

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)	
)	Jointly Administered

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

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.

Summary of Important Dates and Deadlines

DATE	DEADLINE
January 23, 2019	Assumption Notice Deadline
February 4, 2019 at 12:00 p.m. (ET)	Bid Deadline
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 Deadline ³
February 7, 2019 at 9:00 a.m. (ET)	Auction
As soon as reasonably practicable after the Auction	Deadline for Debtors to File and Serve Notice of Successful Bidder(s) and Back-Up Bidder(s)
February 8, 2019 at 12:00 p.m. (noon) (ET)	Deadline for Debtors to File and Serve 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 12, 2019 at 11:00 a.m. (ET)	Sale Hearing

1. Stalking Horse Purchaser

A stalking horse bid for the Assets has been submitted by Absolute Beauty, LLC (the “Stalking Horse Purchaser”, and its bid, the “Stalking Horse Bid”). The Stalking Horse Purchaser has executed that certain *Asset Purchase Agreement* dated January 22, 2019 (as amended, supplemented, or otherwise modified by the parties thereto, the “Stalking Horse APA”) to purchase the Transferred Assets (including the Business as a going concern and the Assumed Contracts) (all as defined in the Stalking Horse APA). Among other things, the Transferred Assets include the Debtors’ distribution center and 23 of the Core Stores as 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, with the exception of the 23 Closing Stores that are subject to that certain *Agency Agreement* dated January 3, 2019

³ 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).

with Hilco Merchant Resources, LLC, including without limitation:

- 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.

A party may submit a bid for any individual Asset or combination of Assets, 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, 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);
- (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;
- (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;
- (m) a commitment to close the transactions contemplated by the Modified APA by February 19, 2019;
- (n) not request or entitle such Qualifying Bidder to any break-up fee, termination fee, expense reimbursement, or similar type of fee or payment;
- (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 \$7,110,556 (the "Minimum Qualifying Bid"), which is comprised of (A) \$6,820,556, plus (B) the Break-Up Fee, plus (C) \$100,000;⁴
- (p) not contain any contingencies of any kind, including, without limitation,

⁴ 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.

contingencies related to financing, internal approval, or due diligence;

- (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) 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) 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;
- (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;
- (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;
- (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 any real property lease submitted by the landlord (or its affiliate) counterparty to that real property lease (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;

- (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 the Break-Up Fee; and
- (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**.

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; (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, subject to the consent, not to be unreasonably withheld, of the Stalking Horse Purchaser, 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 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 Bid(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 Bidder(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;
- 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 to approve the Stalking Horse APA (or the Modified APA if the Stalking Horse Purchaser is not the Successful Bidder) shall take place on **February 12, 2019 at 11:00 a.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 from the Deposit.

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. 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.

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) the Official Committee of Unsecured Creditors (the “Committee”) and (ii) the Pre-Petition 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.

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.

Exhibit 2

(Sale Notice)

**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

NOTICE OF SALE, BIDDING PROCEDURES, AUCTION, AND SALE HEARINGS

PLEASE TAKE NOTICE OF THE FOLLOWING:

On January 6, 2019, Beauty Brands, LLC and its debtor affiliates in the above-captioned chapter 11 cases (collectively, the “Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) a motion [Docket No. 16] (the “Motion”) for the entry of (a) an order (the “Bidding Procedures Order”)² (i) scheduling a hearing (the “Sale Hearing”) on approval of the proposed sale (the “Sale”) of all or substantially all of the Debtors’ assets, 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 (as defined below), and authorizing the potential 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, substantially in the form attached to the Bidding Procedures Order 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, and the form and manner of notice of each of the foregoing; and (iii) granting related relief; and (b) an order (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 assumption and assignment of the Selected Assumed Contracts in connection therewith; and (iii) granting related relief.

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 otherwise defined herein shall have the meanings ascribed to such terms in the Bidding Procedures Order and the Bidding Procedures, as applicable. Any summary of the Bidding Procedures or the Bidding Procedures Order contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

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

Stalking Horse Bid and Description of the Assets

A stalking horse bid for the Assets has been submitted by Absolute Beauty, LLC (the “Stalking Horse Purchaser”, and its bid, the “Stalking Horse Bid”). The Stalking Horse Purchaser has executed that certain *Asset Purchase Agreement* dated January 22, 2019 (as amended, supplemented, or otherwise modified by the parties thereto, the “Stalking Horse APA”) to purchase the Transferred Assets (including the Business as a going concern and the Assumed Contracts) (all as defined in the Stalking Horse APA). Among other things, the Transferred Assets include the Debtors’ distribution center and 23 of the Core Stores as set forth on Schedule B to the 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 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); (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, Kirkland & Ellis, LLP, 601 Lexington Avenue, New York, NY 10022 (Attn: Joshua Sussberg, Esq.; joshua.sussberg@kirkland.com and Gene Goldmintz, Esq.; gene.goldmintz@kirkland.com) (collectively, the “Objection Notice Parties”) by no later than **February 6, 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 11:00 a.m. (prevailing Eastern Time)**. The Sale Hearing shall take place before The Honorable Christopher S. Sontchi at the Bankruptcy Court, 824 N. Market Street, 5th Floor, Courtroom No. 6, Wilmington, Delaware 19801.

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*

Exhibit 3

(Assumption Notice)

**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

**NOTICE OF CURE AMOUNTS AND POTENTIAL ASSUMPTION
AND ASSIGNMENT OF EXECUTORY CONTRACTS AND
UNEXPIRED LEASES IN CONNECTION WITH SALE**

PLEASE TAKE NOTICE OF THE FOLLOWING:

On January 6, 2019, Beauty Brands, LLC and its debtor affiliates, in the above-captioned chapter 11 cases (collectively, the “Debtors”) filed with the United States Bankruptcy Court for the District of Delaware (the “Court”) a motion [Docket No. 16] (the “Motion”) for the entry of (a) an order (the “Bidding Procedures Order”)² (i) scheduling a hearing (the “Sale Hearing”) on approval of the proposed sale (the “Sale”) of all or substantially all of the Debtors’ assets, 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 (as defined below), and authorizing the potential 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, substantially in the form attached to the Bidding Procedures Order as Exhibit 1 (collectively, the “Bidding Procedures”), authorizing and approving certain assumption and assignment procedures for the Potentially Assumed Contracts provided for herein (collectively, the “Assumption and Assignment Procedures”), authorizing the Debtors to provide certain bid protections for the Stalking Horse Purchaser, including a Break-Up Fee, and authorizing and approving the form and manner of notice of each of the foregoing; and (iii) granting related relief; and (b) an order (the “Sale Order”) (i) authorizing and approving the Sale, free and clear of all Encumbrances other than those permitted by the Stalking Horse APA or

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 respective meanings ascribed to such terms in the Bidding Procedures Order and the Bidding Procedures, as applicable. Any summary of the Bidding Procedures or the Bidding Procedures Order contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

Modified APA; (ii) authorizing and approving the potential assumption and assignment of the 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 stalking horse bid for the Assets has been submitted by Absolute Beauty, LLC (the "Stalking Horse Purchaser", and its bid, the "Stalking Horse Bid"). The Stalking Horse Purchaser has executed that certain *Asset Purchase Agreement* dated January 22, 2019 (as amended, supplemented, or otherwise modified by the parties thereto, the "Stalking Horse APA") to purchase the Transferred Assets (including the Business as a going concern and the Assumed Contracts) (all as defined in the Stalking Horse APA). Among other things, the Transferred Assets include the Debtors' distribution center and 23 of the Core Stores as set forth on Schedule B to the 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, 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 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); (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, Kirkland & Ellis, LLP, 601 Lexington Avenue, New York, NY 10022 (Attn: Joshua Sussberg, Esq.; joshua.sussberg@kirkland.com and [Gene Goldmintz, Esq.; gene.goldmintz@kirkland.com](mailto:gene.goldmintz@kirkland.com)) (collectively, the “Objection Notice Parties”) by no later than **February 6, 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

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 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 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 11:00 a.m. (prevailing Eastern Time)**. The Sale Hearing shall take place before The Honorable Christopher S. Sontchi at the Bankruptcy Court, 824 N. Market Street, 5th Floor, Courtroom No. 6, Wilmington, Delaware 19801.

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

Gregory A. Taylor (No. 4008)
Stacy L. Newman (No. 5044)
Katharina Earle (No. 6348)
David F. Cook (No. 6352)
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*Proposed Counsel for Debtors
and Debtors-in-Possession*

Schedule 1

(Potentially Assumed Contracts and Related Cure Amounts)