Bidder).~~

⁴ ~~This objection deadline applies only to objections related to the proposed cure amount and does not apply to objections related to the proposed assumption and assignment and adequate assurance of future performance by the Successful Bidder(s).~~

Horse Bid”). The Stalking Horse Purchaser has executed that certain *Amended and Restated Agency Asset Purchase Agreement* dated ~~as of~~ January 5~~22~~, 2019 (as amended, supplemented, or otherwise modified by the parties thereto, the “Stalking Horse APA”) to ~~act as the Debtors’ agent for purchase~~ the purpose of conducting “store closing” themed sales at Transferred Assets (including the Core Stores listed on Schedule 1 hereto. The Stalking Horse APA guarantees that Business as a going concern and the Debtors shall receive eighty percent of the aggregate Cost Value of the Merchandise (both Assumed Contracts) (all as defined in the Stalking Horse APA) ~~contained in both the~~. Among other things, the Transferred Assets include the Debtors’ distribution center and 23 Closing of the Core Stores as well as the 33 Core Stores set forth on Schedule B to the Stalking Horse APA.

The Stalking Horse Bid is subject to higher or better offers submitted in accordance with the terms and conditions of these Bidding Procedures.

2. Description of the Assets

The Debtors are seeking to sell substantially all of their Assets ~~related to the Core Stores, including~~, with the exception of the 23 Closing Stores that are subject to that certain *Agency Agreement* dated January 3, 2019 with Hilco Merchant Resources, LLC, including without limitation:

- ~~Merchandise from the Core Stores by means of a “store closing”, “sale on everything”, “going out of business”, “everything must go”, or similar sale. Merchandise is defined in the Stalking Horse APA as all (i) new, finished, first quality saleable goods (including without limitation Liter Goods) in the ordinary course of business located at the Stores as of the applicable Sale Commencement Date (including Merchandise subject to Gross Rings), (ii) Defective Merchandise, and (iii) Distribution Center Merchandise and On-Order Merchandise, if any, received at the Stores no later than fourteen days after the applicable Sale Commencement Date, provided that if such goods are received at the Stores after such fourteen day period, but on or before twenty-eight days after the applicable Sale Commencement Date, such goods shall be included in the Sale as Merchandise at the Cost Value and Retail Price of each good multiplied by the inverse of the then prevailing Sale discount for each such good; and~~
- All Assets related to the Core Stores, including the 10 Core Stores not included in the Stalking Horse APA;
- All Assets related to the distribution center located at 15501 West 99th Street, Lenexa, Kansas, 66219;
- All Assets related to the corporate office located at 4600 Madison Avenue, Suite 400, Kansas City, Missouri, 64112;
- All Assets related to the e-commerce business;

- All inventories of the Debtors' business, including inventories located at the Core Stores and in the distribution center;
- All executory contracts and unexpired leases related to the Debtors' business and Core Stores.
- ~~The Owned FF&E in the Stores. Owned FF&E is defined in the Stalking Horse APA as all furniture, furnishings, trade fixtures, machinery, equipment, office supplies, Supplies, conveyor systems, racking, rolling stock, and other personal property located at the Cores Stores, the Debtors' warehouse/distribution centers, and the Debtors' corporate office that are owned by the Debtors.~~

A party may submit a bid for any individual Asset (or combination of Assets) ~~listed on Schedule 1, whether or not such Assets are included in the Stalking Horse APA.~~

3. Participation Requirements

Any person or entity that wishes to participate in the bidding process for the Assets (each, a "Potential Bidder") must first become a "Qualifying Bidder." In order to become a Qualifying Bidder (and thus be able to conduct due diligence and gain access to the Debtors' confidential electronic data room concerning the Assets (the "Data Room")), a Potential Bidder must submit to the Debtors and their advisors:

- (a) documentation identifying the interested party, its principals, and the representatives thereof who are authorized to appear and act on their behalf for all purposes regarding the contemplated transaction;
- (b) an executed confidentiality agreement in form and substance reasonably satisfactory to the Debtors, which by its terms will inure to the benefit of the Successful Bidder;
- (c) a statement and other factual support demonstrating to the Debtors' reasonable satisfaction, after consultation with the Consultation Parties (as defined below), that the interested party has a *bona fide* interest in consummating a sale transaction; and
- (d) sufficient information, as determined by the Debtors, to allow the Debtors, after consultation with the Consultation Parties, to determine that the interested party (x) has, or can obtain, the financial wherewithal and any required internal corporate, legal or other authorizations to close a sale transaction, including, but not limited to, current audited financial statements of the interested party (or such other form of financial disclosure acceptable to the Debtors in their discretion) and (y) can provide adequate assurance of future performance under any executory contracts and unexpired leases to be

assumed by the Debtors and assigned to such bidder, pursuant to section 365 of the Bankruptcy Code, in connection with the Sale.

Each Potential Bidder shall comply with all reasonable requests for information and due diligence access by the Debtors, each of the Consultation Parties, or their advisors regarding the ability of such Potential Bidder, as applicable, to consummate its contemplated transaction.

Notwithstanding anything to the contrary herein, and for the avoidance of doubt, for all purposes under the Bidding Procedures: (i) the Stalking Horse Purchaser shall be considered a Qualifying Bidder, and the Stalking Horse APA shall be considered a Qualifying Bid (as defined below); (ii) should it decide to credit bid, the Pre-Petition Agent and DIP Agent, in their capacities as such, are each a Qualifying Bidder and any such credit bid will be considered a Qualifying Bid; and (iii) in determining whether the Potential Bidders constitute Qualifying Bidders, the Debtors may consider a combination of bids for the Assets.

4. Bankruptcy Court Jurisdiction

Any Potential Bidders and Qualifying Bidders shall: (a) be deemed to have waived any right to a jury trial in connection with, and consented and submitted to the exclusive jurisdiction of the Bankruptcy Court over, any actions or proceedings arising from or relating the Bidding Procedures, the Sale, the Auction (as defined below) and the construction and enforcement of the contemplated transaction documents of such parties, (b) bring any such action or proceeding in the Bankruptcy Court, and (c) be deemed to have consented to the Bankruptcy Court entering a final judgment determining any such action or proceeding and that such final judgment in any such action or proceeding, including all appeals, shall be conclusive and may be enforced in other jurisdictions (including any foreign jurisdictions) by suit on the judgment or in any other manner provided by applicable law.

5. Due Diligence

The Debtors will provide any Qualifying Bidder with reasonable access to the Data Room and any other additional information that the Debtors believe to be reasonable and appropriate under the circumstances. All additional due diligence requests shall be directed to: (a) Timothy Boates (~~at (256) 776-4989; or tboates@rasmanagement.com~~) and/or (b) Gregory Taylor, Esq. (~~at (302) 654-1888; or gtaylor@ashbygeddes.com~~).

The due diligence period shall extend through and including the Bid Deadline. The Debtors may, but shall not be obligated to, in their sole discretion, furnish any due diligence information after the Bid Deadline.

The Debtors reserve the right, in their reasonable discretion, to withhold or limit access to any due diligence information that the Debtors determine is business-sensitive or otherwise not appropriate for disclosure to a Qualifying Bidder; provided that the Debtors shall notify the Consultation Parties of any decision to withhold such information. Notwithstanding any prepetition limitations, including, without limitation, any non-disclosure, confidentiality or similar provisions relating to any due diligence information, the Debtors and their estates shall be authorized to provide due diligence information to Qualifying Bidders provided that such

Qualifying Bidders have delivered an executed confidentiality agreement in form and substance acceptable to the Debtors. The Debtors and their estates are not responsible for, and shall have no liability with respect to, any information obtained by, or provided to, any Qualifying Bidders in connection with the Bidding Procedures and the Sale.

6. Bid Requirements

Other than in the case of a bid submitted by the Stalking Horse Purchaser or the Pre-Petition Agent or DIP Agent, in their capacities as such, to be deemed a “Qualifying Bid,” a bid must be received from a Qualifying Bidder on or before the Bid Deadline and satisfy each of the following requirements (each, a “Bid Requirement”):

- (a) be in writing;
- (b) fully disclose the identity of the Qualifying Bidder and whether such party is an “insider” (as defined in section 101 of the Bankruptcy Code) of any Debtor, and provide the contact information of the specific person(s) whom the Debtors or their advisors should contact in the event that the Debtors have any questions or wish to discuss the bid submitted by the Qualifying Bidder;
- (c) set forth the purchase price to be paid by such Qualifying Bidder, including what amount is being paid as cash and what amount constitutes a credit bid;
- (d) not propose payment in any form other than cash (except as otherwise expressly set forth in these Bidding Procedures);
- (e) state the liabilities proposed to be paid or assumed by such Qualifying Bidder, including any cure amounts for Potentially Assumed Contracts;
- (f) specify the Assets that are included in the bid, and state that such Qualifying Bidder offers to purchase the Assets, or a number or combination of the Assets, upon substantially the same terms as, or terms more favorable to the Debtors and their estates than, the terms set forth in the Stalking Horse APA;
- (g) be accompanied by a clean, executed copy of an asset purchase agreement (the “Modified APA”), along with a marked copy of the Modified APA that reflects any variations from the Stalking Horse APA;
- (h) state that such Qualifying Bidder’s offer is formal, binding, and unconditional and is irrevocable until two business days after the closing of the Sale;
- (i) state that such Qualifying Bidder is financially capable of consummating the transactions contemplated by the Modified APA and provide written evidence in support thereof;
- (j) contain such financial and other information to allow the Debtors to make a reasonable determination as to the Qualifying Bidder’s financial and other

capabilities to close the transactions contemplated by the Modified APA, including, without limitation, ~~such financial and other information~~evidence supporting the Qualifying Bidder's ability to comply with the requirements of adequate assurance of future performance under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code, ~~— (the “Adequate Assurance Information”)~~, in a form that will permit the immediate dissemination of such evidence to the Counterparties to such contracts and leases, which shall include, without limitation, (i) the specific names under which the Qualifying Bidder or its designee intend to lease and operate the Store(s); (ii) the potential assignee's intended use for the space; (iii) cash flow projections, business plans, calculations, pro formas, or other materials supporting the assignee's ability to perform under the contracts and leases to be assigned; (iv) documents and other evidence of the potential assignee's retail experience and any other relevant experience; (v) a designated contact person for the proposed assignee whom the Counterparties may directly contact with adequate assurance-related inquiries; and (vi) other information relevant to the proposed assignee's ability to satisfy the requirements of section 365(b)(3)(A)-(D) of the Bankruptcy Code (to the extent applicable);

~~(j)(k)~~(k) including the Qualifying Bidder's financial wherewithal and willingness to perform under any contracts and leases that are assumed and assigned to the Qualifying Bidder, ~~in a form that allows the Debtors to serve, within one business day after such receipt, such information on any counterparties to any contracts or leases being assumed and assigned in connection with the Sale that have requested, in writing, such information;~~

~~(k)(l)~~(l) identify with particularity each and every executory contract and unexpired lease the assumption and assignment of which is a condition to close the transactions contemplated by the Modified APA;

~~(l)(m)~~(m) a commitment to close the transactions contemplated by the Modified APA by February ~~9, 2019 for any competing liquidating bids, or February 19, 2019 for any going concern bids~~19, 2019;

~~(m)(n)~~(n) not request or entitle such Qualifying Bidder to any break-up fee, termination fee, expense reimbursement, or similar type of fee or payment;

~~(n)(o)~~(o) the aggregate consideration proposed by the Qualifying Bidder must, when combined with the liquidation value of Assets not included in the bid, equal or exceed \$7,~~108,646,110,556 (the “Minimum Qualifying Bid”)~~, which is comprised of (A) \$6,~~658,646~~⁵820,556, plus (B) the Break-Up Fee, plus (C) ~~the~~

⁵~~To provide the estates with value comparable to the full Adjusted Guaranteed Amount that the Stalking Horse Purchaser would have paid, a Qualifying Bidder will have to pay a sum that is equivalent to ninety one and one third percent (91.3%) of the aggregate Cost Value of the Merchandise at the Core Stores, which captures the value of the 15% increase of the Guaranty Percentage at the Closing Stores~~

~~Expense Reimbursement, plus (D) the Signage Costs, plus (E) \$100,000;~~⁶

~~(p)~~(p) not contain any contingencies of any kind, including, without limitation, contingencies related to financing, internal approval, or due diligence;

~~(q)~~(q) contain written evidence satisfactory to the Debtors, in consultation with the Consultation Parties, that the Qualifying Bidder has a commitment for financing or other evidence of the ability to close the transactions contemplated by the Modified APA, with appropriate contact information for such financing sources;

~~(r)~~(r) contain a written acknowledgement and representation that the Qualifying Bidder (i) has had an opportunity to conduct any and all due diligence regarding the Assets, (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and other information in making its Qualifying Bid, and (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the Assets, or the completeness of any documents or other information provided in connection with the Bidding Procedures and the Sale;

~~(s)~~(s) sets forth (i) a statement or evidence that the Qualifying Bidder has made or will make in a timely manner all necessary filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, if applicable, and pay the fees associated with such filings and (ii) any regulatory and third-party approval required for the Qualifying Bidder to close the transactions contemplated by the Modified APA, and the time period within which the Qualifying Bidder expects to receive such regulatory and third-party approvals (and in the case that receipt of any such regulatory or third-party approval is expected to take more than three days following execution and delivery of such Qualifying Bidder's Modified APA, those actions the bidder will take to ensure receipt of such approval(s) as promptly as possible); provided that a Qualifying Bidder agrees that its legal counsel will coordinate in good faith with Debtors' legal counsel to discuss and explain Qualifying Bidder's regulatory analysis, strategy, and timeline for securing all such approvals as soon as reasonably practicable, and in no event later than the time period contemplated in the Modified APA; provided, further that the offer contains a covenant to cooperate with the Debtors to provide pertinent factual information regarding the bidder's operations reasonably required to analyze issues arising with respect to any applicable antitrust laws and other applicable regulatory requirements;

~~that the estate will not be receiving, plus the estimated Sharing Amount set forth in section 3.2(a) of the Stalking Horse APA, plus the Debtors' share of the estimated FF&E set forth in section 7.1 of the Stalking Horse APA.~~

~~⁶ To the extent the amount of the Minimum Qualifying Bid changes prior to the Bid Deadline, the Debtors will inform all known potential bidders of the updated amount of the Minimum Qualifying Bid prior to the Bid Deadline.~~

~~(s)~~(t) provides for the Qualifying Bidder to serve as a backup bidder (the “Back-Up Bidder”) if the Qualifying Bidder’s bid is the next highest and best bid (the “Back-Up Bid”) after the Successful Bid~~(s)~~ (as defined below), in accordance with the terms of the Modified APA;

~~(t)~~(u) includes written evidence of authorization and approval from the Qualifying Bidder’s board of directors (or comparable governing body) with respect to the submission, execution, and delivery of the Modified APA;

~~(u)~~(v) provides a good faith cash (the “Deposit”) in an amount equal to ten percent of the purchase price provided for in the Modified APA (or such additional amount as may be determined by the Debtors in their reasonable discretion and in consultation with the Consultation Parties) to be deposited, prior to the Bid Deadline, with an escrow agent selected by the Debtors (the “Escrow Agent”) pursuant to the escrow agreement to be provided by the Debtors to the Qualifying Bidders (the “Escrow Agreement”); provided that with respect to a bid for ~~a store location~~ any real property lease submitted by the landlord ~~under the (or its affiliate) counterparty to that~~ real property lease ~~for such store~~ (a “Landlord Lease Bid”), the landlord may deduct from its Deposit the amount of any undisputed monetary obligations, as determined by the Debtors, in their discretion, that constitute the cure amount for the applicable real property lease;

~~(v)~~(w) contain a written acknowledgement and representation from the Qualifying Bidder that (i) if the Qualifying Bidder becomes the Successful Bidder at the Auction and (ii) the Bankruptcy Court enters an order approving the sale of the Assets to such Successful Bidder on the terms of the Modified APA, the Debtors are authorized to, and the Debtors shall, use the Deposit to pay the Stalking Horse Purchaser ~~(a) the Break-Up Fee, (b) the Expense Reimbursement, and (c) the Signage Costs~~; and

~~(w)~~(x) provides for liquidated damages in the event of the Qualifying Bidder’s breach of, or failure to perform under, the Modified APA equal to the amount of the Deposit.

A bid from a Qualifying Bidder satisfying all of the above requirements, as determined by the Debtors, in consultation with the Consultation Parties, shall constitute a Qualifying Bid. The Debtors reserve the right to work with any Qualifying Bidder in advance of the Auction to cure any deficiencies in a bid that is not initially deemed a Qualifying Bid.

Each Qualifying Bidder submitting a bid shall be deemed to: (a) acknowledge and represent that it is bound by all of the terms and conditions of the Bidding Procedures and (b) have waived the right to pursue a substantial contribution claim under section 503 of the Bankruptcy Code related in any way to the submission of its bid, the Bidding Procedures, and the Sale.

Notwithstanding anything to the contrary herein, and for the avoidance of doubt, for all

purposes under the Bidding Procedures, any of the Debtors' landlords may (a) submit a Landlord Lease Bid and (b) credit bid some or all of the applicable landlord's undisputed cure amounts and/or administrative expense claim with respect to its lease. In connection therewith, to be a Qualifying Bid, the landlord must (i) satisfy Section 6(a), (b), (c), (f) (but only with respect to the requirement that the landlord specify the Assets that are included in the bid), (h), (m), (n), (p), (r), and (v) (but only with respect to non-credit bids) above related to the components of a Qualifying Bid and (ii) accompany such bid with (a) evidence of its ability to consummate the contemplated transaction and (b) a lease termination agreement, which will become effective only if the landlord executing the lease termination agreement is the Successful Bidder for its lease. For the avoidance of doubt, a landlord bidding on a real property lease to which that landlord (or its affiliate) is a counterparty shall not be required to provide Adequate Assurance Information.

7. Bid Deadline

A Qualifying Bidder, other than the Stalking Horse Purchaser or the Pre-Petition Agent or DIP Agent, in their capacities as such, that desires to make a bid shall deliver a written and electronic copy of its bid in both PDF and MS-WORD format to the Notice Parties (as identified below) so as to be received on or before **February 4, 2019 at 12:00 p.m. (ET)** (the "**Bid Deadline**"); provided that the Debtors may extend the Bid Deadline without further order of the Bankruptcy Court, subject to providing notice to the Consultation Parties. **Any party that does not submit a bid by the Bid Deadline will not be allowed to (a) submit any offer after the Bid Deadline or (b) participate in the Auction.**

8. Evaluation of Qualifying Bids

The Debtors will promptly deliver copies of all bids from Qualifying Bidders to each of the Consultation Parties.

The Debtors, in consultation with the Consultation Parties, shall make a determination regarding whether a timely submitted bid from a Qualifying Bidder is a Qualifying Bid, and shall notify all Qualifying Bidders whether their bids have been determined to be a Qualifying Bid by **February 5, 2019**.

~~One day prior to the Auction Date~~ On or before February 6, 2019, the Debtors shall determine, in consultation with the Consultation Parties, which of the Qualifying Bids, at such time, is the highest or best bid for purposes of constituting the opening bid of the Auction (the "**Baseline Bid**") and the Qualifying Bidder submitting the Baseline Bid, the "**Baseline Bidder**"), and shall promptly notify any Stalking Horse Purchaser and all Qualifying Bidders with Qualifying Bids of the Baseline Bid.

9. No Qualifying Bids

If no timely Qualifying Bids other than the Stalking Horse Bid are submitted on or before the Bid Deadline, the Debtors shall not hold an Auction and shall request at the Sale Hearing that the Bankruptcy Court approve the Stalking Horse APA and the transactions

contemplated thereunder.

10. Auction

If Debtors timely receive one or more Qualifying Bids other than the Stalking Horse Bid, then the Debtors shall conduct an auction (the "Auction"). Following the Auction, the Debtors will determine, in consultation with the Consultation Parties, which Qualifying Bid or combination of Qualifying Bids is the highest or best bid for the Assets, which will be determined by considering, among other things, the following non-binding factors: (a) the number, type, and nature of any changes to the Stalking Horse APA requested by each bidder; (b) the extent to which such modifications are likely to delay closing of the Sale and the cost to the Debtors and their estates of such modifications or delay; (c) the total consideration to be received by the Debtors and their estates; (d) the transaction structure and execution risk, including conditions to, timing of, and certainty of closing, termination provisions, availability of financing, and financial wherewithal to meet all commitments, and required governmental or other approval; (e) the net benefit to the Debtors' estates, taking into account the Stalking Horse Purchaser's rights to the Break-Up Fee, ~~Expense Reimbursement, and Signage Costs~~; (f) the impact on employees, trade creditors, and landlords; and (g) any other factors the Debtors may reasonably deem relevant.

The Auction shall be governed by the following procedures:

- i. the Auction shall be held on **February 7, 2019 at 9:00 a.m. (prevailing Eastern Time)** (the "Auction Date") at Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, Delaware 19801, or such other date and time as the Debtors, after consultation with the Consultation Parties, may notify Qualifying Bidders who have submitted Qualifying Bids; provided that such other date and time is no earlier than one day following the delivery of such notice;
- ii. only the Stalking Horse Purchaser, the Pre-Petition Agent and DIP Agent, in their capacities as such, and the other Qualifying Bidders with Qualifying Bids (together, the "Auction Bidders") shall be entitled to make any subsequent bids at the Auction;
- iii. the Auction Bidders shall appear in person at the Auction, or through a duly authorized representative;
- iv. only the Debtors, the Auction Bidders, the Consultation Parties, a representative of the United States Trustee's Office, and all creditors of the Debtors, together with the professional advisors to each of the foregoing parties, may attend the Auction; provided that all parties must provide counsel for the Debtors one day's written notice of their intent to attend the Auction;
- v. the Debtors and their professional advisors shall direct and preside over the Auction, which shall be transcribed;
- vi. each of the Auction Bidders shall confirm either in writing or on the record at the Auction that (i) it has not engaged in any collusion with respect to the Bidding

Procedures, the Auction, or the Sale and (ii) its Qualified Bid represents a binding, good faith, and bona fide offer to purchase the Assets if selected as a Successful Bidder;

- vii. bidding shall commence at the amount of the Baseline Bid, and the Auction Bidders may submit successive bids in increments of at least \$100,000 of the Baseline Bid, provided that: (i) each such successive bid must be a Qualifying Bid; (ii) if the then-highest and best bid was made by the Stalking Horse Purchaser, such bid shall be deemed to include the sum of the amount of ~~(A) the Break-Up Fee, plus (B) the Expense Reimbursement, plus (C) the Signage Costs; (iii) the Stalking Horse Purchaser may not credit bid the Bid Protections in a context involving only liquidation bids; and (iv) the Break-Up Fee; and (iii) the~~ Debtors shall retain the right to modify the bid increment requirements at the Auction;
- viii. the Auction may include individual negotiations between the Debtors and the Auction Bidders, but all bids shall be made on the record and in the presence of all of the Auction Bidders;
- ix. all material terms of the bid that is deemed to be the highest and best bid for each round of bidding shall be fully disclosed to the Auction Bidders, and the Debtors shall use reasonable efforts to clarify any and all questions that the Auction Bidders may have regarding the Debtors' announcement of the then-current highest and best bid;
- x. the Debtors and their professional advisors in consultation with the Consultation Parties may employ and announce at the Auction additional procedural rules that are reasonable under the circumstances (*e.g.*, the amount of time allotted to make subsequent bids) for conducting the Auction, provided that such rules are (i) not inconsistent with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or any applicable order of the Bankruptcy Court entered in connection with these chapter 11 cases, including, without limitation, the Bidding Procedures Order and the DIP Order (as defined in the Bidding Procedures Order) and (ii) disclosed to the Auction Bidders;
- xi. each Auction Bidder shall (i) be deemed to have waived any right to a jury trial in connection with, and consented and submitted to the exclusive jurisdiction of the Bankruptcy Court over, any actions or proceedings arising from or relating the Bidding Procedures, the Sale, the Auction and the construction and enforcement of the contemplated transaction documents of the Auction Bidders, (ii) bring any such action or proceeding in the Bankruptcy Court, and (iii) be deemed to have consented to the Bankruptcy Court entering a final judgment determining any such action or proceeding and that such final judgment in any such action or proceeding, including all appeals, shall be conclusive and may be enforced in other jurisdictions (including any foreign jurisdictions) by suit on the judgment or in any other manner provided by applicable law;
- xii. the Pre-Petition Agent and DIP Agent may not consent to the sale of Assets unless all of the Obligations (as defined in the Pre-Petition Credit Agreement and DIP Credit Agreement) are indefeasibly paid in full to Pre-Petition Agent

and/or DIP Agent, as applicable, in cash at closing and, therefore, Pre-Petition Agent, on behalf of the Pre-Petition Lenders, and/or DIP Agent, on behalf of the DIP Lenders, as applicable, in their capacities as such, shall be entitled to credit bid all or a portion of the Pre-Petition Obligations and DIP Obligations (each as defined in the DIP Order) in accordance with section 363(k) of the Bankruptcy Code, and which credit bid shall not be subject to the Bidding Procedures set forth herein. In addition, the credit bid may be submitted as a Back-Up Bid in the event that the Sale to the Successful Bidder (as defined below) either does not close or the net proceeds from such Sale are insufficient to indefeasibly satisfy the Obligations in full in cash, and such credit bid expressly states that it is being submitted solely for such purposes;

- xiii. the Auction Bidders shall have the right to make additional modifications to the Modified APA or the Stalking Horse APA, as applicable, in conjunction with each Qualifying Bid submitted in each round of bidding during the Auction, provided that (i) any such modifications on an aggregate basis and viewed in whole, shall not, in the Debtors' discretion, in consultation with the Consultation Parties, be less favorable to the Debtors and their estates than the terms of the Stalking Horse APA and (ii) each Qualifying Bid shall constitute an irrevocable offer and shall be binding on the Auction Bidder submitting such bid until such party shall have submitted a subsequent Qualifying Bid at the Auction or the conclusion of the Sale Hearing, whichever occurs sooner, unless such bid is selected as the Successful Bid or the Back-Up Bid, which shall remain binding as provided for herein;
- xiv. the Debtors and the Consultation Parties shall have the right to request any additional financial information that will allow the Debtors and the Consultation Parties to make a reasonable determination as to an Auction Bidder's financial and other capabilities to consummate the transactions contemplated by the Modified APA or the Stalking Horse APA, as applicable, as may be amended during the Auction, and any further information that the Debtors may believe is reasonably necessary to clarify and evaluate any bid made by an Auction Bidder during the Auction;
- xv. upon the conclusion of the Auction, the Debtors shall determine, in consultation with the Consultation Parties, and subject to Court approval, the offer or combination of offers for the Assets that is or are the highest or best from among the Qualifying Bids submitted at the Auction (the "Successful Bid²²-(s)"). In making this decision, the Debtors shall consider, in consultation with the Consultation Parties, the amount of the purchase price, the likelihood of the bidder's ability to close a transaction and the timing thereof, the number, type, and nature of any changes to the Stalking Horse APA, as applicable, requested by each bidder, and the net benefit to the Debtors' estates. The bidder submitting such Successful Bid(s) shall become the "Successful Bidder²²-(s)," and shall have such rights and responsibilities of the purchaser as set forth in the Modified APA or the Stalking Horse APA, as applicable. The Debtors may, in their sole discretion, designate the Back-Up Bid (and the corresponding Back-Up Bidder) to purchase the Assets in the event that the Successful Bidder(s) does not

close the Sale; ~~and~~

~~xvi.~~ No later than at the conclusion of the Auction, the Successful Bidder(s) must provide to DIP Agent the identity of the person(s), entity(ies), and/or financial institution(s) that will be funding the cash portion of the Successful Bid(s) in order for DIP Agent to comply with applicable regulatory requirements; and

xvii. prior to the Sale Hearing, the Successful Bidder(s) shall complete and execute all agreements, contracts, instruments, and other documents evidencing and containing the terms and conditions upon which the Successful Bid(s) was made.

THE SUCCESSFUL BID(S) AND ANY BACK-UP BID SHALL CONSTITUTE AN IRREVOCABLE OFFER AND BE BINDING ON THE SUCCESSFUL BIDDER AND THE BACK-UP BIDDER, RESPECTIVELY, FROM THE TIME THE BID IS SUBMITTED UNTIL TWO BUSINESS DAYS AFTER THE SALE HAS CLOSED. EACH QUALIFYING BID THAT IS NOT THE SUCCESSFUL BID OR THE BACK-UP BID SHALL BE DEEMED WITHDRAWN AND TERMINATED AT THE CONCLUSION OF THE SALE HEARING.

11. Sale Hearing

The Successful Bid(s) and any Back-Up Bid (or if no Qualifying Bid other than that of the Stalking Horse Purchaser is received, then the Stalking Horse APA) will be subject to approval by the Bankruptcy Court. The hearing (~~the “Sale Hearing”~~) to approve the ~~Successful Bid and any Back-Up Bid~~ Stalking Horse APA (or the Modified APA if ~~no Qualifying Bid other than that of~~ the Stalking Horse Purchaser is ~~received, then not~~ the ~~Stalking Horse APA~~ Successful Bidder) shall take place on **February 8~~1~~2, 2019 at _____ : _____ .m. (prevailing Eastern Time)**. The Sale Hearing may be adjourned by the Debtors from time to time without further notice to creditors or other parties in interest other than by announcement of the adjournment in open court on the date scheduled for the Sale Hearing, or by filing a hearing agenda or notice on the docket of the Debtors' chapter 11 cases.

At the Sale Hearing, the Debtors will seek entry of an order that, among other things: (i) authorizes and approves the Sale to the Stalking Horse Purchaser or in the event the Stalking Horse Purchaser is not the Successful Bidder, then to the Successful Bidder(s), pursuant to the terms and conditions set forth in the Stalking Horse APA or Modified APA submitted by the Successful Bidder, as applicable; (ii) finding that the Stalking Horse Purchaser or Successful Bidder(s), as applicable, is a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code; (iii) as appropriate, exempting the Sale(s) and conveyance(s) of the Assets from any transfer tax, stamp tax, or similar tax, or deposit under any applicable bulk sales statute; and (iv) unless otherwise ordered by the Bankruptcy Court, directing that all cash proceeds generated from the sale of any Assets shall be paid to the Pre-Petition Agent upon the closing of such sale(s) for application against the obligations owing by the Debtors to the Pre-Petition Agent in accordance with the terms and conditions of the DIP Order and the Pre-Petition Credit Agreement; provided, however, that in the event the Stalking Horse Purchaser is not the Successful Bidder, the Debtors shall use the Deposit to first pay the Stalking Horse Purchaser the Bid Protections ~~and Signage Costs~~ from the Deposit.

12. Backup Bidder

~~Notwithstanding any of the foregoing, in the event that the Successful Bidder fails to close the Sale by February 9, 2019 for any liquidating bids, or February 19, 2019 for any going concern bids (or such date as may be extended by the Debtors), the Back-Up Bid will be deemed to be the Successful Bid, the Back-Up Bidder will be deemed to be the Successful Bidder, and the Debtors will be authorized, but not directed, to close the Sale to the Back-Up Bidder subject to the terms of the Back-Up Bid without the need for further order of the Bankruptcy Court and without the need for further notice to any interested parties.~~

13.12. Return of Deposits

All Deposits shall be returned to each bidder not selected by the Debtors as the Successful Bidder no later than five business days following the closing of the Sale. The deposit of the Successful Bidder or, if the Sale is closed with the Back-Up Bidder, the deposit of the Back-Up Bidder, shall be applied to the purchase price for the Sale and used first to pay the Stalking Horse Purchaser the Bid Protections ~~and Signage Costs.~~ If the Successful Bidder (or, if the Sale is to be closed with the Back-Up Bidder, then the Back-Up Bidder) fails to consummate the Sale because of a breach or failure to perform on the part of such bidder, then, subject to the terms of the Modified APA or the Stalking Horse APA, as applicable, the Debtors and their estates shall be entitled to retain the Deposit of the Successful Bidder (or, if the Sale is to be closed with the Back-Up Bidder, then the Back-Up Bidder) as part of the damages resulting to the Debtors and their estates for such breach or failure to perform.

14.13. Notice and Consultation Parties

- (a) The term “Notice Parties” as used in these Bidding Procedures shall mean: (i) the Debtors (Attn: Timothy Boates, Chief Restructuring Officer; tboates@rasmanagement.com); (ii) proposed counsel to the Debtors, Ashby & Geddes (Attn: Gregory Taylor, Esq.; gtaylor@ashbygeddes.com); and (iii) proposed investment banking advisor to the Debtors, Lazard Middle Market LLC (Attn: Dermott O’Flanagan; dermott.oflanagan@lazard.com).
- (b) The term “Consultation Parties” as used in these Bidding Procedures shall mean: (i) ~~any official committee appointed in the Debtors’ chapter 11 cases~~Official Committee of Unsecured Creditors (the “Committee”) and (ii) the Pre-Petition ~~Secured Parties~~Agent and DIP Agent, in their capacities as such.

For the avoidance of doubt, any consultation rights provided to the Consultation Parties by these Bidding Procedures shall not limit the Debtors’ discretion in any way and shall not include the right to veto any decision made by the Debtors in the exercise of their business judgment.

In the event that any Consultation Party or any member of the Committee or an affiliate of any of the foregoing submits a bid that is a Qualifying Bid, any obligation of the Debtors to consult with the bidding party established under these Bidding Procedures will be waived,

discharged, and released without further action; provided that the bidding party will have the same rights as any other Qualifying Bidder set forth above. For the avoidance of doubt, the Pre-Petition Agent and DIP Agent, in their capacities as such, must elect prior to commencement of the Auction whether to submit a credit bid upon which, if submitted, the Pre-Petition Agent and DIP Agent, in their capacities as such, shall no longer be a Consultation Party.

If a member of the Committee submits a Qualifying Bid, the Committee will continue to have consultation rights as set forth in these Bidding Procedures; provided that the Committee shall exclude such member from any discussions or deliberations regarding the sale of the Assets and shall not provide any information regarding the sale of the Assets to such member.

15.14. Reservation of Rights

Notwithstanding any of the foregoing, the Debtors and their estates reserve the right to, after consultation with the Consultation Parties, modify these Bidding Procedures at or prior to the Auction, including, without limitation, to extend the deadlines set forth herein, allow for bidding on only a portion of the Assets and not all of them, modify bidding increments, waive terms and conditions set forth herein with respect to any or all potential bidders (including, without limitation, the Bid Requirements), impose additional terms and conditions with respect to any or all Potential Bidders, adjourn or cancel the Auction at or prior to the Auction, and adjourn the Sale Hearing.

Schedule 1

(Core Stores)

Exhibit 2

(Sale Notice)

assumption and assignment of the Potentially Selected Assumed Contracts in connection therewith; and (iii) granting related relief.

On January __, 2019, the Bankruptcy Court entered the Bidding Procedures Order [Docket No. __].

Stalking Horse Bid and Description of the Assets

A ~~binding~~ stalking horse bid (~~for the “Stalking Horse Bid”~~) ~~Assets~~ has been submitted by ~~Hileo Merchant Resources~~ Absolute Beauty, LLC (“Hileo” or (the “Stalking Horse Purchaser”, and its bid, the “Stalking Horse Purchaser Bid”)). The Stalking Horse Purchaser has executed that certain ~~Amended and Restated Agency Asset Purchase Agreement~~ Asset Purchase Agreement dated January ~~522~~, 2019 (~~the as amended, supplemented, or otherwise modified by the parties thereto, the “Stalking Horse APA”~~) to ~~act as the Debtors’ agent for the purpose of conducting “store closing” themed sales at purchase the Core Stores identified on Schedule 1 hereto. More specifically, Transferred Assets (including the Stalking Horse will sell all of the Merchandise (Business as a going concern and the Assumed Contracts) (all as defined in the Stalking Horse APA) from the Core Stores and dispose of all furniture, furnishings, trade fixtures, machinery, equipment, office supplies, Supplies, conveyor systems, racking, rolling stock, and).~~ Among other personal property at things, the Cores Stores, Transferred Assets include the Debtors’ warehouse/distribution centers, and 23 of the Debtors’ corporate office owned by Core Stores as set forth on Schedule B to the Debtors. Stalking Horse APA.

The Stalking Horse Bid is subject to higher or otherwise better offers submitted in accordance with the terms and provisions of the Bidding Procedures.

A party may submit a bid for any individual Asset (~~or combination of Assets~~) ~~listed on Schedule 1~~ in accordance with the terms and provisions of the Bidding Procedures, whether or not such Assets are included in the Stalking Horse APA.

IMPORTANT DATES AND DEADLINES

- **Bid Deadline.** Any person or entity interested in participating in the Auction must submit a Qualified Bid (as defined in the Bidding Procedures) to the Notice Parties (as identified in the Bidding Procedures) on or before **February 4, 2019 at 12:00 p.m. (prevailing Eastern Time)** (the “Bid Deadline”).
- **Auction.** An Auction for the Assets has been scheduled for **February 7, 2019 at 9:00 a.m. (prevailing Eastern Time)** and, if necessary, will be conducted at the offices of Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, Delaware 19801.
- **Sale Objection Deadlines.** Objections to a proposed Sale, including any objection to the sale of any of the Assets free and clear of liens, claims, interests, and encumbrances pursuant to section 363(f) of the Bankruptcy Code and/or entry of a Sale Order must be (i) filed in accordance with the Bidding Procedures, (ii) filed with the Bankruptcy Court, and (iii) served on the (a) proposed counsel to the Debtors, Ashby & Geddes, 500

Delaware Avenue, 8th Floor, Wilmington, DE 19801 (Attn: Gregory A. Taylor, Esq.; gtaylor@ashbygeddes.com); (b) proposed counsel to ~~the Official Committee of Unsecured Creditors, Kelley Drye & Warrant LLP, 101 Park Avenue, New York, NY 10178 (Attn: Eric Wilson, Esq.; ewilson@kelleydrye.com), and Saul Ewing Arnstein & Lehr LLP, 1201 N. Market Street, Suite 2300, Wilmington, DE 19801 (Attn: Lucian Murley, Esq.; luke.murley@saul.com)~~ ~~any official committee appointed in the Debtors' chapter 11 cases;~~; (c) counsel to PNC Bank, National Association, Blank Rome, 1201 N. Market Street, Suite 800, Wilmington, DE 19801 (Attn: Regina Stango Kelbon, Esq.; kelbon@blankrome.com); (d) the Office of the United States Trustee for the District of Delaware, 855 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Linda Casey, Esq.; Linda.Casey@usdoj.gov); and (e) counsel to the Stalking Horse Purchaser, ~~Pepper Hamilton Kirkland & Ellis, LLP, 1313 N. Market Street, Suite 5100, Wilmington, DE 19801~~ 601 Lexington Avenue, New York, NY 10022 (Attn: ~~Douglas Herrmann~~ Joshua Sussberg, Esq.; Joshua.sussberg@kirkland.com) (collectively, the "Objection Notice Parties") by no later than **February 16, 2019 at 4:00 p.m. (prevailing Eastern Time) (prevailing Eastern Time)**.

- ***Sale Hearing.*** The Sale Hearing shall be held **on February 12, 2019 at _____ : _____ 0 .m. (prevailing Eastern Time).** ~~The Sale Hearing shall take place before The Honorable Christopher S. Sontchi at the Bankruptcy Court before the Honorable _____, United States Bankruptcy Judge, in the Bankruptcy Court, located at, 824 N. Market Street, 5th Floor, Courtroom No. 6, Wilmington, Delaware 19801 on February 8, 2019 at _____ : _____ 0 .m. (prevailing Eastern Time).~~

Additional Information

Any party interested in submitting a bid for the Assets should contact the Debtors' Chief Restructuring Officer, Timothy Boates at (256) 776-4989 or tboates@rasmanagement.com and/or the Debtors' proposed counsel, Gregory Taylor, Esq. at (302) 654-1888 or gtaylor@ashbygeddes.com.

Copies of the Motion, the Bidding Procedures Order, the Bidding Procedures, and the Stalking Horse APA may be obtained free of charge at the website dedicated to the Debtors' chapter 11 cases maintained by their claims and noticing agent, Donlin, Recano & Company, Inc., located at <http://www.donlinrecano.com/beautybrands>.

FAILURE TO ABIDE BY THE BIDDING PROCEDURES, THE BIDDING PROCEDURES ORDER, OR ANY OTHER ORDER OF THE BANKRUPTCY COURT IN THESE CHAPTER 11 CASES MAY RESULT IN THE REJECTION OF YOUR BID.

THE FAILURE OF ANY PERSON OR ENTITY TO FILE AND SERVE AN OBJECTION IN ACCORDANCE WITH THE BIDDING PROCEDURES ORDER BY THE APPLICABLE SALE OBJECTION DEADLINE SHALL FOREVER BAR SUCH PERSON OR ENTITY FROM ASSERTING ANY OBJECTION TO THE MOTION, SALE ORDER, THE PROPOSED SALE, OR THE DEBTORS' CONSUMMATION OF THE STALKING HORSE APA OR ANY OTHER ASSET PURCHASE AGREEMENT

EXECUTED BY THE DEBTORS AND A SUCCESSFUL BIDDER AT THE AUCTION.

Dated: January __, 2019
Wilmington, Delaware

ASHBY & GEDDES

Gregory A. Taylor (No. 4008)
Stacy L. Newman (No. 5044)
Katharina Earle (No. 6348)
David F. Cook (No. 6352)
500 Delaware Avenue
P.O. Box 1150
Wilmington, DE 19899
Phone: (302) 654-1888
Facsimile: (302) 654-2067

*Proposed Counsel for Debtors
and Debtors-in-Possession*

Schedule 1

(~~Core Stores~~)

Exhibit 3

(Assumption Notice)

Order”) (i) authorizing and approving the Sale, free and clear of all Encumbrances other than those permitted by the Stalking Horse APA or Modified APA; (ii) authorizing and approving the potential assumption and assignment of the Potentially Selected Assumed Contracts in connection therewith; and (iii) granting related relief.

On January __, 2019, the Bankruptcy Court entered the Bidding Procedures Order [Docket No. __].

You are receiving this Notice because you may be a Counterparty to an executory contract or unexpired lease of the Debtors that potentially could be assumed and assigned to one or more bidders in connection with the proposed Sale of the Debtors’ Assets.

Stalking Horse Bid

A ~~binding~~ stalking horse bid ~~(for the “Stalking Horse Bid”)~~ Assets has been submitted by ~~Hileo Merchant Resources~~ Absolute Beauty, LLC (~~“Hileo” or (the “Stalking Horse Purchaser”, and its bid, the “Stalking Horse Purchaser Bid”)~~). The Stalking Horse Purchaser has executed that certain ~~Amended and Restated Agency Asset Purchase Agreement~~ dated January 522, 2019 ~~(the as amended, supplemented, or otherwise modified by the parties thereto, the “Stalking Horse APA”)~~ to ~~act as the Debtors’ agent for the purpose of conducting “store closing” themed sales at purchase the 33 retail stores operating under~~ Transferred Assets (including the “Beauty Brands” banner (collectively, Business as a going concern and the “Core Stores”). ~~More specifically, the Stalking Horse will sell Assumed Contracts) (all of the Merchandise (as defined in the Stalking Horse APA) from the Core Stores and dispose of all furniture, furnishings, trade fixtures, machinery, equipment, office supplies, Supplies, conveyor systems, racking, rolling stock, and -). Among other personal property located at things, the Cores Stores, Transferred Assets include the Debtors’ warehouse/distribution centers, and 23 of the Debtors’ corporate office that are owned by Core Stores as set forth on Schedule B to the Debtors Stalking Horse APA.~~

The Stalking Horse Bid is subject to higher or otherwise better offers submitted in accordance with the terms and provisions of the Bidding Procedures.

Cure Amounts

Executory contracts and unexpired leases ~~(including any amendments or modifications thereto)~~ that may be assumed and assigned in connection with the Sale with a Successful Bidder ~~(collectively, the “Potentially Assumed Contracts”)~~ as of the date hereof and the Debtors’ calculation of the cure amount (the “Cure Amount”) with respect thereto are set forth on Schedule 1 hereto.

The inclusion of any contract or lease on Schedule 1 does not constitute an admission that a particular Potentially Assumed Contract is an executory contract or unexpired lease within the meaning of the Bankruptcy Code or require or guarantee that such Potentially Assumed Contract ultimately will be assumed or assumed and assigned. All rights of the Debtors with respect thereto are reserved.

In accordance with the Assumption and Assignment Procedures and the Bidding Procedures Order, the Debtors may, in connection with a Sale with a Successful Bidder(s) (as defined in the Bidding Procedures) at the Auction ~~(whether such bidder be the Stalking Horse Purchaser or other bidder prevailing at the Auction),~~ seek to assume and assign to the Successful Bidder(s) (or its designated assignee, if applicable) certain executory contracts and unexpired leases, whether or not such contracts and leases are set forth on **Schedule 1** hereto.

Objections

A. Contract Objections

Any objection to the ~~proposed assumption and assignment or~~ proposed Cure Amount of a Potentially Assumed Contract identified on **Schedule 1** must be (i) filed in accordance with the Bidding Procedures Order; (ii) filed with the Bankruptcy Court; and (iii) served on (a) proposed counsel to the Debtors, Ashby & Geddes, 500 Delaware Avenue, 8th Floor, Wilmington, DE 19801 (Attn: Gregory A. Taylor, Esq.; gtaylor@ashbygeddes.com); (b) proposed counsel to ~~the Official Committee of Unsecured Creditors, Kelley Drye & Warrant LLP, 101 Park Avenue, New York, NY 10178 (Attn: Eric Wilson, Esq.; ewilson@kelleydrye.com), and Saul Ewing Arnstein & Lehr LLP, 1201 N. Market Street, Suite 2300, Wilmington, DE 19801 (Attn: Lucian Murley, Esq.; luke.murley@saul.com)~~ ~~any official committee appointed in the Debtors' chapter 11 cases;~~; (c) counsel to PNC Bank, National Association, Blank Rome, 1201 N. Market Street, Suite 800, Wilmington, DE 19801 (Attn: Regina Stango Kelbon, Esq.; kelbon@blankrome.com); (d) the Office of the United States Trustee for the District of Delaware, 855 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Linda Casey, Esq.; Linda.Casey@usdoj.gov); and (e) counsel to the Stalking Horse Purchaser, ~~Pepper Hamilton Kirkland & Ellis, LLP, 1313 N. Market Street, Suite 5100, Wilmington, DE 19801 601 Lexington Avenue, New York, NY 10022 (Attn: Douglas Herrmann Joshua Sussberg, Esq.; Joshua.sussberg@kirkland.com)~~ (collectively, the "Objection Notice Parties") by no later than February 16, 2019 at 4:00 p.m. (prevailing Eastern Time).

IF A COUNTERPARTY FAILS TO FILE WITH THE BANKRUPTCY COURT AND SERVE ON THE OBJECTION NOTICE PARTIES A TIMELY CONTRACT OBJECTION, THE COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO THE AMOUNT TO CURE ANY DEFAULT UNDER THE APPLICABLE CONTRACT OR LEASE. THE CURE AMOUNTS SET FORTH ON SCHEDULE 1 HERETO, AS APPLICABLE, SHALL BE CONTROLLING AND WILL BE THE ONLY AMOUNT NECESSARY TO CURE OUTSTANDING DEFAULTS UNDER THE APPLICABLE CONTRACT OR LEASE UNDER BANKRUPTCY CODE SECTION 365(B), NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE CONTRACT OR LEASE, OR ANY OTHER DOCUMENT, AND THE APPLICABLE COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY ADDITIONAL CURE OR OTHER AMOUNTS WITH RESPECT TO SUCH CONTRACT OR LEASE AGAINST THE DEBTORS, ANY SUCCESSFUL BIDDER(S), OR THE PROPERTY OF ANY OF THEM.

B. Assumption and Adequate Assurance Objections

~~Any objection to the Successful Bidder's (or its known proposed assignee's) proposed form of adequate assurance of future performance with respect to such Potentially Assumed Contract~~ On or before **February 8, 2019**, the Debtors shall file with the Court and serve by email, facsimile, or overnight delivery upon each affected Counterparty and its counsel (if known) a notice identifying (i) the Potentially Assumed Contracts that have been selected by the Successful Bidder(s) to be assumed and assigned (each, a "Selected Assumed Contract," and collectively, the "Selected Assumed Contracts"); (ii) the proposed assignee(s) of such Selected Assumed Contracts, and (iii) a certification by the Debtors that the Debtors have provided, or will provide, in coordination with the proposed assignee, evidence supporting the Successful Bidder's ability to comply with the requirements of adequate assurance of future performance under section 365(f)(2)(B) and, if applicable, section 365(b)(3) of the Bankruptcy Code (the "Adequate Assurance Information") to each affected Counterparty on a confidential basis (the "Supplemental Assumption Notice"); provided, however, that the Debtors shall provide the Adequate Assurance Information of a Qualifying Bidder that submitted a Qualifying Bid, as soon as practicable after receipt thereof, and in no event more than 12 hours after the Bid Deadline, to all Counterparties and their counsel of record (if known) by email, facsimile, or overnight mail. Affected Counterparties will receive separate notice of the Supplemental Assumption Notice.

~~Any objection to the proposed assumption and assignment and adequate assurance of future performance by the Successful Bidder with respect to the Selected Assumed Contracts~~ must be (i) filed in accordance with the Bidding Procedures Order; (ii) filed with the Bankruptcy Court; and (iii) served on the Objection Notice Parties by no later than **February 8th, 2019** at _____ : _____:4:00 p.m. (prevailing Eastern Time).

~~The Successful Bidder(s) shall be permitted to revise the list of Selected Assumed Contracts, either by adding or removing executory contracts and unexpired leases from the Supplemental Assumption Notice, at any time prior to the close of the Sale; provided, however, that the Debtors shall promptly file a revised Supplemental Assumption Notice with the Court and serve by email, facsimile, or overnight delivery upon each affected Counterparty and its counsel (if known), and affected Counterparties shall have ten days to file any Contract Objections solely on the basis of assumption and assignment and adequate assurance of future performance by the Successful Bidder(s) after service of the revised Supplemental Assumption Notice.~~

IF A COUNTERPARTY FAILS TO FILE WITH THE BANKRUPTCY COURT AND SERVE ON THE OBJECTION NOTICE PARTIES A TIMELY ASSUMPTION AND ADEQUATE ASSURANCE OBJECTION, THE COUNTERPARTY SHALL BE FOREVER BARRED FROM ASSERTING ANY OBJECTION WITH REGARD TO ASSUMPTION AND ASSIGNMENT OF THE SELECTED CONTRACTS AND ADEQUATE ASSURANCE OF FUTURE PERFORMANCE OF THE APPLICABLE CONTRACT OR LEASE. THE SUCCESSFUL BIDDER(S) (OR ITS DESIGNATED ASSIGNEE, IF APPLICABLE) SHALL BE DEEMED TO HAVE PROVIDED ADEQUATE ASSURANCE OF FUTURE PERFORMANCE WITH RESPECT TO THE

APPLICABLE CONTRACT OR LEASE IN ACCORDANCE WITH BANKRUPTCY CODE SECTION 365(F)(2)(B), NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE CONTRACT OR LEASE, OR ANY OTHER DOCUMENT.

Sale Hearing

The Sale Hearing shall be held **on February 12, 2019 at _____ : _____ 0 .m. (prevailing Eastern Time).** ~~The Sale Hearing shall take place before The Honorable Christopher S. Sontchi at the Bankruptcy Court before the Honorable _____, United States Bankruptcy Judge, in the Bankruptcy Court, located at, 824 N. Market Street, 5th Floor, Courtroom No. 6, Wilmington, Delaware 19801 on February 8, 2019 at _____ : _____ 0 .m. (prevailing Eastern Time).~~

Additional Information

Copies of the Motion, the Bidding Procedures Order, the Bidding Procedures, and the Stalking Horse APA may be obtained free of charge at the website dedicated to the Debtors' chapter 11 cases maintained by their claims and noticing agent, Donlin, Recano & Company, Inc., located at <http://www.donlinrecano.com/beautybrands>.

Dated: January __, 2019
Wilmington, Delaware

ASHBY & GEDDES

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*Proposed Counsel for Debtors
and Debtors-in-Possession*

Schedule 1

(Potentially Assumed Contracts and Related Cure Amounts)