

03-14-2003



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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Comr

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d the attached original documents or copy thereof.

1. Name of conveying party(ies):

Brownstone Holdings, Inc.

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation (Delaware)
☐ Other _____

Additional name(s) of conveying party(ies) attached? ☐ Yes
☒ No

1. Nature of conveyance:

- ☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Corporation-State
☒ Other **CORRECTIVE Asset Purchase approved by Court with corrected registration numbers**
Execution Date: **March 9, 2000**

2. Name and address of receiving party(ies)

Name: **Fingerhut Companies, Inc.**

Internal

Address: _____

Street Address: **4400 Baker Road**

City: **Minnetonka** State: **MN** Zip: **55343**

- ☐ Individual(s) citizenship _____
☐ Association _____
☐ General Partnership _____
☐ Limited Partnership _____
☒ Corporation-State **Minnesota**

☐ Other _____
If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? ☐ Yes ☐ No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)
989,000 (replacing 098,000)
802,301 (replacing 082,301)

Additional number(s) attached ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: **Francie R. Gorowitz, Esq.**

Internal Address: **O'Melveny & Myers LLP**

Street Address: **1999 Avenue of the Stars**

City: **Los Angeles** State: **CA** Zip: **90067-6035**

6. Total number of applications and registrations involved: _____

7. Total fee (37 CFR 3.41) \$ **65.00**

- ☐ Enclosed
☒ Authorized to be charged to deposit account

8. Deposit account number:

500639

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Francie R. Gorowitz

Name of Person Signing

Signature

March 5, 2003

Date

Total number of pages including cover sheet, attachments, and document:

63

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments Washington, D.C. 20231

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11-5-02

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Brownstone Holdings, Inc.

11-5-02

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation (Delaware)
☐ Other _____

Additional name(s) of conveying party(ies) attached? ☐ Yes
☒ No

1. Nature of conveyance:

- ☐ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Corporation-State
☒ Other Asset Purchase approved by Court

Execution Date: March 9, 2000

2. Name and address of receiving party(ies)

Name: **Fingerhut Companies, Inc.**

Internal

Address: _____

Street Address: 4400 Baker RoadCity: Minnetonka State: MN Zip: 55343

- ☐ Individual(s) citizenship _____
☐ Association _____
☐ General Partnership _____
☐ Limited Partnership _____
☒ Corporation-State Minnesota
☐ Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? ☐ Yes ☐ No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

1,506,560	1,165,943	1,276,576
1,992,040	1,186,245	082,301
098,000	995,979	925,944

Additional number(s) attached ☐ Yes ☒ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Francie R. Gorowitz, Esq.Internal Address: O'Melveny & Myers LLPStreet Address: 1999 Avenue of the StarsCity: Los Angeles State: CA Zip: 90067-6035

6. Total number of applications and registrations involved: _____

9

7. Total fee (37 CFR 3.41)\$ 240.00

- ☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number:

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9. Statement and signature.

*To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.*Francie R. Gorowitz
Name of Person Signing

Signature

November 4, 2002
Date

Total number of pages including cover sheet, attachments, and document:

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ASSET PURCHASE AGREEMENT,

Dated as of March 6, 2000

between

Fingerhut Companies, Inc.

and

Style Site Marketing, Inc. (formerly known as
Diplomat Direct Marketing Corporation), and
Lew Magram Ltd., Brownstone
Holdings, Inc.

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THIS ASSET PURCHASE AGREEMENT, dated as of March 6, 2000, is between Fingerhut Companies, Inc. ("Buyer"), a Minnesota corporation, and Style Site Marketing, Inc. (formerly known as Diplomat Direct Marketing Corporation) ("Style"), a Delaware corporation, Lew Magram, Ltd. ("Lew Magram"), a New York corporation, and Brownstone Holdings, Inc. ("Brownstone," and together with Lew Magram, "Seller", and Seller together with Style, "Debtors"), a Delaware corporation. Capitalized terms used and not otherwise defined have the meanings ascribed to them in Section 18:

WITNESSETH:

WHEREAS, Seller is engaged in the business of marketing and mail order sales of quality women's fashion apparel and accessories (the "Business"); and

WHEREAS, Seller is the owner of all rights, title and interests to the Assets (as defined below), subject to the security interests held by, inter alia, First Source Financial LLP (the "Bank") and Finova Mezzanine Capital, formerly known as Tandem Capital; and

WHEREAS, Seller has determined that it is in its best interest to sell to Buyer, and Buyer wishes to purchase from Seller, all right, title and interest of Seller in and to the Acquired Assets (as defined below) for the consideration and upon the terms and conditions hereinafter set forth; and

WHEREAS, on January 13, 2000 (the "Petition Date"), the Debtors each filed a voluntary petition for relief under Chapter 11 of Title 11, U.S.C. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"); and

WHEREAS, the Debtors have been operating their businesses as a going concern on a limited basis pursuant to a financing order so-ordered by the Court on February 16, 2000; and

WHEREAS, by order dated February 9, 2000 (the "Procedures Order"), the Bankruptcy Court approved certain procedures relating to a sale of Seller's assets and Business (the "Auction Procedures") and scheduled a date for such auction sale (the "Auction") and for the Court to approve such sale (the "Sale Confirmation Hearing"); and

WHEREAS, Buyer submitted the highest and best bid at the Auction for the sale of the Business; and

WHEREAS, by order dated March __, 2000, (the "Sale Confirmation Order") the Bankruptcy Court approved Buyer's offer; and

WHEREAS, in accordance with the Auction Procedures and the Procedures Order, Buyer, as successful bidder, was required to enter into an asset purchase agreement with Seller substantially in the form of this Agreement;

NOW, THEREFORE, in consideration of the mutual benefits to be derived from this Agreement and the representations, warranties, covenants and agreements contained herein, Buyer, on the one hand, and Seller, on the other hand, hereby represent, warrant, covenant and agree as follows:

Section 1. **SALE AND PURCHASE**

(a) **Sale and Purchase of the Business.** Subject to the terms and conditions hereinafter set forth, on the Closing Date (as defined below), Seller will sell, convey, transfer, assign and deliver to Buyer, and Buyer will purchase from Seller, the assets used in the Business, free and clear of any and all Encumbrances (as defined below), with any such Encumbrances to attach to the proceeds of such sale, including all personal, or mixed, tangible and intangible assets, wherever located, including but not limited to the following (collectively, the "**Acquired Assets**"):

(i) all of Seller's right, title and interest in and to all the fixed assets, including machinery and equipment, spare parts, inventory, work in progress, supplies, materials, computer equipment and hardware, electronic data processing equipment, furniture and fixtures, motor vehicles, and all other personal property, of every kind and nature whatsoever, owned or used by Seller on the Closing Date ("**Personal Property**"), wherever located, and all rights of Seller under leases of personal property, capital leases of equipment, contracts, agreements or licenses (collectively, "**Contracts**") and Permits (as defined below) set forth on **Exhibit 1** (to the extent such Contracts and Permits are transferable pursuant to applicable law and the terms of such Contracts and Permits without regard to the consent of any third party that may be required with respect to such transfer), except to the extent any such item is specifically included in the Excluded Assets (as defined below);

(ii) all of Seller's owned equipment, supplies and inventory, including raw materials, work-in-progress and finished products, wherever located, whether on hand or in transit to Seller;

(iii) all of Seller's right, title and interest in and to Intellectual Properties (as defined below), as set forth on **Exhibit 2**;

(iv) all of Seller's existing purchase, marketing and sales records, orders, supplier records, lists and other documents, files, books, ledgers, forms, manuals and records, correspondence, customer lists, customer data, production records (including, without limitation, creative archives, photo libraries, etc.), and any confidential information which has been reduced to writing, wherever located, with respect to, or in connection with Seller's Business;

(v) all of Seller's goodwill associated with the Business, including Seller's right to use its names and trade styles, and telephone numbers, together with any and all variants and derivatives thereof;

(vi) all of Seller's rights under express or implied warranties from suppliers and vendors with respect to the Business;

(vii) all rights in and to products of the Business sold or leased (including, but not limited to, products hereafter returned or repossessed and unpaid rights of rescission, replevin, reclamation and rights to stoppage in transit);

(viii) all written technical information, data, specifications, research and development information, engineering drawings and operating and maintenance manuals;

(ix) all computer applications, data files, programs and other software, including systems documentation and instructions;

(x) all of Seller's Accounts Receivable except Excluded Receivables;

(xi) all of Seller's rights to any and all contract rights;

(xii) all rights arising from advance payments, prepaid expenses, tax refunds, deferred costs, security and escrow deposits and other deposits made to or owing from suppliers, licensors, taxing authorities (to the extent related to the overpayment of sales or use Taxes and net of any offsets) and other Persons;

(xiii) all unfilled purchase and sale orders (including releases of quantities pursuant thereto);

(xiv) all unused and unapplied credits relating to Inventory purchased by Seller and credits due from vendors or suppliers of other products or services;

(xv) amounts due in connection with any loans to employees of Seller;

(xvi) any refunds, returns or rebates with respect to any of the foregoing Acquired Assets;

(xvii) all claims and causes of action of Seller related to the Acquired Assets;
and

(xviii) all of Seller's right, title and interest in any insurance policies.

(b) Excluded Assets. Buyer shall not acquire any interest in the following assets of Seller (the "Excluded Assets"):

(i) all rights of Seller pursuant to this Agreement;

(ii) all of the assets of Seller's executive or incentive compensation plans, bonus plans, deferred compensation agreements, employee pension, profit sharing, savings or

retirement plans, employee stock option or stock purchase plans, and group life, health, or accident insurance or other employee benefit plans, agreements, arrangements or commitments, including severance, holiday, vacation, Christmas or other bonus plans maintained by Seller or with respect to which Seller makes, or has an obligation to make, contributions, or under which any present or former officer, director, employee, consultant or agent of Seller is entitled to a benefit, and Seller's rights with respect thereto;

(iii) all of the rights and claims of Seller for avoidance actions available to Seller under the Bankruptcy Code, of whatever kind or nature, as set forth in Sections 544 through 553, inclusive, and any other applicable provisions of the Bankruptcy Code relating thereto, and any related claims and actions arising under such sections by operation of law or otherwise;

(iv) all refunds or credits, if any, of taxes due to Seller which cannot be assigned by law;

(v) all of Seller's cash on hand, on deposit with financial institutions and all cash equivalents;

(vi) all of Seller's deposits with respect to any real properties (security and otherwise);

(vii) the minute books, stock transfer books and corporate seal of Seller;

(viii) common stock and any other marketable securities owned by Debtors (including, without limitation, the Tadeo Stock);

(ix) all of Seller's financial and accounting books and records other than those relating to the Acquired Assets, and any software programs relating thereto;

(x) the trademark and/or tradename "Responsible Me" owned by Style which is used exclusively by Ecology Kids, Inc.;

(xi) claims against First Source;

(xii) any real property owned by Seller (including the real property located in Stony Point, New York);

(xiii) Excluded Receivables;

(xiv) rights under any real property leases

(xv) Liabilities under any Contracts unless Buyer indicates it will assume said Liabilities pursuant to the Assumption Order; and

(xvi) certain racks and equipment located at the call center in Teaneck, New Jersey set forth on Schedule 1(b)(xvi).

(c) Assumption of Specified Liabilities of Seller. On the Closing Date, Buyer shall accept the Acquired Assets free and clear of all liens, claims and encumbrances including but not limited to the liens and claims of the Bank and Finova Mezzanine Capital. Buyer shall be responsible for Liabilities which it incurs after the Closing Date relating to the operation of the Business, and all Liabilities under Contracts covered by the Assumption Order from and after the Closing Date (the "Accepted Liabilities"). Except for Accepted Liabilities, Buyer will not assume or agree to pay, perform or discharge, any debts, liabilities, obligations, claims, expenses, taxes, fines, contracts, accounts payable or commitments of any kind, character or description, whether accrued or fixed, absolute or contingent, matured or unmatured, or determined or undetermined of Seller including, without limitation, any action which could be construed as a "plant closing" or "mass layoff," as those terms are defined in the WARN Act or any "employment loss," as defined in the WARN Act, which any such employee may suffer or may be deemed to suffer (collectively, the "Excluded Liabilities").

(d) Purchase Price and Payment. Subject to adjustment in accordance with Section 1(e), the purchase price for the Acquired Assets and the Business being purchased hereunder shall be \$6,750,000 (the "Purchase Price") which amount includes (i) \$6,350,000 to be paid by Buyer to Seller on the Closing Date and (ii) the \$400,000 earnest money deposit made by Buyer on February 25, 2000 pursuant to the Procedures Order ("Earnest Down Payment"). The Purchase Price shall be held in escrow pursuant to paragraph (e) below.

(e) Adjustment of Purchase Price. Seller shall arrange to have conducted a physical count of the Inventory of Seller to be completed by no later than March 18, 2000 (the "Inventory Audit") by a group consisting of (i) employees of Seller, (ii) one observer appointed by Buyer and (iii) one observer appointed by the Bank. The cost of the Inventory Audit shall be borne equally by Buyer and Seller. Buyer shall not sell any Inventory while the Inventory Audit is being conducted, unless a procedure for such sale(s) is mutually agreed upon by Buyer and the Bank prior to such sale(s). In the event that, based on the Inventory Audit, the actual value (the "Actual Inventory Value") of the Inventory, valued at cost, is determined to be less than \$9,400,000 (the "Assumed Inventory Value") as of the date on which the Inventory Count is completed, then one-half of any difference between the Assumed Inventory Value and the Actual Inventory Value shall be returned to Buyer (the "Refund") within five days of completion of the Inventory Audit. For purposes of this Section 1(e) only, the term "Inventory" shall include only undamaged Inventory which is in saleable condition, whether or not such Inventory is obsolete. The full Purchase Price shall be held in escrow by Seller's attorney on the same terms and conditions set forth in the Procedures Order for the Earnest Down Payment until (A) a determination is made as to whether Buyer is entitled to any Refund, and (B) if Buyer is entitled to a Refund, Buyer receives such Refund. In addition, a portion of the Purchase Price equal to \$350,000 (the "Indemnification Escrow Deposit") shall continue to be held in escrow for 120 days after the Closing Date to pay for any Losses (as defined below) incurred by Buyer for which Buyer is entitled to indemnification pursuant to Section 10(e); *provided, however*, that the amount of the

Indemnification Escrow Deposit shall (A) not serve as a limit on the amount for which Buyer may seek indemnification pursuant to Section 10(e) and (B) be reduced by the amount of any Refund made pursuant to this Section 1(e). Upon the occurrence of the events set forth in clauses (A) and (B) above, the Purchase Price less any amounts being held in escrow pursuant to the previous sentence or pursuant to Section 6(p) shall be released to Seller. In the event that there remains any money in the Indemnification Escrow Deposit 121 days after the Closing Date, such remaining Indemnification Escrow Deposit shall be released to Seller.

(f) Successor in Interest. Buyer is not, and shall not be deemed to be, a successor in interest to the Business or any part of the Business.

(g) Tax Treatment. Buyer and each Seller shall agree on an allocation of the Purchase Price (the "Allocation"); *provided, however*, that (a) the Allocation shall be reasonable, based on fair market values, consistent with the Internal Revenue Code of 1986, as amended (the "Tax Code") and based on an initial proposal by Buyer, and (b) any dispute between Buyer and Seller in determining such allocation shall be resolved by the Bankruptcy Court. Buyer and Seller agree to act in accordance with the Allocation for all Tax purposes, including, for purposes of any Returns (such as IRS Form 8694 or any other forms or reports required to be filed pursuant to Section 1060 of the Tax Code or any comparable provisions of local, state or foreign law ("Section 1060 Forms"), and to refrain from taking any position inconsistent with the Allocation unless otherwise required by law or regulation. Buyer and Seller agree to cooperate in the preparation of any such Section 1060 Forms and to timely file such Section 1060 Forms in the manner required by applicable law.

Section 2. THE CLOSING.

(a) General. The Closing of the sale and transfer of the Acquired Assets and the Business (the "Closing") shall take place at the offices of Angel & Frankel, P.C., 460 Park Avenue, New York, N.Y. 10022-1906, on a date (the "Closing Date") as soon as practicable, but in no event later than March 10, 2000 (the "Scheduled Closing Date").

(b) Deliveries by Seller. At the Closing, Seller will deliver to Buyer the following items:

(i) copies of (a) resolutions of the board of directors of Seller authorizing and approving this Agreement and all other transactions and agreements contemplated by this Agreement (b) Seller's certificate of incorporation and (c) Seller's by-laws, all certified by an authorized officer of Seller;

(ii) an incumbency certificate of the officers of Seller;

(iii) an executed copy of an instrument of assignment and assumption and bill of sale, in form and substance reasonably acceptable to Seller and Buyer, transferring the Acquired Assets to Buyer, free and clear of any and all Encumbrances;

(iv) evidence satisfactory to Buyer of the release and termination of any and all Encumbrances on the Acquired Assets (which condition is satisfied by the entry of the Sale Confirmation Order);

(v) instruments of assignment to Buyer of all of the Intellectual Property identified on Exhibit 2; and

(vi) such other deeds, bills of sale, endorsements, assignments, certificates, affidavits and other good and sufficient instruments of sale, assignment, conveyance and transfer, in form and substance reasonably satisfactory to Buyer and its counsel, as are required to effectively vest in Buyer good and marketable title and all of Seller's right, title and interest in and to all of the Acquired Assets, free and clear of any and all Encumbrances.

(c) Deliveries by Buyer. At the Closing, Buyer will deliver to Seller the following items:

(i) the Purchase Price in accordance with Section 1(d);

(ii) a good standing certificate for Buyer from the Secretary of the State of Minnesota dated not more than ten days prior to the Closing Date;

(iii) an incumbency certificate of the officers of Buyer; and

(iv) an executed copy of the instruments of assignment and assumption and bill of sale, described in Sections 2(b)(iii) and (iv).

Section 3. EFFECTIVE DATE; BANKRUPTCY COURT APPROVAL.

(a) Effective Date. This Agreement is deemed to be effective as of the date hereof, subject to the Sale Confirmation Order not being subject to further stay or appeal; *provided, however*, that Buyer may elect to close the transactions contemplated hereby (despite a pending appeal if no stay thereof is in effect) pursuant to, and in accordance with, the protections afforded under Section 363(m) of the Bankruptcy Code.

(b) Bankruptcy Court Orders. In connection with the transactions contemplated by this Agreement, Seller shall file with the Bankruptcy Court an application for the following Order, which, in addition to the Procedures Order and Sale Confirmation Order (which have already been entered), shall have been entered by the Bankruptcy Court prior to the Closing Date:

(i) Assumption Order. An order or orders (the "Assumption Order") pursuant to Sections 363, 365 and other applicable provisions of the Bankruptcy Code declaring that (A) Seller, upon its assuming and assigning to Buyer each of the Contracts, Permits and Intellectual Properties included in the Acquired Assets, will have properly assumed and assigned the same, (B) there will be no defaults thereunder as of the Closing Date, nor will the assignment

of same to Buyer constitute a default thereunder and (C) true copies of the Contracts being assumed have been annexed to such order or motion seeking entry of such order.

Section 4. REPRESENTATIONS AND WARRANTIES OF SELLER. Seller hereby represents and warrants to Buyer, which representations and warranties shall be true, correct and complete in all material respects to the knowledge of Seller on the date hereof and on the Closing Date that:

(a) Organization and Standing; Corporate Power and Authority. Each entity comprising Seller is a corporation duly organized and validly existing under the laws of its state of incorporation. Seller has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement and the transactions and other agreements and instruments contemplated by this Agreement have been duly approved by all necessary corporate action on the part of Seller, have been executed and delivered by Seller and constitutes the valid and binding obligations of Seller enforceable in accordance with their respective terms.

(b) No Conflicts; Consents. The execution and delivery of this Agreement by Seller, and the consummation of the transactions contemplated by this Agreement and compliance with the terms of this Agreement do not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation under any provision of (i) the certificate of incorporation or by-laws of Seller, (ii) any agreement or obligation to which Seller is a party or (iii) any law, statute, judgment, decree, order, rule or regulation of any Governmental Authority. Except as set forth on Schedule 4(b), no consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Authority is required to be obtained or made by or with respect to Seller in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated by this Agreement, other than compliance with any notices, motions, orders or approvals required by the Bankruptcy Court or the Bankruptcy Code and the rules thereunder.

(c) Assets of Seller. Except as set forth on Schedule 4(c) hereto, the assets of Seller being sold by Seller and purchased by Buyer pursuant to this Agreement constitute all of the Assets (other than Excluded Assets) of Seller and its Affiliates used in the Business.

(d) No Other Agreements to Sell the Acquired Assets or the Business. Seller has no legal obligation, whether absolute or contingent or direct or indirect, to any other Person or firm to sell or otherwise convey, and has not granted any Person or firm any option to purchase, the Acquired Assets (other than sales of inventory in the ordinary course of business) or the Business, or to enter into any agreement with respect thereto.

(e) Contracts.

(i) Schedule 4(e) contains a complete and accurate list, and Seller has delivered or made available to Buyer true and complete copies of, all agreements relating to the Acquired Assets or the Business, including, without limitation:

(1) each Contract that is executory in whole or in part and involves performance of services or delivery of goods or materials by or to Seller;

(2) each Contract that is executory in whole or in part and was not entered into in the ordinary course of business;

(3) each licensing agreement or any other Contract related to patents, trademarks, copyrights, or other Intellectual Property, including Contracts with current or former employees, consultants, or contractors regarding the appropriation or the non-disclosure of any of the Intellectual Property;

(4) each Contract containing covenants that in any way purport to restrict the business activity of Seller or limit the freedom of Seller to engage in any line of business or to compete with any Person;

(5) each Contract providing for payments to or by any Person based on sales, purchases, or profits, other than direct payments for goods;

(6) any express undertaking by Seller to be responsible for consequential damages;

(7) each Contract that is executory in whole or in part;

(8) each warranty, guaranty, and/or other similar undertaking with respect to contractual performance extended by Seller other than in the ordinary course of business;

(9) each Contract with respect to the borrowing or lending of money other than in the ordinary course of business;

(10) each Contract that undertakes to guarantee any obligation of Seller or any subsidiary or Affiliate of Seller or a third party;

(11) each Contract related to licensing or payment of royalties in connection with any of the Acquired Assets;

(12) each Contract with any party relating to the Business or the Acquired Assets continuing over a period of more than six (6) months from the date thereof, not terminable by Seller on thirty (30) days or less notice without penalties; and

(13) other material Contracts related to the Business or the Acquired Assets whether or not entered into in the ordinary course of business.

(ii) Upon assignment and assumption, each Contract shall be valid and enforceable in accordance with its terms.

(iii) Upon assignment and assumption, except as set forth in Schedule 4(e), Seller shall have fulfilled in all respects all obligations required pursuant to each Contract to have been performed by it.

(iv) Seller has no oral contracts, agreements or understandings which are material to the operation of the Business or the Acquired Assets.

(v) Other than as set forth on Schedule 4(e), Seller has in force no employment contracts with any of its employees.

(f) Title to and Sufficiency of the Acquired Assets.

(i) The Acquired Assets constitute all of the assets or property used or held for use in the Business, except for the Excluded Assets. Seller has good and valid title to each of the Acquired Assets. The entry of the Sale Confirmation Order and the delivery to Buyer of the instruments of transfer of ownership contemplated by this Agreement will vest good and valid title to the Acquired Assets in Buyer, free and clear of all Encumbrances, Taxes, claims (including successor claims), title retention agreements of any kind or nature, material defects as to title or restrictions against the transfer or assignment thereof (collectively, "Liens"). At and as of the Closing, the Seller will convey the Acquired Assets to Buyer, and upon payment of the Purchase Price therefor and the assumption of the Accepted Liabilities Buyer will have, good and valid title to all of the Acquired Assets free and clear of all Liens. All risk of loss to the Acquired Assets shall be borne by the Seller until Closing.

(ii) Schedule 4(f)(ii) sets forth a complete and correct list of all material assets of the Seller relating to the Business.

(iii) Schedule 4(f)(iii) sets forth a complete and correct description of all equipment leases (the "Equipment Leases"), and such Equipment Leases constitute all leases pursuant to which Seller leases any equipment. Complete and correct copies of the Equipment Leases have been delivered or made available to Buyer. At the Closing Date, no default under any Equipment Lease shall be enforceable upon or attributable to Buyer.

(g) Compliance With Laws. Seller is conducting the Business in accordance with all statutes, rules, regulations, judgments, orders or decrees of any court or governmental or regulatory authority applicable to any of Seller's properties or assets, including, without limitation, the Acquired Assets, unless the failure to do so would not result in a Material Adverse Effect. Seller is not in violation of, and has received no notice of violation with respect to, any

such laws, statutes, rules, regulations, judgments, orders or decrees, except as set forth on Schedule 4(g).

(h) Permits. Seller holds all material Permits and licenses which are necessary to own, lease and operate the Acquired Assets and to conduct the Business in the manner heretofore conducted. Schedule 4(h) sets forth all Permits held by Seller. Except as set forth on Schedule 4(h), all material Permits are in full force and effect, Seller is not in violation of any such Permits and no notice has been received and, to the best knowledge of Seller, no investigation or review is pending or threatened by any governmental or regulatory agency with regard to (i) any alleged violation by Seller of any law, rule, regulation, ordinance, Permit, judgment, order or decree or (ii) any alleged failure by Seller to have any Permit. Seller shall be responsible for any forfeitures imposed by the issuers of the Permits against Buyer, which relate to the operation of the Business and the Acquired Assets prior to the Closing. Except as set forth in Schedule 4(h) and subject to Bankruptcy Court approval, the consummation of the transactions contemplated hereunder and the operation of the Business of Seller by Buyer in the manner in which it is currently operated will not (i) require the transfer of any Permit that may not be transferred to Buyer without the consent or approval of any Governmental Authority or other Person or (ii) violate or result in the revocation or suspension of any material Permit. No action is required by Seller by reason of any applicable bulk sales law. No consent, approval or authorization of or registration, designation, declaration or filing with any Governmental Authority, on the part of Seller, is required in connection with the execution and delivery of this Agreement or the other agreements and documents executed in connection herewith or to the consummation of the transactions contemplated hereby and thereby, except for the issuance by the Bankruptcy Court of the Sales Confirmation Order or the failure to obtain of which may have a Material Adverse Effect.

(i) Books and Records. The Records of Seller have been properly maintained through September 30, 1999 and have been made available to Buyer. The Records set forth all material transactions affecting Seller through such date, and such Records have been properly kept and maintained and are complete and correct through such date.

(j) Absence of Certain Changes or Events. Except as set forth herein and on Schedule 4(j), since February 25, 2000, Seller has not:

(i) damaged, destroyed or lost any asset or property of Seller, whether or not covered by insurance, where such damage, destruction or loss could reasonably be expected to have a Material Adverse Effect;

(ii) merged or consolidated with or into any other Person; or

(iii) agreed, whether orally or in writing, to do any of the foregoing.

(k) Tangible Property.

(i) Seller has good title to all machinery, equipment, fixtures, motor vehicles and other tangible personal property owned by Seller used in connection with the Acquired Assets (collectively, the "Owned Tangible Property"). By virtue of the Sale Confirmation Order, Seller shall receive all Owned Tangible Property free and clear of all Liens.

(ii) Except as set forth in Schedule 4(k), all Owned Tangible Property and all material machinery, equipment, fixtures and other tangible property used in connection with the Acquired Assets owned by another Person subject to any contract to which Seller is a party (collectively, the "Tangible Property") is in good and usable working condition, normal wear and tear excepted, and is suitable for the purposes for which it is used or is being replaced according to Seller's replacement policy.

(l) Accounts Receivable. Except as set forth in Schedule 4(l), the Accounts Receivable of Seller are bona fide accounts receivable created in the ordinary course of business in connection with bona fide transactions and consistent with past practice.

(m) Inventory. On the Closing Date the Inventory of Seller will be of the same quality as such Inventory is on the date hereof and will be suitable, useable and saleable in the ordinary course of business consistent with past practices, except to the extent of normal obsolescence or to the extent written down or reserved against.

(n) Trademarks, Patents, Etc.

(i) Exhibit 2 hereto sets forth a complete and accurate list of (i) all patents, trademarks, trade names and copyrights registered in the name of Seller or used or proposed to be used by Seller in the Business, all applications therefor and all licenses and other agreements relating thereto, and (ii) all agreements relating to Intellectual Property which Seller has licensed or authorized for use by others or which has been licensed or authorized for use to Seller in the Business.

(ii) Except to the extent set forth on Schedule 4(n), hereto, Seller owns or has the sole and exclusive right to use all Intellectual Property used or necessary for the ordinary course of the Business as presently conducted. Seller has taken all necessary and desirable action to maintain and protect each item of Intellectual Property that it owns and uses. Each item of Intellectual Property owned or used by Seller immediately prior to the Closing Date will be owned or available for use by Buyer on identical terms or conditions immediately subsequent to the Closing Date.

(iii) Except as set forth on Schedule 4(n), hereto, neither Seller, nor, to the knowledge of Seller, the other party or parties thereto, is in material breach of any license, sublicense or other agreement relating to Intellectual Property. Seller has not interfered with, infringed upon, misappropriated or otherwise come into contact with any Intellectual Property

rights of third parties. No claims have been asserted, and no claims are pending, by any Person regarding the use of any such Intellectual Property, or challenging or questioning the validity or effectiveness of any license or agreement relating to Intellectual Property, and, there is no basis for such claim.

(o) Broker. Except as set forth in Schedule 4(o), Seller has not retained, utilized or been represented by any broker, agent, finder or intermediary in connection with the negotiation or consummation of the transactions contemplated by this Agreement. Seller does not by listing a Person on Schedule 4(o) admit that any claim brought by such Person as a broker is valid.

(p) Undisclosed Liabilities. As of the date of this Agreement, Seller does not have any liabilities or obligations relating to the Acquired Assets or the Assumed Liabilities, whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to Seller, whether due or to become due, arising out of, relating, or in the nature of, or caused by any breach of warranty or contract, tort, infringement of any Intellectual Property rights or violation of law or claimed in any pending or threatened legal proceeding (and there is not basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against Seller giving rise to any liability).

(q) Assignability and Consents. Seller represents and warrants that, other than the consents listed on Schedule 4(q) (the "Material Consents") and obtaining the Sale Confirmation Order, no consent, which the failure of the Buyer to obtain could reasonably be expected to have a Material Adverse Effect, is required to convey the Acquired Assets or otherwise consummate the transactions contemplated by this Agreement. Seller will take, or cause to be taken by others, all reasonable actions required to obtain or satisfy, at the earliest practicable date, all Material Consents and to continue such efforts as may be required after the Closing Date to facilitate the full and expeditious transfer of legal title, or the sublease as the case may be, of the Acquired Assets.

(r) Condition of Assets. Other than the Excluded Assets, the Acquired Assets are the only assets used by Seller to conduct the Business. Except as provided herein, the Acquired Assets are being sold on an as is basis where is basis.

(s) Cure Amounts. Seller represents and warrants that the cure amounts set forth on Exhibit 3 represent the full amounts required as of the Closing Date to cure any deficiency existing under any Contracts or Permits. Seller further represents and warrants that as of the date hereof and as of the Closing Date there will no cure amount due and owing on the Contract set forth on Exhibit 1.

(t) Ownership by Style. Style represents and warrants that it does not own any Assets related to the Business or the Acquired Assets. In the event that Style does own any such Assets, Style will execute and deliver such instruments as Buyer may request to (i) convey all of Seller's right, title and interest in and to such Assets and (ii) put Buyer in possession and operating control of such Assets.

(u) Proprietary Credit Card Accounts. Seller represents and warrants that it does not own any proprietary credit card accounts.

Section 5. REPRESENTATIONS AND WARRANTIES OF BUYER. Buyer hereby represents and warrants to Seller as follows:

(a) Organization and Standing; Corporate Power and Authority. Buyer is a corporation duly organized, validly existing and in good standing under the laws of its state of incorporation. Buyer has all requisite corporate power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement and the transactions and other agreements and instruments contemplated by this Agreement have been duly approved by all necessary corporate action on the part of Buyer, have been executed and delivered by Buyer and constitutes the valid and binding obligations of Buyer enforceable in accordance with their respective terms.

(b) No Conflicts; Consents. The execution and delivery of this Agreement by Buyer, and the consummation of the transactions contemplated by this Agreement and compliance with the terms of this Agreement do not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation under any provision of (i) the certificate of incorporation or by-laws of Buyer, (ii) any agreement or obligation to which Buyer is a party or (iii) any law, statute, judgment, decree, order, rule or regulation of any Governmental Authority. Except as set forth on Schedule 5(b), no consent, approval, license, permit, order or authorization of, or registration, declaration or filing with, any Governmental Authority is required to be obtained or made by or with respect to Buyer in connection with the execution, delivery and performance of this Agreement or the consummation of the transactions contemplated by this Agreement, other than compliance with any notices, motions, orders or approvals required by the Bankruptcy Court or the Bankruptcy Code and the rules thereunder.

(c) Broker. Except as set forth in Schedule 5(c) Buyer has not retained, utilized or been represented by any broker, agent, finder or intermediary in connection with the negotiation or consummation of the transactions contemplated by this Agreement. Buyer will be solely responsible for all fees and expenses of any broker, agent, finder or intermediary listed on Schedule 5(c). Buyer does not by listing a Person on Schedule 5(c) admit that any claim brought by such Person as a broker is valid.

Section 6. CERTAIN COVENANTS AND AGREEMENTS.

(a) Confidentiality. From and after the Closing Date, except as is required in connection with the bankruptcy case, Seller will, and will cause its officers, employees, representatives, consultants, advisors or agents, to hold in confidence all information concerning

the Buyer (and its Affiliates), the Business and the Acquired Assets. From and after the Closing Date, Buyer will, and will cause its officers, employees, representatives, consultants, advisors or agents, to hold in confidence all information not available to the public relating to Seller as it exists after the transactions contemplated by this Agreement.

(b) Further Assurances. After the Closing Date, from time to time, at Buyer's request and without further consideration, Seller will execute and deliver such other instruments as Buyer may reasonably request to more effectively put Buyer in possession and operating control of all or any part of the Acquired Assets and the Business. This covenant will not be breached solely as a result of Seller ceasing operations. Following the Closing Date, Buyer shall have the right as the true and lawful agent and attorney-in-fact of Seller, with power of substitution for Seller and in Seller's name, for the use of Buyer to execute any further assignments, bills of sale, consents or other instruments as may be reasonably required to transfer the Acquired Assets, including the assignment of Contracts and Equipment Leases, pursuant to the provisions of this Agreement. The appointment of Buyer as the agent and attorney-in-fact of Seller for the purpose set forth above is coupled with an interest and is irrevocable.

(c) Certain Fees and Expenses. Except as otherwise provided herein, each party hereto shall be responsible for and shall pay all fees and expenses incurred by it relating to the transactions contemplated hereby including all fees and expenses of counsel and auditors engaged by it.

(d) Conduct of Seller's Business. Subject to orders of the Bankruptcy Court, and applicable obligations and fiduciary responsibilities of a Trustee under the Bankruptcy Code and recognizing that the Company is conducting the Business with only limited operations, Seller will use its reasonable good faith efforts to cause the Business to be maintained in substantially its present form, and will not do, or cause to be done, anything which is represented and warranted not to have been done in this Agreement, and shall not make or institute any methods of manufacture, construction, purchase, sale, lease, or operation not in the ordinary course consistent with past practice, except as otherwise expressly contemplated hereby or consented to by Buyer in writing. This covenant will not be breached solely as a result of Seller ceasing operations. From and after the date hereof up to and including the Closing Date:

(i) Seller will use its reasonable good faith efforts to preserve the Business intact, and to preserve its present relationships with suppliers, customers, and others having business relationships with it;

(ii) Seller shall not sell, lease, transfer or dispose of any of its properties or assets relating to or used in connection with the Business, other than the sale of inventory in the ordinary course of the business;

(iii) Seller shall not terminate any contract, agreement, license or other instrument to which Seller is a party relating to the Business, other than in the ordinary course and pursuant to their terms and any contracts not assumed by the Buyer;

(iv) Seller will not enter into any contract, commitment, or transaction not in the usual and ordinary course of business consistent with past practice;

(v) Seller shall not make or become obligated to make any capital expenditure in excess of \$5,000 in the aggregate; and

(vi) Seller shall not acquire, sell or dispose of any capital asset with a market value in excess of \$5,000 or merge or consolidate with or guarantee or assume any liability of any Person.

(e) Consents and Approvals. Buyer and Seller shall take all measures reasonably necessary or advisable to secure such consents, authorizations and approvals of governmental bodies, including with respect to the transfer of licenses, and to the performance of all other obligations of such parties hereunder, as may be required by any legal requirements or by any agreement included in the Acquired Assets to which Seller is a party or by which it is bound. Seller shall cooperate with Buyer in the filing of all forms, notifications, reports and information, if any, required or reasonably deemed advisable pursuant to legal requirements in connection with the transactions contemplated by this Agreement and Buyer and Seller shall use their good faith efforts to cause any applicable waiting periods thereunder to expire and any objections to the transactions contemplated hereby to be withdrawn before Closing.

(f) Changes in Representations and Warranties. Between the date of this Agreement and the Closing Date, Seller shall not, subject to orders of the Bankruptcy Court, and applicable obligations of a debtor-in-possession under the Bankruptcy Code, enter into any transaction, take any action, or by inaction permit any event to occur, which would result in any of the representations and warranties of Seller herein contained not being true and correct at and as of (i) the time immediately following the occurrence of such transaction or event; or (ii) the Closing Date. Seller shall promptly give written notice to Buyer upon obtaining knowledge of (A) any fact which, if known on the date hereof, would have been required to be set forth or disclosed pursuant to this Agreement and (B) any impending or threatened breach in any material respect of any of the representations and warranties contained in this Agreement and with respect to the latter shall use all reasonable efforts to remedy same, subject to orders of the Bankruptcy Court, and applicable obligations of a debtor under the Bankruptcy Code, *provided, however*, that such notice shall not in any way effect Seller's liability for any breach of any representation or warranty.

(g) Mutual Cooperation. The parties hereto will cooperate with each other, and will use all reasonable efforts to cause the fulfillment of the conditions to the parties' obligations hereunder, including Seller's obligation to assume and assign all agreements necessary, and to assign all Contracts and Intellectual Properties designated by Buyer to be included in the Acquired Assets, and to obtain as promptly as possible all consents, authorizations, orders or approvals from each and every third party, whether private or governmental, required in connection with the transactions contemplated by this Agreement.

(h) Further Actions. From and after the Closing, Seller shall not use the Seller's trade names except (i) as may be otherwise required by law, or (ii) as necessary for the conduct or administration of the bankruptcy cases.

(i) Access to Facilities. From and after the date hereof, Buyer and its employees, agents and representatives, upon reasonable notice to Seller, shall have full access to all books, records, files, data and other written materials, facilities and personnel relating to the Business.

(j) Maintenance of Books and Records. Following the Closing Date, Buyer will maintain the Records and Seller will maintain all of its books, records, files, data and other written materials and information related to the Acquired Assets or the Business (but which are not included in the Acquired Assets) under their standard retention policies, but in no event shall any party be required to do so for longer than 90 days after the Closing Date; *provided*, that Seller ceasing its operations shall not be deemed a violation of this provision and that no such records will be destroyed unless the holder provides the other party with at least 90 days prior written notice of such destruction. Upon receipt of notice of destruction, the non-holder will have the option, at its sole cost and expense, to take possession of such records in which case the non-holder assumes all further cost of storage and destruction of such records.

(k) Transfer Taxes. Seller and Buyer acknowledge that they may be exempt under section 1146(c) of the Bankruptcy Code and the Sale Order from all state and local transfer, recording, stamp or other similar transfer taxes (collectively, "Transfer Taxes") that may be imposed by reason of the sale, transfer, assignment and delivery of the Acquired Assets; *provided*, that any Transfer Taxes that are imposed for any reason will be borne by Seller.

(l) Maintenance of Insurance. Seller will maintain all policies of insurance in effect on the date of this Agreement through and until the Closing.

(m) Accounts Receivable. In the event that Buyer or any of its Affiliates receives any payment relating to any Excluded Receivable outstanding prior to the Closing Date, such payment will be the property of, and will be promptly forwarded and remitted to, Seller. Buyer or such Affiliate will promptly endorse and deliver to Seller any cash, checks or other documents received by Buyer on account of any such Excluded Receivable. In the event that Seller or any of its Affiliates receives any payment relating to any Account Receivable, other than Excluded Receivables, outstanding on or after the Closing Date, such payment will be the property of, and will be promptly forwarded and remitted to, Buyer. Seller or such Affiliate will promptly endorse and deliver to Buyer any cash, checks or other documents received by Seller on account of any such Accounts Receivable. Seller or such Affiliate will advise Buyer (promptly following Seller's becoming aware thereof) of any counterclaims or set-offs that may arise subsequent to the Closing Date with respect to any such Accounts Receivable.

(n) Cooperation in the Defense of Claims. In the event that a claim is asserted against Buyer or its Affiliates with respect to events or conditions occurring or existing in connection with, or arising out of, the operation of the Business prior to the Closing or the ownership, possession, use or sale of the Acquired Assets prior to the Closing, Seller will cooperate with

Buyer in the defense of any such claim. In the event that a claim is asserted against Seller or its Affiliates with respect to events or conditions occurring or existing in connection with, or arising out of, the operation of the Business after the Closing or the ownership, possession, use or sale of the Acquired Assets after the Closing, Buyer will cooperate with Seller in the defense of any such claim.

(o) Purchase Orders. On or prior to the third Business Day before the Closing Date, Seller will deliver to Buyer a complete and accurate list of all outstanding purchase orders related to the Business issued by Seller involving the performance of services or delivery of goods or materials to Seller in an amount or value in excess of \$2,500, showing the identity of the vendor, the type of services or goods to be provided, the amount required to be paid by Seller thereunder and the terms of payment.

(p) Transitional Services. Seller will arrange for the services which are currently being provided to Seller pursuant to the Contracts set forth on Schedule 6(p) to be available to Buyer on the terms and conditions set forth in such Contracts (the "Transitional Services") for the number of days after the Closing Date set forth on Schedule 6(p) (collectively, the "Transition Periods"); *provided, however*, that the decision to utilize the Transitional Services shall be made in the exclusive discretion of Buyer. The listing of a Transitional Service on Schedule 6(p) shall not be deemed a requirement to incur such Transitional Service. To the best knowledge of Seller, the amounts set forth on Schedule 6(p) are the full amounts required for the provision of the Transitional Services during the Transition Period. The costs of the Transitional Services will be borne equally by Buyer and Seller; *provided* that in no event shall Seller be required to pay more than \$100,000 for the Transitional Services. On the Closing Date, \$100,000 of the Purchase Price shall be deposited with Seller's attorney (the "Transitional Services Escrow Amount") to be held in escrow on the same terms and conditions set forth in the Procedures Order for the Earnest Down Payment. The Transitional Services Escrow Amount shall be used to pay for Seller's portion of the Transitional Services. Upon presentation by Buyer of an invoice for amounts due for Transitional Services, Seller's attorney shall promptly release to Buyer one-half of the amount of such invoice, and Buyer shall upon receipt of such money promptly pay for such Transitional Services. Upon the expiration of all Transition Periods set forth on Schedule 6(p) and the payment of all amounts due for Transitional Services, any remaining Transitional Services Escrow Amount shall be returned to Seller.

Section 7. CONDITIONS TO EACH PARTY'S OBLIGATIONS. The respective obligations of each party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment or waiver on or before the Closing Date of the following conditions:

(a) Bankruptcy Court Approval. The Sale Confirmation Order and the Assumption Order shall have been entered and shall not have been stayed pending appeal, reversed, modified or amended, and no order shall have been entered restraining or enjoining the effectiveness of the Sale Confirmation Order or the Assumption Order. The Sale Confirmation Order shall become a Final Order, and all holders of liens and claims (including all landlords, mortgagees, creditors and shareholders, to the extent required by the Bankruptcy Code) on the Acquired Assets shall have received notice of Seller's bankruptcy cases and the Bankruptcy Court's entry of the Sale

Confirmation Order approving the transactions contemplated by this Agreement, copies and proof of service of which, together with certified copies of the Sale Confirmation Order and the Assumption Order, shall be delivered to Buyer on or prior to the Closing Date.

(b) Injunctions. There shall not be outstanding any injunction, decree or order of any court or governmental department or agency prohibiting the consummation of the transactions contemplated by this Agreement and no action, suit, litigation, investigation, claim or proceeding shall have been commenced which could prohibit, restrain or materially modify the consummation of the transactions contemplated hereby.

(c) No Change in Law. There shall not have been any action taken or any statute enacted by any Governmental Authority which would render the parties unable to consummate the transactions contemplated hereby or make the transactions contemplated hereby illegal or prohibit the consummation of the transactions contemplated hereby.

(d) Governmental Approvals and Consents. Seller and Buyer shall have obtained and delivered to the other (i) all Regulatory Approvals and other material approvals and consents from governmental or regulatory bodies or agencies, whether Federal, state, local or foreign without which the transactions contemplated hereby could not legally be consummated and (ii) all Material Consents and approvals pursuant to statute, leases, mortgages, Contracts, agreements, Permits or licenses necessary for the performance of its obligations hereunder, the failure to obtain of which may have a Material Adverse Effect.

Section 8. CONDITIONS TO OBLIGATIONS OF BUYER. The obligation of Buyer to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, or the waiver by Buyer, on or prior to the Closing Date, of the following conditions:

(a) Representations and Warranties True. The representations and warranties of Seller and Style contained in this Agreement shall be true and correct in all material respects both on the date of this Agreement and on the Closing Date, as though made at such time, and on the Closing Date Seller and Style shall have delivered to Buyer a certificate to such effect.

(b) Seller's Performance. Each obligation of Seller to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed by the Closing Date, and on the Closing Date Seller shall have delivered to Buyer a certificate to such effect.

(c) Instruments of Conveyance and Transfer: Title. At the Closing, Seller shall have delivered to Buyer such bills of sale, endorsements, assignments, and other good and sufficient instruments of conveyance and transfer (including assignments of any Intellectual Properties in recordable form), in form and substance reasonably satisfactory to Buyer and its counsel, as are effective to vest in Buyer good and marketable title to the Acquired Assets free and clear of any Encumbrances, except for the Accepted Liabilities.

(d) Material Adverse Change. Since February 25, 2000, no material adverse change shall have occurred.

(e) Material Consents. All Material Consents necessary to consummate the transactions contemplated under this Agreement, to transfer any of the Acquired Assets to Buyer or to prevent a breach of, a default under, or a termination or modification of any Equipment Lease, Contract or other agreement to which any of the Acquired Assets is subject and all releases of claims or Encumbrances, except to the extent obviated by the terms of the Sale Confirmation Order or Sections 363 or 365 of the Bankruptcy Code, have been obtained.

(f) Certificate of Seller. At the Closing, Seller shall deliver to Buyer a Certificate signed by the President or a Vice President of Seller, attested to by the Secretary or an Assistant Secretary of Seller and dated the Closing Date to the effect that to the best of the knowledge of such officers the conditions specified in Section 8(a) through (e) have been fulfilled.

(g) Certificate: Documents. Seller and the other Persons have delivered the certificates and other documents required by Section 2(b).

(h) UCC Searches. Buyer shall have received from Seller, at Seller's expense, UCC search reports with respect to the Acquired Assets.

(i) Litigation. Seller shall be solely responsible for any liabilities, obligations, losses, damages and fees and expenses arising out of the matter Attorney General of New Jersey v. Brownstone Holding Co., et al., and Buyer shall have no responsibility whatsoever for any liabilities, obligations, losses, damages and fees and expenses arising out of such matter.

(j) Assignment. Seller has provided an executed copy of an assignment and assumption of the agreement set forth in Item 1 on Exhibit 1, in form and substance reasonably acceptable to Seller and Buyer, and any other documents necessary, in the sole discretion of Buyer, to assign such agreements to Buyer;

(k) Closing. The Closing shall occur on or before the Scheduled Closing Date; and

(l) Schedules. Prior to the Closing Date, Buyer shall have received all Schedules and Exhibits to this Agreement, and such Schedules shall be satisfactory to Buyer, in Buyer's sole discretion.

Section 9. CONDITIONS TO OBLIGATIONS OF SELLER. The obligations of Seller to consummate the transactions contemplated hereby shall be subject to the fulfillment, or the waiver by Seller, on or prior to the Closing Date, of the following conditions:

(a) Representations and Warranties True. The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects both on the date of this Agreement and on the Closing Date, as though made at such time, and on the Closing Date Buyer shall have delivered to Seller a certificate to such effect.

(b) Buyer's Performance. Each of the obligations of Buyer to be performed on or before the Closing Date under the terms of this Agreement, including payment of the Purchase Price under the terms hereof, shall have been duly performed on or prior to the Closing Date, and on the Closing Date Buyer shall have delivered to Seller a certificate to such effect.

(c) Assumption Agreement. At the Closing, Buyer or an affiliate of Buyer shall have delivered to Seller an agreement in form and substance reasonably satisfactory to Seller and its counsel pursuant to which Buyer agrees to and does assume the Accepted Liabilities.

(d) Material Consents. Seller shall have obtained all material third-party consents and approvals pursuant to statute, leases, mortgages, contracts, agreements, permits or licenses necessary for the performance of its obligations hereunder.

(e) Certificate of Buyer. At the Closing, Buyer shall deliver to Seller a Certificate signed by the President or a Vice President of Buyer, attested to by the Secretary or an Assistant Secretary of Buyer and dated the Closing Date to the effect that to the best of the knowledge of such officers the conditions specified in Section 9(a) through (d) have been fulfilled.

(f) Certificate; Documents. Buyer and the other Persons have delivered the certificates and other documents required by Section 2(c).

Section 10. TERMINATION.

(a) Termination. This Agreement may be terminated by written notice at any time prior to the Closing Date:

(i) By mutual consent of Buyer and Seller;

(ii) By either party if the conditions to such party's obligations set forth in Sections 7, 8 and 9 are not satisfied.

(iii) By Buyer or Seller if the Closing has not occurred on or before the Scheduled Closing Date;

(iv) By Buyer, if there has been a material breach by Seller of any of its representations, warranties, covenants, obligations or agreements set forth in this Agreement or in any writing delivered by Seller under this Agreement;

(v) By Seller, if there has been a material breach by Buyer of any of its representations, warranties, covenants, obligations or agreements set forth in this Agreement or in any writing delivered by Buyer under this Agreement;

(vi) By Seller or Buyer if consummation of the transactions contemplated by this Agreement violates any non-appealable final order, decree or judgment of any court or

Governmental Authority having competent jurisdiction, including, without limitation, the Bankruptcy Court; or

(vii) By Buyer, if since the date of this Agreement there has been a Material Adverse Change.

(b) Effect of Termination. In the event of the termination of this Agreement as provided in Section 10(a), this Agreement, other than this Section 10 (b), Section 10(c), Section 10(d), Section 10(e) and Section 11, shall forthwith become wholly void and of no further force and effect and, there shall be no liability on the part of Seller or Buyer or their respective officers, directors or partners (other than as set forth in Sections 10(c), 10(d), 10(e) and 11); except that (i) Seller shall return to Buyer the Earnest Down Payment and (ii) each party will return all documents, workpapers and other material (including computer readable material) of any other party relating to the transactions contemplated by this Agreement, whether so obtained before or after the execution of this Agreement, to the party furnishing the same, and all confidential information received by any party to this Agreement with respect to the business of any other party will be treated in accordance with Section 6(a).

(c) Failure to Consummate Transaction by Buyer. If for any reason the Buyer fails to consummate the purchase of the Acquired Assets, or any part thereof, the offeror of the second highest and best bid(s) will automatically be deemed to have submitted the highest and best bid(s) and the Seller shall be authorized to sell its Assets in accordance with the terms of the Debtors Sale Auction procedures. If such failure to consummate the purchase is the result of a breach by Buyer, the Earnest Down Payment shall be forfeited to Seller and Seller specifically reserves the right to seek all available damages from the defaulting Buyer.

(d) Failure to Consummate Transaction by Seller. If for any reason Sellers fail to consummate the sale of the Acquired Assets, or any part thereof, as a result of a breach by Sellers, the Earnest Down Payment shall be returned to Buyer and Buyer specifically reserves the right to seek all available damages from the defaulting Sellers.

(e) Indemnification.

(i) Indemnification by Buyer. From and after the date of this Agreement, Buyer will indemnify, defend and hold Seller and its respective officers, directors, employees and agents harmless from and against any and all claims, actions, suits, demands, assessments, judgments, losses, liabilities, damages, penalties, costs and expenses (including, without limitation, reasonable attorneys' fees to the extent permitted by law and accounting fees and investigation costs) (collectively, "Losses") that may be incurred by any such indemnified party and, directly or indirectly, resulting or arising from, related to or incurred in connection with (i) the use or operation of the Acquired Assets or the conduct of the Business after the Closing Date, (ii) the Accepted Liabilities after the Closing Date and (iii) any breach of any representation under Section 5 or any covenant, obligation or agreement of Buyer contained in this Agreement other than those to be performed on or before the Closing Date.

(ii) Indemnification by Seller. From and after the date of this Agreement, Seller, and Style (solely with respect to representations made by Style), will indemnify, defend and hold Buyer, its Affiliates and their respective officers, directors, employees and agents harmless from and against any and all Losses that may be incurred by any such indemnified party and, directly or indirectly, resulting or arising from, related to or incurred in connection with (i) the use and operation of the Acquired Assets or the conduct of Business before the Closing Date, (ii) the Excluded Liabilities, (iii) the Excluded Assets and (iv) any breach of any representation or warranty under Section 4 or any covenant, obligation or agreement of Seller or Style contained in this Agreement other than those to be performed on or before the Closing Date, except to the extent that such breach is fully accounted for by means of an adjustment to the Purchase Price in the manner described in Section 1(e). If any Losses for which Buyer is entitled to indemnification are not paid by Seller or Style, Buyer may recover such amounts from any party that has received as a distribution any portion of the Purchase Price, *provided, however*, that in no event shall any such party be liable for an amount in excess of the distribution received by such party.

(iii) Notice of Claim; Right to Participate in and Defend Third Party Claim.

(A) In the event that any indemnified party (which term includes all Persons entitled to indemnification under this Section 10(e) and their successors and assigns) receives notice of the assertion of any claim, the commencement of any suit, action or proceeding or the imposition of any penalty or assessment by a third party in respect of which indemnity may be sought under this Agreement ("Third Party Claim") and the indemnified party intends to seek indemnity under this Agreement, then the indemnified party will promptly provide the indemnifying party with notice of the Third Party Claim. The failure by an indemnified party to notify an indemnifying party of a Third Party Claim does not relieve the indemnifying party of any indemnification responsibility under this Section 10(e) unless and only to the extent that such failure adversely prejudices the ability of the indemnifying party to defend such Third Party Claim.

(B) The indemnifying party has the right to control the defense, compromise or settlement of the Third Party Claim with counsel of its choosing if the indemnifying party delivers written notice to the indemnified party within seven calendar days following the indemnifying party's receipt of notice of the Third Party Claim from the indemnified party acknowledging its obligations to indemnify the indemnified party with respect to such Third Party Claim in accordance with this Section 10(e) and establishes security in form and substance reasonably satisfactory to the indemnified party to secure the indemnifying party's obligations under this Section 10(e) with respect to such Third Party Claim. In its defense, compromise or settlement of any Third Party Claim, the indemnifying party will provide the indemnified party, in a timely manner, with such information with respect to such defense, compromise or settlement as the indemnified party requests and will not assume any position or take any action that would impose an obligation of any kind or restrict the actions of the indemnified party. The indemnified party will be entitled (at the indemnified party's expense) to participate in the defense by the indemnifying party of any Third Party Claim with its own counsel. Notwithstanding the foregoing, if the indemnifying party fails, in the reasonable

opinion of the indemnified party, to take reasonable steps necessary to defend a Third Party Claim within ten calendar days after receiving notice from the indemnified party that the indemnified party believes the indemnifying party has failed to take such steps, the indemnified party may assume its own defense, and the indemnifying party will be responsible for any reasonable expenses therefor. Without the prior written consent of the indemnified party, the indemnifying party will not enter into any settlement or compromise of any Third Party Claim which could lead to liability or create any financial or other obligation on the part of the indemnified party for which the indemnified party is not entitled to reimbursement under this Agreement.

(C) In the event that the indemnifying party does not undertake the defense, compromise or settlement of a Third Party Claim, the indemnified party has the right to control the defense or settlement of such Third Party Claim with counsel of its choosing at the cost of the indemnifying party; *provided, however*, that the indemnified party will not settle or compromise any Third Party Claim without the indemnifying party's prior written consent, unless (i) the terms of such settlement or compromise release the indemnified party and the indemnifying party from any and all liability with respect to the Third Party Claim or (ii) the indemnifying party has not (a) acknowledged its obligations to indemnify the indemnified party with respect to such Third Party Claim in accordance with this Section 10(e) and (b) established security in form and substance reasonably satisfactory to the indemnified party to secure the indemnifying party's obligations under this Section 10(e) with respect to such Third Party Claim.

(D) Any indemnifiable claim under this Agreement that is not a Third Party Claim will be asserted by the indemnified party by promptly delivering notice thereof to the indemnifying party. If the indemnifying party does not respond to such notice within 30 calendar days after its receipt, it has no further right to contest the validity of such claim.

(iv) Termination and Limitation of Liability. All indemnification obligations set forth in this Section 10(e) (other than with respect to indemnification claims that have been asserted) will terminate and be of no further force and effect on the date that is 120 days after the Closing Date. Buyer shall not be entitled to indemnification from Seller or Style and Seller and Style shall not be entitled to indemnification from Buyer until the aggregate amount of all Losses of such party exceeds \$50,000 (the "Threshold"). In the event such party's Losses exceed the Threshold, such party shall be entitled to recover the amount of all such Losses; *provided, however*, that in no event shall either party be liable for an amount in excess of the Purchase Price.

Section 11. PAYMENT OF CERTAIN EXPENSES. Seller will pay all Federal, state, county, local and foreign taxes which may be payable by reason of the purchase and sale pursuant to this Agreement of the Business or the Acquired Assets. Each party will be liable for its own costs and expenses incurred in connection with the negotiation, preparation, execution or performance of this Agreement.

Section 12. WAIVER, CERTAIN CONSENTS.

(a) Any of the terms of conditions of this Agreement may be waived at any time and from time to time in writing by the party entitled to the benefits thereof (and, in the case of Seller and Style with the written consent of the Bank) without affecting any other terms or conditions of this Agreement.

(b) If a consent of a third party which is required in order to assign any Acquired Asset (or claim, right or benefit arising thereunder or resulting therefrom) is not obtained prior to the Closing Date, or if an attempted assignment would be ineffective or would adversely effect the ability of Seller to convey its interest in question to Buyer, Seller will cooperate with Buyer and use best efforts in any lawful arrangement to provide that Buyer shall receive Seller's interest in the benefits of such Acquired Asset. If any consent or waiver is not obtained before the Closing Date and the Closing is nevertheless consummated, Seller agrees to continue to use its best efforts to obtain all such consents as have not been obtained prior to such date but at the sole cost and expense of Buyer.

Section 13. NOTICES. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if delivered, addressed or telecopied to the address or telecopier number set forth below and shall be deemed to have been made (i) on the date of service if served personally on the party, (ii) on the second business day after delivery to an overnight courier service if first available delivery is indicated and paid for, (iii) on the third business day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, or (iv) on the date of transmission, if sent by telecopier and confirmation of transmittal is received by the transmitting party. Any party may change its address for purposes of this paragraph by giving the other parties written notice of the new address in the manner set forth above.

If to the Seller, to:

Style Site Marketing, Inc. (formerly known as
Diplomat Direct Marketing Corporation),
Lew Magram Ltd. and Brownstone Holdings, Inc.
Attn: Warren Golden
414 Alfred Avenue
Teaneck, New Jersey 07666
Fax: (201) 833-1646

with a copy to:

Angel & Frankel, P.C.
Attn: Joshua J. Angel, Esq.
Rochelle R. Weisburg, Esq.
460 Park Avenue
New York, NY 10022-1906
Fax: 212-752-8393

If to the Buyer, to:

Fingerhut Companies, Inc.
Attn: Michael Sherman
4400 Baker Road
Minnetonka, MN
Fax: (612) 936-5412

with a copy to:

Kaye, Scholer, Fierman, Hays & Handler, LLP
Attn: Rory A. Greiss, Esq.
Arthur Steinberg
425 Park Avenue
New York, NY 10022
Fax: (212) 836-8261

Section 14. ENTIRE AGREEMENT; AMENDMENT. This Agreement and the other agreements referred to herein and entered into in connection herewith set forth the entire agreement and understanding of the parties in respect of the transactions contemplated hereby and supersede all prior agreements, arrangements and understandings relating to the subject matter hereof including all such agreements, arrangements and understandings between the Seller and Buyer. No representation, promise, inducement or statement of intention has been made by Seller or Buyer that is not embodied in this Agreement, or the other agreements referred to herein and entered into in connection herewith, the Schedules or Exhibits hereto, or the written statements, certificates or other documents delivered pursuant hereto, and neither Seller nor Buyer shall be bound by or liable for any alleged representation, promise, inducement or statement of intention not set forth herein. This Agreement may be amended or modified only by a written instrument executed by Buyer and Seller (to the extent such change relates to it) or by their successors and assigns, *provided, however*, that no material amendment to this Agreement may be made without the consent of the Bank. Each party to this Agreement acknowledges that it has been advised by counsel in connection with the execution of this Agreement and is not relying upon oral representations as statements inconsistent with the terms and provisions of this Agreement.

Section 15. PRESS RELEASE. Seller shall not issue any press release or make any public announcements of any of the transactions contemplated by this Agreement except as may be consented to in writing by Buyer, which consent may not be unreasonably withheld; *provided, however*, that notwithstanding the foregoing, Seller shall be permitted to make such disclosures to the public or governmental authorities, including filings with the Securities Exchange Commission and the Bankruptcy Court, as its counsel shall deem necessary to maintain compliance with, or to prevent violation of, applicable laws.

Section 16. GENERAL. This Agreement: (i) shall be governed by, construed and enforced in accordance with the laws of the State of New York without regard to the choice of law principles thereof; (ii) shall inure to the benefit of and be binding upon the successors and assigns of Seller and Buyer, nothing in this Agreement, expressed or implied, being intended to confer upon any other Person any rights or remedies hereunder, *provided*, that, except as otherwise provided herein, neither party hereto may assign its rights or obligations hereunder without the prior written consent of the other party hereto, except that (A) Buyer may assign this Agreement to one or more affiliates of Buyer and (B) this Agreement may be assigned to a trustee appointed by the Bankruptcy Court to succeed to the rights of Seller; *provided, however*, that no such assignment shall relieve the Seller of its liability hereunder; and (iii) may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

(a) Headings. This Section and other headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(b) Jurisdiction. Any legal action or proceeding relating to disputes between the parties hereto solely arising under this Agreement shall be brought in the Bankruptcy Court and, by execution and delivery of this Agreement, Seller hereby accepts for the Debtors and in respect of their bankruptcy estates, and Buyer hereby accepts for itself, generally and unconditionally, the jurisdiction of the aforesaid court. The parties hereto hereby irrevocably waive any objection, including any objection to the laying of venue or based on the grounds of *forum non conveniens* which any of them may now or hereafter have to the bringing of any such action or proceeding in such jurisdiction.

Section 17. SEVERABILITY. To the extent that any provision of this Agreement shall be invalid or unenforceable, it shall be considered deleted herefrom and the remainder of such provision and of this Agreement shall be unaffected and shall continue in full force and effect. In furtherance and not in limitation of the foregoing, if the duration or geographic extent of, or business activity covered by, any provision of this Agreement shall be in excess of that which is enforceable under applicable law, then such provision shall be construed to cover only that duration, extent or activities which may be validly and enforceably covered.

Section 18. DEFINITIONS.

(a) Defined Terms. As used in this Agreement, the following defined terms have the meanings indicated below:

“Accounts Receivable” means (i) all trade and customer accounts and notes receivable arising out of the sale of goods or the rendition of services from credit card issuers and credit card processors), and (ii) any payments received with respect to the foregoing after the Closing Date, unpaid interest accrued thereon and any security or collateral relating thereto, a list and description of which are set forth on Schedule 18(a), which Schedule shall be updated by the Seller within five (5) Business Days after the Closing Date.

“Acquired Assets” has the meaning ascribed to it in Section 1(a).

“Accepted Liabilities” has the meaning ascribed to it in Section 1(c).

“Affiliate” with respect to any Person, means any Person that directly, or indirectly through one or more entities, controls, is controlled by or is under common control with such Person or, directly or indirectly, is related to or otherwise associated with any such Person.

“Agreement” means this Asset Purchase Agreement and the Exhibits and Schedules hereto, as the same shall be amended from time to time.

“Assets” means all assets owned by Seller.

“Bankruptcy Code” has the meaning ascribed to it in the recitals hereto.

“Bankruptcy Court” has the meaning ascribed to it in the recitals hereto.

“Business” has the meaning ascribed to it in the forepart of this Agreement.

“Business Day” means a day other than Saturday, Sunday or any day on which banks in New York City are authorized or obligated to close.

“Buyer” has the meaning ascribed to it in the forepart of this Agreement.

“Closing” and “Closing Date” each has the meaning ascribed to it in Section 2.

“Contract” has the meaning ascribed to it in Section 1(a)(i).

“Damages” shall mean any loss, liability, claim, damage, expense, including, but not limited to, reasonable costs of investigation and defense and reasonable attorney’s fees.

“Debtors” has the meaning ascribed to it in the forepart of this Agreement.

"Encumbrances" means all Liens, claims and encumbrances on the Acquired Assets of any kind, except Accepted Liabilities.

"Equipment Leases" has the meaning set forth in Section 4(f).

"Excluded Assets" has the meaning ascribed to it in Section 1(b).

"Excluded Receivables" means (i) the disputed Accounts Receivable to be collected from American Express in the approximate amount of \$177,000 plus additional amounts resulting from sales made by Seller in the ordinary course between March 3, 2000 and the Closing Date, less appropriate charges and offsets, and (ii) Accounts Receivable relating to credit card transactions for sales made by Seller in the ordinary course of business between the date hereof and the Closing Date.

"GAAP" means generally accepted accounting principles which are (a) consistent with the principles promulgated or adopted by the Financial Accounting Standards Board and its predecessors, in effect on the date hereof and (b) applied on a basis consistent with prior periods.

"Governmental Authority" means any government or political subdivision, whether federal, state, local or foreign, or any regulatory body, agency or instrumentality of any such government or political subdivision, or any federal, state, local or foreign court or arbitrator.

"Intellectual Property" or "Intellectual Properties" means all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, corporate names, inventions, processes, formulae, copyrights and copyright rights, trade dress, business and product names, logos, artwork, licenses, permits, developments, research data, technology test procedures, marketing plans, customer lists, records, advertising, sales and promotional materials, catalogs, credit reports, slogans, trade secrets, industrial models, processes, designs, methodologies, computer software and programs (including all source codes) and related documentation, URLs and website design(s), technical information, manufacturing, engineering and technical drawings, know-how, confidential information and other intellectual and intangible property rights, discoveries, business methods, and all pending applications for, and registration, extension and reissuance of any of the foregoing and rights therein.

"Inventory" means all of Seller's inventories of products, work-in-process, finished goods, raw materials and supplies, whether on hand at the Seller's warehouse or retail stores or in transit to Seller.

"Law" shall mean any constitutional provision or any statute or other law, rule or regulation of any Governmental Authority and any award, decree, injunction, judgment, order, ruling, assessment or writ.

"Material Adverse Effect" or "Material Adverse Change" means a material adverse effect or change in the business, properties, assets, liabilities, results of operations, financial condition

or prospects of the Business or in the condition or value of the Acquired Assets or Accepted Liabilities, in each case taken as a whole.

“Permits” means all governmental or regulatory licenses, permits, franchises, approvals, tariffs, variances, exemptions, orders, authorizations, consents and certificates required in connection with the operation of the Business.

“Person” means any natural person, corporation, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or governmental or regulatory authority.

“Purchase Price” has the meaning ascribed to it in Section 1(d).

“Records” means all books, records, ledgers, files, documents, forms, correspondence, lists, plats, drawings, diagrams, designs, creative materials, advertising and promotional materials (including, without limitation, catalogs, brochures, customer and supplier lists, manuals, handbooks and labels and packaging), employee and personnel records, studies, reports and other printed or written materials (including, without limitation, any of such materials held or produced by third parties for Seller) relating to the Business or the Acquired Assets in the Seller’s possession or which Seller has a right to possess (including, without limitation, any confidential or other business information that has been reduced to writing or other medium).

“Sale Confirmation Order” has the meaning ascribed to it in the forepart of this Agreement.

“Sale Confirmation Hearing” means a hearing scheduled by the Bankruptcy Court to approve Buyer’s offer to purchase the Acquired Assets.

“Seller” has the meaning ascribed to it in the forepart of this Agreement.

“Tadeo Stock” means all shares of stock of Tekinsight, Inc. (formerly known as Tadeo Holdings, Inc.) owned by Style.

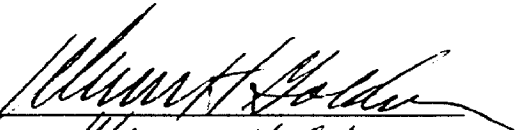
“Tax” means any federal, state, local, or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, capital stock, intangibles, social security, unemployment, disability, payroll, license, employee, or other tax or levy, of any kind whatsoever, including any interest, penalties, or additions to tax in respect of the foregoing and any reasonable fees paid to attorneys or other tax advisors in connection with the calculation, payment or defense of audit or adjustment of any of the foregoing.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended.

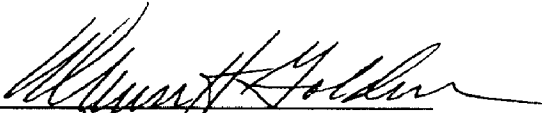
(b) Construction of Certain Terms and Phrases. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms “hereof,” “herein,” “hereby” and derivative or similar words refer to this entire Agreement; (iv) the terms “Article” or “Section” refer to the specified Article or Section of this Agreement; (v) the terms “include,” “includes,” “including” and derivative or similar words shall be construed to be followed by the phrase “without limitation”; (vi) the phrase “ordinary course of business” refers to the business of Debtors in connection with the Business; and (vii) the word “or” connotes both the disjunctive and conjunctive of the terms affected, unless otherwise expressly stated. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under generally accepted accounting principles. Any representation or warranty contained herein as to the enforceability of a Contract shall be subject to the effect of any bankruptcy, insolvency, reorganization, moratorium or other similar law affecting the enforcement of creditors’ rights generally and to general equitable principles (regardless of whether such enforceability is considered in a proceeding in equity or at law).

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

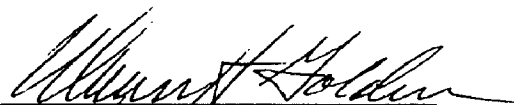
LEW MAGRAM LTD.

By: 
Name: WARREN H. GOLDEN
Title: EXTL. VICE PRES

BROWNSTONE HOLDINGS, INC.

By: 
Name: WARREN H. GOLDEN
Title: VICE PRES

STYLE SITE MARKETING, INC.
(FORMERLY KNOWN AS
DIPLOMAT DIRECT MARKETING
CORPORATION)
(solely with respect to Sections 4(t) and 10(e))

By: 
Name: WARREN H. GOLDEN
Title: PRESIDENT

FINGERHUT COMPANIES, INC.

By: _____
Name: Michael P. Sherman
Title: Executive Vice President

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed the day and year first above written.

LEW MAGRAM LTD.

By: _____
Name: _____
Title: _____

BROWNSTONE HOLDINGS, INC.

By: _____
Name: _____
Title: _____

STYLE SITE MARKETING, INC.
(FORMERLY KNOWN AS
DIPLOMAT DIRECT MARKETING
CORPORATION)
(solely with respect to Sections 4(t) and 10(e))

By: _____
Name: _____
Title: _____

FINGERHUT COMPANIES, INC.

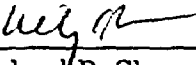
By: 
Name: Michael P. Sherman
Title: Executive Vice President

EXHIBIT "1"

Contracts

1. Mokrynski - House list/rental list manager (Magram/Brownstone)
2. All capital leases of Seller as indicated on Schedule 4(e)¹

¹Capital leases will not be assumed under Section 365 of the Bankruptcy Code since they are Owned Tangible Property of Seller and were purchased by Buyer free and clear of all Liens.

EXHIBIT "2"

I. BROWNSTONE HOLDING, INC. OWNS THE FOLLOWING TRADEMARKS OR TRADENAMES:

Mark	Application No.	Registration No.	Filing Date	Issue Date	Drawing Type
BROWNSTONE STUDIO	73230817	1165943	09/10/1979	08/18/1981	words, letters, or numbers in typed form
BROWNSTONE STUDIO	72463633	0989000	07/23/1973	07/23/1974	words, letters, or numbers in typed form
JEAN GRAYSON'S BROWNSTONE STUDIO	72463634	0995979	07/23/1973	10/15/1974	words, letters, or numbers in typed form
JEAN GRAYSON'S BROWNSTONE STUDIO	73408981	1276576	01/11/1983	05/01/1984	words, letters, or numbers in typed form
BROWNSTONE BOUTIQUE	74599424	1992040	11/16/1994	08/06/1996	words, letters, or numbers in typed form
BROWNSTONE WOMAN	74012450	1613970	12/20/1989	09/18/1990	words, letters, or numbers in typed form
ADRIAN-AVERY	73689242	1506560	10/13/1987	09/27/1988	words, letters, or numbers in typed form
INTIME	73285593	1186245	11/12/1980	01/12/1982	words, letters, or numbers in typed form

II. LEW MAGRAM LTD. OWNS THE FOLLOWING TRADEMARKS OR TRADENAMES:

Mark	Country or State	Registration No.	Filing Date	Renewal Due
LEW MAGRAM & MAN DESIGN	UNITED KINGDOM	B898483	7/17/87	8/17/2001
LEW MAGRAM	UNITED STATES	1554789	9/5/1989	9/5/2009
THE FASHION SPECIALISTS (STYLIZED)	NEW YORK	S-7959	4/6/94	4/6/2004
THE FASHION SPECIALISTS	UNITED STATES	12709	4/6/84	4/6/2004

IMANAGE 417313

III. BROWNSTONE HOLDING, INC. AND/OR LEW MAGRAM LTD. MAY OWN THE FOLLOWING TRADEMARKS OR TRADENAMES²:

Mark	Series No.
Meadow Club	72-415919
Ribroy	72-412104
Wilroy	72-389088
Quando	72-376327
Twillroy	72-359039
Questo	72-332060
Kenneth Jones	72-328519
Travanelle	72-321441
Enzo Borghini	72-311321
"Kicks by Wilroy	72-216766
Wilroy Traveler	72-206794
Travellura	72-326709
The Fashion Specialists	72-469894
Wilroy	72-206793
One-to-one	73229162
K Kensington Microware	73452370
B.E.S.T. America's Cheerleaders Honor St	74703746
Packaged Ice Inc.	74703747
Megabites	74703745
William Royce	73626635
Wilana	73276596
Setiage	73465962
TTMAC	73276595

²Issues concerning the status of Seller's ownership of these trademarks relate solely to expiration of trademark, chain of title, and usage.

IMANAGE 41731 3

Mark	Series No.
Wisp-o-Knit	73224882
Corporate Image	73222974

IV. BROWNSTONE HOLDING, INC. AND/OR LEW MAGRAM LTD. HAVE REGISTERED THE FOLLOWING DOMAINS AS “.com”, “.net” AND “.org”:

lewmagram.com³
lewmagramfashion
lewmagramtravel
lewmagramentertainment
lewmagramhealth
lewmagrambusiness
lewmagrampersonal
lewmagramdining
lewmagramsports
lewmagramspecialitems
lewmagrambeauty
lewmagramreading

brownstonefashion
brownstonetraveler
brownstonetoentertain
brownstonehealth
brownstonebusiness
brownstonepersonal
brownstonedining
brownstonesports
brownstonespecialitems
brownstonebeautyitems
brownstonereading

brownstonestudio

³The rights to “lewmagram.org” and “lewmagram.net” are not owned by Lew Magram, Ltd.

**U.S. Bankruptcy Court
Southern District of New York
Notice of Electronic Filing**

The following transaction was received from Porter, Marguerite on 3/9/2000 at 4:26 PM

Case Name: Stylesite Marketing, Inc.
Case Number: 00-10099-smb
Document Number: 67

Docket Text:

Order signed on 3/9/2000 Authorizing and Approving the Sale of Certain Assets of Lew Magram Ltd. and Brownstone Holdings, Inc. Free and Clear of Liens, Claims and Encumbrances; Authorizing and Approving the Terms of the Asset Purchase Agreement; Scheduling Further Hearings to Consider the Assumption and Assignment of Certain Executory Contracts and Authorizing the Exemption of the Sale from Stamp or Similar Taxes (Related Doc # [23]) (Porter, Marguerite)

The following document(s) are associated with this transaction:

Document description:Main Document

Original filename:A:/ordersale.pdf

Electronic document Stamp:

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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:	Chapter 11
STYLESITE MARKETING, INC.,	Case No. 00-10099 (SMB),
LEW MAGRAM LTD.,	Case No. 00-10100 (SMB),
BROWNSTONE HOLDINGS, INC., and	Case No. 00-10101 (SMB) and
ECOLOGY KIDS INC.,	Case No. 00-10103 (SMB)

Debtors.

Jointly Administered

-----X

**ORDER PURSUANT TO SECTIONS 105, 363, 365 AND 1146 OF
THE BANKRUPTCY CODE (i) AUTHORIZING AND APPROVING
THE SALE OF CERTAIN ASSETS OF LEW MAGRAM LTD. AND
BROWNSTONE HOLDINGS, INC. FREE AND CLEAR OF LIENS, CLAIMS,
AND ENCUMBRANCES, (ii) AUTHORIZING AND APPROVING THE TERMS
OF THE ASSET PURCHASE AGREEMENT, (iii) SCHEDULING FURTHER
HEARINGS TO CONSIDER THE ASSUMPTION AND ASSIGNMENT OF
CERTAIN EXECUTORY CONTRACTS AND (iv) AUTHORIZING THE
EXEMPTION OF THE SALE FROM STAMP OR SIMILAR TAXES**

StyleSite Marketing, Inc., Lew Magram Ltd., Brownstone Holdings, Inc. and, Ecology Kids
Inc., debtors and debtors-in-possession (collectively, "Debtors"), filed on February 2, 2000 in this
Court a motion for entry of an order pursuant to Sections 105, 363, 365 and 1146 of the Bankruptcy
Code (the "Sale Order") authorizing and approving, among other things, (i) the emergency sale of

IMANAGE:41746.1

certain assets of the Debtors free and clear of liens, claims, and encumbrances, subject to the terms of the asset purchase agreement, (ii) the asset purchase agreement as entered into by the Debtors pursuant to the Auction Procedures (as defined in the Sale Motion) for the sale of the assets in whole or in part, (iii) the assumption and assignment of certain executory contracts and unexpired leases and the rejection of others and (iv) the exemption of the sale from stamp or similar taxes (the "Sale Motion"). The Court conducted the hearing on the Sale Motion on February 29, 2000 (the "Sale Hearing"). Having considered the Sale Motion, the pleadings, the arguments and the statements of counsel, the evidence presented at the Sale Hearing, and the record in these proceedings, and objections having been filed and either withdrawn, or overruled, the Court makes the following findings of fact and conclusions of law and, pursuant thereto, enters the following order:

FINDINGS OF FACT

1. On January 13, 2000 (the "Petition Date"), StyleSite Marketing, Inc. ("StyleSite"), Lew Magram Ltd. ("Lew Magram"), Brownstone Holdings, Inc. ("Brownstone") and, Ecology Kids Inc. ("Ecology") filed with the Clerk of this Court their respective petitions for relief under chapter 11, title 11, of the United States Code (the "Bankruptcy Code"). All Debtors are now operating their business and managing their property as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

2. On January 14, 2000, the Court granted the Debtors' motion for an order of joint administration pursuant to Rule 1015(b) of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") providing for the joint administration of these cases and for consolidation for procedural purposes only.

3. On or about January 24, 2000, the Office of the United States Trustee appointed the Official Committee of Unsecured Creditors (the Committee”).

4. On February 16, 2000, the Court entered a Final Order approving post-petition debtor-in-possession financing (the “Final Order”) which financing is being provided to the Debtors by First Source Financial LLP (“First Source”).

~~5. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.~~

~~6. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 105, 363, 365 and 1146 of the Bankruptcy Code and Rules 2002 and 9006 of the Bankruptcy Rules.~~

~~7. Venue of the Debtors’ chapter 11 cases and the Sale Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.~~

8. On February 9, 2000, the Court signed an order approving the Auction Procedures and scheduling the Sale Hearing (the “Scheduling Order”). Notice of the Sale Hearing was served in accordance with the Scheduling Order.

9. The Debtors notified potential purchasers who had and might have an interest in purchasing the assets (the “Qualified Bidders”) of Brownstone and Magram. The Debtors sent to each Qualified Bidder a copy of a proposed asset purchase agreement for the sale of such Assets, and provided reasonable access to Debtors’ books, records and executives to Qualified Bidders for the purpose of conducting due diligence. Any Qualified Bidders desiring to submit a bid at the auction (a “Bid”) was required to deliver a Bid, consisting of (a) an executed version of the asset purchase agreement with marked alterations, if desired, (b) an earnest money deposit (the “Earnest Down Payment”) equal to 10% of the total proposed purchase price, and (c) an Adequate Assurance

Package (as described in the Auction Procedures) such that the Bid was actually received in writing as particularly set forth in the Scheduling Order not later than 10:00 a.m. on February 25, 2000.

10. Two (2) bids were received for the assets of Lew Magram and Brownstone, and an auction was held before this Court on February 29, 2000. (the "Auction"). As a result of the Auction, and subject to this Court's approval, Fingerhut Companies, Inc., as purchaser (the "Purchaser") in the amount of approximately \$6,750,000 in cash (the "Purchase Price") for the purchase of substantially all assets of Lew Magram and Brownstone (the "Acquired Assets"), as defined in the Asset Purchase Agreement attached hereto as Exhibit "A" ("Asset Purchase Agreement"), was selected by Lew Magram and Brownstone ~~in consultation with representatives of the Secured Creditor (as defined in the Sale Motion)~~, as the highest and best Bid (the "Winning Bid"). The Debtors' secured lender, First Source, in accordance with 11 U.S.C. § 363(k) credit bid a portion of its secured claim herein in the amount of \$6,500,000 as the Backup Bidder (as defined in the Auction Procedures). Pursuant to the Auction Procedures, following the conclusion of the Auction, the Purchaser and Lew Magram and Brownstone completed and executed the Asset Purchase Agreement, with such amendments and modifications as reflected on the record of the Sale Hearing, subject to approval of the Bankruptcy Court.

11. The closing (the "Closing") of the sale of the Acquired Assets to the Purchaser shall occur, in accordance with the terms of the Asset Purchase Agreement.

12. Objections to any relief requested by the Sale Motion, other than as related to the assumption and assignment of executory contracts and unexpired leases, were required to set forth in writing with particularity the grounds for such objections or other statements of position and were required to be served by 10:00 a.m. on February 25, 2000 on (i) the Bankruptcy Court; (ii) counsel

for the Debtors, Angel & Frankel, P.C., 460 Park Avenue, New York, New York 10022, Attention: Joshua J. Angel, Esq. and Rochelle R. Weisburg, Esq.; (iii) counsel for First Source Financial, Inc., Katten Muchin Zavis, 525 West Monroe Street, Suite 1600, Chicago, IL 60661-3693, Attention: Michael L. Molinaro; (iv) counsel for Finova Mezzanine Capital, Winick & Rich, P.C., 919 Third Avenue, New York, NY 10022, Attention: Jeffrey N. Rich, Esq.; (v) counsel for the Committee, Kronish Lieb Weiner & Hellman LLP, 1114 Avenue of the Americas, New York, NY 10036-7798, Attention: Robert J. Feinstein, Esq.; and (vi) The United States Trustee, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attention: Greg M. Zipes, Esq. As of such deadline, objections had been received.

~~13. The Purchaser has determined that it wishes to assume the following Contracts and Leases Assumption list appended to the Asset Purchase Agreement as Exhibit "1", Item 1. The parties to such Contracts and Leases shall receive notice and shall have the right to object as set forth herein.~~

14. Lew Magram and Brownstone are good faith sellers and Purchaser is a good faith purchaser with regard to the Asset Purchase Agreement and the transactions related thereto within the meaning of Section 363(m) of the Bankruptcy Code, and as such the Lew Magram and Brownstone and Purchaser are entitled to the protections of 363(m). ~~The Asset Purchase Agreement is the product of substantial, extensive and good faith negotiations between the Lew Magram and Brownstone and Purchaser that were conducted at all times at arm's length and without collusion. Lew Magram's and Brownstone's management have acted within the scope of and have fulfilled their fiduciary duty on behalf of the Debtors-In-Possession. There is no evidence of conduct that would~~

~~permit a finding of lack of good faith in this sale on the part of Purchaser or Lew Magram and Brownstone or that would justify setting aside the sale under section 363(n) of the Bankruptcy Code.~~

15. Approval of the Asset Purchase Agreement, the consummation of the sale of the Acquired Assets contemplated thereby, and the assumption and assignment of the Assumed Agreements (as defined in the Sale Motion), are in the best interests of Lew Magram and Brownstone respective estates. The Court finds that Lew Magram and Brownstone have articulated good and sufficient business reasons justifying the sale of the Acquired Assets pursuant to sections 105, 363 and 365 of the Bankruptcy Code. Such business reasons include, but are not limited to, the facts that (a) there is a substantial risk of deterioration of the value of the Acquired Assets if the sale is not consummated quickly; (b) the Asset Purchase Agreement constitutes the highest and best bid for the Acquired Assets; (c) the Asset Purchase Agreement and the closing thereon will present the best opportunity to realize the value of the Debtors on a going concern basis and avoid decline and devaluation of StyleSite Marketing, Inc.'s, Lew Magram's and Brownstone's businesses; and (d) any plan of reorganization would have most likely yielded no greater economic result.

16. The transaction reflected in the Asset Purchase Agreement represents the highest and best bid offered for such Acquired Assets after due and adequate advertising and solicitation. The consideration to be paid by Purchaser to Lew Magram and Brownstone pursuant to the Asset Purchase Agreement is fair and constitutes reasonably equivalent value for the assets proposed to be sold hereunder.

17. All findings of fact which are conclusions of law shall be deemed to be conclusions of law.

CONCLUSIONS OF LAW

18. The Court has jurisdiction of these cases and of the assets of the Lew Magram and Brownstone and their respective bankruptcy estates under U.S.C. §§ 1334 and 157.

19. The Sale Motion concerns the administration of the estates of Lew Magram and Brownstone and approval of the sale of assets of the estates of Lew Magram and Brownstone and is, therefore, a core proceeding under 28 U.S.C. §§ 157(b)(2)(A), (M), (N) and (O).

20. Good and sufficient notice of the Sale Hearing (including the Auction Procedures) has been given in accordance with the requirements of the Bankruptcy Code and the Bankruptcy Rules to all creditors asserting secured claims on the Acquired Assets and all parties requesting notice of all pleadings, among others, and no other or further notice shall be required except as expressly provided herein.

21. The Sale Motion satisfies requirements of Bankruptcy Code section 363(b) and (f), and any other applicable law relating to the sale of the Acquired Assets contemplated by the Asset Purchase Agreement, have been satisfied.

22. Subject to the procedures set forth herein, the sale motion satisfies the requirements of Bankruptcy Code section 365, and any other applicable law relating to the assumption and assignment or rejection, of the Assumed Agreement(s) contemplated by the Asset Purchase Agreement, have been satisfied.

23. ~~The transaction(s) contemplated by the Asset Purchase Agreement has been bargained for and are undertaken by Purchaser and Lew Magram and Brownstone at arm's length, without collusion, and in good faith as that term is used in section 363(m) of the Bankruptcy Code, and such parties are entitled to the protections afforded by section 363(m) of the Bankruptcy Code. Purchaser~~

~~and Lew Magram and Brownstone have not engaged in any conduct that would cause or permit the Asset Purchase Agreement to be avoided pursuant to section 363(n) of the Bankruptcy Code.~~ In the absence of a stay pending appeal, if Purchaser elects to consummate the Asset Purchase Agreement at any time after entry of this Order, Purchaser shall be entitled to the protections of section 363(m) of the Bankruptcy Code if this Order or any authorization contained herein is reversed or modified on appeal. Bankruptcy Rule 6004(g) is hereby waived so that the closing of the Asset Purchase Agreement may close within ten (10) days of the entry of this order.

~~24. The transaction reflected in the Asset Purchase Agreement represents the highest and best offer for the Acquired Assets.~~

25. The transfer of the Acquired Assets, and the assumption and assignment of the Assumed Agreements, by Lew Magram and Brownstone to Purchaser (a) is or will be a legal, valid, and effective transfer of the Acquired Assets and assumption and assignment of the Assumed Agreements; (b) vests or will vest Purchaser with good title to the Acquired Assets free and clear of all liens, claims and encumbrances; and (c) constitutes a transfer for reasonably equivalent value and fair consideration under the Bankruptcy Code.

26. Except as expressly set forth in the Asset Purchase Agreement, (a) Purchaser is assuming no liabilities of the Seller (as defined in the Asset Purchase Agreement); and (b) each creditor, governmental unit, and other party in interest is permanently enjoined and prohibited from taking any action against the Purchaser, the Acquired Assets, or otherwise interfering with the Purchaser's use of the Acquired Assets, based upon or by reason of any claim which such person had against the Seller provided that such claim existed against the Debtors or their Estates as of or prior to the Closing of the Asset Purchase Agreement.

27. Purchaser qualifies for the exception from stamp or similar taxes pursuant to section 1146 of the Bankruptcy Code.

28. All of the provisions of this Order are nonseverable and mutually dependent.

29. All conclusions of law which are findings of facts shall be deemed to be findings of fact.

ORDERS

IN ACCORDANCE WITH THE FOREGOING FINDINGS OF FACT AND CONCLUSIONS OF LAW, IT IS HEREBY ORDERED THAT:

1. The relief requested in the Sale Motion (as modified at the Sale Hearing) is granted.
~~in all respects.~~

2. All objections, responses, and requests for continuance, if any, concerning the Sale Motion not resolved by the terms of this Order or a separate order entered contemporaneously herewith or by a stipulation announced on the record of the Sale Hearing and not otherwise withdrawn, waived, or settled, and all reservations of rights therein, are overruled and denied.

3. Lew Magram and Brownstone shall serve notice of this Order and the terms and conditions hereof on all parties to the Contracts within ten (10) business days of the entry hereof.

4. Objections relating to the assumption and assignment of the Assumed Agreements shall be filed and served so as to be actually received by at least five (5) days prior to the hearing to be scheduled on the Assumption Motion on (i) the Bankruptcy Court; (ii) counsel for Lew Magram and Brownstone, Angel & Frankel, P.C., 460 Park Avenue, New York, New York 10022, Attention: Joshua J. Angel, Esq. and Rochelle R. Weisburg, Esq.; (iii) counsel for First Source, Katten Muchin Zavis, 525 West Monroe Street, Suite 1600, Chicago, IL 60661-3693, Attention: Michael L.

Molinaro; (iv) counsel for the Committee, Kronish Lieb Weiner & Hellman LLP, 1114 Avenue of the Americas, New York, NY 10036-7798, Attention: Robert J. Feinstein , Esq.; (v) counsel for Purchaser, Fingerhut Companies, Inc., Kaye Scholer, Fierman, Hays & Handler, LLP, 425 Park Avenue, New York, NY 10022, Attention: Arthur Steinberg, Esq.; and (vi) the United States Trustee, 33 Whitehall Street, 21st Floor, New York, NY 10004, Attention: Greg M. Zipes, Esq.

5. If any party to an Assumed Agreement (as defined in the Asset Purchase Agreement) fails to object by such deadline, the Assumed Agreement of such party shall be deemed assumed and assigned, upon and subject to the Closing, without further order of the Court.

6. The terms and conditions of the Asset Purchase Agreement and the sale of the Acquired Assets are approved, and subject to the terms of the Asset Purchase Agreement, the assumption and assignment of the Assumed Agreements pursuant to the Asset Purchase Agreement are hereby authorized under sections 105, 363(b), and 365 of the Bankruptcy Code.

7. Equipment that is subject to a lease will be transferred to Purchaser without further consideration in the event that it is deemed to be subject to a capital lease (i.e., not a "true lease") as compared to an operating lease.

8. Lew Magram and Brownstone are hereby authorized and directed to execute and deliver the Asset Purchase Agreement and to consummate the sale of the Acquired Assets to Purchaser pursuant to the terms of the Asset Purchase Agreement and the Auction Procedures and the related transactions in connection therewith, and the form and content of the Asset Purchase Agreement and the exhibits attached thereto are approved.

9. Lew Magram and Brownstone are authorized and directed to negotiate, execute and deliver such other and further documents, including exhibits not incorporated in the Asset Purchase

Agreement, as may be necessary or appropriate to implement and consummate the Asset Purchase Agreement.

10. Lew Magram and Brownstone are further authorized and directed to undertake their respective obligations under the Asset Purchase Agreement and other related agreements and otherwise to consummate all of the transactions contemplated thereby and to take all further actions as may be reasonably requested by Purchaser for the purpose of assembling, transferring, granting or conveying to Purchaser, or reducing to possession, all of the Acquired Assets, or as may be necessary to the performance of the obligations contemplated by the Asset Purchase Agreement.

11. Lew Magram and Brownstone and each other Person having duties or responsibilities under the Asset Purchase Agreement, the related agreements, or this Order and their respective directors, officers, general partners, members, agents, representatives, and attorneys, are authorized and empowered to carry out all of the provisions of the Asset Purchase Agreement and other related agreements; to issue, execute, deliver, file, and record, as appropriate, the related agreements, and to take any and all actions contemplated by the Asset Purchase Agreement, the related agreements, or this Order, and to issue, execute, deliver, file, and record, as appropriate, such other contracts, instruments, releases, bills of sale, assignments, leases, or other agreements or documents and to perform such other acts and execute and deliver such other documents, as are consistent with, and necessary or appropriate to implement, effectuate, and consummate, the Asset Purchase Agreement, and this Order and the transactions contemplated thereby and hereby, all without further application to, or order of, the Court or further action by their respective directors, or stockholders, and with like effect as if such actions had been taken by unanimous action of the respective directors, or stockholders, of such entities. All such additional agreements, documents, and instruments shall be

deemed to be "related agreements" for purposes of this Order. An officer of Lew Magram and Brownstone shall be, and hereby are, authorized to certify or attest to any of the foregoing actions (but no such certification or attestation shall be required to make any such action valid, binding, and enforceable).

12. Lew Magram and Brownstone are further authorized and empowered, but not obligated, to cause to be filed with the secretary of state or other applicable officials of any applicable governmental units any and all certificates, agreements, or amendments necessary or appropriate to effectuate the transactions contemplated by the Asset Purchase Agreement, the related agreements, and this Order, and all such other actions, filings, or recordings as may be required under appropriate provisions of the applicable laws of all applicable governmental units, or as any of the officers of Lew Magram and Brownstone may determine are necessary or appropriate. The execution of any such document, or the taking of any such action shall be, and hereby is, deemed conclusive evidence of the authority of such Person to so act.

13. At the Closing (as defined in the Asset Purchase Agreement), and subject to the payment of the balance of the purchase price in good funds, all right, title, and interest in and to the Acquired Assets shall be immediately vested in Purchaser free and clear of all liens, claims, interests and encumbrances of any type whatsoever, pursuant to sections 105, 363(b) and (f) of the Bankruptcy Code with all such liens, claims interests and encumbrances to attach to the proceeds of the sale. Any Liens and claims on the Acquired Assets shall attach to the proceeds of the sale of the Acquired Assets in order of their priority, to the same extent and with the same validity, force and effect as if such property had not been sold.

14. The proceeds of the sale of the Acquired Assets shall be deposited with and held in escrow by Debtors' counsel, Angel & Frankel, P.C., and shall be distributed in accordance with the Asset Purchase Agreement, and the balance of the proceeds shall be subject to the asserted liens of secured creditors in accordance with their respective priorities, provided, however, that no distribution shall be made to any creditors of the Seller without further order of the Court.

15. Upon the Closing (as defined in the Asset Purchase Agreement and as set forth in ~~paragraph~~ herein) the Acquired Assets shall belong exclusively to the Purchaser and thereafter, all persons, including without limitation the seller its current and former officers, directors, employees, agents and shareholders shall be prohibited and enjoined from using and/or appropriating the Acquired Assets including without limitation the customer lists, customer names, trademarks and tradenames sold to the Purchaser without the express written authorization of the Purchaser.

16. All entities in possession of some or all of the Acquired Assets at the Closing are directed to surrender possessions of the Acquired Assets to Purchaser at such Closing.

17. This Order is and shall be binding upon and govern the acts of all entities, including, without limitation, all filing agents, title agents, title companies, recorders of mortgages, recorders of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, territorial and local officials, and all other persons and entities who may be required by operation of law, and the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Acquired Assets.

18. If any person or entity that has filed financing statements or other documents or agreements evidencing liens on or interests in the Acquired Assets shall have delivered to the Debtors,

in proper form of filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of all liens or other interests which the person or entity has with respect to the Acquired Assets, the Debtors are hereby authorized to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Acquired Assets.

19. All persons are enjoined from in any way pursuing Purchaser or its affiliates to recover any claims which such person has against the ~~Debtors~~ Debtors or their Estates as of or prior to the Closing of the Asset Purchase Agreement except with respect to Accepted Liabilities (as defined in the Asset Purchase Agreement).

20. After the Closing Date, Lew Magram, Brownstone and StyleSite shall have no liability for the Accepted Liabilities and all persons are enjoined from in any way pursuing Lew Magram, Brownstone and StyleSite to recover any claim which such person had against Lew Magram, Brownstone and StyleSite in respect of the Accepted Liabilities.

21. The Asset Purchase Agreement and all other documents, agreements, and instruments necessary to effectuate and consummate the transactions contemplated by the Asset Purchase Agreement, together with the terms and provisions of this Order, shall be binding upon and shall inure to the benefit of Lew Magram and Brownstone, Purchaser, and their respective successors and assigns, notwithstanding any subsequent appointment of a trustee for one or more of the Debtors, under any chapter of the Bankruptcy Code, as to which trustee such documents, agreements, and instruments (and the terms and provisions thereof) shall be binding in all respects.

22. The Asset Purchase Agreement may be modified, amended, or supplemented by agreement of Lew Magram and Brownstone and Purchaser without further action of the Court,

provided that any such modification, amendment, or supplement is not material and substantially conforms to and effectuates the Asset Purchase Agreement.

23. If the Purchaser fails to consummate the purchase of the Acquired Assets, or any part thereof, the offeror of the next highest and best bid (the "Backup Bid") by First Source will automatically be deemed to have submitted the highest and best bid, and Lew Magram and Brownstone, at their election and in their sole discretion, and such offeror are authorized to effect the sale of the Acquired Assets, or any part thereof, to such offeror as soon as is commercially reasonable but in no event later than March 30, 2000, without further order of the Bankruptcy Court and all references herein to the Winning Bid shall be read to refer to the Backup Bid and all references herein to Purchaser shall be read to refer to the Qualified Bidder that submitted the Backup Bid.

24. If such failure to consummate the purchase is the result of a breach by the Purchaser, the Earnest Down Payment, if any, shall be forfeited to Lew Magram and Brownstone and Lew Magram and Brownstone shall have the right to seek all available damages from and against the Purchaser.

25. The Court retains exclusive jurisdiction to (a) interpret and enforce the provisions of the Asset Purchase Agreement, the Auction Procedures and this Order in all respects, including, without limitation, retaining exclusive jurisdiction to protect the Purchaser against any liability other than the Accepted Liabilities, or related to the Acquired Assets, including that Purchaser retains exclusive rights to the Acquired Assets, or otherwise in accordance with the provisions of the Asset Purchase Agreement and (b) determine or resolve any and all objections to or disputes among the parties to the Asset Purchase Agreement regarding all issues or disputes with respect to the Asset Purchase Agreement, provided, however, that in the event the Court abstains from exercising, or

declines to exercise, jurisdiction with respect to any matter referred to in this paragraph or is without jurisdiction, such abstention, refusal, or lack of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction of any other court having competent jurisdiction with respect to any such matter.

26. The failure specifically to include any particular provisions of the Asset Purchase Agreement or related agreements in this Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Asset Purchase Agreement be authorized and approved in its entirety.

27. As provided by Bankruptcy Rule 7062, this Order shall be effective and enforceable immediately upon entry.

28. Nothing contained in any chapter 11 plan confirmed in these cases or the order confirming any such plan shall conflict with or deviate from the provisions of the Asset Purchase Agreement, the related agreements, or the terms of this Order.

Dated: March 9, 2000

/s/ Stuart M. Bernstein
CHIEF UNITED STATES BANKRUPTCY JUDGE