
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-18183

G-III APPAREL GROUP, LTD.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

41-1590959

(I.R.S. Employer
Identification No.)

512 Seventh Avenue, New York, New York

(Address of Principal Executive Offices)

10018

(Zip Code)

(212) 403-0500

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of December 1, 2010, there were 19,298,847 shares of our common stock, par value \$0.01 per share, outstanding.

TABLE OF CONTENTS

	<u>Page No.</u>
<u>Part I</u>	<u>FINANCIAL INFORMATION</u>
<u>Item 1.</u>	<u>Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Balance Sheets — October 31, 2010, October 31, 2009 and January 31, 2010</u>
	3
	<u>Condensed Consolidated Statements of Operations — For the Three Months Ended October 31, 2010 and 2009</u>
	4
	<u>Condensed Consolidated Statements of Operations — For the Nine Months Ended October 31, 2010 and 2009</u>
	5
	<u>Condensed Consolidated Statements of Cash Flows — For the Nine Months Ended October 31, 2010 and 2009</u>
	6
	<u>Notes to Condensed Consolidated Financial Statements</u>
	7
<u>Item 2.</u>	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>
	11
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	17
<u>Item 4.</u>	<u>Controls and Procedures</u>
	17
<u>Part II</u>	<u>OTHER INFORMATION</u>
<u>Item 1A.</u>	<u>Risk Factors</u>
	18
<u>Item 6.</u>	<u>Exhibits</u>
	18
<u>EX-10.1</u>	
<u>EX-10.2</u>	
<u>EX-10.3</u>	
<u>EX-10.4</u>	
<u>EX-10.5</u>	
<u>EX-10.6</u>	
<u>EX-10.7</u>	
<u>EX-10.8</u>	
<u>EX-10.9</u>	
<u>EX-10.10</u>	
<u>EX-31.1</u>	
<u>EX-31.2</u>	
<u>EX-32.1</u>	
<u>EX-32.2</u>	

PART I — FINANCIAL INFORMATION

Item 1. Financial Statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	October 31, 2010 (Unaudited)	October 31, 2009 (Unaudited)	January 31, 2010
(In thousands, except share and per share amounts)			
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 16,586	\$ 16,633	\$ 46,813
Accounts receivable, net of allowance for doubtful accounts and sales discounts of \$39,942, \$35,979 and \$29,092, respectively	297,101	235,943	73,456
Inventories	208,507	127,087	119,877
Deferred income taxes	15,315	11,565	15,315
Prepaid expenses and other current assets	6,540	5,660	10,694
Total current assets	<u>544,049</u>	<u>396,888</u>	<u>266,155</u>
PROPERTY AND EQUIPMENT, NET	19,020	8,455	7,539
DEFERRED INCOME TAXES	10,672	11,640	10,672
OTHER ASSETS	2,275	1,363	1,723
INTANGIBLES, NET	18,793	20,171	19,826
GOODWILL	26,100	25,900	26,100
	<u>\$ 620,909</u>	<u>\$ 464,417</u>	<u>\$ 332,015</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Notes payable	\$ 166,739	\$ 167,815	\$ —
Income taxes payable	28,232	15,484	10,874
Accounts payable	85,638	54,629	50,337
Accrued expenses	40,511	29,847	29,333
Deferred income taxes	1,529	1,578	1,529
Total current liabilities	<u>322,649</u>	<u>269,353</u>	<u>92,073</u>
DEFERRED INCOME TAXES	6,495	6,648	6,495
OTHER NON-CURRENT LIABILITIES	6,105	785	1,237
TOTAL LIABILITIES	<u>335,249</u>	<u>276,786</u>	<u>99,805</u>
STOCKHOLDERS' EQUITY			
Preferred stock; 1,000,000 shares authorized; No shares issued and outstanding			
Common stock — \$.01 par value; 40,000,000 shares authorized; 19,666,072, 17,229,294 and 19,192,704 shares issued	197	172	192
Additional paid-in capital	146,866	102,215	137,764
Accumulated other comprehensive loss	(43)	(36)	(36)
Retained earnings	139,610	86,250	95,260
Common stock held in treasury — 367,225 shares at cost	(970)	(970)	(970)
	<u>285,660</u>	<u>187,631</u>	<u>232,210</u>
	<u>\$ 620,909</u>	<u>\$ 464,417</u>	<u>\$ 332,015</u>

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended October 31,	
	2010	2009
	(Unaudited)	
	(In thousands, except per share amounts)	
Net sales	\$ 450,002	\$ 363,540
Cost of goods sold	<u>296,055</u>	<u>237,912</u>
Gross profit	153,947	125,628
Selling, general and administrative expenses	80,140	66,738
Depreciation and amortization	<u>1,508</u>	<u>1,303</u>
Operating profit	72,299	57,587
Interest and financing charges, net	<u>1,706</u>	<u>1,891</u>
Income before income taxes	70,593	55,696
Income tax expense	<u>27,871</u>	<u>23,393</u>
Net income	<u>\$ 42,722</u>	<u>\$ 32,303</u>
NET INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	<u>\$ 2.22</u>	<u>\$ 1.93</u>
Weighted average number of shares outstanding	<u>19,227</u>	<u>16,770</u>
Diluted:		
Net income per common share	<u>\$ 2.16</u>	<u>\$ 1.87</u>
Weighted average number of shares outstanding	<u>19,764</u>	<u>17,238</u>

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Nine Months Ended October 31,	
	2010	2009
	(Unaudited)	
	(In thousands, except per share amounts)	
Net sales	\$ 793,239	\$ 607,029
Cost of goods sold	<u>529,502</u>	<u>409,371</u>
Gross profit	263,737	197,658
Selling, general and administrative expenses	183,665	150,817
Depreciation and amortization	<u>4,065</u>	<u>4,091</u>
Operating profit	76,007	42,750
Interest and financing charges, net	<u>2,702</u>	<u>3,599</u>
Income before income taxes	73,305	39,151
Income tax expense	<u>28,955</u>	<u>16,443</u>
Net income	<u>\$ 44,350</u>	<u>\$ 22,708</u>
NET INCOME PER COMMON SHARE:		
Basic:		
Net income per common share	<u>\$ 2.32</u>	<u>\$ 1.36</u>
Weighted average number of shares outstanding	<u>19,087</u>	<u>16,740</u>
Diluted:		
Net income per common share	<u>\$ 2.26</u>	<u>\$ 1.33</u>
Weighted average number of shares outstanding	<u>19,606</u>	<u>17,011</u>

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended October 31,	
	2010	2009
	(Unaudited)	
	(In thousands)	
Cash flows from operating activities		
Net income	\$ 44,350	\$ 22,708
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	4,065	4,091
Stock based compensation	2,423	1,387
Deferred financing charges	664	484
Changes in operating assets and liabilities:		
Accounts receivable, net	(223,645)	(166,248)
Inventories	(88,630)	(10,475)
Income taxes, net	17,358	10,262
Prepaid expenses and other current assets	4,022	4,659
Other assets, net	(1,084)	11
Accounts payable, accrued expenses and other liabilities	51,347	13,961
Net cash used in operating activities	(189,130)	(119,160)
Cash flows from investing activities		
Capital expenditures	(14,513)	(1,448)
Contingent purchase price paid	—	(5,341)
Net cash used in investing activities	(14,513)	(6,789)
Cash flows from financing activities		
Proceeds from notes payable, net	166,739	138,767
Proceeds from exercise of stock options	2,518	854
Tax benefit from exercise/vesting of equity awards	4,166	489
Net cash provided by financing activities	173,423	140,110
Effect of exchange rate changes	(7)	(36)
Net (decrease) / increase in cash and cash equivalents	(30,227)	14,125
Cash and cash equivalents at beginning of period	46,813	2,508
Cash and cash equivalents at end of period	\$ 16,586	\$ 16,633
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	\$ 2,651	\$ 3,216
Income taxes	7,404	5,396

The accompanying notes are an integral part of these statements.

G-III APPAREL GROUP, LTD. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Basis of Presentation

As used in these financial statements, the term “Company” refers to G-III Apparel Group, Ltd. and its wholly-owned subsidiaries. The results for the three and nine month periods ended October 31, 2010 are not necessarily indicative of the results expected for the entire fiscal year, given the seasonal nature of the Company’s business. The accompanying financial statements included herein are unaudited. In the opinion of management, all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the financial position, results of operations and cash flows for the interim periods presented have been reflected.

The Company consolidates the accounts of all its wholly-owned subsidiaries. All material intercompany balances and transactions have been eliminated.

The accompanying financial statements should be read in conjunction with the financial statements and notes included in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2010 filed with the Securities and Exchange Commission.

Note 2 — Inventories

Wholesale inventories are stated at the lower of cost (determined by the first-in, first out method) or market. Retail inventories are valued at the lower of cost or market as determined by the retail inventory method. Inventories consist of:

	October 31, 2010	October 31, 2009 (In thousands)	January 31, 2010
Finished goods	\$ 204,987	\$ 123,744	\$ 116,627
Raw materials and work-in-process	3,520	3,343	3,250
	<u>\$ 208,507</u>	<u>\$ 127,087</u>	<u>\$ 119,877</u>

Note 3 — Net Income per Common Share

Basic net income per common share has been computed using the weighted average number of common shares outstanding during each period. Diluted net income per share is computed using the weighted average number of common shares and potential dilutive common shares, consisting of stock options, stock purchase warrants and unvested restricted stock awards outstanding during the period. For the three and nine months ended October 31, 2010, there were no anti-dilutive shares excluded from the diluted per share calculation. For the three and nine months ended October 31, 2009, there were 265,000 and 870,000 anti-dilutive shares excluded from the diluted per share calculation. For the nine months ended October 31, 2010 and 2009, 473,368 and 166,292 shares of common stock, respectively, were issued in connection with the exercise or vesting of equity awards.

[Table of Contents](#)

A reconciliation between basic and diluted net income per share is as follows:

	Three Months Ended		Nine Months Ended	
	October 31,		October 31,	
	2010	2009	2010	2009
	(In thousands, except per share amounts)			
Net income	\$ 42,722	\$ 32,303	\$ 44,350	\$ 22,708
Basic net income per share:				
Basic common shares	19,227	16,770	19,087	16,740
Basic net income per share	<u>\$ 2.22</u>	<u>\$ 1.93</u>	<u>\$ 2.32</u>	<u>\$ 1.36</u>
Diluted net income per share:				
Basic common shares	19,227	16,770	19,087	16,740
Stock options, warrants and restricted stock awards	537	468	519	271
Diluted common shares	19,764	17,238	19,606	17,011
Diluted net income per share	<u>\$ 2.16</u>	<u>\$ 1.87</u>	<u>\$ 2.26</u>	<u>\$ 1.33</u>

Note 4 — Notes Payable

The Company has a financing agreement with JPMorgan Chase Bank, N.A. as Agent for a consortium of banks. The financing agreement is a senior secured revolving credit facility. The financing agreement was amended in May 2010 to (a) increase the maximum line of credit from \$250 million to \$300 million, (b) reduce the interest rate on borrowings by 0.25% to, at the Company's option, the prime rate plus 0.50% or LIBOR plus 2.75%, (c) extend the maturity of the loan from July 11, 2011 to July 31, 2013, and (d) revise the maximum senior leverage ratio that must be maintained. Amounts available under this facility are subject to borrowing base formulas and over advances as specified in the financing agreement.

The financing agreement requires the Company, among other things, to maintain a maximum senior leverage ratio and minimum fixed charge coverage ratio, as defined, and also limits payments for cash dividends and stock redemptions. As of October 31, 2010, the Company was in compliance with these covenants. The financing agreement is secured by all of the Company's assets.

[Table of Contents](#)

[Note 5 — Segments](#)

The Company's reportable segments are business units that offer products through different channels of distribution and are managed separately. The Company operates in three segments; wholesale licensed apparel, wholesale non-licensed apparel and retail operations. There is substantial intersegment cooperation, cost allocations and sharing of assets. As a result, the Company does not represent that these segments, if operated independently, would report the operating results set forth in the table below. The following information, in thousands, is presented for the three and nine month periods indicated below:

	Three Months Ended October 31,					
	2010			2009		
	Wholesale Licensed	Wholesale Non- Licensed	Retail	Wholesale Licensed	Wholesale Non- Licensed	Retail
Net sales (1)	\$ 319,853	\$ 106,805	\$ 32,046	\$ 252,934	\$ 89,357	\$ 29,653
Cost of goods sold (1)	<u>216,987</u>	<u>71,289</u>	<u>16,481</u>	<u>171,661</u>	<u>59,133</u>	<u>15,522</u>
Gross profit	102,866	35,516	15,565	81,273	30,224	14,131
Selling, general and administrative	50,650	14,101	15,389	40,724	11,138	14,876
Depreciation and amortization	<u>187</u>	<u>1,002</u>	<u>319</u>	<u>210</u>	<u>782</u>	<u>311</u>
Operating profit (loss)	<u>\$ 52,029</u>	<u>\$ 20,413</u>	<u>\$ (143)</u>	<u>\$ 40,339</u>	<u>\$ 18,304</u>	<u>\$ (1,056)</u>
	Nine Months Ended October 31,					
	2010			2009		
	Wholesale Licensed	Wholesale Non- Licensed	Retail	Wholesale Licensed	Wholesale Non- Licensed	Retail
Net sales (2)	\$ 541,940	\$ 189,324	\$ 84,363	\$ 403,807	\$ 146,952	\$ 77,777
Cost of goods sold (2)	<u>375,545</u>	<u>131,241</u>	<u>45,104</u>	<u>283,290</u>	<u>103,448</u>	<u>44,140</u>
Gross profit	166,395	58,083	39,259	120,517	43,504	33,637
Selling, general and administrative	108,091	32,414	43,160	82,459	25,598	42,760
Depreciation and amortization	<u>513</u>	<u>2,585</u>	<u>967</u>	<u>629</u>	<u>2,572</u>	<u>890</u>
Operating profit (loss)	<u>\$ 57,791</u>	<u>\$ 23,084</u>	<u>\$ (4,868)</u>	<u>\$ 37,429</u>	<u>\$ 15,334</u>	<u>\$ (10,013)</u>

- (1) Net sales and cost of goods sold for the wholesale licensed apparel and wholesale non-licensed apparel segments include an aggregate of \$8.7 million and \$8.4 million of intersegment sales to the Company's retail operations for the three months ended October 31, 2010 and 2009, respectively.
- (2) Net sales and cost of goods sold for the wholesale licensed apparel and wholesale non-licensed apparel segments include an aggregate of \$22.4 million and \$21.5 million of intersegment sales to the Company's retail operations for the nine months ended October 31, 2010 and 2009, respectively.

Table of Contents

Included in finished goods inventory at October 31, 2010 are approximately \$140.1 million, \$26.4 million and \$38.5 million of inventories for wholesale licensed apparel, wholesale non-licensed apparel and retail operations, respectively. Included in finished goods inventory at October 31, 2009 are approximately \$68.5 million, \$19.9 million and \$35.3 million of inventories for wholesale licensed apparel, wholesale non-licensed apparel and retail operations, respectively. All other assets are commingled.

Note 6 — Fair Value Measurements

FASB ASC Topic 820, “Fair Value Measurements and Disclosures” (“ASC 820”) establishes a common definition for fair value to be applied to United States generally accepted accounting principles (“GAAP”), provides guidance requiring the use of fair value, establishes a framework for measuring fair value, and expands the disclosure about such fair value measurements. ASC 820 establishes a three-level fair value hierarchy that requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data and require the reporting entity to develop its own assumptions.

The Company’s financial instruments consist of cash and cash equivalents, short-term trade receivables, accounts payable and notes payable under the Company’s credit facility. The carrying values on the balance sheet for cash and cash equivalents, short-term trade receivables, and accounts payable approximate their fair values due to the short-term maturities of such items and are classified as level 1. The carrying value on the balance sheet for the Company’s notes payable approximate their fair value due to the variable interest rate, and as such is classified within level 2 of the fair value hierarchy.

The Company evaluates long-lived assets for recoverability in accordance with ASC 360, “Property Plant and Equipment” whenever events or changes in circumstances indicate that an asset may have been impaired. In evaluating an asset for recoverability, the Company estimates the future cash flow expected to result from the use of the asset and eventual disposition and market data assumptions. If the sum of the expected future undiscounted cash flow is less than the carrying amount of the asset, an impairment loss, equal to the excess of the carrying amount over the fair value of the asset, is recognized.

Note 7 — New Accounting Pronouncements

In February 2010, the FASB issued ASU 2010-09, “Subsequent Events (Topic 855) — Amendments to Certain Recognition and Disclosure Requirements.” ASU 2010-09 requires an entity that is an SEC filer to evaluate subsequent events through the date that the financial statements are issued and removes the requirement that an SEC filer disclose the date through which subsequent events have been evaluated. ASC 2010-09 was effective upon issuance. The adoption of this standard had no effect on the Company’s results of operation or financial position.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

Unless the context otherwise requires, “G-III”, “us”, “we” and “our” refer to G-III Apparel Group, Ltd. and its subsidiaries. References to fiscal years refer to the year ended or ending on January 31 of that year. For example, our fiscal year ending January 31, 2011 is referred to as “fiscal 2011”.

Statements in this Quarterly Report on Form 10-Q concerning our business outlook or future economic performance; anticipated revenues, expenses or other financial items; product introductions and plans and objectives related thereto; and statements concerning assumptions made or expectations as to any future events, conditions, performance or other matter, are “forward-looking statements” as that term is defined under the Federal securities laws. Forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from those stated in such statements. Such risks, uncertainties and factors include, but are not limited to, reliance on licensed product, reliance on foreign manufacturers, risks of doing business abroad, the current economic and credit environment, the nature of the apparel industry, including changing consumer demand and tastes, customer concentration, seasonality, risks of operating a retail business, customer acceptance of new products, the impact of competitive products and pricing, dependence on existing management, possible disruption from acquisitions and general economic conditions, as well as other risks detailed in the Company’s filings with the Securities and Exchange Commission, including this Quarterly Report on Form 10-Q.

Overview

G-III designs, manufactures, and markets an extensive range of outerwear, sportswear and dresses, including coats, jackets, pants and women’s suits. We sell our products under our own proprietary brands, which include the Andrew Marc, Marc New York and Marc Moto labels, licensed brands and private retail labels. G-III also operates retail stores, almost all of which are outlet stores operated under the Wilsons Leather name. While our products are sold at a variety of price points through a broad mix of retail partners and our own outlet stores, a majority of our sales are concentrated with our ten largest customers.

Our business is dependent on, among other things, retailer and consumer demand for our products. We believe that significant economic uncertainty and a slowdown in the global macroeconomic environment continue to negatively impact the level of consumer spending for discretionary items. The current uncertain economic environment has been characterized by a decline in consumer discretionary spending that has affected retailers and sellers of consumer goods, particularly those whose goods are viewed as discretionary purchases, including fashion apparel and related products, such as ours. We cannot predict the direction in which the current economic environment will move. Continued uncertain macroeconomic conditions and concerns about the access of retailers and consumers to credit may have a negative impact on our results for fiscal 2011 and fiscal 2012.

We operate in fashion markets that are intensely competitive. Our ability to continuously evaluate and respond to changing consumer demands and tastes, across multiple market segments, distribution channels and geographies is critical to our success. Although our portfolio of brands is aimed at diversifying our risks in this regard, misjudging shifts in consumer preferences could have a negative effect on our business. Our success in the future will depend on our ability to design products that are accepted in the marketplace, source the manufacture of our products on a competitive basis, and continue to diversify our product portfolio and the markets we serve.

We have expanded our portfolio of proprietary and licensed brands for more than 15 years through acquisitions and by entering into license agreements for new brands or for additional products under previously licensed brands. We have made five acquisitions since July 2005 that have helped to broaden our product offerings, expand our ability to serve different tiers of distribution and add a retail component to our business.

In February 2008, we acquired Andrew Marc, a supplier of fine outerwear for both men and women to upscale specialty and department stores. As a result of this acquisition, we added Andrew Marc and Marc New York as additional company-owned brands and Levi’s and Dockers as additional licensed brands. We believe that the Andrew Marc brand can be leveraged into a variety of new categories to become a meaningful lifestyle brand for us. We launched Andrew Marc and Marc New York dress lines for the Spring 2009 season utilizing our own in-house designers and our manufacturing sources. We also began a program to license our Andrew Marc and Marc New York brands and entered into license agreements for Andrew Marc and Marc New York eyewear, women’s footwear, men’s accessories, women’s handbags and men’s cold weather accessories. In May 2010, we entered into a license agreement with the Jones Jeanswear Division of Jones Apparel Group for the design, marketing and distribution of Andrew Marc, Marc New York and Marc Moto men’s denim and related

[Table of Contents](#)

sportswear. First shipments of denim product under our Marc Moto label commenced in November 2010. In September 2010, we entered into license agreements for the design, marketing and distribution of Andrew Marc men's dress shirts and men's tailored clothing. We expect first shipments of these products to be made for the Fall 2011 season.

In July 2008, we acquired certain assets of Wilsons The Leather Experts, which had been a national retailer of outerwear and accessories. The assets acquired included 116 outlet store leases, inventory, distribution center operations and the Wilsons name and other related trademarks and trade names. Our retail operations segment, which consists almost entirely of our Wilsons retail outlet store business, had an operating loss during fiscal 2009 and fiscal 2010, as well as during the first nine months of fiscal 2011. During fiscal 2010, we undertook the following initiatives to improve the performance of our retail outlet business:

- Improve the merchandise mix of outerwear at our stores, with increased emphasis on leather outerwear and a stronger assortment of private label product;
- Emphasize presentation of product in our stores and training of our sales associates;
- Incorporate an improved mix of private label and branded accessories; and
- Reduce overhead costs at the distribution center for our retail operations by reducing our leased space by one-half at that distribution center.

As a result, the amount of the operating loss in our retail segment was reduced in fiscal 2010, as well as in the first nine months of fiscal 2011 compared to the first nine months of fiscal 2010. We continue to believe that operation of the Wilsons retail stores is part of our core competency, as outerwear comprised about one-half of our net sales at Wilsons in fiscal 2010, the first full year of operation for us. We expect to continue to implement and refine these initiatives with a view to creating a store concept that is capable of building growth and profitability.

During the third quarter of fiscal 2011, we announced the formation of a joint venture with The Camuto Group that will open and operate footwear and accessory retail stores under the name "Vince Camuto." The Camuto Group will provide product for the new store concept and will merchandise the stores. G-III will provide the infrastructure and expertise for the stores, including real estate, distribution, information systems, finance and administration. Both companies will share equally in the capital costs of the joint venture. We expect to begin opening these stores in the first half of fiscal 2012.

Our acquisitions are part of our strategy to expand our product offerings and increase the portfolio of proprietary and licensed brands that we offer through different tiers of retail distribution and at a variety of price points. We believe that both Andrew Marc and the Wilsons retail outlet business leverage our core strength in outerwear and provide us with new avenues for growth. We also believe that these acquisitions complement our other licensed brands, G-III owned labels and private label programs.

We market our products to department, specialty and mass merchant retail stores in the United States. We also supply our outerwear to our Wilsons outlet stores and to our Wilsons e-commerce business.

We operate our business in three segments, wholesale licensed apparel, wholesale non-licensed apparel and retail operations. The wholesale licensed apparel segment includes sales of apparel brands licensed by us from third parties. The wholesale non-licensed apparel segment includes sales of apparel under our own brands and under private label brands. The retail operations segment consists almost entirely of the Wilsons retail outlet stores we acquired in July 2008, now operating as AM Retail Group, Inc.

The sale of licensed product has been a key element of our business strategy for many years. As part of this strategy, we continue to add new fashion and sports apparel licenses. In May 2010, we added licenses for Calvin Klein luggage and for Calvin Klein women's handbags and small leather goods. First shipment of these products is expected to commence in 2011. In September 2010, we entered into an extended and expanded license agreement with the National Football League to manufacture and market men's and women's outerwear, sportswear, and swimwear products in the United States under a variety of NFL trademarks. This license agreement is for five additional years and commences April 1, 2012. In October 2010, we expanded our relationship with Guess pursuant to a new license agreement for dresses. First shipments of our Guess dresses are expected for the Spring 2011 season.

[Table of Contents](#)

We believe that consumers prefer to buy brands they know and we have continually sought licenses that would increase the portfolio of name brands we offer through different tiers of retail distribution, for a wide array of products at a variety of price points. We believe that brand owners will look to consolidate the number of licensees they engage to develop product and they will seek licensees with a successful track record of expanding brands into new categories. We are continually having discussions with licensors regarding new opportunities.

Significant trends that affect the apparel industry include the continuing consolidation of retail chains, the desire on the part of retailers to consolidate vendors supplying them, a shift in consumer shopping preferences away from traditional department stores to other mid-tier and specialty store venues and increases in raw material, manufacturing and transportation costs.

Retailers are seeking to expand the differentiation of their offerings by devoting more resources to the development of exclusive products, whether by focusing on their own private label products or on products produced exclusively for a retailer by a national brand manufacturer. Retailers are placing more emphasis on building strong images for their private label merchandise. Exclusive brands are only made available to a specific retailer, and thus customers loyal to their brands can only find them in the stores of that retailer.

The uncertainty in the economy and financial markets has reduced consumer confidence and consumer spending. There has also been downward pressure on average retail prices for many categories of apparel, in large part as a result of the uncertain economy.

A number of retailers are experiencing financial difficulties, which in some cases has resulted in bankruptcies, liquidations and/or store closings. The financial difficulties of a retail customer of ours could result in reduced business with that customer. We may also assume higher credit risk relating to receivables of a retail customer experiencing financial difficulty that could result in higher reserves for doubtful accounts or increased write-offs of accounts receivable. We attempt to lower credit risk from our customers by closely monitoring accounts receivable balances and shipping levels, as well as the ongoing financial performance and credit standing of customers.

We have attempted to respond to these trends by continuing to focus on selling products with recognized brand equity, by attention to design, quality and value and by improving our sourcing capabilities. We have also responded with the strategic acquisitions made by us and new license agreements entered into by us that have added additional licensed and proprietary brands and helped diversify our business by adding new product lines, additional distribution channels and a retail component to our business. We believe that our broad distribution capabilities help us to respond to the various shifts by consumers between distribution channels and that our operational capabilities will enable us to continue to be a vendor of choice for our retail partners.

Results of Operations

Three months ended October 31, 2010 compared to three months ended October 31, 2009

Net sales for the three months ended October 31, 2010 increased to \$450.0 million from \$363.5 million in the same period last year. Net sales of wholesale licensed apparel increased to \$319.9 million from \$252.9 million primarily as a result of an increase of \$44.6 million in net sales of Calvin Klein licensed product, mainly due to increased sales of our Calvin Klein women's dresses and sportswear, an increase of \$8.0 million in net sales of our Guess outerwear, and an increase of \$6.1 million in net sales of our Kenneth Cole outerwear. Net sales of wholesale non-licensed apparel in the three months ended October 31, 2010 increased to \$106.8 million from \$89.4 million primarily due to an increase in sales of private label outerwear (\$10.2 million) and Andrew Marc product (\$6.1 million). Net sales of our retail operations were \$32.0 million for the three months ended October 31, 2010 compared to \$29.7 million in the same period last year primarily as a result of an increase in the sales of accessories.

Gross profit increased to \$153.9 million, or 34.2% of net sales, for the three months ended October 31, 2010, from \$125.6 million, or 34.6% of net sales, in the same period last year. The gross profit percentage in our wholesale licensed apparel segment was 32.2% in the three months ended October 31, 2010 compared to 32.1% in the same period last year. The gross profit percentage in our wholesale non-licensed apparel segment was 33.3% in the three month period ended October 31, 2010 compared to 33.8% in the same period last year due to lower gross margins in our Andrew Marc division as a result of the mix of Andrew Marc and Marc New York product sales. The gross profit percentage for our retail operations segment was 48.6% for the three months

[Table of Contents](#)

ended October 31, 2010 compared to 47.7% for the comparable period last year as a result of higher initial margins across all product categories.

Selling, general and administrative expenses increased to \$80.1 million in the three months ended October 31, 2010 from \$66.7 million in the same period last year. This increase is primarily a result of increases in personnel costs (\$7.3 million), facility costs (\$2.7 million) and advertising and promotion expenses (\$1.7 million). Personnel costs increased due to an increase in accrued bonuses as a result of expected profitability for the year. Facility costs increased as a result of rent expense associated with new leases entered into for additional warehouse, showroom and office space to accommodate the increase in sales volume and expansion of product lines. Advertising costs increased because sales of licensed product, primarily Calvin Klein, increased and we typically pay an advertising fee under our license agreements based on a percentage of sales of licensed product.

Depreciation and amortization increased to \$1.5 million in the three months ended October 31, 2010 from \$1.3 million in the same period last year primarily as a result of leasehold improvements and fixtures for the additional warehouse, showroom and office space we have leased.

Interest and finance charges, net for the three months ended October 31, 2010 were \$1.7 million compared to \$1.9 million for the same period last year. Our charges were lower because of lower average borrowings under our credit facility during the third quarter due to application of the proceeds from our public offering in December 2009 which was used to pay down debt under the facility.

Income tax expense for the three months ended October 31, 2010 was \$27.9 million compared to \$23.4 million for the same period last year. The effective tax rate for the three months ended October 31, 2010 was 39.5% compared to an effective tax rate of 42.0% in the same period last year. The effective tax rate in the prior comparable period is higher primarily because we were not able to recognize the benefit of certain state losses incurred by our AM Retail Group, Inc. subsidiary that operates our Wilsons retail outlet stores.

Nine months ended October 31, 2010 compared to nine months ended October 31, 2009

Net sales for the nine months ended October 31, 2010 increased to \$793.2 million from \$607.0 million in the same period last year. Net sales of wholesale licensed apparel increased to \$541.9 million from \$403.8 million primarily as a result of an increase of \$110.5 million in net sales of Calvin Klein licensed product, mainly due to increased sales of Calvin Klein women's dresses and sportswear, an increase of \$15.1 million in net sales of our Guess outerwear, and an increase of \$6.7 million in net sales of our Kenneth Cole outerwear. Net sales of wholesale non-licensed apparel in the nine months ended October 31, 2010 increased to \$189.3 million from \$147.0 million primarily due to an increase in sales of private label outerwear (\$21.4 million), dresses by our Jessica Howard dress division (\$11.1 million) and Andrew Marc product (\$9.9 million). Net sales of our retail operations were \$84.4 million for the nine months ended October 31, 2010 compared to \$77.8 million in the same period last year primarily as a result of an increase in both accessory and outerwear sales.

Gross profit increased to \$263.7 million, or 33.2% of net sales, for the nine months ended October 31, 2010, from \$197.7 million, or 32.6% of net sales, in the same period last year. The gross profit percentage in our wholesale licensed apparel segment was 30.7% in the nine months ended October 31, 2010 compared to 29.8% in the same period last year. The increase in the gross profit percentage was primarily the result of increased sales in our higher margin Calvin Klein businesses, primarily dresses. The gross profit percentage in our wholesale non-licensed apparel segment increased to 30.7% in the nine month period ended October 31, 2010 from 29.6% in the same period last year primarily as a result of improved margins on increased sales volume of our Jessica Howard dress division and our Andrew Marc division. The gross profit percentage for our retail operations segment was 46.5% for the nine months ended October 31, 2010 compared to 43.2% for the comparable period last year as a result of higher initial margins and less markdown activity across all product categories.

Selling, general and administrative expenses increased to \$183.7 million in the nine months ended October 31, 2010 from \$150.8 million in the same period last year. This increase is primarily a result of increases in personnel costs (\$16.1 million), facility costs (\$6.3 million) and advertising and promotion expenses (\$6.0 million). Personnel costs increased due to an increase in accrued bonuses as a result of expected profitability for the year and as a result of salaries in the first six months of the prior comparable period having been reduced as part of cost cutting measures taken by us in fiscal 2010. Facility costs increased as a result of increased third party warehousing costs due to increased shipping volume and as a result of rent expense associated with new

[Table of Contents](#)

leases entered into for additional warehouse, showroom and office space to accommodate the increase in sales volume and expansion of product lines. Advertising costs increased because sales of licensed product, primarily Calvin Klein, increased and we typically pay an advertising fee under our license agreements based on a percentage of sales of licensed product.

Depreciation and amortization was \$4.1 million in each of the nine months ended October 31, 2010 and 2009.

Interest and finance charges, net for the nine months ended October 31, 2010 were approximately \$2.7 million compared to \$3.6 million for the comparable period last year. Our interest charges were lower primarily because we did not draw on our credit facility in our first fiscal quarter due to application of the proceeds from our public offering in December 2009 to pay down debt under the facility.

Income tax expense for the nine months ended October 31, 2010 was \$29.0 million compared to \$16.4 million for the same period last year. The effective tax rate for the nine months ended October 31, 2010 was 39.5% compared to an effective tax rate of 42.0% in the same period last year. The effective tax rate in the prior comparable period is higher primarily because we were not able to recognize the benefit of certain state losses incurred by our AM Retail Group, Inc. subsidiary that operates our Wilsons retail outlet stores.

Liquidity and Capital Resources

Our primary cash requirements are to fund our seasonal build up in inventories and accounts receivable, primarily during our second and third fiscal quarters each year. Due to the seasonality of our business, we generally reach our maximum borrowing under our asset-based credit facility during our third fiscal quarter. The primary sources to meet our cash requirements have been borrowings under our credit facility, cash generated from operations and proceeds from offerings of our common stock.

The amount borrowed under our line of credit varies based on our seasonal requirements. At October 31, 2010, we had cash and cash equivalents of \$16.6 million and outstanding borrowings of \$166.7 million. At October 31, 2009, we had cash and cash equivalents of \$16.6 million and outstanding borrowings of \$167.8 million.

Our contingent liability under open letters of credit was approximately \$17.1 million as of October 31, 2010 compared to \$7.0 million as of October 31, 2009.

Financing Agreement

We have a financing agreement with JPMorgan Chase Bank, N.A. as Agent for a consortium of banks. The financing agreement is a senior secured revolving credit facility. The financing agreement was amended in May 2010 to (a) increase the maximum line of credit from \$250 million to \$300 million, (b) reduce the interest rate on borrowings by 0.25% to, at our option, the prime rate plus 0.50% or LIBOR plus 2.75%, (c) extend the maturity of the loan from July 11, 2011 to July 31, 2013, and (d) revise the maximum senior leverage ratio that we must maintain. Amounts available under this facility are subject to borrowing base formulas and over advances as specified in the financing agreement.

The financing agreement requires us, among other things, to maintain a maximum senior leverage ratio and minimum fixed charge coverage ratio, as defined, and also limits payments for cash dividends and stock redemptions. As of October 31, 2010, we were in compliance with these covenants. The financing agreement is secured by all of our assets.

Cash from Operating Activities

We used \$189.1 million of cash in operating activities during the nine months ended October 31, 2010, primarily as a result of increases in accounts receivable of \$223.6 million and inventory of \$88.6 million, offset in part by an increase in accounts payable and accrued expenses of \$51.3 million, our net income of \$44.4 million and an increase in income taxes payable of \$17.4 million.

The changes in these operating cash flow items are consistent with our seasonal pattern. Our accounts receivable increased because a majority of our wholesale sales occur during our fall shipping season. The increase in inventory is a result of anticipated fourth quarter sales which constitutes the latter part of our fall shipping season, as well as a build up of retail inventory in anticipation of the holiday shopping season. In

[Table of Contents](#)

addition, we had increases in inventory as a result of new replenishment programs for Calvin Klein and as a result of early buying opportunities for certain of our products at advantageous prices. The increase in accrued expenses is attributable to the high sales volume of licensed product for which royalty and advertising payments, generally based on a percentage of sales, are accrued and accrued bonuses which increased based on our improved profitability. The increase in income taxes payable is a result of our higher pretax income through the nine months ended October 31, 2010.

Cash from Investing Activities

We used \$14.5 million of cash in investing activities in the nine months ended October 31, 2010 for capital expenditures. These capital expenditures related primarily to build out and renovation costs with respect to our new warehouse facility that we leased in December 2009 and with respect to the amended leases we entered into in March 2010 relating to our existing corporate showrooms and offices to extend the leases and add additional office space. We expect our capital expenditures for fiscal 2011 to aggregate approximately \$22.5 million for the build out and renovation of the additional warehouse facility, showroom and office space, as well as to add ten retail outlet stores.

Cash from Financing Activities

Cash from financing activities provided \$173.4 million in the nine months ended October 31, 2010, primarily as a result of \$166.7 million of borrowings under our line of credit and \$4.2 million in tax benefits recognized from the exercise or vesting of equity awards.

Financing Needs

We believe that our cash on hand and cash generated from operations, together with funds available from our line of credit, are sufficient to meet our expected operating and capital expenditure requirements. We may seek to acquire other businesses in order to expand our product offerings. We may need additional financing in order to complete one or more acquisitions. We cannot be certain that we will be able to obtain additional financing, if required, on acceptable terms or at all.

Critical Accounting Policies

Our discussion of results of operations and financial condition relies on our consolidated financial statements that are prepared based on certain critical accounting policies that require management to make judgments and estimates that are subject to varying degrees of uncertainty. We believe that investors need to be aware of these policies and how they impact our financial statements as a whole, as well as our related discussion and analysis presented herein. While we believe that these accounting policies are based on sound measurement criteria, actual future events can and often do result in outcomes that can be materially different from these estimates or forecasts. The accounting policies and related estimates described in our Annual Report on Form 10-K for the year ended January 31, 2010 are those that depend most heavily on these judgments and estimates. As of October 31, 2010, there have been no material changes to our critical accounting policies.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There are no material changes to the disclosure made with respect to these matters in our Annual Report on Form 10-K for the year ended January 31, 2010.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, our management, including our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported, within the time periods specified in the Commission's rules and forms and (ii) accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure, and thus, are effective in making known to them material information relating to G-III required to be included in this report.

During our last fiscal quarter, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1A. Risk Factors.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended January 31, 2010, which could materially affect our business, financial condition or future results. There have been no material changes to the risk factors as previously disclosed in our Annual Report on Form 10-K. The risks described in our Annual Report on Form 10-K are not the only risks facing our company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Item 6. Exhibits.

- 10.1 Form of Indemnification Agreement
- 10.2 G-III Apparel Group, Ltd. 2005 Amended and Restated Stock Incentive Plan
- 10.3 Amended and Restated Financing Agreement, dated April 3, 2008, by and among The CIT Group/Commercial Services, Inc., as Agent, the Lenders that are parties thereto, G-III Leather Fashions, Inc., J. Percy for Marvin Richards, Ltd., CK Outerwear, LLC, A. Marc & Co., Inc., and Andrew & Suzanne Company Inc.
- 10.4 Second Amendment of Lease (10th floor), dated March 26, 2010, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.
- 10.5 Second Amendment of Lease (33rd floor), dated March 26, 2010, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.
- 10.6 Second Amendment of Lease (34th and 35th floor), dated March 26, 2010, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.
- 10.7 Third Amendment of Lease (36th, 21st, 22nd, 23rd and 24th floor), dated March 26, 2010, by and between G-III Leather Fashions, Inc. as Tenant and 500-512 Seventh Avenue Limited Partnership as Landlord.
- 10.8 Lease, dated February 10, 2009, between IRET Properties and AM Retail Group, Inc.
- 10.9 Lease Agreement, dated December 21, 2009 and effective December 28, 2009, by and between G-III, as Tenant, and Granite South Brunswick LLC, as Landlord.
- 10.10 Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III Apparel Group, Ltd.
- 31.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2010.
- 31.2 Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2010.
- 32.1 Certification by Morris Goldfarb, Chief Executive Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.’s Quarterly Report on

[Table of Contents](#)

Form 10-Q for the fiscal quarter ended October 31, 2010.

- 32.2 Certification by Neal S. Nackman, Chief Financial Officer of G-III Apparel Group, Ltd., pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in connection with G-III Apparel Group, Ltd.'s Quarterly Report on Form 10-Q for the fiscal quarter ended October 31, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

G-III APPAREL GROUP, LTD.
(Registrant)

Date: December 10, 2010

By: /s/ Morris Goldfarb
Morris Goldfarb
Chief Executive Officer

Date: December 10, 2010

By: /s/ Neal S. Nackman
Neal S. Nackman
Chief Financial Officer

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "**Agreement**"), made and entered into as of the ___ day of September, 2010, by and between G-III Apparel Group, Ltd., a Delaware corporation (as further defined in Section 1.02(b), the "**Company**") and _____ ("**Indemnitee**").

WITNESSETH:

WHEREAS, the Board of Directors of the Company (the "**Board**") has determined that it is in the best interests of the Company, for purposes of attracting and retaining highly competent persons to serve as directors and officers, to provide the Company's directors and officers with protection, through insurance and indemnification, against risks of claims and actions against them arising out of their service to and activities on behalf of the Company;

WHEREAS, in furtherance of the foregoing, the Board has previously authorized the Company to maintain, on an ongoing basis and at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities;

WHEREAS, the Certificate of Incorporation of the Company and the Bylaws of the Company, each as amended to date (together, the "**Organizational Documents**"), provide that the Company may indemnify and advance expenses to directors and officers of the Company with respect to the matters set forth therein and to the fullest extent permitted by applicable law, and the Organizational Documents provide for limitation of liability for directors;

WHEREAS, the General Corporation Law of the State of Delaware ("**DGCL**") and the Organizational Documents and the DGCL expressly provide that the indemnification provisions set forth therein are not exclusive; among other things, the Company may enter into indemnification agreements with members of the Board and officers of the Company;

WHEREAS, the Board has determined that it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company;

WHEREAS, this Agreement is being entered into as a supplement to and in furtherance of the Organizational Documents of the Company and any resolutions adopted pursuant thereto and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder; and

WHEREAS, in view of the foregoing and such other factors that Indemnitee deems appropriate, Indemnitee is willing to serve or continue to serve and to take on additional service for or on behalf of the Company.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

ARTICLE 1
CERTAIN DEFINITIONS

Section 1.01. As used in this Agreement:

A “**Change in Control**” shall be deemed to have occurred upon the happening of any of the following events:

(a) any “person” as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, a Subsidiary, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes, including pursuant to a tender or exchange offer for shares of Common Stock pursuant to which purchases are made, the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities; *provided, however,* that the provisions of this paragraph (a) shall not be applicable to any acquisition directly from the Company; or

(b) individuals who, as of the date hereof, constitute the Board (the “**Incumbent Board**”), shall cease for any reason to constitute at least a majority thereof; *provided, however,* that any individual becoming a director subsequent to the date hereof whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who were either directors on the date hereof, or whose appointment, election or nomination for election was previously so approved or recommended, shall be considered a member of the Incumbent Board, but excluding for this purpose any new director whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company; or

(c) there is consummated a merger or consolidation of the Company or any direct or indirect Subsidiary with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(d) there is consummated a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company’s assets, in one transaction or a series of related transactions, other than a sale or disposition by the Company of all or substantially all of the Company’s assets to an entity, more than 50% of the combined voting power of the voting securities of which is owned by stockholders of the Company in substantially the same proportion as their ownership of the Company immediately prior to such sale.

“**Common Stock**” means the common stock, \$.01 par value, of the Company.

“**Corporate Status**” describes the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, board of directors’ committee member, employee or agent of the Company or of any other Enterprise.

“**D&O Liability Insurance**” refers to any policy or policies of insurance maintained by the Company for directors and officers in their capacities as such (and for any capacity in which any director or officer of the Company serves any other Enterprise at the request of the Company), in respect of acts or omissions occurring while serving in that capacity.

“**Delaware Court**” means the Court of Chancery of the State of Delaware.

“**Disinterested Director**” means a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

“**Enterprise**” means the Company and any other corporation, limited liability company, partnership, limited partnership, limited liability partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, board of directors’ committee member, employee or agent.

“**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended, or any similar federal statute.

“**Exchange Act**” means the Securities Exchange Act of 1934, as amended, or any similar federal statute.

“**Expenses**” shall include all reasonable direct and indirect costs (including, without limitation, reasonable attorneys’ fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses) reasonably incurred in connection with (i) prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding, or (ii) establishing or enforcing a right to indemnification under this Agreement, applicable law or otherwise. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including, without limitation, the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

“**Independent Counsel**” means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the five (5) years previous to its selection or appointment has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement or of other indemnitees under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have

a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

"Liabilities" means any losses or liabilities, including, without limitation, any judgments, fines, ERISA excise taxes and penalties, penalties and amounts paid in settlement, arising out of or in connection with any Proceeding (including all interest, assessments and other charges paid or payable in connection with or in respect of any such judgments, fines, ERISA excise taxes and penalties, penalties or amounts paid in settlement).

"Person" means any corporation, partnership, limited liability company, joint venture, trust, employee benefit plan or other enterprise.

"Proceeding" includes any threatened, pending or completed action, derivative action, suit, demand, claim, counterclaim, cross claim, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether civil (including intentional and unintentional tort claims), criminal, administrative or investigative, including any appeal therefrom, and whether instituted by, in right of or on behalf of the Company or any other party, or any inquiry or investigation that Indemnitee in good faith believes might lead to the institution of any such action, suit or other proceedings hereinabove listed in which Indemnitee was, is or will be involved as a party, potential party, non party witness or otherwise by reason of any Corporate Status of Indemnitee, or by reason of any action taken (or failure to act) by him or her or of any action (or failure to act) on his or her part while serving in any Corporate Status, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002, as amended, or any similar federal statute.

"Subsidiary" means any Person that is, directly or indirectly, controlled by the Company. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, through other voting rights, by contract or otherwise.

Section 1.02. For the purposes of this Agreement:

(a) References to "Company" shall include, in addition to the resulting or surviving corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that if Indemnitee is or was a director, officer, employee, or agent of such constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee, or agent of another corporation, partnership, joint venture, trust or other enterprise, then Indemnitee shall stand in the same position under the provisions of this Agreement with respect to the resulting or surviving corporation as Indemnitee would have with respect to such constituent corporation if its separate existence had continued.

(b) Reference to “other enterprise” shall include employee benefit plans; references to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner he or she reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of the Company” as referred to in this Agreement.

ARTICLE 2 INDEMNIFICATION

Section 2.01. (a) *General.* The Company hereby agrees to and shall indemnify Indemnitee and hold him or her harmless from and against any and all Expenses and Liabilities, in either case, actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in his or her Corporate Status, to the fullest extent permitted by applicable law.

For purposes of this Agreement, the meaning of the phrase “to the fullest extent permitted by applicable law” shall include, but not be limited to:

(i) to the fullest extent permitted by any provision of the DGCL, or the corresponding provision of any successor statute; and

(ii) to the fullest extent authorized or permitted by any amendments to or replacements of the DGCL adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its directors, officers, trustees, managing members, fiduciaries, board of directors, committee members, employees or agents.

(b) *Witness Expenses.* Notwithstanding any other provision of this Agreement, to the extent that Indemnitee is, by reason of his or her Corporate Status, a witness in any Proceeding to which Indemnitee is not a party, he or she shall be indemnified against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection therewith.

(c) *Expenses as a Party Where Wholly or Partly Successful.* Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her in connection therewith. If Indemnitee is not wholly successful in such Proceeding, but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall, to the fullest extent permitted by applicable law, indemnify Indemnitee against all Expenses actually and reasonably incurred by him or her or on his or her behalf in connection with each successfully resolved claim, issue or matter. For purposes of this Section and without limitation, the termination of any claim,

issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 2.02. *Exclusions.* Notwithstanding any provision of this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnitee:

(a) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law or (ii) any reimbursement of the Company by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act, the payment to the Company of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act, or policies adopted by the Company from time to time pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act);

(b) except as otherwise provided in Sections 5.01(d) and (e) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation, (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law or (iii) the Company joins in or consents to the initiation of the Proceeding (or any part of the Proceeding) after its initiation; or

(c) to the extent the payment would violate Section 402 of the Sarbanes-Oxley Act.

ARTICLE 3 ADVANCEMENT OF EXPENSES

Section 3.01. *Advances.* (a) Notwithstanding any provision of this Agreement to the contrary and subject to Sections 3.02 and 3.03 of this Agreement, the Company shall advance any Expenses incurred by Indemnitee in connection with any Proceeding within 20 business days after the receipt by the Company of each statement requesting such advance from time to time at any time after commencement of any Proceeding. Such statements shall provide reasonable detail of the underlying Expenses for which payment is requested. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay such amounts and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred in pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. This Section 3.01 shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 2.02 of this Agreement.

Section 3.02. *Repayment of Advances or Other Expenses.* Indemnatee agrees that Indemnatee shall reimburse the Company for all Expenses advanced by the Company pursuant to Section 3.01 of this Agreement, in the event and only to the extent that it shall be determined by final judgment or other final adjudication under the provisions of any applicable law (as to which all rights of appeal therefrom have been exhausted or lapsed) that Indemnatee is not entitled to be indemnified by the Company for such Expenses.

Section 3.03. *Selection of Counsel.* In the event the Company shall be obligated under Section 3.01 of this Agreement to pay the Expenses of any Proceeding (in whole or in part) against Indemnatee, the Company, if appropriate, shall be entitled to assume the defense of such Proceeding, with counsel approved by Indemnatee, which approval shall not be unreasonably withheld, upon the delivery to Indemnatee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnatee and the retention of such counsel by the Company, the Company will not be liable to Indemnatee under this Agreement for any fees of counsel subsequently paid or incurred by Indemnatee with respect to the same Proceeding, *provided* that (a) Indemnatee shall have the right to employ his or her counsel in any such Proceeding at Indemnatee's expense; and (b) if (1) the employment of counsel by Indemnatee has been authorized by the Company, (2)(i) Indemnatee shall have reasonably concluded that there may be a conflict of interest between the Company (or any other person or persons included in a joint defense) and Indemnatee in the conduct of any such defense or (ii) representation by such counsel retained by the Company would be precluded under the applicable standards of professional conduct, or (3) the Company shall not, in fact, have employed counsel to assume the defense of such Proceeding, then the fees and expenses of Indemnatee's counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any Proceeding (in whole or in part) brought by or on behalf of the Company or as to which Indemnatee shall have reasonably made the conclusion provided for in clause (2) above.

ARTICLE 4
PROCEDURES FOR NOTIFICATION OF AND
DETERMINATION OF ENTITLEMENT TO INDEMNIFICATION

Section 4.01. *Notification; Request For Indemnification; Defense of Claim.* (a) As soon as reasonably practicable after receipt by Indemnatee of written notice that he or she is a party to or a participant (as a witness or otherwise) in any Proceeding or of any other matter in respect of which Indemnatee intends to seek indemnification or advancement of Expenses hereunder, Indemnatee shall provide to the Company written notice thereof, including the nature of and the facts underlying the Proceeding; *provided, however*, that a delay in giving such notice shall not deprive Indemnatee of any right to be indemnified under this Agreement, unless, and then only to the extent that, the Company did not otherwise learn of the claim and such delay is materially prejudicial to the Company's ability to defend such claim; and, *provided, further*, that notice shall be deemed to have been given without any action on the part of the Indemnatee in the event that the Company is a party to the same Proceeding.

(b) To obtain indemnification under this Agreement, Indemnatee shall deliver to the Company a written request for indemnification, including therewith such information as is reasonably available to Indemnatee and reasonably necessary to determine Indemnatee's

entitlement to indemnification hereunder (including, if applicable, Indemnatee's election or selection pursuant to Section 4.02 of this Agreement). Such request(s) may be delivered from time to time and at such time(s) as Indemnatee deems appropriate in his or her sole discretion. The Indemnatee's entitlement to indemnification shall be determined according to Section 4.02 of this Agreement.

(c) The Company will be entitled to participate in any Proceedings at its own expense.

Section 4.02. *Determination of Entitlement.* (a) Upon written request by Indemnatee for indemnification pursuant to Section 4.01(b) of this Agreement, a determination, if but only if required by applicable law, with respect to Indemnatee's entitlement to indemnification shall be made in the specific case by one of the following methods, which shall be at the election of Indemnatee (except after a Change in Control, in which case the following clause (1) shall apply): (1) by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to Indemnatee, (2) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, or (3) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board; and, if it is so determined that Indemnatee is entitled to indemnification, payment to Indemnatee shall be made within twenty (20) business days after such determination. Indemnatee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnatee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnatee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' and experts' fees and disbursements) paid or incurred or which Indemnatee determines are reasonably likely to be paid or incurred by Indemnatee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnatee's entitlement to indemnification), and the Company hereby indemnifies and agrees to hold Indemnatee harmless therefrom. For the sake of clarity, no determination of entitlement shall be required to the extent that Indemnatee is successful, on the merits or otherwise (including by dismissal with or without prejudice), in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 4.02(a) of this Agreement (including after a Change in Control), the Independent Counsel shall be selected as provided in this Section 4.02(b). The Independent Counsel shall be selected by Indemnatee (unless Indemnatee shall request that such selection be made by the Board of Directors, in which event the immediately following sentence shall apply), and Indemnatee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected. If the Independent Counsel is selected by the Board, the Company shall give written notice to Indemnatee advising him or her of the identity of the Independent Counsel so selected. In either event, Indemnatee or the Company, as the case may be, may, within five (5) business days after such written notice of selection shall have been received, deliver to the Company or to Indemnatee, as the case may be, a written objection to such selection; *provided, however,* that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of

“Independent Counsel” as defined in Section 1.01 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a determination is made in accordance with the following sentence. If, (i) within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 4.02(a) of this Agreement, no Independent Counsel shall have been selected or (ii) a written objection to the selection of Independent Counsel is made pursuant to this Section 4.02(b), either the Company or Indemnitee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other’s selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by the Delaware Court or by such other person as the Delaware Court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 4.02(a) of this Agreement. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 5.01(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing). The Company shall use its best efforts to cause the determination of entitlement to indemnification to be made as promptly as practicable.

(c) The Company agrees to pay the reasonable fees and expenses of the Independent Counsel (including such fees and expenses incurred in connection with the Independent Counsel’s determination pursuant to Section 4.02(a) of this Agreement) and to fully indemnify such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

Section 4.03. *Presumptions and Burdens of Proof; Effect of Certain Proceedings.* (a) In making any determination with respect to entitlement to indemnification hereunder, the person or persons or entity making such determination shall, to the fullest extent not prohibited by law, presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 4.01(b) of this Agreement, and the Company shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of any person, persons or entity to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by any person, persons or entity that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 4.02 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be made in accordance with Article 5 of this Agreement; *provided, however*, that such thirty (30) day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification

in good faith requires such additional time for the obtaining or evaluating of documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not meet any applicable standard of conduct under applicable law (or did or did not hold any particular state of knowledge referred to under applicable law).

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is in good faith reliance on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 4.03(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, trustee, partner, managing member, fiduciary, officer, agent or employee of any Enterprise shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

(f) Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, officer, employee, agent, trustee, partner, manager, member or fiduciary of another Person if Indemnitee was serving as a director, officer, employee, agent, trustee, partner, manager, member or fiduciary of such other Person and (1) such Person is or at the time of such service was a Subsidiary, (2) such Person is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Subsidiary or (3) the Company or a Subsidiary, directly or indirectly, caused Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve such other Person in such capacity.

Section 4.04. *Settlement.* The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty, an admission of fault of Indemnitee or limitation on the Indemnitee without the Indemnitee's prior written consent, such consent not to be unreasonably withheld. Notwithstanding anything to the contrary, the Indemnitee may withhold its consent to any proposed settlement that does not provide a full and unconditional release of Indemnitee from all liability in respect of such Proceeding. The Company shall have no obligation to indemnify Indemnitee in respect of any settlement of any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty, an admission of fault of Company or limitation on the Company effected without the Company's prior written consent, such consent not to be unreasonably withheld.

ARTICLE 5
REMEDIES OF INDEMNITEE

Section 5.01. *Adjudication or Arbitration.* (a) In the event of any dispute between Indemnitee and the Company hereunder as to entitlement to indemnification or advancement of Expenses (including, without limitation, where (i) a determination is made pursuant to Section 4.02 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 3.01 of this Agreement, (iii) payment of indemnification pursuant to Section 2.01 of this Agreement is not made within twenty (20) business days after a determination has been made that Indemnitee is entitled to indemnification, (iv) no determination as to entitlement to indemnification is made pursuant to Section 4.02 of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification (as such time period may be extended in accordance with Section 4.03(b) of this Agreement) or (v) no payment of indemnification is made within twenty (20) business days after entitlement has been determined pursuant to Section 4.02(b) of this Agreement), then Indemnitee shall be entitled to an adjudication by the Delaware Court to such indemnification or advancement of Expenses. Alternatively, in such case, Indemnitee, at his or her option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in any such arbitration.

Section 5.02. In the event that a determination shall have been made pursuant to Section 4.02(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 5.01 shall be conducted in all respects as a *de novo* trial, or arbitration, on the merits, and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 5.01 the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 4.02(a) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 5.01, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 3.02 of this Agreement until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(a) If a determination shall have been made pursuant to Section 4.02(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 5.01, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(b) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 5.01 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(c) The Company shall indemnify Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within twenty (20) business days after the Company's receipt of such written request) advance such Expenses to Indemnitee, which are reasonably incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee for (i) indemnification or advances of Expenses by the Company (or otherwise for the enforcement, interpretation or defense of his or her rights) under this Agreement or any other agreement or provision of the Organizational Documents now or hereafter in effect or (ii) recovery or advances under any directors' and officers' liability insurance policy maintained by the Company, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance or insurance recovery, as the case may be.

ARTICLE 6 MISCELLANEOUS

Section 6.01. *Nonexclusivity of Rights.* The rights of indemnification and advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnitee may at any time be entitled to under applicable law, the Organizational Documents, insurance, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

Section 6.02. *Insurance and Subrogation.* (a) Indemnitee shall be covered by any D&O Liability Insurance maintained by the Company, in accordance with the terms of such D&O Liability Insurance as in effect from time to time, to the maximum extent of the coverage available for any director or officer under such D&O Liability Insurance. If, at the time the Company receives notice of a claim hereunder, the Company has D&O Liability Insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The failure or refusal of any such insurer to pay any such amount shall not affect or impair the obligations of the Company under this Agreement.

(b) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights (it being understood that all of Indemnitee's reasonable Expenses, including attorneys' fees and expenses, related thereto shall be borne by the Company).

(c) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided) hereunder

if and to the extent that Indemnitee has actually received such payment under any insurance policy or other indemnity provision.

Section 6.03. *Other Sources.* The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, board of directors' committee member, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such Enterprise.

Section 6.04. *Contribution.* (a) To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the amount incurred by Indemnitee, whether for judgments, fines, penalties, excise taxes, amounts paid or to be paid in settlement and/or for Expenses, in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving rise to such Proceeding; and/or (ii) the relative fault of the Company (and its directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s).

(b) Without limiting the generality of Section 6.04(a) of this Agreement, whether or not any of the indemnification rights provided in this Agreement are available in respect of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding), the Company shall pay, in the first instance, the entire amount of any judgment or settlement of such Proceeding without requiring Indemnitee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have against Indemnitee. The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnitee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnitee.

Section 6.05. *Amendment.* This Agreement may not be modified or amended except by a written instrument executed by or on behalf of each of the parties hereto. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit, restrict or reduce any right of Indemnitee under this Agreement in respect of any act or omission, or any event occurring, prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Organizational Documents and this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change.

Section 6.06. *Waivers.* The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term only by a writing signed by the party against which such waiver is to be asserted. Unless otherwise expressly provided herein, no delay on the part of any party hereto in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party hereto of any right, power or privilege hereunder

operate as a waiver of any other right, power or privilege hereunder nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

Section 6.07. *Entire Agreement.* This Agreement and the documents referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are superseded by this Agreement, *provided* that this Agreement is being entered into as a supplement to and in furtherance of the Organizational Documents of the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 6.08. *Severability.* If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 6.09. *Notices.* All notices, requests, demands and other communications under this Agreement shall be in writing (which may be by facsimile transmission). All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 5:00 p.m. in the place of receipt and such day is a business day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt. The address for notice to a party is as shown on the signature page of this Agreement, or such other address as any party shall have given by written notice to the other party as provided above.

Section 6.10. *Binding Effect.* The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve or continue to serve and to take on additional service for or on behalf of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director or officer of the Company.

Section 6.11. *Governing Law.* This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules.

Section 6.12. *Consent To Jurisdiction and Injunctive Relief.* (a) Except with respect to any arbitration commenced by Indemnitee pursuant to Section 5.01(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Delaware Court, and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (iv) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

(b) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult to prove, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he or she may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by a court, and the Company hereby waives any such requirement of such a bond or undertaking.

Section 6.13. *Duration of Agreement.* This Agreement shall continue until and terminate upon the latest of: (a) the statute of limitations applicable to any claim that could be asserted against an Indemnitee with respect to which Indemnitee may be entitled to indemnification and/or payment of Expenses in advance under this Agreement; (b) ten (10) years after the date that Indemnitee shall have ceased to serve as a director or officer of the Company or as a director, officer, employee, trustee, partner, manager, member, fiduciary or agent of any other Enterprise which Indemnitee served at the request of the Company; or (c) one (1) year after the final termination of any Proceeding, including any and all appeals, then pending in respect of which Indemnitee is granted rights of indemnification or payment in advance of Expenses hereunder and of any Proceeding commenced by Indemnitee pursuant to this Agreement relating thereto (including any right of appeal of any Proceeding commenced by Indemnitee pursuant to this Agreement).

Section 6.14. *Successors and Assigns.* This Agreement shall be binding upon the Company and its successors and assigns (including, without limitation, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company) and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors, administrators, personal and legal representatives; *provided* that, subject to the last sentence of this Section, this Agreement may not be assigned or delegated by either party hereto without the prior written consent of the other party. Without limiting the foregoing and for purposes of greater certainty, the indemnification and payment in

advance of Expenses provided by, or granted pursuant to this Agreement shall be binding upon the Company and its successors and assigns (including, without limitation, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee, trustee, partner, manager, member, fiduciary or agent of the Company or of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors, administrators, personal and legal representatives. The Company shall require and cause any successor or assign (including, without limitation, any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company), by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

Section 6.15. *Headings.* The Article and Section headings in this Agreement are for convenience of reference only, and shall not be deemed to alter or affect the meaning or interpretation of any provisions hereof.

Section 6.16. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

Section 6.17. *Use of Certain Terms.* As used in this Agreement, the words "herein," "hereof," and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular paragraph, subparagraph, section, subsection, or other subdivision. Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered to be effective as of the date first above written.

G-III APPAREL GROUP, LTD.

By: _____
Name: Neal S. Nackman
Title: Chief Financial Officer
Address: 512 Seventh Avenue, New York, NY
10018
Facsimile: 646-473-1547
Attention: Neal S. Nackman

With a copy to:
Fulbright & Jaworski LLP
Address: 666 Fifth Avenue, New York, NY 10103
Facsimile: 212-752-5958
Attention: Neil Gold, Esq.

INDEMNITEE:

By: _____
Wayne S. Miller
G-III Apparel Group, Ltd.
Address: 512 Seventh Avenue, New York, NY 10018
Facsimile: 212-719-0921

G-III APPAREL GROUP, LTD.
AMENDED AND RESTATED 2005 STOCK INCENTIVE PLAN

1. Purpose. The purpose of the G-III Apparel Group, Ltd. 2005 Stock Incentive Plan (the "Plan") is to enable G-III Apparel Group, Ltd., a Delaware corporation (the "Company"), and its stockholders to secure the benefits of ownership of Company common stock, \$.01 par value (the "Common Stock") by, and otherwise provide incentive compensation to, eligible personnel of the Company and its affiliates. The Board of Directors of the Company (the "Board") believes that the grant of awards pursuant to the Plan will foster the Company's ability to attract, retain and motivate such persons.

2. Types of Awards. Awards under the Plan may be in the form of any one or more of the following: (a) options to purchase shares of Common Stock at a specified price during specified time periods granted pursuant to Section 7(b) ("Options"), including Options intended to qualify as "incentive stock options" ("ISOs") under Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and Options that do not qualify as ISOs; (b) stock appreciation rights granted pursuant to Section 7(c) ("SARs"); (c) Common Stock granted pursuant to Section 7(d) which is subject to certain restrictions and to a risk of forfeiture ("Restricted Stock"); (d) rights to receive Common Stock at the end of a specified deferral period granted pursuant to Section 7(e) ("Deferred Stock"), whether denominated as "stock units," "restricted stock units," "phantom shares" or "performance shares"; (e) other stock-based awards and cash incentive awards granted pursuant to Section 7(f) ("Other Awards"); and/or (f) performance-based awards granted pursuant to Section 7(h) ("Performance Awards").

3. Available Shares. Subject to the provisions of Section 9, the Company may issue a total of 3,449,771 shares of Common Stock pursuant to the Plan. Notwithstanding the preceding sentence, subject to the provisions of Section 9, in no event may more than 1,340,000 shares of Common Stock be issued pursuant to the exercise of ISOs granted under the Plan. In determining the number of shares available for issuance pursuant to the Plan at any time, the following shares shall be deemed not to have been issued (and shall remain available for issuance) pursuant to the Plan: (a) shares subject to an award that is forfeited, canceled, terminated or settled in cash; (b) shares repurchased by the Company from the recipient of an award for not more than the original purchase price of such shares or forfeited to the Company by the recipient of an award; and (c) shares withheld or tendered by the recipient of an award as payment of the exercise or purchase price under an award or the tax withholding obligations associated with an award. Such shares may be either authorized and unissued or held by the Company in its treasury. No fractional shares of Common Stock may be issued under the Plan.

4. Per-Person Award Limitations. In each fiscal year during any part of which the Plan is in effect, an eligible person may be granted stock-based awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code relating to up to his Annual Share Limit. Subject to the provisions of Section 9, an eligible person's "Annual Share Limit" shall equal, in any year during any part of which the eligible person is then eligible under the Plan, 200,000 shares plus the amount of the eligible person's unused Annual Share Limit as of the close of the previous year. For each fiscal year, the maximum amount a participant may

earn pursuant to a cash incentive award granted under Section 7(f) shall be limited to \$5,000,000. For these purposes, an award is “earned” upon satisfaction of the applicable performance conditions, even if settlement is deferred or subject to continuing service and/or other non-performance conditions; and an employee’s annual limit is deemed to be used in a calendar year to the extent a share or cash award could be earned in that year, regardless of the extent to which such award is earned.

5. Administration.

(a) Committee. The Plan shall be administered by the Compensation Committee of the Board or such other committee appointed by the Board to administer the Plan from time to time (the “Committee”). The full Board may perform any function of the Committee hereunder, in which case the term “Committee” shall refer to the Board. Notwithstanding the foregoing, the Compensation Committee will have sole responsibility and authority for matters relating to the grant and administration of awards to non-employee directors of the Company.

(b) Responsibility and Authority of Committee. Subject to the provisions of the Plan, the Committee, acting in its discretion, shall have responsibility and full power and authority to (i) select the persons to whom awards shall be made; (ii) prescribe the terms and conditions of each award and make amendments thereto; (iii) construe, interpret and apply the provisions of the Plan and of any agreement or other document evidencing an award made under the Plan; and (iv) make any and all determinations and take any and all other actions as it deems necessary or desirable in order to carry out the terms of the Plan. In exercising its responsibilities under the Plan, the Committee may obtain at the Company’s expense such advice, guidance and other assistance from outside compensation consultants and other professional advisers as it deems appropriate.

(c) Delegation of Authority. To the fullest extent authorized under Section 157(c) of the Delaware General Corporation Law, the Committee may delegate to officers of the Company or any affiliate, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine.

(d) Committee Actions. A majority of the members of the Committee shall constitute a quorum. The Committee may act by the vote of a majority of its members present at a meeting at which there is a quorum or by unanimous written consent. The decision of the Committee as to any disputed question, including questions of construction, interpretation and administration, shall be final and conclusive on all persons. The Committee shall keep a record of its proceedings and acts and shall keep or cause to be kept such books and records as may be necessary in connection with the proper administration of the Plan.

(e) Indemnification. The Company shall indemnify and hold harmless each member of the Board, the Committee or any officer or subcommittee member to whom authority is delegated by the Committee and any employee of the Company who provides assistance with the administration of the Plan from and against any loss, cost, liability (including any sum paid in settlement of a claim with the approval of the Board), damage and expense (including reasonable

legal fees and other expenses incident thereto and, to the extent permitted by applicable law, advancement of such fees and expenses) arising out of or incurred in connection with the Plan, unless and except to the extent attributable to such person's fraud or willful misconduct.

6. Eligibility. Awards may be granted under the Plan to any member of the Board (whether or not an employee of the Company or its affiliates), to any officer or other employee of the Company or its affiliates (including prospective officers and employees) and to any consultant or other independent contractor who performs or will perform services for the Company or its affiliates.

7. Specific Terms of Awards.

(a) General. Awards may be granted on the terms and conditions set forth in this Section 7. In addition, the Committee may impose on any award or the exercise thereof, at the date of grant or thereafter, such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of awards in the event of termination of employment or service by the recipient. The Committee shall require the payment of lawful consideration for an award to the extent necessary to satisfy the requirements of the Delaware General Corporation Law, and may otherwise require payment of consideration for an award except as limited by the Plan. The Committee may not accelerate the vesting of an outstanding award in connection with the termination of a participant's employment unless either (1) such termination is in connection with a change in control or the participant's death, total disability or retirement, or (2) such termination occurs for any other reason and the net number of shares the Company would issue by reason of such acceleration of vesting would not cause the Company to exceed the 10% limitation contained in Section 7(g) (relating to the issuance of shares under full value stock awards), determined as if such issuance would be made pursuant to a full value stock award.

(b) Stock Options. The Committee is authorized to grant Options to eligible persons on the following terms and conditions:

(i) Exercise Price. The exercise price per share of Common Stock purchasable under an Option shall be determined by the Committee, provided that such exercise price shall not be less than the Fair Market Value (as defined below) of a share of Common Stock on the date of grant of such Option.

(ii) Option Term; Time and Method of Exercise. The Committee shall determine the term of each Option, which in no event shall exceed a period of ten years from the date of grant. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the methods by which such exercise price may be paid or deemed to be paid and the form of such payment (including, without limitation, cash, Common Stock (including through withholding of Common Stock deliverable upon exercise), other awards or awards granted under other plans of the Company or any affiliate, or other property (including through "cashless exercise" arrangements, to the extent permitted by applicable law) and the methods by or forms in which Common Stock shall be delivered or deemed to be delivered in satisfaction of Options.

(iii) ISO Grants to 10% Stockholders. Notwithstanding anything to the contrary in this Section 7(b), if an ISO is granted to an employee who owns stock representing more than 10% of the voting power of all classes of stock of the Company or a subsidiary corporation thereof (as such term is defined in Section 424 of the Code), the term of the Option shall not exceed five years from the date of grant and the exercise price shall be at least 110% of the Fair Market Value (on the date of grant) of the Common Stock subject to the Option.

(c) Stock Appreciation Rights. The Committee is authorized to grant SARs to eligible persons on the following terms and conditions:

(i) Right to Payment. A SAR shall confer on the recipient a right to receive a payment, in shares of Common Stock, with a value equal to the excess of the Fair Market Value of a specified number of shares of Common Stock at the time the SAR is exercised over the exercise price of such SAR, which shall be no less than the Fair Market Value of the same number of shares at the time the SAR was granted.

(ii) Other Terms. The Committee shall determine the time or times at which and the circumstances under which a SAR may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the method of exercise, the method by or forms in which Common Stock shall be delivered or deemed to be delivered to recipients upon exercise of a SAR, whether or not a SAR shall be free-standing or in tandem or combination with any other award, and the maximum term of an SAR, which in no event shall exceed a period of ten years from the date of grant.

(d) Restricted Stock. The Committee is authorized to grant Restricted Stock to eligible persons on the following terms and conditions:

(i) Grant and Restrictions. Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and under such other circumstances as the Committee may determine at the date of grant or thereafter. Notwithstanding the foregoing, (i) the original stated time-based vesting period applicable to a restricted stock award may not be shorter than three years, and (ii) the original stated performance period applicable to performance-based vesting of a restricted stock award may not be shorter than one year. Except to the extent restricted under the terms of the Plan and any award document relating to the Restricted Stock, a recipient of Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirements imposed by the Committee).

(ii) Forfeiture. Except as otherwise determined by the Committee, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock shall lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iii) Certificates for Stock. Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the recipient, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates and that the recipient deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(e) Deferred Stock. The Committee is authorized to grant Deferred Stock to eligible persons, which are rights to receive Common Stock, other awards, or a combination thereof at the end of a specified deferral period, subject to the following terms and conditions:

(i) Award and Restrictions. The issuance of Common Stock shall occur upon expiration of the deferral period specified for an award of Deferred Stock by the Committee. Notwithstanding the foregoing, (i) the original stated time-based vesting period applicable to a deferred stock award may not be shorter than three years, and (ii) the original stated performance period applicable to performance-based vesting of a deferred stock award may not be shorter than one year. In addition, Deferred Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock may be satisfied by delivery of Common Stock, other awards, or a combination thereof, as determined by the Committee at the date of grant or thereafter.

(ii) Forfeiture. Except as otherwise determined by the Committee, upon termination of employment or service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the award document evidencing the Deferred Stock), all Deferred Stock that is at that time subject to such forfeiture conditions shall be forfeited; provided that the Committee may provide, by rule or regulation or in any award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Deferred Stock shall lapse in whole or in part, including in the event of terminations resulting from specified causes. Each Deferred Stock award shall be settled no later than the 15th day of the third month following the calendar year in which such award becomes vested; provided, however, that, subject to compliance with Section 409A, the Committee, in its discretion, may provide for deferred settlement.

(f) Other Stock-Based and Cash Incentive Awards. The Committee is authorized, subject to limitations under applicable law, to grant to eligible persons such other awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Stock or factors that may influence the value of Common Stock, including, without limitation, stock bonuses, dividend equivalents, convertible or exchangeable debt securities, other rights convertible or exchangeable into Common Stock,

purchase rights for Common Stock, awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee, awards valued by reference to the book value of Common Stock or the value of securities of or the performance of specified subsidiaries or affiliates or other business units and awards designed to comply with or take advantage of the applicable local laws or jurisdictions other than the United States. The Committee shall determine the terms and conditions of such stock-based Other Awards. In addition, the Committee may grant performance-based cash incentive awards, including annual incentive awards and long-term incentive awards, denominated and settled in cash, subject to such terms and conditions as the Committee may determine, provided, however, that any such cash incentive award that is intended to qualify for the performance-based compensation exemption from the deduction limitation provisions of Section 162(m) of the Code will be subject to terms and conditions described in Section 7(h). Unless the Committee, acting in a manner that is consistent with the election and distribution timing requirements of Section 409A, determines otherwise, Other Awards, including cash incentive awards, earned in or for any fiscal year, shall be settled and paid by the 15th day of the third month of the following fiscal year.

(g) Notwithstanding anything to the contrary contained herein, the aggregate number of shares the Company may issue pursuant to full value stock awards under Section 7(f) may not exceed 10% of the aggregate number of shares that may be issued under the Plan.

(h) Performance Awards. The Committee is authorized to grant Performance Awards to eligible persons on the following terms and conditions:

(i) Generally. The Committee may specify that any stock-based or cash incentive award granted under the Plan shall constitute a Performance Award by conditioning the grant, exercise, amount, vesting or settlement, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any award subject to performance conditions, except as limited under this Section 7(h) in the case of a Performance Award intended to qualify as “performance-based compensation” under Section 162(m) of the Code.

(ii) Awards exempt under Section 162(m) of the Code. If the Committee determines that an award should qualify as “performance-based compensation” for purposes of Section 162(m) of the Code (other than Options or SARs which otherwise qualify as “performance-based compensation” for purposes of Section 162(m) of the Code), the grant, exercise, vesting, amount and/or settlement of such Performance Award shall be contingent upon achievement of one or more preestablished, objective performance goals, which shall be prescribed in writing by the Committee not later than 90 days after the commencement of the performance period and in any event before completion of 25% of the performance period. The performance goal or goals for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this subsection (ii). One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries or affiliates or other business units of the Company, shall be used by the Committee in establishing

performance goals for such Performance Awards, either on an absolute basis or relative to an index: (1) revenues on a corporate or product by product basis; (2) earnings from operations, earnings before or after taxes, earnings before or after interest, depreciation, amortization, incentives, service fees or extraordinary or special items; (3) net income or net income per common share (basic or diluted); (4) return on assets, return on investment, return on capital, or return on equity; (5) cash flow, free cash flow, cash flow return on investment, or net cash provided by operations; (6) economic value created or added; (7) operating margin or profit margin; and/or (8) stock price, dividends or total stockholder return. The targeted level or levels of performance with respect to such business criteria may be established at such levels and in such terms as the Committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies. All determinations by the Committee as to the establishment of performance goals, the amount potentially payable in respect of Performance Awards, the level of actual achievement of the specified performance goals relating to Performance Awards and the amount of any final Performance Award shall be recorded in writing. Specifically, the Committee shall certify in writing, in a manner conforming to applicable regulations under Section 162(m) of the Code, prior to settlement of each such award, that the performance objective relating to the Performance Award and other material terms of the award upon which settlement of the award was conditioned have been satisfied. The Committee shall have the authority, in its discretion, to reduce the formula amount otherwise payable pursuant to a cash incentive or other Performance Award, but may not increase the amount that would otherwise be payable under any such award.

8. Limits on Transferability. No award or other right or interest of an award recipient under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such recipient to any party (other than the Company or an affiliate thereof), or assigned or transferred by such recipient otherwise than by will or the laws of descent and distribution or to a beneficiary upon the death of a recipient, and such awards or rights that may be exercisable shall be exercised during the lifetime of the recipient only by the recipient or his or her guardian or legal representative, except that awards and other rights may be transferred to one or more transferees during the lifetime of the recipient, and may be exercised by such transferees in accordance with the terms of such award, but only if and to the extent such transfers are permitted by the Committee, subject to any terms and conditions which the Committee may impose thereon. A beneficiary, transferee, or other person claiming any rights under the Plan from or through any award recipient shall be subject to all terms and conditions of the Plan and any award document applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee. For purposes hereof, "beneficiary" shall mean the legal representatives of the recipient's estate entitled by will or the laws of descent and distribution to receive the benefits under a recipient's award upon a recipient's death, provided that, if and to the extent authorized by the Committee, a recipient may be permitted to designate a beneficiary, in which case the "beneficiary" instead shall be the person, persons, trust or trusts (if any are then surviving) which have been designated by the recipient in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the recipient's award upon such recipient's death.

9. Capital Changes: Change in Control.

(a) Adjustments upon Changes in Capitalization. The aggregate number and class of shares issuable pursuant to the Plan and pursuant to the exercise of ISOs, the Annual Share Limit, the number and class of shares and the exercise price per share covered by each outstanding Option, the number and class of shares and the base price per share covered by each outstanding SAR, the number and class of shares covered by each outstanding Award other than Options and SARs, any per-share base or purchase price or target market price included in the terms of any such award, and related terms shall all be adjusted by the Board proportionately or as otherwise deemed appropriate to reflect any increase or decrease in the number of issued shares of Common Stock resulting from an extraordinary cash dividend, split-up or consolidation of shares or any like capital adjustment, or the payment of any stock dividend, and/or to reflect a change in the character or class of shares covered by the Plan arising from a readjustment or recapitalization of the Company's capital stock. The determination of the Board with respect to any such adjustment shall be binding and conclusive.

(b) Effect of Change in Control on Outstanding Awards. If a Change in Control (as defined below) occurs, then, except as otherwise specifically provided by the applicable Award agreement (or any other applicable agreement approved by the Board or the Committee), each Award outstanding under the Plan immediately prior to the Change in Control will be either assumed and converted in accordance with part (i) below, or vested and disposed of in accordance with part (ii) below.

(i) Assumption and Conversion of Outstanding Awards. If a Change in Control occurs, the parties to the Change in Control may agree that any stock-based Award outstanding under the Plan immediately prior to the Change in Control shall, at the effective time of the Change in Control, be assumed and converted into a similar form of award with respect to shares of common stock of the successor or acquiring company (or a parent company thereof). If an Option or SAR is assumed, the number of shares and exercise price or base price per share covered by the assumed Award will be adjusted in accordance with the principles set forth in Sections 1.424-1(a)(5) and 1.409A-1(b)(5)(v)(D) of the Treasury Regulations. If a stock-based Award other than an Option or SAR is assumed, the number of shares covered by the assumed Award will be a whole number that reflects the exchange ratio applicable to holders of shares of Common Stock in connection with the Change in Control. An assumed or converted Award, as so adjusted, will be subject to substantially the same vesting and other terms and conditions as applied to the Award being assumed or converted, provided, however, that, in the case of a Performance Award, any performance criteria applicable to the Award will be deemed to have been satisfied immediately prior to the Change in Control to the maximum extent specified in connection with the Award. Notwithstanding the foregoing, if, within two years following a Change in Control, a participant's employment or other service is terminated either by the Company or a successor or acquiring company (or any of its or their affiliates) without Cause (as defined below) or by the participant for Good Reason (as defined below), then any outstanding assumed Awards held by such terminated participant shall immediately become fully vested and exercisable or payable, as the case may be in accordance with their terms.

(ii) Vesting and Disposition of Awards Not Assumed. Any Award outstanding under the Plan immediately prior to a Change in Control that is not assumed and converted pursuant to part (i) above (or, due to the nature of the Change in Control, cannot be assumed and converted because there is no transaction with a successor or acquiring entity), will be terminated at the effective time of the Change in Control. If the terminated Award is a restricted stock Award, then the restricted shares covered by the Award immediately prior to the effective time of the Change in Control will become fully vested and will participate in the Change in Control on the same basis as other outstanding shares of Common Stock. If the terminated Award is in a form other than a restricted stock Award, the holder of the terminated Award will be entitled to receive at the effective time of the Change in Control a single sum payment equal to the excess, if any, of the transaction value of the shares that are then covered by the outstanding Award over the aggregate purchase price or base price, if any, for or with respect to such shares pursuant to the terms of the Award. No consideration will be payable in respect of the termination of an outstanding Option or SAR with an exercise or base price per share that is greater than the transaction value per share. The amount (if any) payable with respect to the termination of an outstanding Award pursuant to this part (ii) will be paid in cash, unless and except to the extent that the parties to the Change in Control agree that some or all of such amount will be payable in the form of freely tradable shares of common stock of the successor or acquiring company (or a parent company thereof).

(c) Definitions.

(i) Change in Control. For the purpose hereof, a “Change in Control” shall be deemed to have occurred upon the happening of any of the following events:

(a) any “person” as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, a subsidiary of the Company, any trustee or other fiduciary holding securities under any employee benefit plan of the Company or any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company), is or becomes, including pursuant to a tender or exchange offer for shares of Common Stock pursuant to which purchases are made, the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 50% or more of the combined voting power of the Company’s then outstanding securities, provided, however, that the provisions of this paragraph (a) shall not be applicable to any acquisition directly from the Company; or

(b) individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”), shall cease for any reason to constitute at least a majority thereof; provided, however, that any individual becoming a director subsequent to the date hereof whose appointment or election by the Board or nomination for election by the Company’s stockholders was approved or recommended by a vote of at least two-thirds (2/3) of the directors then still in office who were either directors on the date hereof, or whose appointment, election or nomination for election was previously so approved or recommended, shall be considered a member of the Incumbent Board, but excluding for this purpose any new director

whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of directors of the Company; or

(c) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) more than 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(d) there is consummated a plan of complete liquidation or dissolution of the Company or there is consummated the sale or disposition by the Company of all or substantially all of the Company's assets, in one transaction or a series of related transactions, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity, more than 50% of the combined voting power of the voting securities of which is owned by stockholders of the Company in substantially the same proportion as their ownership of the Company immediately prior to such sale.

(ii) Cause. For the purposes hereof, the term "Cause" shall have the meaning ascribed to that term (or a term of like import) in a participant's employment agreement or, if such term (or a term of like import) is not defined in the participant's employment agreement or there is no such agreement, then the term "Cause" shall mean (1) a participant's repeated failure or refusal to perform the duties of the participant's employment, consistent with past practice and his or her position and title where such conduct shall not have ceased or been remedied within ten days following written warning from the Company specifying such conduct; (2) the participant's conviction of, or entering a plea of guilty or no contest to, a felony; (3) the participant's performance of any act or the participant's failure to act, for which, if the participant were prosecuted and convicted, a crime or offense involving money or property of the Company would have occurred; (4) the participant's performance of any act or the participant's failure to act which constitutes fraud or a breach of a fiduciary trust, including, without limitation, misappropriation of funds or a material misrepresentation of the Company's operating results or financial condition; (5) any attempt by the participant to secure any personal profit (other than pursuant to the terms of the participant's employment or through the participant's ownership of equity in the Company) in connection with the business of the Company (for example, without limitation, using Company assets to pursue other interests, diverting to the participant or to a third party any business opportunity belonging to the Company, insider trading or taking bribes or kickbacks); (6) the participant's engagement in conduct or activities materially damaging to the property, business or reputation of the Company other than as a result of good faith performance of his duties; (7) the participant's illegal use of controlled substances; (8) any act or omission by the participant involving malfeasance or gross negligence in the performance of the duties of the participant's employment to the material detriment of the Company; or (9) the entry of any order of a court that remains in effect and is not discharged for a period of at least sixty days, which enjoins or otherwise limits or restricts the performance by

the participant of the duties of the participant's employment, relating to any contract, agreement or commitment made by or applicable to the participant in favor of any former employer or any other person.

(iii) Good Reason. For the purposes hereof, the term "Good Reason" shall have the meaning ascribed to that term (or a term of like import) in a participant's employment agreement or, if such term (or a term of like import) is not defined in the participant's employment agreement or there is no such agreement, then the term "Good Reason" shall mean any of the following events that occur, after expiration of any remedy or cure period, (1) a material diminution of the participant's duties and responsibilities that result in a material adverse effect on the participant's status and authority, (2) a change in the principal location of the participant's employment to a location more than fifty (50) miles outside of New York City or its then current other location, except for travel reasonably required as part of such employment, (3) failure to timely pay the participant any salary or bonus when due or (4) any reduction in (i) the participant's annual rate of salary from the highest annual rate of salary in effect during the one-year period prior to the date of the Change of Control or (ii) the amount of annual bonus paid to the participant after the date of the Change in Control in light of the results of operations of the Company for that year compared to the bonus paid for the most recent fiscal year prior to the date of the Change of Control in light of the results of operations of the Company for that year. Notwithstanding the foregoing, in order to terminate for "Good Reason," a participant must specify in writing to the Company (or the successor or acquiring company) the nature of the act or omission that the participant deems to constitute Good Reason and provide the Company (or the successor or acquiring company) 30 days after receipt of such notice to review and, if required, correct the situation (and thus prevent the participant's termination for Good Reason). Notice of termination for Good Reason must be provided, if at all, within 90 days after the occurrence of the event or condition giving rise to such termination.

(d) Section 409A Compliance. Notwithstanding anything to the contrary contained herein or in an Award agreement, if a provision of the Plan or an Award agreement would cause a payment of deferred compensation that is subject to Section 409A of the Code to be made upon the occurrence of a Change in Control, then such payment shall not be made unless such Change in Control also constitutes a "change in ownership", "change in effective control" or "change in ownership of a substantial portion of the Company's assets" within the meaning of Section 409A of the Code. Any payment that would have been made except for the application of the preceding sentence shall be made in accordance with the payment or settlement schedule that would have applied under the Award in the absence of a Change in Control or termination of employment or service, without regard to any future service or performance requirements that otherwise would have applied.

(e) Dividends on Restricted Stock and Deferred Stock. If a dividend is declared with respect to Common Stock, then, unless the Committee determines otherwise at the time an award is granted, the holder of Restricted Stock or an unvested Deferred Stock award will be credited with dividends as if such Restricted Stock or the shares covered by the unvested Deferred Stock award were outstanding and otherwise entitled to participate in such dividend. Dividends with respect to Restricted Stock or an unvested Deferred Stock award will be in the form of additional shares of Restricted Stock or Deferred Stock and/or a right to receive cash, in an amount or having a value equal to the dividend, all as determined by the Committee.

Dividends with respect to Restricted Stock and Deferred Stock awards shall be subject to the same vesting conditions and payment terms as are applicable to the shares of Restricted Stock or Deferred Stock with respect to which such dividends are credited.

10. Tax Withholding; Section 409A Compliance. As a condition to the exercise of any award, the delivery of any shares of Common Stock pursuant to any award, the lapse of restrictions on any award or the settlement of any award, or in connection with any other event that gives rise to a federal or other governmental tax withholding obligation on the part of the Company or an affiliate relating to an award (including, without limitation, an income tax deferral arrangement pursuant to which employment tax is payable currently), the Company and/or the affiliate may (a) deduct or withhold (or cause to be deducted or withheld) from any payment or distribution to an award recipient whether or not pursuant to the Plan or (b) require the recipient to remit cash (through payroll deduction or otherwise), in each case in an amount sufficient in the opinion of the Company to satisfy such withholding obligation. If the event giving rise to the withholding obligation involves a transfer of shares of Common Stock, then, at the sole discretion of the Committee, the recipient may satisfy the withholding obligation described under this Section 10 by electing to have the Company withhold shares of Common Stock or by tendering previously-owned shares of Common Stock, in each case having a Fair Market Value equal to the amount of tax to be withheld (or by any other mechanism as may be required or appropriate to conform with local tax and other rules). It is intended that awards made under the Plan, including any deferred payment or settlement terms and conditions shall be structured, applied and interpreted in a manner that complies with Section 409A of the Code. Notwithstanding the foregoing, each participant shall be solely responsible for the tax consequences associated with awards made to such participant under the Plan and no participant shall have a claim against the Company by reason of an award being subject to Section 409A of the Code.

11. Fair Market Value. For purposes of the Plan, “Fair Market Value” shall mean the fair market value of the Common Stock as determined in good faith by the Committee or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of the Common Stock as of any given date shall be the closing sale price per share of Common Stock reported on a consolidated basis for securities listed on the principal stock exchange or market on which the Common Stock is traded on the date as of which such value is being determined or, if there is no sale on that day, then on the last previous day on which a sale was reported.

12. Amendment and Termination of the Plan. Except as may otherwise be required by law or the requirements of any stock exchange or market upon which the Common Stock may then be listed, the Board, acting in its sole discretion and without further action on the part of the stockholders of the Company, may amend the Plan at any time and from time to time and may terminate the Plan at any time. No amendment or termination may affect adversely any outstanding award without the written consent of the award recipient.

13. General Provisions.

(a) Compliance with Law. The Company shall not be obligated to issue or deliver shares of Common Stock pursuant to the Plan unless the issuance and delivery of such

shares complies with applicable law, including, without limitation, the Securities Act, the Securities Exchange Act of 1934, as amended, and the requirements of any stock exchange or market upon which the Common Stock may then be listed, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

(b) Transfer Orders; Placement of Legends. All certificates for shares of Common Stock delivered under the Plan shall be subject to such stock-transfer orders and other restrictions as the Company may deem advisable under the rules, regulations, and other requirements of the Securities and Exchange Commission, any stock exchange or market upon which the Common Stock may then be listed, and any applicable federal or state securities law. The Company may cause a legend or legends to be placed on any such certificates to make appropriate reference to such restrictions.

(c) No Rights Conferred. Nothing contained herein shall be deemed to give any individual a right to receive an award under the Plan or to be retained in the employ or service of the Company or any affiliate.

(d) Decisions and Determinations to be Final. Any decision or determination made by the Board pursuant to the provisions hereof and, except to the extent rights or powers under the Plan are reserved specifically to the discretion of the Board, all decisions and determinations of the Committee are final and binding.

(e) Nonexclusivity of the Plan. No provision of the Plan, and neither its adoption by the Board or submission to the stockholders for approval, shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable.

14. Governing Law. The Plan and each award agreement or other document evidencing an award shall be governed by the laws of the State of Delaware, without regard to its principles of conflict of laws.

15. Term of the Plan. The Plan shall become effective on the date on which it is approved by the Company's stockholders (the "Effective Date"). Unless sooner terminated by the Board, the Plan shall terminate on the tenth anniversary of the Effective Date. The rights of any person with respect to an award made under the Plan that is outstanding at the time of the termination of the Plan shall not be affected solely by reason of the termination of the Plan and shall continue in accordance with the terms of the award and of the Plan, as each is then in effect or is thereafter amended.

AMENDED AND RESTATED FINANCING AGREEMENT

The CIT Group/Commercial Services, Inc.
(as Agent)

the Lenders that are parties hereto

and

G-III Leather Fashions, Inc.,
J. Percy for Marvin Richards, Ltd.

CK Outerwear, LLC

A. Marc & Co., Inc.

and

Andrew & Suzanne Company Inc.
(as Borrowers)

Dated: April 3, 2008

TABLE OF CONTENTS

	<u>Page</u>
SECTION	
1. Definitions	2
1.1. Defined Terms	2
SECTION	
2. Conditions Precedent	26
2.1. Conditions Precedent to Initial Funding	26
SECTION	
3. Revolving Loans and Collections	30
3.1. Funding Conditions and Procedures	30
3.2. Handling of Proceeds of Collateral; Cash Dominion	32
3.3. Collective Borrowing Arrangement; Revolving Loan Account	33
3.4. Repayment of Overadvances	33
3.5. Application of Proceeds of Collateral	34
3.6. Monthly Statement	34
3.7. Access to CIT's System	35
SECTION	
4. [RESERVED]	35
SECTION	
5. Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases	36
5.1. Assistance and Purpose	36
5.2. Authority to Charge Revolving Loan Account	37
5.3. Indemnity Relating to Letters of Credit and Bankers Acceptances	37
5.4. Compliance of Goods, Documents and Shipments with Agreed Terms	37
5.5. Handling of Goods, Documents and Shipments	38
5.6. Compliance with Laws; Payment of Levies and Taxes	38
5.7. Subrogation Rights	39
5.8. Risk Participation	39
SECTION	
6. Collateral	39
6.1. Grant of Security Interest	39
6.2. Limited License	40
6.3. Representations, Covenants and Agreements Regarding Collateral Generally	40
6.4. Representations Regarding Accounts and Inventory	40
6.5. Covenants and Agreements Regarding Accounts and Inventory	41
6.6. Covenants and Agreements Regarding Equipment	42
6.7. General Intangibles	42
6.8. Commercial Tort Claims	42
6.9. Letter of Credit Rights	43
6.10. Intentionally Omitted.	43
6.11. Reference to Other Loan Documents	43
6.12. Credit Balances; Additional Collateral	43

	<u>Page</u>
SECTION	
7. Representations, Warranties and Covenants	44
7.1. Initial Disclosure Representations and Warranties	44
7.2. Affirmative Covenants	46
7.3. Financial Covenants	56
7.4. Negative Covenants	57
7.5. Licensor Consent Letters	60
7.6. Landlord Waivers	60
7.7. Excluded Subsidiaries	61
7.8. Foreign Subsidiaries	61
SECTION	
8. Interest, Fees and Expenses	61
8.1. Interest	61
8.2. Default Interest Rate	61
8.3. Fees and Expenses Relating to Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases	62
8.4. Out-of-Pocket Expenses	62
8.5. Line of Credit Fee; Charging of Interest and Fees	62
8.6. Intentionally Omitted	62
8.7. Fee Letter	62
8.8. Standard Operational Fees	62
8.9. LIBOR Loans	63
8.10. LIBOR Breakage Costs and Fees	65
8.11. Early Termination Fee	65
8.12. Capital Adequacy	65
8.13. Taxes, Reserves and Other Conditions	66
8.14. Authority to Charge Revolving Loan Account	66
SECTION	
9. Powers	67
9.1. Authority	67
9.2. Limitations on Exercise	67
SECTION	
10. Events of Default and Remedies	67
10.1. Events of Default	67
10.2. Remedies With Respect to Outstanding Loans	69
10.3. Remedies With Respect to Collateral	70
10.4. Application of Proceeds	71
10.5. General Indemnity	71
SECTION	
11. Termination	72
SECTION	
12. Miscellaneous	72
12.1. Waivers	72
12.2. Entire Agreement; Amendments	73
12.3. Usury Limit	73
12.4. Severability	73
12.5. WAIVER OF JURY TRIAL; SERVICE OF PROCESS	73
12.6. Notices	74
12.7. Joint and Several Liability	75
12.8. CHOICE OF LAW	76

	<u>Page</u>
SECTION	
13. Agreements Regarding the Lenders	76
13.1. Copies of Statements and Financial Information	76
13.2. Payments of Principal, Interest and Fees	76
13.3. Defaulting Lender	76
13.4. Participations and Assignments	76
13.5. Sharing of Liabilities	77
13.6. Exercise of Setoff Rights	78
13.7. Confidentiality	78
13.8. Register	79
SECTION	
14. Agency	80
14.1. Appointment of Agent; Powers	80
14.2. Delegation of Agent's Duties	80
14.3. Disclaimer of Agent's Liabilities	80
14.4. Reliance and Action by Agent	81
14.5. Events of Default	81
14.6. Lenders' Due Diligence	82
14.7. Right to Indemnification	82
14.8. Other Transactions	82
14.9. Resignation of Agent	82
14.10. Voting Rights; Agent's Discretionary Rights	83
14.11. Deemed Consent	84
14.12. Survival of Agreements of the Lenders	84

EXHIBITS

Exhibit A	Form of Assignment and Transfer Agreement
Exhibit B	Form of Revolving Loan Promissory Note
Exhibit D	Form of Compliance Certificate
Exhibit E	Form of Borrowing Base Certificate
Exhibit F	Form Continuing Agreement for Issuance of Steamship Guaranties and Airway Releases
Exhibit H	Form of Available to Sell Report Designated in Dollars
Exhibit I	Form of Inventory Analysis Report
Exhibit J	Form of Key item Report
Exhibit 7.5	Form of Licensor Consent Letters
Exhibit 7.6	Form of Landlord Waiver Letters

SCHEDULES

Schedule 1.1(a)	Existing Indebtedness
Schedule 1.1(c)	Existing Bankers Acceptances
Schedule 1.1(d)	Existing Letters of Credit
Schedule 1.1(e)	Excluded Subsidiaries
Schedule 1.1(b)	Description of Real Estate
Schedule 7.1(b)	Companies and Collateral Information
Schedule 7.1(f)	Environmental Matters
Schedule 7.1(i)	Taxes
Schedule 7.1(k)	Labor Matters
Schedule 7.5	Licensor Consent Letters
Schedule 7.6	Landlord Waivers

THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation, (“CIT”) with offices located at 11 West 42nd Street, New York, New York 10036, (CIT and any other entity presently or hereafter becoming a Lender hereunder pursuant to Section 13.4(b) of this Financing Agreement, are collectively referred to as the “Lenders” and individually as a “Lender”), and CIT, as the Agent for the Lenders (the “Agent”), are pleased to confirm the terms and conditions under which the Lenders, acting through the Agent, shall make revolving loans and other financial accommodations to G-III Leather Fashions, Inc., a New York corporation (“G-III Inc.”), J. Percy for Marvin Richards, Ltd., a New York corporation (“JPMR”), CK Outerwear, LLC, a New York limited liability company (“CKO”), A. Marc & Co., Inc., a New York corporation (“AMC”) and Andrew & Suzanne Company Inc., a New York corporation (“A&S”) and together with G-III Inc., JPMR, CKO and AMC, individually a “Company” and collectively, the “Companies”).

RECITALS

WHEREAS, each of G-III Inc., JPMR and CKO (the “Original Companies”) were parties to the that certain Financing Agreement (as amended by letter agreement dated as of August 1, 2005, Amendment No. 2 to Financing Agreement dated as of February 24, 2006, Amendment No. 3 to Financing Agreement dated as of July 26, 2006, Amendment No. 4 to Financing Agreement dated as of March 5, 2007, and as otherwise amended, supplemented or modified prior to the date hereof, the “Original Financing Agreement”) dated as of July 11, 2005 (the “Original Closing Date”) and related agreements and documents pursuant to which CIT and the other Lenders extended to the Original Companies a Revolving Line of Credit in an amount of up to \$165,000,000 in the aggregate and a Term Loan in the aggregate amount of \$30,000,000; and

WHEREAS, pursuant to Purchase Agreement dated as of February 11, 2008, G-III Inc. acquired 100% of the issued and outstanding shares of the capital stock of AM Apparel Holdings, Inc., a Delaware corporation and the owner of 100% of the issued and outstanding shares of the capital stock of each of AMC and A&S; and

WHEREAS, each of AMC and A&S desires to become a party to the Original Financing Agreement and obtain Revolving Loans from the Lenders from time to time thereunder, which Agent and Lenders are willing to do on the terms and conditions hereafter set forth; and

WHEREAS, pursuant to certain Assignment and Transfer Agreements by and among CIT and other Lenders dated various dates, a portion of the Commitment of CIT was assigned to other Lenders and, as of the date hereof, after giving effect to this Financing Agreement, the respective Commitment of each of the Lenders is as set forth on the signature page hereof; and

WHEREAS, the Companies have requested the Agent and the Lenders to (i) increase the Revolving Line of Credit to up to \$250,000,000, a portion of which would be used on the Closing Date to repay, in full, the Term Loan, and (ii) make certain modifications to the terms and conditions set forth in the Original Financing Agreement; and

WHEREAS, under the terms and conditions hereof the Agent and the Lenders have agreed to increase the Revolving Line of Credit as requested by the Companies, and make certain other modifications to the terms and conditions of the Original Financing Agreement, and each of the parties hereto desires to amend and restate the Original Financing Agreement, all as provided herein.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, the Companies, Agent and Lenders hereby agree as follows:

AMENDMENT AND RESTATEMENT

As of the date of this Amended and Restated Financing Agreement among the Companies, Agent and Lenders (the "Financing Agreement"), the terms, conditions, covenants, agreements, representations and warranties contained in the Original Financing Agreement shall be deemed amended and restated in their entirety as follows and the Original Financing Agreement shall be consolidated with and into and superseded by this Financing Agreement without breaking continuity; provided, however, that nothing contained in this Financing Agreement shall impair, limit or affect the security interests heretofore granted, pledged and or assigned to Agent as security for the Obligations under the Original Financing Agreement and this Financing Agreement does not constitute a novation of the Original Financing Agreement or the security interests granted in connection therewith.

SECTION 1. DEFINITIONS

1.1. Defined Terms. As used in this Financing Agreement:

Accounts shall mean any and all of the Companies' present and future: (a) accounts (as defined in the UCC), including without limitation, Due from Factor Receivables; (b) instruments, documents, chattel paper (including electronic chattel paper) (all as defined in the UCC); (c) unpaid seller's or lessor's rights (including rescission, replevin, reclamation, repossession and stoppage in transit) relating to the foregoing or arising therefrom; (d) rights to any goods represented by any of the foregoing, including rights to returned, reclaimed or repossessed goods; (e) reserves and credit balances arising in connection with or pursuant to this Financing Agreement; (f) guaranties, other supporting obligations, payment intangibles and letter of credit rights (all as defined in the UCC); (g) insurance policies or rights relating to any of the foregoing; (h) general intangibles pertaining to any of the foregoing (including rights to payment, including those arising in connection with bank and non-bank credit cards), and all books and records and any electronic media and software relating thereto; (i) notes, deposits or other property of the Companies' account debtors securing the obligations owed by such account debtors to the Companies; and (j) all Proceeds of any of the foregoing.

Accounts Receivable Aging Report shall mean a summary account receivable trial balance showing accounts receivable of the Companies as of the last day of the preceding week (in the case of a weekly report) or month (in the case of a monthly report) outstanding from the due date set forth in the invoice in the following categories: future, current, 1-30 days; 31-60 days; 61-90 days; and 90 days and over.

Affiliate shall mean as to any Person, any other Person that directly or indirectly controls, or is under common control with, or is controlled by, such Person. As used in this definition, "control" (including, with its correlative meanings, "controlled by" and "under common control

with”) shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided, that, in any event: (i) any Person that owns directly or indirectly securities having 5% or more (with respect to any corporation other than the Parent) or 15% or more (with respect to the Parent) of the ordinary voting power for the election of directors or other governing body of a corporation or 5% or more of the partnership or other ownership interests of any Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person; and (ii) each shareholder, director and officer of the Companies shall be deemed to be an Affiliate of the Companies.

Agent’s Bank Account shall mean the Agent’s bank account at JPMorgan Chase Bank (or its successor) in New York, New York.

Airway Releases shall mean airway releases agreed to be issued or caused to be issued by Agent pursuant to the Continuing Agreement for Issuance of Steamship Guaranties and Airway Releases.

Applicable Margin shall mean, with respect to (a) the Revolving Loans, minus 0.25% for Chase Bank Rate Loans and 2.00% for LIBOR Loans, (b) standby Letters of Credit, 1.50%, (c) documentary Letters of Credit, 0.125%, or (d) Bankers Acceptances, Airway Releases and Steamship Guaranties, CIT’s discount rate plus 2.50%.

Asset Securitization shall mean with respect to any Person, a transaction involving the sale or transfer of receivables by such Person to an SPV; provided, however, that the Person may (A) establish and maintain a reserve account containing Cash or Securities as a credit enhancement in respect of any such sale, or (B) purchase or retain a subordinated interest in such receivables being sold.

Asset Securitization Recourse Liability shall mean with respect to any Person, the maximum amount of such Person’s liability (whether matured or contingent) under any agreement, note or other instrument in connection with any one or more Asset Securitizations in which such Person has agreed to repurchase receivables or other assets, to provide direct or indirect credit support (whether through cash payments, the establishment of reserve accounts containing Cash or Securities, an agreement to reimburse a provider of a letter of credit for any draws thereunder, the purchase or retention of a subordinated interest in such receivables or other assets, or other similar arrangements), or in which such person may be otherwise liable for all or a portion of any SPV’s obligations under Securities issued in connection with such Asset Securitizations.

Assignment and Transfer Agreement shall mean the Assignment and Transfer Agreement in the form of Exhibit A attached hereto.

Assignment of Factoring Proceeds Agreement shall mean the Amended and Restated Intercreditor Agreement and Assignment of Factoring Proceeds dated as of the Closing Date, among Factor, the Agent and the Companies, pursuant to which, inter alia, (a) each of the Companies assigns and transfers to the Agent, on its behalf and on behalf of the Lenders, all of their rights to the proceeds or monies due them under the Factoring Agreement, (b) the Agent, on

its behalf and on behalf of the Lenders, subordinates to Factor its lien upon all Accounts (and related interests and proceeds) purchased by Factor under the Factoring Agreement and (c) the Factor subordinates to the Agent and the Lenders its lien upon all other assets of the Companies.

Attributable Indebtedness shall mean on any date, (a) in respect of any Capitalized Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with generally accepted accounting principles, and (b) in respect of any Synthetic Lease Obligation, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with generally accepted accounting principles if such lease were accounted for as a Capitalized Lease.

Availability Reserve shall mean an amount equal to the sum of:

(a) any reserve which the Agent may establish from time to time pursuant to the express terms of this Financing Agreement, including without limitation, for any customer disputes, unpaid ad valorem taxes, including sales taxes, plus

(b) (i) three (3) months rental payments or similar charges for each Company's leased premises or other Collateral locations for which such Company has not delivered to the Agent a landlord's waiver in form and substance reasonably satisfactory to the Agent, and (ii) three (3) months estimated payments (plus any other fees or charges owing by any Company) to any applicable warehousemen or third party processor (as determined by the Agent in the exercise of its reasonable business judgment), provided that any of the foregoing amounts shall be adjusted from time to time hereafter upon (x) delivery to the Agent of any such acceptable waiver, (y) the opening or closing of a Collateral location and/or (z) any change in the amount of rental, storage or processor payments or similar charges; plus

(c) at the option of the Agent, a monthly reserve for accrued interest on LIBOR Loans having an Interest Period of more than 30 days; plus

(d) such other reserves against Net Availability as the Agent deems necessary in the exercise of its sole and absolute discretion, including without limitation with respect to Inventory which is not subject to a licensor consent letter in the form of Exhibit 7.5; provided, however, that, in determining the amount of any such Availability Reserve, the Agent shall take into account the terms of any letter, consent or agreement as may actually be provided to the Agent from the relevant licensor but which, in the Agent's judgment, is less favorable to the Agent than that contained in Exhibit 7.5.

Banking Services means each and any of the following bank services provided to any Company by any Lender or any of such Lender's Affiliates:

(a) commercial credit cards, purchasing cards or other similar charge cards, (b) stored value cards and (c) treasury management services (including, without limitation, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

Banking Services Obligations of the Companies means any and all obligations of the Companies, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

Bankers Acceptance shall mean, at any time, a time draft that has been presented and accepted by the Issuing Bank in connection with a documentary Letter of Credit, and with respect to which the beneficiary of such Letter of Credit has received payment at a discount, or will receive payment at a later date, and for which the Issuing Bank has not received payment or reimbursement from a Company. Without limiting the foregoing, as used herein the term Bankers Acceptances shall include the Existing Bankers Acceptances.

Borrowing Base shall mean, at any time:

(a) the sum at such time of: (i) eighty-five percent (85%) of the Companies' aggregate outstanding Eligible Accounts Receivable; plus (ii) the lesser of (x) the sum of (I) fifty percent (50%) of the aggregate value of the Companies' Eligible Inventory, valued at the lower of cost or market on a first in, first out basis and (II) fifty percent (50%) of the undrawn amount of trade Letters of Credit with respect to finished goods Inventory acceptable to the Agent in the exercise of the Agent's reasonable business judgment or (y) \$100,000,000; plus (iii) Invested Cash plus (iv) the Supplemental Amount; less

(b) the aggregate amount of the Availability Reserve in effect at such time.

Borrowing Base Certificate shall mean a fully-completed Certificate in the form of Exhibit E hereto.

Business Day shall mean any day on which the Agent and JPMorgan Chase Bank are open for business in New York, New York; provided that, when used in connection with a LIBOR Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

Capital Expenditures shall mean, for any period, the aggregate amount of all payments made during such period by any Person directly or indirectly for the purpose of acquiring, constructing or maintaining fixed assets, real property or equipment that, in accordance with generally accepted accounting principles, would be added as a debit to the fixed asset account of such Person, including, without limitation, all amounts paid or payable during such period with respect to interest that are required to be capitalized in accordance with generally accepted accounting principles.

Capitalized Lease shall mean any lease, the obligations to pay rent or other amounts under which constitute Capitalized Lease Obligations.

Capitalized Lease Obligations shall mean as to any person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and /or personal property which obligations are required to be classified and accounted for as a Capitalized Lease on a balance sheet of such Person under generally accepted accounting principles and, for purpose hereof, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with generally accepted accounting principles.

Cash shall mean as to any Person, such Person's cash and cash equivalents, as defined in accordance with generally accepted accounting principles consistently applied.

Cash Collateral Account shall have the meaning set forth in Section 5.1 hereof.

Cash Equivalents shall have the meaning set forth in Section 5.1 hereof.

Casualty Proceeds shall mean (a) payments or other proceeds from an insurance carrier with respect to any loss, casualty or damage to Collateral, and (b) payments received on account of any condemnation or other governmental taking of any of the Collateral.

Chase Bank Rate shall mean the rate of interest per annum announced by JPMorgan Chase Bank (or its successor) from time to time as its "prime rate" in effect at its principal office in New York City. (The prime rate is not intended to be the lowest rate of interest charged by JPMorgan Chase Bank to its borrowers).

Chase Bank Rate Loans shall mean any loans or advances made pursuant to this Financing Agreement that bear interest based upon the Chase Bank Rate.

CIT's System shall mean the Agent's internet-based loan accounting and reporting system.

Closing Date shall mean the date on which this Financing Agreement is executed by the Companies, the Agent and the Lenders that initially are parties hereto, and delivered to the Agent.

Collateral shall mean, collectively, all present and future Accounts, Equipment, Inventory and other Goods, Documents of Title, General Intangibles, Investment Property, Real Estate and Other Collateral.

Commitment shall mean, as to each Lender, the amount of the Commitment for such Lender set forth on the signature page to this Financing Agreement or in the Assignment and Transfer Agreement to which such Lender is a party, as such amount may be reduced or increased in accordance with the provisions of Section 13.4(b) or any other applicable provision of this Financing Agreement.

Compliance Certificate shall mean the fully-completed certificate in the form of Exhibit D hereto.

Confidential Information shall have the meaning provided for in Section 13.7 of this Agreement.

Consolidated Balance Sheet shall mean a consolidated balance sheet for Parent and its Subsidiaries, eliminating all intercompany transactions and prepared in accordance with GAAP.

Consolidating Balance Sheet shall mean a Consolidated Balance Sheet of Parent and its Subsidiaries plus individual balance sheets for the Companies, showing all eliminations of intercompany transactions and prepared in accordance with GAAP.

Continuing Agreement for Issuance of Steamship Guaranties and Airway Releases shall mean and refer to the agreement attached hereto as Exhibit F.

Copyrights shall mean all of the Companies' present and hereafter acquired copyrights, copyright registrations, recordings, applications, designs, styles, licenses, marks, prints and labels bearing any of the foregoing, all reissues and renewals thereof, all licenses thereof, all other general intangible, intellectual property and other rights pertaining to any of the foregoing, together with the goodwill associated therewith, and all income, royalties and other Proceeds of any of the foregoing.

Default shall mean any event specified in Section 10.1 hereof, regardless of whether any requirement for the giving of notice, the lapse of time, or both, or any other condition, event or act, has occurred or been satisfied.

Default Rate of Interest shall mean a rate of interest (which the Agent and the Lenders shall be entitled to charge the Companies in the manner set forth in Section 8.2 of this Financing Agreement) equal to (a) in respect of the principal amount of any Revolving Loan, two percent (2%) per annum plus the interest rate accruing on such Revolving Loan pursuant to Section 8.1 hereof and (b) in respect of any other Obligation, two percent (2%) per annum plus the Chase Bank Rate.

Depository Account shall mean each bank account (and the related lockbox, if any) subject to the Agent's control that is established by the Agent or the Companies pursuant to Section 2.1(j) or Section 3.2(c) of this Financing Agreement.

Depository Account Control Agreement shall mean a three-party agreement in form and substance satisfactory to the Agent among the Agent, the applicable Company and the bank which will maintain a Depository Account, (a) which provides the Agent with control of such Depository Account and provides for the transfer of funds in a manner consistent with the provisions of Section 3.2(b) of this Financing Agreement, and (b) pursuant to which such bank agrees that (x) all cash, checks, wires and other items received or deposited into the Depository Account are the property of the Agent, for the benefit of the Agent and the Lenders, and (y) except as otherwise provided in the Depository Account Control Agreement, such bank has no lien upon, or right of set off against, the Depository Account and any cash, checks, wires and other items from time to time on deposit therein.

Dilution Percentage shall mean, with respect to the Companies in the aggregate during any period of measurement, the quotient (expressed as a percentage) obtained by dividing (a) the aggregate amount of the Companies' non-cash reductions against Trade Accounts Receivable, during such period, by (b) the aggregate amount of the Companies' gross sales during such period, as determined by the Agent in the exercise of its reasonable business judgment. The Dilution Percentage shall be determined by the Agent based on its reviews of the periodic financial and collateral reports submitted by the Companies to the Agent as well as the results of the periodic field examinations of the Companies conducted by the Agent from time to time. The period of measurement for calculating the Dilution Percentage shall be determined by the Agent from time to time in the exercise of its reasonable business judgment.

Documentation Fees shall mean the Agent's standard fees for the use of the Agent's in-house legal department relating to any and all modifications, waivers, releases, legal file reviews or additional collateral with respect to this Financing Agreement, the Collateral and/or the Obligations.

Documents of Title shall mean all present and future documents (as defined in the UCC), and any and all warehouse receipts, bills of lading, shipping documents, chattel paper, instruments and similar documents, all whether negotiable or non-negotiable, together with all Inventory and other Goods relating thereto, and all Proceeds of any of the foregoing.

Domestic Subsidiary shall mean a Subsidiary that is organized under the laws of the United States of America or any State thereof

Due from Factor Receivables shall mean amounts due from Factor with respect to Trade Accounts Receivable generated in the ordinary course of business of the Companies which are purchased in each case by Factor under the Factoring Agreement and are and continue to be subject to the Assignment of Factoring Proceeds Agreement and which are and continue to be credit approved by Factor. In addition (but without duplication of the foregoing), Trade Accounts Receivable that are purchased and not credit approved by Factor under the relevant Factoring Agreement may be deemed Due from Factor Receivables if such Trade Accounts Receivable are subject to a valid, exclusive, first priority and fully perfected security interest in favor of the Agent (subject only to the Lien of the Factor), for the benefit of the Agent and the Lenders, and conform to the warranties contained herein and which, at all times, continue to be acceptable to the Agent in the exercise of its reasonable business judgment, less, without duplication, the sum of:

(a) actual returns, discounts, claims, credits and allowances of any nature (whether issued, owing, granted, claimed or outstanding), plus

(b) reserves for such Trade Accounts Receivable that arise from, or are subject to or include: (i) sales to the United States of America, any state or other governmental entity or to any agency, department or division thereof, except for any such sales as to which the Companies have complied with the Assignment of Claims Act of 1940 or any other applicable statute, rules or regulation to the Agent's satisfaction in the exercise of its reasonable business judgment; (ii) foreign sales, other than sales which otherwise comply with all of the other criteria for eligibility hereunder and are (x) secured by letters of credit (in form and substance satisfactory to the Agent) issued or confirmed by, and payable at, banks acceptable to the Agent having a place of business in the United States of America, or (y) to customers residing in Canada, provided that such Accounts are payable in United States Dollars; (iii) Accounts that remain unpaid more than the earlier of ninety (90) days from invoice date or sixty (60) days from due date; (iv) contra accounts; (v) sales to (A) Parent, (B) any Subsidiary of any Company, (C) any 15% or greater shareholder of Parent, any Company or any Subsidiary of any Company or (D) any other Person otherwise Affiliated with Parent, any Company or any Subsidiary of any Company; (vi) bill and hold (deferred shipment) or consignment sales; (vii) sales to any customer which is either (w) insolvent, (x) the debtor in any bankruptcy, insolvency, arrangement, reorganization, receivership or similar proceedings under any federal or state law, (y) negotiating, or has called a meeting of its creditors for purposes of negotiating, a compromise of its debts, or (z) financially

unacceptable to the Agent or has a credit rating unacceptable to the Agent; (viii) all sales to any customer if fifty percent (50%) or more of the aggregate dollar amount of all outstanding invoices to such customer are unpaid more than the earlier of ninety (90) days from invoice date or sixty (60) days from due date; (ix) sales to any customer and/or its affiliates to the extent the aggregate outstanding amount of such sales at any time exceed twenty percent (20%) or more of all Eligible Accounts Receivable at such time; (x) pre-billed receivables and receivables arising from progress billings; and (xi) sales not payable in United States currency; plus

(c) reserves established by the Agent to account for increases in the Companies' Dilution Percentage above the Companies' historical Dilution Percentage, and such other reserves against Trade Accounts Receivable as the Agent deems necessary in the exercise of its reasonable business judgment and which are customary either in the commercial finance industry or in the lending practices of the Agent or the Lenders; plus

(d) Trade Accounts Receivable (i) with respect to which any check or other instrument of payment has been returned uncollected for any reason; (ii) evidenced by any promissory note, chattel paper or instrument; (iii) that do not comply in all material respects with the requirements of all applicable laws and regulations; and (iv) which represent a sale on a bill-and-hold, guaranteed sale, sale-and-return, consignment which is billed prior to actual sale to the end user, cash-on-delivery or any other repurchase or return basis.

Early Termination Date shall mean a date prior to the Termination Date on which the Companies prepay the entire Revolving Loan and terminate this Financing Agreement or the Revolving Line of Credit (within two years of the Closing Date).

Early Termination Fee shall mean an amount equal to the product obtained by multiplying (a) the sum of the average daily principal amount of the Revolving Loans and average undrawn amount of Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases (each calculated from the Closing Date through the Early Termination Date) times (b) (i) one percent (1.0%) if the Early Termination Date occurs on or before the first anniversary of the Closing Date, and (ii) one half of one percent (0.50%) if the Early Termination Date occurs after the first anniversary of the Closing Date but on or before the second anniversary of the Closing Date.

EBITDA shall mean, for any period, (a) all earnings of Parent and its Subsidiaries on a consolidated basis for such period (b) before all interest, tax obligations, depreciation and amortization expense, any other non-cash charges of Parent and its Subsidiaries on a consolidated basis for such period, all determined in conformity with GAAP on a basis consistent with the latest audited financial statements of Parent and its Subsidiaries, (c) but, for all periods, excluding the effect of any extraordinary and/or nonrecurring gains or losses for such period.

Electronic Transmission shall have the meaning given to such term in Section 7.2(g) of this Financing Agreement.

Eligible Accounts Receivable shall mean, as to any Company, the gross amount of such Company's Due from Factor Receivables plus (without duplication of any Due from Factor Receivables) the amount of such Company's Eligible Trade Accounts Receivable.

Eligible Assignee shall mean (i) a Lender; (ii) an Affiliate of a Lender; and (iii) subject to the prior approval of the Agent and, so long as no Event of Default shall have occurred and be continuing, the Companies, such approval by the Agent or the Companies not to be unreasonably withheld or delayed, (A) a commercial bank organized under the laws of the United States of America, or any State thereof, and having total assets in excess of \$500,000,000; (B) a savings association or savings bank organized under the laws of the United States of America, or any State thereof, and having total assets in excess of \$500,000,000; (C) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development ("OECD") or has included special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrower or of the Cayman Islands, or a political subdivision of any such country, and having total assets in excess of \$500,000,000, so long as such bank is acting through a branch or agency located in the United States of America; (D) the central bank of any country that is a member of the OECD; and (E) a finance company, insurance company or other financial institution or fund (whether a corporation, partnership, trust or other entity) that is engaged in making, purchasing or otherwise investing in commercial loans (of a size similar to the Loans) in the ordinary course of its business and having total assets in excess of \$500,000,000; provided, however, that neither any Company nor any Affiliate of any Company shall qualify as an Eligible Assignee under this definition.

Eligible Inventory shall mean the gross amount of the Companies' Inventory that is subject to a valid, exclusive, first priority and fully perfected security interest in favor of the Agent, for the benefit of the Agent and the Lenders, and which conforms to the warranties contained herein, is marketable in the ordinary course of the Companies' business, has not been produced in violation of applicable law and which, at all times continues to be acceptable to the Agent in the exercise of its reasonable business judgment, less, without duplication, (a) all work-in-process, (b) raw materials and supplies, (c) all Inventory not present in the United States of America, (d) all Inventory returned or rejected by the Companies' customers (other than goods that are undamaged and resalable in the normal course of business) and goods to be returned to the Companies' suppliers, (e) all Inventory in transit or in the possession of a warehouseman, bailee, third party processor, or other third party, unless such warehouseman, bailee or third party has executed a notice of security interest agreement (in form and substance satisfactory to the Agent) and such other documents as the Agent may require, (f) perishables, and (g) the amount of such other reserves against Inventory as the Agent deems necessary in the exercise of its reasonable business judgment, including, without limitation, reserves for special order, licensed or private label goods, discontinued, slow-moving and obsolete Inventory, market value declines, bill and hold (deferred shipment), Inventory purchased by the Companies on consignment or sold by the Companies on consignment, shrinkage and any applicable customs, freight, duties and Taxes.

Eligible Trade Accounts Receivables shall mean the Trade Accounts Receivable of a Company that are subject to a valid, exclusive, first priority and fully perfected security interest in favor of the Agent, for the benefit of the Agent and the Lenders, and conform to the warranties contained herein and which, at all times, continue to be acceptable to the Agent in the exercise of its reasonable business judgment, less, without duplication, the sum of:

- (a) actual returns, discounts, claims, credits and allowances of any nature (whether issued, granted, claimed or outstanding), plus
- (b) reserves for such Trade Accounts Receivable that arise from, or are subject to or include: (i) sales to the United States of America, any state or other governmental entity or to any agency, department or division thereof, except for any such sales as to which the Companies have complied with the Assignment of Claims Act of 1940 or any other applicable statute, rules or regulation to the Agent's satisfaction in the exercise of its reasonable business judgment; (ii) foreign sales, other than sales which otherwise comply with all of the other criteria for eligibility hereunder and are (x) secured by letters of credit (in form and substance satisfactory to the Agent) issued or confirmed by, and payable at, banks acceptable to the Agent having a place of business in the United States of America, or (y) to customers residing in Canada, provided that such Accounts are payable in United States Dollars; (iii) Accounts that remain unpaid more than the earlier of ninety (90) days from invoice date or sixty (60) days from due date; (iv) contra accounts; (v) sales to (A) Parent, (B) any Subsidiary of any Company, (C) any 15% or greater shareholder of Parent, any Company or any Subsidiary of any Company or (D) any other Person otherwise Affiliated with Parent, any Company or any Subsidiary of any Company; (vi) bill and hold (deferred shipment) or consignment sales; (vii) sales to any customer which is either (w) insolvent, (x) the debtor in any bankruptcy, insolvency, arrangement, reorganization, receivership or similar proceedings under any federal or state law, (y) negotiating, or has called a meeting of its creditors for purposes of negotiating, a compromise of its debts, or (z) financially unacceptable to the Agent or has a credit rating unacceptable to the Agent; (viii) all sales to any customer if fifty percent (50%) or more of the aggregate dollar amount of all outstanding invoices to such customer are unpaid more than the earlier of ninety (90) days from invoice date or sixty (60) days from due date; (ix) sales to any customer and/or its affiliates to the extent the aggregate outstanding amount of such sales at any time exceed twenty percent (20%) or more of all Eligible Accounts Receivable at such time; (x) pre-billed receivables and receivables arising from progress billings; and (xi) sales not payable in United States currency; plus
- (c) reserves established by the Agent to account for increases in the Companies' Dilution Percentage above the Companies' historical Dilution Percentage, and such other reserves against Trade Accounts Receivable as the Agent deems necessary in the exercise of its reasonable business judgment and which are customary either in the commercial finance industry or in the lending practices of the Agent or the Lenders; plus
- (d) Trade Accounts Receivable (i) with respect to which any check or other instrument of payment has been returned uncollected for any reason; (ii) evidenced by any promissory note, chattel paper or instrument; (iii) that do not comply in all material respects with the requirements of all applicable laws and regulations; and (iv) which represent a sale on a bill-and-hold, guaranteed sale, sale-and-return, consignment which is billed prior to actual sale to the end user, cash-on-delivery or any other repurchase or return basis.

Equipment shall mean all of the Companies' present and hereafter acquired equipment (as defined in the UCC) including, without limitation, all machinery, equipment, rolling stock, furnishings and fixtures, and all additions, substitutions and replacements thereof, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto and all Proceeds of any of the foregoing.

ERISA shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder from time to time.

Eurocurrency Reserve Requirements shall mean for any day, as applied to a LIBOR Loan, the aggregate (without duplication) of the maximum rates of reserve requirement (expressed as a decimal fraction) in effect with respect to the Agent or any Lender on such day (including, without limitation, basic, supplemental, marginal and emergency reserves under Regulation D or any other applicable regulations of the Board of Governors of the Federal Reserve System or other governmental authority having jurisdiction with respect thereto, as now and from time to time in effect, dealing with reserve requirements prescribed for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) maintained by the Agent or any Lender (such rates to be adjusted to the nearest one-sixteenth of one percent (1/16 of 1%) or, if there is not a nearest one-sixteenth of one percent (1/16 of 1%), to the next higher one sixteenth of one percent (1/16 of 1%).

Event(s) of Default shall have the meaning given to such term in Section 10.1 of this Financing Agreement.

Excluded Subsidiary shall mean each corporation or other entity listed on Schedule 1.1(e) hereto.

Existing Bankers Acceptances shall mean the bankers acceptances issued by CIT or with the assistance of CIT, as set forth on Schedule 1.1(c) hereto.

Existing Letters of Credit shall mean the letters of credit issued by CIT or with the assistance of CIT, as set forth on Schedule 1.1(d) hereto.

Factor shall mean The CIT Group/Commercial Services, Inc. in its capacity as Factor pursuant to the Factoring Agreement. Notwithstanding anything to the contrary contained herein or in any other Loan Document, any reference herein or in any other Loan Document to "Factor" shall not include CIT in its capacity as "Agent" or "Lender" and any reference herein or in any Loan Document to "Agent" or "Lender" shall not include CIT in its capacity as "Factor".

Factoring Agreement shall mean the Amended and Restated Accounts Receivable Purchase Agreement dated November 8, 1995 between CIT and G-III; as such agreement has been, and may hereafter be, supplemented, modified, amended or amended and restated from time to time.

Factoring Fees shall mean the fees payable to Factor by the Companies pursuant to the Factoring Agreement, solely on behalf of Factor.

Fee Letter shall mean the letter regarding fees dated April 3, 2008 by CIT to G-III.

Fixed Charge Coverage Ratio shall mean, for any period, the quotient (expressed as a ratio) obtained by dividing (a) EBITDA of Parent and its Subsidiaries on a consolidated basis for such period by (b) Fixed Charges of Parent and its Subsidiaries on a consolidated basis for such period.

Fixed Charges shall mean, for any period, the sum of (a) all interest obligations (including the interest component of Capitalized Leases) of Parent and its Subsidiaries on a consolidated basis paid or due during such period, (b) the amount of principal repaid or scheduled to be repaid on other Indebtedness of Parent and its Subsidiaries on a consolidated basis (including, without limitation, the amount of principal repaid or scheduled to be repaid with respect to Capitalized Leases, but in all cases excluding the Revolving Loans) during such period, (c) unfinanced Capital Expenditures, as incurred by the Parent and its Subsidiaries on a consolidated basis during such period (other than Special Capital Expenditures), and (d) all federal, state and local income tax expenses accrued by Parent and its Subsidiaries on a consolidated basis during such period (as reflected in the financial statements of Parent and its Subsidiaries) or Permitted Distributions paid to shareholders in lieu of such taxes as permitted under Section 7.4(f) hereof.

Funds Administrator shall mean G-III Inc. in its capacity as the borrowing agent and loan funds administrator on behalf of itself and the other Companies.

GAAP shall mean generally accepted accounting principles in the United States of America as in effect from time to time and for the period as to which such accounting principles are to apply.

General Intangibles shall mean all of the Companies' present and hereafter acquired general intangibles (as defined in the UCC), and shall include, without limitation, all present and future right, title and interest in and to: (a) all Trademarks, (b) Patents, utility models, industrial models, and designs, (c) Copyrights, (d) trade secrets, (e) licenses, permits and franchises, (f) any other forms of intellectual property, (g) all domain names, customer lists, distribution agreements, supply agreements, blueprints, indemnification rights and tax refunds, (h) all monies and claims for monies now or hereafter due and payable in connection with the foregoing, including, without limitation, payments for infringement and royalties arising from any licensing agreement between any Company and any licensee of any of such Company's General Intangibles, and (i) all Proceeds of any of the foregoing.

Goods shall mean all present and hereafter acquired "goods", as defined in the UCC, and all Proceeds thereof.

Guaranties shall mean the guaranty agreements executed and delivered to the Agent by Guarantors.

Guarantors shall mean (a) Parent and each Domestic Subsidiary of Parent that is not a Company or an Excluded Subsidiary (including without limitation Holdings and each Domestic Subsidiary of Holdings that is not a Company or an Excluded Subsidiary), and (b) any other future guarantor of all or any part of the Obligations.

Holdings shall mean AM Apparel Holdings, Inc., a Delaware corporation and the owner of 100% of the issued and outstanding shares of the capital stock of each of AMC and A&S.

Indebtedness shall mean, without duplication, with respect to any Person, all: (i) liabilities or obligations, direct and contingent, which in accordance with generally accepted accounting principles would be included in determining total liabilities as shown on the liability side of a balance sheet of such Person at the date as of which Indebtedness is to be determined, including, without limitation, contingent liabilities that in accordance with such principles, would be set forth in a specific Dollar amount on the liability side of such balance sheet; (ii) liabilities or obligations of others for which such Person is directly or indirectly liable, by way of guaranty (whether by direct guaranty, suretyship, discount, endorsement, take-or-pay agreement, agreement to purchase or advance or keep in funds or other agreement having the effect of a guaranty) or otherwise; (iii) liabilities or other obligations secured by liens, security interests or other encumbrances on any assets of such Person, whether or not such liabilities or obligations shall have been assumed by it; (iv) liabilities or obligations of such Person, direct or contingent, with respect to letters of credit issued for the account of such Person and bankers acceptances created for such Person; (v) Asset Securitization Recourse Liabilities to the extent, but only to the extent that such obligations have matured; (vi) Capitalized Lease Obligations and Synthetic Lease Obligations of such Person (the amount of any Capitalized Lease Obligation or Synthetic Lease Obligation as of any date shall be deemed to be the amount of Attributable Indebtedness in respect thereof as of such date); and (vii) liabilities or obligations of such Person in respect of letters of credit, bankers acceptances, steamship guarantees and airway releases and Swap Contracts.

Indemnified Party shall have the meaning given to such term in Section 10.5 of this Financing Agreement.

Interest Period shall mean, subject to availability: (a) with respect to an initial request by the Companies for a LIBOR Loan or the conversion of a Chase Bank Rate Loan to a LIBOR Loan, at the option of the Companies a one-month, two-month, three-month or six-month period commencing on the borrowing or conversion date with respect to such LIBOR Loan and ending one month, two months, three months or six months thereafter, as applicable; and (b) with respect to any continuation of a LIBOR Loan, at the option of the Companies a one-month, two-month, three-month or six-month period commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Loan and ending one month, two months, three months or six months thereafter, as applicable; provided that (i) if any Interest Period would otherwise end on a day which is not a Working Day, such Interest Period shall be extended to the next succeeding Working Day, and (ii) if any Interest Period begins on the last Working Day of any month, or on a day for which there is no numerically corresponding day in the month in which such Interest Period ends, such Interest Period shall end on the last Working Day of the month in which such Interest Period ends.

Inventory shall mean all of the Companies' present and hereafter acquired inventory (as defined in the UCC) including, without limitation, all merchandise and inventory in all stages of production (from raw materials through work-in-process to finished goods), and all additions, substitutions and replacements thereof, wherever located, together with all goods and materials used or usable in manufacturing, processing, packaging or shipping of the foregoing, and all Proceeds of any of the foregoing.

Invested Cash shall mean Cash of G-III Inc. invested with Banc of America Securities LLC which is subject to that certain Collateral Account Notification and Acknowledgement dated December 5, 2005 between G-III Inc. and Agent, and any other Cash of the Companies which (a) is not maintained in a Depository Account, (b) has been designated by the Companies, with the written consent of Agent, as Invested Cash and (c) is invested by the Companies with a financial institution reasonably acceptable to the Agent pursuant to a collateral deposit agreement in form and substance satisfactory to the Agent in all respects, excluding any 'peg balance' or other minimum balance that any such agreement provides will not be wired to the Agent. Notwithstanding the foregoing, and without limitation of any other provisions of this Agreement, no Cash of the Companies shall be deemed to be Invested Cash unless (x) it is subject to the first priority perfected security interest of the Agent for the benefit of Lenders and (y) at the option of the Agent, the agreement establishing such perfected security interest shall be the subject of an opinion of counsel in form and substance satisfactory to the Agent, including with respect to perfection.

Investment Property shall mean all of the Companies' present and hereafter acquired "investment property", as defined in the UCC, together with all stock and other equity interests in the Companies' subsidiaries, and all Proceeds thereof.

Issuing Bank shall mean, as applicable, CIT or any other Lender issuing a Letter of Credit for a Company, a Bankers Acceptance, a Steamship Guaranty or an Airway Release with respect to such Letter of Credit.

Ledger Debt shall mean the outstanding amount of any indebtedness for goods and services purchased by any Company or its affiliates from any company or entity whose accounts are factored by Factor (including any ledger debt assumed by the Companies pursuant to the acquisitions contemplated under this Agreement).

Letters of Credit shall mean all letters of credit issued for or on behalf of a Company with the assistance of the Lenders (acting through the Agent) by an Issuing Bank in accordance with Section 5 hereof. Without limiting the foregoing, as used herein the term Letters of Credit shall include the Existing Letters of Credit.

Letter of Credit Guaranty shall mean any guaranty, indemnity agreement, assumption and confirmation agreement or similar agreement delivered by the Agent on behalf of the Lenders (but subject to the terms of Section 5.8), to an Issuing Bank of a Company's reimbursement obligation under such Issuing Bank's reimbursement agreement, application for letter of credit, bankers acceptance, steamship guarantee, airway release or other like document.

Letter of Credit Guaranty Fee shall mean the fee that the Agent, for the benefit of the Lenders, shall charge the Companies under Section 8.3(a) of this Financing Agreement for issuing a Letter of Credit Guaranty or otherwise assisting the Companies in obtaining Letters of Credit.

Letter of Credit Sub-Line shall mean the aggregate commitment of the Lenders to assist the Companies in obtaining Letters of Credit (and with respect to trade Letters of Credit, Bankers Acceptances) in an aggregate amount of up to (x) \$85,000,000 for trade Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases and (y) \$10,000,000 for standby Letters of Credit.

LIBOR shall mean, for any Interest Period and subject to availability, a rate of interest equal to the quotient obtained by dividing: (a) at the Agent's election, (i) LIBOR for such Interest Period as quoted to the Agent by JPMorgan Chase Bank (or any successor thereof) two (2) Business Days prior to the first day of such Interest Period, or (ii) the rate of interest determined by the Agent at which deposits in U.S. Dollars are offered for such Interest Period as presented on Telerate Systems at page 3750 as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period (provided that if two or more offered rates are presented on Telerate Systems at page 3750 for such Interest Period, the arithmetic mean of all such rates, as determined by the Agent, will be the rate elected); by (b) a number equal to 1.00 minus the Eurocurrency Reserve Requirements, if any, in effect on the day which is two (2) Business Days prior to the beginning of such Interest Period.

LIBOR Interest Payment Date shall mean, with respect to any LIBOR Loan, the last day of the Interest Period for such LIBOR Loan and, with respect to Interest Periods of greater than three months duration, the first day of the third month after the start of such Interest Period (counting the month in which such Interest Period starts as the first month).

LIBOR Lending Office shall mean, (a) with respect to the Agent and CIT, the office of JPMorgan Chase Bank, or any successor thereof, located at 270 Park Avenue, New York, NY 10017, and (b) with respect to each Lender, the address set forth on the signature page to this Financing Agreement or the Assignment and Transfer Agreement to which such Lender is a party.

LIBOR Loan shall mean any loans made pursuant to this Financing Agreement that bear interest based upon LIBOR.

Line of Credit shall mean the aggregate commitment of the Lenders in an amount equal to \$250,000,000 to (a) make Revolving Loans pursuant to Section 3 of this Financing Agreement, and (b) assist any Company in opening Letters of Credit and/or Bankers Acceptances pursuant to Section 5 of this Financing Agreement.

Line of Credit Fee shall mean, for any month, the product obtained by multiplying (a) (i) the amount of the Revolving Line of Credit minus (ii) the average daily principal balance of Revolving Loans and the average daily undrawn amount of Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases outstanding during such month, times (b) one-quarter of one percent (0.25%) per annum for the number of days in said month; provided, however, that the Line of Credit Fee during any one year period commencing on the Closing Date and ending on the day before each anniversary thereof shall not exceed \$95,000.

Loan Documents shall mean this Financing Agreement, the Promissory Notes, mortgages and deeds of trust on any Real Estate, the Guaranties, the other closing documents executed by the Companies or the Guarantors, and any other ancillary loan and security agreements executed by the Companies or the Guarantors from time to time in connection with the Original Financing Agreement, this Financing Agreement and/or the Factoring Agreement, all as may be renewed, amended, restated or supplemented from time to time.

Material Adverse Effect shall mean a material adverse effect on either (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Companies taken as a whole, (b) the ability of any Company to perform its obligations under this Financing Agreement or any other Loan Document, or to enforce its rights against account debtors of such Company, (c) the value of the Collateral or (d) the ability of the Agent or the Lenders to enforce the Obligations or their rights and remedies under this Financing Agreement or any of the other Loan Documents.

Net Availability shall mean, at any time, the amount by which (a) the lesser of (x) the Revolving Line of Credit and (y) the Borrowing Base of the Companies at such time exceeds (b) the sum at such time of (i) the principal amount of all outstanding Revolving Loans, plus (ii) the undrawn amount of all outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases.

Net Orderly Liquidation Value shall mean, at any time, the aggregate value of the Companies' Inventory at such time in an orderly liquidation, taking into account all costs, fees and expenses estimated to be incurred by the Agent and the Lenders in connection with such liquidation, based upon the most recent appraisal of the Companies' Inventory conducted by an appraiser selected by the Agent.

Non-Excluded Taxes shall mean any income, stamp or other taxes, duties, levies, imposts, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any governmental authority, other than net income or franchise taxes imposed with respect to a Lender by a governmental authority under the laws of which such Lender (or any other lending office, branch or affiliate thereof) is organized or in which it maintains an office.

Obligations shall mean: (a) all loans, advances and other extensions of credit made by the Lenders, or the Agent for the account of the Lenders, to the Companies (or any of them), or to others for the Companies' account (including, without limitation, all Revolving Loans, Bankers Acceptances, Steamship Guarantees and Airway Releases and all obligations of the Agent under Letter of Credit Guaranties); (b) any and all other indebtedness, obligations and liabilities which may be owed by the Companies (or any of them) to the Agent or any Lender and arising out of, or incurred in connection with, this Financing Agreement or any of the other Loan Documents (including all Out-of-Pocket Expenses), whether (i) now in existence or incurred by the Companies (or any of them) from time to time hereafter, (ii) secured by pledge, lien upon or security interest in any Company's assets or property or the assets or property of any other person, firm, entity or corporation, (iii) such indebtedness is absolute or contingent, joint or several, matured or unmatured, direct or indirect, or (iv) the Companies are liable to the Agent or any Lender for such indebtedness as principals, sureties, endorsers, guarantors or otherwise; (c) without duplication, the Companies' liabilities to the Agent under any instrument of guaranty or indemnity, or arising under any guaranty, endorsement or undertaking which the Agent, on

behalf of the Lenders, may make or issue to others for the account of the Companies (or any of them), including any accommodations extended by the Agent with respect to applications for Letters of Credit, the Agent's acceptance of drafts or the Agent's endorsement of notes or other instruments for the Companies' account and benefit; (d) any and all indebtedness, obligations and liabilities which may be owed by the Companies (or any of them) to the Agent or any Lender with respect to Swap Contracts and Banking Services Obligations; (e) any and all indebtedness, obligations and liabilities incurred by, or imposed on, the Agent or any Lender as a result of environmental claims relating to any Company's operations, premises or waste disposal practices or disposal sites; (f) all indebtedness, obligations and liabilities incurred under the Factoring Agreement; and (g) all Ledger Debt.

Operating Leases shall mean all leases of property (whether real, personal or mixed) other than Capitalized Leases.

Original Closing Date shall have the meaning provided for such term in the Recitals to this Agreement.

Original Companies shall have the meaning provided for such term in the Recitals to this Agreement.

Original Financing Agreement shall have the meaning provided for such term in the Recitals to this Agreement.

Other Collateral shall mean all of the Companies': (a) present and hereafter established lockbox, blocked account and other deposit accounts maintained with any bank or financial institution into which the proceeds of Collateral are or may be deposited (including the Depository Accounts); (b) Cash and other property in the possession of, or under the control of, the Agent or any Lender (including negative balances in the Revolving Loan Account and cash collateral held by the Agent pursuant this Financing Agreement); (c) Invested Cash; (d) books, records, ledger cards, disks and related data processing software at any time evidencing or containing information relating to any of the Collateral described herein or otherwise necessary or helpful in the collection thereof or realization thereon; and (e) all Proceeds of any of the foregoing.

Other Permitted Investments shall mean any of the following, in each case subject to the first priority perfected security interest of the Agent pursuant to arrangements acceptable to Agent, and maturing or being due or payable in full not more than 180 days after a Company's acquisition thereof:

- (i) obligations issued or guaranteed by the United States of America;
- (ii) certificates of deposit, bankers acceptances and other "money market instruments" issued by any bank or trust company organized under the laws of the United States of America or any State thereof and having capital and surplus in an aggregate amount of not less than \$100,000,000;
- (iii) open market commercial paper bearing the highest credit rating issued by Standard & Poor's Corporation or by another nationally recognized credit rating agency;

- (iv) repurchase agreements entered into with any bank or trust company organized under the laws of the United States of America or any State thereof and having capital and surplus in an aggregate amount of not less than \$100,000,000 relating to United States of America government obligations; and
- (v) shares of “money market funds”, each having net assets of not less than \$100,000,000;
- (vi) corporate securities, including commercial paper, rated A1/P1 or better, and corporate debt instruments, including medium term notes and floating rate notes issued by foreign or domestic corporations which pay in U.S. dollars and carrying a rate of A1/A+ or better;
- (vii) asset-backed securities rated AAA or better, with a maturity, average life, soft bullet date, or put date exercisable at the option of the holder of no more than thirty-six (36) months;
- (viii) corporate auction rate issues with a maximum term to reset date of 365 days and rated A1 or better; and
- (ix) (a) shares of common stock of any publicly traded company having a market capitalization of no less than \$500,000,000, in an aggregate amount at any time not to exceed \$5,000,000 or (b) shares of common stock of any publicly traded company having a market capitalization of less than \$500,000,000, in an aggregate amount at any time not to exceed \$3,000,000;

provided, however, that the foregoing Other Permitted Investments may be made only if the outstanding principal balance of the Revolving Loans is zero.

Out-of-Pocket Expenses shall mean all of the Agent’s and the Lenders’ present and future costs, fees and expenses incurred in connection with this Financing Agreement and the other Loan Documents and the Factoring Agreement, including, without limitation, (a) the cost of lien searches (including tax lien and judgment lien searches), pending litigation searches and similar items, (b) fees and taxes imposed in connection with the filing of any financing statements or other personal property security documents; (c) all costs and expenses incurred by the Agent in opening and maintaining the Depository Accounts and any related lockboxes, depositing checks, and receiving and transferring funds (including charges imposed on the Agent for “insufficient funds” and the return of deposited checks); (d) any amounts paid by, incurred by or charged to the Agent by an Issuing Bank under any Letter of Credit or the reimbursement agreement relating thereto, any application for Letter of Credit, Letter of Credit Guaranty or other like document which pertains either directly or indirectly to Letters of Credit, and the Agent’s standard fees relating to the Letters of Credit and any drafts thereunder; (e) title insurance premiums, real estate survey costs, note taxes, intangible taxes and mortgage or recording taxes and fees; (f) all appraisal fees and expenses payable by the Companies hereunder, and all costs, fees and expenses incurred by the Agent and the Lenders in connection with any action taken under Section 7.2(a) hereof, including reasonable travel, meal and lodging expenses of the Agent’s personnel; (g) all costs that the Agent may incur to maintain the

Required Insurance, and all reasonable costs, fees and expenses incurred by the Agent in connection with the collection of Casualty Proceeds and the monitoring of any repair or restoration of any Real Estate; (h) all reasonable and reasonably documented costs, fees, expenses and disbursements of outside counsel hired by the Agent to consummate the transactions contemplated by this Financing Agreement (including the documentation and negotiation this Financing Agreement, the other Loan Documents and all amendments, supplements and restatements thereto or thereof), and to advise the Agent and/or the Lenders as to matters relating to the transactions contemplated hereby; (i) all costs, fees and expenses incurred by the Agent and the Lenders in connection with any action taken under Section 10.3 hereof; and (j) without duplication, all costs, fees and expenses incurred by the Agent and the Lenders in connection with the collection, liquidation, enforcement, protection and defense of the Obligations, the Collateral and the rights of the Agent and the Lenders under this Financing Agreement and the other Loan Documents, including, without limitation, all reasonable fees and disbursements of in-house and outside counsel to the Agent and the Lenders incurred as a result of a workout, restructuring, reorganization, liquidation, insolvency proceeding and in any appeals arising therefrom, whether incurred before, during or after the termination of this Financing Agreement or the commencement of any case with respect to the Companies (or any of them), any Guarantor or any subsidiary of a Company (as the case may be) under the United States Bankruptcy Code or any similar statute.

Overadvances shall mean, at any time, the amount by which (a) the sum at such time of the principal amount of all outstanding Revolving Loans plus the undrawn amount of all outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases exceeds (b) the lesser of (x) the Revolving Line of Credit and (y) the Borrowing Base at such time.

Parent shall mean G-III Apparel Group, Ltd., a Delaware corporation.

Patents shall mean all of the Companies' present and hereafter acquired patents, patent applications, registrations, all reissues and renewals thereof, all licenses thereof, all inventions and improvements claimed thereunder, all general intangible, intellectual property and other rights of any Company with respect thereto, and all income, royalties and other Proceeds of the foregoing.

Permitted Distributions shall mean:

- (a) dividends from a wholly-owned subsidiary of the Company to such Company;
- (b) dividends payable solely in stock or other equity interests of the Companies;
- (c) distributions or dividends by the Company in an amount sufficient to enable Parent to pay such Company's and any Domestic Subsidiary of the Company's reasonable share of income or franchise Taxes owed by Parent, due as a result of the filing by Parent of a consolidated, combined or unitary tax return in which the operations of the Companies and such Domestic Subsidiary are included; and

(d) cash distributions or cash dividends to Parent's shareholders or redemptions of the capital stock of Parent; provided that the aggregate amount of distributions, dividends or redemptions shall not exceed during the term of this Agreement the sum of (i) \$1,500,000 and (ii) 75% of the cash proceeds from the sale of equity securities by Parent at any time during the period from the Original Closing Date through the Termination Date (but only to the extent that such sale of equity securities has not been used to fund a Special Capital Expenditure; and provided, further, that no Default or Event of Default shall have occurred and remain outstanding on the date of the making of such distribution, dividend or redemption, or would occur as a result thereof).

Permitted Encumbrances shall mean: (a) all liens existing on the Closing Date on specific items of Equipment; (b) Purchase Money Liens; (c) statutory liens of landlords and liens of carriers, warehousemen, bailees, mechanics, materialmen and other like liens imposed by law, created in the ordinary course of business and securing amounts not yet due (or which are being contested in good faith, by appropriate proceedings or other appropriate actions which are sufficient to prevent imminent foreclosure of such liens), and with respect to which adequate reserves or other appropriate provisions are being maintained by the Companies in accordance with GAAP; (d) pledges or deposits made (and the liens thereon) in the ordinary course of business of any Company (including, without limitation, security deposits for leases, indemnity bonds, surety bonds and appeal bonds) in connection with workers' compensation, unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, contracts (other than for the repayment or guarantee of borrowed money or purchase money obligations), statutory obligations and other similar obligations arising as a result of progress payments under government contracts; (e) liens granted to the Agent, for the benefit of the Agent and the Lenders, by the Companies; (f) liens of judgment creditors, provided that such liens do not exceed \$5,000,000 in the aggregate at any time (other than liens bonded or insured to the reasonable satisfaction of the Agent); (g) Permitted Tax Liens; (h) easements (including, without limitation, reciprocal easement agreements and utility agreements), encroachments, minor defects or irregularities in title, variation and other restrictions, charges or encumbrances (whether or not recorded) affecting the Real Estate, if applicable, and which in the aggregate (i) do not materially interfere with the occupation, use or enjoyment by any Company of its business or property so encumbered and (ii) in the reasonable business judgment of the Agent, do not materially and adversely affect the value of such Real Estate; (i) the liens granted to the Factor pursuant to the Factoring Agreement, to the extent subject to the Assignment of Factoring Proceeds Agreement; and (j) customary restrictions in any license agreement with a Company as licensee, including, without limitation, with respect to the sale of Inventory (provided that the Companies shall give Agent prompt notice of its execution of such license agreement and provided, further, that the foregoing shall not affect the Agent's rights under the definition of Eligible Inventory, Section 7.4(l) and/or Section 7.5.

Permitted Indebtedness shall mean: (a) current Indebtedness maturing in less than one year and incurred in the ordinary course of business for raw materials, supplies, equipment, services, Taxes or labor; (b) Indebtedness secured by Purchase Money Liens; (c) Indebtedness arising under the Letters of Credit and this Financing Agreement; (d) deferred Taxes and other expenses incurred in the ordinary course of business; (e) Permitted Intercompany Loans; (f) other Indebtedness existing on the Closing Date and listed on Schedule 1.1(a) attached hereto; (g) indebtedness due to the Factor pursuant to the Factoring Agreement; (h) guaranties executed in the ordinary course of the Companies' business with respect to Indebtedness owing by suppliers of goods to the Companies in connection with the acquisition of goods by the Companies, in an aggregate amount not to exceed \$5,000,000; and (i) Subordinated Debt.

Permitted Intercompany Loan shall mean a loan made in the ordinary course of business by a Company to another Company or a Subsidiary of Parent, but only so long as (a) such loan is evidenced by a promissory note, the original of which shall be delivered to the Agent, (b) the promissory note evidencing such loan provides (in form and substance satisfactory to the Agent) that the repayment thereof is subordinated to the full and final payment of the Obligations and (c) if the loan is made to a Subsidiary of Parent organized outside of the United States of America, then the total outstanding amount thereof, together with the aggregate sum of other advances and investments by the Companies in Subsidiaries of Parent organized outside of the United States of America, does not exceed \$5,000,000.

Permitted Tax Liens shall mean liens for Taxes not due and payable and liens for Taxes that any Company is contesting in good faith, by appropriate proceedings which are sufficient to prevent imminent foreclosure of such liens, and with respect to which adequate reserves are being maintained by such Company in accordance with GAAP; provided that in either case, such liens (a) are not filed of record in any public office, (b) other than with respect to Real Estate, are not senior in priority to the liens granted by such Company to the Agent, for the benefit of the Agent and the Lenders, or (c) do not secure taxes owed to the United States of America (or any department or agency thereof) or any State or State authority, if applicable State law provides for the priority of tax liens in a manner similar to the laws of the United States of America.

Person shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, institution, public benefit corporation, joint venture, entity or government (whether Federal, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).

Pro Rata Percentage shall mean, as to each Lender at any time, a fraction (expressed as a percentage), the numerator of which is the amount of such Lender's Commitment at such time and the denominator of which is the aggregate amount of all Commitments at such time (or in the event that the Commitments of the Lenders hereunder have terminated, the numerator of which is the principal amount of loans then owed to such Lender hereunder and the denominator of which is the principal amount of loans then owed to all Lenders hereunder, as reflected by CIT's System).

Proceeds shall have the meaning given to such term in the UCC, including, without limitation, all Casualty Proceeds.

Promissory Notes shall mean, collectively, the notes in the form of Exhibit B attached hereto, delivered by the Companies (or any of them) to a Lender to evidence the loans made by such Lender to the Companies (or any of them) pursuant to this Financing Agreement.

Purchase Money Liens shall mean liens on any item of Equipment acquired by a Company after the date of this Financing Agreement, provided that (a) each such lien shall attach only to the Equipment acquired and (b) a description of the Equipment so acquired is furnished by the Companies to the Agent.

Real Estate shall mean all of the Companies' present and future fee and leasehold interests in real property, including the real property owned by the Companies as of the Closing Date and described on Schedule 1.1(b) attached hereto.

Register shall have the meaning provided in Section 13.8(a) of this Agreement.

Regulatory Change shall mean any change after the Closing Date in United States federal, state or foreign law or regulation (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System), or the adoption or making after the Closing Date of any interpretation, directive or request applying to a class of lenders including the Agent or any Lender of or under any United States federal, state or foreign law or regulation, in each case whether or not having the force of law and whether or not failure to comply therewith would be unlawful.

Required Insurance shall have the meaning provided for in Section 7.2(c) of this Financing Agreement.

Required Lenders shall mean (a) at all times while there are (2) two or fewer Lenders hereunder, all of the Lenders, and (b) at all times while there are three (3) or more Lenders hereunder, those Lenders holding at least sixty-six and two-thirds percent (66 2/3%) of the total Commitments under the Line of Credit (or sixty-six and two-thirds percent (66 2/3%) of the outstanding principal amount of all loans outstanding hereunder, as reflected by CIT's System, in the event that the Commitments of the Lenders hereunder have terminated).

Revolving Line of Credit shall mean the Commitments of the Lenders to make Revolving Loans pursuant to Section 3 of this Financing Agreement and assist the Companies in opening Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases pursuant to Section 5 of this Financing Agreement, in an aggregate amount equal to \$250,000,000.

Revolving Loan Account shall mean the account on the Agent's books, in the name of the Funds Administrator on behalf of the Companies, in which the Companies will be charged with all Obligations when due or incurred by the Agent or any Lender.

Revolving Loans shall mean the loans and advances made from time to time to or for the account of the Companies by the Agent, on behalf of the Lenders, pursuant to Section 3 of this Financing Agreement. The Revolving Loans shall include the Assigned Existing Loans.

Security shall mean such term as defined in Section 2(1) of the Securities Act of 1933, as amended; provided, however, that Asset Securitization Recourse Liabilities shall not constitute "Securities" except (i) to the extent that such obligations arise from a Company's obligation to repurchase receivables or other assets as a result of a default in payment by the obligor thereunder or any other default in performance by such obligor under any agreement related to such receivables or (ii) if the Companies shall maintain a reserve account containing Cash or Securities in respect of any such obligations or shall maintain or purchase a subordinated interest therein to the extent of the amount of such reserve account or subordinated interest.

Senior Leverage Ratio shall mean, for any period, the quotient (expressed as a ratio) obtained by dividing (a) the amount of the Revolving Loans outstanding on the last day of the period by (b) EBITDA of Parent and its Subsidiaries on a consolidated basis for such period.

Settlement Date shall mean Monday of each week (or if any Monday is not a Business Day on which all Lenders are open for business, the immediately preceding Business Day on which all Lenders are open for business), provided that, after the occurrence of an Event of Default or during a continuing decline or sudden increase in the principal amount of Revolving Loans, the Agent, in its discretion, may require that the Settlement Date occur more frequently (even daily) so long as any Settlement Date chosen by the Agent is a Business Day on which each Lender is open for business.

Special Capital Expenditures shall mean Capital Expenditures of up to an aggregate of \$5,000,000 during the period from the Original Closing Date through the Termination Date that are incurred in connection with warehouse and showroom construction and renovation expenses to the extent that such Capital Expenditures have been directly financed in advance by an additional issuance of equity by Parent raised during the same period.

SPV shall mean with respect to any Person, a special purpose corporation or grantor trust established solely for the purpose of purchasing receivables of such Person for Cash in an amount equal to the fair market value of such receivables.

Steamship Guarantees shall mean steamship guarantees agreed to be issued or caused to be issued by Agent pursuant to the Continuing Agreement for Issuance of Steamship Guarantees and Airway Releases.

Subordinated Debt shall mean Indebtedness of the Companies which has been subordinated to the Obligations of the Companies to the Agent and the Lenders pursuant to subordination agreements and/or subordination provisions of the respective debt instruments in each case in form and substance satisfactory to the Agent and the Required Lenders.

Subsidiary shall mean a corporation or other entity of whose shares of stock or other ownership interests having ordinary voting power (other than stock or other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the directors of such corporation, or other Persons performing similar functions for such entity, are owned, directly or indirectly, by such Person, excluding any Excluded Subsidiary. When used with respect to Parent, the term "Subsidiary" shall at all times include each of the Companies.

Supplemental Amount shall mean the following amounts during the following time periods (in each case, minus all Supplemental Amount Reductions):

Period	Supplemental Amount
Closing Date through and including April 30, 2008	\$ 0
May 1, 2008 through and including May 31, 2008	\$25,000,000
June 1, 2008 through and including June 30, 2008	\$40,000,000
July 1, 2008 through and including July 31, 2008	\$45,000,000
August 1, 2008 through and including September 29, 2008	\$50,000,000
September 30, 2008 through and including October 15, 2008	\$10,000,000
October 16, 2008 through and including April 30, 2009	\$ 0

The Supplemental Amount for all periods subsequent to April 30, 2009 shall be determined by Agent, each of the Lenders and the Companies based upon the projections and unaudited (or, if available, audited) financial statements of Parent and its consolidated Subsidiaries for the fiscal years ending January 31, 2009, 2010 and 2011, respectively (in each case delivered pursuant to Section 7.2(h)), but in no event shall the periods be of different durations or the amounts be less than the amounts for the periods corresponding to the periods set forth above unless the Agent determines (in its reasonable discretion) that such periods and amounts warrant adjustment based upon such projections or unaudited (or, if available, audited) financial statements or other information as Agent shall reasonably determine. The determination of the Supplemental Amount shall become effective after receipt and satisfactory review by the Agent of the unaudited (or, if available, audited) financial statements for the fiscal years ending January 31, 2009, 2010 and 2011, respectively.

Supplemental Amount Reductions shall mean all reductions to the Supplemental Amount pursuant to the final sentence of Section 3.5(a) and/or Section 7.2(c).

Swap Contracts shall mean (i) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (ii) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a "Master Agreement"), including any such obligations or liabilities under any Master Agreement.

Synthetic Lease Obligation shall mean the monetary obligation of a Person under (a) a so-called synthetic, off-balance sheet or tax retention lease, or (b) an agreement for the use or possession of property creating obligations that do not appear on the balance sheet of such Person but which, upon the insolvency or bankruptcy of such Person, would be characterized as the indebtedness of such Person (without regard to accounting treatment).

Taxes shall mean all federal, state, municipal and other governmental taxes, levies, charges, claims and assessments which are or may be owed or collected by the Companies with respect to their business, operations, Collateral or otherwise.

Term Loan shall mean the term loan in the original principal amount of \$30,000,000 made by the Lenders to the Original Companies under the Original Financing Agreement on or about the Original Closing Date.

Termination Date shall mean July 11, 2011.

Trade Accounts Receivable shall mean that portion of each Company's Accounts which arises from the sale of Inventory or the rendition of services in the ordinary course of such Company's business.

Trademarks shall mean all of the Companies' present and hereafter acquired trademarks, trademark registrations, recordings, applications, tradenames, trade styles, corporate names, business names, service marks, logos and any other designs or sources of business identities, prints and labels (on which any of the foregoing may appear), all reissues and renewals thereof, all licenses thereof, all other general intangible, intellectual property and other rights pertaining to any of the foregoing, together with the goodwill associated therewith, and all income, royalties and other Proceeds of any of the foregoing.

UCC shall mean the Uniform Commercial Code as the same may be amended and in effect from time to time in the State of New York.

Unused Non-Supplemental Availability shall mean at any time (i) the lesser of (a) the amount of the Revolving Line of Credit and (b) an amount equal to the Borrowing Base minus the Supplemental Amount then in effect, minus (ii) the principal balance of Revolving Loans plus the undrawn amount of Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases.

Working Day shall mean any Business Day on which dealings in foreign currencies and exchanges between banks may be transacted.

SECTION 2. CONDITIONS PRECEDENT.

2.1. Conditions Precedent to Initial Funding. The obligation of the Agent and the Lenders to make Revolving Loans on the Closing Date and to assist the Companies in obtaining Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases hereunder, immediately prior to or concurrently with the making of such loans or the issuance of such Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases is subject to the satisfaction or waiver in writing by the Agent and the Lenders of the following conditions precedent:

(a) **Financing Agreement and Other Loan Documents.** The Agent shall have received originally executed copies of this Financing Agreement from each of the parties hereto, including from each of the Companies and the Lenders in sufficient quantities as determined by the Agent, together with originally executed copies of the Promissory Notes and all Loan Documents necessary to consummate the lending arrangements contemplated by this Financing Agreement.

(b) Lien Searches. The Agent shall have received tax lien, judgment lien and Uniform Commercial Code searches from all jurisdictions reasonably required by the Agent, and such searches shall verify that the Agent, for the benefit of the Agent and the Lenders, has a first priority security interest in the Collateral, subject to Permitted Encumbrances.

(c) Casualty Insurance. Each Company shall have delivered to the Agent evidence satisfactory to the Agent that all Required Insurance is in full force and effect, and the Agent shall have confirmed that the Agent, for the benefit of the Agent and the Lenders, has been named as a loss payee or additional insured with respect to the Required Insurance in a manner satisfactory to the Agent.

(d) UCC Filings. All UCC financing statements and similar documents required to be filed in order to create in favor of the Agent, for the benefit of the Agent and the Lenders, a first priority perfected security interest in the Collateral (to the extent that such a security interest may be perfected by a filing under the UCC or applicable law), shall have been properly filed in each office in each jurisdiction required. The Agent shall have received (i) acknowledgement copies of all such filings (or, in lieu thereof, the Agent shall have received other evidence satisfactory to the Agent that all such filings have been made), and (ii) evidence that all necessary filing fees, taxes and other expenses related to such filings have been paid in full.

(e) Resolutions. The Agent shall have received (x) a copy of the resolutions of the Board of Directors of each Company that is a corporation authorizing the execution, delivery and performance of the Loan Documents to be executed by each such Company, certified by the Secretary or Assistant Secretary of each such Company as of the date hereof, together with a certificate of such Secretary or Assistant Secretary as to the incumbency and signature of the officer(s) executing the Loan Documents on behalf of each such Company and (y) a copy of resolutions of the members and manager of each Company that is a limited liability company authorizing the execution, delivery and performance of the Loan Documents to be executed by each such Company, certified by the respective Secretary or Assistant Secretary of the manager of each such Company as of the date hereof, together with a certificate of such Secretary or Assistant Secretary as to the incumbency and signature of the officer(s) executing the Loan Documents on behalf of the manager of each such Company.

(f) Organizational Documents. The Agent shall have received (x) a copy of the Certificate or Articles of Incorporation of each Company that is a corporation, certified by the applicable authority in each such Company's State of incorporation, and copies of the by-laws (as amended through the date hereof) of each such Company, certified by the respective Secretary or an Assistant Secretary thereof and (y) a copy of the Articles of Organization of each Company that is a limited liability company, certified by the applicable authority in each such Company's State of organization, and copies of the operating agreement (as amended through the date hereof) of each such Company, certified by the respective Secretary or Assistant Secretary of the manager thereof.

(g) Officer's Certificate. The Agent shall have received an executed Officer's Certificate of each Company, satisfactory in form and substance to the Agent, certifying that as of the Closing Date (i) the representations and warranties contained herein are true and correct in all material respects, (ii) each Company is in compliance with all of the terms and provisions set forth herein and (iii) no Default or Event of Default has occurred.

(h) Disbursement Authorizations. The Companies shall have delivered to the Agent all information necessary for the Agent to issue wire transfer instructions on behalf of each Company for the initial and subsequent loans and/or advances to be made under this Financing Agreement, including disbursement authorizations in form acceptable to the Agent.

(i) Examination & Verification; Net Availability; Projections. The Agent shall have completed and be satisfied with an updated examination and verification of the Trade Accounts Receivable, Inventory and the books and records of the Companies, and such examination shall indicate that no material adverse change has occurred in the financial condition, business, prospects, profits, operations or assets of the Companies, the Companies' Subsidiaries or the Guarantors since January 31, 2007. In addition, the Companies shall have delivered to the Agent, and the Agent shall be satisfied with, balance sheet, income statement, cash flows and Net Availability projections for the Companies on a consolidated basis for not less than twelve (12) months following the Closing Date.

(j) Depository Accounts; Payment Direction. (i) The Companies or the Agent, on behalf of the Lenders, shall have established one or more Depository Accounts with respect to the collection of Accounts and the deposit of proceeds of Collateral, and (ii) the Agent, the applicable Company and each depository bank shall have entered into a Depository Account Control Agreement with respect to each Depository Account.

(k) Repayment of Term Loan and Accrued Interest. All loans and obligations of the Companies and the Guarantors with respect to the Term Loan, including without limitation all principal and interest accrued thereon, and all other interest and fees accrued under the Original Financing Agreement, shall be paid or satisfied in full utilizing the proceeds of the initial Revolving Loans to be made under this Financing Agreement on the Closing Date.

(l) Guaranty and Related Documents. The Guarantors shall have executed and delivered to the Agent (i) the Guaranties and (ii) if applicable, the items described in Sections 2.1(d), 2.1(e) and 2.1(m) hereof with respect to the Guarantors.

(m) Opinions. Subject to the filing, priority and remedies provisions of the UCC, the provisions of the Bankruptcy Code, insolvency statutes or other like laws, the equity powers of a court of law and such other matters as may be agreed upon with the Agent, counsel for the Companies and the Guarantors shall have delivered to the Agent, on behalf of the Lenders, opinion(s) satisfactory to the Agent opining, inter alia, that each Loan Document to which each Company or any Guarantor is a party is valid, binding and enforceable in accordance with its terms, as applicable, and that the execution, delivery and performance by each Company and each Guarantor of the Loan Documents to which such person or entity is a party are (i) duly authorized, (ii) do not violate any terms, provisions, representations or covenants in the articles of incorporation, by-laws or other organizational agreement of any Company or such Guarantor, as the case may be, and (iii) to the best knowledge of such counsel, do not violate any terms, provisions, representations or covenants in any loan agreement, mortgage, deed of trust, note,

security agreement, indenture or other material contract to which any Company or any Guarantor is a signatory, or by which any Company or any Guarantor (or any Company's or any Guarantor's assets) are bound.

(n) Legal Restraints/Litigation. As of the Closing Date, there shall be no (x) injunction, writ or restraining order restraining or prohibiting the consummation of the financing arrangements contemplated under this Financing Agreement, or (y) suit, action, investigation or proceeding (judicial or administrative) pending against any Company, any Guarantor, any subsidiary of any Company or any of their assets, which, in the opinion of the Agent, if adversely determined, could have a Material Adverse Effect.

(o) Fee Letter and Out-of-Pocket Expenses. Each Company shall have fully complied with all of the terms and conditions of the Fee Letter, including without limitation the payment of all amounts due thereunder on the Closing Date, together with all Out-of-Pocket Expenses incurred on or prior to the Closing Date.

(p) Revolving Loan Promissory Notes. If any Lender elects to evidence its Commitments with respect to the Revolving Line of Credit with Promissory Notes, each Company shall have executed and delivered to such Lender a Promissory Note in the form attached hereto as Exhibit B.

(q) Pledge Agreements. Each Company shall have executed and delivered to the Agent, for the benefit of the Agent and the Lenders, (x) a stock pledge agreement in form and substance satisfactory to the Agent covering all capital stock in such Company's subsidiaries (including any other Company, if applicable), together with all stock certificates and duly executed stock powers (undated and in-blank) with respect thereto and (y) a collateral assignment in form and substance satisfactory to Agent of such Company's partnership or membership interests in any partnership or limited liability company and, if necessary, the consent thereto from the other partners or members of such entity. In addition, Parent shall have executed and delivered to the Agent, for the benefit of the Agent and the Lenders, a stock pledge agreement in form and substance satisfactory to the Agent covering all capital stock in G-III Inc. owned by Parent, together with all stock certificates and duly executed stock powers (undated and in-blank) with respect thereto.

(r) Factoring Agreement. The Factoring Agreement with G-III shall be in full force and effect.

(s) Collateral Assignment of Licenses. Agent shall have received true and correct copies of all material licensing agreements with respect to Patents, Trademarks and other intellectual property with respect to which any Company is licensor or licensee.

(t) Intercreditor Agreement and Assignment of Factoring Proceeds. G-III, CIT as Factor and Agent shall have entered into the Assignment of Factoring Proceeds Agreement, in form and substance satisfactory to Agent.

Upon the execution of this Financing Agreement and the initial disbursement of the initial loans hereunder, all of the above conditions precedent shall have been deemed satisfied, except as the Companies and the Agent shall otherwise agree in a separate writing.

SECTION 3. REVOLVING LOANS AND COLLECTIONS

3.1. Funding Conditions and Procedures.

(a) Amounts and Requests. Subject to the terms and conditions of this Financing Agreement, the Agent and the Lenders, pro rata in accordance with their respective Pro Rata Percentages, severally (and not jointly) agree to make loans and advances to the Funds Administrator on behalf of each Company on a revolving basis (i.e. subject to the limitations set forth herein, each Company, through the Funds Administrator, may borrow, repay and re-borrow Revolving Loans). In no event shall the Agent or any Lender have an obligation to make a Revolving Loan to any Company, nor shall the Funds Administrator or any Company be entitled to request or receive a Revolving Loan, if (i) a Default or Event of Default shall have occurred and remain outstanding on the date of request for such Revolving Loan or the date of the funding thereof, (ii) the amount of such Revolving Loan, when added to the principal amount of the Revolving Loans outstanding plus the undrawn amount of all Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases on the date of the request therefor or the funding thereof, would exceed the Revolving Line of Credit, or (iii) amount of such Revolving Loan would exceed the Net Availability of the Companies on the date of the request therefor or the funding thereof. Any request for a Revolving Loan must be received from the Funds Administrator by an officer of the Agent no later than 12:00 p.m., New York City time, (a) on the Business Day on which such Revolving Loan is required, if the request is for a Chase Bank Rate Loan, or (b) three (3) Business Days prior to the Business Day on which such Revolving Loan is required, if the request is for a LIBOR Loan. The funding of any LIBOR Loan is also subject to the satisfaction of the conditions set forth in Section 8.9 of this Financing Agreement.

(b) Phone and Electronic Loan Requests. The Companies hereby authorize the Agent and the Lenders to make Revolving Loans to the Funds Administrator based upon a telephonic or e-mail request (or, if permitted by the Agent, based upon a request posted on CIT's System) made by any officer or other employee of the Funds Administrator that the Funds Administrator has authorized in writing to request Revolving Loans hereunder, as reflected by the Agent's records. Each telephonic, e-mail or posted request by the Funds Administrator shall be irrevocable, and the Funds Administrator agrees to confirm any such request for a Revolving Loan in a writing approved by the Agent and signed by such authorized officer or employee, within one (1) Business Day of the Agent's request for such confirmation. The Agent shall have the right to rely on any telephonic, e-mail or posted request for a Revolving Loan made by anyone purporting to be an officer or other employee of the Funds Administrator that the Funds Administrator has authorized in writing to request Revolving Loans hereunder, without further investigation.

(c) Advances by the Agent. The Agent, on behalf of the Lenders, shall disburse all loans and advances to the Funds Administrator and shall handle all collections of Collateral and repayment of all Obligations. It is understood that for purposes of advances to the Funds Administrator and for purposes of this Section 3.1, the Agent will be using the funds of the Agent, and pending settlement, all interest accruing on such advances shall be payable to the Agent.

(d) Settlement Among Lenders.

(i) Unless the Agent shall have been notified in writing by any Lender prior to any advance to the Funds Administrator that such Lender will not make the amount which would constitute its Pro Rata Percentage of the borrowing on such date available to the Agent, the Agent may assume that such Lender shall make such amount available to the Agent on a Settlement Date, and in reliance upon such assumption, the Agent may make available to the Funds Administrator a corresponding amount. A certificate of the Agent submitted to any Lender with respect to any amount owing under this subsection shall be conclusive, absent manifest error. If such Lender's Pro Rata Percentage of such borrowing is not in fact made available to the Agent by such Lender on the Settlement Date, the Agent shall be entitled to recover from the Companies, on demand, such Lender's Pro Rata Percentage of such borrowing, together with interest thereon (for the account of the Agent) at the rate per annum applicable to such borrowing, without prejudice to any rights which the Agent may have against such Lender under Section 13.3 hereof. Nothing contained herein shall be deemed to obligate the Agent to make available to the Companies the full amount of a requested advance when the Agent has any notice (written or otherwise) that any of the Lenders will not advance its Pro Rata Percentage thereof.

(ii) On each Settlement Date, the Agent and the Lenders shall each remit to the other, in immediately available funds, all amounts necessary so as to ensure that, as of the Settlement Date, the Lenders shall have advanced their respective Pro Rata Percentages of all outstanding Revolving Loans. Each Lender's obligation to make the Revolving Loans referred to in Section 3.1(a) and to make the settlements pursuant to this Section 3.1(d) shall be absolute and unconditional and shall not be affected by any circumstance, including without limitation (v) any set-off, counterclaim, recoupment, defense or other right which any such Lender or the Companies may have against the Agent, the other Companies, any other Lender or any other person, (w) the occurrence or continuance of a Default or an Event of Default, (x) any adverse change in the condition (financial or otherwise) of the Companies, or any of them, (y) any breach of this Financing Agreement or any other Loan Document by the Companies, or any of them, or any other Lender or (z) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(e) Reaffirmation of Representations and Warranties. Except for the representations and warranties set forth in Sections 6.8, 6.9 and 7.1, all of the representations and warranties made by the Companies in this Financing Agreement shall be deemed to be remade by the Companies each time that the Funds Administrator requests a Revolving Loan, a Letter of Credit, a Bankers Acceptance, a Steamship Guarantee or an Airway Release under this Financing Agreement, and each such request shall also constitute a representation and warranty by the Companies that, after giving effect to the requested Revolving Loan, Letter of Credit, a Bankers Acceptance, a Steamship Guarantee or an Airway Release, no Default or Event of Default shall have occurred and remain outstanding.

(f) Funds Administrator Appointment. Each Company hereby irrevocably appoints the Funds Administrator, as the agent for such Company on its behalf, to (i) request Revolving Loans from CIT, (ii) to give and receive notices under the Loan Documents and (iii) take all other action which the Funds Administrator or the Companies are permitted or required to take under this Financing Agreement.

3.2. Handling of Proceeds of Collateral; Cash Dominion.

(a) Collection of Accounts and Other Proceeds. The Companies, at their expense, will enforce and collect payments and other amounts owing on all Accounts in the ordinary course of the Companies' business subject to the terms hereof. The Companies agree to direct their account debtors to send payments on all Accounts directly to a lockbox associated with a Depository Account, and to include on all of the Companies' invoices the address of such a lockbox as the sole address for remittance of payment. Notwithstanding the foregoing, should any Company ever receive any payment on an Account or other Proceeds of the sale of Collateral, including checks, cash, receipts from credit card sales and receipts, notes or other instruments or property with respect to any Collateral, such Company agrees to hold such proceeds in trust for the Agent, for the benefit of the Agent and the Lenders, separate from such Company's other property and funds, and to deposit such proceeds directly into a Depository Account on the Business Day received.

(b) Transfer of Funds from Depository Accounts. Funds remaining on deposit in a Depository Account shall be transferred to the Agent's Bank Account on each Business Day in accordance with the terms and provisions of the applicable Depository Account Control Agreement, and the Companies agree to take all actions reasonably required by the Agent or any bank at which a Depository Account is maintained in order to effectuate the transfer of funds in this manner. All amounts received from a Depository Account and any other proceeds of the Collateral deposited into the Agent's Bank Account will, for purposes of calculating Net Availability and interest, be credited to the Revolving Loan Account on the date of deposit in the Agent's Bank Account. No checks, drafts or other instruments received by the Agent shall constitute final payment to the Agent unless and until such instruments have actually been collected.

(c) New Depository Accounts. Each Company agrees not to open any lockbox or new bank account into which Proceeds of Collateral are to be delivered or deposited unless concurrently with the opening of such lockbox and/or bank account, the Agent, such Company and the bank which will maintain such lockbox or at which such account will be maintained, execute a Depository Account Control Agreement with respect to such lockbox and/or related bank account. Upon compliance with the terms set forth above, such lockbox and/or bank account shall constitute a Depository Account for purposes of this Financing Agreement.

(d) Credit Card Receipts. Each Company agrees to direct all credit card processors handling proceeds of sale of such Company's Inventory to transfer all funds due to such Company pursuant to such arrangement directly to a Depository Account. Promptly after the establishment of any credit card processing or depository relationship, the Companies agree to notify the Agent in writing of the establishment of such relationship and shall cause the credit card processor to execute and deliver to the Agent an agreement in form and substance satisfactory to the Agent, pursuant to which the credit card processor agrees to deposit all sums due to the Companies (or any of them) pursuant to such arrangement directly to a Depository Account.

3.3. Collective Borrowing Arrangement; Revolving Loan Account.

(a) Collective Borrowing Arrangement. The Companies have informed the Agent that: (i) in order to increase the efficiency and productivity of each Company, the Funds Administrator has established a centralized cash management system for the Companies that entails, in part, central disbursement and operating accounts in which the Funds Administrator provides the working capital needs of each of the other Companies and manages and timely pays the accounts payable of each of the other Companies; (ii) the Funds Administrator further enhances the operating efficiencies of the other Companies by purchasing, or causing to be purchased, in the Funds Administrator's name for its account, all or substantially all materials, supplies, inventory and services required by the other Companies, resulting in a reduction in operating costs of the other Companies; and (iii) all of the Companies presently engage in an integrated operation that requires financing on an integrated basis, and each Company expects to benefit from the continued successful performance of such integrated operations. Therefore, in order to best utilize the borrowing powers of the Companies in the most effective and cost efficient manner and to avoid adverse effects on the operating efficiencies of each Company and the existing back-office practices of the Companies, each Company has requested that all Revolving Loans and other advances be disbursed solely upon the request of the Funds Administrator and to bank accounts managed solely by the Funds Administrator, it being the intent and desire of the Companies that the Funds Administrator manage for the benefit of each Company the expenditure and usage of such funds.

(b) Revolving Loan Account. The Agent shall charge the Revolving Loan Account for all loans and advances made by the Agent and the Lenders to the Funds Administrator, or otherwise for any Company's account, and for all any other Obligations, including Out-of-Pocket Expenses, when due and payable hereunder. Subject to the provisions of Section 3.5 below, the Agent will credit the Revolving Loan Account with all amounts received by the Agent from each Depository Account or from others for each Company's account, including, as set forth above, all amounts received by the Agent in payment of Accounts, and such amounts will be applied to payment of the Obligations in the order and manner set forth herein. In no event shall prior recourse to any Account or other security granted to or by the Companies be a prerequisite to the Agent's or the Lenders' rights to demand payment of any of the Obligations. In addition, the Companies agree that neither the Agent nor any Lender shall have any obligation whatsoever to perform in any respect any Company's contracts or obligations relating to the Accounts.

3.4. Repayment of Overadvances. If at any time (a) the sum of the outstanding balance of Revolving Loans and undrawn amount of Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases exceed the Revolving Line of Credit, or (b) an Overadvance exists, the amount of such excess (in the case of clause (a)) or the amount of the Overadvance (in the case of clause (b)) shall be immediately due and payable unless the Agent (as permitted hereunder) or the Lenders otherwise agree in writing. Should the Agent or the Lenders for any reason honor requests for Overadvances, such Overadvances shall be made in the Agent's or the Lenders' sole discretion and subject to any additional terms the Agent or the Lenders deem necessary. In no event shall any Company withdraw any Invested Cash if, after giving effect to any such withdrawal, an Overadvance would exist.

3.5. Application of Proceeds of Collateral.

(a) Generally. Unless this Financing Agreement expressly provides otherwise, so long as no Event of Default shall have occurred and remain outstanding, the Agent agrees to apply all Proceeds of Due from Factor Receivables and Trade Accounts Receivable, all Proceeds of all other Collateral, and any other payment received by the Agent with respect to the Obligations, in such order and manner as the Agent shall elect in the exercise of its reasonable business judgment. Any amounts applied to the repayment of the Revolving Loans pursuant to this Section 3.5(a) (other than the proceeds of Due from Factor Receivables and Trade Accounts Receivable in the ordinary course of the Companies' business) shall result in a reduction of the Supplemental Amount in an amount equal to such repayment of Revolving Loans.

(b) Application of Proceeds to Chase Bank Rate Loans and LIBOR Loans. So long as no Event of Default shall have occurred and remain outstanding, the Agent agrees to apply all Proceeds of Collateral and other payments described in Section 3.5(a) to Chase Bank Rate Loans until there are no Chase Bank Rate Loans outstanding, and then to LIBOR Loans; provided that in the event the aggregate outstanding principal amount of Revolving Loans that are LIBOR Loans exceeds Net Availability or any other applicable limit set forth herein, the Agent may apply all proceeds of Collateral received by the Agent to the payment of the Obligations in such manner and in such order as the Agent may elect in the exercise of its reasonable business judgment. Subject to the terms of the preceding sentence, so long as no Event of Default shall have occurred and remain outstanding, if the Agent receives Proceeds of Collateral or other payments that exceed the outstanding principal amount of Revolving Loans that are Chase Bank Rate Loans, the Funds Administrator may request, in writing, that the Agent not apply such excess Proceeds to outstanding Revolving Loans that are LIBOR Loans, in which case the Agent shall remit such excess to the Funds Administrator. If as a result of the application of the provisions of this Section 3.5(b), any Proceeds of Collateral are applied to loans that are LIBOR Loans, such application shall be treated as a prepayment of such LIBOR Loans and the Lenders shall be entitled to the costs and fees provided for in Section 8.10 hereof.

(c) Application of Proceeds During an Event of Default. If an Event of Default shall have occurred and remain outstanding, the Agent agrees to apply all Proceeds of Collateral and all other payments received by the Agent to the payment of the Obligations in the manner and order set forth in Section 10.4 hereof. If as a result of the application of the provisions of this Section 3.5(c), any Proceeds or payments are applied to loans that are LIBOR Loans, such application shall be treated as a prepayment of such LIBOR Loans and the Lenders shall be entitled to the costs and fees provided for in Section 8.10 hereof.

3.6. Monthly Statement. After the end of each month, the Agent agrees to prepare and make available to the Companies (by mail, facsimile, e-mail or posting to CIT's System, as mutually agreed to by the Funds Administrator and the Agent) and the Lenders, a statement showing the accounting for the charges, loans, advances and other transactions occurring among the Agent, the Lenders, the Funds Administrator and each Company during that month. Absent

manifest error, each monthly statement shall be deemed correct and binding upon each Company, the Funds Administrator and the Lenders, and shall constitute accounts stated between the Companies and the Funds Administrator on one hand, and the Lenders and the Agent on the other hand, as the case may be, unless the Agent receives a written statement of exception from the Companies, the Funds Administrator or any Lender within thirty (30) days of the date of such monthly statement.

3.7. Access to CIT's System. The Agent shall provide to the Funds Administrator access to CIT's System during normal business hours, for the purposes of (i) obtaining information regarding loan balances and Net Availability, and (ii) if permitted by the Agent, making requests for Revolving Loans and submitting Borrowing Base Certificates. Such access shall be subject to the following terms, in addition to all terms set forth on the website for CIT's System:

(a) The Agent shall provide to the Funds Administrator an initial password for secured access to CIT's System. The Funds Administrator shall provide the Agent with a list of officers and employees that are authorized from time to time to access CIT's System, and the Funds Administrator agrees to limit access to the password and CIT's System to such authorized officers and employees. After the initial access, the Funds Administrator shall be solely responsible for (i) changing and maintaining the integrity of the Funds Administrator's password and (ii) any unauthorized use of the Funds Administrator's password or CIT's System by any Company's officers and employees.

(b) The Companies shall use CIT's System and the Companies' information thereon solely for the purposes permitted above, and shall not access CIT's System for the benefit of third parties or provide any information obtained from CIT's System to third parties. The Agent makes no representation that loan balance or Net Availability information is or will be available, accurate, complete, correct or current at all times. CIT's System may be inoperable or inaccessible from time to time, whether for required website maintenance, upgrades to CIT's System, or for other reasons, and in any such event the Funds Administrator must obtain loan balance and Net Availability information, and (if permitted by the Agent) make requests for Revolving Loans and submit Borrowing Base Certificates using other available means.

(c) The Companies hereby confirm and agree that CIT's System consist of proprietary software, data, tools, scripts, algorithms, business logic, website designs and interfaces and related intellectual property, information and documentation. CIT's System and related intellectual property, information and documentation are the sole and exclusive property of the Agent, and the Companies shall have no right, title or interest therein or thereto, except for the limited right to access CIT's System for the purposes permitted above. Upon termination of this Financing Agreement, the Companies agree to cease any use of CIT's System.

(d) All agreements, covenants and representations and warranties made by the Funds Administrator in any Borrowing Base Certificate submitted to the Agent by means of CIT's System are incorporated herein by reference and shall be deemed to be made by each Company.

SECTION 4. [RESERVED]

SECTION 5. LETTERS OF CREDIT, BANKERS ACCEPTANCES, STEAMSHIP GUARANTEES AND AIRWAY RELEASES.

In order to assist the Companies (or any of them) in establishing or opening Letters of Credit (and Bankers Acceptances, Steamship Guarantees and Airway Releases relating thereto) with an Issuing Bank, the Companies have requested that the Lenders (acting through the Agent) join in the applications for such Letters of Credit (and Bankers Acceptances, Steamship Guarantees and Airway Releases relating thereto), buy risk participations in, and/or guarantee payment or performance of, such Letters of Credit and any drafts or Bankers Acceptances, Steamship Guarantees and Airway Releases thereunder through the issuance of one or more Letter of Credit Guaranties, thereby lending the Lenders' credit to the Companies, and the Agent and the Lenders have agreed to do so based upon their respective Pro Rata Percentages. These arrangements shall be handled by the Agent subject to satisfaction of the conditions set forth in Section 2.1 hereof and the terms and conditions set forth below.

5.1. Assistance and Purpose. Within the Revolving Line of Credit and subject to sufficient Net Availability, the Lenders (acting through the Agent) shall assist the Companies in obtaining Letters of Credit (and Bankers Acceptances, Steamship Guarantees and Airway Releases relating thereto) based upon their respective Pro Rata Percentages in an aggregate undrawn amount outstanding at any time not to exceed the Letter of Credit Sub-Line. The term, form and purpose of each Letter of Credit, Bankers Acceptance, Steamship Guaranty and Airway Release and all documentation in connection therewith, and any amendments, modifications or extensions thereof, must be mutually acceptable to the Agent, the Issuing Bank and the Funds Administrator, provided that the Companies shall not request a Letter of Credit to support the purchase of domestic Inventory or to secure present or future indebtedness owed to suppliers of domestic Inventory, except to the extent consistent with their past business practices. Notwithstanding any other provision of this Financing Agreement to the contrary, if a Default or an Event of Default shall have occurred and remain outstanding, (a) the Agent's and the Lenders' assistance in connection with any Letter of Credit, Bankers Acceptance, Steamship Guarantee or Airway Release shall be in the discretion of the Required Lenders, and (b) each Company shall be required to furnish cash collateral in an amount equal to 105% of the aggregate face amount of all outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees or Airway Releases provided to such Company. If a Company is required to provide cash collateral for any such Letter of Credit, Bankers Acceptance, Steamship Guaranty or Airway Release pursuant to this Agreement on or prior to the Termination Date, such Company will pay to the Agent for the ratable benefit of itself and Lenders cash or cash equivalents acceptable to the Agent ("Cash Equivalents") in an amount equal to 105% of the maximum amount then available to be drawn under each such Letter of Credit, Bankers Acceptance, Steamship Guarantee and Airway Release outstanding. Such funds or Cash Equivalents shall be held by the Agent in a cash collateral account for each Company (each, a "Cash Collateral Account") maintained by the Agent or at a bank or financial institution acceptable to the Agent. The Cash Collateral Account shall be in the name of the relevant Company and shall be pledged to, and subject to the control of, the Agent, for the benefit of the Agent and the Lenders, in a manner satisfactory to the Agent, and all monies on deposit in a Cash Collateral Account shall accrue interest at an annual rate equal to the Chase Bank Rate minus four percent (4%), which interest shall be added to and constitute a part of the monies held in such Cash Collateral Account. Each of the Companies hereby pledges and grants to the Agent, on behalf of itself and the Lenders, a security interest in all such funds

of such Company and Cash Equivalents held in such Company's Cash Collateral Account from time to time and all proceeds thereof, as security for the payment of all amounts due in respect of such Company's Obligations under Letter of Credits, Bankers Acceptances, Steamship Guaranties, Airway Releases and other Obligations of such Company, whether or not then due. This Agreement, including this Section 5.1, shall constitute a security agreement under applicable law.

5.2. Authority to Charge Revolving Loan Account. The Companies hereby authorize the Agent, without notice to the Companies, to charge the Revolving Loan Account as a Revolving Loan in the amount of all indebtedness, liabilities and obligations of any kind incurred by the Agent or the Lenders under a Letter of Credit Guaranty, including the charges of an Issuing Bank, as such indebtedness, liabilities and obligations are charged to or paid by the Agent or the Lenders, or, if earlier, upon the occurrence of an Event of Default. Any amount charged to the Revolving Loan Account shall be deemed a Revolving Loan and a Chase Bank Rate Loan hereunder and shall incur interest at the rate provided in Section 8.1 (or Section 8.2, if applicable) of this Financing Agreement. The Companies confirm that any charges which the Agent may make to the Revolving Loan Account as provided herein will be made as an accommodation to the Companies and solely at the Agent's discretion.

5.3. Indemnity Relating to Letters of Credit and Bankers Acceptances. Each Company jointly and severally unconditionally indemnifies the Agent and the Lenders (and each Lender that is an Issuing Bank), and holds the Agent and the Lenders (and each Lender that is an Issuing Bank) harmless from any and all loss, claim or liability incurred by the Agent or the Lenders (and each Lender that is an Issuing Bank) arising from any transactions or occurrences relating to Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases established or opened for any Company's account, the Collateral relating thereto and any drafts or acceptances thereunder, and all Obligations thereunder, including any such loss, claim or liability arising from any error, omission, negligence, misconduct or other action taken by an Issuing Bank, other than for any such loss, claim or liability arising out of the gross negligence or willful misconduct by the Agent with respect to a Letter of Credit Guaranty. This indemnity shall survive the termination of this Financing Agreement and the repayment of the Obligations.

5.4. Compliance of Goods, Documents and Shipments with Agreed Terms. Neither the Agent nor any Issuing Bank nor any Lender shall be responsible for: (a) the existence, character, quality, quantity, condition, packing, value or delivery of the goods purporting to be represented by any documents relating to any Letter of Credit; (b) any difference or variation in the character, quality, quantity, condition, packing, value or delivery of the goods from that expressed in such documents; (c) the validity, sufficiency or genuineness of such documents or of any endorsements thereon, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged; (d) the time, place, manner or order in which shipment is made; (e) partial or incomplete shipment, or failure or omission to ship any or all of the goods referred to in the Letters of Credit or documents relating thereto; (f) any deviation from instructions; (g) delay, default, or fraud by the shipper and/or anyone else in connection with the goods or the shipping thereof; or (h) any breach of contract between the shipper or vendors and any Company.

5.5. Handling of Goods, Documents and Shipments. The Companies agree that any action taken by the Agent, if taken in good faith, or any action taken by the Issuing Bank of whatever nature, under or in connection with the Letters of Credit, the Letter of Credit Guaranties, drafts or acceptances relating to Letters of Credit, any Steamship Guaranty or Airway Release, or the goods subject thereto, shall be binding on each Company and shall not result in any liability whatsoever of the Agent, any Issuing Bank or any Lender to the Companies. The Agent shall have the full right and authority, on behalf of the Lenders, to (a) clear and resolve any questions of non-compliance of documents, (b) give any instructions as to acceptance or rejection of any documents or goods, (c) execute any and all steamship or airway guaranties (and applications therefor), indemnities or delivery orders, (d) grant any extensions of the maturity of, time of payment for, or time of presentation of, any drafts, acceptances, or documents, and (e) agree to any amendments, renewals, extensions, modifications, changes or cancellations of any of the terms or conditions of any of the applications, the Letters of Credit, the Letter of Credit Guaranties or drafts or acceptances relating to Letters of Credit. An Issuing Bank shall be entitled to comply with and honor any and all such documents or instruments executed by or received solely from the Agent, without any notice to or any consent from the Companies or the Funds Administrator. Notwithstanding any prior course of conduct or dealing with respect to the foregoing (including amendments to and non-compliance with any documents, and/or the Companies' or the Funds Administrator's instructions with respect thereto), the Agent may exercise its rights under this Section 5.5 in its sole but reasonable business judgment. In addition, each Company and the Funds Administrator agree not to: (a) at any time, (i) execute any application for steamship or airway guaranties, indemnities or delivery orders, (ii) grant any extensions of the maturity of, time of payment for, or time of presentation of, any drafts, acceptances or documents, or (iii) agree to any amendments, renewals, extensions, modifications, changes or cancellations of any of the terms or conditions of any of the applications, Letters of Credit, drafts or acceptances; and (b) if an Event of Default shall have occurred and remain outstanding, (i) clear and resolve any questions of non-compliance of documents or (ii) give any instructions as to acceptances or rejection of any documents or goods.

5.6. Compliance with Laws; Payment of Levies and Taxes. The Companies agree that (a) all necessary import and export licenses and certificates necessary for the import or handling of the Collateral will be promptly procured, (b) all foreign and domestic governmental laws and regulations in regard to the shipment and importation of the Collateral or the financing thereof will be promptly and fully complied with, and (c) any certificate in that regard that the Agent may at any time request will be promptly furnished to the Agent. In connection herewith, the Companies represent and warrant to the Agent, the Lenders and each Issuing Bank that all shipments made under any Letter of Credit are and will be in compliance with the laws and regulations of the countries in which the shipments originate and terminate, and are not prohibited by any such laws and regulations. The Companies assume all risk, liability and responsibility for, and agree to pay and discharge, all present and future local, state, federal or foreign Taxes, duties, or levies pertaining to the importation and delivery of the Collateral. Any embargo, restriction, law, custom or regulation of any country, state, city, or other political subdivision, where the Collateral is or may be located, or wherein payments are to be made, or wherein drafts may be drawn, negotiated, accepted, or paid, shall be solely the Companies' risk, liability and responsibility.

5.7. Subrogation Rights. Upon any payments made to an Issuing Bank under a Letter of Credit Guaranty, the Agent, for the benefit of the Agent and the Lenders, shall acquire by subrogation, any rights, remedies, duties or obligations granted to or undertaken by the Companies, or any of them, to the Issuing Bank in any application for Letter of Credit, any standing agreement relating to Letters of Credit or otherwise, all of which shall be deemed to have been granted to the Agent, for the benefit of the Agent and the Lenders, and apply in all respects to the Agent and shall be in addition to any rights, remedies, duties or obligations contained herein.

5.8. Risk Participation. To the extent that any applicable law, rule or regulation prohibits any Lenders from issuing a guaranty of any Letter of Credit, Bankers Acceptance, Steamship Guarantee and/or Airway Release, each such Lender with a Commitment shall instead, and does hereby, irrevocably purchase a risk participation in each such Letter of Credit, Bankers Acceptance, Steamship Guarantee and/or Airway Release and agrees to pay to Agent for the benefit of the Lender and/or each Issuing Bank (on Agent's demand) its Pro Rata Percentage of all payments made with respect to each such Letter of Credit, Bankers Acceptance, Steamship Guarantee and/or Airway Release.

SECTION 6. COLLATERAL

6.1. Grant of Security Interest.

(a) Grant of Security Interest. As security for the prompt payment in full of all Obligations, each of the Original Companies hereby ratifies, confirms and acknowledges its prior grant of a security interest to the Agent and the Lenders, and each of the Original Companies and each other Company hereby further pledges and grants to the Agent, for the benefit of the Agent and the Lenders, a continuing general lien upon, and security interest in, all of the Collateral in which such Company has rights.

(b) Extent of Security Interests. The security interests granted hereunder shall extend and attach to:

(i) all Collateral which is presently in existence or hereafter acquired and which is owned by any Company or in which any Company has any interest, whether held by such Company or by others for the such Company's account, and wherever located, and, if any Collateral is Equipment, whether such Company's interest in such Equipment is as owner, lessee or conditional vendee;

(ii) all Equipment whether the same constitutes personal property or fixtures, including, but without limiting the generality of the foregoing, all dies, jigs, tools, benches, molds, tables, accretions, component parts thereof and additions thereto, as well as all accessories, motors, engines and auxiliary parts used in connection with, or attached to, the Equipment; and

(iii) all Inventory and any portion thereof which may be returned, rejected, reclaimed or repossessed by either the Agent or the Companies from the Companies' customers, as well as to all supplies, goods, incidentals, packaging materials, labels and any other items which contribute to the finished goods or products manufactured or processed by the Companies, or to the sale, promotion or shipment thereof.

6.2. Limited License. Regardless of whether the Agent's security interests in any of the General Intangibles has attached or is perfected, each Company hereby irrevocably grants to the Agent, for the benefit of the Agent and the Lenders, a royalty-free, non-exclusive license to use such Company's Trademarks, Copyrights, Patents and other proprietary and intellectual property rights, in connection with the (i) advertisement for sale, and the sale or other disposition of, any finished goods Inventory by the Agent in accordance with the provisions of this Financing Agreement, and (ii) the manufacture, assembly, completion and preparation for sale of any unfinished Inventory by the Agent in accordance with the provisions of this Financing Agreement.

6.3. Representations, Covenants and Agreements Regarding Collateral Generally.

(a) Representations and Warranties. The Companies represent and warrant to the Agent and the Lenders that except for the Permitted Encumbrances, (i) this Financing Agreement creates a valid, perfected, first priority and exclusive security interest in all personal property of the Companies as to which perfection may be achieved by filing, (ii) the Agent's security interests in the Collateral constitute, and will at all times constitute, first priority and exclusive liens on the Collateral, and (iii) each Company is, or will be at the time additional Collateral is acquired by such Company, the absolute owner of such additional Collateral with full right to pledge, sell, transfer and create a security interest therein, free and clear of any and all claims or liens other than Permitted Encumbrances.

(b) Covenants. The Companies, at their expense, agree to forever warrant and defend the Collateral from any and all claims and demands of any other person, other than holders of Permitted Encumbrances.

6.4. Representations Regarding Accounts and Inventory. The Companies represent and warrant to the Agent and the Lenders that:

(a) each Trade Account Receivable is based on an actual and bona fide sale and delivery of Inventory or rendition of services to customers, made by the Companies in the ordinary course of their business;

(b) the Inventory being sold and the Trade Accounts Receivable created by such sales are the exclusive property of the Companies and are not subject to any lien, encumbrance, security interest or financing statement whatsoever, other than Permitted Encumbrances;

(c) the invoices evidencing such Trade Accounts Receivable are in the name of the Companies;

(d) the customers of the Companies have accepted the Inventory or services, and owe and are obligated to pay the full amounts stated in the invoices according to their terms, without dispute, offset, defense, counterclaim or contra, except in each case for disputes and other matters arising in the ordinary course of business of which the Companies have notified the Agent pursuant to Section 7.2(g) hereof;

(e) the Companies Inventory, except as written down or reserved against in accordance with generally accepted accounting principles and the Companies' customary practices, is marketable in the ordinary course of the Companies' businesses, and no Inventory has been produced in violation of the Fair Labor Standards Act (29 U.S.C. §201 et seq.), as amended; and

(f) neither any Eligible Inventory nor any Eligible Accounts Receivable are subject to any consignment arrangement.

6.5. Covenants and Agreements Regarding Accounts and Inventory.

(a) Each Company confirms to the Agent and the Lenders that all Taxes and fees relating to such Company's business, such Company's sales, and the Accounts or Inventory relating thereto, are such Company's sole responsibility, and that same will be paid by such Company when due, subject to Section 7.2(d) hereof, and that none of said Taxes or fees represents a lien on or claim against the Accounts, other than a Permitted Tax Lien.

(b) [Intentionally Omitted].

(c) Each Company agrees to maintain such books and records regarding Accounts and Inventory as the Agent reasonably may require and agrees that the books and records of such Company will reflect the Agent's interest in the Accounts and Inventory. In support of the continuing assignment and security interest of the Agent in the Accounts and Inventory, the Companies agree to deliver to the Agent all of the schedules, reports and other information described in Section 7.2(g) of this Financing Agreement. The Companies' failure to maintain their books in the manner provided herein or to deliver to the Agent any of the foregoing information shall in no way affect, diminish, modify or otherwise limit the security interests granted to the Agent in the Accounts and Inventory.

(d) Each Company agrees to issue credit memoranda promptly after accepting returns or granting allowances, and to deliver to the Agent copies of such credit memoranda as and when required to do so under Section 7.2(g) hereof.

(e) Each Company agrees to safeguard, protect and hold all Inventory for the account of the Agent, on behalf of the Lenders, and to make no sale or other disposition thereof except in the ordinary course of such Company's business, on open account and on commercially reasonable terms consistent with such Company's past practices. Notwithstanding the ordinary course of any Company's business or any Company's past practices, each Company agrees not to retain any lien on or security interest in any Inventory sold. As to any sale or other disposition of Inventory, the Agent shall have all of the rights of an unpaid seller, including stoppage in transit, replevin, rescission and reclamation. Each Company agrees to handle all Proceeds of sales of Inventory in accordance with the provisions of Section 3.2 hereof.

(f) Each Company agrees that no Inventory acquired on a consigned basis, nor Inventory sold on a consigned basis, shall be includable in the Borrowing Base.

6.6. Covenants and Agreements Regarding Equipment.

(a) Maintenance of Equipment. Each Company agrees to (i) maintain the Equipment in as good and substantial repair and condition as the Equipment owned by such Company is now maintained (or at the time that the Agent's security interest may attach to such Equipment), reasonable wear and tear excepted, (ii) make any and all repairs and replacements when and where necessary, and (iii) safeguard, protect and hold all Equipment owned by such Company in accordance with the terms hereof and subject to the Agent's security interest. The Equipment will only be used by the Companies in the operation of their respective businesses and will not be sold or held for sale or lease, except as expressly provided in Section 6.6(b) below.

(b) Sales of Equipment. The Companies may sell Equipment from time to time, provided that in each such instance: (i) no Event of Default shall have occurred and remain outstanding at the time of such sale; (ii) the aggregate book value of the Equipment subject to sale, taken together with any other assets sold during the term of this Agreement under the proviso contained in Section 7.4(c) hereof, does not exceed \$25,000,000 in the aggregate; and (iii) all net proceeds of such sales are either (x) promptly delivered by the Companies to the Agent by deposit to the Depository Account, for application first against the then outstanding Revolving Loans and second against any other Obligations in such manner and in such order as the Required Lenders may elect in the exercise of their reasonable business judgment), or (y) within 90 days of such sale, used to purchase replacement Equipment that the Companies determine in their reasonable business judgment to have a value at least equal to the Equipment sold. Upon the sale, transfer, lease or other disposition of Equipment, the Agent's security interest in the Equipment shall, without break in continuity and without further formality or act, continue in, and attach to, all Proceeds. Such Proceeds shall not be commingled with the Companies' other property, but shall be segregated and held by the Companies in trust for the Agent as the Agent's property, for the benefit of the Agent and the Lenders. As to any such sale, transfer, lease or other disposition, the Agent shall have all of the rights of an unpaid seller, including stoppage in transit, replevin, rescission and reclamation.

6.7. General Intangibles. Each Company represents and warrants to the Agent and the Lenders that the Companies, together with Parent and each Subsidiary of Parent, possess all General Intangibles necessary to conduct the business of Parent and its Subsidiaries as presently conducted and/or as conducted from time to time. Each Company agrees to maintain such Company's rights in, and the value of, all such General Intangibles, and to pay when due all payments required to maintain in effect any licensed rights. The Companies shall provide the Agent with adequate notice of the acquisition of rights with respect to any additional Patents, Trademarks and Copyrights so that the Agent may, for the benefit of the Agent and the Lenders and to the extent permitted under the documentation granting such rights or applicable law, perfect the Agent's security interest in such rights in a timely manner.

6.8. Commercial Tort Claims. Each Company represents and warrants to the Agent and the Lenders that as of the date hereof, such Company holds no interest in any commercial tort claim. If any Company at any time holds or acquires a commercial tort claim, such Company agrees to promptly notify the Agent in writing of the details thereof, and in such writing such Company shall grant to the Agent, for the benefit of the Agent and the Lenders, a security interest in such commercial tort claim and in the Proceeds thereof, all upon the terms of this Financing Agreement.

6.9. Letter of Credit Rights. Each Company represents and warrants to the Agent and the Lenders that as of the date hereof, such Company is not the beneficiary of any letter of credit. If any Company becomes a beneficiary under any letter of credit, such Company agrees to promptly notify the Agent, and upon request by the Agent, such Company agrees to either (a) cause the issuer of such letter of credit to consent to the assignment of the proceeds of such letter of credit to the Agent, for the benefit of the Agent and the Lenders, pursuant to an agreement in form and substance satisfactory to the Agent, or (b) cause the issuer of such letter of credit to name the Agent, for the benefit of the Agent and the Lenders, as the transferee beneficiary of such letter of credit.

6.10. Intentionally Omitted.

6.11. Reference to Other Loan Documents. Reference is hereby made to the other Loan Documents for additional representations, covenants and other agreements of the Companies regarding the Collateral covered by such Loan Documents. To the extent any of the Loan Documents is not otherwise amended and/or amended and restated on the Closing Date, each of the Companies party thereto hereby ratifies, confirms and acknowledges each of representations, covenants and other agreements of the Companies regarding the Collateral covered by such Loan Documents as of the Closing Date.

6.12. Credit Balances; Additional Collateral.

(a) The rights and security interests granted to the Agent and the Lenders hereunder shall continue in full force and effect, notwithstanding the termination of this Financing Agreement or the fact that the Revolving Loan Account may from time to time be temporarily in a credit position, until the termination of this Financing Agreement and the full and final payment and satisfaction of the Obligations. Any reserves or balances to the credit of the Companies (in the Revolving Loan Account or otherwise), and any other property or assets of the Companies (or any of them) in the possession of the Agent or any Lender, may be held by the Agent or such Lender as Other Collateral, and applied in whole or partial satisfaction of such Obligations when due, subject to the terms of this Financing Agreement. The liens and security interests granted to the Agent, for the benefit of the Agent and the Lenders, herein and any other lien or security interest which the Agent or the Lenders may have in any other assets of the Companies secure payment and performance of all present and future Obligations.

(b) Notwithstanding the Agent's security interests in the Collateral, to the extent that the Obligations are now or hereafter secured by any assets or property other than the Collateral, or by the guaranty, endorsement, assets or property of any other person, the Agent shall have the right in its sole discretion to determine which rights, security, liens, security interests or remedies the Agent shall at any time pursue, foreclose upon, relinquish, subordinate, modify or take any other action with respect to, without in any way modifying or affecting any of such rights, security, liens, security interests or remedies, or any of the Agent's or the Lenders' rights under this Financing Agreement.

SECTION 7. REPRESENTATIONS, WARRANTIES AND COVENANTS

7.1. Initial Disclosure Representations and Warranties. The Companies represent and warrant to the Agent and the Lenders that:

(a) Financial Condition. (i) The amount of each Company's assets, at fair valuation, exceeds the book value of such Company's liabilities, (ii) each Company is generally able to pay its debts as they become due and payable, and (iii) each Company does not have unreasonably small capital to carry on its business as currently conducted absent extraordinary and unforeseen circumstances. All financial statements of the Companies previously furnished to the Agent present fairly, in all material respects, the financial condition of the Companies as of the date of such financial statements.

(b) Organization Matters; Collateral Locations. Each of the Companies is a duly and validly existing corporation or limited liability company in good standing under the laws of the jurisdiction of its organization and is qualified in all states where the failure to so qualify would have an adverse effect on its business or its ability to enforce collection of Accounts due from customers residing in that state. Schedule 7.1(b) attached hereto correctly and completely sets forth (w) each Companies' exact name, as currently reflected by the records of each Companies' State of incorporation or formation, (x) each Companies' State of incorporation or formation, (y) each Companies' federal employer identification number and State organization identification number (if any), and (z) the address of each Companies' chief executive office and all locations of Collateral.

(c) Power and Authority; Conflicts; Enforceability.

(i) Each Company has full power and authority to execute and deliver this Financing Agreement and the other Loan Documents to which such Company is a party, and to perform all of such Company's obligations thereunder.

(ii) The execution and delivery by each of this Financing Agreement and the other Loan Documents to which such Company is a party, and the performance of such Company's obligations hereunder and thereunder, have been duly authorized by all necessary corporate or other relevant action, and do not (w) require any consent or approval of any director, shareholder, partner or member of such Company that has not been obtained, (x) violate any term, provision or covenant contained in the organizational documents of such Company (such as the certificate or articles of incorporation, certificate of origin, partnership agreement, by-laws or operating agreement), (y) violate, or cause such Company to be in default under, any law, rule, regulation, order, judgment or award applicable to such Company or its assets, or (z) violate any term, provision, covenant or representation contained in, or constitute a default under, or result in the creation of any lien under, any loan agreement, lease, indenture, mortgage, deed of trust, note, security agreement or pledge agreement to which such Company a signatory or by which such Company or such Company's assets are bound or affected.

(iii) This Financing Agreement and the other Loan Documents to which the Companies (or any of them) are parties constitute legal valid and binding obligations of the Companies, enforceable in accordance with their respective terms, subject to applicable

bankruptcy, insolvency, moratorium, fraudulent transfer and other laws affecting creditors' rights generally, and subject to general principles of equity, regardless of whether considered in a proceeding at law or in equity.

(d) Schedules. Each of the Schedules attached to this Financing Agreement set forth a true, correct and complete description of the matter or matters covered thereby.

(e) Compliance with Laws. Each Company and such Company's properties are in compliance with all federal, state and local acts, rules and regulations, and all orders of any federal, state or local legislative, administrative or judicial body or official, except to the extent the failure to so comply would not have a Material Adverse Effect. Each Company has obtained and maintains all permits, approvals, authorizations and licenses necessary to conduct its business as presently conducted, except to the extent the failure to have such permits, approvals, authorizations or licenses would not have a Material Adverse Effect.

(f) Environmental Matters. Except as set forth on Schedule 7.1(f):

(i) None of the operations of any Company are the subject of any federal, state or local investigation to determine whether any remedial action is needed to address the presence or disposal of any environmental pollution, hazardous material or environmental clean-up of the Real Estate or such Company's leased real property. No enforcement proceeding, complaint, summons, citation, notice, order, claim, litigation, investigation, letter or other communication from a federal, state or local authority has been filed against or delivered to any Company, regarding or involving any release of any environmental pollution or hazardous material on any real property now or previously owned or operated by such Company.

(ii) Except as would not have a Material Adverse Effect, no Company has any known contingent liability with respect to any release of any environmental pollution or hazardous material on any real property now or previously owned or operated by such Company.

(iii) Each Company is in compliance with all environmental statutes, acts, rules, regulations and orders applicable to the operation of such Company's business, except to the extent that the failure to so comply would not have a Material Adverse Effect.

(g) Pending Litigation. Except as previously disclosed by the Companies to the Agent in writing, there exist no actions, suits or proceedings of any kind by or against any Company pending in any court or before any arbitrator or governmental body, that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

(h) Acquisition. G-III Inc. has consummated its acquisition of all of the issued and outstanding stock of AM Apparel Holdings, Inc., and its direct and indirect Subsidiaries, AMC, A&S, Ash Retail of Easthampton, Inc. and ASH Retail Corp., upon the terms set forth in the acquisition agreement therefor, and has delivered to the Agent (or its counsel) a fully executed copy of the acquisition agreement and related documents with respect to such acquisition, all of which remain in full force and effect, and no event of default has occurred thereunder. The rights of G-III under such acquisition agreement has been collaterally assigned to the Agent pursuant to Collateral Assignment dated as of February 11, 2008, which such Collateral Assignment remains in full force and effect.

(i) Taxes. Except as disclosed on Schedule 7.1(i), each Company and its Subsidiaries has (in the case of the Companies or Subsidiaries acquired by G-III Inc., since the date of acquisition) timely filed or caused to be filed all federal, provincial, territorial and other material Tax returns and reports required to have been filed by it and has paid or caused to be paid all Taxes required to have been paid by it, except (x) Taxes that are being contested in good faith by appropriate proceedings and for which such Company or Subsidiary has set aside on its books adequate reserves in accordance with GAAP and (y) Taxes the non-payment of which, in the aggregate, is not reasonably expected to have a Material Adverse Effect. Except as disclosed on Schedule 7.1(i), no material Tax liens are currently in effect with respect to the assets of any of the Companies or their respective Subsidiaries, and no material claims asserted in writing with respect to any such Taxes are currently pending or unresolved.

(j) ERISA and Benefit Plans. No event described in Section 10.1(g) has occurred or is reasonably expected to occur. Except as disclosed on Schedule 7.1(j), the present value of all accumulated benefit obligations under each “plan” (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by an amount that could reasonably be expected to result in a Material Adverse Effect the fair market value of the assets of such “plan”, and the present value of all accumulated benefit obligations of all underfunded “plans” (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than \$100,000 the fair market value of the assets of all such underfunded “plans”. No pension, retirement, superannuation or similar policy or arrangement is sponsored, maintained or contributed to by any Company in a jurisdiction other than the United States of America. Except as required by applicable law, or which could not reasonably be expected to give rise to a Material Adverse Effect, none of the Companies nor any Subsidiary thereof maintains, sponsors or contributes to any plan, policy or arrangement that provides medical benefits to retirees or their beneficiaries.

(k) Labor Matters. As of the Closing Date (a) except as set forth on Schedule 7.1(k), there is no collective bargaining agreement or other material labor contract covering employees of any Company or any of its Subsidiaries, (b) no union or other labor organization is seeking to organize, or to be recognized as, a collective bargaining unit of employees of any Company or any of its Subsidiaries or for any similar purpose, and (c) there is no pending or (to the best of the Companies’ knowledge) threatened, strike, work stoppage, material unfair labor practice claim, or other material labor dispute against or affecting any Company or any of its Subsidiaries or employees.

7.2. Affirmative Covenants. Until the termination of this Financing Agreement and the full and final payment and satisfaction of the Obligations:

(a) Maintenance of Financial Records; Inspections. Each Company agrees to maintain books and records pertaining to such Company’s financial matters in such detail, form and scope as the Agent reasonably may require. Each Company agrees that the Agent, and/or any agent designated by the Agent, may enter upon any Company’s premises at any time during normal business hours, and from time to time, in order to (i) examine and inspect the books and records of any Company, and make copies thereof and take extracts therefrom, and

(ii) verify, inspect and perform physical counts and other valuations of the Collateral and any and all records pertaining thereto. The Companies irrevocably authorize all accountants and third parties to disclose and deliver directly to the Agent and the Lenders, at the Companies' expense, all financial statements and information, books, records, work papers and management reports generated by them or in their possession regarding the Companies or the Collateral. All costs, fees and expenses incurred by the Agent in connection with such examinations, inspections, physical counts and other valuations shall constitute Out-of-Pocket Expenses for purposes of this Financing Agreement.

(b) Further Assurances. Each Company agrees to comply with the requirements of all state and federal laws in order to grant to the Agent, for the benefit of the Agent and the Lenders, valid and perfected first priority security interests in the Collateral, subject only to the Permitted Encumbrances. The Agent is hereby authorized by the Companies to file any financing statements, continuations and amendments covering the Collateral without the Companies' signatures in accordance with the provisions of the UCC. The Companies hereby consent to and ratify the filing of any financing statements covering the Collateral by the Agent on or prior to the Closing Date. The Companies agree to do whatever the Agent reasonably may request from time to time, by way of (i) filing notices of liens, financing statements, amendments, renewals and continuations thereof, (ii) cooperating with agents and employees of the Agent, (iii) keeping Collateral records, (iv) transferring proceeds of Collateral to the Agent's possession in accordance with the terms hereof and (v) performing such further acts as the Agent reasonably may require in order to effect the purposes of this Financing Agreement, including the execution of control agreements with respect to Depository Accounts and Investment Property.

(c) Insurance and Condemnation.

(i) Required Insurance. The Companies agree to maintain insurance on all Real Estate, Equipment and Inventory under such policies of insurance, with such insurance companies, in such reasonable amounts and covering such insurable risks as are at all times reasonably satisfactory to the Agent (the "Required Insurance"). All policies covering the Real Estate, Equipment and Inventory are, subject to the rights of any holder of a Permitted Encumbrance having priority over the security interests of the Agent, to be made payable solely to the Agent, for the benefit of the Agent and the Lenders, in case of loss, under a standard non-contributory "mortgagee", "secured party" or "lender's loss payable" clause or endorsement, and are to contain such other provisions as the Agent reasonably may require to fully protect the Agent's interest in the Real Estate, Inventory and Equipment and to any payments to be made under such policies. Each loss payable endorsement in favor of the Agent shall provide (x) for not less than thirty (30) days prior written notice to the Agent of the exercise of any right of cancellation and (y) that the Agent's right to payment under any property insurance policy will not be invalidated by any act or neglect of, or any breach of warranty or condition by, the Companies (or any of them) or any other party. If an Event of Default shall have occurred and remain outstanding, the Agent, subject to the rights of any holder of a Permitted Encumbrance having priority over the security interests of the Agent, shall have the sole right, in the name of the Agent or the Companies (or any of them), to file claims under any insurance policies, to receive, receipt and give acquittances for any payments that may be payable thereunder, and to execute any and all endorsements, receipts, releases, assignments, reassignments or other documents that may be necessary to effect the collection, compromise or settlement of any claims under any such insurance policies.

(ii) The Agent's Purchase of Insurance. In the event the Companies fail to provide the Agent with evidence of the Required Insurance in the manner set forth in Section 7.2(c)(i) above, the Agent may purchase insurance at the Companies' expense to protect the interest in the Collateral of the Agent for the benefit of the Agent and the Lenders. The insurance purchased by the Agent may, but need not, protect the Companies' interests in the Collateral, and therefor such insurance may not pay any claim which the Companies may make or any claim which is made against the Companies in connection with the Collateral. The Companies may later request that the Agent cancel any insurance purchased by the Agent, but only after providing the Agent with satisfactory evidence that the Companies have the Required Insurance. If the Agent purchases insurance covering all or any portion of the Collateral, the Companies shall be responsible for the costs of such insurance, including interest (at the applicable rate set forth hereunder) and other charges accruing on the purchase price therefor, until the effective date of the cancellation or the expiration of the insurance, and the Agent may charge all of such costs, interest and other charges to the Revolving Loan Account as a Revolving Loan. The costs of the premiums of any insurance purchased by the Agent may exceed the costs of insurance which the Companies may be able to purchase on their own. In the event that the Agent purchases insurance, the Agent will notify the Companies of such purchase within thirty (30) days after the date of such purchase. If, within thirty (30) days after the date of receipt of such notice, the Companies provide the Agent with proof that the Companies had the Required Insurance as of the date on which the Agent purchased insurance and the Companies have continued at all times thereafter to have the Required Insurance, then the Agent agrees to cancel the insurance purchased by the Agent and credit the Revolving Loan Account for the amount of all costs, interest and other charges associated with such insurance that the Agent previously charged to the Revolving Loan Account.

(iii) Application of Insurance and Condemnation Proceeds. So long as no Default or Event of Default shall have occurred and remain outstanding as of the date of the Agent's receipt of any Casualty Proceeds:

(w) In the event of any loss or damage to any Inventory by condemnation, fire or other casualty, the Agent agrees to apply the Casualty Proceeds to repay the outstanding Revolving Loans.

(x) In the event of any loss or damage to any item of Collateral other than Inventory by condemnation, fire or other casualty, if the Casualty Proceeds relating to such condemnation, fire or other casualty are less than or equal to \$100,000, the Agent agrees to apply such Casualty Proceeds to repay the outstanding Revolving Loans.

(y) In the event of any loss or damage to any item of Equipment by condemnation, fire or other casualty, if the Casualty Proceeds relating to such condemnation, fire or other casualty exceed \$100,000, the Companies may elect (by delivering written notice to the Agent within ten (10) Business Days following the Agent's receipt of such Casualty Proceeds) to replace or repair such item of Equipment. If the Companies elect to replace or repair any item of Equipment, the Agent initially shall apply all such Casualty

Proceeds to the outstanding Revolving Loans and will establish an Availability Reserve in an amount equal to such Casualty Proceeds. The Agent agrees to reduce this Availability Reserve dollar-for-dollar as and when payments then are due under the contract(s) for the purchase of replacement Equipment or the repair of such item of Equipment. Upon the replacement or completion of repair of such item of Equipment, the Agent will eliminate any remaining Availability Reserve established hereunder.

(z) In the event of any loss or damage to any Real Estate leased by the Companies by condemnation, fire or other casualty, the Companies may use the Casualty Proceeds in the manner required or permitted by the lease agreement relating thereto. In the event of any loss or damage to any Real Estate owned by the Companies by condemnation, fire or other casualty, if the Casualty Proceeds relating to such condemnation, fire or other casualty exceed \$100,000, and so long as the Companies have sufficient business interruption insurance to replace the lost profits of the facilities affected by the condemnation, fire or other casualty, the Companies may elect to repair or replace such Real Estate, subject to the following terms:

(1) If the Companies reasonably determine that the Real Estate may be repaired to substantially the same condition of the Real Estate prior to the condemnation, fire or other casualty, the Companies may elect to repair the Real Estate by delivering written notice to the Agent within thirty (30) days following the Agent's receipt of such Casualty Proceeds. The Agent initially shall apply all such Casualty Proceeds to the outstanding Revolving Loans and will establish an Availability Reserve in an amount equal to such Casualty Proceeds. The Companies shall provide the Agent with a repair plan, the contract(s) for repair and a total budget certified by an independent third party experienced in construction costing. If such budget indicates that there are insufficient Casualty Proceeds to cover the full cost of repair of the Real Estate, the Companies shall fund such deficiency before the Availability Reserve established hereunder shall be reduced. The Agent agrees to reduce this Availability Reserve dollar-for-dollar as and when payments are due under the contract(s) for repair. Upon completion of the repair of the Real Estate (as determined by the Agent in the exercise of its reasonable business judgment), the Agent will eliminate any remaining Availability Reserve established hereunder.

(2) The Companies may elect to replace the Real Estate owned by the Companies only on terms and conditions satisfactory to the Required Lenders in their sole discretion.

If a Default or an Event of Default shall have occurred and remain outstanding as of the date of the Agent's receipt of any Casualty Proceeds, or if the Companies do not or cannot elect to use the Casualty Proceeds in the manner set forth in paragraphs (y) or (z) above, the Agent may, subject to the rights of any holder of a Permitted Encumbrance having priority over the security interests of the Agent, apply the Casualty Proceeds to the payment of the Obligations in such manner and in such order as the Agent may elect in its sole discretion. Any amounts that are applied to the repayment of the Revolving Loans under this Section 7.2(c) shall also result in a reduction in the Supplemental Amount in an amount equal to such repayment of Revolving Loans.

(d) Payment of Taxes. The Companies shall pay when due all Taxes lawfully levied, assessed or imposed upon the Companies or the Collateral (including all sales taxes collected by the Companies on behalf of the Companies' customers in connection with sales of Inventory and all payroll taxes collected by the Companies on behalf of the Companies' employees), unless the Companies are contesting such Taxes in good faith, by appropriate proceedings, and is maintaining adequate reserves for such Taxes in accordance with GAAP. Notwithstanding the foregoing, if a lien securing any Taxes is filed in any public office and such lien is not a Permitted Tax Lien, then the Companies shall pay all Taxes secured by such lien immediately and remove such lien of record promptly. Pending the payment of such Taxes and removal of such lien, the Agent may, at its election and without curing or waiving any Event of Default which may have occurred as a result thereof, (i) establish an Availability Reserve in the amount of such Taxes (or such other amount as the Agent shall deem appropriate in the exercise of its reasonable business judgment) or (ii) pay such Taxes on behalf of the Companies, and the amount paid by the Agent shall become an Obligation which is due and payable on demand by the Agent.

(e) Compliance With Laws.

(i) The Companies agree to comply with all federal, state and local acts, rules and regulations, and all orders of any federal, state or local legislative, administrative or judicial body or official, if the failure to so comply would have a Material Adverse Effect, provided that the Companies may contest any acts, rules, regulations, orders and directions of such bodies or officials in any reasonable manner which the Agent determines, in the exercise of its reasonable business judgment, will not materially and adversely effect the Agent's or the Lenders' rights or priorities in the Collateral.

(ii) Without limiting the generality of the foregoing, each Company agrees to comply with all environmental statutes, acts, rules, regulations or orders, as presently existing or as adopted or amended in the future, applicable to the ownership and/or use of such Company's real property and operation of its business, if the failure to so comply would have a Material Adverse Effect. No Company shall be deemed to have breached any provision of this Section 7.2(e) if (x) the failure to comply with the requirements of this Section 7.2(e) resulted from good faith error or innocent omission, (y) such Company promptly commences and diligently pursues a cure of such breach and (z) such failure is cured within thirty (30) days following the Companies' receipt of notice from the Agent of such failure, or if such breach cannot in good faith be cured within thirty (30) days following the Companies' receipt of such notice, then such breach is cured within a reasonable time frame based on the extent and nature of the breach and the necessary remediation, and in conformity with any applicable consent order, consensual agreement and applicable law.

(f) Notices Concerning Environmental, Employee Benefit and Pension Matters. The Companies agree to notify the Agent in writing of:

(i) any expenditure (actual or anticipated) in excess of \$100,000 for environmental clean-up, environmental compliance or environmental testing and the impact of said expenses on the any Company's working capital;

(ii) any Company's receipt of notice from any local, state or federal authority advising the Companies of any environmental liability (real or potential) arising from such Company's operations, its premises, its waste disposal practices, or waste disposal sites used by such Company; and

(iii) any Company's receipt of notice from any governmental agency or any sponsor of any "multiemployer plan" (as that term is defined in ERISA) to which such Company has contributed, relating to any of the events described in Section 10.1(g) hereof.

The Companies agree to provide the Agent promptly with copies of all such notices and other information pertaining to any matter set forth above if the Agent so requests.

(g) Collateral Reporting.

(i) The Companies agree to furnish to the Agent:

(1) (x) At all times when Unused Non-Supplemental Availability is not less than \$0, monthly, delivered not more than seven (7) days after the end of each calendar month and (y) at all times when Unused Non-Supplemental Availability is less than \$0 (determined at any time commencing on any Friday and continuing through the next Wednesday), on or before the Wednesday of each week as of the previous Friday (but more frequently upon the Agent's reasonable request), a Borrowing Base Certificate certified by the treasurer or chief financial officer of the Funds Administrator (or any other authorized officer satisfactory to the Agent), together with such confirmatory schedules of Trade Accounts Receivable and Inventory (in form and substance satisfactory to the Agent) as the Agent reasonably may request. The Agent, in its sole discretion, may permit the Funds Administrator to access CIT's System for the purpose (in addition to those set forth in Section 3.7) of completing and submitting Borrowing Base Certificates when required hereunder. The Agent will promptly provide to each Lender a copy of the Borrowing Base Certificate received from the Companies.

(2) (a) (x) At all times when Unused Non-Supplemental Availability is not less than \$0, monthly, delivered not more than seven (7) days after the end of each calendar month and (y) at all times when Unused Non-Supplemental Availability is less than \$0 (determined at any time commencing on any Friday and continuing through the next Wednesday), on or before the Wednesday of each week as of the previous Friday:

(i) an Accounts Receivable Aging Report;

(ii) an Available to Sell Report designated in Dollars in the form attached hereto as Exhibit H;

(iii) an Inventory Analysis Report on LDP Cost vs. LCM Cost in the form attached hereto as Exhibit I; and

(iv) a divisional status report detailing by division: (A) open customer orders detailed by “this year versus last year” and “TLC/FLC versus warehouse”; and (B) inventory detailed as to inventory on hand and in transit.

(b) Monthly, delivered not more than 25 days (except as otherwise provided below) after the end of each calendar month;

(i) all the reports identified in clauses (a)(i) through (a)(iv) above, prepared on a monthly basis as to the preceding calendar month;

(ii) a key item report (“Key item Report”), as of the last day of the immediately preceding month with respect to the Companies and each Guarantor in the form attached hereto as Exhibit J; provided, however, that such statement may be delivered not more than 30 days after the end of each calendar month; provided, further, that such statement shall not be required during the months of February and March;

(iii) a statement with respect to compliance with the financial covenants set forth in Section 7.3; provided, however, that such statement may be delivered not more than 30 days after the end of each calendar month;

(iv) a reconciliation between the general ledger and the Accounts Receivable Aging Report and the month-end Borrowing Base Certificate;

(v) a Gross Margin Report in form satisfactory to the Agent and the Lenders; and

(vi) an accounts payable aging report in the form satisfactory to the Agent;

each of which shall be certified as true and correct by the chief executive officer, president, chief operating officer or the chief financial officer of the Companies or the Parent, as the case may be.

(3) Prompt written disclosure of (x) all matters adversely affecting the value, enforceability or collectibility of the Trade Accounts Receivable of the Companies, (y) all customer disputes, offsets, defenses, counterclaims, returns, rejections and all reclaimed or repossessed merchandise or goods, and (z) all matters adversely affecting the value or marketability of the Inventory, all in such detail and format as the Agent reasonably may require, provided that to the extent that any such matter would not have a Material Adverse Effect, the Companies may disclose such matter to the Agent when the Companies provide the Agent with the Borrowing Base Certificate described in clause (1) above.

(4) Prior written notice of any change in the location of any Collateral.

(5) From time to time, access to the Companies' computers, electronic media, software programs (including any electronic records, contracts and signatures) and such other documentation and information relating to the Trade Accounts Receivable, Inventory and other Collateral as the Agent reasonably may require.

(ii) The Companies may deliver to the Agent any Borrowing Base Certificate, collateral report or other material that the Companies are required to deliver to the Agent under clauses (1) and (2) of Section 7.2(g)(i) by e-mail or other electronic transmission (an "Electronic Transmission"), subject to the following terms:

(1) Each Electronic Transmission must be sent by the treasurer or chief financial officer of the Funds Administrator (or any other authorized officer satisfactory to the Agent), and must be addressed to the loan officer and the collateral analyst of the Agent that handle the Companies' account, as designated by the Agent from time to time. If any Electronic Transmission is returned to the sender as undeliverable, the material included in such Electronic Transmission must be delivered to the intended recipient in the manner required by Section 12.6 hereof.

(2) Each certificate, collateral report or other material contained in an Electronic Transmission must be in a "pdf" or other imaging format and, to the extent that such material must be certified by an officer of the Funds Administrator under this Section 7.2(g), must contain the signature of the officer submitting the Electronic Transmission. As provided in Section 12.6, any signature on a certificate, collateral report or other material contained in an Electronic Transmission shall constitute a valid signature for purposes hereof. The Agent may rely upon, and assume the authenticity of, any such signature, and any material containing such signature shall constitute an "authenticated" record for purposes of the Uniform Commercial Code and shall satisfy the requirements of any applicable statute of frauds.

(3) Each Electronic Transmission must contain the name and title of the officer of Funds Administrator transmitting the Electronic Transmission, and shall include following text in the body of the Electronic Transmission:

"Pursuant to the Amended and Restated Financing Agreement dated April 3, 2008 among G-III Leather Fashions, Inc., J. Percy for Marvin Richards, Ltd., CK Outerwear, LLC, A. Marc & Co., Inc. and Andrew & Suzanne Company Inc. (the "Companies"), the Lenders that are parties thereto and The CIT Group/Commercial Services, Inc., as Agent for the Lenders (the "Agent"), the undersigned _____ [title of submitting officer] of the Funds Administrator hereby delivers to the Agent the Companies' _____ [describe submitted reports]. The Funds Administrator, on behalf of the Companies, represents and warrants to the Agent and the Lenders that the materials included in this Electronic Transmission are true, correct, and complete in all material respects. The name of the officer of the Funds Administrator set forth in this e-mail constitutes the signature of such officer, and this e-mail shall constitute an authenticated record of the Companies."

(4) The Funds Administrator agrees to maintain in its files the original versions of all certificates, collateral reports and other materials delivered to the Agent by means of an Electronic Transmission and agrees to furnish to the Agent such original versions within five (5) Business Days of the Agent's request for such materials, signed and certified (to the extent required hereunder) by the officer submitting the Electronic Transmission.

(5) Each Company authorizes the Funds Administrator, on behalf of such Company, to deliver to the Agent all Borrowing Base Certificates, collateral reports and other material that the Companies are required to deliver to the Agent under this Section 7.2(g). Each Company hereby authorizes the Agent to regard the Companies' printed name or rubber stamp signature on assignment schedules or invoices as the equivalent of a manual signature by such Company's authorized officers or agents. The Companies' failure to promptly deliver to the Agent any schedule, report, statement or other information set forth in this Section 7.2(g) shall not affect, diminish, modify or otherwise limit the Agent's security interests in the Collateral.

(h) Financial Reporting. The Companies agree to furnish to the Agent and the Lenders (it being understood that the filing of any of the following by Parent with the Securities and Exchange Commission shall constitute "furnishing to the Agent and the Lenders" for all purposes hereunder):

(i) (x) within ninety (90) days after the end of each fiscal year of Parent, a Consolidated Balance Sheet and a Consolidating Balance Sheet as at the close of such year, and consolidated and consolidating statements of profit and loss and cash flow of Parent and its consolidated Subsidiaries for such year, audited by independent public accountants selected by Parent, together with (x) the unqualified opinion of the accountants preparing such consolidated financial statements and (y) if requested by the Agent, such accountants' management practice letter, as soon as practicable after such letter is received by Parent;

(ii) (a) within thirty (30) days after the end of each month (excluding the months of February and March of each fiscal year), (x) a Consolidated Balance Sheet and a Consolidating Balance Sheet as at the end of such month, (y) consolidated and consolidating statements of profit and loss of Parent and its consolidated Subsidiaries for the period commencing on the first day of the current fiscal year through the end of such month, and consolidated statements of profit and loss for such month, and (z) comparative statements of profit and loss of Parent and its consolidated Subsidiaries for the same month and same fiscal year-to-date period in the prior fiscal year, certified by an authorized financial or accounting officer of the Funds Administrator (or any other authorized officer satisfactory to the Agent); and

(b) within forty-five (45) days after the end of each fiscal quarter, (x) a Consolidated Balance Sheet and a Consolidating Balance Sheet as at the end of such fiscal quarter, (y) consolidated and consolidating statements of profit and loss of Parent and its consolidated Subsidiaries for the period commencing on the first day of the current fiscal year through the end of such fiscal quarter, and consolidated statements of profit and loss for such

fiscal quarter, and (z) comparative statements of profit and loss of Parent and its consolidated Subsidiaries for the same fiscal quarter and same fiscal year-to-date period in the prior fiscal year, certified by an authorized financial or accounting officer of the Funds Administrator (or any other authorized officer satisfactory to the Agent);

(iii) as and when filed by Parent and/or any of its Subsidiaries, copies of all (x) financial reports, registration statements and other documents filed by Parent with the U.S. Securities and Exchange Commission, as and when filed by Parent, and (ii) annual reports filed pursuant to ERISA in connection with each benefit plan of each Company subject to ERISA; and

(iv) no later than forty-five (45) days prior to the beginning of each fiscal year of Parent, monthly projections of Consolidated Balance Sheet of Parent and its consolidated Subsidiaries, and consolidated statements of profits and loss of Parent and its consolidated Subsidiaries, as well as monthly projected Net Availability for the Companies for such fiscal year.

Each financial statement which the Companies are required to submit pursuant to clauses (i) and (ii) above must be accompanied by a Compliance Certificate substantially in the form set forth on Exhibit D attached hereto, signed by an authorized financial or accounting officer of the Funds Administrator (or any other authorized officer satisfactory to the Agent). The financial statements which the Companies is required to submit pursuant to clause (ii) (b) above must also be reviewed by independent public accountants selected by Parent. In addition, should the Companies modify their accounting principles and procedures from those in effect on the Closing Date, the Companies agree to prepare and deliver to the Agent and the Lenders statements of reconciliation in form and substance reasonably satisfactory to the Agent.

(i) Asset Appraisals. During the existence of an Event of Default, the Companies agree to reimburse the Agent for the costs and expenses relating to Inventory appraisals and Equipment appraisals. All appraisals shall be performed by qualified appraisers selected by the Agent. To the extent that the Companies are required by this Section 7.2(i) to reimburse the Agent for the Agent's costs and expenses relating to appraisals, such costs and expenses shall constitute Out-of-Pocket Expenses.

(j) Business Qualification. The Companies agree to qualify to do business, and to remain qualified to do business and in good standing, in each jurisdiction where the failure to so qualify, or to remain qualified or in good standing, would have a Material Adverse Effect.

(k) Anti-Money Laundering and Terrorism Regulations. The Companies agree to comply with all applicable anti-money laundering and terrorism laws, regulations and executive orders in effect from time to time (including, without limitation, the USA Patriot Act (Pub. L. No. 107-56)). The Companies also agree to ensure that no person who owns a controlling interest in or otherwise controls the Companies (or any of them) is a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (issued September 23, 2001) or any other similar Executive Order. The Companies acknowledge that the Agent's and each Lender's performance hereunder is subject to compliance with all such laws, regulations

and executive orders, and in furtherance of the foregoing, the Companies agree to provide to the Agent and the Lenders all information about the Companies' ownership, officers, directors, customers and business structure as the Agent and the Lenders reasonably may require to comply with, such laws, regulations and executive orders.

7.3. Financial Covenants. Until termination of this Financing Agreement and the full and final payment and satisfaction of all Obligations, Parent and its Subsidiaries shall on a consolidated basis:

(a) Senior Leverage Coverage. Maintain a Senior Leverage Ratio, as at the end of each fiscal quarter set forth below, on a trailing twelve months basis, of not greater than the following for the applicable test period:

Twelve Months Ending	Senior Leverage Ratio
April 30, 2008	1.00 to 1.00
July 31, 2008	5.00 to 1.00
October 31, 2008	6.00 to 1.00
January 31, 2009	1.00 to 1.00
April 30, 2009	1.00 to 1.00
July 31, 2009	5.00 to 1.00
October 31, 2009	6.00 to 1.00
January 31, 2010	1.00 to 1.00
April 30, 2010	1.00 to 1.00
July 31, 2010	5.00 to 1.00
October 31, 2010	6.00 to 1.00
January 31, 2011	1.00 to 1.00
April 30, 2011	1.00 to 1.00

(b) Fixed Charge Coverage. Maintain a Fixed Charge Coverage Ratio, as at the end of each fiscal quarter set forth below, on a trailing twelve months basis, of not less than the following for the applicable test period:

Twelve Months Ending	Fixed Charge Coverage Ratio
April 30, 2008	1.00 to 1.00
July 31, 2008	1.00 to 1.00
October 31, 2008	1.20 to 1.00
January 31, 2009	1.30 to 1.00
April 30, 2009	1.00 to 1.00
July 31, 2009	1.00 to 1.00
October 31, 2009	1.20 to 1.00
January 31, 2010	1.30 to 1.00
April 30, 2010	1.00 to 1.00
July 31, 2010	1.00 to 1.00
October 31, 2010	1.20 to 1.00
January 31, 2011	1.30 to 1.00
April 30, 2011	1.00 to 1.00

(c) Receivables Only Availability. Cause for ninety (90) consecutive days during each period from November 1 through April 30 during the term hereof, the Borrowing Base of the Companies minus that portion of the Borrowing Base determined under clauses (a)(ii), (a)(iii) and (a)(iv) of the definition of Borrowing Base, to exceed the sum of (i) the principal amount of all outstanding Revolving Loans, plus (ii) the undrawn amount of all outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases.

7.4. Negative Covenants. Until termination of this Financing Agreement and full and final payment and satisfaction of all Obligations, each Company agrees not to, and will cause each Guarantor and each subsidiary of such Company not to:

(a) Liens and Encumbrances. Mortgage, assign, pledge, transfer or otherwise permit any lien, charge, security interest, encumbrance or judgment (whether as a result of a purchase money or title retention transaction, or other security interest, or otherwise) to exist on any of the Collateral or its other assets, whether now owned or hereafter acquired, except for the Permitted Encumbrances.

(b) Indebtedness. Incur or create any Indebtedness other than the Permitted Indebtedness.

(c) Sale of Assets. Sell, lease, assign, transfer or otherwise dispose of (i) Collateral, except as otherwise specifically permitted by this Financing Agreement, or (ii) all or any substantial part of its assets, if any, which do not constitute Collateral; provided, however, that, during the term of this Agreement, the Companies may dispose of assets having an aggregate value not in excess of \$25,000,000 (including any Equipment sold in accordance with Section 6.6(b)), provided, further that the proceeds of such sales are promptly delivered to the Agent by deposit to the Depository Account, for application first against the then outstanding Revolving Loans and second against any other Obligations in such manner and in such order as the Required Lenders may elect in the exercise of their reasonable business judgment.

(d) Corporate Change. (i) Merge or consolidate with any other entity, (ii) its name or principal places of business, (iii) change its structure or organizational form, or reincorporate or reorganize in a new jurisdiction, (iv) enter into or engage in any operation or activity materially different from that presently being conducted by such Company, any Guarantor or any Subsidiary of such Company, as the case may be; provided that any Company, any Guarantor and any Subsidiary of a Company may change its name or its principal place of business so long as the Companies provide the Agent with thirty (30) days prior written notice thereof and the appropriate parties execute and deliver to the Agent, prior to making such change, all documents and agreements required by the Agent in order to ensure that the liens and security interests granted to the Agent, for the benefit of the Agent and the Lenders, hereunder continue in effect without any break or lapse in perfection.

(e) Guaranty Obligations. Other than guaranties described in clause (h) of the definition of Permitted Indebtedness, assume, guarantee, endorse, or otherwise become liable upon the obligations of any person, firm, entity or corporation, except pursuant to this Agreement and the other Loan Documents, and by the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business.

(f) Dividends and Distributions. Declare or pay any dividend or distribution of any kind on, or purchase, acquire, redeem or retire, any of its equity interests (of any class or type whatsoever), whether now or hereafter issued and outstanding, other than Permitted Distributions.

(g) Investments and Acquisitions. (i) Create any new subsidiary, or (ii) make any advance or loan to, or any investment in, any firm, entity, person or corporation other than Permitted Intercompany Loans and Other Permitted Investments, or (iii) acquire any assets of (other than purchases of Inventory in the ordinary course of business), or any capital stock or any equity interests in, any firm, entity or corporation, other than current investments of such Company, any Guarantor and any subsidiary of such Company, as the case may be, in existing subsidiaries of such entities; provided, however that the Companies may consummate a "Permitted Acquisition," which shall mean any acquisition of assets, capital stock or other equity interests of any firm, entity, person or corporation engaged in any retail or wholesale consumer products business and/or related services business, subject to the following conditions:

(I) the aggregate consideration in respect of all acquisitions contemplated by this clause (g) shall not exceed, during the term of this Agreement, (x) the sum of (A) \$25,000,000 in cash (whether payable on or prior to the closing thereof or at any time thereafter through and including the Termination Date, but excluding any contingent "earn out" payments relating to such Permitted Acquisition; provided, however, that no more than \$5,000,000 of such amount shall be available for acquisitions that are not in the same line of business as the Companies on the Closing Date or a complementary line of business) minus (B) the aggregate amount of any Permitted Distributions distributed during the term of this Agreement (reduced, but not below zero, by the net proceeds of any public offering received by the Companies subsequent to the Original Closing Date, plus (y) an amount equal to any consideration payable in the form of additional capital stock of Parent issued to the applicable seller in connection with such acquisition;

(II) the relevant Company shall give the Agent and the Lenders not less than one (1) Business Day prior written notice of its intention to make a Permitted Acquisition, such notice (A) to include the proposed amounts, date and form of the proposed Permitted Acquisition, a reasonable description of the assets or stock to be acquired and the location of the relevant assets and (B) to be accompanied by a certificate executed by the chief executive officer, president, chief operating officer or chief financial officer of the relevant Company to the

effect that: (1) as of the effective date of the Permitted Acquisition, no Default or Event of Default under this Agreement shall exist or would exist after giving effect to the action intended to be taken by the relevant Company as described in such certificate, including, without limitation, that the covenants set forth in Section 7.3 would not be breached after giving effect to such action, together with a calculation in reasonable detail, and in form and substance satisfactory to the Agent and the Lenders, of such compliance, and (2) the representations and warranties contained in this Agreement are true and correct with the same effect as though such representations and warranties were made on the date of such Permitted Acquisition, except for changes in the ordinary course of business none of which, either singly or in the aggregate, have had a material adverse effect on the business, operations or financial conditions of the relevant Company;

(III) concurrently with the making of a Permitted Acquisition, the relevant Company shall, as additional collateral security for the Obligations, grant to the Agent, for the ratable benefit of the Agent and the Lenders, prior liens on and security interests in all of its right, title and interest in and to any of the acquired stock and assets, by the execution and delivery to the Agent of such agreements, instruments and documents as shall be satisfactory in form and substance to the Agent; and

(IV) the Companies shall not make any acquisition at any time during which an Event of Default shall exist and be continuing or would exist after giving effect to such acquisition.

The parties hereto acknowledge and agree that the Agent may impose limitations upon the inclusion in the Borrowing Base of any assets acquired in a Permitted Acquisition.

(h) Related Party Transactions. Enter into any transaction, including, without limitation, any purchase, sale, lease, loan or exchange of property, with any shareholder, officer, director, parent (direct or indirect), subsidiary (direct or indirect) or other person or entity otherwise affiliated with the Companies, any Guarantor or any subsidiary of a Company, unless (i) such transaction otherwise complies with the provisions of this Financing Agreement, (ii) such transaction is for the sale of goods or services rendered in the ordinary course of business and pursuant to the reasonable requirements of the Companies, any Guarantor or any subsidiary of a Company, as the case may be, and upon standard terms and conditions and fair and reasonable terms, no less favorable to such entity than such entity could obtain in a comparable arms length transaction with an unrelated third party, and (iii) no Event of Default shall have occurred and remain outstanding at the time such transaction occurs, or would occur after giving effect to such transaction; provided, however, that if no Event of Default shall have occurred which shall remain outstanding at the time such transaction occurs, or would occur after giving effect to such transaction, the Companies may make up to \$5,000,000 in the aggregate during the term of this Agreement with respect to payments otherwise prohibited or restricted by this Section 7.4(h).

(i) Restricted Payments. Pay management, consulting or other similar fees to shareholders, directors, the parent (direct or indirect), subsidiaries (direct or indirect) or other persons or entities otherwise affiliated with the Companies, any Guarantor or any subsidiary of a Company, other than director and committee fees to non-employee directors and salaries, bonuses and other compensation paid to any full-time executive employee in respect of such full-time employment; provided, however, that if no Event of Default shall have occurred which shall remain outstanding at the time such transaction occurs, or would occur after giving effect to such transaction, the Companies may make up to \$5,000,000 in the aggregate during the term of this Agreement with respect to payments otherwise prohibited or restricted by this Section 7.4(i).

(j) Subordinated Debt. Make any prepayment of any Subordinated Debt or any payment of Subordinated Debt, whether of interest, premium or principal if (a) after giving effect to such payment any Event of Default shall have occurred which is then continuing or (b) if the making of such payment is in violation of the terms of any applicable subordination agreement or any subordination provision contained in any agreement applicable thereto.

(k) Prohibited Uses of Proceeds. Use the proceeds of any Revolving Loan made under this Financing Agreement, directly or indirectly, in violation of any applicable law or regulation, including without limitation Regulations T, U or X of the Board of Governors of the Federal Reserve System as from time to time in effect (and any successor regulation or official interpretation of such Board), or to purchase or carry any “margin stock,” as defined in Regulations U and X, or any “margin security,” “marginable OTC stock” or “foreign margin stock” within the meaning of Regulation T, U or X.

(l) Retail Stores. Open any additional retail stores during the period from the date hereof through the Termination Date; provided however, that the Companies may open full time stores so long as not more than twenty-five (25) such stores are open at any time.

(m) Fiscal Year. Change the fiscal year of Parent or any of its Subsidiaries.

7.5. Licensor Consent Letters. To the extent not received by the Agent prior to the Closing Date, the Companies shall cause to be delivered to the Agent, reasonably promptly after any request therefor by the Agent, licensor consent letters from each licensor listed on Schedule 7.5, each in substantially the form of Exhibit 7.5 hereof, with such modifications as such licensors shall request to the extent such modifications are acceptable to the Agent. The foregoing shall not affect the Agent’s rights under the definition of Eligible Inventory or under Section 7.4(l). In the event that any such licensor consent is not obtained, the Agent may, at its option, reduce Eligible Inventory by up to the gross amount of the Companies’ Inventory related to such unobtained licensor consent.

7.6. Landlord Waivers. To the extent not received by the Agent prior to the Closing Date, the Companies shall cause to be delivered to the Agent, reasonably promptly after any request therefor by the Agent, waiver letters from each landlord listed on Schedule 7.6, each in substantially the form of Exhibit 7.6 hereof, with such modifications as such landlords shall request to the extent such modifications are acceptable to Agent. In the event that any such landlord waiver is not obtained, the Agent may, at its option, reduce Eligible Inventory by up to the gross amount of the Companies’ Inventory related to such unobtained landlord waiver.

7.7. Excluded Subsidiaries. Permit any Excluded Subsidiary to (x) own any assets or conduct any business or (y) accept any loan or advance from, or investment by, any Company or any Guarantor or any Subsidiary thereof.

7.8. Foreign Subsidiaries. Directly or indirectly, make any loan, advance or investment in, or transfer any assets to, any Subsidiary that is not a Company or a Guarantor (other than working capital advances and letters of credit provided by any Company in the ordinary course of the Company's business in respect of trade accounts payable, Capitalized Lease Obligations and rental obligations of such Subsidiary to the extent consistent with the Companies' and such Subsidiary's past practices) except to the extent the total outstanding amount thereof, together with the aggregate sum of other advances and investments by the Companies in Subsidiaries of Parent organized outside of the United States of America, does not exceed \$5,000,000.

SECTION 8. INTEREST, FEES AND EXPENSES

8.1. Interest. Interest on the outstanding principal balance of the Revolving Loans that are Chase Bank Rate Loans shall be due and payable monthly on the first day of each month and shall accrue at a rate per annum equal to the Applicable Margin plus the Chase Bank Rate on the average net principal balance of such Revolving Loans at the close of each day during the immediately preceding month, as reflected by CIT's System. On each Revolving Loan that is a LIBOR Loan, interest shall be due and payable on the LIBOR Interest Payment Date and shall accrue at a rate per annum equal to the Applicable Margin plus the applicable LIBOR on the outstanding principal balance of such LIBOR Loan. In the event of any change in said Chase Bank Rate, the rate set forth in the first sentence of this Section 8.1 shall change, effective as of the first day of the month following the date of such change, so as to remain equal to the Applicable Margin plus the new Chase Bank Rate. All interest rates shall be calculated based on a 360-day year and actual days elapsed. Unless the Company has received forms or other documents reasonably satisfactory to it from Lenders that are not organized under the laws of the United States or any State thereof (each such Lender, a "Foreign Lender") indicating that payments to such Foreign Lender under a Revolving Loan are not subject to United States withholding tax, the Company shall withhold such United States withholding tax from such payments to such Foreign Lender at the applicable statutory rate.

8.2. Default Interest Rate. Upon the occurrence of an Event of Default, (a) provided that the Agent has given the Companies written notice of such Event of Default (other than an Event of Default described in Section 10.1(d) of this Financing Agreement, for which no written notice shall be required), all Obligations may, at the election of the Agent or the Required Lenders, bear interest at the Default Rate of Interest until such Event of Default is waived, and (b) at the Agent's or the Required Lenders' election at any time thereafter, interest on each outstanding LIBOR Loan shall be due and payable on the first day of each month, notwithstanding the Interest Period with respect thereto.

8.3. Fees and Expenses Relating to Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases.

(a) **Letter of Credit Guaranty Fee and Bankers Acceptance Fee.** In consideration of the issuance of any Letter of Credit Guaranty by the Agent or other assistance of the Agent and the Lenders in obtaining Letters of Credit, Bankers Acceptances, Steamship Guarantees and/or Airway Releases pursuant to Section 5 hereof, the Companies agree to pay to the Agent, for the ratable benefit of the Lenders (based upon their respective Pro Rata Percentages), a Letter of Credit Guaranty Fee equal to the Applicable Margin on the face amount of each Letter of Credit (such Letter of Credit Guaranty Fee to be paid at a per annum rate in advance with respect to standby Letters of Credit and on the date of issuance of documentary Letters of Credit) and a Bankers Acceptance Fee, Steamship Guarantee Fee and/or Airway Release Fee, in each case equal to the Applicable Margin per annum on the face amount of each Bankers Acceptance, Steamship Guarantee or Airway Release, as the case may be (such Bankers Acceptance Fee, Steamship Guarantee Fee and/or Airway Release Fee to be paid at a per annum rate in advance). All Letter of Credit Guaranty Fees, Bankers Acceptance Fees, Steamship Guarantee Fees and/or Airway Release Fees shall be due and payable on the date of issuance and each date of renewal of the applicable Letter of Credit, Bankers Acceptance, Steamship Guarantee and/or Airway Release.

(b) **Charges of Issuing Bank.** The Companies agree to reimburse the Agent for any and all charges, fees, commissions, costs and expenses charged to the Agent for any Company's account by an Issuing Bank in connection with, or arising out of, Letters of Credit or out of transactions relating thereto, when charged to or paid by the Agent, or as may be due upon any termination of this Financing Agreement.

8.4. Out-of-Pocket Expenses. The Companies agree to reimburse the Agent and the Lenders for all Out-of-Pocket Expenses when charged to or paid by the Agent or the Lenders.

8.5. Line of Credit Fee; Charging of Interest and Fees. On the first day of each month, commencing on May 1, 2008, (a) the Companies agree to pay to the Agent, for the ratable benefit of the Lenders (based upon their respective Pro Rata Percentages), the Line of Credit Fee, and (b) the Agent shall charge the Companies for interest on Chase Bank Rate Loans at the rate set forth in Section 8.1 (or Section 8.2, if applicable) hereof for the immediately preceding month. The Agent shall charge the Companies for interest on LIBOR Loans at the rate set forth in Section 8.1 (or Section 8.2, if applicable) hereof on the applicable LIBOR Interest Payment Date for the immediately preceding Interest Period.

8.6. Intentionally Omitted.

8.7. Fee Letter. The Companies agree to pay all fees and other amounts due under the Fee Letter pursuant to the terms of the Fee Letter.

8.8. Standard Operational Fees. In addition to fees payable pursuant to the Fee Letter, the Administrative Management Fee and all Out-of-Pocket Expenses incurred by the Agent in connection with any action taken under Section 7.2(a) hereof (but without duplication), the Companies agree to pay to the Agent, for its own account, (a) all Documentation Fees, (b) the Agent's standard charges for any employee of the Agent used to conduct any of the examinations, verifications, inspections, physical counts and other valuations described in Section 7.2(a) hereof (currently \$1,000 per person, per day; provided, however, that unless an

Event of Default has occurred which is then continuing, the Companies shall not be required to pay for more than one field examination during any calendar year) and (c) the Agent's standard charges for each wire transfer made by the Agent to or for the benefit of the Companies and for Dunn and Bradstreet searches conducted by the Agent for the any Company's account, provided that such standard charges may be increased by the Agent from time to time. Such charges shall be due and payable in accordance with the Agent's standard practices, as in effect from time to time.

8.9. LIBOR Loans.

(a) Conditions Applicable to LIBOR Loans. The Companies may elect to use LIBOR as to any Revolving Loans, convert any Chase Bank Rate Loan to a new LIBOR Loan or continue any existing LIBOR Loan as a new LIBOR Loan on the last day of the Interest Period with respect to such existing LIBOR Loan, so long as:

(i) no Default or Event of Default shall have occurred and remain outstanding on the date on which such new LIBOR Loan is requested and on the first day of the Interest Period for such new LIBOR Loan;

(ii) the Funds Administrator requests the new LIBOR Loan no later than three (3) Business Days preceding the first day of the Interest Period for such new LIBOR Loan (or three (3) Business Days prior to the expiration of any Interest Period, in the case of a continuation of an existing LIBOR Loan);

(iii) if the Agent requests written confirmation of any new LIBOR Loan from the Funds Administrator, the Funds Administrator shall have signed and returned to the Agent any such confirmation on or prior to the first day of the Interest Period for such new LIBOR Loan; and

(iv) with respect to the Interest Period selected by the Companies for such new LIBOR Loan, (x) either (1) JPMorgan Chase Bank provides a LIBOR quote for such Interest Period or the Agent otherwise determines the LIBOR for such Interest Period, as provided in the definition of LIBOR, or (2) the LIBOR for such Interest Period as quoted by JPMorgan Chase Bank or as determined by the Agent adequately and fairly reflects the cost of maintaining or funding the Lenders' loans bearing interest at LIBOR for such Interest Period, and (y) such Interest Period ends on or before the Termination Date.

Any LIBOR election must be for at least \$5,000,000 and if greater, in integral multiples of \$1,000,000, and there shall be no more than ten (10) LIBOR Loans outstanding at one time. Elections for LIBOR Loans shall be irrevocable once made. If any condition for a LIBOR election is not satisfied, then the requested new loan (or continuation of an existing LIBOR Loan) shall be made to the Companies as a Chase Bank Rate Loan.

(b) Restrictions Affecting the Making or Funding of LIBOR Loans. Notwithstanding any other provision of this Financing Agreement to the contrary, if any law, regulation, treaty or directive, or any amendment thereto or change in the interpretation or application thereof, shall make it unlawful for any Lender to make or maintain any LIBOR Loan, then (x) such LIBOR Loan shall convert automatically to a Chase Bank Rate Loan at the end of

the applicable Interest Period, or such earlier date as may be required by such law, regulation, treaty or directive, and (y) the obligation of the Agent or the Lenders thereafter to make or continue LIBOR Loans and to convert Chase Bank Rate Loans into LIBOR Loans hereunder shall be suspended until the Agent determines that it is no longer unlawful for any Lender to make and maintain LIBOR Loans as contemplated herein. In addition, in the event that, by reason of any Regulatory Change, any Lender either (x) incurs any material additional costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Lender which includes deposits by reference to which the interest rate on LIBOR Loans is determined hereunder, or a category of extensions of credit or other assets of such Lender which includes LIBOR Loans, or (y) becomes subject to any material restrictions on the amount of such a category of liabilities or assets which such Lender may hold, then if the Agent so elects by notice to the Companies, the obligations of the Agent and the Lenders thereafter to make or continue LIBOR Loans and to convert Chase Bank Rate Loans into LIBOR Loans hereunder shall be suspended until such Regulatory Change ceases to be in effect.

(c) Inability to Determine LIBOR. Notwithstanding any other provision of this Financing Agreement to the contrary, if the Agent determines in the exercise of its reasonable business judgment (which determination shall be conclusive and binding upon each Company) that by reason of circumstances affecting the interbank LIBOR market, adequate and reasonable means do not exist for ascertaining LIBOR applicable to an Interest Period with respect to any election of a new LIBOR Loan, the Agent shall give written notice of such determination to the Companies prior to the effective date of such election. Upon receipt of such notice, the Funds Administrator may cancel the Funds Administrator's request for such new LIBOR Loan, in which case the requested LIBOR Loan shall be made as a Chase Bank Rate Loan. Until such notice has been withdrawn by the Agent, the obligations of the Agent and the Lenders thereafter to make or continue LIBOR Loans and to convert Chase Bank Rate Loans into LIBOR Loans hereunder shall be suspended until the Agent determines that adequate and reasonable means again exist for ascertaining LIBOR applicable to an Interest Period with respect to any election of a new LIBOR Loan.

(d) Compensation for Costs. The Companies hereby agree to pay to the Agent, for the benefit of the Lenders, on demand, any additional amounts necessary to compensate the Lenders for any costs incurred by the Lenders in making any conversions from LIBOR Loans to Chase Bank Rate Loans in accordance with this Section 8.9, including, without limitation, breakage costs provided for in Section 8.10 of this Financing Agreement.

(e) Loan Participants. For purposes of this Section 8.9, the term "Lender" shall include any financial institution that purchases from any Lender a participation in the loans made by such Lender to the Companies hereunder.

If the Companies fail to select a valid Interest Period as of the last day of the Interest Period with respect to an existing LIBOR Loan, then the existing LIBOR Loan shall be continued as a Chase Bank Rate Loan to the Companies as of the end of such Interest Period.

8.10. LIBOR Breakage Costs and Fees. The Companies shall pay to the Agent for the account of each Lender, upon the request of such Lender through the Agent, such amount or amounts as shall compensate such Lender for any loss (including loss of profit), cost or expense incurred by such Lender (as reasonably determined by such Lender) as a result of:

(a) any payment or prepayment or conversion of a LIBOR Loan held by such Lender on a date other than the last day of an Interest Period for such LIBOR Loan; or

(b) any failure by the Companies to borrow a LIBOR Loan held by such Lender on the date for such borrowing specified in the relevant request to Agent; such compensation to include, without limitation, an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so paid, prepaid or converted or not borrowed for the period from the date of such payment, prepayment or conversion or failure to borrow, convert or prepay to the last day of the then current Interest Period for such LIBOR Loan (or, in the case of a failure to borrow, the Interest Period for such LIBOR Loan which would have commenced on the date of such failure to borrow) at the applicable rate of interest for such LIBOR Loan provided for herein over (ii) the amount of interest (as reasonably determined by such Lender) such Lender would have bid in the London interbank market for Dollar deposits of amounts comparable to such principal amount and maturities comparable to such period.

(c) The indemnification provisions of this Section 8.10 shall survive the termination of this Financing Agreement and the payment and satisfaction of the Obligations.

8.11. Early Termination Fee. In the event the Companies terminate the Revolving Line of Credit or this Financing Agreement on an Early Termination Date, the Early Termination Fee shall be due and payable in full to Agent for the pro rata benefit of Lenders with Commitments on the date of termination.

8.12. Capital Adequacy. In the event that any Lender, subsequent to the Closing Date, determines in the exercise of its reasonable business judgment that (x) any change in applicable law, rule, regulation or guideline regarding capital adequacy, or (y) any change in the interpretation or administration thereof, or (z) compliance by such Lender with any new request or directive regarding capital adequacy (whether or not having the force of law) of any central bank or other governmental or regulatory authority, has or would have the effect of reducing the rate of return on such Lender's capital as a consequence of its obligations hereunder to a level below that which such Lender could have achieved but for such change or compliance (taking into consideration such Lender's policies with respect to capital adequacy) by an amount deemed material by such Lender in the exercise of its reasonable business judgment, the Companies agree to pay to such Lender, no later than five (5) days following demand by such Lender, such additional amount or amounts as will compensate such Lender for such reduction in rate of return. In determining such amount or amounts, such Lender may use any reasonable averaging or attribution methods. The protection of this Section 8.12 shall be available to any Lender regardless of any possible contention of invalidity or inapplicability with respect to the applicable law, regulation or condition. A certificate of a Lender setting forth such amount or amounts as shall be necessary to compensate such Lender with respect to this Section 8.12 and the calculation thereof, when delivered to the Companies, shall be conclusive and binding on each Company absent manifest error. In the event a Lender exercises its rights pursuant to this Section 8.12, and subsequent thereto determines that the amounts paid by the Companies

exceeded the amount which such Lender actually required to compensate such Lender for any reduction in rate of return on its capital, such excess shall be returned to the Companies by such Lender. This indemnification shall survive the termination of this Financing Agreement and the payment and satisfaction of the Obligations.

8.13. Taxes, Reserves and Other Conditions. In the event that any applicable law, treaty or governmental regulation, or any change therein or in the interpretation or application thereof, or compliance by any Lender with any new request or directive (whether or not having the force of law) of any central bank or other governmental or regulatory authority, shall:

(a) subject such Lender to any Non-Excluded Taxes with respect to this Financing Agreement or with respect to principal, fees, interest or any other amount payable hereunder or under any other Loan Documents;

(b) impose or require any reserve, special deposit, assessment or similar requirement against assets held by, or deposits in or for the account of, advances or loans by, or other credit extended by such Lender by reason of or in respect to this Financing Agreement and the Loan Documents, including (without limitation) pursuant to Regulation D of the Board of Governors of the Federal Reserve System; or

(c) impose on such Lender any other condition with respect to this Financing Agreement or any other document;

and the result of any of the foregoing is to (i) increase the cost to such Lender of making, renewing or maintaining such Lender's loans hereunder by an amount deemed material by such Lender in the exercise of its reasonable business judgment, or (ii) reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the loans made hereunder by an amount that such Lender deems to be material in the exercise of its reasonable business judgment, the Companies agrees to pay to such Lender, no later than five (5) days following demand by such Lender, such additional amount or amounts as will compensate such Lender for such increase in cost or reduction in payment, as the case may be. A certificate of any Lender setting forth such amount or amounts as shall be necessary to compensate such Lender with respect to this Section 8.13 and the calculation thereof, when delivered to the Companies, shall be conclusive and binding on the Companies absent manifest error. In the event any Lender exercises its rights pursuant to this Section 8.13, and subsequent thereto determines that the amounts paid by the Companies in whole or in part exceeded the amount which such Lender actually required to compensate such Lender for any increase in cost or reduction in payment, such excess shall be returned to the Companies by such Lender. This indemnification shall survive the termination of this Financing Agreement and the payment and satisfaction of the Obligations.

8.14. Authority to Charge Revolving Loan Account. The Companies hereby authorize the Agent to charge the Revolving Loan Account as a Revolving Loan in the amount of all payments due under this Section 8 as such payments become due. Any amount charged to the Revolving Loan Account shall be deemed a Revolving Loan and a Chase Bank Rate Loan hereunder and shall bear interest at the rate provided in Section 8.1 (or Section 8.2, if applicable) of this Financing Agreement. The Companies confirm that any charges which the Agent may make to the Revolving Loan Account as provided herein will be made as an accommodation to the Companies and solely at the Agent's discretion.

SECTION 9. POWERS

9.1. Authority. The Companies hereby authorize the Agent, or any person or agent which the Agent may designate, at the Companies' cost and expense, to exercise all of the following powers, which authority shall be irrevocable until the termination of this Financing Agreement and the full and final payment and satisfaction of the Obligations:

(a) To receive, take, endorse, sign, assign and deliver, all in the name of the Agent or the Companies (or any of them), any and all checks, notes, drafts, and other documents or instruments relating to the Collateral;

(b) To receive, open and dispose of all mail addressed to the Companies (or any of them), and to notify postal authorities to change the address for delivery thereof to such address as the Agent may designate;

(c) To request from customers indebted on Accounts at any time, in the name of the Agent, information concerning the amounts owing on the Accounts;

(d) To request from customers indebted on Accounts at any time, in the name of the Companies (or any of them), any certified public accountant designated by the Agent or any other designee of the Agent, information concerning the amounts owing on the Accounts;

(e) To transmit to customers indebted on Accounts notice of the Agent's interest therein and to notify customers indebted on Accounts to make payment directly to the Agent for the Companies' account; and

(f) To take or bring, in the name of the Agent, the Lenders or the Companies (or any of them), all steps, actions, suits or proceedings deemed by the Agent necessary or desirable to enforce or effect collection of the Accounts.

9.2. Limitations on Exercise. Notwithstanding any other provision of this Financing Agreement to the contrary, the powers set forth in Sections 9.1(b), (c), (e) and (f) may only be exercised if an Event of Default shall have occurred and remain outstanding.

SECTION 10. EVENTS OF DEFAULT AND REMEDIES

10.1. Events of Default. Each of the following events shall constitute an "Event of Default" under this Agreement:

(a) the failure of the Companies to pay any (i) principal of any of the Obligations when due, or (ii) any of the other Obligations within five (5) Business Days of the due date thereof, provided that nothing contained herein shall prohibit the Agent from charging such amounts to the Revolving Loan Account as a Revolving Loan on the due date thereof;

(b) the cessation of the business of any Company, any Guarantor or any Subsidiary of a Company, or the calling of a meeting of the creditors of any Company, any Guarantor or any Subsidiary of a Company for purposes of compromising its debts and obligations;

(c) the failure of any Company, any Guarantor or any Subsidiary of a Company to generally meet its debts as those debts mature;

(d) (i) the commencement by any Company, any Guarantor or any Subsidiary of a Company of any bankruptcy, insolvency, arrangement, reorganization, receivership, assignment for the benefit of creditors or similar proceedings under any federal or state law; or (ii) the commencement against any Company, any Guarantor or any Subsidiary of a Company of any bankruptcy, insolvency, arrangement, reorganization, receivership, assignment for the benefit of creditors or similar proceeding under any federal or state law by creditors of any of them, but only if such proceeding is not contested by such Company, any Guarantor or any Subsidiary of such Company, as applicable, within ten (10) days and not dismissed or vacated within forty-five (45) days of commencement, or any of the actions or relief sought in any such proceeding shall occur or be authorized by such Company, any Guarantor or any Subsidiary of a Company;

(e) the breach or violation by any Company of any warranty, representation or covenant contained in this Financing Agreement (other than Sections 7.5 and 7.6 and those referred to in Section 10.1(e) below), provided that such breach or violation shall not be deemed to be an Event of Default unless such Company fails to cure such breach or violation to the Agent's reasonable satisfaction within fifteen (15) days from the date of such breach or violation;

(f) the breach or violation by any Company of any warranty, representation or covenant contained in Sections 3.2, 6.3, 6.4, 6.5, 6.6(b), 7.2(c), 7.2(d), 7.2(g)(i), 7.3, 7.4, 7.7 and 7.8;

(g) any Company shall (i) engage in any non-exempt "prohibited transaction" as defined in ERISA, (ii) incur any "accumulated funding deficiency" as defined in ERISA, (iii) incur any "reportable event" as defined in ERISA for which notice is not waived, (iv) terminate any "plan" subject to Title IV of ERISA or (v) become involved in any proceeding in which the Pension Benefit Guaranty Corporation shall seek appointment, or is appointed, as trustee or administrator of any "plan" subject to Title IV of ERISA, and with respect to this Section 10.1(g), such event or condition (x) remains uncured for a period of thirty (30) days from date of occurrence and (y) could, in the Agent's reasonable business judgment, subject any Company to any tax, penalty or other liability having a Material Adverse Effect;

(h) the occurrence of any default or event of default (after giving effect to any applicable grace or cure period) under any of the other Loan Documents, or any of the other Loan Documents ceases to be valid, binding and enforceable in accordance with its terms;

(i) the occurrence of any default or event of default (after giving effect to any applicable grace or cure period) under any instrument or agreement evidencing or governing Indebtedness of the Companies (or any of them) having a principal amount in excess of \$5,000,000 individually or in the aggregate, taken with all other defaults under similar agreements;

(j) a final judgment for the payment of money in excess of \$5,000,000 individually or in the aggregate, taken with all other judgments, shall be rendered against the Companies (or any one of them) or any Guarantor (other than a judgment as to which a financially sound and reputable insurance company has acknowledged coverage of such claim in writing), and either (i) within thirty (30) days after the entry of such judgment, shall not have been discharged or stayed pending (or if stayed pending appeal, shall not have been discharged within thirty (30) days after the entry of a final order of affirmance on appeal), or (ii) enforcement proceedings shall be commenced by any holder of such judgment;

(k) Morris Goldfarb (or, in the event of his death, his estate, legal representative or heirs) shall at any time beneficially own less than 10% in the aggregate of all of the issued and outstanding shares of capital stock of the Parent having ordinary voting rights for the election of directors;

(l) any Guarantor shall attempt to terminate its Guaranty or deny that such Guarantor has any liability thereunder, or any Guaranty shall be declared null and void and of no further force and effect; or

(m) there shall have occurred a material adverse change in the financial condition or business prospects of the Companies, the Parent and/or their respective Subsidiaries, taken as a whole, since the closing date hereof.

10.2. Remedies With Respect to Outstanding Loans. Upon the occurrence of a Default or an Event of Default, at the option of the Agent or the Required Lenders, all loans, advances and extensions of credit provided for in Sections 3 and 5 of this Financing Agreement thereafter shall be made in the Agent's and the Lenders' discretion, and the obligation of the Agent and the Lenders to make Revolving Loans, and to assist the Companies in opening Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases shall cease unless such Default is cured to the satisfaction of the Required Lenders or such Event of Default is waived in accordance herewith. In addition, upon the occurrence of an Event of Default, the Agent may, at its option, and the Agent shall, upon the request of the Required Lenders, (a) declare all Obligations immediately due and payable, (b) charge the Companies the Default Rate of Interest on all then outstanding or thereafter incurred Obligations in lieu of the interest provided for in Section 8.1 of this Financing Agreement, provided that the Agent has given the Companies written notice of such Event of Default if required by Section 8.2, and (c) immediately terminate this Financing Agreement upon notice to the Companies. Notwithstanding the foregoing, (x) the Agent's and the Lenders' commitments to make loans, advances and extensions of credit provided for in Sections 3 and 5 of this Financing Agreement automatically shall terminate without any declaration, notice or demand by the Agent or the Lenders upon the commencement of any proceeding described in clause (ii) of Section 10.1(d), and (y) this Financing Agreement automatically shall terminate and all Obligations shall become due and payable immediately without any declaration, notice or demand by the Agent or the Lenders, upon the commencement of any proceeding described in clause (i) of Section 10.1(d) or the occurrence of an Event of Default described in clause (ii) of Section 10.1(d). The exercise of any option is not exclusive of any other option that may be exercised at any time by the Agent or the Lenders.

10.3. Remedies With Respect to Collateral. Immediately after the occurrence of an Event of Default, the Agent may, at its option, and the Agent shall, upon the request of the Required Lenders, to the extent permitted by applicable law: (a) remove from any premises where same may be located any and all books and records, computers, electronic media and software programs associated with any Collateral (including electronic records, contracts and signatures pertaining thereto), documents, instruments and files, and any receptacles or cabinets containing same, relating to the Accounts, and the Agent may use, at the Companies' expense, such of the Companies' personnel, supplies or space at any Company's place of business or otherwise, as may be necessary to properly administer and control the Accounts or the handling of collections and realizations thereon; (b) bring suit, in the name of the Companies (or any of them), the Lenders or the Agent on behalf of the Lenders, and generally shall have all other rights respecting the Accounts, including, without limitation, the right to (i) accelerate or extend the time of payment, (ii) settle, compromise, release in whole or in part any amounts owing on any Accounts and (iii) issue credits in the name of the Companies (or any of them) or the Agent; (c) sell, assign and deliver the Collateral and any returned, reclaimed or repossessed merchandise, with or without advertisement, at public or private sale, for cash, on credit or otherwise, at the Agent's sole option and discretion, and the Agent, on behalf of the Lenders, may bid or become a purchaser at any such sale, free from any right of redemption, which right is hereby expressly waived by the Companies; (d) foreclose the Agent's security interests in the Collateral by any available judicial procedure, or take possession of any or all of the Collateral without judicial process, and to enter any premises where any Collateral may be located for the purpose of taking possession of or removing the same; and (e) exercise any other rights and remedies provided in law, in equity, by contract or otherwise. The Agent shall have the right, without notice or advertisement, to sell, lease, or otherwise dispose of all or any part of the Collateral whether in its then condition or after further preparation or processing, in the name of the Companies (or any of them) or the Agent, on behalf of the Lenders, or in the name of such other party as the Agent may designate, either at public or private sale or at any broker's board, in lots or in bulk, for cash or for credit, with or without warranties or representations (including, without limitation, warranties of title, possession, quiet enjoyment and the like), and upon such other terms and conditions as the Agent in its sole discretion may deem advisable, and the Agent shall have the right to purchase at any such sale on behalf of the Lenders. If any Inventory and Equipment shall require rebuilding, repairing, maintenance or preparation, the Agent shall have the right, at its option, to do such of the aforesaid as is necessary, for the purpose of putting the Inventory and Equipment in such saleable form as the Agent shall deem appropriate. The Companies agree, at the request of the Agent, to assemble the Inventory and Equipment, and to make it available to the Agent at premises of the Companies or elsewhere and to make available to the Agent the premises and facilities of the Companies for the purpose of the Agent's taking possession of, removing or putting the Inventory and Equipment in saleable form. If notice of intended disposition of any Collateral is required by law, it is agreed that ten (10) days notice shall constitute reasonable notification and full compliance with the law. The net cash proceeds resulting from the Agent's exercise of any of the foregoing rights (after deducting all Out-of-Pocket Expenses relating thereto) shall be applied by the Agent to the payment of the Obligations in the order set forth in Section 10.4 hereof, and the Companies shall remain liable to the Agent and the Lenders for any deficiencies, and the Agent in turn agrees to remit to the

Companies or their successors or assigns, any surplus resulting therefrom. The enumeration of the foregoing rights is not intended to be exhaustive and the exercise of any right shall not preclude the exercise of any other right of the Agent or the Lenders under applicable law or the other Loan Documents, all of which shall be cumulative.

10.4. Application of Proceeds. The Agent agrees to apply the net cash proceeds resulting from the Agent's exercise of any of the foregoing rights (after deducting all Out-of-Pocket Expenses relating thereto) to the payment of the Obligations in the following order:

(a) first, to all unpaid Out of Pocket Expenses;

(b) second, to all accrued and unpaid fees owed to the Agent and the Lenders;

(c) third, to accrued and unpaid interest on the Obligations (other than with respect to Banking Services Obligations and Swap Contracts, and excluding Ledger Debt);

(d) fourth, to the unpaid principal amount of the Obligations (other than with respect to Banking Services Obligations and Swap Contracts, and excluding Ledger Debt);

(e) fifth, to provide cash collateral for any outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees or Airway Releases;

(f) sixth, to pay any amounts owed to the Agent or any of the Lenders with respect to Banking Services Obligations and Swap Contracts; and

(g) seventh, to any unpaid Obligations not described in clauses (a) through (f) above.

10.5. General Indemnity. In addition to the Companies' agreement to reimburse the Agent and the Lenders for Out-of-Pocket Expenses, but without duplication, the Companies hereby agree to indemnify the Agent and the Lenders, and each of their respective officers, directors, employees, attorneys and agents (each, an "Indemnified Party") from, and to defend and hold each Indemnified Party harmless against, any and all losses, liabilities, obligations, claims, actions, judgments, suits, damages, penalties, costs, fees, expenses (including reasonable attorney's fees) of any kind or nature which at any time may be imposed on, incurred by, or asserted against, any Indemnified Party:

(a) as a result of the Agent's or the Lenders, exercise of (or failure to exercise) any of their respective rights and remedies hereunder, including, without limitation, (i) any sale or transfer of the Collateral, (ii) the preservation, repair, maintenance, preparation for sale or securing of any Collateral, and (iii) the defense of the Agent's interests in the Collateral (including the defense of claims brought by the Companies (or any of them) as a debtor-in-possession or otherwise, any secured or unsecured creditors of the Companies (or any of them), or any trustee or receiver in bankruptcy);

(b) as a result of any environmental pollution, hazardous material or environmental clean-up relating to the Real Estate, the Companies' operation and use of the Real Estate, and the Companies' off-site disposal practices;

(c) arising from or relating to (i) the maintenance and operation of any Depository Account, (ii) any Depository Account Control Agreements and (iii) any action taken (or failure to act) by any Indemnified Party with respect thereto;

(d) in connection with any regulatory investigation or proceeding by any regulatory authority or agency having jurisdiction over the Companies (or any of them); and

(e) otherwise relating to or arising out of the transactions contemplated by this Financing Agreement and the other Loan Documents, or any action taken (or failure to act) by any Indemnified Party with respect thereto;

provided that an Indemnified Party's conduct in connection with the any of the foregoing matters does not constitute gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction. This indemnification shall survive the termination of this Financing Agreement and the payment and satisfaction of the Obligations. The Agent may from time to time establish Availability Reserves with respect to this indemnity as the Agent may deem advisable in the exercise of its reasonable business judgment, and upon termination of this Financing Agreement, the Agent may hold such reserves as cash reserves as security for this indemnity.

SECTION 11. TERMINATION

The Companies, or any one of them, may terminate this Financing Agreement at any time prior to the Termination Date upon thirty (30) days prior written notice to the Agent (a copy of which notice the Agent shall promptly provide to the Lenders), provided that the Companies pay to the Agent, for the benefit of the Lenders, any Early Termination Fee due and payable hereunder on the date of termination. A termination by one Company shall be deemed to be a termination by all Companies. All Obligations shall become due and payable in full on the date of any termination hereunder and, pending a final accounting of the Obligations, the Agent may withhold any credit balances in the Revolving Loan Account (unless supplied with an indemnity satisfactory to the Agent), and/or require the Companies to deliver to the Agent sufficient Cash Equivalents, in either case to be held in a Cash Collateral Account to cover any contingent Obligation then outstanding, including, but not limited to, an amount equal to 110% of the face amount of any outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases. All of the Agent's and the Lenders' rights, liens and security interests granted pursuant to the Loan Documents shall continue after any termination of this Financing Agreement until all Obligations have been fully and finally paid and satisfied.

SECTION 12. MISCELLANEOUS

12.1. Waivers. The Companies hereby waive diligence, demand, presentment, protest and any notices thereof as well as notices of nonpayment, intent to accelerate and acceleration. Subject to the provisions of Section 14.10 hereof that expressly relate to waivers requiring the approval of all Lenders, no waiver of an Event of Default shall be effective unless such waiver is in writing and signed by the Agent and the Required Lenders. No delay or failure of the Agent or the Lenders to exercise any right or remedy hereunder, whether before or after the happening of any Event of Default, shall impair any such right or remedy, or shall operate as a waiver of

such right or remedy, or as a waiver of such Event of Default. A waiver on any occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No single or partial exercise by the Agent or the Lenders of any right or remedy precludes any other or further exercise thereof, or precludes any other right or remedy.

12.2. Entire Agreement; Amendments. This Financing Agreement and the other Loan Documents: (a) constitute the entire agreement among the Companies, the Agent and/or the Lenders; (b) supersede any prior agreements (other than the Original Financing Agreement and the Loan Documents as defined therein, except to the extent each has been amended and restated as contemplated hereunder); (c) subject to the provisions of Section 14.10 hereof that relate to matters subject to the approval of all Lenders, may be amended only by a writing signed by the Companies, the Agent and the Required Lenders; and (d) shall bind and benefit the Companies, the Agent, the Lenders and their respective successors and assigns. Should the provisions of any other Loan Document conflict with the provisions of this Financing Agreement, the provisions of this Financing Agreement shall apply and govern.

12.3. Usury Limit. In no event shall the Companies, upon demand by the Agent for payment of any indebtedness relating hereto, by acceleration of the maturity thereof, or otherwise, be obligated to pay interest and fees in excess of the amount permitted by law. Regardless of any provision herein or in any agreement made in connection herewith, the Agent and the Lenders shall never be entitled to receive, charge or apply, as interest on any indebtedness relating hereto, any amount in excess of the maximum amount of interest permissible under applicable law. If the Agent or the Lenders ever receive, collect or apply any such excess, it shall be deemed a partial repayment of principal and treated as such. If as a result, the entire principal amount of the Obligations is paid in full, any remaining excess shall be refunded to the Companies. This Section 12.3 shall control every other provision of the Financing Agreement, the other Loan Documents and any other agreement made in connection herewith.

12.4. Severability. If any provision hereof or of any other Loan Document is held to be illegal or unenforceable, such provision shall be fully severable, and the remaining provisions of the applicable agreement shall remain in full force and effect and shall not be affected by such provision's severance. Furthermore, in lieu of any such provision, there shall be added automatically as a part of the applicable agreement a legal and enforceable provision as similar in terms to the severed provision as may be possible.

12.5. WAIVER OF JURY TRIAL; SERVICE OF PROCESS. EACH COMPANY, THE AGENT AND THE LENDERS EACH HEREBY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THE LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED THEREUNDER. EACH COMPANY HEREBY IRREVOCABLY WAIVES PERSONAL SERVICE OF PROCESS AND CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED. IN NO EVENT WILL THE AGENT OR THE LENDERS BE LIABLE FOR LOST PROFITS OR OTHER SPECIAL OR CONSEQUENTIAL DAMAGES.

12.6. Notices. Except as otherwise herein provided, any notice or other communication required hereunder shall be in writing (messages sent by e-mail or other electronic transmission (other than by telecopier) shall not constitute a writing, however any signature on a document or other writing that is transmitted by e-mail or telecopier shall constitute a valid signature for purposes hereof), and shall be deemed to have been validly served, given or delivered when received by the recipient if hand delivered, sent by commercial overnight courier or sent by facsimile, or three (3) Business Days after deposit in the United States mail, with proper first class postage prepaid and addressed to the party to be notified as follows:

(a) if to the Agent, at:

The CIT Group/Commercial Services, Inc.
11 West 42nd Street
New York, New York 10036
Attention: Regional Credit Manager
Facsimile: (212) 461-5342;

with a copy to:

Hahn & Hessen LLP
488 Madison Avenue
New York, New York 10022
Attention: Leonard Lee Podair
Facsimile: (212) 478-7400;

(b) if to the Companies at:

G-III Leather Fashions, Inc.
512 Seventh Avenue
New York, New York 10018
Attention: Neal Nackman
Facsimile: (212) 719-0921

with a copy to:

Fulbright & Jaworski L.L.P.
666 Fifth Avenue
New York, New York 10103
Attention: Neil Gold
Facsimile: (212) 318-3400;

(c) if to any Lender, at its address set forth below its signature to this Financing Agreement or its address specified in the Assignment and Transfer Agreement executed by such Lender; or

(d) to such other address as any party may designate for itself by like notice.

12.7. Joint and Several Liability.

(a) Joint and Several Liability. All Revolving Loans made to the Companies shall be deemed jointly funded to, and received by, the Companies. Each Company jointly and severally agrees to pay, and shall be jointly and severally liable for the payment and performance of, all Obligations. Each Company acknowledges and agrees that the joint and several liability of the Companies is provided as an inducement to the Agent and the Lenders to provide loans and other financial accommodations to the Companies, and that each such loan or other financial accommodation shall be deemed to have been done or extended by the Agent and the Lenders in consideration of, and in reliance upon, the joint and several liability of the Companies. The joint and several liability of each Company hereunder is absolute, unconditional and continuing, regardless of the validity or enforceability of any of the Obligations, or the fact that a security interest or lien in any Collateral may not be enforceable or subject to equities or defenses or prior claims in favor of others, or may be invalid or defective in any way and for any reason. Each Company hereby waives: (i) all notices to which such Company may be entitled as a co-obligor with respect to the Obligations, including, without limitation, notice of (x) acceptance of this Financing Agreement, (y) the making of loans or other financial accommodations under this Financing Agreement, or the creation or existence of the Obligations, and (z) presentment, demand, protest, notice of protest and notice of non-payment; and (ii) all defenses based on (w) any modification (or series of modifications) of this Financing Agreement or the other Loan Documents that may create a substituted contract, or that may fundamentally alter the risks imposed on such Company hereunder, (x) the release of any other Company from its duties this Financing Agreement or the other Loan Documents, or the extension of the time of performance of any other Company's duties hereunder or thereunder, (y) the taking, releasing, impairment or abandonment of any Collateral, or the settlement, release or compromise of the Obligations or any other Company's or Guarantor's liabilities with respect to all or any portion of the Obligations, or (z) any other act (or any failure to act) that fundamentally alters the risks imposed on such Company by virtue of its joint and several liability hereunder. It is the intent of each Company by this paragraph to waive any and all suretyship defenses available to such Company with respect to the Obligations, whether or not specifically enumerated above.

(b) Subrogation and Contribution Rights. Each Company hereby agrees that until the full and final payment and satisfaction of the Obligations and the expiration and termination of the Commitments of the Lenders under this Financing Agreement, such Company will not exercise any subrogation, contribution or other right or remedy against any other Company or any security for any of the Obligations arising by reason of such Company's performance or satisfaction of its joint and several liability hereunder. In addition, each Company agrees that (i) such Company's right to receive any payment of amounts due with respect to such subrogation, contribution or other rights is subordinated to the full and final payment and satisfaction of the Obligations, and (ii) such Company agrees not to demand, sue for or otherwise attempt to collect any such payment until the full and final payment and satisfaction of the Obligations and the expiration and termination of the Commitments of the Lenders under this Financing Agreement.

12.8. CHOICE OF LAW. THE VALIDITY, INTERPRETATION AND ENFORCEMENT OF THIS FINANCING AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT TO THE EXTENT THAT ANY OTHER LOAN DOCUMENT INCLUDES AN EXPRESS ELECTION TO BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION.

SECTION 13. AGREEMENTS REGARDING THE LENDERS

13.1. Copies of Statements and Financial Information. The Agent shall forward to each Lender a copy of the monthly loan account statement delivered by the Agent to the Companies. In addition, the Agent agrees to provide the Lenders with copies of all financial statements, projections and business plans of the Companies and the Guarantors that the Agent receives from the Companies or their advisors from time to time, without any duty to confirm or verify that such information is true, correct or complete.

13.2. Payments of Principal, Interest and Fees. After the Agent's receipt of, or charging of, any interest and fees earned under this Financing Agreement, the Agent agrees to remit promptly to the Lenders its respective Pro Rata Percentages of:

(a) fees payable by the Companies hereunder, provided that (i) the Lenders shall not share the fees set forth in Sections 8.7 or 8.8 of this Financing Agreement, and (ii) each of the Lenders shall share in the fees payable under the Fee Letter in accordance with their respective express agreements with the Agent; and

(b) interest paid on the outstanding principal amount of Revolving Loans, calculated based on the outstanding amount of Revolving Loans advanced by each of the Lenders as of each Settlement Date during the period for which interest is paid.

13.3. Defaulting Lender. In the event that any Lender fails to make available to the Agent such Lender's applicable Pro Rata Percentage of any borrowing by the Companies on the Settlement Date in accordance with the provisions of Section 3.1(d) hereof, and the Companies do not repay to the Agent such Lender's applicable Pro Rata Percentage of the borrowing within one (1) Business Day of such Settlement Date, the Agent shall have the right to recover such Lender's applicable Pro Rata Percentage of the borrowing directly from such Lender, together with interest thereon from the Settlement Date at the rate per annum applicable to such borrowing. In addition, until the Agent recovers such amount, (x) such Lender shall not be entitled to receive any payments under Section 13.2 hereof, and (y) for purposes of voting on or consenting to other matters with respect to this Agreement or the other Loan Documents, such Lender's Commitment shall be deemed to be zero and such Lender shall not be considered to be a Lender.

13.4. Participations and Assignments.

(a) **Participations.** Upon five (5) days notice to Agent, the Lenders may sell to one or more Eligible Assignees, participations in the loans and other extensions of credit made and to be made to the Companies hereunder. The Companies acknowledge that in selling such participations, the Lenders may grant to participants certain rights to consent to waivers, amendments and other actions with respect to this Financing Agreement, provided that the consent of any participant shall be limited solely to matters as to which all Lenders must consent

under Section 14.10 hereof. Except for the consent rights set forth above, no participant shall have any rights as a Lender hereunder, and notwithstanding the sale of any participation by a Lender, such Lender shall remain solely responsible to the other parties hereto for the performance of such Lender's obligations hereunder, and the Companies, the Agent and the other Lenders may continue to deal solely with such Lender with respect to all matters relating to this Financing Agreement and the transactions contemplated hereby. In addition, all amounts payable under this Financing Agreement to a Lender which sells a participation in accordance with this paragraph shall continue to be paid directly to such Lender.

(b) Assignments. Upon five (5) days notice to Agent, the Lenders may assign all or any portion of their respective rights and obligations under this Financing Agreement to Eligible Assignees, provided that (i) the principal amount of loans assigned to any institution shall not be less than \$5,000,000, and (ii) the Companies shall pay to the Agent an assignment processing and recording fee of Five Thousand Dollars (\$5,000.00) for the Agent's own account. Each assignment of a Commitment hereunder must be made pursuant to an Assignment and Transfer Agreement. From and after the effective date of an Assignment and Transfer Agreement, (i) the assignee thereunder shall become a party to this Financing Agreement and, to the extent that rights and obligations hereunder have been assigned to such assignee pursuant to such assignment, shall have all rights and obligations of a Lender hereunder, and (ii) the assigning Lender, to the extent that rights and obligations hereunder have been assigned by such Lender pursuant to such assignment, shall relinquish its rights and be released from its obligations under this Financing Agreement.

(c) Cooperation of Companies and Guarantors. If necessary, the Companies and the Guarantors agree to (i) execute any documents (including new Promissory Notes) reasonably required to effectuate and acknowledge each assignment of a Commitment made pursuant to an Assignment and Transfer Agreement, (ii) make the Companies' management available to meet with the Agent and prospective participants and assignees of Commitments and (iii) assist the Agent or the Lenders in the preparation of information relating to the financial affairs of the Companies and the Guarantors as any prospective participant or assignee of a Commitment reasonably may request. Subject to the provisions of Section 13.7, the Companies authorize each Lender to disclose to any prospective participant or assignee of a Commitment, any and all information in such Lender's possession concerning the Companies, the Guarantors and their respective financial affairs which has been delivered to such Lender by or on behalf of the Companies and the Guarantors pursuant to this Financing Agreement, or which has been delivered to such Lender by or on behalf of the Companies and the Guarantors in connection with such Lender's credit evaluation of the Companies and the Guarantors prior to entering into this Financing Agreement.

13.5. Sharing of Liabilities. In the event that the Agent, the Lenders or any of them is sued or threatened with a suit, action or claim by the Companies, or any of one of them, or any of the Guarantors, or by a creditor, committee of creditors, trustee, receiver, liquidator, custodian, administrator or other similar official acting for or on behalf of the Companies (or any of them) or any of the Guarantors, on account of (a) any preference, fraudulent conveyance or other voidable transfer alleged to have occurred or been received as a result of the operation of this Financing Agreement, any of the Loan Documents or the transactions contemplated hereby, or (b) any lender liability theory based on any action taken or not taken by such person in

connection with this Financing Agreement, any of the Loan Documents or the transactions contemplated hereby, any money paid in satisfaction or compromise of such suit, action, claim or demand, and any expenses, costs and attorneys' fees paid or incurred in connection therewith (whether by the Agent, the Lenders or any of them), shall be shared proportionately by the Lenders according to their respective Pro Rata Percentages, except to the extent that such person's own gross negligence or willful misconduct directly gave rise to such suit, action or claim. In addition, any reasonable costs, expenses, fees or disbursements incurred in good faith by agents or attorneys retained by the Agent to collect the Obligations or enforce any rights in the Collateral, including enforcing, preserving or maintaining rights under this Financing Agreement and other Loan Documents, shall be shared among the Lenders according to their respective Pro Rata Percentages to the extent not reimbursed by the Companies or from the Proceeds of Collateral. The provisions of this Section 13.5 shall not apply to any suits, actions, proceedings or claims that (a) are filed or asserted prior to the Closing Date or (b) are based on transactions, actions or omissions occurring prior to the date of this Financing Agreement.

13.6. Exercise of Setoff Rights. The Companies authorize each Lender, and each Lender shall have the right, after the occurrence of an Event of Default, without notice, to set-off and apply against any and all property or assets of any Company or any Guarantor held by, or in the possession of such Lender, any of the Obligations owed to such Lender. Promptly after the exercise of any right to set-off, the Lender exercising such right irrevocably agrees to purchase for cash (and the other Lenders irrevocably agree to sell) participation interests in each other Lender's outstanding Revolving Loans as would be necessary to cause such Lender to share the amount of the property set-off with the other Lenders based on each Lender's Pro Rata Percentage. The Companies agree, to the fullest extent permitted by law, that any Lender also may exercise its right to set-off with respect to amounts in excess of such Lender's Pro Rata Percentage of the Obligations then outstanding, and may purchase participation interests in the amounts so set-off from the other Lenders, and upon doing so shall deliver such excess to Agent, for distribution to the other Lenders in settlement of the participation purchases described above in this Section 13.6. Notwithstanding the foregoing, each Lender hereby agrees with each other Lender that no Lender shall independently take any action to enforce or protect its rights arising out of this Financing Agreement or any other Loan Document without first obtaining the prior written consent of the Agent or the Required Lenders, it being the intent of the Lenders that any such action shall be taken in concert and at the direction of the Agent or the Required Lenders; provided, however, that each Lender may, after the occurrence and during the continuance of an Event of Default (and upon prior written notice to Agent) exercise its right of setoff with respect to the Companies, so long as the benefits of such setoff are shared on a pro rata basis with the other Lenders as required pursuant to this Section 13.6.

13.7. Confidentiality. For the purposes of this Section 13.7, "Confidential Information" means all financial projections and all other information delivered to the Agent or any Lender by or on behalf of the Companies or any of the Guarantors in connection with the transactions contemplated by or otherwise pursuant to this Financing Agreement, provided that such term does not include information that (a) was publicly known or otherwise known to the Agent or any of the Lenders prior to the time of such disclosure, (b) subsequently becomes publicly known through no act or omission by the Agent or the Lenders or any person acting on their behalf, (c) otherwise becomes known to the Agent or the Lenders other than through disclosure by the Companies or any of the Guarantors or (d) constitutes financial statements

delivered under Section 7.1(h) that are otherwise publicly available. The Agent and the Lenders will maintain the confidentiality of such Confidential Information in accordance with commercially reasonable procedures adopted by the Agent and the Lenders in good faith to protect confidential information of third parties delivered to them, provided that the Agent and the Lenders may deliver or disclose Confidential Information to:

- (a) their respective directors, officers, employees, agents, attorneys and affiliates who are advised to hold confidential the Confidential Information substantially in accordance with the terms of this Section 13.7 (to the extent such disclosure reasonably relates to the administration of the Line of Credit);
- (b) their respective financial advisors and other professional advisors who are advised to hold confidential the Confidential Information substantially in accordance with the terms of this Section 13.7;
- (c) any other Lender;
- (d) a commercial bank, commercial finance lender or other financial institution to which the Agent or a Lender sells or offers to sell a portion of their rights and obligations under this Financing Agreement or any participation therein, provided that so long as no Event of Default shall have occurred and remain outstanding, such entity agrees in writing prior to their receipt of such Confidential Information to be bound by the provisions of this Section 13.7; or
- (e) any other person or entity (including bank auditors and other regulatory officials) to which such delivery or disclosure may be necessary or appropriate (i) to comply with any applicable law, rule, regulation or order, or any request of a regulatory authority having jurisdiction over the Agent or any Lender, (ii) in response to any subpoena or other legal process, (iii) in connection with any litigation to which the Agent or a Lender is a party or (iv) if an Event of Default shall have occurred and remain outstanding, to the extent the Agent may reasonably determine such delivery and disclosure to be necessary or appropriate in the enforcement or for the protection of the rights and remedies under this Financing Agreement.

Each Lender becoming a Lender subsequent to the initial execution and delivery of this Financing Agreement, by its execution and delivery of an Assignment and Transfer Agreement, will be deemed to have agreed to be bound by, and to be entitled to the benefits of, this Section 13.7.

13.8. Register.

(a) Each Company hereby authorizes the Agent, solely for the purpose of this Section 13.8(a), to maintain a register (the “Register”) on which the Agent will record each Lender’s loans and other extensions of credit made to the Company hereunder and each repayment in respect of such loans and other extensions of credit of each Lender and annexed to which the Agent shall retain a copy of each Assignment and Transfer Agreement. Failure to make any recordation, or any error in such recordation, shall not affect the Company’s obligations in respect of such loans and other extensions of credit. The entries in the Register shall be conclusive (provided, however, that any failure to make any recordation, or any error in

such recordation, shall be corrected by the Agent upon Agent's actual notice or discovery thereof), and the Companies, the Agent and the Lenders shall treat each person in whose name a loan and other extension of credit is registered as the owner thereof for all purposes of this Agreement, notwithstanding notice or any provision herein to the contrary. A Lender's loans and other extensions of credit may be assigned or otherwise transferred in whole or in part only by registration of such assignment or transfer in the Register. Any assignment or transfer of a Lender's loan and other extensions of credit shall be registered in the Register only upon delivery to the Agent of the applicable Assignment and Transfer Agreement. No assignment or transfer of a Lender's loan and other extensions of credit shall be effective unless such assignment or transfer shall have been recorded in the Register by the Agent as provided in this Section 13.8(a).

(b) Each Lender that sells a participation in the loans and other extensions of credit made to the Companies hereunder shall, solely for the purpose of this Section 13.8(b), record in book entries maintained by such Lender the name and the amount of the participation of each participant entitled to receive payments in respect of such participation.

SECTION 14. AGENCY

14.1. Appointment of Agent; Powers. Each Lender hereby irrevocably designates and appoints CIT to act as the Agent for such Lender under this Financing Agreement and the other Loan Documents, and irrevocably authorizes CIT, as Agent for such Lender, to take such action on its behalf under the provisions of this Financing Agreement and the other Loan Documents, and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of this Financing Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. In performing its functions under this Financing Agreement, the Agent is acting solely as an agent of the Lenders, and the Agent does not assume, and shall not be deemed to have assumed, an agency or other fiduciary relationship with the Companies or any Lender. The Agent shall not have any (a) duty, responsibility, obligation or liability to any Lender, except for those duties, responsibilities, obligations and liabilities expressly set forth in this Financing Agreement, or (b) fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Financing Agreement or the other Loan Documents, or otherwise exist against the Agent.

14.2. Delegation of Agent's Duties. The Agent may execute any of its duties under this Financing Agreement and all ancillary documents by or through agents or attorneys, and shall be entitled to the advice of counsel concerning all matters pertaining to such duties.

14.3. Disclaimer of Agent's Liabilities. Neither the Agent nor any of its officers, directors, employees, agents, or attorneys shall be liable to any Lender for any action lawfully taken or not taken by the Agent or such person under or in connection with the Financing Agreement and the other Loan Documents (except for the Agent's or such person's gross negligence or willful misconduct). Without limiting the generality of the foregoing, the Agent shall not be liable to the Lenders for (i) any recital, statement, representation or warranty made by the Companies or the Guarantors or any officer thereof contained in (x) this Financing Agreement, (y) any other Loan Document or (z) any certificate, report, audit, statement or other

document referred to or provided for in this Financing Agreement or received by the Agent under or in connection with this Financing Agreement, (ii) the value, validity, effectiveness, enforceability or sufficiency of this Financing Agreement, the other Loan Documents or the security interests in the Collateral of the Agent for the benefit of the Agent and the Lenders, (iii) any failure of the Companies or the Guarantors to perform their respective obligations under this Financing Agreement and the other Loan Documents, (iv) any loss or depreciation in the value of, delay in collecting the Proceeds of, or failure to realize on, any Collateral, (v) the Agent's delay in the collection of the Obligations or enforcing the Agent's rights against the Companies or the Guarantors, or the granting of indulgences or extensions to the Companies, any of the Guarantors or any account debtor of the Companies, or (vi) any mistake, omission or error in judgment in passing upon or accepting any Collateral. In addition, the Agent shall have no duty or responsibility to ascertain or to inquire as to the observance or performance of any of the terms, conditions, covenants or other agreements of the Companies or the Guarantors contained in this Financing Agreement or the other Loan Documents, or to inspect, verify, examine or audit the assets, books or records of the Companies or the Guarantors at any time.

14.4. Reliance and Action by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon legal counsel, independent public accountants and experts selected by Agent, and shall not be liable to the Lenders for any action taken or not taken in good faith based upon the advice of such counsel, accountants or experts. In addition, the Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, teletype, telex or teletype message, statement, order or other document believed by the Agent in good faith to be genuine and correct, and to have been signed, sent or made by the proper person or persons. The Agent shall be fully justified in taking or refusing to take any action under this Financing Agreement and the other Loan Documents unless the Agent (a) receives the advice or consent of the Lenders or the Required Lenders, as the case may be, in a manner that the Agent deems appropriate, or (b) is indemnified by the Lenders to the Agent's satisfaction against any and all liability, cost and expense which may be incurred by the Agent by reason of taking or refusing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Financing Agreement and the other Loan Documents in accordance with a request of all Lenders or the Required Lenders, as the case may be, and such request and any action taken or failure to act pursuant thereto shall be binding upon all Lenders.

14.5. Events of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder (other than a Default or Event of Default with respect to payments of principal and/or interest with respect to the Revolving Loans) unless the Agent has received notice from the Companies or a Lender describing such Default or Event of Default with specificity. In the event that the Agent receives such a notice, the Agent shall promptly give notice thereof to all Lenders. The Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Lenders or Required Lenders, as the case may be, provided that (a) if appropriate, the Agent may require indemnification from the Lenders under Section 14.4 prior to taking such action, (b) under no circumstances shall the Agent have an obligation to take any action that the Agent believes in good faith would violate any law or any provision of this Financing Agreement or the other Loan Documents, and (c) unless and until the Agent shall have received direction from the Lenders or the Required Lenders, as the case may be, the Agent may (but shall not be obligated to) take such action or refrain from taking action with respect to such Default or Event of Default as the Agent shall deem advisable and in the best interests of the Lenders.

14.6. Lenders' Due Diligence. Each Lender expressly acknowledges that neither the Agent, nor any of its officers, directors, employees or agents, has made any representation or warranty to such Lender regarding the transactions contemplated by this Financing Agreement or the financial condition of the Companies or the Guarantors, and such Lender agrees that no action taken by the Agent hereafter, including any review of the business or financial affairs of the Companies or the Guarantors, shall be deemed to constitute a representation or warranty by the Agent to any Lender. Each Lender also acknowledges that such Lender has, independently and without reliance upon the Agent or any other Lender and based on such documents and information as such Lender has deemed appropriate, made its own credit analysis, appraisal of and investigation into the business, operations, property, financial condition and creditworthiness of the Companies and the Guarantors, and made its own decision to enter into this Financing Agreement. Each Lender agrees, independently and without reliance upon the Agent or any other Lender and based on such documents and information as such Lender shall deem appropriate at the time, (a) to continue to make its own credit analyses and appraisals in deciding whether to take or not take action under this Financing Agreement and (b) to make such investigations as such Lender deems necessary to inform itself as to the business, operations, property, financial condition and creditworthiness of the Companies and the Guarantors.

14.7. Right to Indemnification. The Lenders agree to indemnify the Agent and the Agent's officers, directors, employees, advisors and agents (collectively, the "Agent Parties") (to the extent not reimbursed by the Companies and without limiting the obligation of the Companies to do so), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against the Agent Parties in any way relating to or arising out of (a) this Financing Agreement or any other Loan Document, (b) the transactions contemplated hereby or (c) any action taken or not taken by the Agent Parties under or in connection with any of the foregoing, provided that no Lender shall be liable to an Agent Party for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from such Agent Party's gross negligence or willful misconduct.

14.8. Other Transactions. The Agent and any Lender may make loans to and generally engage in any kind of business with the Companies, as though the Agent or such Lender were not the Agent or a Lender hereunder. With respect to loans made by the Agent under this Financing Agreement as a Lender, the Agent shall have the same rights and powers, duties and liabilities under this Financing Agreement and the other Loan Documents as any other Lender, and may exercise the same as though it was not the Agent, and the term "Lender" and "Lenders" shall include the Agent in its individual capacity as such.

14.9. Resignation of Agent. The Agent may resign as the Agent upon 30 days notice to the Lenders, and such resignation shall be effective on the earlier of (a) the appointment of a successor Agent by the Lenders or (b) the date on which such 30-day period expires. If the Agent provides the Lenders with notice of its intention to resign as Agent, the Lenders agree to appoint a successor to the Agent as promptly as possible thereafter, whereupon such successor

shall succeed to the rights, powers and duties of the Agent, and the term “Agent” shall mean such successor effective upon its appointment, which such appointment shall be subject to the approval of the Required Lenders. Upon the effective date of an Agent’s resignation, such Agent’s rights, powers and duties as Agent hereunder immediately shall terminate, without any other or further act or deed on the part of such former Agent or any of the parties to this Financing Agreement. After an Agent’s resignation hereunder, the provisions of this Section 14 shall continue to inure to such Agent’s benefit as to any actions taken or not taken by such Agent while acting as the Agent.

14.10. Voting Rights; Agent’s Discretionary Rights. Notwithstanding anything contained in this Financing Agreement to the contrary, without the prior written consent of all Lenders, the Agent will not agree to:

(a) amend or waive the Companies’ compliance with any term or provision of this Financing Agreement, if the effect of such amendment or waiver would be to (i) increase the Revolving Line of Credit or the Line of Credit, (ii) reduce (or forgive) the principal of, or rate of interest on, the Revolving Loans, (iii) reduce or waive the payment of any fee in which all Lenders share hereunder or (iv) extend the maturity date of any of the Obligations or the date fixed for payment of any installment thereof;

(b) alter or amend (i) this Section 14.10, (ii) the definitions of “Eligible Accounts Receivable”, “Eligible Inventory”, “Collateral”, “Required Lenders” or “Supplemental Amount” or (iii) the advance rates set forth in clause (a) of the definition of Borrowing Base to increase such advance rates to a level greater than the level in effect on the Closing Date;

(c) except as otherwise expressly permitted or required hereunder, release any Collateral having a value (as determined by the Agent in its reasonable business judgment) of more than \$250,000 in any fiscal year of the Companies;

(d) knowingly make any Revolving Loan to the Companies if after giving effect thereto the principal amount of all outstanding Revolving Loans plus the undrawn amount of all outstanding Letters of Credit, Bankers Acceptances, Steamship Guarantees and/or Airway Releases would exceed the lesser of (i) the Revolving Line of Credit or (ii) one hundred ten percent (110%) of the Borrowing Base of the Companies; provided that in no event shall the Agent continue to knowingly make Overadvances under this Section 14.10(d) for a period in excess of ninety (90) consecutive days without the consent of all Lenders, and provided further that after the occurrence of an Event of Default, the Agent in its sole discretion shall have the right to make Overadvances in excess of the limitation set forth in clause (ii) above in order to preserve, protect and realize upon the Collateral; or

(e) release any of the Guarantors from any of their Obligations under any Guaranty.

In all other respects the Agent is authorized to take or to refrain from taking any action which the Agent, in the exercise of its reasonable business judgment, deems to be advisable and in the best interest of the Lenders, unless this Financing Agreement specifically requires the Companies or the Agent to obtain the consent of, or act at the direction of, the Required Lenders.

Without limiting the generality of the foregoing sentence, and notwithstanding any other provision of this Financing Agreement to the contrary, the Agent shall have the right in its sole discretion to (i) determine whether the requirements for eligibility set forth in the definitions of “Eligible Accounts Receivable” and “Eligible Inventory” are satisfied, (ii) establish, adjust and release the amount of reserves provided for in the definitions of “Availability Reserve”, “Eligible Accounts Receivable” and “Eligible Inventory”, (iii) make Overadvances in accordance with clause (d) of this Section 14.10, (iv) release any Collateral having a value (as determined by the Agent in its reasonable business judgment) of up to \$250,000 in each fiscal year of the Companies, and (v) amend any provision of this Financing Agreement or the other Loan Documents in order to cure any error, ambiguity, defect or inconsistency set forth therein. Except as provided in the foregoing sentence, and as provided in clauses (a) through (e) of this Section 14.10, all waivers of any Events of Default (other than with respect to the provisions of Section 7.2(g) and (h) which may be waived by the Agent in its discretion, but any modifications and amendments thereto shall require the consent of the Required Lenders), and all waivers, modifications and amendments to the provisions of Section 7.3 or Section 7.4 shall require the consent of the Required Lenders. In the event the Agent terminates this Financing Agreement pursuant to the terms hereof, the Agent agrees to cease making additional loans or advances upon the effective date of termination, except for loans or advances which the Agent in its sole discretion determines are reasonably required to preserve, protect or realize upon the Collateral.

14.11. Deemed Consent. If a Lender’s consent to a waiver amendment or other course of action is required under the terms of this Financing Agreement and such Lender does not respond to any request by the Agent for such consent within ten (10) Business Days after the date of such request (which such request and each consent thereto shall be in writing (including, for purposes of this Section 14.11, messages sent by e-mail or telecopier)), such failure to respond shall be deemed a consent to the requested course of action.

14.12. Survival of Agreements of the Lenders. The obligations of the Lenders set forth in Sections 13.3, 13.5, 13.6, 14.4 and 14.7 hereof shall survive the termination of this Financing Agreement.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Financing Agreement to be executed, accepted and delivered at New York, New York, by its proper and duly authorized officers as of the date first herein above set forth.

THE CIT GROUP/COMMERCIAL
SERVICES, INC., as Agent and Lender

By: /s/ EDWARD J. AHEARN
Name: Edward J. Ahearn
Title: Senior Vice President

Commitment: \$15,000,000
Pro Rata Percentage: 6%

HSBC BANK USA, NATIONAL
ASSOCIATION, as Lender

By: /s/ SAM OPITZ
Name: Sam Opitz
Title: Vice President

Commitment: \$35,000,000
Pro Rata Percentage: 14%

SOVEREIGN BANK, as Lender

By: /s/ MATILDE REYES
Name: Matilde Reyes
Title: Senior Vice President

Commitment: \$20,000,000
Pro Rata Percentage: 8%

[signatures continued on succeeding page]

ISRAEL DISCOUNT BANK OF NEW YORK, as
Lender

By: /s/ JUAN C. ZAINO
Name: Juan C. Zaino
Title: First Vice President

By: /s/ R. DAVID KOMGRUEN
Name: R. David Komgruen
Title: Vice President

Commitment: \$30,000,000
Pro Rata Percentage: 12%

COMMERCE BANK, N.A., as Lender

By: /s/ MARTIN NOREN
Name: Martin Noren
Title: Vice President

Commitment: \$30,000,000
Pro Rata Percentage: 12%

SIGNATURE BANK, as Lender

By: /s/ ROBERT A. BROCH
Name: Robert A. Broch
Title: Senior Vice President

Commitment: \$15,000,000
Pro Rata Percentage: 6%

[signatures continued on succeeding page]

BANK LEUMI USA, as Lender

By: /s/ JOHN KOENIGSBERG

Name: John Koenigsberg
Title: Senior Vice President

By: /s/ IRIS STEINHARDT

Name: Iris Steinhardt
Title: Vice President

Commitment: \$15,000,000
Pro Rata Percentage: 6%

WEBSTER BUSINESS CREDIT, as Lender

By: /s/ DANIEL C. DUPRE

Name: Daniel C. Dupre
Title: Vice President

Commitment: \$15,000,000
Pro Rata Percentage: 6%

JPMORGAN CHASE BANK, N.A., as Lender

By: /s/ BRITT O'ROURKE

Name: Britt O'Rourke
Title: Vice President

Commitment: \$30,000,000
Pro Rata Percentage: 12%

[signatures continued on succeeding page]

BANK OF AMERICA, N.A., as Lender

By: /s/ DAVID GUTIERREZ

Name: David Gutierrez

Title: Senior Vice President

Commitment: \$25,000,000

Pro Rata Percentage: 10%

WACHOVIA BANK, N.A., as Lender

By: /s/ ROBERT MAICHIN

Name: Robert Maichin

Title: Senior Vice President

Commitment: \$20,000,000

Pro Rata Percentage: 8%

THE COMPANIES:

G-III LEATHER FASHIONS, INC., as a
Company and the Funds Administrator

By: /s/ NEAL S. NACKMAN

Name: Neal S. Nackman

Title: Vice President — Finance

J. PERCY FOR MARVIN RICHARDS, LTD., as a
Company

By: /s/ NEAL S. NACKMAN

Name: Neal S. Nackman

Title: Secretary

[signatures continued on succeeding page]

CK OUTERWEAR, LLC, as a Company

By: /s/ NEAL S. NACKMAN

Name: Neal S. Nackman

Title: Secretary

A. MARC & CO., INC., as a Company

By: /s/ NEAL S. NACKMAN

Name: Neal S. Nackman

Title: Vice President — Finance and Secretary

ANDREW & SUZANNE COMPANY INC., as a Company

By: /s/ NEAL S. NACKMAN

Name: Neal S. Nackman

Title: Vice President — Finance and Secretary

AGREED AS TO SECTIONS 7.3 and 7.4(m):

G-III APPAREL GROUP, LTD., as Parent

By: /s/ NEAL S. NACKMAN

Name: Neal S. Nackman

Title: Chief Financial Officer and Treasurer

EXHIBIT A
FORM OF ASSIGNMENT AND TRANSFER AGREEMENT
ASSIGNMENT AND TRANSFER AGREEMENT

Reference is made to the Amended and Restated Financing Agreement dated as of April 3, 2008 (as amended, restated supplemented or otherwise modified and in effect from time to time, the "Financing Agreement") among G-III Leather Fashions, Inc., a New York corporation ("G-III"), J. Percy for Marvin Richards, Ltd., a New York corporation ("JPMR"), CK Outerwear, LLC, a New York limited liability company ("CK"), A. Marc & Co., Inc., a New York corporation ("AMC") and Andrew & Suzanne Company, Inc., a New York corporation ("A&S"), and together with G-III, JPMR, CK and AMC, individually, a "Company" and collectively the "Companies", the financial institutions from time to time party thereto, as lenders (collectively, the "Lenders", and individually, each a "Lender"), and The CIT Group/Commercial Services, Inc, a New York corporation, as agent for the Lenders (in such capacity, the "Agent"). Capitalized terms used in this Assignment and Transfer Agreement (this "Agreement") and not otherwise defined shall have the meanings given to such terms in the Financing Agreement. This Agreement, between the Assignor (as defined and set forth on Schedule 1, which is made a part of this Agreement) and the Assignee (as defined and set forth on Schedule 1) is effective as of Effective Date (as set forth on Schedule 1).

1. The Assignor hereby irrevocably sells and assigns to the Assignee, without recourse to the Assignor, and the Assignee hereby irrevocably purchases and assumes from the Assignor, without recourse to the Assignor, as of the Effective Date, an undivided interest (the "Assigned Interest") in and to all of the Assignor's rights and obligations under the Financing Agreement respecting those, and only those, portions of the financing facilities contained in the Financing Agreement as are set forth on Schedule 1 (collectively, the "Assigned Facilities"), in an amount for each of the Assigned Facilities as set forth on Schedule 1.

2. The Assignor: (i) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Financing Agreement or any other instrument, document or agreement executed or delivered in connection therewith (collectively the "Loan Documents"), or the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Financing Agreement, any Collateral thereunder or any of the other Loan Documents, other than a representation and warranty that the Assignor is the legal and beneficial owner of the Assigned Interest and that the Assigned Interest is free and clear of any adverse claim; and (ii) makes no representation or warranty and assumes no responsibility with respect to (x) the financial condition of the Companies or any Guarantor, or (y) the performance or observance by the Companies or any Guarantor of any of their respective obligations under the Financing Agreement or any of the Loan Documents.

3. The Assignee (i) represents and warrants that it is legally authorized to enter into this Agreement, (ii) confirms that it has received a copy of the Financing Agreement as amended through the Effective Date, together with the copies of the most recent financial statements of the Companies, and such other documents and information as the Assignee has deemed appropriate

to make its own credit analysis, (iii) agrees that the Assignee will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as the Assignee shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Financing Agreement, (iv) appoints and authorizes the Agent to take such action as agent on the Assignee's behalf and to exercise such powers under the Financing Agreement as are delegated to the Agent by the terms thereof, together with such powers as are reasonably incidental thereto, (v) agrees that the Assignee will be bound by the provisions of the Financing Agreement and will perform in accordance with its terms all the obligations which by the terms of the Financing Agreement are required to be performed by it as Lender, and (vi) if the Assignee is organized under the laws of a jurisdiction within the United States (but is not a corporation), attaches IRS Form W-9 (or a substitute form thereof) to avoid any back-up withholding and (vii) if the Assignee is organized under the laws of a jurisdiction outside the United States, attaches the forms prescribed by the IRS certifying as to the Assignee's exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Financing Agreement or such other documents as are necessary to indicate that all such payments are subject to such tax rate reduced by an applicable tax treaty.

4. Following the execution of this Assignment and Transfer Agreement, such agreement will be delivered to the Agent for acceptance by the Agent, effective as of the Effective Date.

5. Upon such acceptance, from and after the Effective Date, the Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee, whether such amounts have accrued prior to the Effective Date or accrue subsequent to the Effective Date. The Assignor and the Assignee shall make all other appropriate adjustments in payments for periods prior to the Effective Date made by the Agent or with respect to the making of this assignment directly between themselves.

6. From and after the Effective Date, (i) the Assignee shall be a party to the Financing Agreement and, to the extent provided in this Agreement, have the rights and obligations of a Lender thereunder, and (ii) the Assignor shall, to the extent provided in this Agreement, relinquish its rights and be released from its obligations under the Financing Agreement.

7. THIS ASSIGNMENT AND TRANSFER AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO CONFLICT OF LAWS PRINCIPLES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by its respective duly authorized officers on Schedule 1 hereto.

Schedule 1 to Assignment and Transfer Agreement

Name of Assignor: _____

Name of Assignee: _____

Effective Date of Assignment: _____, 200__

Assigned Facilities Revolving Line of Credit	Percentage of Facilities Assigned _____ %	Dollar Amount Assigned \$ _____
---	---	------------------------------------

ASSIGNOR:

ASSIGNEE:

By: _____

By: _____

Its: _____

Its: _____

Accepted by the Agent:

THE CIT GROUP/COMMERCIAL SERVICES,
INC., as Agent as aforesaid

By: _____

Its: _____

EXHIBIT B
SECOND AMENDED AND RESTATED
REVOLVING LOAN PROMISSORY NOTE R-__

\$ _____

April 3, 2008
New York, New York

FOR VALUE RECEIVED, the undersigned, G-III Leather Fashions, Inc., a New York corporation ("G-III Inc."), J. Percy for Marvin Richards, Ltd., a New York corporation ("JPMR"), CK Outerwear, LLC, a New York limited liability company ("CKO"), A. Marc & Co., Inc., a New York corporation ("AMC"), and Andrew and Suzanne Company Inc., a New York corporation ("A&S"), and together with G-III Inc., JPMR, CKO and AMC, individually, a "Company" and collectively, the "Companies"), jointly and severally, absolutely and unconditionally, promise to pay to the order of _____ ("Lender") at the offices of The CIT Group/Commercial Services, Inc., as agent ("Agent") for the lenders (including Lender) under the Amended and Restated Financing Agreement referred to below, at 11 West 42nd Street, New York, New York, in lawful money of the United States of America and in immediately available funds, the principal amount of _____ DOLLARS (\$ _____), or such lesser amount as may be advanced to the Companies by Lender as Revolving Loans under the Financing Agreement (as defined below) and remain unpaid, on the Termination Date.

The Companies jointly and severally, absolutely and unconditionally, further agree to pay interest at said office, in like money, on the unpaid amount of Revolving Loans outstanding from time to time on the dates and at the rates specified in Section 8 of the Amended and Restated Financing Agreement dated as of April 3, 2008 (as amended, restated, modified and supplemented, the "Financing Agreement") among the Companies, the Lenders that are parties thereto and Agent. Capitalized terms used in this Note and defined in the Financing Agreement shall have the meanings given to such terms in the Financing Agreement unless otherwise specifically defined herein.

This Note is a Revolving Loan Promissory Note referred to in the Financing Agreement, evidences the Revolving Loans made to the Companies by the Lender thereunder, and is subject to, and entitled to, all provisions and benefits thereof, including optional and mandatory prepayment, in whole or in part, as provided therein.

This Note together with the other Second Amended and Restated Revolving Loan Promissory Notes dated the date hereof in favor of the Lenders in the aggregate principal amount of \$250,000,000 amend and restate in their entireties and are given in substitution for (but not in satisfaction of) (a) that certain Amended and Restated Revolving Loan Promissory Note R-1 dated October 16, 2006 issued by the Companies to The CIT Group/ Commercial Services, Inc. in the original principal amount of \$48,541,310.00, (b) that certain Amended and Restated Revolving Loan Promissory Note R-2 dated October 16, 2006 issued by the Companies to HSBC Bank USA, National Association in the original principal amount of \$26,654,260.00, (c) that certain Amended and Restated Revolving Loan Promissory Note R-3 dated October 16, 2006 issued by the Companies to Webster Business Credit Corporation in the original principal

amount of \$11,276,884.00, (d) that certain Amended and Restated Revolving Loan Promissory Note R-4 dated October 16, 2006 issued by the Companies to Commerce Bank, N.A. in the original principal amount of \$15,992,556.00, (e) that certain Amended and Restated Revolving Loan Promissory Note R-5 dated October 16, 2006 issued by the Companies to Bank Leumi USA, National Association in the original principal amount of \$13,327,130.00, (f) that certain Amended and Restated Revolving Loan Promissory Note R-6 dated October 16, 2006 issued by the Companies to Israel Discount Bank of New York in the original principal amount of \$26,654,260.00, (g) that certain Amended and Restated Revolving Loan Promissory Note R-7 dated October 16, 2006 issued by the Companies to JPMorgan Chase Bank, N.A. in the original principal amount of \$9,021,433.00, and (h) that certain Amended and Restated Revolving Loan Promissory Note R-8 dated October 16, 2006 issued by the Companies to Signature Bank in the original principal amount of \$13,532,165.00.

[BALANCE OF PAGE INTENTIONALLY LEFT BLANK]

[SIGNATURE PAGE FOLLOWS]

Notwithstanding any other provision of this Note to the contrary, upon the occurrence of any Event of Default specified in the Financing Agreement, or upon termination of the Financing Agreement for any reason, all amounts then remaining unpaid on this Note may become, or be declared to be, at the sole election of Agent or the Required Lenders, immediately due and payable as provided in the Financing Agreement.

G-III LEATHER FASHIONS, INC.

By: _____

Name: Neal S. Nackman
Title: Vice President — Finance

J. PERCY FOR MARVIN RICHARDS, LTD.

By: _____

Name: Neal S. Nackman
Title: Secretary

CK OUTERWEAR, LLC

By: _____

Name: Neal S. Nackman
Title: Secretary

A. MARC & CO., INC.

By: _____

Name: Neal S. Nackman
Title: Vice President — Finance & Secretary

ANDREW & SUZANNE COMPANY, INC.

By: _____

Name: Neal S. Nackman
Title: Vice President — Finance & Secretary

EXHIBIT C
[INTENTIONALLY OMITTED]

EXHIBIT D
Compliance Certificate
[Quarterly]

I, Neal S. Nackman, Vice President of Finance of G-III Leather Fashions, Inc., a New York corporation (the "Borrower"), and Chief Financial Officer and Treasurer of G-III Apparel Group, Ltd. (the "Parent"), hereby certify on behalf of the Borrower that:

1. This Certificate is being delivered pursuant to Section 7.2 of the Amended and Restated Financing Agreement, dated April 3, 2008, by and among the Borrower, the other Companies party thereto, the Lenders signatory thereto (the "Banks") and CIT, as agent for the Banks (hereinafter, as it may be from time to time amended, modified or supplemented, referred to as the "Loan Agreement");

2. Pursuant to subsection 7.2(g) of the Loan Agreement, attached hereto as Exhibit A is a true and correct copy of the Key Item Report for the quarter ending _____.

3. There exists no defaults under the Loan Agreement, no default under any other material agreement to which the Borrower, the Parent or any of the Subsidiaries is a party or by which it is bound, or by which, to the best knowledge of the Borrower, the Parent or any Subsidiary, any of its properties or assets, taken as a whole, may be materially affected, and no event which, with the giving of notice or the lapse of time, or both, would constitute such an Event of Default or Default.

Attached hereto as Exhibit A is a detailed calculation indicating compliance as of _____ with the covenants contained in Section 7.3 of the Loan Agreement.

Each capitalized item not otherwise defined herein shall have the meaning assigned to it in the Loan Agreement.

IN WITNESS WHEREOF, I have executed this Certificate on this __th day of _____.

G-III LEATHER FASHIONS, INC.

By: _____
Neal S. Nackman
Vice President — Finance

G-III APPAREL GROUP, LTD.

By: _____
Neal S. Nackman
Chief Financial Officer and Treasurer

EXHIBIT D
Compliance Certificate
[Monthly]

I, Neal S. Nackman, Vice President of Finance of G-III Leather Fashions, Inc., a New York corporation (the "Borrower"), and Chief Financial Officer and Treasurer of G-III Apparel Group, Ltd. (the "Parent"), hereby certify on behalf of the Borrower that:

1. This Certificate is being delivered pursuant to Section 7.2 of the Amended and Restated Financing Agreement, dated April 3, 2008, by and among the Borrower, the other Companies party thereto, the Lenders signatory thereto (the "Banks") and CIT, as agent for the Banks (hereinafter, as it may be from time to time amended, modified or supplemented, referred to as the "Loan Agreement");

2. Pursuant to Section 7.2(g) of the Loan Agreement, attached hereto as Exhibit A is a true and correct copy of the Key Items Report for the month of _____.

3. There exists no defaults under the Loan Agreement, no default under any other material agreement to which the Borrower, the Parent or any of the Subsidiaries is a party or by which it is bound, or by which, to the best knowledge of the Borrower, the Parent or any Subsidiary, any of its properties or assets, taken as a whole, may be materially affected, and no event which, with the giving of notice or the lapse of time, or both, would constitute such an Event of Default or Default.

Each capitalized item not otherwise defined herein shall have the meaning assigned to it in the Loan Agreement.

IN WITNESS WHEREOF, I have executed this Certificate on this ___st day of _____.

G-III LEATHER FASHIONS, INC.

By: _____
Neal S. Nackman
Vice President — Finance

G-III APPAREL GROUP, LTD.

By: _____
Neal S. Nackman
Chief Financial Officer and Treasurer

Exhibit E

Please see following page

CIT

ateral Update Certificate

Company Name: G-III Apparel Group, LTD.

Date: 3/25/08

1. Period End Accounts Receivable as of:	3/22/2008						\$ 95,419,882
2. Accounts Receivable Ineligibles as of:	3/22/2008						
Accounts over 61 days from Due Date:						\$ 13,845,430	
Intercompany Accounts						0	
Government Accounts						0	
Other Accounts							
50 % Cross-Aging Exclusion						1,984,087	
Other Credit Balances over 61 days						653,275	
Other CB Net of — @ 100.00%						0	
 TOTAL INELIGIBLES							<u>16,482,792</u>
3. Eligible Accounts Receivable (Line 1 minus Line 2)							\$ 78,937,090
4. Accounts Receivable Advance Rate							85%
5. Accounts Receivable Availability (Line 3 times Line 4)							<u>\$ 67,096,526</u>
6. Inventory as of: _____ Source: _____							
Type	Gross Amount	(-)	Ineligible	(X)	Adv. Rate	(=)	Available or CAP
Inventory	\$37,634,820	-	\$6,272,280	X	50%	=	15,681,270
Merchandise L/C Inventory	\$17,336,075	-		X	37%	=	6,414,348
Total Inventory Availability							\$ 22,095,618
7. Other Availability	Over Advance Privilege						\$ 0
7a. Other Availability	Over advance reduction equal to 50% of eligible licensed inventory						0
8. Other Availability	Invested Cash						<u>34,338</u>
9. Total Gross Availability	(The lesser of the total of Lines 5,6,7 and 8 or Credit Line of \$45,000,000)						\$ 45,000,000
10. Loan Balance							\$ 4,369,100
11. Trade L/Cs Outstanding							\$ 17,718,596
12. Total of FX, SBLC, BA, and Bill of Lading Guarantee Exposures							<u>\$ 555,263</u>
13. Net Availability (Line 9 minus the total of Lines 10, 11, & 12)							<u>\$ 22,357,041</u>

The Company named in the box above labeled "Company Name" (the "Company") by its duly authorized officer signing below, hereby certifies that (a) the information set forth in this certificate is true and correct as of the date(s) indicated herein and (b) the Company is in compliance with all terms and provisions in (i) the loan or other agreement between the Company and CIT pursuant to which this certificate is delivered (the "Agreement") and (ii) any and all documents, instruments and agreements evidencing, governing or securing the Agreement or otherwise executed in connection therewith.

Jane Colwell

Prepared by

Nat. [Signature]

Authorized Signature

Exhibit F
AMENDED AND RESTATED
CONTINUING AGREEMENT FOR ISSUANCE OF STEAMSHIP
GUARANTEES/AIR FREIGHT RELEASES

April 3, 2008

The CIT Group/Commercial Services, Inc.
11 West 42nd Street
New York, New York 10036

In consideration of any Steamship Guarantees or Air Freight Releases executed by you or any of your correspondents or agents upon our request, we agree to indemnify you against, and hold you harmless from, any claim, lawsuit, loss, liability or damage, and to reimburse you promptly on demand for all payments made by you therefor, together with all charges and expenses, including counsel fees, which you may sustain or incur by reason of your complying with such request.

We agree from time to time upon your demand to deposit with you as security, cash or other collateral as you may request, and as further security for the fulfillment of our obligations hereunder we hereby give you a lien upon and authorize you to assert and exercise a right of set-off and/or sale against all deposits, securities and other property of ours now or at any time hereafter for your possession.

In the event any guarantee or release has been executed in connection with any Letter of Credit issued by you, we hereby authorize and request you to honor any and all drafts drawn under such Letter of Credit, even though the accompanying documents do not in all respects conform to the requirements of the Letter of Credit or certain of such documents do not accompany the draft or drafts, and we hereby agree that any such discrepancies, defects or omissions in the accompanying documents shall in no way prejudice your rights against us under this application, agreement and guarantee covering the issuance of the Letter of Credit.

G-III LEATHER FASHIONS, INC.

By: _____
Name: Neal S. Nackman
Title: Vice President — Finance

J. PERCY FOR MARVIN RICHARDS, LTD.

By: _____
Name: Neal S. Nackman
Title: Secretary

CK OUTERWEAR, LLC

By: _____
Name: Neal S. Nackman
Title: Secretary

A. MARC & CO., INC.

By: _____
Name: Neal S. Nackman
Title: Vice President — Finance and Secretary

ANDREW & SUZANNE COMPANY INC.

By: _____
Name: Neal S. Nackman
Title: Vice President — Finance and Secretary

EXHIBIT H
G-III LEATHER FASHIONS, INC.
Finished Goods (incl. I/T)
As of

Total Company:		
Available to Sell		0
I/Ts: Dock	\$ 0	
L/C Paid	0	
Not Paid	<u>\$ 0</u>	
		<u>\$ 0</u>
13% of I/T		<u>\$ 0</u>
Total Company		<u><u>\$ 0</u></u>
Non — Licensed Inventory (Eligible):		
Available to Sell	\$ 0	
I/Ts: Dock		0
L/C Paid		0
Not Paid		<u>0</u>
		<u>\$ 0</u>
Licensed Inventory (Eligible):		
Available to Sell	\$ 0	
I/Ts: Dock		0
L/C Paid		0
Not Paid		<u>0</u>
		<u>\$ 0</u>
Total Eligible Licensed Inventory		<u><u>\$ 0</u></u>

EXHIBIT I

INVHNDLC

DATE-

***** G-III APPAREL *****
INVENTORY ANALYSIS REPORT FOR LDPCOST VS LCM COST

SEA STYLE DESCRIPTION INV ON HAND	NET ACT COST LCM COST	ACT VALUE	LCM VALUE	DIFFERENCE	OPEN UNITS	OPEN \$\$	ATS UNITS	ACT ATS \$\$	LCM ATS \$\$
GRAND TOTAL									
RECAP BY DIVISION									
G-III/BILL BLASS MZ									
G-III/BLACK RIVET									
G-III/BILL BLASS WO									
G-III/JAMSE DEAN									
G-III/JNY MENS									
G-III/JNY WOOLS									
G-III/BEAN JOHN									
G-III WOMENS LEATHE									
G-III MENS LEATHER									
G-III/TIMBERLAND									
G-III/J L COLEBROOK									
G-III/K C WOMENS OO									
G-III/COLE HAAN WOMEN									
G-III/K C MENS OOTE									
G-III/COLE HAAN MEN									
G-III/LICENSING DIV									
G-III/HOT-MARKETS									
G-III/CLASSICS									
G-III/BLACK RIVET M									
G-III/SIENA STUDIO									
G-III/NINE WEST OUT SIENA									

Exhibit J
Form of Key Items Report

Please see next page

G-III Leather Fashions, Inc.
Key Items Report
January 2008
(\$000)

		<u>TOTAL</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG-JAN</u>
4	Unshipped orders 1/31/08								
AA	Andrew Marc Accessories	0							
AD	AM/Dockers	0							
AL	AM/Levi's	0							
AM	Andrew Marc Mens	0							
AW	Andrew Marc Womens	0							
CD	CK Dresses	0							
CM	CK Mens	0							
CO	Coldwater Creek	0							
CS	Calvin Klein Suits	0							
CW	CK Womens	0							
ED	Ellen Tracy Dresses	0							
EJ	Eliza J	0							
EX	Exsto	0							
HD	Beyonce	0							
IC	Industrial Cotton	0							
JH	Jessica Howard	0							
JW	Jones Womens	0							
MM	Marc NY Mens	0							
MR	Marvin Richards	0							
MW	Marc NY Womens	0							
PF	CK Performance	0							
PL	Private Label	0							
SD	Sean John Dresses	0							
SJ	Sean John Mens	0							
SL	Sean John Sportswear	0							
SW	Sean John Womens	0							
00	Womens Leather	0							
01	Mens Leather	0							
11	Guess Mens	0							
15	Tommy Hilfiger	0							
16	Izod Mens	0							
17	Kenneth Cole	0							
22	Guess Womens	0							
26	Izod Women	0							
33	Winlit Women	0							
35	Cole Haan Women	0							
44	Kenneth Cole Mens	0							
53	Cole Haan Men	0							
58	Licensing	0							
62	Hot Market	0							
66	Winlit Mens	0							
77	La Nouvelle	0							
80	Black Rivet Mens	0							
86	Studio	0							
88	Ellen Tracy	0							
9W	Nine West	0							
99	Siena /Other	0							
	Total	0	0	0	0	0	0	0	0
		0							

G-III Leather Fashions, Inc.
Key Items Report
January 2008
(\$000)

	<u>TOTAL</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUL</u>	<u>AUG-JAN</u>
Unshipped orders 1/31/07								
CD CK Dresses	0							
CM CK Mens	0							
CS Calvin Klein Suits	0							
CW CK Womens	0							
EX Exsto	0							
HD Beyonce	0							
JW Jones Womens	0							
LM London Fog Mens	0							
LW London Fog Womens	0							
MR Marvin Richards	0							
PL Private Label	0							
SJ Sean John	0							
SL Sean John Sportswear	0							
SW Sean John Womens	0							
00 Womens Leather	0							
01 Mens Leather	0							
11 Guess Mens	0							
15 Tommy Hilfiger	0							
16 Izod Mens	0							
17 Kenneth Cole	0							
22 Guess Womens	0							
26 Izod Women	0							
33 Winlit Women	0							
35 Cole Haan Women	0							
44 Kenneth Cole Mens	0							
53 Cole Haan Men	0							
57 Pacific Trails Mens	0							
58 Licensing	0							
62 Hot Market	0							
66 Winlit Mens	0							
77 La Nouvelle	0							
80 Black Rivet Mens	0							
86 Studio	0							
88 Ellen Tracy	0							
9W Nine West	0							
90 BCBG	0							
99 Siena /Other	0							
Total	0	0	0	0	0	0	0	0
	0							

G-III Leather Fashions, Inc.
Key Items Report
January 2008
(\$000)

	<u>G-III Leather</u>	<u>G-III HK</u>	<u>G-III Retail</u>	<u>G-III Brands</u>	<u>Kostroma</u>	<u>Wee Beez</u>	<u>Balihides</u>	<u>Holding</u>	<u>Global</u>	<u>GIII-Apparel</u>	<u>Richards</u>	<u>Consol</u>	<u>Total</u>
5 Intercompany balances													
G-III Leather													0
G-III HK													0
G-III Retail													0
G-III Brands													0
Kostroma													0
Wee Beez													0
P.T. Balihides													0
Indawa Holding													0
Global International													0
G-III Apparel													0
Marvin Richards													0
Consolidation													0
	0	0	0	0	0	0	0	0	0	0	0	0	0
	0												

	<u>Sales</u>	<u>Jan-08 Actual GM</u>	<u>GM%</u>	<u>Sales</u>	<u>Jan-07 Prior Year GM</u>	<u>GM%</u>	<u>Sales</u>	<u>Jan-08 Plan GM</u>	<u>GM%</u>
6 Divisional Sales and									
Gross Margin									
Womens									
Studio									
Mens									
JL Colebrook		SEE ATTACHED							
Cole Haan Men's									
Sports Licensing									
Kenneth Cole									
Sean John									
Jones Wools									
Nine West									
Jones NY									
Cole Haan Women's									
Retail									
Other									
PT Balihides									
Other CGS									
Total	0	0		0	0		0	0	
Less: TLC/FLC Adjustment									
Total, Net	0	0		0	0		0	0	

Capital expenditures:

Lease expenditures:

Capital leases, principal
Operating leases, annualized, net of terminations

Exhibit 7.5

FORM OF LICENSOR CONSENT LETTER¹

[NAME AND ADDRESS OF LICENSOR]

April 3, 2008

The CIT Group/Commercial Services, Inc., as Agent
11 West 42nd Street
New York, New York 10036

Gentlemen:

We understand that The CIT Group/Commercial Services, Inc. (“CIT”), certain other financial institutions (together with CIT, the “Lenders”) and CIT, as agent for the Lenders (in such capacity, “Agent”) and [G-III Leather Fashions, Inc.] [J. Percy for Marvin Richards, Ltd.] [CK Outerwear, LLC][A. Marc & Co., Inc.] [Andrew & Suzanne Company Inc.] (“Licensee”) are about to enter into or have entered into an Amended and Restated Financing Agreement and other related documents (all such documents, as amended, restated, supplemented or otherwise modified from time to time, the “Loan Documents”) to, inter alia, provide for the ongoing working capital needs of Licensee. The undersigned has granted Licensee the right to use the **[define licensed Trademarks and other IP]** and distribute the **[describe products]** (herein, the “Products”) pursuant to the **[name of agreement]** by and between the undersigned and Licensee dated _____, 200_ (as amended, restated, supplemented or otherwise modified from time to time, the “Agreement”), in the territories set forth in the Agreement. All capitalized terms not otherwise defined herein shall have the meaning given to them in the Loan Documents.

In order to induce the Lenders to grant financial accommodations to Licensee, the undersigned hereby acknowledges that in connection with the exercise of your rights under the Loan Documents with respect to the Products, you shall be entitled to the benefit of all of the rights of Licensee under the Agreement. In addition to those rights, in the event of an Event of Default under the Loan Documents or if the Agreement is terminated for any reason whatsoever (notice of which termination will be promptly given by the undersigned to Agent) the undersigned consents to the sale by Agent of the Products which are subject to Agent’s security interests, with all tags, labels, wrapping and packaging material and any other indicia of the Products, in each case subject to the terms of the Agreement. Agent shall not be liable for the payment of any royalties or other license fees on the sale of Products to the extent such Products are not sold by Agent (such royalties and license fees to remain the obligation of Licensee), but Agent shall be liable for the payment of any royalties or other license fees under the Agreement on the sale of Products to the extent such Products are sold by Agent.

¹ This is a form that may need to be modified to conform to a specific license agreement

The undersigned recognizes and acknowledges that any claim or claims that Agent has or may hereafter have against the inventory or other property of Licensee by virtue of the aforementioned Loan Documents is superior to any lien or claim of any nature which the undersigned now has or may hereafter have on such inventory or other property of Licensee by statute, agreement or otherwise.

Agent and/or Lenders may, without affecting the validity of this consent, extend the terms of payment of any indebtedness of Licensee to Agent and/or Lenders or alter the performance of any of the terms and conditions of the Loan Documents, without the consent of the undersigned and without giving notice thereof to the undersigned.

The undersigned hereby acknowledges that no event of default exists under the Agreement which would entitle the undersigned to terminate the Agreement at the present time and if any such event should occur, the undersigned will promptly notify Agent and Agent shall, simultaneously with Licensee, have the same time period as Licensee under the Agreement within which to cure such default or cause Licensee to cure such default.

[SIGNATURE PAGE FOLLOWS]

This consent shall inure to the benefit of successors and assigns of Agent and shall be binding upon the heirs, personal representatives, successors and assigns of the undersigned.

Very truly yours,

[NAME OF LICENSOR]

By: _____
Name:
Title:

Consented and Agreed to by:

[G-III Leather Fashions, Inc.]
[J. Percy for Marvin Richards, Ltd.]
[CK Outerwear, LLC]
[A. Marc & Co., Inc.]
[Andrew & Suzanne Company Inc.]

By: _____
Name:
Title:

Exhibit 7.6

[FORM OF] LANDLORD'S WAIVER AND CONSENT

NAME OF RECORD OWNER OF REAL PROPERTY: _____ (“Landlord”)

ADDRESS OF REAL PROPERTY: _____ (the “Premises”)

WHEREAS, Landlord is the owner of the Premises, and represents that Landlord has or is about to enter into a lease transaction (the “Lease”) with [G-III Leather Fashions, Inc.] [J. Percy for Marvin Richards, Ltd.] [CK Outerwear, LLC] [A. Marc & Co., Inc.] [Andrew & Suzanne Company Inc.] (“Borrower”) pursuant to which Borrower has or will acquire a leasehold interest in all or a portion of the Premises; and

WHEREAS, The CIT Group/Commercial Services, Inc. (“CIT”), certain financial institutions (including CIT, the “Lenders”) and CIT, as Agent for the Lenders (in such capacity, “Agent”) have or are about to enter into a financing transaction with Borrower and related companies (collectively with Borrower, individually and collectively, the “Company”); to secure such financing, each Company has granted to Agent for the benefit of Lenders a security interest and lien in the tangible and intangible personal property of such Company, including, without limitation, goods, inventory, machinery and equipment, together with all additions, substitutions, replacements and improvements to, and the products and proceeds of the foregoing (collectively, the “Collateral”); and

WHEREAS, all or a portion of the Collateral may from time to time be located at the Premises or may become wholly or partially affixed to the Premises;

NOW THEREFORE, in consideration of any financial accommodation extended by Agent and/or Lenders to Company at any time, and other good and valuable consideration the receipt and sufficiency of which Landlord hereby acknowledges, Landlord hereby agrees as follows:

1. A true and correct copy of the Lease is attached hereto as Exhibit A. The Lease is in full force and effect and Landlord is not aware of any existing default under the Lease.
 2. The Collateral may be stored, utilized and/or installed at the Premises and shall not be deemed a fixture or part of the real estate but shall at all times be considered personal property, whether or not any of the Collateral becomes so related to the real estate that an interest therein arises under real estate law.
 3. Until such time as the obligations of Company to Agent and/or Lenders are paid in full, Landlord disclaims any interest in the Collateral, and agrees not to distraint or levy upon any of the Collateral or to assert any claim against the Collateral for any reason.
 4. Agent or its representatives may enter upon the Premises at any time to inspect or remove the Collateral, and may advertise and conduct public auctions or private sales of the Collateral at the Premises, in each case without liability of Agent to Landlord; provided however,
-

that Agent shall promptly repair, at Agent's expense, any physical damage to the Premises actually caused by said removal by Agent. Agent shall not be liable for any diminution in value of the Premises caused by the absence of Collateral actually removed or by any necessity of replacing the Collateral.

5. Landlord shall not interfere with any sale of the Collateral, by public auction or otherwise, conducted by or on behalf of Agent on the Premises.

6. Landlord agrees to provide Agent with written notice of any default or claimed default by Borrower under the Lease, and prior to the termination of the Lease, to permit Agent the same opportunity to cure or cause to be cured such default as is granted Borrower under the Lease, provided, however that Agent shall have at least ten (10) days following receipt of said notice to cure such default. Landlord will permit Agent to remain on the Premises for a period of up to ninety (90) days following receipt by Agent of written notice from Landlord that Landlord is in possession and control of the Premises, has terminated the Lease and is directing removal of the Collateral, subject, however, to the payment to Landlord by Lender of the basic rent due under the Lease for the period of occupancy by Agent, pro-rated on per diem basis determined on a 30 day month. Agent's right to occupy the Premises under the preceding sentence shall be extended for the time period Agent is prohibited from selling the Collateral due to the imposition of the automatic stay by the filing of bankruptcy proceedings by or against any Company. Agent shall not assume nor be liable for any unperformed or unpaid obligations of Borrower under the Lease.

7. This waiver shall inure to the benefit of Agent, its successors and assigns and shall be binding upon Landlord, its heirs, assigns, representatives and successors.

8. All notices to Agent hereunder shall be in writing, sent by certified mail, and shall be addressed to Agent at the following address: 11 West 42nd Street, New York, New York 10036.

Dated this 2nd day of April, 2008.

Witnessed By:

LANDLORD: _____

By: _____
Name:
Title:

By: _____
Name:
Title:

STATE OF _____)
 : ss.:
COUNTY OF _____)

On the _____ day of _____, 2008, before me personally came _____ to me known, who, being by me duly sworn did depose and say that s/he is the _____ of _____, the corporation and landlord described in and which executed the above instrument; and that s/he signed her/his name thereto by order of the board of directors of said corporation.

Notary Public

EXHIBIT A
[COPY OF LEASE]

Schedule 1.1 (a)

<u>Lender</u>	<u>IDB Leasing Inc. 511 Fifth Avenue New York, NY 10017</u>	<u>IDB Leasing Inc. 511 Fifth Avenue New York, NY 10017</u>
Master lease schedule	#003	#004
Amount Outstanding	\$128,550.33	\$497,461.86
End of Term	August 31, 2007	September 28, 2008
Description of Equipment	Computer hardware	Leasehold improvements

Schedule 1.1(b) Description of Real Estate

G-III Leather Fashions, Inc.

Lease dated February 1, 2003 between 345 W. 37* Corp. (Lessor) and G-III Leather Fashions, Inc. (Lessee) (and amendment) for premises located at 341-345 W. 37th Street, New York, NY 10018.

Lease agreement dated January 31, 1994 between 500-512 Seventh Avenue Limited Partnership, (Lessor) and G-III Leather Fashions, Inc. (Lessee) (and amendment) for premises located on the 33rd floor of 512 Seventh Avenue, New York, NY 10018.

Agreement of Sublease dated December 17, 2003 between Loan Pricing Corporation (Sublessor) and G-III Leather Fashions, Inc. (Lessee) (and amendments) for premises located at 500-506 Seventh Avenue, New York, NY 10018.

Agreement of Lease dated June 1993, between 500-512 Seventh Avenue Limited Partnership (Lessor) and G-III Leather Fashions, Inc. (Lessee) (and amendment) for premises located on the 34th and 35th floor of 512 Seventh Avenue, New York, NY 10018.

Lease dated September 21, 1993 between Hartz Mountain Associates (Lessor) and G-III Leather Fashions, Inc. (Lessee) (and subsequent Modification Agreements 1-4) for premises located at 1000 Secaucus Road, Secaucus, NJ 07094.

J. Percy for Marvin Richards, Ltd.

Lease dated July 6, 2001 between Heller Family LLC (Lessor) and J. Percy for Mandn Richards, Ltd. (Lessee) for premises located at 275 Mill Road, Edison, NJ 08837.

Agreement of Lease dated March 1998 between 500-512 Seventh Avenue Associates (Lessor) and J. Percy for Marvin Richards, Ltd. (Lessee) (and amendment) for premises located on the 10th floor of 512 Seventh Avenue, New York, NY 10018.

Agreement of Lease dated November 25, 2003 between 500-512 Seventh Avenue Associates (Lessor) and J. Percy for Marvin Richards, Ltd. (Lessee) (and amendments) for premises located on the 24th floor of 512 Seventh Avenue, New York, NY 10018.

CK Outerwear, LLC

No real property leases.

Schedule 1.1(c) Existing Bankers Acceptances

None.

Schedule 1.1(d) Commercial Letters of Credit

Letter of Credit Number	Beneficiary	Issue Date	Expiry Date	Available Amount
64088194	ANHUI TECHNOLOGY IMP. AND EXP.	Jun 17, 2005	Sep 7, 2005	\$346,532.00
64088235	APOLLO INTERNATIONAL LTD.	Jun 29, 2005	Jul 30, 2005	48,166.50
64088236	APOLLO INTERNATIONAL LTD.	Jun 29, 2005	Aug 15, 2005	55,206.70
64088092	APOLLO INTERNATIONAL LTD.	May 16, 2005	Jun 30, 2005	45,850.00
64088098	APOLLO INTERNATIONAL LTD.	May 17, 2005	Jul 10, 2005	64,499.20
64088163	ASIA UNITED GARMENT MANUFACTURING	Jun 6, 2005	Aug 15, 2005	324,283.20
64088164	ASIA UNITED GARMENT MANUFACTURING	Jun 6, 2005	Jul 15, 2005	66,300.00
64088169	CARNIVAL INDUSTRIAL CORPORATION	Jun 6, 2005	Aug 15, 2005	337,510.32
64088233	CHATHAM INDUSTRIES LTD.	Jun 27, 2005	Aug 12, 2005	216,192.65
64088126	CHATHAM INDUSTRIES LTD.	May 24, 2005	Jul 30, 2005	239,750.20
64088185	CHATHAM INDUSTRIES LTD.	Jun 16, 2005	Jul 13, 2005	172,632.35
64088090	CHINA TUHSU SUNRY DEVELOPMENT	May 12, 2005	Jun 30, 2005	111,800.00
64088219	CLTPORT TRADING LTD.	Jun 27, 2005	Aug 15, 2005	112,238.00
64088240	CLIPORT TRADING LTD.	Jun 29, 2005	Aug 15, 2005	51,480.00
64088162	CLTPORT TRADFNGLTD.	Jun 6, 2005	Jul 25, 2005	23,700.00
64088145	COMUS INTERNATIONAL CO., LTD.	Jun 2, 2005	Jul 15, 2005	40,553.00
64088142	CONCERIA SAN GIULIANO	Jun 1, 2005	Jul 15, 2005	18,392.85
64088214	CSJ CORPORATION	Jun 22, 2005	Jul 17, 2005	27,903.60
64088215	CS J CORPORATION	Jun 22, 2005	Jul 15, 2005	18,900.00
64088246	CSJ CORPORATION	Jun 30, 2005	Aug 30, 2005	139,949.10
64088227	DAE HO TEXTILE CO, LTD.	Jun 27, 2005	Jul 20, 2005	30,138.00
64088248	DAE HO TEXTILE CO, LTD.	Jul 5, 2005	Aug 15, 2005	310,340.00
64088141	DALIAN HATLONG GARMENT CO, LTD.	Jun 1, 2005	Jul 25, 2005	156,352.40
64088140	DERKON DERIVE KONFEKSIYON SANAYI	Jun 1, 2005	Jul 30, 2005	25,000.00
64088189	DK GARMENT KOREA	Jun 16, 2005	Aug 2, 2005	120,638.66
64088200	DK GARMENT KOREA	Jun 17, 2005	Aug 2, 2005	\$254,459.91
64088179	EXCELLENT JADE LIMITED	Jun 9, 2005	Jul 11, 2005	46,330.25

Letter of Credit Number	Beneficiary	Issue Date	Expiry Date	Available Amount
64088097	KENTEX (ORIENT) ENTERPRISES LTD.	May 17, 2005	Jul 15, 2005	86,655.00
64088203	KENTEX (ORIENT) ENTERPRISES LTD.	Jun 17, 2005	Jul 15, 2005	361,273.80
64088132	MARSLAND INDUSTRIES LTD.	May 26, 2005	Aug 15, 2005	329,486.40
64088204	MARSLAND INDUSTRIES LTD.	Jun 21, 2005	Aug 5, 2005	45,700.00
64088244	MINGO INTERNATIONAL LIMITED	Jun 30, 2005	Aug 15, 2005	826,897.58
64088137	MINGO INTERNATIONAL LIMITED	Jun 1, 2005	Jul 15, 2005	38,987.60
64088138	MINGO INTERNATIONAL LIMITED	Jun 1, 2005	Jul 15, 2005	102,445.20
64088174	NANJING HOLYTON IMPORT AND EXPORT	Jun 8, 2005	Jul 30, 2005	40,860.00
64088175	NANJING HOLYTON IMPORT AND EXPORT	Jun 8, 2005	Aug 10, 2005	71,559.20
64088195	NANJING NICE GATN(HG) GARMENT CO.	Jun 17, 2005	Jul 15, 2005	15,372.90
64088250	NANJING NICE GAIN(HG) GARMENTS CO.	Jul 7, 2005	Aug 15, 2005	59,017.40
64088160	NANJING NICE GAIN(HG) GARMENTS CO.	Jun 6, 2005	Aug 29, 2005	67,001.00
64088161	NANJING NICE GAIN(HG) GARMENTS CO.	Jun 6, 2005	Aug 30, 2005	392,290.20
64088182	NANJING NICE GAIN(HG) GARMENTS CO.	Jun 13, 2005	Sep 15, 2005	501,364.50
64088191	OH KWANG TRADING CO.	Jun 16, 2005	Aug 15, 2005	184,076.00
64088232	OUTFIT WORKSHOP LTD.	Jun 27, 2005	Jul 30, 2005	532,566.27
64088065	OUTFIT WORKSHOP LTD.	Apr 22, 2005	Jul 15, 2005	43,444.96
64088106	OUTFIT WORKSHOP LTD.	May 20, 2005	Jul 15, 2005	80,592.00
64088109	OUTFIT WORKSHOP LTD.	May 20, 2005	Aug 5, 2005	1,683,554.40
64088110	OUTFIT WORKSHOP LTD.	May 20, 2005	Jul 15, 2005	704,239.20
64088133	OUTFIT WORKSHOP LTD.	May 26, 2005	Aug 10, 2005	84,503.20
64088134	OUTFIT WORKSHOP LTD.	May 26, 2005	Aug 10, 2005	148,060.20
64088149	OUTFIT WORKSHOP LTD.	Jun 2, 2005	Jul 15, 2005	78,263.25
64088150	OUTFIT WORKSHOP LTD.	Jun 2, 2005	Jul 25, 2005	789,212.08
64088237	P AND G ENTERPRISES PVT. LTD.	Jun 29, 2005	Aug 15, 2005	13,920.00
64088231	POONG IN TRADING CO., LTD.	Jun 27, 2005	Aug 15, 2005	157,691.40
64088096	POONG FN TRADING CO., LTD.	May 16, 2005	Jul 15, 2005	\$ 561,116.20
64088156	QTNGDAO DEBAO LEATHER PRODUCTION	Jun 6, 2005	Jul 15, 2005	132,540.00

Letter of Credit Number	Beneficiary	Issue Date	Expiry Date	Available Amount
64088068	SNOW COAST INC.	May 3, 2005	Jul 5, 2005	104,236.80
64088103	SNOW COAST ENC.	May 18, 2005	Jul 15, 2005	131,748.00
64088155	SNOW COAST INC.	Jun 6, 2005	Aug 15, 2005	450,103.51
64088157	SNOW COAST INC.	Jun 6, 2005	Aug 20, 2005	37,598.40
64088158	SNOW COAST INC.	Jun 6, 2005	Aug 15, 2005	18,000.00
64088159	SNOW COAST INC.	Jun 6, 2005	Aug 30, 2005	279,040.80
64088168	SOOHYUN TRADING CO., LTD.	Jun 6, 2005	Jul 15, 2005	28,220.40
64088104	STIG JIANGSU MACHINERY IMP. AND	May 18, 2005	Jul 25, 2005	288,229.35
64088243	SUMEC TEXTILE AND LIGHT INDUSTRY	Jun 30, 2005	Aug 5, 2005	26,611.20
64088052	SUMEC TEXTILE AND LIGHT INDUSTRY	Apr 21, 2005	Jul 15, 2005	214,920.40
64088053	SUMEC TEXTILE AND LIGHT INDUSTRY	Apr 21, 2005	Jul 15, 2005	14,142.24
64088072	SUNMYONG APPAREL INC.	May 3, 2005	Jun 22, 2005	217,192.00
64088186	SUNMYONG APPAREL INC.	Jun 16, 2005	Jul 15, 2005	59,245.20
64088205	SUNMYONG APPAREL INC.	Jun 21, 2005	Jul 30, 2005	523,922.00
64088216	SYNPLUS, INC.	Jun 27, 2005	Jul 20, 2005	70,300.00
64088208	TIANJIN GMT IMP AND EXP INC	Jun 22, 2005	Aug 30, 2005	46,173.80
64088223	TOSCANO INTERNATIONAL TRADING CO.	Jun 27, 2005	Aug 10, 2005	46,995.60
64088224	TOSCANO INTERNATIONAL TRADING CO.	Jun 27, 2005	Jul 30, 2005	145,566.00
64088112	TOSCANO INTERNATIONAL TRADING INC.	May 23, 2005	Jul 10, 2005	239,095.80
64088129	TOSCANO INTERNATIONAL TRADING CO.	May 26, 2005	Jul 12, 2005	42,585.00
64088165	TOSCANO INTERNATIONAL TRADING CO.	Jun 6, 2005	Jul 15, 2005	25,344.00
64088180	TOSCANO INTERNATIONAL TRADING CO.	Jun 9, 2005	Aug 25, 2005	25,658.00
64088234	TRIAM INTERNATIONAL LIMITED	Jun 27, 2005	Aug 3, 2005	241,569.67
64088245	TRIAM INTERNATIONAL LIMITED	Jun 30, 2005	Aug 3, 2005	\$105,700.00
64088136	TRIAM INTERNATIONAL LIMITED	Jun 1, 2005	Jun 30, 2005	108.00

1197800.1/MSai 1542/056

<u>Letter of Credit Number</u>	<u>Beneficiary</u>	<u>Issue Date</u>	<u>Expiry Date</u>	<u>Available Amount</u>
64088119	ZHEJIANG WARMTHIA LEATHER AND FUR	May 23, 2005	Jun 30, 2005	150,774.50
64088218	ZHEJIANG WARMTHIA LEATHER AND FUR	Jun 27, 2005	Aug 16, 2005	156,832.60

Standby Letters of Credit

<u>Letter of Credit Number</u>	<u>Beneficiary</u>	<u>Issue Date</u>	<u>Expiry Date</u>	<u>Available Amount</u>
64146849	WOORIBANK	04/01/2005	11/30/2005	\$1,500,000.00
00113176	HARTZ MOUNTAIN ASSOCIATES	03/31/2007	02/28/2006	151,622.50

Airway Releases

<u>Instrument No.</u>	<u>Outstanding Amount</u>
00000068006805	\$ 940.00
00000068007004	10,947.20
00000068007052	14,091.00
00000068007067	3,015.00
00000068007069	3,660.00
00000068007137	14,141.40
00000068007169	1,656.00

1197800.1/MSC/I 1542/056

Schedule 1.1(e) Excluded Subsidiaries

Indawa Holding Coip.

Global Apparel Sourcing, Ltd.

Siena Leather Ltd.

Schedule 7.1(b) Companies and Collateral Information

G-III Leather Fashions, Inc.

Full legal name: G-III Leather Fashions, Inc.

State of Incorporation: New York

Tax I.D. No.: 13-2766681

New York does not issue state organization identification numbers.

Chief executive office address: 512 Seventh Avenue New York, NY 10018

Locations of all Collateral:

Leather Skins Inventory:

Qingdao Cherry Leather Garments Co., Ltd. Xinjiekou, Qingdao
Special Economic Zone Huangdao Area, Qingdao, China

G-HI Distribution Center (G-III Entity)
1000 Secaucus Road, S NJ 07094

Jade Fashion
153 Kossuth Street, Newark, NJ 07105

Jeffco./Distribution Solutions, Inc.
422 Ave. P, Newark, NJ 07105

Beantown
45 Walter Street, Hyde Park, MA 02136

J. Percy for Marvin Richards, Ltd.

Full legal name: J. Percy for Marvin Richards, Ltd.

State of Incorporation: New York

Tax ID. No.: 13-3270555

New York does not issue state organization identification numbers.

Chief executive office address: 512 Seventh Avenue New York, NY 10018

Locations of all Collateral:

Capital Style, SA Zona Franca Industrial Santiago,
Dominican Republic
Contex — Drouihba

Schedule 7.1(f) Environmental Matters

None.

Schedule 7.1(i) Taxes

None.

Schedule 7.1(j) ERISA

None.

Schedule 7.1(k) Labor Matters

None.

Schedule 7.5 Licensor Consent Letters

Kenneth Cole NY/Reaction Kenneth Cole

Nine West

Cole Haan

Jones New York/Jones NY Collection

Sean John

Cece Cord

IZOD

House of Dereon

National Football League

National Basketball Association

Major League Baseball

National Hockey League

NHL Canada

Hardwood Classics

Collegiate Licensing Company

CLC/The Yard

Louisville Slugger

United States Tennis Association

NASCAR

World Poker Tour

Guess (Ladies')

Guess (Men's)

Schedule 7.6 Landlord Waivers

Landlord Waivers

Landlord: G-III Distribution Center (G-III Entity)

Warehouse Address: 1000 Secaucus Road, Secaucus, NJ 07094

Landlord: Heller Family L.L.C.

Warehouse Address: 275 Mill Road, Edison, NJ 08837

Warehouse Waivers

Landlord: Jade Fashion

Warehouse Address: 153 Kossuth Street, Newark, NJ 07105

Landlord: Impac

Warehouse Address: 809 E. 236 St., Carson, CA 90745

Landlord: Dynamic Distribution Services

Warehouse Address: 200 Central Avenue, S. Keamy, NJ 07306

Landlord: Beantown

Warehouse Address: 45 Walter Street, Hyde Park, MA 02136

Landlord: Jeffco./Distribution Solutions, Inc.

Warehouse Address: 422 Ave. P, Newark, NJ 07105

Landlord: Pacific Terminals (Public Warehouse)

Warehouse Address: 3480 W. Marginal Way SW, Seattle, WA 98106

Landlord: A&P Designs, Inc.

Warehouse Address: 436 Ferry Street, Newark, NJ 07105

Landlord: T.A. Services

Warehouse Address: 900 Passaic Avenue, E. Newark, NJ 07029

Landlord: Yiannis Furs, Inc.

Warehouse Address: 259 West 30th Street, New York, NY 10001

**SECOND AMENDMENT OF LEASE
(10th Floor)**

THIS SECOND AMENDMENT OF LEASE (this "Agreement" or "Second Amendment") is made as of March 26, 2010 (the "Effective Date"), by and between **500-512 SEVENTH AVENUE LIMITED PARTNERSHIP**, a New York limited partnership ("Landlord") having an address c/o Newmark Knight Frank, 125 Park Avenue, New York, New York 10017, and **G-III LEATHER FASHIONS, INC.** having an address at 512 Seventh Avenue, New York, New York, 10018 ("Tenant").

RECITALS:

WHEREAS, 500-512 Seventh Avenue Associates, Landlord's predecessor-in-interest, and J. Percy for Marvin Richards, Ltd., Tenant's predecessor-in-interest, entered into a certain agreement of lease dated as of April 31, 1998, as amended by (i) Lease Modification Agreement dated as of November 25, 2003 (as so amended, collectively the "Lease") for the 10th Floor (the "Premises") as more particularly described in the Lease, in the office building located at and known as 512 Seventh Avenue, New York, New York (the "Building");

WHEREAS, Tenant desires to extend the term of the Lease for a period of ten (10) years and two (2) months, and Landlord is willing to extend the term of the Lease upon the terms and conditions hereinafter set forth; and

WHEREAS, Tenant has requested that Landlord grant Tenant an option to surrender the Premises, and Landlord is willing to grant such option, on the terms and conditions hereafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto by these presents do covenant and agree as follows:

1. **Recitals: Definitions.** The Recitals set forth above are true and correct and are incorporated herein and form a part of this Agreement. Unless otherwise defined in this Agreement, all terms used in this Agreement that are defined in the Lease shall have the meanings ascribed to them in the Lease.

2. **Extension of Term.** The term of the Lease is hereby extended for a period of ten (10) years and two (2) months, commencing on February 1, 2013 and ending on March 31, 2023, or until the term shall sooner cease or expire as hereinafter provided, by law or otherwise, both dates inclusive. From and after the date hereof, all references in the Lease to (i) "term" shall be deemed to mean the term of the Lease as extended by this Agreement, and (ii) "Expiration Date" shall be deemed to mean March 31, 2023.

3. **Fixed Rent for Premises through January 31, 2013.** From the Effective Date to January 31, 2013, Tenant shall pay to Landlord the fixed annual rent ("Fixed Rent") for the Premises pursuant to the Lease.

4. **Real Estate Taxes and Additional Rent for the Premises through January 31, 2013.** Tenant agrees that, for the period commencing on the Effective Date and ending on January 31, 2013, Tenant shall continue to pay, as and when provided in the Lease, the tax escalation, and all other additional rent for the Premises, as set forth in the Lease.

5. **Real Estate Taxes and Additional Rent from and after January 31, 2013.** During the extended term, Tenant shall continue to pay the real estate tax escalation, if any, pursuant to Article Fifty-Eighth of the Lease; however, from and after January 31, 2013 the base tax year shall be the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012, and that the base tax year and each of the comparative years' taxes shall be calculated with out giving effect to any tax abatement or exemption.

6. **Fixed Rent for Premises — Extended Term.** Commencing on February 1, 2013 and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the Premises in the amounts set forth below:

Time Period	Fixed Rent per Annum and per Month
February 1, 2013 — March 31, 2013	\$439,448.25 per annum (\$36,620.69 per month)
April 1, 2013 — March 31, 2014	\$450,434.46 per annum (\$37,536.21 per month)
April 1, 2014 — March 31, 2015	\$461,695.32 per annum (\$38,474.61 per month)
April 1, 2015 — March 31, 2016	\$473,237.70 per annum (\$39,436.48 per month)
April 1, 2016 — March 31, 2017	\$485,068.65 per annum (\$40,422.39 per month)
April 1, 2017 — March 31, 2018	\$497,195.36 per annum (\$41,432.95 per month)
April 1, 2018 — March 31, 2019	\$537,285.24 per annum (\$44,773.77 per month)
April 1, 2019 — March 31, 2020	\$550,717.37 per annum (\$45,893.11 per month)
April 1, 2020 — March 31, 2021	\$564,485.31 per annum (\$47,040.44 per month)
April 1, 2021 — March 31, 2022	\$578,597.44 per annum (\$48,216.45 per month)
April 1, 2022 — March 31, 2023	\$593,062.38 per annum (\$49,421.86 per month)

7. **Rent Credit During the Extension Term.** Provided that Tenant is not in default under the terms of this Lease beyond any applicable grace and notice periods as of the date that the applicable portion of the credit is to be applied (or in such event, at such time as any such default is cured), Tenant shall be entitled to a credit against the obligation to pay Fixed Rent, in the following amounts: an aggregate amount of \$220,639.66 to be applied as follows: \$18,310.35 for each month commencing February 1, 2013 through November 1, 2013; and \$18,768.11 for each of February 1, 2014 and March 1, 2014.

Notwithstanding the foregoing, the credit shall not be applied against any additional rent, electricity charges, or other like sums from time to time payable by Tenant pursuant to the Lease, which amounts shall be paid without abatement in accordance with the terms of the Lease (except as otherwise set forth herein), nor against any Fixed Rent, if Tenant is in default of its Lease obligations beyond applicable grace and notice periods on the date the credit installment is to be applied, but shall be applied against Fixed Rent when such default has been cured.

8. **Renewal Option.** Tenant shall have one option to renew the term of this Lease, as to all, but not part of the Premises on all of the terms and conditions set forth in the Lease, except as set forth below. The renewal option shall be for a term of five (5) years (the "**Renewal Option**"), commencing April 1, 2023 and ending March 31, 2028 (the "**Renewal Term**").

(a) The Tenant's right to renew the term of this Lease shall be conditioned on (i) this Lease being in full force and effect and no default existing hereunder beyond the expiration of any applicable notice and cure period at the time of the delivery of the Renewal Notice (as defined below) or on the effective date of the Renewal Term and (ii) Tenant simultaneously exercising the Renewal Options under leases for spaces occupied by Tenant in the Building, so that Tenant has renewed for a term of five (5) years, leases in the Building aggregating no less than eight (8) full floors. Tenant may exercise the Renewal Option by delivering written notice to Landlord, not less than twelve (12) calendar months prior to the Expiration Date, (a "**Renewal Notice**").

(b) The Renewal Option is personal to the Tenant herein named and may not be severed from this Lease nor separately sold or assigned.

(c) If Tenant timely exercises the Renewal Option, the term of this Lease shall be renewed for the Renewal Term. The renewal of this Lease for the Renewal Term shall be on all of the same terms, covenants and conditions as set forth herein for the extended term, except that during the Renewal Term:

- (i) Landlord shall have no obligation to perform any work in the Premises;
- (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance;
- (iii) Tenant shall not be entitled to any rent credit, concession or abatement;

(d) Fixed Rent during the Renewal Term shall be as follows:

Fixed Rent in Renewal Term for Premises		
Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 652,368.62	\$ 54,364.05
April 1, 2024 — March 31, 2025	\$ 668,677.83	\$ 55,723.15
April 1, 2025 — March 31, 2026	\$ 685,394.78	\$ 57,116.23
April 1, 2026 — March 31, 2027	\$ 702,529.65	\$ 58,544.14
April 1, 2027 — March 31, 2028	\$ 720,092.89	\$ 60,007.74

plus all other additional rent, including, but not limited to, the real estate tax escalation;

(e) In the Renewal Term, the base tax year set forth in paragraph 9 above shall not be changed.

13. Landlord's Liability. The limitation of Landlord's liability set forth in Article Thirty-Third of the Lease shall be fully applicable with respect to Landlord's liability under this Agreement, and such provisions of the Lease are hereby fully incorporated within this Agreement by this reference.

14. **Brokerage.** Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement, other than Newmark Knight Frank, which will be compensated by Landlord per separate agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

15. **Landlord's Contribution.**

(a) **Landlord's Contribution.** Provided that this Lease is in full force and effect and there is no event of default in Tenant's obligation to pay Fixed Rent or Additional Rent, and no other material event of default shall have occurred and is then continuing hereunder (or in such event, upon the cure of any such default), Landlord shall contribute, as hereinafter provided, an amount ("**Landlord's Contribution**") equal to a maximum of Three Hundred Forty-Five Thousand, Seven Hundred and Fifty Dollars (\$345,750) toward Tenant's actual cost of Tenant's alterations to be performed by or on behalf of Tenant in the Premises, and "soft costs" incurred in connection with Tenant's alterations, including architectural and engineering fees and other soft costs incurred in connection with Tenant's alterations. Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses and the cost of Tenant's server room. Landlord shall not be obligated to commence payment of the Work Contribution for the Premises until February 1, 2013.

(b) Parameters. Any cost of Tenant's alterations in excess of Landlord's Contribution shall be paid entirely by Tenant. Tenant shall be entitled to receive any portion of Landlord's Contribution not actually expended by Tenant in the performance of Tenant's alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the Premises, but not additional rent, provided that Tenant has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's alterations; and provided further that (i) Tenant is not then in default of its obligation to pay Fixed or additional rent and that no other material event of default shall have occurred and be continuing hereunder and (ii) the credit shall be applied against Fixed Rent due on or before the Final Submission Date, or six (6) months thereafter, failing which, Tenant shall no longer be entitled to any credit for unpaid portions of Landlord's Contribution.

(c) Payment. Landlord shall make progress payments to Tenant or as directed by Tenant on account of Landlord's Contribution on a monthly basis in reimbursement of or payment for the cost of the work performed during the previous month. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid or payable by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from Landlord's Contribution), **multiplied by** (b) a fraction, the numerator of which is the amount of Landlord's Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's alterations, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's alterations shown on all plans and specifications approved by Landlord. Such progress payments shall be made within forty-five (45) days next following the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due, or to whom payment has been made by Tenant, and the amount thereof, and shall be accompanied by

(i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant; and (ii) a written certification from Tenant's architect that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted no later than February 1, 2015 (hereafter referred to as the "Final Submission Date"). The final requisition shall not be disbursed until all documentation required under this Section 15(c) has been delivered to Landlord, together with (A) proof of the satisfactory completion of all required inspections, if any, and issuance of any required approvals, permits and sign-offs for Tenant's alterations by all governmental authorities having jurisdiction thereover; (B) final "as-built" plans and specifications for Tenant's alterations as required pursuant to the Lease; and (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers covering all of Tenant's alterations. Notwithstanding anything to the contrary set forth in this Lease, (i) the Work Contribution shall be paid by Landlord in no less than three installments; and (ii) Landlord will not be required to pay to Tenant any undisbursed portion of the Landlord's Contribution for any requisition not submitted prior to the Final Submission Date. However, nothing set forth in the preceding sentence shall limit Tenant's right to a credit against Fixed Rent as set forth in Section 15(b) hereof. Notwithstanding anything to the contrary set forth in this paragraph 15, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers and Tenant shall fail to remove or bond any lien, such failure shall constitute a material event of default under the Lease and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor.

16. **Articles Deleted.** Landlord and Tenant agree that Articles Fifty-Fifth, Seventy-Second, and Seventy-Fourth of the Lease are hereby deleted in their entirety.

17. **Notices to Landlord.** Article Forty-Eighth of the Lease is hereby amended to provide that copies of any notices sent to Landlord by Tenant shall be sent to Gerstein Strauss & Rinaldi, LLP, 57 West 38th Street, 9th Floor, New York, New York 10018, Attention: Victor R. Gerstein, Esq.

18. **Electricity, Water and Sewer.** Tenant shall pay to Landlord for electrical use in each floor of the Premises in accordance with Article 23 below, and water and sewer charges of \$102 per month, in accordance with Articles Twenty-Three and Twenty-Four of the Lease.

19. **Tenant's Surrender Option.** As long as an Event of Default is not in existence, and on the condition that Tenant and/or its subsidiaries and/or affiliates have (i) exercised their Expansion Options contained in leases for other space in the Building, and (ii) have not exercised a Surrender Option under any other lease for space in the Building, so that Tenant and/or its subsidiaries and/or affiliates occupy at least twelve (12) separate floors in the Building, Tenant shall have the one time option (the "Surrender Option") to surrender the Premises. The surrender will be effective as of the date set forth in Tenant's Notice (defined below), which date shall not be earlier than the sixth (6th) month anniversary of the transmittal of the Tenant's Notice (the "Surrender Date"). The Surrender Option shall be exercisable by Tenant's giving irrevocable written notice ("Tenant's Notice") to Landlord at least six (6) months prior to surrender of the Premises. If (i) Tenant duly serves the Tenant's Notice, (ii) Tenant shall pay to

Landlord Fixed Rent and all other sums owed under the Lease and all other leases for spaces occupied by Tenant and/or its subsidiaries and/or affiliates in the Building through the Surrender Date, and (iii) Tenant shall surrender vacant possession of the Premises to Landlord on the Surrender Date in accordance with the provisions of this Lease, free and clear of all tenancies, sub-tenancies and occupancy rights, then the Lease shall be terminated as to the Floor surrendered as of the Surrender Date. For sake of clarity, with regard to all of the space occupied by Tenant in the Building under various leases, Tenant may surrender one Floor.

20. **Purpose.** The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

“Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories.”

21. **Assignment.** The Tenth and Seventeenth Articles of the Lease are hereby deleted and the following is substituted therefor:

“**TENTH:** (i) Tenant shall not (A) assign or otherwise transfer this Lease or the term and estate hereby granted, (B) sublet the demised premises or any part thereof or allow the same to be used or occupied by others or in violation of Fourth Article hereof, (C) mortgage, pledge or encumber this Lease or the demised premises or any part thereof in any manner or permit any lien to be filed against this Lease, the demised premises or the Building by reason of any act or omission on the part of Tenant or enter into any agreement which would permit the filing of a lien by any broker (except for a broker’s agreement in connection with a proposed assignment by Tenant of its rights and obligations under the Lease or a sublease of all or a portion of the demised premises), or (D) advertise, or authorize a broker to advertise, for a subtenant or an assignee at a specified rental rate without, in each instance, obtaining the prior consent of Landlord, except as otherwise expressly provided in this Article 10. For purposes of this Article 10, (w) the transfer of a majority of the issued and outstanding capital stock of any corporate tenant, or of a corporate subtenant, or the transfer of a majority of the total interest in any partnership tenant or subtenant, however accomplished, whether in a single

transaction or in a series of related or unrelated transactions, shall be deemed an assignment of this Lease, or of such sublease, as the case may be, except that the transfer of the outstanding capital stock of any corporate tenant, or subtenant, shall be deemed not to include the sale of such stock by persons or parties, through the “over-the-counter market” or through any recognized stock exchange, other than those deemed “insiders” within the meaning of the Securities Exchange Act of 1934 as amended (provided, however, that any transfer of stock of Tenant or any affiliate of Tenant by Morris Goldfarb to members of his immediate family for estate planning purposes shall not be deemed to effect an assignment of the Lease), (x) a takeover agreement shall be deemed a transfer of this Lease, (y) any person or legal representative of Tenant, to whom Tenant’s interest under this Lease passes by operation of law, or otherwise, shall be bound by the provisions of this Article 10, and (z) a modification, amendment or extension of a sublease shall be deemed a sublease.

(ii) The provisions of subparagraph (i) hereof shall not apply to transactions with a corporation into or with which Tenant is merged or consolidated or with an entity to which substantially all of Tenant’s assets are transferred or, if Tenant is a partnership, with a successor partnership *provided* such merger or transfer of assets is for a good business purpose and not principally for the purpose of transferring the leasehold estate created hereby, and *provided further*, that either the (x) the assignee has a net worth at least equal to or in excess of the net worth of Tenant immediately prior to such merger or transfer, or (y) such assignee delivers a letter of credit, in the form annexed hereto as Exhibit A, in the amount equal to the product of (A) one (1) and (B) the then prevailing monthly Fixed Rent).

(iii) Any assignment or transfer, whether made with Landlord’s consent as required by subparagraph (i) or without Landlord’s consent pursuant to subparagraph (ii) hereof, shall be made only if, and shall not be effective until, the assignee shall execute, acknowledge and deliver to Landlord a recordable agreement (unless the assignment shall be a “deemed” assignment by reason of a transfer of a majority interest in Tenant), in form and substance reasonably satisfactory to Landlord, whereby the assignee shall assume the obligations and performance of this Lease and agree to be personally bound by and upon all of the covenants, agreements, terms, provisions and conditions hereof on the part of Tenant to be performed or observed and whereby the assignee shall agree that the provisions of subparagraph (i) hereof shall, notwithstanding such an assignment or transfer, continue to

be binding upon it in the future. Tenant covenants that, notwithstanding any assignment or transfer, whether or not in violation of the provisions of this Lease, and notwithstanding the acceptance of fixed annual rent by Landlord from an assignee or transferee or any other party, Tenant shall remain fully and primarily liable for the payment of the fixed annual rent and additional rent due and to become due under this Lease and for the performance of all of the covenants, agreements, terms, provisions and conditions of this Lease on the part of Tenant to be performed or observed.

(iv) The liability of Tenant, and the due performance by Tenant of the obligations on its part to be performed under this Lease, shall not be discharged, released or impaired in any respect by an agreement or stipulation made by Landlord or any grantee or assignee of Landlord, by way of mortgage, or otherwise, extending the time of, or modifying any of the obligations contained in this Lease, or by any waiver or failure of Landlord to enforce any of the obligations on Tenant's part to be performed under this Lease, and Tenant shall continue to be liable hereunder. If any such agreement or modification operates to increase the obligations of a tenant under this Lease, the liability under this subparagraph (iv) of the tenant named in the Lease or any of its successors in interest, (unless such party shall have expressly consented in writing to such agreement or modification) shall continue to be no greater than if such agreement or modification had not been made. To charge Tenant named in this Lease and its successors in interest after this Lease shall be assigned, no demand or notice of any default to the named Tenant shall be required. Tenant and each of its successors in interest hereby expressly waive any such demand or notice.

(v) (A) Should tenant determine, subject to the provisions of this Lease, to assign this Lease, other than by an assignment contemplated by subparagraph (ii) hereof, Tenant shall not less than forty-five (45) days prior to the effective date of the contemplated assignment, deliver to Landlord a written notice of intent to assign or sublet this Lease, setting forth the terms and the effective date of the contemplated assignment transaction, the identity of the proposed assignee and information (including, without limitation, current financial information regarding net worth, credit and financial responsibility) with respect to the nature and character of the proposed assignee's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease, as of such effective date as if it were the Expiration Date set forth in this Lease or (y) accept an assignment of this Lease from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's counsel, an assignment which shall be effective as of such effective date.

(B) In the event that this Lease shall be assigned to Landlord or Landlord's designee or if the demised premises shall be sublet to Landlord or Landlord's designee pursuant to this subparagraph (v), the provisions of any such sublease or assignment and the obligations of Landlord and the rights of Tenant with respect thereto shall not be binding upon or otherwise affect the rights of any holder of a superior mortgage or of a lessor under a superior lease unless such holder or lessor shall elect by written notice to Tenant to succeed to the position of Landlord or its designee, as the case may be, thereunder.

(C) Should Tenant determine subject to the provisions of this Lease, to sublet the demised premises or any portion thereof, other than by a sublease contemplated by subparagraph (ii) hereof, Tenant shall, not less than forty-five (45) days prior to the effective date of the contemplated sublease, deliver to Landlord a written notice of intent to assign or sublet this Lease, setting forth the terms of the contemplated sublease transaction, the effective date therefor, the identity of the proposed subtenant, and information with respect to the nature and character of the proposed subtenant's business, and Landlord shall then have the right to elect, by notifying Tenant within thirty (30) days of such delivery, to (x) terminate this Lease as to the portion of the demised premises affected by such subletting or as to the entire demised premises, in the case of a subletting thereof, as of such effective date, (y) in the case of a proposed subletting of the entire demised premises, accept an assignment of this Lease to Landlord from Tenant, and Tenant shall then promptly execute and deliver to Landlord, or Landlord's designee if so elected by Landlord, in form reasonably satisfactory to Landlord's and Tenant's counsel, an assignment which shall be effective as of such effective date, (z) accept a sublease from Tenant of the portion of the demised premises affected by such proposed subletting or the entire demised premises in the case of a proposed subletting thereof and Tenant shall then promptly execute and deliver a sublease to Landlord, or Landlord's designee if so elected by Landlord, for the term provided in the aforementioned written notice of intent to assign or sublet the Lease, commencing with such effective date, at fair market rental rates.

(D) If Landlord should elect to have Tenant execute and deliver a sublease to Landlord or its designee pursuant to any of the provisions of subparagraph (v)(C)(z) above, said sublease shall be in a form reasonably satisfactory to Landlord's counsel and on all the terms contained in this Lease, except that:

(1) Except as provided in subparagraph (v)(C)(z), the terms of the sublease shall be on the same terms set forth in the term sheet delivered to Landlord (as described in subparagraph (v)(C) hereof),

(2) The subtenant thereunder shall have the right to underlet the subleased premises, in whole or in part, without Tenant's consent,

(3) The subtenant thereunder shall have the right to make, or cause to be made, any changes, alterations, decorations, additions and improvements that such subtenant may desire or authorize,

(4) Such sublease shall expressly negate any intention that any estate created by or under such sublease be merged with any other estate held by either of the parties thereto,

(5) Any consent required of Tenant, as lessor under that sublease, shall be deemed granted if consent with respect thereto is granted by Landlord,

(6) There shall be no limitation as to the use of the sublet premises by the subtenant thereunder,

(7) Any failure of the subtenant thereunder to comply with the provisions of said sublease, other than with respect to the payment of rent to Tenant, shall not constitute a default thereunder or hereunder if Landlord has consented to such non-compliance,

(8) Such sublease shall provide that Tenant's obligations with respect to vacating the demised premises and removing any changes, alterations, decorations, additions or improvements made in the subleased premises shall be limited to those which accrued and related to such as were made prior to the effective date of the sublease, and

(9) If subtenant shall fail to pay the rent under the sublease to Tenant within ten (10) days after such installment of rent shall have become due, then Tenant may give subtenant notice thereof and if subtenant shall continue to fail to make any such payment within thirty (30) days after the giving of such notice, then Tenant shall be entitled to offset the amount not paid against the next rent coming due under the Lease. Notwithstanding anything herein to the contrary, such offset right shall not be binding upon nor inure to any mortgagee or superior lessor.

(E) If pursuant to the exercise of any of Landlord's options pursuant to this subparagraph (v) this Lease is terminated as to only a portion of the demised premises, then the fixed annual rent payable hereunder and the additional rent payable pursuant to the terms of this Lease shall be adjusted in proportion to the portion of the demised premises affected by such termination.

(vi) In the event that Landlord does not exercise any of the options available to it pursuant to subparagraph (v) hereof, Landlord shall not unreasonably withhold or delay its consent to an assignment of this Lease or a subletting of the whole or any part of the demised premises for substantially the remainder of the term of this Lease, *provided*:

(A) Tenant shall furnish Landlord with the name and business address of the proposed subtenant or assignee and information with respect to the nature and character of the proposed subtenant's or assignee's business, or activities, such references and current financial information with respect to net worth, credit and financial responsibility as are reasonably satisfactory to Landlord, and an executed counterpart of the sublease or assignment agreement;

(B) The proposed subtenant or assignee is a party whose financial net worth, credit and financial responsibility is, considering the responsibilities involved, reasonably satisfactory to Landlord;

(C) The nature and character of the proposed subtenant or assignee, its business or activities and intended use of the demised premises is, in Landlord's reasonable judgment, in keeping with the standards of the Building and the floor or floors on which the demised premises are located;

(D) The proposed subtenant or assignee is not then an occupant of any part of the Building or a party who dealt with Landlord or Landlord's agent (directly or through a broker) with respect to space in the Building during the six (6) months immediately preceding Tenant's request for Landlord's consent;

(E) All costs incurred with respect to providing reasonably appropriate means of ingress and egress from the sublet space or to separate the sublet space from the remainder of the demised premises shall, subject to the provisions of this Lease with respect to alterations, installations, additions or improvements, be borne by Tenant;

(F) Each sublease shall specifically state that (x) it is subject to all of the applicable terms, covenants, agreements, provisions, and conditions of this Lease, (y) the subtenant will not have the right to a further sublease thereunder (except the subtenant of an entire floor of the demised premises shall have all the rights to assign and sublease afforded to the named Tenant herein (*i.e.*, G-III Leather Fashions, Inc.); provided, notwithstanding the provisions of subparagraph (vii)(B) of this Article 10, such subtenant shall pay to Landlord any and all rents, additional charge or other consideration payable under such sub-sublease or otherwise to subtenant by the sub-subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of such sub-sublease in respect of the sub-subleased space (at the rate per square foot payable by subtenant thereunder) pursuant to the terms of this Lease (including, but not limited to, sums paid for the sale or rental of subtenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of subtenant's federal income tax returns), and less the reasonable costs of effecting such transaction, including, without limitation, brokerage commissions, legal fees and build out costs, or to allow the demised premises to be used by others, without the consent of Landlord in each instance, and (z) a consent by Landlord thereto shall not be deemed or construed to modify, amend or affect the terms and provisions of this Lease, or Tenant's obligations hereunder, which shall continue to apply to the premises involved, and the occupants thereof, as if the sublease had not been made;

(G) Tenant shall, together with requesting Landlord's consent hereunder, have paid Landlord any reasonable out-of-pocket costs incurred by Landlord to review the requested consent including any attorneys fees incurred by Landlord;

(H) The proposed subtenant or assignee is not (w) a retail branch of a bank trust company, safe deposit business, savings and loan association or loan company; (x) an employment or recruitment agency; (y) a school, college, university or educational institution, whether or not for profit; (z) a government or any subdivision or agency thereof;

(I) In the case of a subletting of a portion of the demised premises, the layout of the portion so sublet shall be commercially reasonable and suitable for normal renting purposes and such subletting will not result in more than two (2) occupants (including Tenant) occupying the demised premises; and

(J) Tenant shall not have advertised or listed with any brokers the proposed assignment or subletting at a rental rate less than the rental rates then being charged under leases being entered into by Landlord for comparable space in the Building.

(vii) If Tenant shall assign this Lease or sublease all or any part of the demised premises, Tenant shall pay to Landlord, as additional rent:

(A) in the case of an assignment, an amount equal to one-quarter ($1/4$) of all sums and other considerations paid to Tenant by the assignee for or by reason of such assignment or otherwise (including, but not limited to, sums paid for the sale of Tenant's fixtures, leasehold improvements, equipment, furniture, furnishings or other personal property, less, in the case of a sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns); and

(B) in the case of a sublease, one-quarter ($1/4$) of the amount equal to any and all rents, additional charge or other consideration payable under the sublease or otherwise to Tenant by the subtenant which is in excess of the fixed annual rent and additional rent accruing during the term of the sublease in respect of the subleased space (at the rate per square foot payable by Tenant hereunder) pursuant to the terms hereof (including, but not limited to, sums paid for the sale or rental of Tenant's fixtures, leasehold improvements, equipment, furniture or other personal property, less, in the case of the sale thereof, the then net unamortized or undepreciated cost thereof determined on the basis of Tenant's federal income tax returns).

The sums payable under this subparagraph (vii) shall be paid to Landlord as and when paid by the subtenant or assignee, as the case may be, to Tenant.

(viii) If Tenant defaults in the payment of any rent, Landlord is authorized to collect any rents due or accruing from any assignee, subtenant or other occupant of the demised premises and to apply the net amounts collected to the fixed annual rent and additional rent reserved herein. The receipt by Landlord of any amounts from an assignee or subtenant, or other occupant of any part of the demised premises shall not be deemed or construed as releasing Tenant from Tenant's obligations hereunder or the acceptance of that party as a direct tenant."

22. **Nonstandard Alterations**. The Twelfth Article of the Lease is hereby amended by adding the following Section:

"(c) Notwithstanding anything to the contrary, Landlord shall have the right and privilege to serve at any time up to six (6) months prior to the expiration of the term of this Lease, a notice upon Tenant that any "nonstandard alterations" shall be removed and, in the event of service of such notice, Tenant will, at Tenant's cost and expense, remove the same in accordance with such request and repair any damage to the demised premises caused by such removal; provided that Landlord shall have advised Tenant at the time it consented to any such nonstandard alteration that Landlord may require its removal at the end of the Lease term, if and to the extent that Tenant shall have requested in writing such advice from Landlord when it requested Landlord's consent to such alteration. For the purposes of this Article 12, a 'nonstandard alteration' shall mean auditoriums or similar type special use areas, vaults, atriums, kitchen equipment and installations, internal stairways, slab reinforcements, raised floors or other alterations which impede the installation of duct work or other normal installations above the finished ceiling or which are not suitable for normal office occupancy or which would be unusually difficult or costly to remove in comparison to usual alterations required for general office purposes. Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to the Effective Date shall be deemed to be standard alterations which Landlord may not require Tenant to remove."

23. **Electricity**. The Sixty-Eighth Article of the Lease is hereby deleted and the following is substituted therefor:

“(i) Tenant agrees that Landlord shall furnish electricity to Tenant on a ‘submetering’ basis. Landlord shall install any submeters reasonably required, in Landlord’s judgment, in the demised premises for the purposes of this Article, at Tenant’s sole cost and expense. Electricity and electric service, as used herein, shall mean any element affecting the generation, transmission, and/or distribution or redistribution of electricity, including, but not limited to, services which facilitate the distribution of service.

(ii) Tenant covenants and agrees to purchase electricity from Landlord or Landlord’s designated agent at charges, terms and rates, including, without limitation, fuel adjustments and taxes, equal to those specified in the Con Edison SC#4-I rate schedule effective on the date Landlord first provides electricity to the demised premises on a submetering basis (the “effective” date), or any successor rate schedule or service classification, plus five percent (5%) for transmission line loss and other redistribution costs. Where more than one (1) meter measures the service of Tenant in the Building, then the service registered by each meter shall be aggregated and billed at the applicable rate as if there were only one (1) sub- meter measuring Tenant’s aggregate use in the entire demised premises. Bills therefor shall be rendered at such times as Landlord may elect and the amount, as computed from a meter, shall be deemed to be, and be paid as, Additional Charges. If any tax is imposed by any Federal, State or Municipal authority upon Landlord’s receipts from the sale or resale of electrical energy to Tenant hereunder, Tenant covenants and agrees that where permitted by law, Tenant’s pro-rata share of such taxes shall be included in the amount of Additional Charges to be paid by Tenant to Landlord hereunder.

(iii) If all or part of the submetering additional rent payable in accordance with this Article 22 becomes uncollectible or reduced or refunded by virtue of any law, order or regulation, the parties agree that, at Landlord’s option, in lieu of submetering Additional Charges, and in consideration of Tenant’s use of the Building’s electrical distribution system and receipt of redistributed electricity and payment by Landlord of consultant’s fees and other redistribution costs, the fixed annual rent to be paid under this Lease shall be increased by an “alternative charge” which shall be the average per rentable square foot rate payable by Tenant for electricity during the prior twelve (12) month period pursuant to this Article.

(iv) Landlord shall not be liable for any loss or damage or expense which Tenant may sustain or incur if either the quantity or character of electric service is changed or is no longer available or suitable for Tenant's requirements. Tenant covenants and agrees that at all times its use of electric current shall never exceed the capacity of existing feeders to the Building or wiring installation. Any riser or risers to supply Tenant's electrical requirements, upon written request of Tenant, will be installed by Landlord, at the sole cost and expense of Tenant, if, in Landlord's reasonable judgment, the same are reasonably necessary and will not cause permanent damage or injury to the Building or demised premises or cause or create a dangerous or hazardous condition or entail excessive or unreasonable alterations, repairs or expenses or otherwise interfere with or disturb other tenants or occupants of the Building except to a *de minimis* extent. In addition to the installation of such riser or risers, Landlord will also, at the sole cost and expense of Tenant, install all other equipment proper and necessary in connection therewith subject to the aforesaid terms and conditions. The parties acknowledge that they understand that it is anticipated that electric rates, charges, etc., may be changed by virtue of time-of-day rates or other methods of billing, electricity purchases and the redistribution thereof, and that the references in the foregoing paragraphs to changes in methods of or rules on billing are intended to include any such changes. Anything hereinabove to the contrary notwithstanding, in no event is the submetering, additional rent or any "alternative charge" to be less than an amount equal to the total of Landlord's payment to public utilities and/or other providers for the electricity consumed by Tenant (and any taxes thereon or on redistribution of same) plus five percent (5%) for transmission line loss and other redistribution costs. Landlord reserves the right to terminate the furnishing of electricity upon sixty (60) days' prior written notice to Tenant; provided Landlord terminates the furnishing of electricity to at least fifty percent (50%) of the tenants of the Building (not including those retail tenants on the ground floor of the Building) to whom Landlord is furnishing electricity on a submetered basis, in which event the Tenant may make application directly to the public utility and/or other providers for the Tenant's entire separate supply of electric current and Landlord shall permit its wires and conduits, to the extent available and safely capable, to be used for such purpose, but only to the extent of Tenant's then authorized load. Any meters, risers, or other equipment or connections reasonably necessary to furnish electricity on a submetering basis or to enable Tenant to obtain electric current directly from such utility and/or other providers shall be installed at Tenant's sole cost and expense. Only rigid conduit or electrical metal tubing (EMT) will be allowed. Landlord, upon the expiration of the aforesaid sixty (60) days' prior written notice period may discontinue furnishing the electric current but this Lease shall otherwise remain in full force and effect.

(v) Tenant's use of electric energy in the demised premises shall not at any time exceed the capacity of any of the electrical conductors and equipment in or otherwise serving the demised premises. In order to insure that such capacity is not exceeded and to avert possible adverse effect upon the Building's distribution of electricity via the Building's electric system, Tenant shall not, without Landlord's prior consent in each instance (which consent shall not be unreasonably withheld or delayed), connect any fixtures, appliances or equipment (other than normal business machines and personal computers, which do not materially increase Tenant's electrical consumption) to the Building's electric system or make any alterations or additions to the electric system of the demised premises existing on the Effective Date. Landlord shall continue to make electrical energy available to the demised premises in accordance with current practice.

(vi) (1) Upon Tenant's request therefor, Landlord shall provide Tenant with utility invoices and other reasonable documentation supporting its computation of Additional Charges hereunder.

(2) At Landlord's option, Tenant shall purchase from Landlord or Landlord's agent all lighting tubes, lamps, bulbs and ballasts used in the demised premises and Tenant shall pay Landlord's reasonable charges for providing and installing same, on demand, as additional rent.

24. **Default Notices.** The Thirty-Ninth Article of the Lease is hereby amended as follows:

(i) All references to "five (5) days" in subparagraph (a) thereof are hereby deleted and "fifteen (15) days" is substituted therefor.

(ii) Subparagraph (b) thereof is hereby amended by deleting proviso (1) therefrom and substituting the following therefor:

"(1) if Tenant shall make default in the payment of the rent reserved herein for a period of five (5) days after receipt of written notice from Landlord that same is past due or default in the payment of additional rent due herein for a period of fifteen (15) days after receipt of written notice from Landlord that same is past due . . ."

25. **Default.** The Seventy-Fifth Article of the Lease is hereby amended by adding the following provision:

“SEVENTY-FIFTH: (i) If Tenant shall fail to pay any installment of fixed annual rent for more than five (5) days after the same becomes due and payable or any amount of additional rent for more than fifteen (15) days after the same becomes due and payable (collectively, the “Default Periods”), Tenant shall pay Landlord a late charge of four cents (\$0.04) for each dollar of such fixed annual rent or additional rent as shall not have been paid to Landlord within said respective Default Periods. Such late charge shall be without prejudice to any of Landlord’s rights and-remedies hereunder or at law for nonpayment of rent, shall be in addition thereto and shall be deemed to be additional rent. Notwithstanding anything to the contrary contained herein, Tenant shall be permitted to pay an installment of fixed annual rent late once per calendar year without incurring a late charge, provided such payment is received no later than the tenth (10th) day of the month in which such payment is due. Further; notwithstanding anything to the contrary contained herein, Landlord shall waive the late charge for one (1) late payment of additional rent by Tenant per calendar year, provided such payment is received no later than thirty (30) days after the date such payment was due.

(ii) If in accordance with the Thirty-Ninth Article of the Lease, Tenant shall be in default in the payment of (A) any installment of fixed annual rent or any amount of additional rent or (B) any other sum of money which shall become due and payable by Tenant to Landlord pursuant to the terms of this Lease or by reason of Tenant’s occupancy of the demised premises, in addition to (and not in lieu of) the late charge provided for in subparagraph (i) above, Tenant shall pay interest thereon at a rate equal to the lesser of four percent (4%) above the prime rate per annum from time to time set forth in The Wall Street Journal, calculated on the basis of the actual days elapsed, based on a 360-day year, or the minimum rate of interest allowed by applicable law(s), if any, then prevailing, from the date on which such installment or payment is due to the date of payment thereof, and such interest shall be deemed to be additional rent.

(iii) Except as required by statute and under the laws, nothing contained in Article 39 or in this Article 75 shall be deemed to require Landlord to give the notices therein or herein (if any) provided for prior to the commencement of a summary proceeding for nonpayment of rent or a plenary action for the recovery of rent on account of any default in the payment of the same, it being intended that such notices are for the sole purpose of creating a conditional limitation hereunder pursuant to which this Lease shall terminate and if Tenant thereafter remains in possession or occupancy, it shall become a holdover tenant.”

26. **Miscellaneous.** The following is hereby added as Article Eighty-Fifth of the Lease:

“EIGHTY-FIFTH: (i) This Lease shall be governed in all respects by the laws of the State of New York.

(ii) If, in connection with obtaining financing for the Building, a bank, insurance company or other lending institution shall request reasonable modifications to this Lease as a condition to such financing, Tenant will not unreasonably withhold, delay or defer its consent thereto, provided that such modifications do not increase the obligations of Tenant hereunder, decrease the obligations of Landlord hereunder, except to a *de minimis* extent, or otherwise materially or adversely affect Tenant’s leasehold interest hereby created.

(iii) Tenant shall not be entitled to exercise any right of termination or other option granted to it by this Lease (if any) at any time when Tenant is in monetary default, after applicable notice, grace and/or cure periods, in the performance or observance of any of the covenants, terms, provisions or conditions on its part to be performed or observed under this Lease.

(iv) Tenant shall not occupy any space in the Building (by assignment, sublease or otherwise) other than the demised premises or other premises leased to Tenant directly by Landlord (except if the named Tenant herein is subsequently purchased by a third party which leases space. in the Building), except with the prior written consent of Landlord in each instance.

(v) Tenant acknowledges that it has no rights to any development rights, “air rights” or comparable rights appurtenant to the land or building, and consents, without further consideration, to any utilization of such rights by Landlord and agrees to promptly execute and deliver any instruments which may be requested by Landlord, including instruments which may be reasonably requested by Landlord, including instruments merging zoning lots, evidencing acknowledgment and consent. The provisions of this paragraph shall be deemed to be and shall be construed as an express waiver by Tenant of any interest Tenant may have as a “party in interest” (as such quoted term is defined in Section 12 Zoning Lot of the Zoning Resolution of the City of New York) in the building or the land.

(vi) Any and all payments and charges to be paid by Tenant hereunder other than the annual rent payable pursuant to this Lease shall be additional rent hereunder for non-payment of which Landlord shall have all of the remedies provided herein or at law.

(vii) If this Lease be a renewal of an existing lease between the parties or their predecessors in interest, then any obligation of Tenant for the payment of rent or additional rent or the performance of any obligation under such existing lease which accrues prior to the expiration thereof shall constitute an obligation under this Lease, except as modified by the Amendment (as that term is defined in Article 38 of this Lease), for non-payment or non-performance for which Landlord shall have all of the remedies provided herein.”

27. **Common Areas.** The following is hereby added as Article Eighty-Sixth of the Lease:

“**EIGHTY-SIXTH:** As a material inducement to Landlord for entering into this Lease, Tenant covenants and agrees that except for the inside surfaces of all walls, windows and doors bounding the demised premises, all of the remainder of the Building is exclusively reserved to Landlord, subject to Tenant’s right to use the common areas of the Building in accordance with the applicable provisions of this Lease (including, without limitation, the lobby, elevators and core bathrooms, as opposed to private bathrooms, on the tenth (10th) floor of the Building). Notwithstanding anything to the contrary contained herein, Tenant shall have the right to use in accordance with the Lease, the electric and telephone closets and so-called “slop” sinks on the tenth (10th) floor of the Building.”

28. **Landlord’s Access to the Premises.** The second sentence of the Twenty-First Article of the Lease shall be amended to read as follows:

“Landlord or Landlord’s agents shall have the right to enter the demised premises at reasonable times after notice (which may be oral) to Tenant to examine the same . . .”

29. **Air Conditioning**. The Twenty-Fifth Article of the Lease is hereby amended by: (i) deleting the 4th sentence; and (ii) deleting the phrase “or Landlord’s removal thereof or termination of the operation thereof, as provided in this paragraph” in the second to the last sentence.

30. **Article Second**. Article Second of the Lease is hereby amended to delete the following language: “expended by Landlord and/or which” in the second line of subparagraph (a).

31. **Rent Control**. Article Fifty-Third of the Lease is hereby deleted in its entirety, and the following language is substituted in its place:

“In the event the Fixed Rental or Additional Rental or any part thereof provided to be paid by Tenant under the provisions of this Lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any federal, state, county or city law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then Landlord, at its option, may at any time thereafter terminate this Lease by not less than thirty (30) days’ written notice to Tenant, on a date set forth in said notice, in which event this Lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the Expiration Date. Landlord shall not have the right to so terminate this Lease if Tenant, within such period of thirty (30) days, shall, in writing, agree that the rentals herein reserved are a reasonable rental and agrees to continue to pay said rentals”.

32. **Capital Improvements**. Articles Fifth, Twenty-Fourth, and Twenty-Fifth are hereby amended to provide that notwithstanding anything set forth to the contrary in the Lease, Tenant shall not be responsible to pay for any capital improvements to the Building, and is not responsible to pay for any sprinkler installations required by Local Law 26/2004, or any sprinkler alterations unless required by Tenant’s specific use of or alteration to the Premises.

33. **Continued Occupancy.** Notwithstanding anything set forth to the contrary in Article Fifty-Ninth of the Lease, Landlord agrees not to serve Tenant with a notice of default based upon failure of Tenant's continued occupancy unless the Premises have been vacant for more than fourteen (14) months. Tenant acknowledges that the previous sentence is not meant to limit Landlord's rights or remedies in the event of any other default by Tenant under this Lease, or in any way interfere with the rights of Landlord to enforce the provisions of this Lease.

34. **Ratification.** This Agreement amends and forms a part of the Lease. Landlord and Tenant hereby ratify and confirm their obligations under the Lease and represent and warrant to one another that each has no defenses thereto. Additionally, Landlord and Tenant further confirm and ratify that, as of the date hereof, (i) the Lease is and remains in good standing and in full force and effect and time remains of the essence thereof, (ii) each has no claims, counterclaims, set-offs or defenses against the other arising out of the Lease, and other leases for space occupied by Tenant in the Building, or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (iii) except as otherwise herein set forth, Tenant is not entitled to any free rent, rent abatement, Landlord's work contribution or allowance, or Landlord's work. Tenant acknowledges that Landlord has performed all obligations imposed on Landlord by the Lease, and other leases for space occupied by Tenant in the Building, prior to the date hereof.

35. **Entire Agreement; No Waiver.** This Agreement, together with the Lease, constitutes the entire agreement of the parties hereto with respect to the matters stated herein, and may not be amended or modified unless such amendment or modification shall be in writing and shall have been signed by the party against whom enforcement is sought. No waiver by

either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement or the application of such provision other than to the extent that it is invalid or unenforceable shall not be affected, and each provision of this Agreement shall remain in full force and effect notwithstanding the invalidity or unenforceability of such provision, but only to the extent that application and/or enforcement, as the case may be, would be equitable and consistent with the intent of the parties in entering into this Agreement.

36. **Submission of Amendment.** The submission by Landlord to Tenant of this Agreement shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any rights or impose any obligations upon either party until the execution thereof by Landlord and the delivery of an executed original copy thereof to Tenant or its representative. This Amendment shall not be binding upon either party unless and until it is fully executed and delivered to both parties.

37. **Binding Effect; Governing Law.** This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the remaining terms of this Lease, the terms of this Agreement shall govern and control. This Agreement shall be governed by the laws of the State of New York.

38. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall constitute an original, but all of which shall constitute one and the same document. It is not necessary that all parties sign all or any one of the counterparts, but each party must sign at least one counterpart for this Amendment to be effective.

39. **No Recordation.** Landlord and Tenant agree that this Agreement shall not be recorded.

[The remainder of this page is intentionally blank. Signatures are on the next page.]

IN WITNESS WHEREOF, intending to be legally bound hereby, the parties hereto have duly executed this Agreement as of the date first written above.

LANDLORD:

**500-512 SEVENTH AVENUE LIMITED
PARTNERSHIP**

By: /s/ Joseph Chetrit
Name and Title:

TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller
Name and Title:

Exhibit A

[Form of Letter of Credit attached]

ISSUE DATE: _____
L/C NO.: _____

Advising Bank

***** DIRECT *****

Beneficiary

APPLICANT:

AMOUNT: USD

United States Dollars

GENTLEMEN:

WE HEREBY ESTABLISH OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____ IN FAVOR OF 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP (THE "LANDLORD") FOR AN AGGREGATE AMOUNT NOT TO EXCEED _____ U.S. DOLLARS (\$_ _____). THIS LETTER OF CREDIT IS AVAILABLE WITH _____, NEW YORK AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT DRAWN ON _____, NEW YORK WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS OR AN OFFICIAL OF ITS AGENT READING AS FOLLOWS: "THE AMOUNT OF THIS DRAWING USD _____ UNDER _____ LETTER OF CREDIT NUMBER _____ REPRESENTS FUNDS DUE US IF AN EVENT OF DEFAULT HAS OCCURRED UNDER ONE OR MORE TERMS OF THAT CERTAIN FIRST AMENDMENT TO LEASE DATED AS OF JULY 1, 2000 BY AND BETWEEN 500-512 SEVENTH AVENUE LIMITED PARTNERSHIP, AS LANDLORD AND _____, AS TENANT.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED. WE FURTHER UNDERTAKE THAT ANY DRAFT(S) PRESENTED UNDER THIS LETTER OF CREDIT SHALL BE PAID NOT WITHSTANDING ANY CLAIM BY ANY PERSON THAT THE SUM DEMANDED IS NOT DUE OR FOR ANY OTHER REASON THAT SAID DRAFT(S) IS NOT TO BE HONORED.

THIS LETTER OF CREDIT EXPIRES AT OUR COUNTERS IN NEW YORK WITH OUR CLOSE OF BUSINESS ON _____.

ISSUE DATE: _____
L/C NO.: _____

Advising Bank

***** DIRECT *****

Beneficiary

APPLICANT:

AMOUNT: USD

United States Dollars

IT IS A CONDITION OF THIS IRREVOCABLE LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR AN ADDITIONAL PERIOD OF ONE YEAR FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST FORTY-FIVE (45) DAYS PRIOR TO SUCH DATE WE SEND YOU NOTICE IN WRITING BY REGISTERED MAIL, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO RENEW THIS LETTER OF CREDIT FOR SUCH ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE EXTENDED BEYOND THE FINAL EXPIRY DATE OF _____. UPON SUCH NOTICE TO YOU, YOU MAY DRAW DRAFTS ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN APPLICABLE EXPIRY DATE, ACCOMPANIED BY YOUR DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING: "THE AMOUNT OF THIS DRAWING USD _____ UNDER _____ LETTER OF CREDIT NUMBER _____ REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM _____ OF THEIR DECISION NOT TO EXTEND LETTER OF CREDIT NUMBER ___ FOR AN ADDITIONAL YEAR, AND THE LEASE IS STILL OUTSTANDING."

THIS LETTER OF CREDIT IS TRANSFERABLE IN ITS ENTIRETY (BUT NOT IN PART) TO A SUCCESSOR LANDLORD AND _____ ONLY IS AUTHORIZED, TO ACT AS THE TRANSFERRING BANK.

WE SHALL NOT RECOGNIZE ANY TRANSFER OF THIS LETTER OF CREDIT UNTIL THIS ORIGINAL LETTER OF CREDIT TOGETHER WITH ANY AMENDMENTS AND A SIGNED AND COMPLETED TRANSFER FORM AS PER EXHIBIT 1 ATTACHED HERETO IS RECEIVED BY US.

ISSUE DATE: _____
L/C NO.: _____

Advising Bank

***** DIRECT *****

Beneficiary

APPLICANT:

AMOUNT: USD

United States Dollars

ALL TRANSFER FEES ARE FOR THE ACCOUNT OF THE APPLICANT.

THE CORRECTNESS OF THE SIGNATURE AND TITLE OF THE PERSON SIGNING THE TRANSFER FORMS MUST BE VERIFIED BY YOUR BANK.

IN CASE OF ANY TRANSFER UNDER THIS LETTER OF CREDIT, THE DRAFT AND ANY REQUIRED STATEMENT MUST BE EXECUTED BY THE TRANSFEREE.

THIS LETTER OF CREDIT MAY NOT BE TRANSFERRED TO ANY PERSON WITH WHICH U.S. PERSONS ARE PROHIBITED FROM DOING BUSINESS UNDER U.S. FOREIGN ASSETS CONTROL REGULATIONS OR OTHER APPLICABLE U.S. LAWS AND REGULATIONS.

ALL CORRESPONDENCE AND ANY DRAWINGS PRESENTED IN CONNECTION WITH THIS LETTER OF CREDIT ARE TO BE DIRECTED TO OUR OFFICE AT _____ . CUSTOMER INQUIRY NUMBERS ARE _____ AND _____. WE HEREBY ISSUE THIS STANDBY LETTER OF CREDIT IN YOUR FAVOR. IT IS SUBJECT TO THE UNIFORM

CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS, 1993 REVISION, ICC PUBLICATION NUMBER _____ AND ENGAGES US IN ACCORDANCE WITH THE TERMS THEREOF. THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

EXHIBIT "1"

NEW YORK, NEW YORK _____, 20__

ADDRESS
ADDRESS

RE: LETTER OF CREDIT NO. _____
ISSUED BY: _____

GENTLEMEN:

FOR VALUE RECEIVED, THE UNDERSIGNED BENEFICIARY HEREBY IRREVOCABLY TRANSFER TO:

(NAME OF TRANSFEREE)
(ADDRESS)

ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY TO DRAW UNDER THE ABOVE LETTER OF CREDIT IN ITS ENTIRETY.

BY THIS TRANSFER, ALL RIGHTS OF THE UNDERSIGNED BENEFICIARY IN SUCH LETTER OF CREDIT ARE TRANSFERRED TO THE TRANSFEREE AND THE TRANSFEREE SHALL HAVE THE SOLE RIGHTS AS BENEFICIARY THEREOF, INCLUDING SOLE RIGHTS RELATING TO ANY AMENDMENTS WHETHER INCREASES OR EXTENSIONS OR OTHER AMENDMENTS AND WHETHER NOW EXISTING OR HEREAFTER MADE. ALL AMENDMENTS ARE TO BE ADVISED DIRECT TO THE TRANSFEREE WITHOUT NECESSITY OF ANY CONSENT OF OR NOTICE TO THE UNDERSIGNED BENEFICIARY.

THE ADVICE OF SUCH LETTER OF CREDIT IS RETURNED HERewith, AND WE ASK YOU TO ENDORSE THE TRANSFER ON THE REVERSE HEREOF, AND FORWARD IT DIRECT TO THE TRANSFEREE WITH YOUR CUSTOMARY NOTICE OF TRANSFER.

YOUR VERY TRULY,

SIGNATURE OF BENEFICIARY

SIGNATURE GUARANTEED AND IS IN CONFORMITY TO THAT ON FILE WITH US AS TO SIGNER'S AUTHORIZATION FOR THE EXECUTION OF THESE INSTRUMENTS.

BANK: _____
BY: _____
TITLE: _____

THIS FORM MUST BE EXECUTED IN DUPLICATE

**SECOND AMENDMENT OF LEASE
(33rd Floor)**

THIS SECOND AMENDMENT OF LEASE (this "Agreement" or "Second Amendment") is made as of March 26, 2010 (the "Effective Date"), by and between **500-512 SEVENTH AVENUE LIMITED PARTNERSHIP**, a New York limited partnership ("Landlord") having an address c/o Newmark Knight Frank, 125 Park Avenue, New York, New York 10017, and **G-III LEATHER FASHIONS, INC.** having an address at 512 Seventh Avenue, New York, New York, 10018 ("Tenant").

RECITALS:

WHEREAS, 500/512 Seventh Avenue Associates, Landlord's predecessor-in-interest, and Tenant, entered into a certain agreement of lease dated as of January 31, 1994, as amended by the First Amendment to Lease Agreement dated as of July 1, 2000 (as so amended, collectively the "Lease") for the 33rd Floor (the "Premises") as more particularly described in the Lease, in the office building located at and known as 512 Seventh Avenue, New York, New York (the "Building");

WHEREAS, Tenant desires to extend the term of the Lease for a period of twelve (12) years, and Landlord is willing to extend the term of the Lease upon the terms and conditions hereinafter set forth; and

WHEREAS, Tenant has requested that Landlord grant Tenant an option to surrender the Premises, and Landlord is willing to grant such option, on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto by these presents do covenant and agree as follows:

1. **Recitals; Definitions.** The Recitals set forth above are true and correct and are incorporated herein and form a part of this Agreement. Unless otherwise defined in this Agreement, all terms used in this Agreement that are defined in the Lease shall have the meanings ascribed to them in the Lease.

2. **Extension of Term.** The term of the Lease is and shall be extended for a period of twelve (12) years, commencing on April 1, 2011 and ending on March 31, 2023, or until the term shall sooner cease or expire as hereinafter provided, by law or otherwise, both dates inclusive. From and after the date hereof, all references in the Lease to (i) "term" shall be deemed to mean the term of the Lease as extended by this Agreement, and (ii) "Expiration Date" shall be deemed to mean March 31, 2023.

3. **Fixed Rent and Additional Rent for Premises through March 31, 2011.** From the Effective Date to March 31, 2011, Tenant shall pay to Landlord the fixed annual rent ("Fixed Rent") and all additional rent for the Premises pursuant to the Lease.

4. **Real Estate Taxes for the Premises through March 31, 2011.** Tenant agrees that, for the period commencing on the Effective Date and ending on March 31, 2011, Tenant shall continue to pay, as and when provided in the Lease, the tax escalation, and all other additional rent for the Premises, as set forth in the Lease.

5. **Real Estate Taxes During the Extension Term.** During the extension term, Tenant shall pay the real estate tax escalation, if any, pursuant to Article Fifty-Eighth of the Lease, except that from and after April 1, 2011, the base tax year shall be the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012, and that the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any abatement or exemption.

6. **Rent for Premises — Extended Term.** Commencing on April 1, 2011 and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, all additional rent due under the Lease, and the Fixed Rent for the Premises in the amounts set forth below:

Time Period	Fixed Rent per Annum and per Month
April 1, 2011 — March 31, 2012	\$329,344.00 per annum (\$27,445.33 per month)
April 1, 2012 — March 31, 2013	\$337,577.60 per annum (\$28,131.47 per month)
April 1, 2013 — March 31, 2014	\$346,017.04 per annum (\$28,834.75 per month)
April 1, 2014 — March 31, 2015	\$354,667.47 per annum (\$29,555.62 per month)
April 1, 2015 — March 31, 2016	\$363,534.15 per annum (\$30,294.51 per month)
April 1, 2016 — March 31, 2017	\$372,622.51 per annum (\$31,051.88 per month)
April 1, 2017 — March 31, 2018	\$403,186.07 per annum (\$33,598.84 per month)
April 1, 2018 — March 31, 2019	\$413,265.72 per annum (\$34,438.81 per month)
April 1, 2019 — March 31, 2020	\$423,597.36 per annum (\$35,299.78 per month)
April 1, 2020 — March 31, 2021	\$434,187.30 per annum (\$36,182.27 per month)
April 1, 2021 — March 31, 2022	\$445,041.98 per annum (\$37,086.83 per month)
April 1, 2022 — March 31, 2023	\$456,168.03 per annum (\$38,014.00 per month)

7. **Rent Credit During the Extension Term.** Provided that Tenant is not in default under the terms of this Lease beyond any applicable grace and notice periods as of the date that the applicable portion of the credit is to be applied, (or in such event, at such time as any such default is cured), Tenant shall be entitled to a credit against the obligation to pay Fixed Rent, in the following amounts: an aggregate amount of \$165,358.18 to be applied as follows: \$13,722.67 for each month commencing April 1, 2011 through January 1, 2012; and \$14,065.74 for each of April 1, 2012 and May 1, 2012.

Notwithstanding the foregoing, the credit shall not be applied against any additional rent, electricity charges, or other like sums from time to time payable by Tenant pursuant to the Lease, which amounts shall be paid without abatement in accordance with the terms of the Lease (except as otherwise set forth herein), nor against any Fixed Rent, if Tenant is in default of its Lease obligations beyond applicable grace and notice periods on the date the credit installment is to be applied, but shall be applied against Fixed Rent when such default has been cured.

8. **Renewal Option.** Tenant shall have one option to renew the term of this Lease, as to all, but not part of the Premises on all of the terms and conditions set forth in the Lease, except as set forth below. The renewal option shall be for a term of five (5) years (the "**Renewal Option**"), commencing April 1, 2023 and ending March 31, 2028 (the "**Renewal Term**").

(a) The Tenant's right to renew the term of this Lease shall be conditioned on (i) this Lease being in full force and effect and no default existing hereunder beyond the expiration of any applicable notice and cure period at the time of the delivery of the Renewal Notice (as defined below) or on the effective date of the Renewal Term and (ii) Tenant simultaneously exercising the Renewal Options under leases for spaces occupied by Tenant in the Building so that Tenant has renewed for a term of five (5) years leases in the Building aggregating no less than eight (8) full floors. Tenant may exercise the Renewal Option by delivering written notice to Landlord, not less than twelve (12) calendar months prior to the Expiration Date, (a "**Renewal Notice**").

(b) The Renewal Option is personal to the Tenant herein named, and any Permitted Transferees, and may not be severed from this Lease nor separately sold or assigned.

(c) If Tenant timely exercises the Renewal Option, the term of this Lease shall be renewed for the Renewal Term. The renewal of this Lease for the Renewal Term shall be on all of the same terms, covenants and conditions as set forth herein for the extended term, except that during the Renewal Term:

- (i) Landlord shall have no obligation to perform any work in the Premises;
- (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance;
- (iii) Tenant shall not be entitled to any rent credit, concession or abatement;

(d) Fixed Rent during the Renewal Term shall be as follows:

Fixed Rent in Renewal Term for Premises		
Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 501,784.83	\$ 41,815.40
April 1, 2024 — March 31, 2025	\$ 514,329.45	\$ 42,860.79
April 1, 2025 — March 31, 2026	\$ 527,187.69	\$ 43,932.31
April 1, 2026 — March 31, 2027	\$ 540,367.38	\$ 45,030.62
April 1, 2027 — March 31, 2028	\$ 553,876.56	\$ 46,156.38

plus all other additional rent, including, but not limited to, the real estate tax escalation;

(e) In the Renewal Term, the base tax year set forth in paragraph 9 above shall not be changed.

13. **Landlord's Liability.** The limitation of Landlord's liability set forth in Article Thirty-Third of the Lease shall be fully applicable with respect to Landlord's liability under this Agreement, and such provisions of the Lease are hereby fully incorporated within this Agreement by this reference.

14. **Brokerage.** Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement, other than Newmark Knight Frank, which will be compensated by Landlord per separate agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

15. **Landlord's Contribution.**

(a) **Landlord's Contribution.** Provided that this Lease is in full force and effect, and there is no default in Tenant's obligation to pay Fixed or additional rent, and no other material event of default shall have occurred and is then continuing hereunder (or in such event, upon the cure of any such default), Landlord shall contribute, as hereinafter provided, an amount ("**Landlord's Contribution**") equal to a maximum of Two Hundred Sixty-Five Thousand, Six Hundred Dollars (\$265,600) for the Premises toward Tenant's actual cost of Tenant's alterations to be performed by or on behalf of Tenant in the Premises, and "soft costs" incurred in connection with Tenant's alterations, including architectural and engineering fees and other soft costs incurred in connection with Tenant's alterations. Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses and the cost of Tenant's server room. Landlord shall not be obligated to commence payment of Landlord's Contribution for the Premises until April 1, 2011.

(b) Parameters. Any cost of Tenant's alterations in excess of Landlord's Contribution shall be paid entirely by Tenant. Tenant shall be entitled to receive any portion of Landlord's Contribution not actually expended by Tenant in the performance of Tenant's alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the Premises, but not additional rent, provided that Tenant has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's alterations; and provided further that (i) Tenant is not then in default of its obligation to pay Fixed or additional rent and that no other material event of default shall have occurred and be continuing hereunder and (ii) the credit shall be applied against Fixed Rent due on or before the Final Submission Date, or six (6) months thereafter, failing which, Tenant shall no longer be entitled to any credit for unpaid portions of Landlord's Contribution.

(c) Payment. Landlord shall make progress payments to Tenant or as directed by Tenant on account of Landlord's Contribution on a monthly basis in reimbursement of or payment for the cost of the work performed during the previous month. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid or payable by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from Landlord's Contribution), *multiplied by* (b) a fraction, the numerator of which is the amount of Landlord's Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed

contract price for Tenant's alterations, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's alterations shown on all plans and specifications approved by Landlord. Such progress payments shall be made within forty-five (45) days next following the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due or to whom payment has been made by Tenant, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant; and (ii) a written certification from Tenant's architect that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted no later than April 1, 2013 (hereafter referred to as the "Final Submission Date"). The final requisition shall not be disbursed until all documentation required under this Section 15(c) has been delivered to Landlord, together with (A) proof of the satisfactory completion of all required inspections (if any) and issuance of any required approvals, permits and sign-offs for Tenant's alterations by all governmental authorities having jurisdiction thereover; (B) final "as-built" plans and specifications for Tenant's alterations as required pursuant to the Lease; and (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers covering all of Tenant's alterations. Notwithstanding anything to the contrary set forth in this Lease, (i) Landlord's Contribution shall be paid by Landlord in no less than three installments; and (ii) Landlord will not be required to pay to Tenant any undisbursed portion of the Landlord's Contribution for any requisition not submitted prior to the Final Submission Date. However, nothing set forth in the

preceding sentence shall limit Tenant's right to the credit against Fixed Rent as set forth in Section 15(b) hereof. Notwithstanding anything to the contrary set forth in this paragraph 15, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers and Tenant shall fail to remove or bond any lien, such failure shall constitute a material event of default under the Lease and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor.

16. **Articles Deleted.** Landlord and Tenant agree that Article Sixty-Fifth of the Lease is hereby deleted in its entirety.

17. **Notices to Landlord.** Article Forty-Eighth of the Lease is hereby amended to provide that copies of any notices sent to Landlord by Tenant shall be sent to Gerstein Strauss & Rinaldi, LLP, 57 West 38th Street, 9th Floor, New York, New York 10018, Attention: Victor R. Gerstein, Esq., and not Arent Fox.

18. **Electricity, Water and Sewer.** Tenant shall pay to Landlord for electrical use in each floor of the Premises in accordance with Article Twenty-Second of the First Amendment of Lease, and water and sewer charges of \$102 per month, per floor of the Premises in accordance with Articles Twenty-Three and Twenty-Four of the Lease.

19. **Tenant's Surrender Option.** As long as an Event of Default is not in existence, and on the condition that Tenant and/or its subsidiaries and/or affiliates (i) have exercised their Expansion Options contained in leases for other space in the Building, and (ii) have not exercised a Surrender Option under any other lease for space in the Building, so that Tenant and/or its subsidiaries and/or affiliates occupy under leases at least twelve (12) separate floors in the Building, Tenant shall have the one time option (the "Surrender Option") to surrender the Premises. The surrender will be effective as of the date set forth in Tenant's Notice (defined below), which date shall not be earlier than the sixth (6th) month anniversary of the transmittal of the Tenant's Notice (the "Surrender Date"). The Surrender Option shall be exercisable by Tenant's giving irrevocable written notice ("Tenant's Notice") to Landlord at least six (6) months prior to surrender of the Premises. If (i) Tenant duly serves the Tenant's Notice, (ii) Tenant shall pay to Landlord Fixed Rent and all other sums owed under the Lease (and all other leases for spaces occupied by Tenant and/or its subsidiaries and/or affiliates in the Building) through the Surrender Date, and (iii) Tenant shall surrender vacant possession of the Premises to Landlord on the Surrender Date in accordance with the provisions of this Lease, free and clear of all tenancies, sub-tenancies and occupancy rights, then the Lease shall be terminated as to the Premises surrendered as of the Surrender Date. For sake of clarity, with regard to all of the space occupied by Tenant and/or its subsidiaries and/or affiliates in the Building under various leases, Tenant may surrender only one full floor.

20. **Article Second.** Article Second of the Lease is hereby amended to delete the following language: "expended by Landlord and/or which" in the second line of subparagraph (a).

21. **Rent Control.** Article Fifty-Third of the Lease is hereby deleted in its entirety, and the following language is substituted in its place:

"In the event the Fixed Rental or Additional Rental or any part thereof provided to be paid by Tenant under the provisions of this Lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any federal, state, county or city law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders,

rules, code or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then Landlord, at its option, may at any time thereafter terminate this Lease by not less than thirty (30) days' written notice to Tenant, on a date set forth in said notice, in which event this Lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the Expiration Date. Landlord shall not have the right to so terminate this Lease if Tenant, within such period of thirty (30) days, shall, in writing, agree that the rentals herein reserved are a reasonable rental and agrees to continue to pay said rentals".

22. **Capital Improvements.** Articles Fifth, Twenty-Fourth, and Twenty-Fifth are hereby amended to provide that notwithstanding anything set forth to the contrary in the Lease, Tenant shall not be responsible to pay for any capital improvements to the Building, and is not responsible to pay for any sprinkler installations required by Local Law 26/2004, or any sprinkler alterations unless required by Tenant's specific use of or alteration to the Premises.

23. **Continued Occupancy.** Notwithstanding anything set forth to the contrary in Article Fifty-Ninth of the Lease, Landlord agrees not to serve Tenant with a notice of default based upon failure of Tenant's continued occupancy unless the Premises have been vacant for more than fourteen (14) months. Tenant acknowledges that the previous sentence is not meant to limit Landlord's rights or remedies in the event of any other default by Tenant under this Lease, or in any way interfere with the rights of Landlord to enforce the provisions of this Lease.

24. **Late Charge.** Article Sixty-Seventh, Section (i) of the Lease is hereby amended to reduce the amount of the late charge from ten cents (\$0.10) to four cents (\$0.04) for each dollar.

25. **Assignment and Sublet.** Article Tenth of the Lease, Section (ii), is hereby amended to reduce the amount of the letter of credit to the product of (A) one (1), and (B) the then prevailing monthly Fixed Rent.

Sections (v)(A) and (v)(C) of Article Tenth are hereby amended to provide that Tenant may deliver to Landlord, in lieu of a term sheet, a written notice of intent to assign or sublet the Lease, in order to trigger Landlord's right to either terminate the Lease, or accept an assignment of the Lease, provided however, that with regard to a sublet, Section (C)(1) shall be amended to provide for rental terms based on market rents.

26. **Removal of Tenant Improvements.** The last sentence of Article Twelfth, Section (C) of the Lease is hereby amended to read as follows:

“Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to the Effective Date shall be deemed to be standard alterations which Landlord may not require Tenant to remove.”

27. **Ratification.** This Agreement amends and forms a part of the Lease. Landlord and Tenant hereby ratify and confirm their obligations under the Lease and represent and warrant to one another that each has no defenses thereto. Additionally, Landlord and Tenant further confirm and ratify that, as of the date hereof, (i) the Lease is and remains in good standing and in full force and effect and time remains of the essence thereof, (ii) each has no claims, counterclaims, set-offs or defenses against the other arising out of the Lease, and other leases for space occupied by Tenant in the Building, or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (iii) except as otherwise herein set forth, Tenant is not entitled to any free rent, rent abatement, Landlord's work contribution or allowance, or Landlord's work. Tenant acknowledges that Landlord has performed all obligations imposed on Landlord by the Lease, and other leases for space occupied by Tenant in the Building, prior to the date hereof.

28. **Entire Agreement; No Waiver.** This Agreement, together with the Lease, constitutes the entire agreement of the parties hereto with respect to the matters stated herein, and may not be amended or modified unless such amendment or modification shall be in writing and shall have been signed by the party against whom enforcement is sought. No waiver by either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement or the application of such provision other than to the extent that it is invalid or unenforceable shall not be affected, and each provision of this Agreement shall remain in full force and effect notwithstanding the invalidity or unenforceability of such provision, but only to the extent that application and/or enforcement, as the case may be, would be equitable and consistent with the intent of the parties in entering into this Agreement.

29. **Submission of Amendment.** The submission by Landlord to Tenant of this Agreement shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any rights or impose any obligations upon either party until the execution thereof by Landlord and the delivery of an executed original copy thereof to Tenant or its representative.

30. **Binding Effect; Governing Law.** This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the remaining terms of this Lease, the terms of this Agreement shall govern and control. This Agreement shall be governed by the laws of the State of New York.

31. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one and the same document.

32. **No Recordation.** Landlord and Tenant agree that this Agreement shall not be recorded.

[The remainder of this page is intentionally blank. Signatures are on the next page.]

IN WITNESS WHEREOF, intending to be legally bound hereby, the parties hereto have duly executed this Agreement as of the date first written above.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: /s/ Joseph Chetrit
Name and Title:

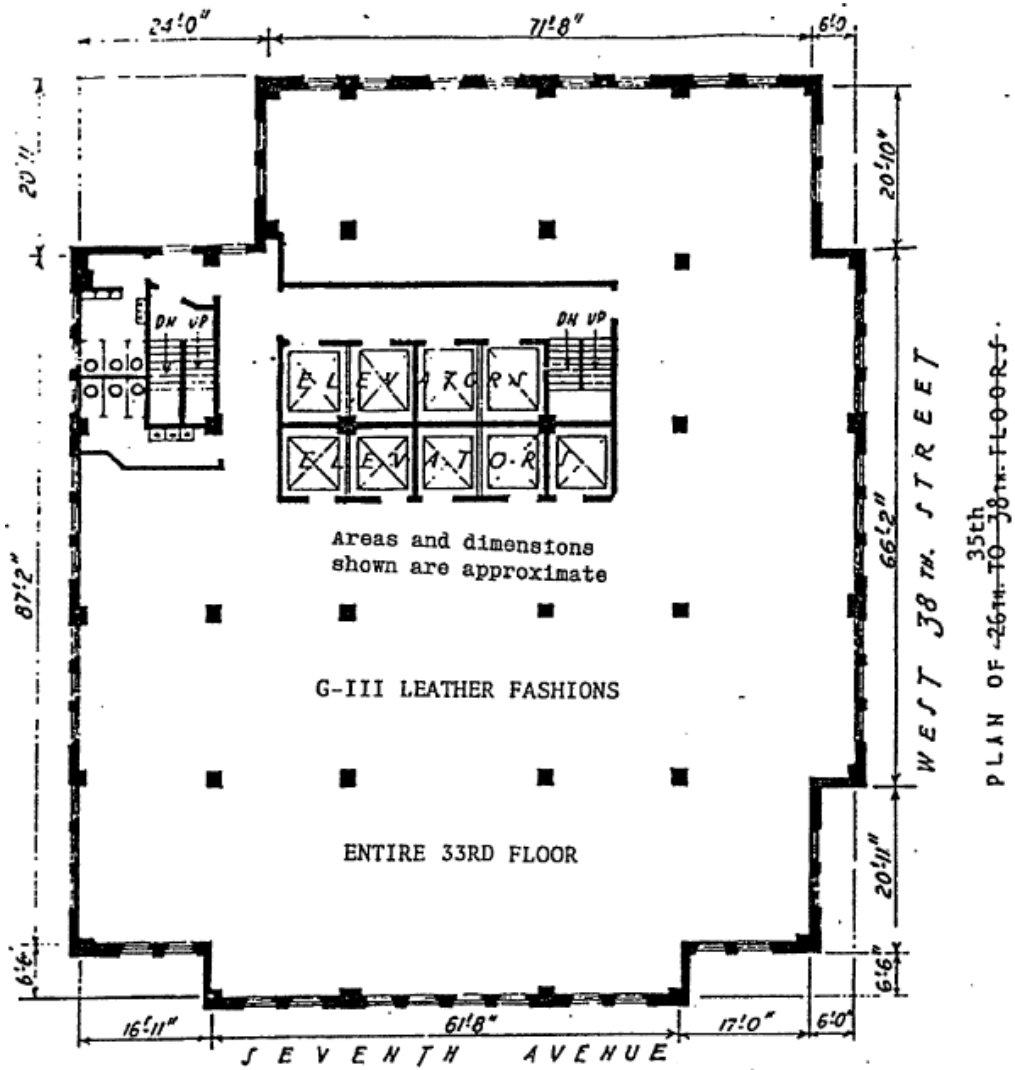
TENANT:

G-III LEATHER FASHIONS, INC.

By: /s/ Wayne S. Miller
Name and Title:

EXHIBIT A

33rd Floor Space



NAVARRE MERCANTILE BUILDING, S. W. Corner 7th Ave & 38th Street

**SECOND AMENDMENT OF LEASE
(34th and 35th Floors)**

THIS SECOND AMENDMENT OF LEASE (this "Agreement" or "Second Amendment") is made as of March 26, 2010 (the "Effective Date"), by and between **500-512 SEVENTH AVENUE LIMITED PARTNERSHIP**, a New York limited partnership ("Landlord") having an address c/o Newmark Knight Frank, 125 Park Avenue, New York, New York 10017, and **G-III LEATHER FASHIONS, INC.** having an address at 512 Seventh Avenue, New York, New York, 10018 ("Tenant").

RECITALS:

WHEREAS, 500/512 Seventh Avenue Associates, Landlord's predecessor-in-interest, and Tenant, entered into a certain agreement of lease dated as of June, 1993, as amended by the First Amendment to Lease dated as of July 1, 2000 (as so amended, with this Agreement, collectively the "Lease") for the 34th and 35th Floors (the "Premises") as more particularly described in the Lease, in the office building located at and known as 512 Seventh Avenue, New York, New York (the "Building");

WHEREAS, Tenant desires to extend the term of the Lease for a period of twelve (12) years, and Landlord is willing to extend the term of the Lease upon the terms and conditions hereinafter set forth; and

WHEREAS, Tenant has requested that Landlord grant Tenant an option to surrender any one of the floors leased by Tenant in the Building, whether leased pursuant to this Lease or another lease.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto by these presents do covenant and agree as follows:

1. **Recitals; Definitions.** The Recitals set forth above are true and correct and are incorporated herein and form a part of this Agreement. Unless otherwise defined in this Agreement, all terms used in this Agreement that are defined in the Lease shall have the meanings ascribed to them in the Lease.

2. **Extension of Term.** The term of the Lease is hereby extended for a period of twelve (12) years, commencing on April 1, 2011 and ending on March 31, 2023, or until the term shall sooner cease or expire as hereinafter provided, by law or otherwise, both dates inclusive. From and after the date hereof, all references in the Lease to (i) "term" shall be deemed to mean the term of the Lease as extended by this Agreement, and (ii) "Expiration Date" shall be deemed to mean March 31, 2023.

3. **Fixed Rent for Premises through March 31, 2011.** From the Effective Date to March 31, 2011, Tenant shall pay to Landlord the fixed annual rent ("Fixed Rent") for the Premises pursuant to the Lease.

4. **Real Estate Taxes and Additional Rent for the Premises through March 31, 2011.** Tenant agrees that, for the period commencing on the Effective Date and ending on March 31, 2011, Tenant shall continue to pay, as and when provided in the Lease, the tax escalation, and all other additional rent for the Premises, as set forth in the Lease.

5. **Real Estate Taxes and Additional Rent from and after April 1, 2011.** During the extended term, Tenant shall pay the real estate tax escalation, if any, pursuant to Article Fifty-Eighth of the Lease; however, the base tax year shall be the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012; and the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax abatement.

6. **Fixed Rent for Premises — Extended Term.** Commencing on April 1, 2011 and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 34th and 35th Floor Space in the amounts set forth below:

Time Period	Fixed Rent per Annum and per Month
April 1, 2011 — March 31, 2012	\$658,688.00 per annum (\$54,890.67 per month)
April 1, 2012 — March 31, 2013	\$675,155.20 per annum (\$56,262.93 per month)
April 1, 2013 — March 31, 2014	\$692,034.08 per annum (\$57,669.51 per month)
April 1, 2014 — March 31, 2015	\$709,334.93 per annum (\$59,111.24 per month)
April 1, 2015 — March 31, 2016	\$727,068.31 per annum (\$60,589.03 per month)
April 1, 2016 — March 31, 2017	\$745,245.07 per annum (\$62,103.75 per month)
April 1, 2017 — March 31, 2018	\$806,372.14 per annum (\$67,197.68 per month)
April 1, 2018 — March 31, 2019	\$826,531.44 per annum (\$68,877.62 per month)
April 1, 2019 — March 31, 2020	\$847,194.73 per annum (\$70,599.56 per month)
April 1, 2020 — March 31, 2021	\$868,374.60 per annum (\$72,364.55 per month)
April 1, 2021 — March 31, 2022	\$890,083.96 per annum (\$74,173.66 per month)
April 1, 2022 — March 31, 2023	\$912,336.06 per annum (\$76,028.01 per month)

7. **Rent Credit During the Extension Term.** Provided that Tenant is not in default under the terms of this Lease beyond any applicable grace and notice periods as of the date that the applicable portion of the credit is to be applied (or in such event, at such time as any such default is cured), Tenant shall be entitled to a credit against the obligation to pay Fixed Rent, in the following amounts: an aggregate amount of \$330,716.34 to be applied as follows: \$27,445.34 for each month commencing April 1, 2011 through January 1, 2012; and \$28,131.47 for each of April 1, 2012 and May 1, 2012.

Notwithstanding the foregoing, the credit shall not be applied against any additional rent, electricity charges, or other like sums from time to time payable by Tenant pursuant to the Lease, which amounts shall be paid without abatement in accordance with the terms of the Lease (except as otherwise set forth herein), nor against any Fixed Rent, if Tenant is in default of its Lease obligations beyond applicable grace and notice periods on the date the credit installment is to be applied, but shall be applied against Fixed Rent when such default has been cured.

8. **Renewal Option.** Tenant shall have one option to renew the term of this Lease, as to all, but not part of each individual floor comprising the Premises on all of the terms and conditions set forth in the Lease, except as set forth below. The renewal option shall be for a term of five (5) years (the "Renewal Option"), commencing April 1, 2023 and ending March 31, 2028 (the "Renewal Term").

(a) The Tenant’s right to renew the term of this Lease shall be conditioned on (i) this Lease being in full force and effect and no default existing hereunder beyond the expiration of any applicable notice and cure period at the time of the delivery of the Renewal Notice (as defined below) or on the effective date of the Renewal Term and (ii) Tenant simultaneously exercising the Renewal Options under leases for spaces occupied by Tenant in the Building, so that Tenant has renewed for a term of five (5) years, leases in the Building aggregating no less than eight (8) full floors. Tenant may exercise the Renewal Option by delivering written notice to Landlord, not less than twelve (12) calendar months prior to the Expiration Date, (a “Renewal Notice”).

(b) The Renewal Option is personal to the Tenant herein named and may not be severed from this Lease nor separately sold or assigned.

(c) If Tenant timely exercises the Renewal Option, the term of this Lease shall be renewed for the Renewal Term. The renewal of this Lease for the Renewal Term shall be on all of the same terms, covenants and conditions as set forth herein for the extended term, except that during the Renewal Term:

- (i) Landlord shall have no obligation to perform any work in the Premises;
- (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance;
- (iii) Tenant shall not be entitled to any rent credit, concession or abatement;

(d) Fixed Rent during the Renewal Term shall be as follows:

Fixed Rent in Renewal Term for Premises		
Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 1,003,569.67	\$ 83,630.81
April 1, 2024 — March 31, 2025	\$ 1,028,658.91	\$ 85,721.58
April 1, 2025 — March 31, 2026	\$ 1,054,375.38	\$ 87,864.62
April 1, 2026 — March 31, 2027	\$ 1,080,734.77	\$ 90,061.23
April 1, 2027 — March 31, 2028	\$ 1,107,753.14	\$ 92,312.76

plus all other additional rent, including, but not limited to, the real estate tax escalation;

(e) In the Renewal Term, the base tax year set forth in paragraph 9 above shall not be changed.

13. **Landlord's Liability.** The limitation of Landlord's liability set forth in Section Thirty-Third of the Lease shall be fully applicable with respect to Landlord's liability under this Agreement, and such provisions of the Lease are hereby fully incorporated within this Agreement by this reference.

14. **Brokerage.** Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement, other than Newmark Knight Frank, which will be compensated by Landlord per separate agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

15. **Landlord's Contribution.**

(a) **Landlord's Contribution.** Provided that this Lease is in full force and effect and there is no event of default in Tenant's obligation to pay Fixed Rent or Additional Rent, and no other material event of default shall have occurred and is then continuing hereunder (or in such event upon the cure of any such default), Landlord shall contribute, as hereinafter provided, an amount ("**Landlord's Contribution**") equal to a maximum of Five Hundred Thirty-One Thousand, Two Hundred Dollars (\$531,200) toward Tenant's actual cost of Tenant's alterations to be performed by or on behalf of Tenant in the Premises, and "soft costs" incurred in connection with Tenant's alterations, including architectural and engineering fees and other soft costs incurred in connection with Tenant's alterations. Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses and the cost of Tenant's server room. Landlord shall not be obligated to commence payment of Landlord's Contribution for the Premises until April 1, 2011.

(b) Parameters. Any cost of Tenant's alterations in excess of Landlord's Contribution shall be paid entirely by Tenant. Tenant shall be entitled to receive any portion of Landlord's Contribution not actually expended by Tenant in the performance of Tenant's alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the Premises, but not additional rent, provided that Tenant has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's alterations; and provided further that (i) Tenant is not then in default of its obligation to pay Fixed or additional rent and that no other material event of default shall have occurred and be continuing hereunder and (ii) the credit shall be applied against Fixed Rent due on or before the Final Submission Date or six (6) months thereafter, failing which, Tenant shall no longer be entitled to any credit for unpaid portions of the Landlord's Contribution.

(c) Payment. Landlord shall make progress payments to Tenant or as directed by Tenant on account of Landlord's Contribution on a monthly basis in reimbursement of or payment for the cost of the work performed during the previous month. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid or payable by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from Landlord's Contribution), *multiplied by* (b) a fraction, the numerator of which is the amount of Landlord's Contribution,

and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's alterations, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's alterations shown on all plans and specifications approved by Landlord. Such progress payments shall be made within forty-five (45) days next following the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due or to whom payment has been made by Tenant, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant; and (ii) a written certification from Tenant's architect that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted no later than April 1, 2013 (such date hereafter referred to as the "Final Submission Date"). The final requisition shall not be disbursed until all documentation required under this Section 15(c) has been delivered to Landlord, together with (A) proof of the satisfactory completion of all required inspections, if any, and issuance of any required approvals, permits and sign-offs for Tenant's alterations by all governmental authorities having jurisdiction thereover; (B) final "as-built" plans and specifications for Tenant's alterations as required pursuant to the Lease; and (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers covering all of Tenant's alterations. Notwithstanding anything to the contrary set forth in this Lease, (i) Landlord's Contribution shall be paid by Landlord in no less than three (3) installments; and (ii) Landlord will not be required to pay to Tenant any undisbursed portion of the Landlord's

Contribution for any requisition not submitted on or prior to the Final Submission Date. However, nothing set forth in the preceding Section shall limit Tenant's right to the credit against Fixed Rent as set forth in Section 15(b) hereof. Notwithstanding anything to the contrary set forth in this paragraph 15, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers and Tenant shall fail to remove or bond any lien, such failure shall constitute a material event of default under the Lease and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor.

16. **Article Deleted.** Landlord and Tenant agree that Article Sixty-Fifth of the Lease is hereby deleted in its entirety.

17. **Notices to Landlord.** Article Forty-Eighth of the Lease is hereby amended to provide that copies of any notices sent to Landlord by Tenant shall be sent to Gerstein Strauss & Rinaldi, LLP, 57 West 38th Street, 9th Floor, New York, New York 10018, Attention: Victor R. Gerstein, Esq., and not Arent Fox.

18. **Electricity, Water and Sewer.** Tenant shall pay to Landlord for electrical use in each floor of the Premises in accordance with Article Twenty-Second of the First Amendment of Lease, and water and sewer charges of \$102 per month, per floor of the Premises in accordance with Articles Twenty-Three and Twenty-Four of the Lease.

19. **Tenant's Surrender Option.** As long as an Event of Default is not in existence, and on the condition that Tenant and/or its subsidiaries and/or affiliates (i) have exercised their Expansion Options contained in leases for other space in the Building, and (ii) have not exercised a Surrender Option under any other lease for space in the Building, so that Tenant and/or its subsidiaries and/or affiliates collectively occupy under leases with Landlord, at least twelve (12) separate floors in the Building, Tenant shall have the one time option (the "Surrender Option") to surrender any one of the floors occupied by Tenant pursuant to the Lease. The surrender will be effective as of the date set forth in Tenant's Notice (defined below), which date shall not be earlier than the sixth (6th) month anniversary of the transmittal of the Tenant's Notice (the "Surrender Date"). The Surrender Option shall be exercisable by Tenant's giving irrevocable written notice ("Tenant's Notice") to Landlord at least six (6) months prior to surrender of either floor in the Premises. If (i) Tenant duly serves the Tenant's Notice, (ii) Tenant shall pay to Landlord Fixed Rent and all other sums owed under the Lease (and all other leases for spaces occupied by Tenant and/or its subsidiaries and/or affiliates in the Building) through the Surrender Date, and (iii) Tenant shall surrender vacant possession of the floor to Landlord on the Surrender Date in accordance with the provisions of this Lease, free and clear of all tenancies, sub-tenancies and occupancy rights, then the Lease shall be terminated as to the floor surrendered as of the Surrender Date, and all provisions for the lease relating to the surrendered Floor shall be deemed amended to account for the deletion of such Floor from the Premises. For the sake of clarity, with regard to all of the space in the Building under various leases occupied by Tenant and/or its subsidiaries and/or affiliates, Tenant may surrender only one full floor.

20. **Purpose.** The Fourth Article of the Lease is hereby deleted and the following is substituted therefor:

"Tenant shall use and occupy the demised premises for showroom, design, general offices and sales offices for sale at wholesale and not retail, of all apparel and accessories."

21. **Nonstandard Alterations.** The Twelfth Article of the Lease is hereby amended by adding the following to the end of subparagraph (C):

“Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to the Effective Date shall be deemed to be standard alterations which Landlord may not require Tenant to remove, except that Landlord may require Tenant to remove the staircase between the 34th and 35th Floors and repair the respective floor and ceiling slabs.”

22. **Rent Control.** Article Fifty-Third of the Lease is hereby deleted in its entirety, and the following language is substituted in its place:

“In the event the Fixed Rental or Additional Rental or any part thereof provided to be paid by Tenant under the provisions of this Lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any federal, state, county or city law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then Landlord, at its option, may at any time thereafter terminate this Lease by not less than thirty (30) days’ written notice to Tenant, on a date set forth in said notice, in which event this Lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the Expiration Date. Landlord shall not have the right to so terminate this Lease if Tenant, within such period of thirty (30) days, shall, in writing, agree that the rentals herein reserved are a reasonable rental and agrees to continue to pay said rentals”.

23. **Capital Improvements.** Articles Fifth, Twenty-Fourth, and Twenty-Fifth are hereby amended to provide that notwithstanding anything set forth to the contrary in the Lease, Tenant shall not be responsible to pay for any capital improvements to the Building, and is not responsible to pay for any sprinkler installations required by Local Law 26/2004, or any sprinkler alterations unless required by Tenant’s specific use of or alteration to the Premises.

24. **Continued Occupancy.** Notwithstanding anything set forth to the contrary in Article Fifty-Ninth of the Lease, Landlord agrees not to serve Tenant with a notice of default based upon failure of Tenant's continued occupancy unless the Premises have been vacant for more than fourteen (14) months. Tenant acknowledges that the previous sentence is not meant to limit Landlord's rights or remedies in the event of any other default by Tenant under this Lease, or in any way interfere with the rights of Landlord to enforce the provisions of this Lease.

25. **Late Charge.** Article Sixty-Sixth, Section (i) of the Lease is hereby amended to reduce the amount of the late charge from ten cents (\$0.10) to four cents (\$0.04) for each dollar.

26. **Assignment and Sublet.** Article Tenth of the Lease, Section (ii) is hereby amended to reduce the amount of the letter of credit to the product of (A) one (1), and (B) the then prevailing monthly Fixed Rent.

Sections (v)(A) and (v)(C) of Article Tenth are hereby amended to provide that Tenant may deliver to Landlord, in lieu of a term sheet, a written notice of intent to assign or sublet the Lease, in order to trigger Landlord's right to either terminate the Lease, or accept an assignment of the Lease, provided however, that with regard to a sublet, Section (C)(1) shall be amended to provide for rental terms based on market rents.

27. **Ratification.** This Agreement amends and forms a part of the Lease. Landlord and Tenant hereby ratify and confirm their obligations under the Lease and represent and warrant to one another that each has no defenses thereto. Additionally, Landlord and Tenant further confirm and ratify that, as of the date hereof, (i) the Lease is and remains in good standing and in full force and effect and time remains of the essence thereof, (ii) each has no claims,

counterclaims, set-offs or defenses against the other arising out of the Lease, and other leases for space occupied by Tenant in the Building, or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (iii) except as otherwise herein set forth, Tenant is not entitled to any free rent, rent abatement, Landlord's work contribution or allowance, or Landlord's work. Tenant acknowledges that Landlord has performed all obligations imposed on Landlord by the Lease, and other leases for space occupied by Tenant in the Building, prior to the date hereof.

28. **Entire Agreement; No Waiver.** This Agreement, together with the Lease, constitutes the entire agreement of the parties hereto with respect to the matters stated herein, and may not be amended or modified unless such amendment or modification shall be in writing and shall have been signed by the party against whom enforcement is sought. No waiver by either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement or the application of such provision other than to the extent that it is invalid or unenforceable shall not be affected, and each provision of this Agreement shall remain in full force and effect notwithstanding the invalidity or unenforceability of such provision, but only to the extent that application and/or enforcement, as the case may be, would be equitable and consistent with the intent of the parties in entering into this Agreement.

29. **Submission of Amendment.** The submission by Landlord to Tenant of this Agreement shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any rights or impose any obligations upon either party until the

execution thereof by Landlord and the delivery of an executed original copy thereof to Tenant or its representative.

30. **Binding Effect; Governing Law**. This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the remaining terms of this Lease, the terms of this Agreement shall govern and control. This Agreement shall be governed by the laws of the State of New York.

31. **Counterparts**. This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one and the same document.

32. **No Recordation**. Landlord and Tenant agree that this Agreement shall not be recorded.

[The remainder of this page is intentionally blank. Signatures are on the next page.]

IN WITNESS WHEREOF, intending to be legally bound hereby, the parties hereto have duly executed this Agreement as of the date first written above.

LANDLORD:

500-512 SEVENTH AVENUE LIMITED PARTNERSHIP

By: /s/ Joseph Chetrit
Name and Title:

TENANT:

G-III LEATHER FASHIONS, INC.

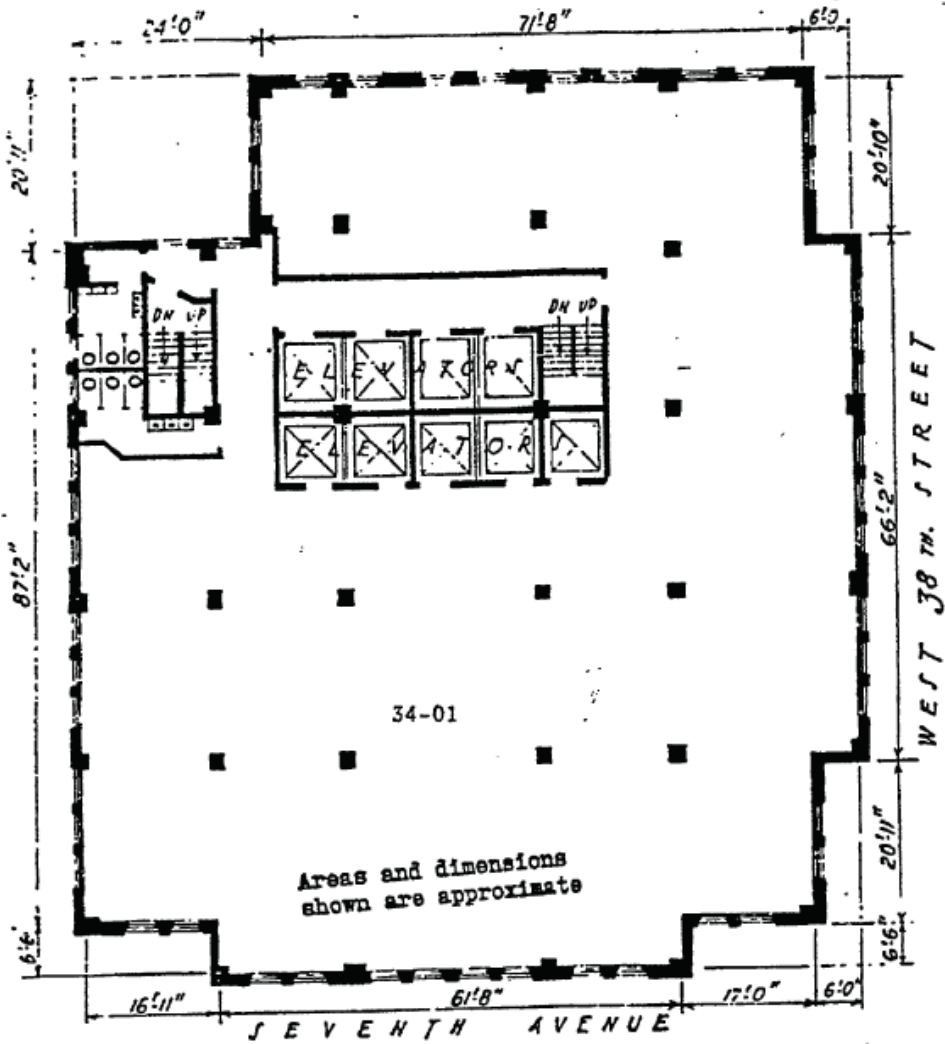
By: /s/ Wayne S. Miller
Name and Title:

EXHIBIT A-1

34th Floor Space

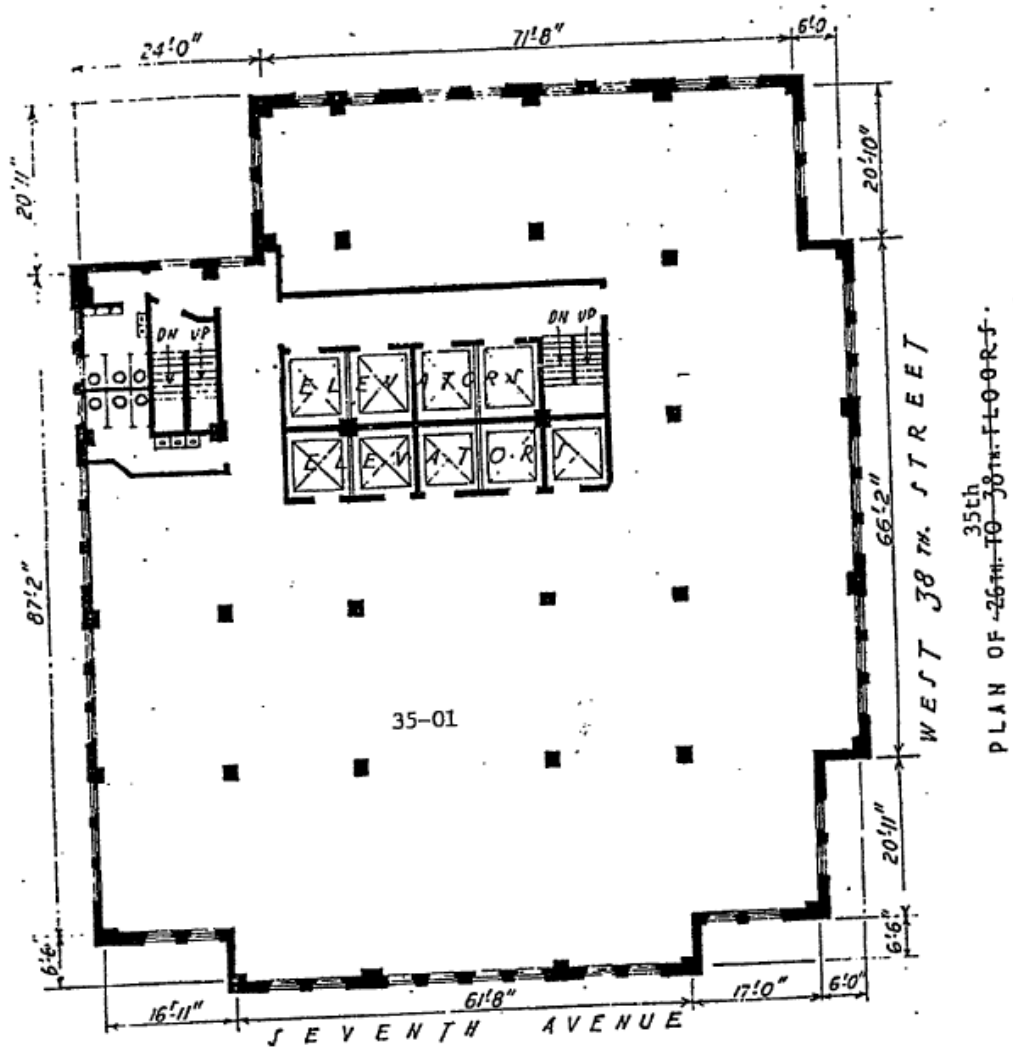
EXHIBIT A-2

35th Floor Space



PLAN OF 34TH AND 35TH FLOORS

NAVARRE MERCANTILE BUILDING. S. W. Corner 7th Ave & 38th Street



NAVARRE MERCANTILE BUILDING. S. W. Comer 7th Ave & 38th Street

**THIRD AMENDMENT OF LEASE
(36th, 21st, 22nd, 23rd and 24th Floors)**

THIS THIRD AMENDMENT OF LEASE (this "Agreement" or "Third Amendment") is made as of March 26, 2010 (the "Effective Date"), by and between **500-512 SEVENTH AVENUE LIMITED PARTNERSHIP**, a New York limited partnership ("Landlord") having an address c/o Newmark Knight Frank, 125 Park Avenue, New York, New York 10017, and **G-III LEATHER FASHIONS, INC.** having an address at 512 Seventh Avenue, New York, New York, 10018 ("Tenant").

RECITALS:

WHEREAS, 500/512 Seventh Avenue Associates, Landlord's predecessor-in-interest, and BET Studio LLC, Tenant's predecessor-in-interest, entered into a certain agreement of lease dated as of April 23, 1997, as amended by (i) the First Amendment to Lease dated as of July 1, 2000, and (ii) the Second Amendment to Lease dated as of May 1, 2001 (as so amended, collectively the "Lease") for the 36th Floor (the "36th Floor Space") as more particularly described in the Lease, in the office building located at and known as 512 Seventh Avenue, New York, New York (the "Building"); and

WHEREAS, Tenant desires to lease, in addition to the 36th Floor Space: (i) 11,654 rentable square feet of space on the 21st Floor of the Building, and (ii) 11,717 rentable square feet on the 22nd Floor of the Building, and (iii) 10,866 rentable square feet on the 23rd Floor of the Building, all as more fully described below, pursuant to the terms of the Lease, as modified hereby; and

WHEREAS, Tenant has leased from Landlord, pursuant to a lease dated November 25, 2003 ("November 2003 Lease") the entire rentable portion of the 24th Floor of the Building, more fully described on Exhibit C hereto (the "24th Floor Space"); and

WHEREAS, Landlord and Tenant are desirous of terminating the November 2003 Lease, and leasing to Tenant the 24th Floor Space pursuant to, and on all of the terms and conditions of the Lease, as modified hereby; and

WHEREAS, Tenant desires to extend the term of the Lease for a period of twelve (12) years, and Landlord is willing to extend the term of the Lease upon the terms and conditions hereinafter set forth; and

WHEREAS, Tenant has requested that Landlord grant options to Tenant to lease the second floor (including the mezzanine level of the second floor), the 27th, 39th and the 40th floors of the Building and Landlord is willing to grant such options to Tenant on the terms and conditions hereinafter set forth; and

WHEREAS, Tenant has requested that Landlord grant Tenant an option to surrender any one of the floors leased by Tenant pursuant to the Lease, as amended from time to time, and Landlord is willing to grant such option to Tenant on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual covenants hereinafter contained, the parties hereto by these presents do covenant and agree as follows:

1. **Recitals; Definitions.** The Recitals set forth above are true and correct and are incorporated herein and form a part of this Agreement. Unless otherwise defined in this Agreement, all terms used in this Agreement that are defined in the Lease shall have the meanings ascribed to them in the Lease.

2. **Premises.** The Premises shall be expanded to include the 11,654 rentable square feet consisting of the 21st Floor described on Exhibit A-1 hereto ("21st Floor Space"), from and after the Effective Date or such later date on which the 21st Floor Space is delivered to Tenant in the Required Condition (defined below) ("21st Floor Inclusion Date"). The Premises shall be further expanded to include (a) the 24th Floor Space from and after the Effective Date; (b) the 11,717 rentable square feet consisting of the 22nd Floor described on Exhibit A-2 hereto ("22nd Floor Space"); and (c) the 10,866 rentable square feet consisting of the 23rd Floor described on Exhibit A-3 hereto ("23rd Floor Space") on June 1, 2010, or such earlier date as may be consented to by Tenant, or on such later date on which the 22nd Floor Space and the 23rd Floor Space are delivered by Landlord to Tenant in the Required Condition. The date of delivery of the 22nd Floor Space and the 23rd Floor Space in the Required Condition is hereafter referred to as the "22nd and 23rd Floor Inclusion Date". Tenant shall accept the 21st Floor, 22nd Floor and 23rd Floor Spaces in their "as is", "where is" condition, and "with all faults", provided however, each of said spaces shall, on the Effective Date and 22nd and 23rd Floor Inclusion Date, respectively, be free of (i) all tenancies and occupants, (ii) violations that would prevent Tenant from obtaining a work permit for the performance of alterations to ready each space for occupancy, and (iii) asbestos in friable condition. Tenant agrees that if it uncovers asbestos while making improvements to the spaces, and the asbestos is not in friable condition, or is or can be encapsulated, then Landlord will have no obligation to remove the asbestos. By way of example, if there is VAT tile, which is covered, or shall be covered by Tenant with other floor covering, Landlord will have no obligation to remove the VAT tile. Landlord agrees to obtain for Tenant an ACP-5 for demolition work to be performed by Tenant within each of the 21st, 22nd and 23rd Floor Spaces upon receipt of demolition plans for such spaces. The conditions noted in (i), (ii) and (iii) above are the 'Required Condition'. LANDLORD AND LANDLORD'S AGENTS HAVE MADE NO REPRESENTATION OR WARRANTY TO TENANT, EXPRESS OR IMPLIED, RESPECTING THE CONDITION OF THE SPACES LEASED OR TO BE LEASED HEREUNDER OR THE BUILDING, INCLUDING WITHOUT LIMITATION (A) ANY IMPLIED OR EXPRESS WARRANTY OF QUALITY, CONDITION OR TENANTABILITY, OR (B) ANY IMPLIED OR EXPRESS WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE.

3. **Extension of Term.** The term of the Lease is hereby extended for a period of twelve (12) years, commencing on April 1, 2011 and ending on March 31, 2023, or until the term shall sooner cease or expire as hereinafter provided, by law or otherwise, both dates inclusive. From and after the date hereof, all references in the Lease to (i) "term" shall be deemed to mean the term of the Lease as extended by this Agreement, and (ii) "Expiration Date" shall be deemed to mean March 31, 2023.

4. **Fixed Rent for 36th Floor through March 31, 2011.** From the Effective Date to March 31, 2011, Tenant shall pay to Landlord the fixed annual rent ("Fixed Rent") for the 36th Floor Space pursuant to the Lease.

5. **Fixed Rent for the 24th Floor Space through December 31, 2013.**

Time Period	Fixed Rent per Annum and per Month
Effective Date through December 31, 2010	\$332,375.00 per annum (\$27,697.02 per month)
January 1, 2011 — December 31, 2011	\$340,684.00 per annum (\$28,390.33 per month)
January 1, 2012 — December 31, 2012	\$349,201.00 per annum (\$29,100.08 per month)
January 1, 2013 — December 31, 2013	\$357,931.00 per annum (\$29,827.58 per month)

6. **Real Estate Taxes for the 36th Floor Space through March 31, 2011.** Tenant agrees that, for the period commencing on the Effective Date and ending on March 31, 2011, Tenant shall continue to pay, as and when provided in the Lease, the tax escalation, and all other additional rent for the 36th Floor Space, as set forth in the Lease.

7. **Real Estate Taxes for the 24th Floor Space through December 31, 2013.** Tenant agrees, that for the period commencing on the Effective Date, through December 31, 2013, Tenant shall pay the real estate tax escalation, if any, pursuant to Article Fifty-Eighth of the Lease with regard to the 24th Floor Space, except that the taxes for the base tax year shall be the average of the New York City real estate taxes for the years commencing July 1, 2003 and ending June 30, 2004, and commencing July 1, 2004 and ending June 30, 2005.

8. **Fixed Rent for 36th Floor Space Extended Term.** Commencing on April 1, 2011 and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 36th Floor Space in the amounts set forth below:

<u>Time Period</u>	<u>Fixed Rent per Annum and per Month</u>
April 1, 2011 — March 31, 2012	\$329,344.00 per annum (\$27,445.33 per month)
April 1, 2012 — March 31, 2013	\$337,577.60 per annum (\$28,131.47 per month)
April 1, 2013 — March 31, 2014	\$346,017.04 per annum (\$28,834.75 per month)
April 1, 2014 — March 31, 2015	\$354,667.47 per annum (\$29,555.62 per month)
April 1, 2015 — March 31, 2016	\$363,534.15 per annum (\$30,294.51 per month)
April 1, 2016 — March 31, 2017	\$372,622.51 per annum (\$31,051.88 per month)
April 1, 2017 — March 31, 2018	\$403,186.07 per annum (\$33,598.84 per month)
April 1, 2018 — March 31, 2019	\$413,265.72 per annum (\$34,438.81 per month)
April 1, 2019 — March 31, 2020	\$423,597.37 per annum (\$35,299.78 per month)
April 1, 2020 — March 31, 2021	\$434,187.30 per annum (\$36,182.28 per month)
April 1, 2021 — March 31, 2022	\$445,041.98 per annum (\$37,086.83 per month)
April 1, 2022 — March 31, 2023	\$456,168.03 per annum (\$38,014.00 per month)

9. **Fixed Rent for the 24th Floor Space — Extended Term.** Commencing on January 1, 2014 and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms and conditions set forth in the Lease, Fixed Rent for the 24th Floor Space in the amounts set forth below:

Time Period	Fixed Rent per Annum and per Month
January 1, 2014 — March 31, 2014	\$394,643.22 per annum (\$32,886.93 per month)
April 1, 2014 — March 31, 2015	\$404,509.19 per annum (\$33,709.16 per month)
April 1, 2015 — March 31, 2016	\$414,621.92 per annum (\$34,551.83 per month)
April 1, 2016 — March 31, 2017	\$424,987.58 per annum (\$35,415.63 per month)
April 1, 2017 — March 31, 2018	\$459,846.27 per annum (\$38,320.52 per month)
April 1, 2018 — March 31, 2019	\$471,342.43 per annum (\$39,278.54 per month)
April 1, 2019 — March 31, 2020	\$483,125.99 per annum (\$40,260.50 per month)
April 1, 2020 — March 31, 2021	\$495,204.14 per annum (\$41,267.01 per month)
April 1, 2021 — March 31, 2022	\$507,584.24 per annum (\$42,298.69 per month)
April 1, 2022 — March 31, 2023	\$520,273.85 per annum (\$43,356.15 per month)

10. **Fixed Rent for 21st Floor Space.** Commencing on the 21st Floor Inclusion Date and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms set forth in the Lease, Fixed Rent for the 21st Floor Space in the amounts set forth below:

Time Period	Fixed Rent (Annual)	Fixed Rent (Monthly)
21st Floor Inclusion Date — March 31, 2011	\$ 361,274.00	\$ 30,106.17
April 1, 2011 — March 31, 2012	\$ 370,305.85	\$ 30,858.82
April 1, 2012 — March 31, 2013	\$ 379,563.50	\$ 31,630.29
April 1, 2013 — March 31, 2014	\$ 389,052.58	\$ 32,421.05
April 1, 2014 — March 31, 2015	\$ 398,778.90	\$ 33,231.57
April 1, 2015 — March 31, 2016	\$ 408,749.37	\$ 34,062.36
April 1, 2016 — September 30, 2016	\$ 418,967.08	\$ 34,913.92
October 1, 2016 — March 31, 2017	\$ 442,275.08	\$ 36,856.27
April 1, 2017 — March 31, 2018	\$ 453,040.61	\$ 37,753.38
April 1, 2018 — March 31, 2019	\$ 464,366.63	\$ 38,697.22
April 1, 2019 — March 31, 2020	\$ 475,975.79	\$ 39,664.65
April 1, 2020 — March 31, 2021	\$ 487,875.19	\$ 40,656.27
April 1, 2021 — March 31, 2022	\$ 500,072.07	\$ 41,672.67
April 1, 2022 — March 31, 2023	\$ 512,573.87	\$ 42,714.49

11. **Fixed Rent for 22nd and 23rd Floors.** Commencing on the 22nd and 23rd Floor Inclusion Date and during the balance of the term, Tenant shall pay to Landlord, in accordance with the terms set forth in the Lease, Fixed Rent for the 22nd Floor Space and the 23rd Floor Space in the amounts set forth below:

Time Period	Fixed Rent (Annual)	Fixed Rent (Monthly)
22nd and 23rd Floor Inclusion Date — March 31, 2011	\$ 700,073.00	\$ 58,339.42
April 1, 2011 — March 31, 2012	\$ 717,574.83	\$ 59,797.90
April 1, 2012 — March 31, 2013	\$ 735,514.20	\$ 61,292.85
April 1, 2013 — March 31, 2014	\$ 753,902.05	\$ 62,825.17
April 1, 2014 — March 31, 2015	\$ 772,749.60	\$ 64,395.80
April 1, 2015 — March 31, 2016	\$ 792,068.34	\$ 66,005.70
April 1, 2016 — September 30, 2016	\$ 811,870.05	\$ 67,655.84
October 1, 2016 — March 31, 2017	\$ 857,036.05	\$ 71,419.67
April 1, 2017 — March 31, 2018	\$ 877,897.38	\$ 73,158.12
April 1, 2018 — March 31, 2019	\$ 899,844.81	\$ 74,987.07
April 1, 2019 — March 31, 2020	\$ 922,340.94	\$ 76,861.74
April 1, 2020 — March 31, 2021	\$ 945,399.46	\$ 78,783.29
April 1, 2021 — March 31, 2022	\$ 969,034.44	\$ 80,752.87
April 1, 2022 — March 31, 2023	\$ 993,260.31	\$ 82,771.69

12. **Real Estate Taxes During the Extension Term.** During the extended term, Tenant shall pay the real estate tax escalation, if any, pursuant to Article Fifty-Eighth of the Lease, except that with regard to: (i) the 36th Floor Space, from and after April 1, 2011; (ii) the 21st Floor Space, from and after the 21st Floor Inclusion Date; (iii) the 22nd Floor Space and

23rd Floor Space, from and after the 22nd and 23rd Floor Inclusion Date; and (iv) the 24th Floor Space, from and after January 1, 2014; the base tax year shall be the New York City real estate tax year commencing July 1, 2011 and ending June 30, 2012, and that the base tax year and each of the comparative years' taxes shall be calculated without giving effect to any tax abatement or exemption.

The Percentage for each of the individual spaces comprising the Premises is as follows:

36th Floor	2.08%
21st Floor	2.20%
22nd Floor	2.29%
23rd Floor	2.13%
24th Floor	2.37%

13. **Rent Credit During the Extension Term.** Provided that Tenant is not in default under the terms of this Lease beyond any applicable grace and notice periods as of the date that the applicable portion of the credit is to be applied (or in such event, at such time as any such default is cured), Tenant shall be entitled to a credit against the obligation to pay Fixed Rent, in the following amounts:

(a) 36th Floor — an aggregate amount of \$165,358.18 to be applied as follows: \$13,722.67 for each month commencing April 1, 2011 through January 1, 2012; and \$14,065.74 for each of April 1, 2012 and May 1, 2012.

(b) 21st Floor — an aggregate amount of \$181,389.72 to be applied as follows: \$15,053.09 for each month commencing on the 21st Floor Inclusion Date through September 1, 2010; and \$15,429.41 for each of April 1, 2012 and May 1, 2012, and the balance, if any, for June 1, 2012.

(c) 22nd and 23rd Floors — an aggregate amount of \$351,495.00 to be applied as follows: \$29,169.71 for each month commencing June 1, 2010 (or the 22nd and 23rd Floor Inclusion Date, if later) through March 1, 2011; and \$29,898.95 for each of April 1, 2012 and May 1, 2012; and the balance, if any, for June 1, 2012.

(d) 24th Floor — an aggregate amount of \$201,020.66 to be applied as follows: \$16,443.47 for each month commencing January 1, 2014 through March 1, 2014; \$16,854.55 for each month commencing April 1, 2014 through October 1, 2014; and \$16,854.58 for each of January 1, 2015 and February 1, 2015.

Notwithstanding the foregoing, the credit shall not be applied against any additional rent, electricity charges, or other like sums from time to time payable by Tenant pursuant to the Lease, which amounts shall be paid without abatement in accordance with the terms of the Lease (except as otherwise set forth herein), nor against any Fixed Rent, if Tenant is in default of its Lease obligations beyond applicable grace and notice periods on the date the credit installment is to be applied, but shall be applied against Fixed Rent when such default has been cured.

14. **Renewal Option.** Tenant shall have one option to renew the term of this Lease, as to each individual floor of the Premises on all of the terms and conditions set forth in the Lease, except as set forth below. The renewal option shall be for a term of five (5) years (the "Renewal Option"), commencing April 1, 2023 and ending March 31, 2028 (the "Renewal Term").

(a) The Tenant's right to renew the term of this Lease shall be conditioned on (i) this Lease being in full force and effect and no default existing hereunder beyond the expiration of any applicable notice and cure period at the time of the delivery of the Renewal Notice (as defined below) or on the effective date of the Renewal Term and (ii) Tenant simultaneously exercising the Renewal Options under leases for spaces occupied by Tenant in the Building so that Tenant has renewed for a term of five (5) years leases in the Building aggregating no less than eight (8) full floors. Tenant may exercise the Renewal Option by delivering written notice to Landlord, not less than twelve (12) calendar months prior to the Expiration Date, (a "Renewal Notice").

(b) The Renewal Option is personal to the Tenant herein named and any Permitted Transferees of Tenant and may not be severed from this Lease nor separately sold or assigned.

(c) If Tenant timely exercises the Renewal Option, the term of this Lease with respect to those floors for which the Renewal Option was exercised shall be renewed for the Renewal Term. The renewal of this Lease for the Renewal Term shall be on all of the same terms, covenants and conditions as set forth herein for the Extension Term, except that during the Renewal Term:

- (i) Landlord shall have no obligation to perform any work in the Premises;
- (ii) Tenant shall not be entitled to any Landlord work contribution or Landlord construction allowance;
- (iii) Tenant shall not be entitled to any rent credit, concession or abatement;

(d) Fixed Rent during the Renewal Term shall be as follows:

Fixed Rent in Renewal Term for 36th Floor

Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 501,784.83	\$ 41,815.40
April 1, 2024 — March 31, 2025	\$ 514,329.45	\$ 42,860.79
April 1, 2025 — March 31, 2026	\$ 527,187.69	\$ 43,932.31
April 1, 2026 — March 31, 2027	\$ 540,367.38	\$ 45,030.62
April 1, 2027 — March 31, 2028	\$ 553,876.57	\$ 46,156.38

Fixed Rent in Renewal Term for 21st Floor

Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 563,831.25	\$ 46,985.94
April 1, 2024 — March 31, 2025	\$ 577,927.04	\$ 48,160.59
April 1, 2025 — March 31, 2026	\$ 592,375.21	\$ 49,364.60
April 1, 2026 — March 31, 2027	\$ 607,184.59	\$ 50,598.72
April 1, 2027 — March 31, 2028	\$ 622,364.21	\$ 51,863.68

Fixed Rent in Renewal Term for 22nd and 23rd Floors

Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 1,092,586.34	\$ 91,048.86
April 1, 2024 — March 31, 2025	\$ 1,119,901.00	\$ 93,325.08
April 1, 2025 — March 31, 2026	\$ 1,147,898.52	\$ 95,658.21
April 1, 2026 — March 31, 2027	\$ 1,176,595.98	\$ 98,049.67
April 1, 2027 — March 31, 2028	\$ 1,206,010.88	\$ 100,500.91

Fixed Rent in Renewal Term for 24th Floor

Time Period	Fixed Rent Per Annum	Fixed Rent Per Month
April 1, 2023 — March 31, 2024	\$ 572,301.24	\$ 47,691.77
April 1, 2024 — March 31, 2025	\$ 586,608.77	\$ 48,884.06
April 1, 2025 — March 31, 2026	\$ 601,273.99	\$ 50,106.17
April 1, 2026 — March 31, 2027	\$ 616,305.84	\$ 51,358.82
April 1, 2027 — March 31, 2028	\$ 631,713.49	\$ 52,642.79

plus all other additional rent, including, but not limited to, the real estate tax escalation, and electricity charges and water and sewer charges;

(e) In the Renewal Term, the base tax year set forth in paragraph 9 above shall not be changed.

15. **Expansion Option.** (a) Provided that: (i) Tenant is not then in default of this Lease beyond applicable grace and notice periods, and (ii) Tenant is then in actual physical occupancy of one hundred (100%) percent of the Premises, (unless Tenant is not in occupancy due to casualty, condemnation or other causes beyond Tenant's reasonable control), Tenant shall have the option (the "Expansion Option") to lease the following spaces in the Building: 2nd Floor (including mezzanine), 27th Floor, 39th Floor and 40th Floor, each hereafter individually referred to as an "Option Floor". A floor plan for each of the Option Floors is attached hereto as Exhibit B. The Expansion Option for each Option Floor must be exercised by written notice to Landlord ("Option Notice") no later than the Last Date by Which Tenant Can Exercise the Option, set forth in the chart below ("Last Date"). If Tenant has not sent to Landlord an Option Notice for an Option Floor on or before the respective Last Date, Landlord shall send to Tenant a written notice reminding Tenant of the Expansion Option and the Last Date ("Reminder Notice"). If a Reminder Notice is sent within the sixty (60) day period prior to the Last Date for a particular Option Floor, then time shall be of the essence for Tenant to exercise the Expansion Option on or before the Last Date, failing which, the Expansion Option for the respective Option Floor shall expire and be of no further force and effect. If Landlord sends the Reminder Notice on or after the Last Date, then the Expansion Option for the respective Option Floor shall be

deemed extended for an additional five (5) business days after delivery to Tenant of the Reminder Notice. If Landlord sends the Reminder Notice on or after the Last Date, then time shall be of the essence for Tenant to exercise the Expansion Option on or before the fifth business day after delivery to Tenant of the Reminder Notice, and in such event, if Tenant fails to exercise the Expansion Option on or before the fifth business day after delivery of the Reminder Notice, then the Expansion Option for the respective Option Floor shall expire and be of no further force and effect.

Option Floor and The Percentage	Fixed Rent Per Rentable Square Foot	Last Date by Which Tenant Can Exercise the Option	Landlord's Work Contribution per Rentable Square Foot	Anticipated Delivery Date	Rent Credit
2nd Floor and Mezzanine 2.74% 14,011 sq ft	\$36.00 thru 3/31/16 \$38.00 from 4/1/17	December 31, 2011	None	July 1, 2013	1/2 month rent for 10 months in year one. 1/2 month rent for 2 months in year two
27th Floor 2.37% 12,126 sq ft	\$31.00 thru 3/31/16 \$33.00 from 4/1/16	May 1, 2010	\$ 25.00	August 1, 2010	1/2 month rent for 10 months in year one. 1/2 month rent for 2 months in year two
39th Floor 2.14% 10,909 sq ft	\$31.00 thru 3/31/16 \$33.00 from 4/1/16	January 31, 2011	\$ 25.00	August 1, 2011	1/2 month rent for 10 months in year one. 1/2 month rent for 2 months in year two
40th Floor 2.13% 10,624 sq ft	\$31.00 thru 3/31/16 \$33.00 from 4/1/16	May 1, 2010	\$ 25.00	July 1, 2010	1/2 month rent for 10 months in year one. 1/2 month rent for 2 months in year two

If Tenant timely delivers the Option Notice for a particular Option Floor, then this Lease shall be automatically deemed amended to reflect that: (i) the Option Floor shall be incorporated into the Premises as of the date Landlord delivers to Tenant possession of the floor in a Required Condition, but otherwise "as is", provided however that Landlord agrees not to deliver to Tenant possession of the 2nd Floor Option Floor earlier than July 31, 2013; (ii) the Fixed Rent for the Option Space shall be the rentable square footage of the Option Floor multiplied by the Fixed Rent amounts set forth above, with annual, cumulative increases of 2.5%; (iii) Tenant shall pay the real estate tax escalation calculated utilizing the base year set forth in Section 9 hereof; (iv) The Percentage for each Option Floor shall be as set forth above; (v) Landlord shall pay Tenant a Work Contribution as set forth above in the manner set forth in Section 15 hereof; (vi) Tenant shall be entitled to a rent credit as set forth above; (vii) Tenant shall pay Landlord a water charge and sewer charge for each Option Floor in the amount of \$102.00 for water and \$102.00 for sewer; (viii) Landlord shall not be obligated to perform any work to the Option Floor to ready same for Tenant's occupancy.

Tenant agrees that if it uncovers asbestos while making improvements to any Option Floor, and the asbestos is not in friable condition, or is or can be encapsulated, then Landlord will have no obligation to remove the asbestos. By way of example, if there is VAT tile, which is, or shall be covered by Tenant with other floor covering, Landlord will have no obligation to remove the VAT tile. Landlord agrees to obtain for Tenant an ACP-5 for demolition work to be performed by Tenant within each of the Option Floors upon receipt of demolition plans for such spaces. Landlord agrees to use reasonable efforts to deliver possession of the respective Option Floors on or about the applicable Anticipated Delivery Date, and will commence and diligently prosecute hold over proceedings, if necessary to do so.

(b) In the event Tenant fails to exercise its option for any Option Floor by the later of (i) the respective Last Date, and (ii) the fifth day after the delivery of the Reminder Notice, then Landlord shall thereafter be free to lease the applicable Option Floor to any third party on whatever terms Landlord determines, in Landlord's sole and absolute discretion; and Tenant shall have no further right to lease the applicable Option Floor; and the Expansion Option with regard to such applicable Option Floor shall be deemed null and void.

16. **Landlord's Liability**. The limitation of Landlord's liability set forth in Section Thirty-Third of the Lease shall be fully applicable with respect to Landlord's liability under this Agreement, and such provisions of the Lease are hereby fully incorporated within this Agreement by this reference.

17. **Brokerage**. Landlord and Tenant each warrant to the other that it has not dealt with any broker or agent in connection with the negotiation or execution of this Agreement, other than Newmark Knight Frank, which will be compensated by Landlord per separate agreement. Tenant and Landlord shall each indemnify the other against all costs, expenses, reasonable attorneys' fees, and other liability for commissions or other compensation claimed by any other broker or agent claiming the same by, through, or under the indemnifying party.

18. **Landlord's Contribution**.

(a) **Landlord's Contribution**. Provided that this Lease is in full force and effect and there is no event of default in Tenant's obligation to pay Fixed Rent or Additional Rent, and no other material event of default shall have occurred and is then continuing hereunder, (or in such event, upon the cure of any such default), Landlord shall contribute, as hereinafter provided, an amount ("**Landlord's Contribution**") equal to a maximum of (i) Two Hundred Sixty-Five Thousand, Six Hundred Dollars (\$265,600) for the 36th Floor Space; (ii) Two Hundred Ninety-One Thousand, Three Hundred Fifty Dollars (\$291,350) for the 21st Floor Space; (iii) Two Hundred Ninety-Two Thousand, Nine Hundred Twenty-Five Dollars

(\$292,925) for the 22nd Floor Space; (iv) Two Hundred Seventy-One Thousand, Six Hundred Fifty Dollars (\$271,650) for the 23rd Floor Space; and (v) Three Hundred Two Thousand, Nine Hundred Twenty-Five Dollars (\$302,925) for the 24th Floor Space toward Tenant's actual cost of Tenant's alterations to be performed by or on behalf of Tenant on such Floors, and "soft costs" incurred in connection with Tenant's alterations, including architectural and engineering fees and other soft costs incurred in connection with Tenant's alterations. Soft Costs shall mean the cost of space planning, engineering and design costs, third party construction management fees, permitting, furniture, moving and other soft costs and data and voice equipment, cabling, wiring and related expenses and the cost of Tenant's server room. Landlord shall not be obligated to commence the payment of the Work Contribution for the 36th Floor Space until April, 2011, and for the 21st Floor Space until the 21st Floor Inclusion Date, and for the 22nd and 23rd Floor Space until the 22nd and 23rd Floor Inclusion Date, and for the 24th Floor Space until January 2014.

(b) Parameters. Any cost of Tenant's alterations in excess of Landlord's Contribution shall be paid entirely by Tenant. Tenant shall be entitled to receive any portion of Landlord's Contribution not actually expended by Tenant in the performance of Tenant's alterations and/or Soft Costs and/or not paid by Landlord as required herein, as a credit against Fixed Rent for the Floor, but not additional rent, provided that (i) Tenant is not then in default of its obligations to pay Fixed or additional rent and that no other material event of default shall have occurred and be continuing hereunder, (ii) Tenant has provided to Landlord reasonable proof that Tenant has paid in full the cost of Tenant's alterations; and (iii) the credit shall be applied against Fixed Rent due prior to or six months after the Final Submission Date, failing which, Tenant shall no longer be entitled to any credit for unpaid portions of Landlord's Contribution.

(c) Payment. Landlord shall make progress payments to Tenant or as directed by Tenant on account of Landlord's Contribution on a monthly basis in reimbursement of or payment for the cost of the work performed during the previous month. Each of Landlord's progress payments will be limited to an amount equal to (a) the aggregate amounts theretofore paid or payable by Tenant (as certified by an authorized officer of Tenant) to Tenant's contractors, subcontractors and material suppliers (excluding any payments for which Tenant has previously been reimbursed out of previous disbursements from Landlord's Contribution), **multiplied by** (b) a fraction, the numerator of which is the amount of Landlord's Contribution, and the denominator of which is the total contract price (or, if there is no specified or fixed contract price for Tenant's alterations, then Landlord's reasonable estimate thereof) for the performance of all of Tenant's alterations shown on all plans and specifications approved by Landlord. Such progress payments shall be made within forty-five (45) days next following the delivery to Landlord of requisitions therefor, signed by an officer of Tenant, which requisitions shall set forth the names of each contractor and subcontractor to whom payment is due, or to whom payment has been made by Tenant, and the amount thereof, and shall be accompanied by (i) copies of partial waivers of lien from all contractors, subcontractors and material suppliers covering all work and materials which were the subject of previous progress payments by Landlord and Tenant; and (ii) a written certification from Tenant's architect that the work for which the requisition is being made has been completed substantially in accordance with the plans and specifications approved by Landlord. All requisitions shall be submitted on AIA Form G702 and G703. All requisitions must be submitted (i) by April 1, 2013 with respect to the 36th

Floor Space; (ii) within two (2) years of the 21st Floor Inclusion Date with respect to the 21st Floor Space; (iii) within two (2) years of the 22nd and 23rd Floor Inclusion Date with respect to the 22nd and 23rd Floors; and (iv) by January 1, 2014 with regard to the 24th Floor Space (each of such dates hereafter individually referred to as a "Final Submission Date"). The final requisition for each Floor shall not be disbursed until all documentation required under this Section 15(c) has been delivered to Landlord, together with (A) proof of the satisfactory completion of all required inspections (if any) and issuance of any required approvals, permits and sign-offs for Tenant's alterations by all governmental authorities having jurisdiction thereover; (B) final "as-built" plans and specifications for Tenant's alterations as required pursuant to the Lease; and (C) the issuance of final lien waivers by all contractors, subcontractors and material suppliers covering all of Tenant's alterations. Notwithstanding anything to the contrary set forth in this Lease, (i) the Work Contribution shall be paid by Landlord in no less than three installments, and (ii) Landlord will not be required to pay to Tenant any undisbursed portion of the Landlord's Contribution for any requisition not submitted prior to the respective Final Submission Date. However, nothing set forth in the preceding sentence shall limit Tenant's right to a credit against Fixed Rent as set forth in Section 15 (b) above. Notwithstanding anything to the contrary set forth in this paragraph 15, if Tenant fails to pay when due any sums due and payable to any of Tenant's contractors or material suppliers and Tenant shall fail to remove or bond any lien within ten (10) days after notice from Landlord of such failure, such failure shall constitute a material event of default under the Lease and, without limitation of Landlord's other rights and remedies hereunder, Landlord shall have the right, but not the obligation, to promptly pay to such contractor or supplier all sums so due from Tenant, and sums so paid by Landlord shall be deemed additional rent and shall be paid by Tenant within ten (10) days after Landlord delivers to Tenant an invoice therefor.

19. **Articles Deleted.** Landlord and Tenant agree that Article Fifty-Seventh of the First Amendment of Lease, and Article Sixty-Sixth of the Lease, are hereby deleted in their entirety.

20. **Notices to Landlord.** Article Forty-Eighth of the Lease is hereby amended to provide that copies of any notices sent to Landlord by Tenant shall be sent to Gerstein Strauss & Rinaldi, LLP, 57 West 38th Street, 9th Floor, New York, New York 10018, Attention: Victor R. Gerstein, Esq.

21. **Electricity, Water and Sewer.** Tenant shall pay to Landlord for electrical use in each floor of the Premises in accordance with Article Twenty-Second of the First Amendment of Lease, and water and sewer charges of \$102 per month, per floor of the Premises in accordance with Articles Twenty-Third and Twenty-Fourth of the Lease.

22. **Tenant's Surrender Option.** As long as an Event of Default is not in existence, and on the condition that Tenant and/or its subsidiaries and/or affiliates (i) have exercised their respective Expansion Options contained in leases for other space in the Building, and (ii) have not exercised a Surrender Option under any other lease for space in the Building, so that Tenant and/or its subsidiaries collectively occupy under lease with Landlord at least twelve (12) separate Floors in the Building, Tenant shall have the one time option (the "Surrender Option") to surrender any one of the Floors occupied by Tenant pursuant to the Lease. The surrender will be effective as of the date set forth in Tenant's Notice (defined below), which date shall not be earlier than the sixth (6th) month anniversary of the transmittal of the Tenant's Notice (the "Surrender Date"). The Surrender Option shall be exercisable by Tenant or its subsidiary or

affiliate giving irrevocable written notice (“Tenant’s Notice”) to Landlord at least six (6) months prior to surrender of the Floor. If (i) Tenant duly serves the Tenant’s Notice, (ii) Tenant shall pay to Landlord Fixed Rent and all other sums owed under the Lease (and all other leases for spaces occupied by Tenant and/or its subsidiaries and/or affiliates in the Building) through the Surrender Date, and (iii) Tenant shall surrender vacant possession of the Floor to Landlord on the Surrender Date in accordance with the provisions of this Lease, free and clear of all tenancies, sub-tenancies and occupancy rights, then the respective lease shall be terminated as to the Floor surrendered as of the Surrender Date (and all provisions for the Lease relating to the surrendered Floor shall be deemed amended to account for the deletion of such Floor from the Premises. For the sake of clarity, with regard to all of the space in the Building occupied by Tenant and/or its subsidiaries and/or affiliates under various leases, Tenant may surrender only one full Floor.

23. **Article Second.** Article Second of the Lease is hereby amended to delete the following language: “expended by Landlord and/or which” in the second line of sub paragraph (a).

24. **Rent Control.** Article Fifty Third of the Lease is hereby deleted in its entirety, and the following language is substituted in its place:

“In the event the Fixed Rental or Additional Rental or any part thereof provided to be paid by Tenant under the provisions of this Lease during the demised term shall become uncollectible or shall be reduced or required to be reduced or refunded by virtue of any federal, state, county or city law, order or regulation, or by any direction of a public officer or body pursuant to law, or the orders, rules, code or regulations of any organization or entity formed pursuant to law, whether such organization or entity be public or private, then Landlord, at its option, may at any time thereafter terminate this Lease by not less than thirty (30) days’ written notice to Tenant, on a date set forth in said notice, in which event this Lease and the term hereof shall terminate and come to an end on the date fixed in said notice as if the said date were the Expiration Date. Landlord shall not have the right to so terminate this Lease if Tenant, within such period of thirty (30) days, shall, in writing, agree that the rentals herein reserved are a reasonable rental and agrees to continue to pay said rentals”.

25. **Capital Improvements.** Articles Fifth, Twenty-Fourth, and Twenty-Fifth are hereby amended to provide that notwithstanding anything set forth to the contrary in the Lease, Tenant shall not be responsible to pay for any capital improvements to the Building, and is not responsible to pay for any sprinkler installations required by Local Law 26/2004, or any sprinkler alterations unless required by Tenant's specific use of or alteration to the Premises.

26. **Continued Occupancy.** Notwithstanding anything set forth to the contrary in Article Fifty-Ninth of the Lease, Landlord agrees not to serve Tenant with a notice of default based upon failure of Tenant's continued occupancy unless the Premises have been vacant for more than fourteen (14) months. Tenant acknowledges that the previous sentence is not meant to limit Landlord's rights or remedies in the event of any other default by Tenant under this Lease, or in any way interfere with the rights of Landlord to enforce the provisions of this Lease.

27. **Late Charge.** Article Sixty-Sixth, Section (i) of the Lease is hereby amended to reduce the amount of the late charge from ten cents (\$0.10) to four cents (\$0.04) for each dollar.

28. **Assignment and Sublet.** Article Tenth of the Lease, Section (ii) is hereby amended to reduce the amount of the letter of credit to the product of (A) one (1), and (B) the then prevailing monthly Fixed Rent.

Sections (v)(A) and (v)(C) of Article Tenth are hereby amended to provide that Tenant may deliver to Landlord, in lieu of a term sheet, a written notice of intent to assign or sublet the Lease, in order to trigger Landlord's right to either terminate the Lease, or accept an assignment of the Lease, provided however, that with regard to a sublet, Section (C)(1) shall be amended to provide for rental terms based on market rents.

29. **Removal of Tenant Improvements.** The last sentence of Article of the Lease is hereby amended to read as follows:

“Notwithstanding the foregoing, it is understood and agreed by the parties hereto that all improvements and other alterations to the demised premises made by or on behalf of Tenant prior to the Effective Date shall be deemed to be standard alterations which Landlord may not require Tenant to remove, except that Landlord may require Tenant to remove the staircase between the 23rd and 24th Floors, and repair the respective floor and ceiling slabs.”

30. **November 2003 Lease.** Tenant and Landlord acknowledge that the November 2003 Lease is hereby terminated and of no further force and effect; and neither party shall have any further rights or obligations thereunder.

31. **Security.** Tenant and Landlord acknowledge that Tenant deposited the sum of \$_____ as a security deposit for the 24th Floor Space under the November 2003 Lease, and that the security shall continue to be held for the Premises pursuant to Article Thirty-Eighth of the Lease.

32. **Ratification.** This Agreement amends and forms a part of the Lease. Landlord and Tenant hereby ratify and confirm their obligations under the Lease and represent and warrant to one another that each has no defenses thereto. Additionally, Landlord and Tenant further confirm and ratify that, as of the date hereof, (i) the Lease is and remains in good standing and in full force and effect, (ii) each has no claims, counterclaims, set-offs or defenses against the other arising out of the Lease, and other leases for space occupied by Tenant in the Building, or in any way relating thereto or arising out of any other transaction between Landlord and Tenant, and (iii) except as otherwise herein set forth, Tenant is not entitled to any free rent, rent abatement, Landlord’s work contribution or allowance, or Landlord’s work. Tenant acknowledges that to Tenant’s knowledge, Landlord has performed all obligations imposed on Landlord by the Lease, and other leases for space occupied by Tenant in the Building, prior to the date hereof.

33. **Entire Agreement; No Waiver.** This Agreement, together with the Lease, constitutes the entire agreement of the parties hereto with respect to the matters stated herein, and may not be amended or modified unless such amendment or modification shall be in writing and shall have been signed by the party against whom enforcement is sought. No waiver by either party or any failure or refusal by the other party to comply with its obligations hereunder shall be deemed a waiver of any other or subsequent failure or refusal to so comply. If any provision of this Agreement shall be invalid or unenforceable, the remainder of this Agreement or the application of such provision other than to the extent that it is invalid or unenforceable shall not be affected, and each provision of this Agreement shall remain in full force and effect notwithstanding the invalidity or unenforceability of such provision, but only to the extent that application and/or enforcement, as the case may be, would be equitable and consistent with the intent of the parties in entering into this Agreement.

34. **Submission of Amendment.** The submission by Landlord to Tenant of this Agreement shall have no binding force or effect, shall not constitute an option for the leasing of the Premises, nor confer any rights or impose any obligations upon either party until the execution thereof by Landlord and the delivery of an executed original copy thereof to Tenant or its representative.

35. **Binding Effect; Governing Law.** This Agreement shall be binding upon and inure to the benefit of Landlord and Tenant and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the remaining terms of this Lease, the terms of this Agreement shall govern and control. This Agreement shall be governed by the laws of the State of New York.

36. **Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall constitute an original, but all of which shall constitute one and the same document.

37. **No Recordation.** Landlord and Tenant agree that this Agreement shall not be recorded.

IN WITNESS WHEREOF, intending to be legally bound hereby, the parties hereto have duly executed this Agreement as of the date first written above.

LANDLORD:

**500-512 SEVENTH AVENUE LIMITED
PARTNERSHIP**

By: /s/ Joseph Chetrit
Name and Title:

TENANT:

G-III LEATHER FASHIONS, INC.

By: Wayne S. Miller
Name and Title:

EXHIBIT A
36th Floor Space

EXHIBIT A-1

21st Floor Space

21st Floor

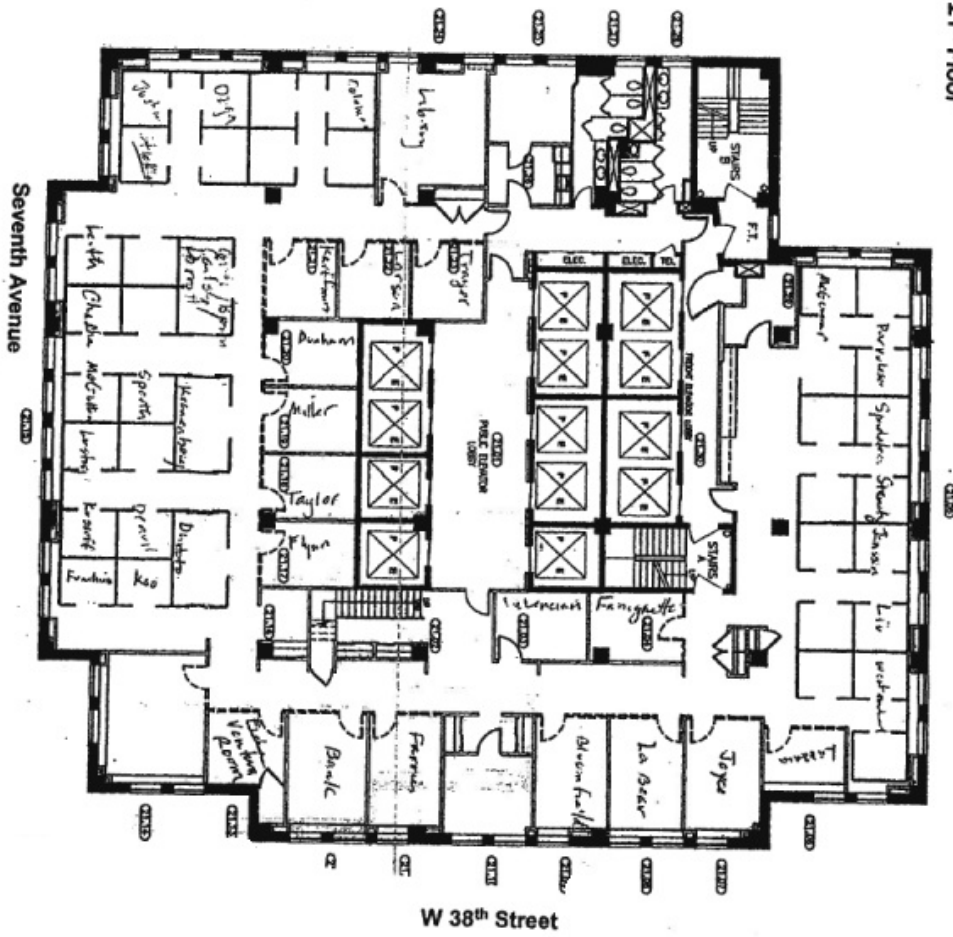
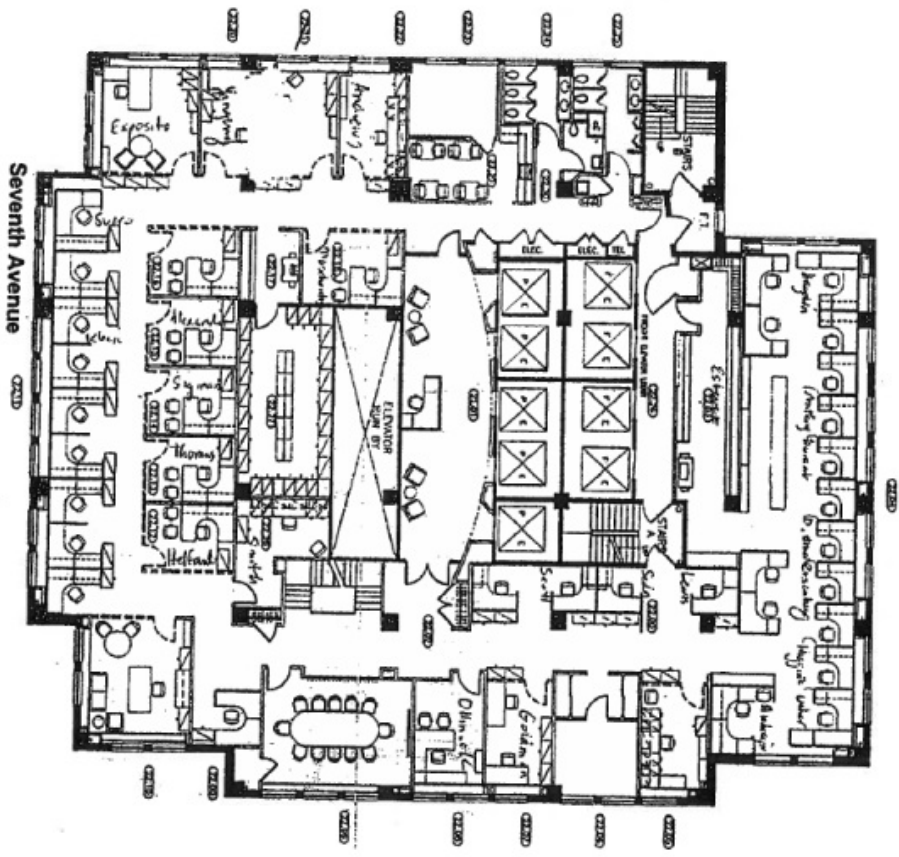


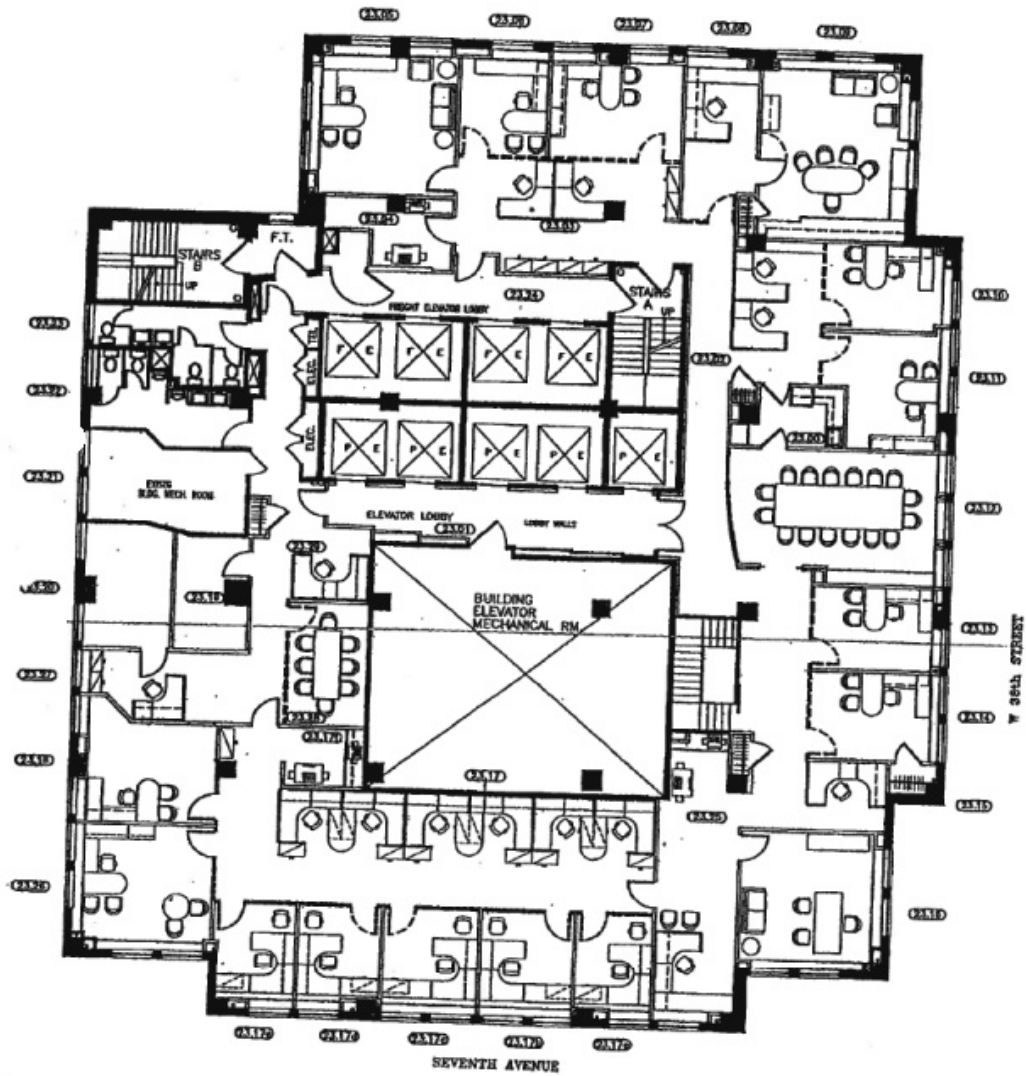
EXHIBIT A-2
22nd Floor Space

22nd Floor



W 38th Street

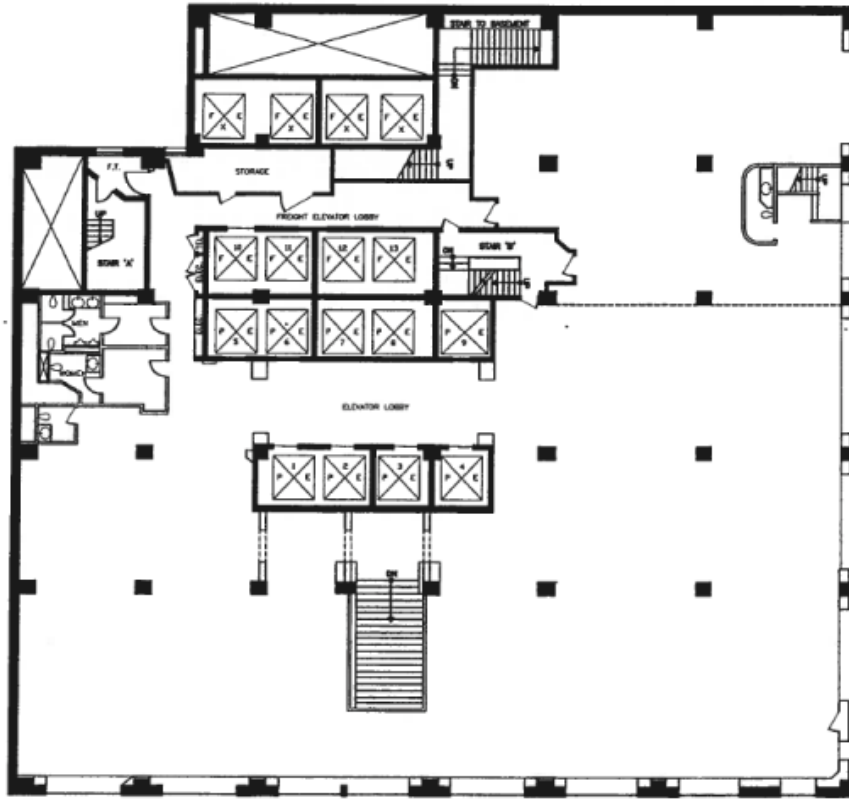
EXHIBIT A-3
23rd Floor Space



WRC MEDIA
 612 SEVENTH AVENUE
 NEW YORK, N.Y.
 23RD FLOOR

EXHIBIT B
Option Floors

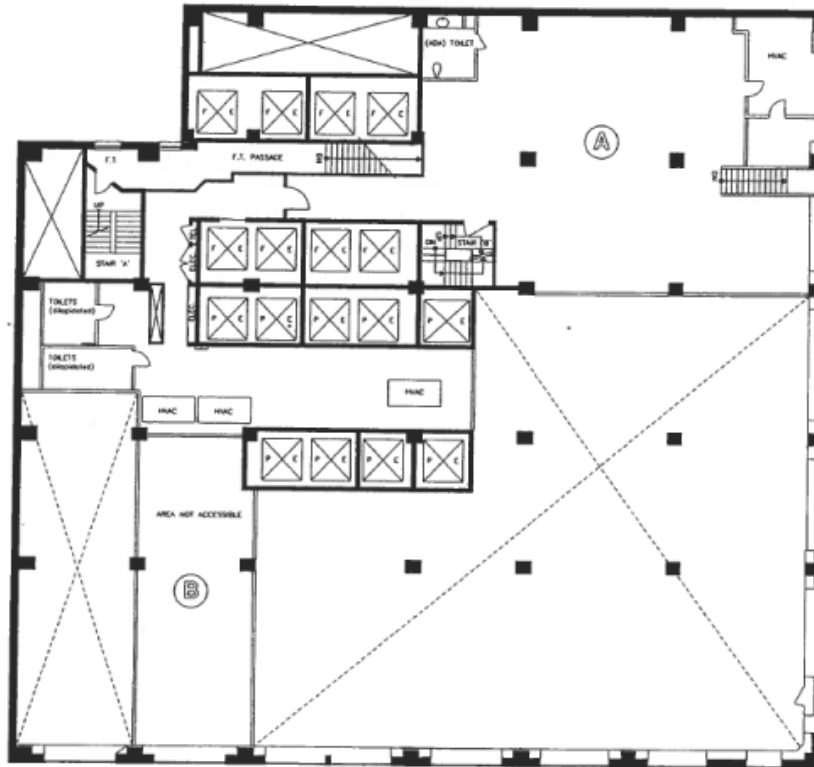
THIS DRAWING IS FOR LEASE AREA CALCULATION PURPOSE ONLY AND NOT TO BE USED FOR ANY CONSTRUCTION DOCUMENTS WITHOUT SITE SURVEY.



7TH AVENUE

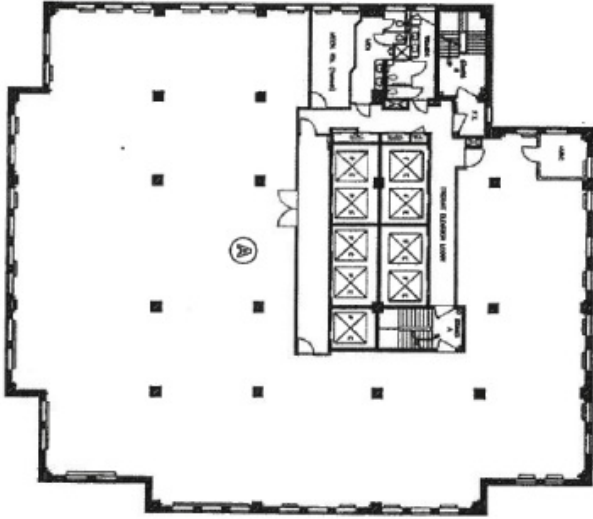
W. 38TH STREET



 <p>LUDWIG MICHAEL GOLDSMITH, AIA 192 LEXINGTON AVE NEW YORK, NY 10016 T 212 779 3595 F 212 779 7727</p>	<p>LEASING AGENT & PROPERTIES MANAGEMENT NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY</p>	<p>LOCATION 512 SEVENTH AVENUE NEW YORK, NY</p>	<p>DATE 7/21/04</p>  <p>FLOOR NO. 2</p>
---	---	---	--



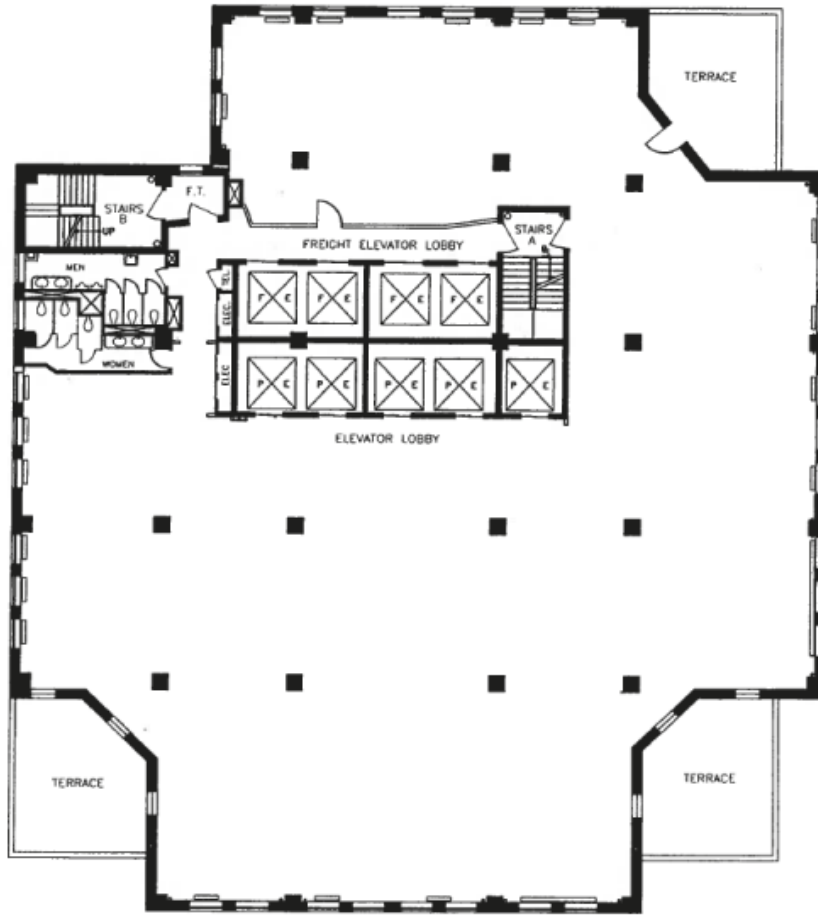
 <p>LUDWIG MICHAEL GOLDSMITH, AIA 192 LEXINGTON AVE NEW YORK, NY 10016 T 212 779 3098 F 212 779 7727</p>	<p>LEASING AGENT & PROPERTIES MANAGEMENT NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY</p>	<p>LOCATION 512 SEVENTH AVENUE NEW YORK, NY</p>	 <p>FLOOR NO. 2M</p>
---	---	---	--

THIS DRAWING IS FOR LEASE AREA CALCULATION PURPOSE ONLY AND NOT TO BE USED FOR ANY CONSTRUCTION DOCUMENTS WITHOUT SITE SURVEY.



	LEASER AGENT & PROPERTIES MANAGER LIORIO, AGENT & PROPERTIES, INC. 125 PARK AVE NEW YORK, NY	LOCATION 512 SEVENTH AVENUE NEW YORK, NY	DATE 7/21/04 
LIORIO, AGENT & PROPERTIES, INC. 125 PARK AVE NEW YORK, NY			FLOOR NO. 27

THIS DRAWING IS FOR LEASE AREA CALCULATION PURPOSE ONLY AND NOT TO BE USED FOR ANY CONSTRUCTION DOCUMENTS WITHOUT SITE SURVEY.



7TH AVENUE

W. 38TH STREET



LUDWIG MICHAEL GOLDSMITH, AIA

182 LESKINGTON AVE
NEW YORK, NY 10016
T 212 778 3595
F 212 778 7727

LEASING AGENT & PROPERTIES MANAGEMENT
NEWMARK & COMPANY
REAL ESTATE INC.

125 PARK AVE
NEW YORK, NY

LOCATION

512 SEVENTH AVENUE
NEW YORK, NY

DATE

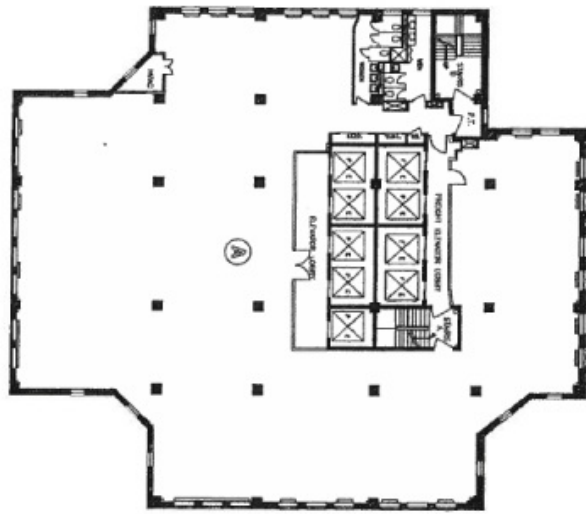
7/21/04



FLOOR NO.

39

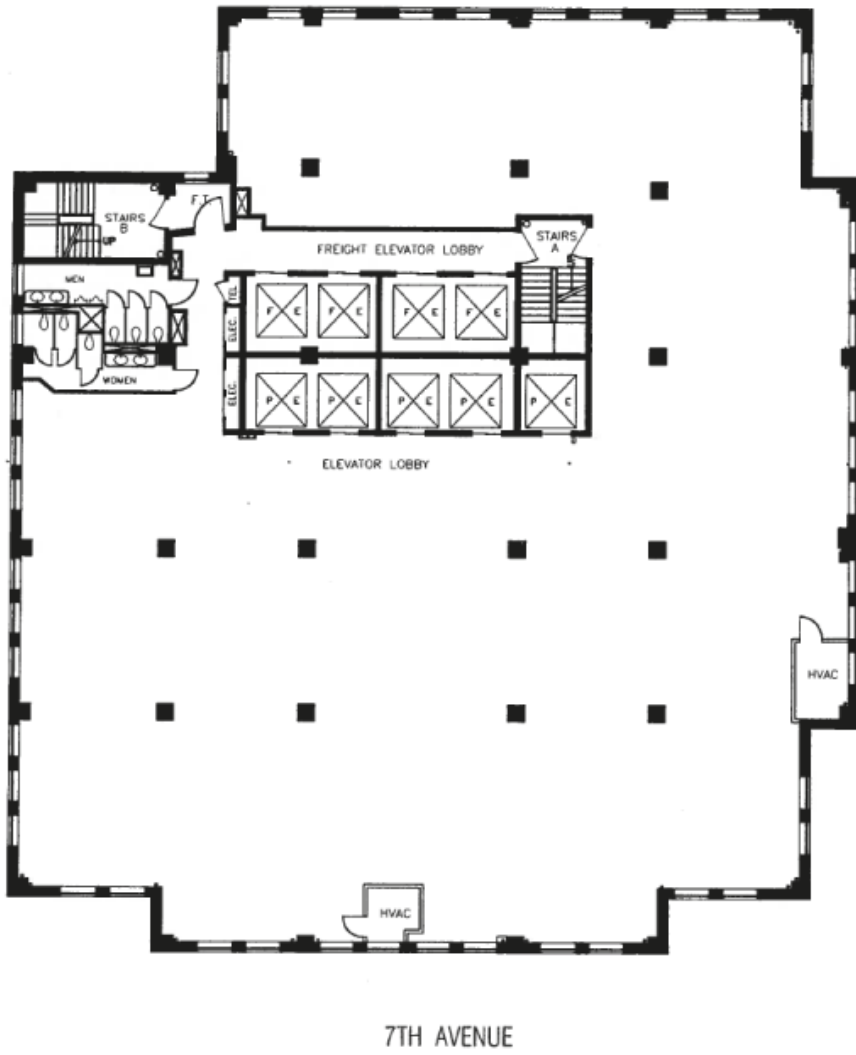
THIS DRAWING IS FOR ILLUSTRATIVE PURPOSES ONLY AND NOT TO BE USED FOR ANY CONSTRUCTION OCCASIONS WITHOUT SEE SHEET.



	LIBERTY MECHANICAL, INC. 125 PARK AVE NEW YORK, NY	LIBERTY MECHANICAL, INC. 125 PARK AVE NEW YORK, NY	LIBERTY MECHANICAL, INC. 125 PARK AVE NEW YORK, NY	LIBERTY MECHANICAL, INC. 125 PARK AVE NEW YORK, NY
	NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY	NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY	NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY	NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY
	512 SEVENTH AVENUE NEW YORK, NY	512 SEVENTH AVENUE NEW YORK, NY	512 SEVENTH AVENUE NEW YORK, NY	512 SEVENTH AVENUE NEW YORK, NY
	7/2/04	7/2/04	7/2/04	7/2/04
	40	40	40	40

EXHIBIT C
24th Floor Space

THIS DRAWING IS FOR LEASE AREA CALCULATION PURPOSE ONLY AND NOT TO BE USED FOR ANY CONSTRUCTION DOCUMENTS WITHOUT SITE SURVEY.



 <p>LUDWIG MICHAEL GOLDSMITH, AIA 192 LEXINGTON AVE NEW YORK, NY 10016 T 212 779 3593 F 212 779 7727</p>	<p>LEASING AGENT & PROPERTIES MANAGEMENT NEWMARK & COMPANY REAL ESTATE INC. 125 PARK AVE NEW YORK, NY</p>	<p>LOCATION 512 SEVENTH AVENUE NEW YORK, NY</p>	<p>DATE 7/21/04</p> <p>FLOOR NO. 24</p> 
---	---	---	---

LEASE AGREEMENT

[7401 Boone Avenue North, Brooklyn Park, MN]

This Lease is made and entered into as of the Effective Date by and between **IRET PROPERTIES, A NORTH DAKOTA LIMITED PARTNERSHIP**, as Landlord, and **AM RETAIL GROUP, INC.**, a Delaware corporation, as Tenant.

DEFINITIONS

Except as otherwise specifically defined in this Lease, the capitalized terms used in this Lease have the meanings ascribed to them on **Exhibit 1**.

BASIC TERMS

The following Basic Terms are governed by the particular sections in this Lease pertaining to the following information:

- 1. **Premises:** Suite A, consisting of approximately 155,026 square feet of the Building located at 7401 Boone Avenue North, Brooklyn Park, Minnesota. The Premises are depicted on attached **Exhibit 2.1** (first floor) and **Exhibit 2.2** (mezzanine). As of the Effective Date, the initial Premises will consist of: (a) 1,618 square feet of first floor entry space; (b) 97,011 square feet of first floor warehouse space; (c) 29,922 square feet of mezzanine office space; and (d) 26,475 square feet of mezzanine warehouse space.
- 2. **Lease Term:** 36 full calendar months (Section 1.2.1).
- 3. **Commencement Date:** The first to occur of: (1) the first Business Day following Substantial Completion of the Tenant Improvements (Section 17.1); or (2) June 1, 2009.
- 4. **Basic Rent:**

Months	Annualized	Monthly
1-12	\$579,797.24 (\$3.74/sf)	\$48,316.44
13-24	\$596,850.10 (\$3.85/sf)	\$49,737.51
25-36	\$615,453.22 (\$3.97/sf)	\$51,287.77

Extension Term: (Section 1.2.4)

- 5. **Tenant's Share of Expenses Percentage:** 37.864%
- 6. **Property Manager:** IRET Properties, a North Dakota Limited Partnership
10050 Crosstown Circle, Suite 105
Eden Prairie, MN 55344
Telephone: (952) 401-6600
- 7. **Rent Payment Address:** IRET Properties, a North Dakota Limited Partnership
Attn: PM Accounting (GL#1233)
PO Box 1988 (regular mail)
12 South Main Street (overnight delivery)
Minot, ND 58701

8. **Address of Landlord for Notices:** IRET Properties, a North Dakota Limited Partnership
Attn: General Counsel
PO Box 1988 (regular mail)
12 South Main Street (overnight delivery)
Minot, ND 58701
- With a copy to: Property Manager at the address described in Section 6 of the Basic Terms.
9. **Address of Tenant for Notices:** AM Retail Group, Inc.
Attn: Mr. Randy Roland
7401 Boone Ave N, Suite A
Brooklyn Park, MN 55428
10. **Brokers:** None (Landlord's Broker).
None (Tenant's Broker).
(Section 18.10)
11. **Security Deposit:** None.
12. **Permitted Use:** Tenant shall use the Premises only for general office, warehouse and distribution purposes, together with all uses which are incidental or ancillary to any such permitted primary uses, and not for any other purpose (Section 4.1).
13. **Extension Option:** 1 option of 3 years, on advance written notice, as set forth in Section 1.2.4.

**ARTICLE 1
LEASE OF PREMISES AND LEASE TERM**

1.1. Premises. In consideration of the mutual covenants this Lease describes, Landlord leases the Premises to Tenant and Tenant leases the Premises from Landlord, subject to the terms, covenants and conditions set forth in this Lease. The rentable area of the Premises is the rentable area specified in the Basic Terms. In the event that a measurement of the Premises by a licensed architect retained by Landlord shows that the rentable area of the Premises differs from the rentable area specified in the Basic Terms, then Landlord and Tenant shall amend this Lease accordingly; provided, however, that any such amendment will operate prospectively only. Landlord and Tenant will not make any retroactive adjustments to Rent payments on account of any difference between the rentable area of the Premises specified in the Basic Terms and the rentable area of the Premises as may be determined after the Effective Date.

1.2. Term, Delivery and Commencement.

1.2.1. Commencement and Expiration of Term. The Term of this Lease is the period stated in the Basic Terms. The Term shall commence on the Commencement Date and shall end on the last day of the last calendar month of the Term.

1.2.2. Tender of Possession. The parties acknowledge that Tenant is already in possession of the Premises pursuant to a prior sublease that will be terminated by this Lease as of midnight of the day before the Commencement Date of this Lease ("**Sublease Termination Date**"). Landlord expressly acknowledges and agrees that any obligations and liabilities under the prior sublease will cease to accrue as of the Sublease Termination Date and, within 20 days after such date, Landlord will refund to Tenant any prepaid amounts under the prior sublease, prorated as of the Sublease Termination Date, as well as the security deposit under the prior sublease.

1.2.3. Commencement Date Memorandum. Within a reasonable time after the Commencement Date, Landlord will deliver to Tenant a commencement date memorandum, in the specific form attached as Exhibit 1.2.3 (the “**Commencement Date Memorandum**”), with all blanks completed in accordance with this Lease. Tenant, within 10 Business Days after receipt from Landlord, shall execute and deliver to Landlord the Commencement Date Memorandum. Tenant’s failure to execute and deliver to Landlord the Commencement Date Memorandum shall not affect any obligation of Tenant under this Lease. If Tenant does not timely execute and deliver the Commencement Date Memorandum, then Landlord and any prospective purchaser or lender may conclusively rely on the information contained in the unexecuted Commencement Date Memorandum Landlord delivered to Tenant.

1.2.4. Option to Extend. Tenant shall have the right, to be exercised as hereinafter provided, to extend the term of this Lease for 1 period of 3 years (“**Extension Term**”), on the following terms and conditions and subject to the limitations hereinafter set forth. The Extension Term shall be upon the same terms, covenants and conditions as in this Lease, except that Basic Rent shall be the Fair Market Basic Rent for such space on the date such Extension Term shall commence. Tenant shall notify Landlord of its desire to extend the term for the Extension Term by notifying Landlord in writing (the “**Extension Notification**”) at least 9 months prior to the commencement date of the Extension Term; if Tenant fails to timely deliver the Extension Notification to Landlord, then Tenant’s option to extend shall automatically terminate. Upon Landlord’s receipt of the Extension Notification, Landlord and Tenant shall make a good faith effort to agree upon the Fair Market Basic Rent of the Premises for the Extension Term. “Fair Market Basic Rent” shall mean that net annual basic rent per rentable square foot of the Premises as of the commencement of the Extension Term that a willing credit-worthy tenant would pay and that a willing landlord would accept in an arms length bona fide negotiation for space comparable to the Premises in condition, quality, size and location, with neither party under a compulsion for the appropriate term. In determining “Fair Market Basic Rent,” the parties shall consider rental rates, rent concessions, and other economic terms that a comparable landlord, acting reasonably and in good faith, is then offering or would then offer, to a lessee similar to Tenant for a similar term. In the event that Landlord and Tenant fail to agree upon the Fair Market Basic Rent within 90 days of Landlord’s receipt of the Extension Notification, then Tenant’s extension right shall automatically terminate. Tenant’s option to extend as set forth in this Section shall be contingent upon this Lease being in full force and effect and Tenant not being in default in the performance of any of the terms, covenants and conditions herein contained in respect to a matter as to which notice of default has been given hereunder which has not been remedied within the time limited in this Lease.

1.3. Landlord’s Right to Construct Internal Hallway. Landlord reserves the right, to be exercised in Landlord’s sole but reasonable discretion at any time during the Term, but subject to the provisions of Section 9.3 of this Lease, to construct a new hallway through the Premises as shown on attached Exhibit 1.3. If Landlord exercises such right, then the construction shall be completed at Landlord’s sole cost and expense and shall not be included in Operating Expenses. This Lease shall automatically terminate as to the portion of the Premises used to construct the hallway as of the date that Landlord takes possession to commence the conversion. Landlord will, at its sole cost and expense, restore the remaining portion of the Premises to a complete architectural unit with all commercially reasonable diligence and speed and will reduce the Basic Rent for the period after the date Landlord takes possession to a sum equal to the product of the Basic Rent provided for in this Lease multiplied by a fraction, the numerator of which is the rentable area of the Premises after the hallway is constructed and after Landlord restores the Premises to a complete architectural unit (as documented by a certified measurement by a licensed architect retained by Landlord), and the denominator of which is the rentable area of the Premises prior to the hallway construction. Landlord will also equitably adjust Tenant’s Share of Expenses Percentage for the same period, to account for the reduction in the rentable area of the Premises or the Building resulting from the construction of the hallway.

1.4. Quiet Enjoyment. Subject to the terms of this Lease, Landlord covenants that if Tenant timely (a) pays all Rent and other charges provided for herein, (b) performs all of its obligations provided for herein, and (c) observes all of the other provisions hereof, then Tenant shall at all times during the Term peaceably and quietly have, hold and enjoy the Premises, without interruption or disturbance by Landlord, or anyone claiming through or under Landlord.

**ARTICLE 2
RENT**

2.1. Basic Rent. Tenant will pay Basic Rent in monthly installments to Landlord, in advance, without offset or deduction, commencing on the Commencement Date and continuing on the first day of each and every calendar month after the Commencement Date during the Term. Tenant will make all Basic Rent payments to Landlord at the address specified in the Basic Terms or at such other place or in such other manner as Landlord may from time to time designate in writing. Tenant will make all Basic Rent payments without Landlord's previous demand, invoice or notice for payment. Landlord and Tenant will prorate, on a per diem basis, Basic Rent for any partial month within the Term.

2.2. Additional Rent. Article 3 of this Lease requires Tenant to pay certain Additional Rent pursuant to estimates Landlord delivers to Tenant. Tenant will make all payments of estimated Additional Rent in accordance with Article 3 without deduction or offset and without Landlord's previous demand, invoice or notice for payment. Tenant will pay all other Additional Rent described in this Lease that is not estimated under Article 3 within 15 days after receiving Landlord's invoice for such Additional Rent. Tenant will make all Additional Rent payments to the same location and, except as set forth in the preceding sentence, in the same manner as Tenant's payments of Basic Rent.

2.3. Delinquent Rental Payments. If Tenant does not pay any installment of Basic Rent or any Additional Rent within 5 Business Days after the date the payment is due, Tenant will pay Landlord an additional amount equal to the greater of (a) interest on the delinquent payment calculated at the Maximum Rate from the date when the payment is due through the date the payment is made, or (b) a late payment charge equal to 5% of the amount of the delinquent payment. Landlord's right to such compensation for any such delinquency is in addition to all of Landlord's rights and remedies under this Lease, at law or in equity. Notwithstanding anything in this Section to the contrary, Landlord agrees that (i) Landlord shall only impose the interest or the late payment charge on delinquent amounts if Tenant fails to make timely payment of Rent on more than 1 occasion in any 12-month period, and (ii) that the late payment charge for a second failure in any 12-month period shall not exceed \$1,000.00.

2.4. Independent Obligations. Notwithstanding any contrary term or provision of this Lease, Tenant's covenant and obligation to pay Rent is independent from any of Landlord's covenants, obligations, warranties or representations in this Lease.

**ARTICLE 3
PROPERTY TAXES AND OPERATING EXPENSES**

3.1. Payment of Expenses. Tenant will pay, as Additional Rent and in the manner this Article 3 describes, Tenant's Share of Expenses due and payable during any calendar year of the Term. Landlord will prorate Tenant's Share of Expenses due and payable during the calendar years in which the Lease commences and terminates as of the Commencement Date or termination date, as applicable, on a per diem basis based on the number of days of the Term within such calendar year.

3.2. Estimation of Tenant's Share of Expenses. Landlord will deliver to Tenant a written estimate of the following for each calendar year of the Term: (a) Property Taxes, (b) Operating Expenses, (c) Tenant's Share of Expenses Percentage and (d) the annual and monthly Additional Rent attributable to Tenant's Share of Expenses.

3.3. Payment of Estimated Tenant's Share of Expenses. Tenant will pay the amount Landlord estimates as Tenant's Share of Expenses under Section 3.2 for each calendar year of the Term in equal monthly installments, in advance, on the first day of each month during such calendar year. If Landlord has not delivered the estimates to Tenant by the first day of January of the applicable calendar year, Tenant will continue paying Tenant's Share of Expenses based on Landlord's estimates for the previous calendar year. When Tenant receives Landlord's estimates for the current calendar year, Tenant will pay the estimated amount (less amounts Tenant paid to Landlord in accordance with the immediately preceding sentence) in equal monthly installments over the balance of such calendar year, with the number of installments being equal to the number of full calendar months remaining in such calendar year.

3.4. Re-Estimation of Expenses. Landlord may re-estimate Expenses from time to time during the Term. In such event, Landlord will re-estimate the monthly Additional Rent attributable to Tenant's Share of Expenses to an amount sufficient for Tenant to pay the re-estimated monthly amount over the balance of the calendar year. Landlord will notify Tenant of the re-estimate and Tenant will pay the re-estimated amount in the manner provided in the last sentence of Section 3.3.

3.5. Confirmation of Tenant's Share of Expenses. Within 60 days after the end of each calendar year within the Term, Landlord will determine the actual amount of Expenses and Tenant's Share of Expenses for the expired calendar year and deliver to Tenant a written statement of such amounts. Tenant, at Tenant's sole cost and expense, upon prior written notice of at least 15 days, and during regular business hours at the location where Landlord or its Property Manager maintains the applicable records, may review Landlord's method of calculating Tenant's Share of Expenses, along with the underlying documents used by Landlord in such calculation. If Tenant paid less than the actual amount of Tenant's Share of Expenses specified in the statement, Tenant will pay the difference to Landlord as Additional Rent in the manner Section 2.2 describes. If Tenant paid more than the actual amount of Tenant's Share of Expenses specified in the statement, then Landlord (at Landlord's option) will either (a) promptly refund the excess amount to Tenant, or (b) credit the excess amount against Tenant's next due monthly installment or installments of estimated Additional Rent. If Landlord is delayed in delivering such statement to Tenant, such delay does not constitute Landlord's waiver of Landlord's rights under this section or release Tenant from any of its obligations hereunder. Tenant acknowledges that, for purposes of accounting for Expenses, Landlord may close a "calendar" year on December 20th of that year; if Landlord actually does so, then Landlord's determination of the actual amount of Expenses for the following calendar year will include any Expenses attributable to the period of December 21st through December 31st of the previous calendar year.

3.6. Tenant's Inspection and Audit Rights. If (i) Tenant is not in default in the performance of any of its obligations under this Lease beyond any applicable period for cure, and if (ii) Tenant disputes Landlord's determination of the actual amount of Expenses or Tenant's Share of Expenses for any calendar year, and if (iii) Tenant delivers to Landlord written notice of the dispute within 60 days after Landlord's delivery of the statement of such amount under Section 3.5, then Tenant at Tenant's sole cost and expense (except as otherwise provided herein), upon prior written notice and during regular business hours at the location where Landlord or its Property Manager maintains the applicable records may cause a qualified financial officer or qualified accountant reasonably acceptable to Landlord to audit Landlord's records relating to the disputed amounts. Tenant's objection to Landlord's determination of Expenses or Tenant's Share of Expenses shall be deemed withdrawn unless Tenant completes and delivers the audit to Landlord within 90 days after the date Tenant delivers its dispute notice to Landlord under this section, provided Landlord reasonably cooperates with the scheduling and conducting of the audit. If the audit shows that the amount Landlord charged Tenant for Tenant's Share of Expenses was greater than the amount this Article 3 obligates Tenant to pay, then, unless Landlord reasonably contests the audit, Landlord will refund the excess amount to Tenant within 10 days after Landlord receives a copy of the audit report. If the audit shows that the amount Landlord charged Tenant for Tenant's Share of Expenses was less than the amount this Article 3 obligates Tenant to pay, then Tenant will pay to Landlord within 10 days as Additional Rent the difference between the amount Tenant paid and the amount determined in the audit. Pending resolution of any audit under this section, Tenant will continue to pay to Landlord the estimated amounts of Tenant's Share of Expenses in accordance with Sections 3.3 and 3.4. If Tenant's audit and Landlord's review pursuant to this Section 3.6 conclusively establishes that the amount Landlord charged Tenant for Tenant's Share of Expenses exceeds Tenant's Share of Expenses as determined by this Section 3.6 by more than 8%, then Landlord shall reimburse Tenant for its actual third-party costs incurred in conducting its audit; provided, however, that in no event shall Landlord's obligation under this provision exceed the sum of \$5,000.00. Tenant must keep all information it obtains in any audit strictly confidential and may only use such information for the limited purpose this section describes and for Tenant's own account.

3.7. Annual Amendment to Tenant's Share of Expenses Percentage. Notwithstanding any contrary language in this Lease, Landlord may change Tenant's Share of Expenses Percentage each calendar year to the percentage Landlord calculates by dividing the total rentable area of the portion of the Premises on the first floor of the Building by the total rentable area of the first floor of the Building for such calendar year. Landlord and Tenant acknowledge and agree that the second floor mezzanine portion of the Building will not be included in Landlord's calculation of Tenant's Share of Expenses Percentage. Landlord will notify Tenant of such change, if

any, at the time Landlord delivers its estimates to Tenant under Section 3.2, which notice of change will include the certified statement of the licensed architect as to the total rentable area of the first floor of the Building and the total rentable area of the portion of the Premises on the first floor of the Building.

3.8. Landlord's Right to Contest Property Taxes. Landlord may in its sole discretion contest the amount or validity, in whole or in part, of any Property Taxes. Landlord may include in its computation of Property Taxes the costs and expenses Landlord reasonably incurs in connection with any such contest (including but not limited to reasonable attorney's fees). Tenant may not contest Property Taxes.

ARTICLE 4 USE

4.1. Permitted Use. Tenant shall use the Premises only for the use specified in Item 12 of the Basic Terms (the "**Permitted Use**"), and not for any other purpose. Tenant will not use the Property or knowingly permit the Property to be used in violation of any Laws or in any manner that would (a) cause injury or damage to the Property or to the person or property of any other tenant on the Property; (b) cause substantial diminution in the value or usefulness of all or any part of the Property (reasonable wear and tear excepted); or (c) constitute waste or a public or private nuisance. Tenant will obtain and maintain, at Tenant's sole cost and expense, all permits and approvals required under the Laws for Tenant's use of the Premises.

4.2. Acceptance of Premises. Tenant acknowledges that neither Landlord nor any agent, contractor or employee of Landlord have made any representation or warranty of any kind with respect to the Premises, the Building, or the Property, specifically including but not limited to any representation or warranty of suitability or fitness of the Premises, Building, or the Property for any particular purpose. Subject only to Section 17.1 below, including without limitation Landlord's obligation to demise the Premises from the remainder of the Building in compliance with applicable Laws, Tenant accepts the Premises, the Building, and the Property in an "**AS IS — WHERE IS**" condition.

4.3. Laws & Building Rules. This Lease is subject and subordinate to all Laws. Tenant shall at all times comply with the rules and regulations for the Building set forth in Exhibit 4.3 (the "**Building Rules**"), and with any reasonable additions thereto and modifications thereof adopted from time to time by Landlord of which Tenant has been given at least 10 days prior written notice (provided no such additions or modifications to the Building Rules shall be adopted that would materially and adversely limit Tenant's ability to use the Premises for the Permitted Use), and each such rule or regulation shall be deemed to be a covenant of this Lease to be performed and observed by Tenant. In the event of any conflict between the Building Rules and this Lease, this Lease shall control. Landlord will endeavor to include the Building Rules, as amended pursuant to this Section 4.3, in future leases with other occupants of the Building, and will enforce the Building Rules against all of the occupants of the Building in a nonarbitrary and nondiscriminatory manner.

4.4. Common Area. Landlord grants Tenant the non-exclusive right, together with all other occupants of the Building and their agents, employees and invitees, to use the Common Area during the Term, subject to all Laws. Landlord, at Landlord's sole and absolute discretion (but subject to Section 9.3 below), may make changes to the Common Area. Landlord's rights regarding the Common Area include without limitation the right to: (a) restrain unauthorized persons from using the Common Area; (b) temporarily close any portion of the Common Area (i) for repairs, improvements or Alterations, (ii) to discourage unauthorized use, (iii) to prevent dedication or prescriptive rights, or (iv) for any other reason that Landlord reasonably deems necessary; (c) change the shape and size of the Common Area; (d) add, eliminate or change the location of any improvements located in the Common Area; and (e) impose and revise Building Rules in a non-arbitrary and nondiscriminatory manner as to all Building tenants concerning use of the Common Area (including without limitation the parking facilities).

4.5. Signs.

4.5.1. Building Monument Sign. Landlord shall provide Tenant with one sign on the Building's existing sign monument (the "**Building Monument**"), and Landlord hereby approves Tenant's existing signage on the Building Monument. If Landlord elects to modify the Building Monument, or the signage on the Building

Monument, then the design, materials, size, color and location of Tenant's sign on the Building Monument shall be determined by Landlord in its sole but reasonable discretion, provided that Tenant's sign shall be of comparable size and materials as other tenants' signs. Tenant shall reimburse Landlord as Additional Rent for all costs incurred by Landlord in maintaining Tenant's sign on the Building Monument. Landlord reserves the right to modify the Building Monument to accommodate additional signage.

4.5.2. Building Exterior Sign. Tenant shall have the right to install signage on the exterior of the East side of the Building (the "Exterior Sign"); provided, however, that (i) the design, materials, size, color and location of the Exterior Sign shall all be subject to Landlord's prior written approval, which approval Landlord may withhold or condition in its sole and absolute discretion, and (ii) Tenant shall install and maintain the Exterior Sign at all times in strict compliance with the Laws. Notwithstanding the foregoing, Landlord hereby approves Tenant's existing exterior Building signage. Tenant shall be solely responsible for all costs and expenses associated with the Exterior Sign, including without limitation all design, construction, permitting, installation, and maintenance costs. On or before the end of the Term, Tenant shall at its sole cost and expense remove the Exterior Sign and shall repair any damage caused by removal of the Exterior Sign. Landlord reserves the right to grant other tenants the right to construct and maintain signage on the exterior of the Building.

4.5.3. Except for the signs specifically allowed in this Section 4.5 and any existing signage required by Laws, no other sign, advertisement, graphics of any nature, or notice shall be inscribed, painted, affixed, or displayed on the windows or exterior walls of the Premises, or on any public area of the Building, without Landlord's prior written consent (which consent Landlord may withhold or condition in its sole but reasonable discretion). Landlord agrees that Tenant may post "Help Wanted" signs and other business-related temporary signs. All permitted signs shall comply with the Laws, and shall be installed and maintained at Tenant's sole expense. Landlord shall notify Tenant of any sign Landlord determines to be in violation of this Section 4.5 and, if Tenant fails to remove such sign within 10 days, then Landlord may immediately remove at Tenant's sole cost and expense any sign, advertisement, graphics, or notice that violates this Section 4.5. The rights granted to Tenant pursuant to this Section 4.5 are personal to Tenant and no subtenants of Tenant shall have any rights under this Section 4.5.

ARTICLE 5 HAZARDOUS MATERIALS

5.1. Compliance with Hazardous Materials Laws. Tenant will not cause any Hazardous Material to be brought upon, kept or used on the Property in quantities reportable under any Hazardous Materials Law, or in a manner or for a purpose prohibited by or that could result in liability under any Hazardous Materials Law. Tenant, at its sole cost and expense, will comply with all Hazardous Materials Laws and prudent industry practice relating to the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under or about the Property required for Tenant's use of the Premises and will notify Landlord of any and all Hazardous Materials Tenant brings upon, keeps or uses on the Property (other than small quantities of office cleaning or other office supplies as are customarily used by a tenant in the ordinary course in a general office facility). On or before the expiration or earlier termination of this Lease, Tenant, at its sole cost and expense, will completely remove from the Property (regardless whether any Hazardous Materials Law requires removal), in compliance with all Hazardous Materials Laws, all Hazardous Materials Tenant causes to be present in, on, under or about the Property. Notwithstanding the foregoing, Tenant shall not be responsible for removal of any Hazardous Materials existing in, on, under or about the Property prior to Tenant's occupancy of the Premises pursuant to the sublease described in Section 1.2.2. Tenant will not take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Property, nor enter into any settlement agreement, consent decree or other compromise with respect to any Claims relating to or in any way connected with Hazardous Materials in, on, under or about the Property, without first notifying Landlord of Tenant's intention to do so and affording Landlord reasonable opportunity to investigate, appear, intervene and otherwise assert and protect Landlord's interest in the Property.

5.2. Notice of Actions. Tenant will notify Landlord of any of the following actions affecting Landlord, Tenant, or the Property that result from or are in any way caused by Tenant's use of the Property immediately after receiving notice of the same: (a) any enforcement, clean-up, removal or other governmental or regulatory action instituted, completed or threatened under any Hazardous Materials Law; (b) any Claim made or threatened

by any person relating to damage, contribution, liability, cost recovery, compensation, loss or injury resulting from or claimed to result from any Hazardous Material; and (c) any reports made by any person, including Tenant, to any environmental agency relating to any Hazardous Material, including any complaints, notices, warnings or asserted violations. Tenant will also deliver to Landlord, as promptly as possible and in any event within 5 Business Days after Tenant first receives or sends the same, copies of all Claims, reports, complaints, notices, warnings or asserted violations relating in any way to the Premises or Tenant's use of the Premises. Upon Landlord's written request, Tenant will promptly deliver to Landlord documentation acceptable to Landlord reflecting the legal and proper disposal of all Hazardous Materials removed or to be removed from the Premises. All such documentation will list Tenant or its agent as a responsible party and will not attribute responsibility for any such Hazardous Materials to Landlord or Property Manager.

5.3. Disclosure and Warning Obligations. Tenant acknowledges and agrees that all reporting and warning obligations required under Hazardous Materials Laws resulting from or in any way relating to Tenant's use of the Premises or the Property are Tenant's sole responsibility, regardless whether the Hazardous Materials Laws permit or require Landlord to report or warn.

5.4. Landlord Indemnification. Landlord shall indemnify, defend and hold harmless Tenant from and against all damages (excluding consequential, punitive or similar type damages), costs, losses, expenses (including, but not limited to, reasonable attorneys' fees and engineering fees) arising from or attributable to the existence of any Hazardous Materials at the Property in reportable quantities in violation of applicable Hazardous Materials Laws to the extent caused by Landlord provided, however, in case any claim, action, suit or proceeding shall be brought against Tenant and such matter is subject to Landlord's indemnification as provided above, Tenant shall promptly notify Landlord of the same in time to avoid any prejudice to Landlord and Landlord shall have the right to assume and control the defense thereof with counsel of its own selection, and Landlord shall have the right to control any remediation. Landlord's obligations under this section include, without limitation and whether foreseeable or unforeseeable: (a) the costs of any required repair, clean-up, detoxification or decontamination of the Premises; (b) the costs of implementing any closure, remediation or other required action in connection therewith as stated above; and (c) consultants' fees, experts' fees and response costs. The obligations of Landlord under this section shall survive the expiration or earlier termination of this Lease.

5.5. Tenant Indemnification. Tenant will release, indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord Parties from and against any and all Claims whatsoever arising or resulting, in whole or in part, directly or indirectly, from the presence, treatment, storage, transportation, disposal, release or management of Hazardous Materials in, on, under, upon or from the Property (including water tables and atmosphere) resulting from or in any way caused by Tenant's use of the Premises or the Property. Tenant's obligations under this section include, without limitation and whether foreseeable or unforeseeable: (a) the costs of any required or necessary repair, clean-up, detoxification or decontamination of the Property; (b) the costs of implementing any closure, remediation or other required action in connection therewith as stated above; (c) the value of any loss of use and any diminution in value of the Property; and (d) consultants' fees, experts' fees and response costs. The obligations of Tenant under this section shall survive the expiration or earlier termination of this Lease.

ARTICLE 6 UTILITIES & SERVICES

6.1. Janitorial Service. Tenant shall provide any necessary janitorial services for the Premises.

6.2. Utilities. Landlord will provide electrical energy to the Premises for lighting and for general office/warehouse/distribution use. Landlord will provide heating, ventilation and air conditioning to the Premises sufficient to maintain, in Landlord's reasonable judgment, comfortable temperatures in the Premises. Tenant shall pay for all electricity, HVAC, water, and other utilities used at the Premises. Landlord is not required to provide any heat, air conditioning, electricity or other service in excess of that permitted by voluntary or involuntary governmental guidelines or other Laws. Landlord agrees that gas service and electricity will be separately metered for the Premises, and Landlord will pay and costs and expenses for such separate metering, which costs will not be included in Expenses. Landlord has the exclusive right and discretion to select the provider of any utility or service to the Property. No interruption in or temporary stoppage of any of the utility

services this Article 6 describes is to be deemed an eviction or disturbance of Tenant's use and possession of the Premises, nor does any such interruption or stoppage relieve Tenant from any obligation this Lease describes, render Landlord liable for damages, or entitle Tenant to any abatement of Rent; provided, however, that if any such interruption or temporary stoppage is primarily caused by a negligent act or omission of Landlord, or results from Landlord's decision to change the provider of any utility or service to the Property, and if the interruption or temporary stoppage continues for more than 3 consecutive Business Days, then Rent hereunder shall abate until such interruption or temporary stoppage either ceases or is no longer primarily caused by a negligent act or omission of Landlord or of Landlord's election to change service providers.

6.3. Tenant's Obligations. Except only as specifically set forth in this Section 6.3, Tenant will obtain and pay for all utilities and services Tenant requires with respect to the Premises, including but not limited to utility hook-up and connection charges. Tenant acknowledges that electricity and natural gas for the Premises will be separately metered and separately charged, as provided in Section 6.2 above. Following Landlord's arranging and paying for the separate metering of electricity and natural gas, including but not limited to any utility hook-up and connection charges, Tenant shall be solely responsible for paying directly to the applicable utility companies, prior to delinquency, all such separately metered or separately charged utilities. Such separately metered or charged amounts will not be included in Operating Expenses. The costs and expenses for water used in the Premises will be included in Operating Expenses and will not be separately metered or separately charged. In the event any services are provided to the Premises and to some but not all of the remainder of the Building, then Tenant shall pay its pro rata share of the cost of providing any such services (including Landlord's reasonable administrative and overhead costs) as Additional Rent; Tenant's pro rata share shall be computed by dividing the rentable area of the Premises by the total rentable area of the portion of the Building to which such services are provided. Notwithstanding the foregoing, if Landlord leases space in the Building to any tenant or tenants whose use requires a disproportionate use of any utilities not separately metered (such as a restaurant, hair salon, laundry or similar tenant), then Landlord shall arrange for separate metering of such utilities at Landlord's expense (not to be included as an Expense), or at the expense of such other tenant(s).

6.4. Tenant Devices and Communications Equipment. Tenant will not use any device or equipment in the Premises or otherwise on the Property that causes substantial noise, odor or vibration, without Landlord's prior written consent (which consent Landlord may grant, withhold or condition in its sole and absolute discretion). Tenant will not connect any device or equipment to the Building's electrical or plumbing systems except through the electrical and water outlets in the Premises that were installed (or otherwise approved in writing) by Landlord. No antenna, satellite dish, or other communications equipment shall be allowed without Landlord's prior written consent (which consent Landlord may grant, withhold or condition in its sole and absolute discretion). In the event Landlord consents to Tenant's installation of an antenna, satellite dish, or other communications equipment on the Property (including without limitation on the roof of the Building), then Landlord and Tenant shall execute a Communications Equipment License in form required by Landlord in its sole but reasonable discretion. Tenant acknowledges that the installation of any such communications equipment shall be deemed an "Alteration" subject to the terms and conditions of Article 8 of this Lease. Landlord represents and warrants that similar restrictions and requirements will be applied to any and all tenants of the Building and that if another tenant causes substantial noise, odor or vibration, then Landlord will promptly exercise commercially reasonable efforts, or cause its Property Manager to exercise commercially reasonable efforts, to enforce the terms of such tenant's lease such that the noise, odor or vibration ceases.

ARTICLE 7 MAINTENANCE AND REPAIR

7.1. Landlord's Obligations. Except as otherwise provided in this Lease, Landlord will repair and maintain the following in good order, condition and repair (including any necessary replacements): (a) the roof, footings, foundation, and the structural integrity of the mezzanine and exterior and interior load-bearing walls of the Building; (b) the electrical, mechanical, plumbing, heating and air conditioning systems located in the Building and serving the Common Area (or otherwise used in common by all tenants of the Building); (c) the main fire panel and fire pump serving the Building; and (d) the Common Area. Landlord's repair and maintenance costs under this Section 7.1 will be included in Operating Expenses. Except only as specifically set forth in this Section 7.1, Landlord is not required to repair or maintain the electrical, mechanical, plumbing, fire sprinkler, heating and

air conditioning systems, facilities and components serving the Premises; Tenant will repair and maintain such systems at Tenant's sole cost and expense pursuant to Section 7.2.1 below.

7.2. Tenant's Obligations.

7.2.1. Maintenance of Premises. Landlord is not required to repair or maintain the Premises or the Property (or to make any Alterations to the Premises or Property), except as otherwise specifically provided in this Lease. Except as specifically set forth in Section 7.1, Tenant is solely responsible for the repair, maintenance, replacement, operation, condition and management of the Premises. Except as specifically set forth in Section 7.1, Tenant at its sole cost and expense will keep and maintain the Premises (including without limitation all non-structural interior portions; electrical, mechanical, plumbing, heating and air conditioning systems serving only the Premises; fire sprinkler system components in the Premises, lighting systems; interior surfaces of exterior walls; and interior moldings, partitions, glass, doors and ceilings) in good order, condition and repair, reasonable wear and tear and damage from insured casualties excepted. Tenant's repairs will be at least equal in quality and workmanship to the original work and Tenant will make the repairs in accordance with all Laws. Tenant will keep the Premises in a neat and sanitary condition and will not commit any nuisance or waste in, on or about the Premises or the Property. Tenant shall release, indemnify, protect and defend Landlord against (with counsel reasonably acceptable to Landlord), and hold Landlord harmless from, any Claims or damages resulting from any penetrations or perforations of the roof or exterior walls of the Building caused or allowed by Tenant.

7.2.2. Alterations Required by Laws. Subject to Landlord's obligations specifically set forth in Section 7.1 above and Section 17.1.1 below, if any governmental authority requires any Alteration to the Building or the Premises as a result of Tenant's particular use of the Premises or as a result of any Alteration to the Premises made by or on behalf of Tenant, or if Tenant's particular use of the Premises subjects Landlord or the Property to any obligation under any Laws, Tenant will pay the cost of all such Alterations or the cost of compliance, as the case may be. If any such Alterations are Structural Alterations, Landlord will make the Structural Alterations; provided, however, that Landlord may require Tenant to deposit with Landlord an amount sufficient to pay the cost of the Structural Alterations (including, without limitation, reasonable overhead and administrative costs). If the Alterations are not Structural Alterations, Tenant will make the Alterations at Tenant's sole cost and expense in accordance with Article 8.

ARTICLE 8 CHANGES AND ALTERATIONS

8.1. Landlord Approval. Tenant will not make any Structural Alterations to the Premises or any Alterations to the Common Area. Tenant will not make any other Alterations without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold; provided, however, that Landlord may condition its consent in its reasonable discretion. Notwithstanding the foregoing, Tenant may make cosmetic and other non-Structural Alterations to the interior of the Premises without Landlord's prior written consent, provided that the total cost of any such non-Structural Alterations does not exceed \$10,000 in any 12 calendar-month period. Along with any request for Landlord's consent, Tenant will deliver to Landlord complete plans and specifications for the Alterations, and will identify any prospective contractors for the Alterations. If Landlord approves the proposed Alterations, Tenant, before commencing the Alterations or delivering (or accepting delivery of) any materials to be used in connection with the Alterations, will deliver to Landlord for Landlord's reasonable approval proof of insurance required by Section 8.2, copies of all necessary permits and licenses, and such other information relating to the Alterations as Landlord reasonably requests. Tenant will not commence the Alterations before Landlord, in Landlord's reasonable discretion, approves the foregoing deliveries. Tenant will construct all approved Alterations or cause all approved Alterations to be constructed (a) promptly by a licensed and properly bonded contractor, (b) in a good and workmanlike manner, (c) in compliance with all Laws, (d) in accordance with all orders, rules and regulations of the Board of Fire Underwriters having jurisdiction over the Premises and any other body exercising similar functions, and (e) in full compliance with all of Landlord's rules and regulations applicable to third party contractors, subcontractors and suppliers performing work at the Property, if and to the extent Landlord has given Tenant prior written notice of any such rules and regulations. Notwithstanding anything in this Lease to the contrary, Landlord acknowledges and agrees that it has reviewed and approved Tenant's plans for relocating certain equipment and products in the warehouse of the Building prior

to the Commencement Date of this Lease, and such work shall not be deemed Alterations under this Lease even if this Lease becomes effective prior to the completion of such work.

8.2. Tenant's Responsibility for Cost and Insurance. Tenant will pay the cost and expense of all Alterations, and for any painting, restoring or repairing of the Premises or the Property the Alterations occasion. Prior to commencing the Alterations, Tenant will deliver the following to Landlord in form and amount reasonably satisfactory to Landlord, evidence that Tenant and each of Tenant's contractors have in force liability insurance insuring against construction related risks, in at least the form, amounts and coverages required of Tenant under Article 10. The insurance policies described in the preceding sentence shall name Landlord and Property Manager (and, if requested by Landlord, Landlord's lender) as additional insureds.

8.3. Construction Obligations and Ownership. Landlord may inspect construction of the Alterations. Immediately after completing the Alterations, Tenant will furnish Landlord with contractor affidavits, full and final notarized lien waivers and receipted bills covering all labor and materials expended and used in connection with the Alterations, except that Tenant shall not be required to provide such documentation for labor and/or materials for any Alteration that collectively costs less than \$3,000. Tenant will remove any Alterations Tenant constructs in violation of this Article 8 within 30 days after Landlord's written request and in any event prior to the expiration or earlier termination of this Lease. All Alterations Tenant makes or installs (excluding Tenant's movable trade fixtures, warehouse equipment and storage racking, and other furniture and equipment) become the property of Landlord upon installation and, unless Landlord requires Tenant to remove the Alterations (which removal requirement must be exercised by Landlord, if at all, at the time Landlord consents to such Alterations, or it shall be deemed waived), Tenant will surrender the Alterations to Landlord upon the expiration or earlier termination of this Lease at no cost to Landlord.

8.4. Liens. Tenant will keep the Property free from any mechanics', materialmen's, designers' or other liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant. Tenant will notify Landlord in writing at least 30 days prior to commencing any Alterations in order to provide Landlord the opportunity to record and post notices of non-responsibility or such other protective notices available to Landlord under the Laws. If any such liens are filed and Tenant, within 30 days after such filing, does not release the same of record or provide Landlord with a bond or other surety satisfactory to Landlord protecting Landlord and the Property against such liens, Landlord may, without waiving its rights and remedies based upon such breach by Tenant and without releasing Tenant from any obligation under this Lease, cause such liens to be released by any means Landlord deems proper, including, but not limited to, paying the claim giving rise to the lien or posting security to cause the discharge of the lien. In such event, Tenant will reimburse Landlord, as Additional Rent, for all amounts Landlord pays (including, without limitation, reasonable attorneys' fees and costs).

8.5. Indemnification. To the fullest extent allowable under the Laws, Tenant will release, indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties and the Property from and against any Claims in any manner relating to or arising out of any Alterations or any other work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant.

ARTICLE 9 RIGHTS RESERVED BY LANDLORD

9.1. Landlord's Entry. Landlord and its authorized representatives may at all reasonable times and upon reasonable notice to Tenant enter the Premises to: (a) inspect the Premises; (b) show the Premises to prospective purchasers, mortgagees and tenants; (c) post notices of non-responsibility or other protective notices available under the Laws; and (d) exercise and perform Landlord's rights and obligations under this Lease. Landlord, in the event of any emergency, may enter the Premises without notice to Tenant. Landlord's entry into the Premises is not to be construed as a forcible or unlawful entry into, or detainer of, the Premises or as an eviction of Tenant from all or any part of the Premises. Subject to Section 9.3 below, Tenant will also permit Landlord (or its designees) to erect, install, use, maintain, replace and repair pipes, cables, conduits, plumbing and vents, and telephone, electric and other wires or other items, in, to and through the Premises (in a manner

and in locations reasonably acceptable to Tenant) if Landlord reasonably determines that such activities are necessary for properly operating and maintaining the Building.

9.2. Control of Property. Landlord reserves all rights respecting the Property and Premises not specifically granted to Tenant under this Lease, including, without limitation, the right to: (a) change the name of the Building; (b) designate and approve all types of signs, window coverings, internal lighting and other aspects of the Premises and its contents that may be visible from the exterior of the Premises; (c) grant any party the exclusive right to conduct any business or render any service in the Building, provided such exclusive right to conduct any business or render any service in the Building does not materially and adversely limit Tenant's ability to use the Premises for the Permitted Use; (d) close the Building after regular business hours, except that Tenant and its employees and invitees may access the Premises after regular business hours in accordance with such rules and regulations as Landlord may prescribe from time to time for security purposes; (e) install, operate and maintain security systems that monitor, by closed circuit television or otherwise, all persons entering or leaving the Building; (f) install and maintain pipes, ducts, conduits, wires and structural elements in the Premises that serve other parts or other tenants of the Building; (g) change the regular business hours of the Property; and (h) retain and receive master keys or pass keys to the Premises and all doors in the Premises. Notwithstanding the foregoing, or the provision of any security-related services by Landlord, Landlord is not responsible for the security of persons or property in the Premises or otherwise on the Property, and Landlord is not and will not be liable in any way whatsoever for any breach of security not solely and directly caused by the willful misconduct of Landlord, its agents or employees.

9.3. Interference with Tenant's Business. With respect to any provision of this Lease which entitles or requires Landlord to make improvements, alterations or repairs to the Premises, the Building or the Common Area, Landlord agrees that such work shall not materially interfere with Tenant's use and enjoyment of the Premises. Landlord shall endeavor to perform any such work so as to minimize disruption to Tenant's business where reasonably possible.

ARTICLE 10 INSURANCE AND LIABILITY

10.1. Tenant's Insurance Obligations. Tenant, at all times during the Term and during any early occupancy period, at Tenant's sole cost and expense, will maintain the insurance this Section 10.1 describes.

10.1.1. Liability Insurance. Tenant shall maintain commercial general liability insurance (providing coverage at least as broad as the current ISO commercial general liability form) with respect to the Premises and Tenant's activities in the Premises and upon and about the Property, on an "occurrence" basis, with minimum limits of \$1,000,000 each occurrence and \$3,000,000 general aggregate, which coverage limits may be satisfied with an umbrella or excess liability policy sitting over the commercial general liability insurance. Such insurance must include the following specific coverage provisions or endorsements: (a) broad form contractual liability insurance insuring Tenant's obligations under this Lease; (b) naming Landlord and Property Manager as additional insureds by an "Additional Insured — Managers or Lessors of Premises" endorsement (or equivalent coverage or endorsement); and (c) waiving the insurer's subrogation rights against all Landlord Parties. If Tenant receives notice of the modification, cancellation, or non-renewal of such insurance from its carrier, then Tenant shall notify Landlord of the modification, cancellation, or non-renewal within 5 Business Days of receiving such notice from its carrier. Tenant may provide such liability insurance under a blanket policy so long as Tenant provides certificate of insurance, in form required by Section 10.1.3 below, and with content reasonably acceptable to Landlord, that states that the liability insurance coverage is specifically applicable to the Premises. Such certificate shall also require the carrier to endeavor to provide at least 10 days' notice of modification, cancellation or non-renewal of the underlying insurance policy. Tenant acknowledges and agrees that Tenant's liability insurance will be provided on a primary and non-contributory basis.

10.1.2. Other Insurance. Tenant shall maintain property insurance (providing coverage at least as broad as the current ISO Special Form) for Tenant's personal property and trade fixtures. Tenant shall also maintain such other insurance as may be required by any Laws (including without limitation any necessary worker's compensation insurance), or as may reasonably be required by Landlord from time to time. If insurance obligations generally required of tenants in similar space in similar buildings in the area in which the Property is

located increase or otherwise change, then Landlord may likewise increase or otherwise change Tenant's insurance obligations under this Lease.

10.1.3. Miscellaneous Insurance Provisions. All of Tenant's insurance will be written by companies rated at least "Best A-VII" and otherwise reasonably satisfactory to Landlord. Tenant will deliver evidence of insurance reasonably satisfactory to Landlord, (a) on or before the Commencement Date (and prior to any earlier occupancy by Tenant), (b) not later than 10 Business Days prior to the expiration of any current policy or certificate, and (c) at such other times as Landlord may reasonably request. If Landlord allows Tenant to provide evidence of liability insurance by certificate, then Tenant will deliver an ACORD Form 25 certificate and will attach or cause to be attached to the certificate copies of any endorsements this Section 10.1 requires. Tenant's insurance must permit releases of liability and provide for waiver of subrogation as provided in Section 10.3. Tenant acknowledges and agrees that Landlord's establishment of minimum insurance requirements is not a representation by Landlord that such limits are sufficient and does not limit Tenant's liability under this Lease in any manner.

10.1.4. Tenant's Failure to Insure. Notwithstanding any contrary language in this Lease and any notice and cure rights this Lease provides Tenant, if Tenant fails to provide Landlord with evidence of insurance as required under this Section 10.1, then Landlord may assume that Tenant is not maintaining the insurance Section 10.1 requires Tenant to maintain and Landlord may (but is not obligated to) without further demand upon Tenant or notice to Tenant and without giving Tenant any cure right or waiving or releasing Tenant from any obligation contained in this Lease, obtain such insurance for Landlord's benefit. In such event, Tenant will pay to Landlord, as Additional Rent, all costs and expenses Landlord incurs obtaining such insurance. Landlord's exercise of its rights under this section does not relieve Tenant from any default under this Lease.

10.2. Landlord's Insurance Obligations. Landlord will (except for the optional coverages and endorsements this Section 10.2 may describe) at all times during the Term maintain the insurance this Section 10.2 describes. All premiums and other costs and expenses Landlord incurs in connection with maintaining such insurance (including without limitation a reasonable administrative fee for maintaining and coordinating Landlord's insurance program) are Operating Expenses.

10.2.1. Property Insurance. Property insurance on the Building in an amount not less than the full insurable replacement cost of the Building insuring against loss or damage by such risks as are covered by the current ISO Special Form policy. Landlord, at its option, may obtain such additional coverages or endorsements as Landlord deems appropriate or necessary in its sole discretion, including without limitation insurance covering foundation, grading, excavation and debris removal costs; business income and rents insurance; earthquake insurance; terrorism insurance; and flood insurance. Landlord may maintain such insurance in whole or in part under blanket policies. Tenant acknowledges and agrees that Landlord's property insurance will not cover or be applicable to any property of Tenant within the Premises or otherwise located at the Property.

10.2.2. Liability Insurance. Commercial general liability insurance against claims for bodily injury and property damage occurring at the Property in such amounts as Landlord deems appropriate or necessary in its sole discretion, but in no event in amounts less than \$1,000,000 each occurrence and \$3,000,000 general aggregate. Such liability insurance will only protect Landlord (and, at Landlord's sole option, Landlord's lender and some or all of the Landlord Parties). Such liability insurance will not protect or insure Tenant, and does not replace or supplement the liability insurance this Lease obligates Tenant to carry. Nothing in the foregoing shall be deemed to limit Landlord's liability pursuant to Section 10.4.1 or Section 10.4.3 below or any other provision of this Lease.

10.2.3. Deductible. Tenant acknowledges that Landlord's insurance may include deductible limits up to \$50,000, that such deductible amounts reduce the insurance premiums chargeable as Operating Expenses under the Lease, and that, notwithstanding the waiver set forth in Section 10.3, such deductible amounts shall either (i) be considered Operating Expenses under the Lease, or, (ii) if any loss covered by Landlord's insurance resulted from Tenant's negligent or intentional act or omission, be considered the sole responsibility of Tenant hereunder to the extent of Tenant's fault.

10.3. Mutual Waiver of Subrogation. Subject only to Section 10.2.3 above, each party hereby waives any and every right or cause of action for any and all loss of, or damage to, any of its property (whether or not such loss or damage is caused by the fault or negligence of the other party or anyone for whom said other party may be responsible), which loss or damage is actually covered by an insurance policy maintained by such party, but only to the extent that such loss or damage is covered under any such insurance policy.

10.4. Liability of Landlord and Tenant.

10.4.1. Except only as otherwise specifically provided in this Lease, the Landlord Parties shall not have any liability to Tenant for any Claims based on or arising out of any cause whatsoever, including without limitation the following: the repair or maintenance of any portion of the Premises (including the Tenant Improvements) or the Property; interruption in the use of the Premises due to Force Majeure; any accident or damage resulting from any use or operation by Landlord, Tenant or any other person or entity of the heating, cooling, electrical, or plumbing systems serving the Property; termination of this Lease by reason of damage to the Premises or the Building; fire, robbery, theft, vandalism, or any other casualty; actions of any other tenant of the Building or of any other person or entity; inability to furnish any service specified in this Lease; and leakage in any part of the Premises or the Building from water, rain, ice or snow that may leak into, or flow from, any part of the Premises or the Building, or from drains, pipes or plumbing fixtures in the Premises or the Building. Any property placed by Tenant in or about the Premises or the Property shall be at the sole risk of Tenant, and Landlord shall not in any manner be responsible therefore. Notwithstanding the foregoing, Landlord shall not be released from liability to Tenant for and to the extent of any injury or damage caused by the negligence or willful misconduct of Landlord. In no event, however, shall Landlord have any liability to Tenant on account of any claims for the interruption of or loss to Tenant's business or for any indirect damages or consequential losses.

10.4.2. In addition to Tenant's other indemnification obligations in this Lease (but subject to Landlord's insurance obligations in Section 10.2, to Section 10.3 above, and to Landlord's obligations pursuant to Section 10.4.1 above and Section 10.4.3 below), Tenant to the fullest extent allowable under the Laws shall release, indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord Parties from and against all Claims arising from: (a) any breach or default by Tenant in the performance of any of Tenant's covenants or agreements in this Lease; (b) the negligence or willful misconduct of Tenant; (c) any accident, injury, occurrence or damage in, about or to the Premises, except to the extent caused by the negligence or willful misconduct of Landlord; and (d) to the extent caused in whole or in part by Tenant, any accident, injury, occurrence or damage in, about or to the Property.

10.4.3. Landlord hereby indemnifies and agrees to save the Tenant Parties harmless from and against any and all claims to the extent arising out of: (a) the negligence or willful misconduct of Landlord in connection with the possession, use, occupation, management, repair, maintenance or control of the Building, the Property and/or the Common Area; and (b) any breach or default by Landlord in the performance of Landlord's covenants or agreements in this Lease. In no event, however, shall Landlord have any liability to Tenant on account of any claims for the interruption of or loss to Tenant's business or for any indirect damages or consequential losses.

10.4.4. Notwithstanding any provision to the contrary contained herein, Tenant shall look solely to the estate and property of Landlord in and to the Property in the event of any claim against Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant, or Tenant's use of the Premises, and Tenant agrees that the liability of Landlord arising out of or in connection with this Lease, the relationship of Landlord and Tenant, or Tenant's use of the Premises, shall be limited to such estate and property of Landlord in and to the Property. No properties or assets of Landlord other than the estate and property of Landlord in and to the Property, as described above, and no property owned by any partner of Landlord shall be subject to levy, execution or other enforcement procedures for the satisfaction of any judgment (or other judicial process) or for the satisfaction of any other remedy of Tenant arising out of or in connection with this Lease, the relationship of Landlord and Tenant or Tenant's use of the Premises.

ARTICLE 11
DAMAGE OR DESTRUCTION

11.1. Tenant's Notice of Casualty. If the Premises or any part thereof shall be damaged by fire or any other casualty, Tenant shall give immediate written notice thereof to Landlord.

11.2. Tenantable Within 180 Days. Except as provided in Section 11.4, if a casualty renders the whole or any material part of the Premises untenable and Landlord determines in its sole but reasonable discretion that it can make the Premises tenantable within 180 days after the date of the casualty, then Landlord will notify Tenant within 20 Business Days after the date of the casualty that Landlord will repair and restore the Building and the Premises as required by Section 11.6. Notwithstanding anything to the contrary contained herein, in the event that such restoration of the Premises is not substantially completed within 180 days from the date of the casualty, and provided that such delay in substantial completion results from a cause other than Tenant Delay or Force Majeure, then Tenant shall have the right to terminate this Lease by delivering 30 days' prior written notice to Landlord. In the event the restoration of the Premises is substantially completed within such 30 day period, such right of termination shall be deemed to be void and without effect.

11.3. Not Tenantable Within 180 Days. If a casualty renders the whole or any material part of the Premises untenable and Landlord reasonably determines in its sole discretion that it cannot make the Premises tenantable within 180 days after the date of the casualty, then Landlord will so notify Tenant within 20 Business Days after the date of the casualty and may, in such notice, terminate this Lease effective on the date of Landlord's notice. If Landlord does not terminate this Lease as provided in this section, Tenant may terminate this Lease by notifying Landlord within 30 days after Tenant's receipt of Landlord's notice, which termination will be effective 30 days after Landlord's receipt of Tenant's notice.

11.4. Building Substantially Damaged. Notwithstanding Section 11.2, if the Building is damaged or destroyed by casualty (regardless whether the Premises is affected) and either (a) fewer than 9 months remain in the Term (excluding any unexercised Extension Terms), or (b) the damage reduces the value of the improvements on the Property by more than 50% (as determined by Landlord in its sole but reasonable discretion), then, regardless of whether Landlord determines in its reasonable discretion that it can make the Building tenantable within 180 days after the date of the casualty, Landlord, at Landlord's option, by notifying Tenant within 20 Business Days after the casualty, may terminate this Lease effective on the date of Landlord's notice.

11.5. Insufficient Proceeds. Notwithstanding any contrary language in this Article 11, if this Article 11 obligates Landlord to repair damage to the Premises or Building caused by casualty, and if Landlord does not receive sufficient insurance proceeds (excluding any deficiency caused by the amount of any policy deductible) to repair all of the damage, or if the lender under any Mortgage does not release to Landlord sufficient insurance proceeds to repair all of the damage, then Landlord, at Landlord's option, by notifying Tenant within 45 days after the casualty, may terminate this Lease effective on the date of Landlord's notice.

11.6. Landlord's Repair Obligations. If this Lease is not terminated under Sections 11.3 through 11.5 following a casualty, then Landlord shall, at Landlord's sole cost and expense and at no cost to Tenant (except as provided in Section 10.2.3 above), repair and restore the Premises and the Building to as near their condition prior to the casualty as is reasonably possible with all commercially reasonable diligence and speed (subject to delays caused by Tenant Delay or Force Majeure). In such case, this Lease shall remain in full force and effect, but Basic Rent and Tenant's Share of Expenses for the period during which the Premises are untenable shall abate pro rata (based upon the rentable area of the untenable portion of the Premises as compared with the rentable area of the entire Premises). In no event is Landlord obligated to repair or restore any Alterations that were completed by Tenant, any special equipment or improvements that were installed by Tenant, or any personal property (or other property) of Tenant. Landlord will, if necessary, equitably adjust Tenant's Share of Expenses Percentage, subject to Section 3.7, to account for any reduction in the rentable area of the Premises or Building resulting from a casualty.

11.7. Rent Apportionment Upon Termination. If either party terminates this Lease under this Article 11, Landlord will apportion Basic Rent and Tenant's Share of Expenses on a per diem basis and Tenant will pay the Basic Rent and Tenant's Share of Expenses to (a) the date of the casualty if the event renders the Premises completely untenable or (b) if the event does not render the Premises completely untenable, the effective date of such termination (provided that if a portion of the Premises is rendered untenable, but the

remaining portion is tenantable, then Tenant's obligation to pay Basic Rent and Tenant's Share of Expenses abates pro rata [based upon the rentable area of the untenable, portion of the Premises divided by the rentable area of the entire Premises] from the date of the casualty and Tenant will pay the unabated portion of the Rent to the date of such termination).

11.8. Exclusive Casualty Remedy. The provisions of this Article 11 are Tenant's sole and exclusive rights and remedies in the event of a casualty. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights (by virtue of a casualty) not specifically described in this Article 11.

ARTICLE 12 CONDEMNATION

12.1. Termination of Lease. If a Condemning Authority desires to effect a Taking of all or any material part of the Property, Landlord will notify Tenant and Landlord and Tenant will reasonably determine whether the Taking will render the Premises unsuitable for Tenant's intended purposes. If Landlord and Tenant conclude that the Taking will render the Premises unsuitable for Tenant's intended purposes, Landlord and Tenant will document such determination and this Lease will terminate as of the date the Condemning Authority takes possession of the portion of the Property taken. Tenant will pay Rent to the date of termination. If a Condemning Authority takes all or any material part of the Building, or if a Taking reduces the value of the Property by 50% or more (as reasonably determined by Landlord in its sole discretion), regardless whether the Premises is affected, then Landlord, at Landlord's option, by notifying Tenant prior to the date the Condemning Authority takes possession of the portion of the Property taken, may terminate this Lease effective on the date the Condemning Authority takes possession of the portion of the Property taken.

12.2. Landlord's Repair Obligations. If this Lease does not terminate with respect to the entire Premises under Section 12.1 and the Taking includes a portion of the Premises, then this Lease shall automatically terminate as to the portion of the Premises taken as of the date the Condemning Authority takes possession of the portion taken and Landlord will, at its sole cost and expense, restore the remaining portion of the Premises to a complete architectural unit with all commercially reasonable diligence and speed and will reduce the Basic Rent for the period after the date the Condemning Authority takes possession of the portion of the Premises taken to a sum equal to the product of the Basic Rent provided for in this Lease multiplied by a fraction, the numerator of which is the rentable area of the Premises after the Taking and after Landlord restores the Premises to a complete architectural unit, and the denominator of which is the rentable area of the Premises prior to the Taking. Landlord will also equitably adjust Tenant's Share of Expenses Percentage for the same period, subject to Section 3.7, to account for the reduction in the rentable area of the Premises or the Building resulting from the Taking. Tenant's obligation to pay Basic Rent and Tenant's Share of Expenses will abate on a proportionate basis with respect to that portion of the Premises remaining after the Taking that Tenant is unable to use during Landlord's restoration for the period of time that Tenant is unable to use such portion of the Premises.

12.3. Tenant's Participation. Except only as specifically set forth in the last sentence of this Section, Landlord is entitled to receive and keep all damages, awards or payments resulting from or paid on account of a Taking. Tenant has no right to receive any award for its interest in this Lease or for loss of leasehold (including without limitation any award for the unexpired portion of the Term), and Tenant hereby assigns to Landlord any interest of Tenant in any such award. Tenant may only prove in any condemnation proceedings, and may only receive from the Condemning Authority: (i) any separate award for damages to or condemnation of Tenant's movable trade fixtures and equipment, and (ii) any separate award for relocation expenses.

12.4. Exclusive Taking Remedy. The provisions of this Article 12 are Tenant's sole and exclusive rights and remedies in the event of a Taking. To the extent permitted by the Laws, Tenant waives the benefits of any Law that provides Tenant any abatement or termination rights or any right to receive any payment or award (by virtue of a Taking) not specifically described in this Article 12.

**ARTICLE 13
TRANSFERS**

13.1. Restriction on Transfers.

13.1.1. General Prohibition. Except as set forth in Section 13.1.2, Tenant will not cause or suffer a Transfer without first obtaining Landlord's written consent, which consent Landlord may grant, withhold, or condition in its sole but reasonable discretion. If Landlord consents to the Transfer, then Landlord may impose on Tenant or the transferee such conditions as Landlord deems appropriate in its sole but reasonable discretion. Tenant's request for Landlord's consent to a Transfer must describe in detail the parties, terms and portion of the Premises affected. Tenant will, in connection with requesting Landlord's consent, provide Landlord with a copy of any and all documents and information regarding the proposed Transfer and the proposed transferee as Landlord reasonably requests. Landlord will notify Tenant of Landlord's election to consent or withhold consent within 30 days after receiving Tenant's written request for consent to the Transfer. Tenant acknowledges and agrees that no Transfer, including without limitation a Transfer under Section 13.1.2, will release Tenant from any liability or obligation under this Lease and that Tenant shall remain liable to Landlord after such a Transfer as a principal and not as a surety or guarantor, nor shall the collection or acceptance of rent from any such assignee, transferee, subtenant or occupant constitute a waiver or release of Tenant under any provision of the Lease. If Landlord consents to any Transfer, Tenant will pay to Landlord, as Additional Rent, 50% of any amount Tenant receives on account of the Transfer in excess of the amounts this Lease otherwise requires Tenant to pay. Any attempted Transfer in violation of this Lease is null and void and constitutes a breach of this Lease. Tenant acknowledges and agrees that Landlord's refusal to consent to a Transfer shall be deemed not to have been unreasonably withheld if (i) the proposed transferee is not of a type and quality consistent with the first-class nature of the Building, (ii) the proposed transferee is a governmental agency or any party by whom any suit or action could be defended on the ground of sovereign immunity, (iii) the proposed transferee is already a tenant at the Property, or is a party with whom the Landlord is presently negotiating for the lease of space at the Property, (iv) the presence of the proposed transferee in the Premises would cause Landlord to be in violation of any other lease, or would trigger termination rights by any other tenant, (v) the proposed transferee does not have the financial capacity and credit worthiness to undertake and perform the obligations of this Lease, or (vi) the space to be assigned or sublet is not configured to allow appropriate means of ingress and egress. Tenant also acknowledges that one or more existing or future mortgagees of a Mortgage affecting the Property may have the right to approve any Transfer and that, whenever that is the case, Landlord shall have the absolute right to withhold its consent to a Transfer if any such mortgagee withholds its consent thereto.

13.1.2. Transfers to Affiliates. Provided that Tenant is not in default in the performance of its obligations under this Lease beyond any applicable period for cure, Tenant may cause a Transfer to an Affiliate without Landlord's consent if: (a) Tenant notifies Landlord at least 30 days prior to such Transfer; (b) the transferee assumes and agrees in a writing reasonably acceptable to Landlord to perform Tenant's obligations under this Lease and to observe all terms and conditions of this Lease; and (c) Tenant delivers to Landlord, at the time of Tenant's notice, current financial statements of the proposed transferee. Tenant acknowledges and agrees that a Transfer to an Affiliate under this Section 13.1.2 will not release Tenant from any liability or obligation under this Lease, and that Tenant shall remain liable to Landlord after such a Transfer as a principal and not as a surety or guarantor. Landlord's right described in Section 13.1.1 to share in any profit Tenant receives from a Transfer permitted under this Section 13.1.2 does not apply to any Transfer this Section 13.1.2 permits.

13.2. Costs. Tenant will pay to Landlord, as Additional Rent, all reasonable costs and expenses Landlord actually incurs in connection with any Transfer (except for Transfers to Affiliates completed in accordance with Section 13.1.2), including without limitation reasonable attorneys' fees and other third-party expenses, regardless whether Landlord consents to the Transfer.

**ARTICLE 14
DEFAULTS; REMEDIES**

14.1. Events of Default. The occurrence of any of the following constitutes an "Event of Default" by Tenant under this Lease:

14.1.1. Failure to Pay Rent. Tenant fails to pay as and when due (a) Basic Rent, (b) any installment of Tenant's Share of Expenses, or (c) any other Additional Rent amount, and such failure continues for 10 days after Landlord notifies Tenant of such failure.

14.1.2. Failure to Perform. Tenant breaches or fails to perform any of Tenant's non-monetary obligations under this Lease and the breach or failure continues for a period of 30 days after Landlord notifies Tenant of such breach or failure; provided, however, that if Tenant cannot reasonably cure its breach or failure within said 30 day period, then Tenant's breach or failure is not an Event of Default if Tenant promptly commences to cure its breach or failure and thereafter diligently pursues the cure and effects the cure within a period of time that does not exceed 90 days after the date that Landlord notified Tenant of the breach or failure. Notwithstanding any contrary language in this Section 14.1.2, Tenant is not entitled to any notice or cure period before an incurable breach of this Lease (or failure) becomes an Event of Default.

14.1.3. Misrepresentation. The existence of any material misrepresentation or omission in any financial statements, correspondence or other information provided to Landlord by or on behalf of Tenant in connection with: (a) Tenant's negotiation or execution of this Lease; (b) Landlord's evaluation of Tenant as a prospective tenant at the Property; (c) any proposed or attempted Transfer; or (d) any consent or approval requested by Tenant under this Lease.

14.1.4. Other Defaults. (a) Tenant makes a general assignment or general arrangement for the benefit of creditors; (b) a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed by Tenant; (c) a petition for adjudication of bankruptcy or for reorganization or rearrangement is filed against Tenant and is not dismissed within 60 days; (d) a trustee or receiver is appointed to take possession of substantially all of Tenant's assets located at the Premises or of Tenant's interest in this Lease and possession is not restored to Tenant within 30 days; or (e) substantially all of Tenant's assets, substantially all of Tenant's assets located at the Premises or Tenant's interest in this Lease is subjected to attachment, execution or other judicial seizure not discharged within 30 days. If a court of competent jurisdiction determines that any act described in this section does not constitute an Event of Default, and the court appoints a trustee to take possession of the Premises (or if Tenant remains a debtor in possession of the Premises) and such trustee or Tenant transfers Tenant's interest hereunder, then Landlord is entitled to receive, as Additional Rent, the amount by which the Rent (or any other consideration) paid in connection with the Transfer exceeds the Rent otherwise payable by Tenant under this Lease.

14.1.5. Notice Requirements. The notices required by this Section 14.1 are intended to satisfy any and all notice requirements imposed by the Laws and are not in addition to any such requirements.

14.2. Remedies. Upon the occurrence of any Event of Default, Landlord, at any time and from time to time, and without preventing Landlord from exercising any other right or remedy, may exercise any one or more of the following remedies:

14.2.1. Termination of Tenant's Possession; Re-entry and Reletting Right. Terminate Tenant's right to possess the Premises by any lawful means with or without terminating this Lease, in which event Tenant will immediately surrender possession of the Premises to Landlord. Unless Landlord specifically states that it is terminating this Lease, Landlord's termination of Tenant's right to possess the Premises is not to be construed as an election by Landlord to terminate this Lease or Tenant's obligations and liabilities under this Lease. In such event, this Lease continues in full force and effect (except for Tenant's right to possess the Premises) and Tenant continues to be obligated for and must pay all Rent as and when due under this Lease. If Landlord terminates Tenant's right to possess the Premises, Landlord is not obligated to but may re-enter the Premises and remove all persons and property from the Premises. Landlord may store any property Landlord removes from the Premises in a public warehouse or elsewhere at the cost and for the account of Tenant. Upon such re-entry, Landlord is not obligated to but may relet all or any part of the Premises to a third party or parties for Tenant's account. Tenant is immediately liable to Landlord for all Re-entry Costs and must pay Landlord the same within 10 days after Landlord's notice to Tenant. Landlord may relet the Premises for a period shorter or longer than the remaining Term. If Landlord relets all or any part of the Premises, Tenant will continue to pay Rent when due under this Lease and Landlord will refund to Tenant the Net Rent Landlord actually receives from

the reletting up to a maximum amount equal to the Rent paid by Tenant that came due after Landlord's reletting. If the Net Rent Landlord actually receives from reletting exceeds such Rent, Landlord will apply the excess sum to future Rent due under this Lease. Landlord may retain any surplus Net Rent remaining at the expiration of the Term.

14.2.2. Termination of Lease. Terminate this Lease effective on the date Landlord specifies in its termination notice to Tenant. Upon termination, Tenant will immediately surrender possession of the Premises to Landlord. If Landlord terminates this Lease, Landlord may recover from Tenant and Tenant will pay to Landlord on demand all damages Landlord incurs by reason of Tenant's default, including, without limitation: (a) all Rent due and payable under this Lease as of the effective date of the termination; (b) any amount necessary to compensate Landlord for any detriment proximately caused to Landlord by Tenant's failure to perform its obligations under this Lease or which in the ordinary course would likely result from Tenant's failure to perform, including but not limited to any Re-entry Costs; (c) an amount equal to the difference between the present worth, as of the effective date of the termination, of the Basic Rent for the balance of the Term remaining after the effective date of the termination (assuming no termination) and the present worth, as of the effective date of the termination, of a fair market Rent for the Premises for the same period (as Landlord reasonably determines the fair market Rent); and (d) Tenant's Share of Expenses to the extent Landlord is not otherwise reimbursed for such Expenses. For purposes of this section, Landlord will utilize the Discount Rate to compute present worth. Nothing in this section shall limit or prejudice Landlord's right to prove and obtain damages in an amount equal to the maximum amount allowed by the Laws, regardless whether such damages are greater than the amounts set forth in this section.

14.2.3. Present Worth of Rent. Recover from Tenant, and Tenant will pay to Landlord on demand, an amount equal to the then present worth, as of the effective date of termination, of the aggregate of the Rent and any other charges payable by Tenant under this Lease for the unexpired portion of the Term, less the fair and reasonable rental value of the Premises for the corresponding period. Landlord will utilize the Discount Rate to compute present worth. The fair and reasonable rental value of the Premises shall be determined in good faith by Landlord on the basis of the rents payable under leases entered into by Landlord for comparable space in the Building during the 18-month period immediately preceding Landlord's election to proceed under this Section 14.2.3; or, if Landlord reasonably determines that no such leases for comparable space have been entered into, then the fair and reasonable rental value shall be otherwise determined by Landlord in good faith. If the Premises or any part thereof are relet by Landlord before any adjudication of Landlord's claims for damages, then the amount of rent payable to Landlord for such reletting shall be deemed the fair and reasonable rental value of the Premises (or the applicable part thereof) during the term of the reletting.

14.2.4. Self Help. Perform the obligation on Tenant's behalf without waiving Landlord's rights under this Lease at law or in equity, and without releasing Tenant from any obligation under this Lease. Tenant shall pay to Landlord, as Additional Rent, all reasonable sums that Landlord pays on Tenant's behalf under this section.

14.2.5. Other Remedies. Any other right or remedy available to Landlord under this Lease, under the Laws, and/or in equity.

14.3. Costs. Tenant will reimburse and compensate Landlord on demand and as Additional Rent for any actual loss Landlord incurs in connection with, resulting from or related to any breach or default of Tenant under this Lease, regardless whether the breach or default constitutes an Event of Default, and regardless whether suit is commenced or judgment is entered. Such loss shall include all reasonable legal fees, costs and expenses (including paralegal fees and other professional fees and expenses) Landlord incurs in investigating, negotiating, settling or enforcing any of Landlord's rights or remedies or otherwise protecting Landlord's interests under this Lease. Tenant will also indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord Parties from and against all Claims that Landlord or any of the other Landlord Parties incurs if Landlord or any of the other Landlord Parties becomes or is made a party to any claim or action (a) instituted by Tenant (other than claims asserting that Landlord has breached any of its obligations to Tenant under this Lease) or by or against any person holding any interest in the Premises by, under or through Tenant, (b) for foreclosure of any lien for labor or material furnished to or for Tenant or such other person, or (c) otherwise

arising out of or resulting from any act or omission of Tenant or such other person. In addition to the foregoing, Landlord is entitled to reimbursement of all of Landlord's fees, expenses and damages, including, but not limited to, reasonable attorneys' fees and paralegal and other professional fees and expenses, Landlord incurs in connection with protecting its interests in any bankruptcy or insolvency proceeding involving Tenant, including without limitation any proceeding under any chapter of the Bankruptcy Code; by exercising and advocating rights under Section 365 of the Bankruptcy Code; by proposing a plan of reorganization and objecting to competing plans; and by filing motions for relief from stay. Such fees and expenses are payable on demand, or, in any event, upon assumption or rejection of this Lease in bankruptcy.

14.4. Waiver and Release by Tenant. Except for compulsory counterclaims, Tenant waives and releases all Claims Tenant may have resulting from Landlord's re-entry and taking possession of the Premises by any lawful means and removing and storing Tenant's property as permitted under this Lease, regardless whether this Lease is terminated, and, to the fullest extent allowable under the Laws, Tenant will release, indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless the Landlord Parties from and against any and all Claims occasioned thereby. No such re-entry is to be considered or construed as a forcible entry by Landlord.

14.5. Landlord's Default. If Landlord defaults in the performance of any of its obligations under this Lease, Tenant will notify Landlord of the default and Landlord will have 30 days after receiving such notice to cure the default. If Landlord is not reasonably able to cure the default within a 30 day period, Landlord will have an additional reasonable period of time to cure the default as long as Landlord promptly commences the cure and thereafter diligently pursues the cure to completion. In no event shall Landlord be liable to Tenant or any other person for consequential, special or punitive damages (including without limitation lost profits). If Landlord has not commenced repair or maintenance required to be performed by Landlord hereunder within 30 days after written notice thereof from Tenant, then Tenant shall have the right, but not the obligation, to make such repairs and Landlord shall reimburse Tenant for the reasonable and actual cost thereof within 30 days after receipt of a bill therefore from Tenant. In the event of an emergency, Tenant may (but shall not be obligated to) perform such repairs which would otherwise be Landlord's obligation hereunder which may be reasonably necessary, after having given Landlord such notice, if any, as may be practicable under the circumstances, and Landlord shall promptly reimburse Tenant for any reasonable third-party costs and expenses actually incurred by Tenant in performing such repairs. Notwithstanding anything to the contrary set forth hereinabove, Tenant shall not be required to perform any repairs which would otherwise be Landlord's obligation hereunder.

14.6. No Waiver. Except as specifically set forth in this Lease, no failure by Landlord or Tenant to insist upon the other party's performance of any of the terms of this Lease or to exercise any right or remedy upon a breach thereof, constitutes a waiver of any such breach or of any breach or default by the other party in its performance of its obligations under this Lease. No acceptance by Landlord of full or partial Rent from Tenant or any third party during the continuance of any breach or default by Tenant of Tenant's performance of its obligations under this Lease constitutes Landlord's waiver of any such breach or default. Except as specifically set forth in this Lease, none of the terms of this Lease to be kept, observed or performed by a party to this Lease, and no breach thereof, are waived, altered or modified except by a written instrument executed by the other party. One or more waivers by a party to this Lease are not to be construed as a waiver of a subsequent breach of the same covenant, term or condition. No statement on a payment check from a party to this Lease or in a letter accompanying a payment check is binding on the other party. The party receiving the check, with or without notice to the other party, may negotiate such check without being bound to the conditions of any such statement.

ARTICLE 15 CREDITORS; ESTOPPEL CERTIFICATES

15.1. Subordination. This Lease, all rights of Tenant in this Lease, and all interest or estate of Tenant in the Property, is subject and subordinate to the lien of any Mortgage. Tenant, within 20 days of Landlord's demand, will execute and deliver to Landlord (or to any other person Landlord designates) any instruments, releases or other documents reasonably required to confirm the self-effectuating subordination of this Lease as provided in this Section to the lien of any Mortgage. Notwithstanding the subordination to any future Mortgage provided for in this section, as long as Tenant is not in default in the payment of Rent or the performance and observance of any covenant, condition, provision, term or agreement to be performed and observed by Tenant

under this Lease beyond any applicable grace or cure period this Lease provides Tenant, the holder of the Mortgage shall not by virtue of such subordination under this section be entitled to disturb Tenant's right of possession of the Premises under this Lease. Landlord acknowledges and agrees that the lien of any existing or future Mortgage will not cover Tenant's moveable trade fixtures or personal property located in or on the Premises.

15.2. Attornment. If the holder of any Mortgage at a foreclosure sale (or by deed in lieu of foreclosure) or any other transferee acquires Landlord's interest in this Lease, the Premises or the Property, then, provided such transferee confirms the validity of this Lease, Tenant will attorn to the transferee or successor to Landlord's interest in this Lease, the Premises or the Property (as the case may be) and recognize such transferee or successor as landlord under this Lease, provided that any such purchaser at a foreclosure sale or transferee under a deed in lieu of foreclosure shall not be (a) bound by any payment of Rent more than one month in advance, (b) liable for damages for any breach, act or omission of any prior landlord, or (c) subject to any offsets or defenses which Tenant might have against any prior landlord. Tenant waives the protection of any statute or rule of law that gives or purports to give Tenant any right to terminate this Lease or surrender possession of the Premises upon the transfer of Landlord's interest.

15.3. Mortgagee Protection Clause. Tenant will give the holder of any Mortgage, by registered or certified mail or via reputable overnight courier, a copy of any notice of default Tenant serves on Landlord, provided that Landlord or the holder of the Mortgage previously notified Tenant (by way of notice of assignment of rents and leases or otherwise) of the address of such holder. Tenant further agrees that if Landlord fails to cure such default within the time provided for in this Lease, then Tenant will provide written notice of such failure to such holder and such holder will have an additional 30 days after receipt of such notice within which to cure the default (but shall not be obligated to cure the default). If the default cannot be cured within the additional 30 day period, then the holder will have such additional time as may be necessary to effect the cure if, within the 30 day period, the holder has promptly commenced and is diligently pursuing the cure (including without limitation commencing foreclosure proceedings if necessary to effect the cure).

15.4. Estoppel Certificates.

15.4.1. Contents. Upon Landlord's written request, Tenant will execute, acknowledge and deliver to Landlord a written statement in form satisfactory to Landlord certifying: (a) that this Lease is unmodified and in full force and effect (or, if there have been any modifications, that the Lease is in full force and effect as modified, and stating the modifications); (b) that this Lease has not been canceled or terminated; (c) the last date of payment of Rent and the time period covered by such payment; (d) whether there are then existing any breaches or defaults by Landlord under this Lease known to Tenant and, if so, specifying the same; (e) specifying any existing claims or defenses in favor of Tenant against the enforcement of this Lease; (f) that Tenant has accepted the Premises and that Landlord has no outstanding construction or payment obligations with respect to preparation of the Premises for Tenant's occupancy (or stating the specific nature and amount of any such outstanding obligations); (g) that Tenant has no option to purchase the Premises or any part of the Property; and (h) such other factual statements as Landlord, or any lender, prospective lender, investor or purchaser may reasonably request. Tenant will deliver the properly signed statement to Landlord within 20 days after receipt of Landlord's request. Landlord may give any such statement by Tenant to any lender, prospective lender, investor or purchaser of all or any part of the Property and any such party may conclusively rely upon such statement as true and correct.

15.4.2. Failure to Deliver. If Tenant does not timely deliver the properly signed statement referenced in Section 15.4.1 to Landlord, and if such failure continues for more than 2 Business Days after Tenant's receipt of written notice from Landlord of such failure, then such failure shall constitute an Event of Default under this Lease. Further, if Tenant fails to timely deliver the properly signed statement within such 2-day period, then Landlord and any lender, prospective lender, or purchaser may conclusively presume and rely, except as otherwise represented by Landlord, (i) that the terms and provisions of this Lease have not been changed; (ii) that this Lease has not been canceled or terminated; (iii) that not more than one month's Rent has been paid in advance; (iv) that Tenant has accepted the Property and that Landlord has no outstanding construction or payment obligations with respect to preparation of the Property for Tenant's occupancy; (v) that Tenant has no option to purchase the Property or any part of the Property; and (vi) that Landlord is not in default

in the performance of any of its obligations under this Lease. In such event, Tenant is estopped from denying the truth of such facts.

ARTICLE 16 TERMINATION OF LEASE

16.1. Surrender of Premises. Tenant will surrender the Premises to Landlord at the expiration or earlier termination of this Lease in good order, condition and repair (reasonable wear and tear, permitted Alterations, and damage by casualty or condemnation excepted), and will surrender all keys to the Premises to Landlord at the place then fixed for Tenant's payment of Basic Rent or as Landlord otherwise directs. Tenant will also inform Landlord of all combinations on locks, safes and vaults, if any, in the Premises or on the Property. Tenant will at such time remove all of its property from the Premises and, if Landlord required as a condition of its consent, all specified Alterations carried out by Tenant in the Premises. Tenant will promptly repair any damage to the Premises caused by such removal. If Tenant does not surrender the Premises in accordance with this section, Tenant will indemnify, defend (with counsel reasonably acceptable to Landlord), protect and hold harmless Landlord from and against any Claim resulting from Tenant's delay in so surrendering the Premises, including, without limitation, any Claim made by any succeeding occupant founded on such delay. All property of Tenant not removed on or before the last day of the Term is deemed abandoned. If Tenant fails to remove all of Tenant's property from the Premises upon termination of this Lease, then Tenant shall be deemed to have appointed Landlord as Tenant's agent to remove, at Tenant's sole cost and expense, all of Tenant's property from the Premises upon termination of this Lease and to cause its transportation and storage for Tenant's benefit, all at the sole cost and risk of Tenant, and Landlord will not be liable for damage, theft, misappropriation or loss thereof or in any manner in respect thereto.

16.2. Holding Over. If Tenant possesses the Premises after the Term expires (or after this Lease is otherwise terminated) without executing a new lease but with Landlord's written consent, then Tenant is deemed to be occupying the Premises as a tenant from month-to-month, subject to all provisions, conditions and obligations of this Lease applicable to a month-to-month tenancy, except that (a) Rent for each month during the hold-over period shall be equal to 125% of the Rent for the month immediately preceding the commencement of the hold-over period, and (b) either Landlord or Tenant may terminate the month-to-month tenancy at any time upon 30 days prior written notice to the other party. If Tenant possesses the Premises after the Term expires (or is otherwise terminated) without executing a new lease and without Landlord's written consent, then Tenant is deemed to be occupying the Premises without claim of right (but subject to all terms and conditions of this Lease) and, in addition to Tenant's liability for failing to surrender possession of the Premises as provided in Section 16.1, Tenant shall also pay to Landlord a charge for each day of occupancy after expiration of the Term in an amount equal to 200% of the Rent for the last month of the expired Term (on a daily basis).

ARTICLE 17 ADDITIONAL PROVISIONS

17.1. Tenant Improvements.

17.1.1. Tenant Improvements. Landlord is providing the basic Premises in its current "AS IS" condition, without representation or warranty of any kind, and Landlord shall have no obligation to make any modifications or alterations to the Premises except as specifically set forth in this Section 17.1. Notwithstanding the foregoing, Landlord agrees at its sole cost to (i) construct demising walls to separate the Premises from the remainder of the Building, (ii) install separate meters to measure the gas and electricity being used at the Premises; and (iii) physically separate the fire sprinkler system serving the Premises (the "**Landlord Improvements**"). Landlord shall complete the Landlord Improvements in compliance with all applicable Laws. Item (iii) of the Landlord improvements shall include physically repositioning any fire sprinkler heads required for the construction of the demising walls; item (iii) of the Landlord Improvements shall specifically exclude any other alterations to the fire sprinkler system in the Premises, or any alterations to the fire sprinkler system in the Premises that are required to comply with any Laws; notwithstanding anything to the contrary in this Lease, any such alterations to the fire sprinkler system in the Premises, to the extent required by Tenant or applicable Laws, shall be completed by Tenant at its sole cost and expense. Landlord agrees to coordinate the tenant improvements (the "**Tenant Improvements**") described on Exhibit 17.1.1 attached hereto. The costs of the

Tenant Improvements shall be the sole responsibility of Tenant; provided, however, that Landlord shall provide Tenant with an allowance of up to \$120,000.00 (the “**Allowance**”). Landlord shall use the Allowance to pay: (1) all costs and expenses directly incurred by Landlord, if any, in the construction of the Tenant Improvements (including all applicable licenses and permits); (2) all costs and expenses directly incurred by Landlord for the preparation or review of all plans and specifications for the Tenant Improvements; and (3) a construction supervision fee to Landlord’s construction agent, CB Richard Ellis, equal to 6% of the actual costs of construction of the Tenant Improvements. If the cost of the Tenant Improvements exceeds the Allowance, then Tenant shall pay such excess cost to Landlord as Additional Rent pursuant to Section 2.2. If the cost of the Tenant Improvements is less than the Allowance, then Tenant shall not be entitled to any payment or credit for such excess amount. Any other improvements made to the Premises by Tenant shall be at Tenant’s sole expense, and shall be deemed an “Alteration” subject to Article 8 of this Lease.

17.1.2. Substantial Completion. Landlord will use commercially reasonable efforts to achieve Substantial Completion of the Tenant Improvements as soon as possible after the Effective Date, subject to Tenant Delays and delays caused by Force Majeure.

17.1.3. Punch List. Promptly after Substantial Completion of the Tenant Improvements, Landlord and Tenant will inspect the Premises and develop a Punch List. Landlord will complete (or repair, as the case may be) the items described on the Punch List with commercially reasonable diligence and speed, subject to delays caused by Tenant Delays and Force Majeure. If Tenant refuses to inspect the Premises with Landlord within 5 days of Landlord’s written request for an inspection, then Tenant is deemed to have accepted the Premises as delivered.

17.2. Parking Facilities. Tenant shall have the right of non-exclusive use, in common with others, of the unrestricted automobile parking areas located at the Property. Landlord agrees that Tenant shall have equal access to the unrestricted automobile parking areas located at the Property with any other tenants of the Building. Tenant acknowledges that Landlord has designated the parking area identified on attached **Exhibit 17.2.A** as restricted; neither Tenant nor any of its employees, agents, or visitors shall use said restricted parking area. Landlord agrees that the parking area identified on attached **Exhibit 17.2.B** shall be dedicated for the use of Tenant. Neither Tenant, nor any of its employees, agents, or visitors shall use any of the parking areas for overnight storage of vehicles. Tenant acknowledges and agrees that Landlord will not be responsible for any loss, theft or damage to vehicles, or the contents thereof, parked or left in the parking areas of the Property.

ARTICLE 18 MISCELLANEOUS PROVISIONS

18.1. Notices. All Notices must be in writing and must be sent by personal delivery, by nationally-recognized overnight express delivery service, or by U.S. registered or certified mail (return receipt requested, postage prepaid), to the addresses specified in the Basic Terms or at such other place as either party may designate to the other party by written notice given in accordance with this section. Such notices shall be deemed received (a) as of the date of delivery, if delivered by hand by 4:00 p.m. Central on a Business Day (if hand delivered after said time, any such notice shall be deemed received as of the first Business Day after delivery), (b) as of the next Business Day, if tendered to an overnight express delivery service by the applicable deadline for overnight service, or (c) as of the fifth Business Day after mailing, if sent by regular mail.

18.2. Transfer of Landlord’s Interest. If Landlord Transfers any interest in the Premises for any reason other than collateral security purposes, and provided the transferee agrees in writing to assume all of the Landlord’s obligations under this Lease that accrue after the date of Transfer, then the transferor is automatically relieved of all obligations on the part of Landlord accruing under this Lease from and after the date of the Transfer, provided that the transferor will deliver to the transferee any funds the transferor holds in which Tenant has an interest. For a period of 12 months after the Transfer, the transferor shall remain liable for any obligations (including but not limited to indemnification obligations, which shall survive the Transfer for a period of 12 months) and outstanding disputes accruing under this Lease prior to the date of the Transfer. Landlord’s covenants and obligations in this Lease bind each successive Landlord only during and with respect to its respective period of ownership. However, notwithstanding any such Transfer, the transferor remains entitled to the benefits of

Tenant's indemnity and insurance obligations (and similar obligations) under this Lease with respect to matters arising or accruing during the transferor's period of ownership.

18.3. Successors. The covenants and agreements contained in this Lease bind and inure to the benefit of Landlord, its successors and assigns, bind Tenant and its successors and assigns and inure to the benefit of Tenant and its permitted successors and assigns.

18.4. Captions and Interpretation. The captions of the articles and sections of this Lease are to assist the parties in reading this Lease and are not a part of the terms or provisions of this Lease. Whenever required by the context of this Lease, the singular includes the plural and the plural includes the singular.

18.5. Relationship of Parties. This Lease does not create the relationship of principal and agent, or of partnership, joint venture, or of any association or relationship between Landlord and Tenant other than that of landlord and tenant.

18.6. Entire Agreement; Amendment. The Basic Terms and all exhibits, addenda and schedules attached to this Lease are incorporated into this Lease as though fully set forth in this Lease and together with this Lease contain the entire agreement between the parties with respect to the improvement and leasing of the Premises. All preliminary and contemporaneous negotiations, including, without limitation, any letters of intent or other proposals and any drafts and related correspondence, are merged into and superseded by this Lease. No subsequent alteration, amendment, change or addition to this Lease (other than to the Building Rules) is binding on Landlord or Tenant unless it is in writing and signed by the party to be charged with performance.

18.7. Severability. If any covenant, condition, provision, term or agreement of this Lease is, to any extent, held invalid or unenforceable, the remaining portion thereof and all other covenants, conditions, provisions, terms and agreements of this Lease, will not be affected by such holding, and will remain valid and in force to the fullest extent permitted by law.

18.8. Survival. The obligations of both parties under this Lease (together with interest on payment obligations at the Maximum Rate) that accrue prior to the expiration or other termination of this Lease shall survive the expiration or other termination of this Lease. Further, the release, indemnification, defense and hold harmless obligations of both parties under this Lease shall survive the expiration or other termination of this Lease, without limitation.

18.9. Attorneys' Fees. If either Landlord or Tenant commences any litigation or judicial action to determine or enforce any of the provisions of this Lease, the prevailing party in any such litigation or judicial action is entitled to recover all of its costs and expenses (including, but not limited to, reasonable attorneys' fees, costs and expenditures) from the non-prevailing party.

18.10. Brokers. Landlord and Tenant each represents and warrants to the other that it has not had any dealings with any realtors, brokers, finders or agents in connection with this Lease (except as may be specifically set forth in the Basic Terms) and agrees to release, indemnify, defend and hold the other harmless from and against any Claim based on the failure or alleged failure to pay any realtors, brokers, finders or agents (other than any brokers specified in the Basic Terms) and from any cost, expense or liability for any compensation, commission or charges claimed by any realtors, brokers, finders or agents (other than any brokers specified in the Basic Terms) claiming by, through or on behalf of it with respect to this Lease or the negotiation of this Lease.

18.11. Governing Law. This Lease is governed by, and must be interpreted under, the internal laws of the State. Any suit arising from or relating to this Lease must be brought in the County; Landlord and Tenant each waive the right to bring suit elsewhere.

18.12. Time is of the Essence. Time is of the essence with respect to the performance of every provision of this Lease in which time of performance is a factor.

18.13. Authority. Landlord and Tenant, and each individual signing this Lease on behalf of either Landlord or Tenant represents and warrants that they are duly authorized to sign on behalf of and to bind said party and that this Lease is a duly authorized obligation of said party.

18.14. Force Majeure. If Landlord is delayed or prevented from performing any act required in this Lease (excluding, however, the payment of money) by reason of either Tenant Delay or Force Majeure, then Landlord's performance of such act is excused for the period of delay caused by such Tenant Delay or Force Majeure, and the period of the performance of any such act will be extended for a period equivalent to such period. If Tenant is delayed or prevented from performing any act required in this Lease (excluding, however, the payment of money) by reason of Force Majeure, then Tenant's performance of such act is excused for the period of delay caused by such Force Majeure, and the period of the performance of any such act will be extended for a period equivalent to such period.

18.15. No Recording. Tenant will not record this Lease or a Memorandum of this Lease without Landlord's prior written consent, which consent Landlord may grant or withhold in its sole and absolute discretion.

18.16. Nondisclosure of Lease Terms. The terms and conditions of this Lease constitute proprietary information of Landlord that Tenant will keep confidential. Tenant's disclosure of the terms and conditions of this Lease could adversely affect Landlord's ability to negotiate other leases and impair Landlord's relationship with other tenants. Accordingly, Tenant, without Landlord's consent (which consent Landlord may grant or withhold in its sole and absolute discretion), will not directly or indirectly disclose the terms and conditions of this Lease to any other tenant or prospective tenant of the Building or to any other person or entity other than Tenant's employees and agents who have a legitimate need to know such information (and who will also keep the same in confidence).

18.17. Financial Disclosure. At the request of Landlord, from time to time during the Term, Tenant shall provide Landlord with any reasonable financial records, including financial statements or federal tax returns of Tenant prepared in accordance with generally accepted accounting principles for the prior two fiscal years of operation of Tenant. Landlord shall retain such financial disclosure in confidence but shall be permitted to provide copies to its mortgagees for the purpose of financing the Building or to prospective purchasers of the Building.

18.18. Construction of Lease and Terms. The terms and provisions of this Lease represent the results of negotiations between Landlord and Tenant, each of which are sophisticated parties and each of which has been represented or been given the opportunity to be represented by counsel of its own choosing, and neither of which has acted under any duress or compulsion, whether legal, economic or otherwise. Consequently, the terms and provisions of this Lease must be interpreted and construed in accordance with their usual and customary meanings, and Landlord and Tenant each waive the application of any rule of law that ambiguous or conflicting terms or provisions contained in this Lease are to be interpreted or construed against the party who prepared the executed Lease or any earlier draft of the same. Landlord's submission of this instrument to Tenant for examination or signature by Tenant does not constitute a reservation of or an option to lease and is not effective as a lease or otherwise until Landlord and Tenant both execute and deliver this Lease. The parties agree that, regardless of which party provided the initial form of this Lease, drafted or modified one or more provisions of this Lease, or compiled, printed or copied this Lease, this Lease is to be construed solely as an offer from Tenant to lease the Premises, executed by Tenant and provided to Landlord for acceptance on the terms set forth in this Lease, which acceptance and the existence of a binding agreement between Tenant and Landlord may then be evidenced only by Landlord's execution of this Lease.

Landlord and Tenant each caused this Lease to be executed and delivered by its duly authorized representative to be effective as of the Effective Date.

LANDLORD:

IRET PROPERTIES, A NORTH DAKOTA LIMITED PARTNERSHIP

By: IRET, Inc., its general partner

By: /s/ Thomas A. Wentz, Jr.

Print Name: Thomas A. Wentz, Jr.

Print Title: Senior Vice President

DATED: _____

By: /s/ Charles A. Greenberg

Print Name: Charles A. Greenberg

Print Title: Vice President

TENANT:

AM RETAIL GROUP, INC., a Delaware corporation

By: /s/ Joel Waller

Print Name: Joel Waller

Print Title: President

EXHIBIT "1" TO LEASE

Definitions

"Additional Rent" means any charge, fee or expense (other than Basic Rent), however denoted, that is payable by Tenant under this Lease.

"Affiliate" means any person or entity that, directly or indirectly, controls, is controlled by or is under common control with Tenant. For purposes of this definition, "control" means possessing the power to direct or cause the direction of the management and policies of the entity by the ownership of a majority of the voting securities of the entity.

"Alteration" means any change, alteration, addition or improvement to the Premises or Property.

"Bankruptcy Code" means the United States Bankruptcy Code as the same now exists and as the same may be amended, including any and all rules and regulations issued pursuant to or in connection with the United States Bankruptcy Code now in force or in effect after the Effective Date.

"Basic Rent" means the basic rent amounts specified in the Basic Terms.

"Basic Terms" means the terms of this Lease identified as the Basic Terms before Article 1 of the Lease.

"Building" means the building(s) now existing on the Land, as identified in the Basic Terms.

"Business Days" means any day other than Saturday, Sunday or a legal holiday in the State.

"City" means the City of Brooklyn Park, Minnesota.

"Claims" means all claims, actions, demands, liabilities, damages, costs, penalties, forfeitures, losses or expenses, including, without limitation, reasonable attorneys' fees and the costs and expenses of enforcing any indemnification, defense or hold harmless obligation under the Lease.

"Commencement Date" means the Commencement Date specified in the Basic Terms.

"Common Area" means the telecommunications room, parking area, driveways, and other areas of the Property Landlord may designate from time to time as common area available to all tenants.

"Condemning Authority" means any person or entity with a statutory or other power of eminent domain.

"County" means the County in which the Property is located in.

"Discount Rate" means 1% per annum plus the prevailing "Primary Credit" discount rate established by the Federal Reserve Bank for the district in which the Property is located on advances made to member banks under the Federal Reserve Act.

"Effective Date" means the date Landlord executes this Lease, as indicated on the signature page.

"Event of Default" means the occurrence of any of the events specified in Section 14.1 of the Lease.

"Expenses" means the total amount of Property Taxes and Operating Expenses due and payable with respect to the Property during any calendar year of the Term.

"Force Majeure" means acts of God; strikes; lockouts; inability to procure materials (despite commercially reasonable pursuit of such materials); governmental laws or regulations; casualty; orders or directives of any legislative, administrative, or judicial body or any governmental department; inability to obtain any governmental licenses, permissions or authorities (despite commercially reasonable pursuit of such licenses, permissions or authorities); and other similar or dissimilar causes beyond Landlord's or Tenant's reasonable control.

“Hazardous Materials” means any of the following, in any amount: (a) any petroleum or petroleum product, asbestos in any form, urea formaldehyde and polychlorinated biphenyls; (b) any radioactive substance; (c) any toxic, infectious, reactive, corrosive, ignitable or flammable chemical or chemical compound; and (d) any chemicals, materials or substances, whether solid, liquid or gas, defined as or included in the definitions of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “extremely hazardous wastes,” “restricted hazardous wastes,” “toxic substances,” “toxic pollutants,” “solid waste” or words of similar import in any federal, state or local statute, law, ordinance or regulation now existing or existing on or after the Effective Date as the same may be interpreted by government offices and agencies.

“Hazardous Materials Laws” means any federal, state or local statutes, laws, ordinances or regulations now existing or existing after the Effective Date that control, classify, regulate, list or define Hazardous Materials.

“Land” means the parcel(s) of land on which the Building is located. In the event the Building is part of a designated complex, then “Land” shall also mean all associated parcels of land owned by Landlord, all easements appurtenant thereto, and all access drives serving the complex. Subject to the terms and conditions of any applicable Permitted Encumbrances, and such other restrictions as Landlord may impose during the Lease Term, Tenant will have the nonexclusive right to use the described access-ways within the complex, as the same may exist from time to time.

“Landlord” means only the owner or owners of the Property at the time in question. In any provision relating to the conduct, acts or omissions of “Landlord,” the term “Landlord” means the landlord identified in the Lease and such landlord’s officers and employees, and (if any) the Property Manager.

“Landlord Parties” means Landlord and Property Manager and their respective officers, directors, partners, shareholders, members and employees.

“Laws” means any law, regulation, rule, order, statute, ordinance or codes of any governmental or private entity in effect on or after the Effective Date and applicable to the Property or the use or occupancy of the Property, including, without limitation, Hazardous Materials Laws, Building Rules and Permitted Encumbrances.

“Lease” means this Lease Agreement, as the same may be amended or modified after the Effective Date.

“Lease Year” means each consecutive 12 month period during the Term, commencing on the Commencement Date, except that if the Commencement Date is not the first day of a calendar month, then the first Lease Year is a period beginning on the Commencement Date and ending on the last day of the calendar month in which the Commencement Date occurs plus the following 12 consecutive calendar months.

“Maximum Rate” means interest at a rate equal to the lesser of (a) 18% per annum or (b) the maximum interest rate permitted by law.

“Mortgage” means any mortgage, deed of trust, security interest or other security document of like nature that at any time may encumber all or any part of the Property and any replacements, renewals, amendments, modifications, extensions or refinancings thereof, and each advance (including future advances) made under any such instrument.

“Net Rent” means all rental Landlord actually receives from any reletting of all or any part of the Premises, less any indebtedness from Tenant to Landlord other than Rent (which indebtedness is paid first to Landlord) and less the Re-entry Costs (which costs are paid second to Landlord).

“Notices” means all notices, demands or requests that may be or are required to be given, demanded or requested by either party to the other as provided in the Lease.

“Operating Expenses” means all expenses Landlord incurs in connection with maintaining, repairing and operating the Property, as reasonably determined by Landlord in accordance with generally accepted accounting principles consistently followed. “Operating Expenses” shall include without limitation the following: utility

charges (including without limitation electricity, water, sewer, gas, fuel and steam); lighting; window washing; the costs and expenses incurred in connection with the provision of the utilities and services set forth in Section 6.1 (including without limitation the maintenance and repair of the Building systems furnishing such utilities and services); costs and expenses incurred in connection with Landlord's obligations under Section 7.1; Landlord's costs and expenses for insurance, as specified in Section 10.2; property association fees, dues, and any other payments under any of the Permitted Encumbrances (except the Mortgage) affecting the Property; wages payable to persons whose duties are connected with maintaining and operating the Property (but only for the portion of such persons' time allocable to the Property), together with all payroll taxes, unemployment insurance, vacation allowances and disability, pension, profit sharing, hospitalization, retirement and other so-called "fringe benefits" paid in connection with such persons (allocated in a manner consistent with such persons' wages); amounts paid to contractors or subcontractors for work or services performed in connection with maintaining, repairing and operating the Property; all costs of uniforms, supplies and materials used in connection with maintaining, repairing and operating the Property; all services, supplies, replacements or other expenses for maintaining, repairing and operating the Property; costs of complying with Laws; reasonable management fees (not to exceed 5% of gross rents); expenses Landlord incurs in connection with public sidewalks adjacent to the Property, any pedestrian walkway system (either above or below ground) and any other public facility to which Landlord or the Property is from time to time subject in connection with operating the Property; and such other expenses as may ordinarily be incurred in connection with maintaining, repairing and operating a property similar to the Property. Notwithstanding anything to the contrary in this Lease, if Landlord makes a capital improvement to the Property that would be deemed a capital expense under generally accepted accounting principles, then Landlord may only include in Operating Expenses reasonable charges for interest paid on the investment and reasonable charges for depreciation of the investment, so as to amortize the investment over the reasonable useful life of the improvement on a straight line basis. The term "Operating Expenses" does not include:

- i. The costs of repair, restoration or other work occasioned by any insured casualty (except for deductibles as provided in Section 10.2).
- ii. Interest, principal, points and fees, amortization or any other costs associated with the Mortgage, and all costs and expenses associated with any such debt, irrespective of whether this Lease is subject or subordinate thereto.
- iii. Expenses or Allowances for depreciation or amortization (except as may be expressly allowed by this Lease, including without limitation the amortization of capital improvements as noted above).
- iv. Any bad debt loss, or any reserve for bad debt loss.
- v. Compensation (including benefits) paid to any employee of Landlord or Property Manager above the grade of building superintendent or manager.
- vi. Expenses to prepare, renovate, or perform any other work in any space leased to an existing or new tenant of the Building, or to prepare, renovate or perform work in the Building to accommodate additional tenants.
- vii. Expenses to retain existing tenants or to lease space to new tenants, including without limitation legal fees, leasing commissions, advertising, and promotional expenditures.
- viii. Expenses to resolve disputes with existing tenants, or to negotiate lease terms with prospective tenants.
- ix. The costs of any services or supplies to the extent that such costs are reimbursed to Landlord by tenants of the Building (other than by virtue of the pass through of Operating Expenses to tenants), or by other third parties.
- x. The costs of any repair, restoration or other work occasioned by a condemnation proceeding, if and to the extent Landlord has actually been reimbursed by condemnation proceeds.

- xi. Rent payable by Landlord pursuant to any ground or air-rights lease affecting the Property, irrespective of whether this Lease is subject or subordinate thereto.
- xii. Fees or sums paid to an affiliate of Landlord, to the extent that such fees exceed the customary amount charged by independent contractors and suppliers for the services or supplies provided.
- xiii. Expenses for any necessary replacement of any item to the extent that it is covered under warranty.
- xiv. Costs of sculptures, paintings and other objects of art.
- xv. Charitable or political contributions by Landlord.
- xvi. Interest or penalties assessed against Landlord due to the late payment of any Expenses.
- xvii. Expenses for any item or service that Tenant pays directly to a third party, or separately reimburses to Landlord.
- xviii. The costs of repairs to the extent such repairs are necessitated by Landlord's negligence or willful misconduct.
- xix. The costs of any services provided to other tenants of the Property in excess of the services provided to Tenant under this Lease.
- xx. Landlord's general corporate overhead and administrative expenses, except to the extent related (or reasonably allocated) to the Property, and except as expressly provided in this Lease.
- xxi. Personal property taxes of Landlord for equipment or items to the extent not used directly in the operation or maintenance of the Property.
- xxii. Landlord's income, franchise, estate or inheritance taxes.

"Permitted Encumbrances" means all Mortgages, liens, easements, declarations, encumbrances, covenants, conditions, reservations, restrictions, and other matters now or after the Effective Date affecting title to the Property.

"Property" means, collectively, the Land, Building (including the Premises) and all other improvements on the Land.

"Property Manager" means the property manager specified in the Basic Terms, or any other agent Landlord may appoint from time to time to manage the Property.

"Property Taxes" means any general real property tax, improvement tax, assessment, special assessment, reassessment, commercial rental tax, in lieu tax, levy, charge, penalty or similar imposition imposed by any authority having the direct or indirect power to tax, including but not limited to, (a) any city, county, state or federal entity, (b) any school, agricultural, lighting, drainage or other improvement or special assessment district, (c) any governmental agency, or (d) any private entity having the authority to assess the Property under any of the Permitted Encumbrances. The term "Property Taxes" includes all charges or burdens of every kind and nature Landlord incurs in connection with using, occupying, owning, operating, leasing or possessing the Property, without particularizing by any known name and whether any of the foregoing are general, special, ordinary, extraordinary, foreseen or unforeseen; any tax or charge for fire protection, street lighting, streets, sidewalks, road maintenance, refuse, sewer, water or other services provided to the Property and any personal property taxes on personal property used on the Property. The term "Property Taxes" does not include Landlord state or federal income, franchise, estate or inheritance taxes. If Landlord is entitled to pay, and elects to pay, any of the above listed assessments or charges in installments over a period of two or more calendar years, then only such installments of the assessments or charges (including interest thereon) as are actually paid in a calendar year will

be included within the term "Property Taxes" for such calendar year. If any of Tenant's trade fixtures and other personal property are taxed with the Property, Tenant will pay the taxes attributable to Tenant's trade fixtures and other personal property to Landlord as Additional Rent. Notwithstanding anything to the contrary in this Lease, Tenant shall pay Property Taxes pursuant to the existing sublease, as amended, as are due and owing up to the Commencement Date of this Lease; thereafter, Tenant will pay a prorata share pursuant to this Lease.

"Punch List" means a list of Tenant Improvements items that were either (a) not properly completed by Landlord, or (b) in need of repair, which list is prepared in accordance with Section 17.1.

"Re-entry Costs" means all reasonable costs and expenses Landlord incurs re-entering or reletting all or any part of the Premises, including, without limitation, all costs and expenses Landlord incurs (a) maintaining or preserving the Premises after an Event of Default; (b) recovering possession of the Premises, removing persons and property from the Premises (including, without limitation, court costs and reasonable attorney's fees) and storing such property; (c) reletting, renovating or altering the Premises, but only to the extent reasonably required to relet the Premises; and (d) real estate commissions, reasonable advertising expenses and similar expenses paid or payable in connection with reletting all or any part of the Premises. "Re-entry Costs" also includes the value of free rent and other concessions Landlord gives in connection with re-entering or reletting all or any part of the Premises.

"Rent" means, collectively, Basic Rent and Additional Rent.

"State" means the State in which the Property is located.

"Structural Alterations" means any Alterations involving the structural, mechanical, electrical, plumbing, fire/life safety or heating, ventilating and air conditioning systems of the Building.

"Substantial Completion" means the date that the improvements or alterations are substantially complete (as evidenced by material compliance with applicable construction permits), and Tenant is reasonably able to use the Premises for the Permitted Use.

"Taking" means the exercise by a Condemning Authority of its power of eminent domain on all or any part of the Property, either by accepting a deed in lieu of condemnation or by any other manner.

"Tenant" means the tenant identified in the Lease and such tenant's permitted successors and assigns. In any provision relating to the conduct, acts or omissions of "Tenant," the term "Tenant" means the tenant identified in the Lease and such tenant's agents, employees, contractors, invitees, successors, assigns and others using the Premises or on the Property with Tenant's expressed or implied permission.

"Tenant Delays" means any delays caused or contributed to by Tenant.

"Tenant Parties" means Tenant and its officers, directors, partners, shareholders, members and employees. "Tenant Parties" specifically excludes Tenant's agents, contractors, invitees, and others using the Premises or on the Property with Tenant's expressed or implied permission.

"Tenant's Share of Expenses" means the product obtained by multiplying the amount of Expenses for the period in question by the Tenant's Share of Expenses Percentage.

"Tenant's Share of Expenses Percentage" means the percentage specified in the Basic Terms, as such percentage may be adjusted in accordance with the terms and conditions of this Lease.

"Term" means the initial term of this Lease specified in the Basic Terms and, if applicable, any extension term then in effect.

"Transfer" means an assignment, mortgage, pledge, transfer, sublease or other encumbrance or conveyance (voluntarily, by operation of law or otherwise) of this Lease or the Premises or any interest in this Lease or the Premises. The term "Transfer" also includes any assignment, mortgage, pledge, transfer or other encumbering or

disposal (voluntarily, by operation of law or otherwise) of any ownership interest in Tenant that results or could result in a change of control of Tenant.

EXHIBIT "2.1" TO LEASE
Premises (First Floor)

EXHIBIT "2.2" TO LEASE
Premises (Mezzanine)

EXHIBIT "1.2.3" TO LEASE
Commencement Date Memorandum

THIS MEMORANDUM is entered into effective as of the ____ day of _____, 2009, by and between IRET PROPERTIES, A NORTH DAKOTA LIMITED PARTNERSHIP ("**Landlord**") and AM RETAIL GROUP, INC., a Delaware corporation ("**Tenant**"). Landlord and Tenant are party to a certain Lease Agreement dated as of the ____ day of February, 2009 ("**Lease**"), relating to that certain premises ("**Premises**") located in the building located at 7401 Boone Avenue North, Brooklyn Park, Minnesota ("**Building**"). Pursuant to Section 1.2.3 of the Lease, Landlord and Tenant acknowledge and agree as follows:

1. The Commencement Date is _____, 2009. The initial Term of the Lease shall expire on _____, 2012, unless the Lease is extended or sooner terminated in accordance with the terms and conditions of the Lease.
2. Tenant shall pay Basic Rent during the initial Term in accordance with the following schedule:

Months	Total Annualized	Total Monthly
	\$ 579,797.24	\$48,316.44
	\$ 596,850.10	\$49,737.51
	\$ 615,453.22	\$51,287.77

3. Subject to the conditions and limitations set forth in the Lease, Tenant must exercise its right to the Extension Term, if at all, by notifying Landlord on or before _____. Said Extension Term shall commence on _____, and shall terminate on _____.

All capitalized terms not otherwise defined in this memorandum have the meanings ascribed to them in the Lease. Landlord and Tenant, and each individual signing this memorandum on behalf of each party, represents and warrants that they are duly authorized to sign on behalf of and to bind said party. This memorandum may be executed in counterparts, each of which is an original and all of which constitute one instrument.

LANDLORD:

IRET PROPERTIES, A NORTH DAKOTA LIMITED PARTNERSHIP

By: IRET, Inc., its sole General Partner

By: _____

Print Name:

Print Title:

TENANT:

AM RETAIL GROUP, INC., a Delaware corporation

By: _____

Print Name:

Print Title:

EXHIBIT "1.3" TO LEASE
Identification of Hallway Area

EXHIBIT "4.3" TO LEASE

Building Rules

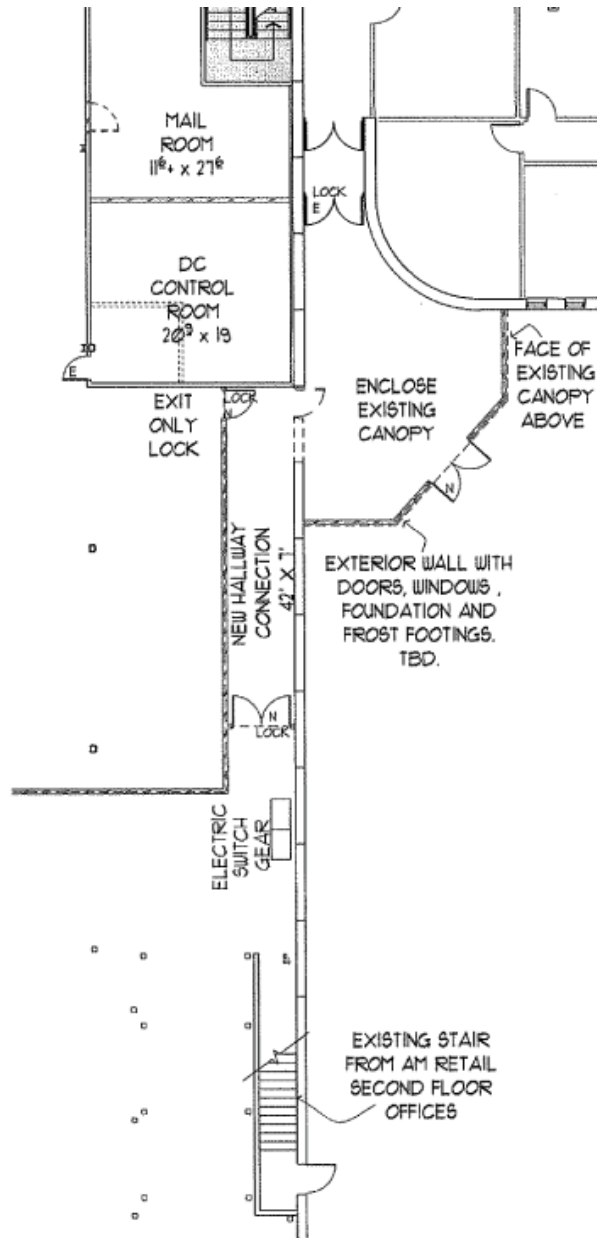
1. Wherever in these Building Rules the word "Tenant" occurs, it is understood and agreed that it shall also mean Tenant's assigns, employees, agents, invitees, and visitors. Wherever the word "Landlord" occurs, it is understood and agreed that it shall also mean Landlord's assigns, employees, and agents.
 2. Tenant shall not bring into the Property any inflammables (including without limitation gasoline, kerosene, naphtha and benzene), explosives, or any other article of intrinsically dangerous nature.
 3. Tenant shall not obstruct sidewalks, entrances, passages, corridors, vestibules, halls, or stairways in and about the Property which are used in common with other tenants and their servants, employees, customers, guests and invitees, and which are not a part of the Premises of Tenant.
 4. Tenant acknowledges and agrees that the Building is "smoke free," and that no smoking of tobacco products shall be allowed within the Building.
 5. The Premises shall not be used for cooking (except for microwaves), lodging, sleeping or for any immoral or illegal purpose. No animals are allowed in the Building.
 6. Tenant is solely responsible for protecting the Premises and Tenant's property from theft and robbery. All entrance doors to the Premises shall be locked when the Premises are not in use. No locks or similar devices shall be attached to any door or window, except as provided by Landlord or otherwise approved in writing by Landlord. Landlord's consent to the installation of any additional locks or similar devices may be conditioned upon (among other things), Tenant providing Landlord with keys to all such additional locks. Upon termination of this Lease or of the Tenant's possession, the Tenant shall surrender all keys of the Premises and shall provide to Landlord all combination locks on safes, cabinets and vaults.
 7. Tenant shall not waste electricity, water, heat or air conditioning, and shall cooperate fully with Landlord to insure the most effective and efficient operation of the Building's mechanical systems.
 8. All loading, unloading, receiving or delivery of goods, supplies or disposal of garbage or refuse shall be made only through entryways provided for such purposes. Tenant shall be responsible for any damage to the Building or the Property of its employees or others and injuries sustained by any person whomsoever resulting from the use or moving of such articles in or out of the leased Premises, and shall make all repairs and improvements required by Landlord or governmental authorities in connection with the use or moving of such articles.
 9. Tenant, its servants, employees, customers, invitees and guests shall, when using the common parking facilities, if any, in and around the Building, observe and obey all signs regarding fire lanes and no parking zones, and when parking always park between the designated lines. Landlord reserves the right to tow away, at the expense of the owner, any vehicle which is improperly parked or parked in a no parking zone. All vehicles shall be parked at the sole risk of the owner, and Landlord assumes no responsibility for any damage to or loss of vehicles. No vehicles shall be parked overnight.
 10. Tenant shall observe faithfully and comply strictly with the foregoing rules and regulations and such other and further appropriate rules and regulations as Landlord may from time to time adopt. Landlord reserves the right at any time and from time to time to rescind, alter or waive, in whole or in part, any of these Building Rules when it is deemed necessary, desirable, or proper, in Landlord's judgment, for its best interest or for the best interest of the tenants of the Property.
-

EXHIBIT "17.1.1" TO THE LEASE
Description of Tenant Improvements

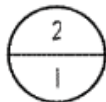
EXHIBIT "17.2.A" TO THE LEASE
Identification of Restricted Parking Area

EXHIBIT "17.2.B" TO THE LEASE
Identification of Tenant's Designated Parking Area

EXHIBIT "1.3" TO LEASE
Identification of Hallway Area



PROPOSED OFFICE/WAREHOUSE CONNECTION



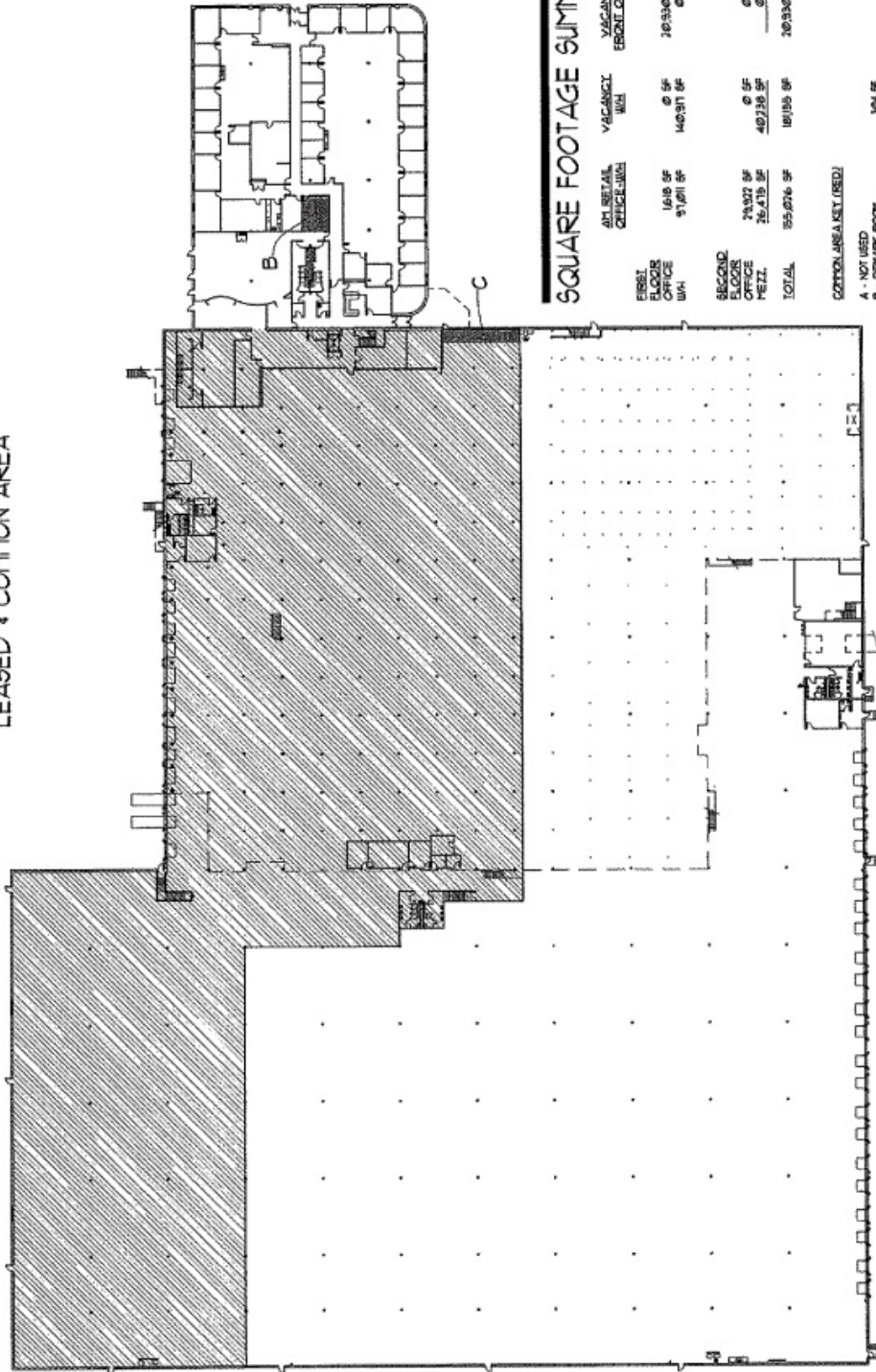
7401 BOONE AVE. NORTH
BROOKLYN PARK, MN 55428
10-31-08 / KAM



SCALE: 1/16" = 1'-0"

EXHIBIT "2.1" TO LEASE
Premises (First Floor)

EXHIBIT PLAN
LEASED & COMMON AREA



SQUARE FOOTAGE SUMMARY

	AT RETAIL OFFICE/USE	VACANCY MIN	VACANCY FRONT OFFICE	TOTAL
FIRST FLOOR OFFICE AREA	1618 SF 9181 SF	0 SF 14031 SF	20330 SF 0 SF	22448 SF 231208 SF
SECOND FLOOR OFFICE AREA	24327 SF 26418 SF	0 SF 48238 SF	0 SF 0 SF	24327 SF 66712 SF
TOTAL	55076 SF	18069 SF	20330 SF	35111 SF

COMMON AREA KEY (REF.)	
A - NOT USED	364 SF
B - DEPART. ROOT	359 SF
C - OFFICE/ WAREHOUSE CONNECTION	

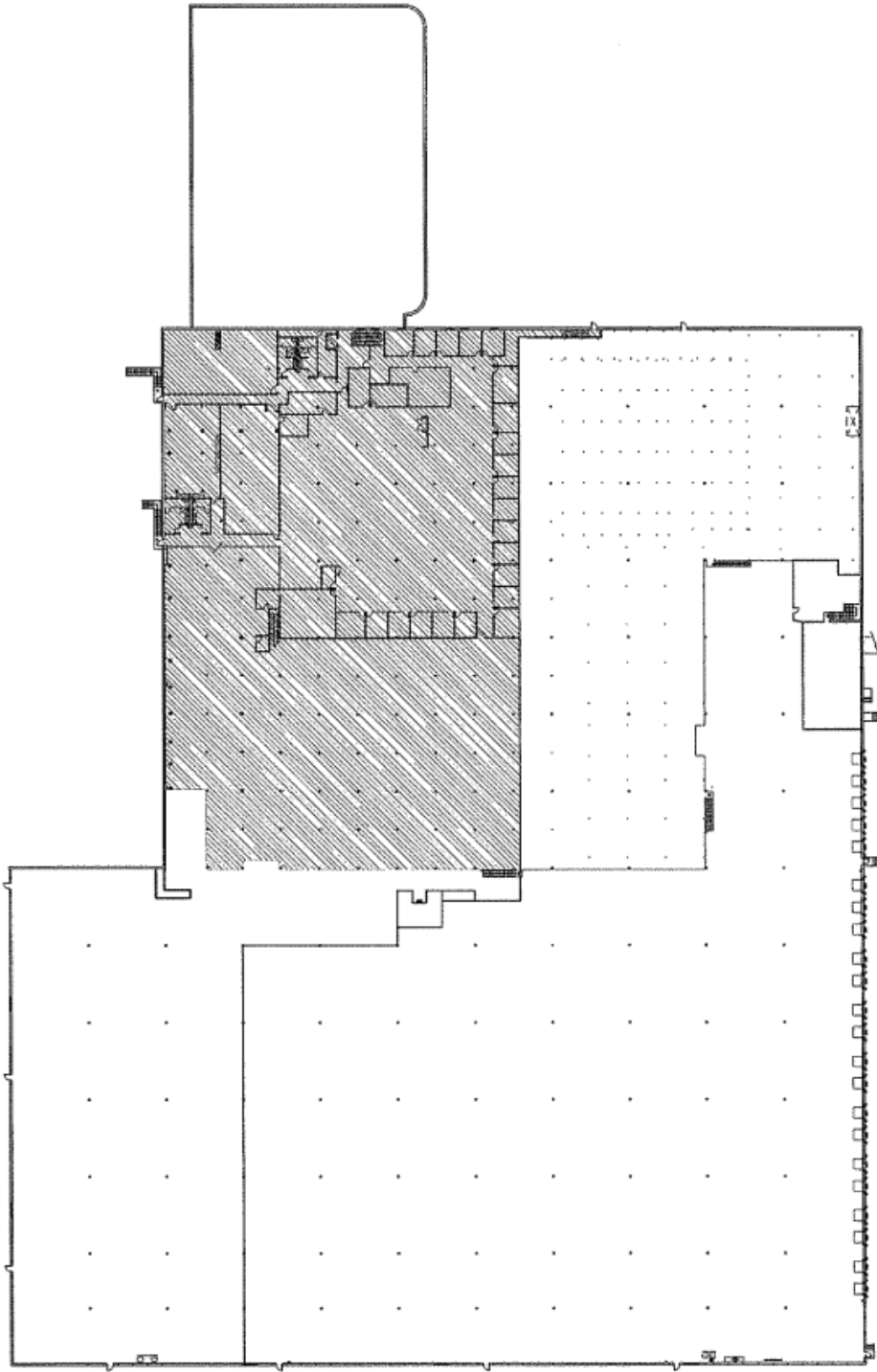
1 FIRST FLOOR PLAN
1481 BOONE AVE. MORRIS
BROOKLYN PARK, MN 55428
25.09 - REVISED 03.08
109954



NOT TO SCALE

EXHIBIT "2.2" TO LEASE
Premises (Mezzanine)

EXHIBIT PLAN
LEASED & COMMON AREA



1 SECOND FLOOR PLAN
2 1401 BOONE AVE. NORTH
BROOKLYN PARK, MN 55410
02.5.09 - REVISED 12.5.09
100554



NOT TO SCALE

EXHIBIT "17.1.1" TO THE LEASE
Description of Tenant Improvements

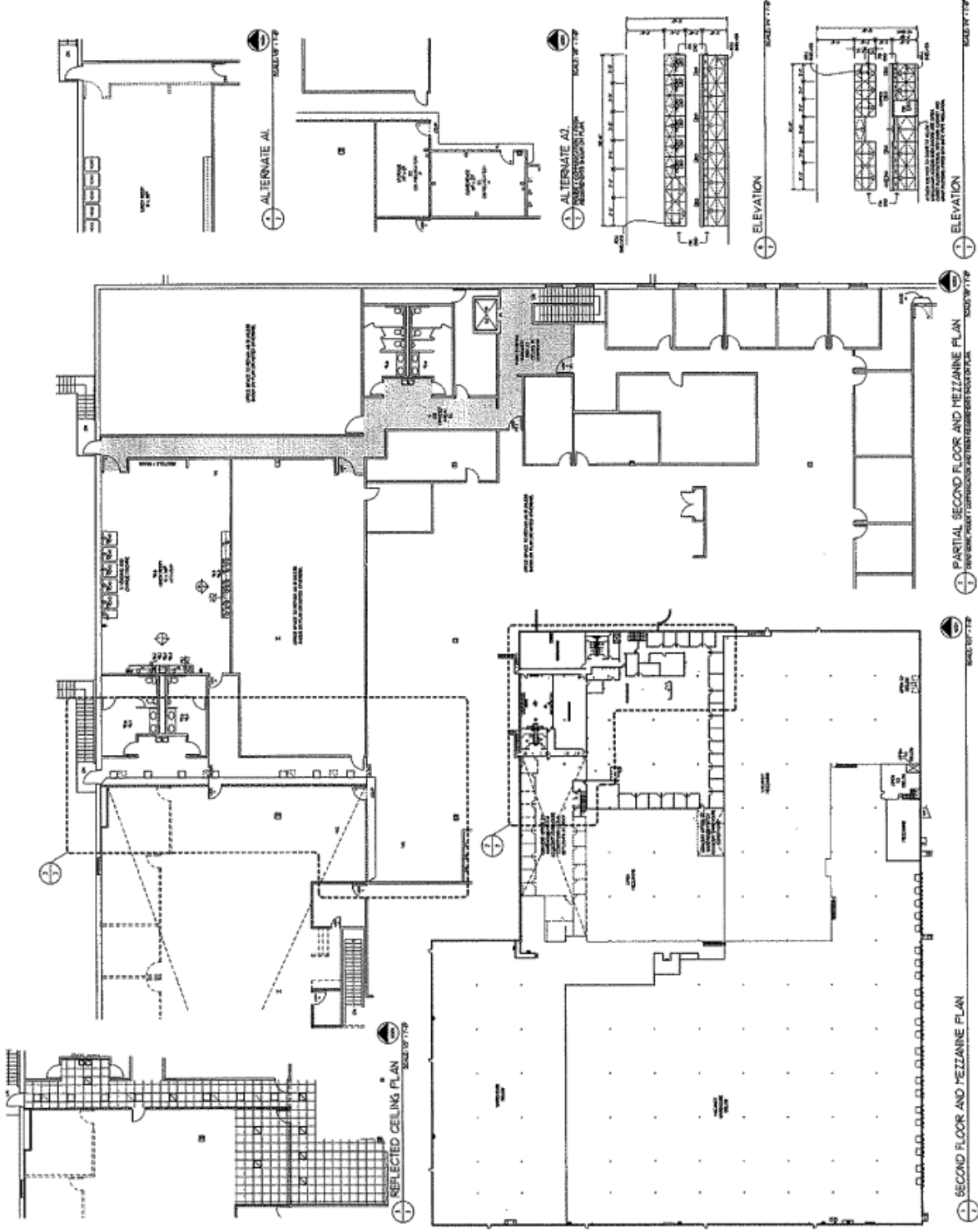
AM RETAIL
7401 Boone Ave. North
Brooklyn Park, MN 55428

Item	Total Bid	LL Cost	Tenant Cost
Permit	\$ 3,522	\$ 2,113	\$ 1,409
Supervision	\$ 14,300	\$ 8,580	\$ 5,720
General Conditions	\$ 4,900	\$ 2,940	\$ 1,960
Final Cleaning/Dumpsters	\$ 3,689	\$ 2,213	\$ 1,476
Demolition	\$ 32,790		\$ 32,790
Concrete	\$ 1,870	\$ 1,870	
Precast modification	\$ 2,680	\$ 2,680	
Structural Steel	\$ 5,500	\$ 5,500	
Rough Carpentry	\$ 1,625		\$ 1,625
Millwork	\$ 10,210		\$ 10,210
Hollow Metal Frames	\$ 2,111		\$ 2,111
Wood Doors	In above		
Finish Hardware	In above		
Glass & Glazing	\$ 0	\$ 0	
Drywall	\$ 68,870	\$ 68,870	
Paint & VWC	\$ 6,550		\$ 6,550
Carpet/Flooring	\$ 24,182		\$ 24,182
Acoustical Ceiling	\$ 2,635		\$ 2,635
Ceramic Tile	Not Included		
Blind repair allowance	\$ 500		\$ 500
Fire Extinguishers	\$ 350	\$ 350	
HVAC	\$ 23,144	\$ 23,144	
Plumbing	\$ 4,800	\$ 4,800	
Fire Protection	\$ 8,450	\$ 8,450	
Electrical	\$ 43,860	\$ 43,860	
Fire Life Safety	Not Included		
	SUBTOTAL	\$266,538	\$175,371
			\$ 91,167
CONTRACTOR FEE	\$ 13,327	\$ 7,996	\$ 5,331
PROJECT TOTAL	\$279,865	\$183,367	\$ 96,498
ALTERNATES			
Remove mastic by mechanical means.			\$ 10,993
Patch existing walls after VWC removal.			\$ 5,000
Provide ductwork to drop down over the dock doors.			\$ 6,983
PROJECT TOTAL AFTER ALTERNATES		\$183,367	\$ 119,474

WCL



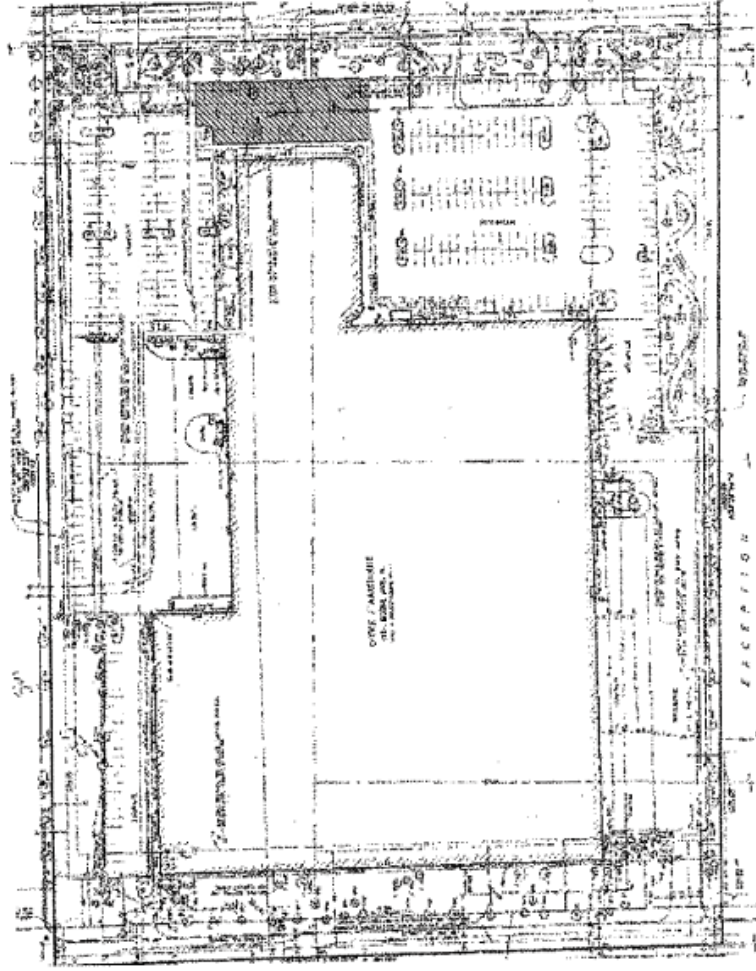
AN ATLAS
BRAND
SECOND FLOOR
CONSTRUCTION PLAN



CONSTRUCTION PLAN	
NO.	DATE
1	10/10/00
2	11/10/00
3	12/10/00
4	01/11/01
5	02/11/01
6	03/11/01
7	04/11/01
8	05/11/01
9	06/11/01
10	07/11/01
11	08/11/01
12	09/11/01
13	10/11/01
14	11/11/01
15	12/11/01
16	01/12/02
17	02/12/02
18	03/12/02
19	04/12/02
20	05/12/02
21	06/12/02
22	07/12/02
23	08/12/02
24	09/12/02
25	10/12/02
26	11/12/02
27	12/12/02
28	01/01/03
29	02/01/03
30	03/01/03
31	04/01/03
32	05/01/03
33	06/01/03
34	07/01/03
35	08/01/03
36	09/01/03
37	10/01/03
38	11/01/03
39	12/01/03
40	01/02/04
41	02/02/04
42	03/02/04
43	04/02/04
44	05/02/04
45	06/02/04
46	07/02/04
47	08/02/04
48	09/02/04
49	10/02/04
50	11/02/04
51	12/02/04
52	01/03/05
53	02/03/05
54	03/03/05
55	04/03/05
56	05/03/05
57	06/03/05
58	07/03/05
59	08/03/05
60	09/03/05
61	10/03/05
62	11/03/05
63	12/03/05
64	01/04/06
65	02/04/06
66	03/04/06
67	04/04/06
68	05/04/06
69	06/04/06
70	07/04/06
71	08/04/06
72	09/04/06
73	10/04/06
74	11/04/06
75	12/04/06
76	01/05/07
77	02/05/07
78	03/05/07
79	04/05/07
80	05/05/07
81	06/05/07
82	07/05/07
83	08/05/07
84	09/05/07
85	10/05/07
86	11/05/07
87	12/05/07
88	01/06/08
89	02/06/08
90	03/06/08
91	04/06/08
92	05/06/08
93	06/06/08
94	07/06/08
95	08/06/08
96	09/06/08
97	10/06/08
98	11/06/08
99	12/06/08
100	01/07/09

EXHIBIT "17.2.A" TO THE LEASE
Identification of Restricted Parking Area

EXHIBIT PLAN
PARKING



PARKING KEY (RED)

- A • PARKING AREA FOR FRONT OFFICE ONLY

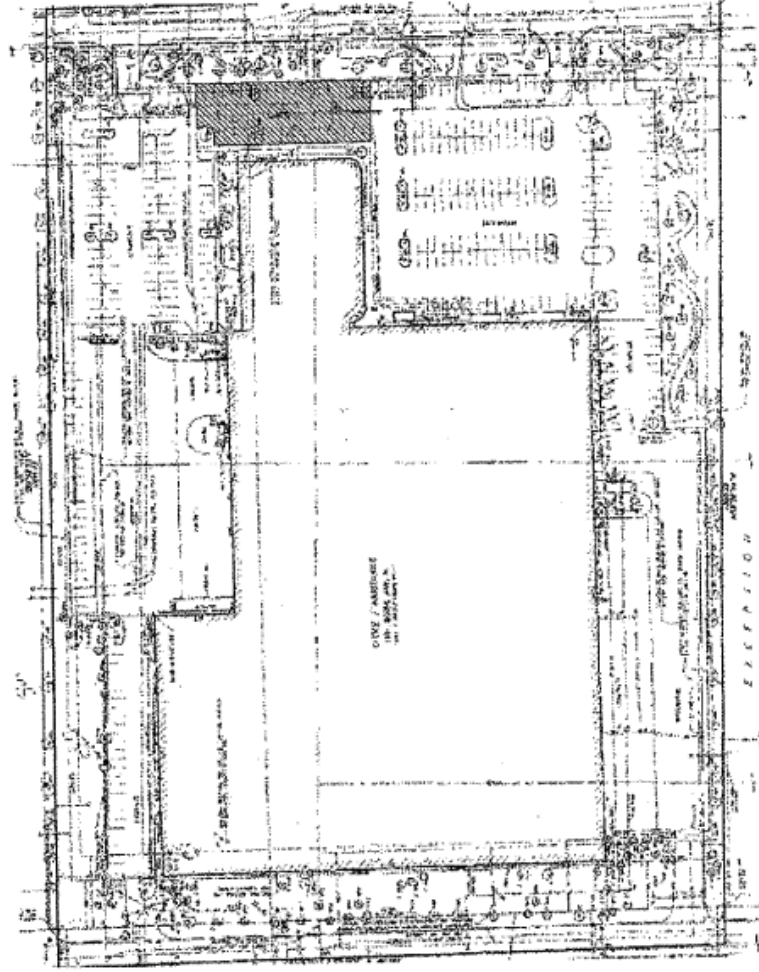


NOT TO SCALE

 SITE PLAN
1461 BOONE AVE NORTH
BROOKLYN PARK, MN 55429
53069
102954 / BAP

EXHIBIT "17.2.B" TO THE LEASE
Identification of Tenant's Designated Parking Area

EXHIBIT PLAN PARKING



PARKING KEY (RED)
A - PARKING AREA FOR
FRONT OFFICE ONLY

1 SITE PLAN
1481 BOONE AVE NORTH
BROOKLYN PARK, MN 55418
11/26/05
189854 / BAP



NOT TO SCALE

GRANITE SOUTH BRUNSWICK LLC,
as Landlord

AND

G III APPAREL GROUP LTD
as Tenant

LEASE AGREEMENT

Dated: December 21, 2009

Premises:

140 – 148 Docks Comer Road
Jamesburg, New Jersey

TABLE OF CONTENTS

		<u>PAGE</u>
ARTICLE 1	REFERENCE DATA AND DEFINITIONS	1
ARTICLE 2	DEMISED PREMISES AND TERM	3
	Section 2.1 Demised Premises	3
	Section 2.2 Term	3
	Section 2.3 Tenant's Entry upon Demised Premises before Commencement Date	3
ARTICLE 3	RENT AND SECURITY DEPOSIT	4
	Section 3.1 Fixed Rent	4
	Section 3.2 Additional Rent	4
	Section 3.3 Past Due Rent	4
	Section 3.4 Security Deposit	5
	Section 3.5 Rent Payments	5
ARTICLE 4	TENANT'S SHARE OF OPERATING COSTS AND TAXES	5
	Section 4.1 Definitions	5
	Section 4.2 Tenant's Payment of Operating Costs, Taxes and Insurance	8
	Section 4.3 Refunds; Other Items	10
ARTICLE 5	COMPLETION AND OCCUPANCY OF DEMISED PREMISES	11
	Section 5.1 Completion of Demised Premises	11
	Section 5.2 Occupancy of Demised Premises	11
ARTICLE 6	CONDUCT OF BUSINESS BY TENANT	11
	Section 6.1 Use of Demised Premises	11
	Section 6.2 Compliance with Laws and Requirements of Public Authorities	11
	Section 6.3 Rules and Regulations	12
ARTICLE 7	COMMON AREA	13
	Section 7.1 Control of Common Area	13
	Section 7.2 Intentionally deleted	13
ARTICLE 8	REPAIRS, ALTERATIONS AND MECHANICS' LIENS	13
	Section 8.1 Repairs	13
	Section 8.2 Alterations	14
	Section 8.3 Mechanics' Liens	15
ARTICLE 9	UTILITIES AND BUILDING SERVICES	15
	Section 9.1 Utilities and Building Services	15
	Section 9.2 Interruption of Services	15

		<u>PAGE</u>
ARTICLE 10	PROPERTY AND OTHER TAXES	16
	Section 10.1 Tenant's Property	16
	Section 10.2 Increased Value of Improvements	16
ARTICLE 11	INSURANCE AND INDEMNITY	16
	Section 11.1 Tenant's Insurance	16
	Section 11.2 Indemnity and Non-Liability	17
	Section 11.3 Waiver of Subrogation	18
ARTICLE 12	DAMAGE BY CASUALTY	19
	Section 12.1 Notice	19
	Section 12.2 Restoration of Improvements	19
	Section 12.3 Damage During Last Year of Lease Term	20
ARTICLE 13	EMINENT DOMAIN	20
	Section 13.1 Taking of Demised Premises	20
	Section 13.2 Partial or Temporary Taking of Building	20
	Section 13.3 Surrender	21
	Section 13.4 Rent Adjustment for Partial Taking of Demised Premises	21
	Section 13.5 Awards	21
ARTICLE 14	RIGHTS RESERVED TO LANDLORD	22
	Section 14.1 Access to Demised Premises	22
	Section 14.2 Additional Rights	22
ARTICLE 15	ASSIGNMENT AND SUBLETTING	23
	Section 15.1 Consent Required	23
ARTICLE 16	BANKRUPTCY	25
	Section 16.1 Bankruptcy	25
	Section 16.2 Measure of Damages	26
ARTICLE 17	DEFAULT	26
	Section 17.1 Events of Default	26
	Section 17.2 Damages	27
	Section 17.3 Landlord Default	28
	Section 17.4 Waiver of Jury Trial	28
ARTICLE 18	SURRENDER	29
	Section 18.1 Possession	29
	Section 18.2 Merger	29
ARTICLE 19	HOLDING OVER	29
	Section 19.1 Holding Over	29
ARTICLE 20	REMEDIES CUMULATIVE	29
	Section 20.1 No Waiver	29

		<u>PAGE</u>
ARTICLE 21	ESTOPPEL CERTIFICATE, SUBORDINATION, ATTORNMENT	30
	Section 21.1 Estoppel Certificate	30
	Section 21.2 Subordination	30
	Section 21.3 Attornment	30
	Section 21.4 Mortgages	30
ARTICLE 22	QUIET ENJOYMENT	31
	Section 22.1 Quiet Enjoyment	31
ARTICLE 23	NOTICES	31
	Section 23.1 Notices	31
ARTICLE 24	MISCELLANEOUS PROVISIONS	31
	Section 24.1 Time	31
	Section 24.2 Applicable Law and Construction	31
	Section 24.3 Parties Bound	32
	Section 24.4 No Representations by Landlord	32
	Section 24.5 Brokers	32
	Section 24.6 Severability	32
	Section 24.7 Force Majeure	32
	Section 24.8 Definition of Landlord	33
	Section 24.9 No Option	33
	Section 24.10 Exculpatory Clause	33
	Section 24.11 No Recording	33
	Section 24.12 No Light, View or Air Easements	33
	Section 24.13 Financial Statements	33
	Section 24.14 ERISA	33
	Section 24.15 Patriot Act	34
	Section 24.16 Signage	34
	Section 24.17 Renewal Option	34

LEASE

This Lease is made between Landlord and Tenant named in Article I as of the date set forth therein. Landlord and Tenant, in consideration of the covenants and agreements contained herein, agree as follows:

ARTICLE 1

REFERENCE DATA AND DEFINITIONS

The following are definitions of terms used in this Lease, and each reference in this Lease to any of the following subjects shall be construed to incorporate the data, terms, covenants and provisions stated for that subject in this Article 1, subject to the terms of the balance of this Lease:

<u>DATE OF EXECUTION:</u>	December 21, 2009
<u>LANDLORD:</u>	GRANITE SOUTH BRUNSWICK LLC, a Delaware limited liability company
<u>MANAGING AGENT:</u>	BlackRock Realty Advisors, Inc.
<u>LANDLORD'S AND MANAGING AGENTS ADDRESS:</u>	GRANITE SOUTH BRUNSWICK LLC BlackRock Realty Advisors, Inc. One Financial Center 32 nd Floor Boston, MA 02111 Attn: Robert Norberg
	With a copy to:
	BlackRock Realty Advisors, Inc. 300 Campus Drive, Suite 300 Florham Park, NJ 07932 Attn: Jeremy Litt, Esq.
<u>WIRE INSTRUCTIONS AND/OR ADDRESS FOR RENT PAYMENT:</u>	Matrix Realty, Inc CN 4000, Forsgate Drive Cranbury, NJ 08512 Attn: Accounts Receivable
<u>TENANT:</u>	G III APPAREL GROUP LTD
<u>STATE OF TENANT'S FORMATION/INCORPORATION:</u>	Delaware

TENANT'S ADDRESS:

512 Seventh Ave.
35th Floor
New York, NY 10018
Attn: Chief Operating Officer

With copy to:
Douglas J. Danzig
Fulbright & Jaworski
L.L.P.
666 Fifth Avenue
New York, N.Y. 10103

DEMISED PREMISES:

As shown on Exhibit A agreed for all purposes of this Lease to be 583,376 square feet.

LAND:

The Land described on Exhibit B.

BUILDING:

140 – 148 Docks Corner Road, Jamesburg, NJ

PROPERTY:

The Land, the Building (i.e. Demised Premises) and all other improvements located on the Land, including, without limitation, parking areas, driveways, walkways and landscaped areas.

USE OF DEMISED PREMISES:

Warehouse, distribution, processing (to the extent permitted by zoning) and up to two warehouse sales per year, subject to compliance with all laws and any governmental requirements at Tenant's sole cost, of apparel and related items, and general office

COMMENCEMENT DATE:

June 1, 2010

EXPIRATION DATE:

December 31, 2020

TERM:

Ten (10) Years and Seven (7) Months.

RENEWAL TERM:

One renewal term of Five (5) Years

FIXED RENT:

Initial Term:

Months 1 – 7 — \$0.00 per annum
Months 8 – 31 — \$1,989,312.16 per annum
Months 32 – 55 — \$2,135,156.16 per annum
Months 56 – 91 — \$2,187,660.00 per annum
Months 92 – 127 — \$2,304,335.20 per annum

MONTHLY FIXED RENT:

Initial Term:

Months 1 – 7 — \$0.00 per month
Months 8 – 31 — \$165,776.01 per month
Months 32 – 55 — \$177,929.68 per month
Months 56 – 91 — \$182,305.00 per month
Months 92 – 127 — \$192,027.93 per annum

TENANT'S PROPORTIONATE SHARE:

100%

DEFAULT RATE:

The Prime Rate plus five percent (5%) per annum. "Prime Rate" shall mean the highest of the prime rates as reported in the Money Rate Section of the Wall Street Journal. If the Wall Street Journal no longer publishes the Prime Rate as an index, Landlord may substitute a comparable index including the Prime Rate or reference rate of a reputable financial institution.

SECURITY DEPOSIT AMOUNT:

\$331,552.00

BROKER:

Cushman & Wakefield of New Jersey, Inc., representing Landlord, and Team Resources, Inc., representing Tenant

ARTICLE 2

DEMISED PREMISES AND TERM

Section 2.1 **Demised Premises**. Landlord hereby leases unto Tenant, and Tenant hereby leases from Landlord, the Demised Premises, upon and subject to the covenants, agreements, terms, conditions, limitations, exceptions and reservations of this Lease.

Section 2.2 **Term**. The Term and Tenant's obligation to pay Rent shall commence on the Commencement Date and shall end, unless sooner terminated or extended as herein provided or pursuant to law, at the close of business on the Expiration Date.

Section 2.3 **Tenant's Entry upon Demised Premises before Commencement Date**. Provided that Tenant complies at all times with the provisions and requirements of this Lease (other than the obligation to pay Fixed Rent), Tenant may enter upon the Demised Premises as of January 1, 2010 to install trade fixtures, furnishings and equipment and to make the Demised Premises ready for the conduct of Tenant's business, provided, however, that Tenant does not interfere with Landlord's Work (as defined in Section 5.1), if any, and provided further that such

contractors as Tenant may engage to undertake such installations and other preparatory work shall be subject to Landlord's reasonable written approval prior to engagement. Landlord shall approve or disapprove (stating in reasonable detail the reasons for any such disapproval) of any such request for approval within five (5) business days of its receipt of same. In the event Landlord fails to approve or disapprove such request within said five (5) business days, Tenant's request shall be deemed approved. Tenant shall be obligated to pay for utilities furnished to the Demised Premises upon Tenant's entry pursuant to this Section 2.3 at Landlord's cost therefor as invoiced by Landlord in six (6) equal, consecutive monthly installments and payment of each such consecutive monthly installment shall be due and owing to Landlord with the first such installment due and payable January 1, 2011 and the subsequent installments on the first day of each month through June 1, 2011. However, Landlord does not assume responsibility for the availability of any services during the period prior to the Commencement Date.

ARTICLE 3

RENT AND SECURITY DEPOSIT

Section 3.1 **Fixed Rent**. Tenant shall pay to Landlord, without any prior demand therefor and without any deduction or set-off whatsoever (except as expressly otherwise provided herein), the Fixed Rent set forth in Article 1. Fixed Rent shall be due and payable in monthly installments each equal to the Monthly Fixed Rent set forth in Article 1, in advance on the first day of each and every calendar month during the Term.

Section 3.2 **Additional Rent**. Any sums or charges to be paid by Tenant pursuant to the provisions of this Lease, other than the Fixed Rent, shall be designated as "**Additional Rent**" and shall be payable within 20 days after Landlord gives written notice that payment is due, unless otherwise provided in this Lease. Landlord shall have the same rights against Tenant for default in payment of Additional Rent as for default in payment of the Fixed Rent. As used in this Lease, the term "**Rent**" shall mean the Fixed Rent and Additional Rent.

Section 3.3 Past Due Rent

(a) If Tenant shall fail to pay any installment of Rent before the sixth day after receipt of written notice from Landlord on more than two (2) occasions during any calendar year, beginning with the third (3rd) such late payment and for every subsequent late payment during such calendar year, Tenant shall pay a charge (the "**Late Charge**") which shall be 3.5% of the amount of such unpaid installment of Rent. The parties agree that the amount of such Late Charge represents a reasonable estimate of the cost and expense that will be incurred by Landlord in processing each such delinquent payment of Rent by Tenant and that such Late Charge shall be paid to Landlord as liquidated damages for each such delinquent payment.

(b) Any amount due from Tenant to Landlord which is not paid when due shall bear interest at the Default Rate from the date such payment is due, after the expiration of any applicable notice and grace period, until paid. The rate so determined shall continue in effect following any default by Tenant pursuant to this Lease. Payment

of such interest shall not excuse or cure any default by Tenant under this Lease. The parties agree that the payment of interest and the payment of Late Charges provided for in Section 3.3(a) above are distinct and separate from one another in that the payment of interest is to compensate Landlord for its inability to use the money due from Tenant, while the payment of Late Charges is to compensate Landlord for its additional administrative expenses in handling and processing delinquent payments.

Section 3.4 **Security Deposit.** Tenant shall deposit with Landlord upon signing this Lease and, throughout the Term shall keep on deposit with Landlord, the Security Deposit Amount set forth in Article 1 as security for the payment by Tenant of the Rent and for the faithful performance of all the terms, conditions and covenants of this Lease (the "**Security Deposit**"). Landlord shall not be obligated to keep the Security Deposit as a separate fund, but may commingle the Security Deposit with Landlord's own funds. If at any time during the Term Tenant shall default in the performance of any provisions of this Lease beyond applicable notice and cure periods, Landlord may, but shall not be required to, use the Security Deposit, or so much thereof as necessary, in payment of any Rent in default, or in reimbursement of any expense incurred by Landlord or in payment of the damages incurred by Landlord by reason of Tenant's default. In such event, Tenant shall, upon written demand from Landlord, promptly remit to Landlord a sufficient amount in cash to restore the Security Deposit to equal the Security Deposit Amount. Within 30 days after the expiration of this Lease and surrender of the Demised Premises in accordance with the terms and conditions of this Lease, the Security Deposit, or as much thereof as has not been utilized for such purposes, shall be refunded to Tenant without interest. Landlord may deliver the Security Deposit to the purchaser of Landlord's interest in the Demised Premises in the event such interest is sold, and, in such instance, Landlord named herein shall be discharged from any further liability with respect to the Security Deposit and Tenant shall look to Landlord's successor for the return of the Security Deposit. Notwithstanding the above provisions of this Section 3.4, if any claims of Landlord exceed the amount of the Security Deposit, Tenant shall remain liable for the balance of such claims. Tenant may maintain the Security Deposit in the form of a letter of credit so long as (i) the form and terms of said letter of credit and the issuing bank thereunder shall each be reasonably satisfactory to Landlord, and (ii) the letter of credit shall be fully transferable without cost to Landlord.

Section 3.5 **Rent Payments.** All Rent payments shall be made to Landlord at the address set forth in Article 1, or at such other place designated by Landlord in writing, in lawful currency of the United States of America. Rent payments applicable to partial months falling within the Term shall be prorated. If Tenant shall default in any payment of Rent, and while such default remains uncured, Landlord may, by written notice to Tenant, require that all future Rent payments be made by wire transfer of immediately available funds to an account designated by Landlord or by unendorsed certified or official bank check payable to Landlord.

ARTICLE 4

TENANT'S SHARE OF OPERATING COSTS AND TAXES

Section 4.1 **Definitions.** As used herein:

(a) “**Operating Costs**” shall mean any and all costs, charges, expenses and disbursements of every kind and nature which Landlord shall pay or become obligated to pay in connection with the operation, ownership, maintenance, management and repair of the Property, including, without being limited to, the following:

(1) All wage, salary and labor costs of all persons to the extent engaged in the operation, maintenance, management and repair of the Property (including, without being limited to, all applicable taxes, insurance and benefits).

(2) Costs of any utilities supplied by Landlord (including, without being limited to, heat, electricity, gas, water and sewer), fuel and supplies and materials and of the operation and maintenance of all Property systems (including, without being limited to, heating, ventilation and air-conditioning (“HVAC”) systems and telecommunications systems).

(3) Costs of repairs, replacements, and general maintenance, including, without being limited to, exterior building maintenance, paving, curbs, drainage, lighting, sidewalks and landscaping.

(4) Professional fees and expenses (including, without being limited to, legal, accounting, architectural and engineering fees), incurred by Landlord on or after June 1, 2010.

(5) All costs of making any alterations to the Building for life-safety systems or energy conservation or other capital improvements required by any governmental requirement enacted or amended after the date hereof or which are primarily for the purpose of reducing or stabilizing Operating Costs, amortized over the useful life of such improvements, with a return on capital at the rate of ten percent (10%) per annum.

(6) All property management fees, costs and expenses, not to exceed 2% of annual gross rent.

(b) **Operating Costs — Exclusions.** The term Operating Costs excludes:

(1) Repairs and alterations which Landlord is required to make at its sole cost and expense pursuant to Article 8 hereof and capital expenditures not specifically included in Clause (5) of Section 4.1(a);

(2) the cost of repairs or replacements incurred by reason of condemnation or fire or any other risk;

(3) expenditures for refinancing and for mortgage debt service;

(4) Taxes;

- (5) depreciation or amortization (other than as includable in Operating Costs pursuant to Clause (5) of Section 4.1(a));
- (6) costs and expenses otherwise includable in Operating Costs, to the extent that Landlord is reimbursed from other sources for such costs and expenses;
- (7) interest on, and amortization of, debts (other than as includable in Operating Costs pursuant to Clause (5) of Section 4.1(a)), late charges, penalty interest or other similar charges in connection with debts or the late payment of any Taxes unless delayed by Tenant's payment to Landlord for the same;
- (8) brokerage commissions, origination fees, points, mortgage recording taxes, title charges and other costs or fees incurred in connection with any mortgage financing or refinancing;
- (9) brokerage commissions, attorneys' fees and disbursements, any transfer gains taxes, transfer taxes and recording charges and any other cost or expense incurred in connection with the closing of a conveyance of all or any portion of the Property or the Building;
- (10) salaries or other benefits of any nature whatsoever of executives or employees of Landlord or Landlord's affiliates above the grade of building or property manager;
- (11) payments made by Landlord to a company or other entity affiliated with Landlord for goods and services to the extent that such payments exceed the range of amounts that would have been paid to independent third parties for goods and services of like kind in connection with the operation, repair, cleaning, maintenance, management and security of the Property;
- (12) fines or penalties payable by Landlord resulting from non-compliance with laws to the extent Landlord is responsible for such compliance pursuant to Section 6.2(a) hereof;
- (13) attorneys' fees and disbursements and other costs in connection with any judgment, settlement or arbitration resulting from any tort liability on the part of Landlord and the amount of such settlement or judgment;
- (14) the cost of installing, maintaining and operating any specialty facility to the extent such facility is for use by the general public, such as an observatory, broadcasting facility, luncheon club, athletic club or recreational club;
- (15) the costs of constructing any addition which adds leasable area to the Building after the Commencement Date;

(16) arbitration and litigation expenses to the extent such expenses are unrelated to the operation, repair, cleaning, maintenance, management or security of the Property;

(17) ground rent or other charges payable under superior leases;

(18) costs incurred in connection with the removal, enclosure or encapsulation of any asbestos or other Hazardous Materials unless introduced by Tenant, or Tenant's employees or Tenant's agents in the Building or on the Property;

(19) costs incurred pursuant to any obligation of Landlord to indemnify Tenant under this Lease.

It is the intention of the parties that Tenant shall not be required to make duplicate payments of an Operating Cost item if payment for such item was made pursuant to any other provision of this Lease.

(c) "**Taxes**" shall mean the aggregate amount of real estate and personal property taxes and any special assessments levied, assessed or imposed upon the Property, or any portion thereof, other than any water or sewer charge to the extent the same are included in Operating Costs for the applicable calendar year. If because of any change in the taxation of real estate, any other tax, assessment or surcharge of any kind or nature (including, without being limited to, any franchise, income, profit, sales, use, occupancy, gross receipts or rental tax) is imposed upon, against or with respect to Landlord, or the occupancy, rents or income therefrom, either in lieu of, in substitution for or in addition to any of the foregoing Taxes, such other tax, assessment or surcharge (which shall be measured as if the Property, or applicable portion thereof, as the case may be, were the only asset of Landlord or such owner) shall be deemed part of Taxes. With respect to any calendar year, all expenses, including reasonable attorney's, accounting and experts' fees and expenses, incurred in contesting the validity or amount of Taxes, the assessed valuation of the Property, or any portion thereof, or in obtaining a refund of Taxes shall be considered as part of Taxes for such year. Tenant, with the consent of the Landlord, which consent shall not be unreasonably withheld, delayed or conditioned, may contest the Taxes assessed against the Property, and Landlord shall, at no cost to Landlord, co-operate with the Tenant in connection with such contest.

(d) "**Insurance**" shall mean costs of all insurance, including, without being limited to, casualty, worker's compensation, rental and liability insurance in such amounts within the range as generally maintained by owners of comparable warehouse/office properties; however, rental insurance shall cover loss of rental for one (1) year, if available. Landlord shall carry full replacement cost coverage for the Building, the cost for which shall be included in the Operating Costs.

Section 4.2 **Tenant's Payment of Operating Costs, Taxes and Insurance.**

(a) Commencing as of June 1, 2010 and for each subsequent calendar year during the Term, Tenant shall pay to Landlord, as Additional Rent, at the times and in the manner provided below, Tenant's Proportionate Share of the sum of (1) Operating Costs for such calendar year, (2) Taxes for such calendar year, and (3) Insurance for such calendar year (collectively, "**Tenant's Expense Charge**"). The Operating Costs for the period of June 1, 2010 to December 31, 2010 shall be apportioned appropriately. Notwithstanding the foregoing, the amount charged to Tenant for any calendar year with respect to those Controllable Expenses (defined below) in excess of the average Controllable Expenses paid or incurred from June 1, 2010 through December 31, 2011, such average herein called "Base Year Controllable Expenses") is limited to the amount by which the Base Year Controllable Expenses is exceeded by the Base Year Controllable Expenses as increased at the cumulative annual compound rate of five percent (5%). By way of illustration, if the Base Year Controllable Expenses are \$1.00 per square foot, excess Controllable Expenses chargeable to Tenant for the next applicable calendar year pursuant to this paragraph 4.2 cannot exceed \$0.05 per square foot, \$0.1025 per square foot for the following year, \$0.1576 per square foot for the next calendar year, and so forth. "Controllable Expenses" means those Expenses, which are within the reasonable control of Landlord, and include, without limitation, any and all roof repair, roof maintenance and roof replacement, but shall not include real estate taxes, insurance costs, costs which are established by public utilities, and costs which are subject to variation due to weather conditions, such as snow removal. Further, in the event Tenant desires to undertake certain maintenance of the Common Area at their own cost, provided that Tenant so notifies and coordinates with Landlord the transfer of the maintenance of such items so as not to conflict with any then existing service contracts, Tenant may perform such maintenance at its sole costs and the maintenance of such item(s) shall thereafter not be included in the Operating Costs.

(b) At any time during the Term, Landlord shall have the right to compute and deliver to Tenant a reasonable estimate (an "**Estimate**") of Tenant's Expense Charge for the applicable calendar year and, without further notice, Tenant shall pay to Landlord commencing with the next payment of Monthly Fixed Rent and continuously thereafter with payments of Monthly Fixed Rent until delivery of the next Estimate, monthly installments equal to one-twelfth of the amount set forth in such Estimate, together with, in the case of the first such monthly payment, an amount equal to the difference between (i) the amount of such monthly installment times the number of months in such year preceding the first monthly payment, less (ii) the amount of any monthly installments in respect of the prior Estimate theretofore paid to Landlord. In the event Landlord is required under any mortgage of the Land or the Building to escrow Operating Costs and/or Taxes, Landlord may (without obligation) use the amount required to be escrowed as a basis for determining the Estimate.

(c) Landlord shall use commercially reasonable efforts to deliver to Tenant within 120 days after the end of each calendar year during the Term a written statement (the "**Statement**") setting out in reasonable detail Tenant's Expense Charge for such year certified to be correct by Landlord. If the aggregate of the monthly installments actually paid by Tenant to Landlord on account of the estimated Tenant's Expense Charge during

any calendar year (the “**Actual Payments**”) differs from the amount of Tenant’s Expense Charge payable according to the Statement (the “**Obligated Payments**”), Tenant shall (1) if the Obligated Payments shall exceed the Actual Payments, pay to Landlord, within 30 days after the date of delivery of the Statement, an amount equal to such excess, or (2) if the Actual Payments shall exceed the Obligated Payments, be granted a credit against the next installments of Rent in an amount equal to such overpayment.

(d) Tenant shall have the right to examine Landlord’s books and records with respect to the items in a Statement during Normal Business Hours (except, however, Saturdays) at any time within ninety (90) days following the furnishing of the Statement to Tenant. In conducting such examination, Tenant must utilize either its own full time salaried employees or an independent certified public accountant (“**CPA**”), which CPA shall be paid by Tenant on an hourly fee for services rendered basis, and not on a contingency fee basis, and which CPA shall be subject to Landlord’s reasonable prior approval. Unless Tenant takes written exception to any item on the subject Statement within one hundred twenty (120) days after the furnishing of the Statement, such Statement shall be considered as final and accepted by Tenant. If Tenant timely provides such written exception to Landlord, but Landlord and Tenant disagree on the accuracy of Tenant’s Expense Charge as set forth in the Statement, Tenant shall nevertheless make payment in accordance with the Statement, but the disagreement shall immediately be referred by Landlord for prompt decision to a mutually acceptable public accountant or other professional consultant who shall be deemed to be acting as an expert and not as an arbitrator, and a determination signed by the selected expert shall be final and binding on both Landlord and Tenant. If Landlord and Tenant shall fail to agree on such an expert within 15 days after Tenant’s notice of disagreement (as above described), such expert shall be selected by the president of the local chapter of the National Association of Real Estate Boards. Any adjustment required to be made by reason of any such decision shall be made within 15 days thereof and payment shall be made or credit allowed in the manner set forth in Section 4.2(c) hereof. If the adjustment is greater than 5% of the amount of Operating Costs charged to Tenant, and the amount of the adjustment is to be credited to Tenant, Landlord will pay the cost of the expert; otherwise Tenant will pay the cost of the expert.

Section 4.3 Refunds; Other Items.

(a) In the event a refund of any Operating Costs or Taxes is obtained and actually paid to Landlord, Landlord shall credit an appropriate portion thereof (after deducting any unrecovered expenses in connection with obtaining such refund) to the next installment(s) of Rent.

(b) The rendering of a Statement for any year shall not preclude Landlord from issuing a correction thereto at a later time, including a correction for items not included in the original Statement; however, any such correction statement shall be delivered to Tenant within two (2) years of the date on which the Statement to which the correction relates was delivered to Tenant.

ARTICLE 5

COMPLETION AND OCCUPANCY OF DEMISED PREMISES

Section 5.1 **Completion of Demised Premises**. Pursuant to Exhibit "D" to this Lease, Tenant may elect to either have Landlord perform certain work within the Demised Premises ("**Work**") or advise Landlord that Tenant will perform the Work.

Section 5.2 **Occupancy of Demised Premises**. The occupancy of the Demised Premises or any part thereof **for the conduct of business** by Tenant or anyone claiming by, under or through Tenant shall be conclusive evidence that (a) Tenant accepts possession; (b) the Demised Premises were in good and satisfactory condition, subject to latent defects; and (c) Landlord's Work, if any, was satisfactorily completed (but only if evidenced by a certificate of Landlord's architect pursuant to Paragraph 2 of Exhibit D if Landlord is requested to perform the Landlord's Work) at the time such occupancy for business was so taken, subject to punchlist items, if any, indicated on a list delivered by Tenant to Landlord on or before the date Tenant takes occupancy of the Demised Premises.

ARTICLE 6

CONDUCT OF BUSINESS BY TENANT

Section 6.1 **Use of Demised Premises**. Tenant shall use the Demised Premises during the Term solely for use specified in Article 1 and for no other purpose.

Section 6.2 **Compliance with Laws and Requirements of Public Authorities**.

(a) At all times during the Term, Tenant shall give prompt notice to Landlord of any notice Tenant receives of any violation of any law or requirement of a governmental authority affecting the Demised Premises or the Property or any regulation of the board of fire underwriters having jurisdiction over the Property ("**Applicable Law**"), and, at its sole cost and expense, shall comply with all Applicable Laws, including any violation, order or duty imposed upon Landlord or Tenant, arising from or relating to (1) Tenant's specific use of the Demised Premises; (2) the specific manner or conduct of Tenant's business or operation of its installations, equipment or other property therein; (3) any cause or condition created by or at the insistence of Tenant; or (4) breach of any of Tenant's obligations hereunder. Tenant shall have no responsibility for the cost of compliance with all Applicable Laws, including the Americans with Disabilities Act and Environmental Laws (hereafter defined), to the extent that the Demised Premises is not, as of the date of this Lease, in compliance with such laws. Landlord shall, at its sole cost and expense, promptly comply with all Applicable Laws other than those which Tenant is required to comply with, providing same adversely affect Tenant's ability to conduct business at the Demised Premises.

(b) Tenant shall not do, permit or suffer any act or thing to be done which is injurious to the Property or the Demised Premises, which is immoral, a nuisance, contrary

to Applicable Law or in violation of the certificate of occupancy issued for the Building or which would result in the cancellation of, insurance maintained by Landlord with respect to the Property or the Demised Premises.

(c) Tenant shall not use, maintain or allow the use or maintenance of the Demised Premises or any part thereof to treat, store, dispose of, transfer, release, convey or recover Hazardous Materials (as hereinafter defined) nor shall Tenant otherwise, in any manner, possess or allow the possession of any Hazardous Materials on or about the Demised Premises; provided, however, any Hazardous Material lawfully permitted and generally recognized as necessary and appropriate for general office and warehouse use may be stored and used on the Demised Premises so long as (i) such storage and use is in the ordinary course of Tenant's business permitted under this Lease; and (ii) such storage and use is performed in compliance with all applicable laws. "Hazardous Materials" shall mean any solid, liquid or gaseous waste, substance or emission or any combination thereof which may (i) cause or significantly contribute to an increase in mortality or serious illness, or (ii) pose the risk of a substantial present or potential hazard to human health, to the environment or otherwise to animal or plant life, and shall include without limitation hazardous substances and materials described in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Resource Conservation and Recovery Act, as amended; and any other applicable federal, state or local laws. Tenant shall immediately notify Landlord of the presence or suspected presence of any Hazardous Materials on or about the Demised Premises and shall deliver to Landlord any notice received by Tenant relating thereto.

(d) Tenant agrees that it shall not keep, use, sell or offer for sale in or upon the Demised Premises any article which may be prohibited by any then available standard forms of fire insurance policies with extended coverage. Tenant agrees to pay to Landlord any increase in premiums for insurance maintained by Landlord with respect to the Demised Premises or the Property resulting from the use of the Demised Premises by Tenant, whether, or not Landlord has consented to such use.

(e) Tenant shall pay all costs, expenses, fines, penalties or damages which may be imposed upon Landlord by reason of Tenant's failure to comply with the provisions of this Section 6.2.

Section 6.3 **Rules and Regulations**. Tenant and its agents, employees, contractors and invitees shall faithfully observe and comply with the rules and regulations attached hereto as Exhibit C and incorporated herein by this reference, and such reasonable changes thereto, whether by modification, elimination or addition which are not inconsistent with any of the provisions of this Lease, as Landlord may, at any time and from time to time, make in respect of the Demised Premises and/or the Property (the "**Rules and Regulations**"). Such changes shall be effective upon notice thereof from Landlord to Tenant. In the case of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations, as originally promulgated or as changed, the provisions of this Lease shall control.

ARTICLE 7
COMMON AREA

Section 7.1 **Control of Common Area.**

(a) As used in this Lease, the term "**Common Area**" shall mean the Property, other than the Demised Premises, which includes all parking areas, sidewalks, landscaping, curbs, driveways, private streets and alleys, lighting facilities and the like. Landlord grants Tenant a nonexclusive license for the Term, to use in common with the invitees, employees or agents of Landlord for the purpose of exercising any rights or performing any obligations of Landlord under this Lease and Tenant, the Common Area, subject to the terms and conditions of this Lease and to the Rules and Regulations.

(b) Subject to Tenant's reasonable approval or if required by any governmental authority, Landlord reserves the right, at any time and from time to time, without incurring any liability to Tenant therefor, to change the arrangement, dimensions and/or location of parking areas or other parts of the Common Area.

Section 7.2 Intentionally deleted.

ARTICLE 8
REPAIRS, ALTERATIONS AND MECHANICS' LIENS

Section 8.1 **Repairs.**

(a) Landlord shall, at its sole cost, make all necessary repairs to keep the exterior walls, foundation and structural frame of the Building and as part of Operating Costs perform all necessary repairs and maintenance to keep the roof and the Common Area, in good order and repair, excluding, however, all repairs which Tenant is obligated to make or pay for pursuant to this Section 8.1. Landlord agrees to exercise its rights under the existing roof warranty, which has been or will be transferred to the Landlord and which is attached hereto as **Exhibit E**. Tenant shall give Landlord prompt notice of any defective condition in the roof, roof membrane, any plumbing, heating system or electrical lines located in, servicing or passing through the Demised Premises and following such notice, Landlord shall use commercially reasonable efforts where practicable to initiate all repairs promptly and to remedy the condition with due diligence, subject to unavoidable delay, but at the expense of Tenant if repairs are necessitated by any act attributable to Tenant, Tenant's servants, agents, employees, invitees or licensees; provided, however, that no liability of Landlord to Tenant shall accrue hereunder unless and until Tenant has given notice to Landlord of the specific repair to be made.

(b) Tenant, at its sole cost and expense, shall take good care of the Demised Premises, including all Building equipment and HVAC and other systems located therein and serving the Demised Premises and plate glass, floors, windows and doors, and

Tenant's property and fixtures. Tenant, at its expense, shall obtain a preventative maintenance contract on the HVAC system, the form and contractor under which shall be subject to Landlord's reasonable approval. Tenant shall provide Landlord with an executed copy of the preventative maintenance contract no later than ninety (90) days after the Commencement Date. The preventative maintenance contract shall provide for the inspection and maintenance of the HVAC system on not less than a semi-annual basis. All repairs made by or on behalf of Tenant shall be made and performed in accordance with the provisions of Section 8.2 and shall be at least equal in quality and design to the original construction of the Demised Premises and the Building. If Tenant fails to proceed with due diligence to make repairs required to be made by Tenant, and such failure shall continue for 10 days after notice from Landlord, the same may be made by Landlord at the expense of Tenant and the amount so incurred by Landlord shall be paid to Landlord by Tenant within 20 days after submission of a bill or statement therefor by Landlord.

Section 8.2 **Alterations**. Tenant shall not make any alterations, additions or improvements (collectively, "**Alterations**") in or to the Demised Premises, except pursuant to Exhibit "D", without Landlord's prior written consent, which consent shall not be unreasonably withheld, delayed or conditioned. Tenant shall only utilize contractors reasonably approved by Landlord. Tenant shall, before making any Alterations, at its expense, obtain all permits, approvals and certificates required by any governmental or quasi-governmental bodies and (upon completion) certificates of final approval thereof and shall deliver promptly duplicates of all such permits, approvals and certificates to Landlord, and Tenant agrees to carry, and to cause Tenant's contractors and sub-contractors to carry such workmen's compensation, general liability, personal and property damage insurance as Landlord may reasonably require. Upon completion of any Alterations, Tenant shall deliver to Landlord one set of "as-built" plans and specifications therefor. All fixtures and all paneling, partitions, and like Alterations (but not FF&E Work, including therein any racking or railing system installed by Tenant which Tenant shall remove upon the expiration or earlier termination of the Lease), installed in the Demised Premises, either by Tenant or by Landlord on Tenant's behalf, shall become the property of Landlord and shall remain upon and be surrendered with the Demised Premises upon the expiration or earlier termination of the Lease, unless Landlord, by notice to Tenant given no later than 20 days prior to the Expiration Date of this Lease (or within 20 days after the earlier termination hereof), elects to have them removed by Tenant, in which event, the same (except for, Tenant's Work, Landlord's Work, done pursuant to Exhibit D, but including other Alterations [unless at the time of Tenant's request for approval of installation, Landlord advises Tenant in writing that such Alterations need not be removed upon expiration or earlier termination of this Lease, and, if after Tenant's written notice to Landlord to request such determination, if Landlord does not so advise Tenant of the requirement of removal of all or any of such Alterations, Tenant shall not be required to remove such Alterations at the expiration or earlier termination of this Lease], and furniture, fixtures and equipment installed by or for Tenant, in connection with Tenant's occupancy of the Demised Premises) shall be removed from the Demised Premises by Tenant. Nothing in this section shall be construed to give Landlord title to or to prevent Tenant's removal of trade fixtures, moveable office furniture and equipment, but upon removal of any such equipment and fixtures from the Demised Premises or upon removal of other installations as may be required by Landlord, Tenant shall immediately and at its expense, repair and restore the

Demised Premises to the condition existing prior to installation (subject to ordinary wear and tear) and repair any damage to the Demised Premises or the Property due to such removal. All property that was permitted or required to be removed by Tenant at the end of the Term but which remains in the Demised Premises for 10 business days after Tenant vacates the Demised Premises shall be deemed abandoned and may, at the election of Landlord, either be retained as Landlord's property or may be removed from the Demised Premises by Landlord at Tenant's expense.

Section 8.3 **Mechanics' Liens**. Tenant shall (a) pay before delinquency all costs and expenses of work done or caused to be done by Tenant in the Demised Premises; (b) keep the title to the Property and every part thereof free and clear of any lien or encumbrance in respect of such work; and (c) indemnify and hold harmless Landlord against any claim, loss, cost, demand (including reasonable legal fees), whether in respect of liens or otherwise, arising out of the supply of material, services or labor for such work. Tenant shall promptly notify Landlord of any lien, claim of lien or other action of which Tenant has knowledge and which affects the title to the Property or any part thereof, and shall cause the same to be removed within 15 days (or such additional time as Landlord may consent to in writing). If Tenant shall fail to remove same within said time period, Landlord may take such action as Landlord deems necessary to remove the same and the entire cost thereof shall be immediately due and payable by Tenant to Landlord and such amount shall bear interest at the Default Rate. Nothing contained in this Section 8.3 or elsewhere in this Lease shall be deemed or construed in any way as giving Tenant any right, power or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of a materialmen's, mechanics' or other lien against the Demised Premises or any other portion of the Property.

ARTICLE 9

UTILITIES AND BUILDING SERVICES

Section 9.1 **Utilities and Building Services**. Tenant shall obtain in its own name and shall pay directly to the appropriate supplier the cost of all utilities and services serving the Demised Premises, including but not limited to: natural gas, heat, light, electrical power, telephone, janitorial service, refusal disposal and other utilities and services. If, however, any such services or utilities are jointly master-metered (*i.e.*, water and sewer charges) Tenant shall pay Tenant's Proportionate Share of said charges as part of Operating Costs unless as otherwise provided in this Lease.

Section 9.2 **Interruption of Services**. Landlord does not covenant that utility or other Building services will be free from interruptions caused by repairs, improvements, changes of service, alterations, strikes, lockouts, labor controversies, accidents, inability to obtain fuel, water or supplies or any other cause beyond the reasonable control of Landlord. No such interruption of service shall be deemed a constructive eviction or disturbance of Tenant's use and possession of the Demised Premises or any part thereof, or otherwise render Landlord liable to Tenant for damages, by abatement of rent or otherwise, or otherwise relieve Tenant from performance of Tenant's obligations under this Lease. Tenant hereby waives and releases all claims against Landlord for damages arising from such interruption or stoppage of such services.

ARTICLE 10

PROPERTY AND OTHER TAXES

Section 10.1 **Tenant's Property**. In addition to the Rent and other charges to be paid by Tenant hereunder, Tenant shall reimburse Landlord, upon demand, for any and all taxes payable by Landlord whether or not now customary or within the contemplation of the parties hereto, levied, assessed or imposed: (1) upon or with respect to the possession, leasing, operation, management, maintenance, alteration, repair, use or occupancy by Tenant of the Demised Premises or any portion thereof; (2) upon the measured value of Tenant's personal property owned, installed, used or located in the Demised Premises, it being the intention of Landlord and Tenant that, to the extent possible, such personal property taxes shall be billed to and paid directly by Tenant; (3) upon the leasehold interest or any right of occupancy of Tenant in the Demised Premises; or (4) upon this transaction. Any reimbursement referred to above shall be collectible by Landlord as Additional Rent hereunder.

Section 10.2 **Increased Value of Improvements**. If the tenant improvements in the Demised Premises, whether installed or paid for by Landlord or Tenant and whether or not affixed to the real property so as to become a part thereof, are assessed for real property tax purposes at a valuation higher than the valuation at which tenant improvements conforming to Landlord's "Building Standard" in other space in the Building are assessed, then the real property taxes and assessment levied against Landlord, or against the Building or any portion thereof, by reason of such excess assessed valuation shall be deemed to be taxes levied against personal property of Tenant and shall be governed by the provisions of Section 10.1 above. If the records of the tax assessor having jurisdiction over the Building are available and sufficiently detailed to serve as a basis for determining whether such tenant improvements are assessed at a higher valuation than Landlord's "Building Standard," such records shall be binding on both Landlord and Tenant; otherwise, the actual cost of construction shall be the basis for such determination.

ARTICLE 11

INSURANCE AND INDEMNITY

Section 11.1 **Tenant's Insurance**. At all times Tenant shall keep in full force and effect a policy of comprehensive public liability and property damage (with respect to Tenant's property and any improvements to the Building made by Tenant but not as to the Building itself) insurance with respect to the Demised Premises, in such limits as may be reasonably required from time to time by Landlord. The limits of public liability insurance on the Commencement Date shall be not less than \$3,000,000 for death or injury to any number of persons or for property damage, for each occurrence. In no event shall the limits of any coverage maintained by Tenant pursuant to this Section 11.1 be considered as limiting Tenant's liability under this Lease. The property damage policy shall name Landlord, any person, firms or corporations (including, without being limited to, any mortgagee or lessor of Landlord) designated by Landlord and Tenant as insureds to the extent their interests may appear. The liability policies, which shall name the Landlord as an additional insured, shall include blanket contractual liability

coverage which insures contractual liability under the indemnifications set forth in Section 11.2 hereof and shall contain a clause that the insurer will not cancel or change the insurance without first giving Landlord 30 days prior written notice. The insurance shall be written by an insurance company, licensed and qualified to do business in the State in which the Property is located, which is reasonably acceptable to Landlord. An original copy of the policy or a certificate of insurance shall be delivered to Landlord upon the execution and delivery of this Lease and replacement certificates shall be delivered not less than ten (10) days prior to the expiration of any then existing coverage. The insurance which Tenant is required to maintain in force and effect under this Section 11.1 shall be primary insurance as respects Landlord (and any other additional insureds designated by Landlord) and not excess over or contributory with any other available insurance. Certificates of insurance evidencing the liability insurance coverage required under this Section 11.1 shall contain an endorsement to such effect. In addition, at all times during the Term hereof, Tenant shall procure and maintain Worker's Compensation Insurance in accordance with the laws of the State in which the Property is located.

Section 11.2 **Indemnity and Non-Liability.**

(a) Neither Landlord nor Landlord's agents (including, without being limited, to the Managing Agent), employees, contractors, officers, trustees, directors, shareholders, partners or principals (disclosed or undisclosed) shall be liable to Tenant or Tenant's agents, employees, contractors, invitees or licensees or any other occupant of the Demised Premises, and Tenant shall save Landlord, its successors and assigns and their respective agents, employees, contractors, officers, trustees, directors, shareholders, partners and principals (disclosed or undisclosed) harmless from any loss, cost, liability, claim, damage, expense (including reasonable attorneys' fees and disbursements), penalty or fine incurred in connection with or arising from any injury to Tenant or to any other person or for any damage to, or loss (by theft or otherwise) of, any of Tenant's property or of the property of any other person, irrespective of the cause of such injury, damage or loss (including the acts or negligence of any tenant or of any owners or occupants of adjacent or neighborhood property or caused by operations in construction of any private, public or quasi-public work) unless due to the gross negligence or willful misconduct of Landlord or Landlord's agents or employees. However, even if such loss or damage is caused by the gross negligence or willful misconduct of Landlord, its agents or employees, Tenant waives, to the full extent permitted by law, any claim for consequential damages in connection therewith. To the extent of Tenant's insurance coverage, Landlord, and its agents and employees, shall not be liable, for any loss or damage to any person or property due to the gross negligence of Landlord, its agents or employees.

(b) Neither any (1) performance by Landlord, Tenant or others of any repairs, improvements, alterations, additions, installations, substitutions, betterments or decorations in or to the Property or the Building, the Building equipment and systems, the Common Areas or the Demised Premises, (2) failure of Landlord or others to make any such repairs or improvements, (3) damage to the Property or the Building, the Building equipment and systems, the Common Areas, the Demised Premises or Tenant's property, (4) injury to any persons, caused by other tenants or persons in the Building, or by

operations in the construction of any private, public, or quasi-public work, or by any other cause, (5) latent defect in the Building, the Building equipment and systems, the Common Areas or the Demised Premises, nor (6) inconvenience or annoyance to Tenant or injury to or interruption of Tenant's business by reason of any of the events or occurrences referred to in the foregoing subdivisions (1) through (5) shall impose any liability on Landlord to Tenant, other than, subject to Section 24.10 hereof, such liability as may be imposed upon Landlord by law for Landlord's gross negligence or the gross negligence of Landlord's agents or employees in the operation or maintenance of the Building, the Building equipment and systems or the Common Areas or for the breach by Landlord of any express covenant of this Lease on Landlord's part to be performed.

(c) Tenant hereby indemnifies and holds harmless Landlord and Landlord's agents, employees, contractors, officers, trustees, directors, shareholders, partners or principals (disclosed or undisclosed) from any loss, cost, liability, claim, damage, expense (including reasonable attorneys' fees and disbursements), penalty or fine incurred in connection with claims asserted by any third party arising from (1) any default by Tenant in the performance of any of the terms of this Lease on Tenant's part to be performed, or (2) the use or occupancy or manner of use or occupancy of the Demised Premises by Tenant or any person claiming under Tenant, or (3) any acts, omissions or negligence of Tenant or any such person, or the contractors, agents, employees, invitees, licensees, assignees or sublessees of Tenant or any such person, or (4) any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring in or about the Demised Premises. Tenant's obligations under this Section 11.2 shall survive the expiration or earlier termination of this Lease.

(d) Tenant shall pay to Landlord as Additional Rent, within 20 days after submission by Landlord to Tenant of bills or statements therefor, sums equal to all losses, costs, liabilities, claims, damages, fines, penalties and expenses referred to in this Section 11.2.

Section 11.3 **Waiver of Subrogation**. Landlord and Tenant shall each endeavor to procure an appropriate clause in, or endorsement to, each of its respective policies for property damage, fire and extended coverage insurance, pursuant to which the insurance company waives subrogation or consents to waiver of its right of recovery against the other party, which, in the case of Tenant, shall be deemed to include any subtenant in the Demised Premises, and having obtained such clause or endorsement of waiver of subrogation or consent to a waiver of the right of recovery, such party hereby agrees that it will not make any claim against or seek to recover from the other for any loss or damage to its property or the property of others covered by such property damage fire or extended coverage insurance; provided, however, that the release, discharge and covenant not to sue herein contained shall be limited by the terms and provisions of the waiver of subrogation clause or endorsement, or the clause or endorsement consenting to a waiver of right of recovery, and shall be co-extensive therewith. If either party hereto shall not be able to obtain such clause or endorsement on a particular policy or if the inclusion of such clause or endorsement would result in an increase in premium, then that party shall so notify the other party hereto at least 15 days prior to the date the policy is to take effect. The other party shall be obligated to pay the amount of any increase in premium resulting from the inclusion of

such clause or endorsement, unless such other party notifies the party obtaining the insurance, within twenty (20) days following notice of the amount of such increase, that such other party declines to pay such increase, in which event the party obtaining the insurance may omit such clause or endorsement. If a party shall fail to give notice either of inability to obtain such clause or endorsement or notice of an increase in premium, then that party shall be deemed to have waived its right of recovery from the other party with respect to any loss or damage insured against by the policy with respect to which notice was not given as provided above.

Section 11.4 Tenant shall in no event be responsible for the cost of remediation of any Hazardous Materials in place as of the Commencement Date, except if resulting from the act or omission of Tenant or its agents, employees or contractors. Landlord shall indemnify and hold Tenant harmless from and against any and all costs of any required or necessary investigation, repair, cleanup or detoxification and the preparation of any closure or other required plans in connection therewith, whether voluntary or compelled by governmental authority, to the extent that such costs are incurred due to Hazardous Materials which are located at the Property prior to the execution of this Lease, and Landlord shall, at its sole cost and expense, promptly remediate such Hazardous Materials if required by law.

ARTICLE 12

DAMAGE BY CASUALTY

Section 12.1 **Notice.** Tenant shall give prompt written notice to Landlord of any damage caused to the Demised Premises by fire or other casualty.

Section 12.2 **Restoration of Improvements.**

(a) In the event the Demised Premises are damaged by fire or other casualty, Landlord shall, unless this Lease is terminated as hereinafter provided, proceed with reasonable diligence and at its sole cost and expense to repair the Demised Premises, but only to the extent of available insurance proceeds. Tenant shall promptly, at its sole cost and expense, remove such of its furniture and other belongings from the Demised Premises as Landlord shall require in order to repair and restore the Demised Premises. Until any such repairs to the Demised Premises are completed, the Fixed Rent shall be abated in proportion to the part of the Demised Premises, if any, that is unusable by Tenant in the conduct of its business.

(b) If (1) the Demised Premises shall be (i) totally destroyed or substantially damaged, or (ii) partially destroyed or damaged by a casualty not sufficiently covered by insurance or, even if covered by insurance, which cannot be restored to tenantable condition within 180 days after the casualty, or (2) the Building shall be destroyed to the extent of one-quarter or more of its then value or so damaged that substantial alteration, demolition or reconstruction of the Building shall be required, whether or not covered by Landlord's insurance, then in either such event Landlord or Tenant (unless the casualty is caused by Tenant, Tenant's employees or Tenant's agents) may elect to proceed to rebuild and repair the Demised Premises or to terminate this Lease, effective upon giving

notice of such election to the other within 30 days after the occurrence of such casualty. However, notwithstanding anything to the contrary set forth above, providing Tenant has not elected to terminate the Lease in accordance with the provisions set forth above, and Landlord's rental interruption insurance will provide benefits to Landlord for the period of time which is required for Landlord to rebuild and repair the Building pursuant to this paragraph, Landlord shall proceed to so rebuild and repair the Building, and Landlord shall not have the right to terminate this Lease in such circumstances. Landlord's obligation to rebuild and repair under this Section 12.2 shall in any event be limited to restoring the Building and the Demised Premises to substantially the condition in which they existed prior to the casualty (in no event shall Landlord be required to repair any of Tenant's leasehold improvements, fixtures, equipment, furniture, furnishings and personal property). Tenant agrees that, promptly after the completion of such work by Landlord, it will proceed with reasonable diligence and at its sole cost and expense to rebuild, repair and restore its fixtures, equipment and other installations.

(c) Tenant shall have no right to terminate this Lease in the event of the damage or destruction of the Demised Premises other than as set forth in this Section 12.2 and hereby waives the provisions of any Applicable Law granting Tenant such right.

Section 12.3 **Damage During Last Year of Lease Term**. Without limiting Landlord's rights under Section 12.2, in the event the Building or Demised Premises shall be substantially damaged during the last year of the term of this Lease, either Tenant or Landlord may elect to terminate this Lease effective upon giving notice of such election, in writing, to the other within thirty (30) days after the happening of the fire or other casualty.

ARTICLE 13

EMINENT DOMAIN

Section 13.1 **Taking of Demised Premises**. If during the Term all of the Demised Premises shall be taken for any public or quasi-public use under any statute or by right of eminent domain, or sale-in-lieu of such taking, this Lease shall automatically terminate on the date on which the condemning authority takes possession of the Demised Premises (hereinafter called the "**Date of Taking**"). If so much of the Demised Premises (but less than all) is taken as shall render the Demised Premises unusable for Tenant's business purposes, Tenant and Landlord shall each have the right to terminate this Lease by giving written notice to the other party of termination within 30 days after the Date of Taking.

Section 13.2 **Partial or Temporary Taking of Building**.

(a) If during the Term, the Building, or any portion thereof, is taken or sold as set out in Section 13.1, then (1) if substantial alteration or reconstruction of the Building is necessary as a result thereof; (2) if one-quarter or more of the value of the Building is included in such taking or sale; or (3) if such portion of the Common Areas shall be taken as to materially interfere or prevent access to the Building or reduce the value of the Land

and the Building by more than one-quarter; then, either Tenant or Landlord shall have the right to terminate this Lease by giving to the other at least 30 days' written notice thereof.

(b) If during the Term the Building or the Common Areas, or any portion thereof, shall be taken as set out in Section 13.1 for a period of less than one (1) year, this Lease shall remain in full force and effect subject to Section 13.4 hereof. If such a taking shall be for a period of one (1) year or more, then the provisions of Section 13.1 and Section 13.2(a), as the case may be, shall be applicable.

(c) If either party exercises its rights of termination under Section 13.1 or 13.2 (and any such right must be exercised within 30 days after the Date of Taking, failing which such right shall be deemed waived), this Lease shall terminate on the date stated in the notice, provided, however, that no termination pursuant to notice hereunder may occur later than 60 days after the Date of Taking.

Section 13.3 **Surrender**. On the date of any termination under Section 13.1 or 13.2, Tenant shall immediately surrender to Landlord the Demised Premises and all interests therein under this Lease and Tenant shall pay Landlord Rent through the date of termination (or through the Date of Taking if such date shall not be the same as the date of termination). Landlord may, through judicial process, re-enter and take possession of the Demised Premises and remove Tenant therefrom.

Section 13.4 **Rent Adjustment for Partial Taking of Demised Premises**. If any portion of the Demised Premises (but less than the whole thereof) is so taken, and no rights of termination herein conferred are timely exercised, the Term shall expire (or, in respect of a taking pursuant to Section 13.2(b) hereof, have no force and effect for the period of such temporary taking) with respect to the portion so taken on (or from) the Date of Taking. In such event, the Rent thereafter payable under this Lease shall be adjusted pro rata in order to account for the resulting reduction (either temporarily or permanently) in the number of rentable square feet in the Demised Premises.

Section 13.5 **Awards**. Upon any taking or sale described in this Article 13, Landlord shall be entitled to receive and retain the entire award or consideration for the affected lands and improvements, and Tenant shall not have nor advance any claim against Landlord or anyone else for the value of its property or its leasehold estate under this Lease, or for the costs or removal or relocation, or business interruption expense or any other damages arising out of such taking or purchase. Nothing herein shall give Landlord any interest in or preclude Tenant from seeking and recovering on its own account a separate award from the condemning authority attributable to the taking or purchase of Tenant's trade fixtures, or the removal or relocation of its business and effects, or the interruption of its business provided that Landlord's award is not diminished thereby. If any such award made or compensation paid to either party specifically includes an award or amount for the other, the party first receiving the same shall promptly account therefor to the other.

ARTICLE 14

RIGHTS RESERVED TO LANDLORD

Section 14.1 **Access to Demised Premises.** Landlord and Landlord's agents shall have the right (but shall not be obligated) to enter the Demised Premises in any emergency at any time, and to perform any acts related to the safety, protection or preservation thereof or of the Building. At other reasonable times, and upon reasonable notice, Landlord may enter the Demised Premises (1) to examine and make such repairs, replacements and improvements as Landlord may deem necessary or, subject to Tenant's reasonable approval, reasonably desirable to the Demised Premises or to any other portion of the Building, (2) for the purpose of complying with laws, regulations and other requirements of governmental authorities or the provisions of this Lease, (3) for the purpose of posting notices of nonresponsibility, or (4) for the purposes of showing the same to prospective purchasers or mortgagees of the Building, and during the last 12 months of the Term for the purpose of showing the same to prospective tenants. Tenant shall permit Landlord to use and maintain and replace unexposed pipes and conduits in and through the Demised Premises and to erect new unexposed pipes and conduits therein. Landlord may, during the progress of any work in the Demised Premises, take all necessary materials and equipment into the Demised Premises and close or temporarily suspend operation of areas of the Demised Premises without such interference constituting an eviction. Tenant shall not be entitled to any damages by reason of loss or interruption of business or otherwise during such periods. During such periods Landlord shall use reasonable efforts to minimize any interference with Tenant's use of the Demised Premises. If Tenant is not present to open and permit an entry into the Demised Premises, Landlord or Landlord's agents may enter the same whenever such entry may be necessary or permissible by master key or otherwise, provided reasonable care is exercised to safeguard Tenant's property. Such entry shall not render Landlord or its agents liable therefor, nor in such event shall the obligations of Tenant hereunder be affected. If during the last month of the Term Tenant shall have removed all or substantially all of Tenant's property therefrom, Landlord may immediately enter, alter, renovate or redecorate the Demised Premises without limitation or abatement of Rent or without incurring liability to Tenant for any compensation, and such act shall have no effect on this Lease or Tenant's obligations hereunder.

Section 14.2 **Additional Rights.** Landlord shall have the following additional rights exercisable without notice (except as provided below) and without liability to Tenant for damage or injury to property, person or business, all claims for damage being hereby released, and without effecting an eviction or disturbance of Tenant's use or possession or giving rise to any claim for setoffs, or abatement of Rent:

- (a) Subject to Tenant's reasonable approval, to change the name, number or designation by which the Building may be known;
- (b) Subject to Tenant's reasonable approval, to make such changes in or to the Building, including the building equipment and systems, as Landlord may deem necessary or desirable, provided that any such change does not deprive Tenant of a

reasonable means of access to the Demised Premises or unreasonably interfere with the use of the Demised Premises;

(c) Intentionally deleted;

(d) After any applicable notice and the expiration of any applicable cure period, to perform any act, obligation or other commitment required of or by Tenant which Tenant has not performed for any reason whatsoever (including, without being limited to, obtaining insurance coverage), and to charge Tenant as Additional Rent all reasonable costs and expenses incurred by Landlord for such performance, together with interest thereon at the Default Rate from the dates of Landlord's expenditures until paid.

ARTICLE 15

ASSIGNMENT AND SUBLETTING

Section 15.1 Consent Required.

(a) Except with respect to a "Permitted Affiliate Transfer" (as hereinafter defined), Tenant shall not, voluntarily or involuntarily, by operation of law or otherwise: (i) assign, mortgage, pledge, encumber or in any manner transfer this Lease in whole or in part, or (ii) sublet all or any part of the Demised Premises, or allow any other person to occupy all or any part thereof, without the prior written consent of Landlord in each instance, the granting of which consent shall not be unreasonably withheld, delayed or conditioned, and any attempt to do any of such acts without such consent shall be null and void and of no effect. Along with Tenant's request, Tenant shall pay Landlord Five Hundred and No/100 Dollars (\$500.00) to cover Landlord's expenses in reviewing said request. Provided written notice is given Landlord, a transfer of control of Tenant, including, without being limited to, a transfer of stock or partnership interest or the merger, consolidation, sale of all or substantially all of the other assets of Tenant or other corporate or other reorganization of Tenant (whether or not Tenant shall be the surviving entity), shall not be deemed an assignment under this Lease and shall not be subject to the provisions of this Article, including the requirement of obtaining Landlord's prior consent. The consent by Landlord to any assignment, mortgage, pledge, encumbrance, transfer or subletting shall not constitute a waiver of the necessity for such consent to any subsequent assignment, mortgage, pledge, encumbrance, transfer or subletting.

(b) In the event Tenant desires to assign this Lease or sublet all or a portion of the Demised Premises, Tenant shall advise Landlord of its intention to sublease or assign this Lease.

(c) Within fifteen (15) days after receiving such notice, Landlord shall have the right to terminate this Lease if the proposed transaction is an assignment; or as to a sublease, terminate this Lease for only the portion of the Demised Premises to be subleased (the "**Subject Premises**").

(d) If within said fifteen (15) day period Landlord does not terminate this Lease in the case of a proposed assignment or terminate the Lease as to the Subject Premises pursuant to Section 15.1(c), Landlord shall not unreasonably withhold its consent to the proposed sublease or assignment. Such consent shall be granted or denied (stating in reasonable detail the reasons for any denial) within fifteen (15) days after Landlord receives a term sheet setting forth the principal economic terms of the proposed sublease or assignment and sufficient information to permit Landlord to determine the acceptability, financial responsibility, and character of subtenant or assignee. If Landlord fails or refuses to consent or deny its consent to any such transaction within three (3) business days from receipt of written notice from Tenant following the expiration of the fifteen (15) day period as provided in the immediately preceding sentence, advising Landlord of such failure or refusal, Landlord shall be deemed to have approved such transaction. Such consent shall be deemed to be reasonably withheld if: (i) in the judgment of Landlord the purposes for which the subtenant or assignee intends to use the Demised Premises or Subject Premises are in violation of the terms of this Lease; (ii) Tenant is in default under this Lease beyond any applicable notice and cure period; (iv) the Subject Premises or the remaining balance of the Demised Premises, if any, does not have appropriate means of ingress and egress or is not suitable for normal renting purposes; (v) the proposed subtenant or assignee is a governmental unit; (vi) the assignee or sublessee is not, in the reasonable judgment of Landlord, solvent or does not have unencumbered assets of a value at least equal to twice the projected annual costs of the obligations to be assumed; (vii) in the judgment of Landlord such a sublease or assignment would violate any term, condition, covenant, or agreement of the Landlord involving the Building, or any other tenant's lease within it; (viii) the proposed use or occupancy of the Demised Premises or Subject Premises, as the case may be, by the assignee or sublessee would either violate any applicable law, statute, ordinance, code or regulation or would impose any obligation upon Landlord to comply with any of the foregoing or increase Landlord's obligation to comply with any of the foregoing; or (ix) any such proposed sublease or assignment would cause a breach of the ERISA representations set forth in Section 24.14 below. Notwithstanding anything to the contrary contained in this Lease, Tenant's sole right and remedy in any dispute as to whether Landlord's consent to a proposed sublease or proposed assignment has been unreasonably withheld shall be an action for declaratory judgment or specific performance and Tenant shall not be entitled to any damages if Landlord is adjudged to have unreasonably withheld such consent.

(e) If Landlord grants consent to any assignment or sublease hereunder, it shall be upon and subject to the following terms: (i) the terms and conditions of this Lease shall in no way be deemed modified, abrogated or amended; (ii) Tenant shall pay Landlord a reasonable fee (not to exceed \$2,500.00) determined by Landlord for each sublease or assignment submitted; and (iii) the consent shall not be deemed a consent to any further subletting or assignments by either Tenant, subtenants or assignees. In addition to the foregoing conditions, if Tenant shall assign this Lease, the assignee shall expressly assume all obligations of Tenant hereunder in a written instrument reasonably satisfactory to Landlord and furnished to Landlord by Tenant not later than fifteen (15) days prior to the effective date of the assignment; if Tenant shall sublease any portion or

all of the Demised Premises as permitted herein, Tenant shall obtain and furnish to Landlord, not later than fifteen (15) days prior to the effective date of such sublease and in form reasonably satisfactory to Landlord, the written agreement of such subtenant to the effect that the subtenant will attorn to Landlord, at Landlord's option and written request, in the event this Lease terminates before the expiration of the sublease. If Tenant intends to sublease all or a portion of the Demised Premises and received any required approval of the Landlord, Tenant shall provide Landlord with a copy for review of the sublease intended to be executed. Tenant shall not be released from any obligations or liabilities under this Lease as a result of any assignment of this Lease or sublet of all or any portion of the Demised Premises.

(f) If Tenant shall assign this Lease or sublet all or any portion of the Demised Premises pursuant to the terms of this Article 15, then Tenant shall pay Landlord as additional Rent, fifty percent (50%) of the excess payments or other economic consideration whether denominated as rent or otherwise (together with escalations) payable to Tenant under the sublease or assignment which might be in excess of the Fixed Rent plus Additional Rent payable to Landlord under this Lease (or, if only a portion of the Demised Premises is being sublet, the excess payments or other economic consideration allocable on a rentable square footage basis to the space sublet), less the costs incurred by Tenant in connection with such assignment or sublease, including but not limited to brokers and legal fees and the value of all tenant concessions such as, free rent, tenant improvement allowances or any alterations performed by Tenant to accommodate such sublease or assignment.

(g) Notwithstanding any provisions in this Article to the contrary, a "Permitted Affiliate Transfer", as defined below, is permitted without the prior written consent of Landlord, but with prior notice to Landlord. A "Permitted Affiliate Transfer" means an assignment/sublet where (a) the transferee/sublessee is directly or indirectly controlled by the Tenant and (b) the transferee's/sublessee's use of the Demised Premises will be consistent with that of the Tenant.

(h) In the event Landlord approves any sublease or assignment of this Lease, or in the event of the sale of all or substantially all of Tenant's assets or a merger (for which Landlord's consent is not required), Landlord shall provide an estoppel statement containing information similar to the estoppel certificate Tenant is required to provide pursuant to Section 21.1 hereof upon Tenant's written request.

ARTICLE 16

BANKRUPTCY

Section 16.1 **Bankruptcy**. If at any time after the execution and delivery of this Lease, there shall be filed by or against Tenant in any court pursuant to any statute either of the United States or of any State a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee or conservator of all or a portion of Tenant's property, or if Tenant makes an assignment for the benefit of creditors, this Lease, (a) if such event shall occur

prior to the Commencement Date, shall ipso facto be cancelled and terminated, or (b) if such event shall occur on or after the Commencement Date, at the option of Landlord to be exercised within 60 days after notice of the happening of any one or more of such events, may be cancelled and terminated, and in any such event of termination neither Tenant nor any person claiming through or under Tenant or by virtue of any statute or of an order of any court shall be entitled to possession or to remain in possession of the Demised Premises but shall forthwith quit and surrender the Demised Premises, and Landlord, in addition to the other rights and remedies granted by virtue of any other provision in this Lease or by virtue of any statute or rule of law, may retain as damages any Rent, Security Deposit, or moneys received by it from Tenant or others on behalf of Tenant.

Section 16.2 **Measure of Damages.** In the event of the termination of this Lease pursuant to Section 16.1 above, Landlord shall be entitled to the same rights and remedies as set forth in Article 17.

ARTICLE 17

DEFAULT

Section 17.1 **Events of Default.** This Lease and the Term and estate hereby granted are subject to the limitation that:

(a) whenever Tenant shall have failed to pay any installment of Rent, or any portion thereof when the same shall be due and payable, and Tenant shall have failed to pay same for a period of five (5) days after notice of such failure has been given to Tenant; or

(b) whenever Tenant shall have failed to comply with, shall have violated or shall be in default in the performance of any other provision of this Lease and Tenant shall have failed to cure such default (except a default under Section 17.1(e)) within 20 days after notice from Landlord of such noncompliance, violation or default (in the case of a default which cannot with due diligence be cured within a period of 20 days, Tenant shall have such additional time to cure same as may reasonably be necessary, provided Tenant commences curing such default within the 20 day period and proceeds promptly, effectively, continuously and with due diligence to cure such default after delivery of said notice); or

(c) whenever Tenant shall vacate or abandon the Demised Premises and leave same vacated or abandoned for a period of 20 days after notice from Landlord; or

(d) whenever any material warranty, representation or statement made or furnished by Tenant to Landlord at any time in connection with this Lease is determined to have been false or misleading in any material respect when made or furnished; or

then regardless and notwithstanding the fact that Landlord has or may have some other remedy under this Lease or by virtue hereof, or in law or in equity, Landlord may give to Tenant a notice

(the "**Termination Notice**") of intention of Landlord to end the term of this Lease specifying a day not less than ten (10) days thereafter and, upon the giving of the Termination Notice, this Lease and the Term and estate hereby granted shall expire and terminate upon the day so specified in the Termination Notice as fully and completely and with the same force and effect as if the day so specified were the Expiration Date and all rights of Tenant shall terminate and Tenant shall remain liable for damages as hereinafter provided. From and after any date upon which Landlord is entitled to give a Termination Notice, Landlord, without further notice and with or without giving such Termination Notice, may enter upon, re-enter, possess and repossess itself of the Demised Premises, by summary proceedings, ejectment or otherwise in accordance with law, and may dispossess and remove Tenant and all other persons and property from the Demised Premises and may have, hold and enjoy the Demised Premises and the right to receive all rental and other income of and from the same. As used in this Lease the words "enter" and "re-enter" are not restricted to their technical legal meanings.

Upon and after such entry into possession Landlord may, but shall have no obligation to, relet the Demised Premises, or any part thereof, for the account of Tenant, to any person, firm or corporation, other than Tenant, for such Rent, for such time and upon such terms as Landlord, in Landlord's reasonable discretion, shall determine, and Landlord shall not be required to accept any tenant offered by Tenant or to observe any instruction given by Tenant about such reletting.

Section 17.2 Damages.

(a) Tenant covenants and agrees that in the event of the termination of this Lease or re-entry by Landlord, under, any of the provisions of this Article 17 or pursuant to law, by reason of default hereunder on the part of Tenant, Tenant shall pay to Landlord, as damages with respect to this Lease, at the election of Landlord:

(1) a sum which at the time of such termination of this Lease or at the time of any re-entry by Landlord, as the case may be, represents the excess, if any, of the present value (discounted at 5% per annum) of:

(i) the aggregate of the Rent which would have been payable by Tenant for the period commencing with such earlier termination of this Lease or the date of any such re-entry, as the case may be, and ending with the Expiration Date of this Lease, had this Lease not so terminated or had Landlord not so re-entered the Demised Premises over

(ii) the aggregate fair market rental value of the Demised Premises for the same period; or

(2) sums equal to the Rent which would have been payable by Tenant had this Lease not so terminated, or had Landlord not so re-entered the Demised Premises, payable upon the days specified in this Lease following such termination or such re-entry and until the Expiration Date of this Lease, provided, however, that if the Demised Premises shall be leased or re-let during said period, Landlord shall credit Tenant with the net rents, if any, received by Landlord from

such leasing or re-letting, such net Rent to be determined by first deducting from the gross rents as and when received by Landlord from such leasing or re-letting the expenses incurred or paid by Landlord in terminating this Lease or of re-entering the Demised Premises and of securing possession thereof, as well as the expense of leasing and re-letting, including altering and preparing any portion of the Demised Premises for new tenants, brokers' commissions and all other expenses properly chargeable against the Demised Premises and the rental therefrom; but in no event shall Tenant be entitled to receive any excess of such net rents over the Rent, payable by Tenant to Landlord hereunder.

(b) Suit or suits for the recovery of any and all damages, or any installments thereof, provided for hereunder may be brought by Landlord from time to time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the term of this Lease would have expired if it had not been terminated under the provisions of this Article 17, or under provisions of any law, or had Landlord not re-entered the Demised Premises.

(c) Nothing herein contained shall be construed as limiting or precluding the recovery by Landlord against Tenant of any damages to which Landlord may lawfully be entitled in any case other than those particularly provided for above other than punitive or consequential damages, which are hereby waived by Landlord.

Section 17.3 **Landlord Default.** It shall be deemed a "Landlord Default" if Landlord breaches any of the terms or covenants of this Lease to be performed by Landlord, and such breach continues for thirty (30) days (ten (10) days in the event of failure to pay an amount due and owing to Tenant) after notice from Tenant to Landlord of such breach; provided, however, that such failure shall not be a Landlord Default if such failure could not reasonably be cured during such thirty (30) day period, Landlord has commenced the cure within such thirty (30) day period and so long as Landlord is thereafter diligently, promptly, effectively and continuously pursuing such cure to completion. Upon the occurrence of a Landlord Default, Tenant may exercise such remedies as are available to Tenant at law or equity, other than consequential or punitive damages or those remedies which are specifically waived under this Lease. Notwithstanding the foregoing, in the event of a Landlord Default and there then exists a mortgage encumbering the Property, before Tenant may exercise its remedies as above provided, Tenant shall first give the mortgagee (as identified by Landlord) written notice of the Landlord Default and such mortgagee shall be afforded a reasonable opportunity (not less than thirty (30) days) to effect a cure of such Landlord Default.

Section 17.4 **Waiver of Jury Trial.** To the fullest extent permitted by the applicable law, the parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other on any matters whatsoever arising out of or in any way connected with this Lease or the interpretation thereof, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Demised Premises, and/or any claim of injury or damage.

ARTICLE 18

SURRENDER

Section 18.1 **Possession**. Upon the expiration or earlier termination of this Lease, Tenant shall immediately quit and surrender possession of the Demised Premises in as good a state and condition as they were when entered into, reasonable wear and tear and casualty damage (other than that which Tenant is obligated to repair) excepted. Upon such surrender, all right, title and interest of Tenant in the Demised Premises shall cease.

Section 18.2 **Merger**. The voluntary or other surrender of this Lease by Tenant or the cancellation of this Lease by mutual agreement of Tenant and Landlord shall not work a merger, but shall, at Landlord's option, terminate all or any subleases and subtenancies or operate as an assignment to Landlord of all or any subleases or subtenancies. Landlord's option hereunder shall be exercised by notice to Tenant and all known sublessees or subtenants in the Demised Premises or any part thereof.

ARTICLE 19

HOLDING OVER

Section 19.1 **Holding Over**. If Tenant retains possession of the Demised Premises or any part thereof after the expiration or earlier termination of this Lease, Tenant shall pay as Rent a sum equal to 150% of the amount of Fixed Rent plus Additional Rent hereunder, payable for the month preceding such holding over computed on a daily basis for each day that Tenant remains in possession. Tenant shall also be liable for and shall pay to Landlord, all direct damages sustained by reason of Tenant's holding over. The provisions of this section do not waive Landlord's right of re-entry or right to regain possession by actions at law or in equity or any other rights hereunder, and any receipt of payment by Landlord shall not be deemed a consent by Landlord to Tenant's remaining in possession or be construed as creating or renewing any lease or right of tenancy between Landlord and Tenant.

ARTICLE 20

REMEDIES CUMULATIVE

Section 20.1 **No Waiver**. No waiver by Landlord or Tenant of a breach of any covenants, agreements, obligations or conditions of this Lease shall be construed to be a waiver of any future breach of the same or any other covenant, agreement, obligation or condition hereof. No receipt of money by Landlord from Tenant after notice of default, or after the termination of this Lease or the commencement of any suit or final judgment of possession of the Demised Premises, shall reinstate, continue or extend the term of this Lease or affect any notice, demand or suit. The rights and remedies hereby created are cumulative, and the use of one remedy shall not be construed to exclude or waive the right to the use of another, or exclude any other right or remedy allowed by law.

ARTICLE 21

ESTOPPEL CERTIFICATE, SUBORDINATION, ATTORNMENT

Section 21.1 **Estoppel Certificate**. Tenant shall at any time upon the request of Landlord, execute and deliver in recordable form and in substance satisfactory to Landlord, an estoppel certificate certifying: the date Tenant accepted occupancy of the Demised Premises; the date to which Rent has been paid; the amount of any Security Deposit; that this Lease is in full force and effect and has not been modified or amended (or if modified or amended, describing the same) and that there are no defenses or offsets thereto or defaults of Landlord under this Lease (or if any be claimed, describing the same); and such other matters as Landlord may reasonably request. Tenant's failure to deliver such certificate within ten (10) days of the demand therefor shall be a default hereunder.

Section 21.2 **Subordination**. Subject to Landlord's representation as set forth in Section 24.4 hereof and the last sentence of this Section 21.2, this Lease is and shall be subject and subordinate to all ground or underlying leases, mortgages and deeds of trust which now or hereafter affect the Land, Building and/or any ground or underlying leases thereof and to all renewals, modifications, consolidations, replacements and extensions thereof. The provisions of this section shall be automatic and shall not require any further action. In confirmation of such subordination, Tenant will execute and deliver upon demand of Landlord any and all instruments desired by Landlord subordinating this lease to such lease, mortgage or deed of trust. Landlord represents that there is currently no mortgage lien against the Property. Notwithstanding the foregoing, Tenant's obligation to subordinate this Lease to the lien of any future mortgagee will be conditioned upon Tenant's receipt of a non-disturbance agreement in such mortgagee's customary form, with commercially reasonable changes requested by Tenant and providing such form does not change or modify any of the material provisions of this Lease.

Section 21.3 **Attornment**. Tenant agrees that, at the option of the landlord under any ground lease now or hereafter affecting the real property of which Demised Premises forms a part, Tenant shall attorn to said landlord in the event of the termination or cancellation of such ground lease and if requested by said landlord, enter into a new lease with said landlord (or a successor ground-lessee designated by said landlord) for the balance of the term then remaining hereunder upon the same terms and conditions as those herein provided.

Section 21.4 **Mortgages**. Tenant covenants and agrees that, if by reason of default under any mortgage or deed of trust which may now or hereafter affect the Land and/or the Building, the mortgagee thereunder enters into and becomes possessed of the said mortgaged property either through possession or foreclosure action or proceeding, or in the event of the sale of the said mortgaged property as a result of any action or proceeding to foreclosure the said mortgage, Tenant will attorn to the mortgagee or such then owner as its landlord under this Lease. Tenant agrees to execute and deliver, at any time and from time to time, upon the request of the mortgagee or the then owner of the said mortgaged property of which the Demised Premises forms a part any instrument which may be necessary or appropriate to evidence such attornment. Tenant further waives the provisions of any statute or rule of law now or hereafter in effect which may give or purport to give Tenant any right of election to terminate this Lease or to

surrender possession of the Demised Premises in the event any proceeding is brought by the mortgagee under any such mortgage to terminate the same, and agrees that this Lease shall not be affected in any way whatsoever by any such proceeding.

ARTICLE 22

QUIET ENJOYMENT

Section 22.1 **Quiet Enjoyment**. Landlord covenants and agrees with Tenant that upon payment by Tenant of the Rent hereunder and upon the observance and performance of all of the terms, covenants and conditions on Tenant's part to be observed and performed, Tenant may peaceably and quietly enjoy the Demised Premises, free of all claims from Landlord and those claiming by, through or under Landlord, but subject, nevertheless, to the terms and conditions of this Lease (including, without being limited to, the provisions of Article 21).

ARTICLE 23

NOTICES

Section 23.1 **Notices**. Whenever any notice or consent is required or permitted hereunder, such notice or consent shall be in writing. Any notice or document required or permitted to be delivered hereunder shall be deemed to be delivered (a) upon receipt or refusal of receipt when sent by recognized overnight courier or (b) upon receipt or refusal of receipt when deposited in the United States Mail, postage prepaid, Registered or Certified Mail, Return Receipt Requested, addressed to the parties hereto at the addresses set forth in Article 1, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith.

ARTICLE 24

MISCELLANEOUS PROVISIONS

Section 24.1 **Time**. Time is and shall be of the essence of this Lease and all its provisions.

Section 24.2 **Applicable Law and Construction**.

(a) This Lease shall be governed by and construed under the laws of the State in which the Property is located.

(b) The necessary grammatical changes required to make the provisions of this Lease apply in the plural sense where there is more than one tenant and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though fully expressed. If there is more than one person or entity who or which are Tenant under this Lease, the obligations imposed upon Tenant under this Lease shall be joint and several. The relationship between Landlord and Tenant created hereunder shall be that of lessor and lessee and nothing herein shall be

construed as creating any joint venture or partnership. The captions used in this Lease are for convenience only and do not in any way limit or amplify the terms and provisions hereof.

Section 24.3 **Parties Bound.** It is agreed that this Lease, and each and all the covenants and obligations hereof, shall be binding upon and inure to the benefit of, as the case may be, the parties hereto, their respective heirs, executors, administrators, successors and assigns, subject to all agreements and restrictions herein contained with respect to assignment or other transfer of Tenant's interest herein.

Section 24.4 **No Representations by Landlord.** Neither Landlord nor Landlord's agents have made any representations or promises with respect to the physical condition of the Property or the Building, the Demised Premises, permissible uses of Demised Premises, the rents, leases, expenses of operation or any other matter or thing affecting or related to the Demised Premises except as herein expressly set forth, and no rights, easements, or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease. Tenant has inspected the Building and the Demised Premises and is thoroughly acquainted with their condition, and agrees to accept the same "as is" subject to completion of Landlord's Work, if any. All understandings and agreements heretofore made between the parties hereto are merged in this Lease, which alone fully and completely expresses the agreement between Landlord and Tenant, and any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of it, in whole or in part, or a surrender of this Lease or of the Demised Premises or any part thereof or of any interest of Tenant therein unless such executory agreement is in writing and signed by Landlord and Tenant. Notwithstanding any provision to the contrary, Landlord represents that (i) any existing ground lease affecting the Property is subordinate to this Lease; and (ii) the Building was constructed substantially in accordance with the plans filed with the applicable governmental authorities.

Section 24.5 **Brokers.** Tenant warrants that it has had no dealings with any broker, agent or any other person in connection with the negotiation or execution of this Lease other than the broker(s) identified in Article 1. Landlord agrees to compensate the Broker pursuant to a separate agreement. Landlord and Tenant each agree to indemnify and hold harmless the other from and against any and all cost, expense, or liability for commissions or other compensation and charges claimed by any broker or agent (other than the broker(s) identified in Article 1) with respect to this Lease on account of their respective acts.

Section 24.6 **Severability.** The invalidity or unenforceability of any provision of this Lease shall not affect or impair the validity of any other provision.

Section 24.7 **Force Majeure.** In the event Landlord or Tenant shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war or other reason of a like nature beyond their the reasonable control, in performing work or doing acts required under the terms of this

Lease, then performance of such act shall be extended for a period equivalent to the period of such delay.

Section 24.8 **Definition of Landlord.** As used in this Lease, the term "Landlord" shall mean only the owner, or the mortgagee in possession, for the time being, of the Building and the Land or the owner of a lease of the Building or of the Land and the Building, so that in the event of any sale of the Building or of the Land and the Building or of said Lease, or in the event of a lease of the Building or of the Land and the Building, said Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder thereafter to be performed or observed, and it shall be deemed and construed without further agreement between the parties or their successors in interest, or between the parties and any such purchaser or lessee, that such purchaser or lessee has assumed and agreed to perform and observe any and all covenants and obligations of Landlord hereunder.

Section 24.9 **No Option.** The submission of this Lease for examination or execution does not constitute a reservation of or option for the Demised Premises, and this Lease becomes effective as a lease only upon execution and delivery thereof by Landlord and Tenant.

Section 24.10 **Exculpatory Clause.** All separate and personal liability of Landlord or any trustee, director, officer, partner or principal (disclosed or undisclosed) thereof of every kind or nature, if any, is waived by Tenant, and by every person now or hereafter claiming by, through or under Tenant; and Tenant shall look solely to Landlord's estate in the Property for the payment of any claim against Landlord.

Section 24.11 **No Recording.** Tenant shall not record this Lease, or any portion or any reference hereto. In the event Tenant records this Lease, or permits or causes this Lease, or any portion hereof or reference hereto to be recorded, this Lease shall terminate at Landlord's option or Landlord may declare a default hereunder and pursue any and all of its remedies provided in this Lease.

Section 24.12 **No Light, View or Air Easements.** Any diminution or shutting off of light, view or air by any structure which may be erected on lands adjacent to the Property shall in no way affect this Lease or impose any liability on Landlord.

Section 24.13 **Financial Statements.** In the event Tenant is not then a publically traded entity, Tenant, within 15 days after request, but not more than once each calendar year, shall provide Landlord with a current financial statement and such other information as Landlord may reasonably request in order to create a "business profile" of Tenant and determine Tenant's ability to fulfill its obligations under this Lease.

Section 24.14 **ERISA.** Tenant hereby represents and warrants to Landlord that (i) Tenant is not a "party in interest" (within the meaning of Section 3(14) of the Employee Retirement Income Security Act of 1974, as amended) or a "disqualified person" (within the meaning of Section 4975 of the Internal Revenue Code of 1986, as amended) with respect to any retirement or pension plan of the Metropolitan Life Insurance Company, and (ii) Tenant is not

and will not become a “benefit plan investor” as defined in Section 3(42) of ERISA or a “governmental plan” within the meaning of Section 3(32) of ERISA.

Section 24.15 **Patriot Act.** Tenant represents, warrants and covenants that neither Tenant nor any of its partners, officers, directors, members or shareholders (i) is listed on the Specially Designated Nationals and Blocked Persons List maintained by the Office of Foreign Asset Control, Department of the Treasury (“OFAC”) pursuant to Executive Order No. 13224, 66 Fed. Reg. 49079 (Sept. 25, 2001)(“Order”)and all applicable provisions of Title III of the USA Patriot Act (Public Law No. 107-56 (October 26, 2001)); (ii) is listed on the Denied Persons List and Entity List maintained by the United States Department of Commerce; (iii)is listed on the List of Terrorists and List of Disbarred Parties maintained by the United States Department of State, (iv) is listed on any list or qualification of “Designated Nationals” as defined in the Cuban Assets Control Regulations 31 C.F.R. Part 515; (v) is listed on any other publicly available list of terrorists, terrorist organizations or narcotics traffickers maintained by the United States Department of State, the United States Department of Commerce or any other governmental authority or pursuant to the Order, the rules and regulations of OFAC (including without limitation the Trading with the Enemy Act, 50 U.S.C. App. 1-44; the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06; the unrepealed provision of the Iraq Sanctions Act, Publ.L. No. 101-513; the United Nations Participation Act, 22 U.S.C. § 2349 aa-9; The Cuban Democracy Act, 22 U.S.C. §§ 60-01-10; The Cuban Liberty and Democratic Solidarity Act, 18.U.S.C. §§ 2332d and 233; and The Foreign Narcotic Kingpin Designation Act, Publ. L. No. 106-120 and 107-108, all as may be amended from time to time); or any other applicable requirements contained in any enabling legislation or other Executive Orders in respect of the Order (the Order and such other rules, regulations, legislation or orders are collectively called the “Orders”); (vi) is engaged in activities prohibited in the Orders; or (vii) has been convicted, pleaded nolo contendere, indicted, arraigned or custodially detained on charges involving money laundering or predicate crimes to money laundering, drug trafficking, terrorist-related activities or other money laundering predicate crimes or in connection with the Bank Secrecy Act (31 U.S.C. §§ 5311 et. seq.).

Section 24.16 **Signage.** Tenant shall be permitted to install identification signage (i) on the entry doors to the Demised Premises, or (ii) on a monument sign if approved by governmental authorities. All such signage shall be installed at Tenant’s sole expense, and only after first receiving Landlord’s approval of plans and specifications therefor, not to be unreasonably withheld, as well as any necessary permits, and must comply will all applicable laws, codes and ordinances. At the expiration or earlier termination of the Term, Tenant shall remove all such signage and repair any damage caused by such removal, all at Tenant’s sole cost and expense

Section 24.17 **Renewal Option.** Tenant shall, provided the Lease is in full force and effect and Tenant is not in monetary default under the terms and conditions of the Lease at the time of notification or commencement beyond applicable notice and cure periods, have one (1) option to renew this Lease for a term of five (5) years on the same terms and conditions set forth in the Lease, except as modified by the terms, covenants and conditions as set forth below:

(a) If Tenant elects to exercise said option, then Tenant shall provide Landlord with written notice no earlier than the date which is fifteen (15) months prior to the expiration of the then current term of the Lease but no later than the date which is ten (10) months prior to the expiration of the then current term of this Lease. If Tenant fails to provide such notice, Tenant shall have no further or additional right to extend or renew the term of the Lease.

(b) The Fixed Rent and Monthly Fixed Rent in effect at the expiration of the then current term of the Lease shall be adjusted to reflect the fair market rental for comparable space in similar buildings in the same rental market as of the date the renewal term is to commence, taking into account concessions then being provided for renewals by landlords of such similar buildings (including without limitation rent abatement and tenant improvement allowances) as well as the specific provisions of the Lease which will remain constant. Landlord shall advise Tenant of the new Fixed Rent and Monthly Fixed Rent for the Demised Premises no later than thirty (30) days after receipt of Tenant's written request therefor. Said request shall be made no earlier than thirty (30) days prior to the first date on which Tenant may exercise its option under this Section 24.17. Said notification of the new Fixed Rent may include a provision for its escalation to provide for a change in fair market rental between the time of notification and the commencement of the renewal term. If Tenant and Landlord are unable to agree on a mutually acceptable rental rate not later than four (4) months prior to the expiration of the then current term, Landlord and Tenant shall each appoint a qualified MAI appraiser doing business in the area, in turn those two independent MAI appraisers shall appoint a third MAI appraiser and the majority shall decide upon the fair market rental for the Demised Premises as of the expiration of the then current term. Landlord and Tenant shall equally share in the expense of this appraisal. Tenant may elect to rescind its exercise of the renewal option within three (3) business days after Tenant is advised of the MAI appraisal determination, provided that Tenant pays for the entire MAI appraisal cost.

This option is not transferable except to an Affiliate or entity which acquires all or substantially all of Tenant's assets, or involved with a merger with Tenant (collectively, Permitted Transferees"); the parties hereto acknowledge and agree that they intend that the aforesaid option to renew this Lease shall be "personal" to Tenant as set forth above and that in no event will any assignee or sublessee, except a Permitted Transferee, have any rights to exercise the aforesaid option to renew. However, in the event there is any other transfer in the control of Tenant, the option shall be transferable to the new controlling entity.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed as of the 21st day of December, 2009.

TENANT:

G III APPAREL GROUP LTD, a
Delaware corporation

By: /s/ Wayne S. Miller
Name: Wayne S. Miller
Title: Chief Operating Officer

LANDLORD:

GRANITE SOUTH BRUNSWICK LLC, a
Delaware limited liability company

By: BlackRock Granite Property Fund,
L.P., its Sole Member

By: BlackRock Granite Property Fund,
LLC, its General Partner

By: BlackRock Granite Property Fund,
Inc., its Sole Member

By: BlackRock Realty Advisors, Inc., its
Investment Manager

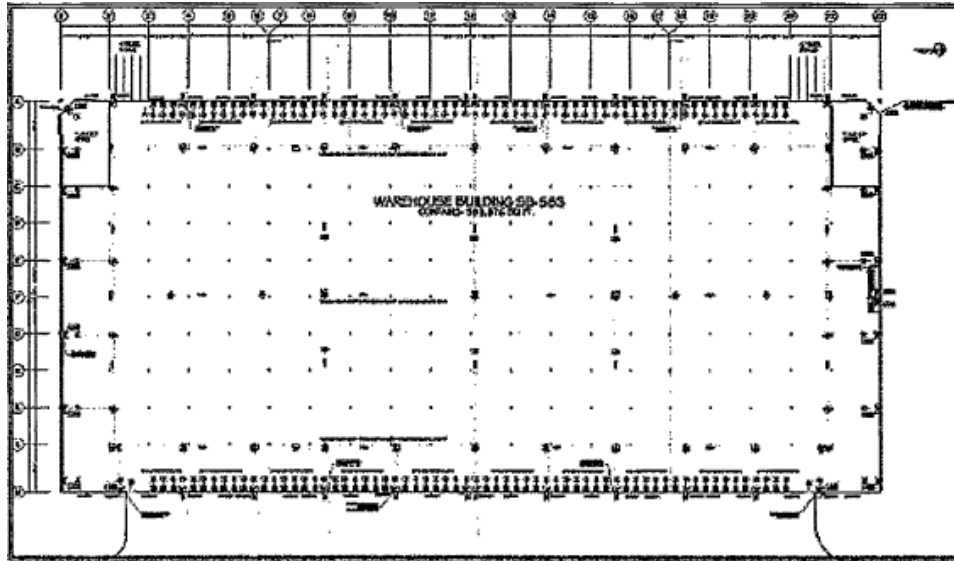
By: /s/ Robert D. Norberg
Name: Robert D. Norberg
Title: Director

EXHIBIT A

PLAN SHOWING TENANT'S SPACE

140 Docks Corner Road

New Jersey Turnpike
Exit 8A



A-1

EXHIBIT B

LEGAL DESCRIPTION OF PROPERTY

Issued By:

**CHICAGO TITLE INSURANCE COMPANY
TWO UNIVERSITY PLZ STE 14, HACKENSACK NJ 07601 PHONE: (201)489-5000 FAX: (201)489-5336
Your Reference: GRANTTE-TBA/NBU # 160290923**

**SCHEDULE A
(continued)**

Title No: 2009-80358

**LEGAL DESCRIPTION
EXHIBIT "A"**

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE COUNTY OF MIDDLESEX, STATE OF NEW JERSEY, AND IS DESCRIBED AS FOLLOWS:

ALL THAT CERTAIN TRACT, PARCEL AND LOT OF LAND LYING AND BEING SITUATE IN THE TOWNSHIP OF SOUTH BRUNSWICK, COUNTY OF MIDDLESEX, STATE OF NEW JERSEY, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE POINT IN THE SOUTHERLY RIGHT-OF-WAY LINE OF JAMESBURG ROAD (A.K.A. DOCKS CORNER ROAD) (VARIABLE WIDTH), WHERE THE SAME IS INTERSECTED BY THE EASTERLY LOT LINE OF BLOCK 15.03 LOT 10.011; THENCE,

1. EXTENDING ALONG THE SOUTHERLY RIGHT-OF-WAY LINE OF JAMESBURG ROAD, SOUTH 50°43' 29" EAST, A DISTANCE OF 30.23 FEET TO A POINT IN THE WESTERLY LINE OF BLOCK 15.03, LOT 9.05; THENCE,

2. LEAVING SAID SOUTHERLY RIGHT-OF-WAY LINE OF JAMESBURG ROAD AND EXTENDING ALONG THE WESTERLY LINE OF BLOCK 15.03, LOT 9.05, SOUTH 32°15'41" WEST, A DISTANCE OF 1,390.53 FEET TO A POINT IN THE SOUTHERLY LINE OF BLOCK 15.03 LOT 9.05; THENCE,

3. EXTENDING ALONG THE SOUTHERLY LINE OF BLOCK 15.03 LOT 9.05 SOUTH 62°06'21" EAST, A DISTANCE OF 1,251.96 FEET TO A POINT IN THE WESTERLY LINE OF BLOCK 15.03, LOT 9.03, LANDS NOW OR FORMERLY OF PUBLIC SERVICE ELECTRIC & GAS CO.; THENCE,

4. ALONG THE WESTERLY LINE OF BLOCK 15.03, LOT 9.03 SOUTH 27°57'49" WEST, A DISTANCE OF 1,332.44 FEET TO A POINT IN THE NORTHERLY LINE OF UNITED NEW JERSEY RAILROAD CANAL CO. SECTION 262 LOT 4, JAMESBURG BRANCH — PENNA. R.R. (66' WIDE); THENCE,

5. EXTENDING ALONG SAID RAILROAD RIGHT-OF-WAY NORTH 67°46'09" WEST, A DISTANCE OF 1,399.58 FEET TO A POINT IN THE EASTERLY LINE OF BLOCK 15.03, LOT 11.05, LANDS NOW OR FORMERLY OF 300 HERROD BOULEVARD, LLC; THENCE

6. EXTENDING ALONG THE EASTERLY LINE OF BLOCK 15.03, LOTS 11.05, 11.06 AND 10.011 NORTH 32°15'41" EAST, A DISTANCE OF 2,871.35 FEET TO THE FIRST MENTIONED POINT AND PLACE OF BEGINNING.

THIS DESCRIPTION IS PREPARED IN ACCORDANCE WITH SURVEY MADE BY LANGAN ENGINEERING AND ENVIRONMENTAL SERVICES, INC., DATED NOVEMBER 21, 2008.

TOGETHER WITH ACCESS EASEMENT SET FORTH IN DEED BOOK 5764 PAGE 602, DESCRIBED AS FOLLOWS:

BEING A 36 FOOT WIDE ACCESS EASEMENT SHOWN ON A CERTAIN MAP ENTITLED "MINOR SUBDIVISION, IFF SOUTH BRUNSWICK FACILITY, SOUTH BRUNSWICK TOWNSHIP, MIDDLESEX COUNTY, NEW JERSEY", PREPARED BY SCHOOR DEPALMA, MANALAPAN, DATED MAY 30, 2002 LAST REVISED SEPTEMBER 18, 2006 AND BEING FURTHER DESCRIBED AS FOLLOWS TO WIT:

Issued By:

CHICAGO TITLE INSURANCE COMPANY
TWO UNIVERSITY PLZ STE 14, HACKENSACK NJ 07601 **PHONE: (201)489-5000** **FAX: (201)489-5336**
Your Reference: GRANITE-TBA/NBU # 160290923

SCHEDULE A
(continued)

Title No: 2009-80358

BEGINNING AT A POINT IN THE DISTANT THE FOLLOWING TWO COURSES FROM THE POINT OF INTERSECTION FORMED BY THE EXITING NORTHEASTERLY LINE OF LOT 4 BLOCK 262, LANDS NOW OR FORMERLY OF CONRAIL-UNITED NEW JERSEY RAILROAD & CANAL CO., WITH THE EXISTING NORTHWESTERLY LINE OF LOT 9.03 BLOCK 15.03, SAID ADJOINING LOTS AS SHOWN ON AFORESAID MAP AND RUNNING

A. NORTH 27 DEGREES 57 MINUTES 49 SECONDS EAST, 1332.44 FEET TO A POINT OF INTERSECTION FORMED BY THE PROPOSED DIVISION LINE BETWEEN LOTS 9.05 AND 9.06 BLOCK 153 AND THE NORTHWESTERLY LINE OF LOT 9.03 BLOCK 153; THENCE

B. NORTH 62 DEGREES 06 MINUTES 21 SECONDS WEST, 1215.86 FEET ALONG THE PROPOSED DIVISION LINE BETWEEN LOTS 9.05 AND 9.06 OF BLOCK 153 TO THE POINT AND PLACE OF BEGINNING AND RUNNING

1. NORTH 62 DEGREES 06 MINUTES 21 SECONDS WEST, 36.10 FEET ALONG THE PROPOSED LOT LINE BETWEEN LOTS 9.05 AND 9.06 BLOCK 15.03 TO A POINT IN THE EXISTING SOUTHEASTERLY LINE OF A 30 FOOT RIGHT OF WAY OF THE TOWNSHIP OF SOUTH BRUNSWICK; THENCE

2. NORTH 32 DEGREES 15 MINUTES 41 SECONDS EAST, 1373.90 FEET ALONG A PORTION OF THE AFORESAID EXISTING SOUTHEASTERLY LINE OF A 30 FOOT RIGHT OF WAY OF THE TOWNSHIP OF SOUTH BRUNSWICK, TO A POINT TN THE SOUTHWESTERLY RIGHT OF WAY LINE OF JAMESBURG ROAD (A/K/A/ DOCKS CORNER ROAD) SAID POINT BEING DISTANT 33 FEET AS MEASURED AT RIGHT ANGLES FROM THE CENTERLINE THEREOF; THENCE

3. SOUTH 50 DEGREES 43 MINUTES 29 SECONDS EAST, 36.27 FEET ALONG SAID SOUTHWESTERLY RIGHT OF WAY LINE OF JAMESBURG ROAD (A/K/A DOCKS CORNER ROAD) TO A POINT IN SAME; THENCE

4. SOUTH 32 DEGREES 15 MINUTES 41 SECONDS WEST, 1366.72 FEET ALONG THE PROPOSEDSOUTHEASTERLY LINE OF A 36 FOOT WIDE EASEMENT TO THE POINT AND PLACE OF BEGINNING.

BEING ALSO KNOWN AS (REPORTED FOR INFORMATIONAL PURPOSES ONLY) :

LOT 9.061, BLOCK 15.03, ON THE OFFICIAL TAX MAP OF THE TOWNSHIP OF SOUTH BRUNSWICK, COUNTY OF MIDDLESEX, STATE OF NEW JERSEY.

EXHIBIT C

RULES AND REGULATIONS

1. The water and wash closets and other plumbing fixtures shall not be used for any purposes other than those for which they were constructed, and no sweepings, rubbish, rags or other substances shall be thrown therein. All damages resulting from any misuse of the fixtures by Tenant shall be borne by Tenant to the extent that Tenant or Tenant's agents, servants, employees, contractors, visitors, or licensees shall have caused the same.
2. No animal or bird of any kind shall be brought into or kept in or about the Demised Premises, the Building or the Property.
3. Except as otherwise permitted under the Lease, neither Tenant nor any of Tenant's agents, servants, employees, contractors, visitors or licensees shall at any time bring or keep upon the Demised Premises or in the Building or the Property any flammable, combustible or explosive fluid, chemical or substance.
4. If the Demised Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Demised Premises by Tenant, its agents, servants, employees, contractors, visitors, or licensees, Tenant shall forthwith at Tenant's expense cause the same to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be reasonably approved in writing in advance by Landlord.
5. Tenant, Tenant's agents, servants, employees, licensees or visitors shall not park any vehicles in any driveways, service entrances, or areas posted "No Parking."
6. Landlord reserves the right to make such other and further reasonable rules and regulations as in Landlord's reasonable judgment may from time to time be needful for the safety, care and cleanliness of the Demised Premises or the Building, or the Property, and for the preservation of good order therein, and any such other or further rules and regulations shall be binding upon Tenant with the same force and effect as if they had been inserted herein at the time of the execution hereof.

EXHIBIT D
WORK LETTER

1. Work. Improvements to the Demised Premises (the "Work") shall be performed, at Tenant's option (which Tenant shall elect upon the completion of the bidding process), either by Landlord, or by Tenant. If Landlord is to provide the Work ("Landlord's Work"), Paragraph 2 of this Exhibit D shall apply. If Tenant is to perform the Work ("Tenant's Work"), Landlord shall deliver the Demised Premises in "AS-IS" condition but broom clean and Paragraph 3 of this Exhibit B shall apply. Notwithstanding the foregoing, Landlord shall confirm or cause as of the Commencement Date, all existing major Building systems, including, but not limited to, electrical, mechanical, plumbing and HVAC to be in good working order. Prior to commencing any of the Work, Landlord shall submit to Tenant a written estimate of the cost of the Work, based upon the low bid from mutually approved plans and specifications of competitive bids (consisting of bids from four contractors, two of whom selected by the Landlord and two of whom selected by the Tenant), (an "Estimate"). The amount, if any, by which the Estimate exceeds the Maximum TI Allowance is referred to as the "Excess Cost." The entire amount of the Excess Cost is the sole responsibility of Tenant.

2. If Tenant Elects for Landlord to Perform the Work. Landlord shall promptly commence and diligently pursue to completion the construction of the work requested by Tenant in accordance with this Exhibit D ("Landlord's Work"). The cost of Landlord's Work shall be paid by Landlord through the application of the Maximum TI Allowance as described below. As further provided herein, Tenant shall be responsible for the incremental cost of Landlord's Work in excess of the Maximum TI Allowance (defined below). The certificate of Landlord's architect that the work to be done by Landlord pursuant to this Exhibit D has been substantially completed shall be adequate evidence that the Demised Premises have been completed in accordance with the requirements of the Lease. Landlord shall respond promptly to any requests by Tenant for review and implementation of Landlord's Work. Landlord agrees to retain contractors, subcontractors and materialmen who are of good reputation and experienced in and favorably known for the construction of space comparable to the Demised Premises in the metropolitan area where the Building is located and that are properly licensed for the work they are to perform. Upon issuance of permits, Landlord shall commence the Work and shall diligently prosecute the Work to completion. Landlord agrees to cause the Work to be constructed in a good and workmanlike manner using first-class quality materials, in accordance with the provisions of the Lease.

2.1 Cost and Allowance.

2.1.1 Irrespective of whether Landlord or Tenant is to perform the Work, Landlord will cause design plans and specifications, the costs of which shall be deducted from the Maximum TI Allowance as hereinafter defined, to be promptly prepared for Tenant's review and approval provided Landlord has received from Tenant sufficient input as to design criteria. Prior to commencing any of Landlord's Work, Landlord shall submit to Tenant for Tenant's approval a written estimate of the cost of Landlord's Work (an "Estimate"). Landlord shall require Tenant to acknowledge its approval of the plans and the Estimate within five (5) business

days after Landlord's written request therefor. The amount, if any, by which the Estimate exceeds the Maximum TI Allowance is referred to as the "Excess Cost." Landlord shall not be required to commence its work until such acknowledgment is received.

2.1.2 As noted above, the entire amount of the Excess Cost is the sole responsibility of Tenant. The Excess Cost shall be paid to Landlord by Tenant within thirty (30) days after Landlord's Work is substantially complete, as additional rent under the Lease.

3. If Tenant Elects for Tenant to Perform the Work.

3.1 Plans and Specifications and Approvals. Landlord shall provide plans and specifications in accordance with Section 2.1.1 above. As hereinafter set forth, Tenant shall procure and deliver to Landlord all licenses, permits and approvals from all governmental authorities as are necessary to permit the Tenant's Work to be commenced and continued to completion and the so constructed Demised Premises to be occupied.

3.2 Contracts and Contractors for the Work. Tenant shall make all such contracts and arrangements as shall be necessary or desirable for the construction and installation of the Work. Tenant agrees to retain contractors, subcontractors and materialmen who are of good reputation and experienced in and favorably known for the construction of space comparable to the Premises in the metropolitan area where the Building is located and that are properly licensed for the work they are to perform. Tenant shall provide Landlord with a list of all contractors, subcontractors and materialmen to be utilized by or for Tenant with respect to the Work and provide true, correct and complete copies of all contracts relating to the Work. Such contractors, subcontractors, materialmen and contracts must be satisfactory to Landlord in Landlord's reasonable discretion, and shall not be employed or executed, as the case may be, without Landlord's written approval first obtained, which approval shall not be unreasonably withheld, delayed or conditioned.

3.4 Construction. Promptly upon Landlord's approval of the Plans, Tenant shall apply for, and supply to Landlord upon issuance, a building permit and any other required governmental permits, licenses or approvals. Upon issuance of such approvals, Tenant shall commence the Work and shall diligently prosecute the Work to completion. Tenant agrees to cause the Work to be constructed in a good and workmanlike manner using first-class quality materials, at its sole cost and expense in accordance with the provisions of the Lease. Any out-of-pocket costs incurred by Landlord in providing utilities or other services needed for the accomplishment of the Work shall be reimbursed by Tenant to Landlord. Upon completion of the Work, Tenant shall provide to Landlord: (i) an architect's certificate of final completion; (ii) copies of all necessary governmental permits, including, but not limited to, a certificate of occupancy; (iii) the sworn statement of the general contractor; (iv) final lien waivers from all contractors, subcontractors and materialmen; and (v) any other information or documentation reasonably requested by Landlord to evidence lien-free completion of construction and payment of all of the cost thereof. Landlord shall have the right to observe the performance of the Work and Tenant shall take all such actions with respect thereto as Landlord may, in its good faith determination, deem advisable from time to time to assure that the Work and the manner of performance thereof shall not be injurious to the engineering and construction of the Building or

the electrical, plumbing, heating, mechanical, ventilating or air-conditioning systems of the Building and shall be in accordance with the Plans and the provisions of this Lease.

3.5 Tenant's Default. If Tenant shall fail to comply with any term or provision of this Exhibit D, and if any such matter is not remedied or resolved within fifteen (15) days following written notice to Tenant, then, in addition to any other remedies granted Landlord under the Lease in the case of default by Tenant and any other remedies available at law or equity, Landlord may elect, upon notice to Tenant, to:

3.5.1 require Tenant to discontinue all work hereunder, without any abatement on account of any delay in connection with any work relating to the Premises; or

3.5.2 complete the construction of the Work pursuant to the Plans, tendering possession to Tenant upon substantial completion thereof, and Tenant shall immediately upon demand reimburse Landlord, as additional rent, for Landlord's costs of completing the Work; or

3.5.3 cancel the Lease, effective immediately after Tenant receives notice thereof, without incurring any liability on account thereof and the term granted under the Lease is expressly limited accordingly. If Landlord cancels the Lease pursuant to the terms hereof or as a result of Tenant's default under the Lease, such cancellation shall not affect Tenant's liability for any sums payable under the Lease.

4. Maximum TI Allowance.

4.1 This Lease and the rental rates provided for herein are premised on a total cost of the Work not to exceed \$1,570,000.00 (the "Maximum TI Allowance"). The "cost of the Work" includes, without limitation:

4.1.1 All costs and expenses actually incurred by Landlord or Tenant, as the case may be, pertaining to the Work, including, but not limited to, costs charged by contractors, subcontractors and general and other conditions costs and expenses in connection with preparation of the Premises for occupancy;

4.1.2 All costs and expenses of preparation of the plans for such construction, and site inspection and contract administration by Landlord's consulting architects and/or engineers;

4.1.3 All costs of permits, licenses and other approvals required for the performance of the Work; and

4.1.4 A construction supervision/management fee in the amount payable to Landlord of three percent (3%) of the total cost of the Work if Landlord performs the Landlord Work or 1% of the total cost of the Work if Tenant performs the Tenant's Work.

In the event the Maximum TI Allowance is not fully utilized for the Work; provided that all of the Work as the parties hereto have approved has been completed, Tenant may add the difference to the FF&E Allowance as hereinafter defined.

4.2 If Tenant performs the Tenant's Work, Landlord shall pay the Allowance in three (3) draws, contingent upon the satisfaction of each of the following conditions as of the time of such disbursement:

(i) Landlord's reasonable satisfaction that the Tenant's Work completed as of the date of such disbursement has an aggregate value at least equal to the aggregate amount of proceeds then to be disbursed plus the total amount thereof previously disbursed; and

(ii) Receipt by Landlord of sworn statements, waivers of lien (if obtainable and contingent upon payment, if necessary) and waivers of lien with respect to amounts previously advanced by Landlord if not already provided and other documents and assurances pertaining to the Tenant's Work sufficient to protect Landlord against mechanics' and other liens.

Notwithstanding the foregoing, Landlord shall be entitled to withhold up to 10% of any draw request to be disbursed upon completion of the Tenant's Work as assurance that the Tenant's Work will be properly completed. Any final disbursement will also be conditioned upon Tenant's satisfaction of its obligations under Section 3.4 above, including, without limitation, final lien waivers.

5. **FF&E Work and FF&E Allowance.** Tenant intends to install certain furniture, fixtures and equipment ("FF&E") within the Demised Premises, which FF&E and installation thereof (collectively "FF&E Work"), including, without limitation, plans, specifications and location within the Demised Premises, having first been reviewed and approved by Landlord, which approval shall not be unreasonably withheld or delayed. Tenant shall be entitled to an allowance ("FF&E Allowance") towards the cost of FF&E Work in an amount up to \$1,750,000.00 due and payable by Landlord not later than thirty (30) days after Tenant has satisfied all of the following conditions for each requested payment, which requests for payment shall not be submitted more often than three (3) times: Tenant shall provide to Landlord as they relate to the requested payment for FF&E Work performed (i) copies of all paid invoices; (ii) copies of all necessary governmental permits, including, but not limited to, a certificate of occupancy, if required; (iii) lien waivers (if obtainable and contingent upon payment, if necessary, and waivers of lien with respect to amounts previously advanced by Landlord if not already provided) from all contractors, subcontractors and materialmen; (v) Landlord's reasonable satisfaction that the FF&E Work completed as of the date of such disbursement has an aggregate value at least equal to the aggregate amount of proceeds then to be disbursed; and (vi) any other information or documentation reasonably requested by Landlord to evidence lien-free completion of construction and payment of all of the cost thereof for the FF&E Work performed. Tenant must comply with all of the terms and conditions of Section 8.2 (Alterations) of the Lease in connection with the FF&E Work. **LANDLORD SHALL HAVE NO OBLIGATION TO DISBURSE ANY PORTION OF SAID ALLOWANCE, AND TENANT WAIVES ANY RIGHT TO RECEIPT OF SUCH PORTION, TO THE EXTENT THAT THE CONDITIONS PRECEDENT TO DISBURSEMENT OF SUCH PORTION AS SET FORTH ABOVE ARE NOT SATISFIED ON OR BEFORE DECEMBER 31, 2010 FOR THE FIRST ONE MILLION DOLLARS OF THE FF&E**

ALLOWANCE AND FOR THE BALANCE OF THE FF&E ALLOWANCE BY JUNE 30, 2011.

In the event Tenant has submitted application and plans to the appropriate governmental authorities for all necessary permits for the FF&E Work and after sixty (60) days from such submittal, the necessary permits have not been granted to Tenant due to a condition of the Building or Property that existed as of the date of this Lease, Tenant shall notify Landlord at such time of its inability to obtain such permits due to such condition and Landlord shall have up to sixty (60) days ("60-Day Period") thereafter to remedy such condition and, if Landlord fails to so remedy such condition unless delayed as a result of Tenant-caused delay or force majeure, Tenant shall have the right to terminate this Lease effective upon giving written notice to Landlord within five (5) business days from the cessation of the 60-Day Period or extension thereof for any Tenant-caused delay or force majeure delay.

6. Miscellaneous.


1. Except as set forth in this Exhibit D, Landlord has no other agreement with Tenant and has no obligation to do any work with respect to the Demised Premises. Any other work in the Demised Premises which may be permitted by Landlord pursuant to the terms and conditions of the Lease shall be done at Tenant's sole cost and expense and in accordance with the terms and provisions of the Lease.

2. All rights and remedies of Landlord herein created or otherwise existing at law or equity are cumulative, and the exercise of one or more such rights or remedies shall not be deemed to exclude or waive the right to the exercise of any other rights or remedies. All such rights and remedies may be exercised and enforced concurrently and whenever and as often as deemed desirable.

3. In the event Landlord fails to pay Tenant any allowance, or portion thereof, that may be due pursuant to Sections 4 and 5 above, unless there is good-faith dispute as to the disbursement of such allowance or portion thereof, upon written notice from Tenant to Landlord, Tenant may offset the good-faith undisputed, unpaid allowance or portion thereof, plus interest at the Default Rate from the date due, against not more than 50% of the Monthly Fixed Rent as it becomes due.

EXHIBIT E

EXISTING ROOF WARRANTY



RED SHIELD WARRANTY

RED SHIELD ROOFING SYSTEM LIMITED WARRANTY

Warranty No: RP137021 PPGCO #CC9311 Square Footage: 583900 s.f.
 Building Owner: FRANK GREEK CO. 58-53E, LLC
 Building Identification: SB 583
 Building Address: 140 DOCKS CORNER ROAD, SOUTH BRUNSWICK, NJ 08850
 Warranty Period: TEN (10) Years Beginning on: 11/07/08
 Roofing Contractor: S & S ROOFING, INC. (06737)

For the terms and conditions governing Firestone Building Products Company, LLC ("Firestone"), an outdoor limited liability company, warranted to the Building Owner ("Owner") hereinabove that Firestone will, subject to the Terms, Conditions and Limitations set forth below, repair any leak in the Firestone Roofing System ("System").

TERMS, CONDITIONS AND LIMITATIONS

- Products Covered:** The System shall pertain only to the Firestone brand roofing membrane, Firestone brand roofing underlayment, Firestone brand roofing nails, and other Firestone brand roofing accessories when installed in accordance with Firestone technical specifications by a Firestone approved applicator.
- Notice:** In the event any leak should occur in the System, the Owner must give notice in writing or by telephone to Firestone within thirty (30) days of any occurrence of a leak. Written notice or by phone to Firestone on the street address or fax number shown on the reverse side of this Limited Warranty. Evidence of this notice shall be the receipt by Owner of a Firestone Leak Notification Acknowledgement, by its receiving Firestone or its designee to investigate the type of the leak.
- Investigation:** If upon investigation, Firestone determines that the leak is not excluded under the Terms, Conditions and Limitations set forth herein, the Firestone Roofing System Limited Warranty (the "Limited Warranty"), the Owner's sole and exclusive remedy and Firestone's total liability shall be limited to the repair of the leak. Should the investigation reveal that the leak is excluded under the Terms, Conditions and Limitations, the Owner shall be responsible for payment of the investigation costs. Failure by Owner to pay for these costs shall render this Limited Warranty null and void. Firestone will advise the Owner, at the time and location of repairs required to be made at the Owner's expense that will permit this Limited Warranty to remain in effect for the unexpired portion of its term. Failure by the Owner to timely make these repairs or to make repairs in accordance with Firestone's written approval within 45 days shall render this Limited Warranty null and void.
- Dispute:** Any dispute, controversy or claim between the Owner and Firestone concerning this Limited Warranty shall be settled by mediation. In the event that the mediation process fails, the dispute shall be resolved by arbitration in accordance with the rules of the American Arbitration Association. Each party irrevocably consents to the jurisdiction and venue of the above-mentioned courts.
- Excluded Repairs:** Firestone shall have no obligation under this Limited Warranty unless and until Firestone and the Licensed Applicator have been paid in full for all materials, installed services, approved written "change orders," materials costs and labor costs which are included in, or incidental to, the System. In the event that repairs not covered by the Limited Warranty are necessary for the future, Firestone reserves the right to suspend this Limited Warranty until such repairs have been completed and the Licensed Applicator and/or Firestone has been paid in full for such repairs.
- Exclusions:** Firestone shall have no obligation under this Limited Warranty, and no other liability, now or in the future, if a leak of damage is caused by: (a) Natural forces, disaster, or acts of God including, but not limited to, storms or winds, fire, lightning, vandalism, vandalism, hail, wind-driven debris, lightning, earthquakes, volcanic activity, atomic radiation, insects or animals; (b) Any act(s) of the Owner or applicant(s) by any person, as well as any negligent or vandalism, which damages the System or which impairs the System's ability to resist leaks; (c) Failure by the Owner to use reasonable care in maintaining the System, and maintenance to include, but not limited to, the following: (i) The removal of debris, snow, ice, dirt, and other materials; (ii) Building envelope care and maintenance; (iii) Overcrowding or failure of building components, including, but not limited to, the roof structure, walls, masonry, HVAC units, etc.; (iv) Condensation or infiltration in, around or around the walls, ceilings, floors, hardware or equipment, building structure or systems or surrounding facilities; (v) Any acid, oil, harmful chemical, physical or physical reaction and the like which comes in contact with the System, which damages the System or which impairs the System's ability to resist leaks; (vi) Alterations or repairs to the System that are not completed in accordance with all applicable specifications, not completed by licensed contractors, and/or where current specifications were not followed; (vii) The architecture, engineering, construction or design of the roof, roofing system, or building; (viii) Repairs done not according to the instructions or equipment required in covering that type of roof system; (ix) A change in building use or purpose; (x) Deterioration in metal roofing materials and accessories caused by marine salt water atmosphere or by regular spray of other salt or brackish water; or (xi) Failure of other roof or building material as set forth in Paragraph 2(a) above.
- Transfer:** This Limited Warranty shall be transferable subject to Owner's payment of the transfer fee (as set by Firestone).
- Time:** The term of this Limited Warranty shall be for the period set forth above and such term shall not be extended under any circumstances.
- Roof Access:** During the term of this Limited Warranty, Firestone's designated representatives or employees shall have free access to the roof during regular business hours. In the event that roof access is limited due to security or other restrictions, Owner shall reimburse Firestone for all reasonable cost incurred during inspection and/or repair of the System that due to delays associated with said restrictions. Owner shall be responsible for the cleanup caused by removal and replacement of any materials, substrates or equipment, after installation or termination, including material and labor of painters, as necessary to return the system for inspection and/or repair.
- Waiver:** Firestone's failure to enforce any of the terms or conditions stated herein shall not be construed as a waiver of its participation in or any other term or condition of this Limited Warranty.
- Governing Law:** This Limited Warranty shall be governed by and construed in accordance with the laws of the State of Indiana without regard to that State's rules on conflict of laws.
- Severability:** If any portion of this Limited Warranty is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force.

FIRESTONE DOES NOT WARRANT PRODUCTS INCORPORATED OR UTILIZED IN THIS INSTALLATION THAT WERE NOT FURNISHED BY FIRESTONE. FIRESTONE SPECIFICALLY DISCLAIMS LIABILITY UNDER ANY THEORY OF LAW ARISING OUT OF THE INSTALLATION OF, PERFORMANCE OF, OR DAMAGES SUSTAINED BY THE OWNER OR PRODUCTS NOT FURNISHED BY FIRESTONE.

THIS LIMITED WARRANTY SUPERSEDES AND IS IN LIEU OF ALL OTHER WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND FIRESTONE HEREBY DISCLAIMS ALL SUCH WARRANTIES. THIS LIMITED WARRANTY SHALL BE THE OWNER'S SOLE AND EXCLUSIVE REMEDY AGAINST FIRESTONE, AND FIRESTONE SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, SPECIAL, INCIDENTAL, OR OTHER DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR DAMAGES TO THE BUILDING OR ITS CONTENTS OR THE ROOF DECK). THIS LIMITED WARRANTY CANNOT BE AMENDED, ALTERED OR MODIFIED IN ANY WAY EXCEPT IN WRITING SIGNED BY AN AUTHORIZED OFFICER OF FIRESTONE. NO OTHER PERSON HAS ANY AUTHORITY TO BIND FIRESTONE WITH ANY REPRESENTATION OR WARRANTY, WHETHER ORAL OR WRITTEN.

FIRESTONE BUILDING PRODUCTS COMPANY, LLC
 By: John R. Geary
 Authorized Signature
 Title: VP of Quality, Technology & Product Development

Firestone

**BUILDING ENVELOPE CARE AND MAINTENANCE GUIDE
(For Red Shield Warranted Roofing Systems)**

Congratulations on your purchase of a Firestone Roofing System. Your roof is a valuable asset that should be properly maintained. All roofs and roofing systems require periodic inspection and maintenance to perform as designed and to keep your Limited Warranty in full force and effect.

1. The roof should be inspected at least twice yearly and after any severe storms. A record of all inspection and maintenance activities should be maintained, including a listing of the date and time of each activity as well as the identification of the parties performing the activity.
2. Proper maintenance and good roofing practice require that ponded water (defined as water standing on the roof forty-eight hours after it stops raining) not be allowed on the roof. Roofs should have slope to drain, and all drain areas must remain clean. Bag and remove all debris from the roof since such debris can be quickly swept into drains by rain. This will allow for proper water run-off and avoid overloading the roof.
3. The Firestone Roofing System should not be exposed to acids, solvents, greases, oil, fats, chemicals and the like. If the Firestone Roofing System is in contact with any such materials, these contaminants should be removed immediately and any damaged areas should be Inspected by a Firestone Licensed Applicator and repaired if necessary.
4. The Firestone Roofing System is designed to be a waterproofing membrane and not a traffic surface. Roof traffic other than periodic traffic to maintain rooftop equipment and conduct periodic inspections should be prohibited. In any areas where periodic roof traffic may be required to service rooftop equipment or to facilitate inspection of the roof, protective walkways should be Installed by a Firestone Licensed Applicator as needed to protect the roof surface from damage.
5. Some Firestone roofing membranes require maintenance of the surface of the membrane:
 - a. **Smooth-surfaced Firestone APP membranes** should be coated with an approved liquid coating, such as Firestone Aluminum Roof Coating or Firestone AcrylITop applied in accordance with Firestone specifications, in order to maximize the service life of the membrane. If this coating is not applied as part of the initial roofing installation, It should be applied within the first five years after the roof is Installed to help protect the membrane from surface crazing and cracking. In addition, this coating should be maintained as needed to re-coat any areas that have blistered, peeled or worn through.
 - b. **Granule-surfaced Firestone APP and SBS membranes** do not normally require surface maintenance other than periodic Inspection for contaminants, cuts or punctures. If areas of granular loss are discovered during Inspection, these areas should be coated with Firestone AcrylITop or other Firestone-approved coating applied in accordance with Firestone specifications.
 - c. **Gravel-surfaced Firestone BUR membranes** do not normally require surface maintenance other than periodic Inspection for contaminants or damage. If areas of gravel loss are discovered during inspection, gravel must be reinstalled into hot asphalt to protect the surface of the membrane. Coatings on smooth surface BUR membranes must be maintained as needed to re-coat any areas that have blistered, peeled or worn through.
 - d. **Firestone EPDM and JPO roofing membranes** do not normally require surface maintenance other than periodic Inspection for contaminants, cuts or punctures. Occasionally, approved liquid roof coatings, such as Firestone AcrylITop, are applied to the surface of EPDM membranes in order to provide a lighter surface color. Such coatings do not need to be maintained to assure the performance of the underlying EPDM roof membrane, but some maintenance and re-coating may be necessary in order to maintain a uniform surface appearance.
 - e. **Firestone Una-Clad metal roofing panels and trim** do not normally require surface maintenance other than periodic inspection for contaminants or damage. In addition, periodic cleaning of the surface may be required to remove dirt and maintain the aesthetic appearance of the coated metal. Simple washing with plain water using hoses or pressure spray equipment is usually adequate. If cleaning with agents other than water is contemplated, several precautions should be observed: (1) do not use wire brushes, abrasives, or similar cleaning tools which will mechanically abrade the coating surface, and (2) cleaning agents should be tested in an Inconspicuous area before use on a large scale.
6. All metal work, Including counter-flashings, drains, skylights, equipment curbs and supports, and other Firestone brand rooftop accessories must be properly maintained at all times. Particular attention should be paid to sealants at joints in metal work and flashings. If cracking or shrinkage is observed, the joint sealant should be removed and replaced with new sealant.
7. Any alterations to the roof, Including but not limited to roof curbs, pipe penetrations, roof-mounted accessories, and tie-Ins to building additions must be performed by a licensed Firestone Licensed Applicator and reported to Firestone. Additional Information and reporting forms for roof alterations are available at www.firestonebpco.com.
9. Should you experience a leak:
 - (a) Check for the obvious: dogged roof drains, loose counterflashings, broken skylights, open grills or vents, broken water pipes.
 - (b) Note conditions resulting in leakage. Heavy or light rain, wind direction, temperature and time of day that the leak occurs are all-Important dues to tracing roof leaks. Note whether the leak stops shortly after each rain or continues to drip until the roof is dry. If you are prepared with the facts, the diagnosis and repair of the leak can proceed more rapidly.
 - (c) Contact Firestone Warranty Claims at 1-800-830-5612 as soon as possible...but please don't call until you are reasonably sure that the Firestone Roofing System is the cause of the leak.

Firestone feels that the preceding requirements will assist you, the building owner, in maintaining a watertight roof for many years. Your roof is an investment, and maintenance is essential to maximize your return on this important Investment.

Firestone
BUILDING PRODUCTS
NOBODY COVERS YOU BETTER.®
310 East 96th Street – Indianapolis, IN 46240
1-800-428-4442 * 1-317-575-7000 * FAX 1-317-575-7100
www.firestonebp.com

Firestone

NOW THAT YOU HAVE A NEW FIRESTONE ROOFING SYSTEM...

Congratulations on your purchase of a Firestone Roofing System! Your new roof is a valuable asset and as such should be properly maintained. All components of the building envelope require periodic maintenance to perform as designed, “Building Envelope Care And Maintenance Guide” printed on the back of your Firestone Limited Warranty contains a number of important items to assist you in maintaining a watertight building for many years. These maintenance guidelines recommend that the building envelope be inspected at least twice yearly. Although this inspection can be performed by any qualified person selected by you, Firestone recommends that at least one inspection every year be conducted by the Firestone Licensed Applicator who installed your roof.

Whenever an inspection of the roof is performed, Firestone recommends that the following items be included:

1. ROOF CONDITIONS REQUIRING PERIODIC INSPECTION:

Periodic inspection of the following items is very important to assure that the Firestone Roofing System has not been exposed to conditions not covered by Firestone’s Limited Warranty:

- a. **Roof Traffic & Walkways:** The Firestone Roofing System is designed to be a waterproofing component—not a traffic bearing component of the building envelope. As stated in Firestone’s System Design Instructions for all Firestone Roofing Systems, “Walkways help protect the membrane from damage due to necessary roof-top service traffic.” Please note that walkways should be maintained at all roof access points, around all mechanical equipment which requires maintenance and at all areas where roof traffic more frequent than once a month is anticipated. If, because of traffic requirements, walkways need to be installed on your roof, contact your Firestone Licensed Applicator before proceeding.
- b. **Discharges:** All components of the Firestone roof system must be protected from discharges, such as petroleum products, greases, oils and fats, acids and the like, if the building will have any such discharges, please contact Firestone for suggested methods of protection. If, because of the presence of chemical discharges, protection measures are recommended, contact your Firestone Licensed Applicator before proceeding.

- c. **Ponding Water:** Proper maintenance and good roofing practice suggests that ponded water (defined as standing water on the roof forty-eight (48) hours after it stops raining) should not be allowed on the roof. Roofs should have slope to drain and all drain areas should remain clean. If ponded water areas are observed on the roof that cannot be corrected by periodic cleaning of drain areas, contact your Firestone Licensed Applicator for suggestions.
- d. **Storms:** The building envelope should be inspected after any severe storm, especially after any storm that involves high sustained winds, heavy wind gusts or tornado-like-conditions. All roof surfaces should be inspected for damage caused by wind-blown debris. The roof also should be inspected after any hail or ice storm which could have damaged the roofing system. If storm-related damage to the roof system is observed, contact your Firestone Licensed Applicator before proceeding.
- e. **Moisture Infiltration:** It is very important to inspect the roofing system for moisture infiltration from sources excluded by Firestone's Limited Warranty. These sources can include but are not limited to:
 - 1. Latent moisture in a pre-existing roofing system or roof insulation remaining beneath the Firestone Roofing System.
 - 2. Moisture infiltration in or through building walls, copings, mortar joints and roof-top equipment.
 - 3. Condensation of water vapor within the roofing system due to temperature and humidity differentials.

Because inspection for moisture infiltration requires professional roofing experience, Firestone recommends that this inspection be performed by a Firestone Licensed Applicator at least once a year.

2 NON-FIRESTONE MATERIALS:

In some instances, non-Firestone supplied materials, are used in conjunction with Firestone Roofing Systems. These materials may include, but are not limited to the following items:

- a. Locally-fabricated sheet metal flashings.
- b. Non-Firestone sealants at roof terminations.
- c. Non-Firestone roof insulations.
- d. Non-Firestone insulation fastening devices, including but not limited to roofing screws, insulation plates, construction adhesives and roofing asphalt.
- e. Preservative-treated wood nailers and blocking.
- f. Roof drains and drain inserts.
- g. Pre-fabricated roof curbs.
- h. Concrete walkway or ballast pavers.
- i. Stone ballast
- j. Non-Firestone roof coatings.

Firestone

Because such items are not warranted by Firestone, it is important to establish an ongoing inspection and maintenance program to assure that the performance of non-Firestone materials does not adversely affect the weathertight integrity of the Firestone roofing system. Sheet metal items should be checked for weathertightness and re-anchored/recaulked as needed. Nailers and blocking should be checked for soundness, and replaced or re-secured if necessary. Roof drains and drain inserts should be cleared of any debris. Sealants should be inspected for shrinking or cracking and replaced as required. The integrity of roof insulation and insulation attachments should be verified. Walkway pavers should be checked for cracking or splitting and replaced if necessary. Ballast stone should be checked for deterioration/due to freeze/thaw conditions. In addition, all ballasted roofs should be inspected for localized wind displacement of the ballast, especially along perimeter roof areas. In the event ballast displacement is observed ballast should be carefully re-dispersed uniformly and the addition of larger ballast stones should be considered.

3 FIRESTONE PRODUCTS REQUIRING PERIODIC INSPECTION:

Although Firestone products do not necessarily require periodic maintenance to assure long-term performance, periodic inspection is very important to assure that these products have not been exposed to conditions excluded by Firestone's Limited Warranty:

- a. The Firestone Roofing Membrane should be inspected for tears or punctures caused by wind storms, falling objects, roof traffic and the like, if the Firestone membrane is supplied with a factory applied coating, such as roofing granules, the coating should be inspected for any discontinuities caused by abrasion from wind, roof traffic or other sources. Tears, punctures and abrasions to the membrane must be repaired by a Licensed Firestone Applicator using Firestone specified repair procedures.

In addition, the membrane should be inspected for any contamination from discharges, such as petroleum products, greases, oils and fats, acids and the like. If any such discharges are observed on the membrane, please contact Firestone for suggested methods of protection. If, because of the presence of chemical discharges, protection measures are recommended by Firestone, contact your Firestone Licensed Applicator before proceeding.

- b. Firestone Wall Flashings also should be inspected for tears, punctures, abrasion and contamination from discharges, following the same procedures as for the Firestone Roof Membrane.

4 INSPECTIONS AND SAFETY:

Inspection of any building envelope should be undertaken only by qualified persons who are familiar with safe practices, including all applicable occupational health and safety regulations relating to roofing and construction. Firestone recommends that all roof inspections be performed by a Firestone Licensed Applicator or a similar roofing professional.

Firestone

5 ARRANGING FOR PERIODIC INSPECTIONS:

Please note that the cost of periodic inspections, either by your Firestone Licensed Applicator or by any other roofing professional, are not included in the cost of your Limited Warranty. Firestone recommends that you contact your Firestone Licensed Applicator to obtain a proposal for inspection and maintenance services.

Firestone feels that the preceding recommendations will help you maintain a watertight building for many years. To maximize your return on your building investment, appropriate care is essential. Whenever you have questions concerning your roofing system, do not hesitate to contact your Firestone Licensed Applicator or your local Firestone Sales Representative.



EMPLOYMENT AGREEMENT

AGREEMENT (this "Agreement") made as of July 11, 2005, between G-III Apparel Group, Ltd., a Delaware corporation, with an office at 512 Seventh Avenue, New York, New York 10018 (the "Company"), and Sammy Aaron, an individual residing at 17 Ormond Park Road, Brookville, New York 11545 (the "Executive"). Capitalized terms used herein and not otherwise defined shall have the meanings given them in that certain Stock Purchase Agreement of even date herewith among the Company, Executive, and the other owners of J. Percy for Marvin Richards, Ltd. and related companies (the "Purchase Agreement").

WITNESSETH:

WHEREAS, the Company desires that Executive be employed to serve with the Division that will be created by the Company to operate the Acquired Companies and the membership interests in Fabio, and Executive desires to be so employed by the Company, upon the terms and subject to the conditions herein set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual promises, representations and covenants herein contained, the parties hereto agree as follows:

1. **EMPLOYMENT.**

The Company hereby employs Executive as the President of the Division and Vice Chairman of the Company, and Executive hereby accepts such employment, subject to the terms and conditions herein set forth. Executive hereby agrees to accept such employment, to diligently, faithfully and competently perform such services consistent with such position as shall from time to time be reasonably assigned to him by the Company's Board of Directors or its Chief Executive Officer, and to diligently, faithfully and competently devote his entire business time, skill and attention to the performance of his duties and responsibilities to the Company. Executive shall report directly to the Company's Chief Executive Officer. The Company shall, subject to the procedures and requirements of the Nominating Committee of its Board of Directors, recommend Executive for election as a director of the Company.

2. **TERM.**

The term of employment under this Agreement shall begin on the date hereof and shall continue until January 31, 2009, subject to prior termination in accordance with the terms hereof (the "Initial Term"). The Initial Term of this Agreement shall be automatically extended for successive one (1) year periods (each a "Renewal Period") unless the Company or the Executive gives written notice to the other at least ninety (90) days prior to the expiration of the Initial Term, or ninety (90) days prior to the expiration of a Renewal Period, of such party's election not to extend this Agreement. References herein to the "Term" shall mean the Initial Term as it may be so extended by one or more Renewal Periods.

3. COMPENSATION.

As compensation for the employment services to be rendered by Executive hereunder, the Company agrees to pay, or cause to be paid, to Executive, and Executive agrees to accept, payable in accordance with Company normal payroll policy at the time in effect, a salary at the rate of Five Hundred Thousand Dollars (\$500,000) per year. Executive shall not be entitled to any additional compensation for any service as a director of the Company, unless and to the extent that any other employee of the Company who serves as a director is compensated for such service.

4. EXPENSES.

The Company shall pay or reimburse Executive, upon presentment of suitable vouchers, for all reasonable business and travel expenses which may be incurred or paid by Executive in connection with his employment hereunder in accordance with Company policy. Executive shall comply with such requirements and shall keep such records as the Company may deem necessary to meet the requirements of the Internal Revenue Code of 1986, as amended from time to time (the "Code"), and regulations promulgated thereunder.

5. OTHER BENEFITS.

Executive shall be entitled to four (4) weeks paid vacation per year, and to participate in the benefit plans and arrangements and receive any other benefits customarily provided by the Company to its senior executive personnel (including any profit sharing, pension, disability insurance, hospital, major medical insurance and group life insurance plans in accordance with the terms of such plans) (the "Benefit Plans"), provided, however, that the employee share of major medical premiums for Executive shall be paid by the Company from the date hereof through December 31, 2005. If requested by the Company, Executive agrees to undergo a physical examination at the Company's expense in connection with the Company obtaining "key man" life insurance with respect to Executive. The Company agrees to provide to Executive \$2.0 million of term life insurance while employed by the Company. When traveling on business, Executive shall be entitled to air travel on the same basis as other senior executives of the Company. To the fullest extent permitted by Delaware law, the Company shall indemnify the Executive and hold him harmless from any and all claims, losses, liabilities and expenses, including reasonable fees and disbursements of counsel selected by the Company, arising out of the acts and omissions of Executive as an officer or director of the Company.

6. TERMINATION OF EMPLOYMENT; EFFECT OF TERMINATION.

(a) Executive's employment hereunder shall terminate upon the first to occur of the following:

(i) upon thirty (30) days' prior written notice to Executive upon the determination by the Board of Directors of the Company that Executive's employment shall be terminated for any reason which would not constitute "justifiable cause" (as hereinafter defined);

(ii) upon written notice to Executive upon the determination by the Board of Directors of the Company that there is justifiable cause for such termination;

- (iii) automatically upon the death of Executive;
- (iv) in accordance with the terms of subsection (e) hereof upon the “disability” (as hereinafter defined) of Executive;
- (v) upon thirty (30) days’ prior written notice by Executive to the Company of the Executive’s voluntary termination of employment; or
- (vi) upon thirty (30) days’ prior written notice by Executive to the Company of the Executive’s termination of his employment for “good reason” (as hereinafter defined).

(b) For the purposes of this Agreement:

(i) the term “disability” shall mean the inability of Executive, due to illness, accident or any other physical or mental incapacity, substantially to perform the material functions of his duties for a period of three (3) consecutive months or for a total of four (4) months (whether or not consecutive) in any twelve (12) month period during the term of this Agreement, as reasonably determined by the Company in good faith; provided that the Company may not terminate Executive’s employment for disability unless it has first given Executive written notice of such termination and, within fifteen (15) days after receipt of such notice, Executive has not returned to the performance of his duties.

(ii) the term “justifiable cause” shall mean: (1) Executive’s repeated failure or refusal to perform his duties pursuant to, or Executive’s material breach of, this Agreement where such conduct or material breach shall not have ceased or been remedied within ten (10) days following written warning from the Company; (2) Executive’s conviction of, or plea of guilty or no contest to, a felony, whether or not involving money or property of the Company or any of its affiliates (collectively, the “G-III Group”); (3) Executive’s material dishonesty in the course of his employment or performance of any act or his failure to act which constitutes fraud upon the Company or a breach of a fiduciary trust towards the Company, including without limitation, misappropriation of funds or a misrepresentation of the Company’s or the Division’s operating results or financial condition; (4) any intentional unauthorized disclosure by Executive to any person, firm or corporation other than the members of the G-III Group and their respective directors, managers, officers and employees, of any confidential information or trade secret of the G-III Group; (5) any action by Executive to secure any personal profit (other than (A) de minimis amounts or (B) through his ownership of equity in the Company or payments due to him under the Purchase Agreement) in connection with the business of the G-III Group (for example, without limitation, using G-III Group assets to pursue other interests, diverting any business opportunity belonging to the G-III Group to himself or to a third party, insider trading or taking bribes or kickbacks); (6) Executive’s engagement in misconduct materially damaging to the property, business or reputation of the G-III Group; (7) Executive’s illegal use of controlled substances; (8) any act or omission by Executive involving willful malfeasance or gross negligence in the performance of Executive’s duties to the material detriment of the G-III Group; or (9) the entry of any order of a court that remains in effect and is not discharged for a period of at least sixty (60) days, which enjoins or otherwise limits or restricts the performance by Executive under this Agreement, relating to any contract, agreement

or commitment made by or applicable to Executive in favor of any former employer or any other person; and

(iii) the term “good reason” shall mean any of the following events that occur, after expiration of any remedy or cure period, (A) a material diminution of Executive’s duties and responsibilities that result in a material adverse effect on Executive’s status and authority, which continues unremedied for a period of thirty (30) days after Executive has given written notice to the Company specifying in detail the material diminution and material adverse effect, (B) a change in the Executive’s office location to a location more than fifty (50) miles outside of New York City, except for such travel as the Company may reasonably require, (C) failure to timely pay Executive any component of compensation provided for in this Agreement and the Company’s failure to cure such failure within a period of ten (10) days after written notice of such failure has been given by the Executive to the Company; or (D) failure by the Buyer to pay any amount due to Executive under Section 2.3 of the Purchase Agreement within 30 days of the due date specified therein, and any failure by the Buyer to pay any adjusted amount due to Executive under Section 2.4 of the Purchase Agreement within thirty (30) days of the determination of such adjusted amount by the Independent Firm.

(c) Upon termination of Executive’s employment by the Company for justifiable cause or voluntarily by Executive, Executive shall not be entitled to any amounts or benefits hereunder other than such portion of Executive’s annual salary, accrued leave, reimbursement of expenses pursuant to Section 4 hereof and any amounts payable to Executive under the terms of the Benefit Plans, each as have been accrued through the date of his termination of employment.

(d) If Executive should die during the term of his employment hereunder, this Agreement shall terminate immediately. In such event, the estate of Executive shall thereupon be entitled to receive such portion of Executive’s annual salary, accrued leave and reimbursement of expenses pursuant to Section 4 as has been accrued through the date of his death. Executive’s estate also shall be entitled to any amounts or benefits payable to Executive under the terms of the Benefit Plans.

(e) Upon Executive’s disability, the Company shall have the right to terminate Executive’s employment. Any termination pursuant to this subsection (e) shall be effective on the date thirty (30) days after which Executive shall have received written notice of the Company’s election to terminate. In such event, Executive shall thereupon be entitled to receive such portion of Executive’s annual salary, accrued leave and reimbursement of expenses pursuant to Section 4 as has been accrued through the date on which Executive’s employment is terminated by reason of his disability. Executive shall also be entitled to any amounts or benefits payable under the terms of the Benefit Plans.

(f) In the event that Executive’s employment is terminated during the Term by the Company without justifiable cause or by the Executive for good reason, the Company shall continue to pay compensation to Executive under Section 3 and to provide benefits under Section 5 for the Term. The Company’s obligation to continue to pay such compensation and provide such benefits shall be conditional upon (1) Executive executing a general release in the form of Exhibit A attached hereto in favor of the Company waiving claims pertaining to the

termination of his employment and other customary employment-related claims and (2) Executive's compliance with his obligations under Sections 8, 9, 10 and 11 hereof.

(g) Upon Executive's termination of his employment hereunder, this Agreement (other than Sections 4, 6(g), 8, 9, 10, 11 and 14, which shall survive in accordance with their terms) shall terminate. In such event, except as provided in Section 6(f), Executive shall be entitled to receive such portion of Executive's annual salary and vacation as has been accrued to date and shall be entitled to reimbursement of expenses pursuant to Section 4 hereof and to continue to participate in the Benefit Plans to the extent participation by former employees is required by law or permitted by such plans, with the expense of such participation to be as specified in such plans for former employees. Executive shall also be entitled to any amounts or benefits payable under the terms of the Benefit Plans. For the avoidance of doubt, if the Executive's employment is terminated by the Executive for good reason, the first sentence of this Section 6(g) and the provisions of Section 6(f) shall be applicable thereto.

(h) Upon the Company giving notice of termination pursuant to Section 6(a)(i) or (ii) or Executive giving notice of termination pursuant to Section 6(a)(v) or (vi), the Company may require that Executive immediately leave the Company's premises, but such requirement shall not affect the effective date of termination of employment.

7. REPRESENTATIONS AND AGREEMENTS OF EXECUTIVE.

Executive represents and warrants that he is free to enter into this Agreement and to perform the duties required hereunder, and that there are no employment contracts or understandings, restrictive covenants or other restrictions, whether written or oral, preventing the performance of his duties hereunder.

8. NON-COMPETITION.

(a) In view of the unique and valuable services expected to be rendered by Executive to the Company, Executive's knowledge of the trade secrets and other proprietary information relating to the business of the Company and the Division and in consideration of the compensation to be received hereunder, Executive agrees that until the later of (i) January 31, 2009 and (ii) a period of one (1) year following the termination of Executive's employment hereunder (the "Non-Competition Period"), Executive shall not, whether for compensation or without compensation, directly or indirectly, as an owner, principal, partner, member, shareholder, independent contractor, consultant, joint venturer, investor, licensor, lender or in any other capacity whatsoever, alone, or in association with any other Person, carry on, be engaged or take part in, or render services (other than services which are generally offered to third parties) or advice to, own, share in the earnings of, invest in the stocks, bonds or other securities of, or otherwise become financially interested in, any Person engaged in the manufacture, distribution, sale, design, production or promotion of men's outerwear, women's outerwear or women's suits; provided, however, that if Executive voluntarily terminates his employment, the Non-Competition Period under this Agreement shall end one (1) year following such voluntary termination of employment. The record or beneficial ownership by Executive of up to the lesser of (i) \$400,000 or (ii) 1.0% of the shares of any corporation whose shares are publicly traded on a national securities exchange or in the over-the-counter market shall not of

itself constitute a breach hereunder. In addition, Executive shall not, directly or indirectly, during the Non-Competition Period, request or cause any customers with whom the G-III Group has a business relationship to cancel or terminate any such business relationship with any member of the G-III Group or solicit, interfere with, entice from or hire from any member of the G-III Group any employee (or former employee) of any member of the G-III Group.

(b) If any portion of the restrictions set forth in this Section 8 should, for any reason whatsoever, be declared invalid by a court of competent jurisdiction, the validity or enforceability of the remainder of such restrictions shall not thereby be adversely affected.

(c) Executive acknowledges that the provisions of this Section 8 were a material inducement to the Company to enter into this Agreement, and that the Company would not enter into this Agreement but for the agreements and covenants contained herein. Executive further acknowledges that the limitations set forth in this Section 8 are reasonable and properly required for the adequate protection of the business of the G-III Group. Executive hereby waives, to the extent permitted by law, any and all right to contest the validity of this Section 8 on the grounds of breadth of its geographic or product or service coverage or length of term. In the event any such limitation hereunder is deemed to be unreasonable by a court of competent jurisdiction, Executive agrees to the reduction of the territorial or time limitation to the area or time period which such court shall deem reasonable.

(d) Nothing contained in this Agreement shall require the Company to utilize Executive's services under this Agreement, the Company's only obligation to Executive being payment of his compensation, benefits and expenses under this Agreement during the Initial Term.

9. INVENTIONS AND DISCOVERIES.

(a) Executive shall promptly and fully disclose to the Company, with all necessary detail for a complete understanding of the same, all developments, know-how, improvements, concepts, ideas, designs, sketches, writings, processes and methods (whether copyrightable, patentable or otherwise) made, received, conceived, developed, acquired or written during working hours, or otherwise, by Executive (whether or not at the request or upon the suggestion of the Company) during the Employment Term, solely or jointly with others, using the G-III Group's resources, or relating to any current or proposed business or activities of the G-III Group known to him as a consequence of his employment or the rendering of services hereunder (collectively, the "Subject Matter").

(b) Executive hereby assigns and transfers, and agrees to assign and transfer, to the Company all his rights, title and interest in and to the Subject Matter, and Executive further agrees to deliver to the Company any and all drawings, notes, specifications and data relating to the Subject Matter, and to execute, acknowledge and deliver all such further papers, including applications for trademarks, copyrights or patents, as may be necessary to obtain trademarks, copyrights and patents for the Subject Matter in any and all countries and to vest title thereto in the Company. Executive shall assist the Company in obtaining such trademarks, copyrights or patents during the term of this Agreement, and any time thereafter on reasonable notice and at mutually convenient times, and Executive agrees to testify in any prosecution or

litigation involving any of the Subject Matter; provided, however, that following termination of employment Executive shall be reasonably compensated for his time and reimbursed his reasonable out-of-pocket expenses incurred in rendering such assistance or giving or preparing to give such testimony if it is required after the Non-Competition Period.

10. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION.

(a) Executive shall not, during the term of this Agreement, or at any time following expiration or termination of this Agreement, directly or indirectly, disclose or permit to be known (other than as is required in the regular course of his duties (including without limitation disclosures to the Company's advisors and consultants) or as is required by law (in which case Executive shall give the Company prior written notice of such required disclosure) or with the prior written consent of the Company, to any person, firm or corporation, any Confidential Information (as hereinafter defined) acquired by him during the course of, or as an incident to, his employment hereunder, relating to the G-III Group, any client of the G-III Group, or any corporation, partnership or other entity owned or controlled, directly or indirectly, by any of the foregoing, or in which any of the foregoing has a beneficial interest, including, but not limited to, the business affairs of each of the foregoing ("G-III Confidential Information"). As used herein, the term "Confidential Information" shall mean proprietary technology, trade secrets, designs, sketches, know-how, market studies and forecasts, competitive analyses, pricing policies, employee lists, personnel policies, manufacturing sources, the substance of agreements with customers, suppliers and others, marketing arrangements, licensing agreements, servicing and training programs and arrangements, customer lists and any other documents embodying such confidential information. This confidentiality obligation shall not apply to any G-III Confidential Information which becomes publicly available other than in violation of this Section 10.

(b) All information and documents relating to the G-III Group as hereinabove described shall be the exclusive property of the G-III Group, and Executive shall use his reasonable best efforts to prevent any publication or disclosure thereof. Upon termination of Executive's employment with the Company, all documents, records, reports, writings and other similar documents containing confidential information, including copies thereof, then in Executive's possession or control shall be returned and left with the Company.

11. SPECIFIC PERFORMANCE.

Executive agrees that if he breaches, or threatens to commit a breach of, any of the provisions of Sections 8, 9 or 10 (the "Restrictive Covenants"), the Company shall have, in addition to, and not in lieu of, any other rights and remedies available to the Company under law and in equity, the right to injunctive relief and/or to have the Restrictive Covenants specifically enforced by a court of competent jurisdiction, without the posting of any bond or other security, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the G-III Group and that money damages would not provide an adequate remedy to the Company. Notwithstanding the foregoing, nothing herein shall constitute a waiver by Executive of his right to contest whether a breach or threatened breach of any Restrictive Covenant has occurred.

12. AMENDMENT OR ALTERATION.

No amendment or alteration of the terms of this Agreement shall be valid unless made in writing and signed by both of the parties hereto.

13. GOVERNING LAW.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed therein.

14. SEVERABILITY.

The holding of any provision of this Agreement to be invalid or unenforceable by a court of competent jurisdiction shall not affect any other provision of this Agreement, which shall remain in full force and effect.

15. WITHHOLDING.

The Company may deduct and withhold from the payments to be made to Executive hereunder any amounts required to be deducted and withheld by the Company under the provisions of any applicable statute, law, regulation or ordinance now or hereafter enacted.

16. NOTICES.

Any notices required or permitted to be given hereunder shall be sufficient if in writing, and if delivered by hand or overnight courier, or sent by certified mail, return receipt requested, to the addresses set forth above or such other address as either party may from time to time designate in writing to the other, and shall be deemed given as of the date of the delivery or at the expiration of three days in the event of a mailing.

17. COUNTERPARTS AND FACSIMILE SIGNATURES.

This Agreement may be signed in counterparts with the same effect as if the signatures to each counterpart were upon a single instrument, and all such counterparts together shall be deemed an original of this Agreement. For purposes of this Agreement, a facsimile copy of a party's signature shall be sufficient to bind such party.

18. WAIVER OR BREACH.

It is agreed that a waiver by either party of a breach of any provision of this Agreement shall not operate, or be construed, as a waiver of any subsequent breach by that same party.

19. ENTIRE AGREEMENT AND BINDING EFFECT.

This Agreement contains the entire agreement of the parties with respect to the subject matter hereof, supersedes all prior and contemporaneous agreements, both written and oral, between the parties with respect to the subject matter hereof, other than provisions of the Purchase Agreement, and may be modified only by a written instrument signed by each of the

parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, heirs, distributors, successors and assigns; provided, however, that Executive shall not be entitled to assign or delegate any of his rights or obligations hereunder without the prior written consent of the Company. It is intended that Sections 8, 9, 10 and 11 benefit each of the Company and each other member of the G-III Group, each of which is entitled to enforce the provisions of Sections 8, 9, 10 and 11.

20. SURVIVAL.

The termination of Executive's employment hereunder or the expiration of this Agreement shall not affect the enforceability of Sections 8, 9, 10 and 11 hereof.

21. FURTHER ASSURANCES.

The parties agree to execute and deliver all such further documents, agreements and instruments and take such other and further action as may be necessary or appropriate to carry out the purposes and intent of this Agreement.

22. CONSTRUCTION OF AGREEMENT.

No provision of this Agreement or any related document shall be construed against or interpreted to the disadvantage of any party hereto by any court or other governmental or judicial authority by reason of such party having or being deemed to have structured or drafted such provision.

23. HEADINGS.

The Section headings appearing in this Agreement are for the purposes of easy reference and shall not be considered a part of this Agreement or in any way modify, demand or affect its provisions.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.

G-III APPAREL GROUP, LTD.

By: /s/ Wayne S. Miller
Name: Wayne S. Miller
Title: Senior Vice President

/s/ Sammy Aaron
Sammy Aaron

[Letterhead of G-III Apparel Group, Ltd.]

[Date]

[Executive]

[Address]

Dear [Executive]:

This will confirm that your employment with G-III Apparel Group, Ltd.. (the "Company") has been terminated as of [date]. In exchange for your general release and fulfillment of all of your commitments in this Agreement, which are set forth below, the Company will pay you the amounts (the "Severance Payments") set forth in Section 6(f) of your employment agreement with the Company (the "Employment Agreement"). In addition, you agree (i) to comply with the terms of Sections 8, 9 and 10 of the Employment Agreement, (ii) not to disparage the Company or any of its subsidiaries (collectively, the "G-III Group") or make or cause to be made any statement that is critical of or otherwise maligns the business reputation of the G-III Group and (iii) not to tortiously interfere in any manner with the present or future business activities of the G-III Group. The Company agrees not to disparage you or make or cause to be made any statement that is critical of or otherwise maligns your business reputation and not to tortiously interfere in any manner with your future business activities.

The foregoing voluntary payment is given in return for your discharge and release of all claims, obligations, and demands which you have, ever had, or in the future may have, against the Company, any affiliated entities and any of its or their stockholders, officers, directors, employees, or agents, arising out of or relating to your employment and the termination thereof up to the date of this Release, including, but not limited to, claims under Title VII of the Civil Rights Act of 1964, the Fair Labor Standards Act, applicable New York State law, the Civil Rights Act of 1991, the Age Discrimination in Employment Act, the Older Workers Benefits Protection Act, the Employee Retirement Income Security Act of 1974, the Americans With Disabilities Act, and all other federal, state, and local discrimination laws, and claims for wrongful discharge. You further waive and release any claimed right to reemployment, or employment in the future with the Company or any other member of the G-III Group. You do not, however, waive or release any claims which arise after the date that you execute this agreement or any claims to enforce your rights to the Severance Payments under the Employment Agreement.

The Company has advised you to consult with an attorney and/or governmental agencies prior to executing this agreement. By executing this agreement you acknowledge that you have been provided an opportunity to consult with an attorney or other advisor of your choice regarding the terms of this agreement, that you have been given a minimum of twenty-one days in which to consider whether you wish to enter into this agreement, and that you have elected to enter into this agreement knowingly and voluntarily. You may revoke your assent to this

agreement within seven days of its execution by you (the "Revocation Period"), and the agreement will not become effective or enforceable until the Revocation Period has expired.

If this is in accordance with our agreement, please sign and return to us the enclosed copy of this letter, which shall then be a binding agreement between us.

G-III APPAREL GROUP, LTD.

By: _____
Title: _____

Agreed and Accepted:

EXHIBIT 31.1
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Morris Goldfarb, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 10, 2010

/s/ Morris Goldfarb

Morris Goldfarb
Chief Executive Officer

EXHIBIT 31.2
CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Neal S. Nackman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of G-III Apparel Group, Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared.
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 10, 2010

/s/ Neal S. Nackman

Neal S. Nackman
Chief Financial Officer

EXHIBIT 32.1
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), I, Morris Goldfarb, Chief Executive Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Morris Goldfarb _____
Morris Goldfarb
Chief Executive Officer

Date: December 10, 2010

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of G-III Apparel Group, Ltd. (the "Company") on Form 10-Q for the quarterly period ended October 31, 2010, as filed with the Securities and Exchange Commission (the "Report"), I, Neal S. Nackman, Chief Financial Officer of the Company, hereby certify that, to my knowledge, (a) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and (b) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neal S. Nackman
Neal S. Nackman
Chief Financial Officer

Date: December 10, 2010

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.