UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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): April 3, 2014

XCEL BRANDS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction of Incorporation)

000-31553	**76-0307819**
(Commission File Number)	(IRS Employer Identification No.)
475 10th Avenue, 4th Floor, New York, NY (Address of Principal Executive Offices)	10018 (Zip Code)

(347) 727-2474
(Registrant's Telephone Number, Including Area Code)

(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 Definitive Agreement.

Item 2.01 Completion of Acquisition or Disposition of Assets

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

On April 3, 2014 (the "Closing Date"), XCel Brands, Inc. ("XCel" or the "Company") and JR Licensing, LLC, ("JR Licensing") a wholly-owned subsidiary of XCel (together, the "Buyers"), entered into an asset purchase agreement dated April 1, 2014 (the "Purchase Agreement"), with Judith Ripka Creations, Inc., Judith Ripka Companies Inc., Judith Ripka Designs, Ltd., JSB Marketing Corp. and Judith Ripka Berk (collectively, the "Sellers"), pursuant to which the Buyers acquired certain assets of the Sellers, including the "Judith Ripka®" brands (including the "Judith Ripka®" and Judith Ripka Sterling® trademarks) and other intellectual property rights relating to the Judith Ripka® brand (collectively, the "Ripka Brand").

Pursuant to the Purchase Agreement, (i) at the closing, the Buyers delivered to Sellers (a) $11,974,752.91 in cash, (b) two interest free 5-year promissory notes (the "Notes") in the aggregate principal amount of $6,000,000 and (c) 571,429 shares of common stock of the Company (the "Sellers' Stock Consideration"), (ii), the Buyers will deliver to the Sellers $1,000,000 and $1,190,247.09 in cash on or before October 1, 2014 and on or before April 1, 2015, respectively, subject to to the consent of Bank Hapoalim B.M. ("BHBM or, if BHBM does not consent to either cash payment, in common stock of Xcel (together, the "Closing Consideration"). The Seller's Stock Consideration was issued pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

The Notes are payable five years from the Closing Date (the "Maturity Date"). The Notes do not accrue interest through the Maturity Date, absent an event of default under the terms of the Notes. Upon the occurrence of an event of default, the Notes accrue interest at the rate of fifteen percent (15%) per annum. XCel has the right to pay the Notes at the Maturity Date or at any time prior to the Maturity Date all or any portion of the Notes without premium or penalty. Furthermore, XCel has the right, in its sole discretion, to make payment of principal on the Notes, whether on the Maturity Date or any earlier date, in shares of common stock of Xcel (the "Company Shares") in an amount equal to the quotient obtained by dividing (i) the amount of such payment by (ii) the greater of (A) $7.00, or (B) the volume weighted average price for the Company Shares for the twenty (20) consecutive trading days ending on the trading day preceding the date of payment.

In addition to the Closing Consideration and the escrowed funds, the Sellers will be eligible to earn additional shares of common stock of XCel with an aggregate value of up to a total of $5,000,000 (the "Earn-Out Value") over the course of three years starting October 1, 2015. The Earn-Out Value shall be calculated for each one year period commencing on October 1 during the period beginning on October 1, 2015 and ending on October 1, 2018 (each such one year period a "Royalty Target Period") as the amount, if any, of (A) net royalty income under the Ripka Brand but excluding royalty income from direct-response television such as QVC or The Shopping Channel for such Royalty Target Period in excess of One Million Dollars ($1,000,000.00), less (B) the sum of all Earn-Out Value paid for any prior Royalty Target Periods, if any. The maximum Earn-Out Value that may be paid for all Royalty Target Periods combined is Five Million Dollars ($5,000,000).

On April 3, 2014 and effective on April 1, 2014, the Company entered into a three-year employment agreement with Judith Ripka Berk such that she will serve as the Chief Design Officer of the Ripka Brand. Ms. Berk is also required to make in-store appearances to promote the Ripka Brand and to promote the Ripka Brand through social media, television media (including QVC and The Shopping Channel) and other media as reasonably requested by the Company. The agreement will renew automatically for two additional one-year periods, unless terminated by the Company at its option. Ms. Berk's base salary is $750,000 per annum. The Board or the compensation committee may approve increases (but not decreases) in Ms. Berk's base salary from time to time.

Ms. Berk is required to devote her full business time and attention to the business and affairs of the Company and its subsidiaries; however, Ms. Berk may undertake the wholesale fine jewelry business of the JR Brand under license from the Buyers (the "JR Wholesale Business") and undertake promotional activities related thereto (including the promotion of her name, image, and likeness) through television, video, and other media (and retain any compensation she receives for such activities) (referred to as "Retained Media Rights") so long as such activities do not mutually interfere with the performance of her responsibilities in accordance with the employment agreement. The Company believes that it will benefit from Ms. Berk's independent promotional activities by increased brand awareness of Ripka Brand.

Bonus. Ms. Berk shall be eligible to receive an annual cash bonus (the "Bonus") during any calendar year of up to 10% of the net royalty income during such calendar year derived from Ripka Brand products sold through direct response television in excess of $6,000,000; provided, that if Ms. Berk does not make at least 80% of the prime hour appearances on QVC for Ripka Brand products, the net royalty income shall be calculated only in connection with those appearances made by Ms. Berk during such calendar year.

As soon as practicable after the end of after the applicable calendar year, but in no event later than thirty (30) days following the end of such calendar year, the Company shall deliver to the Ms. Berk (i) a statement prepared by the Company of the calculation of the amount of the net royalty income upon which the Bonus is based and of the amount of the Bonus; and (ii) if requested, supporting documentation of such calculations for the applicable period (collectively, (i) and (ii), the "Reconciliation"). The Bonus, if any, shall be paid to the Ms. Berk not later than five (5) days after delivery of the Reconciliation to Ms. Berk. In addition to, and not in lieu of, the foregoing, Ms. Berk shall have the right to participate in all employee bonus plans offered to other employees, and such other bonus payments as the Board, or the compensation committee of the Board, may approve in its sole discretion. Such bonus payments, if any, shall be paid at the same time paid to other recipients but in no event later than sixty (60) days after the end of the applicable calendar year or fiscal period.

Severance. If Ms. Berk's employment is terminated by us without "cause", or if Ms. Berk resigns with "good reason", or if we fail to renew the term, then Ms. Berk will be entitled to receive her unpaid base salary and cash bonuses through the termination date and an amount equal to her base salary in effect on the termination date for the longer of six months and the remainder of the then-current term, but in no event exceeding 18 months. Ms. Berk would also be entitled to continue to participate in the Company's group medical plan, subject to certain conditions, for the same period of time for which she would continue to receive her base salary pursuant to the terms of the agreement.

Non-Competition and Non-Solicitation. During the term of her employment by the Company and for a one-year period after the termination of such employment (unless Ms. Berk's employment was terminated without cause or was terminated by her for good reason), Ms. Berk may not permit her name to be used by or participate in any business or enterprise (other than the mere passive ownership of not more than 10% of the outstanding stock of any class of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market) that engages or proposes to engage in the Company's business anywhere in the world other than the Company and its subsidiaries. Also during her employment and for a one-year period after the termination of such employment, Ms. Berk may not, directly or indirectly, solicit, induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company or any of its subsidiaries to cease doing business with the Company or any of its subsidiaries; or solicit, induce or attempt to induce any person who is, or was during the then-most recent 12-month period, a corporate officer, general manager or other employee of the Company or any of its subsidiaries, to terminate such employee's employment with the Company or any of its subsidiaries; or hire any such person unless such person's employment was terminated by the Company or any of its subsidiaries; or in any way interfere with the relationship between any such customer, supplier, licensee, employee or business relation and the Company or any of its subsidiaries.

Pursuant to a voting agreement entered into in connection with the Purchase Agreement (the "Voting Agreement"), Judith Ripka Berk agreed to appoint Robert W. D'Loren, Chief Executive Officer and Chairman of the Board of XCel as her irrevocable proxy and attorney-in-fact with respect to the shares of the common stock of XCel to be received by her in connection with the transaction. The proxy holder shall vote in favor of matters recommended or approved by the board of directors.

Pursuant to a lock-up agreement entered into in connection with the Purchase Agreement (the "Lock-up Agreement"), Judith Ripka Berk agreed that during the twelve (12) months from the Closing Date, in the case of the Sellers' Stock Consideration, or during the twelve (12) months from the date any additional shares are issued to the Sellers pursuant to the Purchase Agreement (collectively, the "Lock-up Shares"), Judith Ripka Berk may not offer, sell, pledge, hypothecate, grant an option for sale or otherwise dispose of, or transfer or grant any rights with respect to, any of the Lockup Shares, except with respect to the Sellers' Stock Consideration which Judith Ripka Berk has the right to pledge to QVC, Inc. With respect to any shares other than Sellers' Stock Consideration received by Sellers as consideration under the Purchase Agreement, upon the expiration of the initial 12-month period, the lock-up restrictions on transfer shall lapse with respect to 25% of the Lockup Shares. Additionally, on the first day of each of the next three quarters, the restrictions on transfer shall lapse with respect to an additional 25% of the Lockup Shares.

On April 3, 2014, JR Licensing, a wholly-owned subsidiary of XCel Brands, Inc. ("XCel"), entered into a new secured term loan facility with BHBM pursuant to which BHBM made a term loan in the aggregate principal amount of $9,000,000 (the "Term Loan"). JR Licensing used the net proceeds of the Term Loan to pay a portion of the cash purchase price paid for the acquisition of the Ripka Brand pursuant to the Purchase Agreement among the Buyers and the Seller. The Term Loan is secured by all of the assets of JR Licensing, a guarantee by XCel, secured by a pledge of XCel's membership interest in JR Licensing, and by a guarantee from IM Brands LLC, a wholly-owned subsidiary of XCel ("IM Brands"), secured by a pledge of all of the assets of IM Brands.

The Term Loan bears interest at an annual rate, as elected by JR Licensing, of (i) the rate of interest determined by BHBM to be the offered rate on a page or service that displays an average ICE Benchmark Administration Ltd. rate for deposits in U.S. dollars (for delivery on the first working day of any interest period of 1, 2 or 3 months, as elected by JR Licensing, (or such other period as BHBM may agree) with a term equivalent to such interest period, determined as of approximately 11:00 a.m. (London time) two (2) working days prior to the first working day of such interest period plus 3.50% or (ii) the rate of interest announce by BHBM, from time to time, as its prime rate plus .50%. Interest on the Term Loan accruing at a rate based on LIBOR is payable on the last business day of the applicable interest period and interest on the Term Loan accruing at a rate based on the prime rate is payable quarterly in arrears on the first day of each calendar quarter.

Scheduled principal payments of the Term Loan are as follows:

Date of Payment	Amount of Principal Payment
April 1, 2014, July 1, 2014, October 1, 2014 and January1, 2015	$ 0
April 1, 2015, July 1, 2015, October 1, 2015and January1, 2016	$ 375,000
April 1, 2016, July1, 2016, October 1 2016 and January1, 2017	$ 625,000
April 1, 2017, July 1, 2017, October 1, 2017 and January 1, 2018	$ 750,000
April 1, 2018, July 1, 2018, October 1, 2018 and January 1, 2019	$ 500,000

In addition, on and after January 1, 2015, JR Licensing is required to prepay the outstanding amount of the Term Loan from excess cash flow for the prior fiscal year in an amount equal to twenty percent (50%) of such excess cash flow. Excess cash flow is defined as, for any fiscal period, cash provided by operating activities for such period less (a) capital expenditures not made through the incurrence of indebtedness less (b) all cash interest and principal (including the Term Loan) paid or payable during such period less (c) the portion of the holdback amount paid or payable pursuant to the Purchase Agreement to the Sellers during such period less (d) payments made during such period by JR Licensing to XCel equal to the estimated tax liability of XCel resulting from any taxable income (net of losses, including for prior years to the extent permitted to be deducted) of JR Licensing. JR Licensing also executed a guarantee of the Company's outstanding term loan with BHBM (the "Existing Loan").

The Term Loan contains customary covenants on a consolidated basis include:

- minimum fixed charge ratio, of 1.20 to 1.00 for the periods ending on or prior to December 31, 2015 and not less than 1.10 to 1.00 for periods commencing on and after March 31, 2016.
- minimum EBITDA, not be less than $5,500,000 for the fiscal year ending December 31, 2014, not less than $7,500,000 for the fiscal year ending December 31, 2015, not less than $11,000,000 for the fiscal year ending on December 31, 2016 and not less than $12,000,000 for fiscal year ending December 31, 2017 and each fiscal year end thereafter.
- $31 million minimum net worth
- $3 million minimum liquidity
- and other non-monetary covenants, including reporting requirements and trademark preservation in accordance with the terms and conditions of the JR Loan.

In addition, JR Licensing is required to maintain minimum EBITDA of $3 million for the fiscal year ending December 31, 2014, not less than $4 million for the fiscal year ending December 31, 2015 and not less than $5 million for the fiscal year ending December 31, 2016 and each fiscal year end thereafter. EBITDA for JR licensing shall exclude allocated corporate overhead.

In conjunction with the Purchase Agreement and the Term Loan, the Company and IM Brands amended its IM Brands term loan (the "IM Term Loan"). The amendments include:

- Minimum EBITDA of IM Brands shall not be less than $6,000,000 for the fiscal year ending December 31, 2014, not less than $9,000,000 for the fiscal year ending December 31, 2015, not less than $11,000,000 for the fiscal year ending December 31, 2016 and not less than $12,500,000 for the fiscal year ending December 31, 2017 and each fiscal year end thereafter. EBITDA for IM Brands shall exclude allocated corporate overhead.
- Minimum EBITDA of the Company shall not be less than $5,500,000 for the fiscal year ending December 31, 2014, not less than $7,500,000 for the fiscal year ending December 31, 2015, not less than $11,000,000 for the fiscal year ending on December 31, 2016 and not less than $12,000,000 for fiscal year ending December 31, 2017 and each fiscal year end thereafter.
- Capital Expenditures of Guarantor and its Subsidiaries on a consolidated basis in any fiscal year shall not exceed $1,300,000.

- $31 million minimum net worth
- $3 million minimum liquidity

The IM Term Loan was amended to increase the amount required to be prepaid from excess cash flow from 20% to 50% commencing with the year ending December 31, 2015, provided that such amount decreases to 20% at such time as principal payments received by BHI for the IM Term Loan and the Term Loan is equal to or greater than $1 million in the aggregate (other than a result of scheduled payments).

Item 3.02 Unregistered Sales of Equity Securities.

Pursuant to the Purchase Agreement, we issued 571,429 shares of common stock.

On April 3, 2014, the Company issued to QVC, Inc. ("QVC") a warrant to purchase a number of shares of common stock equal to (i) 4.75% of the number of shares of common stock of XCel issued and outstanding on the date the warrant becomes exercisable less (ii) 571.429 shares of common stock (subject to adjustment in the event of a stock split, combination of stock dividend). The warrant is exercisable at a price of $.001 per share and becomes exercisable only upon Judith Ripka Berk becoming obligated to make a specified payment to QVC under the license agreement described under Item 8.01 of this report and remains exercisable until such obligation is satisfied in full.

The above referenced issuances were not registered under the Securities Act and qualified for an exemption from registration under Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act") since the issuance securities by us did not involve a public offering. Neither of the offerings was a "public offering" as defined in Section 4(2) due to the insubstantial number of persons involved, size of the offering, manner of the offering and number of securities offered. In addition, these stockholders had the necessary investment intent as required by Section 4(2) since they agreed to and received share certificates bearing a legend stating that such securities are restricted pursuant to Rule 144 of the Securities Act. This restriction ensures that these securities would not be immediately redistributed into the market and therefore not be part of a "public offering."

Item 8.01 License Agreement with QVC, Inc.

On April 3, 2014, JR Licensing entered into a license agreement with QVC in order to market, promote, distribute and sell consumer products under the Judith Ripka® trademark and brand name. Pursuant to the license agreement, JR Licensing designs and QVC markets, promotes, distributes and sells various products under the Judith Ripka® brand name in exchange for a royalty based on net retail sales of the products. The initial term of this license agreement is five (5) years. After the initial term, the license agreement automatically renews for additional one-year terms in perpetuity unless either party notifies the other of its intention not to renew at least sixty (60) days prior to the end of the then-current term and net retail sales fail to meet certain minimum amounts.

Item 9.01 Financial Statements and Exhibits

(d) **Exhibits**

2.1	Asset Purchase Agreement by and among XCel Brands, Inc., JR Licensing, LLC and Judith Ripka Creations, Inc., Judith Ripka Companies, Inc., Judith Ripka Designs, Ltd., JSB Marketing Corp. and Judith Ripka Berk entered into on April 3, 2014 and dated as of April 1, 2014.
10.1	Line Letter Agreement entered into on April 3, 2014 and dated as of April 1, 2014 by and among XCel Brands, Inc., JR Licensing LLC and Bank Hapoalim B.M.
10.2	Guaranty of IM Brands, LLC in favor of Bank Hapoalim B.M.
10.3	Promissory Note executed on April 3, 2014 and dated as of April 1, 2014 in the principal amount of $9,000,000 made by JR Licensing, LLC to the order of Bank Hapoalim B.M., as supplemented by Loan Rider.
10.4	Amendment No. 1 to Promissory Note, Line Letter Agreement and Security Agreements entered into on April 3, 2014 as of April 1, 2014 by and among IM Brands, LLC, XCel Brands, Inc. and Bank Hapoalim B.M.
10.5	Guaranty of JR Licensing LLC in favor of Bank Hapoalim B.M.
10.6	Guaranty of XCel Brands, Inc. in favor of Bank Hapoalim B.M.
10.7	Employment Agreement entered into with Judith Ripka Berk dated as of April 1, 2014.
10.8	Voting Agreement dated as of April 3, 2014 by and among XCel Brands, Inc. and Judith Ripka Berk.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned thereunto duly authorized.

XCEL BRANDS, INC.
(Registrant)

By: /s/ James F. Haran
Name: James F. Haran
Title: Chief Financial Officer

Date: April 9, 2014

Execution Version

ASSET PURCHASE AGREEMENT

BY AND AMONG

XCEL BRANDS, INC.,

JR LICENSING, LLC,

AND

JUDITH RIPKA CREATIONS, INC.,

JUDITH RIPKA COMPANIES INC.

JUDITH RIPKA DESIGNS, LTD.

JSB MARKETING CORP.

AND

JUDITH RIPKA

DATED AS OF APRIL 1, 2014

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

TABLE OF CONTENTS
(continued)

Annexes, Exhibits and Schedules

Exhibits:

Schedules:

TABLE OF CONTENTS
(continued)

ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is entered into as of April 1, 2014, by and among XCel Brands, Inc., a Delaware corporation ("XCel"), JR Licensing, LLC, a Delaware limited liability company ("JRL" and, together with XCel, the "Buyers"), Judith Ripka Creations, Inc., a New York corporation ("JR Creations"), JSB Marketing Corp. ("JSB"), Judith Ripka Companies Inc. ("JR Companies"), Judith Ripka Designs, Ltd. ("JR Designs") and Judith Ripka, an individual ("JR", and collectively with JR Creations, JSB, JR Companies and JR Designs, the "Sellers"), and solely for purposes of Sections 6.3 and 6.9, Ronald Berk. The Sellers and Buyers are referred to herein each individually as a "Party," and collectively as the "Parties."

RECITALS

WHEREAS, the Sellers own certain Intellectual Property Rights used primarily in the conduct of the Business (as defined below); and

WHEREAS, the Sellers desire to sell, and Buyers desire to purchase from the Sellers, certain of the Sellers' Intellectual Property Rights and certain other assets, on the terms and subject to the conditions set forth in this Agreement; and

WHEREAS, following the purchase by the Buyers of such Intellectual Property Rights and certain other assets, the Sellers desire to continue to conduct certain activities related to the Business under a Wholesale License (as defined herein) from the Buyers.

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto hereby agree as follows:

ARTICLE I
DEFINITIONS AND USAGE

1.1 Definitions. For purposes of this Agreement, the following terms and variations thereof have the meanings specified or referred to in this Section 1.1:

"Accounts Receivable" means (a) all trade accounts receivable, licensee royalty accounts receivable, supplier payments receivable, expense reimbursements receivable, and other rights to payment from licensees and customers, (b) all advertising accounts receivable related to advertising or marketing funds, (c) all other accounts or notes receivable and the full benefit of all security for such accounts or notes and (d) any claim, remedy or other right related to any of the foregoing.

"Acquired Assets" means all of the Sellers' rights, title, and interest in and to all of the following assets of the Sellers (a) all Intellectual Property Rights owned by the Sellers and used in connection with the Business (including but not limited to the JR Brands and the JR Logos), together with the right to create additional Intellectual Property Rights, brands and logos based on the foregoing; (b) the personal name, image, and likeness of Judith Ripka as an individual; (c) the JR Archives; (d) the fixed assets set forth on Schedule 1.1(a); (e) customer lists of Sellers, (f) the domain names and URLs set forth on Schedule 1.1(b), (g) all rights necessary to transfer e-commerce rights to the Buyers related to the JR Brands and (h) all rights to the Acquired Assets, including all goodwill in connection therewith, except as otherwise limited herein; provided, however, notwithstanding anything to the contrary herein, the Acquired Assets shall not include any Excluded Assets or the Retained Media Rights.

"Affiliate" of any Person means any Person which, directly or indirectly controls or is controlled by that Person, or is under common control with that Person. For the purposes of this definition, "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities or by contract or otherwise.

"Agreement" is defined in the preamble.

"Allocation Schedule" is defined in Section 3.6.

"Appearance" shall mean a one hour appearance on QVC's Direct Response Television Programs (as defined in the Buyer QVC Agreement), with the schedule of such Appearances to be mutually determined by XCel and QVC, subject to JR's schedule.

"Balance Sheet" is defined in Section 4.4(a).

"Bills of Sale" means one or more Bills of Sale, in the form attached hereto as Exhibit A, transferring to JRL all tangible assets included in the Acquired Assets.

"Business" means the licensing, promotion via any form of media, and marketing of the JR Brands or the Judith Ripka image and likeness for any commercial use relating to the manufacture, sale and/or distribution of clothing, related accessories and jewelry, home goods (i.e., home furnishings, home décor, tabletop, cookware and kitchen prep items, but not, for the sake of clarity, fine art including sculpture), food products and any and all other goods and services.

"Business Day" means any day other than (a) Saturday or Sunday or (b) any other day on which banks in New York, New York are permitted or required to be closed.

"Buyers" is defined in the preamble.

"Buyer Disclosure Schedule" is defined in the first paragraph of Article V.

"Buyer Indemnified Parties" is defined in Section 7.2.

"Buyer Material Adverse Effect" means any change, effect, event, occurrence, state of facts or development that is, or would reasonably be expected to be, materially adverse to the Acquired Assets, business, liabilities, results of operations or financial condition of the Buyers taken as a whole or that prevents or materially impedes, or would reasonably be expected to prevent or materially impede, the consummation by any of the Buyers of the transactions contemplated by this Agreement; provided, however, that none of the following shall constitute, or shall be considered in determining whether there has occurred, a Buyer Material Adverse Effect: (a) changes that are solely the result of economic or political factors affecting the national, regional or world economy or the Buyers' industry, acts of war or terrorism or other force majeure events, in each case except where such condition has a disproportionate effect on the Buyers; (b) changes that are solely the result of factors generally affecting the industries or markets in which any of the Buyers operate, in each case except where such condition has a disproportionate effect on the Buyers; (c) changes in Legal Requirements or the interpretation thereof; or (d) any action required to be taken pursuant to this Agreement; (e) the announcement or pendency of the transactions contemplated by this Agreement; (f) changes (or proposed changes) in, or the interpretation of, GAAP; or (g) the taking of or omission to take any action, which action or omission is required, permitted or contemplated by this Agreement or consented to by Sellers.

"Buyer QVC Agreement" means the agreement to be entered into by and between QVC on the one hand and JRL, XCel and JR on the other hand, substantially in the form attached hereto as Exhibit B.

"Cap" is defined in Section 7.4(b).

"Claim" is defined in Section 8.11(a).

"Claim Notice" is defined in Section 7.7.

"Closing" is defined in Section 3.1.

"Closing Date" is defined in Section 3.1.

"COBRA" means Section 4980B of the Code, Sections 601 through 608, inclusive, of ERISA and any applicable similar state laws.

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

"Competes with the Business" means to participate in any business or enterprise (including, without limitation, any division, group or franchise of a larger organization) that engages or proposes (as publicly announced or announced to the Sellers) to engage in the Business. For purposes of this definition, the term "participate in" shall include, without limitation, having any direct or indirect interest in any Person, whether as an owner, stockholder, partner, member, joint venturer, creditor, sole proprietor or otherwise, or rendering any direct or indirect service or assistance to any Person (whether as a director, officer, supervisor, employee, agent, consultant or otherwise).

"Confidential Information" means confidential data and confidential information, without regard to form (including, but not limited to, technical or nontechnical data, algorithms, formulas, compilations, programs, methods, techniques, drawings, processes, financial data, financial plans, product or service plans or lists of customers or suppliers) which is not (x) known to the competitors of the Business or (y) known or available to the public. Notwithstanding anything to the contrary contained herein, Confidential Information shall not include any data or information that (v) has been voluntarily disclosed to the public by the protected Party, (w) has been independently developed and disclosed to the public by others, (x) otherwise enters the public domain through lawful means, (y) was lawfully and rightfully disclosed to recipient by another Person, or (z) that is required to be disclosed by Legal Requirement or Decree or requested to be disclosed by a Governmental Authority without the availability of applicable protective orders or treatment. Following the Closing, all Seller Information shall be deemed to be Confidential Information of Buyers.

"Contract" means any agreement, contract, license, sublicense, lease, sublease, indenture, mortgage, instrument, guaranty, loan or credit agreement, note, bond, customer order, purchase order, franchise, dealer and distributorship agreement, supply agreement, development agreement, joint venture agreement, promotion agreement, partnership agreement or other arrangement, understanding or commitment, whether written or oral and including any right or obligation under any of the foregoing.

"Core Representations" is defined in Section 7.1.

"Damages" is defined in Section 7.2.

"Decreased Cap" is defined in Section 7.4(b).

"Decree" means any final, non-appealable judgment, decree, ruling, injunction, assessment, attachment, undertaking, award, charge, writ, or any other order of any Government Authority.

"Earn-Out Reconciliation" is defined in Section 3.4(b).

"Earn-Out Shares" is defined in Section 3.4(a).

"Earn-Out Value" is defined in Section 3.4(a).

"Employee Benefit Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA.

"Environmental and Safety Requirements" means all federal, state, local and foreign statutes, regulations, ordinances, codes and other provisions having the force and effect of law, all judicial and administrative orders and determinations, all contractual obligations and all common law concerning public health and safety, worker health and safety, and pollution or protection of the environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control or cleanup of, or exposure to, any hazardous materials, substances or wastes, chemical substances or mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise or radiation, as previously, now or hereafter in effect.

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

"ERISA Affiliate" means, with respect to any entity, any trades or business (whether or not incorporated) that are treated as a single employer with such entity under Sections 414(b), (c), (m) or (o) of the Code.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, together with the rules and regulations promulgated thereunder.

"Excluded Assets" is defined in Section 2.2.

"Excluded Liabilities" is defined in Section 2.3.

"Financial Statements" is defined in Section 4.4(a).

"GAAP" means generally accepted accounting principles for financial reporting in the United States.

"Government Authority" means any domestic or foreign national, state, multi-state or municipal or other local government, any subdivision, agency, commission or authority thereof, including any quasi-governmental or private body exercising any regulatory or taxing authority thereunder or any judicial authority (or any department, bureau or division thereof).

"Government Authorization" means any approval, consent, license, permit, waiver, or other authorization issued, granted, given or otherwise made available by or under the authority of any Government Authority or pursuant to any Legal Requirement.

"Indemnified Party" is defined in Section 7.3.

"Indemnifying Party" is defined in Sections 7.2 and 7.3.

"Initial Shares" is defined in Section 3.3.

"Insurance Policies" is defined in Section 4.17.

"Intellectual Property Rights" means all of the following in any jurisdiction throughout the world: (i) patents, patent applications and patent disclosures; (ii) trademarks, service marks, proprietary designs and design processes, trade dress, trade names, personal names, images and likenesses, product configuration, corporate names, logos, insignias and slogans (and all translations, adaptations, derivations and combinations of the foregoing) and Internet domain names, Internet websites, and URLs; (iii) copyrights and copyrightable works; (iv) registrations and applications for any of the foregoing; (v) trade secrets and confidential information (including inventions, ideas, formulae, compositions, know-how, manufacturing and production processes and techniques, manufacturing or raw material sources, research and development information, sketches and drawings (including preliminary and technical sketches and drawings), specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information); (vi) product designs, configurations, and material and color specifications and combinations, (vii) manufacturing molds, techniques, and processes (viii) all other intellectual property; (ix) any goodwill associated with each of the foregoing;

"Intellectual Property Assignments" means one or more Intellectual Property Assignment Agreements, in the form attached hereto as Exhibit C, transferring to JRL all Intellectual Property included in the Acquired Assets.

"Interim Reports" is defined in Section 4.4(a).

"Inventory" means inventories of raw materials and supplies, manufactured and purchased parts, goods in process and finished goods.

"IRS" means the United States Internal Revenue Service.

"IT Software" is defined in Section 4.19(b).

"JR" is defined in the preamble.

"JR Archives" means, computer-aided designs, designs, drawings, paintings, illustrations, patterns, fabrics, artwork, advertising, press books and other books, prints, video and audio related to the JR Brands, all original sketches or drawings of any kind, and all other such materials that primarily relate to the Business, including, but not limited to, all archives. JR Archives shall include, to the extent such items are in the possession of Sellers on the date hereof or are otherwise created by Sellers on behalf of Buyers, catalogued images (at least four views of each item) of all archived items, all original sketches and drawings and all molds.

"JR Brands" means the brand names "Judith Ripka," "Judith Ripka Sterling Collection," and any derivations of such brand names as have been used by the Sellers prior to the date hereof.

"JR Creations" is defined in the preamble.

"JR Future Brands" means any brand created in the future using the Judith Ripka personal name, image and/or likeness for any commercial use which may infringe on Buyers' rights as contemplated herein.

"JR Employment Agreement" means an employment agreement between XCel and JR in the form attached hereto as Exhibit D.

"JR Logos" means the logos associated with the JR Brands.

"Knowledge" means, with respect to the Sellers, either the actual knowledge of JR and Ronald Berk or the knowledge that JR or Ronald Berk should have discovered or otherwise become aware of in the ordinary course of carrying out his or her duties in a reasonable and professional matter in connection with the Business. With respect to the Buyers, the actual knowledge, after reasonable due inquiry, of Robert D'Loren, Seth Burroughs and James Haran. The terms "know" and "knows" and like terms will have correlative meanings.

"Leased Real Property" means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real or immovable property.

"Legal Requirement" means any federal, state, local, municipal, foreign, international, multinational or other administrative order, constitution, law, ordinance, principle of common law, regulation, rule, executive order, administrative order, statute or treaty.

"Liability" means any liability or obligation of whatever kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated and whether due or to become due), including any liability for Taxes.

"License Agreement" means any Contract between a Party and any Person pursuant to which such Party has granted such Person the right to design, manufacture, sell or distribute goods under or using the JR Brands and/or any JR Future Brand.

"Liens" means any liens, pledges, claims, encumbrances, hypothecations, mortgages, charges, options, preemptive rights, rights of first refusal or similar rights, title retention agreements, easements, encroachments, leases, subleases, covenants, security interests and restrictions and encumbrances of any kind or nature whatsoever.

"Lock Up Agreement" means the Lock Up Agreement attached here to as Exhibit E.

"Material Contracts" is defined in Section 4.16(a).

"Mercury" means Mercury Distribution, S.A..

"Multiemployer Plan" is defined in Section 3(37) of ERISA.

"Net Royalty Income" means booked royalties under License Agreements related to the Acquired Assets and entered into by a Buyer on or after the Closing Date, including, but not limited to the Wholesale License Agreement, less advertising royalties, design fees, commissions paid to third parties, payments under royalty sharing or participation agreements, and international withholding or other transfer taxes, in each case to the extent related to such booked revenue, calculated in accordance with GAAP; provided, however, that, (i) Net Royalty Income shall not include (A) any revenues resulting from direct-response television sales or (B) any amounts booked by Buyer but paid or payable to a Seller pursuant to any License Agreement, and (ii) in the event of the termination of a License Agreement, the calculation of Net Royalty Income shall not include any revenue accelerated as a result of termination for which termination the Buyers have not received the related payment.

"Note Shares" means those XCel Shares issuable upon conversion of the Promissory Notes.

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice.

"Organizational Documents" means with respect to any entity, the certificate of incorporation, bylaws, certificate of formation, operating agreement or other governing documents of such entity.

"Party" or "Parties" have the meaning set forth in the preamble.

"Permitted Lien" means (i) any Lien for Taxes not yet due or delinquent or being contested in good faith by appropriate proceedings or that may thereafter be paid without penalty, and (ii) any carrier's, warehousemen's, mechanic's, materialmen's or repairmen's Lien incurred in the Ordinary Course of Business and not yet delinquent and that does not result from the violation or breach of, or default under, any Legal Requirement or Contract.

"Person" means an individual, partnership, corporation, business trust, limited liability company, limited liability partnership, firm, joint stock company, trust, unincorporated association, joint venture or other entity or a Government Authority.

"Proceeding" means any action, claim, cause of action, arbitration, audit, hearing, investigation, litigation or suit (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private, whether at law or in equity) commenced, brought, conducted or heard by or before, or otherwise involving, and whether before any Government Authority or arbitrator.

"Promissory Notes" is defined in Section 3.3(i)(2).

"Purchase Consideration" is defined in Section 3.2.

"QVC" means QVC, Inc., a Delaware corporation.

"Related Agreements" means, collectively, the Wholesale License Agreement, the Promissory Notes, the Intellectual Property Assignments, the Voting Agreement, the Lock Up Agreement, the Bills of Sale, the Buyer QVC Agreement and the Sublease.

"Representative" means, with respect to a particular Person, any director, officer, manager, employee, agent, consultant, advisor, accountant, financial advisor, legal counsel or other representative of that Person.

"Restricted Period" is defined in Section 6.3(a).

"Retained Media Rights" is defined in Section 2.4.

"Royalty Target Period" means each one year period commencing on October 1 during the period beginning on October 1, 2015 and ending on October 1, 2018.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, together with the rules and regulations promulgated thereunder.

"Sellers" is defined in the preamble.

"Seller Benefit Plan" is defined in Section 4.11(a).

"Seller Disclosure Schedule" is defined in the first paragraph of Article IV.

"Seller Indemnified Parties" is defined in Section 7.3.

"Seller Information" means any data and information relating to the Acquired Assets or the Business, including all information related to customers, suppliers, conditions or operations of the Business or any other activities, in each case which is confidential in nature and not generally known to the public.

"Seller Intellectual Property Rights" means all Intellectual Property Rights included in the Acquired Assets.

"Seller Material Adverse Effect" means any change, effect, event, occurrence, state of facts or development that is, or would reasonably be expected to be, materially adverse to the Business, results of operations, liabilities, or financial condition of the Sellers taken as a whole or that prevents or materially impedes, or would reasonably be expected to prevent or materially impede, the consummation by the Sellers of the transactions contemplated by this Agreement; provided, however, that none of the following shall be deemed in itself, or in any combination, to constitute, or shall be considered in determining whether there has occurred, a Seller Material Adverse Effect: (a) any circumstances, changes, effects or conditions that are solely the result of economic or political factors affecting the national, regional or world economy or the Sellers' industry, acts of war or terrorism or other force majeure events, in each case except where such condition has a disproportionate effect on the Sellers; (b) changes that are solely the result of factors generally affecting the industries or markets in which the Sellers operate, in each case except where such condition has a disproportionate effect on the Sellers; (c) changes in Legal Requirements or the interpretation thereof; (d) any action required to be taken pursuant to this Agreement; (e) the announcement or pendency of the transactions contemplated by this Agreement; (f) changes (or proposed changes) in, or the interpretation of, GAAP; (g) the taking of or omission to take any action, which action or omission is required, permitted or contemplated by this Agreement or consented to by Buyers; or (h) any failure to meet any projections, forecasts or estimates of revenue, earnings, cash flow or cash position.

"Seller QVC Agreement" means the agreement dated March 24, 1999 by and between QVC, Kress Products, Inc., and JSB Marketing Corp.

"Sellers' Representative" means JR.

"Straddle Period" is defined in Section 6.2(b).

"Sublease" means that certain sublease entered into between XCel as lessor and JR or her affiliate as lessee for space at XCel's principal offices, in the form attached hereto as Exhibit F.

"Subsidiary" means, with respect to any Person, any other Person of which securities or other interests having the power to elect a majority of that corporation's or other Person's board of directors or similar governing body, or otherwise having the power to direct the business and policies of that other Person (other than securities or other interests having such power only upon the happening of a contingency that has not occurred), are held by such Person or one or more of its Subsidiaries.

"Survival Date" is defined in Section 7.1.

"Tax" means (i) any tax (including, without limitation, any income tax, franchise tax, margin tax, branch profits tax, capital gains tax, alternative or add-on minimum tax, estimated tax, value-added tax, sales tax, use tax, property tax, transfer tax, payroll tax, social security tax or withholding tax, escheat or abandoned property liability), and any related fine, penalty, interest or addition to tax with respect thereto, imposed, assessed or collected by or under the authority of any Government Authority or payable pursuant to any tax-sharing agreement relating to the sharing or payment of any such tax and (ii) any transferee, successor or other liability in respect of the taxes of another Person (whether by contract or otherwise).

"Tax Return" means any return (including any information return), report, statement, schedule, notice, form or other document or information filed with or submitted to, or required to be filed with or submitted to, any Government Authority in connection with the determination, assessment, collection or payment of any Tax.

"Third Party" means a Person that is not a party to this Agreement.

"Third Party Claim" is defined in Section 7.6(b).

"Trading Day" means a day on which the New York Stock Exchange is open for trading.

"Transfer Taxes" is defined in Section 6.2(a).

"Voting Agreement" means the Voting Agreement attached hereto as Exhibit G.

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the XCel Shares are then listed or quoted on a nationally recognized securities exchange, "VWAP" shall mean the daily volume weighted average price of the XCel Shares for such date (or the nearest preceding date) on such securities exchange as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. New York City time to 4:02 p.m. New York City time); (b) if both (x) the XCel Shares are not listed or quoted on a nationally recognized securities exchange but are listed or quoted on the OTC Bulletin Board, and (y) the volume of XCel Shares traded on the OTC Bulletin Board exceeded 200,000 XCel Shares on such date, "VWAP" shall mean either (i) the volume weighted average price of the XCel Shares for such date (or the nearest preceding date) on the OTC Bulletin Board or (ii) if prices for the XCel Shares are then reported in the "Pink Sheets," the "Grey Sheets" or other similar designation published by OTC Markets Group Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the XCel Shares so reported; or (c) in all other cases, "VWAP" shall mean the fair market value of the XCel Shares as agreed in good faith by XCel and JR or, if such agreement cannot be reached through good faith negotiations, a value determined by a recognized valuation firm reasonably acceptable to both XCel and JR, with the costs of such valuation firm to be shared equally between XCel and JR.

"WARN Act" means the Worker Adjustment and Retraining Notification Act.

"Wholesale License Agreement" means the agreement in the form attached hereto as Exhibit H to be entered into by and between the Sellers or a successor thereto and JRL.

"XCel" is defined in the preamble.

"XCel Reports" is defined in Section 5.3.

"XCel Shares" means the shares of common stock of XCel.

"Year End Financials" is defined in Section 4.4(a).

1.2 Usage.

(a) Interpretation. In this Agreement, unless a clear contrary intention appears: (i) the singular number includes the plural number and vice versa; (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually; (iii) reference to any gender includes each other gender; (iv) reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof; (v) reference to any Legal Requirement means such Legal Requirement as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Legal Requirement means that provision of such Legal Requirement from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision; (vi) "hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof; (vii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term; (viii) "or" is used in the inclusive sense of "and/or"; (ix) with respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding"; and (x) references to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

(b) Legal Representation of the Parties. This Agreement was negotiated by the Parties with the benefit of legal representation, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any Party shall not apply to any construction or interpretation hereof.

ARTICLE II
PURCHASE AND SALE OF ASSETS

2.1 Purchase and Sale of Assets. On the terms and subject to the conditions of this Agreement, as of the Closing, the Sellers hereby sell, assign, convey, transfer and deliver to JRL, and JRL hereby purchases and takes assignment and delivery from the Sellers, all of Sellers' right, title and interest in and to the Acquired Assets, free and clear of all Liens other than Permitted Liens.

2.2 No Other Assets Acquired. Pursuant to this Agreement, no Buyer is acquiring, and the Sellers shall retain, any assets, rights and properties other than the Acquired Assets, including, without limitation, (a) cash and cash equivalents including checking accounts, bank accounts, lock box numbers, uncashed checks, marketable securities, commercial paper, certificates of deposit and other bank deposits, and treasury bills, (b) all assets directly related to the operation of the Sellers' wholesale jewelry business and retail store operation, including all computers and Inventory, (c) all Accounts Receivable of the Sellers, (d) all insurance policies and all rights of every nature (including proceeds) under or arising out of such policies, (e) all personnel records and other records that Sellers are required by Legal Requirement to retain in their possession or are not permitted under Legal Requirement to provide to Buyers, (f) all records prepared in connection with the sale of the Acquired Assets, and (g) all books, records, accounts, ledgers, files, documents, correspondence, studies, reports and other printed or written materials related exclusively or primarily to any Excluded Assets or Excluded Liabilities (collectively, the "Excluded Assets").

2.3 No Liabilities Assumed. The Buyers are not agreeing to, and shall not, assume any Liability, undertaking, expense or Contract of the Sellers of any kind, character or description, whether absolute, contingent, known, unknown, accrued, liquidated, unliquidated, executory or otherwise, and whether arising prior to or following the Closing, and the execution and performance of this Agreement shall not render the Buyers liable for any such Liability, undertaking, expense or Contract (all of such liabilities and obligations shall be referred to herein as the "Excluded Liabilities").

2.4 Retained Media Rights. Notwithstanding anything to the contrary in this Agreement or any Related Agreement, JR shall, other than for the purpose of promoting or selling any goods, products and/or services under the JR Brands, including pursuant to the Buyer QVC Agreement (except for the exercise of the Retained Media Rights under her own name and except for the activities contemplated by the Wholesale License and the distribution of existing Inventory pursuant to Section 6.11), retain the right to be involved with, and retain any compensation from her participation in, or contribution to, theater and motion pictures and entertainment shows that air on television (other than direct shopping shows or any other direct-response television), film, radio, the internet and/or any other medium, appearances, the sale of fine art and sculpture to bona fide galleries, books, blogs and other publications, including the right to author or co-author autobiographical books and/or memoirs, and any and all marketing and promotion fees, (the "Retained Media Rights"), subject to the following: (i) the Sellers and their Affiliates, including JR personally, shall not utilize the JR Brands and/or the JR Future Brands (including the "Judith Ripka" name, image or likeness) in connection with any activity that Competes with the Business or in connection with the promotion or selling of any goods, products or services other than in connection with the Retained Media Rights, except in connection with the business contemplated by the Wholesale License and the distribution of existing Inventory pursuant to Section 6.11, (ii) no Seller or any Affiliate thereof, including JR personally, shall violate Section 6.9(a) (Nondisparagement) and (iii) any use of social media that is operated under the JR Brands or the JR Future Brands (including the "Judith Ripka" name, image or likeness), including any social media operated by or on behalf of JR personally, must be approved by written consent of the Buyers (which consent shall not be unreasonably withheld). The Buyers acknowledge and agree that nothing in this Section 2.4 shall restrict any Seller or Affiliate thereof with respect to any activity that does not utilize the JR Brands or the JR Future Brands (including JR's name, image or likeness). JR shall use commercially reasonably efforts to notify the Buyers of any participation by JR in any project that utilizes the JR Brands or the JR Future Brands (including JR's name, image or likeness). The Buyers hereby grant to JR a perpetual, royalty-free license to use her name, likeness and image in order to exercise the Retained Media Rights in accordance with this Section 2.4.

ARTICLE III
PURCHASE CONSIDERATION; PAYMENT

3.1 The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place via facsimile or other electronic exchange of documentation or at the offices of Blank Rome, LLP (or such other location as shall be mutually agreed upon by the Sellers and Buyers) on the date hereof (the "Closing Date"). The effective time of the Closing shall be deemed to be 11:59 p.m. on the Closing Date.

3.2 Purchase Consideration. Subject to the terms and conditions of this Agreement, in reliance on the representations, warranties, covenants and agreements of the Sellers contained herein, and in payment and consideration for the sale, conveyance, assignment, transfer and delivery of the Acquired Assets by the Sellers to the Buyers, the Buyers shall pay to the Sellers the consideration described in Sections 3.3 and 3.4 (the "Purchase Consideration"), payable as and when therein provided.

3.3 Payment Of Purchase Consideration.

(a) At Closing, the Buyers shall pay a portion of the Purchase Consideration as follows:

(1) Buyers shall pay to the Sellers, Eleven Million, Nine Hundred Seventy Four Thousand Seven Hundred and Fifty Two and 91/100 United States Dollars ($11,974,752.91) in cash, by wire transfer of immediately available funds to the accounts previously designated by Sellers' Representative;

(2) Buyers shall deliver to JR two promissory notes, each in the form attached hereto as Exhibit I, each in the principal amount of Three Million United States Dollars ($3,000,000) (the "Promissory Notes"); and

(3) XCel shall issue and deliver to JR Five Hundred Seventy One Thousand, Four Hundred Twenty-Nine (571,429) XCel Shares (the "Initial Shares"), free and clear of all Liens, options, warrants, calls, proxies, rights, commitments, restrictions or agreements of any kind, other than those created or existing pursuant to applicable securities laws or pursuant to this Agreement or any Related Agreement.

(b) On or before October 1, 2014, Buyers shall, subject to Section 3.3(d), pay a portion of the Purchase Consideration equal to One Million United States Dollars ($1,000,000) (the "Initial Holdback Amount") in cash, by wire transfer of immediately available funds to the accounts previously designated by Sellers' Representative.

(c) On or before April 1, 2015, Buyers shall, subject to Section 3.3(d), pay a portion of the Purchase Consideration equal to One Million One Hundred Ninety Thousand Two Hundred and Forty Seven and 09/100 United States Dollars ($1,190,247.09) (the "Second Holdback Amount" and, together with the Initial Holdback Amount, the "Holdback Amount") in cash, by wire transfer of immediately available funds to the accounts previously designated by Sellers' Representative.

(d) Notwithstanding the provisions of Sections 3.3(b) and (c) to the contrary, if JRL's senior lender does not approve all or any portion of the payment of the Holdback Amount in cash, XCel shall issue and deliver to JR on the date on which the applicable Holdback Amount is required to be paid to JR XCel Shares (the "Holdback Shares"), the number of XCel Shares to be determined based on such Holdback Amount divided by the VWAP for the last twenty (20) Business Days prior to the date on which such Holdback Amount is required to be paid to JR by the Buyers.

3.4 Earn-Out.

(a) Following the Closing and as additional consideration for the sale and purchase of the Acquired Assets as contemplated by the terms and conditions of this Agreement, Sellers shall be entitled to receive from the Buyers (subject to the terms and conditions set forth in this Section 3.4) at XCel's sole discretion, either cash or additional XCel Shares (the "Earn-Out Shares") in either case with a value (the "Earn-Out Value") of up to Five Million United States Dollars ($5,000,000). The Earn-Out Value shall be calculated for each Royalty Target Period as the amount, if any, of (A) Net Royalty Income for such Royalty Target Period in excess of One Million United States Dollars ($1,000,000.00), less (B) the sum of all Earn-Out Value paid for any prior Royalty Target Periods, if any. The maximum Earn-Out Value that may be paid for all Royalty Target Periods is Five Million United States Dollars ($5,000,000).

(b) Procedure for Earn-Out. As soon as practicable after the end of each Royalty Target Period, but in no event later than 30 days following the end of each Royalty Target Period, Buyers shall deliver to Sellers' Representative on behalf of the Sellers: (i) a statement prepared by XCel of the calculation of the Earn-Out Value for the previous Royalty Target Period and, if applicable, the number of XCel Shares to be issued to the Sellers pursuant to this Section 3.4; and (ii) supporting documentation of the determination of Net Royalty Income for the previous Royalty Target Period (collectively, (i) and (ii), the "Earn-Out Statement"). The Earn-Out Statement shall be prepared in accordance with sound business practices and in accordance with the books and records of Buyers used to prepare the financial statements of XCel. Upon delivery of the Earn-Out Statement, XCel shall (A) pay to JR on behalf of Sellers, in cash, an amount equal to the Earn-Out Value set forth in such Earn-Out Statement, or (B) issue to JR on behalf of Sellers, free and clear of all Liens, options, warrants, calls, proxies, rights, commitments, restrictions or agreements of any kind, other than those created or existing pursuant to applicable securities laws or pursuant to this Agreement or any Related Agreement, a number of Earn-Out Shares equal to the quotient obtained by dividing (x) the Earn-Out Value earned by the Sellers for the then applicable Royalty Target Period, by (y) the greater of (A) the VWAP for the last twenty (20) Business Days of the then previous Royalty Target Period or (B) $7.00. The Sellers acknowledge and agree that (i) there is no guarantee that the Buyers shall achieve Net Royalty Income at sufficient levels for the Sellers to receive Earn-Out Shares, (ii) the Sellers shall not hold the Buyers responsible for failing to achieve the Net Royalty Income targets required to receive Earn-Out Shares and (iii) the Sellers are not relying on any information from the Buyers in determining the requirements to achieve the Earn-Out Shares. The Sellers hereby waive and indemnify the Buyers from any claims as a result of the failure of the Buyers to achieve Net Royalty Income at sufficient levels for the Sellers to receive Earn-Out Shares.

(c) Seller's Representative and her representatives shall have sixty (60) days following receipt of each Earnout Statement (the sixtieth (60th) day following Seller's Representative's receipt of an Earnout Statement, the "Earnout Review Deadline") to review the same. If Seller's Representative disagrees with any Earnout Statement, Seller's Representative shall notify XCel in writing of such disagreement on or prior to the applicable Earnout Review Deadline, which notice shall describe the nature of any such disagreement in reasonable detail, identify the specific items involved and, to the extent practicable, the dollar amount of each such disagreement and provide reasonable supporting documentation for each such disagreement (each such notice, an "Earnout Disagreement Notice"). During Seller's Representative's review of such Earnout Statement, XCel shall provide Seller's Representative and her representatives with reasonable access during normal business hours to any books, work papers, schedules or records (including the books, work papers, schedules and records of any accountants, independent auditors or other agents of Buyers or their Affiliates) used in the preparation of the Earnout Statement, to the personnel who prepared or assisted in the preparation of the Earnout Statement and to other employees of or advisors to Buyers or their Affiliates to the extent access is reasonably required for Seller's Representative and her representatives to assess the accuracy and acceptability of the Earnout Statement. If Seller's Representative fails to deliver an Earnout Disagreement Notice on or prior to the applicable Earnout Review Deadline, Seller's Representative shall have waived her right to contest, and shall be deemed to have agreed to, such Earnout Statement and the Net Royalty Income, Earn-Out Value and number of Earn-Out Shares as shown thereon.

(d) Resolution of Disputes.

(i) If Seller's Representative delivers to XCel an Earnout Disagreement Notice with respect to an Earnout Statement on or prior to the applicable Earnout Review Deadline, XCel and Seller's Representative shall, within thirty (30) days following the date of such notice (each such period, an "Earnout Resolution Period"), negotiate in good faith to resolve their differences and any written resolution by them as to any disputed item or amount shall be final and binding for all purposes under this Agreement. If, at the conclusion of such Earnout Resolution Period, XCel and Seller's Representative are unable to resolve all disagreements identified by Seller's Representative, then such disagreements shall be submitted within five (5) Business Days after the expiration of the Earnout Resolution Period for final and binding resolution to an independent accounting firm of nationally or regionally recognized standing that is acceptable to XCel and Seller's Representative and that has not rendered services to any of XCel or Sellers or any of their respective Affiliates, within twelve (12) months prior to the date hereof or prior to the date of its proposed retention under this Agreement (such accounting firm, the "Accounting Arbitrator").

(ii) The Accounting Arbitrator shall only consider those items and amounts set forth in the applicable Earnout Statement as to which XCel and Seller's Representative have disagreed and must resolve the matter in accordance with the terms and provisions of this Agreement and shall deliver to XCel and Seller's Representative, as promptly as practicable and in any event within sixty (60) days after its appointment, a written report setting forth the resolution of any such disagreement determined in accordance with the terms of this Agreement. XCel and Seller's Representative agree to execute, if requested by the Accounting Arbitrator, a reasonable engagement letter. XCel and Seller's Representative will cooperate with the Accounting Arbitrator during its engagement.

(iii) The Accounting Arbitrator shall make its determination based solely on presentations and supporting material provided by the parties and not pursuant to any independent review. XCel and Seller's Representative shall provide copies to one another of all written submissions to the Accounting Arbitrator and shall be permitted to attend (and shall receive reasonable advance written notice of) any meeting with or presentations to the Accounting Arbitrator. XCel and Seller's Representative shall each use reasonable commercial efforts to make its presentations as promptly as practicable following submission to the Accounting Arbitrator of the disputed items (but in no event later than fifteen (15) days after engagement of the Accounting Arbitrator), and XCel and Seller's Representative shall each be entitled, as part of its presentation, to respond to the presentation of the other party and any questions and requests of the Accounting Arbitrator. In deciding any matter or item in dispute, the Accounting Arbitrator shall be bound by the provisions of this Section 2.6. No party shall disclose to the Accounting Arbitrator, and the Accounting Arbitrator shall not consider for any purpose, any settlement discussions or settlement offer made by any party, unless otherwise agreed in writing by the parties.

(iv) The determination of the Accounting Arbitrator shall be final and binding upon XCel and Seller's Representative, absent manifest error by the Accounting Arbitrator. The determination of the Accounting Arbitrator shall not be deemed an award subject to review under the Federal Arbitration Act or any other similar statute. Judgment may be entered upon the determination of the Accounting Arbitrator in any court having jurisdiction over the party against which such determination is to be enforced. The fees and expenses of the Accounting Arbitrator shall be borne by the Seller's Representative, on the one hand, and XCel, on the other hand, based upon the percentage that the amount not awarded to the Seller's Representative or XCel bears to the amount actually contested by the Sellers' Representative or XCel.

(v) For each Royalty Target Period, the date on which the Net Royalty Income and Earn-Out Value is finally determined in accordance with this Section 3.4(d) is hereinafter referred to as the "Earnout Determination Date." Within ten (10) Business Days following the Earnout Determination Date with respect to any Royalty Target Period, if the Earn-Out Value as finally determined is greater than the Earn-Out Value set forth in the applicable Earn-Out Statement, XCel shall (A) pay to JR on behalf of Sellers, in cash, an amount equal to such excess Earn-Out Value, or (B) issue to JR on behalf of Sellers, free and clear of all Liens, options, warrants, calls, proxies, rights, commitments, restrictions or agreements of any kind, other than those created or existing pursuant to applicable securities laws or pursuant to this Agreement or any Related Agreement, a number of Earn-Out Shares equal to the quotient obtained by dividing (x) such Excess Earn-Out Value by (y) the VWAP for the twenty (20) Business Days prior to the Earnout Determination Date.

(e) During each Royalty Target Period, (i) Buyers shall owe a duty of good faith and fair dealing to Sellers with respect to the conduct of the business, operations and affairs related to the Acquired Assets in relation to Sellers' entitlement to and opportunity to be paid Earnout Consideration; (ii) neither Buyer shall take any action with respect to the business, operations or affairs related to the Acquired Assets with the intent or purpose of reducing Net Royalty Income in any Royalty Target Period; and (iii) Buyers shall maintain complete and accurate books and records sufficient to support, accurately compute and document Net Royalty Income for each Royalty Target Period in accordance with GAAP and this Agreement and in a manner consistent with sound business practices.

(f) In addition, in the event Buyers divest all or substantially all of the Acquired Assets during the Royalty Target Period, Buyers shall ensure that the acquirer agrees to be bound by the provisions of this Section 3.4 and to pay all amounts due to Sellers pursuant to this Section 3.4 in cash.

3.5 Closing Deliveries.

(a) At Closing, the Buyers shall take the following actions:

(i) Each of the Buyers shall execute and deliver to Sellers each of the Related Agreements to which it is party.

(ii) XCel shall execute and deliver to Sellers the JR Employment Agreement.

(iii) JRL shall procure and have in place a binding commitment from an insurance provider for (A) key man insurance on the life of JR, for an amount equal to Twelve Million United States Dollars ($12,000,000) and (B) disability insurance for JR, with JR as beneficiary, for an amount equal to Four Million United States Dollars ($4,000,000).

(iv) The Buyers shall deliver to Sellers certified copies of the resolutions of each Buyer authorizing the execution, delivery and performance of this Agreement and the Related Agreements (as applicable) and the consummation of the transactions provided for herein and therein.

(v) The Buyers shall deliver the Purchase Consideration to JR, JR Creations, JR Companies, JR Designs and JSB, as specified in Section 3.3, provided, however that the certificates representing the Initial Shares shall be delivered on JR's behalf directly to QVC.

(b) At Closing, the Sellers shall take the following actions:

(i) Each of the Sellers shall execute and deliver to the Buyers each of the Related Agreements to which it is party.

(ii) JR shall execute and deliver to the Buyers the JR Employment Agreement.

(iii) Sellers shall deliver to Buyers evidence of the termination of the Seller QVC Agreement.

(iv) Sellers shall deliver to Buyers payoff letters, in form and substance satisfactory to Buyers, from Rosenthal & Rosenthal, Inc., which provide that upon receipt of the funds specified therein all Liens held by such Person on the Acquired Assets shall be automatically released.

(v) Sellers shall deliver to Buyer evidence that all Liens on the Acquired Assets held by HSBC Bank USA, National Association, have been released.

(vi) Sellers shall deliver to Buyers a release, in form and substance satisfactory to Buyers, from each of Pranda Jewelry PCL and Thai Jewelry Manufacturer Co., Ltd., releasing Sellers and their Affiliates from all Liabilities in consideration for and contingent upon the assignment by JR of a Promissory Note to such Person.

(vii) Sellers shall deliver to Buyers certified copies of the resolutions of the Sellers, other than JR, authorizing the execution, delivery, and performance of this Agreement and the Related Agreements (as applicable) by the Sellers and the consummation of the transactions provided for herein and therein.

(viii) Sellers shall deliver to Buyers a receipt for the Purchase Consideration.

(ix) Each Seller shall deliver to Buyers a non-foreign affidavit dated as of the Closing Date, sworn under penalty of perjury and in the form required under treasury regulations issued pursuant to Code §1445 stating that no Seller is a foreign person as defined in Code §1445.

(x) Sellers shall deliver to Buyers all files, documents, or instruments in the possession of Sellers or their Affiliates necessary to the preservation and maintenance of the Seller Intellectual Property Rights.

3.6 Allocation. The Purchase Consideration and any other consideration paid by Buyers pursuant to this Agreement, in each case to the extent treated as purchase price for U.S. federal income tax purposes, will be allocated among the Acquired Assets for tax purposes in a mutually agreed upon manner, consistent with Code Section 1060 and the regulations promulgated thereunder, based upon the fair market values of such assets consistent with an allocation schedule to be determined in the reasonable good faith judgment of XCel, within 60 calendar days after the Closing Date, subject to the approval of JR, on behalf of Sellers, which approval shall not be unreasonably withheld or delayed (the "Allocation Schedule"). Each of the Parties hereto agrees that: (i) none of the Parties shall take a position on any Tax Return (including IRS Form 8594, if applicable) that is in any way inconsistent with the Allocation Schedule without the written consent of the other Parties or unless specifically required by an applicable Government Authority; and (ii) each party shall promptly notify each other regarding the existence of any Tax audit, controversy or litigation related to the Allocation Schedule. Notwithstanding the foregoing, nothing contained herein shall prevent the Buyers or the Sellers from settling any proposed deficiency or adjustment assessed against it by any Government Authority based upon or arising out of the Allocation Schedule, and neither the Buyers nor the Sellers shall be required to litigate before any court any such proposed deficiency or adjustment by any Government Authority challenging the Allocation Schedule.

3.7 Accounts Receivable and Other Payments.

(a) The Sellers shall promptly forward to the Buyers any and all proceeds relating to the Acquired Assets, including any payments required to be paid to JRL pursuant to the Buyer QVC Agreement, that are received by the Sellers following the Closing Date to the extent such proceeds relate to a period beginning after the Closing Date and do not relate to Sellers' activities under the Wholesale License.

(b) The Buyers shall promptly forward to the Sellers any and all proceeds relating to the Excluded Assets, including any payments required to be paid to the Sellers pursuant to the Seller QVC Agreement, that are received by the Buyers following the Closing Date to the extent such proceeds relate to a period ending on or prior to the Closing Date.

(c) To the extent that either the Sellers or the Buyers receives payment in respect of Accounts Receivable from any Person, such Accounts Receivable shall be allocated based upon the oldest Accounts Receivable first regardless of whether a particular Account Receivable is identified for payment. Schedule 3.7 sets forth a complete and accurate statement of the Seller Accounts Receivable due and owing the Sellers as of the Closing Date.

(d) Each Party shall provide the other Parties with reasonable access to its books and records in accordance with Section 6.5 for the purpose of verifying any funds required to be paid pursuant to this Section 3.7.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE SELLERS

The Sellers hereby jointly and severally represent and warrant to each of the Buyers that the statements contained in this Article IV are true and correct as of the date of this Agreement, except as set forth in the disclosure schedule attached hereto (the "Seller Disclosure Schedule"), which Seller Disclosure Schedule sets forth the Sellers' disclosures identified by the Sellers.

4.1 Organization and Good Standing. Each Seller, other than JR, is an entity, duly formed, validly existing and in good standing under the laws of the state of its formation. The capitalization of each Seller, other than JR, is listed on Schedule 4.1, and no other members or owners of any Seller, other than JR, exist. Each Seller, other than JR, has all requisite power and authority to own, lease and operate its assets and properties and to carry on the Business as currently conducted. Each Seller, other than JR, is duly qualified and, to the extent applicable, is in good standing, in each jurisdiction in which the character or location of the property owned, leased or operated by such Seller or the nature of the Business conducted by such Seller makes such qualification necessary, except where the failure to be so qualified would not, individually or in the aggregate, reasonably be expected to have a Seller Material Adverse Effect. No Seller has any Subsidiaries.

4.2 Enforceability; Authority. Each Seller has all requisite power and authority to execute and deliver this Agreement and each other Related Agreement to which such Seller is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance by each Seller of this Agreement and each Related Agreement to which it is a party, and the consummation by it of the transactions contemplated hereby and thereby, have been duly authorized and approved, and no other action on the part of any Seller is necessary to authorize the execution, delivery and performance of this Agreement or any Related Agreement to which such Seller is a party or the consummation of the transactions contemplated hereby or thereby. This Agreement has been duly executed and delivered by each Seller and constitutes, and, with respect to each other Related Agreement to which a Seller is a party, upon its execution and delivery by such Seller, will constitute, assuming the due execution of this Agreement and such other Related Agreement by the Buyers and/or the other Parties thereto, a valid and binding obligation of such Seller enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, receivership and similar laws affecting the enforcement of creditors' rights generally, and general equitable principles.

4.3 Consents; Approvals. Except as set forth in Schedule 4.3, the execution and delivery of this Agreement by the Sellers and the consummation of the transactions contemplated hereby do not and will not:

(a) violate or conflict with the provisions of the Organizational Documents of any Seller;

(b) violate any Legal Requirement or Decree to which any Seller is subject or by which any of its material properties or assets are bound;

(c) require any permit, consent or approval of, or the giving of any notice to, or filing with any Government Authority; or

(d) result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, payment or acceleration) under, or result in the creation of any Lien (other than a Permitted Lien) upon any of the Acquired Assets under any of the terms, conditions or provisions of any Contract or any other instrument or obligation to which any Seller is a party, or by which it or any of their respective properties or assets may be bound; excluding from the foregoing clauses (b), (c) and (d) permits, consents, approvals, notices and filings the absence of which, and violations, breaches, defaults and Liens the existence of which, have not had, and would not reasonably be expected, individually or in the aggregate, to have, a Seller Material Adverse Effect.

4.4 Financial Statements.

(a) The Sellers have delivered to the Buyers (i) certain audited financial statements with respect to the Business as of December 31, 2011 and 2012 (the "Year End Financials"), (ii) an unaudited balance sheet of the Business as of November 30, 2013 and the related unaudited statements of operations and cash flows for the eleven (11) months ended November 30, 2013 (the "Interim Reports"), and (iii) unaudited projected balance sheets of the Business as of December 31, 2013, January 31, 2014 and February 28, 2014 (the "Balance Sheets") (the Balance Sheet, the Interim Reports and the Year End Financials, the "Financial Statements"). The Financial Statements are broken out by division and present fairly in all material respects the financial condition of the Business as of such date and the results of operations of the Business for such period, except that the Financial Statements may not contain all footnotes required by GAAP and, in the case of the Balance Sheets and the Interim Reports, are subject to normal year-end adjustments.

(b) Except as disclosed on Schedule 4.4(b), there are no material liabilities or obligations of Sellers in connection with the Business (whether absolute, accrued, contingent or otherwise and whether due or to become due), except for those liabilities and obligations (i) reserved for, accrued or disclosed on the Balance Sheets or which are of a nature not otherwise required by GAAP to be reserved against or reflected therein, (ii) those liabilities and obligations accrued after the date thereof in the Ordinary Course of Business, none of which arise out of a breach of any Contract, tort, infringement, claim, lawsuit or breach of warranty, (iii) which result from the obligations of the Sellers under or related to this Agreement or (iv) which are ongoing obligations of any Seller under any Contract.

(c) JSB Marketing Corp. has no Liabilities or creditors.

4.5 Real Property. Schedule 4.5(a) sets forth a true and correct list of each Leased Real Property leased by the Sellers and used in connection with the operation of the Business. Except as set forth on Schedule 4.5(b), with respect to each of the Leases: (i) the transactions contemplated by this Agreement do not require the consent of any other party to such Lease, will not result in a breach of or default under such Lease, and will not otherwise cause such Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing; and (ii) neither any Seller nor, to the Sellers' Knowledge, any other party to the Lease is in breach of or default under such Lease, and no event has occurred or circumstance exists that, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease.

4.6 Title to Assets. Except as set forth on Schedule 4.6, the Sellers have good and marketable title to the Acquired Assets, free and clear of all Liens other than Permitted Liens. No Affiliate of any Seller, including JSB and JR Companies, has any ownership interest in any of the Acquired Assets. The Acquired Assets include all Intellectual Property Rights owned by Sellers or their Affiliates that are used in the conduct of the Business by Sellers and their Affiliates as of the Closing Date. Except as set forth on Schedule 4.19(b), the Acquired Assets include all material Intellectual Property Rights that are used in the conduct of the Business as of the Closing Date, except for commercially available or over-the-counter "shrink wrap" software packages.

4.7 Seller Accounts Receivable and Seller Accounts Payable. Except as set forth on Schedule 4.7(a), all Accounts Receivable and Accounts Payable of the Sellers reflected on the Balance Sheets (net of allowances for doubtful accounts as reflected thereon and as determined in accordance with GAAP consistently applied and consistent with past practices) are or shall be valid receivables or payables, as applicable, arising in the Ordinary Course of Business. The Sellers have no actual knowledge (without any duty of investigation) that such receivables are not collectible by the Sellers at the aggregate recorded amount therefor as shown on the Balance Sheets (net of allowances for doubtful accounts as reflected thereon and as determined in accordance with GAAP consistently applied and consistent with past practices). Except as set forth on Schedule 4.7, no Person has any Liens on such receivables or any part thereof, and no agreement for deduction, free goods, discount or other deferred price or quantity adjustment has been made with respect to any such receivables. Schedule 4.7(b) sets forth the inventory balance of the Sellers and their Affiliates on the Closing Date.

4.8 Solvency; Insolvency Proceedings. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of either of the Buyers. No Seller is currently subject to any insolvency proceedings of any kind, including, without limitation, bankruptcy, receivership, reorganization, composition or arrangement with creditors, voluntary or involuntary, affecting the Acquired Assets and, to the Sellers' Knowledge, no such proceedings are threatened. JR is personally solvent and will remain solvent following the consummation of the transactions contemplated by this Agreement. No Seller has made an assignment for the benefit of creditors or taken any action with a view to, or that would constitute a valid basis for, the institution of any such insolvency proceedings.

4.9 Taxes.

(a) All material Tax Returns required to be filed by or on behalf of each Seller with respect to the Acquired Assets have been timely filed and all Taxes shown as due thereon have been timely paid. No Seller is a beneficiary of any extension of time within which to file any Tax Return with respect to income Taxes. Each Seller has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other Third Party, and all Forms W-2 and 1099 required with respect thereto have been properly completed and timely filed, except where the failure to do so would not, individually or in the aggregate, reasonably be expected to have a Seller Material Adverse Effect. The Sellers have paid all sales Tax amounts owed or owing. There are no Liens (other than Permitted Liens) on any of the assets of any Seller that arose in connection with the failure (or alleged failure) to pay any Tax.

(b) There is no material dispute or claim concerning any Tax liability of any Seller either (A) claimed or raised by any authority in writing or (B) as to which any of the officers or managers of any Seller has knowledge based upon personal contact with any agent of such authority.

(c) No Seller has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(d) No Seller, with respect to the Acquired Assets, has any liability for the Taxes of any other Person as a transferee or successor, by contract, or otherwise (but excluding contracts entered into in the ordinary course of business and the primary subject of which is not Taxes).

(e) The aggregate unpaid Taxes of each Seller with respect to the Acquired Assets (i) did not, as of December 31, 2013, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheets and (ii) will not exceed that reserve as adjusted for operations and transactions through the Closing Date in accordance with the past custom and practice of the Sellers in filing their Tax Returns.

4.10 Labor Relations; Compliance.

(a) Each Seller has complied in all material respects with all applicable laws relating to the employment of labor. Except as set forth on Schedule 4.10, there are no Proceedings pending or, to the Sellers' Knowledge, threatened against any Seller with respect to or by any employee or former employee of the Business and, to the Sellers' Knowledge, there are no Proceedings pending or threatened against any employees or former employee of the Business with respect to such employee's actions in connection with the Business. No Seller has engaged in any unfair labor practices.

(b) No Seller is a party to any collective bargaining agreement or relationship with any labor organization, and, to the Sellers' Knowledge, there are no organizational efforts presently made or threatened by or on behalf of any labor union with respect to the employees of the Business. Within the last three (3) years, no Seller has experienced any union organization attempts, strikes, work stoppages, slowdowns, grievances, claims of unfair labor practices or other collective bargaining disputes, and none are underway or, to the Sellers' Knowledge, threatened.

(c) With respect to the transactions contemplated hereby, any notice required under any law or collective bargaining agreement has been or prior to Closing will be given, and all bargaining obligations with any employee representative have been or prior to Closing will be satisfied. No Seller has implemented any layoff of employees that could implicate the WARN Act, or any similar state or local law, regulation or ordinance, and no such action will be implemented without advance notification to the Buyers.

(d) To the Sellers' Knowledge no executive or manager of any Seller (i) has any present intention to terminate his or her employment, or (ii) is a party to any confidentiality, non-competition, proprietary rights or other such agreement between such employee and any Person besides a Seller that would be material to the performance of such employee's employment duties, or the ability of the Seller to conduct the Business following the Closing.

4.11 Employee Benefits.

(a) Schedule 4.11(a) lists each Employee Benefit Plan, and each other employment, severance, incentive, retention, consulting, change-in-control, fringe benefit, deferred compensation, or other compensatory plan, policy, agreement or arrangement which is maintained, contributed to or to which there is an obligation to contribute for the benefit of any current or former employee, director or other personnel of any Seller and/or any ERISA Affiliate of any Seller or with respect to which any Seller or any ERISA Affiliate of a Seller has or may have a direct or indirect liability (each a "Seller Benefit Plan").

(b) Each Seller Benefit Plan has been maintained and administered in all material respects in accordance with its terms and the provisions of applicable Legal Requirements, including ERISA and the Code.

(c) Neither any Seller nor any ERISA Affiliate thereof contributes to, ever has contributed to, or ever has been required to contribute to any Multiemployer Plan or employee pension plan subject to Title IV of ERISA or Code Section 412 or has any liability, or indirect liability, including any liability on account of a "partial withdrawal" or complete withdrawal (as defined in ERISA Sections 4205 and 4203 respectively), under any Multiemployer Plan or under Title IV of ERISA.

(d) Except as set forth in Schedule 4.11(d), the consummation of the transactions contemplated by this Agreement will not (1) entitle any current or former employee, director or officer of any Seller to severance pay or any other payment or benefit, or (2) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee, director or officer.

4.12 Litigation; Decrees.

(a) Except as set forth on Schedule 4.12(a), there is no material Proceeding pending or, to the Sellers' Knowledge, threatened, against any Seller relating to any of the Acquired Assets or Business.

(b) Except as set forth on Schedule 4.12(b), (i) there is no Decree to which any Seller or any of the Acquired Assets is subject, and (ii) each Seller is in compliance with each Decree to which it or its properties or assets are subject.

4.13 Compliance With Laws; Permits.

(a) Except as set forth on Schedule 4.13, each Seller is in full compliance with each Legal Requirement that is applicable to it or to the conduct or operation of the Business or the ownership of the Acquired Assets. No Seller has received any written notice or to the Knowledge of the Sellers, oral notice, from any Government Authority or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any material Legal Requirement applicable to the Business.

(b) The Sellers possesses all Government Authorizations necessary for the ownership of their properties and the conduct of the Business as currently conducted, except for such exceptions as, individually or in the aggregate, have not had and would not reasonably be expected to have a Seller Material Adverse Effect. Further, (i) to the Sellers' Knowledge, all such Government Authorizations are in full force and effect and (ii) no Seller has received any written notice of any event, inquiry, investigation or proceeding threatening the validity of such Government Authorizations.

4.14 Operations of the Sellers. Except as set forth on Schedule 4.14, since December 31, 2013, through the date of this Agreement, there has not been any change, event or condition of any character that has had or would reasonably be expected to have a Seller Material Adverse Effect. Without limiting the generality of the foregoing, except as set forth on Schedule 4.14, since December 31, 2013, the Sellers have operated the Business in the Ordinary Course of Business, and during such time period, no Seller has:

(a) sold, leased, transferred, or assigned any asset that would otherwise be included in the Acquired Assets;

(b) entered into any Material Contract outside the Ordinary Course of Business which would have a material adverse effect on the Acquired Assets.

(c) accelerated, terminated, made material modifications to, or cancelled any Material Contract related to the Acquired Assets in any material respect;

(d) transferred, assigned, or granted any license or sublicense of any rights under or with respect to any Intellectual Property Right that would otherwise be included in the Acquired Assets, other than in the Ordinary Course of Business;

(e) engaged in any sales or promotional discount or other similar activities with customers (including, without limitation, materially altering credit terms) other than any such activities undertaken in accordance with the terms of its current License Agreements;

(f) permitted to exist any Lien on any of the Acquired Assets, other than a Permitted Lien;

(g) incurred any indebtedness for borrowed money or incurred or become subject to any material liability, except current liabilities incurred in the Ordinary Course of Business and liabilities under Contracts (other than liabilities for breach) entered into in the Ordinary Course of Business;

(h) suffered any extraordinary losses or waived any rights of material value related to the Acquired Assets, whether or not in the Ordinary Course of Business;

(i) become liable for any Damages in connection with, or become obligated to rescind or otherwise materially modify, any License Agreement; or

(j) committed to do any of the foregoing actions.

4.15 Payment and Collections Practices; Customers and Suppliers. Schedule 4.15(i) lists (a) the twenty (20) largest customers (by revenue) of the Business during the fiscal year ended December 31, 2013, and (b) the twenty (20) largest suppliers (by cost) of the Seller's business during the fiscal year ended December 31, 2013. Except as set forth on Schedule 4.15(ii), Sellers have not been engaged in any material disputes with any customer or supplier since January 1, 2013, that would be reasonably expected to result in a material decrease in the quantity of items purchased from the Business or in the quantity of items made available for purchase by the Business, respectively.

4.16 Material Contracts.

(a) Schedule 4.16(a) contains a complete and correct list identified by the Sellers, as of the date of this Agreement, of the following Contracts to which any Seller is a party or by which any Seller is bound (collectively, the "Material Contracts"):

(i) any agreement (or group of related agreements) for the lease of personal property to or from a Person providing for lease payment in excess of $15,000 per annum, which is not terminable by the Sellers on less than ninety (90) days notice;

(ii) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one year, or involve consideration in excess of $15,000;

(iii) any License Agreement currently in effect;

(iv) any agreement imposing continuing confidentiality obligations on any Seller;

(v) all executory contracts for capital expenditures with remaining obligations in excess of $15,000 in any year, which is not terminable by the Sellers on less than 90 days notice;

(vi) all contracts containing covenants that in any way purport to limit the freedom of Sellers to engage in any line of business or to compete with any Person or in any geographical area;

(vii) all severance, change of control or similar agreements or contracts with any employees;

(viii) any agreements relating to the Seller Intellectual Property Rights;

(ix) any purchasing or pricing agreements;

(x) any design agreements; and

(xi) any other agreement the performance of which involves consideration in excess of $15,000.

(b) All Material Contracts are in full force and effect against the applicable Seller and true, correct and complete copies of all Material Contracts, including any amendments, waivers, supplements or other modifications thereto, have been made available to the Buyers. Except as disclosed in Schedule 4.16(b), to the Sellers' Knowledge, no Seller is in violation or breach of or in default under any Material Contract. No Proceeding or event or condition has occurred or exists or, to the Sellers' Knowledge, is alleged by any Person to have occurred or exist which, with notice or lapse of time or both, would constitute a default by any of the parties thereto of their respective obligations under a Material Contract (or would give rise to any right of termination or cancellation). To the Sellers' Knowledge, no party to a Material Contract is in breach of a Material Contract, or has expressed in writing, orally, or through any other means of communication, plans to breach, terminate, re-negotiate, or fail to renew a Material Contract. The Closing of the transactions contemplated in this Agreement will not trigger any payments under a Material Contract outside of the Ordinary Course of Business, and will not cause the Sellers to be in breach of any Material Contract.

(c) Schedule 4.16(c) lists each License Agreement submitted by Sellers or their Affiliates to a Person for execution since January 1, 2014 but not yet executed and delivered to the Sellers by such Person

4.17 Insurance. Schedule 4.17 sets forth an accurate and complete summary of each insurance policy providing for liability exposure (including policies providing property, casualty, liability and workers' compensation coverage and bond and surety arrangements) to which any Seller is currently a party, a named insured or otherwise the beneficiary of coverage ("Insurance Policies"). All such Insurance Policies are in full force and effect. Since January 1, 2010, the Sellers have paid all premiums due thereunder and, except as set forth in Schedule 4.17, no notice (whether oral or written) of cancellation of any such coverage or increase in premiums thereof has been received by the Sellers.

4.18 Environmental Matters. Except as set forth on Schedule 4.18, in the conduct of the Sellers' Business and with respect to the ownership and operation of the Acquired Assets: (i) the Sellers have complied and are in compliance in all material respects with all Environmental and Safety Requirements; (ii) all Government Authorizations required under Environmental and Safety Requirements to be obtained by the Sellers are valid and in full force and effect, the Sellers have complied and are in compliance in all material respects with the terms and conditions of such permits and licenses; and (iii) no Seller is subject to any suit, investigation, inquiry or proceeding by or before any court or Government Authority under Environmental and Safety Requirements in connection with its current or former operations, properties or facilities.

4.19 Intellectual Property.

(a) Schedule 4.19(a) attached hereto sets forth a complete and correct list of (i) all registered trademarks or service marks owned by any Seller; (ii) all pending applications for registration of any trademarks or service marks owned by any Seller; (iii) all trade names, common law trademarks and unregistered marks owned and used by any Seller; (iv) all internet domain names and URLs registered or applied for by any Seller; (v) all factories where manufacturing molds and models are located and whether such models and molds are owned by such factories or any Seller, and (vi) all registered copyrights owned by any Seller.

(b) Schedule 4.19(b) attached hereto sets forth a complete and correct list of: (i) all computer software licenses or similar agreements or arrangements to which any Seller or any of their Affiliates is party relating to information technology used in the Seller's operation of its Business, other than license agreements for commercially available or over-the-counter "shrink wrap" software packages ("IT Software"); (ii) all other licenses or similar agreements or arrangements , in effect as of the date hereof, in which a Seller or its Affiliates are a licensee of Intellectual Property Rights that are related to or used in connection with, and in both cases material to, the Business, other than license agreements for commercially available or over-the-counter "shrink wrap" software packages; (iii) all licenses or similar agreements or arrangements in which a Seller or its Affiliates are a licensor of Intellectual Property Rights that are related to or used in connection with the Business; and (iv) all other agreements or similar arrangements to which any Seller or any of their Affiliates is party, in effect as of the date hereof, relating to the use of any of the Seller Intellectual Property Rights, including settlement agreements, consent-to-use or standstill agreements and stand-alone indemnification agreements.

(c) Except as set forth on Schedule 4.19(c), (i) the Sellers own and possess all right, title and interest in and to the Intellectual Property Rights set forth in Schedule 4.19(a), and have a valid license under the agreements set forth in Schedule 4.19(b), or otherwise own and possess all right, title and interest in and to all other Intellectual Property Rights necessary for the operation of the Business as currently conducted, free and clear of all Liens, other than Permitted Liens, and (ii) no Seller has licensed any of the Intellectual Property Rights included in the Acquired Assets to any Third Party on an exclusive basis. Each of JSB and JR Companies does not, and has never had, any ownership interest in any of the Intellectual Property Rights included in the Acquired Assets. No Person other than JR has any ownership interest in the trademark "Judith Ripka" in any jurisdiction.

(d) Except as set forth on Schedule 4.19(d), (i) to the Sellers' Knowledge, no Seller has infringed, diluted, misappropriated or otherwise conflicted with, and the operation of the Business as currently conducted does not infringe, misappropriate or otherwise conflict with, any Intellectual Property Rights of any Person; (ii) no Seller has Knowledge of any facts which indicate a likelihood of any of the foregoing; (iii) no Seller has received any written notices regarding any of the foregoing (including any demands that a Seller is required to license any Intellectual Property Rights from any Person or any requests for indemnification from customers) and (iv) no Seller has requested nor received any written opinions of counsel related to the foregoing.

(e) Except as set forth on Schedule 4.19(e), (i) to the Sellers' Knowledge, no loss or expiration of any of the Seller Intellectual Property Rights is threatened, pending or reasonably foreseeable, except for those rights expiring at the end of their current registration terms without renewal by a Seller (and not as a result of any act or omission by a Seller, including a failure by a Seller to pay any required maintenance or renewal fees); (ii) to the Sellers' Knowledge, all of the Seller Intellectual Property Rights are valid and enforceable; (iii) no written claim by any Third Party contesting the validity, enforceability, use or ownership of any of the Seller Intellectual Property Rights has been made against any Seller, is currently outstanding against any Seller or to the Knowledge of any Seller is threatened against any Seller; (iv) to the Knowledge of Sellers, no Seller has disclosed or allowed to be disclosed any of its trade secrets or confidential information to any Third Party other than pursuant to a written confidentiality agreement; and (v) each Seller has entered into written confidentiality agreements with all of their employees and independent contractors acknowledging the confidentiality of any trade secrets or other confidential information included in the Seller Intellectual Property Rights.

(f) Except as set forth on Schedule 4.19(f), to the Sellers' Knowledge, no Person has infringed, diluted or misappropriated any of the Seller Intellectual Property Rights and no Seller knows of any facts that indicate a likelihood of any of the same.

(g) Except as set forth on Schedule 4.19(g), to the Sellers' Knowledge all Seller Intellectual Property Rights were: (i) developed by employees of the Sellers working within the scope of their employment; (ii) developed by officers, directors, agents, consultants, contractors, subcontractors or others who have executed appropriate instruments of assignment in favor of the Sellers as assignee that have conveyed to the Sellers ownership of all of such Person's rights in the Intellectual Property Rights relating to such developments; or (iii) acquired in connection with acquisitions in which the Sellers obtained, in their reasonable good faith judgment representations, warranties and indemnities from the transferring party relating to the title to such Intellectual Property Rights.

(h) Except as set forth in Schedule 4.19(h), none of the Sellers is party to any proceeding or outstanding decree, order, judgment, agreement or stipulation which restricts in any manner the use, transfer or licensing of the Seller Intellectual Property Rights, or which may affect the validity, use or enforceability of the Seller Intellectual Property Rights.

(i) The Sellers have collected, used, imported, exported and protected all personally identifiable information, and other information relating to individuals protected by law, in accordance with the privacy policies of the Sellers and in accordance with applicable law, including by entering into agreements, where applicable, governing the flow of such information across national borders.

(j) To the Knowledge of Sellers, each item of the Seller Intellectual Property Rights is valid, enforceable and subsisting in the United States and the jurisdictions set forth on Schedule 4.19(j). At the Closing, the Sellers will deliver to the Buyers all files, documents, or instruments necessary to the preservation and maintenance of the Seller Intellectual Property Rights.

(k) No Seller owns, nor has pending, any patent applications or patents.

(l) The Sellers are in material compliance with all terms and conditions of the Seller QVC Agreement and, to the Sellers' Knowledge, there is no breach of the Seller QVC Agreement.

4.20 Affiliate Transactions. Except as set forth on Schedule 4.20: (a) there are no Contracts between a Seller, on the one hand, and any member, interest or right holder of such Seller, any immediate family member of any such member, interest or right holder, or any Affiliate of any of the foregoing, on the other hand related to the Acquired Assets; and (b) there are no Contracts between a Seller, on the one hand, and any employee or director or any immediate family member or Affiliate of any such person, on the other hand, relating to the Acquired Assets, other than employment agreements entered into in the Ordinary Course of Business.

4.21 Brokers or Finders. Except as set forth on Schedule 4.21, no agent, broker, firm or other Person acting on behalf of a Seller or, to the Sellers' Knowledge, any of their Affiliates, is or will be entitled to any investment banking, commission, broker's or finder's fees from any of the Parties hereto, or from any Affiliate of any of the Parties hereto, in connection with any of the transactions contemplated by this Agreement.

4.22 Suppliers. Neither the Sellers nor any Affiliates of the Sellers or, to the Sellers' Knowledge, any of the Sellers' employees, receives any fees or other consideration from any suppliers who supply products or services to the Business in exchange for which such Person is expected to, or actually attempts to, influence any act or decision of the Business, or otherwise assist such supplier in obtaining or retaining business or directing business to such supplier.

4.23 Powers of Attorney. Except as set forth on Schedule 4.23, there are no outstanding powers of attorney executed by or on behalf of any Seller with respect to any of the Acquired Assets.

4.24 Disclaimer of Other Representations and Warranties. Except for the representations and warranties contained in this Article IV, no Seller makes any other representation or warranty, express or implied, with respect to the Acquired Assets or the transactions contemplated by this Agreement and the Related Agreements.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE BUYERS

The Buyers hereby jointly and severally represent and warrant to the Sellers that the statements contained in this Article V are true and correct as of the date of this Agreement, except in each case as set forth in the disclosure schedule attached hereto (the "Buyer Disclosure Schedule").

5.1 Existence and Good Standing; Authorization.

(a) Each Buyer is an entity duly formed, validly existing and in good standing under the laws of the state of its formation. Each Buyer has all requisite power and authority to own, lease and operate its assets and properties and to carry on the Business as currently conducted. Each Buyer is duly qualified and, to the extent applicable, is in good standing, in each jurisdiction in which the character or location of the property owned, leased or operated by each Buyer or the nature of the business conducted by each Buyer makes such qualification necessary, except where the failure to be so qualified would not, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect. Each Buyer has all requisite power and authority to execute and deliver this Agreement and each other Related Agreement to which such Buyer is a party, to perform its obligations hereunder and thereunder and to consummate the sale and the other transactions contemplated hereby and thereby. The execution, delivery and performance by each Buyer of this Agreement and each other Related Agreement to which it is a party, and the consummation by it of the transactions contemplated hereby and thereby, have been duly authorized and approved, and no other action on the part of any Buyer is necessary to authorize the execution, delivery and performance by any Buyer of this Agreement or any other Related Agreement to which a Buyer is a party or the consummation thereby of the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by each Buyer and constitutes, and, with respect to each other Related Agreement, upon its execution and delivery by each Buyer party thereto, will constitute, assuming the due execution of this Agreement and such other Related Agreement by the Sellers and/or the other parties thereto, a valid and binding obligation of that Buyer enforceable against it in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium, receivership and similar laws affecting the enforcement of creditors' rights generally, and general equitable principles. XCel owns all of the equity interests of JRL.

(d) All of the XCel Shares to be issued pursuant to this Agreement, including the shares to be issued at the Closing, Holdback Shares, if any, the Earn-Out Shares and the Note Shares, have been, or will have been at the time of issuance, duly authorized by all necessary corporate action and, will be, when issued in accordance with this Agreement and/or the Promissory Notes, as applicable, duly authorized, validly issued, fully paid and nonassessable and will be issued in compliance with all applicable federal and state securities laws.

5.2 Consents and Approvals; No Violations. The execution and delivery of this Agreement by each Buyer, and the execution and delivery of each Related Agreement to which each Buyer is a party, and the consummation of the transactions contemplated hereby and thereby do not and will not:

(a) violate or conflict with any provisions of the Organizational Documents of any Buyer;

(b) violate any Legal Requirement or Decree to which any Buyer is subject or by which any of their respective material properties or assets are bound;

(c) require any permit, consent or approval of, or the giving of any notice to, or filing with any Government Authority on or prior to the Closing Date; and

(d) result in a material violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, payment or acceleration) under, or result in the creation of any Lien upon any of the material properties or assets of any Buyer under any of the material terms, conditions or provisions of any Material Contract or any other instrument or obligation to which any Buyer is a party, or by which it or any of their respective material properties or assets may be bound; excluding from the foregoing clauses (b), (c) and (d) permits, consents, approvals, notices and filings the absence of which, and violations, breaches, defaults and Liens the existence of which, would not, individually or in the aggregate, reasonably be expected to prevent such Buyer from performing its obligations under this Agreement or constitute a Buyer Material Adverse Effect.

5.3 Exchange Act Reports. The Buyers shall have made available to the Sellers complete and accurate copies, as amended or supplemented, of XCel's (a) if applicable, annual report on Form 10-K for XCel's last completed fiscal year, which contain audited financial statements for the year ended as of such date, as filed with the SEC, and (b) all other reports filed by XCel under Section 13 or subsections (a) or (c) of Section 14 of the Exchange Act with the SEC since its formation (such reports are collectively referred to herein as the "XCel Reports"). To the Knowledge of Buyers, the XCel Reports constitute all of the material documents required to be filed by the XCel with the SEC, including, without limitation, under Section 13 or subsections (a) or (c) of Section 14 of the Exchange Act, from its formation through the Closing Date. To the Knowledge of Buyers, the XCel Reports complied in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder when filed. To the Knowledge of Buyers, there are no material outstanding or material unresolved comments in comment letters received from the SEC with respect to any of the XCel Reports. To the Knowledge of Buyers, as of their respective dates, the XCel Reports did not contain 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, in light of the circumstances under which they were made, not misleading. Since the date of the most recent XCel Report, there has not been any event which would constitute a Buyer Material Adverse Effect. Xcel Financial Statements. To the Knowledge of Buyers, all financial statements of XCel included in the XCel Reports (collectively, the "XCel Financial Statements") (i) complied as to form in all material respects with applicable accounting requirements and, as appropriate, the published rules and regulations of the SEC with respect thereto when filed, (ii) were prepared in accordance with GAAP applied on a consistent basis, in all material respects, throughout the periods covered thereby (except as may be indicated therein or in the notes thereto, and in the case of quarterly financial statements, as permitted by Form 10-Q under the Exchange Act), (iii) fairly present the consolidated financial condition, results of operations and cash flows of XCel, in all material respects, as of the respective dates thereof and for the periods referred to therein, and (iv) are consistent with the books and records of XCel in all material respects. Except as set forth in the capitalization table of XCel as set forth in the most recent Financial Statements or as disclosed in any XCel Reports filed thereafter, XCel has not issued any: (i) shares of capital stock, (ii) other interests or participations that confer on a Person the right to receive a share of the profits and losses of, or distribution of assets of, XCel, (iii) subscriptions, calls, warrants, options, or commitments of any kind or character relating to, or entitling any Person to purchase or otherwise acquire capital stock, or any other equity securities, or (iv) securities convertible into or exercisable or exchangeable for capital stock or any other equity securities, except for securities that do not constitute or are not convertible for, exercisable for, or otherwise represent 1,000,000 or more XCel Shares in the aggregate. Undisclosed Liabilities. Except as set forth on Schedule 5.5, no Buyer has any liability (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due).

5.6 Compliance with Laws.

(a) Each of the Buyers is in full compliance with each Legal Requirement that is applicable to it or to the conduct or operation of its business or the ownership of its assets, except for such non-compliance, individually or in the aggregate, as would not reasonably be expected to have a Buyer Material Adverse Effect. None of the Buyers has received any written notice or other communication (whether oral or written) from any Government Authority or any other Person regarding any actual, alleged, possible or potential violation of, or failure to comply with, any material Legal Requirement.

(b) Each Buyer possesses all Government Authorizations necessary for the ownership of its properties and the conduct of its business as currently conducted, except for such exceptions as, individually or in the aggregate, have not had and would not reasonably be expected to have a Buyer Material Adverse Effect. Further, (i) to the Buyers' Knowledge, all such Government Authorizations are in full force and effect and (ii) no Buyer has received any written notice of any event, inquiry, investigation or proceeding threatening the validity of such Government Authorizations.

5.7 Litigation.

(a) There is no Proceeding pending or, to the Buyers' Knowledge, threatened, against any of the Buyers.

(b) There is no Decree to which any of the Buyers is subject, and each of the Buyers is in compliance with each Decree to which it or its properties or assets are subject.

5.8 Buyer Environmental Matters. Each Buyer has complied and is in compliance in all material respects with all Environmental and Safety Requirements. All Government Authorizations required under Environmental and Safety Requirements to be obtained by each Buyer are valid and in full force and effect, each Buyer has complied and is in compliance in all material respects with the terms and conditions of such permits and licenses. None of the Buyers is subject to any suit, investigation, inquiry or proceeding by or before any court or Government Authority under Environmental and Safety Requirements in connection with its current or former operations, properties or facilities.

5.9 Taxes. There are no Taxes due and payable by any Buyer which have not been timely paid. There are no accrued and unpaid Taxes of any Buyer which are due, whether or not assessed or disputed. There have been no examinations or audits of any Tax Returns of Buyers by any Government Authority. Each Buyer has duly and timely filed all Tax Returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to Taxes for any year.

5.10 Brokers' or Finders' Fees. Except as set forth on Schedule 5.10 and any due diligence and advisory fees and costs incurred in connection with Buyers' due diligence, which such fees and costs are payable solely by XCel, no agent, broker, firm or other Person acting on behalf of any Buyer is, or will be, entitled to any investment banking, commission, broker's or finder's fees from any of the Parties hereto, or from any Affiliate of any of the Parties hereto, in connection with any of the transactions contemplated by this Agreement.

5.11 Solvency. The Buyers are currently solvent and, immediately after giving effect to the transactions contemplated by this Agreement, each of the Buyers shall be able to pay their respective debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent liabilities). Immediately after giving effect to the transactions contemplated by this Agreement, each of the Buyers shall have adequate capital to carry on its respective businesses. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of either of the Buyers.

5.12 Disclaimer of Other Representations and Warranties. Except for the representations and warranties contained in this Article V, no Buyer makes any other representation or warranty, express or implied, with respect to the transactions contemplated by this Agreement and the Related Agreements.

ARTICLE VI
POST-CLOSING COVENANTS

6.1 Cooperation. The Parties shall cooperate with each other, and shall use their commercially reasonable efforts to cause their respective Representatives to cooperate with each other, to provide an orderly transition of the Acquired Assets from the Sellers to Buyers and to minimize the disruption to the Business resulting from the transactions contemplated hereby.

6.2 Taxes Related to Purchase of Assets; Tax Cooperation.

(a) The Buyers, on the one hand, and the Sellers, on the other hand, shall each be responsible for one-half of any and all stamp, transfer, documentary, sales and use, registration and other similar taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the transactions contemplated hereby (collectively, the "Transfer Taxes") regardless of the Person liable for such Transfer Taxes under applicable Legal Requirements. Except to the extent required to be filed by the Sellers, the Buyers shall properly file on a timely basis all necessary Tax Returns and other documentation with respect to all Transfer Taxes, provided that the Buyers shall provide copies of all such Transfer Tax Returns to the Sellers at least twenty (20) days prior to the due date thereof for Sellers' review and approval. The non-filing Party shall promptly reimburse the filing Party for 50% of the amount of such Transfer Tax within ten (10) Business Days of receipt by the non-filing Party of evidence of the timely filing and payment thereof. The provisions of this Section 6.2 and no other provision, shall govern the economic burden of Transfer Taxes. Each of Buyers and Sellers shall (and shall cause their respective Affiliates to) timely sign and deliver such certificates or forms as may be necessary or appropriate to establish an exemption from (or otherwise reduce), or file Tax Returns or reports with respect to, Transfer Taxes.

(b) All Taxes and assessments on the Acquired Assets for any taxable period commencing on or prior to the Closing Date and ending after the Closing Date (a "Straddle Period") shall be prorated between the Buyers and the Sellers as of the close of business on the Closing Date based on the best information then available, with (a) the Sellers liable for such Taxes attributable to any portion of a Straddle Period ending on or prior to the Closing Date and (b) the Buyers being liable for such Taxes attributable to any portion of a Straddle Period beginning after the Closing Date. Information available after the Closing Date that alters the amount of Taxes due with respect to the Straddle Period will be taken into account and any change in the amount of such Taxes shall be prorated between the Buyers the Sellers as set forth in the next sentence. All pro-rations of Straddle Period Taxes on the Acquired Assets shall be allocated so that items relating to the portion of a Straddle Period ending on or prior to the Closing Date shall be allocated to the Sellers based upon the number of days in the Straddle Period on or prior to the Closing Date and items related to the portion of a Straddle Period beginning after the Closing Date shall be allocated to the Buyers based upon the number of days in the Straddle Period after the Closing Date. The amount of all such prorations that must be paid in order to convey the Acquired Assets to the Buyers free and clear of all Liens other than Permitted Liens have been calculated and shall be paid on the Closing Date; all other prorations shall be calculated and paid as soon as practicable thereafter.

(c) The Sellers and the Buyers shall (and shall cause their respective Affiliates to) cooperate fully with each other and make available or cause to be made available to each other for consultation, inspection and copying (at such other Party's expense) in a timely fashion such personnel, Tax data, relevant Tax Returns or portions thereof and filings, files, books, records, documents, financial, technical and operating data, computer records and other information as may be reasonably requested, including, without limitation, (a) for the preparation by such other Party of any Tax Returns with respect to the Acquired Assets or (b) in connection with any Tax audit or proceeding including one Party (or an Affiliate thereof) to the extent such Tax audit or proceeding relates to or arises from the transactions contemplated by this Agreement. Any information so delivered shall be subject to the provisions of Section 6.4.

6.3 Noncompetition and Nonsolicitation.

(a) For a period of three (3) years from the date of this Agreement (the "Restricted Period"), each of the Sellers (including JR) will not, directly or indirectly, on its own behalf, as an agent of, on behalf of or in conjunction with, or as a member, partner or shareholder of, any other Person:

(i) engage in any business that Competes with the Business; or

(ii) induce any employee, licensee, independent contractor, manufacturer, supplier or licensee of the Buyers or their Affiliates with respect to the Acquired Assets or the Business, to terminate his or her employment or relationship, as applicable, with the Buyers or their Affiliates, other than as a result of general solicitations for employment that are not specifically targeted at employees of the Business.

(b) Notwithstanding anything to the contrary contained herein, Sellers (including JR) shall be permitted to (i) enter into the Wholesale License Agreement and perform the obligations and conduct the business as contemplated thereby; (ii) dispose of Inventory in accordance with Section 6.11; and (iii) exercise the Retained Media Rights in accordance with Section 2.4. In addition, nothing herein will prohibit Sellers (including JR) from mere passive ownership of not more than ten percent (10%) of the outstanding stock of any class of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market. As used herein, the phrase "mere passive ownership" shall include voting or otherwise granting any consents or approvals required to be obtained from such Person as an owner of stock or other ownership interests in any entity pursuant to the charter or other organizational documents of such entity, but shall not include, without limitation, any involvement in the day-to-day operations of such Person.

(c) Ronald Berk agrees that he shall not (whether on his own behalf, as an agent of, on behalf of or in conjunction with, any other Person) enter into any agreement or arrangement to sell or distribute any jewelry through QVC or any Affiliate thereof without first offering to XCel the opportunity to participate in such agreement or arrangement. Notwithstanding the foregoing, Ronald Berk shall not enter into any agreement or arrangement to sell or distribute any jewelry through QVC or any Affiliate thereof if as a result of such agreement or arrangement, QVC or such Affiliate would reasonably be expected to materially reduce the number of hours allotted by QVC to programming for the Business under the Buyer QVC Agreement.

(d) The Buyers are entitled (without limitation of any other remedy) to specific performance and/or injunctive relief with respect to any breach or threatened breach of the covenants in this Section 6.3. If any court of competent jurisdiction at any time deems the time periods for the foregoing covenants too lengthy or the scope of the covenants too broad, the restrictive time periods will be deemed to be the longest period permissible by law, and the scope will be deemed to comprise the broadest scope permissible by law under the circumstances. It is the intent of the Parties to protect and preserve the Business and the Acquired Assets and therefore the Parties agree and direct that the time period and scope of the foregoing covenants will be the maximum permissible duration (not to exceed three years) and size.

6.4 Confidentiality. From and after the date hereof, each Seller and each Buyer shall, and shall cause each of its respective Affiliates and Representatives to, treat as confidential and use commercially reasonable efforts to safeguard and not to disclose, except as expressly agreed in writing, all Confidential Information of the other Parties, and the Sellers agree to, and to cause their respective Affiliates and Representatives, not to use any and all Seller Information included within the Acquired Assets, except in connection with the business and activities contemplated by the Wholesale License and the disposal of Inventory in accordance with Section 6.11. Each Party shall exercise the same care used by such Party to prevent the unauthorized use or dissemination of its own proprietary and confidential information in connection with the protection of Confidential Information pursuant to this Section 6.4. Notwithstanding the foregoing, a Party may disclose Confidential Information (i) to its employees, consultants, Representatives, current or prospective lenders or advisors who agree to or are otherwise bound to maintain the confidentiality thereof, (ii) to a Third Party, as required by a valid Decree, (iii) to a Governmental Authority, as required by applicable Legal Requirement, legal process or request for information from a Governmental Authority, (iv) as required to be disclosed on any Tax Returns or securities filings, or (v) in connection with any Proceedings relating to this Agreement or any Related Agreement or the transactions contemplated hereby or thereby or the enforcement of any rights hereunder or thereunder. Notwithstanding the provisions of clauses (ii) and (iii) above, in the event that a Party is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose the Confidential Information of any other Party, to the extent permitted, such Party will notify the disclosing Party promptly of the request or requirement so that the disclosing Party may seek an appropriate protective order or waive compliance with the provisions of this Section 6.4. If, in the absence of a protective order or the receipt of a waiver hereunder, a Party is, on advice of counsel, nonetheless requested or required to disclose any Confidential Information of another Party, it may do so to the extent so requested or required; provided, however, that such Party shall use its commercially reasonable efforts to obtain, at the reasonable request of the disclosing Party and at the sole expense of the disclosing Party, an order or other assurance that confidential treatment will be accorded to such portion of such information as the disclosing Party shall designate. In addition, to the extent any of the Seller Disclosure Schedules or any Confidential Information of Sellers is required to be disclosed by either Buyer in connection with any securities filings, Buyers shall use commercially reasonable efforts to obtain confidential treatment of such information, including filing a request for a Confidential Treatment Order with the SEC with respect to all such information.

6.5 Access to Records.

(a) For a period of three (3) years following the Closing Date, each Party will permit the other Parties and their Affiliates and Representatives reasonable access on not less than five (5) Business Days' prior written notice, during normal business hours, at the sole cost and expense of the requesting Party and in a manner that will not unreasonably interfere with the normal operations of the providing Party, to make copies of the books and records of such Party and its applicable Affiliates relating to the Acquired Assets or the Business and in such providing Party's or its Affiliates' possession or control. In addition, the providing Party will make available to the requesting Party or its Affiliate or Representative, on reasonable advance notice, but in any event not less than five (5) Business Days, and to the extent still employed by the providing Party or its Affiliates, personnel who are familiar with any such matter requested, provided such access does not interfere with the normal operations of the providing Party.

(b) The Sellers shall use commercially reasonable efforts to assist the Buyers in the preparation of any financial statements required by the SEC in connection with the transactions contemplated by this Agreement, if any, at the Buyers' cost and expense. Without limitation of Section 6.5(a), Sellers shall provide the Buyers with full access during normal business hours, and in a manner so as not to interfere with the normal business operations of the Sellers and on reasonable advance notice, but in any event not less than five (5) Business Days, to all relevant books, records, work papers, information and employees (to the extent still employed by the Sellers) and auditors of the Sellers and their Affiliates, solely to the extent necessary in connection with the preparation of any such financial statements.

(c) Any information delivered pursuant to this Section 6.5 shall be subject to the provisions of Section 6.4.

6.6 Recording of Intellectual Property Assignments. The Sellers and Buyers shall cooperate to timely record and file the Intellectual Property Assignments, at the Buyers' expense, with the appropriate Government Authorities as promptly as practicable following the Closing.

6.7 Foreign Intellectual Property. The Sellers agree to use commercially reasonable efforts to take, or cause to be taken, all actions, as any of the Buyers may reasonably request or as may be otherwise necessary to assist with the registration and transfer of all foreign trademarks included in the Acquired Assets, all at the Buyers' sole cost and expense.

6.8 Suppliers. During the Restricted Period, the Sellers shall not, and shall cause their Affiliates not to, solicit or receive any fees or other consideration from any suppliers who supply products or services to the Business or any Licensees of the Buyers (including QVC) in exchange for which such Person is expected to, or actually attempts to, influence any act or decision of Buyers, their Affiliates or any such Licensee, or otherwise assist such supplier in obtaining or retaining business or directing business to such supplier.

6.9 Non-Disparagement.

(a) Neither Ronald Berk nor any Seller shall, and each Seller shall cause its Affiliates not to, make any false or disparaging statements, in public or private, which is reasonably likely to materially impair the reputation, goodwill or commercial interest of the Buyers.

(b) No Buyer shall, and each Buyer shall cause its Affiliates not to, make any false or disparaging statements, in public or private, which is reasonably likely to materially impair the reputation, goodwill or commercial interest of the Sellers or any of their members or Affiliates, including, without limitation, JR.

(c) Buyers shall, and shall cause their Affiliates and licensees to, use the JR Brands, the JR Future Brands, and any related logos including the JR Logos, and the rest of the Seller Intellectual Property Rights, and otherwise conduct the Business, in a manner that would not reasonably be considered: (i) to be immoral, deceptive, scandalous or obscene; (ii) to disparage or falsely suggest a connection with institutions, beliefs, national symbols or persons (living or dead), other than JR, or to bring them into contempt or disrepute; or (iii) to injure, tarnish, damage or otherwise negatively affect the reputation and goodwill associated with JR.

(d) Each Party shall be entitled (without limitation of any other remedy) to seek specific performance and/or injunctive relief with respect to any breach or threatened breach of the covenants in this Section 7.11.

6.10 Buyer QVC Agreement.

(a) JR shall comply in all material respects with the provisions set forth in the Buyer QVC Agreement, including making at least eighty percent (80%) of any Appearances required to be made by JR under the Buyer QVC Agreement that occur between the hours of 10:00 a.m. and 1:00 a.m. New York time (the "Prime Hours") during the first two (2) years the Buyer QVC Agreement is in effect. The Buyers shall not make any amendment or modification of the terms of the Buyer QVC Agreement, or enter into any new Contract with QVC, which changes the obligations of JR under the Buyer QVC Agreement without the consent of JR. Notwithstanding the foregoing, in the event JR's employment with XCel is terminated for any reason other than "Cause" (as defined in the JR Employment Agreement), JR shall have no further obligations under this Section 6.10 and shall not be responsible for any revenues lost as a result of such failure by JR to comply with the Buyer QVC Agreement.

(b) Xcel shall promptly pay to JR an amount equal to the amount of the Advance Payment (as defined in the Buyer QVC Agreement) refunded to QVC under the Buyer QVC Agreement, if any, except to the extent that such payment is due to, a result of or caused by a failure by JR to comply with her obligations under the Buyer QVC Agreement, this Agreement or any employment agreement JR may have with XCel from time to time. XCel shall pay all premiums on the Life Insurance Policy until the Life Insurance Policy is re-assigned to JR or her designee pursuant to Section 6.16.

(c) Notwithstanding anything to the contrary contained in this Agreement, any obligations of XCel pursuant to this Section 6.10 may be paid in XCel Shares or cash at XCel's option, with the number of XCel Shares to be issued to be determined based on the total amount of XCel obligations divided by the VWAP for the last twenty (20) Business Days prior to the date on which such obligations become payable, and to be duly authorized, validly issued, fully paid and nonassessable and issued in compliance with all applicable federal and state securities laws.

6.11 Distribution of Current Inventory. Any other provision in this Agreement to the contrary notwithstanding, Sellers and their Affiliates shall be entitled to continue to use the JR Brands and the JR Logos (including the name "Judith Ripka") in connection with the sale or distribution (including through Third Parties in accordance with any License Agreement in effect as of the Closing Date) of all Inventory existing on the Closing Date, including any work in progress Inventory located at manufacturing facilities, provided, however, that any such sale or distribution at a price that is materially lower than prices charged by Buyer, together with its distributors and licensees (including JR pursuant to the Wholesale License Agreement) shall be subject to approval by the written consent of the Buyers. In connection with such sale and distribution of Inventory, Sellers shall, and shall cause their Affiliates and distributors to, adhere to the same standards of quality with respect to the JR Brands and the JR Logos observed by Sellers and their Affiliates prior to the Closing Date, and shall comply with all Legal Requirements regarding the usage of the JR Brands and the JR Logos, including, but not limited to, laws and regulations regarding country of origin disclosure.

6.12 Licenses in Connection with Retained Media Rights. In the event JR (a) desires to enter into an agreement with a Third Party in connection with the Retained Media Rights and (b) such Third Party requires the right to sell products, goods or services which would utilize any JR Brand or JR Future Brand (including JR's name, image and likeness) (any such request rights being "Merchandising Rights"), then JR shall give notice to Buyers specifying the identity of the Third Party and the nature of the requested Merchandising Rights (a "Merchandising Request"). Upon receipt of a Merchandising Request, Buyers shall use commercially reasonable efforts to enter into a license agreement with the Third Party (either as a separate agreement or as part of JR's agreement with the Third Party) pursuant to which Buyers shall license the Merchandising Rights to the Third Party; provided, however, that Buyers shall have no obligation to enter into any license granting the Merchandising Rights if (i) the financial terms of such license are not commercially reasonable, or (ii) the requested license or granting of the Merchandising Rights would result in a violation or breach of, conflict with, constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, payment or acceleration) under, or result in the creation of any Lien (other than a Permitted Lien) upon any Contract or any other instrument or obligation to which either Buyer is a party (other than a Contract between either Buyer and any Affiliate thereof).

6.13 Other Deliveries. Within 30 days following the Closing Date, JRL shall enter into a new agreement with Mercury on commercially reasonable terms and conditions. Sellers shall use commercially reasonable efforts to deliver the JR Archives, including cataloged images of all archived items, sketches, drawings and molds, to the Buyers within thirty (30) days of the Closing, to the extent such items were not delivered at the Closing. Sellers shall use commercially reasonable efforts to obtain acknowledgment from each factory where manufacturing models and molds included in the Acquired Assets are held that the Buyers are the rightful owners of such manufacturing molds and models, within sixty (60) days of the Closing. To the extent the factories own the molds or models used in connection with the Acquired Assets, Sellers shall use commercially reasonable efforts to obtain an acknowledgement that Buyer is now operating the Business and entitled to the use of such molds and models owned by such factory.

6.14 Further Assurances. From time to time following the Closing, each Party shall execute and deliver, or cause to be executed and delivered, such instruments and documents as a Party may reasonably request or as may be otherwise necessary to more effectively consummate the transactions contemplated hereby. Following the Closing, the Sellers agree to forward to the Buyers any correspondence or other communications addressed to the Sellers received by them that relates to the Acquired Assets outside of the Seller's business under the Wholesale License Agreement.

6.15 Registration of XCel Shares. Upon expiration of the Initial Period (as defined in the Lock Up Agreement), XCel agrees to file with the SEC a registration statement under the Securities Act, and make any filings with state securities agencies reasonably requested of it, with respect to the Initial Shares issued or to be issued under this Agreement, including the total number of XCel Shares issuable pursuant to the Promissory Notes. XCel shall use commercially reasonable efforts to cause such registration statement to become effective within sixty (60) days from the expiration of the Initial Period or such later date as may be requested by the holders of such XCel Shares. All expenses in connection with the preparation of such registration statement (other than the expenses of counsel for the holder of the applicable XCel Shares) shall be borne by XCel. XCel shall indemnify and hold harmless each holder of XCel Shares sold in connection with any such registration from and against any and all Damages caused by (a) any untrue statement or alleged untrue statement of a material fact contained in any registration statement, prospectus, offering circular or other document relating to such XCel Shares, or any omission or alleged omission to state a material fact required to be stated in order to make the statements therein not misleading, or (b) any violation (or alleged violation) by XCel of the Securities Act, the Exchange Act, or any Legal Requirement in connection with such registration statement. Each holder of XCel Shares sold in connection with any such registration (on a several and not a joint basis) shall indemnify and hold XCel harmless from and against any and all Damages caused by any untrue statement or alleged untrue statement of a material fact contained in any information provided by such holder of XCel shares for inclusion in such registration statement, prospectus, offering circular or other document relating to such holder of XCel Shares, or any omission or alleged omission to state a material fact required to be stated by such holder of XCel Shares in order to make the information so provided not misleading; provided, that such holder shall not be liable in any such case to the extent that such holder has furnished in writing to XCel prior to the date of such registration statement, prospectus, offering circular or other document information which corrected or made not misleading the information previously furnished by such holder to XCel, and XCel failed to update such information. XCel shall undertake to register any additional XCel shares issuable pursuant to this Agreement, including in connection with Section 3.4 or Article VII as the case may be, pursuant to and in accordance with the terms set forth in this Section 6.15, provided, however, that XCel shall not be obligated to register any XCel shares that may be sold pursuant to Rule 144 of the Securities Act.

6.16 Life Insurance Policy. Within the time agreed in the Buyer QVC Agreement, Sellers shall deliver to QVC an assignment of that certain insurance policy No. 16430059 issued by the Northwestern Mutual Life Insurance Company (the "Life Insurance Policy"), together with an endorsement designating QVC as the beneficiary thereunder. Sellers will use reasonable best efforts to cause QVC to re-assign to Sellers the Life Insurance Policy not later than first anniversary of the Closing Date, or such later date as is agreed among JR, QVC and JRL. Within ten Business Days following the date on which the Life Insurance Policy is re-assigned from QVC to Sellers, Sellers shall deliver to XCel an assignment of the Life Insurance Policy. Within ten Business Days following the earlier of (i) the fifth anniversary of the Closing Date and (ii) the date on which JR's employment with XCel is terminated for any reason (other than the death of JR), XCel shall deliver to JR or her designee an assignment of the Life Insurance Policy together with an endorsement naming JR's designee as the beneficiary thereunder. Any amounts payable in respect of the Life Insurance Policy prior to such assignment shall be for the benefit of JR or her designee.

ARTICLE VII
INDEMNIFICATION; REMEDIES

7.1 Survival. All representations and warranties made by the Sellers or the Buyers, herein, or in any certificate, schedule or exhibit delivered pursuant hereto, shall survive the Closing and continue in full force and effect until the 18-month anniversary of the Closing Date (the "Survival Date"), other than in the case of fraud and except 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 or action); provided, however, that the representations and warranties (i) in Section 4.9 shall survive and remain in full force and effect until 30 days after the expiration of the applicable statute of limitations for the assessment of Taxes (including all periods of extension, whether automatic or permissive) and (ii) in Sections 4.1 (Organization and Good Standing), 4.2 (Enforceability; Authority), 4.6 (Title to Assets), 4.21 (Brokers' or Finders' Fees), 5.1 (Existence and Good Standing; Authorization), 5.9 (Brokers' or Finders' Fees) and 6.10 (Buyer QVC Agreement) (the "Core Representations") shall survive and remain in full force and effect indefinitely. Each covenant and agreement of any of the Parties contained in this Agreement, which by its terms is required to be performed after the Closing Date, shall survive the Closing and remain in full force and effect until such covenant or agreement is performed.

7.2 Indemnification by the Sellers. Subject to the limitations set forth in this Article VII, the Sellers (in the case of claims made under this Section 7.2, the "Indemnifying Party") shall, jointly and severally, indemnify, defend and hold harmless the Buyers and their stockholders, managers, members, officers, directors, agents, attorneys and employees (hereinafter "Buyer Indemnified Parties" and, in the case of claims made under this Section 7.2, the "Indemnified Party") from and against any and all actual losses, claims, Liabilities, debts, damages, fines, penalties, costs (in each case including, without limitation, reasonable out-of-pocket expenses (including, without limitation, reasonable fees and expenses of counsel)) that they incur (collectively, "Damages") as a result of:

(a) the breach of any representation or warranty of the Sellers contained in this Agreement or in any Related Agreement;

(b) the material breach of, default under or nonfulfillment of, any covenant, obligation or agreement of the Sellers under this Agreement, which is not cured within thirty (30) days from the Sellers' receipt of notice thereof;

(c) any willful and material breach by JR of her obligations under the JR Employment Agreement during the Initial Term (as defined in the JR Employment Agreement);

(d) any Liabilities related to the sale or distribution of Inventory pursuant to Section 6.11;

(e) the Excluded Assets;

(f) the Excluded Liabilities; and

(g) the willful failure of JR to comply in any material respect with the Buyer QVC Agreement during the twenty-four (24) month period following the Closing, including the willful failure by JR to make at least eighty percent (80%) of the Appearances required to be made by JR under the Buyer QVC Agreement during the Prime Hours, except to the extent any such failure follows the date on which JR's employment with XCel is terminated for any reason other than "Cause" (as defined in the JR Employment Agreement). Solely for purposes of this Section 7.2(g), "Damages" shall include any revenues lost as a direct result of such failure by JR to comply with the Buyer QVC Agreement.

7.3 Indemnification by Buyers. Subject to the limitations set forth in this Article VII, the Buyers (in the case of claims made under this Section 7.3, the "Indemnifying Party") shall, jointly and severally indemnify, defend and hold harmless the Sellers and their respective stockholders, members, managers, officers, directors, agents, attorneys and employees (hereinafter "Seller Indemnified Parties" and, in the case of claims made under this Section 7.3, the "Indemnified Party") from and against any and all Damages incurred or sustained by the Seller Indemnified Parties as a result of:

(a) the breach of any representation or warranty of the Buyers contained under this Agreement or any Related Agreement;

(b) the material breach of, default under of nonfulfillment of any covenant, obligation or agreement by the Buyers under this Agreement, which is not cured within thirty (30) days of Buyers' receipt of notice thereof;

(c) the ownership of the Acquired Assets, and the operation of the Business by Buyers following the Closing; and

(d) any breach by XCel of the covenants set forth in Section 6.10(b).

7.4 Limitation on Liability.

(a) Neither the Sellers nor the Buyers shall have any liability for Damages under, respectively, Section 7.2 or Section 7.3, and no Seller Indemnified Party or Buyer Indemnified Party shall have the right to seek indemnification under, respectively, Section 7.2 or Section 7.3 until the aggregate amount of the Damages incurred by such Indemnified Party exceeds $50,000, and then, subject to the limitations on recovery and recourse set forth in this Article VII, only to the extent all Damages incurred by the Buyer Indemnified Parties or the Seller Indemnified Parties, as applicable exceed, in the aggregate, $110,000. Notwithstanding the foregoing, the limitations in this Section 7.4(a) shall not apply to (i) any breach of a Core Representation, (ii) in the case of fraud or (iii) in connection with any failure by the Buyers to make any payment of the Purchase Consideration or the Earn-Out Shares (including any payment on the Promissory Notes) when due.

(b) The aggregate liability of the Sellers on the one hand, and the Buyers on the other, for all Damages under Sections 7.2(a) and (g) and, to the extent it applies to Section 6.10, Section 7.2(b) (in cases where Sellers are the Indemnifying Party) or Section 7.3(a) (where Buyers are the Indemnifying Party), as applicable, shall not exceed $7,500,000 (the "Cap"); provided, however, that neither the Cap nor the Decreased Cap shall apply to (i) any breach of a Core Representation, (ii) any breach of a covenant by the Parties other than the covenants set forth in Section 6.10, in the case of fraud, or in connection with any failure by the Buyers to make any payment of the Purchase Consideration or the Earn-Out Shares when due.

(c) The amount of any Damages payable under this Article VII by the Indemnifying Party shall be net of any (i) amounts actually recovered by the Indemnified Party under applicable insurance policies or from any other Person alleged to be responsible therefor, and (ii) Tax Benefits actually realized by the Indemnified Party arising from the incurrence or payment of any such Losses. For purposes hereof, "Tax Benefit" shall mean any refund of Taxes paid or reduction in the amount of Taxes which otherwise would have been paid, in each case, computed at the highest marginal tax rates applicable to any individual resident in New York City, New York. If the Indemnified Party receives any amounts under applicable insurance policies, or from any other Person alleged to be responsible for any Losses, subsequent to an indemnification payment by the Indemnifying Party, then such Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by such Indemnifying Party in connection with providing such indemnification payment up to the amount received by the Indemnified Party, net of any direct, out-of-pocket expenses, including attorneys' fees, reasonably incurred by such Indemnified Party in collecting such amount. The Indemnified Party shall seek full recovery and use commercially reasonable efforts to collect any amounts available under such insurance coverage or from such other Person alleged to have responsibility therefor prior to making any claim for indemnification under this Article VII, to the same extent such Indemnified Party would if such Damages were not subject to indemnification hereunder.

(d) Notwithstanding any other provision of this Agreement to the contrary, the Indemnifying Party shall not be liable under this Article VII for any Damages relating to any matter to the extent that the Indemnified Party shall have otherwise been compensated for such matter pursuant to, or the Damages were taken into account under, any other provision of this Agreement, so as to avoid duplication or "double counting" of the same Damages.

(e) The Indemnified Parties shall take, and shall cause their respective Affiliates to take, all commercially reasonable steps to mitigate and otherwise minimize their Losses to the maximum extent reasonably possible upon and after becoming aware of any event which would reasonably be expected to give rise to any Losses.

(f) If the Indemnified Party receives any payment from an Indemnifying Party in respect of any Losses and the Indemnified Party could have recovered all or a part of such Losses from a third party based on the underlying claim asserted against the Indemnifying Party, the Indemnified Party shall assign such of its rights to proceed against such third party as are necessary to permit the Indemnifying Party to recover from such third party the amount of such indemnification payment.

(g) Except for (i) liability resulting from fraud and (ii) to the extent set forth in Section 7.2(g), no Party shall be liable under this Agreement for any consequential, special, indirect, incidental, or punitive damages (including any damages for lost profits, lost opportunity, or loss of business expectations) of any kind or nature, regardless of the form of action through which such damages are sought.

(h) Notwithstanding anything to the contrary contained in this Agreement, any Damages with respect to indemnification pursuant to Section 7.3(d) may be paid in XCel Shares or cash at XCel's option, with the number of XCel Shares to be issued to be determined based on the total Damages payable divided by the VWAP for the last twenty (20) Business Days prior to the date on which such Damages become payable, and to be duly authorized, validly issued, fully paid and nonassessable and issued in compliance with all applicable federal and state securities laws.

7.5 Other Indemnification Provisions.

(a) To the extent that any representations and warranties of the Sellers or the Buyers, as applicable, have been breached, thereby entitling the non-breaching Party to indemnification pursuant to Section 7.2 or Section 7.3 hereof, it is expressly agreed and acknowledged by the Parties that, solely for purposes of calculation of Damages in connection with any right to indemnification, the representations and warranties of the Sellers or Buyers, as applicable, that have been breached shall be deemed not qualified by any references therein to materiality generally, Knowledge or to whether or not any breach or inaccuracy results in a Seller Material Adverse Effect or Buyer Material Adverse Effect.

(b) An Indemnified Party's right to indemnification pursuant to this Article VII shall, except for equitable relief and specific performance of covenants that survive Closing, be the sole and exclusive remedy available to such Indemnified Party with respect to any matter arising under or in connection with this Agreement or the transactions contemplated hereby, other than for claims of fraud.

7.6 Procedure for Indemnification. The procedure to be followed in connection with any claim for indemnification by Buyer Indemnified Parties under Section 7.2 or Seller Indemnified Parties under Section 7.3 or any claims by one Party against the other is set forth below:

(a) Notice. Whenever any Indemnified Party shall have received notice that a claim has been asserted or threatened against such Indemnified Party, which, if valid, would subject the Indemnifying Party to an indemnity obligation under this Agreement, the Indemnified Party shall promptly notify the Indemnifying Party of such claim; provided, however, that failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its indemnification obligations hereunder, except to the extent the Indemnifying Party is actually prejudiced thereby. Any such notice must be made to the Indemnifying Party not later than the expiration of the applicable survival period specified in Section 7.1 above.

(b) Defense of a Third Party Claim. If any Third Party shall notify any Party with respect to any matter (a "Third Party Claim") that may give rise to a claim for indemnification against any other Party under this Article VII, the Indemnifying Party will have the right, but not the obligation, to assume the defense of the Third Party Claim so long as (i) the Indemnifying Party provides the Indemnified Party with evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have the financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder, (ii) uses counsel reasonably satisfactory to the Indemnified Party (iii) the Indemnifying Party acknowledges its obligation to indemnify the Indemnified Party hereafter in respect of such matters and (iv) the relief sought is monetary damages.

(c) After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of the Third Party Claim, the Indemnifying Party shall not, as long as the Indemnifying Party diligently conducts such defense, be liable to the Indemnified Party for any legal or other expense subsequently incurred by the Indemnified Party in connection with the defense thereof, other than reasonable costs of investigation; provided, however, that if counsel defending such Third Party Claim shall advise the Parties of a potential conflict of interest arising from the existence of one or more legal defenses available to the Indemnified Party which are different from or additional to those available to the Indemnifying Party or its Affiliates, then the Indemnified Party may retain separate counsel to defend it and in that event the reasonable fees and expenses of such separate counsel shall be paid by the Indemnifying Party if applicable under this Article VII. Subject to the proviso to the foregoing sentence, if the Indemnifying Party assumes such defense, the Indemnified Party shall have the right to participate in the defense thereof and to employ counsel, at its own expense, separate from the counsel employed by the Indemnifying Party. The Indemnifying Parties shall be liable for the reasonable fees and expenses of counsel employed by the Indemnified Party for any period during which the Indemnifying Party has not assumed the defense thereof if the Indemnifying Party is ultimately are found to be liable to indemnify the Indemnified Party. If the Indemnifying Party chooses to defend or prosecute any Third Party Claim, all of the Parties hereto shall, and shall cause their Affiliates and Representatives to, cooperate in the defense or prosecution thereof.

(d) If an Indemnifying Party assumes the defense of a Third Party Claim, then, without the Indemnified Party's written consent, the Indemnifying Party shall not settle, compromise or discharge such Third Party Claim or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or other plaintiff to the Indemnified Party of a written release from all liability in respect of such Third Party Claim, or which settlement or judgment includes injunctive or other relief, other than the obligation to pay monetary damages where such damages have been satisfied in full by the Indemnifying Party or its respective Affiliates. Whether or not the Indemnifying Party shall have assumed the defense of a Third Party Claim, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent.

7.7 Non-Third Party Claims. Within thirty (30) Business Days after a Party obtains knowledge that it has sustained any Damages not involving a Third Party Claim or action which such Party reasonably believes may give rise to a claim for indemnification from another Party hereunder, such Indemnified Party shall deliver notice of such claim to the Indemnifying Party, together with a brief description of the facts and data which support the claim for indemnification (a "Claim Notice"); provided, however, that failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its indemnification obligations hereunder, except to the extent that the Indemnifying Party is actually prejudiced thereby. Any Claim Notice must be made to the Indemnifying Party not later than the expiration of the applicable survival period specified in Section 7.1 above. If the Indemnifying Party does not deliver notice to the Indemnified Party within thirty (30) Business Days following its receipt of a Claim Notice that the Indemnifying Party disputes its liability to the Indemnified Party under this Article VII (an "Indemnification Objection") the Indemnifying Party will be deemed to have accepted liability for such claim, in which event the other party will be free to pursue such remedies as may be available to them.

7.8 Indemnification Payments. In the event any Buyer Indemnified Party is finally determined to be entitled to indemnification pursuant to this Article VII, such Buyer Indemnified Party shall obtain such indemnification as follows:

(a) first by decreasing the then remaining balance of the Promissory Notes pursuant to the terms of the Promissory Notes;

(b) then by deducting the amount of the Damages from any Earn-Out Value earned but not yet received by the Sellers; and

(c) if the Promissory Note and Earn-Out Value earned but not yet received by Sellers are insufficient to satisfy such indemnification claim, such Buyer Indemnified Party, the Sellers shall fund the remaining indemnification amount owed to such Buyer Indemnified Party.

7.9 Tax Treatment. All indemnity payments made under this Article VII shall be treated as adjustments to the Purchase Consideration for all tax purposes.

ARTICLE VIII
MISCELLANEOUS

8.1 Press Releases and Public Announcements. No Party shall issue any press release or make any public announcement relating to the existence or subject matter of this Agreement without the prior written approval of the other Parties, which written approval shall not be unreasonably withheld; provided, however, that any Party may make any public disclosure relating to the existence or subject matter of this Agreement or any other matter that it believes in good faith is required by Legal Requirement or any listing requirement (including, without limitation, the listing requirements of any exchange on which the XCel Shares are traded and securities laws applicable to XCel) or trading agreement concerning its publicly-traded securities (in which case the disclosing Party will use commercially reasonable efforts to advise the other Party a reasonable period of time prior to making the disclosure and to provide such other Party the opportunity to comment thereon). Each Seller acknowledges and agrees that XCel may be required to file a Current Report on Form 8-K disclosing the transactions contemplated by this Agreement and attaching as an exhibit thereto a copy of this Agreement.

8.2 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (a) delivered by hand (with written confirmation of receipt), (b) sent by telecopier (with confirmation of transmission), provided that a copy is given by another delivery method contemplated by this Section 8.2, (c) one Business Day after its delivery, if sent by a nationally recognized overnight delivery service (receipt requested), or (d) delivered by electronic mail, provided that a copy is given by another delivery method contemplated by this Section 8.2, in each case to the appropriate addresses, telecopier numbers or email addresses set forth below (or to such other addresses as a Party may designate by notice to the other Parties):

*If to the Seller*s:

Judith Ripka Companies
273 Tangier Avenue
Palm Beach, FL 33480
Attention: Ronald Berk, CEO
Email: Ronald.Berk@judithripka.com

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

Crowell & Moring LLP
590 Madison Avenue
New York, NY 10022
Attention: Paul J. Pollock
Telephone: 212-895-4216
Facsimile: 212-223-4134
Email: ppollock@crowell.com

If to the Buyers:

XCel Brands, Inc.
475 Tenth Avenue, 4th Floor
New York, NY 10018
Attention: Robert D'Loren, *CEO*
Facsimile:

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

Blank Rome, LLP
405 Lexington Avenue
New York, NY 10174
Attention: Robert Mittman
Facsimile: 212-885-5001

8.3 Entire Agreement; Nonassignability; Parties in Interest. This Agreement and the certificates, exhibits, schedules, documents, instruments and other agreements specifically referred to herein or delivered pursuant 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) except for the Indemnified Parties as provided in Article VII, are not intended to confer upon any other Person, either explicitly or implicitly, any equitable or legal rights or remedies of any nature whatsoever hereunder, and (c) shall not be assigned by operation of law or otherwise without the written consent of the other Parties; provided, however, that the Buyers may, without the consent of the Sellers but upon written notice to the Sellers thereof, (i) assign any or all of their rights and interests hereunder to one or more of their Affiliates or successors, (ii) designate one or more of their Affiliates to perform their obligations hereunder, (iii) direct the Sellers, at the Closing and on behalf of the Buyers, to transfer title to all or some of the Acquired Assets directly to one of more of their Affiliates, and (iv) assign their rights and obligations under this Agreement to a purchaser of all or substantially all of the assets of the Buyers that agrees to comply with all obligations of the Buyers under this Agreement; provided, however, that in each of (i)-(iv) the Buyers shall remain obligated to perform all their obligations under this Agreement.

8.4 Bulk Sales Law. The Buyers hereby waive compliance by the Sellers with the provisions of any so-called bulk transfer laws of any jurisdiction in connection with the sale of the Acquired Assets.

8.5 Expenses. Except as otherwise specifically provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, each Party hereto shall bear its own costs, expenses and fees incurred in connection with this Agreement and the other transactions contemplated by this Agreement.

8.6 Waiver and Amendment. Any representation, warranty, covenant, term or condition of this Agreement which may legally be waived, may be waived, or the time of performance thereof extended, at any time by the Party hereto entitled to the benefit thereof. Any such waiver, extension or amendment shall be evidenced by an instrument in writing executed on behalf of the appropriate Party by a person who has been authorized by such Party to execute waivers or extensions on its behalf. Any term, condition or covenant hereof may be amended by the Parties hereto at any time by a written instrument executed by all the Parties. No waiver by any Party hereto, whether express or implied, of its rights under any provision of this Agreement shall constitute a waiver of such Party's rights under such provisions at any other time or a waiver of such Party's rights under any other provision of this Agreement. No failure by any Party hereto to take any action against any breach of this Agreement or default by another Party shall constitute a waiver of the former Party's right to enforce any provision of this Agreement or to take action against such breach or default or any subsequent breach or default by such other Party.

8.7 Severability. Any term or provision of this Agreement which is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining rights of the person intended to be benefited by such provision or any other provisions of this Agreement.

8.8 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.

8.9 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, and all of which taken together shall constitute one instrument. Any signature page delivered by a facsimile machine, or in portable document format ("PDF") file format shall be binding to the same extent as an original signature page with regard to any agreement subject to the terms hereof or any amendment thereto.

8.10 Governing Law. The interpretation and construction of this Agreement, and all matters relating hereto, shall be governed by the laws of the State of New York, including Sections 5-1401 and 5-1402 of the New York General Obligations Law.

8.11 Dispute Resolution.

(a) Mediation. The Parties shall first attempt to resolve any dispute, controversy or claim arising out of or relating to this Agreement (independently or collectively, a "Claim") in a non-binding half-day mediation to be held in New York, New York before a mutually acceptable JAMS mediator. The mediation process shall proceed as follows: (i) the complaining Party shall submit its Claim in writing to the other Party(ies); (ii) the other Party(ies) shall respond in writing within three (3) Business Days; (iii) the complaining Party shall reply in writing within three (3) Business Days; (iv) the Parties shall negotiate in good faith using commercially reasonable efforts to settle the Claim without delay; (v) if the Claim is not settled within ten (10) Business Days of the complaining Party's provision of its written reply to the other Party(ies), the Claim will promptly be submitted to mediation as set forth above; and (vi) the mediation shall occur no later than twenty-five (25) Business Days after the complaining Party's provision of its written reply to the other Party(ies). The mediator shall award to the prevailing Party in any mediation all reasonable fees, expenses and costs including, without limitation, reasonable attorneys', expert witness and/or consultant fees. Notwithstanding the foregoing, any Party may seek interim judicial relief pending mediation, including injunctive or other equitable relief, without waiving, and without prejudice to, the right or obligation to mediate.

(b) In the event that a Claim cannot be resolved through the process described in Section 8.11(a), each of the Parties hereby irrevocably submits to the jurisdiction of the federal courts located in the State of New York and courts of competent appellate jurisdiction therefrom (or if jurisdiction is not available therein, in the courts of the State of New York located in New York City, New York) solely in respect of this Agreement and the transactions contemplated by this Agreement, and hereby waives and agrees not to assert as a defense in any action, suit or proceeding, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts. Each of the Parties irrevocably agrees that all claims with respect to such action or proceeding shall be heard and determined in such a Federal or New York state court. Each of the Parties hereby consents to and grants any such court jurisdiction over the person of such Parties and over the subject matter of such dispute and agrees that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 8.2 or in such other manner as may be permitted by Legal Requirement shall be valid and sufficient service thereof.

(c) In the event of any litigation between the parties hereto, the one of them who is the prevailing party shall be entitled to receive from the other reasonable attorneys' fees and other costs and expenses reasonably incurred by the prevailing party in connection with such litigation regardless of whether such litigation is prosecuted to judgment. As used herein, "prevailing party" shall mean in the case of a claimant, one who is successful in obtaining a material amount of the relief sought by a judgment as to which all appeals have been exhausted, and in the case of a defendant or respondent, one who is successful in obtaining denial by a judgment as to which all appeals have been exhausted of a majority amount of the relief sought by the claimant.

(d) EACH OF THE PARTIES HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED HEREIN OR THE ACTIONS OF THE PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT OF THIS AGREEMENT.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK; SIGNATURE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have each executed and delivered this Asset Purchase Agreement as of the day and year first above written.

XCEL BRANDS, INC.

By: /s/ Robert D'Loren
Name: Robert D'Loren
Title: Chief Executive Officer

JR LICENSING, LLC

By: XCel Brands, Inc., its Managing Member

By: /s/ James Haran
Name: James Haran
Title: Chief Financial Officer

JUDITH RIPKA CREATIONS, INC.

By: /s/ Judith Ripka
Name: Judith Ripka
Title: Co-Chief Executive Officer

/s/ Judith Ripka
Judith Ripka

Solely for purposes of Sections 6.3 and 6.9:

/s/ Ronald Berk
Ronald Berk

JSB MARKETING CORP.

By: /s/ Judith Ripka Berk
Name: Judith Ripka
Title: Chief Executive Officer

JUDITH RIPKA COMPANIES INC.

By: /s/ Judith Ripka Berk
Name: Judith Ripka
Title: Chief Executive Officer

JUDITH RIPKA DESIGNS, LTD.

By: /s/ Judith Ripka Berk
Name: Judith Ripka
Title: Chief Executive Officer

As of April 1, 2014

JR Licensing, LLC
475 Tenth Avenue
New York, New York 10018

Ladies and Gentlemen:

We are pleased to advise that Bank Hapoalim B.M. (the "**Bank**") has agreed, subject to the conditions set forth below, to extend a term loan (the "**Term Loan**") to JR Licensing, LLC, a Delaware limited liability company (the "**Borrower**"), in the maximum principal amount of NINE MILLION AND 00/100 DOLLARS ($9,000,000.00) (the "**Term Loan**").

The Term Loan (1) shall be evidenced by a Promissory Note dated as of the date hereof executed by Borrower in favor of the Bank in the amount of $9,000,000.00 (the Promissory Note, together with any riders referred to in paragraph 3 thereto, as each may be amended, restated, supplemented or otherwise modified from time to time, shall collectively be referred to as the **"Promissory Note"**), (2) shall mature on January 1, 2019, and (3) shall be repaid by Borrower in accordance with the terms and conditions of the Promissory Note.

1. Conditions Precedent

The effectiveness of the Term Loan is subject to the satisfaction, in the Bank's sole discretion, of the following conditions: (a) the Bank's receipt of such documentation as it may request, including without limitation, the following, each in form and substance satisfactory to the Bank in all respects: (i) this Letter Agreement duly executed by the Borrower; (ii) the Promissory Note; (iii) (A) a Security Agreement executed by Borrower in favor of the Bank (as amended, restated, supplemented or otherwise modified from time to time, the "**Asset Security Agreement**") and (B) an Intellectual Property Security Agreement executed by Borrower in favor of the Bank (as amended, restated, supplemented or otherwise modified from time to time, the "**IP Security Agreement**"; the Security Agreement and the IP Security Agreement shall be collectively referred to herein as the "**Security Agreement**"); (iv) a guaranty to perform the obligations of Borrower to the Bank executed on behalf of Xcel Brands, Inc.("**Parent**") and IM Brands, LLC ("**IM Brands**" together with Parent each a "**Guarantor**" and collectively, "**Guarantors**"); (v) a Pledge Agreement executed by Parent. with respect to all of the Stock of Borrower (as amended, restated, supplemented or otherwise modified from time to time, the "**Pledge Agreement**"); (vi) an amendment with respect to the loan documentation between IM Brands and the Bank (the "**IM Brands Amendment**"); (vii) an opinion of the Borrower's and Guarantors' legal counsel, covering such issues as the Bank may reasonably request; (viii) a resolution by Borrower's Manager approving and authorizing the execution, delivery and performance of the Loan Documents (as defined below) and any transaction contemplated thereby as well as the incumbency and signatures of those authorized to sign and act with respect to the Loan Documents; (ix) a resolution by IM Brands' Manager approving and authorizing the execution, delivery and performance of the IM Brands Amendment and any transaction contemplated thereby; (x) a letter of direction from Borrower to the Bank with respect to the disbursements of the proceeds of the Term Loan; (xi) a subordination agreement in favor of the Bank with respect to the indebtedness and obligations of Borrower and Parent to Judith Ripka Berk; and (xii) any other documents as the Bank may reasonably require; (b) the Borrower's entering into such various collateral, security and/or control documents designed to create and perfect the Bank's security interest in certain assets of Borrower and any other documents or instruments related thereto as required by the Bank and its counsel; (c) certified copies of UCC, intellectual property, tax lien and judgment searches or other evidence satisfactory to Lender, listing all effective financing statements which name Borrower(under present name, any previous name or any trade or doing business name) as debtor and covering all jurisdictions requested by the Bank, together with copies of such other financing statements and recordations; (d) the Bank's receipt of a current appraisal of the Borrower's Trademarks (as such term is defined in the IP Security Agreement) conducted at the Borrower's expense in form and substance acceptable to the Bank and performed by a firm acceptable to the Bank; (e) the Bank shall have received a fully executed payoff letter satisfactory to Lender confirming (i) the amount of all obligations owing by Sellers to Rosenthal & Rosenthal, Inc. will be repaid in full from the proceeds of the Term Loan, (ii) that all liens and security interests upon any property of Sellers shall be terminated immediately upon receipt of such payment by such parties; (f) the Bank's receipt of a field examination with respect to the business and assets of Borrower performed by a field examiner acceptable to the Bank with results satisfactory to the Bank; (g) the Bank's receipt of a copy of a life insurance policy insuring the life of Judith Ripka for an amount at least equal to $10,000,000 naming Borrower as the beneficiary thereof together with a collateral assignment of the proceeds of such life insurance policy in the favor of the Bank; (h) Borrower shall have furnished the Bank (i) a summary of all of the Borrower's existing insurance coverage and (ii) evidence acceptable to the Bank that the insurance policies required by Section 4(s) hereof have been obtained and are in full force and effect (and, if requested by the Bank, copies of such policies); (i) the Bank shall have received satisfactory evidence that Borrower and Guarantors have obtained all required consents and approvals of all Persons including all requisite governmental authorities, to the execution, delivery and performance of this Agreement and the other Loan Documents; (j) the Bank shall have completed its business and legal due diligence, including agreements relating to the Trademark Licenses with results satisfactory to the Bank; (k) payment to the Bank of a commitment fee in the amount of $45,000, such payment to be made from the proceeds of the Term Loan; (l) the Liabilities shall not exceed fifty percent (50%) of the current fair market value of the Borrower's Trademarks, as such value is set forth in the most recent appraisal acceptable to the Bank of the Borrower's Trademarks, as prepared by an independent appraisal firm acceptable to the Bank; and (m) the Bank shall be satisfied that, subject only the funding of the Term Loan and the use of proceeds thereof, all conditions precedent to the consummation of the Acquisition will have been satisfied or duly waived with the consent of the Bank and the Acquisition will have been consummated in accordance with the Acquisition Agreement.

This Letter Agreement, the Promissory Note, the Security Agreement, each Guaranty, the Pledge Agreement, any Rate Contract between Borrower and Bank or an affiliate of Bank and any documents or instruments entered into in connection with any of the foregoing shall be referred to herein as the "**Loan Documents**".

2. Representations and Warranties

In order to induce the Bank to enter into this Letter Agreement and to make available the Term Loan provided for herein, Borrower makes the following representations and warranties to the Bank, all of which shall survive the execution and delivery of the Loan Documents: **(a)** Organization, Good Standing and Due Qualification. Borrower is a limited liability company duly organized and existing under the laws of the State of Delaware and has the full power, authority and legal right to own its assets and conduct its business as it is now being conducted. **(b)** Company Power and Authority. Borrower has the requisite power and authority to execute, deliver and carry out the terms of the Loan Documents and has taken all necessary limited liability company action to authorize the execution, delivery and performance of the Loan Documents. Each of the Loan Documents constitutes its legal, valid and binding obligation enforceable in accordance with its terms, except to the extent that enforceability of any such Loan Document may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or limiting the right of specific performance. The execution and delivery of, the performance of its obligations under, and compliance with the provisions of the Loan Documents by Borrower will not: (i) contravene any existing applicable law, statute, rule or regulation or any judgment decree or permit to which Borrower is subject, the contravention of which would have a material adverse effect on the Borrower's operations; (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any material agreement or other instrument to which Borrower is a party or is subject or by which it or any of its property is bound; (iii) contravene or conflict with any provisions of the Borrower's Certificate of Formation and Limited Liability Company Agreement; or (iv) result in the creation or imposition of, or oblige Borrower to create, any lien or encumbrance on the Borrower's assets, rights or revenues, except as provided for in the Loan Documents. **(c)** Litigation. No litigation, arbitration or administrative proceeding is pending or, to the knowledge of Borrower and its respective officers, threatened against Borrower or any other Person affiliated with Borrower**,** which could have a material adverse effect on the Borrower's intellectual property or the business, assets or financial condition of Borrower or any other Person affiliated with Borrower, except as specifically set forth on Schedule I hereto. **(d)** Disputes. There is not in existence nor to the Borrower's knowledge is there likely to occur any dispute with any governmental or other authority or any other dispute of any kind which in any such case may materially adversely affect it or its business or assets. **(e)** Undisclosed Obligations. Except as set forth in on Schedule II hereto, there are no liabilities of any Person of any kind, whether accrued, contingent, absolute, determined, determinable or otherwise, which could reasonably be expected to result in a material adverse effect, and there is no existing condition, situation or set of circumstances which could reasonably be expected to result in such a liability, other than liabilities under the Loan Documents. **(f)** Immunity. To the knowledge of the Borrower, neither Borrower nor any of its assets is entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement). **(g)** Consents, Approvals. Every consent, authorization, license or approval of, or registration with or declaration to, governmental or public bodies or authorities or courts required by Borrower to authorize, or required by Borrower in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the Loan Documents or the performance by Borrower of its obligations under the Loan Documents has been obtained or made and is in full force and effect and there has been no default in the observance of the conditions or restrictions (if any) imposed in, or in connection with, any of the same. **(h)** Investment Company. Borrower is not an "investment company" or a company controlled by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. Borrower is not subject to regulation under any federal or state statute or regulations that limit its ability to incur any indebtedness. **(i)** Margin Stock. Borrower is not engaged principally in the business of extending credit for the purpose of purchasing or carrying any "Margin Stock" as defined in Regulation U, and no part of the proceeds of any Extension of Credit will be used in a manner that would result in the Extensions of Credit being deemed to be a "purpose credit" under Regulation U of the Federal Reserve Board, as the same may at any time be amended or modified and in effect. **(j)** No Default. Borrower is not, nor would it be with the giving of notice or lapse of time, in breach of or in default under any agreement relating to indebtedness to which it is a party or by which it may be bound or under any material agreement binding upon it which could reasonably be expected to have a material adverse effect on the Borrower's business assets or financial condition. **(k)** Security Documents. The Security Agreement is effective to create in favor of the Bank a legal, valid and enforceable security interest in the collateral as defined and qualified therein. **(l)** Subsidiaries. Set forth on Schedule III is a true and complete list of all of the Subsidiaries of the Borrower, together with, for each such Subsidiary, (i) the jurisdiction of organization of such Subsidiary, (ii) each Person holding ownership interests in such Subsidiary and (iii) the nature of the ownership interests held by each such Person and the percentage of ownership of such Subsidiary represented by such ownership interests. **(m)** Financial Statements. The internally prepared financial statements of Parent and its Subsidiaries on a consolidated basis for the fiscal quarter ending September 30, 2013 and drafts of the consolidated financial statement of Parent and its Subsidiaries for the fiscal year ending December 31, 2013 and the most recent annual balance sheets of Guarantor and its Subsidiaries, together (in each case) with the related statements of income and the related notes and supplemental information delivered to the Bank, have been prepared in accordance with GAAP in effect as of such date consistently applied, except as otherwise indicated in the notes to such financial statements. All of such financial statements fairly present the financial position or the results of operations of Parent and its Subsidiaries at the dates or for the periods indicated, and reflect all known liabilities, contingent or otherwise, that GAAP requires, as of such dates, to be shown or reserved against. **(n)** Intellectual Property. Schedules A and B to the IP Security Agreement contain a true, correct and complete list of all of the Borrower's registered Copyrights, registered Trademarks and Revenue Licenses. **(o)** License Agreements. Borrower has provided to the Bank true, correct and complete copies of each Revenue License, including all material amendments, schedules, exhibits and other attachments thereto, all conditions to the effectiveness of each Revenue License have been satisfied on or prior to the date hereof, and to the knowledge of Borrower no material defaults exist with respect to any of the Revenue Licenses except as disclosed to the Bank on Schedule IV hereto**. (p)** Acquisition Agreements. As of the date of this Agreement, Borrower has delivered to the Bank a complete and correct copy of the Acquisition Agreement (including all schedules, exhibits, amendments, supplements, modifications, assignments and all other documents delivered pursuant thereto or in connection therewith). Neither Borrower, any Guarantor nor to the best of Parent's and Borrower's knowledge, any other Person party thereto is in default in the performance or compliance with any provisions thereof. The Acquisition Agreement complies with, and the Acquisition has been consummated in accordance with, all applicable laws. The Acquisition Agreement is in full force and effect as of the date of this Agreement and has not been terminated, rescinded or withdrawn. All requisite approvals by governmental authorities having jurisdiction over Borrower, any Guarantor or, to the best of Parent's and Borrower's knowledge, any Seller with respect to the transactions contemplated by the Acquisition Agreement have been obtained, and no such approvals impose any conditions to the consummation of the transactions contemplated by the Acquisition Agreement or to the conduct by any Guarantor or by Borrower of its business thereafter. To the best of Borrower's knowledge, none of any Seller's representations or warranties in the Acquisition Agreement contain any untrue statement of a material fact or omit any fact necessary to make the statements therein not misleading. Each of the representations and warranties given by each of Parent and Borrower in the Acquisition Agreement is true and correct in all material respects.

3. Financial Reporting Requirements

(a) Borrower and Parent each hereby agrees that, so long as the Term Loan remains in effect and any amount is due and owing to Bank thereunder, it shall submit to the following reporting requirements:

(i) Annual Financial Statements. Furnish to Bank within one hundred and twenty (120) days after the close of each fiscal year of Parent, a copy of the audited financial statement of Parent and its Subsidiaries on a consolidated basis as at the end of such fiscal year and statements of income and of cash flows for such fiscal year, prepared by CohnReznick LLP or other independent certified public accountants of nationally recognized standing reasonably acceptable to the Bank. In addition, no later than the delivery of such audited financial statements, the Borrower shall furnish to the Bank the corresponding consolidating balance sheets of Parent and each of its Subsidiaries as at the end of each fiscal year and statements of income and of cash flows for such fiscal year.

(ii) Quarterly Financial Statements. As soon as available and in any event within sixty (60) days after the end of each of the first three quarterly periods of each fiscal year of Parent, a copy of internally prepared financial statement of Parent and its Subsidiaries on a consolidated basis together with consolidating balance sheets of Parent and each of its Subsidiaries as of the end of such quarter and the related statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth commencing with the fiscal quarter ending June 30, 2015 in each case in comparative form the figures as of the end of and for the corresponding period, in the previous year (subject to normal year-end audit adjustments).

(iii) Covenant Compliance Certificate. Simultaneously with the delivery of each set of financial statements referred to in clause (a)(i) and (a)(ii) of this Section 3, provide a covenant compliance certificate of an authorized officer or Manager of Parent and Borrower substantially in the form of Exhibit A hereto and otherwise in form and substance satisfactory to the Bank in all respects.

(iv) Royalty Collections Reports. Borrower shall furnish to the Bank within sixty (60) days after the close of each calendar quarter a copy of its Quarterly Royalty Collections Report showing actual royalties billed and collected in the period covered thereby and setting forth the GMR for such period. For purposes of this Letter Agreement, the term "**Quarterly Royalty Collections Report**" shall mean a report substantially in the form of Exhibit B hereto and "**GMR**" shall mean guaranteed minimum royalties.

(b) Borrower further agrees that, so long as the Term Loan remains in effect and any amount is due and owing to Bank thereunder:

(i) Complete Statements. All financial statements required pursuant to paragraphs (a)(i) and (a)(ii) of this Section 3 shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein except with respect to interim financial statements the absence of footnotes and subject to year-end adjustments.

(ii) Fiscal Year. The fiscal year of Parent and Borrower shall conclude on December 31st of each year.

4. Financial and Other Covenants

Borrower and Guarantor hereby agree that, so long as the Term Loan remains in effect and any amount is due and owing to Bank thereunder, Borrower and Parent shall submit to the following requirements:

(a) Minimum Net Worth. Net Worth of Parent and its Subsidiaries on a consolidated basis shall not be less than $31,000,000 at the end of any fiscal quarter.

(b) Minimum Liquid Assets. Liquid Assets of Parent and its Subsidiaries on a consolidated basis shall be at least $3,000,000 at all times.

(c) Fixed Charge Coverage Ratio. The Fixed Charge Ratio of Parent and its Subsidiaries on a consolidated basis at the end of each fiscal quarter for the twelve fiscal month period ending on such fiscal quarter shall not be less than 1.20 to 1.00 for the periods ending on or prior to December 31, 2015 and not less than 1.10 to 1.00 for periods commencing on and after March 31, 2016.

(d) Capital Expenditures. Capital Expenditures of Parent and its Subsidiaries on a consolidated basis in any fiscal year shall not exceed $1,300,000.

(e) Minimum EBITDA of Borrower. EBITDA of Borrower shall not be less than $3,000,000 for the fiscal year ending December 31, 2014, not less than $4,000,000 for the fiscal year ending December 31, 2015 and not less than $5,000,000 for the fiscal year ending December 31, 2016 and each fiscal year end thereafter.

(f) Minimum EBITDA of Parent. EBITDA of Parent shall not be less than $5,500,000 for the fiscal year ending December 31, 2014, not less than $7,500,000 for the fiscal year ending December 31, 2015, not less than $11,000,000 for the fiscal year ending on December 31, 2016 and not less than $12,000,000 for fiscal year ending December 31, 2017 and each fiscal year end thereafter.

(g) Financial Information. Borrower and Parent shall (i) provide the Bank with such financial and other information concerning Parent, Borrower, Guarantor and their affairs, as the Bank may from time to time reasonably request, (ii) promptly inform the Bank of any occurrence of which it becomes aware which might adversely affect its ability to perform its obligations under the Loan Documents and of any default under the Loan Documents forthwith upon becoming aware thereof, and (iii) promptly inform the Bank of any threatened litigation or administrative or arbitration proceedings before or of any court, tribunal, arbitrator of other relevant authority that may be Material to Borrower or affect a Material part of the Borrower's assets.

(h) Consents; Taxes. Borrower and Parent shall (i) obtain or cause to be obtained, maintain in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, every material consent, authorization, material license or approval of governmental or public bodies or authorities or courts and do, or cause to be done, all other acts and things, which may from time to time be necessary or desirable under applicable law for the continued due performance of all its obligations under the Loan Documents; (ii) comply in all material respects with all applicable laws, rules, regulations and orders of any governmental agency having jurisdiction over Borrower or Parent; (iii) pay to the appropriate governmental authorities when due, all Federal, state, local and other Taxes required to be paid or deposited by Borrower or Parent, except that Borrower or Parent may defer any such payment while Borrower or Parent is diligently contesting the respective Taxes in good faith by appropriate proceedings, but any such deferment shall not extend beyond the time when such unpaid Taxes would become a lien upon any of Borrower's or Parent's assets. Borrower will furnish the Bank promptly at the Bank's request with evidence satisfactory to the Bank establishing payment of such Taxes, assessments and contributions. In the Bank's discretion, the Bank shall have the right (but shall not be obligated) to pay any such Tax, assessment or contribution (including any interest or penalties thereon) for Borrower's or Parent's benefit in the event Borrower or Parent shall fail timely to do so and provided the non-payment of such Tax will result in a lien or security interest encumbering the assets which will be prior to the lien and security interest held by the Bank; any such payment shall be deemed an advance hereunder bearing interest at the Loan Rate (as such term is defined in the Promissory Note) and payable in the manner specified therein. Borrower shall, promptly on demand, reimburse the Bank for any such payment and any costs and expenses (including reasonable attorneys' fees) which the Bank may incur in connection therewith. Notwithstanding anything in any of the Loan Documents to the contrary, Borrower and Parent shall furnish to the Bank within twenty (20) days of when filed copies of its annual tax returns as filed with the applicable taxing authority, and to the extent that Borrower or Parent fails to file its annual Federal tax return with the United States Internal Revenue Service by the March 15th deadline, Borrower and Parent shall furnish to the Bank no later than three (3) Business Days after such deadline a copy of Borrower's and Parent's properly filed extension request.

(i) Company Existence. Borrower will maintain its existence as a limited liability company and carry on its business in substantially the same manner and in substantially the same fields as such business is now carried on and maintained. Parent will maintain its existence as a corporation and carry on its business in substantially the same manner and in substantially the same fields as such business is now carried on and maintained.

(j) Encumbrances. Borrower shall not create, effect or permit to exist any Encumbrance over all or any part of its assets except for (i) liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of Borrower or Parent in conformity with GAAP; (ii) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like liens arising in the ordinary course of business; (iii) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation; (iv) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business; (v) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that do not materially interfere with the ordinary conduct of the business of Borrower or Parent; (vi) liens in existence on the date hereof listed on Schedule IV hereto, provided that no such lien is spread to cover any additional property after the date hereof and that the amount of indebtedness secured thereby is not increased; (vii) liens securing indebtedness of Borrower or Parent incurred to finance the acquisition of fixed or capital assets, provided that (x) such liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (y) such liens do not at any time encumber any property other than the property financed by such indebtedness and (z) the amount of indebtedness secured thereby is not increased; (viii) liens created pursuant to the Security Agreement and the Pledge Agreement; (ix) any interest or title of a lessor under any lease entered into by Parent, Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased; and (x) the interests of non-exclusive licensees under license agreements entered into in the ordinary course of business. Parent shall not create, effect or permit to exist any Encumbrance over all or any part of any of its assets pledged as collateral security for the Liabilities.

(k) Indebtedness. Neither Borrower nor Parent shall incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any indebtedness for borrowed money, reimbursement or payment obligations or any obligation evidenced by notes, bonds, debentures or similar instruments other than (a) pursuant to the Loan Documents; (b) indebtedness to Parent or any of its Subsidiaries; provided that any such indebtedness to Parent or any of its Subsidiaries shall be subordinated to the Liabilities on terms and conditions reasonably satisfactory to the Bank; (c) indebtedness (including, without limitation, capital lease obligations) secured by liens permitted by clause (vii) of Section 4(j) in an aggregate principal amount not to exceed $750,000 at any one time outstanding; (d) indebtedness outstanding on the date hereof and listed on Schedule II hereto and any refinancings, refundings, renewals or extensions thereof (without any increase in the principal amount thereof and any shortening of the maturity of any principal amount thereof) except that Borrower and Parent may amend the indebtedness listed on Schedule II to (i) modify the manner, calculations or mechanics by which amounts thereunder are payable in capital stock of Parent and (ii) extend the maturity of all or any portion of the indebtedness evidenced thereby; (e) unsecured indebtedness not to exceed $500,000 in the aggregate at any time outstanding; (f) indebtedness under Rate Contracts entered in the ordinary course of business in order to mitigate interest rate, currency or similar risks and not for speculative purposes with respect to the Term Loan; (g) guarantee obligations of Parent with respect to the obligations of any Subsidiary of Parent; (h) guarantee obligations of Borrower with respect to the obligations of IM Brands to the Bank; and (i) indebtedness in the amount of the Holdback Amount representing the deferred portion of the purchase price under the Acquisition Agreement.

(l) No Merger. Neither Borrower nor Parent shall merge or consolidate with any other Person, acquire all or substantially all of the assets or Stock of any Person except (a) any Subsidiary of Borrower may be merged or consolidated with or into Borrower provided Borrower shall be the continuing or surviving entity; (b) any Subsidiary of Borrower may dispose of any or all of its assets (upon voluntary liquidation or otherwise) to Borrower only; (c) any Subsidiary of Parent (other than Borrower and IM Brands) may be merged or consolidated with or into Parent provided Parent shall be the continuing or surviving entity; (d) any Subsidiary of Parent (other than Borrower and IM Brands) may dispose of any or all of its assets (upon voluntary liquidation or otherwise) to Parent; (e) as otherwise expressly permitted pursuant to the terms of the Promissory Note; and (f) Parent may acquire the assets or stock of any Person provided that such acquisition is not financed in whole or in part from any distributions, loans or other assets of Borrower or any Subsidiary of Borrower.

(m) Dispositions. Borrower shall not sell, transfer, lend or otherwise dispose of or cease to exercise direct control over any part of its assets, undertakings or revenues which, in the commercially reasonably opinion of the Bank, is material, other than (a) dispositions of obsolete, worn out or damaged equipment not used in the Borrower's business; (b) as permitted pursuant to the terms of the IP Security Agreement; (c) the sale of inventory in the ordinary course of business; (d) dispositions permitted by clause (b) of Section 4(l); (e) the disposition of any or all of the assets of Borrower to any of its Subsidiaries; (f) the disposition of other assets having a fair market value not to exceed $750,000 in the aggregate for any of the Borrower's fiscal years; (g) any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any property of Borrower, Parent or any of their respective Subsidiaries if such property is Collateral (as defined in the Security Agreement or the Pledge Agreement); (h) non-exclusive licenses of intellectual property in the ordinary course of business; and (i) subject to the prior written consent of the Bank, payments of an amount not to exceed the Holdback Amount with respect to the deferred portion of the purchase price under the Acquisition Agreement.

(n) Affiliate Transactions. None of Borrower, Parent nor any of their respective subsidiaries shall enter into any transaction with any of its affiliates, unless such transaction is on terms not materially less favorable than if the transaction had been negotiated in good faith on an arm's length basis with a non-affiliate; provided, however, Parent may allocate to Borrower general administrative and other corporate expenses of Parent ("**Parent Allocable Expenses**") in accordance with Parent's expense allocation method that is an acceptable methodology with segment reporting.

(o) Distributions. Neither Parent nor Borrower shall declare or pay any dividends on or make any other distribution with respect to any equity interests, except that: (i) any Subsidiary of Borrower may make such payments to Borrower; (ii) Borrower may make such payments to Parent in order to permit Parent to make Capital Expenditures and pay overhead, employment cost and expenses and similar expenses to the extent incurred in connection with the operation of the business of Borrower and the Borrower's Subsidiaries; provided, however, that (x) such expenses shall not include interest expense of Parent, scheduled payments of principal on funded debt of Parent or capital expenditures of Parent that do not relate to the business of Borrower and Borrower's Subsidiaries and (y) to the extent Parent has any Subsidiary other than Borrower, any such expenses which do not relate exclusively to the business and operations of Borrower and the Borrower's Subsidiaries or any such other Subsidiary shall be allocated ratably among Borrower and each such other Subsidiary and Borrower shall only make such payments to Parent in an amount equal to its ratable share of such expenses and any such expenses which relate directly to the operations of such other Subsidiary shall be paid directly or indirectly by such other Subsidiary (such distributions, the "Expense Distributions"); provided that Borrower must accrue and not pay to Parent the first five hundred thousand dollars ($500,000) of Expense Distributions from the date hereof until such time as the principal amount of the Term Loan and the principal amount of the term loan made by the Bank to IM Brands has been reduced by $1,000,000 in the aggregate (other than as a result of a scheduled amortization payment); (iii) Borrower may make such payments to Parent in an amount equal to the estimated federal, state and local tax liability of Parent resulting from any taxable income (net of all losses, including for prior years to the extent permitted to be deducted) of the Borrower, which such distribution may be made on a quarterly basis not more than five (5) business days prior to the date on which any quarterly estimated tax payment is payable by Parent; provided, however, that, upon determination of the actual tax liability of Parent with respect to the taxable income of Borrower for any tax year, the next quarterly estimated payment shall be increased or reduced by the difference between the estimated payments made during such tax year and such actual tax liability (such distributions, the "Tax Distributions"); (iv) Borrower may make such payments to Parent in amount equal to the franchise and other tax liability (other than for the tax liability covered by clause (iii) above) of Parent as respects the business of Borrower and Borrower's Subsidiaries; and (v) subject to compliance with Section 4(p), Borrower may make distributions on or after January 1, 2015, in an amount not to exceed fifty percent (50%) of Excess Cash Flow.

(p) Cash Flow Recapture. On and after January 1, 2015, Borrower shall prepay the outstanding amount of the Term Loan from Excess Cash Flow for the prior fiscal year in an amount equal to fifty percent (50%) of such Excess Cash Flow (the "**Cash Flow Recapture Requirement**"). Such payments shall be received by the Bank no later than the date of delivery of the financial statements required pursuant to Section 3(a)(i) and shall be applied by the Bank to the principal amount of the Term Loan in the reverse order of maturity.

(q) Bank Accounts. Within sixty (60) days of the date hereof Borrower shall have established its primary operating bank accounts at the Bank, and thereafter Parent and its Subsidiaries and Borrower shall, during the term hereof, maintain its primary deposit accounts and operating accounts at the Bank in accordance with the standard account documents of the Bank such that at least 80% of the aggregate amount of cash of such Persons are in deposit accounts at the Bank.

(r) Subsidiaries. Borrower shall not permit or suffer to exist the formation of additional Subsidiaries unless the Bank consents to such new Subsidiary in writing.

(s) Trademarks and License Agreements. Borrower shall provide (i) written notice to the Bank immediately upon any occurrence described in paragraph D(6) of the Promissory Note and (ii) within forty-five (45) days after the close of each calendar quarter a written report summarizing all material changes to and material Defaults under any Revenue License.

(t) Use of Proceeds. Borrower shall use the proceeds of the Term Loan (i) to finance in part the Acquisition, including, without limitation, to finance in part the satisfaction of all obligations of Sellers to Rosenthal & Rosenthal, Inc., (ii) to pay transaction fees and expenses incurred in connection with the transactions contemplated by the Acquisition, this Letter Agreement and the other Loan Documents and (iii) and for general working capital purposes.

(u) Inspections and Appraisals. At all times during normal business hours upon reasonable advance notice to Borrower (provided that no notice shall be required if an Event of Default has occurred and is continuing), the Bank and/or any agent of the Bank shall have the right to (i) have access to, visit, inspect, review, evaluate and make physical verification and appraisals of Borrower's properties and the collateral securing the Term Loan, (ii) inspect, audit, photograph and copy and make extracts from Borrower's and Parent's Books and Records, including management letters prepared by independent accountants, and (iii) discuss with Borrower's and Parent's principal officers and independent accountants Borrower's and Parent's business, assets, liabilities, financial condition, results of operations and business prospects. The Bank's inspection rights under this clause (s) shall be at the sole cost and expense of the Bank and, except upon the occurrence and during the continuance of an Event of Default, be limited to no more than twice in any calendar year. Borrower and Parent each will deliver to the Bank any instrument necessary for the Bank to obtain records from any service bureau maintaining records for Borrower or Parent.

(v) Exchange Controls. To the extent that Borrower or Parent trades or purchased foreign currency, Borrower and Parent each shall obtain any Exchange Control Permit deemed by the Bank to be necessary or appropriate; and obtain the renewal of any such Exchange Control Permit at least thirty (30) days prior to its expiration.

(w) Insurance. Borrower and Parent shall each (i) keep its assets which are of an insurable character insured (to the extent and for the time periods consistent with or greater than normal industry standards) by financially sound and reputable insurers against loss or damage by fire, explosion, theft, terrorism or other hazards which are included under extended coverage in amounts not less than the replacement value of the property insured, and Borrower shall maintain with financially sound and reputable insurers, insurance against other hazards and risks and liability to Persons and property (including officers and directors liability coverage) to the extent and in the manner consistent or greater than normal industry standards, (ii) within thirty (30) days of the date hereof, provide to the Bank copies of its insurance policies evidencing to the reasonable satisfaction of the Bank that endorsements have been made to such policies adding the Bank as additional insured and/or lender's loss payee, as applicable, and (iii) within ten (10) business days of the date hereof, provide to the Bank certificates of insurance reasonably satisfactory to the Bank with respect to all existing insurance coverage, which certificates shall name the Bank as additional insured and/or lender's loss payee, as applicable (including, without limitation, naming the Bank as additional insured under any umbrella policy), and shall evidence the Borrower's compliance with this Section 4(w) with respect to all insurance coverage existing as of the date hereof. Borrower shall maintain at all times life insurance insuring the life of Judith Rikpa in an amount at least equal to $10,000,000 issued by an insurer acceptable to the Bank and the proceeds of such policy shall have been assigned to the Bank.

(x) Acquisition Agreement Amendments. Neither Borrower nor Parent shall waive or otherwise modify any term of the Acquisition Agreement, except for those that do not materially affect the rights and privileges of any of Borrower or Parent and do not materially affect the interests of the Bank under the Loan Documents or in the Collateral.

(y) Retail Stores. Neither Borrower nor any Subsidiary of Borrower shall establish or acquire a Retail Store.

5. Miscellaneous

Capitalized terms not defined in this Letter Agreement shall have the meaning ascribed thereto in the Promissory Note. As used herein, the following terms shall have the following meanings: "**Acquisition**" means the acquisition of all or substantially all of the intellectual property assets of Sellers pursuant to the terms of the Acquisition Agreement. "**Acquisition Agreement**" shall mean the Asset Purchase Agreement dated as of April 1, 2014 among Parent, Borrower and Sellers. "**Books and Records**" shall mean all books, records, board minutes, contracts, licenses, insurance policies, environmental audits, business plans, files, computer files, computer discs and other data and software storage and media devices, accounting books and records, financial statements (actual and pro forma), filings with Governmental Authorities and any and all records and instruments relating to the collateral securing the Term Loan or otherwise necessary or helpful in the collection thereof or the realization thereupon. "**Capital Expenditures**" shall mean all payments or accruals (including obligations under capital leases) for any fixed assets or improvements or for replacements, substitutions or additions thereto, that have a useful life of more than one year and that are required to be capitalized under GAAP. "**Cash Flow From Operations**" shall mean as respects Borrower, cash flow from operations as determined in accordance with GAAP. "**EBITDA of Borrower**" shall mean, for any period for Borrower (without duplication), an amount equal to (a) Net Income (Loss) for Borrower for such period before Parent Allocable Expenses, minus, (b) to the extent included in calculating Net Income (Loss) for Borrower, the sum of, without duplication, (i) interest income (whether cash or non-cash) for such period, (ii) income tax credits for such period, (iii) gain from extraordinary or non-recurring items for such period (including, without limitation, non-cash items related to purchase accounting) and (iv) deferred compensation payments (regardless of when accrued), plus (c) the following to the extent deducted in calculating such Net Income (Loss), (i) interest charges for such period, (ii) the provision for all federal, state, local and foreign taxes payable for such period and the amount of permitted payments in Section 4(o)(iii) deducted in calculating Net Income (Loss), (iii) the amount of depreciation and amortization expense for such period, (iv) the transaction fees, costs and expenses incurred in connection with the negotiation and execution of this Letter Agreement and the other Loan Documents and any amendments hereto or thereto and in connection with the transactions contemplated by the Acquisition, (v) all other extraordinary or non-recurring non-cash charges (including, without limitation, non-cash items related to purchase accounting), (vi) deferred management salaries (accrued but not paid) and (vii) all non-cash compensation (including without limitation, stock or equity compensation) in such period. "**EBITDA of Parent**" shall mean, for any period for Parent and its Subsidiaries on a consolidated basis (without duplication), an amount equal to (a) Net Income (Loss) for Parent and its Subsidiaries on a consolidated basis for such period, minus, (b) to the extent included in calculating Net Income (Loss) for Parent and its Subsidiaries on a consolidated basis, the sum of, without duplication, (i) interest income (whether cash or non-cash) for such period, (ii) income tax credits for such period, (iii) gain from extraordinary or non-recurring items for such period (including, without limitation, non-cash items related to purchase accounting) and (iv) deferred compensation payments (regardless of when accrued), plus (c) the following to the extent deducted in calculating such Net Income (Loss), (i) interest charges for such period, (ii) the provision for all federal, state, local and foreign taxes payable for such period and the amount of permitted payments in Section 4(o)(iii) deducted in calculating Net Income (Loss), (iii) the amount of depreciation and amortization expense for such period, (iv) the transaction fees, costs and expenses incurred in connection with the negotiation and execution of this Letter Agreement and the other Loan Documents and any amendments hereto or thereto and the transactions contemplated by the Acquisition, (v) all other extraordinary or non-recurring non-cash charges (including, without limitation, non-cash items related to purchase accounting), (vi) deferred management salaries (accrued but not paid) and (vii) all non-cash compensation (including without limitation, stock or equity compensation) in such period. "**Encumbrance**" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including without limitation, any conditional sale or other title retention agreement and any financing lease having substantially the same economic effect as any of the foregoing) or any options or rights of first refusal with respect to securities, or any shareholders or stockholders agreement or arrangement of any kind or nature whatsoever. "**Excess Cash Flow**" shall mean (without duplication), for any fiscal period, Cash Flow from Operations for such period less (a) Capital Expenditures not made through the incurrence of indebtedness less (b) all cash interest and principal (including indebtedness owed to the Bank) paid or payable during such period less (c) the portion of the Holdback Amount paid or payable during such period less (d) all Tax Distributions made during such period. "**Exchange Control Permit**" shall mean any permit or license issued by a Governmental Authority outside the United States under which any Party is permitted (a) to incur and pay any of the Liabilities in the United States in any currency(ies) in which denominated or (b) to enter into, incur and/or perform any other obligation or Loan Document. "**Expense Distributions**" shall have the meaning given to such term in Section 4(o). "**Fixed Charge Coverage Ratio**" shall mean for any period, as respects any Person, the ratio of (a) EBITDA of such Person for such period plus Liquid Assets minus Capital Expenditures of such Person to (b) the Fixed Charges for such period. "**Fixed Charges**" shall mean for any period, as respects any Person, the sum of (a) the cash interest expense of such Person for such period, (b) the principal amount of total debt of such Person having a scheduled due date during such period (excluding the payment of the Holdback Amount), (c) all Tax Distributions and (d) all other cash distributions or dividends made by such Person. "**GAAP**" shall mean generally accepted accounting principles in the United States of America in effect from time to time consistently applied (except for accounting changes in response to FASB releases or other authoritative pronouncements). "**Holdback Amount**" shall mean collectively, the Initial Holdback Amount and the Second Holdback Amount. "**Initial Holdback Amount**" shall mean an amount equal to $1,000,000. "**JR Advance**" shall mean the advance payment in the amount of $1,000,000 made to Borrower on the date of this Agreement pursuant to the JR Agreement which amount shall be comprised of an advance payment of $800,000 toward the payment of the guaranteed minimum royalties and an advance payment of $200,000 toward the payment of the guaranteed minimum advertisement royalties. "**JR Agreement**" shall mean the Trademark License Agreement dated as of April 1, 2014 between Borrower and JR Jewelery, LLC. "**Letter Agreement**" shall mean this letter agreement, as may be amended, restated, supplemented or otherwise modified from time to time. "**Licenses**" shall have the meaning assigned to such term in the IP Security Agreement. "**Liquid Assets**" shall mean (a) assets (which are unencumbered except as permitted pursuant to the terms of the Loan Documents) in the form of cash and cash equivalents consisting of certificates of deposit and money market funds issued by a commercial bank having net assets of not less than $500 million less (b) the amount of any Encumbrances thereon and any unsatisfied judgment, writ, order of attachment, levy or garnishment entered or issued against Borrower, Parent or any of its Subsidiaries. "**Net Income (Loss)**" shall mean with respect to Borrower and for any period, the aggregate net income (or loss) after taxes for such period, determined in accordance with GAAP but excluding for all purposes (a) net income of minority-owned Subsidiaries (except to the extent of net income distributed or representing a management fee or other similar fee), (b) the net income of any Subsidiary to the extent that the declaration of dividends or similar distributions of such income is not permitted by the organizational documents of such Subsidiary or by operation of law, (c) unrealized gains or losses due solely to fluctuations in currency values, (d) earnings (or losses) resulting from my revaluation or write-up or write-down of assets and (d) unrealized gains or losses under all interest rate or currency forwards, options, swaps, caps or collar agreements, foreign exchange agreements, commodity contracts or similar arrangements entered into by Borrower providing for protection against fluctuations in interest rates, currency exchange rates, commodity prices, or the exchange of nominal interest obligations, either generally or under specific contingencies. "**Net Worth**" shall mean, as at any date of determination an amount equal to (a) all of the assets of Parent and its Subsidiaries on a consolidated basis that, in accordance with GAAP, are properly classified as assets on such date, minus (b) all liabilities of Parent and its Subsidiaries on a consolidated basis that, in accordance with GAAP, are properly classified as liabilities at

such date. "**Parent Allocable Expenses**" shall have the meaning given to such term in Section 4(n). "**Person**" shall mean any individual, partnership, corporation (including a business trust and a public benefit corporation), joint stock company, estate, association, firm, enterprise, trust, limited liability company, unincorporated association, joint venture and any other entity or Governmental Authority. "**QVC Advance**" shall mean the advance payment in the amount of $1,500,000 made by QVC to Borrower on the date of this Agreement pursuant to the QVC Agreement. "**QVC Agreement**" shall mean the License Agreement dated as of April 1, 2014 among QVC Inc., Borrower, Parent, Judith Ripka Berk and Beth Vogel. "**Rate Contracts**" shall mean swap agreements and any other agreements or arrangements designed to provide protection against fluctuations in interest or currency exchange rates. "**Retail Stores**" shall mean retail store locations of Borrower or any Subsidiary of Borrower, but shall not include e-commerce retail locations. "**Revenue License**" shall mean each License pursuant to which Borrower is entitled to receive revenue from the licensee party thereto. "**Royalty Revenue Amount**" shall mean an amount equal to the gross royalty revenue of Borrower for the immediately preceding fiscal year. "**Second Holdback Amount**" shall mean an amount equal to $1,190,247.09. "**Sellers**" means collectively, Judith Ripka Creations Inc., Judith Ripka Companies, Inc., Judith Ripka Designs, Ltd., JSB Marketing Corp. and Judith Ripka. "**Stock**" shall mean all certificated and uncertificated shares, options, warrants, membership interests, general or limited partnership interests, participation or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity whether voting or nonvoting, including common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended). "**Subsidiary**" shall mean, with respect to Parent and the Borrower, a corporation, exempted company, partnership, exempted limited partnership, joint venture, limited liability company or other business entity of which a majority of the shares of securities or other interests having ordinary voting power for the election of directors or other governing body are at the time beneficially owned by Parent or the Borrower, as the case may be. "**Tax Distributions**" shall have the meaning given to such term in Section 4(o). "**Taxes**" shall mean any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including interest, additions to tax and penalties applicable thereto. "**Trademark Licenses**" shall have the meaning assigned to such term in the IP Security Agreement.

Until the maturity of the Term Loan and the payment in full of all obligations thereunder and all of Borrower's obligations under the Loan Documents, the Bank shall retain the security interests in the collateral granted under the Security Agreement and the Pledge Agreement and the ability to exercise any and all rights and remedies available to it pursuant to the Loan Documents and applicable law.

No delay on the part of the Bank in exercising any of its options, powers or rights, or partial or single exercise thereof, shall constitute a waiver thereof. The options, powers and rights of the Bank specified in the Loan Documents are in addition to those otherwise created by law or under any other agreement between Borrower and the Bank. No amendment, modification or waiver of any provision of the Loan Documents, nor consent to any departure by Borrower therefrom shall be effective, unless the same shall be in writing and signed by the Bank. Any such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No consent to or demand on Borrower in any case shall, of itself, entitle it to any other or further notice or demand in similar or other circumstances. This Letter Agreement and the other Loan Documents embody the entire agreement and understanding between the Bank and Borrower with respect to the Term Loan and supersedes all prior agreements and understandings relating to the subject matter hereof. In the event of any conflict between this Letter Agreement and any other Loan Document, this Letter Agreement shall control and govern. Borrower agrees to pay all reasonable costs and expenses incurred or payable by the Bank in connection with the documentation, administration and interpretation of the Loan Documents, including reasonable attorneys' fees and disbursements. Borrower agrees to pay all costs and expenses incurred or payable by the Bank in connection with the enforcement or collection of the Loan Documents, including court costs and reasonable attorneys' fees and disbursements. This Letter Agreement shall be binding on Borrower and its successors and assigns, provided that Borrower shall not have the right to assign its rights hereunder or thereunder or any interest herein or therein without the Bank's prior written consent. This Letter Agreement shall be governed by, and for all purposes shall be construed in accordance with, the laws of the State of New York. For purposes of any action, suit or proceeding in connection with this Letter Agreement or any other credit document, Borrower and the Bank hereby irrevocably submit to the jurisdiction of the courts of the State of New York and of the United States District Court for the Southern District of New York and irrevocably agrees that any such action, suit or proceeding may be brought by any party in any such New York or federal court and that a service of process may be made upon any party by mailing a copy of the summons to it, by registered or certified mail, at its address set forth in the Note. Nothing herein shall affect the Bank's right to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction or to serve process in any other manner permitted by applicable law. IN ANY SUCH ACTION, SUIT OR PROCEEDING THE PARTIES HERETO MUTUALLY WAIVE TRIAL BY JURY.

Section headings used herein or in any other Loan Document are for convenience only and are not to affect the construction of or be taken into consideration in interpreting this Letter Agreement or any other Loan Document.

This Letter Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Letter Agreement by signing and delivering one or more counterparts. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a PDF image) shall be deemed an original signature page hereto.

[remainder of page intentionally left blank]

Please indicate your acknowledgment of, and agreement to, the foregoing by signing and returning the enclosed copy of this letter to the attention of the Bank.

Very truly yours,

BANK HAPOALIM B.M.

By: /s/ Mitchell Barnett
Name: Mitchell Barnett
Title: Senior Vice President, Middle Market Lending

By: /s/ John Hetsko
Name: John Hetsko
Title: Vice President

Acknowledged and Agreed to:

JR LICENSING, LLC

XCEL BRANDS, INC.,
Its Manager

By: /s/ James Haran
Name: James Haran
Title: CFO

XCEL BRANDS, INC.

By: /s/ Robert D'Loren
Name: Robert D'Loren
Title: CEO

Schedule I

to Letter Agreement between Bank Hapoalim B.M. and JR Licensing, LLC

LITIGATION

None

Schedule II

to Letter Agreement between Bank Hapoalim B.M. and JR Licensing, LLC

INDEBTEDNESS

Borrower may incur unsecured indebtedness for trade payables in the ordinary course of business and payable on normal trade terms.

Subordinated Promissory Note in the principal amount of $3,000,000 issued by Parent dated as of April 1, 2014 in favor of Judith Ripka Berk.

Subordinated Promissory Note in the principal amount of $3,000,000 issued by Parent dated as of April 1, 2014 in favor of Judith Ripka Berk.

Schedule III

to Letter Agreement between Bank Hapoalim B.M. and JR Licensing, LLC

SUBSIDIARIES

None

Schedule IV

to Letter Agreement between Bank Hapoalim B.M. and JR Licensing, LLC

ENCUMBRANCES

None

Exhibit A

to letter agreement between Bank Hapoalim B.M. and JR Licensing, LLC

FORM OF COMPLIANCE CERTIFICATE

This Compliance Certificate (this "**Certificate**") is delivered pursuant to Section 3(a)(iii) of the Letter Agreement dated as of March [__], 2014 among Bank Hapoalim B.M., Xcel Brands, Inc. and JR Licensing, LLC (as amended, restated, supplemented or otherwise modified from time to time, the "**Letter Agreement**"). All capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Letter Agreement and/or the Promissory Note.

I, the undersigned, an authorized officer or Manager of Xcel Brands, Inc. and JR Licensing, LLC, do hereby certify pursuant to Section 3(a)(iii) of the Letter Agreement that:

1. As of the date hereof, no Event of Default or event which with the giving of notice or lapse of time, or both, would constitute an Event of Default has occurred and is continuing.

2. Since _____ there has been no material adverse change in the business, condition (financial or otherwise) or operations of Xcel Brands, Inc. or JR Licensing, LLC, and no event or condition has occurred that might have had a material adverse effect on the legality, validity or enforceability of any of the Loan Documents or the ability of Xcel Brands, Inc. or JR Licensing, LLC to perform its obligations thereunder.

3. Xcel Brands, Inc. and JR Licensing, LLC are in compliance with the financial covenants set forth in Section 4 of the Letter Agreement. Attached to this Certificate as **Annex A** is a covenant compliance worksheet reflecting the computation of such financial covenants as of the date and for the period covered by the financial statements enclosed herewith. The information contained herein and in the attached financial information is true, correct and complete as of the last day of the period and for the period covered by the financial statements enclosed herewith.

IN WITNESS WHEREOF I have affixed my signature as of ___ day of _____ 20__.

JR LICENSING, LLC

By: Xcel Brands, Inc.,
Manager

By: /s/ James Haran
Name: James Haran
Title: CFO

XCEL BRANDS, INC.

By: /s/ Robert D'Loren
Name: Robert D'Loren
Title: CEO

ANNEX A

to Compliance Certificate

1. Net Worth as of _____, 201__ is $_____.

2. Liquid Assets as of _____, 201__ are $_____.

3. Fixed Charge Coverage Ratio as of _____, 201__ is ___ to 1.00.

4. Capital Expenditures for the fiscal year ending _____, 201__ are $_____.

5. EBITDA of Parent for the fiscal year ending _____, 201_ is $_____.

6. EBITDA of Borrower for the fiscal year ending _____, 201_ is $_____.

Exhibit B

to letter agreement between Bank Hapoalim B.M. and JR Licensing, LLC

FORM OF QUARTERLY ROYALTY COLLECTIONS REPORT

[See Attached]

GUARANTY

***Introductory Note*.** This Guaranty may be used for one or more Guarantors or with respect to one or more Debtors. If there is only one Guarantor or only one Debtor, then any reference herein to "the Guarantors", "any Guarantor", "each Guarantor" or the like, or to "the Debtors", "any Debtor", "each Debtor" or the like, shall be understood to refer to the Guarantor or to the Debtor, respectively. All capitalized terms in this Guaranty are defined in Section 19.

Preamble. Each of the undersigned (each a "Guarantor" and collectively the "Guarantors") expects to derive direct and/or indirect benefits from the Bank's giving or continuing financial accommodations to any of the Debtors. The Bank is unwilling to give or continue financial accommodations to the Debtors without the guaranty of payment of each of the Guarantors as set forth in this Guaranty. It is a condition precedent to the Bank's giving or continuing these financial accommodations to any of the Debtors that the Guarantors shall have executed and delivered this Guaranty to the Bank. In consideration of the premises and in consideration of financial accommodations given or to be given or continued to any of the Debtors by the Bank, and in order to induce the Bank to give or continue financial accommodations to any of the Debtors, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Guarantors, the Guarantors hereby jointly and severally represent and warrant to, and covenant and agree with, the Bank as follows:

1. **Guaranty**. The Guarantors hereby jointly and severally, irrevocably and unconditionally (a) guarantee to the Bank the full and punctual payment when due (whether at stated maturity, by acceleration or otherwise) by the Debtors of all Obligations, and (b) agree to pay to the Bank all Additional Liabilities immediately when due or on demand. This Guaranty is the unlimited or limited (as set forth on the signature page below), primary obligation of the Guarantors. The Bank may enforce this Guaranty against any Guarantor and/or any Credit Enhancement provided by any Guarantor without any prior or contemporaneous enforcement of any of the Obligations against any other Obligated Party or Credit Enhancement.

2. **Guaranty Absolute**. This Guaranty is a continuing, absolute and unconditional guaranty of payment and not of collection, and shall remain in full force and effect until payment in full of all amounts payable under this Guaranty, notwithstanding that at any time and from time to time (i) the Debtors may be free from any Obligations or (ii) the Obligations may exceed the amount of the Liabilities of the Guarantors hereunder, and regardless of how long before or after the date hereof any of the Obligations were or are incurred, and regardless of whether any financial accommodation resulting in an Obligation was or shall be given or continued by the Bank in contemplation of this Guaranty. Each Guarantor waives all Defenses and Claims with respect to this Guaranty and/or any Credit Enhancement provided by such Guarantor. All Obligations shall be conclusively presumed to have been created in reliance hereon.

Without limiting any other provisions hereof, none of the following (whether occurring prior to, simultaneously with or subsequent to the date hereof) shall give rise to a Defense or Claim with respect to this Guaranty and/or any Credit Enhancement provided by any Guarantor, and each Guarantor waives all such Defenses and Claims that might otherwise arise therefrom, and the joint and several liability of each Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(a) the death, incompetence or disability of any Obligated Party, or any law (including, to the fullest extent permitted by law, any statute of limitations), regulation, order, stay, injunction or prohibition now or hereafter in effect in any jurisdiction that would give rise to a Defense or Claim available to any Obligated Party, or any other fact or circumstance that may result in or constitute a Defense or Claim available to any Obligated Party;

(b) any lack of genuineness, validity, legality, regularity or enforceability of any of the Liabilities or of any Document (including but not limited to any determination that any Obligated Party (i) was not a duly organized and validly existing Entity or (ii) lacked the authorization or capacity to incur any of the Liabilities);

(c) any payment made by, or amount received or collected by the Bank from, any other Person in respect of any of the Liabilities or of any other Debt of any Debtor;

(d) any revocation, early termination, rejection, disaffirmance, cessation, impairment or suspension for any cause whatsoever of (i) any of the Liabilities or (ii) the validity, binding effect or enforceability of any of the Liabilities or of any Document, except that any Guarantor may deliver to the Bank a written notice of revocation signed by such Guarantor, which may revoke such Guarantor's Liabilities (but not of any other Guarantor) under this Guaranty, provided that such notice shall not affect such Guarantor's Liabilities with respect to any Nonrevocable Obligations, and such Guarantor waives all rights to revoke any Liabilities with respect to any Nonrevocable Obligations and shall remain fully liable with respect thereto;

(e) any loss or non-perfection of, or any inability to foreclose or otherwise realize on, any Credit Enhancement;

(f) if a Guarantor is a partnership or joint venture, the death, incompetence, retirement or withdrawal of one or more partners or joint venturers, or the accession of one or more new partners or joint venturers, or the dissolution (by operation of law or otherwise) of such Guarantor;

(g) any Transfer or purported Transfer by any Guarantor of any of the Liabilities;

(h) any action or omission referred to in Section 4 or Section 5;

(i) any event or events, whether with or without the consent of, or notice to, any of the Guarantors (even if known to the Bank or any of its Agents and not known to any of the Guarantors), which result or results in any change, whether or not material, in (i) the business, assets, liability or financial condition of any of the Debtors, (ii) the identity of any of the Debtors (whether by consolidation, merger, reorganization, change in form or structure, change in membership, change in control, change in management, or otherwise), (iii) any relationship (whether business, financial, personal or otherwise) between any of the Debtors and any of the Guarantors or (iv) the degree of risk assumed by any of the Guarantors hereunder.

3. **Payment**. Any payment made under this Guaranty shall be paid to the Bank at its offices in New York City, or at such other place as the Bank may designate in writing, in immediately available funds in the Currency in which the applicable Liabilities are denominated.

4. **Waiver**. Without limiting any other provisions of this Guaranty, each Guarantor hereby waives (a) notice of acceptance of this Guaranty, (b) notice of any Obligation to which this Guaranty may apply, (c) notice or proof of reliance by the Bank upon this Guaranty, (d) promptness, (e) diligence, (f) presentment, (g) demand for payment, (h) notice of dishonor or nonpayment of, or with respect to, any of the Obligations, (i) notice of any legal action or proceeding or any demand or any other action against, or any other notice to, any Obligated Party, and (j) any requirement that the Bank exhaust any right or take any action against or with respect to any other Obligated Party or any Credit Enhancement.

5. **Permitted Bank Actions and Omissions**. As to each Guarantor, the Bank and its Agents may, without giving rise to any Defense or Claim, at any time upon or without any terms or conditions, in whole or in part, and without the consent of, or notice to, any Obligated Party:

(a) change the Currency, time, manner or place of payment or performance (whether before or after maturity) or extend, renew, change, alter, amend, modify or waive any of the terms of any of the Liabilities or any Document;

(b) increase or decrease any of the Liabilities, including but not limited to the amount of principal or the amount or rate of any interest, fees, charges or other amount payable;

(c) (i) sell, exchange, realize upon, foreclose, release or surrender, or fail so to do with respect to, or (ii) impair or fail to take any steps necessary to care for, preserve, protect, secure, insure or obtain, or (iii) impair or fail to take any steps necessary to perfect (including any failure to make any filing or recording, or the making or any improper filing or recording of) any security interest or other rights in; or (iv) otherwise deal or fail to deal with, any Credit Enhancement or Subrogation Rights in any manner and in any order; or(iv) exercise or refrain from exercising any rights against any other Obligated Party or any other Person or otherwise act or refrain from acting;

(d) (i) discharge, release, settle with or compromise with any other Obligated Party or other Person and/or (ii) consent to or waive any breach of, any departure from, or any act, omission or default under, any Document; or (iii) fail to notify any of the Guarantors or any other Person (even if known to the Bank or any of its Agents and not known to any of the Guarantors) of any change, whether or not material, relating to any of the Debtors or of any other Person, including but not limited to any of the matters set forth in Section 2(i).

6. **Bank Statements.** Any statement, certificate, notice or the like submitted by the Bank to any of the Debtors and/or to any of the Guarantors, setting forth the amount or amounts of any or all of the Obligations and/or Liabilities, shall be prima face evidence thereof, and each Guarantor agrees to be bound thereby absent manifest error.

7. **Expenses; Currency; Interest.** Each of the obligations set forth in this Section shall be a separate obligation payable on demand, with respect to which the Guarantors shall be jointly and severally liable to the Bank as an alternative or additional cause of action or claim.

(a) The Guarantors shall indemnify and hold the Bank harmless against all Expenses.

(b) If the Bank does not receive payment of any of the Liabilities in any amount of Currency when due, the Guarantors shall pay the equivalent of such amount in the Currency (including but not limited to the lawful Currency of the United States) in which such Liabilities were originally due, *provided* that the Bank may, at its option, accept payment of an equivalent amount (computed at the Bank's selling rate for such Currency at the place where such amount is payable as at the time such payment is made) in any other Currency. The receipt by the Bank of any amount in respect of any of the Liabilities in a Currency other than that in which such amount was originally due, whether pursuant to a judgment or arbitration award or pursuant to the provisions of this Guaranty or any Agreement or otherwise, shall not discharge the Guarantors with respect to any of such Liabilities except to the extent that on the first day on which the Bank is open for business immediately following such receipt, the Bank shall be able, in accordance with normal banking practice, to purchase the Currency in which such amount was due with the Currency received. Notwithstanding any such judgment or arbitration award, the Guarantors shall in any event indemnify the Bank against all losses sustained and all costs incurred by it in making any such purchase of Currency.

(c) Any amount payable hereunder shall bear interest from the date due until payment is received or recovered by the Bank in the Currency in which such amount was due at the place at which it was payable, at the Applicable Interest Rate.

8. **Representations and Warranties**. Each Guarantor represents and warrants to the Bank that each of the following is true, accurate and complete as of the date of such Guarantor's execution of this Guaranty, and acknowledges that the Bank's giving or continuing of financial accommodations to any of the Debtors is made in reliance thereon.

(a) If such Guarantor is a natural person, he or she has the legal capacity to execute and deliver this Guaranty and is doing so in his or her capacity as an individual and not in any representative capacity on behalf of any other Person, notwithstanding any reference to any office, title or the like next to such Guarantor's signature on this Guaranty.

(b) If such Guarantor is an Entity, it is an Entity duly organized, legally existing and in good standing under the laws of the jurisdiction in which it has been organized.

(c) Such Guarantor has full right, power and authority to enter into, execute and deliver this Guaranty and to perform all matters required to be performed by such Guarantor hereunder; the execution and delivery of this Guaranty by or on behalf of such Guarantor to the Bank is fully and unconditionally authorized; such Guarantor has duly executed and delivered this Guaranty pursuant to lawful authority; and this Guaranty constitutes such Guarantor's legal, valid and binding obligation enforceable in accordance with its terms.

(d) Such Guarantor is duly licensed or qualified to do business in all states and jurisdictions where such licensing or qualification is necessary unless the failure to so obtain such license or qualification could not reasonably be expected to have a material adverse effect on such Guarantor's financial condition or the ability of such Guarantor to perform its obligations under this Guaranty.

(e) The execution and delivery by such Guarantor of this Guaranty is not, and the performance by such Guarantor of any such Guarantor's obligations hereunder will not be, in contravention of, or cause any breach or default pursuant to, any provision of law or any charter or by-law provision or any material covenant, indenture or Agreement of or affecting such Guarantor or any of such Guarantor's assets.

(f) No consent of any Person and no consent, license, permit approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty (including, without limitation, the payment to the Bank at the applicable place in the applicable Currency).

(g) No registration tax, stamp duty or similar tax or duty imposed by any governmental authority arises in connection with the execution, delivery and performance of this Guaranty by such Guarantor.

(h) No litigation, arbitration, investigation or proceeding of or before any court, arbitrator or administrative or governmental authority is currently pending or, to the knowledge of such Guarantor, threatened (i) with respect to this Guaranty or any of the transactions contemplated hereby, or (ii) against or affecting such Guarantor, or any of such Guarantor's assets, or (iii) which could affect the business operations, assets, liabilities or condition, financial or otherwise, of such Guarantor or such Guarantor's ability to enter into, execute or deliver this Guaranty or prejudice in a material manner such Guarantor's ability to fulfill such Guarantor's obligations pursuant to this Guaranty.

(i) The financial statements of such Guarantor which have been furnished to the Bank have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the correct financial condition of such Guarantor as of their respective dates; and there has been no subsequent material adverse change in the business, operations, assets, liabilities or condition, financial or otherwise, of such Guarantor.

(j) There is no fact that such Guarantor has not disclosed to the Bank in writing that could materially and adversely affect such Guarantor's business, operations, assets, liabilities or condition, financial or otherwise, or such Guarantor's ability to perform under this Guaranty.

(k) Such Guarantor is not, and upon such Guarantor's execution and delivery of this Guaranty to the Bank such Guarantor will not be, Insolvent; in exchange for executing and delivering this Guaranty to the Bank, such Guarantor has received or will have received Reasonably Equivalent Value; such Guarantor's execution and delivery of this Guaranty does not constitute a Fraudulent Transfer; such Guarantor's execution and delivery of this Guaranty is not made with intent to hinder, delay or defraud any Creditor; and this Guaranty cannot be set aside, avoided or rendered unenforceable in whole or in part by virtue of any Fraudulent Transfer Law.

(l) Such Guarantor has not provided any Credit Support with respect to the Debt of any Person other than this Guaranty.

(m) Such Guarantor believes that (i) the Guarantors do not have any Defense or Claim with respect to this Guaranty, any Credit Enhancement or any of the Liabilities, and (ii) there do not exist any facts and circumstances that could result in or constitute any such Defense or Claim.

(n) Such Guarantor has independently investigated, without reliance on the Bank, and is fully familiar with, (i) the identity, status and financial condition of each Debtor, (ii) all relationships, if any (whether business, financial, personal or otherwise), between and/or among any and all of the Debtors and any and all of the Guarantors, and (iii) the degree of risk assumed by such Guarantor hereunder.

(o) Such Guarantor has not relied upon and has not been induced to execute and deliver this Guaranty or to purchase any interest in any of the Debtors or any other Person or to take or refrain from taking any other action as a result of any Agreement, representation, warranty, statement, recommendation or information made or purportedly made by or on behalf of the Bank or any of its Agents, whether express or implied, written or oral, direct or indirect, and whether prior to or simultaneously with the date hereof.

(p) Neither the Bank nor any of its Agents has represented or indicated that the Bank will not enforce any provision of any Document.

9. **Contribution; Subordination; Subrogation**.

(a) If and to the extent that any Guarantor (the "Paying Guarantor") makes payment in respect of this Guaranty, then in furtherance and not limitation of any rights that the Paying Guarantor may have in law or equity, each other Guarantor shall have an obligation, upon demand by the Paying Guarantor, to pay to the Paying Guarantor an amount equal to the quotient of (x) the amount so paid by the Paying Guarantor, divided by (y) the total number of Guarantors.

(b) All direct or indirect claims and rights (whether for moneys advanced, services performed or assets sold and delivered or on account of any Subrogation Rights, whether for an indeterminate amount, a sum certain or a contingent claim), now existing or hereafter arising which any Guarantor may have against any other Obligated Party shall be subject and subordinate to the prior payment in full to the Bank of all of the Liabilities. Each Guarantor hereby assigns and transfers to the Bank, effective upon demand by the Bank for payment by such Guarantor of any amount hereunder, all such claims and rights and any proceeds thereof, and agrees that the Bank may, in its discretion, make and present in any bankruptcy or other proceeding such proofs or claims with respect thereto as the Bank may deem expedient or proper and may vote such proofs or claims in any such proceeding. Each Guarantor shall deliver upon demand by the Bank such additional documents as the Bank may request to evidence such subordination, assignment and transfer, including without limitation duly executed assignments. At any time when all the Liabilities shall not have been paid in full, each Guarantor shall (i) as trustee for the Bank, enforce all claims and rights against any other Obligated Party or any Credit Enhancement and collect all sums due from any other Obligated Party or any Credit Enhancement or with respect to any of the Liabilities, (ii) hold any amounts received on account thereof in trust for the benefit of the Bank, and (iii) pay all such amounts immediately to the Bank to be applied to the Liabilities, together with interest on all such amounts from the date of such receipt until paid to the Bank at the Applicable Interest Rate, without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

(c) Until all of the Liabilities shall have been paid in full, each Guarantor shall have no Subrogation Rights, and waives any right to enforce any right or remedy which the Bank has or may hereafter have against any other Obligated Party or in or against any Credit Enhancement.

10. **Reinstatement**. If (a) claim is ever made on the Bank for repayment or recovery of any amount received in payment or on account of any of the Obligations, and (b) the Bank repays all or part of such amount by reason of (i) any judgment, decree, order or award of any court, administrative body, arbitration panel or the like or (ii) any settlement or compromise of any such claim effected by the Bank with any such claimant (including any Obligated Party), then any such judgment, decree, order, award, settlement or compromise shall be binding upon all of the Guarantors, notwithstanding the release or cancellation of any Document, and the Guarantors shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Bank.

11. **Agreements, Representations, Amendments and Waivers.** No Agreement or representation by the Bank, and no amendment or waiver of any provision of this Guaranty nor consent to any departure therefrom by any of the Guarantors shall be effective unless in writing and duly signed by at least two duly authorized officers of the Bank, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Bank to exercise, and no delay in exercising, any right under any Document or otherwise, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. In the case of any Agreement (including but not limited to any Commitment) given or made by the Bank to any Person or Persons (which may or may not include one or more of the Guarantors), (a) such Agreement shall not inure to the benefit of any of the Guarantors to whom such Agreement was not given or made by the Bank (the "Other Guarantor" or "Other Guarantors"), (b) none of the Other Guarantors shall be deemed to be a third party beneficiary thereof, (c) the Bank shall have absolutely no responsibility or liability to any of the Other Guarantors with respect to any breach thereof or failure by the Bank to abide by, or comply with, any such Agreement, and (d) each of the Other Guarantors waives and gives up any rights that each such Other Guarantor may have, on account of any such Agreement or any such breach or failure, to assert any Defense or Claim against the Bank.

12. **Cumulative Rights; Reservation of Rights; Arms' Length Transaction**. The rights and remedies herein provided to the Bank are in addition to, and are not exclusive or in substitution for, any rights or remedies available to the Bank at law or in equity or under any other Agreement or other document which any Person (including but not limited to any Guarantor) may have executed or may hereafter execute in favor of or for the benefit of the Bank, all of which are cumulative and may be exercised by the Bank in whole or in part from time to time. The Bank shall be deemed to have reserved its rights against each Guarantor in connection with any settlement, compromise, discharge or release of any other Obligated Party or any Document. The joint and several liabilities of the Guarantors hereunder shall not be reduced or limited by reason of any similar or dissimilar guaranty or other Document executed in favor of the Bank by any Person, and this Guaranty shall be enforceable against each of the Guarantors jointly and severally without regard thereto. This Guaranty represents an arms' length transaction between the Guarantors and the Bank. Each Guarantor agrees and consents that this Guaranty shall not be, and waives any right to require that this Guaranty be, construed against the Bank on the ground that the Bank has prepared it.

13. **Covenants**. Subject to any other written Agreement between the Bank and any Person relating to the same subject matter, each Guarantor shall:

(a) furnish to the Bank copies of such Guarantor's financial statements and such other information relating to such Guarantor's business, operations, assets, liabilities and condition, financial or otherwise, promptly when, and in such form as, reasonably required or requested by the Bank.

(b) permit any of the Bank's Agents to visit such Guarantor's premises upon not less than two (2) Business Days' prior notice during normal business hours and to examine and make photographs, copies and extracts of such Guarantor's property and of its books and records;

(c) take or cause to be taken any and all action that may be necessary or appropriate (to the extent legally permissible) to cause or permit the Debtors to perform all of the Obligations, and shall not take or cause to be taken any action that may prevent or interfere with any Debtor's performance thereof; and

(d) not enter into any Agreement or purchase any interest in any of the Debtors or other Persons or take or refrain from taking any other action as a result of or in reliance upon any Agreement, representation, warranty, statement, recommendation or information made or purportedly made by or on behalf of the Bank or any of its Agents, whether express or implied, written or oral, direct or indirect, or prior to, simultaneously with or subsequent to the date hereof.

14. **Transfers; Successors and Assigns**.

(a) No Guarantor shall effect or attempt a Transfer of any of the Liabilities without the Bank's prior written consent. Notwithstanding the foregoing, this Guaranty shall be binding upon each Guarantor and upon each Guarantor's executors, administrators, successors, assigns and Transferees (each of which shall be a "Guarantor" hereunder).

(b) This Guaranty shall inure to the benefit of and be enforceable by the Bank and its successors, assigns and Transferees. Without limiting the foregoing, the Bank may make a Transfer of any and all of the Liabilities and Documents to any other Person without notice to or the consent of any of the Guarantors, and the Transferee shall thereupon become vested with all of the Bank's rights in respect thereof. The Bank is authorized to disclose to any prospective or actual Transferee any information that the Bank may have or acquire about any Obligated Party and any information about any other Person submitted to the Bank by or on behalf of any Obligated Party. Each Guarantor waives all defenses (except such defenses as may be asserted against a holder in due course of a negotiable instrument) which each Guarantor may have or acquire against any Transferee who receives a Transfer of this Guaranty, or any complete or partial interest in it, for value, in good faith and without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any Person.

15. **Intentionally Omitted.**

16. **Notices**. All notices and other communications provided for hereunder shall be in writing and, if to the Guarantors, mailed or faxed or delivered to the address set forth on the signature page below, and if to the Bank, mailed or delivered to 1177 Avenue of the Americas, New York, New York 10036, to the attention of the Department, or as to each party at such other address as shall be designated by such party in a written notice to the other party or parties, as the case may be. All such notices and other communications to the Guarantors shall be effective when deposited in the mail, sent by fax or delivered, addressed as aforesaid, and all such notices and other communications to the Bank shall be effective when actually received by the Department.

17. **Litigation**. This Guaranty 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 in the State of New York without regard to conflict or choice of law rules. Any legal action or proceeding with respect to this Guaranty may be brought in any court of record of the State of New York, County of New York, or of the United States of America for the Southern District of New York. By execution and delivery of this Guaranty, the Guarantors hereby accept, consent and submit to, generally and unconditionally, the jurisdiction of the aforesaid courts over the Guarantors and their property. Each Guarantor agrees not to, and hereby irrevocably waives the right to, commence a legal action or proceeding against the Bank in any jurisdiction worldwide other than the aforesaid courts, unless the Bank specifically consents thereto in writing. In connection with any action or proceeding between any of the Guarantors and the Bank, each Guarantor agrees not to, and hereby irrevocably waives the right to, interpose (i) any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which such Guarantor may now or hereafter have to the bringing of any such action or proceeding in such jurisdiction and/or (ii) any claim for consequential, special or punitive damages and/or (iii) any setoff, counterclaim or cross-claim. The Guarantors irrevocably consent to the service of process on each Guarantor in any such action or proceeding by the mailing of copies thereof by certified or registered mail, postage prepaid, to the Guarantors at the address set forth on the signature page below. Nothing herein shall affect the right of the Bank to serve process in any other manner permitted by law or to commence any legal action or proceeding or otherwise proceed against any of the Guarantors in any jurisdiction worldwide.

18. **Counterparts**. This Guaranty may be signed in any number of counterparts. Any counterpart signed by any Guarantor (a "Signing Guarantor") shall constitute a full original Guaranty of such Guarantor for all purposes, regardless of whether any counterpart is signed by any other Guarantor. Any reference herein to the execution of this Guaranty shall include the execution of any counterpart. The obligations of any Signing Guarantor hereunder are not conditioned on any other Guarantor's execution of this Guaranty.

19. **Definitions**. As used herein, the following terms have the meanings indicated:

Agent: any director, officer, employee, agent or representative.

Additional Liabilities: The liabilities under Sections 7 and 9.

Agreement: an agreement, commitment, covenant, instrument, note, representation, understanding or warranty (including but not limited to any Commitment, Credit Support or Document) given or made to or with any Person.

Applicable Interest Rate: the highest lawful rate then permitted by applicable law in the State of New York, or if no such rate exists, the highest lawful rate permitted under such other applicable law as the Bank may choose in its discretion.

Bank: Bank Hapoalim B.M.

Bankruptcy Code: the U.S. Bankruptcy Code as in effect and as amended from time to time and any successor thereto.

Claim: any right of setoff, claim, counterclaim or cross-claim of any Obligated Party against the Bank and/or any of its Agents.

Commitment: an Agreement, commitment or obligation of the Bank, whether or not in writing, whether express or implied, and whether or not by operation of law, given to any Person (including but not limited to any Obligated Party) to give or to continue any financial accommodations to any of the Debtors or to change, alter, amend, modify, renew, extend the time of payment of, increase or decrease any of the Obligations.

Commodity Exchange Act: the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

Credit Enhancement: any Credit Support with respect to any of the Obligations. Any reference herein to "any Credit Enhancement" shall be understood to include but not be limited to this Guaranty.

Creditor: any Person to whom any Guarantor owed or owes any Debt or otherwise was, became, is or becomes indebted, and any other creditor within the meaning under or as defined in each respective Fraudulent Transfer Law.

Credit Support: any collateral, security interest, mortgage, pledge, lien, security, margin, guaranty, insurance, letter of credit, indemnity, subordination, comfort letter, risk participation, repurchase agreement, put, option, banker's lien, setoff, right of offset or netting agreement, or any Agreement pursuant to which a Person agrees to be contingently liable with respect to any Debt of any other Person or Persons, or any other credit support with respect to any Debt of any Person or Persons.

Currency: the lawful currency of any country or the eurocurrency.

Debt: an obligation of any sort for the payment of money in any Currency in any jurisdiction worldwide, and however evidenced, whether (a) principal or otherwise, (b) absolute or contingent, (c) secured or unsecured, (d) joint, several or independent, (e) now or hereafter existing, and (f) created directly or acquired by Transfer or otherwise.

Debtor, Debtors: as specified on the signature page below.

Defense: any fact or circumstance (a) that may affect, suspend, impair, discharge, release, cancel, modify, limit or be a defense (including but not limited to any suretyship defense) to any of the Liabilities of any Obligated Party or any Document or of any of the Bank's rights or remedies with respect thereto, or (b) that may bar enforcement thereof by the Bank.

Department: the department of the Bank responsible for administering the Bank's relationship with the Debtors with respect to the Obligations.

Document: an Agreement of any Obligated Party relating to any of the Obligations and/or Liabilities. Any reference herein to "any Document" shall be understood to include but not be limited to any Credit Enhancement.

Effective Revocation Time: the close of business on the day that the Department receives written notice of revocation signed by any of the Guarantors.

Entity: any Person other than a natural person.

Excluded Swap Obligations: with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guaranty hereunder of such Guarantor of such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty of such Guarantor becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty hereunder or security interest is or becomes illegal.

Expenses: (a) except as set forth in clause (b), all reasonable documented costs and expenses (including but not limited to reasonable fees and disbursements of counsel) incurred by the Bank in connection with this Guaranty or any of the Liabilities including, but not limited to, (i) any amendment, modification, extension or waiver with respect to any of the Liabilities, and/or (ii) any deduction, withholding, registration tax, stamp tax or similar tax or duty applicable to any payment of any of the Liabilities. and (b) all documented costs and expenses (including but not limited to reasonable fees and disbursements of counsel) incurred by the Bank in connection with the enforcement of this Guaranty or any of the Liabilities including but not limited to those for (i) any action taken, whether or not by litigation, to collect, or to protect rights or interests with respect to, any of the Liabilities, or to preserve, protect, secure, insure, obtain or perfect any Credit Enhancement, (ii) compliance with any legal process or any order or directive of any governmental authority with respect to any Obligated Party, and (ii) any litigation, arbitration or administrative proceeding relating to any Obligated Party.

Fraudulent Transfer: a "fraudulent transfer", "fraudulent conveyance" or similar term within the meaning under or as defined in each respective Fraudulent Transfer Law.

Fraudulent Transfer Law: the Bankruptcy Code, the New York Debtor and Creditor Law, or the law of any jurisdiction (domestic or foreign) as in effect and as amended from time to time and all successors thereto relating to fraudulent transfers, fraudulent conveyances and/or similar matters.

Guarantor, Guarantors: as specified on the signature page below, and as further defined in Section 14(a).

Guaranty: this Guaranty.

Insolvent as to a Person: (a) insolvent or (b) engaged or about to be engaged in a business or a transaction for which any property remaining with the Person is an unreasonably small capital, or (c) intending to incur or believing that the Person will incur debts that would be beyond the Person's ability to pay as such debts mature, all within the meaning under or as defined in each Fraudulent Transfer Law.

Liabilities: (a) all Obligations and (b) all obligations (including those incurred hereunder) of all Obligated Parties incurred directly or indirectly in respect of any of the Obligations and/or in respect of any Document *provided* that the term Liabilities shall not include Excluded Swap Obligations.

Nonprincipal Obligations: all Obligations, whether interest, fees, expenses or otherwise, other than principal.

Nonrevocable Obligation: any Obligation (including any extension or rollover thereof and any Nonprincipal Obligations accruing thereon after the Effective Revocation Time) that (i) is, or (ii) relates to a contingent liability of the Bank or to a Commitment that in either case was, outstanding on or prior to the Effective Revocation Time.

Obligated Party: (a) each Debtor; (b) each Guarantor; (c) any other Person directly or contingently liable for any of the Obligations, including but not limited to any maker, co-maker, endorser, accommodation party, guarantor, surety or indemnitor with respect to any of the Obligations; (d) any Person providing or issuing any Credit Enhancement with respect to any of the Obligations; or (e) if any Obligated Party is a partnership or joint venture, any general partner or joint venturer therein. Without limiting the foregoing, any reference herein to "any Obligated Party" shall include but not be limited to all of the Debtors and all of the Guarantors, and as to each Guarantor any reference herein to "any other Obligated Party" shall include but not be limited to all of the Debtors and all of the Guarantors other than such Guarantor.

Obligation: any Debt of any Debtor and of any successor, assign or Transferee thereof (including any successor of a Debtor that is a partnership or joint venture), whether (a) due or to become due to, or held or to be held by, the Bank, and (b) for the Bank's own account or as agent for another or others *provided* that the term Obligation shall not include Excluded Swap Obligations..

Person: any natural person, firm, partnership, joint venture, company, corporation, limited liability company, unincorporated organization or association, trust, estate, governmental authority or any other entity. Without limiting the foregoing, any reference herein to "any Person" shall include but not be limited to any Obligated Party, and as to each Guarantor any reference herein to "any other Person" shall include but not be limited to any other Obligated Party.

Reasonably Equivalent Value: “reasonably equivalent value”, “fair consideration” or similar term within the meaning under or as defined in each respective Fraudulent Transfer Law.

Subrogation Rights: all legal and equitable rights and claims arising from the existence or performance of this Guaranty that any of the Guarantors may now or hereafter have, including without limitation all rights of subrogation, indemnity, reimbursement, exoneration and/or contribution, and including without limitation any such right or claim against or with respect to any property (including without limitation any Credit Enhancement) of any Obligated Party.

Swap Obligation: with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

Transfer: any negotiation, assignment, participation, conveyance, grant of security interest, lease, delegation, or any other direct or indirect transfer of complete or partial, legal, beneficial, economic or other interest or obligation.

Transferee: any Person to whom a Transfer is made.

SIGNATURE PAGE

Each of the Guarantors makes this Guaranty in favor of the Bank, and each agrees to be bound jointly and severally by the terms and conditions of this Guaranty, both the general terms and conditions set forth above and the specific terms and conditions set forth below.

a) **Debtor(s) [print full name(s)]:**

JR Licensing, LLC

b) **Type of Guaranty:**

☒ Unlimited

☐ Limited as to the aggregate principal sum of $, plus a prorated amount of the Nonprincipal Obligations.

c) **OPPORTUNITY TO CONSULT WITH COUNSEL. Each Guarantor acknowledges having had the opportunity to consult with legal counsel prior to executing this Guaranty.**

d) **JURY TRIAL WAIVER. Both the Bank and the Guarantors waive and give up the right to a jury trial with respect to any dispute, action or proceeding relating to this Guaranty or any of the Obligations or Liabilities; any legal action or proceeding relating to this Guaranty or any of the Obligations or Liabilities shall take place without a jury.**

Date: April 1, 2014

SIGNATURE(S) AND IDENTIFICATION:

IM BRANDS, LLC

By: XCEL BRANDS, INC., Its Manager

By: /s/ James Haran

Print Name: James Haran
Title: CFO

Guarantors' address and fax number for purposes of notice:

Address:
475 Tenth Avenue
New York, New York 10018

Fax: _____

Email: _____

PROMISSORY NOTE

U.S.$9,000,000
Dated: April 1, 2014,
New York, New York

1. Obligation and Repayment: For value received, Borrower absolutely and unconditionally promises to pay to the order of the Bank, at the Office, without defense, setoff or counterclaim, the principal amount of NINE MILLION United States Dollars ($9,000,000.00), together with interest and any other sum(s) due and payable as specified below. The principal amount of this Note shall be due and payable in quarterly installments on the dates and in the respective amount shown below:

Date of Payment	Amount of Principal Payment
April 1, 2014, July 1, 2014, October 1, 2014 and January1, 2015	$ 0
April 1, 2015, July 1, 2015, October 1, 2015and January1, 2016	$ 375,000
April 1, 2016, July1, 2016, October 1 2016 and January1, 2017	$ 625,000
April 1, 2017, July 1, 2017, October 1, 2017 and January 1, 2018	$ 750,000
April 1, 2018, July 1, 2018, October 1, 2018 and January 1, 2019	$ 500,000

2. Interest: Subject to paragraph A(2) of the Terms and Conditions, interest shall accrue on the principal amount of this Note outstanding from time to time at the following rate described in the Rider referred to in Paragraph 3 below (the "Loan Rate"). Interest shall be payable in accordance with the attached Rider.

3. *Riders*: In the event of any inconsistency between this Note and any Rider(s) to which this Note is subject, the provisions of such Rider(s) shall prevail. This Note is subject to the Rider to Promissory Note, dated as of the date hereof.

4. **Address and Identification of Borrower**:

Address: 475 Tenth Avenue
New York, New York
Telephone: 347-532-5894
Fax: 347-436-9178

Social Security or Taxpayer ID number: 46-4757029

5. *Agreement to All Terms and Conditions; Authorization to Complete Blanks*: This Note is subject to all of the Terms and Conditions set forth below. Each of the undersigned agrees to all of the provisions of this Note, including the Terms and Conditions and any Rider(s).

6. *No Representations or Agreements by the Bank*: Each of the undersigned acknowledges that the Bank has made no representation, covenant, commitment or agreement to Borrower except pursuant to any written document executed by the Bank.

7. *No Representation of Nonenforcement*: Each of the undersigned acknowledges that no representative or agent of the Bank has represented or indicated that the Bank will not enforce any provision of this Note, including the Terms and Conditions and any Rider(s), in the event of litigation or otherwise.

[Remainder of this page intentionally left blank; signature appears on the next page;
Terms and Conditions appear following the signature page]

8. ***Waiver of Jury Trial*****: Borrower waives, and understands that the Bank waives, the right to a jury trial with respect to any dispute arising hereunder or relating to any of the Liabilities; any judicial proceeding with respect to any such dispute shall take place without a jury.**

9. Execution of Promissory Note: Borrower understands that by signing this Note it is agreeing to all of the terms as contained in this Note and all other Terms and Conditions and Rider(s) attached hereto and made a part hereof.

JR LICENSING, LLC

By: XCEL BRANDS, INC.
Its: Manager

By: /s/ James Haran
Name: James Haran
Title: CFO

[Terms and Conditions appear commencing on the next page]

TERMS AND CONDITIONS

Definitions are set forth in paragraph N.

A. Calculation and Accrual of Interest: **(1) Generally**. Interest shall be calculated on a daily basis on outstanding balances at the Applicable Rate, divided by 365, on a month consisting of actual days elapsed. During any time that the Applicable Rate would exceed the applicable maximum lawful rate of interest, the Applicable Rate shall automatically be reduced to such maximum rate. Any interest payment made in excess of such maximum rate shall be applied as, and deemed to be, in the Bank's sole discretion, a payment of any of the Liabilities, in such manner as determined by the Bank. **(2) Increased Rate**. Interest shall accrue at the Increased Rate upon and after (a) the occurrence of any Debtor Relief Action, (b) any demand of payment of this Note (if payable on demand) or (c) the occurrence of any Event of Default (if this Note is payable other than on demand). **(3) Accrual**. To the extent permitted by Law, interest shall accrue at the Applicable Rate on all unpaid Liabilities under this Note, including but not limited to any unpaid interest and any unpaid obligation owed pursuant to paragraph B (Indemnification).

B. Indemnification: To the extent permitted by Law: **(1) Taxes**. All payments under this Note shall be made free and clear of, and without deduction for, any Taxes. If Borrower shall be required to deduct any Taxes in respect of any sum payable under this Note, then (a) the sum payable shall be increased so that the Bank shall receive an amount equal to the sum the Bank would have received had no deductions been made, and (b) Borrower shall make such deductions and shall pay the amount deducted to the relevant Governmental Authority. Borrower shall pay to the Bank on demand, and shall indemnify and hold the Bank harmless from, any and all Taxes paid by the Bank and any and all liability (including penalties, interest and expenses) with respect thereto arising out of the Borrower’s failure to comply with the provisions of this clause (1), whether or not such Taxes were correctly or legally asserted. Within 30 days after any Taxes are paid by Borrower, Borrower shall furnish evidence thereof to the Bank. The Bank shall provide Borrower two copies of appropriate tax forms properly completed and duly executed by the Bank claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by the Bank on or before the first date it is entitled to receive any payment under this Note or any other Loan Document. In addition, the Bank shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by the Bank. The Bank shall promptly notify the Borrower at any time it determined that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). **(2) Regulatory Costs**. In the event that in connection with the transaction(s) contemplated by this Note and/or the Bank's funding of such transaction(s), the Bank is required to incur any Regulatory Costs in order to comply with any Law issued after the date of this Note, then Borrower shall pay to the Bank on demand, and shall indemnify and hold the Bank harmless from, any and all such Regulatory Costs. **(3) Costs and Expenses**. Borrower shall pay the Bank, and shall indemnify and hold the Bank harmless from, any and all Costs and Expenses within ten (10) days after the Bank’s invoice to Borrower with respect thereto. **(4) Prepayment Costs**. If Borrower makes any payment of Prepaid Principal (voluntarily or not), then Borrower shall pay to the Bank an amount equal to the Applicable Percentage multiplied by the amount of Prepaid Principal; provided that no such amount shall be payable on up to $3,000,000 of principal prepaid prior to the first anniversary of the date of this Note or on any amount paid to the Bank as a result of the Cash Flow Recapture (as such term is defined in the Letter Agreement). **(5) Bank Certificate**. The Bank's certificate as to any amounts owing under this paragraph shall be prima facie evidence of Borrower's obligation.

C. Set Off: Every Account of Borrower with the Bank shall be subject to a lien and during the existence of any Event of Default to being set off against the Liabilities. The Bank may at any time during the existence of any Event of Default at its option and without notice, except as may be required by law, charge and/or appropriate and apply all or any part of any such Account toward the payment of any of the Liabilities. The Bank agrees promptly to notify the Borrower after any such set off and application made by the Bank, provided that the failure to give such notice shall not affect the validity of such set off and application.

D. Events of Default: Each of the following shall be an Event of Default hereunder: **(1) Nonpayment**. The nonpayment when due of any principal amount of the Liabilities; (a) the non-payment within three (3) Business Days after the same shall become due of any interest or any other part of the Liabilities; (b) the prohibition by any Law of payment of any part of any of the Liabilities; **(2) Bankruptcy; Adverse Proceedings**. (a) The occurrence of any Debtor Relief Action; (b) the appointment of a receiver, trustee, committee, custodian, personal representative or similar official for any Party or for any Material part of any Party's property; (c) any action taken by any Party to authorize or consent to any action set forth in subparagraph D(2)(a) or (b); (d) the rendering against any Party of one or more judgments, orders, decrees and/or arbitration awards (whether for the payment of money or injunctive or other relief) which in the aggregate are Material to such Party, if they continue in effect for 30 days without being vacated, discharged, stayed, satisfied or performed and involve an aggregate liability of $750,000 or more (excluding amounts covered by insurance to the extent the relevant third parties insurer has agreed in writing to cover such amount); (e) the issuance or filing of any warrant, process, order of attachment, garnishment or other lien or levy against any Material part of any Party's property which shall not have been vacated, discharged, stayed or bonded pending appeal within thirty (30) days; (f) the commencement of any proceeding under, or the use of any of the provisions of, any Law against any Material part of any Party's property which shall not have been vacated, discharged, stayed or bonded pending appeal within thirty (30) days, including but not limited to any Law (i) relating to the enforcement of judgments or (ii) providing for forfeiture to, or condemnation, appropriation, seizure or taking possession by, or on order of, any Governmental Authority; (g) the forfeiture to, or the condemnation, appropriation, seizure, or taking possession by, or on order of, any Governmental Authority, of any Material part of any Party's property; (h) any Party being charged with a crime by indictment, information or the like. **(3) Noncompliance**. (a) any Party fails to perform under Sections 4(e), (f), (t) and (u) of the Letter Agreement, Sections 5.4, 5.6 and 5.7 of the IP Security Agreement and Section 10.1 of the Security Agreement and such failure is not cured within thirty (30) days of the earlier to occur of (i) the date upon which Borrower or Guarantor becomes aware of such failure and (ii) the date upon which written notice thereof is given to Borrower by Bank; (b) other than those items separately covered by a clause contained in this Section (D), any "Event of Default" (as such term is defined in each Loan Document) by any Party with respect to any Loan Document; (c) the giving to the Bank by or on behalf of any Party at any time of any materially incorrect or incomplete representation, warranty, statement or information; (c) the failure of any Party to furnish to the Bank copies of its financial statements and such other information respecting such Party's business, properties, condition or operations, financial or otherwise, promptly when and in such form as reasonably required or requested by the Bank; (d) any Party's failure or refusal, upon reasonable notice from the Bank (unless an Event of Default has occurred and is continuing, in which case no notice is necessary), to permit the Bank's representative(s) to visit such Party's premises during normal business hours and to examine and make photographs, copies and extracts of such Party's property and of its books and records subject to the limitations set forth in the Letter Agreement; (e) any Party's concealing, removing or permitting to be concealed or removed, any part of its property with the intent to hinder or defraud any of its creditors; (f) any Party's making or suffering any Transfer of any of its property, which Transfer is deemed fraudulent under the law of any applicable jurisdiction; (g) any material provision of any Loan Document shall for any reason cease to be valid and binding on or enforceable against any Party thereto or any such Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder; or any Loan Document that creates a security interest in the collateral purported to be be covered thereby shall for any reason (other than pursuant to the terms thereof) cease to create a valid security interest in the collateral purported to be covered thereby or such security interest shall for any reason cease to be a perfected and first priority security interest subject only to Permitted Liens. **(4) Adverse Changes**. (a) The annual guaranteed minimum annual royalty payments payable to Borrower under the QVC Agreement are at any time less than $6,000,000; (b) the dissolution or liquidation of any Party; (c) any Party's failure to be and remain in good standing and qualified to do business in each jurisdiction Material to such Party; (d) any Party shall (i) default in making any payment of any principal of any indebtedness (excluding the Liabilities) on the scheduled or original due date with respect thereto; or (ii) default in making any payment of any interest on any such indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such indebtedness was created; or (iii) default in the observance or performance of any other agreement or condition relating to any such indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such indebtedness to become due prior to its stated maturity; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this clause (d) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (d) shall have occurred and be continuing with respect to indebtedness the outstanding principal amount of which exceeds in the aggregate $500,000; (e) Borrower becoming insolvent, as defined in the Uniform Commercial Code; (f) any Party's Material failure to pay any tax when due; (g) any loss, suspension, nonrenewal or invalidity of any Material permit, franchise or Trademark (as such term is defined in the Letter Agreement) or the like of Borrower; (h) the occurrence of any event which gives any Person (other than Bank) the right to assert a lien, levy or right of forfeiture against any Material part of any Party's property; (i) Borrower's failure to give the Bank notice, within 10 Business Days after Borrower had notice or knowledge, of the occurrence of any event which, with the giving of notice and/or lapse of time, would constitute an Event of Default. **(5) Business Changes**. (a) any change in Control of Borrower; (b) any merger or consolidation involving any Party not permitted under the terms of a Loan Document; (c) any Party's sale or other Transfer of substantially all of its property; (d) any Material change in the nature or structure of any Party's business; (e) Robert W. D'Loren shall no longer be the Chairman of the Board of Directors of Borrower or Guarantor or have the duties of the Chairman of the Board of Directors of Borrower or Guarantor. **(6) Material License Termination or Default**. The termination of, any amendment or other modification to, or any default under the QVC Agreement but only to the extent such event could reasonably be expected to have a Material adverse effect on Borrower's business or financial condition and Borrower has not replaced such license within sixty (60) days of such termination with a license which generates revenue at least equivalent to the QVC Agreement which was terminated. **(7) IM Brands Default.** The occurrence of a default or event of default under the IM Brands Loan Documents.

E. Remedies: **(1) Acceleration at Bank's Option**. Upon any failure to pay this Note in full on demand (if payable on demand) or (if this Note is payable other than on demand) upon the occurrence of any Event of Default other than any Debtor Relief Action, then any and all Liabilities, not then due, shall, at the Bank's option, become immediately due and payable, without notice, which Borrower waives. **(2) Automatic Acceleration**. Upon the occurrence of any Debtor Relief Action, then, whether or not any of the Liabilities are payable upon demand and notwithstanding paragraph F, any and all Liabilities not then due, shall automatically become immediately due and payable, without notice or demand, which Borrower waives. **(3) Additional Remedies**. Bank shall have all rights and remedies available to it under any applicable Loan Document or Law after any applicable notice or cure period.

F. Waiver of Protest, etc.: Notice, presentment, protest, notice of dishonor and (except for such of the Liabilities as are payable on demand, but subject to subparagraph E(2)) demand for payment are hereby waived as to all of the Liabilities.

G. Payment: (1) Manner. Any payment by other than immediately available funds shall be subject to collection. Interest shall continue to accrue until the funds by which payment is made are available to the Bank. If and to the extent any payment of any of the Liabilities is not made when due, the Bank is authorized in its discretion to effect payment by charging any amount so due against any Account of Borrower with the Bank without prior notice, except as may be required by law, whether or not such charge creates an overdraft and of which event the Bank will provide notice following such charging of an Account. **(2) Application**. Any payment received by the Bank (including a deemed payment under paragraph A, a set-off under paragraph C or a charge against an Account under this paragraph G) shall be applied to pay any obligation of indemnification (including but not limited to under paragraph B) and to pay any other Liabilities (including interest thereon and the principal thereof) in such order as the Bank shall elect in its discretion. Borrower will continue to be liable for any deficiency. **(3) Prepayment**. Borrower shall be entitled to pay any outstanding principal amount or installment under this Note on any Business Day prior to the applicable Due Date without the prior consent of the Bank, provided that (a) any such payment shall be together with payment of all Liabilities then due and all interest accrued on the Prepaid Principal to the date of such payment, and (b) any such payment shall be on not less than 5 Business Days' notice to the Bank and shall be accompanied by any amount required pursuant to subparagraph B(4). Any such payment shall, unless otherwise consented to by the Bank, be applied pro rata to the last outstanding principal amount(s) to become due under this Note in inverse order of maturity. **(4) Non-Business Days**. If any payment of any of the Liabilities is due on any day that is not a Business Day, it shall be payable on the next Business Day. The additional day(s) shall be included in the computation of interest. **(5) Extension at Bank's Option**. The Bank shall have the option, which may be exercised one or more times by notice(s) to Borrower, to extend the date on which any amount is payable hereunder to one or more subsequent date(s) set forth in such notice(s). **(6) Late Payment**. Without limiting or waiving any rights or remedies of the Bank contained in the Note or under applicable law, and without implying that the Bank has any obligation to declare or to notify the Borrower of the occurrence of any Event of Default, if the Bank has neither declared nor notified the Borrower of the occurrence of an Event of Default, and if any amount of any required payment of principal, interest fees and/or Late Charge (as defined below) under the Note is not paid in full within (7) seven days after the same is due, then in addition to all interest, penalty interest or other fees due to the Bank pursuant to the Note, any rider to the Note or any agreement or document related to this credit facility, the Borrower shall pay the Bank a late fee equal to $14.30 for each day thereafter. Any amount due under this paragraph shall be referred to herein as a "Late Charge". The Borrower shall pay any and all such Late Charges in addition to all payments of principal, interest and fees (if any) under the Note, provided, however, that during any time that any of the above Late Charges would cause the total interest payable under the Note to exceed the applicable maximum lawful rate of interest, then the sum of (a) all such Late Charges and (b) the amount of interest payable at the Applicable Rate shall automatically be reduced to an amount that shall not exceed the amount of interest payable at such maximum rate.

H. Parties; Counterparts; No Transfer by Borrower: If Borrower is more than one Person, all of them shall be jointly and severally liable under this Note. This Note and any Rider hereto may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single instrument. Any signature delivered by a party by facsimile or electronic transmission (including email transmission of a PDF image) shall be deemed an original signature hereto. Without the Bank's written consent, Borrower shall have no right to make any Transfer of any of the Liabilities; any such purported Transfer shall be void. Subject to the foregoing, the provisions of this Note shall be binding on Borrower's successors and assigns.

I. Bank Transfers: (1) Transferability. Without limiting the Bank's rights hereunder, and subject to the prior written consent of Borrower not to be unreasonably withheld (which consent shall not be required after the occurrence and during the continuance of an Event of Default) the Bank may make a Transfer of all or any part of (a) the Liabilities), (b) any obligation of any other Party in connection with any of the Liabilities, (c) any Loan Document of any Party in connection with any of the Liabilities or any agreement related thereto, (d) any collateral, mortgage, lien or security interest, however denominated, securing any of the Liabilities, and/or (e) the Bank's rights and, if any, obligations with respect to any of the foregoing. **(2) Extent of Transfer**. In the event the Bank shall make any Transfer (and has obtained the consent of Borrower to the extent required hereunder) of any of the foregoing items ("Transferred Items"), then - to the extent provided by the Bank with respect to such Transfer - the Transferee shall have the rights, powers, privileges and remedies of the Bank. The Bank shall thereafter, to the extent of such Transfer, be forever relieved and fully discharged from all liability or responsibility, if any, that it may have to any Person with respect thereto, except for claims, if any, arising prior to or upon such Transfer. The Bank shall retain all its rights and powers with respect to any Transferred Items to the extent that it has not made a Transfer thereof. Without limiting the foregoing, to the extent of any such Transfer with respect to which Borrower has provided its consent or such consent is not required, paragraph B (Indemnification) shall apply to any Taxes, Regulatory Costs, and Costs and Expenses of, or incurred by, any Transferee, and paragraphs C (Set-Off) and G(1) (Payment-Manner) shall apply to any Account of Borrower with any Transferee and if the required Borrower consent is not so obtained, then such Transferee shall be entitled to reimbursement or compensation under the foregoing paragraphs only to the extent such amounts would have been payable to Bank if the Transfer had not occurred. **(3) Disclosures**. The Bank is authorized to disclose to any prospective or actual Transferee any information that the Bank may have or acquire about Borrower and any information about any other Person submitted to the Bank by or on behalf of Borrower provided that such prospective or actual Transferee agrees to maintain the confidentiality of such information consistent with the terms of the Loan Document. (4) Negotiability Defenses Waived. If this Note is not a negotiable instrument, Borrower waives all defenses (except such defenses as may be asserted against a holder in due course of a negotiable instrument) which Borrower may have or acquire against any Transferee who takes this Note, or any complete or partial interest in it, for value, in good faith and without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any Person.

J. No Oral Changes; No Waiver by the Bank; Partial Unenforceability: This Note may not be changed orally. Neither a waiver by the Bank of any of its options, powers or rights in one or more instances, nor any delay on the part of the Bank in exercising any of them, nor any partial or single exercise thereof, shall constitute a waiver thereof in any other instance. Any provision of this Note which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or nonauthorization, without invalidating the remaining provisions of this Note in that or any other jurisdiction and without affecting the validity, enforceability or legality of such provision in any other jurisdiction.

K. Disputes and Litigation: (1) Governing Law. This Note and the rights and obligations of the Bank and Borrower hereunder shall be governed by the internal laws of the State of New York without giving effect to conflict of laws principles**. (2) Jurisdiction, Venue, and Service of Process**. Borrower and the Bank each submit to the nonexclusive jurisdiction of the federal and state courts in the State of New York in New York County with respect to any dispute arising hereunder or relating to any of the Liabilities. Service of process may be made on Borrower or the Bank by personal delivery at, or by mail addressed to, any address to which the Bank is authorized to address notices to Borrower. **(3) Waiver of Defenses, Setoffs, Counterclaims and Certain Damages**. Borrower waives the right to assert to the extent permitted by applicable law any defense (other than the defense of payment), setoff or counterclaim in any proceeding relating in any way to this Note or any transaction contemplated hereby. The Bank shall not have any liability for negligence, except solely to the extent required by law and not disclaimable, and except for its own gross negligence or willful misconduct. In any event, the Bank shall not have any liability for any special, consequential or punitive damages. **(4) Sovereign Immunity**. Borrower irrevocably waives, with respect to itself and its property, any sovereign immunity that it may have or hereafter acquire, including but not limited to immunity from the jurisdiction of any court, from any legal process, from attachment prior to judgment, from attachment in aid of execution, from execution or otherwise.

L. OFAC and Patriot Act: Borrower shall: Comply with all Anti-Terrorism Laws; immediately to notify the Bank if it obtains knowledge that it or any of its Affiliates has become or been listed as a Restricted Party or has been charged with or has engaged in any violation of any Anti-Terrorism Law; not to receive any funds from a Restricted Party and, in any case, to exclude any funds derived from any Restricted Party or from any person or entity involved in the violation of any Anti-Terrorism Law from being used to pay debt service or any other amounts owing under the Note; not to transfer or permit the transfer of any legal or beneficial ownership interest of any kind in Borrower to a Restricted Party or any person or entity involved in the violation of any Anti-Terrorism Law; not to acquire, directly or indirectly, ownership interest of any kind in any Restricted Party or any person or entity involved in the violation of any Anti-Terrorism Law, not to form any partnership or joint venture or conduct any business with any Restricted Party or any person or entity involved in the violation of any Anti-Terrorism Law, and not to act, directly or indirectly, as the agent or representative of any Restricted Party or any person or entity involved in the violation of any Anti-Terrorism Law; and to indemnify the Bank for any costs incurred by any of them as a result of any violation of an Anti-Terrorism Law by Borrower.

M. Notice: Any notice in connection with any of the Liabilities shall be in writing and may be delivered personally or by cable, telex, telecopy or other electronic means of communication, or by certified mail, return receipt requested, addressed (a) to Borrower or Parent at 475 Tenth Avenue, 4th Floor, New York, New York 10018 or to such other address that the Bank has received written notice from Borrower or Parent as being Borrower's or Parent's address, and (b) to the Bank at Bank Hapoalim B.M., 1177 Avenue of the Americas, New York, New York 10036, Attention: Legal Department. Any such notice shall be addressed to such other address (es) as may be designated in writing hereafter. All such notices shall be deemed given when delivered personally or electronically or when mailed, except notice of change of address, which shall be deemed to have been given when received.

N. Definitions: The following definitions apply in this Note: **(1) Acceleration**: any acceleration of payment or requirement of prepayment of any Debt, or any Debts becoming due and payable prior to stated maturity. **(2) Account:** (a) the balance of any account of Borrower with any Person, and/or (b) any property in the possession or custody of, or in transit to, any Person, whether for safekeeping, collection, pledge or otherwise, as to which Borrower has any right, power or interest - in each case whether existing now or hereafter, in any jurisdiction worldwide, and whether or not denominated in the same currency as any of the Liabilities. **(3) Applicable Percentage**: (a) one percent (1.00%) in the case of a prepayment on or prior to March 15, 2015, (b) two percent (2.00%) in the case of a prepayment on or after March 16, 2015 but on or before March 15, 2016, (c) one percent (1.00%) in the case of a prepayment on or after March 16, 2016 but on or before March 15, 2017 and (d) zero percent (0.00%) on or after March 16, 2017. **(4) Applicable Rate**: whichever of the Loan Rate or Increased Rate is the applicable interest rate at any time. **(5) Anti-Terrorism Law**: any U.S. State or Federal law relating to terrorism, money laundering or any related seizure, forfeiture or confiscation of assets, including: (a) the Executive Order No. 13224 of September 23, 2001 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism; (b) the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (the USA PATRIOT Act), Public Law 107-56; and (c) the Money Laundering Control Act of 1986, Public Law 99-570 **(6) Bank**: Bank Hapoalim B.M. **(6) Borrower**: the Person(s) executing this Note at paragraph 10 or any one or more of them. "Borrower" may refer to one or more Persons. **(7) Business Day**: any day on which both (a) banks are regularly open for business in New York City and (b) the Office is open for ordinary business. In the Bank's discretion, the Office may be closed on any Saturday, Sunday, legal holiday or other day on which it is lawfully permitted to close. **(8) Control**: the power, alone or in conjunction with others, directly or indirectly, through voting securities, by contract or otherwise, to direct or cause the direction of a Person's management and policies. **(9) Costs and Expenses**: any and all reasonable costs and expenses (including but not limited to reasonable attorneys' fees and disbursements) incurred in connection with the Loan Documents and/or the Liabilities, including but not limited to those for (a) any action taken, whether or not by litigation, to collect, or to protect rights or interests with respect to, or to preserve any collateral securing, any of the Liabilities, (b) compliance with any legal process or any order or directive of any Governmental Authority with respect to any Party, (c) any litigation or administrative proceeding relating to any Party, and/or (d) any amendment, modification, extension or waiver with respect to any of the Liabilities. **(10) Debt**: any Party's obligation of any sort (in whole or in part) for the payment of money to any Person, whether (a) absolute or contingent, (b) secured or unsecured, (c) joint, several or independent, (d) now or hereafter existing, or (e) due or to become due. **(11) Debtor Relief Action**: the commencement by any Party or (unless dismissed or terminated within 60 days) against any Party of any proceeding under any law of any jurisdiction (domestic or foreign) relating to bankruptcy, reorganization, insolvency, arrangement, composition, receivership, liquidation, dissolution, moratorium or other relief of financially distressed debtors, or the appointment of a receiver, trustee, committee, custodian, personal representative or similar official for Borrower or for any Material part of Borrower's property, or the making by any Party of an assignment for the benefit of creditors. **(12) Default:** any breach, default or event of default under, or any failure to comply with, any provision of any Loan Document after giving effect to any applicable notice, grace or cure period. **(13) Event of Default**: any event set forth in paragraph D. **(14) Executive Order:** Executive Order No. 13224 of September 23, 2001 - Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism; **(15) Governmental Authority**: any domestic or foreign, national or local, (a) government, (b) governmental, quasi-governmental or regulatory agency or authority, (c) court or (d) central bank or other monetary authority. **(16) Guarantor**: collectively, Xcel Brands, Inc., a Delaware corporation and IM Brands. **(16A) IM Brands:** IM Brands, LLC, a Delaware limited liability company. **(16B) IM Brands Guaranty:** the guaranty executed by the Borrower in favor of the Bank pursuant to which the Borrower guarantees to the Bank the IM Brands Liabilities. **(16C) IM Brands Liabilities:** any and all of the Debt of IM Brands to, or held or to be held by, the Bank, including, without limitation the IM Brands Loan Documents. **(16D) IM Brands Loan Documents:** collectively, all documents executed and delivered in connection with the loans made by the Bank to IM Brands. **(17) Increased Rate**: the Loan Rate plus 2% per year. **(18) IP Security Agreement**: the Intellectual Property Security Agreement, dated as of the date hereof and as may be amended, restated, supplemented or otherwise modified from time to time, between the Borrower and the Bank. **(19) Law**: any treaty, law, regulation, rule, judgment, order, decree, guideline, interpretation or request (whether or not having the force of law) issued by any Governmental Authority. **(20) Letter Agreement**: the letter agreement, dated as of the date hereof and as may be amended, restated, supplemented or otherwise modified from time to time, between the Borrower and the Bank. **(21) Liabilities**: (a) any and all of the Debt evidenced by this Note, and any and all other Debt of Borrower to, or held or to be held by, the Bank under the Loan Documents, (b) any and all obligations of any other Party with respect to any of such Debt and (c) any and all Debt under the IM Brands Guaranty. **(22) License**: shall have the meaning assigned to such term in the IP Security Agreement. **(23) Loan Documents**: means, collectively, the Letter Agreement, this Note, the Security Agreement and all documents executed and delivered in connection with the foregoing. **(24) Loan Rate**: the interest rate determined under paragraph 2. **(25) Material**: material to the business or financial condition of any Party on a consolidated or consolidating basis. **(26) Material Royalty Default**: An Event of Default pursuant to paragraph D(7) hereof. **(27) Office**: the Bank's office at 1177 Avenue of the Americas, New York, New York 10036, or such other place within the United States as the Bank may specify by notice. **(28) Party**: (a) Borrower; (b) any maker, co-maker or endorser of any Loan Document evidencing-, or any guarantor, surety, accommodation party or indemnitor with respect to-, or any Person that provides any collateral as security for, or any Person that issues a subordination, comfort letter, standby letter of credit, repurchase agreement, put agreement, option, other agreement or other credit support with respect to, any of the Liabilities; and (c) if any Party is a partnership or joint venture, any general partner or joint venturer in such Party. **(29) Payment Date**: any Business Day on which any part of the principal or any installment of this Note becomes due and payable under paragraph 1 (and not on account of an Acceleration). **(30) Person**: any person, partnership, joint venture, company, corporation, unincorporated organization or association, trust, estate, Governmental Authority, or any other entity. **(31) Prepaid Principal**: any amount of principal or any installment of this Note which Borrower pays prior to the applicable Payment Date for such amount. **(32) Intentionally Omitted. (33) Prime Rate**: the Bank's New York Branches' stated Prime Rate as reflected in its books and records as such Prime Rate may change from time to time. The Bank's determination of its Prime Rate shall be conclusive and final. The Prime Rate is a reference rate and not necessarily the lowest interest rate charged by the Bank. **(34) QVC Agreement**: that certain License Agreement dated as of April 1, 2014 by among QVC, Inc., a Delaware corporation, Borrower, Xcel Brands, Inc., a Delaware corporation, JSB Marketing Corp., a New York corporation, and, with respect to certain provisions, Judith Ripka Berk, as amended, supplemented or otherwise modified from time to time. **(35) Regulatory Costs**: any and all costs and expenses of complying with any Law adopted or taking effect after the date hereof, including but not limited to with respect to (a) any reserves or special deposits maintained for or with, or pledges to, or assessments, insurance premiums or special charges paid to, any Governmental Authority, or (b) any capital, capital equivalency ledger account, ratio of assets to liabilities, risk-based capital assessment or any other capital substitute, risk-based or otherwise. **(36) Restricted Party**: (a) any individual or entity: listed in the Annex to the Executive Order or is otherwise subject to the provisions of the Executive Order; (b) listed on the "Specially Designated Nationals and Blocked Persons" list maintained by the Office of Foreign Assets Control (OFAC) of the United States Department of the Treasury, as updated or amended from time to time, or any similar list issued by OFAC; or (c) whose property has been blocked, or is subject to seizure, forfeiture or confiscation, by any order relating to terrorism or money laundering issued by the President, Attorney General, Secretary of State, Secretary of Defense, Secretary of the Treasury or any other U.S. State or Federal governmental official or entity. **(37) Taxes**: any and all

present and future taxes, levies, imposts, deductions, charges and withholdings in any jurisdiction worldwide, and all liabilities with respect thereto, which are imposed by a Governmental Authority with respect to this Note or to any amount payable under this Note, excluding taxes determined on the basis of the net income of a Person or of any of its offices. **(38) Transfer**: any negotiation, assignment, participation, conveyance, grant of a security interest, lease, delegation, or any other direct or indirect transfer of a complete or partial, legal, beneficial, economic or other interest or obligation. **(39) Transferee**: any Person to whom a Transfer is made. **(40) Transferred Items**: items defined in paragraph I. **(41) Variable Prime Rate:** any Applicable Rate which is determined based upon the Prime Rate. Any such rate shall change automatically when and as the Prime Rate changes,

RIDER TO PROMISSORY NOTE
LOAN(S) DENOMINATED IN U.S. OR OTHER CURRENCY
LIBOR-BASED OR PRIME RATE

This Rider is referred to in paragraph 3 of, and constitutes a part of the Promissory Note of Borrower to the Bank dated as of April 1, 2014 in the amount of up to $9,000,000.00 (as amended, modified, supplemented and restated from time to time, the "Note").

Specific Terms

Libor Margin: plus 3.50% per year; Prime Margin: plus 0.50% per year

(b) Interest Period: 1, 2 or 3 months

(c) Minimum Draw Amount: $ [x] None

(d) Minimum Multiple Amount: $ [x] None

[Remainder of this page intentionally left blank;
signature page appears on the next page;
Riders continue after the signature page]

Borrower agrees to the above Specific Terms and to all of the Terms and Conditions set forth below.

JR LICENSING, LLC

By: XCEL BRANDS, INC.
Its: Manager

By: /s/ James Haran
Name: James Haran
Title: CFO

[Riders continue on the following page]

Terms and Conditions

Certain capitalized terms are defined in paragraph 4.

1. Advances. Borrower may receive a Loan in any principal amount upon Borrower's request to the Bank and the Bank's agreement thereto, subject to all of the following conditions:

(a) Agreement of the Bank and Borrower. Subject to subparagraphs 1(b), 1(c) and 2(b), the Bank and Borrower shall have agreed, not later than the Determination Time, with respect to the Loan's (i) principal amount, (ii) LIBOR-Based Rate and (iii) Interest Period; provided, however, that if the Bank determines that by such Determination Time, Borrower has failed or declined to agree on the LIBOR-Based Rate and/or Interest Period with respect to such Outstanding Principal Amount, then interest on such Outstanding Principal Amount shall accrue at the LIBOR-Based Rate without the agreement of Borrower, and the Interest Period shall be of the same duration as the Interest Period just ended with respect to such Outstanding Principal Amount or, if there was no such prior Interest Period, one month.

(b) Applicable limitations. (i) The applicable Payment Date shall not be later than the Due Date; (ii) the total of the Outstanding Principal Amounts of all Loans shall not exceed the principal amount set forth in the Note; (iii) the principal amount of any single Loan request shall be not less than any Minimum Draw Amount set forth under Specific Terms; and (iv) the principal amount of any single Loan request shall be an integral multiple of any Minimum Multiple Amount set forth under Specific Terms.

(c) Borrower's request and agreement. Borrower's request for a Loan and Borrower's agreement to the terms thereof shall be communicated to the Bank in any form that is acceptable in each instance to the Bank in its sole discretion, which may include telephone, telex, fax, email or a writing executed by Borrower. Borrower shall have provided the Bank with documentation, satisfactory in form and substance to the Bank in its sole discretion, confirming the authority of the person(s) agreeing to such terms on behalf of Borrower.

2. Payment of Principal and Interest. Subject to the other provisions of the Note:

(a) Obligation, Time and Manner of Payment. Subject to the other provisions of the Note and this Rider, the Outstanding Principal Amount shall be due and payable at the applicable Payment Date. Unless specified otherwise in the Note or in a Rider thereto, every payment to be made by or on behalf of the Borrower under the Note shall be made in U.S. Dollars, and the designation of U.S. Dollars as the currency of payment is of the essence. Every payment or delivery under the Note by or on behalf of Borrower of any money denominated in any Currency shall be made at the Office and/or to such account or accounts as the Bank may designate from time to time by notice to Borrower, in immediately available and freely transferable funds in the Currency in which the applicable obligation is denominated and in Currency that is unrestricted, unblocked and free of exchange controls, without set off, counterclaim, withholding or deduction of any kind whatsoever. Except as otherwise provided herein, any payment due under the Note on a day that is not a Business Day shall be payable on the next succeeding Business Day.

(b) Loan Rate. Interest on any Outstanding Principal Amount shall accrue, at the option of the Borrower (with written notice of such option being given to the Bank), at either (i) the Prime-Based Rate; or (ii) the LIBOR-Based Rate; provided, however, that if the Bank determines (i) that by the Determination Time (A) by reason of circumstances affecting the London Interbank Market generally, adequate and fair means do not exist for ascertaining an applicable LIBOR rate or it is impractical for the Bank to fund or continue to fund the Outstanding Principal Amount during the applicable Interest Period, or (B) quotes for funds in the relevant Currency in sufficient amounts comparable to the relevant Outstanding Principal Amount and for the duration of the applicable Interest Period would not be available to the Bank in the London Interbank Market, or (C) quotes for funds in the relevant Currency in the London Interbank Market will not accurately reflect the cost to the Bank of making a Loan or of funding the relevant Outstanding Principal Amount during the applicable Interest Period, or (ii) that at any time the making or funding of loans, or charging of interest at rates, based on LIBOR shall be unlawful or unenforceable for any reason, then as long as such circumstance(s) shall continue, interest on the relevant Outstanding Principal Amount shall accrue at the Alternate Rate.

(c) Payment and Calculation of Interest. Interest shall be payable (i) at each Payment Date or (whenever the Applicable Rate is a Variable Prime-Based Rate) monthly, (ii) at the Due Date and (iii) at any time that any Outstanding Principal Amount or part thereof is paid. Interest shall be calculated as set forth in the Note.

(d) Currency of Payment. All loans and repayments of principal, interest or any other costs and charges shall be made in U.S. dollars.

3. Bank's Conclusive Determinations and Schedule. The Bank's determination with respect to any matter hereunder shall be conclusive, final and binding on Borrower, absent manifest error. The Bank shall from time to time record the date and amount of each Loan, the Applicable Rate, each date on which any part of principal, interest or any other amount shall be due and payable, and the amount and date of each payment of principal, interest or any other amount, on a schedule, which in the Bank's discretion may be computer-generated and/or may be taken from the Bank's general books and records, and which schedule is incorporated in, and is a part of, the Note and this Rider (the "Schedule"). The Schedule shall be conclusive, final and binding upon Borrower, absent manifest error, provided, however, that the failure of the Bank to record any of the foregoing shall not limit or otherwise affect the obligation of Borrower to pay all amounts owed to the Bank under the Note. Without limiting the foregoing, Borrower acknowledges that the Interest Period and the Applicable Rate with respect to any Outstanding Principal Amount are subject to the Bank's consent ordinarily negotiated between Borrower and the Bank by telephone, and Borrower agrees that in the event of any dispute as to any of the terms of any Loan, the determination of the Bank and its respective entry with respect thereto on its books and records and/or on the Schedule shall be conclusive, final and binding on Borrower, absent manifest error.

4. Definitions. Each capitalized term not defined herein shall have the meaning ascribed thereto in the Note. The following definitions apply in this Rider and in the Note, and shall prevail over any different definitions in the Note.

(a) Alternate Rate: an annual Variable Prime-Based Rate equal to the Prime Rate plus the Prime Margin.

(b) Applicable Rate: whichever of the Loan Rate or Increased Rate is the applicable interest rate at any time with respect to any Outstanding Principal Amount.

(c) Currency: money denominated in the lawful currency of any country (including but not limited to the lawful currency of the United States) or any unit of account or single or unified currency of the European Community.

(d) Determination Time: 12:00 noon (or any later time determined by the Bank in its sole discretion), New York City time, of a Working Day that is two Working Days prior to the date of the Loan.

(e) Due Date: the date set forth in paragraph 1 of the Note or, if the Bank has extended such date pursuant to paragraph G(5) of the Note or by an agreement with Borrower, such extended date.

(f) Interest Period: any term of 1, 2 or 3 months, or such other term as may be acceptable to the Bank in its discretion, as set forth above under Specific Terms or if not so set forth, as selected or agreed to by the Bank in its discretion. A term shall not be considered an "Interest Period" during any period that the Applicable Rate is a Variable Prime-Based Rate. Each Interest Period shall commence immediately at the end of the preceding Interest Period, if any. If there had been no immediately preceding Interest Period with respect to any Outstanding Principal Amount, the Interest Period shall commence on the first Business Day on which (i) such amount shall be outstanding and (ii) the Applicable Rate is not a Variable Prime-Based Rate. If any Interest Period would otherwise come to an end on a day that is not a Working Day, its termination shall be postponed to the next day that is a Working Day unless it would thereby terminate in the next calendar month. In such case, such Interest Period shall terminate on the immediately preceding Working Day.

(g) LIBOR for each Interest Period: the rate per annum (carried out to the fifth decimal) equal to the rate determined by the Bank to be the offered rate on a page or service (whether provided by Bridge Telerate, Reuters, Bloomberg or any other service) that displays an average ICE Benchmark Administration Ltd.(or any other Person which takes over the administration of such rate) rate for deposits in U.S. dollars (for delivery on the first Working Day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two (2) Working Days prior to the first Working Day of such Interest Period. At the Borrower's request, the Bank will provide the Borrower with identifying information with respect to the page or service so used by the Bank. If the Bank determines that the rate referenced in the first sentence of this paragraph is not available, then "LIBOR" will mean, as applicable to any Interest Period, the rate determined (i) on the basis of the offered rates for deposits in U.S. dollars with a term equivalent to such Interest Period, which are offered by four major banks selected by the Bank in the London interbank market at approximately 11:00 a.m. London time, on the Working Day that is two (2) Working Days prior to the first Working Day of such Interest Period; or (ii) by applying such other recognized source of London Eurocurrency deposit rates as the Bank may determine from time to time. If the Bank determines in its sole discretion that LIBOR cannot be determined or does not represent its effective cost of maintaining a Loan, then interest shall accrue at the effective cost to the Bank to maintain the Loan (as determined by the Bank in its sole discretion).

(h) LIBOR-Based Rate: an annual rate equal to LIBOR plus the Libor Margin, as determined by the Bank.

(i) Libor Margin: as set forth under Specific Terms.

(j) Loan: (i) any loan advanced by the Bank to Borrower under the Note, (ii) any rollover by the Bank of any such loan that is otherwise due and payable, or (iii) any conversion of the Applicable Rate for any Outstanding Principal Amount from a rate that is a Variable Prime-Based Rate to one that is not, or vice versa.

(k) Loan Rate: the interest rate determined under subparagraph 1(a) and/or 2(b).

(l) Note: the note of which this Rider is a part (including any and all riders and amendments to the Note).

(m) Outstanding Principal Amount: the outstanding principal amount of each Loan.

(n) Payment Date: the last Business Day of the applicable Interest Period or, if the applicable Loan Rate is a Variable Prime-Based Rate, the Due Date.

(o) Prime-Based Rate: an annual rate equal to the Prime Rate plus the Prime Margin, as determined by the Bank.

(p) Prime Margin: as set forth under Specific Terms.

(q) Prime Rate: that rate of interest announce by the Bank, from time to time, as its Prime Rate. The Prime Rate is not necessarily the lowest rate of interest charged by the Bank to any particular class of customers.

(r) Working Day: a Business Day on which banks are regularly open for business in London.

AMENDMENT NO. 1
TO
PROMISSORY NOTE, LINE LETTER AGREEMENT AND SECURITY AGREEMENTS

THIS AMENDMENT NO. 1 TO PROMISSORY NOTE, LINE LETTER AGREEMENT AND SECURITY AGREEMENTS (this "Amendment") is entered into as of April 1, 2014, by and among IM BRANDS, LLC, a Delaware limited liability company ("Borrower"), XCEL BRANDS, INC., a Delaware corporation ("Guarantor") and BANK HAPOALIM B.M. ("Bank").

BACKGROUND

Borrower, Guarantor and Bank are parties to a Line Letter Agreement dated as of July 31, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Letter Agreement") pursuant to which Bank made a term loan to Borrower.

On July 31, 2013 Borrower executed a Promissory Note in the original principal amount of $13,000,000 in favor of Bank (as amended, modified, supplemented and restated from time to time, the "Note") to evidence such term loan.

Guarantor has guaranteed the payment and performance of Borrower's obligations to Bank under the Note and the Line Letter pursuant to a Guaranty dated as of July 31, 2013 (as amended, modified, supplement and restated from time to time, the "Guaranty").

To secure Borrower's and Guarantor's obligations to Bank, Guarantor pledged to Bank the membership interests held by Guarantor in Borrower pursuant to a Membership Pledge Agreement dated as of July 31, 2013 (as amended, modified, supplemented and restated from time to time, the "Pledge Agreement").

Guarantor has requested that Bank provide financial accommodations to JR Licensing, LLC, a Delaware limited liability company ("JR Licensing"), a wholly owned subsidiary of Guarantor. In order to induce Bank to provide such financial accommodations Guarantor and Borrower are going to guarantee the obligations of JR Licensing to Bank and agree to amend the Loan Documents on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the financial accommodations to be provided to JR Licensing by Bank, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Definitions. All capitalized terms not otherwise defined herein shall have the meanings given to them in the Letter Agreement and the Note, as applicable.

2. Amendment to Letter Agreement. The Letter Agreement is hereby amended as follows:

(a) Section 3(a)(i) is amended in its entirety to provide as follows:

"(i) Annual Financial Statements. Furnish to Bank within one hundred and twenty (120) days after the close of each fiscal year of Guarantor, a copy of the audited financial statement of Guarantor and its Subsidiaries on a consolidated basis as at the end of such fiscal year and statements of income and of cash flows for such fiscal year, prepared by CohnReznick LLP or other independent certified public accountants of nationally recognized standing reasonably acceptable to the Bank. In addition, no later than the delivery of such audited financial statements, the Borrower shall furnish to Bank the corresponding consolidated balance sheets of Guarantor and each of its Subsidiaries as at the end of such fiscal year and statements of income and of cash flows for such fiscal year."

(b) Section 3(a)(ii) is amended in its entirety to provide as follows:

"(ii) Quarterly Financial Statements. As soon as available and in any event within sixty (60) days after the end of each of the first three quarterly periods of each fiscal year of Guarantor, a copy of internally prepared financial statement of Guarantor and its Subsidiaries on a consolidated basis together with consolidating balance sheets of Guarantor and each of its Subsidiaries as of the end of such quarter and the related statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth commencing with the fiscal quarter ending June 30, 2015 in each case in comparative form the figures as of the end of and for the corresponding period in the previous year (subject to normal year-end audit adjustments)."

(c) Section 3(a)(iii) is amended in its entirety to provide as follows:

"(iii) Covenant Compliance Certificate. Simultaneously with the delivery of each set of financial statements referred to in clause (a)(i) and (a)(ii) of this Section 3, provide a covenant compliance certificate of an authorized officer or Manager of Guarantor and Borrower substantially in the form of Exhibit A hereto and otherwise in form and substance satisfactory to the Bank in all respects."

(d) Section 3(a)(iv) is amended in its entirety to provide as follows:

"(iv) Royalty Collections Reports. Borrower shall furnish to the Bank within sixty (60) days after the close of each calendar quarter a copy of its Quarterly Royalty Collections Report showing actual royalties billed and collected in the period covered thereby and setting forth the GMR for such period. For purposes of this Letter Agreement, the term "**Quarterly Royalty Collections Report**" shall mean a report substantially in the form of Exhibit B hereto and "**GMR**" shall mean guaranteed minimum royalties."

(e) Sections 4(a), (b), (c) and (d) are amended in its entirety to provide as follows:

"(a) Minimum Net Worth. Net Worth of Guarantor and its Subsidiaries on a consolidated basis shall not be less than $31,000,000 at the end of any fiscal quarter.

(b) Minimum Liquid Assets. Liquid Assets of Guarantor and its Subsidiaries on a consolidated basis shall be at least $3,000,000 at all times.

(c) Fixed Charge Coverage Ratio. The Fixed Charge Ratio of Guarantor and its Subsidiaries on a consolidated basis at the end of each fiscal quarter for the twelve fiscal month period ending on such fiscal quarter shall not be less than 1.20 to 1.00 for the periods ending on or prior to December 31, 2015 and not less than 1.10 to 1.00 for periods commencing on and after April 1, 2016.

(d) Capital Expenditures. Capital Expenditures of Guarantor and its Subsidiaries on a consolidated basis in any fiscal year shall not exceed $1,300,000.

(e) Minimum EBITDA.

(i) EBITDA of Borrower shall not be less than $6,000,000 for the fiscal year ending December 31, 2014, not less than $9,000,000 for the fiscal year ending December 31, 2015, not less than $11,000,000 for the fiscal year ending December 31, 2016 and not less than $12,500,000 for the fiscal year ending December 31, 2017 and each fiscal year end thereafter.

(ii) EBITDA of Guarantor shall not be less than $5,500,000 for the fiscal year ending December 31, 2014, not less than $7,500,000 for the fiscal year ending December 31, 2015, not less than $11,000,000 for the fiscal year ending on December 31, 2016 and not less than $12,000,000 for fiscal year ending December 31, 2017 and each fiscal year end thereafter."

(f) Section 4(i) is amended in its entirety to provide as follows:

"(i) Indebtedness. Neither Borrower nor Guarantor shall incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any indebtedness for borrowed money, reimbursement or payment obligations or any obligation evidenced by notes, bonds, debentures or similar instruments other than (a) pursuant to the Loan Documents; (b) indebtedness to Guarantor or any of its Subsidiaries; provided that any such indebtedness to Guarantor or any of its Subsidiaries shall be subordinated to the Liabilities on terms and conditions reasonably satisfactory to the Bank; (c) indebtedness (including, without limitation, capital lease obligations) secured by liens permitted by clause (vii) of Section 4(h) in an aggregate principal amount not to exceed $750,000 at any one time outstanding; (d) indebtedness outstanding on the date hereof and listed on Schedule II hereto and any refinancings, refundings, renewals or extensions thereof (without any increase in the principal amount thereof and any shortening of the maturity of any principal amount thereof) except that Borrower and Guarantor may amend the indebtedness listed on Schedule II to (i) modify the manner, calculations or mechanics by which amounts thereunder are payable in capital stock of Guarantor and (ii) extend the maturity of all or any portion of the indebtedness evidenced thereby; (e) guarantee obligations with respect to the obligations of Guarantor under the Agreement of Lease with Adler Holding III, LLC; (f) unsecured indebtedness not to exceed $500,000 in the aggregate at any time outstanding; (g) indebtedness under Rate Contracts entered in the ordinary course of business in order to mitigate interest rate, currency or similar risks and not for speculative purposes with respect to the Term Loan; (h) guarantee obligations of Guarantor with respect to the obligations of any Subsidiary of Guarantor; (i) guarantee obligations of Borrower with respect to the obligations of JR Licensing, LLC to the Bank; and (j) Borrower may make a loan to Guarantor not to exceed $1,000,000 in connection with a loan made by Guarantor to JR Licensing in such amount which loan shall be repaid within five (5) Business Days of the making of such loan."

(g) Section 4(m) is amended in its entirety to provide as follows:

"(m) Distributions. Neither Guarantor nor Borrower shall declare or pay any dividends on or make any other distribution with respect to any equity interests, except that: (i) any Subsidiary of Borrower may make such payments to Borrower; (ii) Borrower may make such payments to Guarantor in order to permit Guarantor to make Capital Expenditures and pay Parent Allocable Expenses and other overhead, employment cost and expenses and similar expenses to the extent incurred in connection with the operation of the business of Borrower and the Borrower's Subsidiaries; provided, however, that (x) such expenses shall not include interest expense of Guarantor, scheduled payments of principal on funded debt of Guarantor or capital expenditures of Guarantor that do not relate to the business of Borrower and Borrower's Subsidiaries and (y) to the extent Guarantor has any Subsidiary other than Borrower, any such expenses which do not relate exclusively to the business and operations of Borrower and the Borrower's Subsidiaries or any such other Subsidiary shall be allocated ratably among Borrower and each such other Subsidiary and Borrower shall only make such payments to Guarantor in an amount equal to its ratable share of such expenses and any such expenses which relate directly to the operations of such other Subsidiary shall be paid directly or indirectly by such other Subsidiary (such distributions, the "**Expense Distributions**"); (iii) Borrower may make such payments to Guarantor in an amount equal to the estimated federal, state and local tax liability of Guarantor resulting from any taxable income (net of all losses, including for prior years to the extent permitted to be deducted) of the Borrower, which such distribution may be made on a quarterly basis not more than five (5) business days prior to the date on which any quarterly estimated tax payment is payable by Guarantor; provided, however, that, upon determination of the actual tax liability of Guarantor with respect to the taxable income of Borrower for any tax year, the next quarterly estimated payment shall be increased or reduced by the difference between the estimated payments made during such tax year and such actual tax liability (such distributions, the "**Tax Distributions**"); (iv) Borrower may make such payments to Guarantor in amount equal to the franchise and other tax liability (other than for the tax liability covered by clause (iii) above) of Guarantor as respects the business of Borrower and Borrower's Subsidiaries; (v) subject to compliance with Section 4(n), Borrower may make distributions on or after January 1, 2015, in an amount not to exceed 100% minus the Applicable Recapture Percentage (as such term is defined below) of Excess Cash Flow; (vi) Borrower may make a distribution to Guarantor in an amount not to exceed $1,000,000 in connection with the transactions contemplated by the Acquisition Agreement; and (vii) Borrower may make additional payments to Guarantor not to exceed $500,000 in the aggregate."

(h) Section 4(n) is amended in its entirety to provide as follows:

"(n) Cash Flow Recapture. On and after January 1, 2015, prior to Borrower making any distribution as permitted hereunder other than Expense Distributions and Tax Distributions, Borrower shall prepay the outstanding amount of the Term Loan from Excess Cash Flow for the prior fiscal year in an amount equal to the Applicable Recapture Percentage of such Excess Cash Flow (the "**Cash Flow Recapture Requirement**"). Such payments received by the Bank in accordance with this provision shall be applied by the Bank to the principal amount of the Term Loan in the reverse order of maturity. As used herein, the term "**Applicable Recapture Percentage**" shall mean (i) until such time as payments received by Bank as respects the principal amount of the Term Loan and the principal amount of the term loan made to JR Licensing by the Bank equals $1,000,000 in the aggregate (other than a result of scheduled amortization payments), fifty percent (50%) and (ii) at all times thereafter, twenty percent (20%)."

(i) Section 4(o) is amended in its entirety to provide as follows:

"(o) Bank Accounts. Guarantor and its Subsidiaries shall, during the term hereof, maintain its primary deposit accounts and operating accounts at the Bank in accordance with the standard account documents of the Bank such that at least 80% of the aggregate amount of cash of such Persons are in deposit accounts at the Bank."

(j) Section 5 is amended as follows:

(i) The term "**Applicable Percentage**" is deleted and replaced with the following defined term:

"**Applicable Percentage**: (a) one percent (1.00%) in the case of a prepayment on or after March 31, 2014 but on or before June 30, 2015 and (b) zero percent (0.00%) on or after July 1, 2015.

(ii) The term "**EBITDA**" is deleted and replaced with the following defined terms:

"**EBITDA of Borrower**" shall mean, for any period for Borrower (without duplication), an amount equal to (a) Net Income (Loss) for Borrower and its Subsidiaries on a consolidated basis for such period before allocation of general administrative and other corporate expenses of Guarantor to Borrower in accordance with Guarantor's allocation method that is an acceptable methodology with segment reporting, minus, (b) to the extent included in calculating Net Income (Loss) for Borrower , the sum of, without duplication, (i) interest income (whether cash or non-cash) for such period, (ii) income tax credits for such period, (iii) gain from extraordinary or non-recurring items for such period (including, without limitation, non-cash items related to purchase accounting) and (iv) deferred compensation payments (regardless of when accrued), plus (c) the following to the extent deducted in calculating such Net Income (Loss), (i) interest charges for such period, (ii) the provision for all federal, state, local and foreign taxes payable for such period and the amount of permitted payments in Section 4(o)(iii) deducted in calculating Net Income (Loss), (iii) the amount of depreciation and amortization expense for such period, (iv) the transaction fees, costs and expenses incurred in connection with the negotiation and execution of this Letter Agreement and the other Loan Documents and any amendments hereto and thereto, (v) all other extraordinary or non-recurring non-cash charges (including, without limitation, non-cash items related to purchase accounting), (vi) deferred management salaries (accrued but not paid) and (vii) all non-cash compensation (including without limitation, stock or equity compensation) in such period. "**EBITDA of Guarantor**" shall mean, for any period for Guarantor and its Subsidiaries on a consolidated basis (without duplication), an amount equal to (a) Net Income (Loss) for Guarantor and its Subsidiaries on a consolidated basis for such period, minus, (b) to the extent included in calculating Net Income (Loss) for Guarantor and its Subsidiaries on a consolidated basis, the sum of, without duplication, (i) interest income (whether cash or non-cash) for such period, (ii) income tax credits for such period, (iii) gain from extraordinary or non-recurring items for such period (including, without limitation, non-cash items related to purchase accounting) and (iv) deferred compensation payments (regardless of when accrued), plus (c) the following to the extent deducted in calculating such Net Income (Loss), (i) interest charges for such period, (ii) the provision for all federal, state, local and foreign taxes payable for such period and the amount of permitted payments in Section 4(o)(iii) deducted in calculating Net Income (Loss), (iii) the amount of depreciation and amortization expense for such period, (iv) the transaction fees, costs and expenses incurred in connection with the negotiation and execution of this Letter Agreement and the other Loan Documents and any amendments hereto and thereto and in connection with the transactions contemplated by the acquisition of all of the intellectual property assets of Judith Ripka Creations Inc. and Judith Ripka pursuant to the terms of the Asset Purchase Agreement dated as of April 1, 2014 among Guarantor, JR Licensing, Judith Ripka Creations Inc., Judith Ripka Companies, Inc., Judith Ripka Designs, Inc., JSB Marketing Corp. and Judith Ripka (the "Acquisition Agreement"), (v) all other extraordinary or non-recurring non-cash charges (including, without limitation, non-cash items related to purchase accounting), (vi) deferred management salaries (accrued but not paid) and (vii) all non-cash compensation (including without limitation, stock or equity compensation) in such period.

(iii) The defined terms "**Fixed Charge Coverage Ratio**" and "**Fixed Charges**" is deleted and replaced with the following defined term:

"**Fixed Charge Coverage Ratio**" shall mean for any period, as respects any Person, the ratio of (a) EBITDA of such Person for such period plus Liquid Assets minus Capital Expenditures of such Person to (b) the Fixed Charges for such period. "**Fixed Charges**" shall mean for any period, as respects any Person, the sum of (a) the cash interest expense of such Person for such period, (b) the principal amount of total debt of such Person (excluding the Holdback Amount) having a scheduled due date during such period, (c) all Tax Distributions and (d) all other cash distributions or dividends made by such Person.

(iv) The following defined term is inserted in the appropriate alphabetical order:

"**Person**" shall mean any individual, partnership, corporation (including a business trust and a public benefit corporation), joint stock company, estate, association, firm, enterprise, trust, limited liability company, unincorporated association, joint venture and any other entity or Governmental Authority.

(v) Schedule III is replaced with Schedule III to this Amendment.

(vi) Exhibit B is replaced with Exhibit B to this Amendment.

3. Amendment to Note. The Note is hereby amended as follows:

(a) Section A(1) of the Terms and Conditions is amended to provide as follows:

"(1) **Generally**. Interest shall be calculated on a daily basis on outstanding balances at the Applicable Rate, divided by 365, on a month consisting of actual days elapsed. During any time that the Applicable Rate would exceed the applicable maximum lawful rate of interest, the Applicable Rate shall automatically be reduced to such maximum rate. Any interest payment made in excess of such maximum rate shall be applied as, and deemed to be, in the Bank's sole discretion, a payment of any of the Liabilities, in such manner as determined by the Bank."

(b) The defined term "**Liabilities**" in Section N of the Terms and Conditions is amended in its entirety to provide as follows:

"**Liabilities"** (a) any and all of the Debt evidenced by this Note, and any and all other Debt of Borrower to, or held or to be held by, the Bank under the Loan Documents, (b) any and all obligations of any other Party with respect to any of such Debt and (c) any and all Debt under the JR Licensing Guaranty.

(c) The following defined terms are inserted in the appropriate alphabetical order in Terms and Conditions Section N

JR Licensing: JR Licensing, LLC, a Delaware limited liability company. **JR Licensing Guaranty**: the guaranty executed by the Borrower in favor of the Bank pursuant to which the Borrower guarantees to the Bank the JR Licensing Liabilities. **JR Licensing Liabilities**: any and all of the Debt of JR Licensing to, or held or to be held by, the Bank under the JR Licensing Loan Documents. **JR Licensing Loan Documents**: collectively, all documents executed and delivered in connection with the loans made by the Bank to JR Licensing. **Holdback Amount**: has the meaning given to such term in the JR Licensing Loan Documents.

(d) Section D is amended by inserting the following additional Event of Default.

"JR Licensing Default. The occurrence of a default or event of default under the JR Licensing Loan Documents."

4. Amendment to Security Agreements. Borrower hereby confirms that the term "**Obligations**" as used in the Security Agreement, includes, without limitation, the obligations now existing or hereinafter arising under or in respect of the JR Licensing Guaranty and reaffirms and pledges, hypothecates, assigns, transfers and sets over to Bank and grants Bank a continuing security interest in all the Collateral, now owned or at any time hereinafter acquired by Borrower or in which Borrower now or has or at any time in the future may acquires any right, title or interest.

5. Amendment to IP Security Agreement. Borrower hereby confirms that the term "**Secured Obligations**" as used in the IP Security Agreement, includes, without limitation, the obligations now existing or hereinafter arising under or in respect of the JR Licensing Guaranty and reaffirms and pledges, hypothecates, assigns, transfers and sets over to Bank and grants Bank a continuing security interest in all the Collateral, now owned or at any time hereinafter acquired by Borrower or in which Borrower now or has or at any time in the future may acquires any right, title or interest.

6. Amendment to Guaranty. Guarantor confirms the continuing effect of Guarantor's guarantee of the Obligations after giving effect to this Amendment and agrees that Section 13(a) of the Guaranty is hereby amended in its entirety to provide as follows:

> "(a) furnish to the Bank copies of such Guarantor's financial statements and such other information relating to such Guarantor's business, operations, assets, liabilities and condition, financial or otherwise, promptly when, and in such form as, reasonably required or requested by the Bank. Without limiting the foregoing, it shall be deemed reasonable for the Bank to require or request that as soon as available but in any event (i) within one hundred twenty (120) days of the end of each fiscal year of such Guarantor, such Guarantor shall furnish a copy of such Guarantor's audited financial statements of such Guarantor and its Subsidiaries on a consolidated basis as of the end of the fiscal year, prepared by CohenReznick LLP or other independent certified public accountants of nationally recognized standing acceptable to the Bank and in addition,no later than the delivery of such audited financial statements the corresponding consolidating balance sheets of such Guarantor and its Subsidiaries as at the end of each fiscal year and statements of income and of cash flow for such fiscal year, and (ii) within 60 days of the end of each of the first three fiscal quarters of a Guarantor that is an Entity, such Guarantor shall furnish a copy of its unaudited financial statements prepared on a consolidated and consolidating basis as of the end of the fiscal quarter, certified by its chief executive, operating or financial officer;"

7. Amendment to Pledge Agreement. Borrower hereby confirms that the term "**Secured Obligations**" as used in the Pledge Agreement, includes, without limitation, the obligations now existing or hereinafter arising under or in respect of the JR Lisensing Guaranty and reaffirms and pledges, hypothecates, assigns, transfers and sets over to Bank and grants Bank a continuing security interest in all the Collateral, now owned or at any time hereinafter acquired by Borrower or in which Borrower now or has or at any time in the future may acquires any right, title or interest.

8. Conditions of Effectiveness. This Amendment shall become effective upon a Lender's receipt of this Amendment executed by Borrower and Guarantor in form and substance satisfactory to Bank.

9. Representations and Warranties. Each of Borrower and Guarantor hereby represents and warrants as follows:

(a) This Amendment and the Loan Documents, as amended hereby, constitute legal, valid and binding obligations of Borrower and Guarantor, to the extent a party thereto and are enforceable against Borrower and Guarantor in accordance with their respective terms, except to the extent that such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally or limiting the right of specific performance.

(b) Upon the effectiveness of this Amendment, each of Borrower and Guarantor hereby reaffirms all covenants, representations and warranties made in the Loan Documents to the extent the same are not amended hereby and agree that all such covenants, representations and warranties shall be deemed to have been remade as of the effective date of this Amendment.

(c) No Event of Default has occurred and is continuing or would exist after giving effect to this Amendment.

(d) Neither Borrower nor Guarantor has any defense, counterclaim or offset with respect to the Loan Documents.

10. Effect on the Loan Documents.

(a) Upon the effectiveness of this Amendment, each reference to a Loan Document shall mean and be a reference to such Loan Document as amended hereby.

(b) Except as specifically amended herein, the Loan Documents, shall remain in full force and effect, and are hereby ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of Lender, nor constitute a waiver of any provision of any Loan Document.

11. Governing Law. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and shall be governed by and construed in accordance with the laws of the State of New York.

12. Headings. Section headings in this Amendment are included herein for convenience of reference only and shall not constitute a part of this Amendment for any other purpose.

13. Counterparts; Electronic Transmission. This Amendment may be executed by the parties hereto in one or more counterparts, each of which shall be deemed an original and all of which when taken together shall constitute one and the same agreement. Any signature delivered by a party by facsimile transmission shall be deemed to be an original signature hereto.

IN WITNESS WHEREOF, this Amendment has been duly executed as of the day and year first written above.

IM BRANDS, LLC
By: Xcel Brands, Inc., its Manager

By: /s/ James Haran
Name: James Haran
Title: CFO

XCEL BRANDS, INC.

By: /s/ Robert D'Loren
Name: Robert D'Loren
Title: CEO

BANK HAPOALIM B.M.

By: /s/ Mitchell Barnett
Name: Mitchell Barnett
Title: Senior Vice President, Middle Market Lending

By: /s/ John Hetsko
Name: John Hetsko
Title: Vice President

SIGNATURE PAGE TO
AMENDMENT NO. 1 TO PROMISSORY
NOTE, LINE LETTER AGREEMENT,
SECURITY AGREEMENTS

SCHEDULE III

TO LETTER AGREEMENT BETWEEN BANK HAPOALIM B.M. AND IM BRANDS LLC

SUBSIDIARIES

IMNY Retail Management, LLC

IMNY E-Store USA., Inc.

IMNY Store 1, LLC

IMNY Store GA-1, LLC

EXHIBIT B

TO LETTER AGREEMENT BETWEEN BANK HAPOALIM B.M. AND IM BRANDS LLC

FORM OF QUARTERLY ROYALTY COLLECTIONS REPORT

[See Attached]

GUARANTY

***Introductory Note*.** This Guaranty may be used for one or more Guarantors or with respect to one or more Debtors. If there is only one Guarantor or only one Debtor, then any reference herein to "the Guarantors", "any Guarantor", "each Guarantor" or the like, or to "the Debtors", "any Debtor", "each Debtor" or the like, shall be understood to refer to the Guarantor or to the Debtor, respectively. All capitalized terms in this Guaranty are defined in Section 19.

Preamble. Each of the undersigned (each a "Guarantor" and collectively the "Guarantors") expects to derive direct and/or indirect benefits from the Bank's giving or continuing financial accommodations to any of the Debtors. The Bank is unwilling to give or continue financial accommodations to the Debtors without the guaranty of payment of each of the Guarantors as set forth in this Guaranty. It is a condition precedent to the Bank's giving or continuing these financial accommodations to any of the Debtors that the Guarantors shall have executed and delivered this Guaranty to the Bank. In consideration of the premises and in consideration of financial accommodations given or to be given or continued to any of the Debtors by the Bank, and in order to induce the Bank to give or continue financial accommodations to any of the Debtors, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Guarantors, the Guarantors hereby jointly and severally represent and warrant to, and covenant and agree with, the Bank as follows:

1. **Guaranty**. The Guarantors hereby jointly and severally, irrevocably and unconditionally (a) guarantee to the Bank the full and punctual payment when due (whether at stated maturity, by acceleration or otherwise) by the Debtors of all Obligations, and (b) agree to pay to the Bank all Additional Liabilities immediately when due or on demand. This Guaranty is the unlimited or limited (as set forth on the signature page below), primary obligation of the Guarantors. The Bank may enforce this Guaranty against any Guarantor and/or any Credit Enhancement provided by any Guarantor without any prior or contemporaneous enforcement of any of the Obligations against any other Obligated Party or Credit Enhancement.

2. **Guaranty Absolute**. This Guaranty is a continuing, absolute and unconditional guaranty of payment and not of collection, and shall remain in full force and effect until payment in full of all amounts payable under this Guaranty, notwithstanding that at any time and from time to time (i) the Debtors may be free from any Obligations or (ii) the Obligations may exceed the amount of the Liabilities of the Guarantors hereunder, and regardless of how long before or after the date hereof any of the Obligations were or are incurred, and regardless of whether any financial accommodation resulting in an Obligation was or shall be given or continued by the Bank in contemplation of this Guaranty. Each Guarantor waives all Defenses and Claims with respect to this Guaranty and/or any Credit Enhancement provided by such Guarantor. All Obligations shall be conclusively presumed to have been created in reliance hereon.

Without limiting any other provisions hereof, none of the following (whether occurring prior to, simultaneously with or subsequent to the date hereof) shall give rise to a Defense or Claim with respect to this Guaranty and/or any Credit Enhancement provided by any Guarantor, and each Guarantor waives all such Defenses and Claims that might otherwise arise therefrom, and the joint and several liability of each Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(a) the death, incompetence or disability of any Obligated Party, or any law (including, to the fullest extent permitted by law, any statute of limitations), regulation, order, stay, injunction or prohibition now or hereafter in effect in any jurisdiction that would give rise to a Defense or Claim available to any Obligated Party, or any other fact or circumstance that may result in or constitute a Defense or Claim available to any Obligated Party;

(b) any lack of genuineness, validity, legality, regularity or enforceability of any of the Liabilities or of any Document (including but not limited to any determination that any Obligated Party (i) was not a duly organized and validly existing Entity or (ii) lacked the authorization or capacity to incur any of the Liabilities);

(c) any payment made by, or amount received or collected by the Bank from, any other Person in respect of any of the Liabilities or of any other Debt of any Debtor;

(d) any revocation, early termination, rejection, disaffirmance, cessation, impairment or suspension for any cause whatsoever of (i) any of the Liabilities or (ii) the validity, binding effect or enforceability of any of the Liabilities or of any Document, except that any Guarantor may deliver to the Bank a written notice of revocation signed by such Guarantor, which may revoke such Guarantor's Liabilities (but not of any other Guarantor) under this Guaranty, provided that such notice shall not affect such Guarantor's Liabilities with respect to any Nonrevocable Obligations, and such Guarantor waives all rights to revoke any Liabilities with respect to any Nonrevocable Obligations and shall remain fully liable with respect thereto;

(e) any loss or non-perfection of, or any inability to foreclose or otherwise realize on, any Credit Enhancement;

(f) if a Guarantor is a partnership or joint venture, the death, incompetence, retirement or withdrawal of one or more partners or joint venturers, or the accession of one or more new partners or joint venturers, or the dissolution (by operation of law or otherwise) of such Guarantor;

(g) any Transfer or purported Transfer by any Guarantor of any of the Liabilities;

(h) any action or omission referred to in Section 4 or Section 5;

(i) any event or events, whether with or without the consent of, or notice to, any of the Guarantors (even if known to the Bank or any of its Agents and not known to any of the Guarantors), which result or results in any change, whether or not material, in (i) the business, assets, liability or financial condition of any of the Debtors, (ii) the identity of any of the Debtors (whether by consolidation, merger, reorganization, change in form or structure, change in membership, change in control, change in management, or otherwise), (iii) any relationship (whether business, financial, personal or otherwise) between any of the Debtors and any of the Guarantors or (iv) the degree of risk assumed by any of the Guarantors hereunder.

3. **Payment**. Any payment made under this Guaranty shall be paid to the Bank at its offices in New York City, or at such other place as the Bank may designate in writing, in immediately available funds in the Currency in which the applicable Liabilities are denominated.

4. **Waiver**. Without limiting any other provisions of this Guaranty, each Guarantor hereby waives (a) notice of acceptance of this Guaranty, (b) notice of any Obligation to which this Guaranty may apply, (c) notice or proof of reliance by the Bank upon this Guaranty, (d) promptness, (e) diligence, (f) presentment, (g) demand for payment, (h) notice of dishonor or nonpayment of, or with respect to, any of the Obligations, (i) notice of any legal action or proceeding or any demand or any other action against, or any other notice to, any Obligated Party, and (j) any requirement that the Bank exhaust any right or take any action against or with respect to any other Obligated Party or any Credit Enhancement.

5. **Permitted Bank Actions and Omissions**. As to each Guarantor, the Bank and its Agents may, without giving rise to any Defense or Claim, at any time upon or without any terms or conditions, in whole or in part, and without the consent of, or notice to, any Obligated Party:

(a) change the Currency, time, manner or place of payment or performance (whether before or after maturity) or extend, renew, change, alter, amend, modify or waive any of the terms of any of the Liabilities or any Document;

(b) increase or decrease any of the Liabilities, including but not limited to the amount of principal or the amount or rate of any interest, fees, charges or other amount payable;

(c) (i) sell, exchange, realize upon, foreclose, release or surrender, or fail so to do with respect to, or (ii) impair or fail to take any steps necessary to care for, preserve, protect, secure, insure or obtain, or (iii) impair or fail to take any steps necessary to perfect (including any failure to make any filing or recording, or the making or any improper filing or recording of) any security interest or other rights in; or (iv) otherwise deal or fail to deal with, any Credit Enhancement or Subrogation Rights in any manner and in any order; or(iv) exercise or refrain from exercising any rights against any other Obligated Party or any other Person or otherwise act or refrain from acting;

(d) (i) discharge, release, settle with or compromise with any other Obligated Party or other Person and/or (ii) consent to or waive any breach of, any departure from, or any act, omission or default under, any Document; or (iii) fail to notify any of the Guarantors or any other Person (even if known to the Bank or any of its Agents and not known to any of the Guarantors) of any change, whether or not material, relating to any of the Debtors or of any other Person, including but not limited to any of the matters set forth in Section 2(i).

6. **Bank Statements.** Any statement, certificate, notice or the like submitted by the Bank to any of the Debtors and/or to any of the Guarantors, setting forth the amount or amounts of any or all of the Obligations and/or Liabilities, shall be prima face evidence thereof, and each Guarantor agrees to be bound thereby absent manifest error.

7. **Expenses; Currency; Interest.** Each of the obligations set forth in this Section shall be a separate obligation payable on demand, with respect to which the Guarantors shall be jointly and severally liable to the Bank as an alternative or additional cause of action or claim.

(a) The Guarantors shall indemnify and hold the Bank harmless against all Expenses.

(b) If the Bank does not receive payment of any of the Liabilities in any amount of Currency when due, the Guarantors shall pay the equivalent of such amount in the Currency (including but not limited to the lawful Currency of the United States) in which such Liabilities were originally due, *provided* that the Bank may, at its option, accept payment of an equivalent amount (computed at the Bank's selling rate for such Currency at the place where such amount is payable as at the time such payment is made) in any other Currency. The receipt by the Bank of any amount in respect of any of the Liabilities in a Currency other than that in which such amount was originally due, whether pursuant to a judgment or arbitration award or pursuant to the provisions of this Guaranty or any Agreement or otherwise, shall not discharge the Guarantors with respect to any of such Liabilities except to the extent that on the first day on which the Bank is open for business immediately following such receipt, the Bank shall be able, in accordance with normal banking practice, to purchase the Currency in which such amount was due with the Currency received. Notwithstanding any such judgment or arbitration award, the Guarantors shall in any event indemnify the Bank against all losses sustained and all costs incurred by it in making any such purchase of Currency.

(c) Any amount payable hereunder shall bear interest from the date due until payment is received or recovered by the Bank in the Currency in which such amount was due at the place at which it was payable, at the Applicable Interest Rate.

8. **Representations and Warranties**. Each Guarantor represents and warrants to the Bank that each of the following is true, accurate and complete as of the date of such Guarantor's execution of this Guaranty, and acknowledges that the Bank's giving or continuing of financial accommodations to any of the Debtors is made in reliance thereon.

(a) If such Guarantor is a natural person, he or she has the legal capacity to execute and deliver this Guaranty and is doing so in his or her capacity as an individual and not in any representative capacity on behalf of any other Person, notwithstanding any reference to any office, title or the like next to such Guarantor's signature on this Guaranty.

(b) If such Guarantor is an Entity, it is an Entity duly organized, legally existing and in good standing under the laws of the jurisdiction in which it has been organized.

(c) Such Guarantor has full right, power and authority to enter into, execute and deliver this Guaranty and to perform all matters required to be performed by such Guarantor hereunder; the execution and delivery of this Guaranty by or on behalf of such Guarantor to the Bank is fully and unconditionally authorized; such Guarantor has duly executed and delivered this Guaranty pursuant to lawful authority; and this Guaranty constitutes such Guarantor's legal, valid and binding obligation enforceable in accordance with its terms.

(d) Such Guarantor is duly licensed or qualified to do business in all states and jurisdictions where such licensing or qualification is necessary unless the failure to so obtain such license or qualification could not reasonably be expected to have a material adverse effect on such Guarantor's financial condition or the ability of such Guarantor to perform its obligations under this Guaranty.

(e) The execution and delivery by such Guarantor of this Guaranty is not, and the performance by such Guarantor of any such Guarantor's obligations hereunder will not be, in contravention of, or cause any breach or default pursuant to, any provision of law or any charter or by-law provision or any material covenant, indenture or Agreement of or affecting such Guarantor or any of such Guarantor's assets.

(f) No consent of any Person and no consent, license, permit approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty (including, without limitation, the payment to the Bank at the applicable place in the applicable Currency).

(g) No registration tax, stamp duty or similar tax or duty imposed by any governmental authority arises in connection with the execution, delivery and performance of this Guaranty by such Guarantor.

(h) No litigation, arbitration, investigation or proceeding of or before any court, arbitrator or administrative or governmental authority is currently pending or, to the knowledge of such Guarantor, threatened (i) with respect to this Guaranty or any of the transactions contemplated hereby, or (ii) against or affecting such Guarantor, or any of such Guarantor's assets, or (iii) which could affect the business operations, assets, liabilities or condition, financial or otherwise, of such Guarantor or such Guarantor's ability to enter into, execute or deliver this Guaranty or prejudice in a material manner such Guarantor's ability to fulfill such Guarantor's obligations pursuant to this Guaranty.

(i) The financial statements of such Guarantor which have been furnished to the Bank have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the correct financial condition of such Guarantor as of their respective dates; and there has been no subsequent material adverse change in the business, operations, assets, liabilities or condition, financial or otherwise, of such Guarantor.

(j) There is no fact that such Guarantor has not disclosed to the Bank in writing that could materially and adversely affect such Guarantor's business, operations, assets, liabilities or condition, financial or otherwise, or such Guarantor's ability to perform under this Guaranty.

(k) Such Guarantor is not, and upon such Guarantor's execution and delivery of this Guaranty to the Bank such Guarantor will not be, Insolvent; in exchange for executing and delivering this Guaranty to the Bank, such Guarantor has received or will have received Reasonably Equivalent Value; such Guarantor's execution and delivery of this Guaranty does not constitute a Fraudulent Transfer; such Guarantor's execution and delivery of this Guaranty is not made with intent to hinder, delay or defraud any Creditor; and this Guaranty cannot be set aside, avoided or rendered unenforceable in whole or in part by virtue of any Fraudulent Transfer Law.

(l) Such Guarantor has not provided any Credit Support with respect to the Debt of any Person other than this Guaranty.

(m) Such Guarantor believes that (i) the Guarantors do not have any Defense or Claim with respect to this Guaranty, any Credit Enhancement or any of the Liabilities, and (ii) there do not exist any facts and circumstances that could result in or constitute any such Defense or Claim.

(n) Such Guarantor has independently investigated, without reliance on the Bank, and is fully familiar with, (i) the identity, status and financial condition of each Debtor, (ii) all relationships, if any (whether business, financial, personal or otherwise), between and/or among any and all of the Debtors and any and all of the Guarantors, and (iii) the degree of risk assumed by such Guarantor hereunder.

(o) Such Guarantor has not relied upon and has not been induced to execute and deliver this Guaranty or to purchase any interest in any of the Debtors or any other Person or to take or refrain from taking any other action as a result of any Agreement, representation, warranty, statement, recommendation or information made or purportedly made by or on behalf of the Bank or any of its Agents, whether express or implied, written or oral, direct or indirect, and whether prior to or simultaneously with the date hereof.

(p) Neither the Bank nor any of its Agents has represented or indicated that the Bank will not enforce any provision of any Document.

9. **Contribution; Subordination; Subrogation**.

(a) If and to the extent that any Guarantor (the "Paying Guarantor") makes payment in respect of this Guaranty, then in furtherance and not limitation of any rights that the Paying Guarantor may have in law or equity, each other Guarantor shall have an obligation, upon demand by the Paying Guarantor, to pay to the Paying Guarantor an amount equal to the quotient of (x) the amount so paid by the Paying Guarantor, divided by (y) the total number of Guarantors.

(b) All direct or indirect claims and rights (whether for moneys advanced, services performed or assets sold and delivered or on account of any Subrogation Rights, whether for an indeterminate amount, a sum certain or a contingent claim), now existing or hereafter arising which any Guarantor may have against any other Obligated Party shall be subject and subordinate to the prior payment in full to the Bank of all of the Liabilities. Each Guarantor hereby assigns and transfers to the Bank, effective upon demand by the Bank for payment by such Guarantor of any amount hereunder, all such claims and rights and any proceeds thereof, and agrees that the Bank may, in its discretion, make and present in any bankruptcy or other proceeding such proofs or claims with respect thereto as the Bank may deem expedient or proper and may vote such proofs or claims in any such proceeding. Each Guarantor shall deliver upon demand by the Bank such additional documents as the Bank may request to evidence such subordination, assignment and transfer, including without limitation duly executed assignments. At any time when all the Liabilities shall not have been paid in full, each Guarantor shall (i) as trustee for the Bank, enforce all claims and rights against any other Obligated Party or any Credit Enhancement and collect all sums due from any other Obligated Party or any Credit Enhancement or with respect to any of the Liabilities, (ii) hold any amounts received on account thereof in trust for the benefit of the Bank, and (iii) pay all such amounts immediately to the Bank to be applied to the Liabilities, together with interest on all such amounts from the date of such receipt until paid to the Bank at the Applicable Interest Rate, without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

(c) Until all of the Liabilities shall have been paid in full, each Guarantor shall have no Subrogation Rights, and waives any right to enforce any right or remedy which the Bank has or may hereafter have against any other Obligated Party or in or against any Credit Enhancement.

10. **Reinstatement**. If (a) claim is ever made on the Bank for repayment or recovery of any amount received in payment or on account of any of the Obligations, and (b) the Bank repays all or part of such amount by reason of (i) any judgment, decree, order or award of any court, administrative body, arbitration panel or the like or (ii) any settlement or compromise of any such claim effected by the Bank with any such claimant (including any Obligated Party), then any such judgment, decree, order, award, settlement or compromise shall be binding upon all of the Guarantors, notwithstanding the release or cancellation of any Document, and the Guarantors shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Bank.

11. **Agreements, Representations, Amendments and Waivers.** No Agreement or representation by the Bank, and no amendment or waiver of any provision of this Guaranty nor consent to any departure therefrom by any of the Guarantors shall be effective unless in writing and duly signed by at least two duly authorized officers of the Bank, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Bank to exercise, and no delay in exercising, any right under any Document or otherwise, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. In the case of any Agreement (including but not limited to any Commitment) given or made by the Bank to any Person or Persons (which may or may not include one or more of the Guarantors), (a) such Agreement shall not inure to the benefit of any of the Guarantors to whom such Agreement was not given or made by the Bank (the "Other Guarantor" or "Other Guarantors"), (b) none of the Other Guarantors shall be deemed to be a third party beneficiary thereof, (c) the Bank shall have absolutely no responsibility or liability to any of the Other Guarantors with respect to any breach thereof or failure by the Bank to abide by, or comply with, any such Agreement, and (d) each of the Other Guarantors waives and gives up any rights that each such Other Guarantor may have, on account of any such Agreement or any such breach or failure, to assert any Defense or Claim against the Bank.

12. **Cumulative Rights; Reservation of Rights; Arms' Length Transaction**. The rights and remedies herein provided to the Bank are in addition to, and are not exclusive or in substitution for, any rights or remedies available to the Bank at law or in equity or under any other Agreement or other document which any Person (including but not limited to any Guarantor) may have executed or may hereafter execute in favor of or for the benefit of the Bank, all of which are cumulative and may be exercised by the Bank in whole or in part from time to time. The Bank shall be deemed to have reserved its rights against each Guarantor in connection with any settlement, compromise, discharge or release of any other Obligated Party or any Document. The joint and several liabilities of the Guarantors hereunder shall not be reduced or limited by reason of any similar or dissimilar guaranty or other Document executed in favor of the Bank by any Person, and this Guaranty shall be enforceable against each of the Guarantors jointly and severally without regard thereto. This Guaranty represents an arms' length transaction between the Guarantors and the Bank. Each Guarantor agrees and consents that this Guaranty shall not be, and waives any right to require that this Guaranty be, construed against the Bank on the ground that the Bank has prepared it.

13. **Covenants**. Subject to any other written Agreement between the Bank and any Person relating to the same subject matter, each Guarantor shall:

(a) furnish to the Bank copies of such Guarantor's financial statements and such other information relating to such Guarantor's business, operations, assets, liabilities and condition, financial or otherwise, promptly when, and in such form as, reasonably required or requested by the Bank;

(b) permit any of the Bank's Agents to visit such Guarantor's premises upon not less than two (2) Business Days' prior notice during normal business hours and to examine and make photographs, copies and extracts of such Guarantor's property and of its books and records;

(c) take or cause to be taken any and all action that may be necessary or appropriate (to the extent legally permissible) to cause or permit the Debtors to perform all of the Obligations, and shall not take or cause to be taken any action that may prevent or interfere with any Debtor's performance thereof; and

(d) not enter into any Agreement or purchase any interest in any of the Debtors or other Persons or take or refrain from taking any other action as a result of or in reliance upon any Agreement, representation, warranty, statement, recommendation or information made or purportedly made by or on behalf of the Bank or any of its Agents, whether express or implied, written or oral, direct or indirect, or prior to, simultaneously with or subsequent to the date hereof.

14. **Transfers; Successors and Assigns**.

(a) No Guarantor shall effect or attempt a Transfer of any of the Liabilities without the Bank's prior written consent. Notwithstanding the foregoing, this Guaranty shall be binding upon each Guarantor and upon each Guarantor's executors, administrators, successors, assigns and Transferees (each of which shall be a "Guarantor" hereunder).

(b) This Guaranty shall inure to the benefit of and be enforceable by the Bank and its successors, assigns and Transferees. Without limiting the foregoing, the Bank may make a Transfer of any and all of the Liabilities and Documents to any other Person without notice to or the consent of any of the Guarantors, and the Transferee shall thereupon become vested with all of the Bank's rights in respect thereof. The Bank is authorized to disclose to any prospective or actual Transferee any information that the Bank may have or acquire about any Obligated Party and any information about any other Person submitted to the Bank by or on behalf of any Obligated Party. Each Guarantor waives all defenses (except such defenses as may be asserted against a holder in due course of a negotiable instrument) which each Guarantor may have or acquire against any Transferee who receives a Transfer of this Guaranty, or any complete or partial interest in it, for value, in good faith and without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any Person.

15. **Intentionally Omitted.**

16. **Notices**. All notices and other communications provided for hereunder shall be in writing and, if to the Guarantors, mailed or faxed or delivered to the address set forth on the signature page below, and if to the Bank, mailed or delivered to 1177 Avenue of the Americas, New York, New York 10036, to the attention of the Department, or as to each party at such other address as shall be designated by such party in a written notice to the other party or parties, as the case may be. All such notices and other communications to the Guarantors shall be effective when deposited in the mail, sent by fax or delivered, addressed as aforesaid, and all such notices and other communications to the Bank shall be effective when actually received by the Department.

17. **Litigation**. This Guaranty 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 in the State of New York without regard to conflict or choice of law rules. Any legal action or proceeding with respect to this Guaranty may be brought in any court of record of the State of New York, County of New York, or of the United States of America for the Southern District of New York. By execution and delivery of this Guaranty, the Guarantors hereby accept, consent and submit to, generally and unconditionally, the jurisdiction of the aforesaid courts over the Guarantors and their property. Each Guarantor agrees not to, and hereby irrevocably waives the right to, commence a legal action or proceeding against the Bank in any jurisdiction worldwide other than the aforesaid courts, unless the Bank specifically consents thereto in writing. In connection with any action or proceeding between any of the Guarantors and the Bank, each Guarantor agrees not to, and hereby irrevocably waives the right to, interpose (i) any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which such Guarantor may now or hereafter have to the bringing of any such action or proceeding in such jurisdiction and/or (ii) any claim for consequential, special or punitive damages and/or (iii) any setoff, counterclaim or cross-claim. The Guarantors irrevocably consent to the service of process on each Guarantor in any such action or proceeding by the mailing of copies thereof by certified or registered mail, postage prepaid, to the Guarantors at the address set forth on the signature page below. Nothing herein shall affect the right of the Bank to serve process in any other manner permitted by law or to commence any legal action or proceeding or otherwise proceed against any of the Guarantors in any jurisdiction worldwide.

18. **Counterparts**. This Guaranty may be signed in any number of counterparts. Any counterpart signed by any Guarantor (a "Signing Guarantor") shall constitute a full original Guaranty of such Guarantor for all purposes, regardless of whether any counterpart is signed by any other Guarantor. Any reference herein to the execution of this Guaranty shall include the execution of any counterpart. The obligations of any Signing Guarantor hereunder are not conditioned on any other Guarantor's execution of this Guaranty.

19. **Definitions**. As used herein, the following terms have the meanings indicated:

Agent: any director, officer, employee, agent or representative.

Additional Liabilities: The liabilities under Sections 7 and 9.

Agreement: an agreement, commitment, covenant, instrument, note, representation, understanding or warranty (including but not limited to any Commitment, Credit Support or Document) given or made to or with any Person.

Applicable Interest Rate: the highest lawful rate then permitted by applicable law in the State of New York, or if no such rate exists, the highest lawful rate permitted under such other applicable law as the Bank may choose in its discretion.

Bank: Bank Hapoalim B.M.

Bankruptcy Code: the U.S. Bankruptcy Code as in effect and as amended from time to time and any successor thereto.

Claim: any right of setoff, claim, counterclaim or cross-claim of any Obligated Party against the Bank and/or any of its Agents.

Commitment: an Agreement, commitment or obligation of the Bank, whether or not in writing, whether express or implied, and whether or not by operation of law, given to any Person (including but not limited to any Obligated Party) to give or to continue any financial accommodations to any of the Debtors or to change, alter, amend, modify, renew, extend the time of payment of, increase or decrease any of the Obligations.

Commodity Exchange Act: the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

Credit Enhancement: any Credit Support with respect to any of the Obligations. Any reference herein to "any Credit Enhancement" shall be understood to include but not be limited to this Guaranty.

Creditor: any Person to whom any Guarantor owed or owes any Debt or otherwise was, became, is or becomes indebted, and any other creditor within the meaning under or as defined in each respective Fraudulent Transfer Law.

Credit Support: any collateral, security interest, mortgage, pledge, lien, security, margin, guaranty, insurance, letter of credit, indemnity, subordination, comfort letter, risk participation, repurchase agreement, put, option, banker's lien, setoff, right of offset or netting agreement, or any Agreement pursuant to which a Person agrees to be contingently liable with respect to any Debt of any other Person or Persons, or any other credit support with respect to any Debt of any Person or Persons.

Currency: the lawful currency of any country or the eurocurrency.

Debt: an obligation of any sort for the payment of money in any Currency in any jurisdiction worldwide, and however evidenced, whether (a) principal or otherwise, (b) absolute or contingent, (c) secured or unsecured, (d) joint, several or independent, (e) now or hereafter existing, and (f) created directly or acquired by Transfer or otherwise.

Debtor, Debtors: as specified on the signature page below.

Defense: any fact or circumstance (a) that may affect, suspend, impair, discharge, release, cancel, modify, limit or be a defense (including but not limited to any suretyship defense) to any of the Liabilities of any Obligated Party or any Document or of any of the Bank's rights or remedies with respect thereto, or (b) that may bar enforcement thereof by the Bank.

Department: the department of the Bank responsible for administering the Bank's relationship with the Debtors with respect to the Obligations.

Document: an Agreement of any Obligated Party relating to any of the Obligations and/or Liabilities. Any reference herein to "any Document" shall be understood to include but not be limited to any Credit Enhancement.

Effective Revocation Time: the close of business on the day that the Department receives written notice of revocation signed by any of the Guarantors.

Entity: any Person other than a natural person.

Excluded Swap Obligations: with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guaranty hereunder of such Guarantor of such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty of such Guarantor becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty hereunder or security interest is or becomes illegal.

Expenses: (a) except as set forth in clause (b), all reasonable documented costs and expenses (including but not limited to reasonable fees and disbursements of counsel) incurred by the Bank in connection with this Guaranty or any of the Liabilities including, but not limited to, (i) any amendment, modification, extension or waiver with respect to any of the Liabilities, and/or (ii) any deduction, withholding, registration tax, stamp tax or similar tax or duty applicable to any payment of any of the Liabilities. and (b) all documented costs and expenses (including but not limited to reasonable fees and disbursements of counsel) incurred by the Bank in connection with the enforcement of this Guaranty or any of the Liabilities including but not limited to those for (i) any action taken, whether or not by litigation, to collect, or to protect rights or interests with respect to, any of the Liabilities, or to preserve, protect, secure, insure, obtain or perfect any Credit Enhancement, (ii) compliance with any legal process or any order or directive of any governmental authority with respect to any Obligated Party, and (ii) any litigation, arbitration or administrative proceeding relating to any Obligated Party.

Fraudulent Transfer: a "fraudulent transfer", "fraudulent conveyance" or similar term within the meaning under or as defined in each respective Fraudulent Transfer Law.

Fraudulent Transfer Law: the Bankruptcy Code, the New York Debtor and Creditor Law, or the law of any jurisdiction (domestic or foreign) as in effect and as amended from time to time and all successors thereto relating to fraudulent transfers, fraudulent conveyances and/or similar matters.

Guarantor, Guarantors: as specified on the signature page below, and as further defined in Section 14(a).

Guaranty: this Guaranty.

Insolvent as to a Person: (a) insolvent or (b) engaged or about to be engaged in a business or a transaction for which any property remaining with the Person is an unreasonably small capital, or (c) intending to incur or believing that the Person will incur debts that would be beyond the Person's ability to pay as such debts mature, all within the meaning under or as defined in each Fraudulent Transfer Law.

Liabilities: (a) all Obligations and (b) all obligations (including those incurred hereunder) of all Obligated Parties incurred directly or indirectly in respect of any of the Obligations and/or in respect of any Document *provided* that the term Liabilities shall not include Excluded Swap Obligations.

Nonprincipal Obligations: all Obligations, whether interest, fees, expenses or otherwise, other than principal.

Nonrevocable Obligation: any Obligation (including any extension or rollover thereof and any Nonprincipal Obligations accruing thereon after the Effective Revocation Time) that (i) is, or (ii) relates to a contingent liability of the Bank or to a Commitment that in either case was, outstanding on or prior to the Effective Revocation Time.

Obligated Party: (a) each Debtor; (b) each Guarantor; (c) any other Person directly or contingently liable for any of the Obligations, including but not limited to any maker, co-maker, endorser, accommodation party, guarantor, surety or indemnitor with respect to any of the Obligations; (d) any Person providing or issuing any Credit Enhancement with respect to any of the Obligations; or (e) if any Obligated Party is a partnership or joint venture, any general partner or joint venturer therein. Without limiting the foregoing, any reference herein to "any Obligated Party" shall include but not be limited to all of the Debtors and all of the Guarantors, and as to each Guarantor any reference herein to "any other Obligated Party" shall include but not be limited to all of the Debtors and all of the Guarantors other than such Guarantor.

Obligation: any Debt of any Debtor and of any successor, assign or Transferee thereof (including any successor of a Debtor that is a partnership or joint venture), whether (a) due or to become due to, or held or to be held by, the Bank, and (b) for the Bank's own account or as agent for another or others *provided* that the term Obligation shall not include Excluded Swap Obligations..

Person: any natural person, firm, partnership, joint venture, company, corporation, limited liability company, unincorporated organization or association, trust, estate, governmental authority or any other entity. Without limiting the foregoing, any reference herein to "any Person" shall include but not be limited to any Obligated Party, and as to each Guarantor any reference herein to "any other Person" shall include but not be limited to any other Obligated Party.

Reasonably Equivalent Value: “reasonably equivalent value”, “fair consideration” or similar term within the meaning under or as defined in each respective Fraudulent Transfer Law.

Subrogation Rights: all legal and equitable rights and claims arising from the existence or performance of this Guaranty that any of the Guarantors may now or hereafter have, including without limitation all rights of subrogation, indemnity, reimbursement, exoneration and/or contribution, and including without limitation any such right or claim against or with respect to any property (including without limitation any Credit Enhancement) of any Obligated Party.

Swap Obligation: with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

Transfer: any negotiation, assignment, participation, conveyance, grant of security interest, lease, delegation, or any other direct or indirect transfer of complete or partial, legal, beneficial, economic or other interest or obligation.

Transferee: any Person to whom a Transfer is made.

SIGNATURE PAGE

Each of the Guarantors makes this Guaranty in favor of the Bank, and each agrees to be bound jointly and severally by the terms and conditions of this Guaranty, both the general terms and conditions set forth above and the specific terms and conditions set forth below.

a) **Debtor(s) [print full name(s)]:**

IM BRANDS, LLC

b) **Type of Guaranty:**

☒ Unlimited

o Limited as to the aggregate principal sum of $, plus a prorated amount of the Nonprincipal Obligations.

c) **OPPORTUNITY TO CONSULT WITH COUNSEL. Each Guarantor acknowledges having had the opportunity to consult with legal counsel prior to executing this Guaranty.**

d) **JURY TRIAL WAIVER. Both the Bank and the Guarantors waive and give up the right to a jury trial with respect to any dispute, action or proceeding relating to this Guaranty or any of the Obligations or Liabilities; any legal action or proceeding relating to this Guaranty or any of the Obligations or Liabilities shall take place without a jury.**

Date: April 1, 2014

SIGNATURE(S) AND IDENTIFICATION:

JR LICENSING, LLC

By: XCEL BRANDS, INC., its Manager

By: /s/ James Haran

Print Name: James Haran
Title: CFO

Guarantors' address and fax number for purposes of notice:

Address:
475 Tenth Avenue
New York, New York 10018

Fax: (347) 727-2481

Email: Jharan@xcelbrands.com

GUARANTY

***Introductory Note*.** This Guaranty may be used for one or more Guarantors or with respect to one or more Debtors. If there is only one Guarantor or only one Debtor, then any reference herein to "the Guarantors", "any Guarantor", "each Guarantor" or the like, or to "the Debtors", "any Debtor", "each Debtor" or the like, shall be understood to refer to the Guarantor or to the Debtor, respectively. All capitalized terms in this Guaranty are defined in Section 19.

Preamble. Each of the undersigned (each a "Guarantor" and collectively the "Guarantors") expects to derive direct and/or indirect benefits from the Bank's giving or continuing financial accommodations to any of the Debtors. The Bank is unwilling to give or continue financial accommodations to the Debtors without the guaranty of payment of each of the Guarantors as set forth in this Guaranty. It is a condition precedent to the Bank's giving or continuing these financial accommodations to any of the Debtors that the Guarantors shall have executed and delivered this Guaranty to the Bank. In consideration of the premises and in consideration of financial accommodations given or to be given or continued to any of the Debtors by the Bank, and in order to induce the Bank to give or continue financial accommodations to any of the Debtors, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Guarantors, the Guarantors hereby jointly and severally represent and warrant to, and covenant and agree with, the Bank as follows:

1. **Guaranty**. The Guarantors hereby jointly and severally, irrevocably and unconditionally (a) guarantee to the Bank the full and punctual payment when due (whether at stated maturity, by acceleration or otherwise) by the Debtors of all Obligations, and (b) agree to pay to the Bank all Additional Liabilities immediately when due or on demand. This Guaranty is the unlimited or limited (as set forth on the signature page below), primary obligation of the Guarantors. The Bank may enforce this Guaranty against any Guarantor and/or any Credit Enhancement provided by any Guarantor without any prior or contemporaneous enforcement of any of the Obligations against any other Obligated Party or Credit Enhancement.

2. **Guaranty Absolute**. This Guaranty is a continuing, absolute and unconditional guaranty of payment and not of collection, and shall remain in full force and effect until payment in full of all amounts payable under this Guaranty, notwithstanding that at any time and from time to time (i) the Debtors may be free from any Obligations or (ii) the Obligations may exceed the amount of the Liabilities of the Guarantors hereunder, and regardless of how long before or after the date hereof any of the Obligations were or are incurred, and regardless of whether any financial accommodation resulting in an Obligation was or shall be given or continued by the Bank in contemplation of this Guaranty. Each Guarantor waives all Defenses and Claims with respect to this Guaranty and/or any Credit Enhancement provided by such Guarantor. All Obligations shall be conclusively presumed to have been created in reliance hereon.

Without limiting any other provisions hereof, none of the following (whether occurring prior to, simultaneously with or subsequent to the date hereof) shall give rise to a Defense or Claim with respect to this Guaranty and/or any Credit Enhancement provided by any Guarantor, and each Guarantor waives all such Defenses and Claims that might otherwise arise therefrom, and the joint and several liability of each Guarantor under this Guaranty shall be absolute and unconditional irrespective of:

(a) the death, incompetence or disability of any Obligated Party, or any law (including, to the fullest extent permitted by law, any statute of limitations), regulation, order, stay, injunction or prohibition now or hereafter in effect in any jurisdiction that would give rise to a Defense or Claim available to any Obligated Party, or any other fact or circumstance that may result in or constitute a Defense or Claim available to any Obligated Party;

(b) any lack of genuineness, validity, legality, regularity or enforceability of any of the Liabilities or of any Document (including but not limited to any determination that any Obligated Party (i) was not a duly organized and validly existing Entity or (ii) lacked the authorization or capacity to incur any of the Liabilities);

(c) any payment made by, or amount received or collected by the Bank from, any other Person in respect of any of the Liabilities or of any other Debt of any Debtor;

(d) any revocation, early termination, rejection, disaffirmance, cessation, impairment or suspension for any cause whatsoever of (i) any of the Liabilities or (ii) the validity, binding effect or enforceability of any of the Liabilities or of any Document, except that any Guarantor may deliver to the Bank a written notice of revocation signed by such Guarantor, which may revoke such Guarantor's Liabilities (but not of any other Guarantor) under this Guaranty, provided that such notice shall not affect such Guarantor's Liabilities with respect to any Nonrevocable Obligations, and such Guarantor waives all rights to revoke any Liabilities with respect to any Nonrevocable Obligations and shall remain fully liable with respect thereto;

(e) any loss or non-perfection of, or any inability to foreclose or otherwise realize on, any Credit Enhancement;

(f) if a Guarantor is a partnership or joint venture, the death, incompetence, retirement or withdrawal of one or more partners or joint venturers, or the accession of one or more new partners or joint venturers, or the dissolution (by operation of law or otherwise) of such Guarantor;

(g) any Transfer or purported Transfer by any Guarantor of any of the Liabilities;

(h) any action or omission referred to in Section 4 or Section 5;

(i) any event or events, whether with or without the consent of, or notice to, any of the Guarantors (even if known to the Bank or any of its Agents and not known to any of the Guarantors), which result or results in any change, whether or not material, in (i) the business, assets, liability or financial condition of any of the Debtors, (ii) the identity of any of the Debtors (whether by consolidation, merger, reorganization, change in form or structure, change in membership, change in control, change in management, or otherwise), (iii) any relationship (whether business, financial, personal or otherwise) between any of the Debtors and any of the Guarantors or (iv) the degree of risk assumed by any of the Guarantors hereunder.

3. **Payment**. Any payment made under this Guaranty shall be paid to the Bank at its offices in New York City, or at such other place as the Bank may designate in writing, in immediately available funds in the Currency in which the applicable Liabilities are denominated.

4. **Waiver**. Without limiting any other provisions of this Guaranty, each Guarantor hereby waives (a) notice of acceptance of this Guaranty, (b) notice of any Obligation to which this Guaranty may apply, (c) notice or proof of reliance by the Bank upon this Guaranty, (d) promptness, (e) diligence, (f) presentment, (g) demand for payment, (h) notice of dishonor or nonpayment of, or with respect to, any of the Obligations, (i) notice of any legal action or proceeding or any demand or any other action against, or any other notice to, any Obligated Party, and (j) any requirement that the Bank exhaust any right or take any action against or with respect to any other Obligated Party or any Credit Enhancement.

5. **Permitted Bank Actions and Omissions**. As to each Guarantor, the Bank and its Agents may, without giving rise to any Defense or Claim, at any time upon or without any terms or conditions, in whole or in part, and without the consent of, or notice to, any Obligated Party:

(a) change the Currency, time, manner or place of payment or performance (whether before or after maturity) or extend, renew, change, alter, amend, modify or waive any of the terms of any of the Liabilities or any Document;

(b) increase or decrease any of the Liabilities, including but not limited to the amount of principal or the amount or rate of any interest, fees, charges or other amount payable;

(c) (i) sell, exchange, realize upon, foreclose, release or surrender, or fail so to do with respect to, or (ii) impair or fail to take any steps necessary to care for, preserve, protect, secure, insure or obtain, or (iii) impair or fail to take any steps necessary to perfect (including any failure to make any filing or recording, or the making or any improper filing or recording of) any security interest or other rights in; or (iv) otherwise deal or fail to deal with, any Credit Enhancement or Subrogation Rights in any manner and in any order; or(iv) exercise or refrain from exercising any rights against any other Obligated Party or any other Person or otherwise act or refrain from acting;

(d) (i) discharge, release, settle with or compromise with any other Obligated Party or other Person and/or (ii) consent to or waive any breach of, any departure from, or any act, omission or default under, any Document; or (iii) fail to notify any of the Guarantors or any other Person (even if known to the Bank or any of its Agents and not known to any of the Guarantors) of any change, whether or not material, relating to any of the Debtors or of any other Person, including but not limited to any of the matters set forth in Section 2(i).

6. **Bank Statements.** Any statement, certificate, notice or the like submitted by the Bank to any of the Debtors and/or to any of the Guarantors, setting forth the amount or amounts of any or all of the Obligations and/or Liabilities, shall be prima face evidence thereof, and each Guarantor agrees to be bound thereby absent manifest error.

7. **Expenses; Currency; Interest.** Each of the obligations set forth in this Section shall be a separate obligation payable on demand, with respect to which the Guarantors shall be jointly and severally liable to the Bank as an alternative or additional cause of action or claim.

(a) The Guarantors shall indemnify and hold the Bank harmless against all Expenses.

(b) If the Bank does not receive payment of any of the Liabilities in any amount of Currency when due, the Guarantors shall pay the equivalent of such amount in the Currency (including but not limited to the lawful Currency of the United States) in which such Liabilities were originally due, *provided* that the Bank may, at its option, accept payment of an equivalent amount (computed at the Bank's selling rate for such Currency at the place where such amount is payable as at the time such payment is made) in any other Currency. The receipt by the Bank of any amount in respect of any of the Liabilities in a Currency other than that in which such amount was originally due, whether pursuant to a judgment or arbitration award or pursuant to the provisions of this Guaranty or any Agreement or otherwise, shall not discharge the Guarantors with respect to any of such Liabilities except to the extent that on the first day on which the Bank is open for business immediately following such receipt, the Bank shall be able, in accordance with normal banking practice, to purchase the Currency in which such amount was due with the Currency received. Notwithstanding any such judgment or arbitration award, the Guarantors shall in any event indemnify the Bank against all losses sustained and all costs incurred by it in making any such purchase of Currency.

(c) Any amount payable hereunder shall bear interest from the date due until payment is received or recovered by the Bank in the Currency in which such amount was due at the place at which it was payable, at the Applicable Interest Rate.

8. **Representations and Warranties**. Each Guarantor represents and warrants to the Bank that each of the following is true, accurate and complete as of the date of such Guarantor's execution of this Guaranty, and acknowledges that the Bank's giving or continuing of financial accommodations to any of the Debtors is made in reliance thereon.

(a) If such Guarantor is a natural person, he or she has the legal capacity to execute and deliver this Guaranty and is doing so in his or her capacity as an individual and not in any representative capacity on behalf of any other Person, notwithstanding any reference to any office, title or the like next to such Guarantor's signature on this Guaranty.

(b) If such Guarantor is an Entity, it is an Entity duly organized, legally existing and in good standing under the laws of the jurisdiction in which it has been organized.

(c) Such Guarantor has full right, power and authority to enter into, execute and deliver this Guaranty and to perform all matters required to be performed by such Guarantor hereunder; the execution and delivery of this Guaranty by or on behalf of such Guarantor to the Bank is fully and unconditionally authorized; such Guarantor has duly executed and delivered this Guaranty pursuant to lawful authority; and this Guaranty constitutes such Guarantor's legal, valid and binding obligation enforceable in accordance with its terms.

(d) Such Guarantor is duly licensed or qualified to do business in all states and jurisdictions where such licensing or qualification is necessary unless the failure to so obtain such license or qualification could not reasonably be expected to have a material adverse effect on such Guarantor's financial condition or the ability of such Guarantor to perform its obligations under this Guaranty.

(e) The execution and delivery by such Guarantor of this Guaranty is not, and the performance by such Guarantor of any such Guarantor's obligations hereunder will not be, in contravention of, or cause any breach or default pursuant to, any provision of law or any charter or by-law provision or any material covenant, indenture or Agreement of or affecting such Guarantor or any of such Guarantor's assets.

(f) No consent of any Person and no consent, license, permit approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required in connection with the execution, delivery, performance, validity or enforceability of this Guaranty (including, without limitation, the payment to the Bank at the applicable place in the applicable Currency).

(g) No registration tax, stamp duty or similar tax or duty imposed by any governmental authority arises in connection with the execution, delivery and performance of this Guaranty by such Guarantor.

(h) No litigation, arbitration, investigation or proceeding of or before any court, arbitrator or administrative or governmental authority is currently pending or, to the knowledge of such Guarantor, threatened (i) with respect to this Guaranty or any of the transactions contemplated hereby, or (ii) against or affecting such Guarantor, or any of such Guarantor's assets, or (iii) which could affect the business operations, assets, liabilities or condition, financial or otherwise, of such Guarantor or such Guarantor's ability to enter into, execute or deliver this Guaranty or prejudice in a material manner such Guarantor's ability to fulfill such Guarantor's obligations pursuant to this Guaranty.

(i) The financial statements of such Guarantor which have been furnished to the Bank have been prepared in accordance with generally accepted accounting principles consistently applied, and fairly present the correct financial condition of such Guarantor as of their respective dates; and there has been no subsequent material adverse change in the business, operations, assets, liabilities or condition, financial or otherwise, of such Guarantor.

(j) There is no fact that such Guarantor has not disclosed to the Bank in writing that could materially and adversely affect such Guarantor's business, operations, assets, liabilities or condition, financial or otherwise, or such Guarantor's ability to perform under this Guaranty.

(k) Such Guarantor is not, and upon such Guarantor's execution and delivery of this Guaranty to the Bank such Guarantor will not be, Insolvent; in exchange for executing and delivering this Guaranty to the Bank, such Guarantor has received or will have received Reasonably Equivalent Value; such Guarantor's execution and delivery of this Guaranty does not constitute a Fraudulent Transfer; such Guarantor's execution and delivery of this Guaranty is not made with intent to hinder, delay or defraud any Creditor; and this Guaranty cannot be set aside, avoided or rendered unenforceable in whole or in part by virtue of any Fraudulent Transfer Law.

(l) Such Guarantor has not provided any Credit Support with respect to the Debt of any Person other than this Guaranty.

(m) Such Guarantor believes that (i) the Guarantors do not have any Defense or Claim with respect to this Guaranty, any Credit Enhancement or any of the Liabilities, and (ii) there do not exist any facts and circumstances that could result in or constitute any such Defense or Claim.

(n) Such Guarantor has independently investigated, without reliance on the Bank, and is fully familiar with, (i) the identity, status and financial condition of each Debtor, (ii) all relationships, if any (whether business, financial, personal or otherwise), between and/or among any and all of the Debtors and any and all of the Guarantors, and (iii) the degree of risk assumed by such Guarantor hereunder.

(o) Such Guarantor has not relied upon and has not been induced to execute and deliver this Guaranty or to purchase any interest in any of the Debtors or any other Person or to take or refrain from taking any other action as a result of any Agreement, representation, warranty, statement, recommendation or information made or purportedly made by or on behalf of the Bank or any of its Agents, whether express or implied, written or oral, direct or indirect, and whether prior to or simultaneously with the date hereof.

(p) Neither the Bank nor any of its Agents has represented or indicated that the Bank will not enforce any provision of any Document.

9. **Contribution; Subordination; Subrogation**.

(a) If and to the extent that any Guarantor (the "Paying Guarantor") makes payment in respect of this Guaranty, then in furtherance and not limitation of any rights that the Paying Guarantor may have in law or equity, each other Guarantor shall have an obligation, upon demand by the Paying Guarantor, to pay to the Paying Guarantor an amount equal to the quotient of (x) the amount so paid by the Paying Guarantor, divided by (y) the total number of Guarantors.

(b) All direct or indirect claims and rights (whether for moneys advanced, services performed or assets sold and delivered or on account of any Subrogation Rights, whether for an indeterminate amount, a sum certain or a contingent claim), now existing or hereafter arising which any Guarantor may have against any other Obligated Party shall be subject and subordinate to the prior payment in full to the Bank of all of the Liabilities. Each Guarantor hereby assigns and transfers to the Bank, effective upon demand by the Bank for payment by such Guarantor of any amount hereunder, all such claims and rights and any proceeds thereof, and agrees that the Bank may, in its discretion, make and present in any bankruptcy or other proceeding such proofs or claims with respect thereto as the Bank may deem expedient or proper and may vote such proofs or claims in any such proceeding. Each Guarantor shall deliver upon demand by the Bank such additional documents as the Bank may request to evidence such subordination, assignment and transfer, including without limitation duly executed assignments. At any time when all the Liabilities shall not have been paid in full, each Guarantor shall (i) as trustee for the Bank, enforce all claims and rights against any other Obligated Party or any Credit Enhancement and collect all sums due from any other Obligated Party or any Credit Enhancement or with respect to any of the Liabilities, (ii) hold any amounts received on account thereof in trust for the benefit of the Bank, and (iii) pay all such amounts immediately to the Bank to be applied to the Liabilities, together with interest on all such amounts from the date of such receipt until paid to the Bank at the Applicable Interest Rate, without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

(c) Until all of the Liabilities shall have been paid in full, each Guarantor shall have no Subrogation Rights, and waives any right to enforce any right or remedy which the Bank has or may hereafter have against any other Obligated Party or in or against any Credit Enhancement.

10. **Reinstatement**. If (a) claim is ever made on the Bank for repayment or recovery of any amount received in payment or on account of any of the Obligations, and (b) the Bank repays all or part of such amount by reason of (i) any judgment, decree, order or award of any court, administrative body, arbitration panel or the like or (ii) any settlement or compromise of any such claim effected by the Bank with any such claimant (including any Obligated Party), then any such judgment, decree, order, award, settlement or compromise shall be binding upon all of the Guarantors, notwithstanding the release or cancellation of any Document, and the Guarantors shall be and remain liable hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by the Bank.

11. **Agreements, Representations, Amendments and Waivers.** No Agreement or representation by the Bank, and no amendment or waiver of any provision of this Guaranty nor consent to any departure therefrom by any of the Guarantors shall be effective unless in writing and duly signed by at least two duly authorized officers of the Bank, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Bank to exercise, and no delay in exercising, any right under any Document or otherwise, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. In the case of any Agreement (including but not limited to any Commitment) given or made by the Bank to any Person or Persons (which may or may not include one or more of the Guarantors), (a) such Agreement shall not inure to the benefit of any of the Guarantors to whom such Agreement was not given or made by the Bank (the "Other Guarantor" or "Other Guarantors"), (b) none of the Other Guarantors shall be deemed to be a third party beneficiary thereof, (c) the Bank shall have absolutely no responsibility or liability to any of the Other Guarantors with respect to any breach thereof or failure by the Bank to abide by, or comply with, any such Agreement, and (d) each of the Other Guarantors waives and gives up any rights that each such Other Guarantor may have, on account of any such Agreement or any such breach or failure, to assert any Defense or Claim against the Bank.

12. **Cumulative Rights; Reservation of Rights; Arms' Length Transaction**. The rights and remedies herein provided to the Bank are in addition to, and are not exclusive or in substitution for, any rights or remedies available to the Bank at law or in equity or under any other Agreement or other document which any Person (including but not limited to any Guarantor) may have executed or may hereafter execute in favor of or for the benefit of the Bank, all of which are cumulative and may be exercised by the Bank in whole or in part from time to time. The Bank shall be deemed to have reserved its rights against each Guarantor in connection with any settlement, compromise, discharge or release of any other Obligated Party or any Document. The joint and several liabilities of the Guarantors hereunder shall not be reduced or limited by reason of any similar or dissimilar guaranty or other Document executed in favor of the Bank by any Person, and this Guaranty shall be enforceable against each of the Guarantors jointly and severally without regard thereto. This Guaranty represents an arms' length transaction between the Guarantors and the Bank. Each Guarantor agrees and consents that this Guaranty shall not be, and waives any right to require that this Guaranty be, construed against the Bank on the ground that the Bank has prepared it.

13. **Covenants**. Subject to any other written Agreement between the Bank and any Person relating to the same subject matter, each Guarantor shall:

(a) furnish to the Bank copies of such Guarantor's financial statements and such other information relating to such Guarantor's business, operations, assets, liabilities and condition, financial or otherwise, promptly when, and in such form as, reasonably required or requested by the Bank. Without limiting the foregoing, it shall be deemed reasonable for the Bank to require or request that as soon as available but in any event (i) within one hundred twenty (120) days of the end of each fiscal year of such Guarantor, such Guarantor shall furnish a copy of such Guarantor's audited financial statements prepared on a consolidated basis as of the end of the fiscal year prepared by CohnReznick LLP or other independent certified public accountants of nationally recognized standing reasonably acceptable to the Bank, and in addition, no later than the delivery of such audited financial statements, such Guarantor shall furnish to the Bank the corresponding consolidating balance sheets of such Guarantor and each of its Subsidiaries as at the end of each fiscal year and statements of income and of cash flows for such fiscal year; (ii) within 60 days of the end of each of the first three fiscal quarters of a Guarantor that is an Entity, such Guarantor shall furnish a copy of its unaudited financial statements prepared on a consolidated and consolidating basis as of the end of the fiscal quarter, certified by its chief executive, operating or financial officer;

(b) permit any of the Bank's Agents to visit such Guarantor's premises upon not less than two (2) Business Days' prior notice during normal business hours and to examine and make photographs, copies and extracts of such Guarantor's property and of its books and records;

(c) take or cause to be taken any and all action that may be necessary or appropriate (to the extent legally permissible) to cause or permit the Debtors to perform all of the Obligations, and shall not take or cause to be taken any action that may prevent or interfere with any Debtor's performance thereof; and

(d) not enter into any Agreement or purchase any interest in any of the Debtors or other Persons or take or refrain from taking any other action as a result of or in reliance upon any Agreement, representation, warranty, statement, recommendation or information made or purportedly made by or on behalf of the Bank or any of its Agents, whether express or implied, written or oral, direct or indirect, or prior to, simultaneously with or subsequent to the date hereof.

14. **Transfers; Successors and Assigns**.

(a) No Guarantor shall effect or attempt a Transfer of any of the Liabilities without the Bank's prior written consent. Notwithstanding the foregoing, this Guaranty shall be binding upon each Guarantor and upon each Guarantor's executors, administrators, successors, assigns and Transferees (each of which shall be a "Guarantor" hereunder).

(b) This Guaranty shall inure to the benefit of and be enforceable by the Bank and its successors, assigns and Transferees. Without limiting the foregoing, the Bank may make a Transfer of any and all of the Liabilities and Documents to any other Person without notice to or the consent of any of the Guarantors, and the Transferee shall thereupon become vested with all of the Bank's rights in respect thereof. The Bank is authorized to disclose to any prospective or actual Transferee any information that the Bank may have or acquire about any Obligated Party and any information about any other Person submitted to the Bank by or on behalf of any Obligated Party. Each Guarantor waives all defenses (except such defenses as may be asserted against a holder in due course of a negotiable instrument) which each Guarantor may have or acquire against any Transferee who receives a Transfer of this Guaranty, or any complete or partial interest in it, for value, in good faith and without notice that it is overdue or has been dishonored or of any defense against or claim to it on the part of any Person.

15. **Intentionally Omitted.**

16. **Notices**. All notices and other communications provided for hereunder shall be in writing and, if to the Guarantors, mailed or faxed or delivered to the address set forth on the signature page below, and if to the Bank, mailed or delivered to 1177 Avenue of the Americas, New York, New York 10036, to the attention of the Department, or as to each party at such other address as shall be designated by such party in a written notice to the other party or parties, as the case may be. All such notices and other communications to the Guarantors shall be effective when deposited in the mail, sent by fax or delivered, addressed as aforesaid, and all such notices and other communications to the Bank shall be effective when actually received by the Department.

17. **Litigation**. This Guaranty 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 in the State of New York without regard to conflict or choice of law rules. Any legal action or proceeding with respect to this Guaranty may be brought in any court of record of the State of New York, County of New York, or of the United States of America for the Southern District of New York. By execution and delivery of this Guaranty, the Guarantors hereby accept, consent and submit to, generally and unconditionally, the jurisdiction of the aforesaid courts over the Guarantors and their property. Each Guarantor agrees not to, and hereby irrevocably waives the right to, commence a legal action or proceeding against the Bank in any jurisdiction worldwide other than the aforesaid courts, unless the Bank specifically consents thereto in writing. In connection with any action or proceeding between any of the Guarantors and the Bank, each Guarantor agrees not to, and hereby irrevocably waives the right to, interpose (i) any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens, which such Guarantor may now or hereafter have to the bringing of any such action or proceeding in such jurisdiction and/or (ii) any claim for consequential, special or punitive damages and/or (iii) any setoff, counterclaim or cross-claim. The Guarantors irrevocably consent to the service of process on each Guarantor in any such action or proceeding by the mailing of copies thereof by certified or registered mail, postage prepaid, to the Guarantors at the address set forth on the signature page below. Nothing herein shall affect the right of the Bank to serve process in any other manner permitted by law or to commence any legal action or proceeding or otherwise proceed against any of the Guarantors in any jurisdiction worldwide.

18. **Counterparts**. This Guaranty may be signed in any number of counterparts. Any counterpart signed by any Guarantor (a "Signing Guarantor") shall constitute a full original Guaranty of such Guarantor for all purposes, regardless of whether any counterpart is signed by any other Guarantor. Any reference herein to the execution of this Guaranty shall include the execution of any counterpart. The obligations of any Signing Guarantor hereunder are not conditioned on any other Guarantor's execution of this Guaranty.

19. **Definitions**. As used herein, the following terms have the meanings indicated:

Agent: any director, officer, employee, agent or representative.

Additional Liabilities: The liabilities under Sections 7 and 9.

Agreement: an agreement, commitment, covenant, instrument, note, representation, understanding or warranty (including but not limited to any Commitment, Credit Support or Document) given or made to or with any Person.

Applicable Interest Rate: the highest lawful rate then permitted by applicable law in the State of New York, or if no such rate exists, the highest lawful rate permitted under such other applicable law as the Bank may choose in its discretion.

Bank: Bank Hapoalim B.M.

Bankruptcy Code: the U.S. Bankruptcy Code as in effect and as amended from time to time and any successor thereto.

Claim: any right of setoff, claim, counterclaim or cross-claim of any Obligated Party against the Bank and/or any of its Agents.

Commitment: an Agreement, commitment or obligation of the Bank, whether or not in writing, whether express or implied, and whether or not by operation of law, given to any Person (including but not limited to any Obligated Party) to give or to continue any financial accommodations to any of the Debtors or to change, alter, amend, modify, renew, extend the time of payment of, increase or decrease any of the Obligations.

Commodity Exchange Act: the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

Credit Enhancement: any Credit Support with respect to any of the Obligations. Any reference herein to "any Credit Enhancement" shall be understood to include but not be limited to this Guaranty.

Creditor: any Person to whom any Guarantor owed or owes any Debt or otherwise was, became, is or becomes indebted, and any other creditor within the meaning under or as defined in each respective Fraudulent Transfer Law.

Credit Support: any collateral, security interest, mortgage, pledge, lien, security, margin, guaranty, insurance, letter of credit, indemnity, subordination, comfort letter, risk participation, repurchase agreement, put, option, banker's lien, setoff, right of offset or netting agreement, or any Agreement pursuant to which a Person agrees to be contingently liable with respect to any Debt of any other Person or Persons, or any other credit support with respect to any Debt of any Person or Persons.

Currency: the lawful currency of any country or the eurocurrency.

Debt: an obligation of any sort for the payment of money in any Currency in any jurisdiction worldwide, and however evidenced, whether (a) principal or otherwise, (b) absolute or contingent, (c) secured or unsecured, (d) joint, several or independent, (e) now or hereafter existing, and (f) created directly or acquired by Transfer or otherwise.

Debtor, Debtors: as specified on the signature page below.

Defense: any fact or circumstance (a) that may affect, suspend, impair, discharge, release, cancel, modify, limit or be a defense (including but not limited to any suretyship defense) to any of the Liabilities of any Obligated Party or any Document or of any of the Bank's rights or remedies with respect thereto, or (b) that may bar enforcement thereof by the Bank.

Department: the department of the Bank responsible for administering the Bank's relationship with the Debtors with respect to the Obligations.

Document: an Agreement of any Obligated Party relating to any of the Obligations and/or Liabilities. Any reference herein to "any Document" shall be understood to include but not be limited to any Credit Enhancement.

Effective Revocation Time: the close of business on the day that the Department receives written notice of revocation signed by any of the Guarantors.

Entity: any Person other than a natural person.

Excluded Swap Obligations: with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the guaranty hereunder of such Guarantor of such Swap Obligation (or any guaranty thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guaranty of such Guarantor becomes effective with respect to such Swap Obligation. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such guaranty hereunder or security interest is or becomes illegal.

Expenses: (a) except as set forth in clause (b), all reasonable documented costs and expenses (including but not limited to reasonable fees and disbursements of counsel) incurred by the Bank in connection with this Guaranty or any of the Liabilities including, but not limited to, (i) any amendment, modification, extension or waiver with respect to any of the Liabilities, and/or (ii) any deduction, withholding, registration tax, stamp tax or similar tax or duty applicable to any payment of any of the Liabilities. and (b) all documented costs and expenses (including but not limited to reasonable fees and disbursements of counsel) incurred by the Bank in connection with the enforcement of this Guaranty or any of the Liabilities including but not limited to those for (i) any action taken, whether or not by litigation, to collect, or to protect rights or interests with respect to, any of the Liabilities, or to preserve, protect, secure, insure, obtain or perfect any Credit Enhancement, (ii) compliance with any legal process or any order or directive of any governmental authority with respect to any Obligated Party, and (ii) any litigation, arbitration or administrative proceeding relating to any Obligated Party.

Fraudulent Transfer: a "fraudulent transfer", "fraudulent conveyance" or similar term within the meaning under or as defined in each respective Fraudulent Transfer Law.

Fraudulent Transfer Law: the Bankruptcy Code, the New York Debtor and Creditor Law, or the law of any jurisdiction (domestic or foreign) as in effect and as amended from time to time and all successors thereto relating to fraudulent transfers, fraudulent conveyances and/or similar matters.

Guarantor, Guarantors: as specified on the signature page below, and as further defined in Section 14(a).

Guaranty: this Guaranty.

Insolvent as to a Person: (a) insolvent or (b) engaged or about to be engaged in a business or a transaction for which any property remaining with the Person is an unreasonably small capital, or (c) intending to incur or believing that the Person will incur debts that would be beyond the Person's ability to pay as such debts mature, all within the meaning under or as defined in each Fraudulent Transfer Law.

Liabilities: (a) all Obligations and (b) all obligations (including those incurred hereunder) of all Obligated Parties incurred directly or indirectly in respect of any of the Obligations and/or in respect of any Document *provided* that the term Liabilities shall not include Excluded Swap Obligations.

Nonprincipal Obligations: all Obligations, whether interest, fees, expenses or otherwise, other than principal.

Nonrevocable Obligation: any Obligation (including any extension or rollover thereof and any Nonprincipal Obligations accruing thereon after the Effective Revocation Time) that (i) is, or (ii) relates to a contingent liability of the Bank or to a Commitment that in either case was, outstanding on or prior to the Effective Revocation Time.

Obligated Party: (a) each Debtor; (b) each Guarantor; (c) any other Person directly or contingently liable for any of the Obligations, including but not limited to any maker, co-maker, endorser, accommodation party, guarantor, surety or indemnitor with respect to any of the Obligations; (d) any Person providing or issuing any Credit Enhancement with respect to any of the Obligations; or (e) if any Obligated Party is a partnership or joint venture, any general partner or joint venturer therein. Without limiting the foregoing, any reference herein to "any Obligated Party" shall include but not be limited to all of the Debtors and all of the Guarantors, and as to each Guarantor any reference herein to "any other Obligated Party" shall include but not be limited to all of the Debtors and all of the Guarantors other than such Guarantor.

Obligation: any Debt of any Debtor and of any successor, assign or Transferee thereof (including any successor of a Debtor that is a partnership or joint venture), whether (a) due or to become due to, or held or to be held by, the Bank, and (b) for the Bank's own account or as agent for another or others *provided* that the term Obligation shall not include Excluded Swap Obligations..

Person: any natural person, firm, partnership, joint venture, company, corporation, limited liability company, unincorporated organization or association, trust, estate, governmental authority or any other entity. Without limiting the foregoing, any reference herein to "any Person" shall include but not be limited to any Obligated Party, and as to each Guarantor any reference herein to "any other Person" shall include but not be limited to any other Obligated Party.

Reasonably Equivalent Value: "reasonably equivalent value", "fair consideration" or similar term within the meaning under or as defined in each respective Fraudulent Transfer Law.

Subrogation Rights: all legal and equitable rights and claims arising from the existence or performance of this Guaranty that any of the Guarantors may now or hereafter have, including without limitation all rights of subrogation, indemnity, reimbursement, exoneration and/or contribution, and including without limitation any such right or claim against or with respect to any property (including without limitation any Credit Enhancement) of any Obligated Party.

Swap Obligation: with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act.

Transfer: any negotiation, assignment, participation, conveyance, grant of security interest, lease, delegation, or any other direct or indirect transfer of complete or partial, legal, beneficial, economic or other interest or obligation.

Transferee: any Person to whom a Transfer is made.

SIGNATURE PAGE

Each of the Guarantors makes this Guaranty in favor of the Bank, and each agrees to be bound jointly and severally by the terms and conditions of this Guaranty, both the general terms and conditions set forth above and the specific terms and conditions set forth below.

a) **Debtor(s) [print full name(s)]:**

JR Licensing, LLC

b) **Type of Guaranty:**

☒ Unlimited

☐ Limited as to the aggregate principal sum of $, plus a prorated amount of the Nonprincipal Obligations.

c) **OPPORTUNITY TO CONSULT WITH COUNSEL**. **Each Guarantor acknowledges having had the opportunity to consult with legal counsel prior to executing this Guaranty.**

d) **JURY TRIAL WAIVER. Both the Bank and the Guarantors waive and give up the right to a jury trial with respect to any dispute, action or proceeding relating to this Guaranty or any of the Obligations or Liabilities; any legal action or proceeding relating to this Guaranty or any of the Obligations or Liabilities shall take place without a jury.**

Date: April 1, 2014

SIGNATURE(S) AND IDENTIFICATION:

XCEL BRANDS, INC.

By: /s/ James Haran
Print Name: James Haran
Title: CFO

Guarantors' address and fax number for purposes of notice:

Address:
475 Tenth Avenue
New York, New York 10018

Fax: (347) 727-2481

Email:Jharan@xcelbrands.com

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made as of April 1, 2014 by and between Xcel Brands, Inc. a Delaware corporation (the "Company"), and Judith Ripka Berk (the "Executive"), each a "Party" and collectively the "Parties." Unless otherwise indicated, capitalized terms used herein are defined in Section 2.1. Capitalized terms used herein but not defined herein shall have the meanings ascribed thereto in the Purchase Agreement (as hereafter defined).

WHEREAS, the Company has determined that it is in the best interests of the Company and its shareholders to enter into an employment agreement with the Executive and the Executive is willing to serve as an employee of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein, as defined below, it is agreed by and between the Executive and the Company as follows:

ARTICLE I
EMPLOYMENT TERMS

1.1 Employment. The Company will employ the Executive, and the Executive accepts employment with the Company, upon the terms and conditions set forth in this Agreement for the period beginning on the Effective Date and ending as provided in Section 1.4(a) hereof.

1.2 Position and Duties.

(a) Generally. The Executive shall:

(i) serve as the Chief Design Officer of the JR Brands, and in such capacity shall be responsible for providing design input, design sketches, and design guidance to the President and/or Creative Director of JR Brands, shall perform such duties as are customarily performed by an officer with similar title and responsibilities of a company of a similar size (including, without limitation, the performance of Executive's duties and obligations under agreements with the Company's licensees or any other third-party pursuant to which Executive has agreed to, and is obligated to, perform personal services, including QVC) and shall have such power and authority as shall reasonably be required to enable her to perform her duties hereunder; provided, however, that in exercising such power and authority and performing such duties, she shall (x) at all times be subject to the authority, control and direction of the Chairman and CEO of the Company and (y) abide by the Media and Press Guidelines attached hereto as Exhibit B;

(ii) make such In-Store Appearances during normal retail business hours to promote the JR Brands as reasonably requested in advance in writing by the Company within the United States and Canada;

(iii) promote JR Brands through social media, television media, and other media as reasonably requested by the Company in a manner consistent with Executive's obligations under the QVC Agreement; provided that the Executive shall not be required to make television appearances except as contemplated by clauses (iv) and (v) below;

(iv) make at least eighty percent (80%) of all Appearances on QVC between 10:00 a.m. and 1:00 a.m. New York time (the "Prime Hours") in accordance with the License Agreement dated April 3, 2014 by and among the Company, JR Licensing, LLC, QVC, Inc., and Executive related to the JR Brands (the "QVC Agreement); provided, however, in no event shall the number of Appearances required during the third year of the Term or thereafter be materially increased from the second year of the Term as currently specified in the QVC Agreement; and

(v) make prime time appearances on The Shopping Channel in Canada as reasonably requested by the Company, provided that Executive shall not be obligated to travel to Canada more than three times per calendar year, with each trip to Canada requiring not more than 12-14 hours of on-air time over a one to two day period.

(b) Duties and Responsibilities. The Executive shall report exclusively to the Chairman and CEO or the Chief Operating Officer of the Company and shall devote her full business time and attention to the business and affairs of the Company and its Subsidiaries. The Executive shall perform her duties and responsibilities in a diligent, trustworthy, businesslike and efficient manner. The Executive shall not engage in any other business activities that conflict with the Executive's duties, responsibilities and obligations hereunder; provided, however, that, it shall not be a violation of this Agreement for the Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) manage passive personal investments, (iii) undertake the business contemplated by the Wholesale License, (iv) sell or distribute Inventory as contemplated by Section 6.11 of the Purchase Agreement, and (v) exercise the Retained Media Rights, so long as, in each case, any such activities do not materially interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. Notwithstanding anything to the contrary contained in this Agreement, Executive's primary business focus must be with respect to her obligations hereunder. Subject to the Retained Media Rights and the rights of Executive to undertake the business contemplated by the Wholesale License, during the Term, the Executive shall promptly bring to the Company all investment or business opportunities and creative design ideas relating to the JR Business, of which the Executive becomes aware.

(c) Principal Office. The principal place of performance by the Executive of her duties hereunder shall be at her residence in Florida, although the Executive may be required to travel, upon reasonable advance notice to the Company's principal executive offices in New York City or otherwise in connection with the business of the Company. Such travel costs shall be reimbursed as set forth in Section 1.3(d).

1.3 Compensation.

(a) Base Salary. The Executive's base salary shall be not less than $750,000 per annum following the Effective Date (respectively, the "Base Salary"). The Base Salary will be payable to the Executive by the Company in regular installments in accordance with the Company's general payroll practices. The Executive shall receive such increases (but not decreases) in her Base Salary as the Board of Directors of the Company (the "Board"), or the compensation committee of the Board, may approve in its sole discretion from time to time.

(b) Bonus.

(i) In the event that the DRT Royalty Income exceeds Six Million Dollars ($6,000,000) in any calendar year during the Term, the Executive shall be entitled to a bonus (in each case, a "DRT Bonus") equal to ten percent (10%) of the DRT Royalty Income in such calendar year in excess of Six Million Dollars ($6,000,000), which amount of DRT Royalty Income shall be pro-rated during any year of the term in which the Executive is employed for less than a full year (e.g., the first and last year of the term). Notwithstanding the foregoing, if in such calendar year Executive did not make at least eighty percent (80%) of all Prime Hours Appearances on QVC in accordance with the QVC Agreement, DRT Royalty Income shall be calculated based solely on Net Royalty Income booked by the Company in connection with those Appearances made by the Executive in such calendar year.

(ii) As soon as practicable after the end of the applicable calendar year, but in no event later than thirty (30) days following the end of such period, the Company shall deliver to the Executive (i) a statement prepared by the Company of the calculation of the amount of the DRT Royalty Income and DRT Bonus; and (ii) if requested by Executive, supporting documentation of the determination of DRT Royalty Income for the applicable period (collectively, (i) and (ii), the "Reconciliation"). The Executive shall, within five (5) days following her receipt of the Reconciliation, accept or reject the Reconciliation submitted by the Company. If the Executive disagrees with such calculation, it shall give written notice to the Company of such disagreement and any reason therefor (the "Notice of Disagreement") within such five (5) day period. Should the Executive fail to provide the Company with a Notice of Disagreement within such five (5) day period, the Executive shall be deemed to agree with the Company's Reconciliation. During the ten (10) days immediately following the delivery of a Notice of Disagreement (or such longer period agreed by the parties), the Executive and the Company shall seek in good faith to resolve in writing any differences which they may have with respect to the matters specified in such Notice of Disagreement. If such differences have not been resolved by the end of such ten (10)-day period (or such longer period agreed by the Parties), the Executive and the Company shall submit to the New York office of a nationally recognized firm of certified public accounts mutually agreeable to the parties and which has certified that it has no business dealings with either party or any of its Affiliates (the "Arbitrator") for review and resolution of any and all matters which remain in dispute and which were included in any Notice of Disagreement. The Arbitrator shall act as an arbitrator and shall deliver to Executive and the Company a written determination as to the Reconciliation (such amounts to be calculated in accordance with GAAP, and such determination to include a work sheet setting forth all material calculations used in arriving at such determination), within thirty (30) days after such dispute is referred to the Arbitrator. The Executive on the one hand, and the Company on the other hand, shall bear all costs and expenses incurred by it in connection with such arbitration, except that the fees and expenses of the Arbitrator hereunder shall be borne by the Executive and the Company in such proportion as the Arbitrator shall determine based on the relative merit of the position of the parties. This provision for arbitration shall be specifically enforceable by the Parties and the decision of the Arbitrator in accordance with the provisions hereof shall be final and binding with respect to the matters so arbitrated and there shall be no right of appeal therefrom, absent manifest error by the Arbitrator.

(iii) Subject to adjustment as provided in the preceding sentences, the DRT Bonus, if any, as initially calculated by the Company, shall be paid to the Executive not later than five (5) days after the Company's initial delivery of the Reconciliation, but in no event later than March 15th of the calendar year following the applicable calendar year, except to the extent the Executive timely provides the Company with a Notice of Disagreement and the subject of such Notice of Disagreement is not resolved prior to March 15th of the calendar year following the applicable calendar year, in which case the DRT Bonus initially calculated by the Company as stated in the Reconciliation shall be paid prior to March 15 of such calendar year, and in the event the amount finally determined as the DRT Bonus is greater than the DRT Bonus initially calculated by the Company as stated in the Reconciliation, such excess shall be paid to Executive within five (5) days following the final determination of the DRT Bonus.

In addition to, and not in lieu of, the foregoing, the Executive shall have the right to participate in all employee bonus plans offered to other employees without regard to the DRT Bonus, and such other bonus payments as the Board, or the compensation committee of the Board, may approve in its sole discretion. Such bonus payments, if any, shall be paid at the same time paid to other recipients but in no event later than sixty (60) days after the end of the applicable calendar year or fiscal period. All bonuses payable under this Section 1.3(b) shall be, collectively, referred to herein as "Bonus."

(c) Withholding. All payments made under this Agreement (including Base Salary, Bonus payments, and other amounts) shall be subject to withholding for income taxes, payroll taxes and other legally required deductions.

(d) Expenses. The Company will reimburse the Executive for all reasonable expenses incurred by her in the course of performing her duties under this Agreement that are consistent with the Company's policies in effect at that time with respect to travel, entertainment and other business expenses, subject to the Company's requirements with respect to reporting and documentation of such expenses. Notwithstanding any Company policy to the contrary, such travel expenses shall include business class airfare (or, to the extent not offered, first class) and first class accommodations of her choice (provided such accommodations do not exceed $600 per night), except that no expenses shall be reimbursed for (x) travel (exclusive of accommodations) between Executive's residence and QVC's offices in Pennsylvania, or (y) travel (exclusive of accommodations) between the Company's principal offices in New York City and QVC's offices in Pennsylvania. In addition, expenses for travel between Executive's residence in Florida and the Company's principal offices in New York City shall only be reimbursed to the extent that (A) Executive has not already planned to be in New York City on the specific dates that the Company requests her to go to New York City, (B) such trip does not coincide with a planned trip to QVC's offices in Pennsylvania, and (C) Executive has already traveled to New York upon the Company's request other than under the circumstances described in (A) or (B) at least one time in the calendar month in which such travel is proposed by the Company to take place. All expense reimbursement payments for documented expenses shall be made in accordance with the Company expense reimbursement policy. In addition, the Company shall reimburse the Executive (i) for up to $114,000 of non-accountable expenses incurred during each calendar year (pro-rated for any partial calendar year during the Term) and (ii) $1,000 per month for rent of Executive's home office, in either case, without regard to whether such expenses would be reimbursable under the Company's expense reimbursement policy. Executive shall notify the Company of all non-accountable expenses no later than January 15 of the year following the calendar year in which such expenses were incurred. All expense reimbursement payments for non-accountable expenses shall be made within thirty (30) days after the date that the Executive notifies the Company of such expense.

(e) Vacation; Holiday Pay and Sick Leave. The Executive shall be entitled to four (4) weeks' paid vacation in each calendar year, which if and to the extent not taken during any year may be carried forward to any subsequent year. Executive shall receive holiday pay and paid sick leave as provided to other executive employees of the Company.

(f) Additional Benefits. During the Term, the Executive shall be entitled to participate (for herself and, as applicable, her dependents) in the group medical, life, 401(k) and other insurance programs, equity and equity-based incentive plans, employee benefit plans and perquisites which may be adopted by the Board, or the compensation committee of the Board, from time to time, for participation by the Company's senior management or executives, as well as dental, life and disability insurance coverage, with payment of, or reimbursement for, such insurance premiums by the Company, subject to, in all cases, the terms and conditions established by the Board with respect to such plans (collectively, the "Benefits"); provided, however, that the Board, in its reasonable discretion, may revise the terms of any Benefits so long as such revision does not have a disproportionately negative impact on the Executive vis-à-vis other Company employees to the extent applicable.

(g) Indemnification. The Executive shall be entitled to indemnification by the Company in the same circumstances and to the same extent as the other executive officers and directors of the Company, which indemnification shall in no event be less favorable to the Executive than the fullest scope of indemnification permitted by applicable Delaware law (or any such greater scope of indemnification provided by agreement or by the terms of the Company's Certificate of Incorporation or By-Laws to any executive officer or director of the Company).

(h) D&O Insurance. The Company shall acquire and maintain Directors' and Officers' insurance for the Company's directors and officers (including the Executive), with coverage in amounts reasonably sufficient to protect the Company's directors and officers, but in all events with coverage in amounts no less than such amounts customarily maintained by similarly situated companies. Upon a Change of Control, the Company shall purchase, or cause to be purchased, a tail policy for the period of one year in an amount reasonably sufficient to protect the Company's former directors and officers, but in all events with coverage in amounts no less than such amounts obtained by similarly situated companies in similar events.

(i) Other Benefits. During the Term, the Company shall (i) employ a full-time executive assistant for Executive whose salary shall be consistent with other staff of the Company at a similar level and position, (ii) allow the Executive to participate in the Company's disability insurance policy (the "Disability Policy"), which shall name the Executive as loss payee; and (ii) pay for directly, or reimburse the Executive, for the Executive's cell phone and internet expenses, which reimbursements shall be independent of the amounts provided for in Section 1.3(d).

1.4 Term and Termination.

(a) Duration. The Term shall commence on the Effective Date and the initial term shall terminate three (3) years from the Effective Date (the "Initial Term"), unless earlier terminated by the Company or the Executive as set forth in this Section 1.4. After the Initial Term, the Company shall have the option to renew this Agreement for two successive one-year periods (each a "Renewal Period") on the same terms and conditions as those in effect during the third year of the Initial Term. The Initial Term plus any Renewal Period is referred to herein as the "Term". The Executive's employment shall be terminated prior to the then-applicable expiration of the Term upon the first to occur of (i) termination of the Executive's employment by the Company for Cause, (ii) termination of the Executive's employment by the Company without Cause, (iii) the Executive's resignation with Good Reason, (iv) the Executive's resignation other than for Good Reason, or (v) the Executive's death or Disability. Neither the Company nor the Executive shall terminate the Executive's employment, with or without Good Reason or Cause, as the case may be, unless written notice is given that she or it intends to terminate the Executive's employment at least 30 days prior to the Executive's proposed Termination Date. As a condition to Executive receiving any payments or benefits under Section 1.4(b)(2) and (3) or Section 1.4(c) (but not amounts payable pursuant to Section 1.4(b)(1)), the Executive shall execute and deliver to the Company the General Release of claims relating solely to the Executive's employment with the Company within 60 days after the Termination Date in the form attached hereto as Exhibit A. If the Executive does not execute and deliver the General Release within that time period then the amounts otherwise payable pursuant to Section 1.4(b)(2) shall be forfeited. The first payment under Section 1.4(b) shall include any amounts payable under Section 1.4(b) for periods prior to execution of such General Release.

(b) Severance Upon Termination Without Cause or Upon Resignation by the Executive For Good Reason. If the Executive's employment is terminated by the Company without Cause prior to the end of the Initial Term or any Renewal Term (unless the Company provides written notice of its intention not to renew in accordance with Section 1.4(a) above) or if the Executive resigns for Good Reason, then the Executive will be entitled to receive (1) any unpaid Base Salary through and including the date of termination or resignation and any other amounts, including any amounts due for Bonus and unreimbursed expenses or other entitlements required to be paid to the Executive with respect to periods ending on or prior to the Termination Date; (2) an amount equal to the Executive's Base Salary (at the rate that would have been effect pursuant to Section 1.3(a) had such employment not been terminated) for the longer of (x) six (6) months from the Termination Date, and (y) the remainder of the then-current Term, but in no event exceeding eighteen (18) months as the case may be, the "Severance Period"), payable in substantially equal installments over the Severance Period in accordance with the Company's normal payroll practices; provided, however, that prior to the date that is six months and one day after the Termination Date, no payments would be made that exceed the lesser of two times: (i) the sum of (A) the Executive's Base Salary (at the rate in effect on the date of termination), (B) the Bonus paid to Executive pursuant to Section 1.3(b) in the prior calendar year, and (C) any other taxable compensation paid to the Executive in the prior calendar year; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to section 401(a)(17) for the year in which the Executive has a termination of employment; and any amount in excess of the applicable limits shall be paid on the date that is six months and one day after the Termination Date; and (3) continue to participate in the Company's group medical plan on the same basis as she previously participated or, if such participation would violate the provisions of Section 409A of the Code or applicable nondiscrimination regulations under the Patient Protection and Affordable Care Act (PPACA), receive reimbursement for, COBRA premiums (or, if COBRA coverage is not available, reimbursement of premiums paid for other medical insurance in an amount not to exceed the COBRA premium) for the Severance Period; provided that if the Executive is provided with health insurance coverage by a successor employer, any such coverage by the Company under subclause (3) shall cease (each of (1), (2) and (3) referred to as the "Severance Payment"). The Executive also shall be entitled to receive payment for (i) all reimbursable expenses or other entitlements then required to be paid to the Executive with respect to periods ending on or prior to the Termination Date under Section 1.3(d) (other than non-accountable expenses which shall be reimbursed pursuant to clause (ii) below), which payments shall be made in accordance with the Company expense reimbursement policy; provided, however, in no event shall any expense reimbursements by the Company be made later than the last day of the calendar year after the calendar year in which the expense was incurred, and (ii) all non-accountable expenses incurred prior to the Termination Date that are reimbursable under Section 1.3(d), which payments shall be made in accordance with the terms of Section 1.3(d). If the Executive materially breaches her obligations under Section 1.5, 1.6, 1.7, 1.8 or 1.9 of this Agreement, the Company's obligation to make any Severance Payments and provide any Benefits shall cease as of the date of such breach; provided, that if the Executive cures such breach within 10 days of receiving written notice from the Company of such breach (which notice the Company shall provide promptly to the Executive after learning of such breach), the Company shall promptly pay all Severance Payments not made during such period of dispute and resume making Severance Payments and providing Benefits promptly following such cure.

(c) Severance upon a Change of Control. Anything contained herein to the contrary notwithstanding, in the event the Executive's employment hereunder is terminated within six (6) months following a Change of Control by the Company without Cause or by the Executive with Good Reason, the Executive shall be entitled to the Severance Payment as described in sub-section (b) above; provided, however, that in lieu of the calculation contained in Section 1.4(b)(2), Executive shall be entitled to receive a lump sum amount within 60 days after the Termination Date equal to two times the sum of (i) the Executive's Base Salary (at the average rate that would have been effect pursuant to Section 1.3(a) during the two years following the Termination Date) and (ii) the Bonus paid or due to the Executive pursuant to Section 1.3(b) in the year prior to such Change of Control, if any; provided, however, that prior to the date that is six months and one day after the Termination Date, no payment would be made that exceeds the lesser of two times: (i) the sum of (A) the Executive's Base Salary (at the rate in effect on the date of termination), (B) the Bonus paid to Executive pursuant to Section 1.3(b) in the prior calendar year, and (C) any other taxable compensation paid to the Executive in the prior calendar year, or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Section 401(a)(17) of the Code for the year in which the Executive has a termination of employment, and any amount in excess of such limits shall be paid on the date that is six months and one day after the Termination Date.

(d) Death and Disability. In the event the Company terminates this Agreement due to the death or Disability of the Executive, the Company shall pay the Executive her Base Salary through the date of termination, at the rate then in effect, and all expenses or accrued Benefits arising prior to such termination which are payable to the Executive pursuant to this Agreement through the date of termination. Any other rights and benefits the Executive may have under employee benefit plans and programs of the Company generally in the event of the Executive's death or Disability shall be determined in accordance with the terms of such plans and programs. In the event of Executive's death, any rights and benefits that the Executive's estate or any other person may have under employee benefit plans and programs of the Company generally in the event of the Executive's death shall be determined in accordance with the terms of such plans and programs.

(e) Salary and Other Payments Through Termination. If the Executive's employment with the Company is terminated during the Term (i) by the Company for Cause or (ii) by the Executive other than for Good Reason, the Executive will be entitled to receive her Base Salary through the Termination Date, but will not be entitled to receive any Severance Payments or Benefits after the Termination Date. The Executive shall also be entitled to receive payment for (i) all reimbursable expenses or other entitlements required to be paid to the Executive with respect to periods ending on or prior to the Termination Date under Section 1.3(d) (other than non-accountable expenses which shall be reimbursed pursuant to clause (ii) below), which payments shall be made in accordance with the Company expense reimbursement policy; provided, however, in no event shall any expense reimbursements by the Company be made later than the last day of the calendar year after the calendar year in which the expense was incurred, and (ii) all non-accountable expenses incurred prior to the Termination Date that are reimbursable under Section 1.3(d), which payments shall be made in accordance with the terms of Section 1.3(d).

(f) Other Rights. Except as set forth in this Section 1.4, all of the Executive's rights to receive Base Salary, Benefits and annual bonuses hereunder (if any) which accrue or become payable after the termination of the Executive's employment shall cease upon such termination.

(g) Continuing Benefits. Notwithstanding Section 1.4(f), termination pursuant to this Section 1.4 shall not modify or affect in any way whatsoever any vested right of the Executive to benefits payable under any retirement or pension plan or under any other employee benefit plan of the Company, and all such benefits shall continue, in accordance with, and subject to, the terms and conditions of such plans, to be payable in full to, or on account of, the Executive after such termination.

(h) No Duty of Mitigation. The Executive shall not be required to mitigate the amount of any payment provided for in this Article I by seeking other employment or otherwise; provided that in the event the Executive obtains any employment during the Severance Period, the amount of Severance Payments payable by the Company during the Severance Period and following the date Executive begins such employment shall be reduced by the cash compensation received by Executive in connection with such employment during the remainder of the Severance Period. For the sake of clarity, amounts received by Executive through the exercise of the Retained Media Rights or in connection with the Wholesale License shall not be deducted from any Severance Payments payable hereunder.

(i) nor shall the amount of any payment or benefit provided for under Article I be reduced by any compensation earned by Executive after the Termination Date.

(i) Acceleration of Vesting. If the Company shall terminate the Executive's employment without Cause or the Executive terminates her employment with Good Reason, then notwithstanding the vesting and exercisability schedule in any stock option or other grant agreement between the Company and the Executive, all unvested stock options, shares of restricted stock and other equity awards granted by the Company to the Executive pursuant to any such agreement shall immediately vest, and all such stock options shall become exercisable and shall remain exercisable for the remaining term of the applicable option. In the event of conflict between any stock option or other grant agreement between the Company and the Executive and this Agreement, this Agreement shall control.

1.5 Confidential Information.

(a) The Executive shall not disclose or, directly or indirectly, use at any time, during the Term or thereafter, any Confidential Information (as defined below) of which the Executive is or becomes aware, whether or not such information is developed by her, alone or with others, except to the extent that (i) such disclosure or use is required by the Executive's performance of the duties assigned to the Executive by the Board, (ii) the Executive is required by subpoena or similar process to disclose or discuss any Confidential Information, provided, that in such case, the Executive shall promptly inform the Company in writing of such event, shall reasonably cooperate with the Company in attempting to obtain a protective order or to otherwise limit or restrict such disclosure to the greatest extent possible, and shall disclose only that portion of the Confidential Information as is strictly required, or (iii) such Confidential Information is or becomes generally known to and available for use by the public, other than as a result of any action or inaction directly or indirectly by the Executive; provided that Executive may use Seller Information in connection with business contemplated by the Wholesale License, the sale or distribution of Inventory as contemplated by Section 6.11 of the Purchase Agreement, and the exercise of the Retained Media Rights, in each case, so long as such use is not tantamount to disclosure. At the Company's expense, the Executive shall take all reasonable steps to safeguard Confidential Information in her possession and to protect it against disclosure, misuse, espionage, loss and theft. The Executive acknowledges that the Confidential Information obtained by her during the course of her employment with the Company is the sole and exclusive property of the Company and its Subsidiaries, as applicable.

(b) The Executive understands that the Company and its Subsidiaries will receive from third parties confidential or proprietary information ("Third Party Information") subject to a duty on the part of the Company and its Subsidiaries to maintain the confidentiality of such information and to use it only for certain limited purposes. During the Term and in the period specified in such confidentiality agreements, and without in any way limiting the provisions of Section 1.5(a) above, the Executive will hold Third Party Information in confidence, consistent with the obligations applicable to Confidential Information of the Company generally, and will not disclose to anyone (other than personnel and agents of the Company or its Subsidiaries who need to know such information in connection with their work for the Company or its Subsidiaries) or use, except in connection with her work for the Company or its Subsidiaries, Third Party Information unless expressly authorized by the Board in writing.

(c) As used in this Agreement, the term "Confidential Information" means information that is not generally known to the public and that is related in any way to the actual or anticipated business of the Company, its Subsidiaries, its Affiliates or any of their respective predecessors in interest, including but not limited to (i) business development, growth and other strategic business plans, (ii) properties available for acquisition, financing development or sale, (iii) accounting and business methods, (iv) services or products and the marketing of such services and products, (v) fees, costs and pricing structures, (vi) designs, (vii) analysis, (viii) drawings, photographs and reports, (ix) computer software, including operating systems, applications and program listings, (x) flow charts, manuals and documentation, (xi) data bases, (xii) inventions, devices, new developments, methods and processes, whether patentable or unpatentable and whether or not reduced to practice, (xiii) copyrightable works, (xiv) all technology and trade secrets, (xv) confidential terms of material agreements and customer relationships, and (xvi) all similar and related information in whatever form or medium. Confidential Information shall not include any information that has become generally available to the public prior to the date the Executive proposes to disclose or use such information or general know-how of the Executive.

1.6 Inventions and Patents. Executive acknowledges that all discoveries, concepts, ideas, inventions, innovations, improvements, developments, products, methods, processes, techniques, programs, designs, analyses, drawings, reports, patents, copyrightable works and mask works (whether or not including any Confidential Information) and all issuances, registrations or applications related thereto, all other proprietary information or intellectual property and all similar or related information (whether or not patentable)(collectively, "Intellectual Property") conceived, developed, contributed to, made, or reduced to practice by Executive (either alone or with others) while employed by Company or any of its Subsidiaries or Affiliates or using the materials, facilities or resources of the Company or any of its Subsidiaries or Affiliates, other than the Retained Media Rights (collectively, "Company Works") are the sole and exclusive property of the Company and its Subsidiaries. Executive hereby assigns all right, title and interest in and to all Company Works to the Company and its Subsidiaries and waives any moral rights she may have therein, without further obligation or consideration. Any copyrightable work constituting Company Works prepared in whole or in part by the Executive will be deemed "a work made for hire" under Section 201(b) of the 1976 Copyright Act, and the Company and its Subsidiaries shall own all of the rights comprised in the copyright therein. The Executive shall promptly and fully disclose in writing all Company Works to the Company and shall cooperate with the Company and its Subsidiaries to protect, maintain and enforce the Company's and its Subsidiaries' interests in and rights to such Company Works (including, without limitation, providing reasonable assistance in securing patent protection and copyright registrations and executing all affidavits, assignments, powers-of-attorney and other documents as reasonably requested by the Company, whether such requests occur prior to or after termination of the Executive's employment with the Company).

1.7 Delivery of Materials Upon Termination of Employment. As requested by the Company from time to time and in any event upon the termination of the Executive's employment with the Company, the Executive shall promptly deliver to the Company, or at the Company's election destroy, all copies and embodiments, in whatever form or medium, of all Confidential Information, Company Works and other property and assets of the Company and its Subsidiaries in the Executive's possession or within her control (including, but not limited to, office keys, access cards, written records, notes, photographs, manuals, notebooks, documentation, program listings, flow charts, magnetic media, disks, diskettes, tapes, computers and handheld devices (including all software, files and documents thereon) and any other materials containing any Confidential Information or Company Works) irrespective of the location or form of such material and, if requested by the Company, shall provide the Company with written confirmation that all such materials have been delivered to the Company or destroyed, as applicable. Notwithstanding the foregoing, Executive shall be entitled to retain all information related to the Acquired Assets and the Business as conducted prior to the Closing Date (each as defined in the Purchase Agreement) to the extent Sellers are permitted to retain such materials pursuant to the Purchase Agreement; provided that such information shall remain subject to the confidentiality provisions of the Purchase Agreement.

1.8 Non-Compete and Non-Solicitation Covenants.

(a) The Executive acknowledges and agrees that the Executive's services to the Company and its Subsidiaries are unique in nature and that the Company and its Subsidiaries would be irreparably damaged if the Executive were to violate her obligations under this Section 1.8. The Executive further acknowledges that, in the course of her employment with the Company, she will become familiar with the Company's and its Subsidiaries' trade secrets and with other Confidential Information. During the Term, she shall not, directly or indirectly, whether for herself or for any other Person, permit her name to be used by or participate in any business or enterprise (including, without limitation, any division, group or franchise of a larger organization) that engages or proposes to engage in the Business in the Restricted Territories, other than the Company and its Subsidiaries or except as otherwise directed or authorized by the Board. During the one year period following the Termination Date, unless the Executive's employment hereunder was terminated without Cause or was terminated by the Executive for Good Reason, the Executive shall not, directly or indirectly, whether for herself or for any other Person, permit her name to be used by or participate in any business or enterprise (including, without limitation, any division, group or franchise of a larger organization) that engages or proposes to engage in the JR Business in the Restricted Territories, other than the Company and its Subsidiaries or except as otherwise directed or authorized by the Board. For purposes of this Agreement, the term "participate in" shall include, without limitation, having any direct or indirect interest in any Person, whether as a sole proprietor, owner, stockholder, partner, member, joint venturer, creditor or otherwise, or rendering any direct or indirect service or assistance to any Person (whether as a director, officer, supervisor, employee, agent, consultant or otherwise). Notwithstanding anything to the contrary contained herein, Executive shall be permitted to (i) enter into the Wholesale License Agreement and perform the obligations and conduct the business as contemplated thereby, provided the performance of such obligations do not interfere with Executive's obligations under this Agreement; (ii) dispose of Inventory in accordance with Section 6.11 of the Purchase Agreement; (iii) exercise the Retained Media Rights in accordance with the Purchase Agreement and (iv) sell fine art, provided that (A) such art is defined as art or sculpture sold through a bona fide gallery and (B) any marketing or promotion of the art using the Acquired Assets shall be subject to the approval of the Company (such approval not to be unreasonably withheld). In addition, nothing herein will prohibit the Executive from mere passive ownership of not more than ten percent (10%) of the outstanding stock of any class of a publicly held corporation whose stock is traded on a national securities exchange or in the over-the-counter market. As used herein, the phrase "mere passive ownership" shall include voting or otherwise granting any consents or approvals required to be obtained from such Person as an owner of stock or other ownership interests in any entity pursuant to the charter or other organizational documents of such entity, but shall not include, without limitation, any involvement in the day-to-day operations of such Person.

(b) During the Nonsolicitation Period, the Executive will not directly, or indirectly through another Person, solicit, induce or attempt to induce any customer, supplier, licensee, or other business relation of the Company or any of its Subsidiaries to cease doing business with the Company or any of its Subsidiaries, or solicit, induce or attempt to induce any person who is, or was during the then-most recent 12-month period prior to the Termination Date, a corporate officer, general manager or other employee of the Company or any of its Subsidiaries to terminate such employee's employment with the Company or any of its Subsidiaries, or hire any such person unless such person's employment was terminated by the Company or any of its Subsidiaries, or in any way interfere with the relationship between any such customer, supplier, licensee, employee or business relation and the Company or any of its Subsidiaries. The Executive acknowledges and agrees that the Company and its Subsidiaries would be irreparably damaged if the Executive were to breach any of the provisions contained in this Section 1.8(b).

(c) Executive acknowledges that this Agreement, and specifically, this Section 1.8, does not preclude Executive from earning a livelihood, nor does it unreasonably impose limitations on Executive's ability to earn a living. In addition, Executive agrees and acknowledges that the potential harm to the Company of its non-enforcement outweighs any harm to Executive of its enforcement by injunction or otherwise.

1.9 Enforcement. If, at the time of enforcement of Section 1.5, 1.6, 1.7, 1.8 or 1.10, a court holds that the restrictions stated herein are unreasonable under circumstances then existing, the Parties agree that, to the extent permitted by applicable law, the maximum period, scope or geographical area reasonable under such circumstances will be substituted for the period, scope or area. Because the Executive's services are unique and because the Executive has access to Confidential Information and Company Works, the Parties agree that money damages would be an inadequate remedy for any breach of Section 1.5, 1.6, 1.7, 1.8 or 1.10. Therefore, in the event of a breach or threatened breach of Section 1.5, 1.6, 1.7, 1.8 or 1.10, the Company or any of its Subsidiaries or any of their respective successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce, or prevent any violations of, the provisions hereof (without posting a bond or other security). The Parties hereby acknowledge and agree that (a) performance of the services of the Executive hereunder may occur in jurisdictions other than the jurisdiction whose law the Parties have agreed shall govern the construction, validity and interpretation of this Agreement, (b) the law of the State of New York shall govern construction, validity and interpretation of this Agreement to the fullest extent possible, and (c) Section 1.5, 1.6, 1.7, 1.8 or 1.10 shall restrict the Executive only to the extent permitted by applicable law.

1.10 Survival. Sections 1.4, 1.5, 1.6, 1.7, 1.8 and 1.10 will survive and continue in full force in accordance with their terms notwithstanding any termination of the Executive's employment.

ARTICLE II
DEFINED TERMS

2.1 Definitions. All capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase Agreement. For purposes of this Agreement, the following terms will have the following meanings:

"Appearance" shall mean a one hour appearance on QVC's Direct Response Television Programs, with the schedule of such Appearances to be mutually determined by XCel and QVC, subject to JR's schedule.

"Cause" means with respect to the Executive, the occurrence of one or more of the following: (i) conviction of, or entry of a plea of guilty or nolo contendere to, a felony involving moral turpitude, misappropriation of Company property, embezzlement of Company funds, violation of the United States securities laws or material dishonesty with respect to the Company; (ii) persistent and repeated refusal to comply with no less than three written lawful directives of the Chairman and CEO or Board with respect to an item material to the business prospects and/or operations of the Company, other than such directives requiring the Executive in her reasonable judgment after consultation with counsel, to act in a manner inconsistent with her fiduciary obligations or those inconsistent with the Executive's position as Chief Design Officer; (iii) repeatedly reporting to work under the influence of alcohol or illegal drugs, or the use of illegal drugs (whether or not at the workplace), (iv) any willful breach of Section 1.6, 1.7, 1.8 or 1.9 of this Agreement, or (v) the failure of Executive to comply with the obligations to which she has agreed under the license agreements between Company and QVC and the Company and The Shopping Channel related to the JR Brands or any sub-brand. Notwithstanding the foregoing, termination by the Company for Cause (other than pursuant to clause (i) above) shall not be effective until and unless (i) Executive fails to cure such alleged act or circumstance within 30 days of receipt of notice thereof, to the satisfaction of the Board in the exercise of its reasonable judgment (or, if within such 30-day period the Executive commences and proceeds to take all reasonable actions to effect such cure, within such reasonable additional time period (no longer than 60 days) as may be necessary), and (ii) notice of intention to terminate for Cause has been given by the Company within forty-five (45) days after the Board learns of the act, failure or event constituting "Cause," and (iii) the Board has voted (at a meeting of the Board duly called and held as to which termination of Executive is an agenda item) by a vote of at least a two-thirds of the members of the Board (other than Executive) to terminate Executive for Cause after Executive has been given notice of the particular acts or circumstances which are the basis for the termination for Cause and has been afforded an opportunity to appear with counsel and present her positions at such meeting and to present her case thereat, and (iv) the Board has given notice of termination to Executive within five days after such meeting voting in favor of termination.

"Change of Control" means the occurrence of any of the following (i) a merger or consolidation to which the Company is a party (other than one in which the stockholders of the Company prior to the event own a majority of the voting power of the surviving or resulting corporation) (ii) a sale, lease, transfer, exclusive license or other disposition of all or substantially all of the assets of the Company, (iii) a sale or transfer by the Company's stockholders of voting control, in a single transaction or a series of transactions, or (iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

"Code" means the Internal Revenue Code of 1986 as amended from time to time.

"Disability" shall have the meaning set forth in the Disability Policy. If there is no definition of "disability" applicable under the Disability Policy, then the Executive shall be considered disabled due to mental or physical impairment or disability despite reasonable accommodations by the Company and its Subsidiaries, to perform her customary or other comparable duties with the Company or its Subsidiaries immediately prior to such disability for a period of at least 120 consecutive days or for at least 180 non-consecutive days in any 12 month period.

"DRT Products" means any products under the "Judith Ripka" brand or a sub-brand sold through direct response television.

"DRT Royalty Income" for a calendar year means Net Royalty Income booked by the Company from sales of DRT Products for such calendar year, as determined in accordance with U.S. generally accepted accounting principles.

"Effective Date" means the Closing Date (as defined in the Purchase Agreement).

"Good Reason" means the occurrence, without the Executive's written consent, of one or more of the following events: (i) the Company reduces the amount of Executive's Base Salary, (ii) the Company requires that the Executive relocate her principal place of employment to a site that is more than 15 miles from her residence in Florida, (iii) the Company changes the Executive's title to something other than Chief Design Officer – JR Brands other than pursuant to a termination of her employment for Cause, or upon the Executive's death or Disability, (iv) the failure or unreasonable delay of the Company to provide the Executive any of the payments contemplated hereby, (v) the Company otherwise materially breaches the terms of this Agreement or (vi) the Company is indicted, convicted or consents to the entry of an order for judgment of a violation of law which results or is reasonably expected to result in the Company incurring costs, damages, penalties or sanctions which have a material effect on the Company's finances or ability to continue its business; provided, however, except in the case of a failure to make a timely payment that is caused by a third party payroll service provider, in which case the Company shall have ten (10) Business Days to cure, as to any breach by the Company of its obligation to make any payment to Executive when due, the Executive shall have no notice obligation and the Company shall have no right to cure. In such case the Executive's resignation shall become effective on the 31st day after the Company's receipt of the aforementioned notice.

"In-store Appearances" means the Executive's personal physical presence at physical retail stores to promote JR Brands branded products on behalf of the Company and/or its licensees as requested by the Company, but does not include any non-physical presence participation, such as appearances through web casting, social media, video conferencing or conference calls.

"JR Business" means the design, sourcing, sale, promotion, licensing, distribution and marketing of jewelry, watches and certain other accessories sold under the JR Brands.

"JR Brands" means the brand names "Judith Ripka," "Judith Ripka Sterling Collection," or such derivations thereof as have been used by the Sellers prior to date hereof, and/or any brand now existing or created in the future using the Judith Ripka personal name or any derivative thereof.

"Net Royalty Income" means booked royalties related to the JR Brands, less advertising royalties, design fees, commissions paid to third parties, payments under royalty sharing or participation agreements, and international withholding or other transfer taxes, in each case to the extent related to such booked revenue, calculated in accordance with GAAP; provided, however, that, Net Royalty Income shall not include any deferred revenues recognized during the period for which Net Royalty Income is being calculated (which shall be included as Net Royalty Income in the period during which such deferred revenues are actually received); and provided further, if any revenue booked during a period is subsequently reversed or adjusted in accordance with GAAP, then Net Royalty Income for the period is which such adjustment is made shall be adjusted to give effect to such reversal or adjusted.

"Nonsolicitation Period" means the Term and 12 months thereafter.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, or the United States of America any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Purchase Agreement" means the Asset Purchase Agreement, dated April 1, 2014, by and among the Company, Judith Ripka Berk, JR Licensing, LLC, Judith Ripka Creations, Inc., Judith Ripka Companies Inc., Judith Ripka Designs, Ltd., JSB Marketing Corp. and certain other parties thereto.

"Restricted Territories" means the United States and the rest of the world.

"Retained Media Rights" shall have the meaning set forth in the Purchase Agreement.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association, or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association, or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association, or other business entity. For purposes hereof, references to a "Subsidiary" of any Person shall be given effect only at such times that such Person has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"Termination Date" means the effective date of the Executive's termination of employment with the Company.

2.2 Other Definitional Provisions.

(a) Section references contained in this Agreement are references to sections in this Agreement, unless otherwise specified. Each defined term used in this Agreement has a comparable meaning when used in its plural or singular form. Each gender-specific term used in this Agreement has a comparable meaning whether used in a masculine, feminine or gender-neutral form.

(b) Whenever the term "including" (whether or not that term is followed by the phrase "but not limited to" or "without limitation" or words of similar effect) is used in this Agreement in connection with a listing of items within a particular classification, that listing will be interpreted to be illustrative only and will not be interpreted as a limitation on, or an exclusive listing of, the items within that classification.

ARTICLE III
MISCELLANEOUS TERMS

3.1 Defense of Claims. The Executive agrees that, during the Term, and for a period of six months after termination of the Executive's employment, upon request by the Company, the Executive shall reasonably cooperate with the Company in connection with any matters the Executive worked on during her employment with the Company and any related transitional matters. In addition, during the Term and thereafter, the Executive agrees to reasonably cooperate with the Company in the defense of any claims or actions that may be made by or against the Company that affect the Executive's prior areas of responsibility or involve matters about which the Executive has knowledge, except if the Executive's reasonable interests are adverse to the Company in such claim or action and provided that after the Term such level of cooperation shall be reasonable and shall take due account of the Executive's work and personal commitments. The Company agrees to promptly reimburse the Executive for all of the Executive's reasonable travel and other direct expenses incurred, or to be reasonably incurred, to comply with the Executive's obligations under this Section 3.1 and will pay or reimburse the Executive for the reasonable fees and expenses of counsel selected by the Executive if the Executive is required to act in connection with any governmental or civil investigation or legal proceeding.

3.2 Nondisparagement. The Executive agrees to refrain from making any false or disparaging statements, in public or private, which is reasonably likely to materially impair the reputation, goodwill or commercial interest of the Company. The Company agrees to refrain from making any false or disparaging statements, in public or private, which is reasonably likely to materially impair the reputation, goodwill or commercial interest of the Executive. Notwithstanding anything to the contrary contained herein, nothing in this Agreement shall prohibit or restrict either party from, truthfully and in good faith: (i) making any disclosure of information required by law; (ii) providing information to, or testifying or otherwise assisting in any investigation or proceeding brought by, any federal regulatory or law enforcement agency or legislative body, any self-regulatory organization, or the Company's or the Executive's designated legal, compliance or human resources officers; or (iii) filing, testifying, participating in or otherwise assisting in a proceeding relating to an alleged violation of any federal, state or municipal law relating to fraud, or any rule or regulation of the Securities and Exchange Commission or any self-regulatory organization.

3.3 Morals Clause. Executive shall not willfully commit any act, or willfully do any thing, which may be reasonably considered under applicable community standards within the City of New York, (i) to be immoral, deceptive, scandalous or obscene; or (ii) to materially injure, tarnish, damage or negatively affect the reputation and goodwill associated with the JR Brands, the Company or any of its Subsidiaries.

3.4 Source of Payments. All payments provided under this Agreement, other than payments made pursuant to a plan which provides otherwise and except as otherwise provided herein, shall be paid in cash from the general funds of the Company, and no special or separate fund shall be established, and no other segregation of assets shall be made, to assure payment. The Executive shall have no right, title or interest whatsoever in or to any investments which the Company or its Subsidiaries may make to aid the Company in meeting its obligations hereunder. To the extent that any person acquires a right to receive payments from the Company hereunder, such right shall be no greater than the right of an unsecured creditor of the Company.

3.5 Notices. Any notice provided for in this Agreement must be in writing and must be either personally delivered, mailed by first class mail (postage prepaid and return receipt requested), sent by reputable overnight courier service (charges prepaid) or sent by facsimile (with receipt confirmed) to the recipient at the address or facsimile number indicated below:

To the Company:

475 Tenth Avenue
4th Floor
New York, New York 10018

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

Blank Rome
The Chrysler Building
405 Lexington Avenue
New York, NY 10174-0208
Attn: Robert Mittman, Esquire
Facsimile: (212) 885-5557

To the Executive:

Judith Ripka Berk
273 Tangier Avenue
Palm Beach, FL 33480

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

Crowell & Moring LLP
590 Madison Avenue
New York, NY 10022
Attn: Paul J. Pollock
Facsimile: 212-223-4134

or such other address or to the attention of such other Person as the recipient Party will have specified by prior written notice to the sending Party. Any notice under this Agreement will be deemed to have been given when so delivered or sent or, if mailed, five days after deposit in the U.S. mail.

3.6 Severability. Subject to the express provisions of Section 1.10 relating to certain specified changes, whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or any other jurisdiction, but this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

3.7 Complete Agreement. This Agreement, embodies the complete agreement and understanding among the Parties with regard to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or among the Parties, written or oral, which may have related to the subject matter hereof in any way. To the extent that this Agreement provides greater benefits to the Executive than available under the Company's employee handbook or other corporate policies, then this Agreement shall prevail.

3.8 Counterparts. This Agreement may be executed in separate counterparts, each of which is deemed to be an original and all of which taken together constitute one and the same agreement.

3.9 Assignment. Without the Executive's consent, the Company may not assign its rights and obligations under this Agreement except (i) to a "Successor" (as defined below) or (ii) to an entity that is formed and controlled by the Company or any of its Subsidiaries, provided that in the case of (ii) the Company shall remain liable for all of its obligations hereunder. This Agreement is personal to the Executive, and the Executive shall not have the right to assign the Executive's interest in this Agreement, any rights under this Agreement or any duties imposed under this Agreement, nor shall the Executive have the right to pledge, hypothecate, transfer, assign or otherwise encumber the Executive's right to receive any form of compensation hereunder without the prior written consent of the Board. As used in this Section 3.9, "*Successor*" shall include any Person that at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets of, or ownership interests in, the Company and its Subsidiaries.

3.10 Successors and Assigns. This Agreement is intended to bind and inure to the benefit of and be enforceable by the Company, the Executive, and their respective heirs, successors and permitted assigns.

3.11 Choice of Law. This Agreement and the performance of the parties hereunder shall be governed by the internal laws (and not the law of conflicts) of the State of New York. Any claim or controversy arising out of or in connection with this Agreement, or the breach thereof, shall be adjudicated exclusively by the Supreme Court, New York County, State of New York, or by a federal court sitting in Manhattan in New York City, State of New York. The parties hereto agree to the personal jurisdiction of such courts and agree to accept process by regular mail in connection with any such dispute.

3.12 Waiver of Jury Trial. AS A SPECIFICALLY BARGAINED FOR INDUCEMENT FOR EACH OF THE PARTIES HERETO TO ENTER INTO THIS AGREEMENT (AFTER HAVING THE OPPORTUNITY TO CONSULT WITH COUNSEL), EACH PARTY HERETO EXPRESSLY WAIVES THE RIGHT TO TRIAL BY JURY IN ANY LAWSUIT OR PROCEEDING RELATING TO OR ARISING IN ANY WAY FROM THIS AGREEMENT OR THE MATTERS CONTEMPLATED HEREBY.

3.13 Payment of Legal Costs. In the event of any litigation between the parties hereto, the one of them who is the prevailing party shall be entitled to receive from the other reasonable attorneys' fees and other out-of-pocket costs and expenses reasonably incurred by the prevailing party in connection with such litigation regardless of whether such litigation is prosecuted to judgment. As used herein, "prevailing party" shall mean in the case of a claimant, one who is successful in obtaining a material amount of the relief sought, and in the case of a defendant or respondent, one who is successful in obtaining denial by a judgment not subject to further appeal of a material amount of the relief sought by the claimant.

3.14 Remedies. Subject to the provisions of Section 3.1, each Party will be entitled to enforce its rights under this Agreement specifically, to recover damages and costs caused by any breach of any provision of this Agreement and to exercise all other rights existing in its favor. Nothing herein shall prohibit any arbitrator or judicial authority from awarding attorneys' fees or costs to a prevailing Party in any arbitration or other proceeding to the extent that such arbitrator or authority may lawfully do so.

3.15 Amendment and Waiver. The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and the Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement will affect the validity, binding effect or enforceability of this Agreement.

3.16 Third Party Beneficiaries. This Agreement will not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns and other than, in the event of the Executive's death, her estate, to which all of Executive's rights and remedies set forth herein shall accrue

3.17 The Executive's Representations. The Executive hereby represents and warrants to the Company that (a) the execution, delivery and performance of this Agreement by the Executive do not and shall not conflict with, breach, violate or cause a default under any contract, agreement, instrument, order, judgment or decree to which the Executive is a party or by which she is bound, (b) the Executive is not a party to or bound by any employment agreement, noncompete agreement or confidentiality agreement with any other Person (or other agreement with any other person containing a restriction on the Executive's right to do business or obligating her to do business with any other Person on a priority or preferential basis), (c) upon the execution and delivery of this Agreement by the Company, this Agreement shall be the valid and binding obligation of the Executive, enforceable in accordance with its terms and (d) upon the execution and delivery of this Agreement by the Company, Executive is not in violation of clause (i) set forth in the definition of Cause and is not Disabled.

3.18 Amendment to Comply with Section 409A of the Code. To the extent that this Agreement or any part thereof is deemed to be a nonqualified deferred compensation plan subject to Section 409A of the Code and the Treasury Regulations (including proposed regulations) and guidance promulgated thereunder, (a) the provisions of this Agreement shall be interpreted in a manner to the maximum extent possible to comply in good faith with Code Section 409A and (b) the parties hereto agree to amend this Agreement for purposes of complying with Code Section 409A promptly upon issuance of any Treasury regulations or guidance thereunder, provided, that any such amendment shall not materially change the present value of the benefits payable to the Executive hereunder or otherwise materially adversely affect the Executive, the Company, or any affiliate of the Company, without the consent of such party. For purposes of Code Section 409A, each payment hereunder will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii). Notwithstanding anything herein to the contrary, Executive shall not be entitled to any payments or benefits payable hereunder as a result of Executive's termination of employment with the Company that constitute "deferred compensation" under Code Section 409A unless such termination of employment qualifies as a "separation from service" within the meaning of Code Section 409A (and any related regulations or other pronouncements thereunder). Except as specifically permitted by Section 409A, any benefits and reimbursements provided to Executive under this Agreement during any calendar year shall not affect any benefits and reimbursements to be provided to Executive under this Agreement in any other calendar year, and the right to such benefits and reimbursements cannot be liquidated or exchanged for any other benefit. Furthermore, reimbursement payments shall be made to Executive as soon as practicable following the date that the applicable expense is incurred, but in no event later than the last day of the calendar year following the calendar year in which the underlying expense is incurred.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Employment Agreement as of the date first written above.

XCEL BRANDS, INC.

By: /s/ Robert W. D'Loren
Name: Robert W. D'Loren
Title: Chairman and CEO

/s/ Judith Ripka Berk
Judith Ripka Berk

[Signature Page to Employment Agreement]

EXHIBIT A

FORM OF RELEASE

I, Judith Ripka Berk, on behalf of myself and my heirs, successors and assigns, in consideration of the performance by Xcel Brands, Inc., a Delaware Corporation (together with its Subsidiaries, the "*Company*"), of its material obligations under the Employment Agreement, dated as of April 1, 2014 (the "Agreement"), do hereby release and forever discharge as of the date hereof the Company, its Affiliates, each such Person's respective successors and assigns and each of the foregoing Persons' respective present and former directors, officers, partners, stockholders, members, managers, agents, representatives, employees (and each such Person's respective successors and assigns) (collectively, the "Released Parties") to the extent provided below.

1. I understand that any payments or benefits paid or granted to me under Section 1.4(b)(1) of the Agreement represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive the payments and benefits specified in Section 1.4(b)(1) of the Agreement unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter or breach this General Release. This General Release shall be deemed rescinded in the event that the Company does not make such payments and make available such benefits in accordance with Section 1.4(b)(1) of the Agreement.

2. I knowingly and voluntarily release and forever discharge the Company and the other Released Parties from any and all claims, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities whatsoever in law and in equity, both past and present (through the date of this General Release), whether under the laws of the United States or another jurisdiction and whether known or unknown, suspected or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, have or may have, solely to the extent that such claims, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities arise out of or are connected with my employment with, or my separation from, the Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Civil Rights Act of 1866, as amended; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Company; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, or defamation; or any claim for costs, fees, or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Claims"); provided, however, that nothing contained in this General Release shall apply to, or release the Company from, (i) any obligation of the Company contained in the Agreement to be performed after the date hereof and amounts claimed under the Agreement pursuant to a good faith and pending dispute as of the date hereof, (ii) any vested or accrued benefits pursuant to any employee benefit plan, program or policy of the Company, (iii) any rights to indemnification from the Company under the Company's Certificate of Incorporation, Bylaws, any indemnification agreement and/or applicable law; and (iv) any right to insurance proceeds related to my position as an officer and/or director of the Company or any of its Affiliates; (v) any rights as a stockholder of the Company of any Affiliates of, or successor to, the Company; (vi) any rights under the Asset Purchase Agreement dated as of April 1, 2014, by and among the Company, Judith Ripka Berk, JR Licensing, LLC, Judith Ripka Creations, Inc., Judith Ripka Companies Inc., Judith Ripka Designs, Ltd., JSB Marketing Corp. and certain other parties thereto (as amended, the "Purchase Agreement") and any Related Agreement (as defined in the Purchase Agreement); and (vii) any rights under the above laws, or others, that are not waivable as a matter of law.

3. I represent that I have made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by paragraph 2 above.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 or any other claims which arise after the date I execute this General Release. I acknowledge and agree that my separation from employment with the Company in compliance with the terms of the Agreement shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver the Company would not have agreed to the terms of the Agreement. I covenant that I shall not directly or indirectly, commence, maintain or prosecute or sue any of the Released Persons either affirmatively or by way of cross-complaint, indemnity claim, defense or counterclaim or in any other manner or at all on any Claim covered by this General Release. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims. I further agree that I am not aware of any pending charge or complaint of the type described in paragraph 2 as of the execution of this General Release.

6. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

7. I agree that this General Release is confidential and agree not to disclose any information regarding the terms of this General Release, except to my immediate family and any tax, legal or other counsel I have consulted regarding the meaning or effect hereof or as required by law, and I will instruct each of the foregoing not to disclose the same to anyone.

8. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. or any other self-regulatory organization or governmental entity.

9. Without limitation of any provision of the Agreement, I hereby expressly re-affirm my obligations under Sections 1.5, 1.6, 1.8, 1.10 and 3.1 of the Agreement.

10. The Company hereby releases and discharges me in the same manner and to the same extent that I have has released and discharged the Company as set forth above.

11. Whenever possible, each provision of this General Release shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

"Affiliate" means, with respect to any Person, any Person that controls, is controlled by or is under common control with such Person or an Affiliate of such Person.

"Person" means an individual, a partnership, a limited liability company, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, investment fund, any other business entity and a governmental entity or any department, agency or political subdivision thereof.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, or business entity of which (i) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association, or other business entity (other than a corporation), a majority of partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association, or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association, or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association, or other business entity.

BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

(a) I HAVE READ IT CAREFULLY;

(b) I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

(c) I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

(d) I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY (VIA THE AGREEMENT AND THIS RELEASE) BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

(e) I HAVE HAD AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM ON _____ __, _____ TO CONSIDER IT AND THE CHANGES MADE SINCE THE _____ __, _____ VERSION OF THIS RELEASE ARE NOT MATERIAL AND WILL NOT RESTART THE REQUIRED 21-DAY PERIOD;

(f) THE CHANGES TO THE AGREEMENT SINCE _____ ___, _____ EITHER ARE NOT MATERIAL OR WERE MADE AT MY REQUEST.

(g) I UNDERSTAND THAT I HAVE SEVEN DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE EIGHTH DAY FOLLOWING EXECUTION OF THE AGREEMENT;

(h) I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

(i) I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

DATE: _____ __, _____

_____
Judith Ripka Berk

Acknowledged and agreed as of the date first written above:

Xcel Brands, Inc.

By: _____
Name: Robert W. D'Loren
Title: CEO, President and Secretary

EXHIBIT B

MEDIA AND PRESS GUIDELINES

Guidelines

During Executive's employment with the Company, responses to all media inquiries by Executive will be limited to statements regarding the fact of her employment by the Company and the title of her position, and the Talking Points below. Any other questions will be directed to the Company to address. Executive shall not make any statements to the Media and Press that (i) disparage the Company, the JR Business (including products sold as part of the JR Business) or licensees and other partners of the Company, or (ii) substantially deviate from the Talking Points herein.

Talking Points

- Xcel acquired the JR Brands in April 2014.
- Per company policy, all requests for comments or statements should be made to Xcel's public relations department.
- No comment.

VOTING AGREEMENT

THIS VOTING AGREEMENT (this "Agreement"), dated as of April 3, 2014, is made by and among XCel Brands, Inc., a Delaware corporation, and its successors and/or assigns (the "Company") and Judith Ripka Berk, an individual (the "Seller").

WHEREAS, the Company and JR Licensing, LLC (collectively the "Buyers"), the Seller and Judith Ripka Creations, Inc. have entered into that certain Asset Purchase Agreement, dated as of April 1, 2014 (the "Purchase Agreement"), pursuant to which Buyers have acquired certain of the assets that relate to the Business (as defined in the Purchase Agreement) of the Seller and certain companies owned by the Seller;

WHEREAS, pursuant to the terms of the Purchase Agreement, the Seller will be issued and shall receive XCel Shares (as defined herein); and

WHEREAS, on the terms and conditions set forth in the Purchase Agreement, the Holder desires and agrees to be bound by the restrictions on transfer, and to vote all XCel Shares issued to them pursuant to the terms of the Purchase Agreement as set forth herein.

NOW, THEREFORE, in consideration of the promises contained herein and for other good and valuable consideration, the receipt, sufficiency and adequacy of which is hereby acknowledged, the parties hereto agree as follows (with all capitalized terms used and not otherwise defined herein having their respective meanings as set forth in the Purchase Agreement):

1. Definitions. All capitalized terms used but not defined herein shall have the meanings given to such terms in the Purchase Agreement. For the purposes of this Agreement, the following terms shall have the respective meanings set forth below or elsewhere in this Agreement as referred to below:

"Affiliate" shall mean (i) any other person or entity who directly, or indirectly through one or more intermediaries, is in control of, is controlled by, or is under common control with, such Holder or a member such Holder's Immediate Family or (ii) a member of such Holder's Immediate Family. For purposes of this definition, control of an entity means the power, directly or indirectly, to direct or cause the direction of the management and policies of such entity whether by contract, securities ownership or otherwise; and the terms "controlling" and "controlled" shall have the respective meanings correlative to the foregoing.

"Common Stock" shall mean common stock, par value $0.01 per share, of the Company.

"Employment Agreement" means the Employment Agreement dated as of April 1, 2014 by and between the Company and Seller.

"Holder" means JR, for so long as she owns any XCel Shares, and her permitted successors, assigns and direct and indirect transferees who are Related Parties and who become beneficial owners of XCel Shares.

"Immediate Family" member means any relationship by blood, marriage or adoption, not more remote than first cousin) and any person (other than a tenant or employee) sharing the household of such person.

"Transfer" means to (i) sell, transfer, assign, or otherwise dispose of, or (ii) enter into any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of.

"Xcel Shares" shall mean the Initial Shares, Earn Out Shares, the Note Shares, the Adjustment Shares (as defined in the Lock Up Agreement) and any other shares of Common Stock or other capital stock of the Company issued to the Seller pursuant to the Purchase Agreement and any shares of Common Stock or capital stock of the Company issued to Seller pursuant to the Employment Agreement with the Company and/or under any equity incentive or other plan that the Company has in place from time to time, together with any capital stock of the Company issued to the Seller in respect of the foregoing as a result of any stock split, stock dividend, recapitalization, reclassification, exchange or similar event or otherwise.

2. Agreement to Vote Shares; Irrevocable Proxy. The Holder hereby appoints Robert D'Loren, or in the event that Robert D'Loren is not the Chief Executive Officer of the Company, such person as the Board of Directors of the Company may appoint after the date of this Agreement (the "Proxy Holder") its proxy and attorney-in-fact, with full power of substitution and resubstitution, to vote or act by written consent during the term of this Agreement with respect to the XCel Shares. Holder shall take such further action or execute such other instruments as may be necessary to effectuate the intent of this proxy and limited power of attorney. The proxy and limited power of attorney granted hereunder by Holder shall be irrevocable during the term of this Agreement, shall be deemed to be coupled with an interest sufficient in law to support an irrevocable proxy and shall revoke any and all prior proxies granted by Holder with respect to the matters contemplated hereunder. The power of attorney granted by Holder herein is a limited durable power of attorney and shall survive the bankruptcy, death or incapacity of the Holder. The proxy and limited power of attorney granted hereunder shall terminate upon the termination of this Agreement. All parties hereto acknowledge and agree that the Proxy Holder shall, and the Holder hereby irrevocably consents to, vote all XCel Shares owned by them in favor of matters recommended or approved by the Board of Directors of the Company, or, if such matters are neither recommended nor approved by the Board of Directors of the Company, then at the direction of the Board of Directors of the Company, in respect of all matters for which stockholder approval is sought or required.

3. No Voting Trusts or Other Arrangements. The Holder agrees that she will not, and will not permit any entity under her control to, grant any proxies with respect to the XCel Shares or subject any of the XCel Shares to any arrangement with respect to the voting of the XCel Shares other than pursuant to this Agreement.

4. Transfer and Encumbrance.

(a) The Holder represents and warrants that (i) Holder shall not grant any liens, claims, charges, security interests or other encumbrances on the XCel Shares, other than those that may be created by the Purchase Agreement, the Lock-Up Agreement or the License Agreement dated as of April 3, 2014 among QVC, Inc., JR Licensing, LLC, the Company, the Holder and, with respect to certain provisions, Beth Vogel; (ii) Holder shall not grant any options, warrants or other rights, agreements, arrangements or commitments of any character relating to the pledge, disposition or voting of the XCel Shares; and (iii) Holder shall not enter into any voting trusts or voting agreements with respect to the XCel Shares, other than this Agreement, the Purchase Agreement and applicable trust agreements for estate planning purposes, including but not limited to charitable remainder trusts. The Holder represents and warrants as of the date of this Agreement (i) that Holder has full power and authority to enter into, execute and deliver this Agreement and to perform fully the Holder's obligations hereunder, and (ii) this Agreement constitutes the legal, valid and binding obligation of the Holder in accordance with its terms. The Holder covenants that the representations and warranties shall be true and correct as of the date of the issuance of each XCel Share, if such shares are ever issued.

(b) In the event the Holder desires to Transfer any XCel Shares to a member of the Holder's Immediate Family, if applicable, or one or more partners or members of such Holder, if applicable, or to an Affiliate of such Holder (in each case, a "Related Party"), such Holder may Transfer such XCel Shares only if, as precondition to such Transfer, the Related Party agrees in writing, reasonably satisfactory in form and substance to the Company and Proxy Holder, to be bound by this Agreement. Except to the extent prohibited under the Lock-Up Agreement and applicable law, a Holder may, at any time and from time to time, Transfer some or all of the XCel Shares held by such Holder to a person or entity who is not a Related Party, and the XCel Shares so Transferred shall be free and clear of any restrictions under this Agreement (including, without limitation, those restrictions contained in Section 2).

5. No Obligation of Company. Nothing in this Agreement constitutes an obligation of the Company to issue any XCel Shares and the Holder acknowledges and agrees that the determination of issuance of any XCel Shares shall be made in accordance with the Purchase Agreement, the Employment Agreement or other agreement with the Company.

6. Specific Performance. Each party hereto acknowledges that it will be difficult to measure in money the damage to the other party if a party hereto fails to comply with any of the obligations imposed by this Agreement in the event of any such failure, the other party will not have an adequate remedy at law or damages. Accordingly, each party hereto agrees that injunctive relief or other equitable remedy, in addition to remedies at law or damages, is the appropriate remedy for any such failure and will not oppose the granting of such relief on the basis that the other party has an adequate remedy at law. Each party hereto agrees that it will not seek, and agrees to waive any requirement for, the securing or posting of a bond in connection with any other party's seeking or obtaining such equitable relief.

7. Entire Agreement. The Purchase Agreement, the Employment Agreement, the Related Agreements and this Agreement supersede all prior agreements, written or oral, among the parties hereto with respect to the subject matter hereof and contains the entire agreement among the parties with respect to the subject matter hereof. This Agreement may not be amended or supplemented, and no provisions hereof may be modified or waived, except by an instrument in writing signed by all the parties hereto. No waiver of any provisions hereof by any party shall be deemed a waiver of any other provision hereof by any such party, nor shall any such waiver be deemed a continuing waiver of any provision hereof by such party.

8. Notices. All notices and other communications pursuant to this Agreement shall be in writing, either hand delivered or sent by certified or registered mail with charges prepaid or by commercial courier guaranteeing next business day delivery, or sent by facsimile, and shall be addressed:

(i) in the case of the Company, to the Company at its principal office set forth in the Purchase Agreement; and

(ii) in the case of a Holder, to the address provided by such Holder to the Company.

Any notice or other communication pursuant to this Agreement shall be deemed to have been duly given or made and to have become effective (i) when delivered in hand to the party to which it was directed, (ii) if sent by facsimile or electronic mail and properly addressed in accordance with the foregoing provisions of this Section 8, when received by the addressee, provided a copy is sent via first-class mail, postage prepaid, (iii) if sent by commercial courier guaranteeing next business day delivery, on the business day following the date of delivery to such courier, or (iv) if sent by first-class mail, postage prepaid, and properly addressed in accordance with the foregoing provisions of this Section 8, (A) when received by the addressee, or (B) on the third business day following the day of dispatch thereof, whichever of (A) or (B) shall be the earlier.

9. Miscellaneous.

(a) In addition to other legends that are required, either by agreement or by federal or state securities laws, each certificate representing any of the Shares shall be marked by the Company with a legend substantially in the following form:

"THE SALE, TRANSFER, HYPOTHECATION, NEGOTIATION, PLEDGE, ASSIGNMENT, ENCUMBRANCE, GRANT OF ANY OPTION, WARRANT OR OTHER RIGHT TO PURCHASE, OR OTHER DISPOSITION (COLLECTIVELY, "TRANSFER") OF THE SHARES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS AND A GRANT OF PROXY PURSUANT TO THAT CERTAIN VOTING AGREEMENT BY AND BETWEEN XCEL BRANDS, INC. AND THE HOLDER NAMED THEREIN, DATED AS OF APRIL 3, 2014 (THE "VOTING AGREEMENT"), COPIES OF EACH OF WHICH MAY BE OBTAINED FROM THE SECRETARY OF XCEL BRANDS, INC. NO TRANSFER OF THE SHARES MAY BE MADE UNLESS SPECIFIC CONDITIONS OF THE VOTING AGREEMENT ARE SATISFIED."

(b) **THIS AGREEMENT SHALL BE DEEMED TO BE MADE IN AND IN ALL RESPECTS SHALL BE INTERPRETED, CONSTRUED AND GOVERNED BY AND IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE WITHOUT REGARD TO THE CONFLICT OF LAW PRINCIPLES THEREOF.** The parties hereby irrevocably submit to the exclusive jurisdiction of the courts of the State of Delaware and the federal courts of the United States of America, in each case sitting in Delaware, solely in respect of the interpretation and enforcement of the provisions of this Agreement and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Delaware State or federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 8 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, AND (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY.

(d) If any provision of this Agreement or the application of such provision to any person or circumstances shall be held invalid or unenforceable by a court of competent jurisdiction, such provision or application shall be unenforceable only to the extent of such invalidity or unenforceability, and the remainder of the provision held invalid or unenforceable and the application of such provision to persons or circumstances, other than the party as to which it is held invalid, and the remainder of this Agreement, shall not be affected.

(e) This Agreement may be executed in one or more counterparts (including by facsimile), each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument.

(f) This Agreement shall terminate automatically upon the earlier of: (i) the Transfer of all XCel Shares held by the Holder to persons or entities who are not Related Parties of the Holder; (ii) the occurrence of a Change of Control (as defined in the Employment Agreement); (iii) a failure by Xcel to pay any material amount due to Seller under the terms of the Purchase Agreement after being given a reasonable opportunity to cure, or (iv) the termination of the Employment Agreement by Seller for Good Reason.

(g) Each party hereto shall execute and deliver such additional documents as may be necessary or desirable to effect the transactions contemplated by this Agreement.

(h) No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto. Any assignment contrary to the provisions of this Section 9(h) shall be null and void.

(i) Notwithstanding anything in this Agreement to the contrary, if there shall at any time be more than one Holder, the representations, warranties and covenants of each such Holder set forth herein shall be joint and several.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Voting Agreement as of the date first written above.

XCEL BRANDS, INC.

By: /s/ Robert D'Loren
Name: Robert D'Loren
Title: Chief Executive Officer

Signature Page to Voting Agreement

HOLDER:

JUDITH RIPKA BERK

/s/ Judith Ripka Berk