UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

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

Date of Report (Date of earliest event reported) July 11, 2005

G-III APPAREL GROUP, LTD.
(Exact name of registrant as specified in its charter)

Delaware	0-18183	41-1590959
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

512 Seventh Avenue New York, New York (Address of principal executive offices)	10018 (Zip Code)

Registrant's telephone number, including area code: (212) 403-0500

NOT APPLICABLE
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e- 4(c))

ITEM 1.01 ENTRY INTO A MATERIAL AGREEMENT

MARVIN RICHARDS

On July 11, 2005, G-III Apparel Group, Ltd. (the "Company") and its subsidiary, G-III Leather Fashions, Inc. ("G-III Leather") entered into an agreement (the "Marvin Richards Agreement") with Sammy Aaron, Andrew Reid, Lee Lipton, John Pollack and Sammy Aaron, as Sellers' Representative, pursuant to which G-III Leather acquired all of the outstanding capital stock of J. Percy for Marvin Richards, Ltd., all of the membership interests of CK Outerwear, LLC and 50% of the membership interests in Fabio Licensing, LLC (collectively, "Marvin Richards"). The Company has guaranteed the obligations of G-III Leather under the Marvin Richards Agreement.

G-III Leather acquired Marvin Richards in exchange for notes payable three business days after the closing date of July 11, 2005, with aggregate payments under the notes consisting of (i) $19,185,000 in cash, (ii) 466,666 shares of the Company's common stock, par value $.01 per share (the "Common Stock") and (iii) 150,000 shares of Common Stock that may vest based on the

future market price of the Common Stock (see Item 3.02 below). The sellers are entitled to receive additional purchase price based on the performance of the Company's new Marvin Richards division through the fiscal year ending January 31, 2009.

The Company has agreed to file a registration statement on Form S-3 with the Securities and Exchange Commission with respect to the 466,666 shares of Common Stock issued and any of the other 150,000 shares that have vested within five business days prior to the filing of the Form S-3. The Company is required to keep the registration statement effective until one year after the closing date. The Company also agreed to provide piggyback rights commencing one year after the closing date with respect to any portion of the other 150,000 shares of Common Stock that vest but were not included in the Form S-3 registration statement.

Marvin Richards has been an outerwear manufacturer and supplier for over 20 years under the Marvin Richards brand name. In addition, it has licenses for men's and women's outerwear under the Calvin Klein brand name and women's outerwear under the St. John brand name. Marvin Richards also conducts a variety of private label programs.

CIT FINANCING AGREEMENT

On July 11, 2005, G-III Leather, J. Percy for Marvin Richards, Ltd. and CK Outerwear, LLC (collectively, the "Borrowers") entered into a financing agreement (the "Financing Agreement") with The CIT Group/Commercial Services, Inc. ("CIT"), as Agent, and Bank Leumi USA, CIT, Commerce Bank, N.A., HSBC Bank USA, National Association, Israel Discount Bank of New York and Webster Business Credit, as Lenders. The Financing Agreement is a three year senior secured credit facility providing for borrowings in the aggregate principal amount of up to $195,000,000. The facility consists of a revolving line of credit and a term loan.

The revolving line of credit provides for a maximum line ranging from $45 million to $165 million at specific times during the year, provided that there are no borrowings outstanding for at least 45 days during the period from December 1 through April 30 each year. Amounts available under the line are subject to borrowing base formulas and over advances as specified in the Financing Agreement. Borrowings under the line of credit bear interest at the Borrowers' option at the prime rate or LIBOR plus 2.25%.

The term loan is in the principal amount of $30 million payable over three years with eleven quarterly installments of principal in the amount of $1,650,000, commencing on December 31, 2005, and the remaining balance of $11,850,000 due on maturity of the loan. Mandatory prepayments are required under the term loan commencing with the fiscal year ending January 31, 2007 to the extent of 50% of excess cash flow, as defined. The term loan bears interest, at Borrowers' option, at prime plus 1% or LIBOR plus 3.25%.

The Financing Agreement requires the Company, among other covenants, to (i) maintain net worth, as defined, of $48 million and $43 million as of the end of three months ending October 31, 2005 and January 31, 2006, respectively, and effective net worth amounts to be determined with respect to later periods; (ii) achieve earnings before interest, taxes, depreciation and amortization ("EBITDA") of $15 million and $20 million as of the end of the twelve months ending October 31, 2005 and January 31, 2006, respectively, and EBITDA to be determined with respect to later periods; and (iii) maintain fixed charge coverage ratios of 1.35 to 1.0 and 1.30 to 1.0 for the three month period ending October 31, 2005 and the six month period ending January 31, 2006, respectively, and fixed charge coverage ratios to be determined with respect to later periods. It also limits payments of cash dividend and stock redemption to $1.5 million plus an additional amount for stock redemptions based on the proceeds of sales of equity securities. The Financing Agreement is secured by all of the assets of the Borrowers and is guaranteed by the Company and all domestic subsidiaries of the Company (except for inactive subsidiaries).

On July 11, 2005, the Borrowers borrowed an aggregate of $5.9 million under the revolving credit line and $30 million under the term loan. In addition, on July 14, 2005, an additional $19.2 million was borrowed under the revolving credit line to fund the cash portion of the purchase price with respect to the acquisition of Marvin Richards.

WINLIT

On July 11, 2005, the Company and G-III Leather entered into an agreement (the "Winlit Agreement") with Winlit Group, Ltd. ("Winlit"), David

Winn and Richard Madris pursuant to which G-III Leather acquired the operating assets of Winlit. The Company has guaranteed the obligations of G-III Leather under the Winlit Agreement.

G-III Leather acquired the operating assets of Winlit by assuming $6.7 million of Winlit's bank debt that became part of the revolving credit debt under the Financing Agreement. Winlit is entitled to receive additional purchase price based on the performance of the Company's new Winlit division through January 31, 2009.

Winlit has been a supplier of outerwear for over 35 years. As a result of acquiring Winlit's assets, the Company or G-III Leather will have licenses for men's and women's outerwear under the Guess? brand, leather outwear under the Tommy Hilfiger brand, as well as licenses for Ellen Tracy, London Fog, Pacific Trail and BCBG by Max Azria. Winlit also sells apparel under the Winlit, Renaissance, LNR, and NY 10018 owned names and through private label programs.

EMPLOYMENT AGREEMENT WITH SAMMY AARON

On July 11, 2005, the Company entered into an employment agreement (the "Employment Agreement") with Sammy Aaron, who became an executive officer and a director of the Company upon completion of the acquisition of Marvin Richards (see Item 5.02 below).

The Employment Agreement has a term through January 31, 2009 with automatic one year renewals unless either party gives written notice to the other at least ninety days prior to the expiration of the initial term or any renewal period. Mr. Aaron is employed as the President of the Marvin Richards division and Vice Chairman of the Company. The Company was also required to recommend that Mr. Aaron be elected as a director of the Company. He is entitled to receive a salary of $500,000 per year and participate in the Company's benefit plans. If the Employment Agreement is terminated by the Company without justifiable cause (as defined in the Employment Agreement) or by Mr. Aaron for good reason (as defined in the Employment Agreement), Mr. Aaron is entitled to receive his salary and benefits for the remainder of the term of the Employment Agreement, subject to compliance by Mr. Aaron with his non-competition and other certain obligations in the Employment Agreement.

ITEM 1.02 TERMINATION OF A MATERIAL DEFINITIVE AGREEMENT

On July 11, 2005, in connection with the Financing Agreement entered into on that date, G-III Leather repaid in full all borrowings under its previously existing secured working capital line of credit in the amount of approximately $12.5 million. As a result, the Sixth Amended and Restated Loan Agreement, dated April 29, 2002, by and among G-III Leather, the banks signatory thereto and Fleet Bank, N.A., as agent, as amended, was terminated.

ITEM 2.01 COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

See description under the subheading "Marvin Richards" under Item 1.01 of this Form 8-K.

ITEM 2.03 CREATION OF A DIRECT FINANCIAL OBLIGATION OR AN OBLIGATION UNDER AN OFF-BALANCE SHEET ARRANGEMENT OF REGISTRANT

See description under the subheading "CIT Financing Agreement" under Item 1.01 of this Form 8-K.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On July 11, 2005, the Company agreed to issue 466,666 shares of Common Stock as part of the consideration for its acquisition of Marvin Richards described in Item 1.01 above. These shares were issued pursuant to the exemption contained in Section 4(2) of the Securities Act of 1933 (the "Act") as a transaction by an issuer not involving a public offering.

On July 11, 2005, the Company agreed to issue 150,000 shares of Common Stock as part of the consideration for its acquisition of Marvin Richards described above, with such shares to vest based on the Closing Price (defined to mean the average closing price of the Common Stock for 20 consecutive trading days) as follows:

<TABLE>

Vesting Condition	Applicable Number of Unvested Shares
If, at any time between July 11, 2005 and January 31, 2009, the Closing Price is $20.00 or greater.	50,000
If, at any time between July 11, 2005 and January 31, 2007, the Closing Price is $10.00 or greater.	25,000
If, at any time between February 1, 2006 and January 31, 2008, the Closing Price is $11.00 or greater.	25,000
If, at any time between February 1, 2007 and January 31, 2008, the Closing Price is $12.00 or greater.	25,000
If, at any time between February 1, 2008 and January 31, 2009, the Closing Price is $13.00 or greater.	25,000
If at any time between July 11, 2005 and January 31, 2007, the Closing Price is $20.00 or greater.	150,000 (or such lower number of shares that are then subject to the Company's repurchase right)

</TABLE>

The Company has the right to repurchase any of these shares for $.01 per share if the vesting condition described above can no longer be satisfied. These shares were issued pursuant to the exemption contained in Section 4(2) of the Act as a transaction by an issuer not involving a public offering.

On July 11, 2005, the Company sold an aggregate of 90,000 shares of Common Stock at a price of $7.50 per share to three executives of Winlit. These shares were issued pursuant to the exemption contained in Section 4(2) of the Act as a transaction by an issuer not involving a public offering.

ITEM 5.02 DEPARTURE OF DIRECTORS OR PRINCIPAL OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF PRINCIPAL OFFICERS

On July 11, 2005, Sammy Aaron, age 46, became Vice Chairman of the Company and President of the Company's Marvin Richards division. He also became a director of the Company. Mr. Aaron was elected as an executive officer and director of the Company pursuant to the Employment Agreement entered into in connection with the acquisition of Marvin Richards, described in Item 1.01 above. For more than the past five years, Mr. Aaron has been the President of Marvin Richards.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired

(b) Pro Forma Financial Information

The financial statements and pro forma financial information required by this item with respect to the acquisition of Marvin Richards will be filed by amendment no later than 71 calendar days after the date that this Current Report on Form 8-K must be filed.

(c) Exhibits

10.1 Financing Agreement, dated as of July 11, 2005, 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., and CK Outerwear, LLC.

10.2 Stock Purchase Agreement, dated as of July 11, 2005, by and among Sammy Aaron, Andrew Reid, Lee Lipton, John Pollack, Sammy Aaron, as Sellers' Representative, G-III Leather Fashions, Inc. and G-III Apparel Group, Ltd.

10.3 Asset Purchase Agreement, dated as of July 11, 2005, by and among G-III Leather Fashions, Inc., G-III Apparel Group, Ltd., Winlit Group, Ltd., David Winn and Richard Madris.

10.4 Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III Apparel Group, Ltd.

EXHIBIT INDEX

Exhibit No.	Description
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10.2	Stock Purchase Agreement, dated as of July 11, 2005, by and among Sammy Aaron, Andrew Reid, Lee Lipton, John Pollack, Sammy Aaron, as Sellers' Representative, G-III Leather Fashions, Inc. and G-III Apparel Group, Ltd.
10.3	Asset Purchase Agreement, dated as of July 11, 2005, by and among G-III Leather Fashions, Inc., G-III Apparel Group, Ltd., Winlit Group, Ltd., David Winn and Richard Madris.
10.4	Employment Agreement, dated as of July 11, 2005, by and between Sammy Aaron and G-III Apparel Group, Ltd.

SIGNATURE

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 hereunto duly authorized.

G-III APPAREL GROUP, LTD.

Date: July 15, 2005

By: /s/ Wayne Miller

Name: Wayne S. Miller
Title: Chief Financial and Operating Officer

EXECUTION COPY

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.

AND

CK OUTERWEAR, LLC

(AS BORROWERS)

DATED: JULY 11, 2005

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I

THE CIT GROUP/COMMERCIAL SERVICES, INC., a New York corporation, ("CIT") with offices located at 1211 Avenue of the Americas, New York, New York 10036, (CIT and any other entity 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 a term loan, 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"), and CK Outerwear, LLC, a New York limited liability company (hereinafter "CKO", and together with G-III Inc. and JPMR, individually a "Company" and collectively, the "Companies").

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, zero% for Chase Bank Rate Loans and 2.25% for LIBOR Loans, (b) the Term Loan, 1.00% for Chase Bank Rate Loans and 3.25% for LIBOR Loans, (c) standby Letters of Credit, 1.50%, (d) documentary Letters of Credit, 0.125%, or (e) 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.

ASSIGNED EXISTING LOANS shall mean indebtedness in the amount of (x) $15,740,618.85 that was owing by JPMR to CIT under its factoring and financing arrangements with CIT on the Closing Date and (y) $6,697,333.00 that was owing by Winlit Group Ltd. to CIT under its factoring and financing arrangements with CIT on the Closing Date and has been assumed by G-III on the Closing Date.

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 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.

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) $65,000,000; plus (iii) 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.

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.

COLLATERAL MANAGEMENT FEE shall mean an amount equal to $100,000 per annum, payable to the Agent exclusively in accordance with Section 8.6 of this Financing Agreement.

COMMITMENT shall mean, as to each Lender, the sum of the amount of the Revolving Credit Commitment and Term Loan 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.

COMMITMENT LETTER shall mean the Commitment Letter dated June 14, 2005 issued by the Agent to, and accepted by, G-III Inc. and Parent.

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 equal to two percent (2%) per annum greater than the interest rate accruing on the Obligations pursuant to Section 8.1 hereof, 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.

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

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.

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 any subsidiary (direct or indirect) or parent (direct or indirect) of any Company, or to any other person or entity otherwise affiliated with any Company or with any 15% or greater shareholder, subsidiary (direct or indirect) or parent (direct or indirect) of any Company in any way; (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.

EARLY TERMINATION DATE shall mean a date prior to the Termination Date on which the Companies prepay all or a portion of the Term Loan (within one year of the Closing Date), or 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, all earnings of Parent and its Subsidiaries on a consolidated basis for such period 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 and the Waiver Payment Amount for such period, all determined in conformity with GAAP on a basis consistent with the latest audited financial statements of Parent and its Subsidiaries, but excluding the effect of extraordinary and/or nonrecurring gains or losses for such period.

EFFECTIVE NET WORTH shall mean, at any time, Net Worth plus subordinated Indebtedness of the Parent and its Subsidiaries, the terms of which are acceptable to Agent in its sole discretion minus the sum of (x) good will and other intangible assets (each determined in accordance with GAAP) and (y) the aggregate amount of all Accounts due from Affiliates plus seventy five percent (75%) of the value (determined in accordance with GAAP) of all intangible assets acquired by the Companies on and after the Closing Date pursuant to Permitted Acquisitions.

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) all supplies (other than raw materials), (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 (f) 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), consignment sales, 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, 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 any subsidiary (direct or indirect) or parent (direct or indirect) of any Company, or to any other person or entity otherwise affiliated with any Company or with any 15% or greater shareholder, subsidiary (direct or indirect) or parent (direct or indirect) of any Company in any way; (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.

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 or 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 Agreements. 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 AGREEMENTS shall mean (x) the Amended and Restated Accounts Receivable Purchase Agreement dated November 8, 1995 between CIT and G-III; (y) the Amended and Restated Factoring Agreement dated as of the Closing Date between CIT and JPMR; and (z) the Factoring Agreement dated as of the Closing Date between CIT and CKO, as each such agreement may 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 Agreements, solely on behalf of Factor.

FEE LETTER shall mean the letter regarding fees dated June 14, 2005 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 the Term Loan and other Indebtedness of Parent and its Subsidiaries on a consolidated basis (other than 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 Parent, each Domestic Subsidiary of Parent that is not a Company or an Excluded Subsidiary and any other future guarantor of all or any part of the Obligations.

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 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.

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 any bank 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, may 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) $65,000,000 for trade Letters of Credit, Bankers Acceptances, Steamship Guarantees and Airway Releases and (y) $5,000,000 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 $195,000,000 to (a) make Revolving Loans pursuant to Section 3

of this Financing Agreement, (b) assist any Company in opening Letters of Credit and/or Bankers Acceptances pursuant to Section 5 of this Financing Agreement and (c) make the Term Loan pursuant to Section 4 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 $75,000.

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 this Financing Agreement and/or any of the Factoring Agreements, 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 any Company, (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.

NET WORTH shall mean, at any date of determination, an amount equal to (a) Total Assets minus (b) Total Liabilities, and shall be determined in accordance with GAAP, on a consistent basis with the latest audited financial statements of the Companies and their consolidated affiliates.

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 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, the Term Loan, 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 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; (e) all indebtedness, obligations and liabilities incurred under any Factoring Agreement; and (f) all Ledger Debt.

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

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 monies and property in the possession or 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) 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 (d) 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; and

(viii) corporate auction rate issues with a maximum term to reset date of 365 days and rated A1 or better.

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 Agreements, 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, 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 ACQUISITION LIMIT shall mean $6,000,000 (no more than $2,500,000 of which 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); provided, however, that if all principal, interest and other amounts with respect to the Term Loan are repaid in full prior to the Termination Date, the foregoing amounts shall be $10,000,000 and $5,000,000, respectively.

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 (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; and provided, further, that any distributions in excess of $1,500,000 in the aggregate during the term of this Agreement and permitted under this clause (d) shall be a redemption of capital stock of Parent.

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 $200,000 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 Agreements, 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 Agreements; and (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 $2,000,000.

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 organized in the United States, but only so long as (a) such loan is evidenced by a promissory note, the original of which shall be delivered to the Agent, and (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.

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).

PREPAYMENT PREMIUM shall mean an amount equal to the product obtained by multiplying the principal amount of any Term Loan prepaid (other than mandatory prepayments made from Surplus Cash) by one-half of one percent (0.50%) if such prepayment occurs on or before the first anniversary of the Closing Date.

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 (in the case of the Revolving Line of Credit) and Exhibit C (in the case of the Term Loan) 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, (b) a description of the Equipment so acquired is furnished by

the Companies to the Agent, and (c) the indebtedness incurred by the Companies in connection with such acquisitions shall not exceed $200,000 in the aggregate in any fiscal year of the Companies.

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 sum of (x) the total Revolving Credit Commitments under the Line of Credit and (y) the outstanding principal amount of the Term Loan (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 CREDIT COMMITMENT shall mean, as to each Lender, the amount of the Revolving Credit 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.

REVOLVING CREDIT 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 Revolving Credit Commitment at such time and the denominator of which is the aggregate amount of all Revolving Credit Commitments at such time (or in the event that the Revolving Credit Commitments of the Lenders hereunder have terminated, the numerator of which is the principal amount of Revolving Loans then owed to such Lender hereunder and the denominator of which is the principal amount of Revolving Loans then owed to all Lenders hereunder, as reflected by CIT's System).

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 the following amounts during the following periods:

<TABLE>

Period	REVOLVING LINE OF CREDIT
Closing Date through and including July 31, 2005	$140,000,000
August 1, 2005 through and including August 31, 2005	$165,000,000
September 1, 2005 through and including September 30, 2005	$165,000,000
October 1, 2005 through and including October 31, 2005	$165,000,000
November 1, 2005 through and including November 30, 2005	$165,000,000
December 1, 2005 through and including December 31, 2005	$105,000,000
January 1, 2006 through and including January 31, 2006	$70,000,000
February 1, 2006 through and including February 28, 2006	$45,000,000
March 1, 2006 through and including March 31, 2006	$45,000,000
April 1, 2006 through and including April 30, 2006	$45,000,000
May 1, 2006 through and including the day immediately preceding the first anniversary of the Closing Date	$65,000,000

</TABLE>

With respect to the period subsequent to April 30, 2006, the Revolving Line of Credit shall be determined for all subsequent periods through the Termination Date 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, 2006, 2007 and 2008, 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 Revolving Line of Credit 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, 2006, 2007 and 2008, respectively.

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 (other than principal with respect to the Term Loan, which shall be charged to a separate loan account).

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.

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 term of this Agreement 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.

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.

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 July 31, 2005	$35,000,000
August 1, 2005 through and including September 15, 2005	$35,000,000
September 16, 2005 through and including October 15, 2005	$15,000,000
October 16, 2005 through and including the day immediately preceding the first anniversary of the Closing Date	$0

The Supplemental Amount for all periods subsequent to April 30, 2006 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, 2006, 2007 and 2008, 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, 2006, 2007 and 2008, 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).

SURPLUS CASH shall mean for any fiscal year of the Parent, the EBITDA of the Parent and its consolidated Subsidiaries for such fiscal year minus the sum of (i) the Fixed Charges of the Parent and its consolidated Subsidiaries for such fiscal year, (ii) the amount of earnout payments in connection with the acquisitions referred to in Section 2.1(s) and (iii) the Waiver Payment Amount for such fiscal year.

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 ay 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 Companies on or about the Closing Date on the terms and conditions set forth in Section 4 of this Financing Agreement.

TERM LOAN COMMITMENT shall mean, as to each Lender, the amount of the Term Loan 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.

TERM LOAN 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 Term Loan Commitment at such time and the denominator of which is the aggregate amount of all Term Loan Commitments at such time.

TERMINATION DATE shall mean the date occurring three (3) years from the Closing Date.

TOTAL ASSETS shall mean total assets determined in accordance with GAAP, on a basis consistent with the latest audited financial statements of Parent and its consolidated Subsidiaries.

TOTAL LIABILITIES shall mean total liabilities determined in accordance with GAAP, on a basis consistent with the latest audited financial statements of Parent and its consolidated Subsidiaries.

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.

WAIVER PAYMENT AMOUNT shall mean payments by the Companies of up to $450,000 per year in consideration for waivers received by the Companies under license agreements to the extent such payments are required to be made pursuant to documentation entered into by the Companies on the Closing Date in connection with the acquisitions contemplated by this Agreement to occur on the Closing Date.

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 the initial loans and to assist the Companies in obtaining initial 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) 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.

(B) 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.

(C) 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.

(D) 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.

(E) 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.

(F) 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.

(G) 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.

(H) 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, 2005. 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.

(I) 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.

(J) Existing Credit Agreement. (i) G-III Inc.'s existing credit agreement with Bank of America/Fleet Bank N.A. and other lenders shall be terminated, (ii) all loans and obligations of the Companies and the Guarantors with respect thereto shall be paid or satisfied in full utilizing the proceeds of the initial Revolving Loans and the Term Loan to be made under this Financing Agreement, and (iii) all liens and security interests in favor of Bank of America/Fleet Bank N.A. and/or such lenders in connection therewith shall be terminated and/or released upon such payment.

(K) 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.

(L) 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.

(M) 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.

(N) Additional Documents. The Companies shall have executed and delivered to the Agent all Loan Documents necessary to consummate the lending arrangement contemplated by this Financing Agreement.

(O) Commitment Letter and Fee Letter. Each Company shall have fully complied with all of the terms and conditions of the Commitment Letter and the Fee Letter.

(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) Assignment of Key Man Life Insurance. Each Company shall have collaterally assigned to the Agent, for the benefit of the Agent and the Lenders, all of their rights and interest under life insurance polices on the life of Morris Goldfarb having a death benefit of

not less than $20,000,000, net of any existing loans outstanding as of the Closing Date, pursuant to an assignment agreement in form and substance satisfactory to the Agent.

(S) Acquisition. G-III Inc. shall have consummated its acquisition of all of the issued and outstanding stock of JPMR and all of the membership interests of CKO on terms reasonably acceptable to Agent. G-III Inc. shall have consummated its acquisition of all or substantially all of the operating assets (other than accounts receivable, cash, marketable securities, notes receivable, security deposits and certain inventory) of Winlit Group, Ltd. on terms reasonably acceptable to the Agent. G-III Inc. shall have delivered to the Agent a fully executed copy of the acquisition agreements and related documents with respect to each such acquisition, all of which shall be in form and substance satisfactory to the Agent.

(T) Factoring Agreements. The Factoring Agreements with JPMR and CKO shall be in effect pursuant to terms acceptable to CIT for a minimum of six (6) months subsequent to the Closing Date. The Factoring Agreement between CIT and G-III shall be in full force and effect.

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

(V) Intercreditor Agreement and Assignment of Factoring Proceeds. Each of the Companies, CIT as Factor and Agent shall have entered into an Intercreditor Agreement and Assignment of Factoring Proceeds, 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 Revolving Credit 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 Revolving Credit 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 Revolving Credit 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 Revolving Credit 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 Revolving Credit 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 Revolving Credit Pro Rata Percentages of all outstanding Revolving Loans and their respective Term Loan Pro Rata Percentages of the Term Loan. 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, the Term Loan 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 (other than the principal amount of the Term Loan, which shall be charged to a separate loan 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.

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 (i) all Proceeds of Trade Accounts Receivable to the Revolving Loans, (ii) all Proceeds of all other Collateral, to the last maturing installments of principal of the Term Loan until fully repaid, and (iii) 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 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; and provided further that in no event shall the Agent have any obligation to apply (i) Proceeds of Trade Accounts Receivable to the Term Loan that is a Chase Bank Rate Loan until all Revolving Loans are fully paid and satisfied, and (ii) Proceeds of other Collateral to Revolving Loans that are Chase Bank Rate Loans until the Term Loan is fully paid and satisfied. 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. TERM LOAN

4.1. PROMISSORY NOTES EVIDENCING TERM LOANS. If any Lender elects to evidence its portion of the Term Loan with Promissory Notes, the Companies agree to execute and deliver to such Lender a Promissory Note to evidence the Term Loan Pro Rata Percentage of the Term Loan to be extended to the Companies by such Lender.

4.2. TERM LOAN.

(A) Funding of Term Loan. Upon the satisfaction of the conditions set forth in Section 2.1, each of the Lenders (severally and not jointly) agrees to advance to the Companies such Lender's Term Loan Pro Rata Percentage of the Term Loan.

(B) Repayment of Term Loan. The principal amount of the Term Loan shall be due and payable in twelve (12) consecutive quarterly principal installments commencing on December 31, 2005 and on the last day of each quarter thereafter, with the first eleven of such

installments to be in the amount of $1,650,000 and the final installment to be in an amount equal to the remaining outstanding principal amount of the Term Loan.

4.3. PROVISIONS REGARDING THE TERM LOAN.

(A) Repayment Upon Termination. In the event this Financing Agreement or the Revolving Line of Credit is terminated by either the Agent, the Required Lenders or the Companies for any reason whatsoever, the Term Loan, together with all accrued interest thereon and the applicable Prepayment Premium shall be due and payable in full on the effective date of such termination, notwithstanding any other provision of this Financing Agreement or the Promissory Notes to the contrary.

(B) Optional Prepayments. The Companies, at their option, may prepay any Term Loan at any time, in whole or in part, provided that on the date of such prepayment, there shall be due and payable (i) accrued interest on the principal so prepaid to the date of such prepayment and (ii) if the Term Loan is being prepaid in whole or in part prior to the first anniversary of the Closing Date, the Prepayment Premium due with respect to such prepayment.

(C) Mandatory Prepayments from Surplus Cash. In the event that there is Surplus Cash in any fiscal year (commencing with the fiscal year ending January 31, 2007), on the date which is ninety (90) days after the end of such fiscal year, there shall be due and payable a mandatory prepayment of the Term Loan in an amount equal to fifty percent (50%) of the Surplus Cash for such fiscal year.

(D) Application of Prepayments. Except as the Required Lenders and the Companies shall otherwise agree in a separate writing, each prepayment of the Term Loan (whether voluntary or mandatory) shall be applied to the last maturing installments of principal of the Term Loan until fully repaid.

(E) No Reborrowing. To the extent repaid, the principal amount of the

Term Loan may not be reborrowed under this Section 4.

(F) Authority to Charge Revolving Loan Account. The Companies hereby authorize the Agent, without notice to the Companies, to charge the Revolving Loan Account with all payments due under this Section 4 as such amounts become due. Any amount charged to the Revolving Loan Account shall be deemed 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 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 Revolving Credit 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 Revolving Credit 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, 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.

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 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 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 Revolving Credit 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 Revolving Credit 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 Company hereby 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) upon the filing of UCC financing statements covering the Collateral in all required jurisdictions, 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, consignment arrangement, 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; and

(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. ss.201 et seq.), as amended.

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) Each Company agrees not to acquire any Inventory on a consignment basis, nor co-mingle its Inventory with any goods of its customers or any other person (whether pursuant to any bill and hold sale or otherwise) unless, in each instance, Company gives five (5) days prior written notice to Agent (which notice shall include evidence satisfactory to Agent that such Inventory is segregated from the Company's Inventory and that such arrangement does not adversely impact upon the security interest of the Agent, the priority thereof, or the exercise of remedies by Agent with respect to the Collateral).

(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 sell Inventory on a consignment basis, nor 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.

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 does not exceed $400,000 in any fiscal year of the Companies; 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 against the Term Loan in the manner provided in Section 4.3(d) hereof (and if the Term Loan has been fully repaid, for application to 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 as 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. KEY MAN LIFE INSURANCE. The Companies agree to maintain in effect at all times life insurance policies on the life of Morris Goldfarb having a death benefit of not less than $20,000,000, net of any surrender charges and existing loans outstanding as of the Closing Date, which policies shall be assigned to the Agent, for the benefit of the Agent and the Lenders.

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.

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.

6.13. FABIO LICENSING, LLC

Notwithstanding the terms of this Section 6, the Agent, the Lenders and the Companies agree that the Agent shall not receive a grant of a security interest in the membership interests or other equity interests issued by Fabio Licensing, LLC (the "Fabio LLC Membership Interests") on the Closing Date. The Companies shall use their reasonable commercial efforts to arrange for the grant to the Agent for the benefit of the Agent and the Lenders of a first priority perfected security interest in all of the Fabio LLC Membership Interests as collateral security for the Obligations within thirty (30) days after the Closing Date, the foregoing to be pursuant to terms and conditions reasonably satisfactory to the Agent.

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 as of the date hereof:

(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. 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.

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 first to repay the outstanding Revolving Loans, and, to the extent that an Event of Default is in existence, then to repay the Term Loan in the manner set forth in Section 4.3(d).

(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) On or before the Wednesday of each week (but more frequently upon the Agent's reasonable request), a Borrowing Base Certificate as of the previous Friday, 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.

(2) (a) Weekly, with respect to each week ending Friday delivered by Wednesday of the following week:

(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.

Notwithstanding the foregoing, the Agent and Lenders agree that the Collateral information with respect to JPMR included in the weekly reports furnished pursuant to this clause (2)(a) shall be updated on a monthly basis at all times prior to the date that is six (6) months after the Closing Date.

(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 effecting 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 Financing Agreement dated July __, 2005 among G-III Leather Fashions, Inc., J. Percy for Marvin Richards, Ltd. and CK Outerwear, LLC (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) Effective Net Worth. Maintain as of the end of each of the periods set forth below, Effective Net Worth in an amount of not less than the following for the applicable test period:

Three-Months Ending	EFFECTIVE NET WORTH
October 31, 2005	$48,000,000
January 31, 2006	$43,000,000

and the respective amounts for each three month period subsequent to January 31, 2006 shall be determined by the Agent, the Required Lenders and the Companies based on the projections and unaudited (or, if available, audited) financial statements of Parent and its consolidated Subsidiaries for the fiscal years ending January 31, 2006, 2007 and 2008, respectively (in each case delivered pursuant to Section 7.2(h)), but in no event shall the periods be of other than three (3) months duration or the required amounts be less than $37,000,000 unless the Agent

determines (in its reasonable discretion) that such minimum 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 applicable amounts 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, 2006, 2007 and 2008, respectively.

(b) EBITDA. Not permit trailing twelve month EBITDA as of the end of each fiscal quarter to be less than the following for the applicable test period:

Twelve-months Ending	EBITDA
October 31, 2005	$15,000,000
January 31, 2006	$20,000,000

and the respective amounts for each twelve month period subsequent to January 31, 2006 shall be determined by the Agent, the Required Lenders and the Companies based on the projections and unaudited (or, if available, audited) financial statements of Parent and its consolidated Subsidiaries for the fiscal years ending January 31, 2006, 2007 and 2008, respectively (in each case delivered pursuant to Section 7.2(h)), but in no event shall the periods be of other than twelve (12) months in duration or the amounts be less than $15,000,000 unless the Agent determines (in its reasonable discretion) that such minimum 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 applicable amounts 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, 2006, 2007 and 2008, respectively.

(c) Fixed Charge Coverage. Maintain a Fixed Charge Coverage Ratio, calculated for each of the periods set forth below, of not less than:

FISCAL PERIOD	RATIO
3 month period ending October 31, 2005	1.35 to 1.0
6 month period ending January 31, 2006	1.30 to 1.0

and the respective amounts for each period subsequent to January 31, 2006 (which shall include the 9 month period ending April 30, 2006, the 12 month period ending July 31, 2006 and each rolling four quarter period thereafter) shall be determined by the Agent, the Required Lenders and the Companies based on the projections and unaudited (or, if available, audited) financial statements of Parent and its consolidated Subsidiaries for the fiscal years ending January 31, 2006, 2007 and 2008, respectively (in each case delivered pursuant to Section 7.2(h)), but in no event shall the Fixed Charge Coverage Ratio requirement for any period be less than 1.05 to 1.00 unless the Agent determines (in its reasonable discretion) that such minimum 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

applicable amounts 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, 2006, 2007 and 2008, respectively.

(d) Capital Expenditures. Not contract for, purchase, make expenditures for, lease pursuant to a Capitalized Lease or otherwise incur obligations with respect to Capital Expenditures (whether subject to a security interest or otherwise) during any fiscal year of the Companies in the aggregate amount in excess of $3,000,000; provided, however, that Capital Expenditures of up to an aggregate amount of $5,000,000 may be incurred during the term of this Agreement in connection with warehouse and showroom construction and renovation in addition to the annual permitted amount.

(e) Capitalized Leases. Not make or become obligated to make expenditures with respect to Capitalized Leases during any fiscal year of the

Companies in the aggregate in excess of $1,000,000 for such fiscal year; provided, however, that the foregoing shall only apply to amounts that are also in compliance with Section 7.3(d).

(f) Cleanup Period. The Companies have no Revolving Loans, Bankers Acceptances, Steamship Guarantees or Airway Releases outstanding for forty-five (45) consecutive days during each period from December 1 through April 30 during the term hereof; provided, however, that if Bankers Acceptances, Steamship Guarantees or Airway Releases are outstanding during any such period, the Companies shall nevertheless be deemed to have satisfied the foregoing requirement if the Agent is holding excess cash for the account of the Companies in an amount which would be sufficient to repay such outstanding Bankers Acceptances, Steamship Guarantees and/or Airway Releases and Agent has a first priority security interest in such cash pursuant to arrangements satisfactory to Agent.

(g) Total Debt Availability. Cause, for forty-five (45) consecutive days during each period from November 1 through April 30 during the term hereof, the sum of the Companies' (x) Cash and (y) the Borrowing Base of the Companies 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, plus (iii) the outstanding principal amount of the Term Loan.

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.

(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. (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 all or substantially all of the assets of, 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.

Notwithstanding the terms of this clause (g), the Companies may consummate a "Permitted Acquisition," which shall mean (x) any acquisition consented to in writing by the Agent and the Required Lenders or (y) acquisitions complying with the following:

(i) the aggregate consideration in respect of all acquisitions contemplated by this clause (d) shall not exceed the Permitted Acquisition Limit;

(ii) the relevant Company shall give the Agent and the Lenders not less than three (3) Business Days 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 to be acquired and the location of the 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 consisting of assets, 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 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.

(i) Restricted Payments. Pay management, consulting or other similar fees in excess of $250,000 per year in the aggregate 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.

(j) Prohibited Uses of Proceeds. Use the proceeds of any Revolving Loan or the Term 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.

(k) Retail Stores. Open any additional retail stores during the period from the date hereof through the Termination Date; provided however, that the Companies may (i) open seasonal, outlet-type stores so long as (A) not more than four (4) such stores are open at any time, (B) the occupancy of each such store shall not exceed five (5) months and (C) the Companies shall not make any capital expenditures in connection with such stores, and (ii) during any fiscal year enter into leases, the aggregate rent payable with respect to which shall not exceed $300,000 per year, for the store space to conduct sample sales.

(l) License Agreements. Enter into any licensing agreement pursuant to which the minimum royalty payable by the Companies during any of the first three years of the term thereof shall be equal to or more than $2,000,000 per year. The foregoing shall not affect the Agent's rights under the definition of Eligible Inventory or under Section 7.5.

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

7.5. LICENSOR CONSENT LETTERS. On or prior to October 31, 2005, the Companies shall cause to be delivered to 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 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. On or prior to October 31, 2005, the Companies shall cause to be delivered to 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).

SECTION 8. INTEREST, FEES AND EXPENSES

8.1. INTEREST.

(a) INTEREST ON REVOLVING LOANS. 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(a) 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.

(b) INTEREST ON TERM LOANS. Interest on the portions of the principal balance of the Term Loan that is a Chase Bank Rate Loan shall be 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 any portion of the principal balance of the Term Loan that is a LIBOR Loan, interest shall be due and payable on the applicable 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(b) 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 each Foreign Lender indicating that payments to such Foreign Lender under a Term 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(c) of this Financing Agreement, for which no written notice shall be required), all Obligations may, at the election of the Agent or 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 Revolving Credit 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. On the first day of each month, commencing on August 1, 2005, (a) the Companies agree to pay to the Agent, for the ratable benefit of the Lenders (based upon their respective Revolving Credit Pro Rata Percentages), the Line of Credit Fee, and (b) the Agent shall charge the Companies for interest at the rate set forth in Section 8.1 (or Section 8.2, if applicable) hereof for the immediately preceding month.

8.6. COLLATERAL MANAGEMENT FEE. On the first day of each month following the Closing Date, the Companies agree to pay to the Agent, for its own account, a $8,333.33 installment with respect to the Collateral Management Fee, which shall be fully earned when paid.

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 $850 per person, per day) and (c) the Agent's standard charges for each wire transfer made by the Agent to or for the benefit of the Companies (currently $30) and for Dunn and Bradstreet searches conducted by the Agent for the any Company's account (currently $65), 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 and any portion of the outstanding principal amount of the Term Loan, 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 (no more than three (3) of which shall relate to the Term Loan) 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.

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.

8.11. EARLY TERMINATION FEE AND PREPAYMENT PREMIUM. 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 Revolving Credit Commitments on the date of termination. In the event the Companies voluntarily prepay any Term Loan, in whole or in part, on an Early Termination Date, the Prepayment Premium applicable thereto shall be due and payable in full to Agent for the pro rata benefit of Lenders with Term Loan Commitments on the date of such prepayment.

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.

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.

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 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;

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

(c) (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;

(d) 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;

(e) 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;

(f) the failure of the Companies to pay any of the 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;

(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 this Section 10.1(g), such event or condition either (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 $250,000;

(j) a final judgment for the payment of money in excess of $250,000 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 20% 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) Morris Goldfarb shall cease for any reason whatsoever, including, without limitation, death or disability (as such disability shall be determined in the sole and absolute judgment of the Required Lenders) to be and continuously perform the duties of the chairman or chief executive officer of Parent or, if such cessation shall occur as a result of the death or such disability, no successor satisfactory to the Agent and the Required Lenders, in their sole discretion, shall have become and shall have commenced to perform the duties of chief executive officer of Parent within 90 days after such cessation; provided, however, that if any satisfactory successor or interim management shall have been so elected and shall have commenced performance of such duties within such period, the name of such successor or successors shall be deemed to have been inserted in place of Morris Goldfarb in this Section 10.1(l).

(m) 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;

(n) any default or event of default under any Factoring Agreement, or any termination of any of the Factoring Agreements; or

(o) 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, 4 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 Sections 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, 4 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(c), 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(c) or the occurrence of an Event of Default described in clause (ii) of Section 10.1(c). 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 (excluding Ledger Debt);

(d) fourth, to the unpaid principal amount of the Obligations (excluding Ledger Debt); and

(e) fifth, to any unpaid Obligations not described in clauses (a) through and including (d) 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, provided that the Companies pay to the Agent, for the benefit of the Lenders, any Early Termination Fee and Prepayment Premium 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) as a cash reserve 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. 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 (including the agreements set forth in the Commitment Letter); (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.
1211 Avenue of the Americas
New York, New York 10036
Attention: Regional Credit Manager
Facsimile: (212) 382-6814;

(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 and the Term Loan 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 Term Loan principal payments, or 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 Administrative Management Fee, the Documentation Fees or the other fees set forth in Sections 8.6, 8.7 or 8.8 of this Financing Agreement, and (ii) the Lenders shall share in the fees payable under the Fee Letter in accordance with its respective express agreements with the Agent;

(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; and

(c) principal and interest paid on the Term Loan based upon each Lender's Term Loan Pro Rata Percentage of the Term Loan.

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, (ii) such assignment shall be allocated ratably between such Lender's Revolving Loan and Term Loan Commitments hereunder, and (iii) 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 and Term 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, (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, telecopy, 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 or Term Loan) 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 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. 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 the principal of, or rate of interest on, the Revolving Loans or the Term Loan, (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" or "Required Lenders" 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; or

(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.

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. 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 July 11, 2005.

CIT:

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

By: /s/ EDWARD J. AHEARN

Name: Edward J. Ahearn
Title: Vice President

REVOLVING CREDIT COMMITMENT: $76,920,000.00
REVOLVING CREDIT PRO RATA PERCENTAGE: 46.6190%

TERM LOAN COMMITMENT: $10,800,029.00
TERM LOAN PRO RATA PERCENTAGE: 36.0036%

OTHER LENDERS:

HSBC BANK USA, NATIONAL ASSOCIATION

By: /s/ MICHAEL P. BEHUNIAK

Name: Michael P. Behuniak
Title: Vice President

REVOLVING CREDIT COMMITMENT: $25,000,000.00
REVOLVING CREDIT PRO RATA PERCENTAGE: 15.1518%

TERM LOAN COMMITMENT: $5,000,000.00
TERM LOAN PRO RATA PERCENTAGE: 16.6683%

WEBSTER BUSINESS CREDIT

By: /s/ EDWARD A. JESSER

Name: Edward A. Jesser
Title: SVP

REVOLVING CREDIT COMMITMENT: $10,577,000.00
REVOLVING CREDIT PRO RATA PERCENTAGE: 6.4104%

TERM LOAN COMMITMENT: $1,923,000.00
TERM LOAN PRO RATA PERCENTAGE: 6.4106%

COMMERCE BANK, N.A.

By: /s/ PAUL CHAU

Name: Paul Chau
Title: Managing Director

REVOLVING CREDIT COMMITMENT: $15,000,000.00
REVOLVING CREDIT PRO RATA PERCENTAGE: 9.0911%

TERM LOAN COMMITMENT: $5,000,000.00
TERM LOAN PRO RATA PERCENTAGE: 16.6683%

BANK LEUMI USA

By: /s/ PHYLLIS ROSENFELD

Name: Phyllis Rosenfeld
Title: Vice President

By: /s/ IRIS STEINHARDT

Name: Iris Steinhardt
Title: Vice President

REVOLVING CREDIT COMMITMENT: $12,500,000.00
REVOLVING CREDIT PRO RATA PERCENTAGE: 7.5759%

TERM LOAN COMMITMENT: $2,274,000.00
TERM LOAN PRO RATA PERCENTAGE: 7.5808%

ISRAEL DISCOUNT BANK OF NEW YORK

By: /s/ HOWARD WEINBERG

Name: Howard Weinberg
Title: Senior Vice President I

By: /s/ MATILDA REYES

Name: Matilda Reyes
Title: First Vice President

REVOLVING CREDIT COMMITMENT: $25,000,000.00
REVOLVING CREDIT PRO RATA PERCENTAGE: 15.1518%

TERM LOAN COMMITMENT: $5,000,000.00
TERM LOAN PRO RATA PERCENTAGE: 16.6683%

THE COMPANIES:

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

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Senior Vice President

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

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Vice President

CK OUTERWEAR, LLC, as a Company

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Vice President

AGREED AS TO SECTIONS 7.3 and 7.4(m):

G-III APPAREL GROUP, LTD., as Parent

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Senior Vice President

EXHIBIT A

FORM OF ASSIGNMENT AND TRANSFER AGREEMENT

ASSIGNMENT AND TRANSFER AGREEMENT

Reference is made to the Financing Agreement dated as of July __, 2005 (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") and CK Outerwear, LLC, a New York limited liability company ("CK", and together with G-III and JPMR, 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__

<TABLE>

Assigned Facilities	Percentage of Facilities Assigned	Dollar Amount Assigned
Revolving Line of Credit	_____%	$_____
Term Loan	_____%	$_____

</TABLE>

ASSIGNOR:	ASSIGNEE:
_____	_____
By: _____	By: _____
Its: _____	Its: _____

Accepted by the Agent:

THE CIT GROUP/COMMERCIAL SERVICES, INC., as Agent as aforesaid

By: _____

Its: _____

EXHIBIT B

[FORM OF REVOLVING LOAN PROMISSORY NOTE]

[$165,000,000.00] July __, 2005

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"), and CK Outerwear, LLC, a New York limited liability company ("CKO", and together with G-III Inc. and JPMR, individually, a "Company" and collectively, the "Companies"), jointly and severally, absolutely and unconditionally, promise to pay to the order of _____ ("Lender"), at the office of The CIT Group/Commercial Services, Inc., as agent ("Agent") for the

lenders (including Lender) under the Financing Agreement referred to below, at 1211 Avenue of the Americas, New York, New York, in lawful money of the United States of America and in immediately available funds, the principal amount of [ONE HUNDRED SIXTY FIVE MILLION Dollars ($165,000,000.00)], 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 principal amount of Revolving Loans outstanding from time to time on the dates and at the rates specified in Section 8 of the Financing Agreement of even date herewith (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.

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: _____

Title: _____

J. PERCY FOR MARVIN RICHARDS, LTD.

By: _____

Title: _____

CK OUTERWEAR, LLC

By: _____

Title: _____

EXHIBIT C

[FORM OF TERM LOAN PROMISSORY NOTE]

[$30,000,000.00] July __, 2005

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"), and CK Outerwear, LLC, a New York limited liability company ("CKO", and together with G-III Inc. and JPMR, 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 Financing Agreement referred to below, at 1211 Avenue of the Americas, New York, New York, in lawful money of the United States of America and in immediately available funds, the principal amount of [THIRTY MILLION Dollars ($30,000,000.00)], on the dates and pursuant to the terms of the Financing Agreement.

The Companies jointly and severally, absolutely and unconditionally, further agree to pay interest at said office, in like money, on the unpaid principal amount owing hereunder from time to time from the date hereof on the dates and at the rates specified in Section 8 of the Financing Agreement of even date herewith (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 Term Loan Promissory Note referred to in the Financing Agreement, evidences the Term Loan made to the Companies 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.

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:

Title:

J. PERCY FOR MARVIN RICHARDS, LTD.

By:

Title:

CK OUTERWEAR, LLC

By:

Title:

EXHIBIT D

COMPLIANCE CERTIFICATE
[QUARTERLY]

I, Neal Nackman, Vice President of Finance of G-III Leather Fashions, Inc., a New York corporation (the "Borrower"), and 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 Financing Agreement , dated July __, 2005, by and among the Borrower, 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 Nackman
VP of Finance

G-III APPAREL GROUP, LTD.

By:

Neal Nackman
VP of Finance

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 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 Financing Agreement , dated July __, 2005, by and among the Borrower, 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
VP of Finance

G-III APPAREL GROUP, LTD.

By:

Neal S. Nackman
VP of Finance

SCHEDULE 1.1(A) - EXISTING INDEBTEDNESS

[TO BE COMPLETED BY THE COMPANIES]

SCHEDULE 1.1(B) - DESCRIPTION OF REAL ESTATE

SCHEDULE 7.1(B) - COMPANIES AND COLLATERAL INFORMATION

Exact Name of Each Company in State of Incorporation or Formation:

State of Incorporation or Formation of each Company:

F.E.I.N. of Each Company:

State Organizational No. for Each Company:

Address of Chief Executive Office of Each Company:

Collateral Locations:

SCHEDULE 7.1(F) - ENVIRONMENTAL MATTERS

STOCK PURCHASE AGREEMENT

BY AND AMONG

SAMMY AARON,

ANDREW REID,

LEE LIPTON,

JOHN POLLACK,

SAMMY AARON, AS SELLERS' REPRESENTATIVE,

G-III LEATHER FASHIONS, INC.

AND

G-III APPAREL GROUP, LTD.

JULY 11, 2005

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of July 11, 2005, by and among the Marvin Richards Shareholders (as hereinafter defined), the CK Members (as hereinafter defined) and the Fabio Selling Members (as hereinafter defined) (the Marvin Richards Shareholders, the CK Members and the Fabio Selling Members collectively, the "Sellers"), Sammy Aaron, in his capacity as Sellers' Representative pursuant to Section 7.10 hereof, G-III Leather Fashions, Inc., a New York corporation (the "Buyer") and G-III Apparel Group, Ltd., a Delaware corporation ("G-III").

RECITALS:

WHEREAS, the Marvin Richards Shareholders collectively own all of the outstanding capital stock of J. Percy For Marvin Richards, Ltd., a New York corporation ("Marvin Richards"), the CK Members collectively own all of the outstanding membership interests of CK Outerwear, LLC, a New York limited liability company ("CK", and together with Marvin Richards, the "Acquired Companies"), and the Fabio Selling Members collectively own 50% of the outstanding membership interests of Fabio Licensing, LLC, a New York limited liability company ("Fabio");

WHEREAS, the Buyer desires to purchase from the Sellers, and the Sellers, in aggregate, desire to sell all of the outstanding capital stock and membership interests of the Acquired Companies and membership interests of Fabio owned by them to the Buyer, on the terms and conditions set forth herein; and

WHEREAS, the Buyer intends to create a new division in which to operate the Acquired Companies and the membership interests in Fabio in connection with its business (the "Division").

NOW, THEREFORE, in consideration of the mutual covenants of the parties set forth in this Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Definitions. For purposes of this Agreement:

(a) "Aaron Employment Agreement" has the meaning set forth in Section 3.2(l).

(b) "Accounting" has the meaning set forth in Section 2.3(a).

(c) "Accounts Receivable" has the meaning set forth in Section 4.22(a).

(d) "Acquired Companies" has the meaning set forth in the recitals.

(e) "Affiliate" means, with respect to any Person, another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

(f) "Agreement" has the meaning set forth in the preamble.

(g) "Applicable Sellers" has the meaning set forth in Section 7.2(d)(i).

(h) "Audit" shall mean any audit, assessment, or other examination or claim by any Taxing Authority and any judicial, administrative or other proceeding or litigation (including any appeal of any such judicial, administrative or other proceeding or litigation), relating to Taxes or Tax Returns.

(i) "Authority" means any governmental, regulatory or administrative body, agency or authority, or any court or judicial authority.

(j) "Balance Sheet Date" has the meaning set forth in Section 4.20(a).

(k) "Balance Sheets" has the meaning set forth in Section 4.21.

(l) "Business Day" means any day other than Saturday, Sunday or other day on which commercial banks in The City of New York are authorized or required by law to remain closed.

(m) "Buyer" has the meaning set forth in the preamble.

(n) "Buyer Audit" has the meaning set forth in Section 7.8(e)(ii).

(o) "Buyer Group" has the meaning set forth in Section 7.3(a).

(p) "Buyer Indemnified Persons" has the meaning set forth in Section 8.1(b).

(q) "Buyer Statement" has the meaning set forth in Section 2.5(a).

(r) "Cash Consideration" has the meaning set forth in Section 2.2(a)(i).

(s) "CK" has the meaning set forth in the recitals.

(t) "CK Members" means Sammy Aaron, Andrew Reid, Lee Lipton and John Pollack.

(u) "CK Operating Agreement Amendment" has the meaning set forth in Section 3.2(i).

(v) "Closing" has the meaning set forth in Section 3.1.

(w) "Closing Date" has the meaning set forth in Section 3.1.

(x) "Closing Price" means the price determined by the first of the following clauses that applies: (i) if the Common Stock is then listed or quoted on a national securities exchange or the Nasdaq Stock Market, the average closing price per share of the Common Stock on such exchange or market on which the Common Stock is then listed or quoted for a period of 20 consecutive days on which such exchange or market is open for trading; (ii) if prices for the Common

Stock are then quoted on the OTC Bulletin Board, the average closing bid price per share of the Common Stock so quoted on such OTC Bulletin Board for a period of 20 consecutive days on which stock prices are quoted on such OTC Bulletin Board; (iii) if prices for the Common Stock are then reported in the "Pink Sheets" published by Pink Sheets LLC (or a similar organization or agency succeeding to its functions of reporting prices), the average closing bid price per share of Common Stock so reported on such Pink Sheets for a period of 20 consecutive days on which stock prices are published on such Pink Sheets; or (iv) in all other cases, the fair market value of a share of Common Stock for a period of twenty consecutive Business Days as determined by an independent appraiser selected in good faith by G-III's Board of Directors at the request of the Sellers' Representative.

(y) "Code" means the Internal Revenue Code of 1986, as amended.

(z) "Common Stock" has the meaning set forth in Section 2.2(a)(ii).

(aa) "Confidential Information" has the meaning set forth in Section 7.3(a).

(bb) "Confidentiality Agreements" has the meaning set forth in Section 7.5.

(cc) "Damages" has the meaning set forth in Section 8.1(b).

(dd) "Division" has the meaning set forth in the recitals.

(ee) "EBITA" means the Division's earnings before interest and taxes and amortization of intangibles, which shall be equal to the net sales of the Division less (i) cost of sales, including royalties and license fees and (ii) the expenses set forth on Schedule 1.1(ee) hereto (but only if and to the extent that such expenses are actually incurred by the Division, other than expenses allocated to the Division in accordance with Schedule 1.1(ee), all as determined in accordance with the Buyer's accounting and allocation procedures outlined in such Schedule and utilized in preparing internal financial statements for Buyer's divisions.

(ff) "EBITA Payment" has the meaning set forth in Section 2.3(a).

(gg) "Employee" means any employee of any Acquired Company or Fabio.

(hh) "Employee Bonus Plan" has the meaning set forth in Section 7.4.

(ii) "Employee Bonus Plan Payments" has the meaning set forth in Section 7.4.

(jj) "Employee Plan" means any plan, program, policy, practice, contract, agreement or other material arrangement providing for compensation, severance, change in control, retention, termination pay, incentive, bonus or deferred compensation, performance

awards, stock or stock-related awards, or other employee benefits or fringes, including each "employee benefit plan," within the meaning of Section 3(3) of ERISA which is maintained, contributed to, or required to be contributed to, by an Acquired Company or any ERISA Affiliate for the benefit of any current or former Employee (or beneficiary or dependent thereof), or with respect to which any Acquired Company or any ERISA Affiliate has any liability or obligation.

(kk) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(ll) "ERISA Affiliate" means any person or entity under common control with any Acquired Company within the meaning of Section 414(b), (c), (m) or (o) of the Code, and the regulations issued thereunder.

(mm) "Escrow Agent" has the meaning set forth in Section 7.1(g).

(nn) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(oo) "Fabio" has the meaning set forth in the recitals.

(pp) "Fabio Selling Members" means Sammy Aaron, Andrew Reid, Lee Lipton and John Pollack.

(qq) "Final Statement" has the meaning set forth in Section 2.5(a).

(rr) "Financial Statements" has the meaning set forth in Section 4.19.

(ss) "Fully Vested G-III Shares" has the meaning set forth in Section 2.2(a)(ii).

(tt) "G-III" has the meaning set forth in the preamble.

(uu) "G-III Shares" means the Fully Vested G-III Shares and the Unvested G-III Shares, collectively.

(vv) "GAAP" means United States generally accepted accounting principles, consistently applied throughout the periods involved.

(ww) "Indemnification Cap" has the meaning set forth in Section 8.1(d)(i)(B).

(xx) "Indemnified Party" has the meaning set forth in Section 8.1(e)(i).

(yy) "Indemnifying Party" has the meaning set forth in Section 8.1(e)(i).

(zz) "Indemnity Claim" means a claim made under Article VIII of this Agreement.

(aaa) "Independent Firm" has the meaning set forth in Section 2.4.

(bbb) "IRS" means the United States Internal Revenue Service.

(ccc) "knowledge" of a Person means such Person's actual knowledge after diligent inquiry of all Persons who may reasonably be expected to have knowledge of the matter at issue.

(ddd) "Licenses" has the meaning set forth in Section 4.7.

(eee) "Lien" means any lien, pledge, charge, claim, restriction on transfer, mortgage, security interest or other encumbrance other than statutory liens for liabilities not yet due and payable.

(fff) "Lipton Employment Agreement" has the meaning set forth in Section 3.2(n).

(ggg) "Marvin Richards" has the meaning set forth in the recitals.

(hhh) "Marvin Richards Common Stock" has the meaning set forth in Section 4.5.

(iii) "Marvin Richards Shareholders" means Sammy Aaron, Andrew Reid, Lee Lipton and John Pollack.

(jjj) "Material Adverse Effect" means, with respect to any Person, any change, effect, event, occurrence or state of facts (or any development that has had or is reasonably likely to have any change or effect) that is materially adverse to the business, financial condition, results of operations or prospects of such Person and its subsidiaries, taken as a whole.

(kkk) "Material Contracts" has the meaning set forth in Section 4.12(a).

(lll) "Net Assets" means the difference between (x) the sum of the total assets of the Acquired Companies and half of the total assets of Fabio as of May 31, 2005, minus (y) the sum of the total liabilities of the Acquired Companies and half the total liabilities of Fabio as of May 31, 2005.

(mmm) "New Registrable G-III Shares" has the meaning set forth in Section 7.2(d)(i).

(nnn) "Notice of Claim" has the meaning set forth in Section 8.1(e)(i).

(ooo) "Option Price" has the meaning set forth in Section 7.1(a).

(ppp) "Order-in-Process" has the meaning set forth in Section 4.22(c).

(qqq) "Organizational Documents" means, (i) with respect to Marvin Richards, its certificate of incorporation and bylaws, as currently in force and effect, or (ii) with respect to CK or Fabio, its articles of organization and operating agreement, as currently in force and effect.

(rrr) "Other Transaction Documents" means the documents, other than this Agreement, to be executed by the parties hereto in connection with the transactions contemplated hereby.

(sss) "Pension Plan" means an "employee pension benefit plan," within the meaning of Section 3(2) of ERISA.

(ttt) "Permitted Liens" has the meaning set forth in Section 4.23(a).

(uuu) "Person" means an individual, corporation, partnership, limited liability company, joint venture, association, trust, unincorporated organization or other entity.

(vvv) "Post-Closing Tax Period" shall mean any Tax Period, or portion thereof, beginning after the Closing Date.

(www) "Pre-Closing Tax Period" shall mean any Tax Period, or portion thereof, ending on or before the Closing Date.

(xxx) "Pre-Closing Straddle Period" has the meaning set forth in Section 7.8(c).

(yyy) "Pre-Closing Tax Return" has the meaning set forth in Section 7.8(d)(i).

(zzz) "Projections" has the meaning set forth in Section 4.25.

(aaaa) "Promissory Notes" has the meaning set forth in Section 2.2(a).

(bbbb) "Proprietary Rights" has the meaning set forth in Section 4.18.

(cccc) "Proprietary Rights Agreement" has the meaning set forth in Section 4.10(h).

(dddd) "Purchase Option" has the meaning set forth in Section 7.1(a).

(eeee) "Purchase Price" has the meaning set forth in Section 2.2.

(ffff) "Purchased Interests" has the meaning set forth in Section 2.1(b).

(gggg) "Purchased Shares" has the meaning set forth in Section 2.1(a).

(hhhh) "Real Property" has the meaning set forth in Section 4.23(b).

(iiii) "Registrable G-III Shares" means the Fully Vested G-III Shares and any Unvested G-III Shares that are no longer subject to the Purchase Option set forth in Section 7.1 as of five (5) Business Days prior to the filing of the Registration Statement.

(jjjj) "Registration Statement" has the meaning set forth in Section 7.2(a)(i).

(kkkk) "Reid Employment Agreement" has the meaning set forth in Section 3.2(m).

(llll) "Restricted Period" has the meaning set forth in Section

7.3(a).

(mmmm) "Restrictive Covenants" has the meaning set forth in Section 7.3(c).

(nnnn) "SEC" means the United States Securities and Exchange Commission.

(oooo) "SEC Documents" has the meaning set forth in Section 6.5.

(pppp) "Section 338(h)(10) Election" has the meaning set forth in 7.8(g)(i).

(qqqq) "Securities Act" means the Securities Act of 1933, as amended.

(rrrr) "Sellers" has the meaning set forth in the preamble.

(ssss) "Sellers Audit" has the meaning set forth in Section 7.8(e)(i).

(tttt) "Sellers' Affiliated Companies" means M. Richards Fur Co. LLC, a New York limited liability company, M. Richards Import Corp., a New York corporation, and MR Apparel Group, Inc., a New York corporation.

(uuuu) "Sellers' Representative" has the meaning set forth in Section 7.10.

(vvvv) "Statement of Objection" has the meaning set forth in Section 2.5(a).

(wwww) "Straddle Period" shall mean any Tax period beginning before and ending after the Closing Date.

(xxxx) "Straddle Return" has the meaning set forth in Section 7.8(d)(ii).

(yyyy) "subsidiary" means, with respect to any Person, any Person of which such party or such other Person, as the case may be (either alone or through or together with any other subsidiary), owns, directly or indirectly, stock or other equity interests the holders of which are generally entitled to more than 50% of the vote for the election of the board of directors or other governing body of such Person.

(zzzz) "Tax" and "Taxes" includes (i) any U.S. federal, state, local or foreign income, gross receipts, capital, franchise, import, goods and services, value added, sales and use, estimated (to the extent required by law), alternative minimum, add-on minimum, sales, use, transfer, registration, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll, license, employee withholding, unclaimed property, escheat or other tax of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, (ii) any liability for the payment of any amounts of the type described in (i) as a result of being a member of a consolidated, combined,

unitary or aggregate group for any Tax period, and (iii) any liability for the payment of any amounts of the type described in (i) or (ii) as a result of being a transferee or successor to any Person or as a result of any express or implied obligation to indemnify any other Person.

(aaaaa) "Tax Returns" means returns, declarations, reports, claims for refund, information returns or other documents (including any related or supporting schedules, statements or information) filed or required to be filed in connection with the determination, assessment or collection of any Taxes of any party or the administration of any laws, regulations or administrative requirements relating to any Taxes.

(bbbbb) "Taxing Authority" shall mean any U.S. federal, national, foreign, state, municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body or other authority exercising any Taxing authority or regulatory authority over Taxes.

(ccccc) "Unvested G-III Shares" has the meaning set forth in Section 2.2(a)(iii).

ARTICLE II
PURCHASE AND SALE

Section 2.1 Purchase of the Purchased Shares and the Purchased Interests. Subject to and upon the terms and conditions of this Agreement:

(a) The Buyer agrees to purchase from each Marvin Richards Shareholder, and each Marvin Richards Shareholder agrees to sell to the Buyer, all of his right, title and interest to his shares of the capital stock of Marvin Richards, as set forth in Schedule 2.1(a) hereto (collectively, the "Purchased Shares"); and

(b) The Buyer agrees to purchase from each CK Member and Fabio Selling Member, and each CK Member and Fabio Selling Member agrees to sell to the Buyer, all of his right, title and interest to his membership interests in CK and Fabio, as set forth in Schedule 2.1(b) hereto (collectively, the "Purchased Interests"),

in the case of each of paragraphs (a) and (b) above, free and clear of all Liens, rights or claims of others or other encumbrances (other than restrictions on transfer imposed by the Securities Act or state securities laws), for the consideration specified in Section 2.2 below.

Section 2.2 Purchase Price. The consideration to be paid by the Buyer for all of the Purchased Shares and the Purchased Interests (the "Purchase Price") shall consist of:

(a) Promissory notes (the "Promissory Notes") in the form of Exhibit A hereto payable three business days after the Closing Date, with aggregate payments under the Promissory Notes consisting of:

(i) Nineteen million one hundred eighty five thousand dollars ($19,185,000) (the "Cash Consideration") apportioned among the Sellers as set forth on Schedule 2.2(a)(i) hereto (which Schedule also sets forth the address of each Seller);

(ii) 466,666 shares of common stock, par value $0.01 per share, of G-III ("Common Stock", and such 466,666 shares, the "Fully Vested G-III Shares"), apportioned among the Sellers as set forth on Schedule 2.2(a)(ii) hereto; and

(iii) 150,000 shares of Common Stock (the "Unvested G-III Shares"), apportioned among the Sellers as set forth on Schedule 2.2(a)(iii) hereto, all of which Unvested G-III Shares shall be subject to the Purchase Option (as hereinafter defined), vesting schedule and conditions set forth in Section 7.1;

(b) For the period from the Closing Date to January 31, 2006, an amount equal to the sum of (x) 100% of the Division's EBITA between $7,900,000 and $10,900,000 for such period, if the Division's EBITA for such period is at least $8,900,000, and (y) 50% of the Division's EBITA above $10,900,000 for such period; provided, however, that if the Division's EBITA for such period is less than $7,000,000, then, for purposes of Sections 2.2(c) and 7.4, the Division's EBITA for the one-year period ending on January 31, 2007 shall be reduced on a dollar-for-dollar basis by the amount of such deficiency; and provided further, however, that the EBITA Payment (as hereinafter defined) shall not exceed $7,500,000 for the period from the Closing Date to January 31, 2006;

(c) Subject to the provisions of Section 2.2(d), for each of the one-year periods ending on January 31, 2007, January 31, 2008 and January 31, 2009, an amount equal to 20% of the Division's EBITA for such one-year period (subject, in the case of the Division's EBITA for the one-year period ending on January 31, 2007, to reduction as provided in the proviso set forth at the end of Section 2.2(b)), payable by the Buyer to the Sellers as provided in Section 2.3; provided, however, that the Division's EBITA for such one-year period is at least $8,000,000 (taking into account the preceding parenthetical); and provided further, however, that the sum of the EBITA Payment (as hereinafter defined) and the Employee Bonus Plan Payments (as hereinafter defined) shall not exceed

$7,500,000 for each such one-year period; and

(d) (i) The amount payable with respect to the period ending January 31, 2008 shall be reduced by an amount equal to $195,000.

(i) The amount payable with respect to the period ending January 31, 2009 shall be reduced by an amount equal to the sum of (x) $195,000 and (y) if the reduction pursuant to Section 2.2(d)(i) above was less than $195,000, the amount by which such reduction was less than $195,000.

Section 2.3 EBITA Payment Procedures.

(a) Any payment required to be made by the Buyer pursuant to Section 2.2(b) or Section 2.2(c), as reduced in Section 2.2(d) (each, an "EBITA Payment") shall be made within 90 days of the end of the period to which such EBITA Payment relates and shall include an accounting of the amount of the EBITA Payment due (the "Accounting"), if any, pursuant to Section 2.2(b) or Section 2.2(c), which Accounting shall be delivered to the Sellers' Representative.

(b) Any EBITA Payment payable by the Buyer to the Sellers pursuant to Section 2.2(b) or Section 2.2(c) shall be apportioned among the Sellers according to their

respective payment percentages set forth on Schedule 2.2(a)(i), and the Buyer shall deliver to each Seller a bank check or a wire transfer in the amount of such Seller's proportionate share of the EBITA Payment.

Section 2.4 Inspection Right; EBITA Payment Adjustment. The Sellers' Representative and his duly authorized representatives shall have the right, during regular business hours, to inspect and/or audit the books of accounts and records of the Division used by the Buyer in determining EBITA for purposes of any EBITA Payment. As soon as reasonably practicable, but in any event within 30 days of delivery by the Buyer to the Sellers' Representative of the Accounting, the Sellers' Representative shall inform the Buyer in writing that the Accounting is acceptable or object to the Accounting, setting forth a specific description of the Sellers' Representative's objection. If the Sellers' Representative does not respond within such 30 day period, he will be deemed to have accepted the Accounting. If the Buyer does not agree with the Sellers' Representative's objections or such objections are not resolved on a mutually agreeable basis within 30 days of the Buyer's receipt of the Sellers' Representative's objections, any such disagreements shall be promptly submitted to a independent certified public accounting firm mutually agreeable to the Sellers' Representative and the Buyer (the "Independent Firm"). If the Sellers' Representative and the Buyer cannot agree on the selection of the Independent Firm, they shall request the American Arbitration Association in New York, New York to select the Independent Firm. The Independent Firm shall resolve such dispute within 30 days after submission of the dispute by the Sellers' Representative and the Buyer. The decision of the Independent Firm shall be final and binding upon the parties. If the Independent Firm shall determine that the Buyer understated EBITA, the Buyer shall promptly pay, in accordance with Section 2.3, the amount of any deficiency in the applicable EBITA Payment. If the Independent Firm shall determine that the Buyer overstated EBITA, each Seller shall promptly repay to the Buyer his proportionate share of the overpayment, determined in accordance with the percentages set forth in Schedule 2.2(a)(i). The fees, costs and expenses of the Independent Firm shall be equally borne by the Sellers, jointly and severally, and the Buyer; provided, however, that if the Independent Firm determines that the Buyer understated EBITA by 5% or more with respect to the EBITA Payment in dispute, the Buyer shall pay all of the fees, costs and expenses of the Independent Firm.

Section 2.5 Purchase Price Adjustment.

(a) As promptly as practicable after the Closing Date, but in no event more than forty-five (45) days following the Closing Date, the Buyer will in good faith, with the reasonable cooperation of the Sellers, prepare and deliver to the Sellers' Representative a reasonably detailed statement, prepared in accordance with GAAP except as noted thereon, but including normal GAAP year-end adjustments, of the Net Assets at May 31, 2005 (the "Buyer Statement"), provided, however, that for the purposes of determining Net Assets, old season inventory shall be valued as set forth in Schedules 2.5(a) and 2.5(b). Unless within fifteen (15) days after its receipt of the Buyer Statement, the Sellers' Representative shall deliver to the Buyer a reasonably detailed statement

describing the Sellers' objections to the Buyer Statement (a "Statement of Objection"), the amount of Net Assets at May 31, 2005 as set forth on the Buyer Statement shall be final and binding on the parties hereto and the Buyer Statement shall be the final statement hereunder (the "Final Statement"). The Sellers' Representative and his duly authorized representatives shall have the right, during regular business hours, to inspect and/or

audit the books of accounts and records of the Division used by the Buyer in preparing the Buyer Statement.

(b) If Sellers' Representative delivers to the Buyer a timely Statement of Objection, and the Buyer agrees with the Sellers' Representative's objections, the Buyer shall promptly furnish written notice to the Sellers' Representative of its agreement with such Statement of Objection and the Net Assets at May 31, 2005 as reflected in such Statement of Objection shall be final and binding on the parties hereto and shall constitute the Final Statement. If the Buyer does not agree with the Sellers' Representative's objections or such objections are not resolved on a mutually agreeable basis within 30 days of the Buyer's receipt of the Sellers' Representative's objections, any such disagreements shall be promptly submitted to an Independent Firm. The Independent Firm shall resolve such dispute within 30 days after submission of the dispute by the Sellers' Representative and the Buyer and shall deliver to the Sellers' Representative and the Buyer a final statement of Net Assets at May 31, 2005, which shall be final and binding on the parties hereto and shall constitute the Final Statement. The fees, costs and expenses of the Independent Firm shall be equally borne by the Sellers' Representative and the Buyer.

(c) Upon completion of the Final Statement, the Cash Consideration shall be adjusted as follows:

(i) if Net Assets reflected on the Final Statement are less than $2,200,000, the Buyer shall deduct each Seller's proportionate share of such deficiency, determined in accordance with the percentages set forth in Schedule 2.5(c)(i), from one or more EBITA Payments due to the Sellers pursuant to Section 2.2 or adjustments thereof in favor of the Sellers pursuant to Section 2.4, until the amount of such deficiency has been repaid to the Buyer in full; or

(ii) if Net Assets reflected on the Final Statement are greater than $3,500,000, the Buyer shall promptly deliver to each Seller his proportionate share of such excess, determined in accordance with the percentages set forth in Schedule 2.5(c)(i).

Section 2.6 Allocation. The portion of the Purchase Price (and all other capitalized costs) allocable to the purchase of (i) all of the outstanding membership interests of CK shall be allocated among the assets of CK and (ii) the Purchased Shares shall be allocated among the assets of Marvin Richards pursuant to the Section 338(h)(10) Election, in each case as set forth on Schedule 2.6 in accordance with Sections 338(b)(5) and 1060 of the Code and the Treasury Regulations thereunder (and any similar provision of state, local or foreign law, as appropriate), subject to any adjustment to the Purchase Price pursuant to Section 2.5 or 8.2 (it being understood that the Cash Consideration, the Fully Vested G-III Shares, any EBITA Payments that may be made or any Unvested G-III Shares that may vest and cease to be subject to the Purchase Option shall be allocated among the assets of CK and Marvin Richards in a manner consistent with Schedule 2.6). The Buyer, the Marvin Richards Shareholders and the CK Members shall report, act and file Tax Returns (including, but not limited to, IRS Forms 8594 and 8883, as applicable) in all respects and for all purposes consistent with Schedule 2.6, unless required to do otherwise by applicable law. Neither the Buyer, any Marvin Richards Shareholder

nor any CK Member shall take any position (whether in an Audit, Tax Return or otherwise) which is inconsistent with such allocations, unless required to do otherwise by applicable law.

ARTICLE III
CLOSING

Section 3.1 Closing Time and Place. The closing of the purchase and sale of the Purchased Shares and the Purchased Interests (the "Closing") shall take place on the date hereof at 10:00 a.m., New York time, at the offices of Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York 10103, or at such other time, place or date as the parties hereto agree. The date of Closing is hereinafter referred to as the "Closing Date."

Section 3.2 Conditions to the Buyer's Obligation to Close. The obligations of the Buyer to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions to the satisfaction of the Buyer:

(a) each Seller and the Sellers' Representative shall deliver to the Buyer this Agreement, duly executed by such Seller and the Sellers' Representative;

(b) each Marvin Richards Shareholder shall deliver to the Buyer a certificate or certificates representing his portion of the Purchased Shares, accompanied by a stock power or powers duly endorsed to the Buyer;

(c) the Marvin Richards Shareholders shall deliver to the Buyer a copy of the certificate of incorporation of Marvin Richards, as in effect on the Closing Date, certified by the Secretary of State of the State of New York as of a recent date;

(d) the Marvin Richards Shareholders shall deliver to the Buyer a copy of the bylaws of Marvin Richards, as in effect on the Closing Date, certified by the Secretary of Marvin Richards;

(e) the Sellers shall deliver to the Buyer certificates of good standing of each of the Acquired Companies from the Secretary of State of the State of New York, dated no more than three Business Days prior to the Closing Date;

(f) the Sellers shall deliver to the Buyer certificates of good standing or comparable certificates from the Secretary of State or equivalent Person of each jurisdiction in which each Acquired Company is qualified or licensed to do business as a foreign corporation or limited liability company, dated no more than three Business Days prior to the Closing Date;

(g) the CK Members and the Fabio Selling Members shall deliver to the Buyer copies of the articles of organization of CK and Fabio, respectively, each as in effect on the Closing Date, certified by the Secretary of State of the State of New York as of a recent date;

(h) the CK Members and the Fabio Selling Members shall deliver to the Buyer copies of the operating agreements of CK and Fabio, respectively, each as in effect

immediately prior to the Closing, certified by the managing members of CK and Fabio, respectively;

(i) the CK Members shall deliver to the Buyer an amendment to the operating agreement of CK, in substantially the form attached hereto as Exhibit B (the "CK Operating Agreement Amendment"), reflecting, among other things, the substitution of the Buyer as a member of CK in the place and stead of the CK Members, duly executed by the CK Members;

(j) the Fabio Selling Members shall deliver to the Buyer a copy of the written waiver by FENX, Inc. of the notice and right of first refusal provisions of Section 11.5 of the operating agreement of Fabio;

(k) Sammy Aaron shall deliver to the Buyer his employment agreement with G-III (the "Aaron Employment Agreement"), in substantially the form attached hereto as Exhibit C, duly executed by him;

(l) Andrew Reid shall deliver to the Buyer his employment agreement with G-III (the "Reid Employment Agreement"), in substantially the form attached hereto as Exhibit D, duly executed by him;

(m) Lee Lipton shall deliver to the Buyer his employment agreement

with G-III (the "Lipton Employment Agreement"), in substantially the form attached hereto as Exhibit E, duly executed by him;

(n) the Sellers shall cause to be delivered to the Buyer an opinion, dated as of the Closing Date and addressed to the Buyer, of Wechsler & Cohen, LLP, counsel to the Acquired Companies, in substantially the form attached hereto as Exhibit F;

(o) each Seller shall deliver to the Buyer any Other Transaction Document to which it is a party, duly executed by such Seller;

(p) the Sellers shall cause all of the directors and officers of Marvin Richards, all of the managers of CK and all of the managers of Fabio (other than Fabio Lanzoni and Eric Ashenberg) to submit letters of resignation to the Buyer, such resignations effective as of the Closing;

(q) each Seller shall deliver to the Buyer a duly executed FIRPTA certificate in the form specified by Treasury Regulations Section 1.1445-2(b)(2);

(r) for purposes of making the Section 338(h)(10) Election (as hereinafter defined), each Marvin Richards Shareholder shall have executed and delivered to the Buyer two copies of IRS Form 8023 (or successor form) and any applicable similar forms required by state or local law;

(s) the Buyer shall have received landlords' consents to the assignment of and shall have entered into amendments of the leases for Marvin Richards' office space at 512 Seventh Avenue, New York, New York and Marvin Richards' warehouse space at 275 Mill Road, Edison, New Jersey;

(t) the Buyer shall have entered into new license agreements or assignments of the current license agreements with respect to Calvin Klein ladies and men's outerwear, St. John's outerwear and Calvin Klein women's suits, in each case on terms and conditions satisfactory to the Buyer; and

(u) the Sellers or the Sellers' Representative shall deliver or cause to be delivered to the Buyer such other documents as the Buyer or the Buyer's counsel may reasonably request.

Section 3.3 Conditions to the Sellers' Obligation to Close. The obligations of the Sellers to consummate and effect this Agreement and the transactions contemplated hereby shall be subject to the satisfaction, at or prior to the Closing, of each of the following conditions to the reasonable satisfaction of the Sellers:

(a) the Buyer shall deliver to each Seller and the Sellers' Representative this Agreement, duly executed by the Buyer;

(b) the Buyer shall deliver to each Seller his Promissory Note;

(c) the Buyer shall deliver to CK the CK Operating Agreement Amendment, duly executed by the Buyer;

(d) the Buyer shall deliver to Sammy Aaron the Aaron Employment Agreement, duly executed by G-III;

(e) the Buyer shall deliver to Andrew Reid the Reid Employment Agreement, duly executed by G-III;

(f) the Buyer shall deliver to Lee Lipton the Lipton Employment Agreement, duly executed by G-III;

(g) for purposes of making the Section 338(h)(10) Election, the Buyer shall have executed and delivered to the Sellers' Representative two copies of IRS Form 8023 (or successor form) and any applicable similar forms required by state or local law; and

(h) the Buyer shall cause to be delivered to the Sellers an opinion, dated as of the Closing Date and addressed to the Sellers, of Fulbright & Jaworski L.L.P., counsel to the Buyer, in substantially the form attached hereto as Exhibit G.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE SELLERS CONCERNING
THE ACQUIRED COMPANIES

Each of the Sellers, severally and jointly, represents and warrants to the Buyer and G-III as follows:

Section 4.1 Organization and Standing. Marvin Richards is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New York

(except that its Biennial Statement is past due). The Biennial Statement of Marvin Richards was mailed to the Department of State of the State of New York on July 8, 2005. CK and Fabio are limited liability companies duly organized, validly existing and in good standing under the laws of the State of New York. Each of the Acquired Companies and Fabio (a) has full right, power and authority to own and lease its properties and to carry on and operate its business and operations as now being conducted and proposed to be conducted by it under existing agreements, (b) is duly qualified or licensed to do business and is in good standing as a foreign corporation or limited liability company in every jurisdiction (which jurisdictions are set forth in Schedule 4.1) in which the character of its properties or nature of its business requires such qualification, and (c) does not own any of its properties, and does not conduct any of its business, through any other Person, including, without limitation, any of the Sellers' Affiliated Companies, each of which is inactive and owns no assets used in the business of the Acquired Companies and Fabio and otherwise owns only insignificant assets.

Section 4.2 Organizational Documents; Books and Records.

(a) The copies of the Organizational Documents of each of the Acquired Companies and Fabio delivered to the Buyer are complete and correct and represent the presently effective Organizational Documents of the Acquired Companies and Fabio. Neither of the Acquired Companies or Fabio is in violation of its respective Organizational Documents.

(b) The books of account, minute books, share record books, and other records of the Acquired Companies and Fabio, all of which have been made available to the Buyer, are complete and correct in all material respects and have been maintained in accordance with sound business practices, including the maintenance of an adequate system of internal controls. The Acquired Companies and Fabio have adopted resolutions ratifying and confirming all prior actions taken prior to the Closing Date, which are contained in their respective minute books. No meeting of such shareholders, members, boards of directors or managers or committees of the boards of directors or managers of the Acquired Companies or Fabio has been held authorizing any material commitment or transaction outside the normal course of business that is not reflected in the Material Contracts listed in Schedule 4.12(a) or in the Financial Statements or the notes thereto for which minutes have not been prepared and are not contained in such minute books. At the Closing, all those books and records will be in the possession of the Acquired Companies and Fabio.

Section 4.3 Directors; Officers; Managers. Schedule 4.3 sets forth a complete list of the officers and directors of Marvin Richards and of the managers and officers of CK and Fabio.

Section 4.4 Subsidiaries or Other Interests. Neither of the Acquired Companies nor Fabio has any subsidiaries. No Acquired Company or Fabio directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for any equity or similar interest in, any Person.

Section 4.5 Capitalization. The authorized capital stock of Marvin Richards consists of 200 shares of common stock, no par value, of which 15 shares are issued and outstanding and 15 shares are issued and held by Marvin Richards in its treasury as of the date hereof ("Marvin Richards Common Stock"). All of the issued and outstanding shares of Marvin Richards

Common Stock are owned, of record and beneficially, by the Marvin Richards Shareholders in the amounts set forth in Schedule 2.1(a) hereto. All of the membership interests of CK are, on the date hereof, owned by the CK Members in the percentages set forth in Schedule 2.1(b) hereto. All of the membership interests of Fabio are, on the date hereof, owned by the Fabio Selling Members in the percentages set forth in Section 2.1(b) hereto, and 50% by FENX, Inc. Except as set forth on Schedule 4.5, there are no outstanding or authorized subscriptions, options, warrants, calls, rights, commitments or agreements of any character to which any Acquired Company or Fabio is a party or by which it is bound obligating such Acquired Company or Fabio to issue, deliver, sell, repurchase or redeem or cause to be issued, delivered, sold, repurchased or redeemed any shares in the authorized capital of the Acquired Company or membership interests in the Acquired Company or Fabio or any securities convertible into or exchangeable for shares in the authorized capital of the Acquired Company or membership interests in the Acquired Company or Fabio or obligating the Acquired Company or Fabio to grant or enter into any such subscription, option, warrant, call, right, commitment or agreement. All outstanding shares of Marvin Richards Common Stock are duly authorized, validly issued, fully paid and non-assessable. Except as set forth in the respective Organizational Documents or Marvin Richards, CK or Fabio, or as disclosed in Schedule 4.5, all outstanding shares of Marvin Richards Common Stock, membership interests of CK, and membership interests of Fabio held by the Fabio Selling Members are free of any Liens, and are not subject to preemptive rights or rights of first refusal created by statute, the Organizational Documents of the applicable Acquired Company or Fabio or any agreement to which such Acquired Company or Fabio is a party. There are no bonds, debentures, notes or other indebtedness of any Acquired Company or Fabio having the right to vote (or convertible into securities having the right to vote) on any matters on which shareholders or members of such Acquired Company or Fabio may vote. There are no other contracts, commitments, powers of attorney or agreements that will survive the Closing relating to voting, purchase or sale of, or in any other way affecting, the Marvin Richards Common Stock or membership interests in CK or Fabio (except, in the cases of CK and Fabio, for the operating agreements of CK and Fabio). All outstanding shares of Marvin Richards Common Stock and membership interests of CK and Fabio were issued in compliance with the Securities Act and all applicable state securities laws. All dividends and distributions by each of the Acquired Companies have been made in compliance with their respective Organizational Documents and all legal requirements applicable thereto.

Section 4.6 No Contravention. The execution, delivery and performance of this Agreement and the Other Transaction Documents and the consummation of the transactions contemplated hereby and thereby do not, directly or indirectly, (a) violate any provision of the Organizational Documents of any Acquired Company or Fabio or any resolution adopted by the board of directors, shareholders, managers or members of any Acquired Company or Fabio, (b) except as listed on Schedule 4.12(a) hereto, conflict with, result in the breach of, or constitute a default under, or require any authorization, consent, approval, exemption or other action by or notice to any third party or any Authority, under the provisions of any agreement or other instrument to which any Acquired Company or Fabio is a party or by which the property of any Acquired Company or Fabio is bound or affected, or (c) violate any laws, regulations, orders or judgments applicable to any Acquired Company or Fabio.

Section 4.7 Compliance with Laws. To the knowledge of the Sellers, each Acquired Company and Fabio has complied in all material respects with, and is now in compliance in all

material respects with, all laws, rules, regulations, orders, judgments and decrees of any Authority applicable to it. Each Acquired Company and Fabio possesses each franchise, license, permit, authorization, certification, consent, variance, permission, order or approval of or from any Authority, and has filed all filings, notices or recordings with any such Authority (collectively, "Licenses") material to, or necessary for the conduct of, its business as now conducted or proposed to be conducted, and is now and, has at all times in the past, been in compliance in all material respects with each such License. Each such License is in full force and effect and is identified on Schedule 4.7. No proceeding or other action is pending or, to the best knowledge of the Sellers, threatened, to revoke, amend, or limit any License, and no Seller has any basis to believe that any such proceeding or action would result from the consummation of the transactions contemplated by this Agreement or by the Other Transaction Documents, or that any such License would not be renewed

in the ordinary course.

Section 4.8 Environmental and Safety Laws. To the knowledge of the Sellers, none of the Acquired Companies or Fabio is in violation of any applicable law relating to the environment or occupational health and safety which violation would have a Material Adverse Effect on such Acquired Company or Fabio, and, to the knowledge of the Sellers, no material expenditures are or will be required by any Acquired Company or Fabio in order to comply with any such existing law.

Section 4.9 Taxes.

(a) Each Acquired Company and Fabio have properly prepared and timely filed all Tax Returns required by applicable law to have been filed with any Taxing Authority on or prior to the date hereof, or have obtained a valid filing extension from the appropriate Taxing Authority, and such Tax Returns were true, correct and complete in all material respects and were completed in accordance with applicable law. Each Acquired Company and Fabio have made available to the Buyer copies of all Tax Returns filed for all Tax periods since January 1, 2001.

(b) All Taxes (whether or not shown on any Tax Return) required to have been paid by any Acquired Company or Fabio on or prior to the date hereof have been fully and timely paid. The cash reserves or accruals for Taxes provided in the books and records of each Acquired Company and Fabio with respect to any Tax period for which a Tax Return has not yet been filed or for which Taxes are not yet due and owing have been established in accordance with GAAP and, to the Sellers' knowledge, are, or prior to the Closing Date, will be, sufficient to pay all unpaid Taxes of such Acquired Company or Fabio through and including the Closing Date (including, without limitation, with respect to any Taxes resulting from the transactions contemplated by this Agreement).

(c) Except as set forth on Schedule 4.9(c), no agreement or waiver extending any statute of limitations on or extending the period for the assessment or collection of any Tax has been executed or filed on behalf of or with respect to any Acquired Company or Fabio. No power of attorney on behalf of any Acquired Company or Fabio with respect to any Tax matter is currently in force.

(d) No Acquired Company is, and Fabio is not, a party to any Tax-sharing agreement or similar arrangement with any other party (whether or not written) pursuant to which it will have any actual or potential obligation to make any payments after the Closing Date, and no Acquired Company has, and Fabio has not, assumed any Tax obligations of, or with respect to any transaction relating to, any other Person or agreed to indemnify any other Person with respect to any Tax pursuant to which it will have any actual or potential obligation to make any payments after the Closing Date.

(e) Except as set forth on Schedule 4.9(e), no Tax Return of any Acquired Company or Fabio has been audited by a Taxing Authority, no audit is in process or pending, and no Acquired Company or Fabio has been notified of any request for such an audit or other examination. No claim has been made in writing by a Taxing Authority in a jurisdiction where Tax Returns concerning or relating to any Acquired Company or Fabio have not been filed that it is or may be subject to Taxation by that jurisdiction.

(f) Each Acquired Company and Fabio have complied in all material respects with all applicable laws relating to the payment and withholding of Taxes and has duly and timely withheld from employee salaries, wages and other compensation and has either paid over to the appropriate Taxing Authorities, set aside in accounts for such purpose, or accrued and reserved against and entered upon the books and records of any Acquired Company or Fabio all amounts required to be so withheld and paid over for all periods under all applicable laws.

(g) Except as set forth in Schedule 4.9(g), no request for an extension of time within which to file any Tax Return concerning or relating to any Acquired Company or Fabio or its respective operations has been made on behalf of or with respect to any Acquired Company or Fabio, which Tax Return has not since been filed when due.

(h) No Acquired Company is and Fabio is not subject to any private letter ruling of the IRS or comparable rulings of another Taxing Authority.

(i) None of the Sellers is a foreign person within the meaning of

Section 1445 of the Code or any other laws requiring withholding of amounts paid to foreign persons.

(j) Except as set forth in their previously filed Tax Returns, no Acquired Company has any and Fabio has no affirmative elections in effect for U.S. federal income Tax purposes under Section 108, 168, 441, 472, 1017, 1033 or 4977 of the Code.

(k) No Acquired Company has ever been and Fabio has never been included in any consolidated, combined, or unitary Tax Return (other than a consolidated, combined or unitary income Tax Return or for which such Acquired Company or Fabio was the common parent).

(l) Neither Fabio nor any Acquired Company or any other Person on behalf of and with respect to Fabio or an Acquired Company has (i) agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of state, local or foreign law by reason of a change in accounting method initiated by Fabio or an Acquired Company, and the Sellers have no knowledge that the IRS has proposed any such adjustment or change in accounting method, or (ii) any application pending with any Taxing Authority

requesting permission for any change in accounting method that relates to the business or operations of Fabio or an Acquired Company or (iii) executed or entered into a closing agreement pursuant to Section 7121 of the Code or any predecessor provision thereof or any similar provision of state, local or foreign law with respect to Fabio or an Acquired Company.

(m) No property owned by any of Fabio or the Acquired Companies is (i) property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) constitutes "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code or (iii) is "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code.

(n) Neither Fabio nor any Acquired Company owns any interest in any entity that is treated as a partnership for U.S. federal income Tax purposes or would be treated as a pass-through or disregarded entity for any Tax purpose.

(o) Neither Fabio nor any Acquired Company has constituted either a "distributing corporation" or a "controlled corporation" within the meaning of Section 355(a)(1)(A) of the Code in a distribution qualifying for Tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution that could otherwise constitute part of a "plan" or "series of transactions" (within the meaning of Section 355(e) of the Code) in conjunction with this Agreement.

(p) Neither any Acquired Company nor Fabio (i) has "participated" in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4 or (ii) has taken any reporting position on a Tax Return, which reporting position (1) if not sustained, would be reasonably likely, absent disclosure, to give rise to a penalty for substantial understatement of U.S. federal income Tax under Section 6662 of the Code (or any predecessor statute or any corresponding provision of any such statute or state, local or foreign Tax law), and (2) has not adequately been disclosed on such Tax Return in accordance with Section 6662(d)(2)(B) of the Code (or corresponding provision of any such predecessor statute or state, local or foreign Tax law).

(q) Each of CK and Fabio has been treated as a partnership and not as an association taxable as a corporation for U.S. federal income Tax purposes since its inception. Except for purposes of the New York City Unincorporated Business Tax, neither CK nor Fabio is subject to any entity-level U.S. federal, state or local income Taxes.

(r) Marvin Richards is a small business corporation as defined in Section 1361 of the Code and has had in effect for each Tax year that it has been in existence a valid election to be treated as an "S" corporation for U.S. federal income Tax purposes under Section 1362 of the Code and under each analogous or similar provision of state or local law in each jurisdiction where it is required to file a Tax Return. There has been no voluntary or involuntary termination or revocation of any such election. Marvin Richards is not subject to any entity-level U.S. federal, state or local income Taxes, except for New

Jersey, New York State and New York City corporation Taxes.

Section 4.10 Employee Benefit Plans and Employee Matters.

(a) Schedule 4.10(a) contains an accurate and complete list of each Employee Plan. No Acquired Company has made any plan or commitment to establish any new Employee Plan, to modify any Employee Plan (except to the extent required by law), or to enter into any Employee Plan.

(b) The Sellers have delivered to the Buyer (i) correct and complete copies of all documents embodying each Employee Plan, including all amendments thereto and all related trust documents, (ii) the most recent annual report (Form Series 5500 and all schedules and financial statements attached thereto), if any, required under ERISA or the Code in connection with each Employee Plan, (iii) the most recent summary plan description together with any summaries of material modifications thereto, if any, required under ERISA with respect to each Employee Plan, and (iv) the most recent IRS determination or opinion letter issued with respect to each Employee Plan that is intended to be qualified under Section 401(a) of the Code.

(c) Each Acquired Company has performed in all material respects all obligations required to be performed by it under any Employee Plan, and each Employee Plan has been maintained and administered in accordance with its terms and in compliance with all applicable laws, statutes, orders, rules and regulations, including but not limited to ERISA and the Code. Each Employee Plan intended to be qualified under Section 401(a) of the Code and is so qualified and has obtained a favorable determination or opinion letter as to its qualified status under the Code. No "prohibited transaction," within the meaning of Section 4975 of the Code or Sections 406 and 407 of ERISA, and not otherwise exempt under Section 408 of ERISA, has occurred with respect to any Employee Plan. There are no actions, suits or claims pending or, to the knowledge of the Sellers, threatened (other than routine claims for benefits) against any Employee Plan or against the assets of any Employee Plan. There are no audits, inquiries or proceedings pending or threatened by the IRS, United States Department of Labor or any other Authority with respect to any Employee Plan. The Acquired Companies have timely made all contributions and other payments required by and due under the terms of each Employee Plan. No Employee Plan is subject to Section 409A of the Code. Each Employee Plan may be unilaterally amended and/or terminated at any time by the Acquired Company or the ERISA Affiliate that sponsors such plan without damage or penalty. Neither the Acquired Companies nor any of their ERISA Affiliates maintains, contributes to or is obligated under any plan, contract, policy or arrangement providing health or death benefits (whether or not insured) to any current or former employee or other personnel (or beneficiary or dependent thereof) beyond the termination of their employment or other services.

(d) None of the Acquired Companies or their ERISA Affiliates maintain, sponsor, participate in or contribute to (or have an obligation to contribute to) any (i) Pension Plan subject to Title IV of ERISA, or (ii) "multiemployer plan" within the meaning of Section (3)(37) of ERISA. The execution of this Agreement and the consummation of the transactions contemplated hereby will not constitute an event that will result (either alone or in conjunction with any other event, such as termination of employment) in any payment (whether of severance pay or otherwise), acceleration, forgiveness of indebtedness, vesting, distribution, increase in benefits or obligation to fund benefits to or with respect to any Employee.

(e) To the knowledge of Sellers, each of the Acquired Companies and Fabio: (i) is in compliance in all material respects with all applicable federal, state and local laws, rules and regulations respecting employment, employment practices, terms and conditions of employment and wages and hours, in each case, with respect to Employees, (ii) has withheld and reported all amounts required by law or by agreement to be withheld and reported with respect to wages, salaries and other payments to Employees, (iii) is not liable for any arrears of wages or any Taxes or any penalty for failure to comply with any of the foregoing, and (iv) is not liable for any payment to any trust or other fund governed by or maintained by or on behalf of any Authority with respect to unemployment compensation benefits, social security or other benefits or obligations for Employees (other than routine payments to be made in the normal

course of business and consistent with past practice). There are no pending, or to the knowledge of the Sellers, threatened claims or actions against any Acquired Company or Fabio under any worker's compensation policy.

(f) No work stoppage or labor strike against any Acquired Company or Fabio is pending, or to the knowledge of the Sellers, threatened. Neither any Acquired Company nor Fabio knows of any activities or proceedings of any labor union to organize any Employees. There are no actions, suits, claims, labor disputes or grievances pending or, to the knowledge of the Sellers, threatened relating to any labor, safety or discrimination matters involving any Employee, including charges of unfair labor practices or discrimination complaints. None of the Acquired Companies or Fabio has engaged in any unfair labor practices within the meaning of the National Labor Relations Act. No Acquired Company or Fabio currently is a party to, or bound by, any collective bargaining agreement or union contract with respect to Employees and no collective bargaining agreement is being negotiated by any Acquired Company or Fabio.

(g) Schedule 4.10(g) contains a complete and accurate list of the following information for each employee, director or manager of each Acquired Company and Fabio, including each employee on leave of absence or layoff status: name, job title; current compensation paid or payable and any change in compensation since January 2003; vacation accrued; and service credited for purposes of vesting and eligibility to participate under the Employee Plans.

(h) No employee, director or manager of any Acquired Company and none of the Fabio Selling Members is a party to, or is otherwise bound by, any agreement or arrangement, including any confidentiality, non-competition, or proprietary rights agreement, between such employee, director or manager and any other Person ("Proprietary Rights Agreement") that in any way adversely affects or will affect (i) the performance of his duties as an employee, director or manager of any Acquired Company or Fabio, or (ii) the ability of such Acquired Company or Fabio to conduct its business, including any Proprietary Rights Agreement with Sellers or any Acquired Company or Fabio by any such employee, director or manager. To the knowledge of the Sellers, no director, officer, manager or other key employee of any Acquired Company or Fabio intends to terminate his employment with such Acquired Company or Fabio.

(i) Other than the Sellers, all employees of the Acquired Companies and Fabio are employed by the Acquired Companies or Fabio on an "at will" basis and may be terminated at any time without notice or payment of consideration or penalty by any Acquired

Company or Fabio, except as set forth in the Marvin Richards Employee Manual, a true and correct copy of which has been furnished to the Buyer.

(j) Schedule 4.10(j) sets forth all consulting arrangements between any Acquired Company or Fabio and any Person. The Acquired Companies and Fabio are in compliance in all material respects with all laws applicable to such consulting arrangements.

Section 4.11 Insurance. Schedule 4.11 is a correct and complete description, including policy numbers, of all insurance policies owned or held by the Acquired Companies and Fabio or otherwise covering the Acquired Companies and Fabio or their assets or employees, as well as any self-insurance arrangement by or affecting the Acquired Companies or Fabio, including any reserves established thereunder. Such policies are in full force and effect, are issued by insurers that are financially sound and reputable, and will continue in force and effect following the consummation of the transactions contemplated by this Agreement. No Acquired Company or Fabio is in default under any of such policies. No Acquired Company or Fabio has received any notice of non-renewal, cancellation or intent to cancel, not renew or increase premiums or deductibles with respect to such insurance policies nor, to the knowledge of Sellers, is there any basis for such action. Schedule 4.11 also contains a list of all pending claims with any insurance company (other than health, medical and dental insurance claims of employees), as well as a summary or loss experience under each policy or under any self-insurance arrangement.

Section 4.12 Contracts. (a) Schedule 4.12(a) contains a true and complete list of all currently effective:

(i) agreements pursuant to which any Person has purchased or has the right to purchase securities of any of the Acquired Companies or Fabio;

(ii) agreements under which any Person has registration rights, preemptive rights or rights of first refusal for shares or other equity interests of any of the Acquired Companies or Fabio;

(iii) share option, warrant or other agreements granting the right to purchase any securities of any Acquired Company or Fabio;

(iv) stockholders' agreements, voting trusts or other agreements affecting, pertaining to, or restricting the sale, transfer or voting of, shares or other equity interests of any Acquired Company or Fabio;

(v) agreements pertaining to material transactions involving any Acquired Company or Fabio and any stockholder, director or officer thereof, including any share purchase agreements, lease agreements, management agreements, indemnity agreements and loans to or by any such officer, stockholder or director;

(vi) employment and consulting agreements to which any Acquired Company or Fabio is a party;

(vii) collective bargaining or other labor agreements, share option, profit sharing, pension, bonus, incentive or other similar compensation, employee benefit

or retirement plan or arrangements to which any Acquired Company or Fabio is a party or is obligated under;

(viii) loan agreements, security agreements, line of credit agreements, indentures, mortgages or other debt instruments or arrangements (including, without limitation, any guarantees or obligations of other Persons) in an amount or value greater than $10,000 to which any Acquired Company or Fabio is a party;

(ix) agreements involving the pledge, hypothecation or giving of any security interest in any assets or property or equipment leases of any Acquired Company or Fabio;

(x) leases and related agreements pertaining to real property, equipment or other property, products or services of any Acquired Company or Fabio;

(xi) marketing, sales or distribution agreements relating to the provision or acquisition of products or services to which any Acquired Company or Fabio is a party;

(xii) service contracts, research contracts, product development contracts and consulting agreements in connection with the development of any products or services of any Acquired Company or Fabio;

(xiii) franchise, joint venture, partnership, operating or limited liability company agreements to which any Acquired Company or Fabio is a party;

(xiv) agreements of any Acquired Company or Fabio for mergers, consolidations, reorganizations or the purchase or sale of material assets;

(xv) trade secret, confidentiality agreements or non-competition agreements to which any Acquired Company or Fabio is a party;

(xvi) license agreements, assignments and royalty agreements to which any Acquired Company or Fabio is a party, including, without limitation, any such agreements relating to apparel, products, know-how, patents, trademarks, trade names and copyrights;

(xvii) contracts or arrangements (other than the Organizational Documents) under which any director or officer of any Acquired Company or Fabio is insured or indemnified in any manner against liability which he may incur in his capacity as such;

(xviii) agreements with finders, brokers or underwriters;

(xix) others contracts that involve the performance of services or the delivery of goods or materials by or to the Acquired Companies or Fabio in an amount or value greater than $25,000; and

(xx) all material contracts as defined in Item 601(b)(10) of Regulation S-K of the SEC, and not otherwise covered above.

The contracts, leases, agreements and commitments set forth on Schedule 4.12(a) (other than those included in the open order report) are referred to herein as the "Material Contracts."

(b) Each Material Contract is valid, binding and enforceable against the Acquired Company that is a party thereto or Fabio and in full force and effect with respect to such Acquired Company or Fabio, and to the knowledge of the Sellers is valid, binding, and enforceable against and in full force and effect with respect to each other party thereto, in either case except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. To the knowledge of the Sellers, except as set forth in Schedule 4.12(b), each Material Contract will continue to be valid, binding and enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing, except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. Fabio or the Acquired Company that is a party to each Material Contract has performed in all material respects all the obligations required to be performed by it and is entitled to all benefits thereunder. Except as disclosed in Schedule 4.12(b), neither Fabio nor the Acquired Company that is a party to any Material Contract, nor, to the knowledge of the Sellers, any other party thereto, is in breach or default in any material respect and no event has occurred which with notice or lapse of time would constitute a breach or default in any material respect by the Acquired Company or Fabio that is a party to such Material Contract or, to the knowledge of the Sellers, by any such other party, or permit termination, modification or acceleration, under such Material Contract.

Section 4.13 Litigation. Except as set forth in Schedule 4.13, (i) there are no actions, suits, proceedings or investigations of any nature at law or in equity, pending or, to the best of Sellers' knowledge, threatened against or relating to any Acquired Company or Fabio before any Authority; (ii) no unsatisfied judgment, award, order or decree has been rendered against any Acquired Company or Fabio by any Authority; and (iii) no Authority has indicated in any writing received by any Acquired Company or Fabio an intention to conduct any audit, investigation or other review with respect to any Acquired Company or Fabio.

Section 4.14 Suppliers; Customers and Licensors.

(a) Schedule 4.14(a) sets forth, for the years ended December 31, 2003 and 2004 and for the five months ended May 31, 2005, the names of (i) the top 20 customers, as determined by revenue, of the Acquired Companies and Fabio and the amount of revenues generated by each such customer in each such period and (ii) each supplier that accounted for more than $100,000 of the operating expenses of the Acquired Companies and Fabio during any such period.

(b) Except as set forth in Schedule 4.14(b), to the knowledge of the Sellers, the Acquired Companies and Fabio have good relations with all their customers, suppliers,

licensors and others having a business relationship with them and each Person expected to be a customer, supplier or licensor. No customer or supplier identified on Schedule 4.14(a) has canceled or otherwise terminated, or threatened to cancel or terminate, its relationship with any Acquired Company or Fabio, or decreased or limited materially, or threatened to decrease or limit materially, its business done with any Acquired Company or Fabio, and no Seller has any reason to believe that any such customer or supplier would not continue its business relationship with the Buyer following the Closing on substantially the same terms as such customer or supplier has heretofore done business with

the applicable Acquired Company or Fabio. Schedule 4.14(b) sets forth all existing disputes between any Acquired Company or Fabio and any customer where the customer alleges it received defective goods or is entitled to any chargebacks or markdowns against Acquired Company or Fabio invoices.

Section 4.15 Inventories. Except as set forth on Schedule 2.5(a) and 2.5(b) hereto, the inventory of the Acquired Companies and Fabio does not include any items below standard quality, damaged or spoiled, obsolete or of a quality or quantity not usable or saleable in the normal course of the business and operations of the Acquired Companies or Fabio. All inventory of the Acquired Companies and Fabio that consists of items that are below standard quality, damaged or spoiled, obsolete or of a quality or quantity not usable or saleable in the normal course of the business and operations of the Acquired Companies and Fabio has been written off or written down to net realizable value in the Financial Statements (as hereinafter defined) and such Schedules, and the Buyer and Sellers have agreed as to the correctness of such values.

Section 4.16 Relationships with Related Persons. No Seller, Affiliate of any Seller, or, to the knowledge of the Sellers, any relative or spouse of any Seller, (a) owns, directly or indirectly, any interest in (other than the record or beneficial ownership of less than (i) $400,000 or (ii) one percent (1%) of the shares of any Person whose shares or interests are publicly traded on a national securities exchange, the Nasdaq Stock Market or the OTC Bulletin Board), or is an officer, director, employee or consultant of, any Person which is, or is engaged in business as, a competitor, lessor, lessee, supplier, distributor, subcontractor, customer or client of any Acquired Company or Fabio, (b) owns, directly or indirectly, in whole or in part, any interest in any property (whether real, personal, or mixed and whether tangible or intangible), used in or pertaining to the business of any Acquired Company or Fabio, or (c) has or may acquire rights under, or has or may become subject to any obligation under, any agreement that relates to the business of, or any of the assets owned or used by, any Acquired Company or Fabio.

Section 4.17 Certain Payments. No Acquired Company or Fabio nor any director, officer, agent, or employee of any Acquired Company or Fabio, or, to the knowledge of the Sellers, any other Person associated with our acting for or on behalf of any Acquired Company or Fabio, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kickback, or other payment to any Person, private or public, regardless of form, whether in money, property, or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured or (iii) to obtain special concessions or for special concessions already obtained, for or in respect of any Acquired Company or Fabio or any Affiliate of any Acquired Company or Fabio, in violation of any legal requirement, or (b) established or maintained any fund or asset of any Acquired Company or Fabio that has not been recorded in the books and records of such Acquired Company or Fabio.

Section 4.18 Proprietary Rights. Schedule 4.18 describes all franchises, trademarks, trade names, service marks, copyrights, licenses, privileges and other proprietary rights held by the Acquired Companies and Fabio (collectively, the "Proprietary Rights"). Except as set forth in Schedule 4.18, all of the Proprietary Rights are owned by an Acquired Company or Fabio or licensed for its use and are valid and in good standing, free and clear of all Liens or other encumbrances whatsoever. The Acquired Companies and Fabio have taken all necessary action to protect such Proprietary Rights. No other trademarks, trade names, service marks, copyrights, licenses, privileges and other proprietary rights are necessary for the conduct of the business or operations of the Acquired Companies and Fabio. To the knowledge of the Sellers, the operations and business conducted by the Acquired Companies and Fabio do not infringe upon or conflict with any patent, trademark, trade name, service mark, copyright, license or other proprietary right of any third party. No Acquired Company or Fabio has received any notice of infringement upon or conflict with the asserted rights of others.

Section 4.19 Financial Statements. Sellers have delivered to the Buyer complete and correct copies of the following: (a) audited financial statements of the Acquired Companies, including balance sheets and statements of income, retained earnings and cash flows as of, and for the years ended, December 31, 2002, 2003 and 2004, (b) unaudited financial statements of the Acquired Companies, including balance sheets and statements of income for the five month period ended May 31, 2005 and (c) unaudited financial statements of the Acquired Companies, including balance sheets and statements of income, for each of the

four quarters in 2004 (collectively, the "Financial Statements"). Each of the Financial Statements is true, complete and correct in all material respects, and fairly presents the results of operations, financial condition, assets, liabilities and cash flows of the Acquired Companies for the periods specified. The Financial Statements have been prepared in accordance with GAAP, except as may be expressly stated in the related notes thereto. The unaudited Financial Statements reflect all adjustments, consisting of normally recurring adjustments, necessary to present fairly the financial condition of the Acquired Companies at May 31, 2005, December 31, 2004, September 30, 2004, June 30, 2004 and March 31, 2004, and the results of operations for each of the three month periods then ended (or five month period then ended, in the case of the unaudited Financial Statements at May 31, 2005). All material liabilities and obligations, whether accrued, absolute, contingent, direct or indirect, perfected, inchoate, unliquidated or otherwise and whether due or to become due have been disclosed in the Financial Statements or in the notes thereto or in one or more Schedules to this Agreement. Except as noted in the Financial Statements, the statements of income included in the Financial Statements do not contain any material items of special or non-recurring income or other income not earned in the ordinary course of business.

Section 4.20 Absence of Certain Changes.

(a) Except as set forth on Schedule 4.20(a), since December 31, 2004 (the "Balance Sheet Date"), each Acquired Company and Fabio has conducted its businesses in the ordinary course of business consistent with past practice, and has not:

(i) except as described in the May 31, 2005 Financial Statements, suffered any change, event or condition that, individually or in the aggregate, has had or

could reasonably be expected to have a Material Adverse Effect upon such Acquired Company or Fabio;

(ii) incurred damage or destruction or loss of any asset or property, whether or not covered by insurance, in an amount in excess, individually or in the aggregate, of $25,000;

(iii) changed its authorized or issued capital stock or the terms of its membership interests;

(iv) granted any stock option or right to purchase shares of capital stock or membership interests;

(v) granted any phantom or similar rights which give any Person any interest in any portion of revenue or earnings;

(vi) issued any security convertible into capital stock or membership interests;

(vii) declared or paid any dividend or other distribution in respect of shares of capital stock or membership interests, except for a distribution to the Sellers of approximately $2,000,000 in January 2005;

(viii) entered into any transaction, contract or commitment individually involving payments in excess of $25,000 (other than this Agreement or as disclosed in Schedule 4.12(a));

(ix) except in the ordinary course of business consistent with past practice, including as to quantity and frequency, incurred or paid any liability or obligation, incurred any indebtedness for borrowed money or assumed, guaranteed, endorsed or otherwise become responsible for the obligations of any other Person;

(x) entered into or amended any employment, consulting or other agreement with, increased any compensation payable to, awarded any bonus to, made any loan to, paid any expense or contribution on behalf of, given any gift to, or otherwise conferred any benefit (directly or indirectly) upon, any of its officers, employees, shareholders, managers, members or consultants, except for salary increases and bonuses to employees disclosed in Schedule 4.10(g);

(xi) made any capital expenditures in excess of $25,000 other than those made the ordinary course of business, consistent with past practice;

(xii) sold, transferred, leased, assigned or otherwise disposed of any asset or properties, except in the ordinary course of business, consistent with past practice;

(xiii) made any Tax election or settled or compromised any federal, state, local or other Tax liability either not in accordance with past practice, or which has

had or could reasonably be expected to have a Material Adverse Effect upon such Acquired Company or Fabio;

(xiv) taken any action that was intended or may reasonably be expected to result in any of the representations and warranties set forth in Article IV of this Agreement being or becoming untrue;

(xv) made a material change in the methods of accounting in effect at the Balance Sheet Date, except as required by GAAP;

(xvi) except in the ordinary course of business consistent with past practice, created, renewed, amended or terminated or given notice of a proposed renewal, amendment of termination of, any material contract, agreement or lease for goods or services to which such Acquired Company or Fabio is a party; or

(xvii) agreed to do any of the foregoing.

Section 4.21 No Undisclosed Liabilities. No Acquired Company or Fabio has any material obligations or liabilities (whether pursuant to contracts or otherwise) of any nature (accrued, absolute, contingent, direct or indirect, perfected, inchoate, unliquidated or otherwise) other than (i) those set forth or adequately provided for in the balance sheets of the Acquired Companies or Fabio as of the Balance Sheet Date (the "Balance Sheets"), (ii) those incurred in the ordinary course of business and not required to be set forth in the Balance Sheets under GAAP, and (iii) those incurred in the ordinary course of business since the Balance Sheet Date and consistent with past practice.

Section 4.22 Accounts Receivable; Accounts Payable; Orders-in-Process.

(a) The Sellers have provided the Buyer with an accurate and complete breakdown and aging of all accounts receivable and other receivables of the Acquired Companies and Fabio as of the Balance Sheet Date and as of May 31, 2005. All accounts receivable of the Acquired Companies and Fabio are reflected on the Financial Statements or on the accounting records of the Acquired Companies and Fabio as of the date hereof (collectively, the "Accounts Receivable") and (i) have arisen only from bona fide transactions in the ordinary course of business consistent with past practice, (ii) to the knowledge of the Sellers, represent valid obligations and (iii) are owned by an Acquired Company or Fabio free of all Liens or other encumbrances whatsoever, except pursuant to Marvin Richards' secured financing facility disclosed on Schedule 4.12(a). The respective reserves, if any, shown on the Financial Statements or on the accounting records of the Acquired Companies and Fabio as of the date hereof are adequate and calculated consistent with past practice. Except as set forth in Schedule 4.22(a), no Seller has received any notice of any contest, claim, or right of set-off, other than returns in the ordinary course of business, under any agreement with any obligor of an Accounts Receivable relating to the amount or validity of such Accounts Receivable.

(b) All accounts payable of the Acquired Companies and Fabio reflected on the Balance Sheets arose, and all accounts payable of the Acquired Companies and Fabio arising after the dates thereof have arisen, from bona fide transactions.

(c) Schedule 4.22(c) lists all purchase and sales orders in process on the Closing Date to the extent merchandise thereunder has not been shipped to customers of the Acquired Companies and Fabio and which are not, therefore,

accounts receivable (each, an "Order-in-Process"). To the knowledge of the Sellers, each Order-in-Process is valid, binding and enforceable against the Acquired Company that is a party thereto or Fabio, as the case may be, and in full force and effect with respect to such Acquired Company or Fabio, and, to the knowledge of the Sellers, is valid, binding, and enforceable against and in full force and effect with respect to each other party thereto, in either case except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles. Provided that the financial condition and reputation of the Buyer is satisfactory to the other parties thereto, each Order-in-Process will continue to be valid, binding and enforceable and in full force and effect immediately following the Closing in accordance with the terms thereof as in effect prior to the Closing, except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles and except as the Division may elect to compromise or adjust the Orders-in-Process after the Closing in accordance with past practice and the business judgment of its management.

Section 4.23 Title to and Condition of Property.

(a) The Acquired Companies and Fabio have good and marketable title to all of their properties, interests in properties and assets, real and personal, or with respect to leased properties and assets, valid leasehold or subleasehold interests therein, free and clear of all Liens, except for the following: (i) the Lien of current Taxes not yet due and payable or for Taxes which are being contested in good faith and by appropriate proceedings and which are reserved against in accordance with GAAP, (ii) such imperfections of title, Liens and easements, restrictive covenants and rights of way as do not and will not materially detract from or interfere with the use of the properties subject thereto or affected thereby, or otherwise materially impair business operations involving such properties, (iii) mechanics', materialmens', carriers', workmens', warehousemens', repairmens', landlords' or other like Liens securing obligations that are not yet delinquent, (iv) purchase money Liens securing the purchase price of the related personal property, and (v) platting, subdivision, zoning, building and other similar legal requirements which are not violated by the building, structures and other improvements located on any real property, whether or not of record ("Permitted Liens"). The property and equipment of the Acquired Companies or Fabio that are used in the operation of their respective businesses are in good operating condition and repair, subject to normal wear and tear, are adequate and suitable in all material respects for the uses to which they are being put and the operation of such businesses. All properties used in the operations of the Acquired Companies or Fabio are reflected in the Financial Statements, to the extent GAAP requires the same to be reflected.

(b) Schedule 4.23(b) identifies all real property owned, leased or subleased by each Acquired Company and Fabio (the "Real Property"). The Real Property is all of the real property necessary for the conduct of the businesses of the Acquired Companies and Fabio as presently conducted and all operations necessary for the conduct of the businesses of the Acquired Companies and Fabio as presently conducted are located on the Real Property. No title, lease or subleases with respect to such Real Property is subject to any Lien, except

Permitted Liens. Each Acquired Company's and Fabio's occupation, possession and use of the Real Property has not been disturbed and no claim has been asserted or threatened adverse to the rights of any Acquired Company or Fabio to the continued occupation, possession and use of any of the Real Property.

Section 4.24 Brokers or Finders. Except as set forth in Schedule 4.24, neither of the Acquired Companies or Fabio has incurred, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement, the Other Transaction Documents or any transaction contemplated hereby or thereby. The Sellers shall, jointly and severally, indemnify and hold the Buyer and G-III harmless with respect to any claim by any broker, agent, or finder claiming to have acted on behalf of any Acquired Company or Fabio respecting the subject matter hereof.

Section 4.25 Projections. The Sellers have provided the Buyer with projections for the Acquired Companies and Fabio through December 31, 2005 which are attached hereto as Schedule 4.25 (the "Projections"). The Projections were prepared in good faith and are based upon assumptions and estimates that the

Sellers believed to be reasonable at the time of preparation; it being understood by the Buyer that projections such as the Projections are inherently subject to risks, uncertainties and other factors that may cause actual results to differ from those stated in such Projections.

Section 4.26 No Misleading Statements. No information furnished by or on behalf of any Seller to the Buyer concerning any Acquired Company contains any untrue statement of a material fact or omits to state a material fact necessary to make such statement, in the light of the circumstances under which it was made, not misleading. All written information, in whatever form, furnished by any Seller concerning any Acquired Company to the Buyer was true and correct in all material respects as of the date so furnished and, except as the accuracy thereof is affected by the passage of time, remains true and correct in all material respects as of the date hereof.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF AND CONCERNING THE SELLERS

Each Seller, severally and not jointly, represents and warrants to the Buyer and G-III as follows:

Section 5.1 Binding Obligations. This Agreement and the Other Transaction Documents to which such Seller is a party have been duly executed and delivered by such Seller and constitute valid and binding agreements of such Seller, enforceable in accordance with their respective terms, except as their enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles, and except to the extent that rights to indemnification or contribution may be prohibited by public policy or Federal securities laws.

Section 5.2 Purchased Shares or Purchased Interests. Subject to the waiver of any rights of first refusal by the holders thereof, which waivers have been obtained, such Seller has

full right, power and authority to sell, transfer, assign and deliver the Purchased Shares or Purchased Interests being sold by him hereunder. Such Seller is the sole registered and beneficial owner of the Purchased Shares or Purchased Interests being sold by him hereunder and has good and valid title to such Purchased Shares or Purchased Interests, free and clear of all Liens, rights or claims of others and other encumbrances (other than restrictions on transfer imposed by the Securities Act or state securities laws). Such Seller is not a party to any voting trust agreement or other contract, agreement, arrangement, commitment, plan or understanding restricting or otherwise relating to voting, dividend or other rights with respect to the Purchased Shares or Purchased Interests (other than, in the case of the Purchased Interests, the operating agreement of CK or Fabio).

Section 5.3 No Contravention. The execution, delivery and performance of this Agreement and the Other Transaction Documents to which such Seller is a party, the consummation of the transactions contemplated hereby and thereby and the compliance with the provisions hereof and thereof by such Seller do not (a) conflict with, result in the breach of, or constitute a default under, or require any authorization, consent, approval, exemption or other action by or notice to any third party or Authority, under the provisions of any agreement or other instrument to which such Seller is a party or by which the property of such Seller is bound or affected or (b) violate any laws, regulations, orders or judgments applicable to such Seller.

Section 5.4 No Claims. Such Seller has no claims against any Acquired Company or Fabio, for whatever reason, either as a shareholder, director, officer, member, manager or otherwise, other than claims relating to employment benefits and reimbursement of expenses provided in the ordinary course of business and, after the Closing, the Acquired Companies, Fabio and the Buyer shall have no further obligation to such Seller except to the extent expressly provided in this Agreement.

Section 5.5 Securities Act Matters.

(a) Such Seller acknowledges that his representations and warranties contained herein are being relied upon by G-III and Buyer as a basis for the

exemption of the issuance of G-III Shares hereunder from the registration requirements of the Securities Act and any applicable state securities laws.

(b) Such Seller understands that (i) G-III Shares are not registered under the Securities Act or any state securities laws by reason of their issuance in a transaction exempt from the registration requirements of the Securities Act and applicable state securities laws and (ii) G-III Shares must be held indefinitely unless a subsequent disposition thereof is registered under the Securities Act and applicable state securities laws or is exempt from such registration.

(c) Such Seller is acquiring the G-III Shares for his own account and not with a view to, or for sale in connection with, directly or indirectly, any distribution thereof that would require registration under the Securities Act or applicable state securities laws or would otherwise violate the Securities Act or such state securities laws.

(d) Such Seller has relied upon independent investigations made by him or his representatives and is fully familiar with the business, results of operations, financial condition,

prospects and other affairs of G-III and realizes that G-III Shares are a speculative investment involving a high degree of risk for which there is no assurance of any return.

(e) Such Seller has such knowledge and experience in financial and business affairs, including investing in companies similar to G-III, and is capable of determining the information necessary to make an informed investment decision, of requesting such information from G-III, and of utilizing the information that it has received from G-III to evaluate the merits and risks of his or investment in the G-III Shares and is able to bear the economic risk of his investment in the G-III Shares, and understands that he must do so for an indefinite period of time.

(f) Such Seller and his attorneys, accountants, investment and financial advisors, if any, have been provided access to such information about G-III as he or his advisors, if any, have requested.

(g) Such Seller is an "accredited investor" as defined in Regulation D under the Securities Act.

(h) Such Seller understands that, until the G-III Shares are registered pursuant to Section 7.2 or until a sale pursuant to the provisions of Rule 144 under the Securities Act, the G-III Shares will bear the following legend (or a substantially similar legend):

> "THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF WITHOUT SUCH REGISTRATION OR THE DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL, REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH DISPOSITION WILL NOT REQUIRE REGISTRATION OF SUCH SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED."

Section 5.6 Brokers or Finders. Except as set forth on Schedule 4.24, such Seller has not incurred, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement, the Other Transaction Documents or any transaction contemplated hereby or thereby. Such Seller shall indemnify and hold the Buyer and G-III harmless with respect to any claim by any broker, agent, or finder claiming to have acted on behalf of such Seller respecting the subject matter hereof.

Section 5.7 No Misleading Statements. No information furnished by or on behalf of such Seller to the Buyer concerning such Seller contains any untrue statement of a material fact or omits to state a material fact necessary to make such statement, in the light of the circumstances under which it was made, not misleading. All written information, in whatever form, furnished by such Seller to the Buyer concerning such Seller was true and correct in all material respects as of the date so furnished and, except as the accuracy thereof is affected by the passage of time, remains true and correct in all material respects as of the date hereof.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES OF THE BUYER AND G-III

The Buyer and G-III represent and warrant to the Sellers as follows:

Section 6.1 Organization and Standing. The Buyer is a corporation duly incorporated, validly existing and in good standing under the laws of the State of New York, with full corporate right, power and authority to enter into and perform and do all things contemplated under this Agreement and the Other Transaction Documents to which it is a party necessary to give effect to the provisions of this Agreement and such Other Transaction Documents. G-III is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware, with full corporate right, power and authority to enter into and perform and do all things contemplated under this Agreement and the Other Transaction Documents to which it is a party necessary to give effect to the provisions of this Agreement and such Other Transaction Documents.

Section 6.2 Authorization and Binding Obligations. The execution, delivery and performance by the Buyer and G-III of this Agreement and the Other Transaction Documents to which either the Buyer or G-III is a party have been duly and validly authorized by all necessary corporate action, including approval of the entire transaction by the requisite vote of the board of directors of the Buyer or G-III. This Agreement and the Other Transaction Documents to which the Buyer or G-III is a party have been duly executed and delivered by the Buyer or G-III, as the case may be, and constitute valid and binding agreements of the Buyer or G-III, enforceable in accordance with their respective terms, except as their enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles, and except to the extent that rights to indemnification or contribution may be prohibited by public policy or Federal securities laws.

Section 6.3 No Contravention. The execution, delivery and performance of this Agreement and the Other Transaction Documents to which the Buyer or G-III is a party, the consummation of the transactions contemplated hereby and thereby and the compliance with the provisions hereof and thereof by the Buyer or G-III do not (a) violate any provision of the certificate of incorporation or bylaws of the Buyer or G-III, (b) conflict with, result in the breach of, or constitute a default under, or require any authorization, consent, approval, exemption or other action by or notice to any third party or Authority, under the provisions of any agreement or other instrument to which the Buyer or G-III is a party or by which the property of the Buyer is bound or affected that has not been obtained, or (c) violate any laws, regulations, orders or judgments applicable to the Buyer or G-III.

Section 6.4 Issuance of the G-III Shares. Upon issuance hereunder, the G-III Shares shall be validly issued, fully paid and non-assessable and shall be free and clear of any Liens, except that the Unvested G-III Shares shall be subject to the vesting schedule and conditions set forth in Section 7.1. Promptly after the issuance of the G-III Shares, G-III will file all reports, schedules, forms, statements and other documents required to be filed by it with the SEC or any self-regulatory organization under the Securities Act or the Exchange Act with respect to the issuance of the G-III Shares.

Section 6.5 SEC Filings. The Common Stock is registered pursuant to Section 12(g) of the Exchange Act, and G-III has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act, including material filed pursuant to Section 13(a) or 15(d) thereof. G-III has delivered or made available to the Sellers true and complete copies of the following documents (the "SEC Documents") filed with the SEC:

(a) G-III's Annual Report on Form 10-K for the fiscal year ended January 31, 2005;

(b) G-III's Quarterly Report on Form 10-Q for the quarterly period ended April 31, 2005; and

(c) G-III's proxy statement and proxy statement supplement in

connection with its Annual Meeting of Stockholders held on June 9, 2005.

As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder and other federal, state and local laws, rules and regulations applicable to such SEC Documents, and none of the SEC Documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The SEC Documents contain all material information concerning G-III, and no event or circumstance has occurred, other than the execution of this Agreement and other transactions occurring on the date hereof, which would require G-III to disclose such event or circumstance in order to make the statements in the SEC Documents not misleading on the date hereof but which has not been so disclosed.

Section 6.6 Securities Act Matters. The Buyer is an "accredited investor" as defined in Regulation D under the Securities Act and is not acquiring the Purchased Shares or the Purchased Interests with a view to or in connection with any distribution thereof in violation of the Securities Act or applicable state securities laws.

Section 6.7 Brokers or Finders. Neither Buyer nor G-III has incurred, directly or indirectly, any liability for brokerage or finders' fees or agents' commissions or any similar charges in connection with this Agreement, the Other Transaction Documents or any transaction contemplated hereby or thereby. The Buyer and G-III shall indemnify and hold the Sellers harmless with respect to any claim by any broker, agent, or finder claiming to have acted on behalf of the Buyer or G-III respecting the subject matter hereof.

Section 6.8 No Misleading Statements. No information furnished by or on behalf of the Buyer to any Seller contains any untrue statement of a material fact or omits to state a material fact necessary to make such statement, in the light of the circumstances under which it was made, not misleading. All written information, in whatever form, furnished by the Buyer to the Sellers was true and correct as of the date so furnished and, except as the accuracy thereof is affected by the passage of time, remains true and correct in all material respects as of the date hereof.

ARTICLE VII
ADDITIONAL AGREEMENTS

Section 7.1 Vesting Schedule and Conditions.

(a) All of the Unvested G-III Shares shall be subject to an option as to the Unvested G-III Shares (the "Purchase Option") set forth in this Section 7.1. From and after the date that any vesting condition described in Section 7.1(b) is no longer capable of being satisfied, G-III shall have the right to exercise the Purchase Option, which consists of the right to purchase from the Sellers, at the purchase price of $0.01 per share (the "Option Price"), up to but not exceeding the number of Unvested G-III Shares specified in the applicable subsection of Section 7.1(b).

(b) (i) 50,000 of the Unvested G-III Shares shall vest and cease to be subject to the Purchase Option if, at any time between the Closing Date and January 31, 2009, the Closing Price is $20.00 or greater.

(i) 25,000 of the Unvested G-III Shares shall vest and cease to be subject to the Purchase Option if, at any time between the Closing Date and January 31, 2007, the Closing Price is $10.00 or greater.

(ii) 25,000 of the Unvested G-III Shares shall vest and cease to be subject to the Purchase Option if, at any time between February 1, 2006 and January 31, 2008, the Closing Price is $11.00 or greater.

(iii) 25,000 of the Unvested G-III Shares shall vest and cease to be subject to the Purchase Option if, at any time between February 1, 2007 and January 31, 2008, the Closing Price is $12.00 or greater.

(iv) 25,000 of the Unvested G-III Shares shall vest and cease to be subject to the Purchase Option if, at any time between February 1, 2008 and January 31, 2009, the Closing Price is $13.00 or greater.

(v) Notwithstanding the limitations set forth in Sections 7.1(b)(i) through 7.1(b)(v) above, all of the Unvested G-III Shares shall vest and cease to be subject to the Purchase Option if, at any time between the Closing Date and January 31, 2007, the Closing Price is $20.00 or greater.

(c) The Purchase Option shall be exercised by written notice signed by an officer of G-III and given as provided in Section 9.1 below. The Option Price shall be payable by G-III in cash or by check.

(d) If from time to time from the Closing Date until such date on which Purchase Option is no longer exercisable as to any of the Unvested G-III Shares there is any stock dividend or liquidating dividend of cash and/or property, stock split or other change in the character or amount of any of the outstanding securities of G-III, then, in such event, any and all new, substituted or additional securities or other property to which the Sellers are entitled by reason of their ownership of the Unvested G-III Shares shall be immediately subject to the

Purchase Option, be included in the word "Unvested G-III Shares" for all purposes of the Purchase Option with the same force and effect as Unvested G-III Shares subject to the Purchase Option under the terms of this Section 7.1 and automatically be deposited with the Escrow Agent (as hereinafter defined) to be held as security in accordance with Section 7.1(g). The numbers of Unvested G-III Shares and the target Closing Prices set forth in Section 7.1(b) shall be appropriately adjusted by G-III upon the occurrence of any such event.

(e) All certificates representing any Unvested G-III Shares subject to the Purchase Option shall have endorsed thereon the following legend (in addition to the legend set forth in Section 5.5(h)):

"ANY DISPOSITION OF ANY INTEREST IN THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO RESTRICTIONS, AND THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A PURCHASE OPTION, CONTAINED IN A CERTAIN AGREEMENT BY AND BETWEEN THE RECORD HOLDER HEREOF AND THE CORPORATION, A COPY OF WHICH WILL BE MAILED TO ANY HOLDER OF THIS CERTIFICATE WITHOUT CHARGE WITHIN FIVE (5) DAYS OF RECEIPT BY THE CORPORATION OF A WRITTEN REQUEST THEREFOR."

(f) No Seller shall sell or transfer any Unvested G-III Shares then subject to the Purchase Option. Any attempted transfer in violation of the terms of this Agreement shall be ineffective to vest in any transferee any interest held by such Seller, and any purported transfer in violation hereof shall be ineffective as against G-III. G-III shall not be required (i) to transfer on its books or the books of its transfer agent any Unvested G-III Shares which shall have been sold or transferred in violation of any of the provisions set forth in this Agreement or (ii) to treat as owner of such Unvested G-III Shares or to accord the right to vote as such owner or to pay dividends to any transferee to whom such Unvested G-III Shares shall have been so transferred.

(g) As security for the faithful performance of the terms of this Section 7.1, and to insure that the Unvested G-III Shares subject to the Purchase Option will be available for delivery upon exercise of the Purchase Option as herein provided, each Seller agrees to deliver to and deposit with the Secretary of G-III, as escrow agent (the "Escrow Agent"), the certificate(s) representing the Unvested G-III Shares, together with an Assignment, which shall be in the form attached hereto as Exhibit H and which shall be duly endorsed with the date and number of Unvested G-III Shares left blank. The certificate(s) representing the Unvested G-III Shares and all such assignments will be held by the Escrow Agent until the Unvested G-III Shares no longer remain subject to the Purchase Option. In the event that any of the vesting conditions set forth in Section 7.1(b) is satisfied such that a portion of the Unvested G-III Shares in no longer subject to the Purchase Option, G-III shall promptly furnish to the Sellers certificates representing the Unvested G-III Shares no longer subject to the Purchase Option, and shall promptly furnish to the Escrow Agent certificates representing the remainder of the Unvested G-III Shares.

Section 7.2 Registration of the Registrable G-III Shares. (a) G-III shall:

(i) as promptly as practicable after the Closing (and in no event more than 60 days), prepare and file with the SEC a registration statement on Form S-3 or other appropriate form (the "Registration Statement") relating to the resale of the Registrable G-III Shares by the Sellers;

(ii) use its reasonable efforts, subject to receipt of necessary information from the Sellers, to cause the SEC to declare the Registration Statement effective as promptly as practicable after the Registration Statement is filed by G-III;

(iii) promptly prepare and file with the SEC (and provide notice to the Sellers of any such filing) such amendments and supplements to the Registration Statement and the prospectus used in connection therewith as may be necessary to keep the Registration Statement effective until the earlier of (A) the date all of the Registrable G-III Shares covered by the Registration Statement have been sold by the Sellers, or (B) the date that is the first anniversary of the Closing Date;

(iv) furnish to each Seller such number of copies of prospectuses as such Seller may reasonably request in order to facilitate the public sale or other disposition by such Seller pursuant to the Registration Statement of all or any of the Registrable G-III Shares owned by such Seller;

(v) notify each holder of Registrable G-III Shares covered by such Registration Statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing. G-III will use reasonable efforts to amend or supplement such prospectus in order to cause such prospectus not to include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; provided, however, that G-III, in good faith, may delay the filing of any such amendment or supplement for a reasonable period of time in order to permit G-III (A) to effect disclosure or disposition or consummation of any transaction requiring confidential treatment which is being actively pursued at such time and which would require disclosure in the Registration Statement or (B) to negotiate, effect or complete any transaction which G-III reasonably believes might be jeopardized, delayed or made more costly to G-III by disclosure in the Registration Statement; and

(vi) bear all expenses in connection with the procedures set forth in this Section 7.2(a) and the registration of the Registrable G-III Shares pursuant to the Registration Statement, other than fees and expenses, if any, of counsel and other advisers to the Sellers or underwriting discounts, brokerage fees and commissions incurred by the Sellers, if any.

(b) (i) Notwithstanding the generality of the foregoing clauses, each Seller agrees that upon notice from G-III at any time or from time to time during the time the

prospectus relating to the Registrable G-III Shares covered by the Registration Statement and proposed to be sold by such Seller is required to be delivered under the Securities Act of the happening of any event as a result of which, in G-III's opinion after consultation with its counsel, the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, such Seller will forthwith discontinue such Seller's disposition of such Registrable G-III Shares pursuant to the Registration Statement until the time of such Seller's receipt of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchaser of such Registrable G-III Shares, such prospectus shall not include, in G-III's opinion after consultation with its counsel, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in

light of the circumstances then existing.

(i) Each Seller shall furnish G-III such information regarding such Seller and the distribution of the Registrable G-III Shares covered by the Registration Statement as G-III may from time to time reasonably request in writing.

(ii) Each Seller agrees to give at least five (5) Business Days' prior written notice to G-III of any proposed sale of the Registrable G-III Shares covered by the Registration Statement pursuant to the Registration Statement and not to make such sale (A) unless such five (5) Business Days elapse without response from G-III, or (B) in the event G-III sends such Seller written notice stating that an amendment to the Registration Statement or supplement to the prospectus must be filed in accordance with the second sentence of Section 7.2(a)(v), until G-III notifies the Sellers that the Registration Statement has been amended or the prospectus supplemented as required; provided, however, that G-III agrees to file such amendment or supplement promptly upon the resolution of the disclosure issue necessitating such delay.

(c) G-III will use reasonable efforts to cause the Registrable G-III Shares covered by and to be sold pursuant to the Registration Statement to be eligible for quotation on the Nasdaq Stock Market or listed on any national securities exchange on which shares of Common Stock are then quoted or listed.

(d) (i) From and after the first anniversary of the Closing Date and continuing until January 31, 2010 or such earlier date upon which all of the Unvested G-III Shares shall either have vested and ceased to be subject to the Purchase Option and been resold pursuant to the Registration Statement, another effective registration statement of G-III under the Securities Act or Rule 144 under the Securities Act, or been repurchased by G-III by its exercise of the Purchase Option or otherwise, if G-III proposes to register (including for this purpose a registration effected by G-III for stockholders other than the Sellers) any of its stock or other securities under the Securities Act in connection with a public offering of such securities (other than a registration relating solely to the sale of securities to participants in a stock or option plan or arrangement of G-III or a registration relating to a corporate reorganization or other transaction under Rule 145 under the Securities Act), G-III shall, at such time, promptly give each Seller then holding Unvested G-III Shares that have vested and ceased to be subject to the Purchase Option (such shares, the "New Registrable G-III Shares", and such Sellers, the

"Applicable Sellers") written notice of such registration. Upon the written request of any of such Applicable Sellers given within 20 days after the mailing of such notice by G-III, G-III shall, subject to the provisions of Section 7.2(d)(ii), cause to be registered under the Securities Act all of the New Registrable G-III Shares held by such Applicable Seller that such Applicable Seller has requested to be registered.

(i) In connection with any offering involving an underwriting of shares of G-III's capital stock, G-III shall not be required under this Section 7.2(d) to include any Applicable Seller's New Registrable G-III Shares in such underwriting unless such Applicable Seller accepts the terms of the underwriting as agreed upon between G-III and the underwriters selected by G-III (or by other Persons entitled to select the underwriters) and enter into an underwriting agreement in customary form with such underwriters, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by G-III. If the total amount of New Registrable G-III Shares requested by the Applicable Sellers to be included in such offering exceeds the amount of securities sold other than by G-III that the underwriters determine in their sole discretion is compatible with the success of the offering in view of market conditions, then G-III shall be required to include in the offering only that number of such securities, including New Registrable G-III Shares, that the underwriters determine in their sole discretion will not jeopardize the success of the offering (the securities so included to be apportioned pro rata among the selling stockholders, including the Applicable Sellers, according to the total amount of securities entitled to be included therein owned by each selling stockholder or in such other proportions as shall mutually be agreed to by such selling stockholders).

(ii) G-III's agreements set forth in Sections 7.2(a), 7.2(c) and

7.2(e) and the Sellers' agreements set forth in Section 7.2(b) and 7.2(e), shall apply, mutatis mutandis, to any registration statement that may be filed with the SEC by G-III as provided in Section 7.2(d)(i) that includes New Registrable G-III Shares; provided, however, that to the extent that such registration statement relates to an underwritten public offering, G-III may at any time, in its sole discretion or upon consultation with the underwriters, determine not to proceed with or to delay such underwritten public offering; and provided, further, however, that if the provisions of Section 7.2(e) conflict with the indemnification and contribution rights and obligations of the parties set forth in the underwriting agreement and any ancillary agreements relating to such registration statement and underwritten public offering, the latter shall control.

(e) (i) In the event of a registration of any of the Shares under the Securities Act pursuant to this Section 7.2, G-III will, to the extent permitted by applicable law, indemnify and hold harmless each Seller against all losses, claims, damages or liabilities, joint or several, to which such Seller may become subject under the Securities Act, the Exchange Act or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of G-III), insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, including the prospectus, financial statements and schedules, and all other documents filed as a part thereof, as amended at the time of effectiveness of the

Registration Statement, including any information deemed to be a part thereof as of the time of effectiveness pursuant to paragraph (b) of SEC Rule 430A, or pursuant to SEC Rule 434, or the prospectus, in the form first filed with the SEC pursuant to SEC Rule 424(b), or filed as part of the Registration Statement at the time of effectiveness if no Rule 424(b) filing is required, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse each such Seller for any legal or other expenses reasonably incurred by such Seller in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability or action; provided, however, that G-III will not be liable in any such case if and to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished in writing by such Seller specifically for use in such Registration Statement. For purposes of this Section 7.2(e), the term "Registration Statement" shall include any final prospectus, exhibit, supplement or amendment included in or relating to, and any document incorporated by reference in, the Registration Statement referred to in Section 7.2(a).

(i) Each Seller, severally and not jointly, will, to the extent permitted by applicable law, indemnify and hold harmless G-III, each Person, if any, who controls G-III within the meaning of the Securities Act, each officer of G-III who signs the Registration Statement and each director of G-III, against all losses, claims, damages or liabilities, joint or several, to which G-III or such officer or director may become subject under the Securities Act, the Exchange Act or any other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Sellers), insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse G-III and each such officer, director or controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that such Seller will be liable hereunder in any such case if and only to the extent that any such loss, claim, damage or liability arises out of or is based upon an untrue statement or alleged untrue statement of a material fact or omission or alleged omission of a material fact made in reliance upon and in conformity with information pertaining to such Seller

furnished in writing to G-III by such Seller specifically for use in the Registration Statement; and provided further, however, that the liability of each Seller hereunder shall not in any event exceed the proceeds received from the sale of such Seller's Registrable G-III Shares covered by such Registration Statement.

(ii) Promptly after receipt by an indemnified party under this Section 7.2(e) of notice of the threat or commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 7.2(e), promptly notify the indemnifying party in writing thereof, but the omission to so notify the indemnifying party will not relieve it from any liability which it

may have to any indemnified party for contribution or otherwise than under the indemnity agreement contained in this Section 7.2(e) to the extent it is not prejudiced as a result of such failure. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with all other indemnifying parties similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7.2(e) for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (A) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by such indemnifying party in the case of Section 7(d)(i), representing all of the indemnified parties who are parties to such action) or (B) the indemnified party shall not have employed counsel reasonably satisfactory to the indemnifying party to represent the indemnified party within a reasonable time after notice of commencement of action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the indemnifying party.

(iii) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (A) any indemnified party exercising rights under this Agreement makes a claim for indemnification pursuant to this Section 7.2(e) but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 7.2 provides for indemnification in such case, (B) contribution under the Securities Act may be required on the part of any such indemnified party in circumstances for which indemnification is provided under this Section 7.2, or (C) the indemnification provided for by this Section 7.2 is insufficient to hold harmless an indemnified party, other than by reason of the exceptions provided therein, then, and in each such case, G-III and the Sellers will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) (x) in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other or (y) if the allocation provided by clause (x) above is not permitted by applicable law, or provides a lesser sum to the indemnified party than the amount hereinafter calculated, in such

proportion as is appropriate to reflect not only the relative fault referred to in clause (x) above but also the relative benefits received by the indemnifying party and the indemnified party from the registration of the Registrable G-III Shares as well as the statements or omissions which resulted in such losses, claims, damages or liabilities and any other relevant equitable considerations. No Seller will be required to contribute any amount in excess of the proceeds received from the sale of its Registrable G-III Shares covered by such Registration Statement and no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

(iv) The obligations of G-III and the Sellers under this Section 7.2(e) shall survive completion of any offering of Registrable G-III Shares pursuant to a Registration Statement and the termination of G-III's obligations under Section 7.2(a). No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

Section 7.3 Covenant Not to Compete; No Solicitation.

(a) Each Seller acknowledges that he has extensive knowledge and a unique understanding of the businesses of the Acquired Companies and Fabio, has been directly involved with the establishment and continued development of the customer relations of such businesses and has had access to all of the proprietary and Confidential Information (as hereinafter defined) used in such businesses. Each Seller further acknowledges that if he were to compete with the Buyer, G-III or its or their subsidiaries, including the Division (the "Buyer Group") in such businesses following the Closing, great harm would come to the Buyer Group, thereby destroying any value associated with the purchase of the Acquired Companies and the Fabio Selling Members' interests in Fabio and the goodwill of the businesses of the Acquired Companies and Fabio. In furtherance of the sale of the Purchased Shares and the Purchased Interests to the Buyer hereunder by virtue of the transactions contemplated hereby and to more effectively protect the value of the businesses so sold, each Seller covenants and agrees that, for a period (the "Restricted Period") commencing on the Closing Date and continuing through January 31, 2009, he 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 business of designing or manufacturing men's outerwear, women's outerwear or women's suits anywhere in the United States. The record or beneficial ownership by a Seller of less than (i) $400,000 or (ii) one percent (1%) of the shares of any Person whose shares or interests are publicly traded on a national securities exchange, the Nasdaq Stock Market or the OTC Bulletin Board shall not of itself constitute a breach hereunder. For purposes hereof, "Confidential Information" shall mean any information concerning the

businesses and affairs of the Acquired Companies or Fabio that is not already generally available to the public. The Restricted Period shall immediately terminate with respect to a Seller upon any failure by the Buyer to make any payment to such Seller under Section 2.3 or 2.5 of this Agreement within thirty days of the date specified therein.

(b) During the Restricted Period, the Sellers shall not, whether for their own account or for the account of any Person, directly or indirectly, solicit to terminate the relationship, or otherwise interfere with the relationship of the Buyer Group with, any Person that, (i) during the Restricted Period, is employed by or otherwise engaged to perform services for the Buyer Group or (ii) during the Restricted Period, is, or, during the one-year period

preceding the Closing, was, a customer or client of, or subcontractor for, either Acquired Company or Fabio.

(c) The restrictive covenants set forth in this Section 7.3 (the "Restrictive Covenants") have been separately bargained for to protect the business or interest therein, including goodwill, of the Acquired Companies and Fabio being acquired by the Buyer hereunder and to ensure that the Buyer Group shall have the full benefit of the value thereof. The Sellers recognize and acknowledge that the business and markets of the Buyer Group are national in scope, and that the Buyer Group is investing substantial sums in purchasing the Acquired Companies and the Fabio Selling Members' interests in Fabio and in consideration for the Restrictive Covenants, that such Restrictive Covenants are necessary in order to protect and maintain the legitimate business interests of the Buyer Group and are reasonable in all respects, and that the Buyer Group would not consummate the transactions contemplated hereby but for such Restrictive Covenants. Each Seller hereby waives any and all right to contest the validity of the Restrictive Covenants on the ground of the breadth of their geographic or product coverage or the length of their term.

(d) If any Seller breaches, or threatens to commit a breach of, any of the Restrictive Covenants, the Buyer shall have, in addition to, and not in lieu of, any other rights and remedies available to it under law or in equity, the right to have the Restrictive Covenants specifically enforced by any court of competent jurisdiction, it being agreed that any breach or threatened breach of the Restrictive Covenants would cause irreparable injury to the Buyer Group and that money damages would not provide an adequate remedy. Each Seller covenants and agrees not to oppose any demand for specific performance and injunctive and other equitable relief in case of any such breach or attempted breach.

(e) The existence of any claim or cause of action by any Seller against the Buyer shall not constitute a defense to the enforcement by the Buyer of the Restrictive Covenants (subject to the early termination of the Restricted Period as set forth in the last sentence of Section 7.3(a) hereof), and any such claim or cause of action shall be litigated separately.

(f) In addition to the remedies the Buyer may seek and obtain pursuant to Section 7.3(d) hereof, the Restricted Period shall be extended by any and all periods during which any Seller shall be found by a final non-appealable judgment of a court possessing personal jurisdiction over him to have been in violation of any Restrictive Covenant.

(g) Whenever possible, each provision of this Section 7.3 shall be interpreted in such manner as to be effective and valid under applicable law but if any provision of this Section 7.3 shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Section 7.3. If any provision of this Section 7.3 shall, for any reason, be judged by any court of competent jurisdiction to be invalid or unenforceable, such judgment shall not affect, impair or invalidate the remainder of this Section 7.3 but shall be confined in its operation to the provision of this Section 7.3 directly involved in the controversy in which such judgment shall have been rendered. In the event that the provisions of this Section 7.3 should ever be deemed to exceed the time or geographic limitations permitted by applicable law, then such provision shall be reformed to the maximum time or geographic limitations permitted by applicable law.

Section 7.4 Division Bonus Plan. As soon as practicable after the Closing, the Buyer shall adopt a bonus plan for the benefit of the employees of the Division (the "Employee Bonus Plan"). The Employee Bonus Plan shall provide for aggregate payments to the employees of the Division (the "Employee Bonus Plan Payments") for each of the one-year periods ending on January 31, 2007, January 31, 2008 and January 31, 2009, in an amount equal to 5% of the Division's EBITA for each such one-year period; provided, however, that the Division's EBITA for such one-year period is at least $8,000,000 (in the case of the one-year period ending January 31, 2007, after giving effect to any reduction of the Division's EBITA for such one-year period to the extent that the proviso set forth at the end of Section 2.2(d) is applicable); and provided further, however, that the sum of the EBITA Payments and the Employee Bonus Plan Payments shall not exceed $7,500,000 for each such one-year period. The Employee Bonus Plan Payments shall be distributed to the employees of the Division in accordance with the terms and conditions of the Employee Bonus Plan.

Section 7.5 Confidentiality. The parties acknowledge that G-III and Marvin Richards have previously executed confidentiality agreements dated April 12, 2005 and April 20, 2005 (the "Confidentiality Agreements"), the terms of which are incorporated herein by reference, which Confidentiality Agreements shall continue in full force and effect in accordance with their terms.

Section 7.6 Public Disclosure. No party hereto shall issue any press release or otherwise make any public statement or make any other public (or non-confidential) disclosure (whether or not in response to an inquiry) regarding the terms of this Agreement and the transactions contemplated hereby, without the prior approval of the other parties hereto, except as may be required by applicable law.

Section 7.7 Expenses. Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such expense, it being understood that Marvin Richards has been paying and shall pay the reasonable and documented expenses of the Sellers in connection with the transactions contemplated by this Agreement.

Section 7.8 Tax Matters.

(a) Sales and Transfer Taxes. All sales and transfer Taxes (including stock transfer Taxes, if any) incurred in connection with this Agreement and the transactions contemplated hereby shall be borne equally by the Sellers, on the one hand, and the Buyer, on the other hand, and the Sellers and the Buyer shall cooperate in timely preparing and filing all Tax Returns and paying all such Taxes as may be required to comply with the laws governing such Taxes.

(b) Tax Indemnification. Each of the Sellers hereby agrees, jointly and severally to be responsible for and to indemnify and hold the Buyer Indemnified Persons harmless from and against any and all Taxes (or asserted deficiency, claim, demand, action, suit, proceeding, judgment or assessment, including the defense or settlement thereof, relating to such Taxes) imposed or assessed against any of the Acquired Companies and Fabio or the assets of any of them:

(i) with respect to all Tax periods, or portions thereof, ending on or prior to the Closing Date, except as reserved for in the Financial Statements;

(ii) with respect to any and all Taxes of the Acquired Companies and Fabio allocated to the Sellers pursuant to Section 7.8(c);

(iii) with respect to any additional Tax liability resulting from the Section 338(h)(10) Election being defective by reason of (i) Marvin Richard's S corporation status being deemed invalid or having terminated on or prior to Closing or (ii) the failure by Sellers to deliver a properly executed IRS Form 8023 to the Buyer;

(iv) by reason of being a successor-in-interest or transferee of another Person; and

(v) with respect to any and all Taxes of any member of a consolidated, combined or unitary group of which any Acquired Company or Fabio is or was a member on or prior to the Closing Date for which such Acquired Company or Fabio is liable pursuant to Treasury Regulations Section 1.1502-6(a) or any analogous or similar state, local or foreign law or regulation.

The Sellers shall also pay and shall indemnify and hold the Buyer Indemnified Persons harmless from and against any Damages incurred in connection with an Audit relating to the determination of the Buyer's liability for Taxes for which the Sellers are responsible to indemnify the Buyer Indemnified Persons pursuant to this Section 7.8(b) or the enforcement of this Section 7.8(b), including, without limitation, any Damages incurred in connection with an attempt to cure an inadvertent invalid election or termination of Marvin Richards' S corporation status pursuant to Section 7.8(i). Notwithstanding the foregoing, the Buyer Indemnified Persons shall not be entitled to recover from the Sellers under Section 7.8(b)(iii) an amount in excess of the portion of the Purchase Price allocable to the purchase of the Purchased Shares.

(c) Straddle Periods. For U.S. federal income Tax purposes, the Tax year of each of the Acquired Companies and Fabio shall end as of the close of the Closing Date and, with respect to all other Taxes, the Sellers and Buyer will, unless prohibited by applicable law, close the Tax period of the Acquired Companies and Fabio as of the close of the Closing Date.

Neither the Sellers nor the Buyer shall take any position inconsistent with the preceding sentence on any Tax Return. In any case where applicable law does not permit an Acquired Company or Fabio to close its Tax year as of the close of the Closing Date or in any case in which a Tax is assessed with respect to a Tax period which includes the Closing Date (but does not begin or end on that day), then Taxes, if any, attributable to the Tax period of an Acquired Company or Fabio beginning before and ending after the Closing Date shall be allocated to and be payable by (i) the Sellers for the period up to and including the Closing Date (the "Pre-Closing Straddle Period") and (ii) the Buyer for the period after the Closing Date. Any allocation of income or deductions required to determine any Taxes attributable to any period beginning before and ending after the Closing Date shall be made by means of a closing of the books and records of such Acquired Company or Fabio as of the close of the Closing Date, provided that exemptions, allowances or deductions that are calculated on an annual basis (including, but not limited to, depreciation and amortization deductions) shall be allocated between the period ending on the Closing Date and the period after the Closing Date in proportion to the number of days in each such period.

(d) Tax Returns.

(i) Sellers' Representative shall prepare (or cause to be prepared) and timely file (or cause to be timely filed), including all applicable extensions, all Tax Returns of the Acquired Companies and Fabio required to be filed for all Tax periods ending on or prior to the Closing Date (including, but not limited to, final U.S. federal, state and local income Tax Returns and reports for the period beginning on January 1, 2005 and ending on the Closing Date) and any amended Tax Return or report for any such Tax period (any such Tax Return or report or amended Tax Return or report, a "Pre-Closing Tax Return"). All Pre-Closing Tax Returns shall be prepared in a manner consistent with prior practice, unless otherwise required by applicable laws. The Buyer shall, and shall cause the Acquired Companies and Fabio to, reasonably cooperate with Sellers' Representative in connection with any Pre-Closing Tax Return. Such cooperation shall include, but shall not be limited to, the prompt furnishing by Buyer, the Acquired Companies and Fabio of: (A) a limited power of attorney (and/or such other authorization) as shall be reasonably necessary to enable Sellers and/or Sellers' Representative to execute and file any Pre-Closing Tax Return, subject to the provisions of this Section 7.8(d); and (B) any and all records, documents, consents, certificates, workpapers and other information as may be necessary for the Sellers and/or its representatives to prepare and timely file a Pre-Closing Tax Return. Sellers' Representative shall provide the Buyer with a complete copy of each such Pre-Closing Tax Return at least thirty (30) days prior to the due date for filing such Tax Return, including applicable filing extensions. To the extent that any position taken on such Pre-Closing Tax Return or any item thereon is inconsistent with the manner in which a prior Tax Return was prepared (or such item was not previously reported or such position was not previously taken) and such position or treatment of an item is reasonably expected to (A) materially affect the Tax liability of an Acquired Company, Fabio or the Buyer in a Post-Closing Tax Period, (B) affect the determination of useful life, basis or method of depreciation, amortization or accounting of any of the assets or properties of an Acquired Company, Fabio, or the Buyer, (C) accelerate the time at which any Tax must be paid by an Acquired Company, Fabio or the Buyer, or (D) relate to the Section 338(h)(10) Election, the Buyer shall have the right to object to the filing of such Pre-Closing Tax

Return by delivery of a written notice to Sellers' Representative within fifteen (15) days following the receipt thereof. The failure of the Buyer to object to the filing of any such Pre-Closing Tax Return within such fifteen-day period shall constitute approval thereof. The Sellers' Representative and the Buyer shall attempt in good faith to resolve any

disagreements regarding such Pre-Closing Tax Return prior to the due date for filing thereof. Any disagreements regarding such Pre-Closing Tax Return which are not resolved prior to the filing thereof shall be promptly resolved pursuant to Section 7.8(k) which shall be binding on all the parties.

(ii) The Buyer shall prepare (or cause to be prepared) and timely file (or cause to be timely filed), including applicable filing extensions, all Tax Returns of the Acquired Companies and Fabio required to be filed by or with respect to the Acquired Companies and Fabio for all Tax periods beginning prior to, and ending after, the Closing Date (excluding the final U.S. federal, state and local income Tax Returns or reports, for the period beginning January 1, 2005 and ending on the Closing Date), as well as any amended Tax Return or report for any such Tax period (any such return and report or amended return or report, a "Straddle Return"). All Straddle Returns shall be prepared in a manner consistent with prior practice unless otherwise required by applicable laws. The Buyer shall provide the Sellers' Representative with a complete copy of each such Straddle Return at least thirty (30) days prior to the due date for filing such Straddle Return, including applicable filing extensions. The Sellers' Representative shall have the right to object to the filing of such Straddle Return by delivery of a written notice to the Buyer within fifteen (15) days following the receipt thereof. The failure of the Sellers' Representative to object to the filing of any such Straddle Return within such fifteen-day period shall constitute approval thereof. The Sellers' Representative and the Buyer shall attempt in good faith to resolve any disagreements regarding such Straddle Return prior to the due date for filing thereof. Any disagreements regarding such Straddle Return which are not resolved prior to the filing thereof shall be promptly resolved pursuant to Section 7.8(k) which shall be binding on all the parties. Not later than ten (10) days before the due date for payment of Taxes with respect to any such Straddle Return, the Sellers shall pay to the Buyer an amount equal to that portion of the Taxes shown on such Straddle Return for which the Sellers have an obligation to indemnify the Buyer Indemnified Persons (as hereinafter defined) pursuant to Section 7.8(b); provided, however, that if the Sellers' Representative has given written notice of an objection to the filing of such Straddle Return pursuant to this Section 7.8(d)(ii), to the extent of such objection, the Sellers shall not be required to make any payment for Taxes relating to such Straddle Return until the resolution of the disagreement. Notwithstanding anything to the contrary contained in this Agreement, to the extent any amounts owed to the Buyer pursuant to this Section 7.8(d)(ii) remain unpaid after taking into account any reserve for Taxes in the Financial Statements, the Buyer shall have the right, without notice, to set-off and apply against any EBITA Payment under Section 2.2 such unpaid amounts owed to the Buyer; provided, however, that if the Sellers' Representative has given written notice of an objection pursuant to this Section 7.8(d)(ii), to the extent of such objection, the Buyer shall not exercise any right to set-off for any unpaid amounts until the resolution of the disagreement.

(e) Tax Audits.

(i) The Sellers shall control any Audit in respect of any Tax period ending on or prior to the Closing Date, except to the extent that such Audit relates to the Section 338(h)(10) Election (any such Audit, a "Sellers Audit") and, in connection therewith, shall be authorized to take any action with respect to any Sellers Audit in its sole discretion unless such action would reasonably be expected to result in a material adverse Tax effect or a liability or increase in liability hereunder to Buyer for any Tax period, in which case such action may not be taken without Buyer's consent. The Buyer shall, and shall cause the Acquired Companies and Fabio to, reasonably cooperate with Sellers and/or its representatives in connection with any Sellers Audit. Such cooperation shall include, but shall not be limited to, the prompt furnishing by Buyer, the Acquired Companies and Fabio of: (A) a limited power of attorney (and/or such other authorization) as reasonably necessary to enable Sellers and/or its representatives to directly control any Sellers Audit; and (B) any and all records, documents, consents, certificates, workpapers and other information as may be necessary for the Sellers and/or its representatives to control and defend a Sellers Audit. Sellers' Representative shall keep the Buyer fully and contemporaneously apprised of all material aspects of any Sellers Audit and shall promptly furnish or cause to be promptly

furnished to the Buyer any and all material documents, reports, correspondence and other written materials pertaining to any Sellers Audit.

(ii) The Buyer shall control and defend or shall cause the Acquired Companies and Fabio to control and defend any Audit in respect of any Straddle Return and any Audit which relates to the Section 338(h)(10) Election (each such Audit, a "Buyer Audit"); provided, however that, without Sellers' Representative's prior written consent and unless otherwise required by applicable laws, Buyer may not take (or cause or permit to be taken by an Acquired Company or Fabio), any action or decline (or cause or permit an Acquired Company or Fabio to decline) to take any action with respect to any Buyer Audit that would reasonably be expected to result in a material adverse Tax effect to, or liability or increase in liability hereunder for, Sellers. Buyer shall keep Sellers' Representative fully and contemporaneously apprised of all material aspects of any Buyer Audit and shall promptly furnish or cause to be promptly furnished to the Sellers' Representative any and all material documents, reports, correspondence and other written materials pertaining to any Buyer Audit.

(f) Mutual Cooperation. From and after the Closing, the parties shall provide each other with such assistance as may reasonably be requested by any of them in connection with (i) the preparation of any Tax Return, election, consent or certificate required to be prepared by any party hereto or (ii) any Audit. Such assistance shall include making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder and shall include providing copies of any relevant Tax Returns and supporting work schedules. Notwithstanding anything to the contrary in Section 8.1(a) or any other provision of this Agreement, the Buyer shall not dispose of any records or documents relevant to any Taxes or any Pre-Closing Tax Returns or Straddle Returns prior to the later of six (6) months after the expiration of the applicable limitations period on assessment with respect to any such Taxes or Tax Returns, or the final resolution of any Sellers Audit or Buyer Audit initiated prior to the expiration of the applicable limitations period.

(g) Section 338(h)(10) Election.

(i) Each Marvin Richards Shareholder shall join with the Buyer in making a timely election pursuant to Section 338(h)(10) of the Code and the Treasury Regulations thereunder and any corresponding or similar elections under state, local or foreign Tax law (collectively, the "Section 338(h)(10) Election") with respect to the purchase and sale of the Marvin Richards Common Stock hereunder.

(ii) The Buyer shall be responsible for the preparation and timely filing of all forms and documents required in connection with the Section 338(h)(10) Election. Each of the Marvin Richards Shareholders shall execute and deliver to the Buyer such documents or forms (in addition to those referred to in Section 3.2(v)) as are reasonably requested to complete properly the Section 338(h)(10) Election at least forty-five (45) days prior to the date such Section 338(h)(10) Election is required to be filed.

(iii) The Buyer and each Marvin Richards Shareholder shall file all Tax Returns and statements, forms and schedules in connection therewith in a manner consistent with the Section 338(h)(10) Election and shall take no position contrary thereto unless required to do so by applicable tax laws.

(iv) The Marvin Richards Shareholders shall be responsible for and shall pay any and all U.S. federal, state, local or foreign income, franchise or similar Taxes arising as a result of the Section 338(h)(10) Election, including, but not limited to, (A) any income or franchise Taxes imposed on Marvin Richards (including, but not limited to, (1) any Tax imposed under Code ss.1374, (2) any Tax imposed under Treasury Regulations Section 1.338(h)(10)-1(e)(5), and (3) any state, local or foreign Tax imposed on Marvin Richards' gain attributable to the making of the 338(h)(10) Election) and (B) any income, franchise or similar taxes imposed by any state or local Taxing Authority as a result of any election under Section 338(g) of the Code (or any comparable election under state law) if such state or local Taxing Authority does not allow or respect a Section 338(h)(10) Election (or any comparable or resulting election under state

law) with respect to the purchase and sale of Marvin Richards Common Stock contemplated hereby.

(h) Procedure for Indemnification. Any claim for indemnification under Section 7.8(b) may be made at any time prior to ninety (90) days after the expiration of the applicable statute of limitation with respect to the relevant Tax period (including all periods of extension, whether automatic or permissive). Payment by the Sellers of any indemnification payment due to the Buyer Indemnified Persons pursuant to Section 7.8(b) shall be made within ten (10) days following written request by a Buyer Indemnified Person.

(i) Inadvertent Invalid Election or Termination of Marvin Richards' S Corporation Status. Each Marvin Richards Shareholder hereby agrees that if the S corporation status of Marvin Richards is deemed to be invalid or to have terminated under any of the circumstances described in Section 1362(f) of the Code, such Marvin Richards Shareholder shall provide Marvin Richards and the Buyer with such assistance as may be requested of such Marvin

Richards Shareholder by Marvin Richards or the Buyer in connection with its attempt to cure such invalid election or termination in accordance with Section 1362(f) of the Code.

(j) Refunds and Carrybacks.

(i) Subject to the Buyer's good faith determination, any Tax refunds or credits received by any Acquired Company or Fabio that are attributable to any Pre-Closing Tax Period shall be for the account of the Sellers; provided that the Sellers shall return to such Acquired Company or Fabio the amount, if any, by which the amount of such Tax refund or credit is thereafter reduced pursuant to a final determination. Any such payment shall be treated as an adjustment to the Purchase Price. Any payments made under this Section 7.8(j)(i) shall be net of any Taxes payable with respect to such refund or credit (taking into account any actual reduction in Tax liability realized upon the payment pursuant to this Section 7.8(j)(i)). The Sellers and Buyer shall, and Buyer shall cause the Acquired Companies and Fabio to, fully cooperate in the obtaining of any refund or credit; provided, however, no party shall be required to cooperate to the extent such party determines in its reasonable judgment that such refund or credit is unavailable.

(ii) Notwithstanding the provisions of Section 7.8(j)(i), any Tax refunds or credits (including any interest thereon) realized by an Acquired Company or Fabio as a result of the carryback of any Tax loss, deduction or credit of any such Acquired Company or Fabio from any Post-Closing Tax Period to a Pre-Closing Tax Period shall not be for the account of the Sellers and shall be retained by such Acquired Company or Fabio.

(k) Dispute Resolution. Any dispute as to any matter covered in this Section 7.8 shall be resolved by an independent accounting firm mutually acceptable to the Sellers' Representative and the Buyer. The fees and expenses of such accounting firm shall be borne equally by the Sellers and the Buyer.

(l) Buyer's Tax Indemnity. Notwithstanding anything to the contrary contained herein, the Buyer hereby agrees to promptly indemnify and hold each Seller harmless from and against any and all additional U.S. federal, state, local or foreign income Tax cost actually incurred by such Seller solely as a result of either or both of the following:

(i) the Section 338(h)(10) Election; or

(ii) treatment as ordinary income for U.S. federal, state, local or foreign income tax purposes, rather than capital gain, of any taxable income recognized by such Seller as a result of any of the transactions contemplated herein.

For purposes hereof, a Seller will be deemed to have actually incurred an additional income Tax cost solely as a result of the Section 338(h)(10) Election for any Tax year of such Seller during the period commencing as of the Closing Date and ending December 31 of the year in which the final EBITA Payment is made (the "EBITA Period") only if the net U.S. federal, state, local and foreign income Tax liability of such Seller for such Tax year (and after taking into account, among other things, all EBITA Payments received pursuant to Section 2.2

for such Tax year and prior Tax years) is greater solely by reason of the Section 338(h)(10) Election than

the amount of such Seller's net U.S. federal, state, local and foreign income Tax liability for such Tax year computed as if the Section 338(h)(10) Election had not been made; provided, however, that if the net U.S. federal, state, local and foreign income Tax liability of such Seller for any Tax year during the EBITA Period is lower solely by reason of the Section 338(h)(10) Election than the amount of such Seller's net U.S. federal, state, local and foreign income Tax liability for such Tax year computed as if the Section 338(h)(10) Election had not been made, then such Seller shall promptly pay to the Buyer an amount equal to the amount by which such Seller's net U.S. federal, state, local and foreign income Tax liability for such Tax year is lower solely by reason of the Section 338(h)(10) Election. Notwithstanding anything to the contrary contained in this Agreement, to the extent any amounts owed to Buyer pursuant to this Section 7.8(l) remain unpaid, the Buyer shall have the right, without notice, to set-off and apply against any EBITA Payment under Section 2.2 such unpaid amounts owed to Buyer.

The Buyer shall also pay and shall indemnify and hold each Seller harmless from and against any Damages (as defined in Section 8.1(b)) incurred in connection with an Audit relating to the determination of such Seller's liability for Taxes for which the Buyer is responsible to indemnify such Seller pursuant to this Section 7.8(l) or in connection with the enforcement of this Section 7.8(l).

Section 7.9 Use of Name. Each Seller hereby agrees that from and after the Closing, the Buyer shall have the sole ownership of, and right to use, the names "Marvin Richards," "J. Percy," "J. Percy for Marvin Richards," "MR Apparel," "Alorna" and "J. Percy Sport," and through its membership interests in Fabio will have the right to use the name "Fabio," to the extent provided in the Operating Agreement of Fabio and no Seller shall use or permit any Affiliate of such Seller to use, any such name or any variation thereof in the business of designing or manufacturing men's outerwear, women's outerwear or women's suits.

Section 7.10 Sellers' Representative. Sammy Aaron shall act, and the Sellers hereby make, constitute and appoint Sammy Aaron, as the representative of the Sellers under this Agreement (in such capacity, the "Sellers' Representative"). By his execution of this Agreement, each Seller hereby makes, constitutes and appoints the Sellers' Representative as his attorney-in-fact and authorizes and empowers the Sellers' Representative to act as such Seller's representative with full authority, in the sole discretion of the Sellers' Representative, to (a) receive each Accounting provided for in Section 2.3 and to exercise the rights set forth in Section 2.4 with respect to the EBITA Payments, (b) receive the Buyer Statement provided for in Section 2.5(b) and to exercise the rights set forth in Section 2.5(c) with respect thereto, (c) cause to be prepared all Tax Returns with respect to all Tax periods ending on or before the Closing Date as provided in Section 7.8(b), and (d) take any other action that may be necessary or desirable on behalf of the Sellers in connection with this Agreement. Any group of Sellers entitled to receive a majority of the Cash Consideration shall have the right at any time to appoint a new Sellers' Representative (who shall be a Seller) for such purposes by giving at least 10 Business Days' written notice thereof and simultaneously furnishing a copy of a written instrument executed by such Sellers and appointing a new Sellers' Representative to the Buyer and the Sellers' Representative then so acting. The Sellers' Representative shall have no duties or obligations other than those set forth above and will incur no liability with respect to any action or inaction taken by the Sellers' Representative except with respect to his own gross negligence, bad faith or willful misconduct. Each Seller shall reimburse the Sellers' Representative for his proportionate

share, determined in accordance with the percentages set forth in Schedule 2.2(a), of the Sellers' Representatives reasonable and documented expenses in carrying out his duties or obligations hereunder.

Section 7.11 June 30, 2005 Financial Statements. From and after the Closing, the Sellers shall use their best efforts to assist the Buyer in the prompt preparation of financial statements of the Acquired Companies and Fabio for the quarter and the six months ended June 30, 2005, which financial

statements shall conform to the representations and warranties set forth in Section 4.19 with respect to unaudited Financial Statements.

Section 7.12 Cooperation of Independent Accountants. From and after the Closing, the Sellers shall use their best efforts to cause Schissel & Cohen, independent accountants for the Acquired Companies and Fabio, to cooperate at the Buyer's expense with the Buyer and the Buyer's accountants in the preparation of (a) financial statements of the Acquired Companies and Fabio for the quarter and the six months ended June 30, 2005, and (b) such financial statements and schedules of the Acquired Companies and Fabio with respect to periods prior to the Closing Date as the Buyer may reasonably require in connection with the satisfaction of its SEC disclosure requirements.

Section 7.13 G-III Guaranty. G-III hereby jointly and severally with Buyer undertakes all of Buyer's payment obligations under this Agreement and guaranties the payment and performance of the Buyer's obligations under this Agreement.

Section 7.14 The Division. Without the Sellers' prior written consent, the Division shall consist solely of the Acquired Companies and the membership interests in Fabio acquired by Buyer under this Agreement.

Section 7.15 Fabio Operating Agreement Amendment. Within 20 days after the Closing Date, the Fabio Selling Members shall deliver to the Buyer an amendment to the operating agreement of Fabio, in substantially the form attached hereto as Exhibit I, reflecting, among other things, the substitution of the Buyer as a member of Fabio in the place and stead of the Fabio Selling Members, duly executed by the Fabio Selling Members and FENX, Inc.

ARTICLE VIII
INDEMNIFICATION

Section 8.1 Indemnification.

(a) Survival. All representations, warranties and covenants or other agreements made by the parties herein shall survive the Closing and continue in full force and effect until the second anniversary of the date of this Agreement, regardless of any investigation made by the Buyer or the Sellers or on their behalf, except (i) for the representations and warranties set forth in Sections 4.5, 4.8, 4.9, 4.10, 4.24, 5.1, 5.2, 5.6, 6.2, 6.4 and 6.7, which shall survive until 90 days after the expiration of the statute of limitations applicable to the matters covered thereby (giving effect to any waiver, mitigation or extension thereof, whether automatic or permissive), (ii) as to the matters set forth in Section 7.2, with respect to which the survival provision set forth in Section 7.2(e)(v) shall apply, and (iii) as to any matters with respect to which a bona fide written claim shall have been made or action at law or in equity shall have

been commenced before such date, in which event survival shall continue (but only with respect to, and to the extent of, such claim).

(b) Indemnification by the Sellers. Each of the Sellers hereby agrees, jointly and severally (except with respect to the breaches of the representations and warranties set forth in Article V, with respect to which each Seller agrees severally), to indemnify and hold harmless the Buyer, G-III and the Acquired Companies and their respective officers, directors, agents and employees, and each Person, if any, who controls or may control the Buyer, G-III or the Acquired Companies within the meaning of the Securities Act (hereinafter "Buyer Indemnified Persons") from and against any and all losses, costs, damages, penalties, fines, liabilities and expenses (including without limitation all reasonable legal or other professional fees and expenses) arising from claims, demands, actions, causes of action, injunctions, judgments, orders or rulings (collectively, "Damages") incurred or sustained by Buyer Indemnified Persons as a result of:

(i) any inaccuracy or breach of any representation or warranty by any Seller contained herein, in any Other Transaction Document to which any Seller is a party or in any certificate delivered by any Seller hereunder or thereunder (without regard to any materiality qualifier contained in such representation or warranty), provided, however, that for the purposes of this Section 8.1(b), the phrase "To the knowledge of Sellers" in Section

4.10(e) shall be ignored;

(ii) a breach by any Seller of any covenant or other agreement contained herein or in any Other Transaction Document to which such Seller is a party (other than the covenants and agreements set forth in Section 7.2, as to which the indemnification provisions set forth in Section 7.2(e) shall apply);

(iii) the failure of the minute books of the Acquired Companies and Fabio to contain accurate and complete records of all meetings held of, and corporate action taken by, the shareholders, members, boards of directors or managers and committees of the boards of directors or managers of the Acquired Companies and Fabio or if any meeting of such shareholders, members, boards of directors or managers or committees of the boards of directors or managers of the Acquired Companies or Fabio has been held for which minutes have not been prepared and are not contained in such minute books; or

(iv) all proceedings, including settlements, satisfactions or judgments, interests, fees and penalties, incident to any of the foregoing.

(c) Indemnification by the Buyer. The Buyer hereby agrees to indemnify and hold harmless the Sellers from and against any and all Damages incurred or sustained by the Sellers as a result of:

(i) any inaccuracy or breach of any representation or warranty by the Buyer or G-III contained herein, in any Other Transaction Document to which the Buyer or G-III is a party or in any certificate delivered by the Buyer hereunder or thereunder (without regard to any materiality qualifier contained in such representation or warranty);

(ii) a breach by the Buyer or G-III of any covenant or other agreement contained herein or in any Other Transaction Document to which the Buyer or G-III is a party (other than the covenants and agreements set forth in Section 7.2, as to which the indemnification provisions set forth in Section 7.2(e) shall apply); or

(iii) all proceedings, including settlements, satisfactions or judgments, interests, fees and penalties, incident to any of the foregoing.

(d) Limitations on Indemnification.

(i) The joint and several obligations of the Sellers pursuant to the provisions of Section 8.1(b) are subject to the following limitations:

(A) The Sellers shall not be liable to the Buyer Indemnified Persons under Section 8.1(b) until Damages incurred or sustained by the Buyer Indemnified Persons exceed $250,000 in the aggregate, and then only to the extent of such excess;

(B) the Buyer Indemnified Persons shall not be entitled to recover from the Sellers under Section 8.1(b) in excess of an amount equal, in the aggregate, to the sum of (x) $3,500,000 and (y) the lesser of (I) the sum of all EBITA Payments payable by the Buyer to the Sellers pursuant to Sections 2.2(b) and 2.2(c), as adjusted pursuant to Section 2.4, if applicable, and (II) $3,500,000 (the sum of (x) and (y), the "Indemnification Cap"). If the Sellers shall fail to fully indemnify the Buyer Indemnified Persons because the Indemnification Cap is less than the Damages and if the Indemnification Cap would subsequently increase as a result of a payment to be made by the Buyer to the Sellers, the Buyer shall be entitled to apply any such payment that would otherwise have been made to the Sellers to the unfulfilled indemnification obligations of the Sellers until the Sellers' full liability under this Section 8.1(d)(i) has been satisfied; and

(C) the limitations of the liability of the Sellers set forth in clauses (A) and (B) above shall not be applicable to (I) any claims determined by a court of competent jurisdiction to arise from fraud by any of the Sellers, (II) any amounts required to be repaid by the Sellers pursuant to Section 2.4 or Section 2.5, (III) the several obligations of each Seller pursuant to Sections 5.6, 7.2(e)(ii) or

8.1(b), (IV) any inaccuracy or breach of any representation or warranty set forth in Section 5.2 by any Seller, (V) the joint and several obligations of the Sellers pursuant to Section 4.24 and 7.8(b) or (VI) any amounts required to be paid by the Sellers in connection with the audit by the New York State Department of Taxation and Finance of the withholding Tax Returns of Marvin Richards for 2002, 2003 and 2004, of which Marvin Richards was notified by letter from the New York State Department of Taxation and Finance dated June 7, 2005.

(ii) The Buyer's obligations pursuant to the provisions of Section 8.1(c) are subject to the following limitations:

(A) the Buyer shall not be liable to the Sellers under Section 8.1(c) until Damages incurred or sustained by the Sellers exceed $250,000 in the aggregate, and then only to the extent of such excess;

(B) the Sellers shall not be entitled to recover from the Buyer under Section 8.1(c) in excess of an amount equal, in the aggregate, to the Indemnification Cap; and

(C) the limitations of the Buyer's liability set forth in clauses (A) and (B) above shall not be applicable to (I) any claims determined by a court of competent jurisdiction to arise from fraud by the Buyer, (II) any amounts required to paid by the Buyer pursuant to Section 2.4 or Section 2.5, or (III) the obligations of the Buyer pursuant to Sections 6.7, 7.2(e)(i) or (iv).

(e) Procedure for Indemnification. The procedure to be followed in connection with any claim for indemnification by Buyer Indemnified Persons under Section 8.1(b) or by the Sellers under Section 8.1(c) is set forth below:

(i) A Person that may be entitled to indemnification pursuant to Section 8.1(b) or 8.1(c) (the "Indemnified Party") shall promptly give written notice (a "Notice of Claim") to the party liable for such indemnification (the "Indemnifying Party"). A Notice of Claim shall set forth (A) a description, in reasonable detail, of the facts and circumstances with respect to the subject matter of such Indemnity Claim or potential Indemnity Claim, and (B) the anticipated total amount of the Indemnity Claim (including any costs or expenses which have been or may be reasonably incurred in connection therewith). Upon receipt of a Notice of Claim, the Indemnifying Party may elect to cure the circumstances giving rise to the Indemnity Claim within thirty (30) days after the date of receipt of the Notice of Claim. If such cure cannot be effected within such 30-day period, payment of the amount of Damages due to the Indemnified Party as set forth in the Notice of Claim shall be made by Indemnifying Party no later than the thirtieth (30th) day after the date of the Notice of Claim (or such later date as the Indemnifying Party receives written notice that the Indemnified Party has suffered Damages). The Indemnified Party's failure to give prompt notice or to provide copies of documents or to furnish relevant data shall not constitute a defense (in whole or in part) to any Indemnity Claim by the Indemnified Party against the Indemnifying Party, except and only to the extent that such failure shall have caused or increased such liability or adversely affected the ability of the Indemnifying Party to defend against or reduce its liability.

(ii) If the Indemnifying Party shall reject any Damages as to which a Notice of Claim is sent by the Indemnified Party, the Indemnifying Party shall give written notice of such rejection to the Indemnified Party within thirty (30) days after the date of receipt of the Notice of Claim.

(iii) If any Notice of Claim relates to any claim made against an Indemnified Party by a third Person, the Notice of Claim shall state the nature, basis and amount of such claim. The Indemnifying Party shall have the right, at its election, by

written notice to the Indemnified Party, to assume the defense of the claim as to which such notice has been given. Except as provided in the next

sentence, if the Indemnifying Party so elects to assume such defense, it shall diligently and in good faith defend such claim and shall keep the Indemnified Party reasonably informed of the status of such defense, and the Indemnified Party shall cooperate fully with the Indemnifying Party in the defense of such claim, provided that in the case of any settlement providing for remedies other than monetary damages for which indemnification is provided, the Indemnified Party shall have the right to approve the settlement, which approval shall not be unreasonably withheld or delayed. If the Indemnifying Party does not so elect to defend any claim as aforesaid or shall fail to defend any claim diligently and in good faith (after having so elected), the Indemnified Party may assume the defense of such claim and take such other action as it may elect to defend or settle such claim as it may determine in its reasonable discretion, provided that the Indemnifying Party shall have the right to approve any settlement, which approval will not be unreasonably withheld or delayed.

Section 8.2 Tax Treatment of Indemnification Payments. The Sellers and the Buyer agree to treat any payment made pursuant to this Article VIII or pursuant to Sections 7.8(b) or 7.8(l) as an adjustment to the Purchase Price for U.S. federal, state and local income Tax purposes. Notwithstanding the foregoing, if any payment made pursuant to this Article VIII (including, without limitation, this Section 8.2) or pursuant to Sections 7.8(b) or 7.8(l) is determined by any Taxing Authority to be taxable to the party receiving such payment, the paying party shall also indemnify the party receiving such payment for any Taxes incurred by reason of receipt of such payment in excess of any Tax deductions previously taken by such Person by reason of such Taxes or Damages in connection with such Taxes (or any asserted deficiency, claim, demand, action, suit, proceeding, judgment or assessment, including the defense or settlement thereof, relating to such Taxes).

ARTICLE IX
GENERAL PROVISIONS

Section 9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly delivered if delivered personally (upon receipt), or three (3) Business Days after being mailed by registered or certified mail, postage prepaid (return receipt requested), or one (1) Business Day after it is sent by commercial overnight courier service, or upon transmission, if sent via facsimile (with confirmation of receipt) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to the Buyer or G-III:

G-III Apparel Group, Ltd.
512 Seventh Avenue
New York, New York 10018
Attention: Wayne S. Miller
Fax: (212) 719-0921

With a copy (which shall not constitute notice) to:

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

(b) If to any Seller or the Sellers' Representative, his address set forth on Schedule 2.2(a) hereto, with a copy (which shall not constitute notice) to:

Wechsler & Cohen, LLP
116 John Street--33rd Floor
New York, New York 10038
Attention: Mitchell S. Cohen, Esq.
Fax: (212) 847-7955

Section 9.2 Amendment. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by all parties hereto.

Section 9.3 Extension; Waiver. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights rising by virtue of any prior or subsequent such occurrence.

Section 9.4 Further Assurances. Each party hereto, at the request of another party hereto, shall execute and deliver such instruments and do and perform such other acts and things as may be reasonably necessary or desirable to effect the consummation of the transactions contemplated hereby.

Section 9.5 Entire Agreement; Nonassignability; Parties in Interest. This Agreement, the Other Transaction Documents and the documents and instruments specifically referred to herein or therein or delivered pursuant hereto or thereto, including the Schedules hereto, (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, (b) are not intended to confer upon any other Person any rights or remedies hereunder, and (c) shall not be assigned by any party without the written consent of the other parties; provided, however, that Buyer shall be permitted to collaterally assign its rights under this Agreement to The CIT Group/Commercial Securities, Inc., as Agent, in connection with the financing agreement being entered into simultaneously with this Agreement. Subject to the foregoing, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of the successors and permitted assigns of the parties.

Section 9.6 Severability. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other Persons or circumstances will be interpreted so as

reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

Section 9.7 Specific Performance. Each of the parties hereto acknowledges and agrees that the other parties hereto would be damaged irreparably in the event that the transactions contemplated by this Agreement are not consummated in accordance with the terms hereof. Accordingly, each of the parties agrees that the other parties shall be entitled to enforce specifically this Agreement and each other party's obligation to consummate the transactions contemplated by this Agreement in accordance with the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having jurisdiction over the parties and the matter, in addition to any other remedy to which they may be entitled, at law or in equity.

Section 9.8 Remedies Cumulative. Except as otherwise provided herein, any and all remedies herein expressly conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such party, and the exercise by a party of any one remedy will not preclude the exercise of any other remedy.

Section 9.9 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York without regard to applicable principles of conflicts of law.

Section 9.10 Jurisdiction. Any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought exclusively in a New York State or United States Federal court sitting in New York County, and each of the parties hereby expressly submits to such jurisdiction and venue of such court (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum.

Section 9.11 Rules of Construction. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect any of the terms or provisions hereof. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. Any reference in this Agreement to a "day" or number of "days" (other than a "Business Day") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given on, the next Business Day. The disclosure of any matter in the Schedules hereto shall expressly not be deemed to constitute an admission by the Buyer or the Sellers, or to otherwise imply, that any such matter is material for the purposes of this Agreement. The parties have participated jointly, and have been represented by counsel, in the negotiation and drafting of this Agreement. In the

event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The parties intend that each representation, warranty and covenant contained herein shall have independent significance. If any party has breached any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact that the party is in breach of the first representation, warranty or covenant.

Section 9.12 Effect of Due Diligence. No investigation by or on behalf of the Buyer or G-III into the business, operations, prospects, assets or condition (financial or otherwise) of the Acquired Companies shall diminish in any way the effect of any representations or warranties made by the Sellers in this Agreement or shall relieve the Sellers of any of their respective obligations under this Agreement.

Section 9.13 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date set forth above.

/s/ SAMMY AARON

SAMMY AARON

/s/ ANDREW REID

ANDREW REID

/s/ LEE LIPTON

LEE LIPTON

/s/ JOHN POLLACK

JOHN POLLACK

/s/ SAMMY AARON

SAMMY AARON, as Sellers' Representative

G-III LEATHER FASHIONS, INC.

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Senior Vice President

G-III APPAREL GROUP, LTD.

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Senior Vice President

ASSET PURCHASE AGREEMENT

AGREEMENT, made as of this 11th day of July, 2005, by and among G-III Leather Fashions, Inc., a New York corporation ("Buyer"), G-III Apparel Group, Ltd. ("G-III"), Winlit Group, Ltd., a New York corporation ("Winlit"), David Winn ("Winn") and Richard Madris ("Madris") (Winlit, Winn and Madris are collectively referred to as the "Winlit Group").

W I T N E S S E T H:
- - - - - - - - - - -

WHEREAS, Winlit is an apparel company that manufactures and markets men's and women's outerwear pursuant to license agreements with Guess, London Fog, Pacific Trail, Ellen Tracy Leather, Tommy Hilfiger Outerwear and BCBGMAXAZRIA and under brands owned by Winlit or its Affiliates, among others;

WHEREAS, trusts created by Winn and Madris are the sole shareholders of Winlit ;

WHEREAS, Winlit desires to sell, and Buyer desires to purchase, with certain exceptions, the assets owned, and the businesses and operations conducted, by Winlit upon the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, Buyer intends to create a new division (the "Division") in which to use the Assets (as defined below) to commercially exploit the licensed product and private label business conducted by Winlit together with such other businesses as may be from time to time assigned to or generated by the Division.

NOW, THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereto agree as follows:

1. Definitions. As used herein, the following terms shall have the following meanings:

1.1 Assets means the tangible and intangible assets used in connection with the business and operations of Winlit (collectively, the "Business"), except for the "Excluded Assets" (as hereinafter defined). Without limiting the generality of the foregoing, the Assets shall include the following:

(a) all registered and unregistered trademarks, trade names, service marks, designs, franchises, licenses, permits, privileges and other proprietary rights if any, owned or held and used by or useful to Winlit in connection with the Business including, without limitation, those set forth in Schedule 1.1(a) hereto;

(b) all furniture, fixtures, improvements, office materials and supplies, and other tangible personal property of every kind and description owned or held and used by or useful to Winlit in connection with the Business.

(c) all rights and benefits of Winlit under lease agreements, entered into by, or for the benefit of, Winlit or owned or held and used by or useful to Winlit in connection with the Business and under all other contracts, agreements and commitments in connection with their respective businesses and operations, which are set forth on Schedule 1.1(c) (which shall also specify those contracts the assignment of which requires third party consent);

(d) all warranties, rights and other intangible assets of any member of the Winlit Group and/or the shareholders of Winlit in connection with the Business.

(e) all records and files of Winlit, including, without limitation, customer and supplier lists, records, files and account statements, correspondence with customers or suppliers and potential customers or suppliers and all related documents, records of purchase and invoices recording purchases, customer orders, stockroom records, financial accounting and credit records, personnel records, general correspondence and any similar document or record related to or useful for or in the Business, but specifically excluding the minute books and records relating solely to the incorporation of Winlit;

(f) all transferable insurance policies owned by, or entered into by or on behalf of, any member of the Winlit Group in connection with the Business, other than life insurance policies with respect to Winn and Madris;

(g) all purchase and sales orders in process on the Closing Date (as defined in Section 1.4 hereof) to the extent merchandise thereunder has not been shipped to customers of Winlit and which are not, therefore, accounts receivable ("Orders-in-Process") as are specified on Schedule 1.1(g);

(h) all samples (other than old samples as set forth in Section 1.2(g)), patterns, drawings, creative designs, ideas (including those in the possession of third parties, but which are the property of Winlit), sketches, plans and other similar matters, however evidenced;

(i) all of Winlit Group's goodwill and going concern value in the Business; and

(j) all inventory of Winlit as set forth on Schedule 1.1(j) hereto (the "Purchased Inventory").

1.2 Excluded Assets means (a) all cash and marketable securities of Winlit, whether on hand or in banks, held by or on behalf of or for Winlit and all bank accounts or accounts with other financial institutions held by or in the name of or on behalf of Winlit, (b) all prepaid expenses, accounts and notes receivable of Winlit, (c) the security deposit with respect to the lease at 463 Seventh Avenue, New York, New York, (d) claims or causes of action of Winlit, (e) inventory of Winlit other than Purchased Inventory, (f) furniture, fixtures and equipment located at the warehouse leased by Winlit at 900 Passaic Avenue, Harrison, New Jersey and (g) old samples not related to any products sold within the past year.

1.3 Closing means the consummation of the purchase, assignment, conveyance and sale of the Assets contemplated hereunder. It is contemplated that the Closing shall take place immediately following the execution and delivery of this Agreement.

1.4 Closing Date means the date on which this Agreement is executed and delivered by all the parties hereto or at such other date as the parties may agree.

1.5 Closing Place means the offices of Fulbright & Jaworski L.L.P., 666 Fifth Avenue, New York, New York, or such other place as the parties may agree.

1.6 Code means the Internal Revenue Code of 1986, as amended.

1.7 Direct Operating Income or DOI means net sales (inclusive of accrued returns, markdowns and allowances) of the Division less (i) cost of sales, including royalties and license fees, except for $100,000 to be paid to Guess?, Inc. with respect to the years ending January 31, 2007, 2008 and 2009, and (ii) the direct expenses of the Division set forth on Schedule 1.7 hereof, all as determined in accordance with Buyer's accounting procedures utilized in preparing internal financial statements for Buyer's divisions.

1.8 ERISA means the Employee Retirement Income Security Act of 1974, as amended, or any successor law, and regulations and rules issued pursuant to that Act or any successor law.

1.9 Encumbrances mean any mortgages, pledges, preemptive purchase rights, security interests, claims, liens, charges, or other encumbrances of any kind including, without limitation, any liens arising under or in connection with Title IV of ERISA, Section 302 of ERISA or Section 412 of the Code.

1.10 knowledge of a person means such person's actual knowledge after reasonable inquiry of all persons who may reasonably be expected to have knowledge of the matter at issue.

1.11 Tax means (i) any tax of any kind, a levy or other like assessment, customs, duties, imposts, charges or fees (including income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, sales, use, transfer, registration, value added, alternative or add-on-minimum, estimated or other tax of any kind whatsoever) imposed by or payable to the United States or any state, county, local or foreign government or subdivision or agency thereof, and in each instance such term shall include any interest, penalties or additions to tax attributable to any such tax, (ii) any liability for the payment of any amounts described in (i) as a result of being (or ceasing to be) a member of a consolidated, combined, unitary or aggregate group for any Tax period, and (iii) any liability for the payment of any amount described in (i) or (ii) as a result of being a transferee or successor to any person or as a result of any express or implied obligation to indemnify any other person.

1.12 Tax Return means any return, statement, claim for refund, report, estimate, declaration, information return form or other document filed or required to be filed in connection

with the determination, assessment or collection of any taxes or the administration of any laws, regulations or administrative requirements relating to any Taxes, including any schedule or attachment thereto and any amendment thereof.

2. Purchase of Assets and Purchase Price.

2.1 Purchase of Assets. Subject to the terms and upon satisfaction of the conditions contained in this Agreement, at the Closing, Winlit shall sell, assign, transfer, convey and deliver to Buyer, and Buyer shall purchase from Winlit, the Assets, free and clear of all Encumbrances, for the consideration specified in Section 2.4 hereof.

2.2 Non-Assumption of Liabilities. Except as specifically set forth on Schedule 2.2, in this Section 2.2 and in Sections 2.4 and 2.5 hereof, Buyer expressly does not, and shall not, assume or be deemed to have assumed under this Agreement or by reason of any transaction contemplated hereunder, any debts, liabilities (contingent or otherwise) or obligations of any of the members of the Winlit Group or any shareholder of Winlit of any nature whatsoever. Buyer shall assume the obligations arising subsequent to the Closing Date under all contracts, agreements, commitments and leases of Winlit being assigned or transferred to Buyer hereunder, but only to the extent disclosed in Schedule 1.1(c) or 2.2 hereto (collectively, the "Assumed Obligations"); provided, however, that notwithstanding any other provision of this Agreement, the Assumed Obligations shall not include any (i) debts, liabilities (contingent or otherwise) or obligations of any of the members of the Winlit Group or any shareholder of Winlit (including, without limitation, trade accounts payable and liabilities that should be accrued on the Financial Statements (as defined herein) in accordance with generally accepted accounting principles up to the Closing Date) with respect to those Assumed Obligations referred to in this section, arising out of any contract, agreement, commitment or lease (a) required to be listed but not listed on Schedule 1.1(c) hereto (regardless of any knowledge thereof on the part of Buyer) or (b) the benefits of which are not validly assigned to Buyer, (ii) any liabilities arising from customer complaints or any related customer chargebacks (including all deductions of any kind) relating to the Business prior to the Closing Date, or (iii) any liability or obligation for Taxes, whether or not accrued, assessed or currently due and payable, including without limitation any liability for Taxes (a) any member of the Winlit Group or any shareholder of Winlit, whether or not it relates to the operation of Winlit's business, (b) arising from the operation of Winlit's business or the ownership of the Assets on or prior to the Closing Date or (c) arising out of the consummation of the transactions contemplated hereby (for purposes of this Section 2.2, all real property Taxes, personal property Taxes

and similar ad valorem obligations levied with respect to the Assets for a Tax period that includes (but does not end on) the Closing Date shall be apportioned between Winlit and Buyer based upon the number of days of such period included in the Tax period before (and including) the Closing Date and the number of days of such Tax period after the Closing Date). Notwithstanding anything to the contrary contained herein, it shall be the responsibility of Buyer to reimburse Winlit for any customs and duty charges paid by Winlit with respect to any of the Purchased Inventory.

2.3 Transfer and Assumption Documents.

(a) At the Closing, the members of the Winlit Group shall deliver to Buyer such deeds, bills of sale, endorsements, assignments and other instruments of sale,

conveyance, transfer and assignment, satisfactory in form and substance to Buyer and its counsel, as may be requested by Buyer, in order to convey to Buyer good and marketable title to the Assets, free and clear of all Encumbrances.

(b) At the Closing, the members of the Winlit Group shall deliver to Buyer all written consents which are required under any contract or agreement being assigned to Buyer hereunder; provided, however, that as to any such contract or agreement the assignment of which by its terms requires prior consent of the parties thereto, if such consent is not obtained prior to or on the Closing Date, the members of the Winlit Group shall deliver to Buyer written documentation setting forth arrangements for the transfer of the economic benefit of such contracts or agreements to Buyer as of the Closing Date under terms and conditions acceptable to Buyer.

(c) At the Closing, Buyer will deliver to Winlit such instruments and documents, satisfactory in form and substance to Winlit and its counsel, as may be requested by Winlit in order to effect the assumption of the Assumed Obligations by Buyer.

2.4 Purchase Price.

(a) The aggregate consideration to be paid by Buyer to Winlit, for the Assets (the "Consideration") shall be equal to the sum of (i) $5,740,000, and (ii) the amount set forth on Schedule 2.4 hereto for the Purchased Inventory, payable as set forth on Schedule 2.4. The Consideration shall be paid by Buyer by the assumption of an amount of Winlit's debt to CIT (hereinafter defined) equal to the Consideration pursuant to the assumption agreement attached hereto as Exhibit B.

(b) Subject to the provisions of clauses (i) through (iv) below, Buyer also agrees to pay to Winlit or its assigns for the period beginning on the Closing Date and ending on January 31, 2006 and for each of the one-year periods ending on January 31, 2007, 2008 and 2009 (each an "Earn Out Period" and collectively, the "Earn Out Periods") such additional amounts (each an "Earn Out Payment and collectively, the "Earn Out Payments") if the Division achieves a minimum DOI (the "Minimum DOI") in each period as follows: (i) with respect to the period ending January 31, 2006, provided the Division achieves a Minimum DOI for that period of at least $4.0 million, an amount equal to fifteen percent (15%) of the Division's DOI for that period; provided, however, that if the Division achieves a DOI of at least $5.5 million (the "Target") for the period beginning on the Closing Date and ending January 31, 2006, then the amount shall be equal to twenty-five percent (25%) of the Division's DOI for that period; provided, further however, that in determining the Division's DOI for the period beginning on the Closing Date and ending January 31, 2006 (for all purposes under this Agreement including but not limited to calculating the DOI to determine the Earn Out Payment and determining whether the Division has achieved the Minimum DOI and/or the Target for such period), an amount equal to $245,000 shall be added to the actual DOI for such period; (ii) with respect to the period ending January 31, 2007, provided the Division achieves a Minimum DOI for that year of at least $2.5 million, an amount equal to twenty percent (20%) of the Division's DOI for that year; (iii) with respect to the period ending

January 31, 2008, provided the Division achieves a Minimum DOI for such year of at least $3.0 million, an amount equal to twenty percent (20%) of the Division's DOI for that year; and (iv) with respect to the period ending January 31, 2009, provided the Division achieves a Minimum DOI for such year of $3.0 million, an amount equal to the excess of twenty percent (20%) of the Division's DOI for that year over $100,000; and provided further that the Earn-Out Payment with respect to the period ending (A) January 31, 2008 shall not in any event exceed $3.0 million; and (B) January 31, 2009 shall not in any event exceed $3.0 million. If no Earn-Out Payment is earned with respect to the year ending January 31, 2009, the members of the Winlit Group jointly and severally agree to pay to Buyer an aggregate of $100,000.

(i) If no Earn-Out Payment is made with respect to any one or more periods because the DOI with respect to such Earn Out Period or Periods is less than the Minimum DOI, Buyer shall not be required to make any Earn Out Payment for such Earn Out Period unless the Division's DOI for any one or more subsequent Earn Out Period exceeds the Minimum DOI for that period or those periods by an amount at least equal to the deficiency in the prior Earn-Out Periods. In such event, in determining the required Earn Out Payment, an amount of DOI from the subsequent Earn Out Periods necessary to have achieved the Minimum DOI for the prior Earn Out Period shall be added to DOI for the prior Earn Out Period and deducted from DOI in each such subsequent Earn Out Period. Earn Out Payments shall be paid with respect to each of these Earn Out Periods based on the percentage of DOI that applies to each period.

(ii) If the Division does not achieve the Minimum DOI with respect to any Earn Out Period, an Earn-Out Payment shall be made with respect to such Earn-Out Period provided that the aggregate DOI for prior Earn-Out Periods exceeded the aggregate Minimum DOI for such periods by an amount at least equal to the DOI deficiency in the subsequent Earn Out Period. In such event, in determining the required Earn Out Payment the Earn Out Payment for such subsequent Earn Out Period shall be based on the actual DOI for the Division for such subsequent Earn Out Period.

(iii) If the Division's aggregate DOI for all of the Earn Out Periods is less than $9.7 million, then any Earn Out Payments previously paid by Buyer with respect to such Earn Out Periods shall be forfeited by Winlit and repaid to Buyer. The obligation to repay Earn Out Payments under this clause (iii) is a joint and several obligation of the members of the Winlit Group.

(iv) Any payment required to be made under this Section 2.4(b) shall be made within 90 days of the end of the one-year period to which such payment relates and shall include an accounting (the "Accounting") of the amount of payment due. Buyer shall make the Division's books and records of account, budgets, and forecasts reasonably available to Winlit solely for use in verifying and calculating Earn Out Payments.

(v) As soon as reasonably practicable, but in any event within 30 days of delivery by Buyer to Winlit of the Accounting, Winlit shall inform the Buyer in writing that the Accounting is acceptable or object to the Accounting, setting forth a specific description of the objection. If Winlit does not respond within such 30 day period, it will be deemed to have accepted the Accounting. If the Buyer does not agree with an objection of Winlit or such objections are not resolved on a usually agreeable basis within 30 days of the Buyer's receipt of any objections, any such disagreements shall be promptly submitted to a

mutually agreeable independent certified public accounting firm (the "Independent Firm"). If Winlit and Buyer cannot agree on the selection of the Independent Firm, they shall request the American Arbitration Association in New York, New York, to select the Independent Firm. The Independent Firm shall resolve such dispute within 30 days after submission of the dispute by the parties. The fees, costs and expenses of the Independent Firm shall be equally borne by the parties. In the event that the Independent Firm determines that Buyer underpaid amounts due to Winlit pursuant to Section 2.4, Buyer shall to pay Winlit interest on such underpaid amount from the time such payment was due until it is paid at a rate equal to the prime rate of interest as announced by Fleet National Bank, a Bank of America company, on the date such payment was

due. In the event that the Independent Firm determines that Buyer overpaid amounts due to Winlit pursuant to Section 2.4. Winlit shall return the amount of such repayment, without interest.

(c) Any amounts payable by Buyer to Winlit under this Agreement shall be paid to the CIT Group/Commercial Services Inc. ("CIT") for the account of Winlit, provided, however, that in the event that Buyer is notified in writing executed by CIT that it has been paid in full, any further amount payable by Buyer to Winlit under this Agreement shall be paid directly to Winlit or its assigns.

2.5 Allocation of Purchase Price. Buyer shall prepare an allocation of the Consideration (and all other capitalized costs) among the Assets in accordance with the applicable requirements of Section 1060 of the Code prior to the time of any required tax filings with respect thereto and subject to any adjustment to the consideration pursuant to Section 2.4(b). The parties agree to report this transaction for tax purposes in accordance with the allocation set forth on Schedule 2.5 hereto. If any taxing authority makes or proposes an allocation with respect to the Assets that differs materially from the allocation prepared by Buyer pursuant to this Section 2.5, each of Buyer on the one hand and Winlit on the other shall have the right, at its election and expense, to contest such authority's determination. In the event of such a contest, the other party or parties shall cooperate reasonably with the contesting party but shall have the right to file such protective claims or returns as may be reasonably required to protect its interests.

3. Representations and Warranties of the Winlit Group. Each of the members of the Winlit Group, jointly and severally, represent, warrant and covenant to Buyer that:

3.1 Organization and Good Standing. Winlit (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization as set forth on Schedule 3.1 hereto and Schedule 3.1 is a complete, correct and accurate list of such jurisdiction of incorporation, (ii) has all requisite corporate power and authority to enter into and perform and do all things contemplated under this Agreement and all documents and agreements necessary to give effect to the provisions of this Agreement, to own and lease its assets and to carry on and operate its business and operations as now being conducted and as proposed to be conducted by it under existing agreements, (c) is duly qualified to do business and is in good standing as a foreign corporation in every jurisdiction in which the nature of the business conducted by it requires such qualification and Schedule 3.1 is a complete, current and accurate list of all such jurisdictions of qualification, and (d) does not conduct any of its business or operations, through any other limited liability company, corporation, partnership

or other entity. La Nouvelle Renaissance, Inc. and NY 10018, Inc. are inactive subsidiaries of Winlit which neither own any Assets nor have any current business operations.

3.2 Organizational Documents. A copy of the certificate of incorporation as amended to the date hereof (certified by the Secretary of State of the State of New York and the bylaws of Winlit have been delivered to Buyer and such documents are complete and correct and represent the presently effective certificate of incorporation and bylaws of Winlit. The minutes of the meetings of the board of directors of Winlit authorizing the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby (certified by Winlit's Secretary), copies of which have been delivered to Buyer are true, accurate and complete as of the Closing Date.

3.3 Ownership of Winlit. Schedule 3.3 lists all of the outstanding shares of capital stock of Winlit and the names of the owners thereof.

3.4 Authorization and Binding Obligations. The execution, delivery and performance by the members of the Winlit Group of this Agreement have been duly and validly authorized by all necessary action, including approval of the entire transaction by the requisite vote of Winlit's board of directors and shareholders. This Agreement has been duly executed and delivered by each member of the Winlit Group and constitutes a legal, valid and binding agreement of each

member of the Winlit Group, enforceable in accordance with its terms, except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

3.5 No Contravention. The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the compliance with the provisions hereof by Winlit does not and as of the Closing Date will not (a) violate any provisions of the certificate of incorporation or bylaws of Winlit, (b) conflict with, result in the breach of, or constitute (or with notice or lapse of time or both constitute) a default under, or result in the creation of any Encumbrances upon any of the Assets, or require any authorization, consent, approval, exemption or other action by or notice to any third party, court or other governmental or administrative body, under or with respect to any agreement or other instrument to which any member of the Winlit Group is a party or by which any of the Assets is bound or affected or (c) violate any laws, regulations, orders or judgments writs, injunctions, awards, decrees or licenses applicable to any member of the Winlit Group with respect to any of the Assets.

3.6 Title to Assets. Except as set forth on Schedule 3.6 hereto, Winlit has good and marketable title to all the real and tangible personal property and intangible property to be transferred by it to Buyer hereunder, free and clear of any Encumbrances. The bills of sale, assignments of leases, agreements, contracts and other arrangements, and other instruments delivered to Buyer by the Winlit Group on the Closing Date will be in form and substance sufficient to vest in Buyer, and the transfer to Buyer by Winlit of the Assets on the Closing Date will convey to Buyer, good and marketable title to the Assets, free and clear of any Encumbrances whatsoever. The Assets include all assets which are necessary to conduct the Business as presently conducted. The Assets are (i) in the possession of the Winlit Group, (ii)

suitable for the uses and purposes for which they are being used or are intended, and (iii) in compliance with applicable federal, state or local statutes, ordinances and regulations.

3.7 Financial Statements and Material Adverse Changes.

(a) Schedule 3.7 contains the following: (i) audited financial statements, including balance sheets and statements of income, retained earnings and cash flows of Winlit as of, and for the years ended, December 31, 2002 and 2003, (ii) an unaudited balance sheet, statement of income, retained earnings and cash flows of Winlit as of and for the year ended December 31, 2004, (iii) an unaudited balance sheet and statement of income of Winlit for the three month period ended March 31, 2005, and (iv) unaudited balance sheet and income statements of Winlit, for each of the four quarters in 2004 (collectively, the "Financial Statements"). To the knowledge of each of the members of the Winlit Group, each of the Financial Statements is true, complete and correct in all material respects, and fairly presents results of operations, financial condition, assets, liabilities and cash flows of Winlit for the periods specified. To the knowledge of each of the members of the Winlit Group, the Financial Statements have been prepared (i) in accordance with generally accepted accounting principles, applied on a consistent basis throughout the periods involved, except as may be expressly stated in the related notes thereto, and (ii) on a consistent basis with each other, except as set forth on Schedule 3.7. To the knowledge of each of the members of the Winlit Group, the unaudited Financial Statements reflect all adjustments, consisting only of normal recurring adjustments necessary to present fairly the financial condition of Winlit as of the date of such Financial Statements and the results of operations for the periods then ended. To the knowledge of each of the members of the Winlit Group, (i) all material liabilities and obligations, whether accrued, absolute, contingent, direct or indirect, perfected, inchoate, unliquidated or otherwise and whether due or to become due have been disclosed in the Financial Statements or in the notes thereto, (ii) the statements of income included in the Financial Statements do not contain any material items of special or non-recurring income or other income not earned in the ordinary course of business except as expressly specified on Schedule 3.7 as attached hereto on the date hereof, and (iii) all amounts billed to customers of Winlit reflected on the Financial Statements and Schedule 3.7 hereto are for the Business and not for any other business. Each member of the Winlit Group

acknowledges and agrees that Buyer is relying on the accuracy and completeness of the Financial Statements in making its determination as to whether it must file the Financial Statements with the Securities and Exchange Commission.

(b) There have been no material adverse changes, individually or in the aggregate, in the Assets, liabilities, business, prospects, revenues, expenses, results of operations or condition, financial or otherwise, of Winlit since December 31, 2004, except that Winlit has incurred a net loss in excess of $6.0 million since January 1, 2005.

(c) The Winlit Group has provided Buyer with projections for the Business through 2005 which are attached as Schedule 3.7 (c) (the "Winlit Projections"). The Winlit Projections were prepared in good faith and are based upon assumptions and estimates that the members of the Winlit Group believed to be reasonable at the time of preparation; it being understood by Buyer that projections such as the Winlit Projections are inherently subject to risks, uncertainties and other factors that may cause actual results to differ from those stated in such Projections.

3.8 Inventories. Except as set forth on Schedule 3.8 hereto, Purchased Inventory does not include any items below standard quality, damaged or spoiled, obsolete or of a quality or quantity not usable or saleable in the normal course of the Business as currently conducted within normal inventory "turn" experience.

3.9 Leases. Schedule 3.9 sets forth a true and complete list of all leases under which Winlit is a lessee or under which it is operating. Winlit enjoy peaceful and undisturbed possession under all of their respective leases and all of such leases are valid and enforceable in accordance with their respective terms, and there is not under any such lease any existing default or any condition, event or act which, with notice or lapse of time or both, would constitute a default.

3.10 Licenses and Authorizations. Schedule 1.1(a) hereto contains a true and complete list of all licenses and authorizations required for the continued operation of the Business as now conducted under existing agreements, if any, and Winlit is the authorized legal holder of each such license and authorization. Such licenses and authorizations are in full force and effect.

3.11 Contracts. Schedule 1.1(c) contains a true and complete list of all contracts, leases, agreements and commitments of every nature in full force and effect with respect to Winlit and the Business. Winlit has complied (in accordance with their terms) with all of the provisions of such contracts, leases, agreements and commitments and with all of the provisions of the Orders-in-Process, and there are no defaults thereunder. All such contracts, leases, agreements, commitments and Orders-in-Process are valid and binding in accordance with their terms, and true and complete copies of all such written contracts, leases, agreements, commitments and Orders-in-Process and all amendments and modifications thereto have been delivered to Buyer.

3.12 Franchises, Trademarks and Trade Names. Except as set forth on Schedule 3.12 hereto, all franchises, trademarks, trade names, service marks, copyrights, licenses, privileges and other proprietary rights held by Winlit, as described in Section 1.1(a) hereto, are owned by Winlit, or licensed for its use and are valid and in good standing, free and clear of any Encumbrances whatsoever. The Winlit Group has taken all necessary action to protect such proprietary rights. No other trademarks, trade names, service marks, copyrights, licenses, privileges and other proprietary rights are necessary for the conduct of the Business. Among the other trademarks set forth on Schedule 3.12 hereto, Winlit, LNR and NY 10018 are valid and enforceable trademarks of Winlit and are transferable to Buyer. The Business conducted by Winlit does not infringe upon or conflict with any patent, trademark, trade name, service mark, copyright, license or other proprietary right of any third party, and no member of the Winlit Group has received any notice of infringement upon or conflict with the asserted rights of others.

3.13 Employees. Except as set forth in Schedule 3.13 hereto, there are no collective bargaining agreements, professional or personal service contracts, incentive plans for salespeople, bonus plans and other similar agreements, plans, arrangements and practices including employee benefit plans

within the meaning of 3(3) of ERISA (whether or not subject to ERISA), or employment agreements, bonus commitments or any other material plan,

agreement or arrangement covering present or future employees or other personnel of Winlit or with respect to which Winlit has any direct or indirect liability, whether in connection with the transactions contemplated by this Agreement or otherwise (the "Employee Plans"). Schedule 3.13 includes a list of all employees currently employed by Winlit together with (i) the compensation received by them in each of 2003 and 2004, their current annual salary and all other compensation and fringe benefits to which they are or may be entitled; and (ii) the amount of accrued bonuses, vacation, sick leave, family leave and other leave for such personnel. Winlit is not in default in any material respect with respect to any of the foregoing obligations and the Winlit Group will bear full responsibility for any such obligation outstanding, or due, owing or accrued as of the Closing Date, except that Buyer agrees to allow persons who become employees of Buyer to take all accrued vacation and sick days set forth on Schedule 3.13, it being understood that (i) any vacation or sick days taken by such employee shall first be credited against the days listed on Schedule 3.13 and (ii) if any such employee leaves the employ of Buyer and is entitled to be paid for any vacation and sick days set forth on Schedule 3.13, the members of the Winlit Group shall, jointly and severally, be liable to reimburse Buyer for any such payments made by it to any such employee without regard to the limitations of liability set forth in Section 7(f)(i). Neither Winlit nor any of its Affiliates is in default with respect to any (a) contributions or material obligations under any Employee Plan or (b) withholding or other employment taxes or payments on behalf of any current or former employee for which it is obligated on the date hereof. There are no labor controversies pending or threatened with respect to the employees of Winlit. The employees of Winlit are not represented by any labor union and no union organizational campaign is in progress with respect to such employees.

3.14 Employee Plans. Except as specifically set forth on Schedule 3.14, (i) Winlit does not maintain, contribute to (or have an obligation to contribute to) or has not maintained, adopted or contributed to a pension plan (within the meaning of Section 3(2) of ERISA) which is subject to Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code, (ii) there has been no accumulated funding deficiency within the meaning of 302(a)(2) of ERISA or Section 412 of the Code with respect to any funded pension plan which has resulted or could result in the imposition of a lien upon any of the Assets, and (iii) Winlit has not incurred nor will incur any liability, direct or indirect, contingent or otherwise under Title IV of ERISA.

3.15 Litigation. Except as set forth in Schedule 3.15, (i) there are no actions, suits, proceedings or investigations of any nature at law or in equity, pending or, to the knowledge of the members of the Winlit Group, threatened against or relating to Winlit, or any of the Assets or, to the knowledge of the members of the Winlit Group, affecting the Winlit Group or any of the Assets, which might reasonably result in an adverse effect upon the business or operations or condition, financial or otherwise, of Winlit, or the Assets, which seeks to enjoin, prohibit or otherwise challenge the transactions contemplated hereby or which might reasonably result in an adverse effect on the enjoyment and use by Buyer of any of the Assets to be acquired hereunder, and (ii) no unsatisfied judgment, award, order or decree has been rendered against or affecting Winlit or the Assets which might reasonably result in an adverse effect upon the business or operations or condition, financial or otherwise, of Winlit, or any of the Assets or which adversely affects the validity or enforceability of any of the contracts, leases, agreements, commitments or Order-in-Process listed in the Schedules hereto.

3.16 Taxes.

(a) Except as set forth in Schedule 3.16, Winlit has duly and timely filed all foreign, federal, state, county and other Tax Returns required to be filed, and such Tax Returns were true, complete and correct in all material respects. Winlit has made available to Purchaser copies of all Tax Returns with respect to the conduct of its business and the ownership of the

Assets filed by them during the six-year period prior hereto. Winlit has paid, or made provisions in accordance with generally accepted accounting principles for the payment of, all Taxes due (whether or not shown on any Tax Return) through and including the Closing Date, including, but not limited to with respect to 2004. There is not currently pending any dispute or claim concerning any Tax liability with respect to the income, business, operations or property of Winlit either claimed or raised by any Taxing authority. No claim has been made by a Taxing authority in a jurisdiction where Winlit does not file Tax Returns that it is or may be subject to Tax in that jurisdiction.

(b) All Taxes which Winlit was required by law to withhold, deposit or collect in connection with any amount paid or owing to any employee, independent contractor, creditor, partner or other third party have been duly withheld, deposited and collected and, to the extent required, have been paid to the relevant Taxing authority.

(c) None of the Assets are (1) "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code or (2) "tax-exempt bond financed property" within the meaning of Section 168(g) of the Code.

(d) No member of the Winlit Group has waived any statute of limitations in respect of the assessment and collection of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency relating to the ownership of the Assets or the operation of the Business on or prior to the Closing Date. Except as otherwise provided on Schedule 3.16, no member of the Winlit Group is currently the beneficiary of any extension of time within which to file any Tax Return. No member of the Winlit Group is a party to any Tax allocation or sharing agreement.

(e) None of the Assets is an interest in any entity that is treated as a partnership for U.S. federal income Tax purposes or would be treated as a pass-through or disregarded entity for any Tax purpose.

(f) None of the Assets is a "United States real property interest" within the meaning of Section 897(c) of the Code.

3.17 Books of Account. To the knowledge of each member of the Winlit Group, the books of account and other records of Winlit relating to its business and operations are complete and correct, are based on an adequate system of internal controls and accurately present and reflect all of the transactions relating to such businesses and operations to which they are parties or by which they are bound.

3.18 Outside Interests. Except as set forth on Schedule 3.18, none of Winlit's shareholders, members, officers, directors, managers or employees owns, directly or indirectly, individually or collectively, an interest in any entity which is or is expected to be a competitor, customer or supplier of (or has or is expected to have any existing contractual relationship with)

Winlit, nor does any such shareholder, member, officer, director, manager or employee receive income from any source other than Winlit which relates to, or should properly accrue to, Winlit.

3.19 Relations. To the knowledge of each member of the Winlit Group, Winlit has good relations with all its customers, suppliers, licensors and others having a business relationship with it and any entity and individual which is expected to be a customer, licensor or supplier of the Division. Schedule 3.19 sets forth all existing disputes between Winlit and any customer where the customer alleges it received defective goods or is entitled to any chargebacks or markdowns against invoices of Winlit. Each of Winn and Madris shall use his best efforts to assure that such relations continue with Buyer after the consummation of the transactions contemplated hereby.

3.20 Conduct of the Business. Except as set forth on Schedule 3.20, the Winlit Group has conducted the business and operations of Winlit in the ordinary course consistent with past practices since December 31, 2004.

3.21 Insurance. The Winlit Group has maintained valid and

enforceable insurance policies on the Assets and the respective businesses, operations and personnel of Winlit . Schedule 3.21 contains a correct and complete description, including policy numbers, of such insurance policies. Such policies are in full force and effect, and no member of the Winlit Group is in default under any of them. No member of the Winlit Group has received any notice of non-renewal, cancellation or intent to cancel, not renew or increase premiums or deductibles with respect to such insurance policies nor, to the knowledge of each member of the Winlit Group, is there any basis for such action. Schedule 3.21 also contains a list of all pending claims with any insurance company (other than health, medical and dental insurance claims of employees). Buyer shall be entitled to all proceeds paid under such insurance policies after the Closing Date with respect to any claims which are asserted by or against any of the parties hereto and are related to any of the Assets or any of the Assumed Obligations.

3.22 Related Transactions. Since December 31, 2001, except as set forth on the Schedule 3.22, to the knowledge of each member of the Winlit Group, no current or former officer, director, partner, shareholder, member or manager of Winlit (including their respective family members), (i) has engaged in any transaction with Winlit, or (ii) has been the direct or indirect owner of an interest in any other officer, director, partner, shareholder, manager or member which is a present (or potential) competitor, supplier or customer of the Business, nor does any such officer, director, partner, shareholder, manager or member receive income from any source other then the Business which relates to, or should properly accrue to the Business.

3.23 Disclosure. To the knowledge of each member of the Winlit Group, the Winlit Group has not failed to disclose to Buyer any information adverse to the assets, liabilities, business, financial condition or results of operations or prospects of the business of Winlit or to the Business, except as to matters affecting the economy generally, and no information furnished by or on behalf of the Winlit Group to Buyer contains any untrue statement of a material fact or omits to state a material fact necessary to make such statement, in the light of the circumstances under which it was made, not misleading. To the knowledge of each member of the Winlit Group, all written information, in whatever form, furnished by the Winlit Group to Buyer, was

true and correct as of the date so furnished and, except as the accuracy thereof is affected by the passage of time, remains true and correct in all material respects as of the date hereof.

4. Representations and Warranties of Buyer. Buyer represents, warrants and covenants to the Winlit Group that:

4.1 Organization and Standing. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, with full corporate right, power and authority to enter into and perform and do all things contemplated under this Agreement and all documents and agreements necessary to give effect to the provisions of this Agreement.

4.2 Authorization and Binding Obligations. The execution, delivery and performance of this Agreement has been duly and validly authorized by all necessary corporate action, including approval of the entire transaction by the requisite vote of the board of directors of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes a valid and binding agreement of Buyer, enforceable in accordance with its terms, except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

4.3 No Contravention. The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated hereby and the compliance with the provisions hereof by Buyer do not (i) violate any provisions of the articles of incorporation or by-laws of Buyer, (ii) conflict with, result in the breach of, or constitute a default under, or require any authorization, consent, approval, exemption or other action by or notice to any third party, court or other governmental or administrative body, under the provisions of any agreement or other instrument to which Buyer is a party or by which the property of Buyer is bound or affected that has not been obtained or (iii) violate any

laws, regulations, orders or judgments applicable to Buyer.

5. Conditions Precedent to the Obligations of the Parties. The obligations of the parties under this Agreement are subject to the satisfaction on or prior to the Closing Date of each of the following express conditions precedent, except such conditions as may be waived by the party to which the obligation is owed.

5.1 Delivery of Instruments of Conveyance and Transfer. Buyer shall have received the instruments and other documents required to be delivered to it pursuant to Sections 2.3(a) and (b) hereof.

5.2 Delivery of Instruments of Assumption. Buyer shall have delivered to Winlit, in accordance with Section 2.3(c) hereof, instruments whereby Buyer assumes and agrees to perform the Assumed Obligations.

5.3 Accuracy of Representations and Warranties. The representations and warranties made herein (and in any document, including any Schedules hereto, delivered in connection herewith) by each party shall be true and correct as of the Closing Date.

5.4 Compliance with Agreement. All of the terms, covenants and conditions of this Agreement to be performed or complied with by Buyer and the members of the Winlit Group on or prior to the Closing Date shall have been duly performed or complied with.

5.5 No Obstructive Proceeding. (i) No action or proceeding shall have been instituted against any of the parties to this Agreement before any court or any governmental department, agency or commission to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the consummation of the transactions contemplated hereby; and (ii) no action or proceeding shall have been instituted against, and no order, decree or judgment of any court, agency, commission or governmental authority shall be existing against, any of the parties which would render it unlawful, as of the Closing Date, to effect the transactions contemplated hereunder in accordance with the terms hereof or would affect, as of the Closing Date, the validity of this Agreement.

5.6 Consents. The Winlit Group shall have obtained and delivered to Buyer any necessary consents to the assignment to Buyer of all leases, contracts and agreements listed on any schedule hereto, without change or modification of the terms thereof. The Winlit Group shall have also delivered to Buyer copies of any other third party consents or approvals which the Winlit Group has obtained.

5.7 Authorization. Each party shall have received certified copies of all the respective actions taken by the other party authorizing and approving the execution and delivery of this Agreement, and the consummation of the transactions contemplated thereunder.

5.8 Opinion of Counsel. Buyer shall have received the written opinion of Silverberg Stonehill & Goldsmith, P.C., counsel for the Winlit Group, dated the Closing Date, substantially in the form attached to this Agreement as Exhibit A.

5.9 Employment Agreement. Winn shall have entered into an employment agreement with Buyer, substantially in the form of Exhibit B hereto (the "Employment Agreement").

5.10 License Agreements. Buyer shall have executed new license agreements or assignments of existing license agreements with (i) Guess?, Inc. and Guess? Licensing, Inc. for Guess Mens outerwear and Guess Ladies outerwear (ii) Tommy Hilfiger Licensing, Inc. for Hilfiger men's outerwear, (iii) London Fog Industries, Inc. for men's and women's leather outerwear, (iv) Pacific Trail, Inc. for men's and women's leather outerwear, (v) L.C. Licensing, Inc. for Ellen Tracy women's outerwear, and (vi) AZ3, Inc. for BCBGMaxAzria women's outerwear, in each case on terms and conditions satisfactory to Buyer.

5.11 Lease. Buyer shall have executed a new lease, or an assignment

and assumption of the existing lease with The Arsenal Company, LLC for space at 463 Seventh Avenue in New York City for the Division, in either case on terms and conditions satisfactory to Buyer.

5.12 No Material Adverse Change. There shall have occurred no material adverse change in the assets or condition (financial or otherwise), results of operations, employee, customer or supplier relations, business activities or business prospects of Winlit, nor

do the members of the Winlit Group know of any such change which is threatened, nor has there been any damage, destruction or loss materially adversely affecting any of Assets, or the business condition (financial or otherwise), results of operations, prospects or activities of Winlit, whether or not covered by insurance.

6. Brokers. Each of Buyer on the one hand and the Winlit Group on the other, represents and warrants to the other that it has not engaged a broker or finder in connection with this Agreement and the transactions contemplated herein or any aspect thereof, except that the Winlit Group has engaged Marketing Management Group, Inc. ("MMG") and the Winlit Group is solely responsible for the fees and expenses of MMG. Each party agrees to indemnify and hold the other harmless from any and all loss, cost, liability, damage and expense (including reasonable legal and other expenses incident thereto) in respect of any claim for a broker's or finder's fee or commission or similar payment by virtue of any alleged agreements, arrangements or understandings with the indemnifying party. Notwithstanding any other provision of this Agreement, the representations, warranties and covenants contained in this Section 6 shall survive the Closing Date without limitation.

7. Survival and Indemnification.

(a) Except as otherwise provided herein, the several representations, warranties, covenants, and agreements of the parties contained in this Agreement (or in any document delivered in connection herewith) shall be deemed to have been made on the Closing Date, shall be deemed to be material and to have been relied upon by Buyer and the Winlit Group notwithstanding any investigation made by Buyer or members of the Winlit Group, shall survive the Closing Date and shall remain operative and in full force and effect for a period of two years following the Closing Date, except as to any matters with respect to which a bona fide written claim has been made or an action at law or in equity shall have commenced before such date, in which event survival of the applicable representations and warranties shall continue (but only with respect to, and the extent of, such claim) until the final resolution of such claim or action including all applicable periods for appeal; provided, however, the representations and warranties of the Winlit Group contained in Section 3.6, 3.14 and 3.16 hereof shall survive until 90 days following the expiration of all applicable statutes of limitation (including periods of extension, whether automatic or permissive) applicable to claims arising from such representations and warranties; and provided further, that the respective, covenants and agreements of Buyer and the Winlit Group contained in Sections 6, 7, and 8 hereof shall continue without any time limitation.

(b) Each of the members of the Winlit Group, jointly and severally, shall indemnify and hold Buyer and its affiliates and their respective officers, directors, managers, members, stockholders, employees, agents and successors and assigns harmless from and against (i) any and all loss, cost, liability, damage and expense (including legal fees, expert costs and other expenses incident thereto) (each a "Loss" and, collectively, "Losses") arising out of or resulting from any inaccuracy, misrepresentation or breach or non-fulfillment of any representation, warranty, covenant or agreement of any member of the Winlit Group under this Agreement or any document delivered to Buyer in connection herewith, (ii) any and all liabilities and obligations of the members of the Winlit Group (other than the Assumed Obligations) of any nature whatsoever, whether accrued, absolute, fixed, contingent, or otherwise known or unknown

to the members of the Winlit Group, including, but not limited to, Losses with respect to any liability of the members of the Winlit Group deemed to have been assumed by Buyer by virtue of common law, statute or regulation or failure to comply therewith, which liability Buyer has not expressly agreed to assume hereunder, including without limitation, Bulk Transfer Laws in effect in the State of New York; (iii) any liability or obligation for Taxes, whether or not accrued, assessed or currently due and payable, including without limitation any liability for Taxes (a) of the members of the Winlit Group, whether or not it relates to the operation of Winlit's business, (b) arising from the operation of Winlit's business or the ownership of the Assets on or prior to the Closing Date or (c) arising out of the consummation of the transactions contemplated hereby (for purposes of this Section 7(b), all real property Taxes, personal property Taxes and similar ad valorem obligations levied with respect to the Assets for a Tax period that includes (but does not end on) the Closing Date shall be apportioned between Winlit and Buyer based upon the number of days of such period included in the Tax period before (and including) the Closing Date and the number of days of such Tax period after the Closing Date), (iv) any Loss arising from customer complaints or any related customer chargebacks or markdowns relating to the business of Winlit prior to the Closing, (v) Losses with respect to the failure by any member of the Winlit Group to obtain any third party consents required to effect the transactions contemplated by this Agreement, (vi) any and all Losses arising out of workers compensation claims relating to periods prior to the Closing Date or any liabilities or obligations arising under any Employee Plan (as defined in Section 3.13), ERISA, or Section 4980B of the Code and (vii) all claims, actions, suits, proceedings, demands, assessments, judgments, costs and expenses, including, without limitation, any legal fees and expenses, incident to any of the foregoing.

(c) Buyer shall indemnify and hold the Winlit Group, and each of their respective affiliates, officers, directors, stockholders, members, managers, employees, agents and successors and assigns, harmless from and against (i) any and all Losses arising out of or resulting from any inaccuracy, misrepresentation or breach or non-fulfillment of any covenant or agreement of Buyer under this Agreement or any document delivered by Buyer to Winlit in connection herewith, (ii) any and all Losses arising out of or in connection with the ownership or operation of the Assets or the Assumed Obligations, in each case with respect to periods after the Closing Date, (iii) all claims, actions, suits, proceedings, demands, assessments, judgments, costs and expenses, including, without limitation, any legal fees and expenses, incident to any of the foregoing, (iv) any Loss arising from customer complaints or any related customer chargebacks or markdowns relating to the business of the Division after the closing and (v) any and all Losses arising out of workers compensation claims relating to periods after the Closing Date by employees of the Division or any liabilities or obligations relating to the Division under any employee plan of Buyer, ERISA or Section 4980B of the Code.

(d) The indemnity agreements in this Section 7 shall be in addition to any other indemnity obligations any party may have to another party pursuant to any other provision of this Agreement and to any liability which any party may incur to another party and shall not foreclose any other rights or remedies any party may have to enforce the provisions of this Agreement.

(e) The following indemnification procedure shall apply to the foregoing agreements:

(i) The party who is seeking indemnification (the "Claimant") for a Loss shall give written notice (in accordance with the other provisions of this Agreement) to the party from whom indemnification is sought (the "Indemnitor") promptly after the Claimant learns of the claim or proceeding, provided, that the failure to give such notice shall not relieve the Indemnitor of its obligations hereunder except to the extent it is actually damaged thereby.

(ii) With respect to any third-party claims or proceedings as to which the Claimant is entitled to indemnification, the Indemnitor shall have the right to select and employ counsel of its own choosing to defend against any such claim or proceeding, to assume control of the defense of such claim or proceeding, and (subject to the last sentence of this Section 7(e)(ii)) to compromise, settle or otherwise dispose of the same, if the Indemnitor deems it advisable to do so, all at the expense of the Indemnitor.

The parties will fully cooperate in any such action, and shall make available to each other any books or records useful for the defense of any such claim or proceeding. The Claimant may elect to participate in the defense of any such third party claim, and may, at its sole expense, retain separate counsel in connection therewith. Notwithstanding the foregoing, (i) the Claimant shall not settle or compromise any such third party claim without the prior written consent of the Indemnitor and (ii) the Indemnitor shall not settle or compromise any such third party claim without the prior written consent of the Claimant, provided, that, in each case, consent shall not be unreasonably withheld.

(f) The joint and several obligations of the members of the Winlit Group pursuant to the provisions of this Section 7 are subject to the following limitations:

(i) The members of the Winlit Group shall not be liable to Buyer under this Section 7 until liabilities incurred exceed $50,000 in the aggregate and then only to the extent of such excess;

(ii) Buyer shall not be entitled to recover from the members of the Winlit Group under this Section 7 in excess of $5,000,000 in the aggregate; and

(iii) The limitations of the liability of the members of the Winlit Group set forth in clauses (i) and (ii) above shall not be applicable to (A) any claims determined by a court of competent jurisdiction to arise from fraud by any of the members of the Winlit Group or (B) any amounts required to be repaid pursuant to Section 2.4(b)(iii).

(g) Buyers obligations pursuant to the provisions of this Section 7 are subject to the following limitations:

(i) Buyer shall not be liable to the Winlit Group under this Section 7 until liabilities incurred exceed $50,000 in the aggregate and then only to the extent of such excess;

(ii) The Winlit Group shall not be entitled to recover from Buyer under this Section 7 in excess of $5,000,000 in the aggregate; and

(iii) The limitations of Buyer's liability set forth in clauses (i) and (ii) above shall not be applicable to any claims determined by a court of competent jurisdiction to arise from fraud by Buyer.

8. Post-Closing Agreements.

(a) Delivery of Property Received by the Winlit Group or Buyer After Closing. Each member of the Winlit Group agrees that he or it will transfer or deliver to Buyer, promptly after the receipt thereof, any property which he or it receives after the Closing Date in respect of the Assets transferred or intended to be transferred to Buyer under this Agreement.

(b) Cooperation After the Closing. The parties shall, at any time, and from time to time, after the Closing Date, execute and deliver such further instruments of conveyance and transfer and take such additional action or may be reasonably necessary to effect, consummate, confirm or evidence the transactions contemplated by this Agreement including using their best efforts to obtain any third party consents not obtained as of the Closing Date.

(c) Removal of Encumbrances. Each member of the Winlit Group agrees to assist Buyer and shall act in good faith in assisting Buyer, all to the extent requested by Buyer, in the removal of any and all Encumbrances whatsoever on any Asset, including without limitation on any Orders-in-Process.

(d) Insurance. The Winlit Group shall maintain general liability and product liability insurance policies with respect to the business and operations of Winlit of a kind and in an amount existing prior to the Closing Date for a period of one year after the Closing Date.

(e) Non-Competition.

(i) Each of Winn and Madris covenant and agree that (i) in the case of Madris, from the Closing Date through December 31, 2006, and (ii) in the

case of Winn, from the Closing Date to January 31, 2009, he shall not anywhere in the United States, Canada or another country where Buyer is conducting business, directly or indirectly, as owner, partner, joint venturer, stockholder, employee, broker, agent, principal, trustee, corporate officer, director, licensor, or in any other capacity whatsoever (as applicable) engage in, become financially interested in, be employed by, render any consultation or business advice to, or have any connection with, any person, firm, corporation, business or other enterprise which is engaged in the manufacture, distribution, sale, production or promotion of mens' and/or womens' outerwear; provided, however, that (A) each of Winn and Madris may own any securities of any corporation which in engaged in such business and is publicly owned and traded but in an amount not to exceed at any one time the lesser of (a) $500,000 or (b) 4.9% of any class of stock or securities of such company; (B) any association by Madris with BCBGMaxAzria shall not be deemed to violate his obligations under this paragraph; (C) Winn's and Madris' interest in the facilities disclosed in Schedule 3.18; and (D) any activities during the nine month period from the Closing Date with respect to the wind-up of the business of Winlit shall not be deemed to violate the obligations of Winn or Madris under this paragraph.

(ii) Each of the Winn and Madris agree that the remedy at law for any breach of the covenants contained in Section 8(e)(i) hereof would be difficult to ascertain and therefore, in the event of breach or threatened breach of any such covenants, Buyer, in addition to any other remedy, shall have the right to enjoin Winn and Madris from any threatened or actual activities in violation thereof and each of Winn and Madris hereby consent and agree that temporary and permanent injunctive relief may be granted in any proceedings which may be brought to enforce any such covenants without the necessity of proof of actual damages. If any portion of the restrictions set forth in this Section 8(e) 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. Each of Winn and Madris declare that the territorial and time limitations set forth in this Section 8 are reasonable and properly required for the adequate protection of the business of Winlit being purchased by Buyer. In the event any such territorial or time limitation is deemed to be unreasonable by a court of competent jurisdiction, Winn and Madris, as applicable, agree to the reduction of the applicable territorial or time limitation to the area or period which such court shall deem reasonable.

(f) Termination of Employment by Winn. If, on or prior to December 31, 2006, Winn voluntarily terminates his employment with Buyer, each member of the Winlit Group, jointly and severally, agrees to immediately pay to Buyer an aggregate of $1,000,000, it being understood that termination of Winn's employment by death or disability or justifiable cause (each as defined in the Employment Agreement) shall not be considered a voluntary termination for purposes of this Section 8(f).

(g) Working Capital. Buyer agrees that it will provide the Division with working capital during the period ending December 31, 2005 in order to operate the Division on a basis consistent with the Winlit Projections.

(h) Freeman and Employee Bonuses. (i) Subject to the terms of this paragraph, Buyer agrees to pay Geoffrey Freeman ("Freeman") a bonus equal to (i) 0.6% of Division's DOI for the fiscal year ending January 31, 2006, provided that the Division's DOI for such period is at least $4,000,000, provided, further, that in determining whether the Division has achieved the Minimum DOI for the period beginning after the Closing Date and ending January 31, 2006 an amount equal to $245,000 shall be added to the actual DOI for such period; and (ii) 1.3% of the Division's DOI for the fiscal years ending January 31, 2007, 2008 and 2009, provided that the Division's DOI for such fiscal years is at least $2,500,000, $3,000,000 and $3,000,000, respectively. A bonus shall be payable to Freeman with respect to a fiscal year only if he is an employee of Buyer on the last day of such fiscal year. It is understood that nothing in this paragraph shall constitute an agreement to continue to employ Freeman and, that while employed by Buyer, Freeman shall be an "at will" employee; and (ii) Buyer agrees that if the Division's DOI for the fiscal year ending January 31, 2006 is at least $5,500,000, Buyer shall create a bonus pool for the employees of the Division in an amount equal to 1% of the Division's DOI to be paid to such employees as agreed to by Buyer and Winn.

(i) Additional Financial Statements. The Winlit Group agrees to prepare and deliver to Buyer no later than thirty days from the Closing Date an unaudited balance sheet as of the Closing Date and an unaudited income statement of Winlit for the period

from January 2005 through the Closing Date. The Closing Date financial statements delivered pursuant to this Section 8(i) shall become part of the "Financial Statements" as defined in Section 3.7(a).

(j) G-III Guaranty. G-III hereby guaranties the payment and performance of Buyer's obligations under this Agreement.

(k) Change of Name. Winlit agrees to file a Certificate of Amendment to its Certificate of Incorporation (to be filed with the Secretary of State of the State of New York immediately following the Closing) changing its name from "Winlit Group, Ltd." to "Stusam, Inc.". Following the filing of the Certificate of Amendment with the Secretary of State of the State of New York, no member of the Winlit Group will use the name "Winlit Group, Ltd.", or any derivative thereof; provided, however, that Buyer shall permit Winlit for a period of nine months from the Closing Date to use the Winlit name to collect Winlit's accounts receivable, liquidate inventory that is not Purchased Inventory and liquidate all other Excluded Assets.

9. Costs, Expenses, etc. Each of the parties hereto shall bear all costs and expenses incurred by it in connection with this Agreement and in the preparation for and consummation of the transactions provided for herein, and shall not be entitled to any reimbursement therefor from the other party; provided, however, all transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be paid by Winlit when due, and Winlit will, at the expense of the Winlit Group, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable law, Buyer will join in the execution of any such Tax Returns and other documentation; provided further, however, that Buyer shall reimburse Winlit for one-half of the first $40,000 of sales taxes paid by Winlit related to sales of Assets pursuant to this Agreement, and for all such sales taxes that are in excess of $40,000.

10. Notice of Proceedings. Buyer or the Winlit Group as the case may be, will promptly notify the other in writing upon becoming aware of any order or decree or any complaint praying for an order or decree restraining or enjoining the consummation of this Agreement or the transactions contemplated hereunder, or upon receiving any notice from any governmental department, court, agency or commission of its intention to institute an investigation into, or institute a suit or proceeding to restrain or enjoin the consummation of this Agreement or the transactions contemplated hereby, or to nullify or render ineffective this Agreement or such transactions if consummated.

11. Notices. All notices, claims, demands and other communications hereunder shall be in writing and shall be deemed given: (i) in the case of a facsimile transmission, upon the next business day following confirmation of transmission, (ii) in the case of delivery by a standard overnight carrier, upon the date of delivery indicated in the records of such carrier, (iii) in the case of delivery by hand, when delivered by hand, or (iv) in the case of delivery by first class mail, upon the expiration of five business days after the date mailed by registered or certified mail (return receipt requested), addressed to the respective parties at the addresses shown below.

(a) If to Buyer or G-III to:

c/o G-III Leather Fashions, Inc.
512 Seventh Avenue
New York, New York 10018

Fax: (212) 719-0921
Attn: Wayne Miller

with a copy to:

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

(b) If to Winlit to:

Winlit Group, Ltd.
c/o David Winn
63 Round Hill Road
Armonk, New York 10504

(c) If to Mr. David Winn:

63 Round Hill Road
Armonk, New York 10504

(d) If to Mr. Richard Madris:

7 Deer Ridge Lane
Armonk, New York 10504

with a copy to:

Michael Goldsmith, Esq.
Silverberg Stonehill & Goldsmith, P.C.
111 West 40th Street, 33rd Floor
New York, New York

or at such other address as a party shall specify by notice to the other parties.

12. Headings and Entire Agreement. The section and subsection headings do not constitute any part of this Agreement and are inserted herein for convenience of reference only. This Agreement embodies the entire agreement between the parties with respect to the subject matter hereof and supersedes and preempts all prior oral and written understandings and

agreements with respect to the subject matter hereof. It may not be amended, modified or changed orally, but only in writing signed by the party against whom enforcement of any amendment, modification, change, waiver, extension or discharge is sought.

13. Public Announcements. None of the parties hereto shall make any press release or other public statement concerning the matters covered by this Agreement without the approval of the other party hereto, except as in the opinion of counsel for the party making the release or statement is required by law or applicable regulation, and shall in all events permit the other party an opportunity to review any such release or statement prior to dissemination.

14. Waiver. No waiver of a breach of, or default under, any provision of this Agreement shall be deemed a waiver of such provision or of any subsequent breach or default of the same or similar nature or of any other provision or condition of this Agreement.

15. Binding Effect and Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties and their successors and assigns. No member of the Winlit Group may assign any obligation under this Agreement except with the prior written consent of the Buyer.

16. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one agreement.

17. Governing Law. This Agreement is to be governed by and interpreted under the laws of the State of New York, without giving effect to the principles of conflicts of laws thereof.

IN WITNESS WHEREOF, each party has caused this Agreement to be duly executed, sealed and delivered in its name and on its behalf, all as of the date and year first above written.

G-III LEATHER FASHIONS, INC..

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Senior Vice President

G-III APPAREL GROUP, LTD.
(as to Section 8(j))

By: /s/ WAYNE S. MILLER

Name: Wayne S. Miller
Title: Senior Vice President

WINLIT GROUP, LTD.

By: /s/ DAVID WINN

Name: David Winn
Title: President

/s/ DAVID WINN

David Winn

/s/ RICHARD MADRIS

Richard Madris

Exhibit A

Form of Opinion of Counsel for Winlit Group

1. Winlit is a corporation duly organized, validly existing and in good standing under the laws of the State of , with full corporate power and authority to own or lease its properties and carry on its business as presently conducted and is duly qualified to do business and is in good standing as a foreign corporation in every jurisdiction in which the nature of the business conducted by it requires such qualification.

2. Each member of the Winlit Group has all requisite corporate or other power and authority to execute and deliver the Asset Purchase Agreement and to perform fully its or his obligations thereunder and to consummate the transactions contemplated thereby. The execution, delivery and performance by Winlit of the Asset Purchase Agreement have been duly and validly authorized by all necessary corporate action, including approval of the entire transaction by the requisite vote of Winlit's shareholders. The Asset Purchase Agreement has been duly executed and delivered by each member of the Winlit Group and constitutes a valid and binding agreement of each member of the Winlit Group, enforceable in accordance with its terms, except as its enforceability may be limited by bankruptcy, insolvency, moratorium or other laws relating to or affecting creditors' rights generally and the exercise of judicial discretion in accordance with general equitable principles.

3. The execution, delivery and performance of the Asset Purchase Agreement, the consummation of the transactions contemplated thereby and the compliance with the provisions thereof by each member of the Winlit Group does not and as of the Closing Date will not (a) violate any provisions of the Certificate of Incorporation or by-laws of Winlit, (b) conflict with, result in the breach of, or constitute a default under, or result in the creation of any lien, security interest, charge or encumbrance upon any of the Assets, or require any authorization, consent, approval, exemption or other action by or notice to any third party, court or other governmental or administrative body, of any agreement or other instrument to which any member of the Winlit Group is a party or by which the property of any member of the Winlit Group is bound or affected that are known to us or (c) violate any laws, regulations, orders or judgments applicable to any member of the Winlit Group.

4. To our knowledge, there are no pending or threatened actions, suits or proceedings against any member of the Winlit Group in respect of the Purchase Agreement, the Assets or Winlit.

EXHIBIT B

Form of Employment Agreement

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").

W I T N E S S E T H:

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

EXHIBIT A

[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:
